

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

25 DISTRIBUTION COST	Note	2011 (Rs.'000)	2010 (Rs.'000)
Advertisement and publicity		57,981	29,764
Salaries and wages		23,055	17,793
Selling expenses		59,099	46,555
Commission to M/s D.P. Edulji Limited, an associated undertaking		29,775	25,981
Samples		1,962	1,157
Sales promotion		3,876	3,143
Freight		62,707	45,712
Depreciation	13.4	3,343	3,130
Others		5,937	4,741
		<u>247,735</u>	<u>177,976</u>

26 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	26.1	67,942	76,622
Travelling and conveyance		3,043	2,418
Printing and stationery		4,108	2,981
Repair and maintenance		8,993	5,927
Fuel and power		15,491	9,090
Directors' fees and travelling		434	817
Communication		2,806	1,982
Entertainment		2,498	1,907
Advertisement		949	2,208
Legal and professional		2,134	732
Security		991	805
Subscriptions and periodicals		185	166
Donations		1,486	266
Training		447	124
Insurance		3,806	2,649
Rent, rates and taxes		846	30,774
Depreciation	13.4	11,257	9,055
Others		3,476	1,383
		<u>130,892</u>	<u>149,906</u>

26.1 This includes staff retirement benefits - gratuity amounting to Rs. 6.791 million (2010: Rs. 10.565 million) - also refer note 8.5.

27 FINANCE COST	Note	2011 (Rs.'000)	2010 (Rs.'000)
Markup on short term running finance		-	14
Finance charge on leased assets		398	279
Interest on Workers' (Profit) Participation Fund	10.2	1,990	1,399
Bank charges		692	414
Bank guarantee commission		1,270	401
		<u>4,350</u>	<u>2,507</u>

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28 OTHER EXPENSES	Note	2011 (Rs.'000)	2010 (Rs.'000)
Workers' (Profit) Participation Fund (WPPF)	10.2.1	38,057	25,205
Workers' Welfare Fund (WWF)	10.3	16,014	10,706
Auditors' remuneration	28.1	1,035	950
Internal audit fee		920	800
		56,026	37,661

28.1 Auditors' remuneration

Annual audit fee	660	575
Half yearly review	200	200
Other certifications	175	175
	1,035	950

29 OTHER OPERATING INCOME

Income from financial assets:

Dividend income	1,347	764
Interest on advances	295	137
Unrealized gain on remeasurement of short term investments	8,439	8,868
Return on deposit and saving accounts	46,423	21,716
Realized exchange gain	23	61
Capital gain on sale of short term investments	860	1,514
	57,387	33,060

Income from assets other than financial assets:

(Loss) / gain on disposal of property, plant and equipment	13.6	(2,281)	3,328
Deficit on remeasurement of investment property to fair value		(2,953)	-
Scrap sales		8,240	5,362
Service charges		13,647	9,161
Rental income		4,983	2,683
Miscellaneous receipts		4,942	3,625
Sale of by products		6,816	4,620
		90,781	61,839

30 PROVISION FOR TAXATION

30 PROVISION FOR TAXATION	Note	2011 (Rs.'000)	2010 (Rs.'000)
Current	11	277,305	196,625
Deferred		(12,540)	12,627
	30.1	264,765	209,252

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30.1 Reconciliation of tax charge for the year

	2011 (Rs.'000)	2010 (Rs.'000)
Accounting profit before taxation	784,686	524,581
Tax rate	35%	35%
Tax on accounting profit	274,640	183,603
Tax effect of lower rate on certain incomes	(1,618)	(770)
Tax credits on approved donations	(519)	(93)
Tax effect of other permanent differences	(7,738)	26,512
Tax expense for the year	264,765	209,252

30.2 Tax status and tax matters

- (i) Income for the Assessment Year 2002-03 (year ended 30 June 2002) was re-assessed by the taxation officer whereby he repeated the add-backs made to income as per the principal assessment order. The Company's appeal against the re-assessment order was accepted by the Commissioner (Appeals) [CIR(A)] where against the Department has filed second appeal to the Appellate Tribunal which is pending decision.
- (ii) For the Tax Year 2009, the taxation officer amended the assessment of the Company and raised tax demand of Rs. 32 million by partially disallowing salary expense and not allowing credit for tax payments made by the Company. The Company's appeal was accepted by CIR(A) where against the Department has filed appeal to the Appellate Tribunal which is pending decision.
- (iii) The Company has filed appeal to the Appellate Tribunal against imposition of additional tax of Rs. 1.03 million for the Tax Year 2008 against alleged shortfall in payment of advance tax.

31 EARNINGS PER SHARE - Basic and diluted

	2011	2010 Restated
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Net profit for the year (Rs.'000)	519,921	315,329
Weighted average number of shares (Numbers)	17,320,080	17,320,080
Earnings per share (Rupees)	30.02	18.21

For the purpose of computing earnings per share, the number of shares for the previous year have been adjusted for the effect of bonus shares issued during the year.

32 CASH AND CASH EQUIVALENTS

	2011 (Rs.'000)	2010 (Rs.'000)
These are made up as follows:		
Cash at banks	695,253	552,590
Cash in hand	1,037	396
	696,290	552,986