

**LAHORE UNIVERSITY OF  
MANAGEMENT SCIENCES**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE  
30, 2009**

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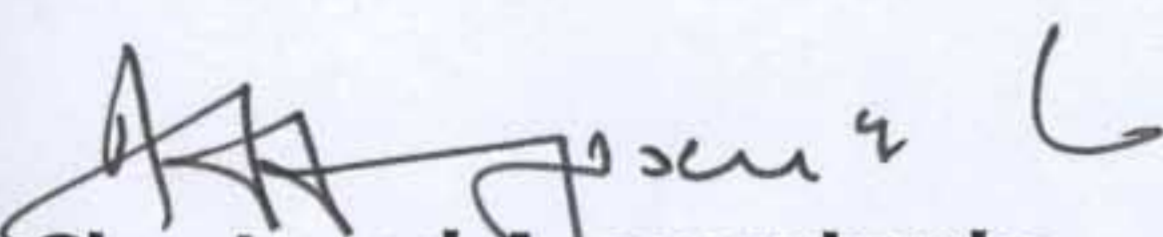
## **AUDITORS' REPORT TO THE BOARD OF TRUSTEES**

We have audited the annexed balance sheet of Lahore University of Management Sciences as at June 30, 2009 and the related summary of movement in fund balances together with the notes forming part thereof (hereinafter referred to as the "financial statements") for the year then ended.

It is the responsibility of the University's Management Committee to establish and maintain a system of internal control, and prepare and present the financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respect the financial position of the Lahore University of Management Sciences as at June 30, 2009 and of its surplus for the year then ended on the basis of accounting policies described in note 2 to the financial statements.

  
**Chartered Accountants**



**Lahore, December 14, 2009**

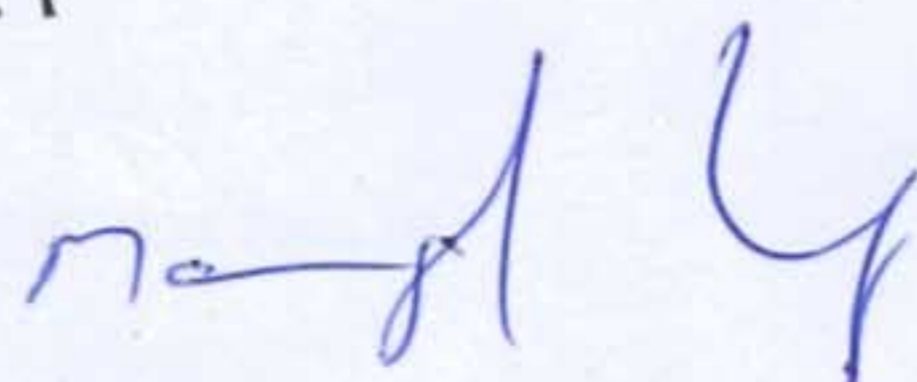
**Name of Engagement partner: Muhammad Masood**

# LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

## BALANCE SHEET AS AT JUNE 30, 2009

	Note	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored projects Rupees	Fixed assets fund Rupees	2009 Total Rupees	2008 Total Rupees
<b>Fund balance</b>		<u>44,826,916</u>	<u>167,205,985</u>	<u>24,762,153</u>	<u>41,593,983</u>	<u>454,966,796</u>	<u>733,355,833</u>	<u>710,240,013</u>
<b>Represented by</b>								
Operating fixed assets	3	-	-	-	-	401,573,157	401,573,157	284,121,593
Intangible assets	4	-	-	-	-	53,393,639	53,393,639	5,111,911
Assets subject to finance lease	5	-	-	-	-	-	-	22,252,800
Capital work-in-progress	6	112,135,281	-	-	-	-	112,135,281	149,847,129
Investments at cost	7	4,000,000	4,585,768	-	-	-	8,585,768	16,085,768
Long term loans and advances	8	59,322,438	8,437,616	-	-	-	67,760,054	68,432,342
		175,457,719	13,023,384	-	-	454,966,796	643,447,899	545,851,543
Accumulating compensated absences		9,286,206	-	-	-	-	9,286,206	7,109,425
Liabilities against assets subject to finance lease	9	-	-	-	-	-	-	6,130,245
Long term security deposits	10	24,840,821	-	-	-	-	24,840,821	25,468,000
		34,127,027	-	-	-	-	34,127,027	38,707,670
		141,330,692	13,023,384	-	-	454,966,796	609,320,872	507,143,873
<b>Current assets</b>								
Stores		10,981,945	-	-	-	-	10,981,945	2,569,350
Loans, advances, deposits prepayments and other receivables	11	73,265,298	5,946,931	521,698	263,567	-	79,997,494	101,441,652
Due from National Management Foundation		4,369,709	-	-	-	-	4,369,709	-
Cash and bank balances	12	88,073,387	137,241,958	23,816,186	26,362,058	-	275,493,589	359,601,510
		176,690,339	143,188,889	24,337,884	26,625,625	-	370,842,737	463,612,512
<b>Less: Current liabilities</b>								
Current maturity of liabilities against assets subject to finance lease	9	-	-	-	-	-	-	9,206,187
Due to National Management Foundation		-	-	-	-	-	-	39,195,743
Short term running finance	13	19,975,772	-	-	-	-	19,975,772	13,245,577
Creditors, accrued and other liabilities	14	225,161,832	-	-	1,670,172	-	226,832,004	198,868,865
		245,137,604	-	-	1,670,172	-	246,807,776	260,516,372
<b>Net current assets</b>		(68,447,265)	143,188,889	24,337,884	24,955,453	-	124,034,961	203,096,140
Due to/(from) funds		28,056,511	(10,993,712)	(424,269)	(16,638,530)	-	-	-
<b>Contingencies and commitments</b>	16							
<b>Net assets</b>		<u>44,826,916</u>	<u>167,205,985</u>	<u>24,762,153</u>	<u>41,593,983</u>	<u>454,966,796</u>	<u>733,355,833</u>	<u>710,240,013</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

Member of Managing Committee



Controller LUMS

# LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

## SUMMARY OF MOVEMENT IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored project Rupees	Fixed assets fund Rupees	2009 Total Rupees	2008 Total Rupees
Opening balance as at July 1	279,520,158	87,216,215	19,800,115	12,217,221	311,486,304	710,240,013	779,145,713
<b>Additions</b>							
Direct grants	160,542,750	149,149,646	2,937,600	53,716,644	-	366,346,640	243,638,294
Tuition fee and other income							
Tuition fee	558,880,736	-	-	-	-	558,880,736	458,944,012
Other fees	54,999,371	-	-	-	-	54,999,371	57,177,620
Consultancy fee	6,871,799	-	-	-	-	6,871,799	11,700,265
SEDC Training Income	8,096,415	-	-	-	-	8,096,415	2,599,155
Executive Development Programmes	94,408,940	-	-	-	-	94,408,940	123,165,947
Miscellaneous income	147,703,911	-	-	-	-	147,703,911	126,966,483
Return on investments and term deposits	15,118,628	9,110,025	521,698	460,055	-	25,210,406	44,572,055
Exchange gain	4,856,439	2,252,428	3,336,017	914,154	-	11,359,038	4,188,585
	890,936,239	11,362,453	3,857,715	1,374,209	-	907,530,616	829,314,122
Transfer to/ (from) funds	(285,156,745)	17,540,000	-	(4,967,858)	272,584,603	-	-
	1,045,842,402	265,268,314	26,595,430	62,340,216	584,070,907	1,984,117,269	1,852,098,129
<b>Deductions</b>							
Salaries, wages and amenities	566,272,937	2,703,945	1,545,074	14,816,632	-	585,338,588	483,285,155
Training	3,589,475	29,702	-	-	-	3,619,177	4,422,952
Fuel and power	58,830,476	-	-	40,838	-	58,871,314	41,324,203
Telephone and postage	6,778,070	149,081	-	30,082	-	6,957,233	5,917,114
Contribution for buildings	-	-	-	-	-	-	63,673,044
Foreign travel & recruitment	14,581,080	426,033	-	405,274	-	15,412,387	24,494,448
Traveling and vehicle running expenses	14,190,960	1,355,941	-	1,046,917	-	16,593,818	19,068,907
Cafeteria expenses	46,499,393	1,286,639	-	42,574	-	47,828,606	44,964,126
REDC facility expenses	-	-	-	81,658	-	81,658	5,192,616
House keeping and maintenance	6,691,833	-	-	-	-	6,691,833	4,643,079
Repairs and maintenance	12,156,432	-	-	18,985	-	12,175,417	14,114,989
Advertisement and open house programme	20,422,634	415,700	-	-	-	20,838,334	38,876,439
Subscriptions	11,144,291	-	27,943	226,240	-	11,398,474	10,147,493
Research and case development	4,764,355	-	-	40,000	-	4,804,355	16,180,897
Convocation expenses	3,697,822	-	-	-	-	3,697,822	5,868,496
Printing, stationery and office supplies	56,833,203	1,632,693	-	1,272,626	-	59,738,522	48,532,480
Software consumables	999,995	-	-	-	-	999,995	3,715,750
Insurance	1,675,459	-	-	22,400	-	1,697,859	1,660,623
Scholarships and tuition fee waiver	88,402,659	61,094,579	-	69,600	-	149,566,838	84,501,377
Ph. D living allowance	10,172,648	-	-	-	-	10,172,648	8,853,280
Higher Education Commission Scholarship	-	27,895,878	-	-	-	27,895,878	42,495,838
Legal and professional charges	8,230,124	-	-	-	-	8,230,124	6,672,287
Estate management	18,976,610	-	-	-	-	18,976,610	24,066,312
Internet charges	8,073,034	-	-	-	-	8,073,034	9,044,452
Depreciation on owned assets	-	-	-	-	98,738,516	98,738,516	78,643,632
Depreciation on leased assets	-	-	-	-	3,708,800	3,708,800	5,563,200
Amortization of intangible assets	-	-	-	-	26,656,795	26,656,795	2,552,123
SEDC training project expenses	6,910,505	-	-	-	-	6,910,505	405,700
Consultancy projects	4,607,354	846,500	-	-	-	5,453,854	9,723,526
Sports and student activities	7,679,478	-	-	-	-	7,679,478	6,138,509
Exchange loss	326,186	-	-	-	-	326,186	676,044
Provision for doubtful receivables	-	-	-	-	-	-	8,868,372
Bad debts written off	236,068	-	-	-	-	236,068	1,586,566
Finance cost	5,933,192	-	-	10,702	-	5,943,894	5,150,222
Miscellaneous	12,339,213	225,638	260,260	2,621,705	-	15,446,816	10,833,865
	1,001,015,486	98,062,329	1,833,277	20,746,233	129,104,111	1,250,761,436	1,141,858,116
<b>Closing balance as at June 30</b>	<b>44,826,916</b>	<b>167,205,985</b>	<b>24,762,153</b>	<b>41,593,983</b>	<b>454,966,796</b>	<b>733,355,833</b>	<b>710,240,013</b>

The annexed notes 1 to 17 form an integral part of these financial statements.




Member of Managing Committee



Controller LUMS

# LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 1. University and its operations

The Lahore University of Management Sciences (LUMS) is a body corporate and has been established under the Lahore University of Management Sciences Order, 1985 on March 31, 1985. 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 three schools namely Suleman Dawood School of Business (SDSB), School of Humanities, Social Sciences and Law (SHSSL) and School of Science and Engineering (SSE). The University is a not-for-profit organisation and its surplus, if any, is carried forward to the subsequent year, and is not available for appropriation.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with generally accepted accounting principles as applicable in Pakistan.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

#### 2.3 Current fund

- a) This is an unrestricted fund. Grants and donations, utilisation of which is not restricted for a specific purpose are credited to this fund. It includes grants and donations for all three schools of the University.
- b) Tuition fees are recognized when due and apportioned to revenue over the period of instruction. Admission fees are recognised as revenue when due. Application processing fees and consultancy fees are recognised as revenue on receipt. Executive development programme fees are recognised when due.
- c) Grants from National Management Foundation are recognised when approved by the Foundation. Other grants, gifts, endowments and royalties on publications are recognised on receipt.

#### 2.4 Scholarship fund

This is a restricted fund utilised for providing scholarships to students and carrying out activities under different scholarship programmes of the University including National Outreach Programme. Grants and donations received for this purpose are credited to this fund.

#### 2.5 Chair funds

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

#### 2.6 Sponsored projects

This is a restricted fund utilised for carrying out activities by the University under different sponsored projects as per agreement with the donors. Grants and donations received for specific projects are credited to this fund.



## **2.7 Fixed assets fund**

This fund represents the net book value of the tangible fixed assets, intangible assets and assets subject to finance lease of the University. These assets are accounted for in accordance with the policies given in note 2.8, 2.9 and 2.10 respectively.

## **2.8 Operating fixed assets and depreciation**

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Depreciation on all operating fixed assets is charged to income 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 3.

Full year's depreciation is charged on additions while no depreciation is charged on deletions during a year. 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.

Major repairs and improvements are capitalized. Minor repairs and renewals are charged to income. 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.

## **2.9 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and any identified impairment loss and represents 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 4. Full year's amortization is charged on additions and no amortization is charged on deletions during the year. Impairment loss or its reversal, if any is also charged to income. 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.

## **2.10 Leases**

The University is the lessee:

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.



Depreciation on all assets acquired under a finance lease is charged to income 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. Full year's depreciation is charged on additions while no depreciation is charged on deletions during the year.

#### **2.11 Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss.

#### **2.12 Investments**

Investments are measured at cost. The return on investments is recognised when due.

#### **2.13 Taxation**

The income of the University is exempt from tax under clause 92 of Part-I of Second Schedule to the Income Tax Ordinance, 2001.

#### **2.14 Foreign currencies**

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gain or loss arising as a result of such transactions is accounted for as income or expense.

#### **2.15 Stores**


Stores are valued principally at the lower of moving average cost and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

#### **2.16 Borrowing Costs**

Mark up, interest and other charges on borrowings are recognised as an expense.

#### **2.17 Staff retirement benefits**

There is an approved contributory provident fund for all the permanent employees. Equal monthly contributions are made by the university and the employees to the fund at the rate of 10 percent of basic salary. Retirement benefits are payable to the staff on completion of prescribed qualifying period of service under the scheme.



### 3. Tangible fixed assets

	Cost as at July 1, 2008 Rupees	Additions/ (deletions) Rupees	Transfer in from leased assets Rupees	Cost as at June 30, 2009 Rupees	Accumulated depreciation as at July 01, 2008 Rupees	Depreciation for the year Rupees	Transfer in from leased assets Rupees	Accumulated depreciation as at June 30, 2009 Rupees	Book value as at June 30, 2009 Rupees	Rate of depreciation %
Furniture and fixtures	157,292,671	54,858,490 (25,157)	-	212,126,004	59,798,588	15,234,460 (17,185)	-	75,015,863	137,110,141	10
Computer	243,306,772	42,419,769 (74,000)	-	285,652,541	158,433,948	42,331,813 (52,041)	-	200,713,720	84,938,821	33.3
Equipment	152,422,560	89,007,598 (2,954,181)	34,770,000	273,245,977	90,713,502	30,666,139 (1,859,443)	16,226,000	135,746,198	137,499,779	20
Vehicles	25,256,794	6,084,241 (7,692,000)	-	23,649,035	11,515,943	3,062,982 (3,181,824)	-	11,397,101	12,251,934	20
Books	52,675,476	10,910,826	-	63,586,302	26,370,699	7,443,121	-	33,813,820	29,772,482	20
<b>2009</b>	<b>630,954,273</b>	<b>203,280,924 (10,745,338)</b>	<b>34,770,000</b>	<b>858,259,859</b>	<b>346,832,680</b>	<b>98,738,515 (5,110,493)</b>	<b>16,226,000</b>	<b>456,686,702</b>	<b>401,573,157</b>	
<b>2008</b>	<b>505,821,032</b>	<b>145,165,994 (20,032,753)</b>	<b>-</b>	<b>630,954,273</b>	<b>285,418,400</b>	<b>78,643,632 (17,229,352)</b>	<b>-</b>	<b>346,832,680</b>	<b>284,121,593</b>	

3.1 The depreciation for the year has been charged to fixed assets fund.

### 4. Intangible assets

	Cost as at July 1, 2008 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2009 Rupees	Accumulated amortization as at July 01, 2009 Rupees	Amortization for the year Rupees	Accumulated amortization as at June 30, 2009 Rupees	Book value as at June 30, 2009 Rupees	Rate of amortization %
Computer software and license	12,427,356	74,938,523	87,365,879	7,315,445	26,656,795	33,972,240	53,393,639	33.3
<b>2009</b>	<b>12,427,356</b>	<b>74,938,523</b>	<b>87,365,879</b>	<b>7,315,445</b>	<b>26,656,795</b>	<b>33,972,240</b>	<b>53,393,639</b>	
<b>2008</b>	<b>8,747,375</b>	<b>3,679,981</b>	<b>12,427,356</b>	<b>4,763,322</b>	<b>2,552,123</b>	<b>7,315,445</b>	<b>5,111,911</b>	

4.1 The amortization for the year has been charged to fixed assets fund.

### 5. Assets subject to finance lease

	Cost as at July 1, 2008 Rupees	Additions/ (deletions) Rupees	Transfer out to owned assets Rupees	Cost as at June 30, 2009 Rupees	Accumulated depreciation as at July 01, 2008 Rupees	Depreciation for the year Rupees	Transfer out to owned assets Rupees	Accumulated depreciation as at June 30, 2009 Rupees	Book value as at June 30, 2009 Rupees	Rate of depreciation %
Equipment	34,770,000	-	(34,770,000)	-	12,517,200	3,708,800	(16,226,000)	-	-	20
<b>2009</b>	<b>34,770,000</b>	<b>-</b>	<b>(34,770,000)</b>	<b>-</b>	<b>12,517,200</b>	<b>3,708,800</b>	<b>(16,226,000)</b>	<b>-</b>	<b>-</b>	
<b>2008</b>	<b>34,770,000</b>	<b>-</b>	<b>-</b>	<b>34,770,000</b>	<b>6,954,000</b>	<b>5,563,200</b>	<b>-</b>	<b>12,517,200</b>	<b>22,252,800</b>	

5.1 The depreciation for the year has been charged to fixed assets fund.

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	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2009 Total Rupees	2008 Total Rupees
<b>6. Capital work-in-progress</b>						
Advances for equipment	16,127,668	-	-	-	16,127,668	3,555,076
Advances given for acquisition of intangible assets	355,504	-	-	-	355,504	43,723,232
Civil works	5,701,500	-	-	-	5,701,500	5,701,500
Advances for furniture	89,950,609	-	-	-	89,950,609	96,867,321
	<u>112,135,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,135,281</u>	<u>149,847,129</u>

**7. Investments**

- Pakistan Investment Bonds - 5 years maturity	-	-	-	-	-	8,500,000
- Pakistan Investment Bonds - 10 years maturity	4,000,000	-	-	-	4,000,000	4,000,000
- Certificate of Deposits	-	4,585,768	-	-	4,585,768	3,585,768
	<u>4,000,000</u>	<u>4,585,768</u>	<u>-</u>	<u>-</u>	<u>8,585,768</u>	<u>16,085,768</u>

**7.1** Included in investments are Rs. 4 million (2008: Rs. 8.5 million) Pakistan Investment Bonds which are under lien against short term running finance facility as referred to in note 13.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2009 Total Rupees	2008 Total Rupees
<b>8. Long term loans and advances</b>						
Loans to employees - note 8.1	8,091,048	-	-	-	8,091,048	6,911,544
Loans to students - note 8.2	92,746,310	13,542,091	-	-	106,288,401	97,532,679
Advances to employees	2,307,530	-	-	-	2,307,530	2,539,822
Security deposits	-	-	-	-	-	1,829,980
	<u>103,144,888</u>	<u>13,542,091</u>	<u>-</u>	<u>-</u>	<u>116,686,979</u>	<u>108,814,025</u>
Less: Current portion included in current assets - note 11	<u>(43,822,450)</u>	<u>(5,104,475)</u>	<u>-</u>	<u>-</u>	<u>(48,926,925)</u>	<u>(40,381,683)</u>
	<u>59,322,438</u>	<u>8,437,616</u>	<u>-</u>	<u>-</u>	<u>67,760,054</u>	<u>68,432,342</u>

**8.1** This represents long term loans given to employees for construction of houses and education abroad. The house building loans given are recoverable within a period of 10 years commencing from the date of disbursement through monthly deductions from salaries while study loans are recoverable through monthly deductions from salaries based on individual repayment schedules as approved. These loans are secured against retirement benefits of employees and deposit of title deeds of land purchased by the employees with the funds disbursed. These carry mark-up at the rates ranging from Re. 0.3562 to 0.4110 per Rs. 1,000 per diem or part thereof on the outstanding balances.

**8.2** This represents un-secured interest free loans given to students repayable in fixed number of installments (60) within the specified period of five years from graduation.

**9. Liabilities against assets subject to finance lease**

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2009 Total Rupees	2008 Total Rupees
Present value of minimum lease payments	-	-	-	-	-	15,336,432
Less : Current portion shown under current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,206,187</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,130,245</u>

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum Lease payment Rupees	Future finance charge Rupees	Present value of lease liability Rupees	
			2009	2008
Not later than one year	-	-	-	9,206,187
Later than one year and not later than five years	-	-	-	6,130,245
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,336,432</u>

**9.1** This liability has been settled during the year and the bank has vacated its charge on the asset as at June 30, 2009.

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**10. Long term security deposits**

These represents security deposited by students at the time of admission to the University. These securities are refundable on the completion of the program.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2009 Total Rupees	2008 Total Rupees
<b>11. Loans, advances, deposits, prepayments and other receivables</b>						
Advances to						
- Staff	1,550,176	-	-	-	1,550,176	3,793,681
- Suppliers	2,247,277	-	-	-	2,247,277	8,354,313
Security deposits	1,571,699	-	-	-	1,571,699	1,566,699
Prepayments	9,608,622	-	-	-	9,608,622	511,517
Accrued return on investments	1,071,382	842,456	521,698	-	2,435,536	1,813,410
Tax refundable	1,037,977	-	-	-	1,037,977	723,906
Fee receivable	9,087,957	-	-	-	9,087,957	12,907,033
Receivable against REDC programs and other projects	6,884,900	-	-	228,781	7,113,681	31,295,316
Others receivables	5,251,230	-	-	34,786	5,286,016	8,962,466
Current portion of long term loans and advances - note 8						
- Considered good	34,954,078	5,104,475	-	-	40,058,553	31,513,311
- Considered doubtful	8,868,372	-	-	-	8,868,372	8,868,372
Less: Provision for doubtful receivables.	(8,868,372)	-	-	-	(8,868,372)	(8,868,372)
	<u>73,265,298</u>	<u>5,946,931</u>	<u>521,698</u>	<u>263,567</u>	<u>79,997,494</u>	<u>101,441,652</u>

**12. Cash and bank balances**

Cash in hand	489,413	-	-	-	489,413	245,953
Balances at bank:						
In deposit accounts	1,835,942	26,488,000	20,061,058	16,220,000	64,605,000	34,000,000
- US\$ 550,000 (2008: US\$ 500,000)						
- Pak Rupees 20,000,000 (2008: Nil)						
In current accounts	24,950,826	338,036	-	3,670,725	28,959,587	31,433,969
- US\$ 50,838 (2008: US\$ 19,455)						
- Pak Rupees 24,956,626 (2008: Pak Rupees 30,111,029)						
In savings accounts	60,797,206	110,415,922	3,755,128	6,471,333	181,439,589	293,921,588
- US\$ 540,275 (2008: US\$ 540,912)						
- Euro 15,272 (2008: Nil)						
- Japanese Yen 5,000,000 (2008: Nil)						
- Pak Rupees 130,836,988 (2008: Pak Rupees 291,139,572)						
	<u>88,073,387</u>	<u>137,241,958</u>	<u>23,816,186</u>	<u>26,362,058</u>	<u>275,493,589</u>	<u>359,601,510</u>

**12.1** Included in deposit accounts are US\$ 350,000 (2008: US\$ 500,000) which are under lien against short term running finance facility as referred to in note 13 and in savings accounts are Rs. 18 million (2008: Nil) which are under lien against bank guarantee as referred to in note 16.

**12.2** The Scholarship fund includes an amount of Rs 137.099 million kept for endowment of students as referred to note 15.

**13. Short term running finance**

Short term running finance available from a commercial bank under mark up arrangement amounts to Rs 25 million (2008: Rs 27 million). Mark up is charged at the rates ranging from Re 0.4233 to Re 0.3496 per Rs 1,000 per diem or part thereof on the balance outstanding. The short term facility is secured by lien on US\$ 350,000 included in saving accounts and on PIB worth Rs 4 million as referred to in note 12.1 and 7 respectively.

**13.2** The running finance facility of Rs 25 million is availed for the house building loans and car financing scheme for employees.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2009 Total Rupees	2008 Total Rupees
<b>14. Creditors, accrued and other liabilities</b>						
Advance tuition and other fees	108,873,717	-	-	-	108,873,717	83,870,876
Creditors	18,933,051	-	-	-	18,933,051	19,729,370
Accrued liabilities	24,775,211	-	-	1,670,172	26,445,383	30,375,609
Other liabilities	72,579,853	-	-	-	72,579,853	64,893,010
	<u>225,161,832</u>	<u>-</u>	<u>-</u>	<u>1,670,172</u>	<u>226,832,004</u>	<u>198,868,865</u>

## 15. Endowments - Scholarship Fund

	2009	2008
	Total	Total
	Rupees	Rupees
Suleman Dawood School of Business	36,131,294	34,465,294
School of Humanities, Social Sciences and Law	39,771,656	33,343,508
School of Science and Engineering	43,812,500	-
National Outreach Program	17,383,797	6,000,000
	<u>137,099,247</u>	<u>73,808,802</u>

These represents grants and donations received for the endowment of students of University with the restriction on utilisation of original grant. The interest income earned on such endowments is to be used for the benefit of students. These amounts have been included in bank balance of Scholarship fund as mentioned in note 12.2.

## 16. Contingencies and commitments

### Contingencies

**16.1** University has provided bank guarantee of Rs. 18 million (2008: Rs. 4.5 million) in favour of Sui Northern Gas Pipelines Limited on account of payment of gas dues. This guarantee has been secured by lien on savings account balance for full amount as mentioned in note 12.1.

**16.2** Walton cantonment board has levied property tax on buildings under LUMS occupation amounting to Rs. 650.95 million for the period 1993-94 to 2008-09. LUMS has contended the assessment on account of exemption available to it under the cantonment act, 1924 and has filed an appeal before the district judge, session court.


Pending the outcome of the appeal, no provision has been made in these accounts for the demand aggregating to Rs 650.95 million (2008: 501.44 million) since in the managements view, the outcome of the appeal is expected to be favorable.

### Commitments

**16.3** Commitments in respect of contracts for capital expenditure amount to Rs 1.65 million (2008: Rs 6.64 million).

## 17. Corresponding figures

In financial year ended June 30, 2006 , the SSE fund was established and presented separately in the accounts. SSE fund represented the assets, liabilities, income and expenditures of School of Science and Engineering (SSE). However in the management view since the University has been divided into three schools namely Suleman Dawood School of Business (SDSB), School of Humanities, Social Sciences and Law (SHSSL) and School of Science and Engineering (SSE) and current fund should reflect the affairs of all three schools and not only SDSB and SHSSL. Hence for better presentation, fund balance of SSE has been merged in Current Fund and corresponding figures have been rearranged.



**Member of Managing Committee**



**Controller LUMS**