

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

9 DEFERRED TAXATION

	Note	2011 (Rs.'000)	2010 (Rs.'000)
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		19,924	26,427
Accelerated depreciation		137,882	141,321
		157,806	167,748
Deductible temporary differences:			
Provision for employee benefits and finance leases		(20,190)	(17,592)
		137,616	150,156

10 TRADE AND OTHER PAYABLES

Creditors	10.1	127,852	109,005
Accrued liabilities		54,669	73,353
Advances from customers		64,341	32,117
Unclaimed dividend		3,675	3,652
Unpaid dividend		14,588	13,231
Workers' (Profit) Participation Fund (WPPF)	10.2	39,102	26,113
With-holding tax payable		661	522
Sales tax payable - net		68,056	57,613
Special excise duty payable		9,737	8,464
Export duty payable on PMFL and beer		110,821	110,821
Payable to provident fund		6	93
Workers' Welfare Fund (WWF)	10.3	16,014	10,706
Zila tax payable		6,871	6,871
Unearned income		2,048	1,265
Other liabilities		17,656	11,924
		536,097	465,750

10.1 This includes Rs. 3.201 million (2010: Rs. 3.159 million) payable to an associated undertaking on account of services received for the sale of the Company's products. This balance is unsecured, interest free and payable on demand.

	Note	2011 (Rs.'000)	2010 (Rs.'000)
10.2 Workers' (Profit) Participation Fund (WPPF)			
Opening balance		26,113	18,303
Interest for the year	27	1,990	1,399
Allocation for the year	10.2.1	38,057	25,205
		66,160	44,907
Less: Payments during the year		(27,058)	(18,794)
		39,102	26,113

10.2.1 Computation of Workers' (Profit) Participation Fund

Profit for the year before WPPF and WWF		838,757	560,492
Add / (less) adjustments:			
Loss / (gain) on disposal of property, plant and equipment		2,281	(3,328)
Deficit on re-measurement of investment property to fair value		2,953	-
Interest on advances		(295)	(137)
Return on deposits		(46,423)	(21,716)
Gain on sale of short term investments		(860)	(1,514)
Other income		(26,829)	(20,831)
Unrealized gain on re-measurement of short term investments		(8,439)	(8,868)
		(77,612)	(56,394)
		761,145	504,098
Allocation for the year at the rate of 5%	28	38,057	25,205

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	2011	2010
10.3 Workers' Welfare Fund (WWF)	(Rs.'000)	(Rs.'000)
Balance at the beginning of the year	10,706	6,956
Charge for the year	28 16,014	10,706
Advance income tax adjusted against workers' welfare fund	11 (10,706)	(6,956)
	<u>16,014</u>	<u>10,706</u>
11 PROVISION FOR TAXATION - net		
Transferred from advance tax	35,544	(25,744)
Income tax paid during the year	(308,134)	(142,293)
Income tax adjusted against workers' welfare fund	10.3 10,706	6,956
Provision for taxation - current	30 277,305	196,625
Tax payable at end of the year	<u>15,421</u>	<u>35,544</u>

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

12.1 As a result of investigations by the National Accountability Bureau ("NAB"), relating to vend fee payments, a fine of Rs. 20 million was imposed by the Accountability Court on an employee of the Company. The Honorable High Court of Sindh in its order dated 29 May 2003 acquitted the employee, however, NAB preferred an appeal in the Honorable Supreme Court of Pakistan. Supreme Court of Pakistan in its order dated 21 April 2005 finally dismissed NAB appeal in employees' favour. The Accountability Court has also held that reference be filed against certain directors and the General Manager of the Company. The case is currently pending with the Honorable High Court of Sindh.

In the opinion of the management and on the basis of legal opinion, the Company is not exposed to any liability on account of the above matter.

12.2 The Company is contingently liable in respect of guarantees amounting to Rs. 54.50 million (2010: Rs. 50.46 million) issued by banks on behalf of the Company in normal course of business.

12.3 For contingencies related to tax matters - Refer note 30.2

(b) Commitments:

12.4 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 192.96 million (2010: Rs. 87.12 million).

12.5 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 33.6 million (2010: Rs. Nil).