

**LAHORE UNIVERSITY OF
MANAGEMENT SCIENCES**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

Opinion

We have audited the financial statements of Lahore University of Management Sciences (the 'University'), which comprise the statement of financial position as at June 30, 2024, and the income and expenditure account, the statement of comprehensive income, the statement of changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standard for Not for Profit Organisations issued by the Institute of Chartered Accountants of Pakistan (ICAP) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP).

Basis for Opinion

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

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

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standard for Not for Profit Organisations issued by the ICAP and the IFRS issued by the IASB as notified by the SECP, and for such internal control as the Management Committee 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, the Management Committee is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: February 13, 2025

Name of engagement partner: Khurram Akbar Khan

UDIN: AR202410070MRFiE8lAK

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2024 Total Rupees	2023 Total Rupees
Fund balance		<u>2,268,907,993</u>	<u>5,329,246,989</u>	<u>50,103,458</u>	<u>93,356,358</u>	<u>1,195,606,384</u>	<u>2,044,990,402</u>	<u>10,982,211,584</u>	<u>9,493,972,629</u>
Represented by									
Non - current assets									
Operating fixed assets	5	-	-	-	-	-	1,556,673,156	1,556,673,156	1,309,342,936
Intangible assets	6	-	-	-	-	-	488,317,246	488,317,246	459,871,434
Capital work-in-progress	7	46,386,386	-	-	31,125	25,437,067	-	71,854,578	14,788,287
Investments	8	251,825,771	2,138,429,912	-	-	-	-	2,390,255,683	1,804,055,359
Long term loans, advances and security deposits	9	362,336,195	2,060,588	8,807,704	-	1,961,665	-	375,166,152	373,599,415
		660,548,352	2,140,490,500	8,807,704	31,125	27,398,732	2,044,990,402	4,882,266,815	3,961,657,431
Less: Non - current liabilities									
Employee benefits obligations	10	-	-	-	-	-	-	-	103,515,786
Long term security deposits	11	115,898,500	-	-	-	-	-	115,898,500	90,918,900
Deferred contributions	12	3,801,702	-	-	-	-	-	3,801,702	12,528,173
		119,700,202	-	-	-	-	-	119,700,202	206,962,859
		540,848,150	2,140,490,500	8,807,704	31,125	27,398,732	2,044,990,402	4,762,566,613	3,754,694,572
Current assets									
Stores		66,008,570	-	-	-	-	-	66,008,570	58,802,978
Loans, advances, deposits, prepayments and other receivables	13	727,241,331	314,107,103	8,384,387	561,746	19,391,085	-	1,069,685,652	523,317,530
Income tax recoverable		152,679,653	84,921,658	27,679	158,386	4,229,527	-	242,016,903	167,560,548
Due from National Management Foundation ('NMF')		303,385	-	-	-	-	-	303,385	9,542
Current maturity of long term investments	8	102,632,871	276,800,486	-	-	-	-	379,433,357	862,584,260
Short term investments	14	3,071,158,198	2,355,301,070	-	-	-	-	5,426,459,268	4,053,514,242
Cash and bank balances	15	29,695,558	162,469,021	4,646,935	92,995,161	987,207,110	-	1,277,013,785	1,787,319,422
		4,149,719,566	3,193,599,338	13,059,001	93,715,293	1,010,827,722	-	8,460,920,920	7,453,108,522
Less: Current liabilities									
Creditors, accrued and other liabilities	16	2,128,439,917	4,626,716	6,232	6,612	108,196,472	-	2,241,275,949	1,713,830,465
Net current assets		<u>2,021,279,649</u>	<u>3,188,972,622</u>	<u>13,052,769</u>	<u>93,708,681</u>	<u>902,631,250</u>	<u>-</u>	<u>6,219,644,971</u>	<u>5,739,278,057</u>
Due to/(from)	17	(293,219,806)	(216,133)	28,242,985	(383,448)	265,576,402	-	-	-
Net assets		<u>2,268,907,993</u>	<u>5,329,246,989</u>	<u>50,103,458</u>	<u>93,356,358</u>	<u>1,195,606,384</u>	<u>2,044,990,402</u>	<u>10,982,211,584</u>	<u>9,493,972,629</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 29 form an integral part of these financial statements.

Member of Management Committee

Chief Financial Officer

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2024

	Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2024 Total Rupees	2023 Total Rupees
Income									
Direct grants	19	72,452,170	93,356,268	355,205,303	55,441,944	945,826,616	115,400,697	1,637,682,998	2,245,866,973
Tuition fee and other income									
Tuition fee		5,928,266,597	-	-	-	-	-	5,928,266,597	4,835,329,323
Other fees		765,019,526	-	-	-	-	-	765,019,526	605,495,426
Consultancy fee		11,741,156	-	-	-	27,413,472	-	39,154,628	37,958,975
Executive development programmes		672,445,376	-	-	-	-	-	672,445,376	454,170,376
Miscellaneous income	20	1,397,179,302	1,264,611	1,543,811	-	163,272,889	-	1,563,260,613	1,154,221,560
Return on investments and term deposits	21	686,267,028	872,363,000	-	-	14,724,380	-	1,573,354,408	935,707,997
Exchange gain		2,525,542	-	-	-	59,412,184	-	61,937,726	298,080,684
		9,463,444,527	873,627,611	1,543,811	-	264,822,925	-	10,603,438,874	8,320,964,341
Total income for the year		9,535,896,697	966,983,879	356,749,114	55,441,944	1,210,649,541	115,400,697	12,241,121,872	10,566,831,314
Expenditure									
Salaries, wages and amenities		4,019,303,854	9,328,443	269,692	22,282,142	209,696,924	-	4,260,881,055	3,642,746,624
Training		39,597,656	-	-	-	48,908,906	-	88,506,562	28,745,609
Rent		1,800	-	-	-	6,785,239	-	6,787,039	8,076,991
Fuel and power		816,762,426	-	-	-	258,214	-	817,020,640	534,056,058
Telephone and postage		9,440,974	27,518	34,634	-	4,430,080	-	13,933,206	11,749,993
Contribution to National Management Foundation		433,999,997	-	-	-	-	-	433,999,997	300,000,011
Foreign travel and recruitment		122,408,223	2,879,904	-	2,077,339	55,461,546	-	182,827,012	152,806,470
Travelling and vehicle running expenses		130,304,717	458,960	-	80,500	76,089,101	-	206,933,278	122,212,808
Cafeteria expenses		436,048,576	181,601	1,181,304	100,244	23,487,594	-	460,999,319	328,530,013
Repairs and maintenance		39,991,256	-	-	-	5,790,674	-	45,781,930	26,423,441
Advertisement and open house programme		149,362,121	23,530	111,983	-	3,370,908	-	152,868,542	72,480,212
Subscriptions		83,515,870	-	-	173,558	7,931,298	-	91,620,726	69,345,999
Research and case development		138,649,979	16,921,261	-	9,828,183	405,745,741	-	571,145,164	422,034,020
Printing, stationery and office supplies		550,777,003	2,336,394	1,628,331	500,000	131,533,797	-	686,775,525	505,031,284
Software consumables		301,862,174	-	-	-	3,013,728	-	304,875,902	201,223,788
Insurance		24,609,104	-	177,331	-	-	-	24,786,435	23,116,671
Scholarships and tuition fee waiver		511,587,460	166,652,160	440,770,294	-	-	-	1,119,009,914	975,467,339
PhD living allowance		158,553,430	-	-	-	-	-	158,553,430	129,506,115
Higher Education Commission scholarship		-	-	-	-	623,980	-	623,980	5,642,034
Legal and professional charges		140,414,797	-	-	-	5,382,391	-	145,797,188	102,008,187
Estate management		119,628,151	-	-	-	-	-	119,628,151	93,059,538
Internet charges		106,145,404	-	-	-	497,611	-	106,643,015	91,608,207
Depreciation on operating fixed assets		-	-	-	-	-	397,254,739	397,254,739	349,818,994
Amortization of intangible assets		-	-	-	-	-	11,720,264	11,720,264	11,835,875
Consultancy projects		279,676	-	-	-	105,813,470	-	106,093,146	21,759,635
Sports and student activities		1,648,915	-	-	-	53,721,074	-	55,369,989	42,922,011
Net impairment losses on financial and contract assets		6,951,901	434,715	-	-	-	-	7,386,616	3,596,479
Bad debts and advances written off		2,301,591	-	-	-	-	-	2,301,591	-
Discounting cost on long term loans to students		71,158,476	-	4,420,023	-	-	-	75,578,499	78,903,038
Finance cost		3,134,539	61,984	87,827	-	5,744,540	-	9,028,890	8,606,113
Fair value loss on investments at fair value through profit or loss		-	-	-	-	-	-	-	537,584
Loss on sale of fixed assets		-	-	-	-	24,014,475	-	24,014,475	132,348
Exchange loss		38,799,254	-	-	-	62,166,636	-	100,965,890	4,345,055
Miscellaneous		33,584	-	-	-	2,734,880	-	2,768,464	1,006,822
		8,457,272,908	199,306,470	448,681,419	35,041,966	1,203,605,151	408,975,003	10,752,882,917	8,369,335,366
Surplus/(deficit) of income over expenditure before taxation		1,078,623,789	767,677,409	(91,932,305)	20,399,978	7,044,390	(293,574,306)	1,488,238,955	2,197,495,948
Provision for taxation		-	-	-	-	-	-	-	-
Surplus/(deficit) of income over expenditure after taxation		1,078,623,789	767,677,409	(91,932,305)	20,399,978	7,044,390	(293,574,306)	1,488,238,955	2,197,495,948

The annexed notes 1 to 29 form an integral part of these financial statements.

Member of Management Committee

Chief Financial Officer

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2024 Total Rupees	2023 Total Rupees
Surplus/(deficit) of income over expenditure after taxation	1,078,623,789	767,677,409	(91,932,305)	20,399,978	7,044,390	(293,574,306)	1,488,238,955	2,197,495,948
Other comprehensive income:								
<i>Items that may be reclassified subsequently to income and expenditure account</i>	-	-	-	-	-	-	-	-
<i>Items that will not be reclassified subsequently to income and expenditure account</i>	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	<u>1,078,623,789</u>	<u>767,677,409</u>	<u>(91,932,305)</u>	<u>20,399,978</u>	<u>7,044,390</u>	<u>(293,574,306)</u>	<u>1,488,238,955</u>	<u>2,197,495,948</u>

The annexed notes 1 to 29 form an integral part of these financial statements.


Member of Management Committee


Chief Financial Officer

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2024

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	Total Rupees
Balance as on July 1, 2022	1,947,814,183	3,328,996,383	49,366,220	61,836,970	685,395,396	1,223,067,529	7,296,476,681
Surplus/(deficit) of income over expenditure after taxation	872,641,290	497,218,100	5,492,718	18,905,359	1,152,976,132	(349,737,651)	2,197,495,948
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	872,641,290	497,218,100	5,492,718	18,905,359	1,152,976,132	(349,737,651)	2,197,495,948
Transfers (from)/to funds:							
Current fund to endowment fund	22 (330,000,000)	330,000,000	-	-	-	-	-
Endowment fund to current and scholarship funds	570,714	(64,674,044)	64,103,330	-	-	-	-
Exchange gain from current fund to sponsored projects fund	(42,235,899)	-	-	-	42,235,899	-	-
	(371,665,185)	265,325,956	64,103,330	-	42,235,899	-	-
Transfer of fixed assets additions (from)/to funds	23 (404,160,435)	(2,033,814)	-	(6,131,790)	(490,149,930)	902,475,969	-
Transfer of fixed assets disposals to/(from) funds	6,591,477	-	-	-	-	(6,591,477)	-
Balance as on June 30, 2023	2,051,221,330	4,089,506,625	118,962,268	74,610,539	1,390,457,497	1,769,214,370	9,493,972,629
Surplus/(deficit) of income over expenditure after taxation	1,078,623,789	767,677,409	(91,932,305)	20,399,978	7,044,390	(293,574,306)	1,488,238,955
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	1,078,623,789	767,677,409	(91,932,305)	20,399,978	7,044,390	(293,574,306)	1,488,238,955
Transfers (from)/to funds:							
Current fund to endowment fund	22 (500,000,000)	500,000,000	-	-	-	-	-
Endowment fund to scholarship funds	-	(23,073,495)	23,073,495	-	-	-	-
	(500,000,000)	476,926,505	23,073,495	-	-	-	-
Transfer of fixed assets additions (from)/to funds	23 (365,393,962)	(4,863,550)	-	(1,654,159)	(201,895,503)	573,807,174	-
Transfer of fixed assets disposals to/(from) funds	4,456,836	-	-	-	-	(4,456,836)	-
Balance as at June 30, 2024	2,268,907,993	5,329,246,989	50,103,458	93,356,358	1,195,606,384	2,044,990,402	10,982,211,584

The annexed notes 1 to 29 form an integral part of these financial statements.

Member of Management Committee

Chief Financial Officer

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Cash flow from operating activities		
Surplus of income over expenditure before taxation	1,488,238,955	2,197,495,948
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	397,254,739	349,818,994
Amortization on intangible assets	11,720,264	11,835,875
Net loss/(gain) on disposal of operating fixed assets	21,571,935	(1,943,276)
Net gain on disposal of intangible assets	(80,190,957)	-
Unwinding income on long term loans to students	(59,748,540)	(42,422,287)
Discounting cost on long term loans to students	75,578,499	78,903,038
Finance cost	9,028,890	8,606,113
Grants income	(1,637,682,998)	(2,245,866,973)
Net impairment losses on financial and contract assets	7,386,616	3,596,479
Bad debts and advances written off	2,301,591	-
Liabilities no longer payable written back	(2,317,977)	(851,347)
Provision for accumulating compensated absences	-	27,230,595
Exchange gain - net	(2,656,046)	(98,945,125)
Amortization of deferred contributions	(8,726,471)	(76,555,775)
Return on investments and term deposits	(1,573,354,408)	(935,707,997)
	<u>(2,839,834,863)</u>	<u>(2,922,301,686)</u>
Deficit before working capital changes	(1,351,595,908)	(724,805,738)
Effect on cashflow due to working capital changes:		
Increase in stores	(7,205,592)	(19,647,836)
(Increase)/decrease in loans, advances, deposits prepayments and other receivables	(258,049,320)	32,103,015
Increase in due from NMF	(293,843)	(119,072)
Increase in creditors, accrued and other liabilities	529,763,461	415,801,379
	<u>264,214,706</u>	<u>428,137,486</u>
Cash used in operations	(1,087,381,202)	(296,668,252)
Finance cost paid	(9,028,890)	(8,606,113)
Payment of accumulating compensated absences	(103,515,786)	(15,099,297)
Operating contributions received	1,428,926,033	1,665,830,720
Receipts in respect of deferred contributions	-	72,672,910
Increase in long term loans, advances and security deposits	(52,165,636)	(78,156,177)
	<u>1,264,215,721</u>	<u>1,636,642,043</u>
Net cash generated from operating activities	176,834,519	1,339,973,791
Cash flow from investing activities		
Fixed capital expenditure	(663,715,064)	(460,115,066)
Proceeds from disposal of operating fixed assets	6,899,376	13,264,980
Return on investments and term deposits received	1,260,639,582	853,664,063
Proceeds from maturity of investments	10,483,035,645	7,455,536,718
Proceeds from disposal of investments	771,119,298	828,564,223
Purchase of investments	(14,242,639,127)	(6,856,126,424)
Proceeds from disposal of intangible assets - cryptocurrency assets	89,018,083	-
Net cash generated (used in)/from investing activities	(2,295,642,207)	1,834,788,494
Cash flow from financing activities		
Endowment grants received	93,356,268	159,414,640
Net cash generated from financing activities	93,356,268	159,414,640
Net (decrease)/increase in cash and cash equivalents	(2,025,451,420)	3,334,176,925
Cash and cash equivalents at the beginning of the year	5,512,194,388	2,079,072,338
Effects of exchange rate changes on cash and cash equivalents	2,656,046	98,945,125
Cash and cash equivalents at the end of the year	3,489,399,014	5,512,194,388

- note 24

The annexed notes 1 to 29 form an integral part of these financial statements.

Member of Management Committee

Chief Financial Officer

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the University

There are certain standards, amendments to the IFRS and interpretations that are mandatory for the entities having accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or to have any significant effect on the University's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual period beginning on January 01, 2026)

On May 30, 2024, the IASB issued targeted amendments to IFRS 9, 'Financial Instruments', and IFRS 7, 'Financial Instruments: Disclosures'. The amendments respond to recent questions arising in practice, and include new requirements not only for financial institutions but also for corporate entities. These new requirements serve the following purposes:

- (a) clarification of the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarification and addition of further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) addition of new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- (d) update in the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The University does not expect any significant impact of this amendment on its financial statements.


b) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual period beginning on January 01, 2027)

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will apply for reporting periods beginning on or after January 01, 2027 and also applies to comparative information. However, the standard has not yet been notified locally, in relation to the University, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024.

 The University is yet to assess the impact of this standard on its financial statements.

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. University and its operations

The Lahore University of Management Sciences (hereinafter referred to as 'LUMS' or the 'University') is a body corporate and has been established in Pakistan under the Lahore University of Management Sciences Order, 1985 on March 31, 1985. The registered office of the University is situated opposite to Sector U, Phase V, Defence Housing Authority, Lahore Cantt, Lahore. The principal aims and objectives of the University are to design, prepare and offer courses of international standard and to undertake, organize, and promote research and dissemination of knowledge. The University has been divided into five schools namely Suleman Dawood School of Business (SDSB), Mushtaq Ahmad Gurmani School of Humanities and Social Sciences (MGSHSS), Syed Babar Ali School of Science and Engineering (SBASSE), Syed Ahsan Ali & Syed Maratib Ali School of Education (SOE) and Sheikh Ahmed Hassan School of Law (SAHSOL). The University is a Not-For-Profit organization under section 2(36) of the Income Tax Ordinance, 2001 and its surplus, if any, is carried forward to the subsequent year, and is not available for appropriation.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the Accounting Standard for Not for Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as applicable in Pakistan i.e. as notified by the Securities and Exchange Commission of Pakistan (SECP). Where the requirements of IFRS differ from those of the Accounting Standard for NPOs, the requirements of the IFRS prevail.

2.2 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the University's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

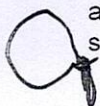
Certain standards, amendments and interpretations to IFRS are effective for accounting period beginning on July 1, 2023 but are considered not to be relevant or to have any significant effect on the University's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

a) Narrow scope amendments to International Accounting Standard (IAS) 1 Practice Statement 2 and International Accounting Standard (IAS) 8

The IASB amended IAS 1 to require entities to disclose their 'material' rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 'Making Materiality Judgements' to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Foundation adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from July 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in note 4 to the financial statements.



(c) Amendment to International Accounting Standard (IAS) 1 – Non-current liabilities with covenants (effective for annual period beginning on July 01, 2024)

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. Covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.

The amendments also introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

These amendments are not expected to have any material impact on the University's financial statements.

3. Basis of measurement

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain financial instruments at fair value.

3.1 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the University's accounting policies, however, there was no area that involved a higher degree of judgement or complexity, other than those referred to in notes 4.14.4, 4.22, 18 and 27.1(b)(ii) to these financial statements, and of items which are more likely to be materially adjusted to the estimates and assumptions turning out to be wrong.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the University and that are believed to be reasonable under the circumstances.

4. Summary of material accounting policies

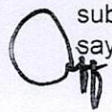
The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Fund accounting

The University follows the restricted fund method of accounting for contributions.

Income arising from general unrestricted resources is recognized in the statement of income and expenditure in the Current Fund when the amount of income can be measured reliably and collectability of the consideration exists.

Contributions against restricted funds are recognized as income in the statement of income and expenditure for the respective restricted fund when the amount of income can be measured reliably and collectability of the consideration exists. Contributions subject to similar restrictions will all be reported in the same fund and will be accounted for in the same way on consistent basis from year to year. Income that is generated from assets held in a restricted fund is subject to the same restrictions as the original fund, unless the terms that imposed the original restriction specifically say otherwise.



4.2 Current Fund

This is an unrestricted fund. Grants and donations, utilization of which is not restricted for a specific purpose, are recognised in this fund. It includes grants and donations for all five schools of the University.

4.3 Endowment Fund

This is a form of restricted fund which is held on trust to be retained for the benefit of the University as a capital fund. The income generated from this capital fund is also credited to this fund and utilized for restricted purposes, which include but are not limited to, providing scholarships and loans to students and carrying out activities under different scholarship programmes of the University including National Outreach Programme.

4.4 Scholarship Fund

This is a form of restricted fund utilized for providing scholarships and loans to students and carrying out activities under different scholarship programmes of the University including National Outreach Programme. Grants and donations (including government grants) received for this purpose are recognised in this fund.

4.5 Chair Funds

These are restricted funds. The funds received are expended on financing academic chairs.

4.6 Sponsored Projects

This is a restricted fund utilized for carrying out activities by the University under different sponsored projects as per agreement with the donors. Grants and donations (including government grants) received for specific projects are recognised in this fund. For completed projects, remaining surplus, if any, if permitted by the relevant agreement, is transferred to the current fund.

4.7 Fixed Assets Fund

This fund represents the net book value of the tangible fixed assets and intangible assets of the University. These assets are accounted for in accordance with the policies given in notes 4.9 and 4.10 respectively. Fixed assets received directly as donations are debited to the property, plant and equipment or intangibles account at fair value and a corresponding amount credited to income of this fund. Such items are thereafter depreciated as per the policy of the University.

4.8 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in the income and expenditure account except to the extent that it relates to items recognized directly in fund balance, in which case it is recognized directly in the fund balance.

Current

The charge for current income tax is calculated using prevailing tax rates or tax rates expected to apply to surplus for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The University measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the University has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The University is allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes, under section 100C of the Income Tax Ordinance, 2001.

Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable surplus or deficit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in income and expenditure account, except to the extent that it relates to items recognised in other comprehensive income or directly in fund balances. In this case, the tax is also recognised in other comprehensive income or directly in fund balances, respectively.

Deferred tax has not been provided in these financial statements as the University's management believes that the temporary differences will not reverse in the foreseeable future to the fact that the University is allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes, under section 100C of the Income Tax Ordinance, 2001.

4.9 Operating fixed assets

Operating fixed assets are stated at historical cost less accumulated depreciation and any identified impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation on all operating fixed assets is charged to income and expenditure account on a reducing balance method, so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 5 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The University's estimate of the residual value of its operating fixed assets as at June 30, 2024, has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.12).

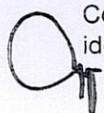
Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the income and expenditure account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.10 Intangible assets

4.10.1 Computer software and license fee

Computer software and license fee for the right of its use are stated at cost less accumulated amortization and any identified impairment loss.



Amortization is charged to income and expenditure account on the reducing balance method so as to write off the cost of the intangible asset over its estimated useful life at the rates mentioned in note 6.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.12).

4.10.2 Cryptocurrency assets

The University accounts for its cryptocurrency assets, which are comprised of Stacks, Bitcoin, Solana and Ethereum, as intangible assets with an indefinite useful life in accordance with International Accounting Standard (IAS) 38, Intangible Assets. The University has ownership of and control over its cryptocurrencies and uses third-party custodial services to store its cryptocurrencies. The University's cryptocurrency assets are recorded at cost less any identified impairment loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In determining if an impairment has occurred, the University considers the price of relevant cryptocurrency asset quoted on the active exchange. If the carrying value of cryptocurrency asset exceeds that price, an impairment loss has occurred with respect to that cryptocurrency asset in the amount equal to the difference between its carrying value and such price. Impairment losses are recognized in the period in which the impairment occurs and are reflected in the University's income and expenditure account. The assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The University determines the fair value of its cryptocurrency assets on a nonrecurring basis in accordance with IFRS 13, Fair Value Measurement, based on quoted (unadjusted) prices on the Coinbase Exchange operated by Coinbase Global, Inc. Gains (if any) are not recorded until realised upon sale. In determining the gain to be recognized upon sale, the University calculates the difference between the sale price and carrying value of the specific cryptocurrency sold, at which point they are presented in the University's income and expenditure account.

The income generated from investment of these cryptocurrencies is credited to the sponsored projects fund and utilized for restricted purposes.

4.11 Capital work-in-progress


Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.12 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.13 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.



Investments made by the University are classified for the purpose of measurement into the following categories as explained in note 4.14.

4.14 Financial assets

4.14.1 Classification

The University classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the University's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in income and expenditure account or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the University has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The University reclassifies debt investments when and only when its business model for managing those assets changes.

4.14.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the University commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

4.14.3 Measurement

At initial recognition, the University measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income and expenditure account.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the University's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the University classifies its debt instruments:

- i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in income or expenditure. Impairment losses are presented as a separate line item in the income and expenditure account.

ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in income or expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to income or expenditure. Interest income from these financial assets is included in other income using the effective interest method. Impairment expenses are presented as a separate line item in the income and expenditure account.

iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in income or expenditure in the period in which it arises.

Equity instruments

The University subsequently measures all equity investments at fair value. Where the University's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to income or expenditure following the derecognition of the investment. Dividends from such investments continue to be recognised in income and expenditure account as income when the University's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the income and expenditure account. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.14.4 Impairment of financial assets other than investment in equity instruments

The University assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The University applies general 3-stage approach for investments carried at amortised cost, deposits, loans, security deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL method:

- Investments carried at amortized cost;
- Due from National Management Foundation;
- Long term loans and security deposits;
- Loans, deposits and other receivables; and
- Bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The University considers that a financial asset other than student loan, is in default when a contractual payment is 90 days past due and in case of a student loan when the contractual payment is 2 years past due from the date of repayment of first instalment. The definition is based on the University's internal credit risk management policy.

The University recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The University recognizes an impairment gain or loss in the income and expenditure account for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The University writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The University may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.15 Financial liabilities

All financial liabilities are recognized at the time when the University becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income and expenditure account.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the income and expenditure account.

4.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the University intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.17 Employee benefits

(i) Short term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) **Post employment benefits**

The main features of the schemes operated by the University for its employees are as follows:

(a) **Defined contribution plan - Provident Fund**

There is an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the University and the employees to the fund at the rate of 10 percent of the basic salary.

Retirement benefits are payable to the staff on completion of prescribed qualifying period of service as determined under the rules of fund.

(b) **Accumulating compensated absences**

The University has a policy to provide short term employee benefits to its employees in the form of vesting accumulating compensated absences. As per the University's policy, employees are entitled to 20 days of paid leaves each year after completion of one year of service, depending on their years of service. The unused entitlement can be carried forward subject to the condition that the total unused accumulated leaves shall not exceed the prescribed limit i.e. 30 leaves. Any unused leaves in excess of the limit are lapsed and are not available for carry forward. Accumulated balance of unavailed earned leaves up to 30 shall be encashable at the rate of gross salary after every ten (10) years of continuous service.

Upon retirement, resignation, termination / dismissal of an employee's services, earned leave balance to the credit of employee shall be paid at the rate of gross salary on the respective date.

With effect from July 1, 2024, the management has changed this policy. As per the new leave policy, all permanent and long-term contractual staff members are entitled to twenty (20) annual leaves, calculated on the working days. The leave balance will be available to employees in advance at the start of the year. It is now mandatory for employees to take ten (10) annual leaves during each year. The mandatory leaves can be taken at one time for 10 working days or twice in a year for 5 working days each.

To be eligible for annual leave encashment, an employee must have one year of continuous service as of June 30th and must have fulfilled the condition of taking 10 annual leaves during the year. Unutilized annual leave balance of up to six (6) working days will be paid to employees each year. Employees will receive leave encashment each year with the payroll of July, where the encashment amount will be calculated on the gross salary of June.

4.18 Stores

Stores, except for those in transit, are valued principally at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are stated at cost comprising invoice value plus other charges paid thereon. If net realizable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realizable value.

4.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.20 Creditors, accrued and other liabilities

Creditors and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.21 Provisions

Provisions for legal claims and make good obligations are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision to the passage of time is recognised as interest expense.

4.22 Contingent liabilities

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 University; or

-there is 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 measured with sufficient reliability.

4.23 Borrowings

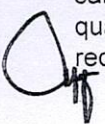
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income and expenditure account over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in the income and expenditure account as other income or finance costs.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

4.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income and expenditure account in the period in which they are incurred.



4.25 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the University are measured using the currency of the primary economic environment in which the University operates (the functional currency). The financial statements are presented in Pak Rupees, which is the University's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

4.26 Income recognition

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the University and the amount of income can be measured reliably. Income is measured at the fair value of the consideration received or receivable on the following basis:

a) Current Fund

- Tuition fees are recognized when the University satisfies a performance obligation by provision of specific academic and non-academic courses to the students and the transaction price is apportioned to revenue over the period of instruction.

- Admission and application processing fees are recognized as revenue when due.

- Cafeteria income is recognized as revenue when the goods or services are supplied to the customer.

Where services are being rendered, but are not complete at the end of the period, income is recognised with reference to the stage of completion/degree of provision of the service, as determined on an appropriate basis for each contract.

Grants, gifts, and royalties on publications are recognized as income on accrual basis when the ultimate collection is reasonably assured.

b) Endowment Fund

Grants as endowments by the University are recognised when the ultimate collection is reasonably assured and these are credited to income. Income earned from the endowments is booked as a return on investments for the period.

c) Scholarship Fund

Grants for the purpose of providing scholarships and loans to students are credited to income and are recognised when the ultimate collection is reasonably assured.

d) Chair Fund

Grants are recognised when the ultimate collection is reasonably assured and are credited to income.

e) Sponsored Projects

Grant is recognized when conditions for its receipt have been complied with and there is a reasonable assurance that the grant will be received. Grants received to carry out different projects are credited to income.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the enterprise with no future related costs is recognized as income of the period in which it becomes receivable.

On the conclusion of the projects, any balances lying to the credit of the fund account are transferred to the Current Fund, provided there are no restrictions imposed by the donor.

f) Fixed Assets Fund

Fixed assets received as a grant are debited to the property, plant and equipment and intangibles account at fair value and a corresponding amount credited to income.

4.27 Deferred contributions

Restricted contributions for which an appropriate restricted fund does not exist, are recognised as deferred contributions under non-current liabilities in the Current Fund using the deferral method. These are recognised as income in the same period or periods as the related expenses are recognised.

4.28 Expenses

Expenses are recognized in the income and expenditure account when incurred.

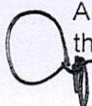
4.29 Contract asset and contract liability

A contract asset is recognised for the University's right to consideration in exchange for goods or services that it has transferred to a customer. If the University performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the University presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the University's obligation to transfer goods or services to a customer for which the University has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the University has a right to an amount of consideration that is unconditional (i.e. a receivable), before the University transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.30 Rounding of amounts

All amounts disclosed in the descriptive notes to these financial statements have been rounded off to the nearest thousand Rupees unless otherwise stated.



5. Operating fixed assets

	Cost as at July 1, 2023 Rupees	Additions/ (deletions) for the year Rupees	Cost as at June 30, 2024 Rupees	Accumulated depreciation as at July 01, 2023 Rupees	Depreciation/ (deletions) for the year Rupees	Accumulated depreciation as at June 30, 2024 Rupees	Book value as at June 30, 2024 Rupees	Annual rate of depreciation %
Furniture and fixtures	931,880,251	78,001,176 (45,779,080)	964,102,347	750,670,409	62,849,386 (39,248,577)	774,271,218	189,831,129	30
Computers	1,123,646,613	249,638,527 (31,252,945)	1,342,032,195	824,157,940	137,708,604 (28,465,872)	933,400,672	408,631,523	33.3
Equipment	2,303,079,463	321,638,561 (68,225,383)	2,556,492,641	1,528,696,160	183,594,938 (49,461,448)	1,662,829,650	893,662,991	20
Vehicles	39,895,862	14,068,300 (1,101,360)	52,862,802	22,925,238	5,035,199 (789,726)	27,170,711	25,692,091	20
Books	157,832,127	9,709,711 (334,150)	167,207,688	120,541,633	8,066,612 (255,979)	128,352,266	38,855,422	20
	4,556,334,316	673,056,275 (146,692,918)	5,082,697,673	3,246,991,380	397,254,739 (118,221,602)	3,526,024,517	1,556,673,156	
	Cost as at July 1, 2022 Rupees	Additions/ (deletions)/ adjustments Rupees	Cost as at June 30, 2022 Rupees	Accumulated depreciation as at July 01, 2022 Rupees	Depreciation/ (deletions)/ adjustments for the year Rupees	Accumulated depreciation as at June 30, 2023 Rupees	Book value as at June 30, 2023 Rupees	Annual rate of depreciation %
Furniture and fixtures	884,579,915	65,956,286 (18,706,014) 50,064	931,880,251	704,224,807	63,954,342 (17,539,544) 30,804	750,670,409	181,209,842	30
Computers	988,996,775	156,783,311 (22,133,473) -	1,123,646,613	733,871,958	110,792,985 (20,507,003) -	824,157,940	299,488,673	33.3
Equipment	2,086,790,562	239,836,320 (23,547,419) -	2,303,079,463	1,386,019,950	162,425,842 (19,749,632) -	1,528,696,160	774,383,303	20
Vehicles	37,269,347	2,694,020 (67,505) -	39,895,862	18,917,687	4,074,299 (66,748) -	22,925,238	16,970,624	20
Books	150,947,787	6,934,404 - (50,064)	157,832,127	112,000,911	8,571,526 - (30,804)	120,541,633	37,290,494	20
	4,148,584,386	472,204,341 (64,454,411)	4,556,334,316	2,955,035,313	349,818,994 (57,862,927)	3,246,991,380	1,309,342,936	

5.1 The depreciation for the year has been charged to Fixed Assets Fund.

5.2 Following assets are sponsored to LUMS by various donors. The title of these assets is not in the name of LUMS. Transfer of the title to LUMS is subject to the discretion of donors at the completion of project term.

	2024			2023		
	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Furniture and fixtures	87,014,862	70,920,853	16,094,009	127,669,853	98,482,681	29,187,172
Computers	183,424,864	118,933,871	64,490,993	156,670,400	104,387,665	52,282,735
Equipment	884,165,517	569,317,808	314,847,709	795,389,465	541,093,739	254,295,726
Vehicles	10,440,000	1,218,000	9,222,000	-	-	-
Books	491,760	87,890	403,870	-	-	-
	<u>1,165,537,003</u>	<u>760,478,422</u>	<u>405,058,581</u>	<u>1,079,729,718</u>	<u>743,964,085</u>	<u>335,765,633</u>

5.3 Following assets have been contributed by various donors to LUMS:

	2024			2023		
	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Furniture and fixtures	95,747,790	56,480,445	39,267,345	58,092,107	49,162,257	8,929,850
Computers	37,827,945	17,558,758	20,269,187	18,177,370	15,729,862	2,447,508
Equipment	112,513,622	38,982,381	73,531,241	54,411,821	30,392,866	24,018,955
	<u>246,089,357</u>	<u>113,021,584</u>	<u>133,067,773</u>	<u>130,681,298</u>	<u>95,284,985</u>	<u>35,396,313</u>

6. Intangible assets

The University's intangible assets comprise of the following:

		2024 Rupees	2023 Rupees
Computer software and license	- Note 6.1	25,018,604	32,524,549
Cryptocurrency assets	- Note 6.2	<u>463,298,642</u>	<u>427,346,885</u>
		<u>488,317,246</u>	<u>459,871,434</u>

6.1 The reconciliation of the carrying amount is as follows:

	Cost as at July 01, 2023 Rupees	Additions Rupees	Cost as at June 30, 2024 Rupees	Accumulated amortization as on July 01, 2023 Rupees	Amortization for the year Rupees	Accumulated amortization as on June 30, 2024 Rupees	Book value as at June 30, 2024 Rupees	Annual rate of amortization %
Computer software and license	<u>249,218,066</u>	<u>3,963,845</u>	<u>253,181,911</u>	<u>216,693,517</u>	<u>11,469,790</u>	<u>228,163,307</u>	<u>25,018,604</u>	33.3

	Cost as at July 01, 2022 Rupees	Additions Rupees	Cost as at June 30, 2023 Rupees	Accumulated amortization as on July 01, 2022 Rupees	Amortization for the year Rupees	Accumulated amortization as on June 30, 2023 Rupees	Book value as at June 30, 2023 Rupees	Annual rate of amortization %
Computer software and license	234,376,097	14,841,969	249,218,066	204,857,641	11,835,876	216,693,517	32,524,549	33.3

6.1.1 The amortization for the year has been charged to Fixed Assets Fund.

		Stacks	Bitcoin	Ethereum	Solana	2024 Rupees - Notes 6.2.1 to 6.2.5	2023 Rupees
Approximate number of assets held		4,757,010	5	33	80		
Carrying values	Rupees	395,147,051	43,615,229	22,071,903	2,464,459	463,298,642	427,346,885

6.2.1 The reconciliation of the carrying amount is as follows:

	2024 Rupees	2023 Rupees
Opening cost	427,346,885	-
Recognition of grant	-	408,704,395
Sale of Stacks	(8,827,124)	(4,730,220)
Purchase of Ethereum	17,723,100	4,348,802
Purchase of Bitcoin	9,866,941	-
Purchase of Solana	2,464,460	-
Bitcoins earned from investment	14,724,380	19,023,908
Carrying value	463,298,642	427,346,885

6.2.2 A grant agreement dated January 11, 2021 between the University and Blockstack PBC ('Blockstack') was entered into, according to which, Blockstack agreed to grant five (5) million stacks cryptocurrency to LUMS department of Computer Science for the purpose of supporting research and education of applications and systems for a decentralized internet and cryptocurrencies specifically related to Bitcoin and Stacks. Out of these 5 million stacks, 4.9 million stacks were transferred to the University's wallet which were recorded at their transfer-date fair values available on Coinbase International Exchange operated by Coinbase Global, Inc.

6.2.3 The University invested these Stacks through third-party custodial services, generating returns in the form of Bitcoins. Of these Stacks, the University sold some of the Stacks on the Coinbase Exchange and acquired United States Dollars (USD). As of June 30, 2024, the University holds USD 227,719.42 (2023: USD 9,885) in its cryptocurrency wallet as disclosed in note 15. No cash transactions took place in Pakistan and all trading activities were conducted with cryptocurrency assets through its cryptocurrency wallet. The management considers that there is no foreseeable limit to the period over which these cryptocurrency assets are expected to generate cash inflows and are therefore determined to have indefinite useful lives. Consequently, no amortisation has been charged in these financial statements.

6.2.4 No impairment is identified as a result of annual impairment review performed as of the reporting date. The fair values of the cryptocurrency assets were determined using the readily available quoted prices (unadjusted) on Coinbase Exchange. This is a level 1 measurement as per the fair value hierarchy set out in note 27.2.

6.2.5 The brief characteristics of the cryptocurrency assets held by the University are as follows:

Stacks: Stacks is a Bitcoin Layer for smart contracts; it enables smart contracts and decentralized applications to use Bitcoin as an asset and settle transactions on the Bitcoin blockchain.

Bitcoin: Bitcoin is a peer-to-peer online currency, meaning that all transactions happen directly between equal, independent network participants, without the need for any intermediary to permit or facilitate them.

Ethereum: Ethereum is a decentralized open-source blockchain system that features its own cryptocurrency, Ether. Ethereum works as a platform for numerous other cryptocurrencies, as well as for the execution of decentralized smart contracts.

Solana: Solana is a blockchain platform which uses a proof-of-stake mechanism to provide smart contract functionality.

7. Capital work-in-progress	Current Fund Rupees	Endowment Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
Advances for equipment	14,271,054	-	31,125	19,767,067	34,069,246	6,762,998
Advances for computers	32,115,332	-	-	-	32,115,332	8,025,289
Advances for vehicles	-	-	-	5,670,000	5,670,000	-
	<u>46,386,386</u>	<u>-</u>	<u>31,125</u>	<u>25,437,067</u>	<u>71,854,578</u>	<u>14,788,287</u>

The reconciliation of the carrying amount of capital work-in-progress is as follows:

	2024 Total Rupees	2023 Total Rupees
Opening balance	14,788,287	34,151,114
Additions during the year	<u>341,936,504</u>	<u>254,325,884</u>
	356,724,791	288,476,998
Transfers during the year	<u>(284,870,212)</u>	<u>(273,688,711)</u>
Closing balance	<u>71,854,579</u>	<u>14,788,287</u>

8. Investments		Current Fund Rupees	Endowment Fund Rupees	2024 Total Rupees	2023 Total Rupees
At amortised cost	- note 8.1	354,297,922	2,133,696,831	2,487,994,753	2,182,006,906
At fair value through profit or loss	- note 8.2	<u>160,720</u>	<u>281,533,567</u>	<u>281,694,287</u>	<u>484,632,713</u>
		354,458,642	2,415,230,398	2,769,689,040	2,666,639,619
Current maturity shown under current assets		<u>(102,632,871)</u>	<u>(276,800,486)</u>	<u>(379,433,357)</u>	<u>(862,584,260)</u>
		<u>251,825,771</u>	<u>2,138,429,912</u>	<u>2,390,255,683</u>	<u>1,804,055,359</u>

8.1 At amortised cost

Pakistan Investment Bonds	- note 8.1.1	294,357,922	2,023,696,831	2,318,054,753	1,937,056,906
Term finance certificates	- note 8.1.2	<u>59,940,000</u>	<u>110,000,000</u>	<u>169,940,000</u>	<u>244,950,000</u>
		<u>354,297,922</u>	<u>2,133,696,831</u>	<u>2,487,994,753</u>	<u>2,182,006,906</u>

8.1.1 This represents investments in Pakistan Investment Bonds. These carry mark-up at coupon rates ranging from 7% to 14% (2023: 7% to 18.55%) per annum.

8.1.2 This represents investments in term finance certificates. These carry mark-up at rates ranging from 9.03% to 24.67% (2023: 9.03% to 23.34%) per annum.

		Current Fund Rupees	Endowment Fund Rupees	2024 Total Rupees	2023 Total Rupees
8.2	At fair value through profit or loss				
Shares of The Hub Power Company Limited	- note 8.2.1	-	47,537,820	47,537,820	20,282,570
<i>Units of:</i>					
UBL Fund Managers mutual funds	- note 8.2.2	17	669	686	14
Alfalah GHP mutual funds	- note 8.2.2	95	56,437,613	56,437,708	121,043,346
ABL Fund Managers mutual funds	- note 8.2.2	-	-	-	135,482,855
Al-Meezan mutual funds	- note 8.2.2	-	177,557,465	177,557,465	56,475,004
MCB Investment Management Company	- note 8.2.2	975	-	975	107,919,046
NBP mutual funds	- note 8.2.2	78,305	-	78,305	18,296,305
HBL Fund Managers mutual funds	- note 8.2.2	81,328	-	81,328	25,133,574
		<u>160,720</u>	<u>281,533,567</u>	<u>281,694,287</u>	<u>484,632,714</u>

8.2.1 This represents 291,500 (2023: 291,500) shares, measured at market value of Rs 163.08 (2023: Rs 69.58) per share, of The Hub Power Company Limited.

8.2.2 These represent portfolios maintained with various asset management companies.

		Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
9.	Long term loans, advances and security deposits						
Loans to students	- note 9.1	518,884,751	9,746,219	15,364,133	-	543,995,103	503,895,743
Long term security deposits	- note 9.2	50,352,388	-	-	1,961,665	52,314,053	44,771,444
Advances to employees		22,714	-	-	-	22,714	22,714
		<u>569,259,853</u>	<u>9,746,219</u>	<u>15,364,133</u>	<u>1,961,665</u>	<u>596,331,870</u>	<u>548,689,901</u>
Less: Loss allowance	- note 13.1	53,284,109	3,893,381	1,914,488	-	59,091,978	53,311,762
		<u>515,975,744</u>	<u>5,852,838</u>	<u>13,449,645</u>	<u>1,961,665</u>	<u>537,239,892</u>	<u>495,378,139</u>
Less: Current portion of loans to students - net of impairment allowance	- note 13	153,639,549	3,792,250	4,641,941	-	162,073,740	121,778,724
		<u>362,336,195</u>	<u>2,060,588</u>	<u>8,807,704</u>	<u>1,961,665</u>	<u>375,166,152</u>	<u>373,599,415</u>

9.1 These represent un-secured interest free loans given to students. Loans over and above Rs 150,000 are repayable in fixed number of monthly installments (60) within the specified period of five years after six months from completion of course. Loans up to Rs 150,000 are required to be repaid in fixed number of monthly installments (36) by the students within specified period of three years after six months from completion of course. These loans are measured at amortised cost at interest rates ranging from 14% to 27%. Loans which were disbursed in the year 2022 and prior to 2022 are measured using rate of 14% per annum.

9.2 These have not been carried at amortised cost as the effect of discounting is not considered material.

10. Employee benefits obligations

This represents accumulating compensated absences and its reconciliation is as follows:

	2024 Rupees	2023 Rupees
Opening balance	103,515,786	91,384,488
Provision for the year	-	27,230,595
Payments during the year	(18,925,150)	(15,099,297)
	84,590,636	103,515,786
Classified to creditors, accrued and other liabilities	(84,590,636)	-
Closing balance	-	103,515,786

- note 10.1

10.1 Effective July 1, 2024, the management has changed the policy for accumulating compensated absences. According to the new policy, all permanent and long term contractual staff members are entitled to twenty (20) annual leaves. It is mandatory for employees to take ten (10) annual leaves during the year. Unutilized annual leave balance of up to six (6) working days is encashed on an annual basis along with the payroll of July of the next fiscal year. The amount of leave encashment is calculated based on the year end gross salary.

11. Long term security deposits

These represent securities deposited by students at the time of admission to the University. These securities are refundable upon the completion of the program. These have not been carried at amortised cost as the effect of discounting is not considered material.

	2024 Rupees	2023 Rupees
Security deposits	204,819,500	167,915,100
Less: current maturity classified in current liabilities	88,921,000	76,996,200
	115,898,500	90,918,900

- note 16

12. Deferred contributions

This represents the following contributions:

- unutilised balance of donations made by Babar Ali Foundation, a related party (affiliate) and various other donors for prevention of COVID-19 (Corona virus).

The movement in deferred contributions during the year is as follows:

Opening balance	12,528,173	16,411,038
Receipts during the year	-	72,672,910
Amortization during the year - recognised in grants income of current fund	(8,726,471)	(76,555,775)
Closing balance	3,801,702	12,528,173

13.	Loans, advances, deposits, prepayments and other receivables	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
Advances to:								
Employees		75,033,677	-	-	-	1,668,505	76,702,182	50,294,125
Suppliers		86,171,485	-	-	-	5,488,201	91,659,686	64,259,588
Prepayments		68,603,970	42,737	-	-	225,887	68,872,594	51,550,596
Accrued return on investments		101,648,227	309,216,049	-	-	-	410,864,276	98,149,450
Fee receivable		107,117,760	1,056,066	3,742,445	-	-	111,916,271	34,355,875
Receivable against REDC programs and other projects		122,307,194	-	-	-	1,589,807	123,897,001	67,956,163
Other receivables		12,719,469	-	-	561,746	10,418,685	23,699,900	34,973,008
Current portion of long term loans and advances:	- note 9							
Loans to students		195,070,686	6,936,483	6,082,708	-	-	208,089,877	162,014,643
		768,672,468	317,251,335	9,825,153	561,746	19,391,085	1,115,701,787	563,553,448
Loss allowance	- note 13.1.1	(41,431,137)	(3,144,232)	(1,440,766)	-	-	(46,016,135)	(40,235,918)
		727,241,331	314,107,103	8,384,387	561,746	19,391,085	1,069,685,652	523,317,530

13.1 Loss allowance

The reconciliation of loss allowance is as follows:

	2024 Rupees	2023 Rupees
Balance as at beginning of the year		
Charge for the year	53,311,762	51,885,000
Reversals during the year	7,386,616	3,596,479
Closing balance	(1,606,400)	(2,169,717)
	- note 13.1.1	
	59,091,978	53,311,762

13.1.1

The closing balance includes loss allowance against current portion of loans amounting to Rs 46.016 million (2023: Rs 40.236 million).

14.	Short term investments		Current Fund Rupees	Endowment Fund Rupees	2024 Total Rupees	2023 Total Rupees
	At amortised cost					
	Term deposit receipts - PKR	- note 14.1	-	60,000,000	60,000,000	185,000,000
	Term deposit receipts - USD	- note 14.2	1,223,846,360	-	1,223,846,360	1,030,257,000
	Treasury Bills		1,847,311,838	2,295,301,070	4,142,612,908	2,838,257,242
			<u>3,071,158,198</u>	<u>2,355,301,070</u>	<u>5,426,459,268</u>	<u>4,053,514,242</u>

14.1 This represents investments in term deposit receipts of local currency. These carry mark-up at rates ranging from 15% to 21% (2023: 15% to 19.25%) per annum.

14.2 This represents investments in term deposit receipts of foreign currency. These carry mark-up at rates ranging from 6% to 8.10% (2023: 6% to 6.55%) per annum.

15.	Cash and bank balances		Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
	Cash in hand		3,567,769	-	-	-	-	3,567,769	2,969,299
	- USD 10,000 (2023: USD 10,000)								
	- PKR 786,300 (2023: PKR 107,474)								
	Balances at banks								
	In current accounts		8,407,070	88,516,466	2,037,694	679,800	264,001,783	363,642,813	745,782,282
	- USD 43,667.76 (2023: USD 50,588.07)								
	- PKR 351,469,771.37 (2023: PKR 731,304,858)								
	In savings accounts		17,720,719	73,952,555	2,609,241	92,315,361	655,766,079	842,363,955	1,036,110,799
	- USD 2,066,107.14 (2023: USD 1,540,317.05)								
	- JPY 1.53 (2023: JPY 1.53)								
	- PKR 267,682,933.93 (2023: PKR 595,299,014)								
	Balance at Coinbase International Exchange								
	- USD 227,719.42 (2023: USD 9,885)	- note 6.2	-	-	-	-	67,439,248	67,439,248	2,457,042
			<u>29,695,558</u>	<u>162,469,021</u>	<u>4,646,935</u>	<u>92,995,161</u>	<u>987,207,110</u>	<u>1,277,013,785</u>	<u>1,787,319,422</u>

15.1 Included in savings accounts are Rs 58.848 million (2023: Rs 59.930 million) which are under lien against bank guarantees and letters of credit as referred to in note 18.

15.2 Furthermore, included in savings accounts is an amount of Rs 2.376 million (2023: Rs 2.663 million) in an escrow account with MCB Bank Limited (MCB). Under the terms of agreement between MCB and LUMS, the University has deposited 6% of each tranche of the finance extended by MCB to students of the University. MCB has the right to utilize this amount for the purpose of recovery in case of default by any student.

16.	Creditors, accrued and other liabilities	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
	Advance tuition and other fees - notes 16.1 to 16.4	1,241,778,103	-	-	-	-	1,241,778,103	1,139,023,897
	Creditors	292,655,653	4,421,993	4,484	-	27,219,517	324,301,647	167,861,480
	Accrued liabilities	153,777,837	8,990	-	-	32,655,933	186,442,760	94,463,606
	Advances against executive development programmes - notes 16.1 to 16.4	29,521,374	-	-	-	-	29,521,374	38,015,064
	Payable to student societies	1,860,840	-	-	-	31,112,700	32,973,540	25,862,650
	Provident fund payable	5,792,352	-	-	-	-	5,792,352	23,116,742
	Employee fund payable	8,483,660	-	-	-	-	8,483,660	11,538,025
	Current portion of long term security deposits - note 11	88,921,000	-	-	-	-	88,921,000	76,996,200
	Short term security deposits	3,292,447	-	-	-	2,438,000	5,730,447	4,438,697
	Withholding taxes payable	65,845,723	3,815	-	6,612	1,135,681	66,991,831	58,654,154
	Other liabilities	236,510,928	191,918	1,748	-	13,634,641	250,339,235	73,859,950
		<u>2,128,439,917</u>	<u>4,626,716</u>	<u>6,232</u>	<u>6,612</u>	<u>108,196,472</u>	<u>2,241,275,949</u>	<u>1,713,830,465</u>

		2024 Total Rupees	2023 Total Rupees
16.1	The category wise breakup of contract liabilities is as follows:		
16.1.1	Advance tuition and other fees		
	Tuition fees	1,162,321,828	1,099,572,002
	Other fees	79,456,275	39,451,895
		<u>1,241,778,103</u>	<u>1,139,023,897</u>
16.1.2	Advances against executive development programmes	29,521,374	38,015,064
		<u>1,271,299,477</u>	<u>1,177,038,961</u>
16.2	Revenue recognised during the year that was included in the contract liability balance at the beginning of the year is as follows:		
16.2.1	Advance tuition and other fees		
	Tuition fees	1,099,572,002	878,296,776
	Other fees	39,451,895	11,755,066
		<u>1,139,023,897</u>	<u>890,051,842</u>
16.2.2	Advances against executive development programmes	38,015,064	34,289,292
		<u>1,177,038,961</u>	<u>924,341,134</u>
16.3	Contract liabilities have increased due to increase in tuition fee and increase in number of new admissions.		

16.4 All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

17. This represents the scholarships given prior to receipt of funds from donors resulting in utilization of resources of the Current Fund. While there is a commitment from the donors to pay these amounts, the timing and amount of these receipts is not certain. Therefore, based on prudence, the funds receivable are recognized only when the collection becomes certain.

18. Contingencies and commitments

18.1 Contingencies

(i) The University has provided bank guarantee of Rs 18.0 million (2023: Rs 18.0 million) in favour of Sui Northern Gas Pipelines Limited (SNGPL) on account of payment of gas dues, Rs 1.200 million (2023: Rs 1.2 million) to Pakistan State Oil Company Limited (PSO) on account of fuel cards, Rs 8.50 million (2023: Rs 8.50 million) to Oursun Solar Power Limited, Rs 7.0 million (2023: Rs 7.0 million) to Nizam Power (Private) Limited on account of any damage to solar power panels installed at LUMS, and Rs 0.397 million (2023:nil) to Engineering Development Board on account of deliverance of Electrical & Power Equipment Manufacturing Sector Indigenization Plan. These guarantees have been secured by lien on savings account balance as mentioned in note 15.1, for an amount equal to 110% of the amount of guarantee.

(ii) Walton Cantonment Board has levied property tax amounting to Rs 1,425.784 million on buildings under LUMS occupation for the years from 1993-94 to 2017-18. On March 15, 2018, LUMS filed a writ petition before the Lahore High Court ('LHC') challenging the orders dated November 2, 2011 and April 26, 2017 passed by the Director General, Military Lands and Cantonments whereby LUMS was required to pay property tax. The writ petition was filed on the grounds that LUMS premises are exempt from levy of property taxes under section 99(2)(b) of the Cantonment Act, 1924. On March 16, 2018, the LHC granted an ad interim relief to LUMS. Since then the case is pending for hearing. Based on the advice of the University's legal counsel, management considers that there are meritorious grounds to defend the University's stance and the outcome of the case is expected to be favourable, therefore, no provision has been made in these financial statements for the demands aggregating to Rs 1,425.784 million (2023: Rs 1,425.784 million).

18.2 Commitments

Aggregate facilities available for opening letters of credit and for letters of guarantee from financial institutions aggregate to Rs 150 million (2023: Rs 150 million) and Rs 50 million (2023: Rs 50 million) respectively. The amount utilised at June 30, 2024, for letters of credit was Rs 23.751 million (2023: Rs 25.230 million) and Rs 35.097 million (2023: Rs 34.700 million) for letters of guarantee.

Commitments in respect of contracts for capital expenditure amount to Rs 51.316 million (2023: Rs 57.677 million).

19. Contributions	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2024 Total Rupees	2023 Total Rupees
These are from the following major sources:								
Government	16,813,133	-	13,837,378	-	348,505,071	-	379,155,582	673,041,713
Foundations	15,500,900	10,073,361	146,414,975	55,441,944	153,801,865	-	381,233,045	761,335,694
Corporate contributors	7,367,693	40,411,650	99,789,976	-	54,646,459	115,400,697	317,616,475	602,371,819
Individuals	12,631,691	42,871,257	95,162,974	-	-	-	150,665,922	144,053,428
Other Not-For-Profit organizations	20,138,753	-	-	-	388,873,221	-	409,011,974	60,395,775
	<u>72,452,170</u>	<u>93,356,268</u>	<u>355,205,303</u>	<u>55,441,944</u>	<u>945,826,616</u>	<u>115,400,697</u>	<u>1,637,682,998</u>	<u>2,241,198,429</u>

20. Miscellaneous income

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Sponsored Projects Rupees	2024 Total Rupees	2023 Total Rupees
Hostel and faculty apartment income	504,266,744	-	-	-	504,266,744	410,751,846
Cafeteria income	347,922,083	-	-	-	347,922,083	252,833,478
Gain on sale of fixed assets	2,442,540	-	-	-	2,442,540	-
Gain on sale of cryptocurrency assets	-	-	-	80,190,957	80,190,957	2,075,624
Test and processing fee	84,208,980	-	-	-	84,208,980	66,969,200
Sponsored projects income	3,447,120	-	-	-	3,447,120	225,094
Societies sponsorship income	-	-	-	53,234,005	53,234,005	42,688,231
Rental income	15,724,220	-	-	-	15,724,220	7,477,267
Liabilities no longer payable written back	2,317,977	-	-	12,988	2,330,965	851,347
Other income	379,427,028	482,492	-	29,834,939	409,744,459	327,927,186
Unwinding income on long term loans to students	57,422,610	782,119	1,543,811	-	59,748,540	42,422,287
	<u>1,397,179,302</u>	<u>1,264,611</u>	<u>1,543,811</u>	<u>163,272,889</u>	<u>1,563,260,613</u>	<u>1,154,221,560</u>

21. Return on investments and term deposits

	Current Fund Rupees	Endowment Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2023 Total Rupees
Interest earned on savings accounts	201,025,908	8,920,815	-	209,946,723	108,174,144
Bitcoins earned from investment of Stacks	-	-	14,724,380	14,724,380	19,023,908
Interest earned on investments carried at amortised cost	457,021,842	776,937,650	-	1,233,959,492	680,162,247
Dividend income on investments carried at FVPL	14,696,566	59,183,887	-	73,880,453	126,848,967
Gain on disposal of investments carried at FVPL	13,522,377	-	-	13,522,377	363,827
Fair value gain on investments at FVPL	335	27,320,648	-	27,320,983	1,134,904
	<u>686,267,028</u>	<u>872,363,000</u>	<u>14,724,380</u>	<u>1,573,354,408</u>	<u>935,707,997</u>

22. This amount, being last year's surplus, was transferred from the Current Fund to Endowment Fund as per the management's decision.

23. This represents the total amount of fixed tangible and intangible assets capitalized during the year other than donated assets. Capital expenditure made through Endowment, Chair and Sponsored Projects was made for the purpose of these funds and is in line with the restrictions imposed on these funds.

24. Cash and cash equivalents

		2024 Rupees	2023 Rupees
Cash and bank balances	- note 15	1,277,013,785	1,787,319,422
Term deposit receipts		1,223,846,360	1,040,257,000
Treasury bills		988,538,869	2,684,617,966
		<u>3,489,399,014</u>	<u>5,512,194,388</u>

25. Remuneration of key management personnel

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the University, directly or indirectly. The aggregate amounts charged in the financial statements for the year for remuneration, including certain benefits, to the key management personnel of the University are as follows:

	2024 Rupees	2023 Rupees
Remuneration	80,515,971	153,342,643
Housing rent	31,537,067	44,543,770
Medical expenses	8,051,597	7,918,892
Utilities	13,581,405	44,143,202
Other allowances	48,881,811	29,735,671
	<u>182,567,851</u>	<u>279,684,178</u>

26. Transactions with related parties

26.1 The related parties comprise of affiliates, controlling organisation (NMF), Board of Trustees, key management personnel and post employment benefit plans. Affiliates are entities which have a person common on their Board of Directors/ Governors/ Trustees with the University. The University in the normal course of business carries out transactions with various related parties.

Significant transactions and balances with related parties are as follows:

Relationship with the University	Nature and transaction	2024 Rupees	2023 Rupees
Employee benefit plan	Provident fund contribution	157,353,697	134,074,013
Affiliate	Contribution for buildings paid to NMF	433,999,997	300,000,011
Affiliate	Payments made on behalf of NMF by LUMS	28,580,050	19,909,380
Affiliate	Goods (scrap) sold	17,063	50,400
Affiliates	Grants received from significantly influenced organization	139,781,738	172,596,179
Affiliates	Services received	181,398,918	143,132,907
Affiliates	Services provided	59,052,452	46,195,690
Affiliates	Goods purchased	46,593,006	41,646,390
Relationship with the University	Nature and balance		
Employee benefit plan	Provident fund payable	5,792,352	23,116,742
Affiliate	Due from/(to) NMF	303,386	9,542
Affiliates	Payables in respect of services availed by the University	3,676,557	10,785,662
Affiliates	Payable in respect of goods purchased by the University	2,711,054	238,112
Affiliates	Receivable in respect of services rendered by the University	23,269,248	2,340,807

26.2 The above transactions with related parties have been conducted in the normal course of business on mutually agreed terms and conditions. The land, buildings and certain equipment of NMF have been provided to LUMS free of charge. The estimated fair value of the annual rental of such land, buildings and equipment is Rs 1,231 million (2023: Rs 1,257 million). The latest estimate for fair value of annual rentals was carried out in June 2024 by an independent valuer.

27. Financial risk management

27.1 Financial risk factors

The University's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the University's Management Committee (the Committee) under policies approved by the Board of Trustees (the 'Board'). The University's Management Committee evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

The University's overall risk management procedures to minimise the potential adverse effects of financial market on the University's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist to transactions in foreign currencies.

The University is exposed to currency risk arising from various currency exposures. Currently, the University's foreign exchange risk exposure is restricted to cash and bank balances, investments and amounts receivable from / payable to the foreign entities.

	2024 USD	2023 USD
Cash and bank balances	2,337,494	1,600,790
Short term investments	11,700,000	3,600,000
Trade creditors	(27,313)	(12,094)
Net asset exposure	<u>14,010,181</u>	<u>5,188,696</u>

At June 30, 2024, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, surplus for the year would have been Rs 384.692 million (2023: Rs 148.216 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated financial assets and liabilities.

The University is not exposed to any significant currency risk on account of other foreign currencies.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The University is exposed to equity securities price risk because of investments held by the University and classified as at fair value through profit or loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Committee. The primary goal of the University's investment strategy is to maximise investment returns.

The University's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases / decreases of the KSE-100 index on the University's surplus for the year and on fund balance. The analysis is based on the assumption that the KSE-100 index had increased / decreased by 10% with all other variables held constant and all the University's equity investments moved according to the historical correlation with the index:

	Impact on surplus for the year	
	2024	2023
	Rupees	Rupees
Pakistan Stock Exchange Limited	<u>4,753,782</u>	<u>2,028,257</u>

As at June 30, 2024, if the market value of Fund's investment in units held in mutual funds had been 10% higher/lower, with all other variables held constant, the impact would have been as follows:

	Impact on surplus for the year	
	2024	2023
	Rupees	Rupees
Mutual funds	<u>23,415,647</u>	<u>46,435,014</u>

Surplus for the year would increase / decrease as a result of gains / losses on investments classified as at fair value through profit or loss. As at June 30, the University does not hold any investments classified as at fair value through other comprehensive income.

The University is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The University's interest rate risk arises from its investments in Term Finance Certificates and Pakistan Investment Bonds. These investments at variable rates expose the University to cash flow interest rate risk.

The University analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the University calculates the impact on surplus or deficit of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

9

At the reporting date, the interest rate profile of the University's interest bearing financial instruments was:

	2024 Rupees	2023 Rupees
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	842,363,955	1,036,110,799
Investments	2,047,449,567	1,669,091,027
	<u>2,889,813,522</u>	<u>2,705,201,826</u>
Financial liabilities	-	-
Net asset exposure	<u>2,889,813,522</u>	<u>2,705,201,826</u>
Floating rate instruments:		
Financial assets		
Investments	440,545,186	512,915,879
Financial liabilities	-	-
Net asset exposure	<u>440,545,186</u>	<u>512,915,879</u>

Fair value sensitivity analysis for fixed rate instruments

The University does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect income or expenditure of the University.

Cash flow sensitivity analysis for variable rate instruments

The University does not account for any variable rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect income or expenditure of the University.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk of the University arises from deposits with banks and other financial institutions, as well as its investments in various mutual funds. The management assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024	2023
	Rupees	Rupees
Investments	8,148,610,488	6,699,871,291
Long term loans and security deposits	375,143,438	373,576,701
Loans, deposits and other receivables	832,451,190	357,213,221
Due from NMF	303,385	9,542
Balances with banks and Coinbase International Exchange	1,273,446,016	1,784,350,123
	<u>10,629,954,517</u>	<u>9,215,020,878</u>

(ii) **Impairment of financial assets**

The University's financial assets are subject to the expected credit losses method. While deposits, loans, security deposits, other receivables, investments carried at amortised cost and bank balances are subject to the ECL method of IFRS 9, the identified impairment loss as at June 30, 2024 was immaterial and hence has not been accounted for.

Loans to Students

The University applies the IFRS 9 general 3-stage approach to measuring expected credit losses which uses a lifetime expected loss allowance for loans disbursed to students.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The University applies general 3-stage approach to measure ECL through loss allowance at an amount equal to 12-month or life time ECL based on the variation in credit risk.

For 12-months ECL, probability of credit loss is calculated on the basis of recoverability trend of amount due from students in the past 10 years. However, for lifetime ECL, 100% of the loan amount, against which there were no recoveries in the last three years, is provided for.

On that basis, the loss allowance as at June 30, 2024 has only been accounted for in respect of loans to students.

(iii) **Credit quality of financial assets**

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings (if a fund is unrated, credit rating of the asset management company) or to historical information about counterparty default rate:

	Rating		Rating Agency	2024	2023
	Short term	Long term			
Bank balances and deposits:				Rupees	Rupees
Allied Bank Limited	A1+	AAA	PACRA	995,430,901	976,477,656
Faysal Bank Limited	A1+	AA	PACRA	1,034,406,485	958,182,893
Askari Bank Limited	A1+	AA+	PACRA	212,540,830	86,355,479
Bank Alfalah Limited	A1+	AA+	PACRA	6,492,549	1,061,674
JS Bank Limited	A1+	AA-	PACRA	116,952	2,152,104
MCB Bank Limited	A1+	AAA	PACRA	10,860,804	6,414,600
United Bank Limited	A-1+	AAA	VIS	11,009,611	228,278,984
Meezan Bank Limited	A-1+	AAA	VIS	54,088,931	214,764,628
Habib Bank Limited	A-1+	AAA	VIS	27,761,381	15,520,530
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	10,072,880	10,828,250
National Bank of Pakistan	A-1+	AAA	VIS	97,587,876	184,232,710
NRSP Microfinance Bank Limited	A2	A-	PACRA	1,745	1,595
Al Baraka Bank Limited	A-1	A+	PACRA	114,973	108,561
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	140,205	117,963
Mobilink Microfinance Bank Limited	A1	A	PACRA	3,734	3,263
Telenor Microfinance Bank Limited	A1	A	PACRA	214,321	208,055
Samba Bank Limited	A1	AA	PACRA	594,191	753,730
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	127,356	121,283
Bank Al Habib Limited	A1+	AAA	PACRA	28,287,403	311,566,123
Coinbase International Exchange		BB-	S&P Global	67,439,248	2,457,042
				2,557,292,376	2,999,607,123

	Rating		Rating Agency	2024	2023
	Short term	Long term			
Units of mutual funds:				Rupees	Rupees
ABL Cash Fund	-	AA+(f)	VIS	-	135,482,855
Alfalah GHP Income Fund	-	AA-(f)	PACRA	95	-
Alfalah GHP Islamic Stock Fund	-	AM2++	PACRA	-	58,270,183
Alfalah GHP Stock Fund	-	AM2++	PACRA	-	62,773,163
Alhamra Islamic Income Fund	-	AAA	PACRA	975	-
MCB Cash Management Optimizer	-	AA+(f)	PACRA	-	107,919,046
Meezan Rozana Amdani Fund	-	AA+(f)	PACRA	105,768,405	56,475,004
Meezan Fixed Term Fund	-	AM1	VIS	71,789,060	-
NBP Money Market Fund	-	AA(f)	PACRA	78,305	-
NAFA Money Market Fund	-	AA(f)	PACRA	-	18,296,305
UBL Liquidity Plus Fund	-	AA+(f)	VIS	61	14
UBL Money Market Fund	-	AA+(f)	VIS	17	-
HBL Money Market Fund	-	AA+(f)	VIS	81,328	-
UBL Al Ameen Islamic Cash Fund	-	AA+(f)	VIS	608	-
Alfalah Stable Return Plan	-	AAA	PACRA	32,558,656	-
Alfalah Stable Islamic Return Plan	-	AM1	VIS	23,878,957	-
HBL Cash Fund	-	AA+(f)	VIS	-	25,133,575
				234,156,467	464,350,145

Due to the University's long standing business relationships with these counterparties and after giving consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the University. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk represents the risk that the University shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The University's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the University's reputation. The University manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of donor funding.

Management monitors the forecasts of the University's cash and cash equivalents (note 24 to these financial statements) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the University. In addition, the University's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities as at June 30, 2024 and June 30, 2023:

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	Rupees				
At June 30, 2024					
Long term security deposits	-	115,898,500	-	115,898,500	115,898,500
Current portion of long term security deposits	88,921,000	-	-	88,921,000	88,921,000
Creditors, accrued and other liabilities	881,055,472	-	-	881,055,472	881,055,472
	<u>969,976,472</u>	<u>115,898,500</u>	<u>-</u>	<u>1,085,874,972</u>	<u>1,085,874,972</u>
At June 30, 2023					
Long term security deposits	-	90,918,900	-	90,918,900	90,918,900
Current portion of long term security deposits	76,996,200	-	-	76,996,200	76,996,200
Creditors, accrued and other liabilities	459,795,304	-	-	459,795,304	459,795,304
	<u>536,791,504</u>	<u>90,918,900</u>	<u>-</u>	<u>627,710,404</u>	<u>627,710,404</u>

27.2 Fair value estimation

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 table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the University's assets and liabilities that are measured at fair value:

As at June 30, 2024	Level 1	Level 2	Level 3	Total
	Rupees			
Recurring fair value measurements				
Assets				
Investments - FVPL	281,694,287	-	-	281,694,287
Total assets	281,694,287	-	-	281,694,287
Liabilities				
Total liabilities	-	-	-	-

As at June 30, 2023

Recurring fair value measurements

Assets				
Investments - FVPL	484,632,713	-	-	484,632,713
Total assets	<u>484,632,713</u>	<u>-</u>	<u>-</u>	<u>484,632,713</u>
Liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the years.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the University is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

27.3 Financial instruments by categories

Assets as per Statement of Financial Position	At fair value through profit or loss	At amortised cost (Rupees)	Total
As at June 30, 2024			
Investments	281,694,287	7,914,454,021	8,196,148,308
Long term loans and security deposits	-	375,143,438	375,143,438
Loans, deposits and other receivables	-	832,451,190	832,451,190
Cash and bank balances	-	1,277,013,786	1,277,013,786
	<u>281,694,287</u>	<u>10,399,062,435</u>	<u>10,680,756,722</u>

As at June 30, 2023

Investments
Long term loans and security deposits
Loans, deposits and other receivables
Cash and bank balances

At fair value through profit or loss	At amortised cost (Rupees)	Total
484,632,713	6,235,521,148	6,720,153,861
-	373,576,701	373,576,701
-	357,213,221	357,213,221
-	1,787,319,422	1,787,319,422
484,632,713	8,753,630,492	9,238,263,205

**Financial liabilities at amortized
cost**

Liabilities as per Statement of Financial Position

Long term security deposits
Creditors, accrued and other liabilities
Current portion of long term security deposits

2024	2023
(Rupees)	
115,898,500	90,918,900
881,055,472	459,795,304
88,921,000	76,996,200
1,085,874,972	627,710,404

28 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

29. Date of authorisation for issue of financial statements

These financial statements were authorised for issue on _____, 2024 by the Board of Trustees of the University.


Member of Management Committee


Chief Financial Officer