

**MURREE BREWERY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

<b>25 DISTRIBUTION COST</b>	<b>Note</b>	<b>2012</b> <b>(Rs.'000)</b>	<b>2011</b> <b>(Rs.'000)</b>
Advertisement and publicity		57,219	57,981
Salaries and wages		34,313	23,055
Selling expenses		91,013	59,099
Commission to M/s D.P. Edulji Limited, an associated undertaking		28,610	29,775
Samples		3,169	1,962
Sales promotion		4,622	3,876
Freight		71,843	62,707
Depreciation	13.4	4,732	3,343
Others		9,436	5,937
		<b>304,957</b>	<b>247,735</b>

**26 ADMINISTRATIVE EXPENSES**

Salaries, wages and other benefits	26.1	87,609	67,942
Travelling and conveyance		1,637	3,043
Printing and stationery		4,298	4,108
Repair and maintenance		11,252	8,993
Fuel and power		20,310	15,491
Directors' fees and travelling		933	434
Communication		3,600	2,806
Entertainment		1,566	2,498
Advertisement		273	949
Legal and professional		2,805	2,134
Security		1,381	991
Subscriptions and periodicals		279	185
Donations		341	1,486
Training		91	447
Insurance		4,227	3,806
Rent, rates and taxes		1,086	846
Depreciation	13.4	14,040	11,257
Others		2,073	3,476
		<b>157,801</b>	<b>130,892</b>

**26.1** This includes staff retirement benefits - gratuity amounting to Rs. 9.978 million (2011: Rs. 6.791 million) - also refer note 8.5.

<b>27 FINANCE COST</b>	<b>Note</b>	<b>2012</b> <b>(Rs.'000)</b>	<b>2011</b> <b>(Rs.'000)</b>
Finance charge on leased assets		798	398
Interest on Workers' (Profit) Participation Fund	10.2	547	1,990
Bank charges		747	692
Bank guarantee commission		41	1,270
		<b>2,133</b>	<b>4,350</b>

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<b>28 OTHER EXPENSES</b>	<b>Note</b>	<b>2012</b> <b>(Rs.'000)</b>	<b>2011</b> <b>(Rs.'000)</b>
Workers' (Profit) Participation Fund (WPPF)	<b>10.2.1</b>	<b>37,075</b>	38,057
Workers' Welfare Fund (WWF)	<b>10.3</b>	<b>16,384</b>	16,014
Auditors' remuneration	<b>28.1</b>	<b>1,035</b>	1,035
Internal audit fee		<b>920</b>	920
		<b>55,414</b>	56,026

**28.1 Auditors' remuneration**

Annual audit fee	<b>660</b>	660
Half yearly review	<b>200</b>	200
Other certifications	<b>175</b>	175
	<b>1,035</b>	1,035

**29 OTHER OPERATING INCOME**

**Income from financial assets:**

Dividend income	<b>20</b>	1,347
Interest on advances	<b>130</b>	295
Unrealized gain on remeasurement of short term investments	<b>4,853</b>	8,439
Return on deposit and saving accounts	<b>52,273</b>	46,423
Realized exchange gain	<b>2,499</b>	23
Capital gain on sale of short term investments	<b>4,125</b>	860
	<b>63,900</b>	57,387

**Income from assets other than financial assets:**

Gain / (loss) on disposal of property, plant and equipment	<b>13.6</b>	<b>3,395</b>	(2,281)
Surplus / (deficit) on remeasurement of investment property to fair value	<b>14</b>	<b>25,003</b>	(2,953)
Scrap sales		<b>8,999</b>	8,240
Service charges		<b>12,915</b>	13,647
Rental income		<b>6,386</b>	4,983
Miscellaneous receipts		<b>3,066</b>	4,942
Sale of by products		<b>4,726</b>	6,816
		<b>128,390</b>	90,781

**30 PROVISION FOR TAXATION**

<b>30 PROVISION FOR TAXATION</b>	<b>Note</b>	<b>2012</b> <b>(Rs.'000)</b>	<b>2011</b> <b>(Rs.'000)</b>
Current	<b>11</b>	<b>267,569</b>	277,305
Deferred		<b>10,201</b>	(12,540)
	<b>30.1</b>	<b>277,770</b>	264,765

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**30.1 Reconciliation of tax charge for the year**

	<b>2012</b> <b>(Rs.'000)</b>	2011 <b>(Rs.'000)</b>
Accounting profit before taxation	<b>802,809</b>	784,686
Tax rate	<b>35%</b>	35%
Tax on accounting profit	<b>280,983</b>	274,640
Tax effect of lower rate on certain incomes	<b>(1,636)</b>	(1,618)
Tax credits on approved donations	<b>(119)</b>	(519)
Tax effect of other permanent differences	<b>(1,458)</b>	(7,738)
Tax expense for the year	<b>277,770</b>	264,765

**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. 25 million by partially disallowing salary expense and not allowing credit for tax payments made by the Company. The Company's appeal was partially 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**

	<b>2012</b>	2011 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)	<b>525,039</b>	519,921
Weighted average number of shares (Numbers)	<b>19,052,088</b>	19,052,088
Earnings per share (Rupees)	<b>27.56</b>	27.29

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**

	<b>2012</b> <b>(Rs.'000)</b>	2011 <b>(Rs.'000)</b>
These are made up as follows:		
Cash at banks	<b>1,105,899</b>	695,253
Cash in hand	<b>1,523</b>	1,037
	<b>1,107,422</b>	696,290