



**PrimeGlobal**

An Association Of Independent Accounting Firms

## **Zahid Jamil & Co.**

**Chartered Accountants**

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### **M.M SECURITIES (PRIVATE) LIMITED**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**June 30, 2016**

### **KARACHI OFFICE:**

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*M.M SECURITIES  
(PRIVATE) LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
June 30, 2016*



## COMPANY INFORMATION

### BOARD OF DIRECTORS

MAHMOOD BAQI MOULVI (Chief Executive)  
MADIHA MAHMOOD MOULVI (Director)

### AUDITORS

ZAHID JAMIL & CO

### LEGAL ADVISORS

RAAFIA MURTAZA

### TAX CONSULTANTS

ANJUM ASIM SHAHID REHMAN

### BANKERS

BANK AL HABIB LIMITED  
MCB BANK LTD  
UNITED BANK LIMITED  
HABIB BANK LTD  
NATIONAL BANK OF PAKISTAN

### REGISTERED OFFICE

MM TOWERS, 3-C, KHAYABAN-E-ITTEHAD,  
PHASE II EXTENSION, DHA, KARACHI

However, the

company

auditors

The present state of

Accounting Director

The present state of

Karachi :

October 03, 2016

# M. M. Securities (Pvt.) Limited

## DIRECTOR'S REPORT

Dear Shareholders

Assalam-o-Alikum

The Directors of your Company are pleased to present the Annual Report together with Audited Financials Statements of the Company and Auditors' Report thereon for the year ended June 30, 2016. The un-appropriated Profit / (Loss) is tabulated below.

	2016	2015
	<u>RUPEES</u>	<u>RUPEES</u>
Profit before taxation	709,939	5,996,826
Tax for the year	<u>(877,431)</u>	<u>(2,708,529)</u>
Profit/(Loss) before taxation	<u>(167,492)</u>	<u>3,288,297</u>

The management worked this year comparatively conservative as you may observe the decrease in revenue like commission income from Rs 33.44 million to Rs 26.03 million and other revenues from Rs.4.7 million to Rs.3.33 million. However, we met our break even and contributed little profit rather than any loss for the company. We went conservative to keep minimize the risk factor as prevailed during the year due to various political & economical pressure. Further, all stock exchanges merged during the year with the one named Pakistan Stock Exchange Limited (PSX).

However, we hope the condition will improve more in future and help boosting up the business of the company.

### Auditors

The present auditors are Zahid Jamil & Co, Chartered Accountants.

### Board of Directors

The current members of Board are listed below

- . Mr. Mahmood Baqi Moulvi
- . Mrs. Madiha Mahmood Moulvi

Karachi :  
October 03, 2016



By the order of the Board  
Mahmood Baqi Moulvi  
Chief Executive





**PrimeGlobal**

An Association Of Independent Accounting Firms

**Zahid Jamil & Co.**

**Chartered Accountants**

An Independent Member Firm of Prime Global

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **M.M SECURITIES (PRIVATE) LIMITED** as at **30 June 2016** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2016** and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the company for the year ended **June 30, 2015** were audited by another auditor who has expressed an unqualified opinion in its Audit Report.

Date: **10 3 OCT 2016**  
Karachi

*Zahid Jamil*

**ZAHID JAMIL & CO**  
Chartered accountants  
Name of Partner  
Muhammad Zakaria Loya

3/17, Abid Chambers, Sharah-e-Liaquat, New Challi, Karachi-74200, Pakistan.

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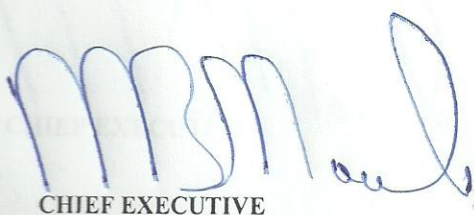
Website : www.zlc.8k.com, www.zahidjamilco.com

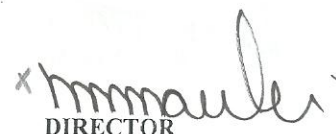


**M. M. SECURITIES (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	2,616,311	2,638,211
Intangible assets	5	15,490,000	15,490,000
Long term deposits	6	1,892,484	1,892,484
Long term investment	7	40,000,000	40,000,000
		59,998,795	60,020,695
<b>CURRENT ASSETS</b>			
Trade debtors-Unsecured considered good		31,405,252	40,055,920
Advances, deposits, prepayments & other receivables	8	26,376,104	27,185,377
Interest receivable		261,061	56,414
Advance income tax		2,681,293	3,610,045
Income tax refundable		5,084,735	4,107,207
Cash and bank balances	9	35,545,210	31,924,281
		101,353,655	106,939,245
		<b>161,352,450</b>	<b>166,959,940</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
1,000,000 (2015: 1,000,000) ordinary shares of Rs.100/- each.		100,000,000	100,000,000
<b>Issued, Subscribed and Paid-up capital</b>			
1,000,000 (2015: 1,000,000/-)ordinary shares of Rs. 100/- fully paid in cash		100,000,000	100,000,000
Accumulated Profit		7,217,118	7,384,610
		107,217,118	107,384,610
Deferred liabilities	10	5,878,542	5,277,750
<b>CURRENT LIABILITIES</b>			
Customer payables		34,069,471	29,128,828
Accrued & Other payables	11	1,681,622	13,982,971
Short term loan - Unsecured	12	12,075,000	9,000,000
Provision for taxation		430,697	2,185,781
		48,256,790	54,297,580
Contingencies and Commitments	13	-	-
		<b>161,352,450</b>	<b>166,959,940</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**M. M. SECURITIES (PRIVATE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>NOTE</u>	<u>2016 RUPEES</u>	<u>2015 RUPEES</u>
<b>REVENUE</b>			
Brokerage Commission Income		26,027,145	33,444,591
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Operating and administrative expenses	14	28,624,568	31,980,619
Finance charges	15	19,801	26,553
		<u>28,644,369</u>	<u>32,007,172</u>
		(2,617,224)	1,437,419
Workers' welfare fund		-	143,575
<b>OTHER INCOME/ (LOSS)</b>			
Profit on call treasury account		569,555	932,774
Dividend income		1,282,363	1,202,215
Profit on exposure margin with KSE & PMEX		1,341,022	2,218,016
Capital gain on trading of shares		-	108,439
Commission on book building & IPO		84,422	241,538
Other income		49,801	-
		<u>3,327,163</u>	<u>4,702,982</u>
Profit before taxation		709,939	5,996,826
Taxation			
- Current		430,697	2,185,781
- Prior		446,734	522,748
		<u>877,431</u>	<u>2,708,529</u>
(Loss) / Profit after taxation		<u>(167,492)</u>	<u>3,288,297</u>
Basic and diluted Earning per Share	16	(0.17)	3.29

The annexed notes from 1 to 23 form an integral part of these financial statements.

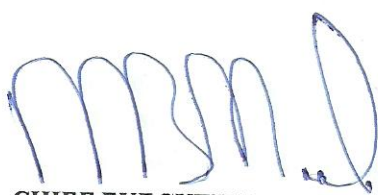
  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**M. M. SECURITIES (PRIVATE) LIMITED**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>NOTE</u>	<u>2016 RUPEES</u>	<u>2015 RUPEES</u>
Net (Loss) / Profit before taxation	(167,492)	3,288,297
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	<u>(167,492)</u>	<u>3,288,297</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR




**M. M. SECURITIES (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Note</u>	<u>2016</u> <u>RUPEES</u>	<u>2015</u> <u>RUPEES</u>
<b>Cash flows from operating activities</b>			
Cash generated from operations	17	5,865,022	13,908,920
Income tax paid		(1,703,763)	(3,523,986)
Financial charges paid		(19,801)	(26,553)
Staff reirement fund - grauduity		(270,333)	(727,959)
<b>Net cash inflow from operating activities</b>		<u>3,871,127</u>	<u>9,630,422</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset		(250,198)	(184,720)
Long term deposit		-	(175,271)
<b>Net cash (outflow) from investing activities</b>		<u>(250,198)</u>	<u>(359,991)</u>
<b>Cash flows from financing activities</b>			
		-	-
<b>Net cash inflow/ (outflow) from financing activities</b>		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		3,620,929	9,270,431
Cash and cash equivalents at the beginning of the year		31,924,281	22,653,850
Cash and cash equivalents at the end of the year		<u>35,545,210</u>	<u>31,924,281</u>
<b>Cash and cash equivalents (Refer note 3.12)</b>			
Cash and bank balances		35,545,210	31,924,281
		<u>35,545,210</u>	<u>31,924,281</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**M. M. SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Issued, subscribed and paid-up Capital Rupees	Unappropriated Profit Rupees	Total Rupees
Balance as at June 30, 2014	100,000,000	4,096,313	104,096,313
Profit for the year		3,288,297	3,288,297
Balance as at June 30, 2015	100,000,000	7,384,610	107,384,610
Loss for the year		(167,492)	(167,492)
Balance as at June 30, 2016	100,000,000	7,217,118	107,217,118

The annexed notes from 1 to 23 form an integral part of these financial statements.



**CHIEF EXECUTIVE**




**DIRECTOR**



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1 STATUS AND NATURE OF BUSINESS**

M.M. Securities (Private) Limited, ('the Company') was incorporated in Pakistan as a Private Limited Company on August 09, 2007 under the Companies Ordinance, 1984. Its main activity is brokerage business. The Company is a corporate member of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange. The registered office of the Company is situated at the M. M. Tower, 3-C, Khayaban-e-Ittehad, Phase-II Ext. D.H.A. Karachi.

**2 BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for "Medium-Sized Entities (MSEs)" issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of directives of the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of measurement**

These accounts have been prepared under the historical cost convention.

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees which is also the Company's financial currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.


**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Accounting convention and basis of preparation**

**3.2 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effects the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimate and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**3.3 Stanadards, interpretations and amendments to approved accounting standards that are not yet effective**

**Standards, amendments or interpretations which became effective during the year**

the following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation;

<b>Standard or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 2 'Share based Payments' - classification and measurement of share based payments transactions (Ammendments)	01 January 2018.
IFRS 10 'Consolidated Financial Statements', IFRS 2 Disclosure of interest in other entities and IAS 28 Investment in Associates - Investment Entities: Applying the	01 January 2016
IFRS 10 'Consolidated Financial Statements' and IAS 28 Investment in Associates and joint ventures - sale or Contribution of Assets Between an Investor and its	Not yet finalized
IFRS 11 'Joint Arrangements' – Accounting for Acquisition of Interest in joint operation (Amendment)	01 January 2016
IAS 1 Presentation of financial Statement - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial instrument: Disclosure - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statement"	01 January 2016

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the Purposes of applicability in Pakistan.



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Standard or Interpretation**

**Effective date (annual  
periods beginning on or  
after)**

IFRS 9 - Financial Instruments: classification and measurement

01 January 2018

IFRS 14 - Regulatory Deferral Accounts

01 January 2016

IFRS 15 - Revenue from Contracts with Customers

01 January 2018

IFRS 16 - Leases

01 January 2019

**3.4 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

Brokerage consultancy and advisory fee, commission etc, are recognised as and when such services are provided.

Income from bank deposits is recognised at effective yield on time proportion basis.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

Unrealized capital gains / (losses) arising from mark to market of investments classified as financial assets at fair value through profit or loss-held for trading' are included in profit and loss account for the period in which they arise.

**3.5 Taxation**

**3.5.1 Current**

Taxation is based on taxable income at the current rate of taxation after considering admissible tax credit and rebates, if any.

**3.5.2 Deferred**

The Company accounts for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. This is recognised on the basis of expected manner of the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

**3.6 Provisions**

Provisions are recognized when the Company has the present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**3.7 Trade and other payables**

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**3.8 Property, plant and equipment and depreciation**

**3.8.1 Owned Assets**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

**3.8.2 Subsequent cost**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred.

**3.8.3 Depreciation**

Depreciation is charged to income on straight line basis at the rates specified in note 4 to these financial statements. Depreciation on additions is charged from the month in which they are available for use. No depreciation is charged in the month of disposal.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

The gain or loss on disposal or requirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

**3.8.4 Impairment**

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

**3.8.5 Intangible assets**

An intangible asset is recognised as an asset if it is probable that the economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

**3.9 INVESTMENTS**

**Available for sale**

As per IAS 39 investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gain and losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently. Fair value of quoted investment is their bid price at the balance sheet date.

Unquoted investments, where active market does not exist, are carried at cost and checked for impairment at each year end. Impairment loss, if any, is taken to income currently.



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**3.10 Investment at fair value through profit or loss**

These include investments classified as held for trading or upon initial recognition it is designated by the Company as at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income currently. Fair value of investments is their quoted bid price at the balance sheet date. Transactions cost are charged to income currently.

**3.11 Trade debts and other receivables**

These are originated by the Company and are stated at cost less provisions for any uncollectible amount. As estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

**3.12 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalent comprises of cash in hand, prize-bonds and balance at bank.

**3.13 Foreign currency translations**

Foreign currency transactions are translated into Pak Rupees (functional currency) using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees using exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

**3.14 Staff retirement Benefits**

The Company operates an unfunded gratuity plans for its eligible staff under which benefits are paid on cessation of employment subject to minimum qualifying period of service, that is one year. The amount of liability of each employee at year end is computed on the basis of monthly salary and length of services with company. The difference between the current and previous liability is charged to profit and loss account as expense for the year.

**3.15 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extend of impairment loss, if any. Impairment losses are recognized in profit and loss account currently.

**3.16 Financial Assets and liabilities**

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account currently.

**3.17 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



M. M. SECURITIES (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

4 PROPERTY AND EQUIPMENT

Description	Owned					Total
	Office equipment	Furniture & Fixture	Air Conditioners	Computer Equipment	Vehicles	
Balance as at July 1, 2014	409,171	-	-	2,522,129	6,227,025	9,158,325
Additions	-	-	-	184,720	-	184,720
Balance as at June 30, 2015	409,171	-	-	2,706,849	6,227,025	9,343,045
Balance as at July 1, 2015	409,171	-	-	2,706,849	6,227,025	9,343,045
Additions	-	55,615	164,583	30,000	-	250,198
Balance as at June 30, 2016	409,171	55,615	164,583	2,736,849	6,227,025	9,593,243
<b>DEPRECIATION</b>						
Balance as at July 1, 2014	266,473	-	-	2,395,527	2,652,573	5,314,573
Charge for the year	76,119	-	-	68,737	1,245,405	1,390,261
Balance as at June 30, 2015	342,592	-	-	2,464,264	3,897,978	6,704,834
Balance as at July 1, 2015	342,592	-	-	2,464,264	3,897,978	6,704,834
Charge for the year	12,537	232	686	17,874	240,768	272,097
Balance as at June 30, 2016	355,129	232	686	2,482,138	4,138,746	6,976,931
<b>CARRYING AMOUNT - 2016</b>	<b>54,042</b>	<b>55,383</b>	<b>163,896</b>	<b>254,711</b>	<b>2,088,279</b>	<b>2,616,311</b>
<b>CARRYING AMOUNT - 2015</b>	<b>66,579</b>	<b>-</b>	<b>-</b>	<b>242,585</b>	<b>2,329,047</b>	<b>2,638,211</b>
<b>RATE OF DEPRECIATION (%) - 2015</b>	<b>20%</b>	<b>-</b>	<b>-</b>	<b>30%</b>	<b>20%</b>	
<b>RATE OF DEPRECIATION (%) - 2016</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	

5



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

		<b>2016</b>	<b>2015</b>
		<b>RUPEES</b>	<b>RUPEES</b>
<b>5 INTANGIBLE</b>			
Membership card		15,490,000	15,490,000
Opening			
Amortization	7.1	-	-
		<u>15,490,000</u>	<u>15,490,000</u>
Trading/Clearing Rights on Demutualization (TRE Certificate)	7.1	15,490,000	15,490,000
		<u>15,490,000</u>	<u>15,490,000</u>
<b>6 LONG TERM DEPOSIT</b>			
Deposit with PSX limited		500,000	500,000
Deposit with Pakistan Mercantile Exchange		1,392,484	1,392,484
		<u>1,892,484</u>	<u>1,892,484</u>

**7 LONG TERM INVESTMENT - Unsecured considered good**

Shares and Trading Right Entitlement Certificate  
- Pakistan Stock Exchange Limited

7.1 40,000,000 40,000,000

- 7.1** Pursuant to demutualization of the Pakistan Stock Exchange Limited (PSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and Trade Rights Entitlement Certificate (TREC) from the PSX against its membership card which was carried at **Rs. 55 million** in the books of the Company.

The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by the KSE. Out of total shares issued by the PSE, the Company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the PSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

The Institute of Chartered Accountants of Pakistan in its technical guide dated February 25, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs. 40 million) of the shares issued by the PSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the PSE in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. In other words, shares worth Rs. 40 million received by the Company represent its share in the fair value of the net assets of the PSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Further recently, the PSE has introduced a minimum capital regime for the brokers, and for this purpose has valued TREC at Rs. 15 million as per the decision of the Board of Directors of the PSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of PSE shares (Rs. 40 million) and TREC (Rs. 15 million), the Company has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 40 million and TREC at Rs. 15 million.

The company has pledged 1,602,953 ordinary shares of PSE, available with it being 40% of total number of shares allotted to the company and TREC with the PSE in compliance with Base Minimum Capital(BMC) requirement under Regulation 2.1 of the Regulations Governing Risk Management of the PSE.

	Note	2016 RUPEES	2015 RUPEES
<b>8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</b>			
Advances to employees			270,000
Deposits		456,128	19,939,496
Prepayments		21,069,207	143,580
Receivable from NCCPL		-	6,832,301
		<u>4,850,769</u>	<u>8,384,387</u>
		<u>26,376,104</u>	<u>27,185,377</u>
<b>9 CASH AND BANK BALANCES</b>			
Cash in Hand		58,496	41,675
Cash at bank - Current accounts		34,703,814	13,734,039
- Saving accounts		782,900	18,148,571
		<u>35,545,210</u>	<u>31,924,285</u>
<b>10 DEFERRED LIABILITIES</b>			
Staff retirement benefits			
Balance sheet liability			
Opening balance		5,277,750	4,142,989
Amount recognized during the year		871,125	1,862,720
Benefits paid during the year		6,148,875	6,005,709
Closing Balance as at June 30, 2016		<u>(270,333)</u>	<u>(727,959)</u>
		<u>5,878,542</u>	<u>5,277,750</u>
<b>11 ACCRUED AND OTHER PAYABLES</b>			
Payable to NCCPL		5,700	-
Advance from customers		-	2,000,000
Dealers payables		131,076	133,491
Sales tax payable		270,436	560,987
Accrued liabilities		752,663	1,782,924
WWF payable		125,145	125,145
Others		396,602	9,380,424
		<u>1,681,622</u>	<u>13,982,971</u>

*[Handwritten signature]*



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 RUPEES	2015 RUPEES
<b>12 SHORT TERM LOAN - Unsecured</b>			
Loan from Director		12,075,000	9,000,000
		<u>12,075,000</u>	<u>9,000,000</u>
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
There were no contingencies and commitments existed as at June 30, 2016 and 2015.			
<b>14 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Director Remuneration	14.1	2,400,000	2,400,000
Staff salaries and benefits		15,781,799	16,824,986
Printing and stationery		124,634	142,619
Postage and telegram		266,139	315,195
Rent, Rates & Taxes		1,841,925	1,823,500
Utilities		815,697	840,422
Legal and professional charges		656,523	302,150
News paper and periodicals		51,819	48,201
Entertainment expense		112,404	147,430
Depreciation	4	272,097	1,390,261
Auditor's remuneration		167,000	137,400
Gratuity expense	10	871,125	1,862,720
Fees and subscription		220,530	175,410
Traveling and conveyance		499,460	582,100
Repairs and maintenance		952,647	803,155
Internet charges		814,208	902,974
KSE Clearing House and CDC charges		2,270,563	2,932,864
Advertisement		2,921	15,395
Insurance		478,599	298,283
Miscellaneous		24,478	35,554
		<u>28,624,568</u>	<u>31,980,619</u>
<b>14.1 DIRECTORS' REMUNERATION</b>			
(i) Remuneration and allowances paid to the chief executive of the company during the year was Rs. 1,200,000 (2015 : Rs. 1,200,000).			
(ii) Remuneration and allowances paid to one director of the company during the year was Rs. 1,200,000 (2015 Rs: 1,200,000).			
<b>15 FINANCE CHARGES</b>			
Bank charges		<u>19,801</u>	<u>26,553</u>
<b>16 EARNING PER SHARE</b>			
(Loss) / Profit for the year		<u>(167,492)</u>	<u>3,288,297</u>
Average number of shares during the year		<u>1,000,000</u>	<u>1,000,000</u>
Basic and diluted Earning per Share		<u>(0.17)</u>	<u>3.29</u>

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**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**17 CASH GENERATED FROM OPERATIONS**

	Note	2016 RUPEES	2015 RUPEES
Profit before taxation		709,939	5,996,826
Adjustments for			
Depreciation	4	272,097	1,390,261
Gratuity expense	10	871,125	1,862,720
Finance cost	15	19,801	26,553
Operating profit before changes in working capital		1,872,962	9,276,360
Changes in working capital			
(Increase)/decrease in current assets			
Trade Debtors-Unsecured considered good		8,650,668	(5,431,714)
Advances, deposits, prepayments & other receivables		809,273	1,779,378
Interest receivable		(204,647)	(45,833)
Income tax refundable		(977,528)	-
Increase/(decrease) in current liabilities			
Customer payables		4,940,643	10,892,083
Accrued & Other payables		(12,301,349)	(2,561,353)
Short term loan - Unsecured		3,075,000	-
Cash inflow from operations		3,992,060	4,632,560
		<u>5,865,022</u>	<u>13,908,920</u>

**18 CAPITAL RISK MANAGEMENT**

The Board's policy of capital risk management is to maintain a strong capital base, ratios and credit rating so as to maintain investor, creditor and market confidence, sustain future development of the business, safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optional capital structure to reduce the cost of capital. The board of Directors monitors the return on capital, which the Company defines as net profit after taxation dividend by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes in Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.



**M. M. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**2016**      **2015**  
**RUPEES**      **RUPEES**

**19 TRANSACTION WITH REALATED PARTIES**

The related parties comprise local associated companies, directors and key management personnel. Transaction with related parties other than those which have been disclosed elsewhere in the financial statements are as follows.

	<b>Relationship</b>		
Sales of listed securities through brokerage house	Director	5,057,419	6,764
Directors loan	Director	12,075,000	9,000,000
Loan received	Associates	-	53,600,000
Loan repaid	Associates	-	53,600,000
Rent paid to directors	Director	1,800,000	1,800,000
Trade payables to related parties	Director	3,161,774	1,179,355

**20 NUMBER OF EMPLOYEES**

No. of employees at year end June 30, 2016

26      25

Average no of employees

26      25

**21 FINANCIAL ASSETS AND LIABILITIES**

<b>Interest/markup bearing</b>		<b>Non interest/markup bearing</b>		<b>Total</b>	
<b>Maturity</b>	<b>Maturity</b>	<b>Maturity</b>	<b>Maturity</b>	<b>2016</b>	<b>2015</b>
<b>up to</b>	<b>one to</b>	<b>up to</b>	<b>one to</b>	<b>Rupees</b>	<b>Rupees</b>
<b>one year</b>	<b>five years</b>	<b>one year</b>	<b>five years</b>		

**Financial Assets**

Long term deposits	-	-	-	1,892,484	1,892,484	1,892,484
Trade debtors-Unsecured considered good	-	-	31,405,252	-	31,405,252	40,055,920
Advances, deposits, prepayments & other receivables	-	-	26,376,104	-	26,376,104	27,185,377
Interest receivable	-	-	261,061	-	261,061	56,414
Cash and bank balances	-	-	35,545,210	-	35,545,210	31,924,281
	-	-	93,587,627	1,892,484	95,480,111	101,114,476

**Financial Liabilities**

Customer payables	-	-	34,069,471	-	34,069,471	29,128,828
Accrued & Other payables	-	-	1,681,622	-	1,681,622	13,982,971
Short term loan - Unsecured	-	-	12,075,000	-	12,075,000	9,000,000
	-	-	47,826,093	-	47,826,093	52,111,799

**N. N. SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company exposure of credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to any interest rate risk. The rate of financing and their maturity period has been disclosed in the relevant notes.

**Liquidity risk**

The liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company's management closely monitor the companies liquidity and cash flows position.

**Foreign exchange risk**

Foreign exchange risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on assets and liabilities.

**Other financial instruments**

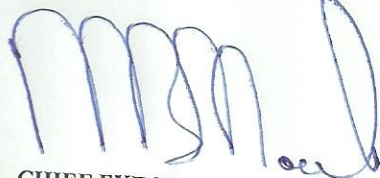
The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

**22 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 10 3 OCT 2016 by the Board of the Directors of the company.

**23 GENERAL**

Figures have been rounded off to the nearest rupee.



**CHIEF EXECUTIVE**

  
**DIRECTOR**