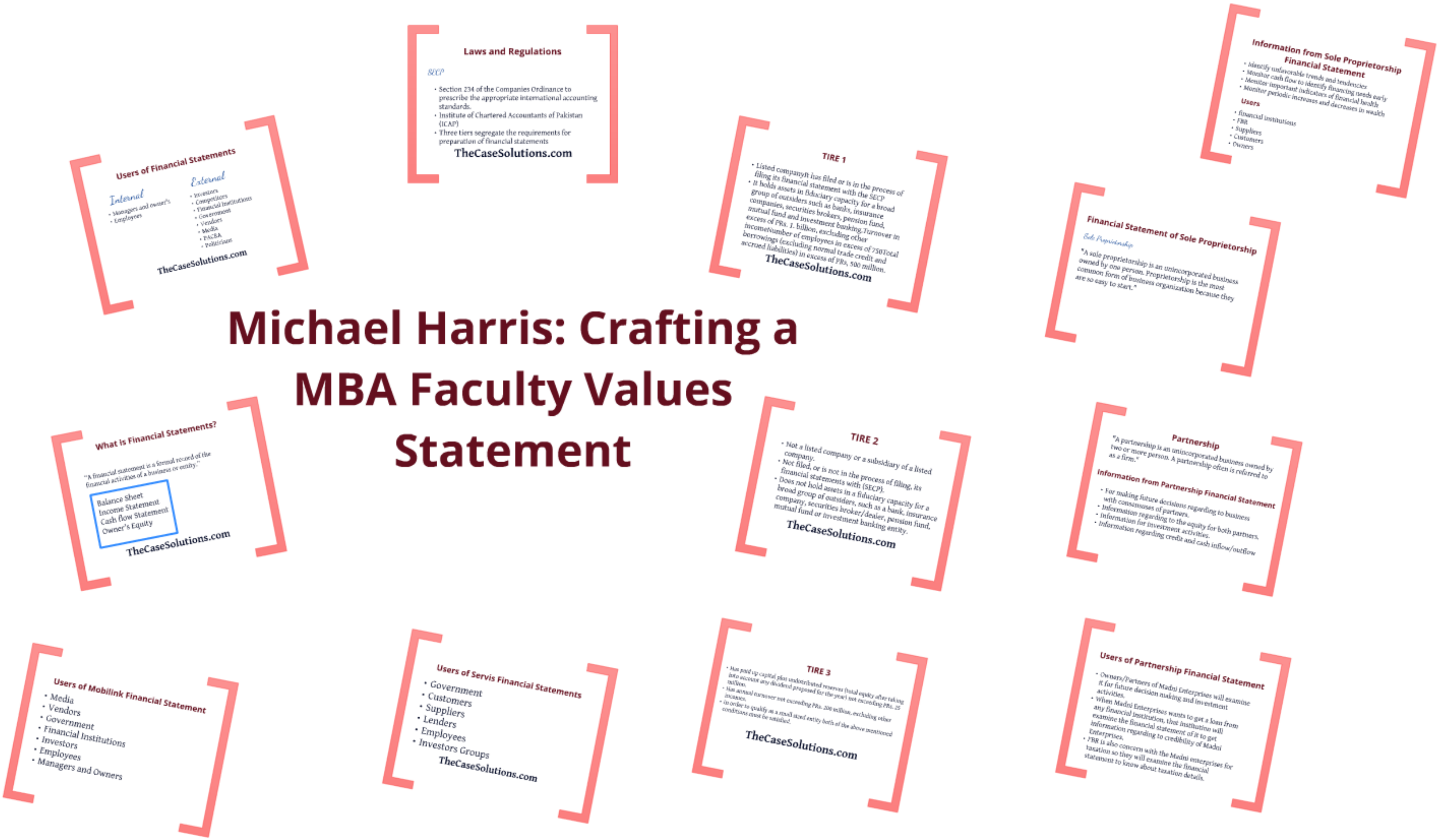
Michael Harris: Crafting a MBA Faculty Values Statement



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Michael Harris: Crafting a MBA Faculty Values Statement

Laws and Regulations

SECP

- Section 234 of the Companies Ordinance to prescribe the appropriate international accounting standards.
- Institute of Chartered Accountants of Pakistan (ICAP)
- Three tiers segregate the requirements for preparation of financial statements

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Users of Financial Statements

Internal

- Managers and owner's
- Employees

External

- Investors
- Competitors
- Financial Institutions
- Government
- Vendors
- Media
- PACRA
- Politicians

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TIRE 1

- Listed company/it has filed or is in the process of filing its financial statement with the SECP
- It holds assets in fiduciary capacity for a broad group of outsiders such as banks, insurance companies, securities brokers, pension fund, mutual fund and investment banking.Turnover in excess of PRs. 1 billion, excluding other income/number of employees in excess of 750Total borrowings (excluding normal trade credit and accrued liabilities) in excess of PRs. 500 million.

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Information from Sole Proprietorship Financial Statement

- Identify unfavorable trends and tendencies
- Monitor cash flow to identify financing needs early
- Monitor important indicators of financial health
- Monitor periodic increases and decreases in wealth

Users

- Financial institutions
- FBR
- Suppliers
- Customers
- Owners

Financial Statement of Sole Proprietorship

Sole Proprietorship

"A sole proprietorship is an unincorporated business owned by one person. Proprietorship is the most common form of business organization because they are so easy to start."

What is Financial Statements?

"A financial statement is a formal record of the financial activities of a business or entity."

Balance Sheet
Income Statement
Cash flow Statement
Owner's Equity

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TIRE 2

- Not a listed company or a subsidiary of a listed company.
- Not filed, or is not in the process of filing, its financial statements with (SECP).
- Does not hold assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity.

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Partnership

"A partnership is an unincorporated business owned by two or more person. A partnership often is referred to as a firm."

Information from Partnership Financial Statement

- For making future decisions regarding to business with consensuses of partners.
- Information regarding to the equity for both partners.
- Information for investment activities.
- Information regarding credit and cash inflow/outflow

Users of Mobilink Financial Statement

- Media
- Vendors
- Government
- Financial Institutions
- Investors
- Employees
- Managers and Owners

Users of Servis Financial Statements

- Government
- Customers
- Suppliers
- Lenders
- Employees
- Investors Groups

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TIRE 3

- Has paid up capital plus undistributed reserves (total equity after taking into account any dividend proposed for the year) not exceeding PRs. 25 million.
- Has annual turnover not exceeding PRs. 200 million, excluding other income.
- In order to qualify as a small sized entity both of the above mentioned conditions must be satisfied.

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Users of Partnership Financial Statement

- Owners/Partners of Madni Enterprises will examine it for future decision making and investment activities.
- When Madni Enterprises wants to get a loan from any financial institution, that institution will examine the financial statement of it to get information regarding to credibility of Madni Enterprises.
- FBR is also concern with the Madni enterprises for taxation so they will examine the financial statement to know about taxation details.

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