

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 4th June 2003 |

NOTIFICATION

S.R.O. 471(I)/2003. – In exercise of the powers conferred by section 41 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and the Finance Division's Notification No. S.R.O. 698(I)/86, dated the 2nd July, 1986, the Securities and Exchange Commission of Pakistan is pleased to direct that the following further amendments shall be made in the Modaraba Companies and Modaraba Rules, 1981, namely:-

In the aforesaid Rules, -

- (1) in rule 8, in sub-rule (4), -
 - (a) for the words “and every statement of changes in the financial position” the comma and the words “cash flow statement and statement of changes in equity” shall be substituted; and
 - (b) for the words “operations and of the changes in its financial position” the words and comma “its operations, cash flows and changes in equity” shall be substituted;
- (2) in rule 9, -
 - (a) in sub-rule (1), for the words “and a profit and loss account and a statement of changes in financial position” the commas and words “, a profit and loss account, a cash flow statement and a statement of changes in equity” shall be substituted;
 - (b) in sub-rule (2), after the word “possible”, at the end, the words, commas, brackets and figures “and the balance sheet, profit and loss account, cash flow statement and statement of changes in equity prepared by the modaraba company shall conform with such International Accounting Standards and other standards as are notified from time to time in the official Gazette by the Securities and Exchange Commission of Pakistan under sub-section (3) of section 234 of the Companies Ordinance, 1984 (XLVII of 1984)” shall be added; and
 - (c) in sub-rule (3), for the words “and profit and loss account and statement of financial changes” the commas and words “, profit and loss account, cash flow statement and statement of

changes in equity together with the notes forming part thereof” shall be substituted;

(3) for rule 10 the followings shall be substituted, namely:-

“10. Submission of periodical reports.- Every modaraba company shall, within one month of the close of first, second and third quarters of the financial year of each modaraba, prepare in accordance with such International Accounting Standards and other standards, as may be specified from time to time by notification in the official Gazette for the purpose by the Securities and Exchange Commission of Pakistan under sub-section (3) of section 234 of the Companies Ordinance, 1984, (XLVII of 1984), and transmit by registered post to the Registrar and under postal certificate to its certificate holders a profit and loss account, a cash flow statement and a statement of changes in equity for, and a balance sheet as at the end of, that quarter , whether audited or otherwise”.

(4) in rule 11, in sub-rule (1), for the words “and profit and loss account and a statement of changes in financial position” the commas and words “, a profit and loss account, a cash flow statement and a statement of changes in equity” shall be substituted;

(5) in rule 12,-

(a) in sub-rule (1), for the words “and profit and loss account and statement of change in financial position” the commas and words “, profit and loss account, cash flow statement and statement of changes in equity” shall be substituted; and

(b) in sub-rule (2), for the words, wherever appearing, “and profit and loss account and statement of changes in financial position” the commas and words, “profit and loss account, cash flows statement and statement of changes in equity” shall be substituted;

(6) in the First Schedule, for Form XI the following shall be substituted, namely:-

“FORM NO. XI
[See rule 9 (3)]

AUDITORS’ REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of modaraba as at and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the modaraba company’s (name of the modaraba company to be indicated) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 and significant estimates made by the modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that -

(a) in our opinion, proper books of accounts have been kept by the modaraba company in respect of modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

(b) in our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied [#] except for the changes as stated in note(s) with which we concur;
- (ii) the expenditure incurred during the year was for the purpose of the modaraba’s business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the modaraba company's affairs as at and of the profit or loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, *² Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the modaraba company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Signature
(Name(s) of Auditors)

Date _____
Place _____

NOTES

Where applicable –

- *¹. Where there is no change in the accounting policy (ies) the portion “except for the changes as stated in note(s) with which we concur” may be omitted.
- *². Where no Zakat is deductible, substitute “no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980”.

Where any of the matter referred to in the auditors' report is answered in the negative or with a qualification, the report shall state the reason for such answers along with the factual position to the best of the auditor's information.”; and

(7) for the Second Schedule the following shall be substituted, namely:-

“THE SECOND SCHEDULE
[See rule 3 (18)]

SCALE OF FEES

- | | | | | |
|----|--|-------------|---------------------------------|-----------------------------|
| 1. | For registration of a modaraba company: | | | |
| | (i) at the time of registration. | | | Rs. 22,500/- |
| | (ii) renewal annually in the month of January. | | | Rs.15,000/- |
| 2. | Application for authorization to float modaraba: | | | |
| | | Perpetual. | More than
<u>five years.</u> | Up to five
<u>Years.</u> |
| | | _____ | | |
| | | (1) | (2) | (3) |
| | (i) Where the nominal amount does not exceed Rs.2.5 million. | Rs.37,000/- | Rs.30,000/- | Rs.22,500/- |

(ii)	Where the nominal amount exceeds Rs.2.5 million but does not exceed Rs. 5 million.	Rs.75,000/-	Rs.45,000/-	Rs.30,000/-
(iii)	Where the nominal amount exceeds Rs.5 million.	Rs.75,000/- plus Rs.7,500/- for every additional Rs.1 million.	Rs.45,000/- plus Rs.4,500/- for every additional Rs. 1 million.	Rs.30,000/- plus Rs.3,000/- for every additional Rs. 1million.
3.	For filing, recording or registering any or fact document or fact required to be filed with, recorded by or registered with Registrar.		Rs.500/- for each document	
4.	For filing, registering and recording document relating to a mortgage or charge required under the Ordinance.			Rs. 5,000/-
5.	For application for enquiry.			Rs.1,000/-
6.	For claim against modaraba company by modaraba certificate holders referred to the Tribunal.			Rs.1,000/-
7.	For any other application before the Tribunal, other than an application by Registrar, or before the Registrar by any person.			Rs.1,000/-
8.	For inspection of records.			Rs.100/-
9.	For certified copy of any document or extract page or part thereof.		At the rate of Rs.20 per thereof subject to a minimum of Rs.50".	

[1(72)JS/CL/86]

MOHAMMED HAYAT JASRA
Executive Director (Law)