

**MGM SECURITIES PRIVATE LIMITED**

**Un-Audited Financial Statements  
For the Year Ended on 31 December, 2017**

# MGM SECURITIES PRIVATE LIMITED

## Balance Sheet

As at 31 December, 2017

		Dec-17
ASSETS	Note	Rupees
<b>Non-Current Assets</b>		
Property and equipment	7	9,612,422
Intangible asset	8	321,550
Long term investments	9	678,450
Long term deposits	10	4,246,008
		<b>14,858,430</b>
<b>Current Assets</b>		
Trade debts - net	11	12,297,089
Advances	12	4,274,254
Deposits and other receivables	13	12,968,253
Income tax refundable	14	-
Short term investments	15	3,269,680
Cash and bank balances	16	41,558,057
		<b>74,367,333</b>
		<b>89,225,763</b>
<b>Equity and Liabilities</b>		
<b>Share capital and reserves</b>		
Share capital	17	18,500,000
Unappropriated profit		30,235,067
Capital Reserve		-
<b>Total equity</b>		<b>48,735,067</b>
<b>Non-Current Liabilities</b>		
Liabilities against assets subject to finance lease	18	1,531,466
<b>Current Liabilities</b>		
Trade and other payables	19	36,116,928
Current portion of liabilities against assets subject to finance lease	18	276,386
Provision for Taxation	20	2,565,916
		<b>38,959,230</b>
<b>Contingencies and commitments</b>	21	<b>89,225,763</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chief Executive




  
Director

# MGM SECURITIES PRIVATE LIMITED

## Profit and Loss Account

For the Year ended 31 December, 2017

	Note	Dec-17 Rupees
Operating Revenue	22	6,159,107
Gain/(Loss) on sale of short term investments - net		-
Fair value Gain/(Loss) on remeasurement of investments through profit or loss	23	1,229,261
Other Income		<u>7,388,368</u>
Operating and administrative expenses	24	(5,480,076)
Financial charges	25	<u>(96,128)</u>
<b>Profit / (loss) before taxation</b>		<b>1,812,164</b>
Taxation		-
<b>Profit/ (loss) for the year</b>		<b><u>1,812,164</u></b>
Earning/ (Loss) per share - basic	26	9.80

  
\_\_\_\_\_  
Chief Executive



  
\_\_\_\_\_  
Director

7 PROPERTY AND EQUIPMENT \_\_\_\_\_ 2017

	Cost					Accumulated Depreciation					Net book value as at 31 December 2017	Rate of depreciation %age	
	As at 1 July 2017	Transferred from leased to owned assets	Additions	Disposals	As at 31 December 2017	As at 1 July 2017	Transferred from leased to Owned	For the Year	Adjustments	As at 30 June 2018			
<b>Owned</b>													
Office Building	11,500,000	-	-	-	11,500,000	5,544,016	-	148,900	-	5,692,915	5,806,136	5%	
Office equipment	345,500	-	-	-	345,500	236,835	-	5,723	-	242,559	102,941	10%	
Electrical installations	600,800	-	-	-	600,800	410,638	-	11,308	-	421,946	178,854	10%	
Computers	1,028,586	-	-	-	1,028,586	790,563	-	11,901	-	802,464	226,122	10%	
<b>Leased</b>													
Vehicles	4,043,620	-	1,000	-	4,044,620	616,652	-	171,398	-	788,051	3,256,569	10%	
	<b>17,518,506</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>17,519,506</b>	<b>7,598,704</b>	<b>-</b>	<b>349,230</b>	<b>-</b>	<b>7,947,935</b>	<b>9,570,622</b>		

8 INTANGIBLE ASSETS

Dec-17  
---Rupees---

Trading Right Entitlement Certificate ("TREC")	8.1	321,550
Revaluation gain	8.2	<u>321,550</u>

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 8.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 5 million to PKR 2.5 million. As a result, the Company has recognized a revaluation gain of PKR 2,178,450 during fiscal 2018.

Dec-17  
---Rupees---

Note

9 LONG-TERM INVESTMENTS

Investments available for sale

LSE Financial Services Limited (unquoted) - at fair value	9.1	678,450
Adjustment for remeasurement to fair value		<u>678,450</u>

- 9.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

337,590 shares of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.

	<i>Note</i>	<b>Dec 17 Rupees</b>
<b>10 LONG-TERM DEPOSITS</b>		
Central Depository Company Limited		-
National Clearing Company of Pakistan Limited		1,500,000
Pakistan Stock Exchange Clearing House Deposit		30,000
Rent Security		174,000
Security Deposit PSX Office		2,542,008
		<u>4,246,008</u>
<b>11 TRADE DEBTS</b>		
Considered good	<i>11.1</i>	12,297,089
Considered doubtful		-
		<u>12,297,089</u>
Less: Provision for doubtful debts	<i>11.2</i>	-
		<u>12,297,089</u>
<p><b>11.1</b> The Company holds client-owned securities with a total fair value of PKR _____ (2018: PKR _____) trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors (limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future work and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered :</p> <p>Trade debts include PKR _____ receivable from related parties.</p>		
<p><b>11.2</b> Movement in provision against trade debts is as under:</p>		
Opening balance (as at July 1)		-
Charged to profit and loss during the year		-
		<u>-</u>
Amounts written off during the year		-
Closing balance (as at June 30)		<u>-</u>
<b>12 ADVANCES</b>		
Staff advances - unsecured, considered good		88,253
Loan to CEO		1,380,000
Advance Against room LSE South Tower		2,542,008
Withholding Tax Deduction		263,993
		<u>4,274,254.00</u>
<b>13 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>		
NCSS Receivable		3,332,509
Exposure margin with PSX		11,500,000
Receivables - House account		-
		<u>14,832,509.00</u>
<b>14 INCOME TAX REFUNDABLE</b>		
Balance at the beginning of the year		785,049
Add: Current Year Additions		3,222,553
		<u>4,007,602</u>
Less: Adjustment against provision of taxation		(785,049)
<b>Balance at the end of the year</b>		<u>3,222,553</u>

	<i>Note</i>	<b>Dec 17 Rupees</b>
<b>15 SHORT TERM INVESTMENTS</b>		
	<i>Note</i>	
<b>Investments at fair value through profit or loss</b>		
Investment in listed securities		3,269,680
Gain/(Loss) on investment		-
		<u><u>3,269,680</u></u>

Shares with fair value of PKR NIL (2018: PKR NIL) have been pledged with [commercial banks / other] for obtaining finance facilities. Of these, shares with fair value of PKR NIL (2018: PKR NIL) are clients' shares.

**16 CASH AND BANK BALANCES**

Cash in hand		12,218
Cash at bank		
Current accounts	<i>16.1</i>	24,157,971
Savings accounts		17,387,868
		<u><u>41,558,057</u></u>

**16.1** Cash in current accounts includes customers' assets in the amount of PKR 144,958 (2018: 363,382) held in designated bank accounts.

**17 SHARE CAPITAL**

	<i>Note</i>	
<b>17.1 Authorized capital</b>		
600,000 (2018: 600,000) ordinary shares of PKR 100 each.		<u><u>60,000,000</u></u>
<b>17.2 Issued, subscribed and paid-up share capital</b>		
185,000 (2018: 185,000) ordinary shares of PKR 100/- each, issued for cash		18,500,000
		<u><u>18,500,000</u></u>

**17.3 Shareholders holding 5% or more of total shareholding**

	Number of Shares		Perce
	Dec-18	Jun-17	Dec-18
Mian Ghulam Mohiuddin	110,000.00	110,000	61%
Hassan Iqbal	71,000.00	71,000	39%
Zia Muhiuddin	4,000.00	4,000	1%
	185,000	185,000	

**18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	1,810,031
Less: Current portion	<u>(276,386)</u>
	1,533,645
<b>Minimum lease rentals payable:</b>	
Within one year	356,471
After one year but within five years	1,723,418
After five years	-
	<u>2,079,889</u>
Less: Future financial charges	<u>(546,244)</u>
Net lease obligation	<u><u>1,533,645</u></u>

	<i>Note</i>	<b>Dec 17 Rupees</b>
18.1	[Details of leases, e.g.: The Company has acquired vehicles under finance lease arrangements from a commercial bank and a leasing company in the name of its Chief Executive Officer. The liabilities under the lease agreements are repayable in monthly installments and during the year carried mark-up at the rate of 11.29% to 13.00% (2018: 11.98% to 15.54%) per annum. These lease finance facilities are secured against title of the leased vehicle in the name of lessor.]	
<b>19</b>	<b>TRADE AND OTHER PAYABLES</b>	
	<i>Note</i>	
	Trade creditors	34,728,683
	Staff welfare fund	216,737
	Tax payable	187,327
	Accrued	-
	Auditor's remuneration payable	250,000
	Other payables	734,181
		<u>36,116,928</u>
19.1	This includes PKR 264,119 (2018: PKR 92,134) due to related parties.	
	<b>PROVISION FOR TAXATION</b>	
20		
	Balance at the beginning of the year	
	Add: Current Year Provision	2,565,916
		<u>2,565,915.76</u>
	Less: Adjustment against advance tax	(2,565,916)
	<b>Balance at the end of the year</b>	<u>-</u>
	<b>CONTINGENCIES AND COMMITMENTS</b>	
21		
21.1	There are no contingencies or commitments of the Company as at June 30, 2018 ( Dec 31,2018: Nil)	
22		
	Brokerage income	6,163,972
	Dividend income	(4,865)
		<u>6,159,107</u>
22.1	<b>Brokerage income by segment</b>	
	Proprietary / related party trades	
	Retail customers	-
	Institutional customers	6,159,107
		<u>6,159,107</u>
23	<b>OTHER INCOME</b>	
	Other Income	1,229,261
		<u>1,229,261</u>
	<b>ADMINISTRATIVE EXPENSES</b>	
24		
	Staff salaries, allowances and other benefits	1,957,212
	Director's remuneration	1,680,000
	Rent, rates and taxes	89,100
	Electricity and communication charges	183,492
	Printing and stationery	18,855
	Postage and telegram	63,395



	<i>Note</i>	<b>Dec 17 Rupees</b>
Repair and maintenance		134,481
Travelling and conveyance		-
Fee and subscription		324,834
National Clearing Company charges		99,471
Trading expenses		250,445
Entertainment		151,993
Provision for doubtful debts		-
Insurance expenses		-
Charity & Donations		5,000
EOBI Contribution		11,700
Auditors' remuneration	24.1.	127,700
Miscellaneous expenses		33,219
Depreciation	6	349,179
Commission expense		-
		<u>5,480,076</u>
<b>Audit Remuneration</b>		
Statutory audit		127,700
Certifications and other charges		-
		<u>127,700.00</u>
<b>25 FINANCIAL CHARGES</b>		
Mark-up on finance lease		90,403
Bank and other charges		5,725
		<u>96,128</u>
<b>26. EARNINGS PER SHARE</b>		
Basic		
Profit / (loss) after taxation, attributable to ordinary shareholders		
Weighted average number of ordinary shares in issue during the year		1,812,164
Earnings per share		185,000
for		<b>9.80</b>