

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

7.1 The Company has leased vehicles from Standered Chartered Leasing, Bank Alfalah Limited and Askari Leasing Limited. The lease term for these arrangements is 3 years. All leases carry markup ranging from 14% to 21% (2010: 13.27% to 20%) per annum. The rentals are payable in thirty six monthly installments upto 19 June 2014. At the end of the lease term, the Company has the option to acquire the assets on payment of all installments and adjustment of lease key money.

	Note	2011 (Rs.'000)	2010 (Rs.'000)		
8 DEFERRED LIABILITIES - STAFF RETIREMENT BENEFITS					
Provision for gratuity	8.1	29,619	23,713		
8.1 Reconciliation of payable to defined benefit plan					
Present value of defined benefit obligation		30,460	24,671		
Unrecognized actuarial loss		(841)	(841)		
Non vested past service cost		-	(117)		
Net liability at end of the year	8.2	29,619	23,713		
8.2 Movement in the present value of defined benefit obligation is as follows:					
Present value of defined benefit obligation at beginning of the year		23,713	15,769		
Charge for the year		6,791	10,565		
Benefits paid during the year		(885)	(2,621)		
Present value of defined benefit obligation at end of the year	8.3	29,619	23,713		
8.3 Movement in net liability recognized					
Opening net liability		23,713	15,769		
Expense for the year	8.4	6,791	10,565		
Benefit paid during the year		(885)	(2,621)		
Closing net liability		29,619	23,713		
8.4 Expense recognized in profit and loss account is as follows:					
Current service cost		3,220	963		
Interest cost		3,454	2,123		
Non vested past service cost		117	7,479		
	8.5	6,791	10,565		
8.5 Expense is recognized in the following line items in profit and loss account:					
Cost of sales		4,071	6,339		
Administrative expenses		2,720	4,226		
	26.1	6,791	10,565		
8.6 Key actuarial assumptions					
Discount rate		14%	14%		
Increase in salary		14%	14%		
Mortality rate		EFU 61-66	EFU 61-66		
8.7 Comparison of present values of defined benefit obligation for five years is as follows:					
	2011	2010	2009	2008	2007

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	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>	<u>(Rs.'000)</u>
Present value of defined benefit obligation	<u>29,619</u>	<u>23,713</u>	<u>15,769</u>	<u>14,327</u>	<u>16,035</u>