

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

9 DEFERRED TAXATION

	Note	2012 (Rs.'000)	2011 (Rs.'000)
Taxable temporary differences:			
Surplus on revaluation of property, plant and equipment		95,211	19,924
Accelerated depreciation		156,071	137,882
		251,282	157,806
Deductible temporary differences:			
Provision for employee benefits and finance leases		(19,393)	(20,190)
		231,889	137,616

10 TRADE AND OTHER PAYABLES

Creditors	10.1	145,260	127,767
Accrued liabilities		46,882	54,669
Advances from customers		49,011	64,341
Unclaimed dividend		3,600	3,675
Unpaid dividend		15,667	14,588
Workers' (Profit) Participation Fund (WPPF)	10.2	48,842	39,102
With-holding tax payable		101	661
Sales tax payable - net		89,297	68,056
Special excise duty payable		4,956	9,737
Export duty payable on PMFL and beer		110,821	110,821
Payable to provident fund		-	6
Workers' Welfare Fund (WWF)	10.3	16,384	16,014
Zila tax payable		6,871	6,871
Unearned income		612	2,048
Other liabilities		14,811	17,741
		553,115	536,097

10.1 This includes Rs.3.912 million (2011: Rs. 3.201 million) payable to an associated undertaking on account of services received for the sale of the Company's products. This balance is unsecured, interest free and payable on demand.

10.2 Workers' (Profit) Participation Fund (WPPF)

	Note	2012 (Rs.'000)	2011 (Rs.'000)
Opening balance		39,102	26,113
Interest for the year	27	547	1,990
Allocation for the year	10.2.1	37,075	38,057
		76,724	66,160
Less: Payments during the year		(27,882)	(27,058)
		48,842	39,102

10.2.1 Computation of Workers' (Profit) Participation Fund

Profit for the year before WPPF and WWF		856,268	838,757
Add / (less) adjustments:			
(Gain) / loss on disposal of property, plant and equipment		(3,395)	2,281
Surplus / (deficit) on re-measurement of investment property to fair value		(25,003)	2,953
Interest on advances		(130)	(295)
Return on deposits		(52,273)	(46,423)
Gain on sale of short term investments		(4,125)	(860)
Other income		(24,980)	(26,829)
Unrealized gain on re-measurement of short term investments		(4,853)	(8,439)
		(114,759)	(77,612)
		741,509	761,145
Allocation for the year at the rate of 5%	28	37,075	38,057

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

	Note	2012 (Rs.'000)	2011 (Rs.'000)
10.3 Workers' Welfare Fund (WWF)			
Balance at the beginning of the year		16,014	10,706
Charge for the year	28	16,384	16,014
Advance income tax adjusted against workers' welfare fund	11	(16,014)	(10,706)
		<u>16,384</u>	<u>16,014</u>
11 PROVISION FOR TAXATION - net			
Tax payable at beginning of the year		15,421	35,544
Income tax paid during the year		(294,044)	(308,134)
Income tax adjusted against workers' welfare fund	10.3	16,014	10,706
Provision for taxation - current	30	267,569	277,305
Tax payable at end of the year		<u>4,960</u>	<u>15,421</u>

12 CONTINGENCIES AND COMMITMENTS

(a) Contingencies:

12.1 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.

12.2 The Company is contingently liable in respect of guarantees amounting to Rs. 69.43 million (2011: Rs.54.50 million) issued by banks on behalf of the Company in normal course of business.

12.3 For contingencies related to tax matters - Refer note 30.2

(b) Commitments:

12.4 The Company has opened Letters of Credit for the import of machinery and inventory items valuing approximately Rs. 159.82 million (2011: Rs. 192.96 million).

12.5 The Company's contracted capital commitments outstanding at the year end amounting to Rs. 40.23 million (2011: Rs.33.6 million).