

MGM SECURITIES (PRIVATE) LIMITED

Un- Audited Financial Statements

For the Year Ended December 31, 2021

MGM SECURITIES (PRIVATE) LIMITED

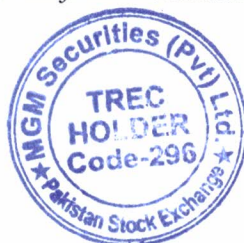
Statement of Financial Position

As at December 31, 2021

	Note	Un- Audited	
		Dec-21 Rupees	Jun-21 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	9,879,277	7,599,103
Intangible assets	6	5,202,438	5,227,438
Long term investments	7	20,533,912	20,533,912
Long term deposits	8	1,511,000	1,511,000
		37,126,627	34,871,452
Current assets			
Trade debts-net	9	13,318,597	4,163,588
Prepayments & advances	10	13,398,678	33,075,450
Cash and bank balances	11	55,118,775	66,142,947
		81,836,050	103,381,985
		118,962,676	138,253,438
EQUITY & LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	12	50,000,000	50,000,000
Capital Reserve			
Unrealized surplus / (deficit) on re-measurement of investments measured at FVOCI		21,496,216	21,496,216
Revenue reserve			
Unappropriated profit		22,251,035	19,802,153
Total equity		93,747,251	91,298,369
Current liabilities			
Trade and other payables	13	25,028,420	43,286,951
Current tax liability	14	186,999	3,668,117
		25,215,419	46,955,068
Contingencies and commitments	15	-	-
		118,962,671	138,253,437

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer




Director

MGM SECURITIES (PRIVATE) LIMITED

Statement of Profit or Loss

For the year ended December 31, 2021

	Note	Dec-21 Rupees	Jun-21 Rupees
Operating revenue	16	8,465,638	40,250,119
Gain/(loss) on sale of short term investments		-	-
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL		-	-
		<u>8,465,638</u>	<u>40,250,119</u>
Other income and losses	17	1,924,066	3,311,733
Operating and administrative expenses	18	<u>7,697,586</u>	<u>18,644,582</u>
Operating profit / (loss)		2,692,118	24,917,270
Other operating expenses	19	-	-
Finance costs	20	<u>113,364</u>	<u>17,833</u>
Profit / (loss) before taxation		2,578,754	24,899,437
Income tax expense	21	129,871	7,121,916
Profit/(loss) for the year		<u>2,448,883</u>	<u>17,777,521</u>
Earnings/(loss) per share - basic	22	4.90	35.56

The annexed notes from 1 to 22 form an integral part of these financial statements.


Chief Executive Officer




Director

5 Property and equipment

	Cost				Accumulated Depreciation				Net book value as at December 31, 2021	Rate of dep		
	As at 1 July 2021	Transferred from leased to owned assets	Additions	Disposals	As at December 31, 2021	As at 1 July 2021	Transferred from leased to Owned	For the Year			Adjustments	As at December 31, 2021
Owned												
Room	11,500,000	-	-	-	11,500,000	6,648,814	-	121,280	-	6,770,093	4,729,907	5%
Office equipment	384,150	-	-	-	384,150	281,488	-	5,133	-	286,621	97,529	10%
Computers	738,600	-	-	-	738,600	498,602	-	12,000	-	510,602	227,998	10%
Furniture and fixtures	1,028,586	-	-	-	1,028,586	872,419	-	7,808	-	880,227	148,359	10%
Leased Vehicle	4,044,620	2,672,473	-	-	6,717,093	1,795,530	-	246,078	-	2,041,608	4,675,485	10%
	17,695,956	2,672,473	-	-	20,368,429	10,096,853	-	392,299	-	10,489,152	9,879,277	

	Cost				Accumulated Depreciation				Net book value as at 30 June 2021	Rate of dep		
	As at 1 July 2020	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2021	As at 1 July 2020	Transferred from leased to Owned	For the Year			Adjustments	As at 30 June 2021
Owned												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	6,393,488	-	255,326	-	6,648,814	4,851,186	5%
Office equipment	384,150	-	-	-	384,150	270,081	-	11,407	-	281,488	102,662	10%
Electrical installations	668,100	-	70,500	-	738,600	474,574	-	24,028	-	498,602	239,998	10%
Computers	1,028,586	-	-	-	1,028,586	855,067	-	17,352	-	872,419	156,167	10%
Leased Vehicle	4,044,620	-	-	-	4,044,620	1,545,631	-	249,899	-	1,795,530	2,249,090	10%
	17,625,456	0	70,500	0	17,695,956	9,538,843	0	558,011	0	10,096,853	7,599,103	

No Fixed assets Register Maintained by Company.



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All transactions involving related parties arising in the normal course of business are conducted and recorded at rates that are not less than market.

5 TRANSITION TO IFRS 9

The Company's transition to IFRS 9, with an effective transition date of July 1, 2018, did not result in any quantitative remeasurement or reclassification adjustments in the statement of financial position. Qualitatively, the classification of financial assets changed, as described below, whereas the classification of financial liabilities was unchanged. As well, the difference between the closing impairment allowance for financial assets in accordance with IAS 39 was not significantly different from the opening impairment allowance under IFRS 9.

The following table presents the impact from the transition to IFRS 9 on the Statement of Financial Position at transition date, July 1, 2018.

6 INTANGIBLE ASSETS

	Note	Dec-21 Rupees	Jun-21 Rupees
Trading Rights Entitlement Certificate ("TREC")	6.1	2,500,000	2,500,000
LSE Room Rights		<u>2,702,438</u>	<u>2,727,438</u>
		5,202,438	5,227,438
Impairment	6.2	-	-
		<u>5,202,438</u>	<u>5,227,438</u>

6.1 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

6.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC to PKR 2.5 million. As a result, no Impairment requires during fiscal 2021.

7 LONG-TERM INVESTMENTS

Investments at fair value through OCI

LSE Financial Services Limited (unquoted) - at fair value	7.1	20,533,912	19,605,540
Adjustment for remeasurement to fair value		-	<u>928,372</u>
		<u>20,533,912</u>	<u>20,533,912</u>

7.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 6.1, 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.

These shares are neither listed on any exchange nor are they actively traded. As a result, fair value has been estimated by reference to the latest break-up or net asset value per share of these shares notified by LSE Financial Services Limited (PKR XX / per share, compared to PKR XXX/ per share as at December 31, 2021). Remeasurement to fair value resulted in a gain of PKR XXXX (2021: PKR 928,372).



8 LONG-TERM DEPOSITS

Central Depository Company Limited	-	-
National Clearing Company of Pakistan Limited	1,400,000	1,400,000
Pakistan Stock Exchange Clearing House Deposit	30,000	30,000
Rent Security	81,000	81,000
	<u>1,511,000</u>	<u>1,511,000</u>

9 TRADE DEBTS-NET

	Note	Dec-21 Rupees	Jun-21 Rupees
Considered good	9.1	13,318,597	4,163,588
Considered doubtful		583,568	583,568
		<u>13,902,165</u>	<u>4,747,156</u>
Less: Provision for doubtful debts	9.2	583,568	583,568
		<u>13,318,597</u>	<u>4,163,588</u>

9.1 The Company holds client-owned securities with a total fair value of PKR XXX (2021: PKR 93,774,163) as collateral against trade debts. Refer to note 4.7 for details around the Company's methodology for computing estimated credit losses under the expected loss model under IFRS 9.

9.2 Movement in provision against trade debts is as under:

Opening balance (as at July 1)	583,568	1,057,535
Charged to profit and loss during the year	-	(473,967)
	<u>583,568</u>	<u>583,568</u>
Amounts written off during the year		
Closing balance (as at June 30)	<u>583,568</u>	<u>583,568</u>

10 PREPAYMENTS & ADVANCES

Exposure margin with NCCPL	10,800,000	12,100,000
Balance due from NCCPL	-	19,299,726
Other receivable	199,574	286,724
Staff advances - unsecured, considered good	39,000	109,000
Loan to Chief Executive Officer	1,280,000	1,280,000
Income Tax refundable	1,080,104	-
	<u>13,398,678</u>	<u>33,075,450</u>

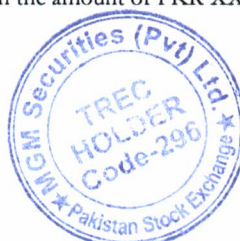
10.1 INCOME TAX REFUNDABLE

Opening balance (as at July 1)	-	168,955
Add: Current year additions	1,080,104	3,284,845
	<u>1,080,104</u>	<u>3,453,799</u>
Less: Ad Adjustment With Current/Prior Year Provisions	-	(3,453,799)
	<u>1,080,104</u>	<u>0</u>

11 CASH AND BANK BALANCES

Cash in hand	13,857	11,899
Cash at bank		
Client account	11.1	28,736,568
House account		37,268,593
		<u>26,368,350</u>
		<u>55,118,775</u>
		<u>66,142,947</u>

11.1 Cash at bank includes customers' assets in the amount of PKR XXX (2021: 37,268,593) held in designated



bank accounts.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	Dec-21 Rupees	Jun-21 Rupees
12.1 Authorized capital 600,000 (2021: 600,000) ordinary shares of PKR 100 each.		60,000,000	60,000,000
12.2 Issued, subscribed and paid-up share capital issued for cash, and 150,000 (2021: 165,000) ordinary shares issued as bonus shares		50,000,000	50,000,000
		50,000,000	50,000,000
12.3 Shareholders holding 5% or more of total shareholding			

	Number of Shares		Percentage	
	2022	2021	2022	2021
Mian Ghulam Muhiuddin	-	297,297	0%	85%
Zia Mouiuddin	-	5,406	0%	2%
Syed Hassan Iqbal	-	191,891	0%	55%
Mrs. Nagina Akhter	-	5,406	0%	2%

13 TRADE AND OTHER PAYABLES

Trade creditors	13.1	24,499,547	41,898,298
Staff welfare fund		226,550	295,221
Tax payable		161,725	621,684
Auditor's remuneration payable		-	99,750
Worker welfare fund -Punjab		140,598	140,598
Other payables		-	231,400
		25,028,420	43,286,951

13.1 This includes Syed Hassan Iqbal PKR XXX (2021: 122) payable from related parties.

14 CURRENT TAX LIABILITY

Opening balance (as at July 1)	14.1	-	-
Add: Current year provision		186,999.30	7,121,916
		-	-
		186,999	7,121,916
Less: Adjustments against Current/previous year advance tax		-	(3,453,799)
Balance at the end of the year		186,999	3,668,117

15 CONTINGENCIES AND COMMITMENTS

15.1 There are no contingencies or commitments of the Company as at December 31, 2021 (2021: Nil).

16 OPERATING REVENUE

Brokerage income	16.1	8,465,638	39,659,336
Dividend income		-	590,783
		8,465,638	40,250,119
16.1 Commissions earned - gross		-	42,551,778
Commissions reimbursement		-	(2,892,442)
		-	39,659,336



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17 OTHER INCOME / LOSSES**Income from non-financial assets/liabilities**

Note	Dec-21 Rupees	Jun-21 Rupees
	1,924,066	2,837,766
	-	473,967
	1,924,066	3,311,733

18 OPERATING & ADMINISTRATIVE EXPENSES

Staff salaries, allowances and other benefits	2,542,485	6,252,785
Director's remuneration	2,676,000	7,056,000
EOBI Contribution	9,360	23,790
Electricity and communication charges	180,479	330,869
Postage and telegram	42,323	96,599
Entertainment	183,411	314,057
Legal & Professional Charges	-	-
Provision for doubtful debts	-	-
Auditors' remuneration	18.1 90,562	200,000
Rent, rates and taxes	130,458	247,077
Printing and stationery	28,600	117,637
Repair and maintenance	146,789	370,595
Travelling and conveyance	-	-
Fee and subscription	449,856	1,150,713
NCCPL & Trading Charges	570,156	1,559,595
Insurance expenses	133,535	-
Charity & Donations	18,850	93,400
Investor Port Fund	35,350	189,575
Other professional fees	28,855	-
Miscellaneous expenses	38,218	83,880
Depreciation	5 392,299	558,011
	7,697,586	18,644,582

18.1 Auditor's remuneration

Statutory audit	90,562	200,000
Certifications and other charges	-	-
	90,562	200,000

19. OTHER OPERATING EXPENSE

Worker welfare fund - Punjab	-	-
	-	-

20. FINANCE COSTS

Mark-up and finance charges	104,194	2,656
Bank and other charges	9,170	15,177
	113,364	17,833

21. INCOME TAX EXPENSE

Current tax expense / (income)		
for the year	129,871	7,121,916
Prior Year	-	-
	129,871	7,121,916

The tax provision made in the financial statements is considered sufficient.



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22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

	Dec-21 Rupees	Jun-21 Rupees
Profit / (loss) after taxation, attributable to ordinary shareholders	2,448,883	17,777,521
Weighted average number of ordinary shares in issue during the year	500,000	500,000
Earnings per share	4.90	35.56

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

