

MGM SECURITIES PRIVATE LIMITED

**Un-Audited Financial Statements
For the Year Ended on 31 December, 2018**

MGM SECURITIES PRIVATE LIMITED

Balance Sheet

As at 31 December, 2018

		Dec-18	Dec-17
		Rupees	Rupees
ASSETS	<i>Note</i>		
Non-Current Assets			
Property and equipment	7	9,120,377	9,612,422
Intangible asset	8	2,500,000	321,550
Long term investments	9	15,259,068	678,450
Long term deposits	10	1,704,000	4,246,008
		28,583,445	14,858,430
Current Assets			
Trade debts - net	11	5,669,607	12,297,089
Advances	12	4,140,798	4,274,254
Deposits and other receivables	13	9,361,457	12,968,253
Income tax refundable	14	3,397,013	-
Short term investments	15	1,477,700	3,269,680
Cash and bank balances	16	35,413,602	41,558,057
		59,460,178	74,367,333
		88,043,624	89,225,763
Equity and Liabilities			
Share capital and reserves			
Share capital	17	18,500,000	18,500,000
Unappropriated profit		32,640,184	30,235,067
Capital Reserve		16,221,373	-
Total equity		67,361,557	48,735,067
Non-Current Liabilities			
Liabilities against assets subject to finance lease	18	651,404	1,531,466
Current Liabilities			
Trade and other payables	19	19,438,489	36,116,928
Current portion of liabilities against assets subject to finance lease	18	592,174	276,386
Provision for Taxation	20	-	2,565,916
		20,030,663	38,959,230
Contingencies and commitments	21		
		88,043,623	89,225,763

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, 2018

	Note	Dec-18 Rupees	Dec-17 Rupees
Operating Revenue	22	7,744,695	6,159,107
Gain/(Loss) on sale of short term investments - net			-
Fair value Gain/(Loss) on remeasurement of investments through profit or loss			-
Other Income	23	<u>1,313,022</u>	<u>1,229,261</u>
		9,057,718	7,388,368
Operating and administrative expenses	24	(5,672,437)	(5,480,076)
Financial charges	25	<u>(77,226)</u>	<u>(96,128)</u>
Profit / (loss) before taxation		3,308,055	1,812,164
Taxation		-	-
Profit/ (loss) for the year		<u>3,308,055</u>	<u>1,812,164</u>
Earning/ (Loss) per share - basic	26	17.88	9.80


Chief Executive




Director

7 PROPERTY AND EQUIPMENT

	Cost				Accumulated Depreciation			Net book value		Rate of dep %	
	As at 1 July 2018	Transferred from leased to owned assets	Additions	Disposals	As at 31 December 2018	As at 1 July 2018	Transferred from leased to Owned	For the Year 2018	Adjustments		As at 31 December 2018
	Rupees										
Owned											
Furniture and fixtures	11,500,000	-	-	-	11,500,000	5,841,815	-	141,455	-	5,983,270	5,516,730
Office equipment	351,300	-	-	-	351,300	248,282	-	515	-	248,797	102,503
Electrical installations	636,800	-	15,800	-	652,600	433,254	-	1,097	-	434,351	218,249
Computers	1,028,586	-	-	-	1,028,586	814,365	-	1,071	-	815,436	213,150
Leased											
Vehicles	4,044,620	-	15,800	-	4,044,620	959,449	-	15,426	-	974,875	3,069,745
	17,561,306				17,577,106	8,297,165		159,563		8,456,729	9,120,377



8 INTANGIBLE ASSETS

		Dec-18	Dec-17
		----Rupees----	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	321,550
Revaluation gain	8.2	<u>2,500,000</u>	<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 an revaluation gain of PKR 2,178,450 during fiscal 2018.

	Note	Dec-18	Dec-17
		----Rupees----	
9 LONG-TERM INVESTMENTS			
Investments available for sale			
LSE Financial Services Limited (unquoted) - at fair value	9.1	15,259,068	678,450
Adjustment for remeasurement to fair value		<u>15,259,068</u>	<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.



	Note	Dec 18 Rupees	Dec-17 Rupees
10 LONG-TERM DEPOSITS			
Central Depository Company Limited		-	-
National Clearing Company of Pakistan Limited		1,500,000	1,500,000
Pakistan Stock Exchange Clearing House Deposit		30,000	30,000
Rent Security		174,000	174,000
Security Deposit PSX Office		-	2,542,008
		<u>1,704,000</u>	<u>4,246,008</u>
11 TRADE DEBTS			
Considered good	11.1	6,344,114	12,297,089
Considered doubtful		-	-
		<u>6,344,114</u>	<u>12,297,089</u>
Less: Provision for doubtful debts	11.2	674,507	-
		<u>5,669,607</u>	<u>12,297,089</u>
<p>11.1 The Company holds client-owned securities with a total fair value of PKR _____ (2018: PKR) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.</p> <p>Trade debts include PKR _____ receivable from related parties.</p> <p>11.2 Movement in provision against trade debts is as under:</p>			
Opening balance (as at July 1)		-	-
Charged to profit and loss during the year		-	-
Amounts written off during the year		-	-
Closing balance (as at June 30)		-	-
12 LOANS AND ADVANCES			
Staff advances - unsecured, considered good		72,753	88,253
Loan to CEO		1,380,000	1,380,000
Advance Against room LSE South Tower		2,542,008	-
Withholding Tax Deduction		146,037	-
		<u>4,140,798.15</u>	<u>1,468,253</u>
13 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
NCSS Receivable		2,005,865	3,332,509
Exposure margin with PSX		6,750,000	11,500,000
Receivables - House account		605,592	-
		<u>9,361,457.10</u>	<u>14,832,509</u>
14 INCOME TAX REFUNDABLE			
Balance at the beginning of the year		3,222,553	785,049
Add: Current Year Additions		174,460	3,222,553
		3,397,013	4,007,602
Less: Adjustment against provision of taxation		-	(785,049)
Balance at the end of the year		<u>3,397,013</u>	<u>3,222,553</u>
15 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		1,477,700.00	3,269,680
Gain/(Loss) on investment		-	-
		<u>1,477,700.00</u>	<u>3,269,680</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.

	Note	Dec 18 Rupees	Dec-17 Rupees
16 CASH AND BANK BALANCES			
Cash in hand		14,544	12,218
Cash at bank			
Current accounts	16.1	33,701,618	24,157,971
Savings accounts		1,697,441	17,387,868
		<u>35,413,602.27</u>	<u>41,558,057</u>

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

	Note	Dec-18	Dec-17
17 SHARE CAPITAL			
17.1 Authorized capital			
600,000 (2018: 600,000) ordinary shares of PKR 100 each.		<u>60,000,000.00</u>	<u>60,000,000</u>
17.2 Issued, subscribed and paid-up share capital			
185,000 (2018: 185,000) ordinary shares of PKR 100/- each, issued for cash		18,500,000.00	18,500,000
		<u>18,500,000.00</u>	<u>18,500,000</u>

17.3 Shareholders holding 5% or more of total shareholding

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

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	1,243,578	1,810,031
Less: Current portion	<u>(592,174)</u>	<u>(276,386)</u>
	651,404	1,533,645
Minimum lease rentals payable:		
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>651,403.58</u>	<u>1,533,645</u>

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.]

19 TRADE AND OTHER PAYABLES

	Note	Dec-18	Dec-17
Trade creditors	19.1	18,833,539	34,728,683
Staff welfare fund		165,062	216,737
Tax payable		189,888	187,327
Accrued			-
Auditor's remuneration payable		250,000	250,000
Other payables		-	734,181
		<u>19,438,489</u>	<u>36,116,928</u>

19.1 This includes PKR 264,119 (2018: PKR 92,134) due to related parties



	Note	Dec 18 Rupees Dec-18 Rupees	Dec-17 Rupees Dec-17 Rupees
PROVISION FOR TAXATION			
20			
Balance at the beginning of the year		-	2,565,916
Add: Current Year Provision		-	-
		<u>-</u>	<u>2,565,916</u>
Less: Adjustment against advance tax			(2,565,916)
Balance at the end of the year		<u><u>-</u></u>	<u><u>-</u></u>
CONTINGENCIES AND COMMITMENTS			
21			
21.1	There are no contingencies or commitments of the Company as at June 30, 2018 (Dec 31,2018: Nil)		
22			
Brokerage income	22.1	7,744,695	6,163,972
Dividend income		-	(4,865)
		<u>7,744,695</u>	<u>6,159,107</u>
22.1 Brokerage income by segment			
Proprietary / related party trades		7,744,695	-
Retail customers		-	6,159,107
Institutional customers		-	-
		<u>7,744,695</u>	<u>6,159,107</u>
23			
OTHER INCOME			
Other Income		1,313,022	1,229,261
		<u>1,313,022</u>	<u>1,229,261</u>
ADMINISTRATIVE EXPENSES			
24			
Staff salaries, allowances and other benefits		2,073,910	1,957,212
Director's remuneration		1,680,000	1,680,000
Rent, rates and taxes		98,010	89,100
Electricity and communication charges		153,359	183,492
Printing and stationery		28,250	18,855
Postage and telegram		43,197	63,395
Repair and maintenance		119,166	134,481
Travelling and conveyance		109,036	-
Fee and subscription		427,741	324,834
National Clearing Company charges		284,053	99,471
Trading expenses		-	250,445
Entertainment		150,702	151,993
Provision for doubtful debts		-	-
Insurance expenses		25,000	5,000
Charity & Donations		9,360	11,700
EOBI Contribution		6,000	127,700
Auditors' remuneration	24.1	57,836	33,219
Miscellaneous expenses		159,563	349,179
Depreciation	6	247,253	-
Commission expense		<u>5,672,437</u>	<u>5,480,076</u>
Audit Remuneration			
Statutory audit		-	127,700
Certifications and other charges		-	-
		<u>-</u>	<u>127,700</u>
25			
FINANCIAL CHARGES			
Mark-up on finance lease		67,950	90,403
Bank and other charges		9,276	5,725
		<u>77,226</u>	<u>96,128</u>



	Dec 18	Dec-17
Note	Rupees	Rupees
	Dec-18	Dec-17
Note	Rupees	Rupees

EARNINGS PER SHARE

26.

Basic

Profit / (loss) after taxation, attributable to ordinary shareholders	3,308,054.56	1,812,164
Weighted average number of ordinary shares in issue during the year	185,000	185,000
Earnings per share	17.88	9.80

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