

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

Opinion

We have audited the financial statements of Lahore University of Management Sciences (the 'University'), which comprise the statement of financial position as at June 30, 2020, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standard for Not for Profit Organisations issued by the Institute of Chartered Accountants of Pakistan (ICAP) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (SECP).

Basis for Opinion


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

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

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standard for Not for Profit Organisations issued by the ICAP and the IFRS issued by the IASB as notified by the SECP, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Chartered Accountants

Lahore, December 4, 2020

Name of the engagement partner: Khurram Akbar Khan

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2020 Total Rupees	2019 Total Rupees
Fund balance		<u>2,073,684,832</u>	<u>2,407,079,140</u>	<u>37,216,645</u>	<u>55,376,321</u>	<u>395,916,355</u>	<u>1,209,850,360</u>	<u>6,179,123,653</u>	<u>5,342,883,236</u>
Represented by									
Non - current assets									
Operating fixed assets	5	-	-	-	-	-	1,176,933,074	1,176,933,074	1,160,591,006
Intangible assets	6	-	-	-	-	-	32,917,286	32,917,286	36,899,447
Capital work-in-progress	7	7,442,397	-	-	-	3,487,790	-	10,930,187	70,151,134
Investments	8	588,511,136	1,748,713,260	-	-	-	-	2,337,224,396	1,511,149,355
Long term loans, advances and security deposits	9	201,187,157	7,648,911	4,183,323	-	-	-	213,019,391	144,756,072
		797,140,690	1,756,362,171	4,183,323	-	3,487,790	1,209,850,360	3,771,024,334	2,923,547,014
Less: Non - current liabilities									
Accumulating compensated absences	10	63,551,266	-	-	-	-	-	63,551,266	55,740,874
Long term security deposits	11	73,755,900	-	-	-	-	-	73,755,900	65,698,300
Deferred contributions	12	37,816,367	-	-	-	-	-	37,816,367	70,343,216
Loan from National Management Foundation ('NMF')	13	40,096,305	-	-	-	-	-	40,096,305	35,159,253
		215,219,838	-	-	-	-	-	215,219,838	226,941,643
		581,920,852	1,756,362,171	4,183,323	-	3,487,790	1,209,850,360	3,555,804,496	2,696,605,371
Current assets									
Stores		32,555,053	-	-	-	-	-	32,555,053	25,402,086
Loans, advances, deposits, prepayments and other receivables	14	211,223,872	66,933,527	1,154,282	158,385	20,380,569	-	299,850,635	233,679,293
Due from NMF		301,645,644	-	-	-	-	-	301,645,644	2,458,288
Short term investments	15	1,196,699,105	534,170,775	-	-	-	-	1,730,869,880	1,483,182,625
Current maturity of long term investments	16	-	-	-	-	-	-	-	582,728,155
Cash and bank balances	17	405,474,369	50,018,268	129,533,898	55,217,936	395,522,288	-	1,035,766,759	1,246,748,048
		2,147,598,043	651,122,570	130,688,180	55,376,321	415,902,857	-	3,400,687,971	3,574,198,495
Less: Current liabilities									
Creditors, accrued and other liabilities	18	753,482,689	405,601	6,232	-	23,474,292	-	777,368,814	927,920,630
Net current assets		<u>1,394,115,354</u>	<u>650,716,969</u>	<u>130,681,948</u>	<u>55,376,321</u>	<u>392,428,565</u>	<u>-</u>	<u>2,623,319,157</u>	<u>2,646,277,865</u>
Due to/(from)	19	97,648,626	-	(97,648,626)	-	-	-	-	-
CONTINGENCIES AND COMMITMENTS									
Net assets	20	<u>2,073,684,832</u>	<u>2,407,079,140</u>	<u>37,216,645</u>	<u>55,376,321</u>	<u>395,916,355</u>	<u>1,209,850,360</u>	<u>6,179,123,653</u>	<u>5,342,883,236</u>

The annexed notes 1 to 32 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, 2020

	Note	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2020 Total Rupees	2019 Total Rupees
Income									
Direct grants	21	138,592,046	91,840,263	234,573,723	51,283,279	500,644,790	75	1,016,934,176	1,172,159,067
Tuition fee and other income									
Tuition fee		3,271,765,374	-	-	-	-	-	3,271,765,374	2,808,175,840
Other fees		389,393,452	-	-	-	-	-	389,393,452	340,616,500
Consultancy fee		-	-	-	-	21,500,823	-	21,500,823	32,999,319
Executive development programmes		303,683,468	-	-	-	-	-	303,683,468	321,396,320
Miscellaneous income	22	578,652,546	1,520,853	681,824	-	47,941,641	-	628,796,864	674,330,237
Return on investments and term deposits	23	292,313,746	243,205,556	-	3,661,157	152,767	-	539,333,226	346,594,557
Exchange gain		18,105,505	-	412,376	(3,909)	-	-	18,513,972	98,870,177
		4,853,914,091	244,726,409	1,094,200	3,657,248	69,595,231	-	5,172,987,179	4,622,982,950
Total income for the year		4,992,506,137	336,566,672	235,667,923	54,940,527	570,240,021	75	6,189,921,355	5,795,142,017
Expenditure									
Salaries, wages and amenities		2,381,939,655	4,071,806	-	17,178,020	89,993,338	-	2,493,132,819	2,188,732,221
Training		17,107,596	-	-	-	9,115,600	-	26,223,196	43,562,381
Fuel and power		282,276,604	-	-	-	-	-	282,276,604	306,040,931
Telephone and postage		6,145,444	43,780	-	-	729,068	-	6,918,292	8,631,420
Contribution for buildings and equipment to NMF		-	-	-	-	-	-	-	257,179,200
Foreign travel and recruitment		59,516,894	24,230	-	3,060,721	11,358,311	-	73,960,156	77,843,675
Travelling and vehicle running expenses		25,571,723	1,033,557	-	-	24,715,312	-	51,320,592	55,693,210
Cafeteria expenses		125,347,341	372,856	-	-	6,936,077	-	132,656,274	140,350,600
Repairs and maintenance		19,432,306	34,400	-	-	376,703	-	19,843,409	15,253,943
Advertisement and open house programme		75,943,234	337,800	-	-	4,947,810	-	81,228,844	86,133,241
Subscriptions		30,022,180	-	-	56,965	507,222	-	30,586,367	26,320,413
Research and case development		81,104,981	9,138,218	-	2,207,831	184,681,280	-	277,132,310	233,907,490
Convocation expenses		194,334	-	-	-	-	-	194,334	15,878,970
Printing, stationery and office supplies		200,415,678	1,354,682	5,100	-	50,125,575	-	251,901,035	228,364,284
Software consumables		96,346,908	-	-	-	310,310	-	96,657,218	63,024,073
Insurance		18,019,381	-	-	-	-	-	18,019,381	17,375,436
Scholarships and tuition fee waiver		333,803,520	115,367,244	230,369,033	-	1,026,640	-	680,566,437	610,466,050
PhD living allowance		91,033,049	117,900	-	279,100	-	-	91,430,049	102,364,280
Higher Education Commission scholarship		-	-	35,259,128	-	401,226	-	35,660,354	45,478,847
Legal and professional charges		35,772,540	-	-	-	2,181,100	-	37,953,640	26,385,138
Estate management		444,982	-	-	-	-	-	444,982	872,794
Internet charges		64,220,590	-	-	-	66,314	-	64,286,904	60,090,066
Depreciation on operating fixed assets		-	-	-	-	-	323,681,720	323,681,720	313,612,930
Amortization of intangible assets		-	-	-	-	-	13,791,565	13,791,565	16,939,211
Consultancy projects		-	-	-	-	-	-	-	18,922,119
Sports and student activities		20,926,279	-	-	-	37,564,078	-	58,490,357	62,050,179
Net impairment losses on financial and contract assets		15,560,064	887,757	(96,194)	-	-	-	16,351,627	-
Bad debts and advances written off		96,678	-	-	-	-	-	96,678	97,071
Discounting cost on long term loans to students		62,933,977	448,716	1,123,832	-	-	-	64,506,525	82,749,479
Discounting cost on loan from NMF		4,937,052	-	-	-	-	-	4,937,052	1,410,956
Finance cost		3,937,475	335	406	-	6,010	-	3,944,226	3,732,948
Fair value loss on investments at fair value through profit or loss		3,100,324	10,338,607	-	-	-	-	13,438,931	94,288,910
Miscellaneous		13,006,786	-	-	1,956,291	80,336,132	163,750	95,462,959	57,934,922
		4,069,157,575	143,571,888	266,661,305	24,738,928	505,378,106	337,637,035	5,347,144,837	5,261,687,388
Surplus/(deficit) of income over expenditure before taxation		923,348,562	192,994,784	(30,993,382)	30,201,599	64,861,915	(337,636,960)	842,776,518	533,454,629
Provision for taxation		-	-	-	-	-	-	-	-
Surplus/(deficit) of income over expenditure after taxation		923,348,562	192,994,784	(30,993,382)	30,201,599	64,861,915	(337,636,960)	842,776,518	533,454,629

The annexed notes 1 to 32 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, 2020

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2020 Total Rupees	2019 Total Rupees
Surplus/(deficit) of income over expenditure after taxation	923,348,562	192,994,784	(30,993,382)	30,201,599	64,861,915	(337,636,960)	842,776,518	533,454,629
Other comprehensive income:								
<i>Items that may be reclassified subsequently to income and expenditure account</i>	-	-	-	-	-	-	-	-
<i>Items that will not be reclassified subsequently to income and expenditure account</i>	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	<u>923,348,562</u>	<u>192,994,784</u>	<u>(30,993,382)</u>	<u>30,201,599</u>	<u>64,861,915</u>	<u>(337,636,960)</u>	<u>842,776,518</u>	<u>533,454,629</u>

The annexed notes 1 to 32 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, 2020

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	Total Rupees
Balance as on July 1, 2018	1,610,138,779	1,541,314,852	96,909,426	55,104,909	266,657,999	1,239,302,642	4,809,428,607
Surplus/(deficit) of income over expenditure after taxation	625,711,633	24,258,563	(27,720,111)	(6,624,390)	231,815,222	(313,986,288)	533,454,629
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	625,711,633	24,258,563	(27,720,111)	(6,624,390)	231,815,222	(313,986,288)	533,454,629
Transfer (from)/to funds	(350,000,000)	350,000,000	-	-	-	-	-
Transfer of fixed assets additions (from)/to funds	(160,399,091)	(306,859)	-	(18,339,019)	(95,934,904)	274,979,873	-
Transfer of fixed assets disposals to/(from) funds	1,812,539	-	419,712	650	572,873	(2,805,774)	-
Balance as on June 30, 2019	1,727,263,860	1,915,266,556	69,609,027	30,142,150	403,111,190	1,197,490,453	5,342,883,236
Surplus/(deficit) of income over expenditure after taxation	923,348,562	192,994,784	(30,993,382)	30,201,599	64,861,915	(337,636,960)	842,776,518
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	923,348,562	192,994,784	(30,993,382)	30,201,599	64,861,915	(337,636,960)	842,776,518
Transfer (from)/to funds	24 (300,000,000)	300,000,000	-	-	-	-	-
Transfer of fixed assets additions (from)/to funds	25 (283,961,140)	(1,198,224)	-	(4,967,428)	(66,936,466)	357,063,258	-
Transfer of fixed assets disposals to/(from) funds	7,033,550	16,024	-	-	16,817	(7,066,391)	-
Unutilized funds returned to the donor as per agreement			(1,399,000)		(5,137,101)		(6,536,101)
Balance as at June 30, 2020	2,073,684,832	2,407,079,140	37,216,645	55,376,321	395,916,355	1,209,850,360	6,179,123,653

The annexed notes 1 to 32 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, 2020

	2020 Rupees	2019 Rupees
Cash flow from operating activities		
Surplus of income over expenditure before taxation	842,776,518	533,454,629
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	323,681,720	313,612,930
Amortization on intangible assets	13,791,565	16,939,211
Net gain on disposal of operating fixed assets	(3,411,736)	(2,336,530)
Gain on initial recognition of loan from NMF	-	(16,251,290)
Discounting cost on loan from NMF	4,937,052	1,410,956
Unwinding income on long term loans to students	(14,531,402)	-
Discounting cost on long term loans to students	64,506,525	82,749,479
Finance cost	3,944,226	3,732,948
Grants income	(1,016,934,176)	(1,172,159,067)
Net impairment losses on financial and contract assets	16,351,627	-
Bad debts and advances written off	96,678	97,071
Liabilities no longer payable written back	(14,522,278)	-
Provision for accumulating compensated absences	16,305,280	13,245,991
Exchange gain	(8,391,341)	(98,870,177)
Amortization of deferred contributions	(128,733,738)	(98,332,288)
Return on investments and term deposits	(539,333,226)	(346,594,557)
	<u>(1,282,243,224)</u>	<u>(1,302,755,323)</u>
Deficit before working capital changes	(439,466,706)	(769,300,694)
Effect on cashflow due to working capital changes:		
Increase in stores	(7,152,967)	(4,259,023)
Increase in loans, advances, deposits prepayments and other receivables	(1,247,584)	(50,955,649)
Increase in due from NMF	(299,187,356)	(749,570)
(Decrease)/increase in creditors, accrued and other liabilities	(135,918,398)	79,863,305
	<u>(443,506,305)</u>	<u>23,899,063</u>
Cash used in operations	(882,973,011)	(745,401,631)
Finance cost paid	(3,944,226)	(3,732,948)
Payment of accumulating compensated absences	(8,494,888)	(5,898,714)
Payment of passage fare assistance	(111,140)	-
Operating contributions received	925,093,838	1,117,832,543
Receipts in respect of deferred contributions	96,206,889	112,239,717
Increase in long term loans, advances and security deposits	(123,256,686)	(97,770,608)
	<u>885,493,787</u>	<u>1,122,669,990</u>
Net cash generated from operating activities	2,520,776	377,268,359
Cash flow from investing activities		
Fixed capital expenditure	(297,842,244)	(287,656,136)
Proceeds from disposal of operating fixed assets	10,641,810	5,300,310
Return on investments and term deposits received	471,037,007	372,085,037
Proceeds from maturity of investments	3,435,075,567	9,396,673,124
Proceeds from disposal of investments	361,745,429	182,572,606
Purchase of investments	(4,040,167,882)	(8,674,069,843)
Net cash (used in) / generated from investing activities	(59,510,313)	994,905,098
Cash flow from financing activities		
Endowment grants received	91,840,263	37,624,466
Unutilized funds returned to the donor as per agreement	(6,536,101)	-
Net cash generated from financing activities	85,304,162	37,624,466
Net increase in cash and cash equivalents	28,314,625	1,409,797,923
Cash and cash equivalents at the beginning of the year	2,729,930,673	1,312,109,665
Effects of exchange rate changes on cash and cash equivalents	8,391,341	8,023,085
Cash and cash equivalents at the end of the year	2,766,636,639	2,729,930,673

- note 26

Refer note 13 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 32 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, 2020

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 Hyder Ali & Syed Maratib Ali School of Education (SOE) and Sheikh Ahmed Hassan School of Law (SAHSOL). The University is a Not-For-Profit organization under section 2(36) of the Income Tax Ordinance, 2001 and its surplus, if any, is carried forward to the subsequent year, and is not available for appropriation.

2. Basis of preparation

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

2.2 Initial application of standards, amendments or an interpretation 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 and interpretations that are effective in the current year

Certain standards, amendments and interpretations to standards are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the University's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 16, 'Leases'

This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. Therefore, it is applicable on the University from July 1, 2019. This standard replaces the previous guidance in International Accounting Standard ('IAS') 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The University has assessed that the application of this standard does not have any impact on its 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 entities having accounting periods beginning on or after July 1, 2020 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) Definition of Material – Amendments to IAS 1 and IAS 8: (effective for periods beginning on or after July 01, 2020)

The IASB has made amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The University is yet to assess the impact of this amendment.

b) Revised Conceptual Framework for Financial Reporting: (effective for periods beginning on or after July 01, 2020)

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect.

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from effective date. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The University is yet to assess the impact of this revised Conceptual Framework.

c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1: (effective for period beginning on July 01, 2022)

The narrow-scope amendments to IAS 1 'Presentation of Financial Statements' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The University does not expect any significant impact of this amendment 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 preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the University's accounting policies.



This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted 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.

- a) Useful lives and residual values of property, plant and equipment - notes 4.8 and 5
- b) Employee benefits - notes 4.16 and 10
- c) Impairment of financial assets - notes 4.13.4, 14.1 and 29.1(b)(ii)

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

4. Summary of significant accounting policies

The significant 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 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.

4.2 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.

4.3 Scholarship Fund

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

4.4 Chair Funds

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

4.5 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.

4.6 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 4.8 and 4.9 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.

4.7 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

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the surplus for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.



The University 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 tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable surplus. However, the deferred 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 transaction neither affects accounting nor taxable surplus or deficit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income and expenditure account, except in the case of items credited or charged to other comprehensive income or statement of changes in fund balances in which case it is included in other comprehensive income or statement of changes in fund balances.

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.

4.8 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 given in note 5 after taking into account their residual values.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is derecognised or retired from active use. Impairment loss or its reversal, if any, is also charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.11).

The University reviews the useful lives and residual values of operating fixed assets at least at each financial year end. 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, 2020, has not required any adjustment as its impact is considered insignificant.

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.

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. 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.

4.9 Intangible assets

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

Amortization is charged to income on the reducing balance method so as to write off the cost of the intangible asset over its estimated useful life at the rates given in note 6. Amortization on additions to intangibles is charged from the month in which the asset is available for use, while no amortization is charged for the month in which the asset is disposed off. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.11).



4.10 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.

4.11 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.

4.12 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 4.13.

4.13 Financial assets

4.13.1 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.

4.13.2 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.

4.13.3 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.

4.13.4 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 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 model:

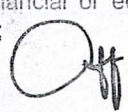
- Investments carried at amortised cost;
- Long term loans to students and employees;
- Security deposits and other receivables; and
- Bank balances.

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. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The University considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the University compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;



- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The University considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the counterparty is unlikely to pay its creditors, including the University, in full (without taking into account any collaterals held by the University).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-status;
- Nature, size and industry of counterparties; and
- external credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

4.14 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.

4.15 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.

4.16 Employee benefits

(i) Short term obligations

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

(ii) Post employment benefits

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

(a) Defined contribution plan - Provident Fund

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

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

(b) Accumulating compensated absences

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

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

4.17 Stores

These are valued at the lower of weighted average cost and current replacement cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date while the items considered obsolete are carried at nil value.

4.18 Cash and cash equivalents

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

4.19 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.

4.20 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.

4.21 Borrowings

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

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

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

4.22 Borrowing costs

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

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

4.24 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 from NMF are recognized when approved by NMF. Other 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 Accounting policies applied upto June 30, 2019

4.28.1 Operating leases

The University is the lessee:

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to income on a straight line basis over the lease term.

The University is the sub-lessor:

Rental income received/receivable under operating leases (net of any incentives given to the lessee) is credited to income on a straight-line basis over the lease term.

Off

5. Operating fixed assets

	Cost as at July 1, 2019 Rupees	Additions/ (deletions)/ adjustments Rupees	Cost as at June 30, 2020 Rupees	Accumulated depreciation as at July 01, 2019 Rupees	Depreciation/ (deletions)/ adjustments for the year Rupees	Accumulated depreciation as at June 30, 2020 Rupees	Book value as at June 30, 2020 Rupees	Annual rate of depreciation %
Furniture and fixtures	728,688,137	58,000,776 (5,718,118)	780,970,795	526,981,847	71,935,154 (5,181,586)	593,735,415	187,235,380	30
Computers	734,709,332	97,802,582 (58,734,944)	774,165,495	559,778,988	75,199,487 (57,585,608)	577,706,708	196,453,787	33.3
Equipment	1,669,811,259	388,525 167,433,567 (19,401,207)	1,817,455,094	935,136,788	313,841 165,316,462 (16,799,391)	1,083,340,018	734,115,076	20
Vehicles	29,916,881	(388,525) 11,993,552 (7,878,477)	34,031,956	16,353,533	(313,841) 3,047,496 (4,953,472)	14,447,557	19,584,399	20
Books	122,094,977	(4,953,472) 12,023,385 (55,465)	134,062,897	86,378,424	(38,080) 8,183,121 (38,080)	94,523,465	39,539,432	20
	3,285,220,586	347,253,862 (91,788,211)	3,540,686,237	2,124,629,580	323,681,720 (84,558,137)	2,363,753,163	1,176,933,074	
	Cost as at July 1, 2018 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2019 Rupees	Accumulated depreciation as at July 01, 2018 Rupees	Depreciation/ (deletions) for the year Rupees	Accumulated depreciation as at June 30, 2019 Rupees	Book value as at June 30, 2019 Rupees	Annual rate of depreciation %
Furniture and fixtures	690,416,652	41,217,471 (2,945,986)	728,688,137	451,082,555	78,469,297 (2,570,005)	526,981,847	201,706,290	30
Computers	660,523,828	78,976,854 (4,791,350)	734,709,332	499,976,820	64,240,168 (4,438,000)	559,778,988	174,930,344	33.3
Equipment	1,529,434,991	(9,006,885) 149,383,153	1,669,811,259	782,039,501	(7,260,554) 160,357,841	935,136,788	734,674,471	20
Vehicles	29,262,997	(4,681,510) 5,335,394	29,916,881	17,383,916	(4,207,293) 3,176,910	16,353,533	13,563,348	20
Books	111,641,240	(47,383) 10,501,120	122,094,977	79,043,192	(33,482) 7,368,714	86,378,424	35,716,553	20
	3,021,279,708	285,413,992 (21,473,114)	3,285,220,586	1,829,525,984	313,612,930 (18,509,334)	2,124,629,580	1,160,591,006	

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.

	2020			2019		
	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Furniture and fixtures	107,857,428	58,443,304	49,414,124	103,561,480	38,583,427	64,978,053
Computers	86,365,807	47,269,409	39,096,398	66,655,125	32,526,443	34,128,682
Equipment	691,648,966	340,497,215	351,151,751	650,495,250	258,166,103	392,329,147
	<u>885,872,201</u>	<u>446,209,928</u>	<u>439,662,273</u>	<u>820,711,855</u>	<u>329,275,973</u>	<u>491,435,882</u>

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

	2020			2019		
	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Furniture and fixtures	51,654,930	43,010,973	8,643,957	51,903,021	39,503,988	12,394,033
Computers	13,384,774	8,129,824	5,254,950	13,398,699	5,524,388	7,874,311
Equipment	33,313,944	17,075,413	16,238,531	33,946,273	13,324,899	20,621,374
	<u>98,353,648</u>	<u>68,216,210</u>	<u>30,137,438</u>	<u>99,247,993</u>	<u>58,358,275</u>	<u>40,889,718</u>

6. Intangible assets

	Cost as at July 01, 2019 Rupees	Additions Rupees	Cost as at June 30, 2020 Rupees	Accumulated amortization as on July 01, 2019 Rupees	Amortization for the year Rupees	Accumulated amortization as on June 30, 2020 Rupees	Book value as at June 30, 2020 Rupees	Annual rate of amortization %
Computer software and license	<u>207,398,043</u>	<u>9,809,404</u>	<u>217,207,447</u>	<u>170,498,596</u>	<u>13,791,565</u>	<u>184,290,161</u>	<u>32,917,286</u>	33.3
	Cost as at July 01, 2018 Rupees	Additions Rupees	Cost as at June 30, 2019 Rupees	Accumulated amortization as on July 01, 2018 Rupees	Amortization for the year Rupees	Accumulated amortization as on June 30, 2019 Rupees	Book value as at June 30, 2019 Rupees	
Computer software and license	<u>201,108,303</u>	<u>6,289,740</u>	<u>207,398,043</u>	<u>153,559,385</u>	<u>16,939,211</u>	<u>170,498,596</u>	<u>36,899,447</u>	33.3

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

7.	Capital work-in-progress	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	Advances for equipment	4,928,552	-	-	-	3,362,444	8,290,996	11,556,690
	Advances for computers	1,444,420	-	-	-	-	1,444,420	212,980
	Advances for books	-	-	-	-	-	-	33,506
	Advances for vehicles	229,125	-	-	-	-	229,125	-
	Advances for furniture and fixtures	-	-	-	-	125,346	125,346	8,137,973
	Intangible assets under development	840,300	-	-	-	-	840,300	210,398
	Standy-by equipment and others	-	-	-	-	-	-	49,999,587
		<u>7,442,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,487,790</u>	<u>10,930,187</u>	<u>70,151,134</u>

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

Opening balance							70,151,134	7,497,085
Additions during the year							155,128,683	240,676,690
							<u>225,279,817</u>	<u>248,173,775</u>
Transfers during the year							(214,349,630)	(178,022,641)
Closing balance							<u>10,930,187</u>	<u>70,151,134</u>

8.	Investments	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	At amortised cost	- note 8.1	1,555,117,419	2,057,229,836	-	-	3,612,347,255	3,061,915,835
	At fair value through profit or loss	- note 8.2	230,092,822	225,654,199	-	-	455,747,021	515,144,300
			<u>1,785,210,241</u>	<u>2,282,884,035</u>	<u>-</u>	<u>-</u>	<u>4,068,094,276</u>	<u>3,577,060,135</u>
	Less: Short term investments		1,196,699,105	534,170,775	-	-	1,730,869,880	1,483,182,625
	Current maturity of long term investments		-	-	-	-	-	582,728,155
			<u>1,196,699,105</u>	<u>534,170,775</u>	<u>-</u>	<u>-</u>	<u>1,730,869,880</u>	<u>2,065,910,780</u>
			<u>588,511,136</u>	<u>1,748,713,260</u>	<u>-</u>	<u>-</u>	<u>2,337,224,396</u>	<u>1,511,149,355</u>

8.1	At amortised cost	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	Pakistan Investment Bonds	- note 8.1.1	295,442,514	1,485,063,261	-	-	1,780,505,775	1,358,499,210
	Term finance certificates	- note 8.1.2	62,975,800	37,995,800	-	-	100,971,600	100,984,000
	Term deposit receipts - PKR	- note 8.1.3	-	40,000,000	-	-	40,000,000	761,101,375
	Term deposit receipts - USD	- note 8.1.4	273,195,000	-	-	-	273,195,000	381,925,000
	Treasury Bills		923,504,105	494,170,775	-	-	1,417,674,880	340,156,250
	Special Savings Certificates	- note 8.1.5	-	-	-	-	-	119,250,000
			1,555,117,419	2,057,229,836	-	-	3,612,347,255	3,061,915,835

8.1.1 This represents investments in Pakistan Investment Bonds. These carry mark-up at coupon rates ranging from 7.25% to 14.63% (2019: 7.25% to 11.5%) per annum.

8.1.2 This represents investments in term finance certificates. These carry mark-up at the rates ranging from 6.86% to 15.44% (2019: 7% to 12.5%) per annum.

8.1.3 This represents investments in term deposit receipts. These carry mark-up at the rates ranging from 7% to 13.35% (2019: 6.25% to 13%) per annum.

8.1.4 This represents investments in term deposit receipts. These carry mark-up at the rates ranging from 2.22% to 4.49% (2019: 3.05% to 4.75%) per annum.

8.1.5 This represented investments in National Savings Certificates. These carried mark-up at the rates ranging from 8.23% to 11.88% (2019: 7.4%) per annum.

8.2	At fair value through profit or loss	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	Shares of The Hub Power Company Limited	- note 8.2.1	-	21,133,750	-	-	21,133,750	22,955,625
	<i>Units of:</i>							
	UBL Fund Managers mutual funds	- note 8.2.2	71,024,073	54,740,759	-	-	125,764,832	117,478,064
	Alfalah GHP mutual funds	- note 8.2.2	71,702,803	39,694,195	-	-	111,396,998	175,373,798
	ABL Fund Managers mutual funds	- note 8.2.2	10,245,076	7,929,602	-	-	18,174,678	18,282,256
	Al-Meezan mutual funds	- note 8.2.2	-	43,007,467	-	-	43,007,467	44,842,875
	MCB Arif Habib mutual funds	- note 8.2.2	39,823,878	31,081,458	-	-	70,905,336	71,688,060
	NBP mutual funds	- note 8.2.2	29,139,640	19,911,723	-	-	49,051,363	47,553,897
	HBL Fund Managers mutual funds	- note 8.2.2	8,157,352	8,155,245	-	-	16,312,597	16,969,725
			230,092,822	225,654,199	-	-	455,747,021	515,144,300

8.2.1 This represents 291,500 (2019: 291,500) shares, measured at market value of Rs 72.5 (2019: Rs 78.75) per share, of The Hub Power Company Limited.

8.2.2 These represent discretionary portfolios maintained with various asset management companies.

		Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
9. Long term loans, advances and security deposits								
Loans to employees	- note 9.1	-	-	-	-	-	-	224,267
Loans to students	- note 9.2	220,984,030	13,899,611	8,789,385	-	-	243,673,026	157,576,562
Long term security deposits	- note 9.3	44,637,700	-	-	-	-	44,637,700	41,483,199
Advances to employees		372,785	-	-	-	-	372,785	352,785
		265,994,515	13,899,611	8,789,385	-	-	288,683,511	199,636,813
Less: Impairment allowance	- note 14.1	(48,182,493)	(3,221,095)	(3,479,459)			(54,883,047)	(38,531,420)
		217,812,022	10,678,516	5,309,926	-	-	233,800,464	161,105,393
Less: Current portion included in current assets:	- note 14	.						
Loans to employees		-	-	-	-	-	-	224,267
Loans to students - net of impairment allowance		16,624,865	3,029,605	1,126,603	-	-	20,781,073	16,125,054
		16,624,865	3,029,605	1,126,603	-	-	20,781,073	16,349,321
		201,187,157	7,648,911	4,183,323	-	-	213,019,391	144,756,072

9.1 These represented long term loans given to employees for construction of houses. The house building loans given were recoverable within a period of 10 years commencing from the date of disbursement through monthly deductions from salaries. These loans were secured against retirement benefits of the employees and guarantee provided by the employee's spouse or immediate family members. These carried mark-up at the rate of 9.95% per annum on the outstanding balances.

9.2 These represent un-secured interest free loans given to students. Loans over and above Rs 150,000 are repayable in fixed number of 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 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 using interest rate of 14% per annum.

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

10. Accumulating compensated absences

The movement in accumulating compensated absences during the year is as follows:

	2020 Rupees	2019 Rupees
Opening balance	55,740,874	48,393,597
Provision for the year	16,305,280	13,245,991
Payments during the year	(8,494,888)	(5,898,714)
Closing balance	<u>63,551,266</u>	<u>55,740,874</u>

11. Long term security deposits

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

	2020 Rupees	2019 Rupees
Security deposits	122,221,300	107,315,800
Less: Current maturity classified in current liabilities	- note 18 (48,465,400)	(41,617,500)
	<u>73,755,900</u>	<u>65,698,300</u>

12. Deferred contributions

This represents the following contributions:

- unutilised balance of donations made by Babar Ali Foundation for meeting operational expenses of SOE; and
- unutilised balance of donations made by Babar Ali Foundation and various other donors for prevention of COVID-19 (Corona virus).

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

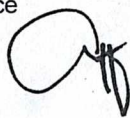
Opening balance	70,343,216	56,435,787
Receipts during the year	96,206,889	112,239,717
Amortization during the year - recognised in grants income of current fund	(128,733,738)	(98,332,288)
Closing balance	<u>37,816,367</u>	<u>70,343,216</u>



		2020 Rupees	2019 Rupees
13. Loan from National Management Foundation			
Opening balance			
Fair value of assets received	- note 13.1	35,159,253	49,999,587
Gain on initial recognition		-	(16,251,290)
		<u>35,159,253</u>	<u>33,748,297</u>
Unwinding of discount		4,937,052	1,410,956
		<u>40,096,305</u>	<u>35,159,253</u>

13.1 This represents interest free amount payable against fair value of assets received from NMF for Chemical Engineering laboratory equipment. It is payable on March 13, 2022, and has been measured at amortized cost by using the interest rate of 14% per annum.

14. Loans, advances, deposits, prepayments and other receivables	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
Advances to:							
Employees	10,291,626	-	-	-	1,191,501	11,483,127	70,806,044
Suppliers	41,319,114	-	-	-	737,895	42,057,009	27,005,304
Prepayments	18,154,344	-	-	-	-	18,154,344	656,680
Accrued return on investments	24,684,402	48,124,789	-	-	12,014,579	84,823,770	16,527,551
Income tax refundable	77,968,399	15,777,956	27,679	158,385	196,421	94,128,840	80,385,950
Fee receivable	3,535,052	-	-	-	-	3,535,052	10,183,846
Receivable against REDC programs and other projects	8,282,118	-	-	-	5,247	8,287,365	5,567,803
Other receivables	10,363,952	1,177	-	-	6,234,926	16,600,055	6,196,794
Current portion of long term loans and advances:							
Loans to employees	-	-	-	-	-	-	224,267
Loans to students	52,954,385	5,501,551	4,132,340	-	-	62,588,276	54,656,474
	<u>52,954,385</u>	<u>5,501,551</u>	<u>4,132,340</u>	<u>-</u>	<u>-</u>	<u>62,588,276</u>	<u>54,880,741</u>
Loss allowance	(36,329,520)	(2,471,946)	(3,005,737)	-	-	(41,807,203)	(38,531,420)
	<u>211,223,872</u>	<u>66,933,527</u>	<u>1,154,282</u>	<u>158,385</u>	<u>20,380,569</u>	<u>299,850,635</u>	<u>233,679,293</u>



14.1	Loss allowance		2020 Rupees	2019 Rupees
The reconciliation of loss allowance is as follows:				
	Balance as at beginning of the year		38,531,420	42,580,919
	Increase in loss allowance during the year		19,888,097	-
	Unused amount reversed during the year		(3,536,470)	(4,049,499)
	Closing balance	- note 14.1.1	<u>54,883,047</u>	<u>38,531,420</u>

14.1.1 The closing balance includes loss allowance against current portion of loans amounting to Rs 41.807 million (2019: Rs 38.531 million).

15.	Short term investments		Current Fund Rupees	Endowment Fund Rupees	Chair Fund Rupees	2020 Total Rupees	2019 Total Rupees
At amortised cost							
	Term deposit receipts	- note 15.1	273,195,000	40,000,000	-	313,195,000	1,143,026,375
	Treasury Bills		923,504,105	494,170,775	-	1,417,674,880	340,156,250
			<u>1,196,699,105</u>	<u>534,170,775</u>	<u>-</u>	<u>1,730,869,880</u>	<u>1,483,182,625</u>

15.1 These carry mark-up at rates ranging from 7% to 14.22% (2019: 6.25% to 13%) per annum.

16.	Current maturity of long term investments		Current Fund Rupees	Endowment Fund Rupees	Chair Fund Rupees	2020 Total Rupees	2019 Total Rupees
At amortised cost							
	Pakistan Investment Bonds		-	-	-	-	537,885,280
FVPL							
	Units of mutual funds		-	-	-	-	44,842,875
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,728,155</u>

17.	Cash and bank balances	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	Cash in hand	1,461,068	-	-	-	-	1,461,068	1,050,115
	- US\$ 7,498 (2019: US\$ 5,620)							
	- PKR 200,654 (2019: PKR 128,440)							
	Balances at bank							
	In current accounts	53,022,522	200,000	53,070	1,449,927	144,832,827	199,558,346	248,111,836
	- US\$ 66,810.98 (2019: US\$ 23,774.17)							
	- PKR 188,327,421 (2019: PKR 244,212,872)							
	In savings accounts	350,990,779	49,818,268	129,480,828	53,768,009	250,689,461	834,747,345	997,586,097
	- US\$ 423,376.8 (2019: US\$ 152,115.9)							
	- EUR 0.29 (2019: EUR 2.53)							
	- JPY 1.53 (2019: JPY 1.53)							
	- PKR 763,577,655 (2019: PKR 972,638,618)							
		<u>405,474,369</u>	<u>50,018,268</u>	<u>129,533,898</u>	<u>55,217,936</u>	<u>395,522,288</u>	<u>1,035,766,759</u>	<u>1,246,748,048</u>

17.1 Included in savings accounts are Rs 27.3 million (2019: Rs 30.033 million) which are under lien against bank guarantee and letters of credit as referred to in note 20.1.

17.2 Furthermore, included in savings accounts is an amount of Rs 3.538 million (2019: Rs 4.555 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.

18.	Creditors, accrued and other liabilities	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
	Advance tuition and other fees - notes 18.1 to 18.4	567,137,153	-	-	-	-	567,137,153	633,745,706
	Creditors	3,315,326	145,000	4,484	-	26,294	3,491,104	22,560,514
	Accrued liabilities	42,853,408	253,543	-	-	7,576,745	50,683,696	100,342,122
	Payable against executive development programmes - notes 18.1 to 18.4	21,744,984	-	-	-	-	21,744,984	26,106,448
	Payable to student societies	1,074,835	-	-	-	10,995,612	12,070,447	14,398,020
	Provident fund payable	3,783,730	-	-	-	-	3,783,730	14,341,793
	Employee fund payable	14,230,249	-	-	-	-	14,230,249	11,855,696
	Current portion of long term security deposits - note 11	48,465,400	-	-	-	-	48,465,400	41,617,500
	Other security deposits	2,634,744	-	-	-	-	2,634,744	2,333,635
	Other liabilities	48,242,860	7,058	1,748	-	4,875,641	53,127,307	60,619,196
		<u>753,482,689</u>	<u>405,601</u>	<u>6,232</u>	<u>-</u>	<u>23,474,292</u>	<u>777,368,814</u>	<u>927,920,630</u>

		2020	2019
		Total	Total
		Rupees	Rupees
18.1	The category wise breakup of contract liabilities is as follows:		
18.1.1	Advance tuition and other fees		
	Tuition fees	566,256,897	610,946,477
	Hostel fees	-	18,223,515
	Other fees	4,290,369	4,575,714
		<u>570,547,266</u>	<u>633,745,706</u>
18.1.2	Payable against executive development programmes	<u>21,744,984</u>	<u>26,106,448</u>
18.2	Revenue recognised during the year that was included in the contract liability balance at the beginning of the year is as follows:		
18.2.1	Advance tuition and other fees		
	Tuition fees	600,805,673	564,580,194
	Hostel fees	18,223,515	11,504,134
	Other fees	4,575,714	11,496,485
		<u>623,604,902</u>	<u>587,580,813</u>
18.2.2	Payable against executive development programmes	<u>24,908,400</u>	<u>29,067,988</u>
18.3	Contract liabilities have decreased due to non-occupancy of hostels and a decrease in other activities on account of COVID 19.		
18.4	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.		

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19. 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.

20. Contingencies and commitments

20.1 Contingencies

(i) The University has provided bank guarantee of Rs 18.0 million (2019: Rs 18.0 million) in favour of Sui Northern Gas Pipelines Limited (SNGPL) on account of payment of gas dues, Rs 0.802 million (2019: Rs 0.802 million) to Pakistan State Oil Company Limited (PSO) on account of fuel cards and Rs 8.50 million (2019: Rs 8.50 million) to Oursun Solar Power Limited on account of any damage to solar power panels installed at LUMS. These guarantees have been secured by lien on savings account balance as mentioned in note 17.1, 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 (2019: Rs 1,425.784 million).

20.2 Commitments

Aggregate facilities available for opening letters of credit and guarantees aggregate to Rs 75 million (2019: Rs 75 million). The amount utilised at June 30, 2020, for letters of credit was Rs 8.019 million (2019: Rs 4.949 million).

Commitments in respect of contracts for capital expenditure amount to Rs 52.488 million (2019: Rs 2.081 million).

21. Contributions	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	Fixed Assets Fund Rupees	2020 Total Rupees	2019 Total Rupees
These are from the following major sources:								
Government	-	-	55,486,739	-	263,156,359	-	318,643,098	274,648,219
Foundations	91,000,000	-	58,481,345	-	101,168,908	-	250,650,253	292,830,162
Corporate contributors	9,957,530	49,610,400	86,236,748	26,383,452	112,504,108	-	284,692,238	115,832,107
Individuals	5,107,667	39,809,249	23,398,067	24,899,827	10,000,000	-	103,214,810	55,393,312
Other Not-For-Profit organizations	-	2,420,614	10,970,824	-	13,815,415	-	27,206,853	447,362,697
	<u>106,065,197</u>	<u>91,840,263</u>	<u>234,573,723</u>	<u>51,283,279</u>	<u>500,644,790</u>	<u>-</u>	<u>984,407,252</u>	<u>1,186,066,497</u>

	Current Fund Rupees	Endowment Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Projects Rupees	2020 Total Rupees	2019 Total Rupees
22. Miscellaneous income							
Hostel and faculty apartment income	207,855,657	-	-	-	-	207,855,657	226,796,706
Cafeteria income	139,100,774	-	-	-	-	139,100,774	147,968,697
Gain/(loss) on sale of fixed assets	3,429,393	(14,847)	-	-	(2,810)	3,411,736	2,729,558
Gain on initial recognition of loan from NMF	-	-	-	-	-	-	16,251,290
Test and processing fee	33,645,830	-	-	-	-	33,645,830	28,119,646
Sponsored projects income	79,543,632	-	-	-	-	79,543,632	56,996,767
Societies sponsorship income	-	-	-	-	37,440,239	37,440,239	44,785,594
Rental income	4,027,807	-	-	-	-	4,027,807	16,226,552
Liabilities no longer payable written back	14,470,860	-	-	-	51,418	14,522,278	-
Other income	84,264,715	-	-	-	10,452,794	94,717,509	134,455,427
Unwinding income on long term loans to students	12,313,878	1,535,700	681,824	-	-	14,531,402	-
	<u>578,652,546</u>	<u>1,520,853</u>	<u>681,824</u>	<u>-</u>	<u>47,941,641</u>	<u>628,796,864</u>	<u>674,330,237</u>

23. Return on investments and term deposits

Interest earned on savings accounts	112,080,479	5,244,127	-	2,129,158	152,767	119,606,531	111,499,830
Interest earned on investments							
carried at amortised cost	173,033,651	228,083,174	-	1,531,999	-	402,648,824	234,328,675
Dividend income on investments							
carried at FVPL	2,419,125	3,636,702	-	-	-	6,055,827	3,612,108
Gain/(loss) on disposal of investments							
carried at FVPL	4,780,491	6,241,553	-	-	-	11,022,044	(2,846,056)
	<u>292,313,746</u>	<u>243,205,556</u>	<u>-</u>	<u>3,661,157</u>	<u>152,767</u>	<u>539,333,226</u>	<u>346,594,557</u>

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

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

26. Cash and cash equivalents

	2020 Rupees	2019 Rupees
Cash and bank balances	- note 17	1,035,766,759
Term deposit receipts		1,246,748,048
Treasury bills		313,195,000
		1,417,674,880
		340,156,250
		<u>2,766,636,639</u>
		<u>2,729,930,673</u>

27. 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:

	2020 Rupees	2019 Rupees
Remuneration	74,138,721	58,879,917
Housing rent	20,479,876	18,097,466
Medical expenses	7,413,874	5,887,992
Utilities	22,586,654	15,779,554
Other allowances	16,403,270	15,405,229
	<u>141,022,395</u>	<u>114,050,158</u>

28. Transactions with related parties

28.1 The related parties comprise of affiliates, controlling organisation, 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 other than those disclosed elsewhere in the financial statements are as follows:

Relationship with the University	Nature and transaction	2020 Rupees	2019 Rupees
Employee benefit plan	Provident fund contribution	88,526,469	79,940,821
Affiliate	Grant received from The Coca-Cola Export Corporation transferred to NMF	-	23,000,000
Affiliate	Contribution for buildings and equipment to NMF	-	257,179,200
Affiliate	Payments made on behalf of NMF to be recovered	575,507	628,527
Affiliate	Payments made to NMF	300,003,288	-
Affiliate	Donations received	107,000,000	17,272,597
Affiliate	Services received	88,066,214	38,553,613
Affiliate	Services provided	38,547,599	40,501,860
Affiliate	Goods purchased	15,117,876	14,173,760
Affiliate	Fixed assets purchased	-	1,400,316
Relationship with the University	Nature and balance		
Employee benefit plan	Provident fund payable	3,783,730	14,341,793
Affiliates	Payables in respect of services availed by the University	1,431,000	1,210,325
Affiliate	Advances in respect of services to be rendered by the University	100,000	-
Affiliate	Receivable in respect of services rendered by the University	-	2,255
Affiliates	Advances in respect of services to be availed by the University	57,978	300,940

28.2 The above transactions have been conducted in the normal course of business on fair value, except for the following:

- services received from M/s Shalamar Hospital (an affiliate) amounting to Rs 97,440, on which a discount of 20% on the fair value was availed.

- land, buildings and certain equipment of NMF (an affiliate) in use of LUMS free of cost. The estimated fair value of annual rental for use of such land, buildings and equipment is Rs 433.209 million.

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29. Financial risk management

29.1 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.

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.

	2020 USD	2019 USD
Cash and bank balances	490,188	175,890
Short term investments	1,700,000	2,500,000
Accrued return on short term investments	14,686	6,904
Net asset exposure	<u>2,204,874</u>	<u>2,682,794</u>
	2020 EUR	2019 EUR
Trade creditors	290	-
Net liability exposure	<u>290</u>	<u>-</u>

At June 30, 2020, 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 34.646 million (2019: Rs 34.552 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated financial assets and liabilities.

At June 30, 2020, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, surplus for the year would have been Rs 5,484 (2019: Nil) lower/higher, mainly as a result of foreign exchange losses/gains on translation of Euro 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		Impact on other components of fund balance	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Pakistan Stock Exchange Limited	2,113,375	2,295,563	-	-

As at June 30, 2020, 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		Impact on other components of fund balance	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Mutual funds	43,461,327	49,218,868	-	-

Surplus for the year would increase / decrease as a result of gains / losses on investments classified as at fair value through profit or loss. Other components of fund balance would increase / decrease as a result of gains / losses on investments classified as at fair value through other comprehensive income. 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.

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

	2020 Rupees	2019 Rupees
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	834,747,345	997,586,097
Investments	3,253,776,704	2,706,165,919
	4,088,524,049	3,703,752,016
Financial liabilities		
Loan from NMF	(40,096,305)	(35,159,253)
Net asset exposure	<u>4,048,427,744</u>	<u>3,668,592,763</u>
Floating rate instruments:		
Financial assets		
Investments	358,570,551	355,749,916
Financial liabilities	-	-
Net asset exposure	<u>358,570,551</u>	<u>355,749,916</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

(b) Credit risk

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

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

(i) Exposure to credit risk

The University monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past nor impaired are as under:

	2020 Rupees	2019 Rupees
Investments	4,046,960,526	3,554,104,510
Long term loans, advances and security deposits	213,019,391	144,756,072
Loans, advances, deposits and other receivables	134,027,315	54,825,315
Due from NMF	301,645,644	2,458,288
Balances with banks	1,034,305,691	1,245,697,933
	<u>5,729,958,567</u>	<u>5,001,842,118</u>

(ii) Impairment of financial assets

The University's financial assets are subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial in respect of all financial assets except for loans 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 for deposits, loans, 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.

On that basis, the loss allowance as at June 30, 2020 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	2020 Rupees	2019 Rupees
	Short term	Long term			
Bank balances and deposits:					
Allied Bank Limited	A1+	AAA	PACRA	332,703,420	299,206,377
Faysal Bank Limited	A1+	AA	PACRA	102,799,648	284,007,364
Askari Bank Limited	A1+	AA+	PACRA	87,756,230	95,432,000
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	5,067,586	4,547,309
JS Bank Limited	A1+	AA-	PACRA	211,516,462	292,927,607
MCB Bank Limited	A1+	AAA	PACRA	16,109,682	60,716,227
United Bank Limited	A-1+	AAA	JCR-VIS	56,019,284	54,450,061
Meezan Bank Limited	A-1+	AA+	JCR-VIS	83,461,663	494,740,287
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,077,057	7,883,748
Standard Chartered Bank Pakistan Limited	A-1+	AAA	PACRA	3,338,452	12,390,534
National Bank of Pakistan	A1+	AAA	JCR-VIS	89,191,072	108,538,195
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	1,269	798,721
Al Baraka Bank Limited	A1	A	PACRA	96,254	90,514
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	91,187	300,209,602
Mobilink Microfinance Bank Limited	A1	A	PACRA	2,559	882,785
Telenor Microfinance Bank Limited	A-1	A+	JCR-VIS	37,447	34,119
Samba Bank Limited	A-1	AA	JCR-VIS	338,464,291	53,864,440
Dubai Islamic Bank Limited	A-1+	AA	JCR-VIS	104,068	60,094,308
Bank Al Habib Limited	A1+	AA+	PACRA	12,663,060	257,910,110
				<u>1,347,500,691</u>	<u>2,388,724,308</u>

Units of mutual funds:	Rating		Rating Agency	2020	2019
	Short term	Long term		Rupees	Rupees
ABL Islamic Stock Fund	-	AM2++	JCR-VIS	7,361,907	7,311,712
ABL Stock Fund	-	AM2++	JCR-VIS	10,794,519	10,954,066
ABL Cash Fund	-	AA+(f)	JCR-VIS	18,253	16,478
Alfalah GHP Income Fund	-	A+(f)	PACRA	363,645	323,014
Alfalah GHP Income Multiplier Fund	-	A+(f)	PACRA	722,467	639,878
Alfalah GHP Islamic Stock Fund	-	AM2+	JCR-VIS	52,696,853	54,058,840
Alfalah GHP Stock Fund	-	AM2+	JCR-VIS	57,614,034	60,590,539
Alfalah GHP Money Market Fund	-	AA+(f)	PACRA	-	59,761,529
Alhamra Islamic Stock Fund	-	AM2++	PACRA	27,596,357	27,041,067
MCB Pakistan Stock Market Fund	-	AM2++	PACRA	43,302,369	44,641,060
MCB Cash Management Optimizer	-	AA+(f)	PACRA	6,610	5,932
Meezan Strategic Allocation Fund (MSAP I)	-	AM1	PACRA	-	44,842,875
Meezan Islamic Fund (MIF)	-	AM1	PACRA	43,007,467	35,594,313
NBP Islamic Stock Fund	-	AM1	PACRA	37,051,000	529,704
NBP Money Market Fund	-	AA(f)	PACRA	592,596	11,429,880
NBP Stock Fund	-	AM1	PACRA	11,407,766	45,904,870
UBL Al Ameen Shariah Stock Fund	-	AM1	JCR-VIS	50,470,556	71,569,543
UBL Stock Advantage Fund	-	AM1	JCR-VIS	75,291,698	2,299
UBL Money Market Fund	-	AA (f)	JCR-VIS	2,577	1,351
UBL Al Ameen Islamic Cash Fund	-	AA(f)	JCR-VIS	-	-
HBL Cash Fund	-	AA(f)	JCR-VIS	12,107	10,925
HBL Stock Fund	-	AM2+	JCR-VIS	16,300,490	16,958,800
				<u>434,613,271</u>	<u>492,188,675</u>

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.

The following are the contractual maturities of financial liabilities as at June 30, 2020 and June 30, 2019:

	Less than one year	One to five years	More than five years	Total contractual cashflows	Carrying amount
	Rupees				
At June 30, 2020					
Long term security deposits	-	73,755,900	-	73,755,900	73,755,900
Creditors, accrued and other liabilities	179,599,516	-	-	179,599,516	179,599,516
Loan from NMF	-	49,999,587	-	49,999,587	40,096,305
	<u>179,599,516</u>	<u>123,755,487</u>	<u>-</u>	<u>303,355,003</u>	<u>293,451,721</u>
At June 30, 2019					
Long term security deposits	-	65,698,300	-	65,698,300	65,698,300
Creditors, accrued and other liabilities	265,877,742	-	-	265,877,742	265,877,742
Loan from NMF	-	49,999,587	-	49,999,587	35,159,253
	<u>265,877,742</u>	<u>115,697,887</u>	<u>-</u>	<u>381,575,629</u>	<u>366,735,295</u>

29.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

As at June 30, 2020	Level 1	Level 2	Level 3	Total
	Rupees			
<i>Recurring fair value measurements</i>				
Assets				
Investments - FVPL	455,747,021	-	-	455,747,021
Total assets	<u>455,747,021</u>	<u>-</u>	<u>-</u>	<u>455,747,021</u>
Liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at June 30, 2019				
<i>Recurring fair value measurements</i>				
Assets				
Investments - FVPL	515,144,300	-	-	515,144,300
Total assets	<u>515,144,300</u>	<u>-</u>	<u>-</u>	<u>515,144,300</u>
Liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair values for the remaining financial instruments.

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

29.3 Financial instruments by categories

As at June 30, 2020

Assets as per Statement of Financial Position

Investments
Long term loans, advances and security deposits
Loans, advances, deposits and other receivables
Due from National Management Foundation
Cash and bank balances

At fair value through profit or loss	At amortised cost (Rupees)	Total
455,747,021	3,612,347,255	4,068,094,276
-	213,019,391	213,019,391
-	134,027,315	134,027,315
-	301,645,644	301,645,644
-	1,035,766,759	1,035,766,759
455,747,021	5,296,806,364	5,752,553,385

As at June 30, 2019

Assets as per Statement of Financial Position

Investments
Long term loans, advances and security deposits
Loans, advances, deposits and other receivables
Due from National Management Foundation
Cash and bank balances

515,144,300	3,061,915,835	3,577,060,135
-	144,756,072	144,756,072
-	54,825,315	54,825,315
-	2,458,288	2,458,288
-	1,246,748,048	1,246,748,048
515,144,300	4,510,703,558	5,025,847,858

Liabilities as per Statement of Financial Position

Long term security deposits
Loan from National Management Foundation
Creditors, accrued and other liabilities

Financial liabilities at amortized cost (Rupees)	
2020	2019
73,755,900	65,698,300
40,096,305	35,159,253
179,599,516	265,877,742
293,451,721	366,735,295

29.4 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.

30. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to reflect better presentation of events and transactions for the purpose of comparison. Significant re-arrangements are as follows:

	Rupees
<i>Income and Expenditure Account:</i>	
Tuition Fee to Other Fee	15,540,900
Miscellaneous Income to Direct Grants	14,561,253
Rent expense to Miscellaneous expense	5,592,621
<i>Statement of Cash flows:</i>	
Grants income - Adjustment for non cash charges and other items increased by	(14,561,253)
Operating contributions received increased by	1,117,832,543
	1,103,271,290
Endowment grants received decreased by	(1,103,271,290)

31. Impact of COVID-19 (corona virus)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the University shifted all its activities and services online within one week of the lockdown imposed. After the relaxation in lockdown, the University acted responsibly and opted for a phased approach towards reopening of campus. Barring the rise of a second wave in the country, the University intends to welcome everyone on campus in the spring of 2021. The University has implemented the necessary Standard Operating Procedures (SOPs) to ensure safety of its community and has taken all necessary steps to ensure smooth and adequate continuation of its processes and activities. The lockdown hampered the cafeteria sales, hostel fee and the courses offered by Rausing Executive Development Centre (REDC). The University had to redirect its resources towards gearing itself to support online education and operation including but not limited to provision of laptops, internet and software support. The tuition fee has not been affected by the whole pandemic situation till June 30, 2020 as majority portion of the fees was received from students in advance and education continued online. The management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

32. Date of authorisation for issue of financial statements

These financial statements were authorised for issue on December 4, 2020 by the Board of Trustees of the University.



Member of Management Committee



Chief Financial Officer