

MGM SECURITIES (PVT) LIMITED

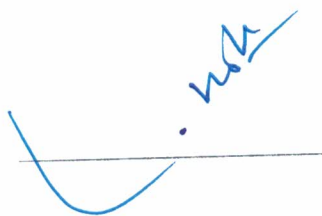
Financial Statements

For the Year Ended 30 September 2022

MGM SECURITIES (PVT) LIMITED**Statement of Financial Position***As at 30 September, 2022*

	Note	Sept. 2022 Rupees	June 2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	10,277,382	10,481,819
Intangible assets	6	2,500,000	2,500,000
Long term investments	7	16,406,874	16,406,874
Long term deposits	8	5,808,500	5,808,500
		34,992,756	35,197,193
Current assets			
Trade debts-net	9	15,430,325	4,466,302
Prepayments & advances	10	18,077,656	28,546,337
Cash and bank balances	11	48,186,395	49,729,834
		81,694,376	82,742,473
		116,687,132	117,939,666
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		17,369,180	17,369,179
Revenue reserve			
Unappropriated profit		22,288,453	21,229,074
		89,657,633	88,598,253
Total equity			
Liabilities			
Non-Current Liabilities			
Lease Liability	13	3,355,777	3,766,630
Current liabilities			
Trade and other payables	14	22,192,984	24,094,046
Current Portion of Lease Liability	13	1,480,737	1,480,737
Current tax liability	15	-	-
		23,673,721	25,574,783
Contingencies and commitments			
	16	-	-
		116,687,132	117,939,666

The annexed notes from 1 to 35 form an integral part of these financial statements.



MGM SECURITIES (PVT) LIMITED
Statement of Profit or Loss
For the year ended September 30, 2022

	Note	Sept. 2022 Rupees	June 2022 Rupees
Operating revenue	17	3,573,936	14,704,715
Gain/(loss) on sale of short term investments		-	-
Unrealized gain/(loss) on remeasurement of investments classified at FVTPL.		-	-
		<u>3,573,936</u>	<u>14,704,715</u>
Other income and losses	18	1,551,675	4,002,094
Operating and administrative expenses	19	<u>(3,847,622)</u>	<u>(15,937,885)</u>
Operating profit / (loss)		1,277,989	2,768,924
Finance costs	20	<u>(218,610)</u>	<u>(466,365)</u>
Profit / (loss) before taxation		1,059,379	2,302,559
Income tax expense	21	-	(875,638)
Profit/(loss) for the year		<u>1,059,379</u>	<u>1,426,921</u>
Earnings/(loss) per share - basic	22	2.12	2.85

The annexed notes from 1 to 35 form an integral part of these financial statements.


 Chief Executive Officer


 Director

MGM SECURITIES (PVT) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2022

6 INTANGIBLE ASSETS

	Note	Sept. 2022 Rupees	June 2022 Rupees
Trading Rights Entitlement Certificate ("TREC")	6.1	2,500,000	2,500,000
LSE Room Rights		-	-
		<u>2,500,000</u>	<u>2,500,000</u>
Impairment	6.2	-	-
		<u>2,500,000</u>	<u>2,500,000</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 standards.

- 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		(4,127,038)	928,372
		<u>16,406,874</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 19.44/ per share, compared to PKR 24.33 / per share as at June 30, 2021). Remeasurement to fair value resulted in a loss of PKR (4,127,038)(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
Security Deposit on Lease	4,297,500	4,297,500
Rent Security	81,000	81,000
	<u>5,808,500</u>	<u>5,808,500</u>

9 TRADE DEBTS-NET

Considered good	9.1	15,430,325	4,466,302
Considered doubtful		1,148,514	866,041

Less: Provision for doubtful debts

9.2

<u>16,578,838</u>	5,332,343
<u>(1,148,514)</u>	<u>(866,041)</u>
<u><u>15,430,325</u></u>	<u><u>4,466,302</u></u>

9.1 The Company holds client-owned securities with a total fair value of PKR 22,603,657 (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.

Trade debts include PKR 767,030 receivable from related parties.

9.2 Movement in provision against trade debts is as under:

Note	2022 Rupees	2021 Rupees
Opening balance (as at July 1)	866,041	583,568
Charged to profit and loss during the year	282,473	282,473
	<u>1,148,514</u>	<u>866,041</u>
Amounts written off during the year	-	-
Closing balance (as at June 30)	<u><u>1,148,514</u></u>	<u><u>866,041</u></u>

10 PREPAYMENTS & ADVANCES

Exposure margin with NCCPL	10,800,000	10,800,000
Balance due from NCCPL	3,873,316	15,362,837
Other receivable	-	-
Staff advances - unsecured, considered good	1,671,000	1,369,000
Income Tax refundable	1,753,529	1,014,500
	<u><u>18,097,845</u></u>	<u><u>28,546,337</u></u>

10.1 INCOME TAX REFUNDABLE

Opening balance (as at July 1)	-	-
Add: Current year additions	1,753,529	5,558,255
	<u>1,753,529</u>	<u>5,558,255</u>
Less: Adjustment against previous year provision for taxation	-	(4,543,755)
	<u><u>1,753,529</u></u>	<u><u>1,014,500</u></u>

11 CASH AND BANK BALANCES

Cash in hand	10,308	12,979
Cash at bank		
Client account	11.1 20,324,384	21,369,221
House account	27,851,704	28,347,635
	<u><u>48,186,395</u></u>	<u><u>49,729,834</u></u>

11.1 Cash at bank includes customers' assets in the amount of PKR 21,369,221 (2021: 37,268,593) held in designated bank accounts.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

Number of Shares		Percentage	
2022	2021	2022	2021

Mian Ghulam Muhiuddin
Zia Mohuddin
Syed Hassan Iqbal
Mrs. Nagina Akhter

297,297	297,297	59%	59%
5,406	5,406	1%	1%
191,981	191,891	38%	38%
5,406	5,406	1%	1%

	Note	2022 Rupees	2021 Rupees
13 LEASE LIABILITY		4,836,514	5,247,367
Lease liability (Vehicle)		3,355,777	3,766,630
Non Current Portion		1,480,737	1,480,737
Current Portion		-	-
13.1 Maturity analysis of lease liability			
Upto 1 Year		1,480,737	1,480,737
1-5 years		3,355,777	3,766,630
More than 5 years		-	-
		<u>4,836,514</u>	<u>5,247,367</u>

13.2 Following is the carrying amount of lease liabilities and the movement during the year:

Balance as at July 01		6,438,084	6,438,084
Initial Recognition		(215,199)	(446,947)
Interest Expenses		(743,770)	(743,770)
Payments		5,479,115	5,247,367
Balance as at June 30		<u>3,286,423</u>	<u>3,286,423</u>
Markup up Out standing			

13.3 Finance Cost on Lease liabilities for the year ended June 30, 2022 was Rs: 446,947. Total cash outflow for lease was Rs: 743,770. the rate of return implicit rate in the lease is 18.49%

13.4 During the year, Company has paid an Advance /Security Deposit amounting to Rs. 4.2975 Million out of Rs: 10.75 7Million for the purchase of two vehicles.

14 TRADE AND OTHER PAYABLES

Trade creditors	14.1	21,541,021	23,478,835
Staff welfare fund		201,551	189,831
Tax payable		209,814	184,781
Auditor's remuneration payable		100,000	100,000
Worker welfare fund -Punjab		140,598	140,598
Other payables		-	-
		<u>22,192,984</u>	<u>24,094,046</u>

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

15 CURRENT TAX LIABILITY

Opening balance (as at July 1)		3,668,117	-
Add: Current year provision		225,303	7,121,916
		<u>3,893,420</u>	<u>7,121,916</u>
Less: Adjustments against Current/previous year advance tax		(3,893,420)	(3,453,799)
Balance at the end of the year		<u>-</u>	<u>3,668,117</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 There are no contingencies or commitments of the Company as at June 30, 2022 (2021: Nil).

17 OPERATING REVENUE

Brokerage income	17.1	3,573,936	13,312,156
Dividend income		-	1,392,559
		<u>3,573,936</u>	<u>14,704,715</u>
17.1 Commissions earned - gross		3,606,319	14,579,541

5 Property and equipment

2022

	Building	Computers	Office Equipment	Furniture & Fixtures	Leased Vehicles	Total Rupees
As at July 1, 2022						
Cost	11,500,000	738,600	384,150	1,028,586	6,026,942	19,678,278
Accumulated Depreciation	(6,891,373)	(196,246)	(303,051)	(903,094)	(602,694)	(9,196,458)
Net book value	4,608,627	242,354	81,099	125,492	5,424,248	10,481,820
Movement during the period						
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Depreciation charge for the period	57,608	6,059	2,027	3,137	135,606	204,437
As at September 30, 2022						
Cost	11,500,000	738,600	384,150	1,028,586	6,026,942	19,678,278
Accumulated Depreciation	(6,948,981)	(302,305)	(305,078)	(906,231)	(738,300)	(9,400,896)
Net book value	4,551,019	236,295	79,072	122,355	5,288,642	10,277,382
Depreciation rate per annum	5	10	10	10	10	