

**LAHORE UNIVERSITY OF
MANAGEMENT SCIENCES**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2011**

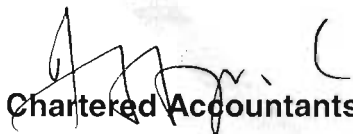
AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the annexed balance sheet of Lahore University of Management Sciences as at June 30, 2011 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, 2011 and of its surplus for the year then ended on the basis of accounting policies described in note 4 to the financial statements.



Chartered Accountants

Lahore, November 28, 2011

Name of Engagement partner: Muhammad Masood

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

BALANCE SHEET AS AT JUNE 30, 2011

Note	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored projects Rupees	Fixed assets fund Rupees	2011 Total Rupees	2010 Total Rupees
Fund balance	(95,202,166)	383,159,417	33,894,434	71,446,114	494,226,096	887,523,895	817,806,511
Represented by							
Operating fixed assets	5	-	-	-	467,189,120	467,189,120	441,421,100
Intangible assets	6	-	-	-	27,036,976	27,036,976	39,909,102
Capital work-in-progress	7	50,755,605	-	-	-	50,755,605	80,345,647
Investments at cost	8	4,000,000	14,659,568	-	-	18,659,568	4,000,000
Long term loans and advances	9	93,587,672	8,439,851	-	-	102,027,523	106,359,088
		148,343,277	23,099,419	-	-	665,668,792	672,034,937
Non Current Liabilities							
Accumulated compensated absences	10	10,705,401	-	-	-	10,705,401	10,751,982
Long term security deposits	10	23,290,320	-	-	-	23,290,320	18,674,999
		33,995,721	-	-	-	33,995,721	29,426,981
		114,347,556	23,099,419	-	-	631,673,071	642,607,956
Current assets							
Stores		15,608,365	-	-	-	15,608,365	13,603,821
Loans, advances, deposits prepayments and other receivables	11	86,430,512	11,434,322	-	35,585	97,900,419	105,046,924
Due from National Management Foundation		-	-	-	-	-	1,827,161
Short term investments	12	-	5,085,768	-	-	5,085,768	7,085,768
Cash and bank balances	13	114,709,470	343,539,908	33,894,434	72,549,526	564,693,338	417,146,888
		216,748,347	360,059,998	33,894,434	72,585,111	683,287,890	544,710,560
Current liabilities							
Short term running finance Creditors, accrued and other liabilities	14	21,781,779	-	-	-	21,781,779	33,474,096
Due to National Management Foundation	15	355,734,688	-	-	1,138,997	356,873,685	319,465,636
Taxation	16	34,479,816	-	-	-	34,479,816	-
	17	14,301,786	-	-	-	14,301,786	16,572,273
		426,298,069	-	-	1,138,997	427,437,066	369,512,005
Net current assets		(209,549,722)	360,059,998	33,894,434	71,446,114	255,850,824	175,198,555
Contingencies and commitments							
Net assets		(95,202,166)	383,159,417	33,894,434	71,446,114	494,226,096	887,523,895
							817,806,511

The annexed notes 1 to 23 form an integral part of these financial statements.

Member of Managing Committee

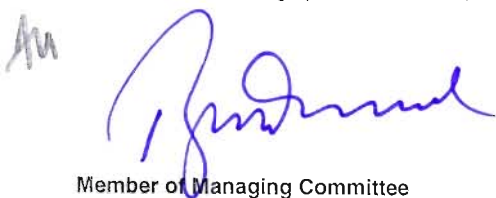
Chief Financial Officer

LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING JUNE 30, 2011

Note	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored project Rupees	Fixed assets fund Rupees	2011 Total Rupees	2010 Total Rupees
Income							
Direct grants	15,691,710	195,352,907	-	71,971,690	-	283,016,307	366,390,704
Tuition fee and other income							
Tuition fee	929,015,837	-	-	-	-	929,015,837	731,528,027
Other fees	108,511,750	-	-	-	-	108,511,750	75,937,400
Consultancy fee	4,193,579	-	-	-	-	4,193,579	3,858,676
SEDC training income	5,277,954	-	-	-	-	5,277,954	8,913,739
Executive development programmes	135,105,523	-	-	-	-	135,105,523	129,282,435
Miscellaneous income	211,238,779	-	4,494,000	-	-	215,732,779	184,044,706
Return on investments and term deposits	18,592,360	34,077,795	2,922,939	161,214	-	55,754,308	28,891,405
Exchange gain	594,448	-	-	325,171	-	919,619	5,845,403
	1,412,530,230	34,077,795	7,416,939	486,385	-	1,454,511,349	1,168,301,791
Total Income for the Year	1,428,221,940	229,430,702	7,416,939	72,458,075	-	1,737,527,656	1,534,692,495
Expenditure							
Salaries, wages and amenities	720,970,789	3,978,727	228,959	28,732,416	-	753,910,891	659,902,812
Training	1,245,887	-	-	-	-	1,245,887	2,893,131
Fuel and power	101,169,814	-	-	-	-	101,169,814	76,416,892
Telephone and postage	7,157,199	1,054	-	52,330	-	7,210,583	7,682,469
Foreign travel & recruitment	8,671,748	-	463,207	222,339	-	9,357,294	12,355,407
Travelling and vehicle running expenses	11,465,612	122,722	-	1,681,047	-	13,269,381	18,720,195
Cafeteria expenses	63,351,428	146,558	-	1,245,495	-	64,743,481	50,761,360
RIEDC facility expenses	920,875	-	-	-	-	920,875	239,506
House keeping and maintenance	1,391,880	-	-	-	-	1,391,880	1,925,516
Repairs and maintenance	15,832,106	-	-	57,750	-	15,889,856	9,848,477
Advertisement and open house programme	16,836,967	-	-	295,268	-	17,132,235	13,087,604
Subscriptions	8,770,579	-	-	734,619	-	9,505,198	11,538,162
Research and case development	10,773,789	-	-	48,462	-	10,822,251	5,713,248
Convocation expenses	7,327,522	-	-	-	-	7,327,522	3,957,714
Printing, stationery and office supplies	71,546,509	243,246	-	4,278,109	-	76,067,864	76,568,724
Software consumables	16,223,739	-	-	-	-	16,223,739	10,751,791
Insurance	2,855,129	-	-	-	-	2,855,129	2,235,227
Scholarships and tuition fee waiver	224,577,794	98,448,623	-	-	-	323,026,417	246,953,932
PhD living allowance	11,346,940	-	-	-	-	11,346,940	9,955,000
Higher Education Commission Scholarship	-	14,163,557	-	-	-	14,163,557	16,223,996
Legal and professional charges	4,497,312	-	-	5,834,634	-	10,331,946	4,297,105
Estate management	17,831,940	-	-	-	-	17,831,940	15,539,740
Internet charges	10,078,043	-	-	-	-	10,078,043	9,614,717
Depreciation on owned assets	-	-	-	-	106,833,179	106,833,179	106,727,155
Amortization of intangible assets	-	-	-	-	13,498,220	13,498,220	19,924,636
SEDC training project expenses	2,002,092	-	-	15,577,499	-	17,579,591	5,670,992
Consultancy projects	3,725,638	-	-	-	-	3,725,638	3,228,520
Sports and student activities	2,427,533	-	-	-	-	2,427,533	3,640,164
Exchange loss	-	-	-	-	-	-	629,732
Provision for doubtful receivable	1,868,697	-	-	-	-	1,868,697	4,186,013
Bad debts written off	3,422,937	-	-	-	-	3,422,937	-
Finance cost	6,378,469	-	-	-	-	6,378,469	5,677,025
Miscellaneous	13,471,582	-	10,656	5,041,554	-	18,523,792	16,802,580
	1,368,140,529	117,104,487	702,822	63,801,522	120,331,399	1,670,080,759	1,433,669,544
Surplus/(deficit) of income over expenditure before taxation	60,081,411	112,326,215	6,714,117	8,656,553	(120,331,399)	67,446,897	101,022,951
Provision for taxation	2,270,487	-	-	-	-	2,270,487	(16,572,273)
Surplus/(deficit) of income over expenditure after taxation	62,351,898	112,326,215	6,714,117	8,656,553	(120,331,399)	69,717,384	84,450,678

The annexed notes 1 to 23 form an integral part of these financial statements.



Member of Managing Committee

Chief Financial Officer



LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

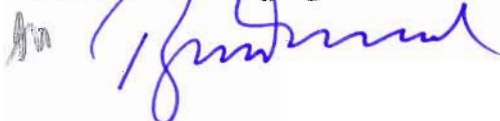
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	Rupees	
Cash flow from operating activities		
Surplus of income over expenditure	69,717,384	84,450,678
Tax (income)/Expense	(2,270,487)	16,572,273
Surplus of income over expenditure before taxation	67,446,897	101,022,951
Add/(less) adjustment for non cash charges and other items		
Depreciation on operating fixed assets	106,833,179	106,727,155
Amortization on intangibles	13,498,220	19,924,636
Gain on disposal of fixed assets	(1,350,347)	(3,556,910)
Finance cost	3,223,987	5,677,025
Provision for passage fare assistance	21,419,662	9,113,001
Provision for doubtful debts	1,868,697	4,186,013
Provision for accumulated compensated absences	1,914,134	3,561,842
Surplus before working capital changes	147,407,532	145,632,762
Effect on cash flow due to working capital changes:		
Increase in Stores	(2,004,544)	(2,621,876)
(Increase)/decrease in loans, advances, deposits	5,277,808	(29,235,443)
(Increase)/decrease in long term loans and advances	4,331,565	(38,599,034)
Increase in due to National Management Foundation	36,306,977	2,542,548
Increase in creditors, accrued and other liabilities	15,988,387	84,116,591
Payment of accumulated compensated absences	(1,960,715)	(2,096,066)
Increase/(decrease) in long term security deposits	4,615,321	(6,165,822)
	62,554,799	7,940,898
Cash generated from operating activities	277,409,228	254,596,611
Net cash from operating activities	277,409,228	254,596,611
Cash flow from investing activities		
Fixed capital expenditure	(107,663,335)	(130,960,687)
Proceeds from disposal of operating fixed assets	5,376,431	13,292,034
Proceeds from sale of investments	2,000,000	-
Purchase of investments during the period	(14,659,568)	(2,500,000)
Net cash used in investing activities	(114,946,472)	(120,168,653)
Cash flow from financing activities		
Finance cost paid	(3,223,987)	(6,272,985)
Net cash used in financing activities	(3,223,987)	(6,272,985)
Net increase in cash and cash equivalents	159,238,769	128,154,973
Cash and cash equivalents at the beginning of year	383,672,790	255,517,817
Cash and cash equivalents at the end of year	542,911,559	383,672,790

- Note 21

The annexed notes 1 to 23 form an integral part of these financial statements.

Member of Managing Committee



Chief Financial Officer



LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

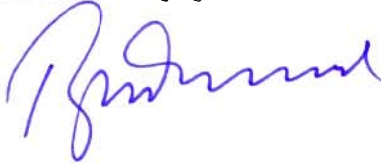
SUMMARY OF MOVEMENT IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2011

	Current fund Rupees	Scholarship fund Rupees	Chair fund Rupees	Sponsored project Rupees	Fixed assets fund Rupees	2011 Total Rupees	2010 Total Rupees
Opening balance as at July 1, 2010	(29,215,098)	271,981,376	27,907,123	65,802,908	481,330,202	817,806,511	733,355,833
Surplus/(deficit) of income over expenditure after taxation	62,351,898	112,326,215	6,714,117	8,656,553	(120,331,399)	69,717,384	84,450,678
Transfer to/(from) funds	(128,338,966)	(1,148,174)	(726,806)	(3,013,347)	133,227,293	-	-
Balance as at June 30, 2011	<u>(95,202,166)</u>	<u>383,159,417</u>	<u>33,894,434</u>	<u>71,446,114</u>	<u>494,226,096</u>	<u>887,523,895</u>	<u>817,806,511</u>

The annexed notes 1 to 23 form an integral part of these financial statements.



Member of Managing Committee



Chief Financial Officer



LAHORE UNIVERSITY OF MANAGEMENT SCIENCES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 organization 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. Basis of preparation

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

The University's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Employee retirement benefits

The retirement benefit obligations are calculated on the basis of the scheme operated by the University as mentioned in note 4.8.

b) Useful life and residual values of property, plant and equipment

The University reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3. Basis of measurement

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

3.1 Current fund

This is an unrestricted fund. Grants and donations, utilization 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.

3.2 Scholarship fund

This is a restricted fund utilized 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.



3.3 Chair funds

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

3.4 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 received for specific projects are credited to this fund.

3.5 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 note 4.1 and 4.2 respectively.

4. Significant Accounting Policies

4.1 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 5.

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.

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 Foundation and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to surplus during the period in which they are incurred.

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

4.2 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 6. 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.

4.3 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.

4.4 Investments

Investments are measured at cost. The return on investments is recognized on accrual basis over the period in which it is earned.

4.5 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.

4.6 Foreign currencies

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 the 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 profit and loss account.

4.7 Stores

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

4.8 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.

4.9 Short term employee benefits

The University has a policy to provide short term employee benefits to its employees in the form of non-vesting accumulating compensated absences. As per University policy, employees are entitled to 14 to 20 days of paid leave each year after completion of one year of service, depending on their service of years. The unused entitlement can be carried forward subject to the condition that the total unused accumulated leaves should not exceed 3 year entitlement as at June 30 of the following year. Any unused leaves in excess 3 years entitlement on such date are lapsed and are not available for carry forward. Accumulated balance of unavailed earned leave up to 3 years entitlement shall be encashable at the rate of gross salary after every ten (10) years of continuous service provided the employee has availed 50% of earned leave entitlement for each year of service.

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

4.10 Revenue recognition

Tuition fees are recognized when due and apportioned to revenue over the period of instruction. Admission fees are recognized as revenue when due. Application processing fees, cafeteria income and Social Enterprise Development Centre (SEDC) income are recognized as revenue on receipt.

Grants from National Management Foundation are recognized when approved by the Foundation. Other grants, gifts, endowments and royalties on publications are recognized on receipt.

5. Operating fixed assets

	Cost as at July 1, 2010 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2011 Rupees	Accumulated depreciation as at July 01, 2010 Rupees	Depreciation for the year Rupees	Accumulated depreciation as at June 30, 2011 Rupees	Book value as at June 30, 2011 Rupees	Rate of depreciation %
Furniture and fixtures	251,741,454	43,254,278 (2,454,125)	292,541,607	92,555,159	20,181,660 (1,830,111)	110,906,708	181,634,899	10
Computer	311,645,417	18,620,191 (23,299,865)	306,965,743	237,530,813	30,571,839 (22,372,398)	245,730,254	61,235,489	33.3
Equipment	341,037,145	66,131,796 (3,316,544)	403,852,397	174,687,609	46,321,830 (2,444,370)	218,565,069	185,287,328	20
Vehicles	27,064,078	4,994,800 (3,886,020)	28,172,858	12,818,323	3,527,624 (2,283,591)	14,062,356	14,110,502	20
Books	67,608,443	3,626,218	71,234,661	40,083,533	6,230,226	46,313,759	24,920,902	20
2011	999,096,537	136,627,283 (32,956,554)	1,102,767,266	557,675,437	106,833,179 (28,930,470)	635,578,146	467,189,120	

	Cost as at July 1, 2009 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2010 Rupees	Accumulated depreciation as at July 01, 2009 Rupees	Depreciation for the year 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>999,096,537</u>	<u>456,686,702</u>	<u>106,727,156</u> <u>(5,738,421)</u>	<u>557,675,437</u>	<u>441,421,100</u>	



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



6. Intangible assets

	Cost as at July 1, 2010 Rupees	Additions/ (deletions) Rupees	Cost as at June 30, 2011 Rupees	Accumulated amortization as at July 01, 2010 Rupees	Amortization for the year Rupees	Accumulated amortization as at June 30, 2011 Rupees	Book value as at June 30, 2011 Rupees	Rate of amortization %
Computer software and license	93,805,978	626,094	94,432,072	53,896,876	13,498,220	67,395,096	27,036,976	33.3
2011	<u>93,805,978</u>	<u>626,094</u>	<u>94,432,072</u>	<u>53,896,876</u>	<u>13,498,220</u>	<u>67,395,096</u>	<u>27,036,976</u>	
2010	<u>87,365,879</u>	<u>6,440,099</u>	<u>93,805,978</u>	<u>33,972,240</u>	<u>19,924,636</u>	<u>53,896,876</u>	<u>39,909,102</u>	

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




	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
7. Capital work-in-progress						
Advances for equipment	3,627	-	-	-	3,627	3,815,787
Advances for computers	532,868	-	-	-	532,868	-
Advances for books	148,243	-	-	-	148,243	321,982
Advances for furniture	50,070,867	-	-	-	50,070,867	76,207,878
	<u>50,755,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,755,605</u>	<u>80,345,647</u>
8. Investments at cost						
- Pakistan Investment Bonds - 10 years maturity	4,000,000	-	-	-	4,000,000	4,000,000
- Term Finance Certificates	-	14,659,568	-	-	14,659,568	-
	<u>4,000,000</u>	<u>14,659,568</u>	<u>-</u>	<u>-</u>	<u>18,659,568</u>	<u>4,000,000</u>

8.1 Included in investments are Rs. 4 million (2010: Rs. 4 million) Pakistan Investment Bonds which are under lien against short term running finance facility as referred to in note 14.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
9. Long term loans and advances						
Loans to employees - note 9.1	11,694,481	-	-	-	11,694,481	13,098,123
Loans to students - note 9.2	90,900,380	15,330,200	-	-	106,230,580	107,281,497
Long term security deposits	39,991,028	-	-	-	39,991,028	39,991,028
Advances to employees	1,109,337	-	-	-	1,109,337	1,252,064
	<u>143,695,226</u>	<u>15,330,200</u>	<u>-</u>	<u>-</u>	<u>159,025,426</u>	<u>161,622,712</u>
Less: Current portion included in current assets: - note 11						
Loans to employees	(3,703,800)	-	-	-	(3,703,800)	(2,847,523)
Loans to students	(46,403,754)	(6,890,349)	-	-	(53,294,103)	(52,416,101)
	<u>93,587,672</u>	<u>8,439,851</u>	<u>-</u>	<u>-</u>	<u>102,027,523</u>	<u>106,359,088</u>

9.1 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. These loans are secured against retirement benefits of employees and guarantee provided by the employee's spouse or immediate family members. These carry mark-up at the rates ranging from Re 0.3561 to Re 0.3973 per Rs. 1,000 per diem or part thereof (2010: Re. 0.3562 per Rs. 1,000 per diem or part thereof) on the outstanding balances.

9.2 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 for loan over and above Rs 150,000. 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 from completion of course.

10. Long term security deposits

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

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
11. Loans, advances, deposits, prepayments and other receivables						
Advances to						
- Staff	2,798,598	-	-	-	2,798,598	3,659,647
- Suppliers	10,823,770	-	-	3,586	10,827,356	4,660,580
Security deposits	607,171	-	-	-	607,171	607,171
Prepayments	750,977	-	-	-	750,977	8,869,836
Accrued return on investments	77,156	4,543,973	-	-	4,621,129	2,934,009
Tax refundable	2,216,532	-	-	-	2,216,532	1,678,085
Fee receivable	11,468,950	-	-	-	11,468,950	16,406,033
Receivable against REDC programs and other projects	17,699,398	-	-	-	17,699,398	15,042,799
Other receivables	4,803,488	-	-	31,999	4,835,487	8,979,525
Current portion of long term loans and advances - note 9						
Loans to employees - considered good	3,703,800	-	-	-	3,703,800	2,847,523
Loans to students						
- Considered good	31,480,672	6,890,349	-	-	38,371,021	39,361,716
- Considered doubtful	14,923,082	-	-	-	14,923,082	13,054,385
- note 11.1	46,403,754	6,890,349	-	-	53,294,103	52,416,101
Less: Provision for doubtful receivables	(14,923,082)	-	-	-	(14,923,082)	(13,054,385)
	<u>86,430,512</u>	<u>11,434,322</u>	<u>-</u>	<u>35,585</u>	<u>97,900,419</u>	<u>105,046,924</u>

	Rupees	
	2011	2010
11.1 Included in the current portion are following installments overdue for payments by students:		
Overdue for a period:		
Not exceeding one year	10,677,771	7,702,096
Exceeding one year but not more than five years	32,235,685	31,101,221
Exceeding five years	2,139,427	1,595,912
	<u>45,052,883</u>	<u>40,399,229</u>

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
12. Short term investments						
Certificate of Deposits	-	5,085,768	-	-	5,085,768	7,085,768
	<u>-</u>	<u>5,085,768</u>	<u>-</u>	<u>-</u>	<u>5,085,768</u>	<u>7,085,768</u>

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
13. Cash and bank balances						
Cash in hand	1,112,316	-	-	-	1,112,316	542,025
Balances at bank:						
In deposit accounts	-	30,000,000	-	-	30,000,000	96,075,000
- Pak Rupees 30,000,000 (2010: Nil)						
In current accounts	7,702,054	-	-	30,292,360	37,994,414	26,835,245
- US\$ 297,939 (2010: US\$ 142,318)						
- Pak Rupees 12,416,376 (2010: Pak Rupees 14,681,258)						
In savings accounts	105,895,100	313,539,908	33,894,434	42,257,166	495,586,608	293,694,616
- US\$ 74,168.55 (2010: US\$ 28,416)						
- Euro 2,918.27 (2010: Euro 1,829)						
- JPY 388 (2010: Nil)						
- Pak Rupees 488,984,971 (2010: Pak Rupees 291,077,275)						
	<u>114,709,470</u>	<u>343,539,908</u>	<u>33,894,434</u>	<u>72,549,526</u>	<u>564,693,338</u>	<u>417,146,886</u>

13.1 Included in deposit accounts are Rs 30 million (2010: US\$ 350,000) which are under lien against short term running finance facility as referred to in note 14 and in savings accounts are Rs. 21.649 million (2010: Rs. 27.771 million) which are under lien against bank guarantee & letters of credit as referred to in note 18.

14. Short term running finance

Short term running finance available from a consortium of banks under mark up arrangement amounts to Rs 28 million (2010: Rs 78 million). Mark up is charged at the rates ranging from Re 0.4449 to Re 0.3389 per Rs 1,000 per diem or part thereof (2010: Re 0.4151 to Re 0.3315 per Rs 1,000 per diem) on the balance outstanding. The short term facility is secured by lien on TDR amounting to Rs. 30 Million issued in favor of LUMS and surrendered to the bank and on Pakistan investment bonds worth Rs 4 million and 110% lien on Askari bank current accounts as referred to in note 13.1 and 8 respectively.

14.1 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	2011 Total Rupees	2010 Total Rupees
15. Creditors, accrued and other liabilities						
Advance tuition and other fees	212,642,925	-	-	-	212,642,925	191,538,781
Creditors	31,873,496	-	-	-	31,873,496	28,594,944
Accrued liabilities	27,575,261	-	-	1,138,997	28,714,258	24,435,365
Other liabilities	83,643,006	-	-	-	83,643,006	74,896,546
	<u>355,734,688</u>	<u>-</u>	<u>-</u>	<u>1,138,997</u>	<u>356,873,685</u>	<u>319,465,636</u>

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16. Due to National Management Foundation

This includes an amount equal to Rs. 35 million taken from National Management Foundation under bridge financing arrangement to meet the working capital requirements. National Management Foundation has obtained the loan from Askari Bank on behalf of LUMS. The loan carries mark up at the rate of 1% above the rate of profit received by National Management Foundation on its deposits with the bank and is to be borne by LUMS, subsequent to June 30, 2011.

17. Taxation

During the previous year the tax authorities have carried out amendment/rectification for the tax years 2005 through 2008 and have 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 challenged the amendment/rectification orders before the Commissioner of Inland Revenue(Appeals)/[CIR(A)]. CIR(A) while disposing the University's appeal has not appreciated the University's stance on certain issues, however he has accepted the University's contention that the gain on fixed assets should not be considered turnover and additional tax should be calculated from the dates of the assessment orders rather than the dates of the respective income tax returns. Subsequently cross appeals have been filed by the University and the department in Appellate Tribunal Inland Revenue against the order passed by CIR(A). The decision on this appeal is pending. The management has to recognize the liability in financial statements on a prudent basis.

18. Contingencies and commitments

Contingencies

18.1 University has provided bank guarantee of Rs. 18 million (2010: Rs. 18 million) in favor of Sui Northern Gas Pipelines Limited on account of payment of gas dues and bank guarantee of Rs 1.340 million (2010: Rs 6.18 million) to Collector of Custom on account of Custom Duty and Sales tax on importable items. The guarantees have been secured by lien on savings account balance as mentioned in note 13.1, for amount equal to 110% of amount of guarantee provided against Sui Northern Gas and 35% against the value of LC.

18.2 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 (2010: 650.95 million) since in the management & its legal counsel's view, the outcome of the appeal is expected to be favorable.

Commitments

18.3 Commitments in respect of contracts for capital expenditure amount to Rs 1.072 million (2010: Rs 3.591 million).

	2011 Total Rupees	2010 Total Rupees
19. Endowments - Scholarship Fund		
Suleman Dawood School of Business	80,108,094	49,339,105
School of Humanities, Social Sciences and Law	50,250,000	96,874,004
School of Science and Engineering	100,714,842	77,238,092
National Outreach Program	91,613,540	31,391,703
On Board Endowment	- note 19.1 40,598,768	-
	<u>363,285,244</u>	<u>254,842,904</u>

These represent grants and donations received for the endowment of students of University with the restriction on utilization 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 13 and balances of long and short term investments of Scholarship fund as mentioned in notes 8 and 12 respectively.

19.1 These On Board Endowment represents grants and donations received for the endowment of the students of University and are kept centralized which can be utilized by any of the three schools of Lums as required by them with the approval of BOT.

	Current Fund Rupees	Scholarship Fund Rupees	Chair Fund Rupees	Sponsored Project Rupees	2011 Total Rupees	2010 Total Rupees
20. Miscellaneous Income						
Hostel and faculty apartment income	73,080,231	-	-	-	73,080,231	68,796,706
Cafeteria income	66,575,656	-	-	-	66,575,656	51,063,857
Profit on sale of fixed assets	1,350,347	-	-	-	1,350,347	3,556,910
Liabilities written back	3,151,351	-	-	-	3,151,351	1,275,133
Other income	67,081,194	-	4,494,000	-	71,575,194	59,352,100
	<u>211,238,779</u>	<u>-</u>	<u>4,494,000</u>	<u>-</u>	<u>215,732,779</u>	<u>184,044,706</u>

	2011 Total Rupees	2010 Total Rupees
21. Cash and cash equivalents		
Short term running finance - secured	(21,781,779)	(33,474,096)
Cash and bank balances	- note 13 564,693,338	417,146,886
	<u>542,911,559</u>	<u>383,672,790</u>

22. Corresponding figures

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

23. Date of authorization

These financial statements were authorized for issue on 28-11-2011 by the board of trustees of the university.

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Member of Managing Committee

Chief Financial Officer