

Note on the Statement of Cash Flows

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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
 - Creditors
 - Financial institutions
 - Government
 - Vendors
 - Media
 - Public
 - Regulators
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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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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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TIER 1

- Listed company 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 funds, mutual fund and investment banking turnover in excess of PKR 1 billion, excluding other borrowings (excluding normal trade credit and increased liabilities) in excess of PKR 500 million.
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TIER 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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TIER 3

- Has paid-up capital plus undistributed reserves (total equity after taking into account any dividend proposed for the year) not exceeding PKR 25 million.
 - Has annual turnover not exceeding PKR 200 million, excluding other businesses.
 - Is required to qualify as a small sized entity both of the above mentioned conditions must be satisfied.
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Information from Sole Proprietorship Financial Statement

- Identify unfavorable trends and tendencies
 - Monitor cash flow to identify financing needs early
 - Monitor periodic increases and decreases in wealth
- Users**
- Financial institutions
 - FBI
 - 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."

Partnership

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

- Information from Partnership Financial Statement**
- For making future decisions regarding to business with consequences of partners.
 - Information regarding to the equity for both partners.
 - Information for investment activities.
 - Information regarding credit and cash inflow/outflow

Users of Partnership Financial Statement

- Owners/Partners of Madini Enterprise will examine it for future decision making and investment activities.
- When Madini Enterprise 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 Madini Enterprises.
- FBI is also concern with the Madini enterprises for taxation so they will examine the financial statement to know about taxation details.

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- Government
- Financial Institutions
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TIER 2

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TIER 3

- Has paid-up capital plus undistributed reserves (total equity after taking into account any dividend proposed for the year) not exceeding PKR 25 million.
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- Government
- Vendors
- Media
- PACRA
- Politicians

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