

**LAHORE UNIVERSITY OF  
MANAGEMENT SCIENCES**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2025**



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

**Opinion**

We have audited the annexed financial statements of Lahore University of Management Sciences (the 'University'), which comprise the statement of financial position as at June 30, 2025, 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 annexed financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2025, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**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 Board of Trustees for the Financial Statements**

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

In preparing the financial statements, Management of the University 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 Board of Trustees either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Board of Trustees 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.

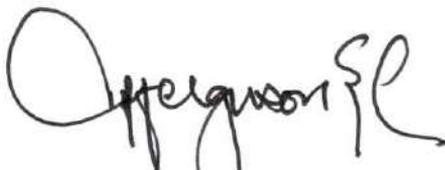
A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
308-Upper Mall, Shahrah-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.  
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 [www.pwc.com/pk](http://www.pwc.com/pk)

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 Board of Trustees 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.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.



**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

**Date: January 12, 2026**

**UDIN: AR202510070tdezbx5TK**

# LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2025 Total Rupees	2024 Total Rupees
<b>Fund balance</b>	<b>2,748,120,849</b>	<b>7,236,206,561</b>	<b>50,040,024</b>	<b>87,490,695</b>	<b>1,684,718,925</b>	<b>2,153,346,637</b>	<b>13,959,923,691</b>	<b>10,982,211,584</b>
<b>Represented by</b>								
<b>Non - current assets</b>								
Operating fixed assets	5	-	-	-	-	1,688,692,699	1,688,692,699	1,556,673,156
Intangible assets	6	-	-	-	-	464,653,938	464,653,938	488,317,246
Capital work-in-progress	7	22,054,606	-	31,125	4,903,480	-	26,989,211	71,854,578
Investments	8	59,927,394	4,578,503,145	-	-	-	4,638,430,539	2,390,255,683
Long term loans, advances and security deposits	9	380,991,698	1,005,586	10,288,413	-	1,961,665	394,247,362	375,166,152
		462,973,698	4,579,508,731	10,288,413	31,125	6,865,145	7,213,013,749	4,882,266,815
<b>Less: Non - current liabilities</b>								
Long term security deposits	10	136,341,280	-	-	-	-	136,341,280	115,898,500
Deferred contributions	11	3,801,702	-	-	-	-	3,801,702	3,801,702
		140,142,982	-	-	-	-	140,142,982	119,700,202
		322,830,716	4,579,508,731	10,288,413	31,125	6,865,145	7,072,870,767	4,762,566,613
<b>Current assets</b>								
Stores		62,052,845	-	-	-	-	62,052,845	66,008,570
Loans, advances, deposits, prepayments and other receivables	12	1,000,885,756	109,165,319	7,004,813	244,084	58,526,056	1,175,826,028	1,069,685,652
Income tax recoverable		171,332,639	112,228,003	27,679	158,386	7,293,647	291,040,354	242,016,903
Due from National Management Foundation ('NMF')		-	-	-	-	-	-	303,385
Current maturity of long term investments	8	10,000	12,500,000	-	-	-	12,510,000	379,433,357
Short term investments	13	2,974,225,529	1,847,466,385	-	-	-	4,821,691,914	5,426,459,268
Cash and bank balances	14	626,018,306	579,739,155	248,870,356	87,912,633	1,799,551,604	3,342,092,054	1,277,013,785
		4,834,525,075	2,661,098,862	255,902,848	88,315,103	1,865,371,307	9,705,213,195	8,460,920,920
<b>Less: Current liabilities</b>								
Creditors, accrued and other liabilities	15	2,584,031,482	4,401,032	6,234	855,533	187,517,527	2,776,811,808	2,241,275,949
Due to National Management Foundation ('NMF')		41,348,463	-	-	-	-	41,348,463	-
		2,625,379,945	4,401,032	6,234	855,533	187,517,527	2,818,160,271	2,241,275,949
<b>Net current assets</b>		<b>2,209,145,130</b>	<b>2,656,697,830</b>	<b>255,896,614</b>	<b>87,459,570</b>	<b>1,677,853,780</b>	<b>6,887,052,924</b>	<b>6,219,644,971</b>
Due to/(from)	16	216,145,003	-	(216,145,003)	-	-	-	-
<b>Net assets</b>		<b>2,748,120,849</b>	<b>7,236,206,561</b>	<b>50,040,024</b>	<b>87,490,695</b>	<b>1,684,718,925</b>	<b>13,959,923,691</b>	<b>10,982,211,584</b>

### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 28 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, 2025

	Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2025 Total Rupees	2024 Total Rupees
<b>Income</b>									
Direct grants	18	206,209,496	696,676,491	547,835,031	53,395,133	1,648,425,853	47,411,129	3,199,953,133	1,637,682,998
Tuition fee and other income									
Tuition fee		6,961,260,229	-	-	-	-	-	6,961,260,229	5,928,266,597
Other fees		884,206,705	-	-	-	-	-	884,206,705	765,019,526
Consultancy fee		17,512,788	-	-	-	152,991,563	-	170,504,351	39,154,628
Executive development programmes		845,157,287	-	-	-	-	-	845,157,287	672,445,376
Miscellaneous income	19	1,883,765,398	497,031	2,347,696	-	111,624,658	-	1,998,234,783	1,563,260,613
Return on investments and term deposits	20	545,751,847	913,143,619	511,475	-	563,349	-	1,459,970,290	1,573,354,408
Exchange gain		33,586,011	4,390,993	-	-	15,301,618	-	53,278,622	61,937,726
		11,171,240,265	918,031,643	2,859,171	-	280,481,188	-	12,372,612,267	10,603,438,874
<b>Total income for the year</b>		<b>11,377,449,761</b>	<b>1,614,708,134</b>	<b>550,694,202</b>	<b>53,395,133</b>	<b>1,928,907,041</b>	<b>47,411,129</b>	<b>15,572,565,400</b>	<b>12,241,121,872</b>
<b>Expenditure</b>									
Salaries, wages and amenities		4,944,099,562	13,115,251	-	38,578,431	283,072,755	-	5,278,865,999	4,260,881,055
Training		46,379,780	-	-	-	7,905,764	-	54,285,544	48,908,906
Rent		-	-	-	-	21,053,061	-	21,053,061	6,787,039
Fuel and power		931,253,486	-	-	-	3,553,767	-	934,807,253	817,020,640
Telephone and postage		8,647,577	32,498	-	-	3,786,052	-	12,466,127	13,933,206
Contribution to National Management Foundation		505,643,352	-	-	-	-	-	505,643,352	433,999,997
Foreign travel and recruitment		143,735,508	1,151,446	-	188,000	110,025,928	-	255,100,882	182,827,012
Travelling and vehicle running expenses		82,653,590	1,167,609	-	71,095	87,442,068	-	171,334,362	206,933,278
Cafeteria expenses		445,777,987	233,538	-	-	15,554,869	-	461,566,394	460,999,319
Repairs and maintenance		26,163,519	-	-	-	246,079	-	26,409,598	45,781,930
Advertisement and open house programme		211,259,376	-	-	-	1,094,390	-	212,353,766	152,868,542
Subscriptions		89,311,435	-	-	131,722	1,056,798	-	90,499,955	91,620,726
Research and case development		161,920,850	16,517,749	-	19,248,549	448,287,415	-	645,974,563	571,145,164
Printing, stationery and office supplies		660,681,867	2,368,949	-	526,999	125,329,091	-	788,906,906	686,775,525
Software consumables		329,380,817	163,275	-	-	8,734,401	-	338,278,493	304,875,902
Insurance		28,312,066	-	364,612	-	1,511,428	-	30,188,106	24,786,435
Scholarships and tuition fee waiver		645,462,618	149,482,286	558,167,936	-	-	-	1,353,112,840	1,119,009,914
PhD living allowance		169,397,349	-	-	-	-	-	169,397,349	158,553,430
Higher Education Commission scholarship		-	-	1,843,580	-	200,000	-	2,043,580	623,980
Legal and professional charges		116,852,180	-	-	-	5,029,492	-	121,881,672	145,797,188
Estate management		136,006,038	-	-	-	-	-	136,006,038	119,628,151
Internet charges		117,500,513	-	-	-	494,118	-	117,994,631	106,643,015
Depreciation on operating fixed assets		-	-	-	-	-	470,266,634	470,266,634	397,254,739
Amortization of intangible assets		-	-	-	-	-	8,514,673	8,514,673	11,720,264
Consultancy projects		-	-	-	-	127,355,082	-	127,355,082	106,093,146
Sports and student activities		7,760,366	-	-	-	67,874,282	-	75,634,648	55,369,989
Net impairment losses on financial and contract assets		11,779,236	883,200	-	-	-	-	12,662,436	7,386,616
Bad debts and advances written off		-	-	-	-	-	-	-	2,301,591
Discounting cost on long term loans to students		93,933,644	18,998	4,522,124	-	-	-	98,474,766	75,578,499
Finance cost		4,085,656	-	281,933	-	8,946,674	-	13,314,263	9,028,890
Fair value loss on investments at fair value through profit or loss		-	7,366,205	-	-	-	-	7,366,205	-
Loss on sale of fixed assets		1,948,973	-	-	-	132,401	2,776,563	4,857,937	24,014,475
Exchange loss		1,180,114	-	-	-	4,927,345	-	6,107,459	100,965,890
Miscellaneous		2,468,476	-	-	-	39,660,243	-	42,128,719	2,768,464
		9,923,595,935	192,501,004	565,180,185	58,744,796	1,373,273,503	481,557,870	12,594,853,293	10,752,882,917
<b>Surplus/(deficit) of income over expenditure before taxation</b>		<b>1,453,853,826</b>	<b>1,422,207,130</b>	<b>(14,485,983)</b>	<b>(5,349,663)</b>	<b>555,633,538</b>	<b>(434,146,741)</b>	<b>2,977,712,107</b>	<b>1,488,238,955</b>
Income tax		-	-	-	-	-	-	-	-
<b>Surplus/(deficit) of income over expenditure after taxation</b>		<b>1,453,853,826</b>	<b>1,422,207,130</b>	<b>(14,485,983)</b>	<b>(5,349,663)</b>	<b>555,633,538</b>	<b>(434,146,741)</b>	<b>2,977,712,107</b>	<b>1,488,238,955</b>

The annexed notes 1 to 28 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, 2025**

	<b>Current Fund Rupees</b>	<b>Endowment Fund Rupees</b>	<b>Scholarship Fund Rupees</b>	<b>Chair Fund Rupees</b>	<b>Sponsored Projects Rupees</b>	<b>Fixed Assets Fund Rupees</b>	<b>2025 Total Rupees</b>	<b>2024 Total Rupees</b>
Surplus/(deficit) of income over expenditure after taxation	1,453,853,826	1,422,207,130	(14,485,983)	(5,349,663)	555,633,538	(434,146,741)	2,977,712,107	1,488,238,955
<b>Other comprehensive income:</b>								
<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	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<u>1,453,853,826</u>	<u>1,422,207,130</u>	<u>(14,485,983)</u>	<u>(5,349,663)</u>	<u>555,633,538</u>	<u>(434,146,741)</u>	<u>2,977,712,107</u>	<u>1,488,238,955</u>

The annexed notes 1 to 28 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, 2025

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	Total Rupees
<b>Balance as at July 1, 2023</b>	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	21 (500,000,000)	500,000,000	-	-	-	-	-
Endowment fund to scholarship fund	-	(23,073,495)	23,073,495	-	-	-	-
	(500,000,000)	476,926,505	23,073,495	-	-	-	-
Transfer of fixed assets additions (from)/to funds	22 (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)	-
<b>Balance as at June 30, 2024</b>	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
Surplus/(deficit) of income over expenditure after taxation	1,453,853,826	1,422,207,130	(14,485,983)	(5,349,663)	555,633,538	(434,146,741)	2,977,712,107
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	1,453,853,826	1,422,207,130	(14,485,983)	(5,349,663)	555,633,538	(434,146,741)	2,977,712,107
Transfers (from)/to funds:							
Current fund to endowment fund	21 (500,000,000)	500,000,000	-	-	-	-	-
Endowment fund to scholarship fund	-	(14,422,549)	14,422,549	-	-	-	-
	(500,000,000)	485,577,451	14,422,549	-	-	-	-
Transfer of fixed assets additions (from)/to funds	22 (478,472,949)	(827,884)	-	(516,000)	(83,086,675)	562,903,508	-
Transfer of fixed assets disposals to/(from) funds	3,831,979	2,875	-	-	16,565,678	(20,400,532)	-
<b>Balance as at June 30, 2025</b>	2,748,120,849	7,236,206,561	50,040,024	87,490,695	1,684,718,925	2,153,346,637	13,959,923,691

The annexed notes 1 to 28 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, 2025

	Note	2025 Rupees	2024 Rupees
<b>Cash flow from operating activities</b>			
Surplus of income over expenditure before taxation		2,977,712,107	1,488,238,955
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation on operating fixed assets	5	470,266,634	397,254,739
Amortization on intangible assets	6.1	8,514,673	11,720,264
Net (gain)/loss on disposal of operating fixed assets		(3,134,912)	21,571,935
Net gain on disposal of intangible assets	19	(25,301,392)	(80,190,957)
Unwinding income on long term loans to students	19	(78,253,738)	(59,748,540)
Discounting cost on long term loans to students		98,474,766	75,578,499
Finance cost		13,314,263	9,028,890
Grants income	18	(3,199,953,133)	(1,637,682,998)
Net impairment losses on financial and contract assets		12,662,436	7,386,616
Bad debts and advances written off		-	2,301,591
Liabilities no longer payable written back	19	(20,630,608)	(2,317,977)
Exchange gain - net		(18,360,805)	(2,656,046)
Amortization of deferred contributions		-	(8,726,471)
Return on investments and term deposits	20	(1,459,970,290)	(1,573,354,408)
		<u>(4,202,372,106)</u>	<u>(2,839,834,863)</u>
<b>Deficit before working capital changes</b>		<b>(1,224,659,999)</b>	<b>(1,351,595,908)</b>
<b>Effect on cashflow due to working capital changes:</b>			
<i>(Increase)/decrease in current assets</i>			
- Stores		3,955,725	(7,205,592)
- Due from NMF		-	(293,843)
- Loans, advances, deposits prepayments and other receivables		<u>(351,769,641)</u>	<u>(258,049,320)</u>
		<u>(347,813,916)</u>	<u>(265,548,755)</u>
<i>(Decrease)/increase in current liabilities</i>			
- Due to NMF		41,651,848	-
- Creditors, accrued and other liabilities		556,166,467	529,763,461
		<u>597,818,315</u>	<u>529,763,461</u>
		<u>(974,655,600)</u>	<u>(1,087,381,202)</u>
<b>Cash used in operations</b>			
Finance cost paid		(13,314,263)	(9,028,890)
Payment of accumulating compensated absences		-	(103,515,786)
Operating contributions received		2,455,865,513	1,428,926,033
Increase in long term loans, advances and security deposits		<u>(97,113,196)</u>	<u>(52,165,636)</u>
		<u>2,345,438,054</u>	<u>1,264,215,721</u>
<b>Net cash generated from operating activities</b>		<b>1,370,782,454</b>	<b>176,834,519</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(518,038,138)	(663,715,064)
Proceeds from disposal of operating fixed assets		9,879,608	6,899,376
Return on investments and term deposits received		1,722,167,406	1,260,639,582
Proceeds from maturity of investments		9,269,172,462	10,483,035,645
Proceeds from disposal of investments		779,225,381	771,119,298
Purchase of investments		(11,022,644,825)	(14,242,639,127)
Proceeds from disposal of intangible assets - cryptocurrency assets		41,733,783	89,018,083
<b>Net cash generated from / (used in) investing activities</b>		<b>281,495,682</b>	<b>(2,295,642,207)</b>
<b>Cash flow from financing activities</b>			
Endowment grants received		696,676,491	93,356,268
<b>Net cash generated from financing activities</b>		<b>696,676,491</b>	<b>93,356,268</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,348,954,627</b>	<b>(2,025,451,420)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,489,399,014</b>	<b>5,512,194,388</b>
Effects of exchange rate changes on cash and cash equivalents		18,360,805	2,656,046
<b>Cash and cash equivalents at the end of the year</b>		<b><u>5,856,714,446</u></b>	<b><u>3,489,399,014</u></b>

- note 23

The annexed notes 1 to 28 form an integral part of these financial statements.

Member of Management Committee

Chief Financial Officer

# LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 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 and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise:

- Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP);
- 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); and
- Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, issued by ICAP.

Where the requirements of IFRS differ from those of the Accounting Standard for NPOs and the Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, the requirements of the IFRS prevail.

#### 2.1.1 Adoption of Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity

The Institute of Chartered Accountants of Pakistan has issued an accounting standard titled "Financial Statements Disclosures of Zakat Received by an Entity" (the "Accounting Standard"), effective for annual reporting periods beginning on or after January 1, 2024. The University has adopted the Accounting Standard during the year and has ensured compliance with its disclosure requirements, as detailed in note 18.1 to these financial statements.

This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". There has been no effect on the statement of financial position, the income and expenditure account, the statement of comprehensive income, the statement of changes in fund balances, and the statement of cash flows as a result of this change.

#### 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, 2024 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.

## **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 accounting standards and interpretations that are mandatory for the University's accounting periods beginning on or after July 1, 2025 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).

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognised. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

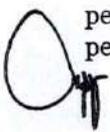
### **b) Annual improvements to International Financial Reporting Standards - Volume 11 (effective for annual period beginning on January 01, 2026)**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

### **(c) International Financial Reporting Standard (IFRS) 18, 'Presentation and Disclosure in Financial Statements (effective for annual period beginning on January 1, 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.

The University is yet to assess the impact of this standard and amendments to existing standards on its 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 University's material accounting policy information is stated in note 4. The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from the actual results. Management also needs to exercise judgement in applying the University's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

- Impairment of financial assets other than investment in equity instruments - notes 4.14.4 and 26.1 (b) (ii)
- Contingent liabilities - notes 4.22 and 17

### **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 generated from assets held in a restricted fund is subject to the same restrictions as the original fund if the terms that imposed the original restriction specifically state so.

#### **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. Zakat, grants and donations (including government grants) received for this purpose are recognised in this fund.

Zakat received by the University is recognised in this fund because its use is restricted under Shariah principles to eligible beneficiaries and approved Zakat purposes. The basis for recognising the utilisation of Zakat is the cost of services and goods rendered.

#### **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 tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period after taking into account tax credits, rebates and exemptions, if any. 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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The University measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Such judgements are reassessed whenever circumstances have changed or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the University considers that the most likely outcome will be in favour of the University, the amounts are shown as contingent liabilities. In making a judgment and / or estimate relating to probability of outcome, the management considers laws, statutory rules, regulations and their interpretations. Where, based on management's estimate, a provision is required, the same is recorded in the financial statements.

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, 2025, 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 as stated in 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 as stated in note 4.12.

#### **4.10.2 Cryptocurrency assets**

The University accounts for its cryptocurrency assets, which comprise 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.

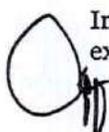
#### **4.12 Impairment of non-financial assets**

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**

##### **(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 ten 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.

#### **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**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes 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**

A 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.

Contingent liabilities are not recognized. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent liabilities are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

#### **4.23 Foreign currency transactions and translation**

##### **a) Functional and presentation currency**

Items included in these 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 Pakistani Rupees ('Rupees' or 'Rs'), which is the University's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the income and expenditure account.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in income and expenditure account as part of the fair value gain or loss.

**4.24 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.

**4.25 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.

**4.26 Expenses**

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

**4.27 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).

**4.28 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, 2024 Rupees	Additions/ (deletions) for the year Rupees	Cost as at June 30, 2025 Rupees	Accumulated depreciation as at July 01, 2024 Rupees	Depreciation/ (deletions) for the year Rupees	Accumulated depreciation as at June 30, 2025 Rupees	Book value as at June 30, 2025 Rupees	Annual rate of depreciation %
Furniture and fixtures	964,102,347	36,825,896 (8,247,725)	992,680,518	774,271,218	62,114,535 (5,357,068)	831,028,685	161,651,833	30
Computers	1,342,032,195	284,299,317 (33,540,951)	1,592,790,561	933,400,672	192,706,958 (32,709,796)	1,093,397,834	499,392,727	33.3
Equipment	2,556,492,641	260,729,839 (14,957,911)	2,802,264,569	1,662,829,650	201,064,451 (12,182,774)	1,851,711,327	950,553,242	20
Vehicles	52,862,802	12,596,754 (1,771,084)	63,688,472	27,170,711	5,436,599 (1,625,137)	30,982,173	32,706,299	20
Books	167,207,688	14,579,067 (401,568)	181,385,187	128,352,266	8,944,091 (299,768)	136,996,589	44,388,598	20
	<u>5,082,697,673</u>	<u>609,030,873 (58,919,239)</u>	<u>5,632,809,307</u>	<u>3,526,024,517</u>	<u>470,266,634 (52,174,543)</u>	<u>3,944,116,608</u>	<u>1,688,692,699</u>	
	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
	<u>4,556,334,316</u>	<u>673,056,275 (146,692,918)</u>	<u>5,082,697,673</u>	<u>3,246,991,380</u>	<u>397,254,739 (118,221,602)</u>	<u>3,526,024,517</u>	<u>1,556,673,156</u>	

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.

	2025			2024		
	Cost	Accumulated depreciation	Book Value	Cost	Accumulated depreciation	Book Value
	----- Rupees -----			----- Rupees -----		
Furniture and fixtures	88,787,812	76,095,047	12,692,765	87,014,862	70,920,853	16,094,009
Computers	198,635,833	141,312,323	57,323,510	183,424,864	118,933,871	64,490,993
Equipment	943,605,728	638,823,311	304,782,417	884,165,517	569,317,808	314,847,709
Vehicles	16,110,000	3,156,900	12,953,100	10,440,000	1,218,000	9,222,000
Books	3,257,360	2,787,361	469,999	491,760	87,890	403,870
	<u>1,250,396,733</u>	<u>862,174,942</u>	<u>388,221,791</u>	<u>1,165,537,003</u>	<u>760,478,422</u>	<u>405,058,581</u>

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

	2025			2024		
	Cost	Accumulated depreciation	Book Value	Cost	Accumulated depreciation	Book Value
	----- Rupees -----			----- Rupees -----		
Furniture and fixtures	97,686,824	68,630,413	29,056,411	95,747,790	56,480,445	39,267,345
Computers	38,384,805	24,452,822	13,931,983	37,827,945	17,558,758	20,269,187
Equipment	153,674,697	54,545,550	99,129,147	112,343,622	38,982,381	73,361,241
	<u>289,746,326</u>	<u>147,628,785</u>	<u>142,117,541</u>	<u>245,919,357</u>	<u>113,021,584</u>	<u>132,897,773</u>

## 6. Intangible assets

The University's intangible assets comprise the following:

	2025 Rupees	2024 Rupees
Computer software and license	- note 6.1 17,224,343	25,018,604
Cryptocurrency assets	- note 6.2 447,429,595	463,298,642
	<u>464,653,938</u>	<u>488,317,246</u>

6.1 The reconciliation of the carrying amount is as follows:

	Cost as at July 01, 2024 Rupees	Additions for the year Rupees	Cost as at June 30, 2025 Rupees	Accumulated amortization as on July 01, 2024 Rupees	Amortization for the year Rupees	Accumulated amortization as on June 30, 2025 Rupees	Book value as at June 30, 2025 Rupees	Annual rate of amortization %
Computer software and license	253,181,911	720,412	253,902,323	228,163,307	8,514,673	236,677,980	17,224,343	33.3

	Cost as at July 01, 2023 Rupees	Additions for the year 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	249,218,066	3,963,845	253,181,911	216,693,517	11,469,790	228,163,307	25,018,604	33.3

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

6.2 These cryptocurrency assets comprise the following:

Approximate number of assets held  
Carrying values

	Stacks	Bitcoin	Ethereum	Solana	2025 Rupees	2024 Rupees
	4,757,010	3	34	80		
	Rupees	395,147,051	27,182,832	22,635,253	2,464,459	447,429,595

- Notes 6.2.1 to 6.2.5

6.2.1 The reconciliation of the carrying amount is as follows:

	2025 Rupees	2024 Rupees
Opening carrying value	463,298,642	427,346,885
Sale of Stacks	-	(8,827,124)
Ethereum earned from investment	563,349	-
Purchase of Ethereum	-	17,723,100
Purchase of Bitcoin	-	9,866,941
Purchase of Solana	-	2,464,460
Sale of Bitcoin	(16,432,396)	-
Bitcoins earned from investment	-	14,724,380
Carrying value	447,429,595	463,298,642

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 in the year ended June 30, 2022 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, 2025, the University holds USD 225,765.06 (2024: USD 227,719.42) in its cryptocurrency wallet as disclosed in note 14. 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 26.2.

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	Chair Fund Rupees	Sponsored Projects Rupees	2025 Total Rupees	2024 Total Rupees
Advances for equipment	13,033,684	31,125	4,903,480	17,968,289	34,069,246
Advances for computers	7,982,125	-	-	7,982,125	32,115,332
Advances for furniture and fixtures	1,038,797	-	-	1,038,797	
Advances for vehicles	-	-	-	-	5,670,000
	<u>22,054,606</u>	<u>31,125</u>	<u>4,903,480</u>	<u>26,989,211</u>	<u>71,854,578</u>

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

	2025 Rupees	2024 Rupees
Opening balance	71,854,578	14,788,287
Additions during the year	151,616,145	341,936,504
	<u>223,470,723</u>	<u>356,724,791</u>
Transfers during the year	(196,481,512)	(284,870,213)
Closing balance	<u>26,989,211</u>	<u>71,854,578</u>

8. Investments		Current Fund Rupees	Endowment Fund Rupees	2025 Total Rupees	2024 Total Rupees
At amortised cost	- note 8.1	59,930,000	4,041,364,909	4,101,294,909	2,487,994,753
At fair value through profit or loss	- note 8.2	7,394	549,638,236	549,645,630	281,694,287
		<u>59,937,394</u>	<u>4,591,003,145</u>	<u>4,650,940,539</u>	<u>2,769,689,040</u>
Current maturity shown under current assets		(10,000)	(12,500,000)	(12,510,000)	(379,433,357)
		<u>59,927,394</u>	<u>4,578,503,145</u>	<u>4,638,430,539</u>	<u>2,390,255,683</u>
<b>8.1 At amortised cost</b>					
Pakistan Investment Bonds	- note 8.1.1	-	3,937,614,909	3,937,614,909	2,318,054,753
Term finance certificates	- note 8.1.2	59,930,000	103,750,000	163,680,000	169,940,000
		<u>59,930,000</u>	<u>4,041,364,909</u>	<u>4,101,294,909</u>	<u>2,487,994,753</u>

8.1.1 This represents investments in Pakistan Investment Bonds. These carry mark-up at coupon rates ranging from 0% to 14% (2024: 7% to 14%) per annum.

8.1.2 This represents investments in term finance certificates. These carry mark-up at rates ranging from 12.66% to 23.27% (2024: 9.03% to 24.67%) per annum.

		Current Fund Rupees	Endowment Fund Rupees	2025 Total Rupees	2024 Total Rupees
<b>8.2</b>	<b>At fair value through profit or loss</b>				
Shares of The Hub Power Company Limited	- note 8.2.1	-	40,171,615	40,171,615	47,537,820
<i>Units of:</i>					
UBL Fund Managers mutual funds	- note 8.2.2	221	3	224	686
Alfalah GHP mutual funds	- note 8.2.2	601	124,257,323	124,257,924	56,437,708
ABL Fund Managers mutual funds	- note 8.2.2	305	-	305	-
Al-Meezan mutual funds	- note 8.2.2	3	260,379,022	260,379,025	177,557,465
MCB Investment Management Company	- note 8.2.2	5,932	124,830,273	124,836,205	975
NBP mutual funds	- note 8.2.2	-	-	-	78,305
HBL Fund Managers mutual funds	- note 8.2.2	332	-	332	81,328
		<u>7,394</u>	<u>549,638,236</u>	<u>549,645,630</u>	<u>281,694,287</u>

**8.2.1** This represents 291,500 (2024: 291,500) shares, measured at market value of Rs 137.81 (2024: Rs 163.08) 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	2025 Total Rupees	2024 Total Rupees
<b>9.</b>	<b>Long term loans, advances and security deposits</b>						
Loans to students	- note 9.1	572,045,658	8,222,916	18,718,680	-	598,987,254	543,995,103
Long term security deposits	- note 9.2	73,993,988	-	-	1,961,665	75,955,653	52,314,053
Advances to employees		22,714	-	-	-	22,714	22,714
		<u>646,062,360</u>	<u>8,222,916</u>	<u>18,718,680</u>	<u>1,961,665</u>	<u>674,965,621</u>	<u>596,331,870</u>
Less: Loss allowance	- note 12.1	62,531,480	4,741,463	1,914,488	-	69,187,431	59,091,978
		<u>583,530,880</u>	<u>3,481,453</u>	<u>16,804,192</u>	<u>1,961,665</u>	<u>605,778,190</u>	<u>537,239,892</u>
Less: Current portion of loans to students - net of impairment allowance	- note 12	202,539,182	2,475,867	6,515,779	-	211,530,828	162,073,740
		<u>380,991,698</u>	<u>1,005,586</u>	<u>10,288,413</u>	<u>1,961,665</u>	<u>394,247,362</u>	<u>375,166,152</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% per annum. 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. 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.

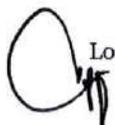
		2025 Rupees	2024 Rupees
Security deposits		245,536,740	204,819,500
Less: current maturity classified in current liabilities	- note 15	109,195,460	88,921,000
		<u>136,341,280</u>	<u>115,898,500</u>

**11. Deferred contributions**

This represents the 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	3,801,702	12,528,173
Amortization during the year - recognised in grants income of current fund	-	(8,726,471)
Closing balance	<u>3,801,702</u>	<u>3,801,702</u>

12. Loans, advances, deposits, prepayments and other receivables	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2025 Total Rupees	2024 Total Rupees
Advances to:							
Employees	81,253,926	-	-	-	1,291,380	82,545,306	76,702,182
Suppliers	76,391,718	-	-	244,084	25,854,208	102,490,010	91,659,686
Prepayments	63,447,546	59,115	-	-	1,599,999	65,106,660	68,872,594
Accrued return on investments	41,808,174	106,858,986	-	-	-	148,667,160	410,864,276
Fee receivable	350,486,345	(643,120)	102,409	-	-	349,945,634	111,916,271
Receivable against REDC programs and other projects	114,284,169	-	-	-	1,860,557	116,144,726	123,897,001
Other receivables	70,674,696	414,471	386,625	-	27,919,912	99,395,704	23,699,900
Current portion of long term loans and advances:							
Loans to students	253,217,690	6,468,181	7,956,545	-	-	267,642,416	208,089,877
	<u>1,051,564,264</u>	<u>113,157,633</u>	<u>8,445,579</u>	<u>244,084</u>	<u>58,526,056</u>	<u>1,231,937,616</u>	<u>1,115,701,787</u>
Loss allowance	(50,678,508)	(3,992,314)	(1,440,766)	-	-	(56,111,588)	(46,016,135)
	<u>1,000,885,756</u>	<u>109,165,319</u>	<u>7,004,813</u>	<u>244,084</u>	<u>58,526,056</u>	<u>1,175,826,028</u>	<u>1,069,685,652</u>



<b>12.1</b>	<b>Loss allowance</b>		<b>2025</b>	<b>2024</b>
			<b>Rupees</b>	<b>Rupees</b>
The reconciliation of loss allowance is as follows:				
	Balance as at beginning of the year		59,091,978	53,311,762
	Charge for the year		11,743,487	7,386,616
	Reversals during the year		(1,648,034)	(1,606,400)
	Closing balance	- note 12.1.1	<u>69,187,431</u>	<u>59,091,978</u>

**12.1.1** The closing balance includes loss allowance against current portion of loans amounting to Rs 56.111 million (2024: Rs 46.016 million).

<b>13.</b>	<b>Short term investments</b>		<b>Current</b>	<b>Endowment</b>	<b>2025</b>	<b>2024</b>
			<b>Fund</b>	<b>Fund</b>	<b>Total</b>	<b>Total</b>
			<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>At amortised cost</b>						
	Term deposit receipts - PKR	- note 13.1	10,000,000	50,000,000	60,000,000	60,000,000
	Term deposit receipts - USD	- note 13.2	1,275,900,300	504,689,452	1,780,589,752	1,223,846,360
	Treasury Bills		1,688,325,229	1,292,776,933	2,981,102,162	4,142,612,908
			<u>2,974,225,529</u>	<u>1,847,466,385</u>	<u>4,821,691,914</u>	<u>5,426,459,268</u>

**13.1** This represents investments in term deposit receipts of local currency. These carry mark-up at rates ranging from 13.95% to 21% (2024: 15% to 21%) per annum.

**13.2** This represents investments in term deposit receipts of foreign currency. These carry mark-up at rates ranging from 4.50% to 8.10% (2024: 6% to 8.10%) per annum.

14.	Cash and bank balances	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2025 Total Rupees	2024 Total Rupees
	<b>Cash in hand</b>	3,537,025	-	-	-	-	3,537,025	3,567,769
	- USD 10,000 (2024: USD 10,000)							
	- PKR 701,691 (2024: PKR 786,300)							
	<b>Balances at banks</b>							
	In current accounts	180,054,949	32,207,741	178,313,421	75,423,392	535,646,593	1,001,646,096	363,642,813
	- USD 34,928 (2024: USD 43,668)							
	- PKR 991,742,739 (2024: PKR 351,469,771)							
	In savings accounts	442,426,332	547,531,414	70,556,935	12,489,241	1,200,220,681	2,273,224,603	842,363,955
	- USD 2,738,412 (2024: USD 2,066,107)							
	- JPY 1.53 (2024: JPY 1.53)							
	- PKR 1,496,793,287 (2024: PKR 267,682,934)							
	<b>Balance at Coinbase International Exchange</b>							
	- USD 225,765.06 (2024: USD 227,719.42) - note 6.2.3	-	-	-	-	63,684,330	63,684,330	67,439,248
		<u>626,018,306</u>	<u>579,739,155</u>	<u>248,870,356</u>	<u>87,912,633</u>	<u>1,799,551,604</u>	<u>3,342,092,054</u>	<u>1,277,013,785</u>

14.1 Included in savings accounts are Rs 39.808 million (2024: 58.848 million) which are under lien against bank guarantee and letters of credit as referred to in note 14.3.

14.2 Furthermore, included in savings accounts is an amount of Rs 2.200 million (2024: Rs 2.376 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.

14.3 Aggregate facilities available for opening letters of credit and for letters of guarantee from financial institutions aggregate to Rs 150 million (2024: Rs 150 million) and Rs 50 million (2024: Rs 50 million) respectively. The amount utilised at June 30, 2025, for letters of credit was Rs 13.608 million (2024: Rs 23.751 million) and Rs 26.200 million (2024: Rs 35.097 million) for letters of guarantee.

15.	Creditors, accrued and other liabilities	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2025 Total Rupees	2024 Total Rupees
	Advance tuition and other fees - notes 15.1 to 15.4	1,666,178,125	-	-	-	-	1,666,178,125	1,241,778,103
	Creditors	203,241,762	4,123,639	4,484	757,984	60,283,348	268,411,217	324,301,647
	Accrued liabilities	212,646,875	82,880	-	26,452	12,260,325	225,016,532	186,442,760
	Advances against executive development programmes - notes 15.1 to 15.4	50,665,167	-	-	-	-	50,665,167	29,521,374
	Payable to student societies	5,607,565	-	-	-	41,724,693	47,332,258	32,973,540
	Provident fund payable	31,642,895	-	-	-	-	31,642,895	5,792,352
	Employee fund payable	8,745,325	-	-	-	-	8,745,325	8,483,660
	Current portion of long term security deposits - note 10	109,195,460	-	-	-	-	109,195,460	88,921,000
	Short term security deposits	4,726,903	-	-	-	2,960,500	7,687,403	5,730,447
	Withholding taxes payable	90,966,185	1,687	-	-	963,925	91,931,797	66,991,831
	Other liabilities	200,415,220	192,826	1,750	71,097	69,324,736	270,005,629	250,339,235
		<u>2,584,031,482</u>	<u>4,401,032</u>	<u>6,234</u>	<u>855,533</u>	<u>187,517,527</u>	<u>2,776,811,808</u>	<u>2,241,275,949</u>

15.1 The category wise breakup of contract liabilities is as follows:

15.1.1 Advance tuition and other fees

	2025 Rupees	2024 Rupees
Tuition fees	1,579,190,118	1,162,321,828
Other fees	86,988,007	79,456,275
	<u>1,666,178,125</u>	<u>1,241,778,103</u>

15.1.2 Advances against executive development programmes

	50,665,167	29,521,374
	<u>1,716,843,292</u>	<u>1,271,299,477</u>

15.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of the year is as follows:

15.2.1 Advance tuition and other fees

	2025 Rupees	2024 Rupees
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>

15.2.2 Advances against executive development programmes

	29,521,374	38,015,064
	<u>1,271,299,477</u>	<u>1,177,038,961</u>

15.3 Contract liabilities have increased due to increase in tuition fee and increase in number of new admissions.

15.4 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.

16. 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.

17. **Contingencies and commitments**

17.1 **Contingencies**

(i) The University has provided bank guarantee of Rs 18.0 million (2024: Rs 18.0 million) in favour of Sui Northern Gas Pipelines Limited (SNGPL) on account of payment of gas dues, Rs 1.200 million (2024: Rs 1.2 million) to Pakistan State Oil Company Limited (PSO) on account of fuel cards, Nil (2024: Rs 8.50 million) to Oursun Solar Power Limited, Rs 7.0 million (2024: Rs 7.0 million) to Nizam Power (Private) Limited on account of any damage to solar power panels installed at LUMS, and Nil (2024: Rs 0.397 million) 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 14.1, 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 (2024: Rs 1,425.784 million).

17.2 **Commitments**

Commitments in respect of contracts for capital expenditure amount to Rs 10.076 million (2024: Rs 51.316 million).

18. Contributions	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund - note 18.1 Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2025 Total Rupees	2024 Total Rupees
These are from the following major sources:								
Government	43,695,594	500,000,000	86,836,132	-	980,510,311	-	1,611,042,037	379,155,582
Foundations	110,099,976	33,906,656	39,827,806	53,395,133	50,724,154	44,954,295	332,908,020	381,233,045
Corporate contributors	2,893,246	-	209,700,791	-	113,773,713	2,456,834	328,824,584	317,616,475
Individuals	13,397,454	162,769,835	207,670,546	-	7,977,000	-	391,814,835	150,665,922
Other Not-For-Profit organizations	36,123,226	-	3,799,756	-	495,440,675	-	535,363,657	409,011,974
	<u>206,209,496</u>	<u>696,676,491</u>	<u>547,835,031</u>	<u>53,395,133</u>	<u>1,648,425,853</u>	<u>47,411,129</u>	<u>3,199,953,133</u>	<u>1,637,682,998</u>

18.1 Following information has been disclosed as required under paragraph 9(b) of Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity, issued by ICAP:

	2025 Rupees	2024 Rupees
<b>Zakat available for utilization</b>		
Opening balance of zakat	-	19,559,077
Zakat received during the year	42,134,971	24,383,841
	<u>42,134,971</u>	<u>43,942,918</u>
<b>Zakat utilized during the year</b>		
Zakat utilized on providing goods and services to the beneficiaries	(42,134,971)	(43,942,918)
	<u>(42,134,971)</u>	<u>(43,942,918)</u>
<b>Closing balance of the zakat</b>	<u>-</u>	<u>-</u>

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Sponsored Projects Rupees	2025 Total Rupees	2024 Total Rupees
<b>19. Miscellaneous income</b>						
Hostel and faculty apartment income	607,008,012	-	-	-	607,008,012	504,266,744
Cafeteria income	398,367,153	-	-	573	398,367,726	347,922,083
Gain on sale of fixed assets	7,962,693	18,625	-	11,531	7,992,849	2,442,540
Gain on sale of cryptocurrency assets	-	-	-	25,301,392	25,301,392	80,190,957
Test and processing fee	98,100,720	-	-	-	98,100,720	84,208,980
Sponsored projects income	32,595,418	-	-	-	32,595,418	3,447,120
Societies sponsorship income	647,554	-	-	76,707,210	77,354,764	53,234,005
Rental income	11,490,093	-	-	-	11,490,093	15,724,220
Liabilities no longer payable written back	20,630,608	-	-	-	20,630,608	2,330,965
Other income	631,500,393	35,118	-	9,603,952	641,139,463	409,744,459
Unwinding income on long term loans to students	75,462,754	443,288	2,347,696	-	78,253,738	59,748,540
	<u>1,883,765,398</u>	<u>497,031</u>	<u>2,347,696</u>	<u>111,624,658</u>	<u>1,998,234,783</u>	<u>1,563,260,613</u>

<b>20. Return on investments and term deposits</b>	<b>Current Fund Rupees</b>	<b>Endowment Fund Rupees</b>	<b>Scholarship Fund Rupees</b>	<b>Sponsored Projects Rupees</b>	<b>2025 Total Rupees</b>	<b>2024 Total Rupees</b>
Interest earned on savings accounts	90,267,714	-	511,475	-	90,779,189	209,946,723
Bitcoins earned from investment of Stacks	-	-	-	-	-	14,724,380
Ethereum earned from investment	-	-	-	563,349	563,349	-
Interest earned on investments carried at amortised cost	442,634,736	797,501,373	-	-	1,240,136,109	1,233,959,492
Dividend income on investments carried at FVPL	12,849,370	44,686,558	-	-	57,535,928	73,880,453
Gain on disposal of investments carried at FVPL	-	-	-	-	-	13,522,377
Fair value gain on investments at FVPL	27	70,955,688	-	-	70,955,715	27,320,983
	<u>545,751,847</u>	<u>913,143,619</u>	<u>511,475</u>	<u>563,349</u>	<u>1,459,970,290</u>	<u>1,573,354,408</u>

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

22. 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.

**23. Cash and cash equivalents**

		<b>2025 Rupees</b>	<b>2024 Rupees</b>
Cash and bank balances			
Term deposit receipts	- note 14	3,342,092,054	1,277,013,785
Treasury bills		1,285,900,300	1,223,846,360
		<u>1,228,722,092</u>	<u>988,538,869</u>
		<u>5,856,714,446</u>	<u>3,489,399,014</u>

**24. 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:

	<b>2025 Rupees</b>	<b>2024 Rupees</b>
Remuneration		
Housing rent	78,360,884	80,515,971
Medical expenses	35,262,398	31,537,067
Utilities	6,268,871	8,051,597
Other allowances	7,836,088	13,581,405
	<u>52,077,676</u>	<u>48,881,811</u>
	<u>179,805,917</u>	<u>182,567,851</u>

## 25. Transactions with related parties

**25.1** The related parties comprise 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	2025	2024
		Rupees	Rupees
Employee benefit plan	Provident fund contribution	197,678,458	157,353,697
Affiliate	Contribution for buildings paid to NMF	505,643,352	433,999,997
Affiliate	Payments made on behalf of NMF by LUMS	25,114,161	28,580,050
Affiliates	Donations received	68,899,623	60,344,717
Affiliate	Goods (scrap) sold	-	17,063
Affiliates	Grants received from significantly influenced organization	56,735,363	85,012,420
Affiliates	Services received	663,377,415	181,398,918
Affiliates	Services provided	16,117,700	53,147,053
Affiliates	Goods purchased	43,118,642	46,593,006
<b>Relationship with the University</b>	<b>Nature and balance</b>		
Employee benefit plan	Provident fund payable	31,642,895	5,792,352
Affiliate	Due (to)/from NMF	(41,348,463)	303,386
Affiliates	Payables in respect of services availed by the University	16,437,065	2,745,604
Affiliates	Payable in respect of goods purchased by the University	1,205,541	2,711,054
Affiliates	Receivable in respect of services rendered by the University	10,496,848	23,269,248

**25.2** 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 (2024: Rs 1,231 million). The latest estimate for fair value of annual rentals was carried out in June 2024 by an independent valuer.

## 26. Financial risk management

### 26.1 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.

Following exchange rates have been applied for translating material transactions/balances in foreign currency:

	Average rate for the year			
	2025		2024	
USD	279.34		284.70	

	Spot rate			
	2025		2024	
	Buying	Selling	Buying	Selling
USD	283.60	284.10	278.30	278.80

Exposure to currency risk	2025	2024
	USD	USD
Cash and bank balances	2,999,105	2,337,494
Short term investments	15,180,000	11,700,000
Trade creditors	(33,140)	(27,313)
Net asset exposure	<u>18,145,965</u>	<u>14,010,181</u>

At June 30, 2025, 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 515.526 million (2024: Rs 384.692 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	
	2025 Rupees	2024 Rupees
Pakistan Stock Exchange Limited	<u>4,017,162</u>	<u>4,753,782</u>

As at June 30, 2025, 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	
	2025 Rupees	2024 Rupees
Mutual funds	<u>50,947,402</u>	<u>23,415,647</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.

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

	<b>2025</b>	<b>2024</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Fixed rate instruments:</b>		
<b>Financial assets</b>		
Bank balances - savings accounts	2,273,224,603	842,363,955
Investments	3,675,869,647	2,047,449,567
	<u>5,949,094,250</u>	<u>2,889,813,522</u>
<b>Financial liabilities</b>		
	-	-
<b>Net asset exposure</b>	<u>5,949,094,250</u>	<u>2,889,813,522</u>
<b>Floating rate instruments:</b>		
<b>Financial assets</b>		
Investments	425,425,262	440,545,186
<b>Financial liabilities</b>		
	-	-
<b>Net asset exposure</b>	<u>425,425,262</u>	<u>440,545,186</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.

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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:

	<b>2025 Rupees</b>	<b>2024 Rupees</b>
Investments	9,432,460,838	8,148,610,488
Long term loans and security deposits	394,224,648	375,143,438
Loans, deposits and other receivables	925,684,052	832,451,190
Due from NMF	-	303,385
Balances with banks and Coinbase International Exchange	3,338,555,029	1,273,446,016
	<u>14,090,924,567</u>	<u>10,629,954,517</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, 2025 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, 2025 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	2025	2024
	Short term	Long term		Rupees	Rupees
<b>Bank balances and deposits:</b>					
Allied Bank Limited	A1+	AAA	PACRA	1,572,121,632	995,430,901
Faysal Bank Limited	A1+	AA	PACRA	1,819,412,653	1,034,406,485
Askari Bank Limited	A1+	AA+	PACRA	144,505,426	212,540,830
Bank Alfalah Limited	A1+	AAA	PACRA	522,569	6,492,549
JS Bank Limited	A1+	AA	PACRA	609,257	116,952
MCB Bank Limited	A1+	AAA	PACRA	9,364,474	10,860,804
United Bank Limited	A1+	AAA	VIS	759,038,688	11,009,611
Meezan Bank Limited	A1+	AAA	VIS	29,928,930	54,088,931
Habib Bank Limited	A1+	AAA	VIS	30,562,441	27,761,381
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	10,093,115	10,072,880
National Bank of Pakistan	A1+	AAA	PACRA	370,514,112	97,587,876
NRSP Microfinance Bank Limited	A2	A-	PACRA	1,833	1,745
Al Baraka Bank Limited	A1	AA-	VIS	121,500	114,973
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	156,197	140,205
Mobilink Microfinance Bank Limited	A1	A	PACRA	4,131	3,734
Telenor Microfinance Bank Limited	A1	A+	PACRA	220,735	214,321
Samba Bank Limited	A1	AA	PACRA	4,543,919	594,191
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	135,449	127,356
Bank Al Habib Limited	A1+	AAA	PACRA	363,603,390	28,287,403
Coinbase International Exchange	-	BB-	S&P Global	63,684,330	67,439,248
				<u>5,179,144,781</u>	<u>2,557,292,376</u>

	Rating		Rating Agency	2025	2024
	Short term	Long term		Rupees	Rupees
<b>Units of mutual funds:</b>					
ABL Cash Fund	-	AAA	PACRA	305	-
Alfalah GHP Income Fund	-	AA+	PACRA	96,213,745	95
Alfalah GHP Stock Fund	-	AA+	PACRA	601	-
AISF-Alfalah Islamic Sovereign Plan	-	AA+	PACRA	28,043,578	-
Alhamra Islamic Income Fund	-	A+	PACRA	1,918	975
MCB Cash Management Optimizer	-	AAA	PACRA	4,014	-
Meezan Rozana Amdani Fund	-	AA+(f)	VIS	260,379,023	105,768,405
Meezan Fixed Term Fund	-	AM1	VIS	-	71,789,060
Meezan Islamic Fund (MIF)	-	A+(f)	VIS	3	-
NBP Money Market Fund	-	AA(f)	PACRA	-	78,305
UBL Liquidity Plus Fund	-	AA(f)	PACRA	-	61
UBL Money Market Fund	-	Caa1	Moody's	210	17
HBL Money Market Fund	-	AA+(f)	VIS	332	81,328
Al Ameen Islamic Cash Fund	-	AA+(f)	VIS	14	608
Alfalah Stable Return Plan	-	AM1	VIS	-	32,558,656
Alfalah Stable Islamic Return Plan	-	AM1	VIS	-	23,878,957
MCB Pakistan Dividend Yield Plan	-	AAA	PACRA	124,830,273	-
				<u>509,474,016</u>	<u>234,156,467</u>

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 23 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, 2025 and June 30, 2024:

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
Rupees					
<b>At June 30, 2025</b>					
Long term security deposits	109,195,460	136,341,280	-	245,536,740	245,536,740
Creditors, accrued and other liabilities	950,773,056	-	-	950,773,056	950,773,056
Due to NMF	41,348,463	-	-	41,348,463	41,348,463
	<u>1,101,316,979</u>	<u>136,341,280</u>	<u>-</u>	<u>1,237,658,259</u>	<u>1,237,658,259</u>
<b>At June 30, 2024</b>					
Long term security deposits	88,921,000	115,898,500	-	204,819,500	204,819,500
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>

### 26.2 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:

<b>As at June 30, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rupees</b>			
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Investments - FVPL	549,645,630	-	-	549,645,630
<b>Total assets</b>	<b>549,645,630</b>	<b>-</b>	<b>-</b>	<b>549,645,630</b>
<b>Liabilities</b>				
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**As at June 30, 2024**

**Recurring fair value measurements**

<b>Assets</b>				
Investments - FVPL	281,694,287	-	-	281,694,287
<b>Total assets</b>	<b>281,694,287</b>	<b>-</b>	<b>-</b>	<b>281,694,287</b>
<b>Liabilities</b>				
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

### **26.3 Financial instruments by categories**

<b>Assets as per Statement of Financial Position</b>	<b>At fair value through profit or loss</b>	<b>At amortised cost</b>	<b>Total</b>
	<b>(Rupees)</b>		
<b>As at June 30, 2025</b>			
Investments	549,645,630	8,922,986,823	9,472,632,453
Long term loans and security deposits	-	394,224,648	394,224,648
Loans, deposits and other receivables	-	925,684,052	925,684,052
Cash and bank balances	-	3,342,092,055	3,342,092,055
	<b>549,645,630</b>	<b>13,584,987,578</b>	<b>14,134,633,208</b>

	<u>At fair value through profit or loss</u>	<u>At amortised cost (Rupees)</u>	<u>Total</u>
<b>As at June 30, 2024</b>			
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	-	1,277,013,785	1,277,013,785
	<u>281,694,287</u>	<u>10,399,062,434</u>	<u>10,680,756,721</u>

	<u>Financial liabilities at amortized cost</u>	
	<u>2025</u>	<u>2024</u>
	<u>(Rupees)</u>	
<b>Liabilities as per Statement of Financial Position</b>		
Long term security deposits	245,536,740	204,819,500
Creditors, accrued and other liabilities	950,773,056	881,055,472
Due to NMF	41,348,463	-
	<u>1,237,658,259</u>	<u>1,085,874,972</u>

**27. 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.

**28. Date of authorisation for issue of financial statements**

These financial statements were authorised for issue on December 20, 2025 by the Board of Trustees of the University.

  
**Member of Management Committee**

  
**Chief Financial Officer**