

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

10 TRADE AND OTHER PAYABLES	Note	2009 (Rs. '000)	2008 (Rs. '000)
Creditors	10.1	70,562	91,739
Accrued liabilities		35,652	29,807
Advances from customers		30,461	22,012
Unpaid dividend		3,756	8,961
Unclaimed dividend		11,567	5,318
Workers' (Profit) Participation Fund (WPPF)	10.2	18,303	14,948
With holding tax payable		358	140
Sales tax payable - net		50,558	40,056
Special excise duty payable		8,089	9,440
Export duty payable	10.3	110,821	110,821
Workers Welfare Fund (WWF)		6,956	6,053
Payable to provident fund	10.4	97	153
Zila tax payable		6,871	6,871
Other liabilities		13,545	22,478
		367,596	368,797

10.1 This includes Rs 1.411 million (2008: Rs. 2.137 million) payable to associated undertaking on account of services received for the sale of the Company's products. This balance is interest free and payable on demand.

10.2 Workers' (Profit) Participation Fund	Note	2009 (Rs. '000)	2008 (Rs. '000)
Opening balance		14,948	6,274
Interest for the year	28	-	66
Allocation for the year	10.2.1	17,605	14,301
		32,553	20,641
Less: Payments during the year		(14,250)	(5,693)
		18,303	14,948

10.2.1 Computation of Workers' (Profit) Participation Fund

Profit for the year before WPPF and WWF		365,415	316,970
Add/ (less) adjustments:			
Loss/ (gain) on disposal of property, plant and equipment		3,781	(2,262)
Interest on advances		(355)	(21)
Return on deposits		(7,866)	(5,763)
Loss/ (gain) on sale of investments		2,334	(1,519)
Other income		(21,035)	(16,473)
Unrealized loss/ (gain) on re-measurement of investments to fair value		9,826	(4,916)
		(13,315)	(30,954)
		352,100	286,016
Allocation for the year at the rate of 5%	29	17,605	14,301

10.3 This amount is payable on account of Export Duty on PMFL and beer.

10.4 Payable to provident fund

Opening balance		153	42
Contribution for the year		1,093	988
		1,246	1,030
Less: Payments during the year	40	(1,149)	(877)
		97	153

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

11 PROVISION FOR TAXATION - net	Note	2009	2008
		(Rs.'000)	(Rs.'000)
Advance tax at beginning of the year	22	-	(4,288)
Income tax paid during the year		-	(77,285)
Provision for current taxation - for the year	31	-	101,922
Tax payable at end of the year		-	20,349

12 SHORT TERM RUNNING FINANCE FACILITIES - SECURED

12.1 The Company has a running finance facility amounting to Rs. 35 million from Bank Alfalah Limited, Rawalpindi. This facility is available till 31 March 2010 and carries mark up at the rate of KIBOR plus 1.5% per annum. It is secured against first hypothecation charge on current assets of the Company amounting to Rs. 60 million. During the year, the Company has availed this facility amounting to Rs. 123.087 million and repaid till the balance sheet date.

12.2 The Company has created following charge in favour of Askari Bank Limited to secure working capital finance facility.

- First hypothecation charge ranking parri passu over the stocks and spares of the Company amounting to Rs. 35 million.
- Second hypothecation charge over stock and spares of the Company amounting to Rs. 20 million.
- First charge by way of equitable mortgage amounting to Rs. 36 million over two banglows of the Company.
- First charge by way of equitable mortgage amounting to Rs. 25 million over land and building of Glass Division.

13 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

13.1 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.

13.2 The Company is contingently liable in respect of guarantees amounting to Rs. 49.51 million (2008: Rs.35.678 million) issued by a bank on behalf of the Company in normal course of business.

13.3 The Company is contesting certain claims and levies imposed by various government authorities and departments amounting to Rs. 1.37 million (2008: Rs.4.30 million) in various courts of law and other assessment forums. The Company is hopeful of favourable settlement of these cases and therefore, no provision has been made in these financial statements.

13.4 For contingencies related to tax matters - Refer note 31.2

(b) Commitments:

13.5 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 2.659 million (2008: Rs. 104.953 million).

13.6 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 2.88 (2008: Rs. 11.89 million).