

MGM SECURITIES PRIVATE LIMITED

**Quarterly Financial Statements
For the Period Ended on 31 March, 2020**

MGM SECURITIES PRIVATE LIMITED

Balance Sheet

As at 31 March, 2020

ASSETS	Note	Mar-20 Rupees	Mar-19 Rupees
Non-Current Assets			
Property and equipment	7	8,219,353	8,796,127
Intangible asset	8	2,500,000	2,500,000
Long term investments	9	19,158,233	15,259,068
Long term deposits	10	1,511,000	1,704,000
		31,388,586	28,259,195
Current Assets			
Trade debts - net	11	6,145,794	5,835,626
Advances	12	4,900,735	4,195,790
Deposits and other receivables	13	14,859,688	18,573,967
Income tax refundable	14	3,148,590	3,712,247
Short term investments	15	457,500	1,477,700
Cash and bank balances	16	49,318,713	29,498,583
		78,831,020	63,293,913
		110,219,607	91,553,109
Equity and Liabilities			
Share capital and reserves			
Share capital	17	35,000,000	18,500,000
Unappropriated profit		21,833,489	29,712,370
Capital Reserve		20,120,538	16,221,373
Total equity		76,954,027	64,433,743
Non-Current Liabilities			
Liabilities against assets subject to finance lease	18	420,049	457,729
Current Liabilities			
Trade and other payables	19	32,845,531	22,473,672
Current portion of liabilities against assets subject to finance lease	18	-	592,174
Provision for Taxation	20	-	95,797
		32,845,531	23,161,643
Contingencies and commitments			
	21	110,219,607	88,053,115

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 March, 2019

	Note	Mar-20 Rupees	Mar-19 Rupees
Operating Revenue	22	14,763,344	10,685,471
Gain/(Loss) on sale of short term investments - net			
Fair value Gain/(Loss) on remeasurement of investments through profit or loss			
Other Income	23	3,240,466	1,901,517
		<u>18,003,810</u>	<u>12,586,988</u>
Operating and administrative expenses	24	(9,519,250)	(8,571,294)
Financial charges	25	(99,903)	(135,453)
Profit / (loss) before taxation		<u>8,384,657</u>	<u>3,880,241</u>
Taxation	26	-	-
Profit/ (loss) for the year		<u><u>8,384,657</u></u>	<u><u>3,880,241</u></u>
Earning/ (Loss) per share - basic	27	23.96	11.09

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

Chief Executive

Director

7 PROPERTY AND EQUIPMENT

	Cost				Accumulated Depreciation				Net book value as at 31 March 2020	Rate of dep %age		
	As at 1 July 2019	Transferred from leased to owned assets	Additions	Disposals	As at 31 March 2020	As at 1 July 2019	Transferred from leased to Owned	For the Year			Adjustments	As at 31 March 2020
Owne												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	6,124,724	-	201,573	-	6,326,297	5,173,703	5%
Office equipment	365,150	-	19,000	-	384,150	258,815	-	9,400	-	268,215	115,935	10%
Electrical installations	652,600	-	-	-	652,600	454,794	-	14,835	-	469,629	182,971	10%
Computers	1,028,586	-	-	-	1,028,586	835,787	-	14,460	-	850,247	178,339	10%
Lease												
Vehicles	4,044,620	-	-	-	4,044,620	1,267,966	-	208,249	-	1,476,215	2,568,405	10%
	17,590,956	-	19,000	-	17,609,956	8,942,086	-	448,517	-	9,390,603	8,219,353	
	Cost				Accumulated Depreciation				Net book value as at 30 June 2019	Rate of depreci ation %age		
	As at 1 July 2018	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2019	As at 1 July 2018	Transferred from leased to Owned	For the Year			Adjustments	As at 30 June 2019

	Cost				Accumulated Depreciation				Net book value as at 30 June 2019	Rate of depreci ation %age		
	As at 1 July 2018	Transferred from leased to owned assets	Additions	Disposals	As at 30 June 2019	As at 1 July 2018	Transferred from leased to Owned	For the Year			Adjustments	As at 30 June 2019
Owne												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	5,841,815	-	282,909	-	6,124,724	5,375,276	5%
Office equipment	351,300	-	13,850	-	365,150	248,282	-	10,533	-	258,815	106,335	10%
Electrical installations	636,800	-	15,800	-	652,600	433,254	-	21,540	-	454,794	197,806	10%
Computers	1,028,586	-	-	-	1,028,586	814,365	-	21,422	-	835,787	192,799	10%
Lease												
Vehicles	4,044,620	-	-	-	4,044,620	959,449	-	308,517	-	1,267,966	2,776,654	10%
	17,561,306	-	29,650	-	17,590,956	8,297,165	-	644,921	-	8,942,086	8,648,870	

8 INTANGIBLE ASSETS

		Mar-20	Jun-19
		----Rupees----	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	2,500,000
Revaluation gain	8.2		
		<u>2,500,000</u>	<u>2,500,000</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.

		Mar-20	Mar-19
		----Rupees----	
	<i>Note</i>		
9 LONG-TERM INVESTMENTS			
Investments available for sale			
LSE Financial Services Limited (unquoted) - at fair value	9.1	19,158,233	15,259,068
Adjustment for remeasurement to fair value		-	
		<u>19,158,233</u>	<u>15,259,068</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>	Mar-19 Rupees	Mar-18 Rupees
10 LONG-TERM DEPOSITS			
Central Depository Company Limited		-	
National Clearing Company of Pakistan Limited		1,400,000	1,500,000
Pakistan Stock Exchange Clearing House Deposit		30,000	30,000
Rent Security		81,000	174,000
Security Deposit PSX Office		-	-
		<u>1,511,000</u>	<u>1,704,000</u>
11 TRADE DEBTS			
Considered good	<i>11.1</i>	6,922,068	6,510,133
Considered doubtful		-	-
		<u>6,922,068</u>	<u>6,510,133</u>
Less: Provision for doubtful debts	<i>11.2</i>	776,274	674,507
		<u>6,145,794</u>	<u>5,835,626</u>
11.1 The Company holds client-owned securities with a total fair value of PKR _____ (2018: PKR) as collateral against trad recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of histo experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessmen identifiable customer accounts considered at risk or uncollectible.			
Trade debts include PKR _____ receivable from related parties.			
11.2 Movement in provision against trade debts is as under:			
Opening balance (as at July 1)		776,274	674,507
Charged to profit and loss during the year		-	-
		<u>776,274</u>	<u>674,507</u>
Amounts written off during the year		-	-
Closing balance (as at June 30)		<u>776,274</u>	<u>674,507</u>
12 LOANS AND ADVANCES			
Staff advances - unsecured, considered good		52,253	83,253
Loan to CEO		1,380,000	1,380,000
Advance Against room LSE South Tower		2,542,008	2,542,008
PSX Exposure		-	-
Withholding Tax Deduction		926,474	190,529
		<u>4,900,735</u>	<u>4,195,790</u>
13 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
NCSS Receivable		2,670,602	8,549,930
Exposure margin with PSX		11,600,000	9,900,000
Receivables - House account		454,999	124,037
Other Receivables		134,087	-
		<u>14,859,688</u>	<u>18,573,967.0</u>
14 INCOME TAX REFUNDABLE	<i>Note</i>		
Balance at the beginning of the year		2,027,606	2,528,541
Add: Current Year Additions		1,120,984	1,183,706
		<u>3,148,590</u>	<u>3,712,247</u>
Less: Adjustment against provision of taxation		-	-
Balance at the end of the year		<u>3,148,590</u>	<u>3,712,247</u>
15 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		457,500	1,477,700
Gain/(Loss) on investment		-	-
		<u>457,500</u>	<u>1,477,700</u>

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

	<i>Note</i>	Mar-19 Rupees	Mar-18 Rupees
16 CASH AND BANK BALANCES			
Cash in hand	<i>Note</i>	14,129	21,300
Cash at bank			
Current accounts	<i>16.1</i>	45,034,319	22,288,068
Savings accounts		4,270,265	7,189,215
		<u>49,318,713</u>	<u>29,498,583</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

	<i>Note</i>		
17 SHARE CAPITAL			
17.1 Authorized capital			
600,000 (2018: 600,000) ordinary shares of PKR 100 each.		<u>60,000,000</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		35,000,000	18,500,000
		<u>35,000,000</u>	<u>18,500,000</u>

17.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	June 19	Jun-18	June-19	Jun-18
Mian Ghulam Mohiuddin	208,108	110,000	59%	59%
Hassan Iqbal	134,324	71,000	38%	38%
Zia Muhiudin	3,784	2,000	1%	1%
Nagina Akhtar	3,784	2,000	1%	1%
	350,000	185,000		

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	632,099	1,049,903
Less: Current portion	(212,050)	(592,174)
	<u>420,049</u>	<u>457,729</u>
Minimum lease rentals payable:		
Within one year	-	-
After one year but within five years	-	-
After five years	-	-
	<u>-</u>	<u>-</u>
Less: Future financial charges	-	-
Net lease obligation	<u>420,049.00</u>	<u>457,729.00</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 through its Chief Executive Officer. The liabilities under the lease agreements are repayable in monthly installments and during the year carried at 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.]

	<i>Note</i>		
19 TRADE AND OTHER PAYABLES			
Trade creditors	<i>19.1</i>	32,214,627	22,157,464
Staff welfare fund		231,458	167,402
Tax payable		274,446	148,806
Accrued		-	-
Auditor's remuneration payable		125,000	-
Other payables		-	-
		<u>32,845,531</u>	<u>22,473,672</u>

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

	<i>Note</i>	Mar-19 Rupees	Mar-18 Rupees
PROVISION FOR TAXATION			
20			
Balance at the beginning of the year		-	
Add: Current Year Provision		-	
		<u>-</u>	
Less: Adjustment against advance tax		-	
Balance at the end of the year		<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	14,763,344	10,685,471
Dividend income		-	
		<u>14,763,344</u>	<u>10,685,471</u>
22.1 Brokerage income by segment			
Proprietary / related party trades			
Retail customers		14,763,344	10,685,471
Institutional customers		-	-
		<u>14,763,344</u>	<u>10,685,471</u>
23			
OTHER INCOME			
Other Income		3,240,466	1,901,517
		<u>3,240,466</u>	<u>1,901,517</u>
ADMINISTRATIVE EXPENSES			
24			
Staff salaries, allowances and other benefits		3,384,942	3,154,018
Director's remuneration		2,520,000	2,520,000
Rent, rates and taxes		165,315	150,283
Electricity and communication charges		221,383	210,548
Printing and stationery		51,381	38,943
Postage and telegram		54,096	65,016
Repair and maintenance		242,971	171,819
Travelling and conveyance		119,980	111,536
Fee and subscription		550,445	553,762
National Clearing Company charges		542,780	392,349
Trading expenses		-	-
Entertainment		222,643	224,074
Provision for doubtful debts			
Insurance expenses			
Charity & Donations		41,100	25,000
EOBI Contribution		15,210	15,210
Auditors' remuneration	24.1.	-	6,000
Miscellaneous expenses		93,292	83,383
Depreciation	6	448,517	483,814
Commission expense		845,195	365,539
		<u>9,519,250</u>	<u>8,571,294</u>
Audit Remuneration			
Statutory audit			
Certifications and other charges			
		<u>-</u>	
FINANCIAL CHARGES			
25			
Mark-up on finance lease		84,747	121,399
Bank and other charges		15,156	14,054
		<u>99,903</u>	<u>135,453</u>

	<i>Note</i>	Mar-19 Rupees	Mar-18 Rupees
TAXATION	<i>Note</i>	Mar-19 Rupees	Mar-18 Rupees
26			
Provision made during the year for:			
- current	10		
- prior year			
		-	
		-	

27. EARNINGS PER SHARE

Basic

Profit / (loss) after taxation, attributable to ordinary shareholders			
Weighted average number of ordinary shares in issue during the year		8,384,656.60	3,880,240.90
Earnings per share		350,000.00	350,000.00
figure for		23.96	11.09

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives the terms of their employment are as follows:

	Dec-18		Jun-18	
	Remuneration	Number of persons	Remuneration	
Chief Executive		1	1,416,504.00	
Directors		2	1,799,808.00	
Executives				

The Chief Executive of the Company are provided with free use of the Company's owned and maintained cars.