

Topic 25 - Financial Terminologies

Activity 25.1

Two Truths and a Lie

Goal: To engage participants with financial terms in a fun, interactive way and assess prior knowledge without pressure.



Instructions: The facilitator prepares index cards with common financial terminologies. Then explains the game "We're going to play 'Two Truths and a Lie,' but with financial definitions. This helps us warm up our 'finance brains' and learn a bit about each other."

Individual Activity (5 Minutes): Instruct everyone write down three statements on one selected term, two statements must be a true definition or fact about the term and one statement must be a believable but false definition or fact.

Group Activity (5-10 Minutes):

1. Ask each person to read their three statements aloud (without revealing which is the lie).

2. The rest of the group votes or guesses which statement is the lie.
3. The presenter reveals the lie and provides the correct definition.



Lesson outcome: This activity encourages quick thinking, review of terms, and provides a light-hearted way to start discussions on an often serious topic.

مقدمة

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھے:

Kalemaat Nooraniyah 25.1

"یہ ۛ مثل دنیا ما بھی جہ و پیار کرو تو برابر سوچی سوچی نے لالہ و نتو ہوئی یہ و پیار کرو، لالچ انے کھوٹی کھوٹی ہوس کری نے ام کری دئیے، ام کری دئیے، نہر! رازق تو خدائے چھے، تو اپن جیم واجب چھے، لائق چھے، انے زمان نو مقتضی چھے، زمان جہ طرف نو چلے چھے یہ طرح سی سوچی سوچی نے تمام چو طرف نگاہ کری نے و پیار کرو جان پر قابور اکھی نے و پیار کرو"

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع ارشاد فرماوے چھے کہ زمان نا مقتضی حساب سی سوچی سوچی نے و پیار کرو، ایان مبارک سی کئینک نصیحتو حاصل تھائی چھے، اولاً ایم کر زمان نا مقتضی مطابق سوچو واسطے و پیارنی دنیا ما contemporary terminologies سی وقفیة ہو و ضروری چھے،

ثانياً ايم ڪر financial terminologies انے schemes نے جانو جوئے تاڪر صحيح انے غلط ني
تميز ڪري سڪائي ،

تر بعد سگلا ڪر تا ايم ڪر اهوي اسڪيو ڪر جر لالچ ما واقع ڪري نقصان ڪراوي دے اهناسي
دور رهي نے جيم شريعة غراء ما ڪسب الحلال ني طرف ترغيب دلاوا ما اوي چھير مثل جان پر
قابور اڪهي نے وپار ڪرے ، اتمام امور نے بالتفصيل سمجھو واسطے ا session ما۔ مایلي موضوعات
پر بحث ٿھاسے:

1. Basic Accounting and Finance Terms
 2. Investment Schemes (Terms, Returns, Risks and Liquidity)
 3. Shariah Compliant Financial Concepts
 4. Financial Terminologies for different stages of Supply Chain
 5. Financial Terminologies across the globe
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1. Basic Accounting and Finance Terms

Basic accounting and finance terms are categorized under three primary pillars: core accounts, essential financial statements, and operational concepts.

1. The Five Core Account Types

All financial transactions are classified into these five fundamental categories:

Assets: Economic resources owned by a business that provide future benefit, such as cash, inventory, equipment, and property.

Liabilities: Debts or financial obligations a company owes to external parties, including loans and mortgages.

Equity: The owner's residual claim on assets after all liabilities are paid; it represents the business's net worth.

Revenue (Income): The total money generated from sales or services before any expenses are deducted.

Expenses: Costs incurred in the day-to-day operations to generate revenue, such as rent, salaries, and utilities.

2. Essential Financial Statements

These documents summarize the financial health of an entity at a specific point in time or over a period:

Balance Sheet: A "snapshot" of financial position showing the fundamental equation: **Assets = Liabilities + Equity.**

Income Statement (P&L): Reports profitability over a specific period by calculating **Revenue - Expenses = Net Income**.

Cash Flow Statement: Tracks the movement of cash in and out of the business across three areas: operating, investing, and financing activities.

3. Key Operational Terminologies

“Accounts Receivable (AR): Money owed to the company by customers for goods or services delivered on credit.

Accounts Payable (AP): Money the company owes to suppliers for goods or services received but not yet paid for.

Accrual vs. Cash Accounting:

Accrual: Records transactions when they occur, regardless of when cash moves.

Cash: Records transactions only when cash is actually exchanged.

Depreciation: The process of allocating the cost of a tangible asset over its useful life.

General Ledger (GL): The master record containing all the financial accounts and transactions of a business.

Gross Margin: The percentage of revenue remaining after subtracting the **Cost of Goods Sold (COGS)**.

Liquidity: The ease with which an asset can be converted into cash without significant loss of value.

Working Capital: A measure of short-term liquidity calculated as **Current Assets - Current Liabilities.**²

4. Financial Analysis & Strategy

Return on Investment (ROI): A ratio measuring the efficiency of an investment relative to its cost.

Break-Even Point: The sales volume at which total revenue exactly equals total costs, resulting in zero profit or loss.

EBITDA: Earnings before interest, taxes, depreciation, and amortization; used to evaluate core operating performance.

Quick tip:

Never mix personal and business accounts. Keeping them strictly separate—using different bank cards and ledgers—is the single best way to ensure your books stay clean and audit-ready.

² *Dictionary of Finance and Banking* by Jonathan Law and John Smullen.

2. Investment Schemes

🚫 Mutual Funds

✓ Terms

Mutual funds are investment vehicles that pool money from multiple investors to buy a diversified portfolio of stocks, bonds, or other securities managed by professional fund managers.

Investors can contribute via a Systematic Investment Plan (SIP) for regular fixed amounts or a Lump sum for one-time entries. For withdrawals, a Systematic Withdrawal Plan (SWP) allows for regular, fixed payouts, often used to create steady income.

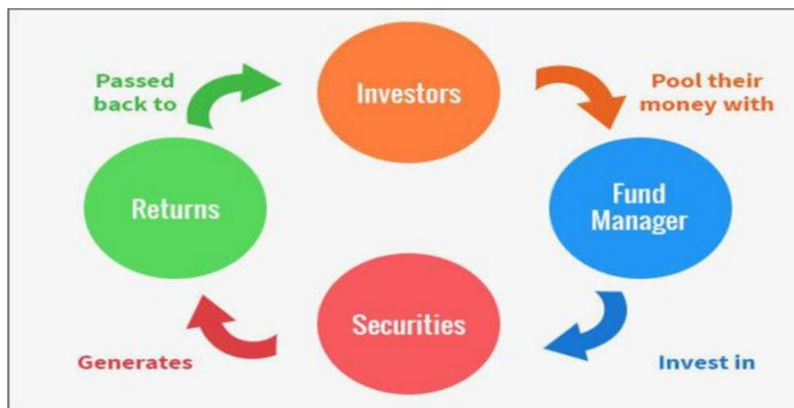


Figure 1: How to do Mutual Funds work³

✓ Risk

“All mutual fund documents explicitly state that investments are subject to market risks and returns are not guaranteed. A Risko meter, a visual tool, is often used to indicate the fund's risk level.

³ Available at: <https://happyfinserv.com/2023/03/how-do-mutual-funds-work/> (Accessed: 13 January 2026).

- Market Risk: The possibility that the value of investments will go down due to general market conditions.
- Credit Risk: The risk of loss if a bond issuer fails to repay interest or principal.
- Interest Rate Risk: The potential for a fall in the market value of fixed-income securities when interest rates rise.
- Concentration Risk: The risk arising from heavy investment in a single sector or company.”⁴

✓ **Liquidity**

A mutual fund's liquidity policy ensures it can meet investor redemption requests quickly by converting fund assets into cash. Investors can sell shares on any business day at the fund's Net Asset Value (NAV), with payments typically received within one to two business days. Regulatory bodies like the SEC and SEBI mandate rules, such as limiting illiquid assets to 15%, to manage risk.

✓ **Return Policy**

Mutual funds do not guarantee returns, but their policies outline how returns are generated, calculated, and distributed.

- Dividend/Interest Income: Distribution of dividends from stocks and interest from bonds held by the fund.
- Capital Gains Distribution: Profits realized when the fund manager sells securities

⁴ https://unifmf.com/knowledge_hub/risk-factors-in-mutual-funds/

for a higher price than their purchase cost.

- Increase in NAV: The appreciation in the overall market value of the fund's portfolio, reflected in a higher NAV per share.

✓ Awareness

Mutual Funds company run their businesses on interest

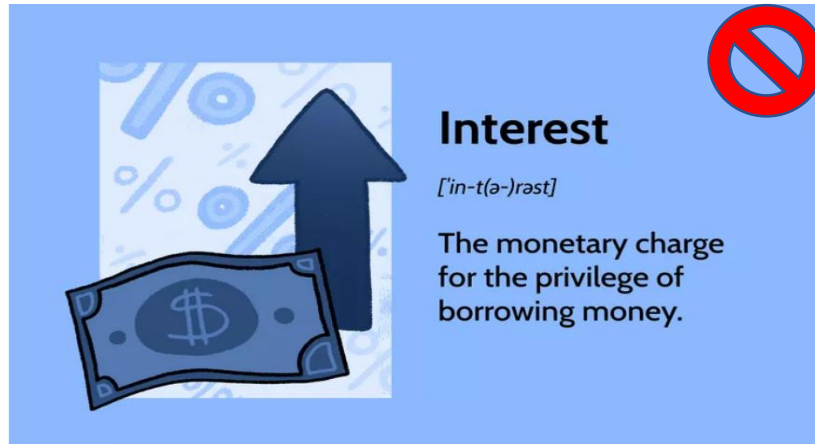


Figure 2: Understanding Interest⁵

Interest is the charge for borrowing money. Interest expense or revenue is often expressed as a dollar amount, while the interest rate used to calculate interest is typically described as an annual percentage rate (APR). It's also the amount of money a lender or financial institution receives for lending out money.

Interest can also refer to the amount of ownership a stockholder has in a company, usually expressed as a percentage.

دنیا نالوگو و پارانہ تحت جبرہی تصرفات کرے چھے اہما ویاچ شامل ہوئی چھے ، چاہے یہ

⁵ Available at: <https://www.investopedia.com/terms/i/interest.asp> (Accessed: 2 January 2026).

investment schemes ہوئی یا loans ہوئی ، مگر شریعتہ غراء ماویاج سی معاملہ کروو حرام چھے ،
خدا تعالیٰ قران مجید ما فرماوے چھے۔

"وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا"^۶

خوئی: خدا تعالیٰ بیع نے حلال کیدو چھے انے ویاج نے حرام کیدو چھے ،
الداعی الاجل سیدنا محمد برهان الدین رض فرماوے چھے:

Kalemaat Nooraniyah 25.2

"جر چیز پر شریعتہ نا صاحب یر روکو چھے ، اهناسی باز رهو و لازم چھے دور رهو و لازم چھے
ویاج حرام چھے اج مؤمن گھنا دور تھئی گیا ، هجی بھی کہونہ جر لوگو ویاج نا کیچڑ ما پھنسا چھے
کیوارے ہوئے چھوٹسے"^۷

امثل سی اولیاء اللہ^۱ ہمیشہ مؤمن نے ویاج سی پاک و پیار کروانی طرف ہدایہ دیتا رہیا چھے ، انے
مؤمنین bank ساتھ معاملہ نہ کرے یر واسطے قرضاً حسنانی متفرق اسکیم قائم فرماوی تا کر اھوا
زمان ما جہاں لوگو ایم کہے چھے کہ interest بغیر و پیار کروو امکان نہ تھی ، مؤمنین سہلائی ساتھ

^۱سورة البقرة آية: ۲۷۵

^۲المجلس الثاني ۱۴۰۸ھ

شريعة نے وابستر رهي نے دين انے دنيا اباد كري سके.

❌ Share Market

✓ Terms

The stock market provides a platform for buying and selling shares of publicly traded companies. The market operates on the principles of **supply and demand**. If more people want to buy a stock (high demand) than sell it (low supply), the price goes up, and vice versa. These transactions are typically conducted online through brokerage platforms and regulated by government bodies to ensure fair and transparent practices.



Figure 3: Why is Stock Market Difficult to Predict⁸

✓ Return Policy

The share market does **not** have a return policy. When you buy a stock, you become a part-owner of the company, and the value of your investment fluctuates with market conditions. You can profit if the value goes up and lose money if it goes down; there are no guarantees of profit or getting your initial investment back.

⁸ Available at: <https://corizo.in/why-is-the-stock-market-so-difficult-to-predict-2/> (Accessed: 13 January 2026).

✓ Liquidity

This refers to how easily and quickly you can buy or sell shares without significantly affecting their price. Stocks of large, well-known companies (large-cap) are typically highly liquid, meaning they are easy to trade. Shares of smaller companies might be less liquid and harder to sell quickly at a fair price.

✓ Risk

This is the possibility of losing some or all of your investment value due to market fluctuations. All stock market investments carry risk, which can be general market risk (due to economic factors) or specific to a company. Generally, the potential for higher returns comes with a higher degree of risk.

✓ Awareness

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھے:

Kalemaat Nooraniyah 25.3

"مؤمنين ني جماعة! ير ة مثل تمنے جانو و جوئے برابر، تمیں جانو ة چھوانے جانو و ة جوئے کر خبر نہ ہوئی تو پوچھو جوئے کر اسون؟ اوياج کہوئی کر نہ کہوئی؟ جيم stock market ہوئی چھے نے، جانو چھونے برابر؟ جانو چھو stock market؟ سون؟ تمیں اہنا اندر share لیدو تو یر وياج نو عمل کرے چھے نے سگلا، یر کہاں سگلا پاك چھے، وياج نو عمل کرے، تو تمیں ایک share لیدو تو تمیں بھی شامل تھئی گیا، اہنا تمیں شريك تھئی گیا، ایک

share ليدو، بے، جتنا بهي لو، یر نر ليوائی کیم کر وياج چھے یر بهي، ایم گھنالو گونے نقصان
 تھیو چھے.. بیجانے کہو اعمل کرتا هوئی stock market نو، share market نو، share ام، یر
 تو فجر تھائی کر پیرو ما دیکھتا هوئی سگلا... اہنا اندر اکھا مشغول هوئی.. وياج چھے یر بهي،
 انے گھنو نقصان تھائی چھے، انے تھیلو چھے، خدا تعالیٰ سگلا نے حفاظة مارا کھجو،
 مؤمن ساتھ جیم بھاگیداری.. تمنے سگلا نے اخدمہ سونپون چھون، تمارا وطن نالو گونے بهي
 انے بیجا سگلا مؤمنین نے بهي کر تمیں جئی نے سمجھاؤ جو کر دیکھو ابرابر تھی عمل ا، ا،
 stock market، share نو برابر نر کہوئی، وياج کہوئی اتو.. مؤمنین نا ساتھ شریک تھاجو،
 بیجالو گونے ام باواجی صاحب مولیٰ نر فرماؤ تا تھا، کیم کر یر تو وياج نو عمل کرتا هوئی."۱

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع تأكيدا ارشاد فرماوے چھے کہ "جانو
 جوئی"، "پوچھو جوئی"، ترسی مؤمنین و پیاریونے ایم لائق تھائی چھے کہ کوئی بهي عمل یا امر
 ماشبه هوئی تو اہنا بابت تعلیم لیوی جوئی تا کر وياج نی مثل نا کیچڑ سی حفاظة تھائی.

Case Study 25.1

Sir Isaac Newton and the South Sea Bubble:

Sir Isaac Newton, the brilliant physicist and mathematician, was a wealthy man who

۱ عرس الداعي الاجل سيدنا اسمعيل بدر الدين رض ۱۴۳۷ھ۔ کپڑونج

held investments in government bonds and the South Sea Company in the early 18th century.

Early Success: Newton initially invested in the South Sea Company and, sensing speculative mania, sold his shares in early 1720, making a significant profit.

The Mistake (FOMO): As the stock price continued to skyrocket, driven purely by hype and speculation rather than fundamentals, Newton gave in to the "fear of missing out" (FOMO). He re-entered the market and bought a large amount of the stock near its peak.

The Crash: The bubble burst in September 1720, and the stock price collapsed dramatically. Newton's wealth dropped from around £30,000 to approximately £20,000, a massive loss at the time that wiped out a large portion of his net worth.

The Lesson: The episode highlights that even the most intelligent individuals can fall victim to market psychology, greed, and herd behaviour, underscoring the importance of emotional discipline in investing.

Saving Accounts

Terms

A savings account earns interest income, meaning the bank pays you extra money for keeping your funds deposited in your account. **Interest Rate (APY):** The percentage return you earn on your deposited balance, typically expressed as an Annual Percentage Yield (APY). This rate can be variable and subject to change by

the bank. Many accounts require a minimum balance to avoid monthly fees or earn interest.

✓ **Return Policy**

Savings accounts do **not** have a "return policy" in the way products do. You can withdraw your money (principal plus earned interest) at any time, subject to potential bank-specific transaction limits or fees. The bank does not guarantee that your money will grow beyond the interest earned, and there are no "returns" in the investment sense of guaranteed profit.

✓ **Liquidity:**

Savings accounts are considered highly liquid assets. You can access your funds easily and quickly through ATMs, online transfers, or bank tellers, with little to no loss in value.

⊘ **Fixed deposit**

A fixed deposit is when you lock money in a bank for a set period at a fixed interest rate, earning guaranteed returns

✓ **Liquidity**

Premature Withdrawal: Most banks allow you to withdraw funds before the maturity date, but this generally involves a penalty.

Penalties: The penalty is usually a reduction in the interest rate by 0.5% to 1% from the rate applicable for the period the deposit was actually held with the bank.

✓ Risks

Interest Rate Risk: If market interest rates rise after you have opened your FD, you will miss out on the opportunity to earn higher returns available on new deposits, as your rate is already locked in.

Liquidity Risk: Your funds are locked in for the chosen tenure, and accessing them prematurely usually incurs penalties.

Credit/Default Risk: Though rare with reputable banks, there is a minimal risk that the financial institution could default. In many countries, bank FDs are covered by a deposit insurance scheme

✓ Return policy

Cumulative FD: The interest is compounded (reinvested) and paid along with the principal at maturity, benefiting from compounding.

Non-Cumulative FD: Interest is paid out periodically (monthly or quarterly) into your linked account, providing a regular income stream.

✓ Awareness

الداعي الاجل سيدنا محمد برهان الدين رض فرماوے چھے:

Kalemaat Nooraniyah 25.4

"قرضا حسنا اپوا ما گھنو ثواب ، قران مجید ما خدا تعالی فرماوے چھے: "ان تقرضوا اللہ
قرضا حسنا یضاعفه لکم ویغفر لکم واللہ شکور حلیم" ، تمیں جو قرضا حسنا اپسو خدا تع تمیں

گھنو چندہ چند اجر ايسے تمارا گناہ معاف کر سے خدائے شکور چھے حلیم چھے ، "من ذا الذي
يقرض الله قرضا حسنا يضاعفه وله اجر كريم" اهنواضعاف ثواب چھے... انے اوياج ني بلاء سي
سگلا بچي جائی ، اچ بچي گيا چھے انے هجي زياده بچي جائی"۱۰

اولياء الله^ع۱۱ الاسيما الداعي الاجل سيدنا محمد برهان الدين رض مؤمنين نے هميشه وياج سي پاك
كروا واسطے سعي فرماؤ تا انے قرضا حسنا ني متفرق اسكيهواپني ير عظيم سعي ماسي چھے ، مؤمنين
بنك مارقم موکے انے ير اهنے وياج نا عملوما استعمال کرے اهناکر تا خير ايم چھے کر قرضا حسنا مامو کے
تا کر بيسرا مؤمنين فائده لئي سکے ، ا مثل قرضا حسنا ناسب قرض لينار بنك ني مصيبة سي بچي
جائے چھے انے قرضا حسنا اپنار saving accounts انے fixed deposits ني مثل ني چيزوسي محفوظ
رھے چھے.

⊘ Ponzi Schemes

The basic premise of a Ponzi scheme is "To rob Peter to pay Paul".



Figure 4: Ponzi Scheme¹¹

✓ **Terms**

A Ponzi Scheme is a form of fraud which lures investors and pays profits to earlier investors by using funds obtained from more recent investors. Typically, Ponzi schemes require an initial investment and promise well-above-average returns. They use vague verbal guises such as "hedge futures trading", "high-yield investment programs", or "offshore investment" to describe their income strategy.

✓ **Return policy**

A Ponzi scheme is a fraudulent investing scam promising high rates of return with little risk to investors. The Ponzi scheme generates returns for older investors by acquiring new investors

✓ **Risks**

Investors may be led to believe that the profits are coming from product sales, or other means, and remain unaware that other investors are the source of profits. A Ponzi scheme is able to maintain the illusion of a sustainable business as long as there continues to be new investors willing to contribute new funds and most of the investors do not demand full repayment and are willing to believe in the non-

¹¹ Available at: <https://www.investopedia.com/terms/p/ponzischeme.asp>(Accessed: 13 January 2026)

existent assets that they are purported to own. Ponzi schemes typically involve investments that have not been registered with the SEC or with state regulators. Registration is important because it provides investors with access to key information about the company's management, products, services, and finances.

Example 25.1

Elie Wiesel: The Nobel laureate and Holocaust survivor lost his entire life savings, and his Foundation for Humanity lost nearly \$15.2 million.

Key Mechanics of the Loss

Fabricated Returns: Madoff did not actually invest the funds; instead, he used capital from new investors to pay "returns" to earlier ones.

The 2008 Trigger: The scheme collapsed during the global financial crisis when too many investors attempted to withdraw funds—roughly \$7 billion at once—which Madoff could not cover.

Recovery Efforts: As of 2025, the Madoff Victim Fund had recovered nearly 94% of victims' proven principal losses

✓ Awareness

- It is common for the operator to take advantage of a lack of investor knowledge or competence, or sometimes claim to use a proprietary, secret investment strategy in order to avoid giving information about the scheme.

- Be highly suspicious of any "guaranteed" investment opportunity. Investment values tend to go up and down over time, especially those offering potentially high returns.
- Be suspect of an investment that continues to generate regular, positive returns regardless of overall market conditions.
- Do not accept excuses regarding why you cannot review information about an investment in writing.
- Also, account statement errors and inconsistencies may be signs that funds are not being invested as promised.

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھے:

Kalemaat Nooraniyah 25.5

"جر overnight billionaire_schemes بنوا ني لالچ اُپے اھوي ponzi schemes سي
انے چھيترنار currencies سي تمیں چھيترائی نہ جا جو!"

ایمان مبارک سي واضح تھائی چھے کہ اُمثل ني اسکیمو سي مؤمنین نے aware رھو جوئیے، تاکہ
لالچ ما اوي مھوٹا نقصان سي بچي سکائی انے جیم خدائے یہ رزق کسب کروانو امر کیدو چھے یہ
مثل طلب کرے۔

"فحوی الکلمات النورانية يوم عرس الداعي الاجل سيدنا محمد برهان الدين رضی ۱۴۴۶ھ"

Crypto Currencies

Terms

Cryptocurrencies are digital currencies that use block chain technology for secure, decentralized transactions, without needing banks or governments to verify and control the exchange. They are digital assets characterized by specific terminology, high volatility, a general lack of consumer protection such as return policies, and varying levels of liquidity and risk.

Return Policy

Cryptocurrency transactions are generally irreversible and do not have formal return or refund policies like traditional banking or credit card systems. The decentralized and immutable nature of block chain technology means that once a transaction is confirmed, it cannot be altered or reversed by any central authority or service provider.

Liquidity

Major cryptocurrencies like Bitcoin and Ethereum generally have high liquidity due to high trading volumes and many active buyers and sellers, making it easier to execute large trades quickly at a fair price.

Risks

Risks

Investing in cryptocurrency is considered high-risk and speculative, and you could lose some or all of your investment. Prices can fluctuate dramatically and unpredictably within short periods, driven by market sentiment, news events, and speculation. The regulatory landscape is uncertain and varies globally. New laws or

crackdowns could impact the legality, value, and ability to trade certain assets. Platforms, exchanges, and personal wallets are targets for hackers. Theft of private keys or exchange hacks can result in permanent loss of funds.

✓ **Awareness**

The market is susceptible to various scams (e.g., "pump and dump" schemes, fake investment opportunities) due to limited oversight. Once funds are sent to a scammer, they are generally gone for good. Unlike traditional bank accounts or stock investments, cryptocurrencies are not covered by government-backed insurance or investor protection funds. Mistakes in handling transactions, such as sending crypto to an incorrect wallet address or losing your private key, are often irreversible and lead to permanent loss of assets.

Did you know?

Total Scams from 2003 to 2020 - 1,014

Total Financial loss - \$82,889,271,566

Multi-Level Marketing

Terms

Multi-Level Marketing (MLM) scam is when focus shifts from real product sales to endless recruitment, making profits mainly from new joiners rather than genuine business. It is an illegal operation focused on recruitment fees rather than product sales. If compensation is primarily derived from recruitment rather than retail sales to outside customers, it is likely classified as a pyramid scheme.

Return Policy

Legitimate MLMs are generally expected to offer inventory buy-back policies.

Buy-back Guarantee: Most reputable companies will buy back unused, resalable inventory if a participant leaves the business.

Standard Terms: Typically, companies offer a refund of at least 80% to 90% of the original cost for products purchased within a specific timeframe (often 12 months).

Liquidity


Unlike stocks or crypto, physical inventory is often difficult to liquidate quickly at full value, and high "restocking fees" or strict conditions on the condition of returned goods can reduce your ability to recover funds.

Risks

- **Financial Loss:** The vast majority of participants in MLM structures lose money after accounting for expenses like starter kits, training, and travel.

- Deceptive Earnings Claims: Companies may highlight "atypical" high earners without disclosing that the typical participant earns very little. In 2025 and 2026, the FTC has focused on enforcing rules requiring written substantiation for any earnings claims.
- Market Saturation: There is a finite number of potential recruits and customers; once a market is saturated, it becomes nearly impossible for new participants to succeed.
- Regulatory/Legal Risk: If a company is reclassified as an illegal pyramid scheme by regulators, it may be shut down immediately, resulting in the total loss of any invested funds.

⊘ Awareness



الذِّكْرَةُ الْمَلَائِكَةُ عَلَيَّ اللَّهُمَّ مَاهَا
(الوزارة السَّعُودِيَّةُ الْمُعْتَظَةُ أَدَامَ اللَّهُ بِحُجَّتِهَا)

بعد السلام الجزيل والاکرام الجميل
الى جميع اهل الولاء المؤمنين والمؤمنات واولادهم حفظهم الله تعالى وسلمهم
اعلام كرز:

هنا تا زمان ما Investment واسطے قسم قسم في اسکیو جاری ہے ، اها سي ایک شاکلة
MLM Multi-Level Marketing اسکیو ہے۔
MLM في شاکلة ایم ہوئی ہے کر - اها رقم اپی نے شریک قلاوا بعد بیجا نے شوق
دلاوی نے اسکیو ما شریک کروا ما اوے ، جبر تا سي - بیجا تا شریک قلاوا سي پہلا نے
فائده ملے ، پر مثل جتنا زیادہ لوگو شامل قانی ایم زیادہ فائده قانی انے اسکیو تا چلاؤنار
نے اها سي حصہ ملے۔
اکثر - ا مثل في اسکیو في بنیاد وپار پر نہیں ہوئی بلکہ فقط زیادہ سي زیادہ لوگو نے
partner بناوی فائده لیواي ہوئی ہے۔
مؤمنین نے تآکیداً خبر کروا ما اوے ہے کر- MLM في مثل في اسکیو سبب مجتمع ما
گھنو نقصان قانی ہے ، مالي نقصان ساتھ ذھنی پریشانی بی قانی ہے۔
ترسیب - مؤمنین پر لازم ہے کر سگلا امثل في اسکیو سي دوری رہے۔
انے اگر موضع ما مؤمنین ما سي کوئی ا مثل في اسکیو چلاؤتو ہوئی تو پر اسکیو نے
جلد از جلد بند کرے۔

Figure 5: Awareness Regarding MLM³

¹³ Email sent via Idaratut Ta'reef al Shakhsi, dated 29th July 2024

الونارة السيفية ناآآ email نا ذريعة سي تمام مؤمنين نة MLM ني مثل نا وپارسي دور رها واسطے aware كرو ما ايوهتو۔

"هنا زمان ما investment واسطے قسم قسم ني اسكيو جاري هے ، اهاسي ايك شاكلة (MLM) Multi-level Marketing اسكيم هے"

"مؤمنين نة تاكيدا خبر كرو ما اوے هے كـ MLM ني مثل ني اسكيو سبب مجتمع ما گنون نقصان هائي هے ، مالي نقصان ساآه ذهني پرشاني بهي هائي هے" ،

مؤمنين نة لائق هے كوي بهي امثل نا اسكيو ما invest نر كرے انے جواها پهنسائي گيا هوئي توفورا اهاسي باهر نكلواني تدبير كرے.

Case Study 25.2

Bill Ackman's \$1 Billion War on Herbalife:

He bet that Herbalife was a fraudulent pyramid scheme and that its stock price would drop to zero.

The Position (2012): Ackman's firm, Pershing Square Capital, took a massive \$1 billion short position against Herbalife

The Conflict: His public crusade backfired when rival billionaire Carl Icahn took the opposite side, buying a massive stake in Herbalife to "squeeze" Ackman's short position. This "Billionaire Brawl" became one of the most famous feuds in Wall Street history.

The Failure: Despite a \$200 million fine from the FTC in 2016 for deceptive practices, Herbalife was not declared a pyramid scheme and was allowed to continue operating. The stock did not crash as Ackman predicted.

The Total Loss: By 2018, Ackman was forced to exit his position entirely. He lost approximately \$1 billion in investment capital plus an additional \$50 million to \$100 million spent on private investigations and marketing campaigns intended to discredit the company.

Quick tip:

If an investment promises consistently high, guaranteed returns with little to no risk, it is almost certainly a scam.

3. Shariah Compliant Financial Practices

خدا تعالیٰ قرآن مجید ما فرماوے چھے۔

"يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونُوا

تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ"^{۱۴}

فحوی: اے ایمان نالاؤنار لوگو تم میں سگلا تمارا درمیان مال نے باطل سی نہ کھاؤ الا کہ اهو و تجارت سی ہوئی کہ جر خوشی انے اتفاقی سی ہوئی ،

الایہ شریفہ سی واضح تھائی چھے کہ شریعة غراء ما ہمیشہ اهو و پیا طرف ترغیب بتاوا ما اوی چھے کہ جر و پچارا نے خریدنا ریوے نا درمیان خوشی سی ہوئی ، یہ خوشی کیوارے پیدا تھائی کہ جیوارے سگلا terms انے conditions ما transparency ہوئی ، یہ مثل نا بعض و پیا جر نا بابت کتب الفقہ ما بیان مورود چھے اہنی ذکر کریئے۔

👤👤
ذکر الصرف (Exchange)

"رسول اللہ صلعم فرماوے چھے ذہب ذہب ساتھ ، فضة فضة ساتھ ، مثلاً بمثل انے یداً یداً - جر شخص زیادة کرے تو ربی چھے ، یہ ج مثل گیہون گیہون ساتھ ، جو جو ساتھ ، اٹو اٹو ساتھ ، تمر تمر

^{۱۴}سورة النساء: ۲۹

ساتھ ، زیب زیب ساتھ ، ذرہ (corns) ذرہ ساتھ ، سلت سلت ساتھ (barley) ساتھ ، چاول
 چاول ساتھ۔ اسگلو وزباً بونرن ۛ ہوئی جر زیادہ کید و تویر ربی لیدو۔^{۱۵}
 ایان سی واضح تھائی چھے کہ صرف یعنی exchange کروو جائز چھے ، مگر اگر جویر exchange
 ایک نوع نادر میان ہوئی توید ایید یعنی تر ۛ وقت نقدا ، انے مثلاً بمثل یعنی وزن ماسر کھو ہوو
 جوئی ، والایر ربی کہو اسے ، اج نازمان مایر مثل صرف کروا نا طرائق چھے اھاسی forex trading
 بھی چھے۔

Forex Trading

Forex trading is the exchange of one currency for another, aiming to profit from fluctuations in exchange rates through buying low and selling high, usually through online platforms.

عقد الشركة (Partnership) 

الداعی الاجل سیدنا القاضی النعمان ۛ کتاب دعائم الاسلام ما صحیح شرکتہ سونہ ہوئی چھے یہ
 واضح کرتا ہوا فرماوے چھے:

"جر وقت کہ بے مرد مال ما شرکتہ نوارادہ کرے تو بیوے پوتانا مال نے نکالے ، انے یہ مال نے
 mix کری دے حتی کہ مال ما الگ نہ کری سکے ، انے ایم عقد کرے کہ مال سی وپار کرے

^{۱۵} کتاب مختصر الاثار الجزء الثاني

انے جر فائده تھاسے تو بیوے اہا شریک چھانے جر نقصان تھاسے اہا بھی بیوے شریک چھے، تو
اصحیح شرکة چھے کہ جر ما اختلاف نہی۔^{۱۶}

A partnership is the relation between persons by contract who have agreed to share in the profits and loss of a business carried on by all or any of them acting for all.

The partnership refers to the relationship of all partners collectively.



بیع المرابحة (Business for Profit)

"امام جعفر الصادقؑ فرماوے چھے کہ قصاری (دھوبی) یا کری (ایک قسم نو کام) نی مثل نالوگو کوئی چیز لے انے اہنا اوپر خرچ کرے تو اہنا واسطے جائز چھے کہ اہنے رخ سی وچھی سکے۔ لیکن یر ایم کہے کہ منے اچیزنا اتنا تھیا (قام علی بکذا) اہنو خرچ ملاوی نے اہنو شری نہ کہے، اہنو خرچ اگر جو شری ما داخل کری نے کہے تو یر جھوٹ چھے انے ربی نی حد ما اوی جائی، شری انے خرچ بیوے نے واضح کرے یا بیوے نے جمع کری نے ایم کہے کہ "یقوم علی بکذا" (اچیزنا اتنا ما تھئی) شری تو جر ہوئی یر بولے۔"^{۱۷}

امثل کوئی بھی وپاریا کام واسطے اجرة انے نفع لیو و جائز چھے لکن اہا کوئی قسم نو جھوٹ یا دھوکو شامل نہ ہوئی، خریدنا رسا تھے transparency انے امانت داری را کو و ضروری چھے، اگر

^{۱۶} کتاب مختصر الاثار الجزء الثاني

^{۱۷} کتاب مختصر الاثار الجزء الثاني

جو کام ما کوئی قسم نی محنت نہ کیدی ہوئی انے تو بھی رخ لے تویر دھوکو چھے۔

بيع السلم (Contract) 

"اُمة طاهرین ع اسی روایة چھے کہ سودا واسطے ء حدود چھے ، اہما سی ایک بھی جونہ ہوئی تو سود و باطل چھے۔"

۱ . جہ چیز نو سود و کرے چھے اہنی صفة کرے ،

۲ . یر چیز نو وزن تھاتو ہوئی تو اہنو وزن واضح کرے ،

۳ . جہا یر چیز قبض کرے یر مکان واضح کرے ،

۴ . جتنا وقت ما یر چیز آپسے اہنی مدتہ واضح کرے ،^{۱۸}

ا مثل سی الداعی الاجل سیدنا القاضی النعمان قس یر بیع السلم یعنی business contract نی شروط واضح فرماوی چھے ، ا تمام چیز و مقرر ہوئی تو کوئی بھی سود و صحیح کہوائی ، ا ج نا زمان ما جہ بھی contracts تھائی چھے اہنے منظم طریقہ سی document کرو ما اوے چھے تا کہ دھوکا سی بچی سکائی انے آپس ما جھگڑونہ تھائی۔

A business contract is a legally binding agreement between two or more parties—individuals or entities—that outlines the specific terms, rights, and obligations of a professional relationship or transaction. In 2026, contracts remain the foundational "roadmap" for business, used to manage risk and ensure legal enforceability in court.

^{۱۸} کتاب مختصر الاثار الجزء الثاني

Common Types of Business Contracts

Sales & Service Agreements: Govern the exchange of products or professional services for payment.

Employment & HR Contracts: Define roles, compensation, benefits, and termination terms for workers.

Non-Disclosure Agreements (NDAs): Protect sensitive or proprietary information from being shared.

Partnership Agreements: Outline the roles, profit sharing, and responsibilities between business co-owners.

Lease Agreements: Set terms for renting property or equipment.

ذکر الشروط والاقضية في البيع (Conditions in Sales)



شرط کروو یعنی کوئی امر نے لازم کروو، وپارما شروط را کھوانی معنی ایم چھے کہ کئینک شروط نے وپارما وپچارانے خریدنارنا اتفاق سی لازم کروو، مگر واجب ایم چھے کہ یر شروط ما کوئی حلال حرام نا تھاتو ہوئی انے کوئی حرام حلال نہ تھاتو ہوئی، یر شرط کتاب اللہ انے سنہ نا کوئی حکم نا خلاف نہ ہوئی.

“Conditions in sales refer to stipulations or arrangements included in a sales contract that affect its validity or execution. These are specific terms set by the seller—such as payment timelines, delivery methods, or product specifications—that the buyer must agree to for the sale to proceed. They ensure both parties

understand their obligations, thereby facilitating a smooth and legally binding transaction.”¹⁹

Example 25.2

”رسول الله صلح یر جابر بن عبد الله الانصاري سي اونٹ خریدوانے ایم شرط کیدی کر اپ
اھنا پر سوار تھی نے پدھار سے تو یر جائز شرط چھے کیم کر اھما کوئی بھی امر ما خدانے نی مخالفتہ
یا حلال نے حرام یا حرام نے حلال نہھی تھاتو.“^{۲۰}

ذکر المزارعة والمساقات

”المزارعة یعنی کھیتی پر معاملہ کروو۔ اھما شرکاء اوات پر شریک تھائی کر ہر ایک اھما کوئی
شاکلہ سی کام کر سے ، یا کر کوئی مرد نی کھیتی ما کوئی بیجو مرد اھنا بقرا نے بدر سی کام کرے تا
ایک معلوم حصہ جر نکلسے اھما سی اھنے ملیسے.“^{۲۱}

Muzara'ah (مُزَارَعَة): This is most commonly called Sharecropping or a Crop-sharing contract. It is an agreement where a landowner provides land to a farmer for cultivation, and the resulting harvest is shared between them according to a predetermined ratio (e.g., half or one-third).

¹⁹ CONDITIONS OF SALE | English meaning - Cambridge Dictionary

^{۲۰} کتاب مختصر الاثار الجزء الثاني

^{۲۱} کتاب مختصر الاثار الجزء الثاني

Example 25.3

رسول اللہ ﷺ یہ خیبر نی زمین یہودیوں نے کھیتی واسطے اپی اوات پر کہ جر خراج نکلیے اہنو نصف یہ سگلا واسطے ہوئی، یہ زمین ما نخل ہتا، بیجا اشجار بھی ہتا انے کھیتی ہتی، تو کھیتی کروا ماثلث اے، ربع اے، جیم اتفاق تھیو ہوئی کم یا زیادہ تیم اے۔

مساقات یعنی۔ امام جعفر الصادق ع فرماوے چھے کہ ایک مرد بیجا مرد نے اہنی زمین اے تاکہ اہما حرث کرے، پانی اے، اباد کرے انے یہ زمین مارمان ہوئی نخل ہوئی بقل ہوئی وغیرہا۔ اوات پر عمل کر اہنا واسطے جر نکلیے اہنو نصف چھے۔ ا مثل کرو و جائز چھے۔

Musaqat: This is often translated as Share-tenancy or Irrigation partnership. It refers specifically to a contract for the care of established fruit trees or plantations (like date palms or vines). One party provides the trees, and the other provides labor (primarily watering and maintenance) in exchange for a share of the fruit produced.

ذکر الاجارات (Rent)

"شخص اہنا نفس نے، جر شخص نی یہ تولی کرے چھے اہنے، جر چیز نو یہ مالک چھے اہنے۔ مثلاً دابة، یا الة، یا سفینة یا زمین نو حصہ۔ اہنے اجرة پر اپی سکے چھے، اہنا گنا و جوهات چھے۔

• اگر جو جر چیز واسطے اے چھے یہ حلال چھے انے جائز چھے

• انے اہنا واسطے یہ چیز نو حاصل کروویہ ، مثل حلال ہوئی انے جائز ہوئی۔ پچھی یہ چیز ما اجرة پر اپو جائز چھے جر وقت کر مستاجران (اجرة پر اپنار انے لینا) جر وقت کر یہ اجرة ا چیز پر عقد تھائی۔

۱. اجرة نی مدۃ معلومۃ ہوئی

۲. اہنو امر مفہوم ہوئی

۳. اہوی چیز واسطے ہوئی جر حلال انے جائز ہوئی

۴. یہ اجرة ما کوئی بھی چیز اہوی ہوئی جر نو حاصل کروو حلال نہ ہوئی یا اہما عمل کروو حلال نہ ہوئی۔ تو یہ اجرة جائز تھی۔^{۳۳}

In business rentals or leases is a commercial arrangement where one party (the lessor) grants another party (the lessee) the right to use an asset for a specific period in exchange for regular payments.

The term is used across several business sectors:

1. Real Estate (Commercial Leasing)

Businesses often rent physical spaces rather than buying them to maintain cash flow and flexibility.

Office & Retail: Renting workspace in business parks or shopping malls.

Industrial: Leasing warehouses or manufacturing facilities for distribution and

^{۳۳} کتاب مختصر الآثار الجزء الثاني

storage.

2. Equipment and Vehicle Rentals

Renting non-real estate assets allows businesses to use modern technology without large upfront capital investments.

Operating Lease: A short-term rental (often 2–5 years) where the business returns the asset at the end.

Financial Lease: Often used in Islamic finance, this is a "rent-to-own" model where the business may have the option to buy the asset at the end of the term.

Fleet Management: Renting cars, trucks, or machinery for business operations from providers.

3. Financial and Accounting Impact

In business accounting, rentals are categorized based on their structure:

For landlords or leasing companies, rentals are a source of recurring income and "Rental Yield".

Operational Expense: For the tenant business, rent is a fixed cost that must be managed to ensure profitability.

Did you know?

Landlords are now offering Space-as-a-Service, which bundles rent with hospitality-style amenities like on-site cafes, fitness centers, and concierge-style management to entice employees back to physical locations.

Financial Terminologies Used Across the Different Stages of Supply Chain



Suppliers

Suppliers focus on raw material costs and early liquidity to maintain production.

Days Payable Outstanding (DPO): Measures how long it takes for a company to pay its own vendors; lower values mean faster payment.

Cost of Poor Supplier Quality (CoPQ): Quantifies the financial impact of defective materials, including rework and returns.

Purchase Price Variance (PPV): The difference between the actual price paid for a material and its standard or budgeted cost.



Manufacturers

Manufacturing finance centres on production efficiency and asset utilization.

Cost of Goods Sold (COGS): Total direct costs—materials and labor—directly tied to producing goods.

Return on Supply Chain Assets (ROSCA): Evaluates the profitability generated from fixed manufacturing assets like machinery and plants.

First Pass Yield (FPY): A quality-finance metric showing the percentage of products manufactured correctly the first time without rework.



Wholesalers

Wholesalers (distributors) prioritize bulk movement and working capital.

Inventory Turnover Ratio: Measures how many times a company's inventory is sold and replaced over a period.

Keystone Mark-up: A standard pricing model where the wholesale price is doubled to set the retail price (a 50% margin).

Factor: A financial service that guarantees invoice payment for wholesalers by running credit checks on retailers.



Retailers

Retailers focus on consumer sales efficiency and store-level profitability.

Gross Margin: The difference between the selling price and the cost of the item; it indicates the direct profit from sales.

Chargeback: A financial penalty or reversal where a customer (or bank) disputes a charge, impacting the retailer's bottom line.

MSRP/MAP: Manufacturer's **S**uggested **R**etail **P**rice and Minimum **A**dvertised **P**rice define the pricing boundaries for retail competition.



Service Providers

Service providers focus on operational efficiency and transaction speed.

Cash-to-Cash (C2C) Cycle Time: The time between paying for materials and receiving cash from the final sale; it measures end-to-end liquidity.

Freight Cost as a Percentage of Sales: Assesses the weight of logistics and transport expenses relative to total revenue.

Service Level Agreement (SLA) Penalties: Financial costs incurred if a provider fails to meet agreed-upon delivery or performance targets.



Summary

ا session ما financial terminologies بابت ذڪر ٿي ، الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھ "زمان جہ طرف نوچلے چھ یر طرح سي سوچي سوچي نے... وپار کرو" زمان نامقتضى حساب سي سوچي نے وپار کرو واسطے financial terminologies سي وقفة ضروري چھ ، یر مجرى ما اولابعض accounting انے financial terms ني تفهيم ٿي ، یر ۽ مثل دنيا ما جہ investment schemes رائج چھ ، مثلا mutual funds ، stock market وغيرها۔ اھنا terms ، return policies ، liquidity ، انے risks واضح کرو ما ايا ، بالخصوص ايم بيان ٿيو ڪر اقسام ني ھر اسڪيم سي مؤمن نے دور انے aware رھو ضروري چھ سونہ کام ڪر یر تمام اسڪيمونو اساس وياج پر چھ ، یر ۽ مثل اقامولى طع نا بيان مبارك سي استنارة ڪري ايم ذڪر ٿي ڪر جہ اسڪيمو ايڪ رات ما billionaire بناوانا جھانجو ما واقع ڪري دے اھناسي چھيتراو نر جوئيے ،

تر بعد شريعة محمديه ما نر ق طلب ڪرو واسطے جہ financial concepts ني ذڪر اوي چھ اھاسي بعض ني تفهيم ٿي ، جہ ناسي ايم واضح ٿيو ڪر اولياء اللہ ع ، وپار ڪرو واسطے جہ ساڪلتو

سکھاوی چھی یر ہر زمان ما مؤمنین واسطے مشعل راہ چھی ، جر ما حرام سی تجنب انے حلال سی
لذہ لیوانا ساتھ جر ثواب حاصل تھائی چھی اہمادارین نی سعادتہ چھی.

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Sr No.	Glossary
1	Stock/Equity: Shares representing partial ownership in a public company.
2	Bond: A loan an investor makes to an entity for a set period, receiving interest payments in return.
3	Credit Score: A numerical measure of creditworthiness based on borrowing and repayment history.
4	Liquidity: The ease of converting an asset to cash quickly without significant value loss.
5	IPO (Initial Public Offering): The first time a company offers shares to the public.
6	Interest Rate: The percentage charged for borrowing money or earned on an interest-bearing account.
7	APR (Annual Percentage Rate): The total yearly cost of borrowing money as a percentage, used to compare loans
8	Dividend: A portion of a company's profit distributed to shareholders.
9	Capital Gain: Profit from selling an investment for more than its purchase price.

10	Income Statement: A financial statement that outlines a company's revenues, expenses, and net profit or loss over a specified period.
11	Balance Sheet: A financial statement that provides a snapshot of a company's assets, liabilities, and equity at a specific point in time.

About HQHB & TR

We are a department formed by the 52nd Dai-al-Mutlaq Syedna Mohammed Burhanuddin RA as a part of the chain of events that took place on the auspicious occasion of His Golden Jubilee to commemorate 50 years tenure as the leader of the Dawoodi Bohra Community. We educate mumineen about Qardan Hasana and doing Business compliant with Fiqh-e-Fatemi and its benefits in the world and, thereafter, fostering economic and social growth. To summarise, AL-TIJAARAT-AL-RAABEHAH & IDAARAH HASANAAT AL-QARD AL-HASAN AL-BURHANIYAH are non-commercial, religious departments.



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