

**LAHORE UNIVERSITY OF
MANAGEMENT SCIENCES**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2010**

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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, 2010 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, 2010 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 2, 2010

Name of Engagement partner: Muhammad Masood

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

BALANCE SHEET AS AT JUNE 30, 2010

	Note	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored projects Rupees	Fixed assets fund Rupees	2010 Total Rupees	2009 Total Rupees
Fund balance		<u>(29,215,103)</u>	<u>271,981,379</u>	<u>27,907,123</u>	<u>65,802,910</u>	<u>481,330,202</u>	<u>817,806,511</u>	<u>733,355,833</u>
Represented by								
Operating fixed assets	3	-	-	-	-	441,421,100	441,421,100	401,573,157
Intangible assets	4	-	-	-	-	39,909,102	39,909,102	53,393,639
Assets subject to finance lease	5	-	-	-	-	-	-	-
Capital work-in-progress	6	80,345,647	-	-	-	-	80,345,647	112,135,281
Investments at cost	7	4,000,000	7,085,768	-	-	-	11,085,768	8,585,768
Long term loans and advances	8	52,311,433	14,056,627	-	-	-	66,368,060	67,760,054
		136,657,080	21,142,395	-	-	481,330,202	639,129,677	643,447,899
Accumulating compensated absences		10,751,982	-	-	-	-	10,751,982	9,286,206
Long term security deposits	9	18,674,999	-	-	-	-	18,674,999	24,840,821
		29,426,981	-	-	-	-	29,426,981	34,127,027
		107,230,099	21,142,395	-	-	481,330,202	609,702,696	609,320,872
Current assets								
Stores		13,603,821	-	-	-	-	13,603,821	10,981,945
Loans, advances, deposits prepayments and other receivables	10	141,156,553	3,081,848	316,871	482,680	-	145,037,952	79,997,494
Due from National Management Foundation		1,827,161	-	-	-	-	1,827,161	4,369,709
Cash and bank balances	11	75,089,786	247,757,136	27,590,252	66,709,712	-	417,146,886	275,493,589
		231,677,321	250,838,984	27,907,123	67,192,392	-	577,615,820	370,842,737
Less: Current liabilities								
Short term running finance	12	33,474,096	-	-	-	-	33,474,096	19,975,772
Creditors, accrued and other liabilities	13	318,076,154	-	-	1,389,482	-	319,465,636	226,832,004
Taxation	14	16,572,273	-	-	-	-	16,572,273	-
		368,122,523	-	-	1,389,482	-	369,512,005	246,807,776
Net current assets		<u>(136,445,202)</u>	<u>250,838,984</u>	<u>27,907,123</u>	<u>65,802,910</u>	<u>-</u>	<u>208,103,815</u>	<u>124,034,961</u>
Contingencies and commitments	16							
Net assets		<u>(29,215,103)</u>	<u>271,981,379</u>	<u>27,907,123</u>	<u>65,802,910</u>	<u>481,330,202</u>	<u>817,806,511</u>	<u>733,355,833</u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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Member of Managing Committee



Executive Director

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

SUMMARY OF MOVEMENT IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2010

Note	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored project Rupees	Fixed assets fund Rupees	2010 Total Rupees	2009 Total Rupees
Opening balance as at July 1	44,826,916	167,205,985	24,762,153	41,593,983	454,966,796	733,355,833	710,240,013
Additions							
Direct grants	120,901,625	182,049,659	2,977,200	60,462,220	-	366,390,704	366,346,640
Tuition fee and other income							
Tuition fee	731,528,027	-	-	-	-	731,528,027	558,880,736
Other fees	75,937,400	-	-	-	-	75,937,400	54,999,371
Consultancy fee	3,858,676	-	-	-	-	3,858,676	6,871,799
SEDC training Income	8,913,739	-	-	-	-	8,913,739	8,096,415
Executive development programmes	129,282,435	-	-	-	-	129,282,435	94,408,940
Miscellaneous income	179,789,776	-	4,254,930	-	-	184,044,706	147,703,911
Return on investments and term deposits	10,496,387	17,097,652	662,481	634,885	-	28,891,405	25,210,406
Exchange gain	2,408,172	1,173,724	1,069,135	1,194,372	-	5,845,403	11,359,038
	1,142,214,612	18,271,376	5,986,546	1,829,257	-	1,168,301,791	907,530,616
Transfer to/ (from) funds	(150,579,956)	-	-	(2,435,241)	153,015,197	-	-
	1,157,363,197	367,527,020	33,725,899	101,450,219	607,981,993	2,268,048,328	1,984,117,269
Deductions							
Salaries, wages and amenities	629,100,045	-	5,424,546	25,378,221	-	659,902,812	585,338,588
Training	2,893,131	-	-	-	-	2,893,131	3,619,177
Fuel and power	76,416,892	-	-	-	-	76,416,892	58,871,314
Telephone and postage	7,671,485	-	-	10,984	-	7,682,469	6,957,233
Foreign travel & recruitment	11,379,127	-	204,930	771,350	-	12,355,407	15,412,387
Travelling and vehicle running expenses	17,100,131	-	-	1,620,064	-	18,720,195	16,593,818
Cafeteria expenses	50,318,363	-	-	442,995	-	50,761,358	47,828,606
REDC facility expenses	239,506	-	-	-	-	239,506	81,658
House keeping and maintenance	1,925,518	-	-	-	-	1,925,518	6,691,833
Repairs and maintenance	9,818,428	-	-	30,049	-	9,848,477	12,175,417
Advertisement and open house programme	13,052,604	-	-	35,000	-	13,087,604	20,838,334
Subscriptions	11,408,214	-	-	129,948	-	11,538,162	11,398,474
Research and case development	3,968,178	-	-	1,745,070	-	5,713,248	4,804,355
Convocation expenses	3,957,714	-	-	-	-	3,957,714	3,697,822
Printing, stationery and office supplies	74,125,389	-	-	2,443,335	-	76,568,724	59,738,522
Software consumables	10,751,791	-	-	-	-	10,751,791	999,995
Insurance	2,235,227	-	-	-	-	2,235,227	1,697,859
Scholarships and tuition fee waiver	167,632,284	79,321,645	-	-	-	246,953,929	149,566,838
Ph. D living allowance	9,955,000	-	-	-	-	9,955,000	10,172,648
Higher Education Commission Scholarship	-	16,223,996	-	-	-	16,223,996	27,895,878
Legal and professional charges	4,267,105	-	-	30,000	-	4,297,105	8,230,124
Estate management	15,539,740	-	-	-	-	15,539,740	18,976,610
Internet charges	9,614,717	-	-	-	-	9,614,717	8,073,034
Depreciation on owned assets	-	-	-	-	106,727,155	106,727,155	98,738,516
Depreciation on leased assets	-	-	-	-	-	-	3,708,800
Amortization of intangible assets	-	-	-	-	19,924,636	19,924,636	26,656,795
SEDC training project expenses	5,670,992	-	-	-	-	5,670,992	6,910,505
Consultancy projects	3,228,520	-	-	-	-	3,228,520	5,453,854
Sports and student activities	3,640,164	-	-	-	-	3,640,164	7,679,478
Exchange loss	629,732	-	-	-	-	629,732	326,186
Provision for turnover tax	16,572,273	-	-	-	-	16,572,273	-
Provision for doubtful receivable	4,186,013	-	-	-	-	4,186,013	-
Bad debts written off	-	-	-	-	-	-	236,068
Finance cost	5,677,025	-	-	-	-	5,677,025	5,943,894
Miscellaneous	13,602,992	-	189,300	3,010,293	-	16,802,585	15,446,816
	1,186,578,300	95,545,641	5,818,776	35,647,309	126,651,791	1,450,241,817	1,250,761,436
Closing balance as at June 30	(29,215,103)	271,981,379	27,907,123	65,802,910	481,330,202	817,806,511	733,355,833

The annexed notes 1 to 18 form an integral part of these financial statements.


Member of Managing Committee


Executive Director

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 u/s 2(36) of Income Tax Ordinance, 2001 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.

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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. 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.

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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.

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3. Operating fixed assets

	Cost as at July 1, 2009 Rupees	Additions/ (deletions) Rupees	Transfer in from leased assets Rupees	Cost as at June 30, 2010 Rupees	Accumulated depreciation as at July 01, 2009 Rupees	Depreciation for the year Rupees	Transfer in from leased assets Rupees	Accumulated depreciation as at June 30, 2010 Rupees	Book value as at June 30, 2010 Rupees	Rate of depreciation %
Furniture and fixtures	212,126,004	39,942,230 (326,780)	-	251,741,454	75,015,863	17,687,367 (148,071)	-	92,555,159	159,186,295	10
Computer	285,652,541	26,381,295 (388,419)	-	311,645,417	200,713,720	37,001,742 (184,649)	-	237,530,813	74,114,604	33.3
Equipment	273,245,977	77,417,532 (9,626,364)	-	341,037,145	135,746,198	41,587,382 (2,645,971)	-	174,687,609	166,349,536	20
Vehicles	23,649,035	7,867,743 (4,452,700)	-	27,064,078	11,397,101	3,561,438 (2,140,216)	-	12,818,323	14,245,755	20
Books	63,586,302	4,701,423 (679,282)	-	67,608,443	33,813,820	6,889,227 (619,514)	-	40,083,533	27,524,910	20
2010	<u>858,259,859</u>	<u>156,310,223</u> <u>(15,473,545)</u>	<u>-</u> <u>-</u>	<u>999,096,537</u>	<u>456,686,702</u>	<u>106,727,156</u> <u>(5,738,421)</u>	<u>-</u> <u>-</u>	<u>557,675,437</u>	<u>441,421,100</u>	
	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
2009	<u>630,954,273</u>	<u>203,280,924</u> <u>(10,745,338)</u>	<u>34,770,000</u> <u>-</u>	<u>858,259,859</u>	<u>346,832,680</u>	<u>98,738,515</u> <u>(5,110,493)</u>	<u>16,226,000</u> <u>-</u>	<u>456,686,702</u>	<u>401,573,157</u>	

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

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4. Intangible assets

	Cost as at July 1, 2009 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2010 Rupees	Accumulated amortization as at July 01, 2009 Rupees	Amortization for the year Rupees	Accumulated amortization as at June 30, 2010 Rupees	Book value as at June 30, 2010 Rupees	Rate of amortization %
Computer software and license	87,365,879	6,440,099	93,805,978	33,972,240	19,924,636	53,896,876	39,909,102	33.3
2010	87,365,879	6,440,099	93,805,978	33,972,240	19,924,636	53,896,876	39,909,102	
2009	12,427,356	74,938,523	87,365,879	7,315,445	26,656,795	33,972,240	53,393,639	

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, 2009 Rupees	Additions/ (deletions) Rupees	Transfer out to owned assets Rupees	Cost as at June 30, 2010 Rupees	Accumulated depreciation as at July 01, 2009 Rupees	Depreciation for the year Rupees	Transfer out to owned assets Rupees	Accumulated depreciation as at June 30, 2010 Rupees	Book value as at June 30, 2010 Rupees	Rate of depreciation %
Equipment	-	-	-	-	-	-	-	-	-	20
2010	-	-	-	-	-	-	-	-	-	
2009	34,770,000	-	(34,770,000)	-	12,517,200	3,708,800	(16,226,000)	-	-	

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	2010 Total Rupees	2009 Total Rupees
6. Capital work-in-progress						
Advances for equipment	3,815,787	-	-	-	3,815,787	16,127,668
Advances given for acquisition of intangible assets	-	-	-	-	-	355,504
Civil works	-	-	-	-	-	5,701,500
Advances for books	321,982	-	-	-	321,982	-
Advances for furniture	76,207,878	-	-	-	76,207,878	89,950,609
	<u>80,345,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,345,647</u>	<u>112,135,281</u>
7. Investments						
- Pakistan Investment Bonds - 10 years maturity	4,000,000	-	-	-	4,000,000	4,000,000
- Certificate of Deposits	-	7,085,768	-	-	7,085,768	4,585,768
	<u>4,000,000</u>	<u>7,085,768</u>	<u>-</u>	<u>-</u>	<u>11,085,768</u>	<u>8,585,768</u>

7.1 Included in investments are Rs. 4 million (2009: Rs. 4 million) Pakistan Investment Bonds which are under lien against short term running finance facility as referred to in note 12.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2010 Total Rupees	2009 Total Rupees
8. Long term loans and advances						
Loans to employees - note 8.1	13,098,123	-	-	-	13,098,123	8,091,048
Loans to students - note 8.2	91,925,243	15,356,254	-	-	107,281,497	106,288,401
Advances to employees	1,252,064	-	-	-	1,252,064	2,307,530
	<u>106,275,430</u>	<u>15,356,254</u>	<u>-</u>	<u>-</u>	<u>121,631,684</u>	<u>116,686,979</u>
Less: Current portion included in current assets: - note 10						
Loans to employees	(2,847,523)	-	-	-	(2,847,523)	(3,661,047)
Loans to students	(51,116,474)	(1,299,627)	-	-	(52,416,101)	(45,265,879)
	<u>52,311,433</u>	<u>14,056,627</u>	<u>-</u>	<u>-</u>	<u>66,368,060</u>	<u>67,760,053</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 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 instalments (60) within the specified period of five years from graduation for loan over and above Rs 150,000 and loans up to Rs 150,000 are required to be repaid in fixed number of instalments (36) by the students within specified period of three years from completion of course.

9. 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	2010 Total Rupees	2009 Total Rupees
10. Loans, advances, deposits, prepayments and other receivables						
Advances to						
- Staff	3,659,647	-	-	-	3,659,647	1,550,176
- Suppliers	4,660,580	-	-	-	4,660,580	2,247,277
Security deposits	40,598,199	-	-	-	40,598,199	1,571,699
Prepayments	8,869,836	-	-	-	8,869,836	9,608,622
Accrued return on investments	834,917	1,782,221	316,871	-	2,934,009	2,435,536
Tax refundable	1,678,085	-	-	-	1,678,085	1,037,977
Fee receivable	16,406,033	-	-	-	16,406,033	9,087,957
Receivable against REDC programs and other projects	15,042,799	-	-	-	15,042,799	7,113,681
Others receivables	8,496,845	-	-	482,680	8,979,525	5,286,016
Current portion of long term loans and advances - note 8						
Loans to employees - considered good	2,847,523	-	-	-	2,847,523	3,661,047
Loans to students						
- Considered good	38,062,089	1,299,627	-	-	39,361,716	36,397,507
- Considered doubtful	13,054,385	-	-	-	13,054,385	8,868,372
- note 10.1	51,116,474	1,299,627	-	-	52,416,101	45,265,879
Less: Provision for doubtful receivables	(13,054,385)	-	-	-	(13,054,385)	(8,868,372)
	<u>141,156,553</u>	<u>3,081,848</u>	<u>316,871</u>	<u>482,680</u>	<u>145,037,952</u>	<u>79,997,495</u>

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10.1 Included in the current portion are following instalments overdue for payments by students:

Overdue for a period:

Not exceeding one year	7,702,096
Exceeding one year but not more than five years	31,101,221
Exceeding five years	1,595,912
	<u>40,399,229</u>

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2010 Total Rupees	2009 Total Rupees
11. Cash and bank balances						
Cash in hand	542,025	-	-	-	542,025	489,413
Balances at bank:						
In deposit accounts	186,863	38,857,000	22,871,137	34,160,000	96,075,000	64,605,000
- US\$ 1,125,000 (2009: US\$ 500,000)						
- Pak Rupees Nil (2009: 20,000,000)						
In current accounts	15,245,244	-	-	11,590,001	26,835,245	28,959,587
- US\$ 142,318 (2009: US\$ 50,838)						
- Pak Rupees 14,681,258						
(2009: Pak Rupees 24,956,626)						
In savings accounts	59,115,654	208,900,136	4,719,115	20,959,711	293,694,616	181,439,589
- US\$ 28,416 (2009: US\$ 540,275)						
- Euro 1,829 (2009: 15,272)						
- Japanese Yen: Nil (2009: 5,000,000)						
- Pak Rupees 290,517,186						
(2009: Pak Rupees 130,836,988)						
	<u>75,089,786</u>	<u>247,757,136</u>	<u>27,590,252</u>	<u>66,709,712</u>	<u>417,146,886</u>	<u>275,493,589</u>

11.1 Included in deposit accounts are US\$ 350,000 (2009: US\$ 350,000) which are under lien against short term running finance facility as referred to in note 12 and in savings accounts are Rs. 27.771 million (2009: Rs. 18 million) which are under lien against bank guarantee & letters of credit as referred to in note 16.

11.2 The Scholarship fund includes an amount of Rs 254.842 million kept for endowment of students as referred to note 15.

12. Short term running finance

Short term running finance available from a consortium of banks under mark up arrangement amounts to Rs 78 million(2009: Rs 25 million). Mark up is charged at the rates ranging from Re 0.4151 to Re 0.3315 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, on Pakistan investment bonds worth Rs 4 million and 110% lien on askari bank current accounts as referred to in note 11.1 and 7 respectively.

12.1 The running finance facility of Rs 28 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	2010 Total Rupees	2009 Total Rupees
13. Creditors, accrued and other liabilities						
Advance tuition and other fees	191,538,781	-	-	-	191,538,781	108,873,717
Creditors	28,594,944	-	-	-	28,594,944	18,933,051
Accrued liabilities	23,045,883	-	-	1,389,482	24,435,365	26,445,383
Other liabilities	74,896,546	-	-	-	74,896,546	72,579,853
	<u>318,076,154</u>	<u>-</u>	<u>-</u>	<u>1,389,482</u>	<u>319,465,636</u>	<u>226,832,004</u>

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14. Taxation

During the year the tax authorities have carried out amendment/rectification for the tax years 2004 through 2008 and has imposed minimum tax under section 113 of the income tax ordinance, 2001 on university's turnover for these years. Tax authorities have held that university in these years remained liable to such tax notwithstanding the availability of exemption from the levy of tax in respect of operational income. The university has challenged the amendment/rectification orders before the Commissioner of Inland Revenue (Appeals) [CIR(A)], however, these appeals have not yet been taken up for disposal by the CIR(A). The management has decided to recognise the liability in financial statements on a prudent basis.

	2010 Total Rupees	2009 Total Rupees
15. Endowments - Scholarship Fund		
Suleman Dawood School of Business	49,339,105	36,131,294
School of Humanities, Social Sciences and Law	96,874,004	39,771,656
School of Science and Engineering	77,238,092	43,812,500
National Outreach Program	31,391,703	17,383,797
	<u>254,842,904</u>	<u>137,099,247</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 11.2.

16. Contingencies and commitments

Contingencies

16.1 University has provided bank guarantee of Rs. 18 million (2009: Rs. 18 million) in favour of Sui Northern Gas Pipelines Limited on account of payment of gas dues and bank guarantee of Rs. 6.18 million (2009: Nil) to Collector of Custom on account of Custom Duty and Sales tax on Importable Items. The guarantee in favour of sui gas is has been secured by lien on savings account balance for full amount as mentioned in note 11.1.

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 (2009: Rs. 650.95 million) since in the management & its legal counsel's view, the outcome of the appeal is expected to be favourable.

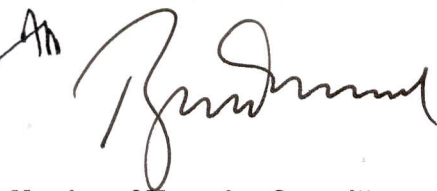
Commitments

16.3 Commitments in respect of contracts for capital expenditure amount to Rs 3.591 million (2009: Rs 1.650 million).

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2010 Total Rupees	2009 Total Rupees
17. Miscellaneous income						
Hostel and faculty apartment income	68,796,706	-	-	-	68,796,706	52,786,016
Cafeteria Income	51,063,857	-	-	-	51,063,857	46,147,997
Profit on sale of fixed assets	3,556,910	-	-	-	3,556,910	2,923,222
Liabilities written back	1,275,133	-	-	-	1,275,133	-
Other income	55,097,170	-	4,254,930	-	59,352,100	45,846,676
	<u>179,789,776</u>	<u>-</u>	<u>4,254,930</u>	<u>-</u>	<u>184,044,706</u>	<u>147,703,911</u>

18. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Member of Managing Committee



Executive Director