

MURREE BREWERY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

10 TRADE AND OTHER PAYABLES	Note	2010 (Rs.'000)	2009 (Rs.'000)
Creditors	10.1	109,005	70,562
Accrued liabilities		73,353	35,652
Advances from customers		32,117	30,461
Unclaimed dividend		3,652	3,756
Unpaid dividend		13,231	11,567
Workers' (Profit) Participation Fund (WPPF)	10.2	26,113	18,303
With holding tax payable		522	358
Sales tax payable - net		57,613	50,558
Special excise duty payable		8,464	8,089
Export duty payable	10.3	110,821	110,821
Workers Welfare Fund (WWF)		10,706	6,956
Payable to provident fund	10.4	93	97
Zila tax payable		6,871	6,871
Other liabilities		11,924	13,545
		464,485	367,596

10.1 This includes Rs. 3.159 million (2009: Rs. 1.411 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	2010 (Rs.'000)	2009 (Rs.'000)
Opening balance		18,303	14,948
Interest for the year	29	1,399	-
Allocation for the year	10.2.1	25,205	17,605
		44,907	32,553
Less: payments during the year		(18,794)	(14,250)
		26,113	18,303

10.2.1 Computation of Workers' (Profit) Participation Fund

Profit for the year before WPPF and WWF	560,492	365,415
Add/ (less) adjustments:		
(Gain)/ loss on disposal of property, plant and equipment	(3,328)	3,781
Interest on advances	(137)	(355)
Return on deposits	(21,716)	(7,866)
(Gain)/ loss on sale of investments	(1,514)	2,334
Other income	(20,831)	(21,035)
Unrealized (gain)/ loss on re-measurement of investments to fair value	(8,868)	9,826
	(56,394)	(13,315)
	504,098	352,100
Allocation for the year at the rate of 5%	30	17,605

10.3 Export duty payable

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

10.4 Payable to provident fund	Note	2010 (Rs.'000)	2009 (Rs.'000)
Opening balance		97	153
Contribution for the year	41	1,346	1,093
		1,443	1,246
Less: payments during the year		(1,350)	(1,149)
		93	97

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11 PROVISION FOR TAXATION - net	Note	2010 (Rs.'000)	2009 (Rs.'000)
Transferred from advance tax	23	(25,744)	-
Income tax paid during the year		(135,337)	-
Provision for current taxation - for the year	32	196,625	-
Tax payable at end of the year		<u>35,544</u>	<u>-</u>

12 UNVALUED SHORT TERM RUNNING FINANCE FACILITIES - SECURED

12.1 The Company has a running finance facility amounting to Rs. 35 million (2009: Rs. 35 million) from Bank Alfalah Limited, Rawalpindi. This facility is available till 30 April 2011 and carries mark up at the rate of 6 months' KIBOR plus 1% per annum (2009: 6 months' KIBOR plus 1% per annum). It is secured against first hypothecation charge on current assets of the Company amounting to Rs. 60 million.

12.2 The Company has a running finance facility amounting to Rs. 200 million (2009: Rs. 200 million) from Askari Bank Limited. This facility is available till 31 July 2010 and carries mark up at the rate of 3 months' KIBOR plus 2.25% per annum (2009 : 3 months' KIBOR plus 0.95% per annum). The facility was utilized during the year, however, it was repaid in full before the balance sheet date. It is secured against following charge/ hypothecation.

- 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. 267 million over two bungalows 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. 50.46 million (2009: Rs. 49.51 million) issued by banks 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. nil (2009: Rs. 1.37 million) in various courts of law and other assessment forums.

13.4 For contingencies related to tax matters - Refer note 32.2

(b) Commitments:

13.5 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 87.12 million (2009: Rs. 2.659 million).

13.6 The Company's contracted capital commitments outstanding at the year end amounting to Rs. nil (2009: Rs. 2.88 million).