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NATIONAL PAPER COMPANY LIMITED

ANNUAL REPORT 2008/2009

No 23 Jawatta Road
Colombo 05

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Corporate Information-2008/2009

Name of the Company – National Paper Company Limited

Directors

01. Mr. S.Amarasinghe
02. Mr. K.F.A.B. Amaradasa
03. Mr. W.M.P.L. Wadugotara
04. Mr. L.Goonawardana
- 05 Mr. M.R.S. Perera

Chairman

Director

Director

Director

Director

Secretaries

M/s. Nexia Corporate Consultants (Pvt) Ltd

30/1, Park Road

Colombo 05

Registered Office

No 93, Javittia Road

Colombo 05

Auditors

S.Munaweera & Co

Chartered Accountants

741, Kotte Road,

Ethulkotte.

Bankers

Peoples Bank

Bank of Ceylon

Corporate Vision & Mission

Vision

To be the market leader in Sri Lanka with respect to certain products of Paper and board such as Newsprint Photocopying Paper and Computer Stationery which are not being manufactured at present and to contribute towards the prosperity of the paper industry of Sri Lanka and to the people at large.

Mission

To be the most innovative and diversified paper company manufacturing and trading in all kinds of paper and board products in the most profitable, environmentally friendly and customer oriented manner with technological, human resources and management excellence.

Director's Report

The Board of Directors are pleased to present the Annual Accounts for the year ended 31/03/2009 and the audited account of the National Paper Company Limited for the year ended 31/03/2009.

(1) Principal Activity

The main activity of the company is the manufacture and sale of paper and paper boards with two factories at Valachchenai & Embilipitiya Mills.

(2) Share Capital

NPCL is a Government Owned Business Unit (GOBU) with 100% share vested in secretary to the Treasury. The total share capital is Rs 323 million with 32,300,000 shares of Rs.10/= each.

(3) Turnover

The net turnover of the company for the year ended 31/03/2009 is Rs 92.80 Million.

(4) Performances of the Company

Total Production at Valachchenai Mill during the period under review is 1753.8 MT and Embilipitiya Mill 335.2 after the recommencement of both Mills. The Production at Valachchenai & Embilipitiya Mill continued to incur losses due to the reduction of duty 10% and 0% with effect from 1st January, 2006. The Company has made an operating loss of Rs 125.168 Million.

(5) Capital expenditure

Since NPCL has ear marked for Privatization the capital expenditure has been restricted to the very minimum.

(6) Directors Interest in Contracts

The directors of the company were not directly or indirectly interested in Contracts with the company during the Year ended 31/03/2009.

(7) Auditors

The Accounts of the Company for the year ended 31/03/2009 has been audited By M/S S.Munaweera & Co, Chartered Accountants.

Financial Statements
of
National Paper Company Limited

For the year ended

31st March, 2009.

S.Munaweera & Co.,

Chartered Accountants

741, Kotte Road,

Etulkotte.

Sri Lanka.

Tel : 2866837, 5782803

Fax : 2866837 Mobile: 0714-727673

E - Mail : smunaweera@co@yahoo.com

AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PAPER COMPANY LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of National Paper Company Limited which comprise the Balance Sheet as at 31st March, 2009, and the related Statements of Income, and Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Limitation of Scope

We were not furnished with General ledger and cash book of Valaichchenai and manufacturing transactions ledger of Embilipitiya for our audit purposes.

Opinion

The Company had continued to make losses and the accumulated losses as at the year under review amounted to Rs. 552,753,000/-. The gross revenue of the Company had slightly increased to Rs. 92,801,000/- in current period from Rs. 52,531,000/-. But the gross loss of the Company had increased to Rs. 108,901,000/- in 2008/09 from Rs. 77,679,000/- in 2007/08.

The production facility of Embilipitiya Mill had been closed down from April 2010.

The ability of the Company to function as a going concern depends largely on continuous financial support from the general treasury.



Financial statements of the Company had not been prepared in accordance with Generally Accepted Accounting Principles and as per the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards No. 03, 05, 09, 10, 12, 14, 16, 34, 36, and 41.

Because of the significance of the matters discussed in the preceding paragraphs, we do not express an opinion on these financial statements of the Company for the year ended 31st March, 2009.

Report on Other Legal and Regulatory Requirements

These financial statements do not comply with the requirements of section 151 sub Sections (1) & (2) of the Companies Act No. 07 of 2007.

Colombo,
27th January, 2011.

S. Munaweera & Co.

CHARTERED ACCOUNTANTS



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Balance Sheet
As at 31st March, 2009

	Notes	31.03.2009 Rs.'000	31.03.2008 Rs.'000
ASSETS			
Fixed Assets	1	39,400	49,455
Capital Work-in-Progress	1A	26,317	508
		<u>65,717</u>	<u>49,963</u>
CURRENT ASSETS			
Stock - Raw Materials & Consumables	2	220,680	223,747
- Work-in-Progress	3	45,845	459
- Finished Goods	4	22,226	16,310
Trade Debtors	5	6,091	1,771
Short Term Investments	6	36,514	35,040
Deposits & Prepayments	7	14,285	12,507
Other Current Assets	8	19,114	15,763
Cash at Bank and in Hand	9	630	1,282
Total Current Assets		<u>365,386</u>	<u>306,879</u>
TOTAL ASSETS		<u>431,103</u>	<u>356,842</u> ✓
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital		323,000	323,000
Foreign Grants	10	41,805	41,805
Capital Reserve	11	45,088	45,088
Profit & Loss Account	11A	(552,311)	(427,144)
Total Equity		<u>(142,418)</u>	<u>(17,251)</u>
CURRENT LIABILITIES			
Dues to Government	12	22,348	17,081
Foreign and Other Short Term Creditors	13	86,230	86,230
Trade, Other Creditors & Provisions	14	443,310 ✓	253,980 296,488
Bank Overdraft	15	21,633	16,803
Total Current Liabilities		<u>573,521</u>	<u>374,094</u>
TOTAL EQUITY AND LIABILITIES		<u>431,103</u>	<u>356,843</u> X

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Finance Manager

[Signature]

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G.M.

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board of Directors.

Directors 1

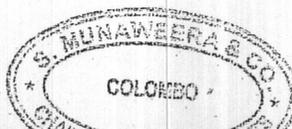
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The attached notes on pages 06 to 27 form an integral part of these financial statements.

Colombo,
27th January, 2011.



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Income Statement
For the year ended 31st March, 2009

	Note	<u>2008/09</u> <u>Rs.' 000</u>	<u>2007/08</u> <u>Rs.' 000</u>
Revenue		92,801	52,531
Cost of Sales	16	(201,702)	(130,210)
Gross Profit / (Loss)		<u>(108,901)</u>	<u>(77,680)</u> X
Other Operating Income	17	6,530	17,219
		<u>(102,371)</u>	<u>(60,461)</u>
Administrative Expenses	18	(9,514)	(11,246)
Selling & Distribution Expenses	19	(7,434)	(8,522)
Other Operating Expenses	20	(2,082)	(114,933)
Profit/(Loss) from Operations		(121,400) X	(195,162)
Finance Expenses	21	(3,768)	(2,311)
Profit / (Loss) before Taxation		<u>(125,168)</u>	<u>(197,473)</u> 2
Taxation		-	-
Profit / (Loss) after Taxation		<u>(125,168)</u>	<u>(197,473)</u> 2
Extraordinary Expenses		-	(1,741)
Net Profit / (Loss) for the year		<u><u>(125,168)</u></u>	<u><u>(199,213)</u></u>

The attached notes on pages 06 to 27 form an integral part of these financial statements.



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Statement of Changes in Equity
For the year ended 31st March, 2009

	<u>Stated Capital Rs.'000</u>	<u>Foreign Grants Rs.'000</u>	<u>Capital Reserves Rs.'000</u>	<u>Revenue Reserves Rs.'000</u>	<u>Total Rs.'000</u>
Balance as at 31/03/2007	323,000	41,805	45,088	(253,960)	155,932
Adjustment on Profit	-	-	-	26,030	26,030
Net Profit/(Loss) for the Year	-	-	-	(199,213)	(199,213)
Balance as at 31/03/2008	323,000	41,805	45,088	(427,143)	(17,251)
Net Profit/(Loss) for the Year	-	-	-	(125,168)	(125,168)
Balance as at 31/03/2009	323,000	41,805	45,088	(552,311)	(142,418)

The attached notes on pages 06 to 27 form an integral part of these financial statements.

Figures in brackets indicate deductions.



National Paper Company Limited

No. 93, Jawatte Road, Colombo 05.

Cash Flow Statement (Contd..)

For the year ended 31st March, 2009.

	2008/09
	Rs.
Cash Flows From / (Used in) Operating Activities	
Net Profit/ (Loss) before Income Tax Expense	(125,167.58)
<u>Adjustments for</u>	
Interest Expenses	3,350.29
Depreciation	7,982.30
Interest Income	(4,251.95)
Profit on Asset Disposal	(1,736.55)
Operating Profit / (Loss) before Working Capital Changes	<u>(119,823.49)</u>
<u>Changes in Working Capital</u>	
(Increase)/ Decrease in Inventories	(48,235.77)
(Increase)/ Decrease in Trade and Other Receivables	(4,319.99)
(Increase)/ Decrease in Deposits and Pre Payment	(1,777.77)
(Increase)/ Decrease in Amount Head Office and Mills Current Accounts	-
(Increase)/ Decrease in Other Current Assets	(3,350.80)
Increase/ (Decrease) in Foreign Grants	(0.45)
Increase/ (Decrease) in Trade & Other Payables	189,329.80
Increase/ (Decrease) in Amount Due to Government	5,267.41
Cash Generated from Operations	<u>17,088.93</u>
Interest Paid	(3,350.29)
Tax Paid	-
Gratuity Paid	-
Net Cash From / (Used in) Operating Activities	<u>13,738.65</u>
Cash Flows From / (Used in) Investing Activities	
Acquisition of Property, Plant & Equipment	(2,139.78)
Proceeds from Disposal of Property, Plant & Equipment	5,950.49
Short Term Investments	(1,473.92)
Interest Received	4,251.95
Capital Work-in-Progress	(25,809.04)
Net Cash From / (Used in) Investing Activities	<u>(19,220.30)</u>
Cash Flows From / (Used in) Financing Activities	
Proceeds from Long Term Borrowings from Treasury	-

Net Cash From / (Used in) Financing Activities

		-
Net Increase/ (Decrease) in Cash and Cash Equivalents		(5,481.65)
Cash & Cash Equivalents at Beginning of the Year	Note A	(15,521.00)
Cash & Cash Equivalents at End of the Year	Note B	(21,002.65)

Note A

Cash & Cash Equivalents at Beginning of the Year

Cash at Bank and in Hand	1,282.00
Bank Overdraft	(16,803.00)
	<u>(15,521.00)</u>

Note B

Cash & Cash Equivalents at End of the Year

Cash at Bank and in Hand	630.41
Bank Overdraft	(21,633.07)
	<u>(21,002.66)</u>

The accounting policies and notes on pages 07 through 21 form an integral part of these financial statements.

Figures in brackets indicate deductions.

National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements
For the year ended 31st March, 2009.

A. ACCOUNTING POLICIES

A.1 General Accounting Policies

No adjustments have been made for inflationary factors affecting the accounts. Where appropriate; policies are explained in the succeeding notes. The going concern concept of the company mainly depends on the continuous support from the treasury.

A.2 Assets and Basis of their Valuation

A.2.1 Property, Plant & Equipment and Depreciation

- i) Property, Plant & Equipment is stated at cost less accumulated depreciation.
- ii) Depreciation is charged on all assets excluding lands, but including land development on a straight line basis consistent with that of the previous years.
- iii) Depreciation is not provided for in the year of acquisition or commissioning. The Property, plant & equipment are depreciated at varying rates to be written off over assets estimated useful life span.

The estimated useful life spans of more important Property, Plant & Equipment are given below;

Building at Valaichchenai, Embilipitiya & Kirulapone	over 40Years
Furniture, Fittings & Equipment	over 10Years
Vehicles	over 04Years
Process Equipment	over 16Years

A.2.2 Stocks

Stocks have been valued as at 31st March, 2009 on the following basis.

- i) Raw materials at the lower of cost or net realizable value.
- ii) Finished products and work-in-progress at the lower of cost or net realizable value. Cost in this context is generally confined to the cost of direct materials, direct wages and direct expenses.

A.2.3 Debtors

Debtors are stated at book values with a brought forward provision for bad and doubtful debts.

A.2.4 Investments

Investments are stated at cost.



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements
For the year ended 31st March, 2009.

A.3 Liabilities and Provisions

A.3.1 Terminal Benefits

Provisions had been made in the accounts for terminal benefits under the Gratuity Act No. 12 of 1983 and shown under non-current liabilities in the balance sheet.

A.3.2 Workmen's Compensation

Workmen's compensation is provided for employees of the manual and manipulative grade as per the guidelines of Workmen Compensation Ordinance 1934.

A.4 Revenue Recognition

Revenue is accounted for on an accrual basis matched with related expenditure.

A.5 Foreign Currency Translation

Transactions in foreign currencies (if any) are translated to Sri Lanka rupees at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities (if any) denominated in foreign currencies at the balance sheet date are translated to rupees at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost are translated to rupees at the foreign exchange rates ruling at the date of the transaction.

A.6 Event Occurring After the Balance Sheet Date

The production facility of Embilipitiya Mill had been closed down effective from April 2010.

A.7 Capital Expenditure

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature for the purpose of carrying on the business or for the purpose of increasing the earning capacity of the business, had been treated as capital expenditure.

A.8 Taxation

The provision for income tax is based on the elements of income & expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto. However no income tax or deferred tax provision is made in these financial statements.



National Paper Company Limited

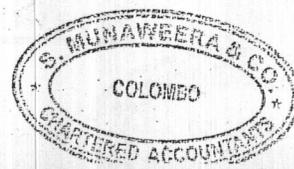
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements

As at 31st March, 2009

1 Property, Plant & Equipment

Valachchanai	Cost as at 01.04.2008	Additions during the Year	Disposals during the Year	Cost as at 31.03.2009
	Rs.	Rs.	Rs.	Rs.
Land	164,778.27	-	-	164,778.27
Land Development	2,260,699.17	-	-	2,260,699.17
Building & Structure	19,800,180.74	829,095.65	-	20,629,276.39
Building Services	2,301,726.39	-	16,000.00	2,285,726.39
Process Equipment	87,312,059.47	1,285,923.91	2,908,227.50	85,689,755.88
Utilities	53,636,032.34	-	-	53,636,032.34
Process Appurtenances	1,958,632.39	-	-	1,958,632.39
Non Process Equipment	22,932,068.56	8,850.00	-	22,940,918.56
Building & Structure	11,092,419.73	-	832,121.72	10,260,298.01
Building Services	1,483,418.73	-	-	1,483,418.73
Process Equipment	56,058,857.07	-	368,789.43	55,690,067.64
Utilities	1,567,956.97	-	-	1,567,956.97
Process Appurtenances	42,493,048.94	-	-	42,493,048.94
Non Process Equipment	3,229,658.52	-	-	3,229,658.52
Vehicle & Agr. Equipment	5,858,205.49	-	-	5,858,205.49
Housing Scheme	3,242,879.40	15,912.77	-	3,258,792.17
	<u>315,392,622.18</u>	<u>2,139,782.33</u>	<u>4,125,138.65</u>	<u>313,407,265.86</u>
Embilipitiya				
Land Development	9,233,765.78	-	-	9,233,765.78
Building & Structure	79,760,220.09	-	-	79,760,220.09
Building Services	5,848,478.68	-	-	5,848,478.68
Process Equipment	257,911,981.10	-	-	257,911,981.10
Utilities	59,655,606.92	-	-	59,655,606.92
Process Appurtenances	42,912,338.88	-	-	42,912,338.88
Non Process Equipment	18,883,093.34	-	-	18,883,093.34
Vehicle & Agr. Equipment	9,668,089.03	-	-	9,668,089.03
Housing Scheme	15,884,472.69	-	-	15,884,472.69
	<u>499,758,046.51</u>	<u>-</u>	<u>-</u>	<u>499,758,046.51</u>
Head Office				
Land & Building	460,526.50	-	-	460,526.50
Furniture & Fittings	15,625,800.17	-	-	15,625,800.17
Vehicles	3,283,411.53	-	-	3,283,411.53
	<u>19,369,738.20</u>	<u>-</u>	<u>-</u>	<u>19,369,738.20</u>
Total	<u>834,520,406.89</u>	<u>-</u>	<u>-</u>	<u>832,535,050.57</u>



National Paper Company Limited

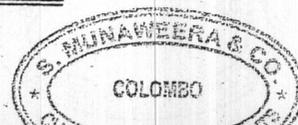
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements

As at 31st March, 2009

1 Property, Plant & Equipment (Contd.)

Valachchanai	Acc. Dep. as at 01.04.2008 Rs.	Depreciation for the Year Rs.	Acc. Dep. as at 31.03.2009 Rs.
Land Development	1,856,546.79	67,358.72	1,923,905.51
Building & Structure	13,590,102.76	472,128.46	14,062,231.22
Building Services	2,247,516.39	4,930.00	2,252,446.39
Process Equipment	80,999,593.21	1,103,559.92	82,103,153.13
Utilities	50,932,513.60	1,813,161.64	52,745,675.24
Process Appurtenances	1,931,533.71	2,779.33	1,934,313.04
Non Process Equipment	21,224,462.24	487,978.02	21,712,440.26
Building & Structure	9,663,051.07	156,012.04	9,819,063.11
Building Services	1,483,418.73	-	1,483,418.73
Process Equipment	50,951,743.67	445,629.15	51,397,372.82
Utilities	1,567,956.97	-	1,567,956.97
Process Appurtenances	42,493,048.94	-	42,493,048.94
Non Process Equipment	3,229,658.52	-	3,229,658.52
Vehicle & Agr. Equipment	5,858,205.49	-	5,858,205.49
Housing Scheme	3,034,229.66	49,808.13	3,084,037.79
	<u>291,063,581.75</u>	<u>4,603,345.41</u>	<u>295,666,927.16</u>
Embilipitiya			
Land Development	9,233,765.78	-	9,233,765.78
Building & Structure	65,150,351.58	1,248,480.13	66,398,831.71
Building Services	5,824,943.81	2,383.50	5,827,327.31
Process Equipment	249,286,166.90	2,049,423.56	251,335,590.46
Utilities	59,528,387.79	22,909.37	59,551,297.16
Process Appurtenances	42,196,182.78	55,128.09	42,251,310.87
Non Process Equipment	18,753,054.32	42,149.25	18,795,203.57
Vehicle & Agr. Equipment	9,645,844.54	1,680.00	9,647,524.54
Housing Scheme	15,150,725.85	71,590.94	15,222,316.79
Over dep. Housing Scheme	-	5,210.48	5,210.48
Depreciation Error Correction	-	(120,000.00)	(120,000.00)
	<u>474,769,423.35</u>	<u>3,378,955.32</u>	<u>478,148,378.67</u>
Head Office			
Land & Building	460,526.50	-	460,526.50
Furniture & Fittings	15,575,942.93	-	15,575,942.93
Vehicle	3,283,391.53	-	3,283,391.53
	<u>19,319,860.96</u>	-	<u>19,319,860.96</u>
Total	<u>785,152,866.06</u>		<u>793,135,166.79</u>
W. D. V	<u>49,367,540.83</u>		<u>39,399,883.78</u>



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements

As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
1A WORK IN PROGRESS-CAPITAL JOB		
Embilipitiya Mills	60,305.10	21,100.00
Valaichchenai Mills	<u>26,256,739.08</u>	<u>486,895.48</u>
	<u>26,317,044.18</u>	<u>507,995.48</u>
2 STOCK - RAW MATERIALS & CONSUMABLES		
2.1 RAW MATERIALS		
Valaichchenai Mills		
Stock at Site	2,349,470.05	619,660.18
Production Consumables	1,703,818.72	4,200,932.23
Waste Paper - Local	<u>2,530,052.49</u>	<u>10,938,133.96</u>
	<u>6,583,341.26</u>	<u>15,758,726.37</u>
Embilipitiya Mills		
Stock at Site	1,597,940.58	1,667,198.18
Production Consumables	7,357,317.00	7,284,742.34
Imported Pulp	1,459,977.02	1,459,977.02
Waste Paper - (Local)	627,681.99	1,002,661.60
Waste Paper - (Imported)	209,646.05	209,646.05
Eucalyptus	121,736.90	121,736.90
Straw	<u>3,413,126.30</u>	<u>3,413,126.30</u>
	<u>14,787,425.84</u>	<u>15,159,088.39</u>
Head Office		
Waste Paper Stock Control A/c. (Kirulapone I)	12,600.00	-
Waste Paper Stock Control A/c. (Kirulapone II, S.P.C., Lake House)	<u>266,220.50</u>	<u>174,492.50</u>
	<u>278,820.50</u>	<u>174,492.50</u>
2.2 ENGINEERING SPARES		
Valaichchenai Mills		
Paper Machine Spares	16,046,711.45	15,617,920.69
Board Machine Spares	25,284,066.92	24,560,421.20
Engineering Spares	19,981,885.84	19,316,683.85
Vehicle Spares - Others	3,197,158.47	3,271,534.89
Vehicle Spares - Tractor & Balers	5,794,121.16	5,733,758.75
Loose Tools	1,010,753.81	994,300.28
Engineering Consumable	<u>4,394,433.86</u>	<u>4,199,203.24</u>
	<u>75,709,131.51</u>	<u>73,693,822.90</u>



National Paper Company Limited

No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements*As at 31st March, 2009*

Note	31.03.2009 Rs.	31.03.2008 Rs.
2.2 ENGINEERING SPARES (Contd.)		
Embilipitiya Mills		
Machinery Spares	51,080,020.10	52,292,364.35
Engineering Spares	11,941,634.85	12,057,264.99
Spares, Vehicles & Farm Equipments	11,777,988.00	11,760,537.16
Loose Tools	675,121.12	683,018.38
Engineering Consumable	749,412.54	737,036.34
Capital Stocks	125,495.46	125,495.46
	<u>76,349,672.07</u>	<u>77,655,716.68</u>
2.3 OTHER CONSUMABLES		
Valaichchenai Mills		
Furniture & Equipments	238,675.38	244,670.38
Hardware	2,267,630.82	2,308,230.16
Lubricant & Fuel	356,359.41	126,569.41
Stationery	369,006.70	531,682.97
Miscellaneous Consumable	255,493.68	250,912.34
Machine Clothing - Machine No: I	2,238,090.72	2,486,922.22
Machine Clothing - Machine No: II	6,671,894.96	6,195,277.40
Washing Hollander Wire	1,870,349.29	1,870,349.29
Paddy Husk S.C	1,612,949.50	-
Stores Deficiency	8,591.22	8,591.22
Stores in Transit Paper Dispatch for Printing	1,250.25	1,250.25
Stores in Transit	112,659.89	239,594.99
Broke	-	750.00
Finished Stock - Deficiency	87.48	87.48
Finished Goods Damaged for Write-off	75,651.32	75,651.32
	<u>16,078,690.62</u>	<u>14,341,539.43</u>
Embilipitiya Mills		
Furniture & Equipment	175,560.30	314,329.60
Hardware	1,768,653.19	1,796,479.31
Lubricant & Fuel	3,985,912.22	25,104.01
Stationery	4,730,364.52	4,619,871.57
Miscellaneous Consumables	302,798.72	277,635.87
Broke	151,149.15	151,149.15
Stores in Transit	39,199.96	39,199.96
Turnout Materials	6,191.45	6,191.45
Stores Shortage & Deficiency	8,545,244.02	8,545,244.02
	<u>19,705,073.53</u>	<u>15,775,204.94</u>



National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
2.4 CULTIVATION STOCK		
Embilipitiya Mills	425,313.02	425,313.02
Mirijawela Plantation	175,516.04	175,516.04
Agunakolapalassa Plantation	855,183.12	855,183.12
Bulutota Plantation	114,555.36	114,555.36
Mahagama Plantation	9,617,707.45	9,617,707.45
Mills Farm Plantation	<u>11,188,274.99</u>	<u>11,188,274.99</u>
TOTAL - STOCK RAW MATERIALS & CONSUMABLES	<u><u>220,680,430.32</u></u>	<u><u>223,746,866.20</u></u>
3 STOCK - WORK-IN-PROGRESS		
Valaichchenai Mills	19,118,937.86	458,514.72
Provision for Work-in-Progress	(1,687,226.86)	-
Embilipitiya Mills	<u>28,413,579.28</u>	-
	<u><u>45,845,290.28</u></u>	<u><u>458,514.72</u></u>
4 STOCK - FINISHED GOODS		
Valaichchenai		
Stock at Vch.Mills	9,328,086.94	3,343,472.36
Stock at Col. Stores	9,505,851.23	11,670,777.37
Embilipitiya		
Stock at Emb.Mills	407,747.38	405,866.13
Stock at Col. Stores	2,736,501.39	556,082.10
Imported		
Stock at Col. Stores	-	86,182.48
	<u>21,978,187.44</u>	<u>16,062,380.44</u>
Head Office		
Purchase of Stationery Items	247,857.72	247,857.72
	<u><u>22,226,045.16</u></u>	<u><u>16,310,238.16</u></u>
5 TRADE DEBTORS		
Trade Debtors Control A/c.	8,920,223.06	4,600,227.25
Provision for Doubtful Debts	(2,829,234.46)	(2,829,234.46)
	<u><u>6,090,988.60</u></u>	<u><u>1,770,992.79</u></u>



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Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
6 SHORT TERM INVESTMENTS		
6.1 Valaichchenai Mills		
Fixed Deposit - People's Bank, Valaichchenai	96,086.72	96,086.72
Security Deposit - National Savings Bank, Batticaloa	60,212.90	104,610.83
Fixed Deposit - People's Bank, Batticaloa	1,000,000.00	1,000,000.00
Fixed Deposit - Medical Scheme Fund N.S.B, Batticaloa	1,666,683.42	1,425,448.46
Fixed Deposit	100,000.00	-
Savings A/c. for Distress Loan Payment	704,253.84	531,193.23
	<u>3,627,236.88</u>	<u>3,157,339.24</u>
6.2 Embilipitiya Mills		
Security Deposit	14,399.25	14,399.25
Fixed Deposit - Workmen Compensation Fund	377,005.07	329,189.66
	<u>391,404.32</u>	<u>343,588.91</u>
6.3 Head Office		
Fixed Deposit - People's Bank	15,148,997.80	15,131,756.47
Call Deposits	-	-
Fixed Deposit - Bank of Ceylon	10,874,500.00	10,874,500.00
Fixed Deposit for Workmen Compensation	6,459,277.42	5,520,142.02
Staff Security Deposit	12,500.00	12,500.00
	<u>32,495,275.22</u>	<u>31,538,898.49</u>
TOTAL - SHORT TERM INVESTMENTS	<u>36,513,916.42</u>	<u>35,039,826.64</u>
7 DEPOSITS & PREPAYMENTS		
7.1 Deposits		
Valaichchenai Mills		
Miscellaneous	21,900.00	21,900.00
P.M.G. Telephone	53,055.00	49,375.00
Empties	55,415.72	55,415.72
	<u>130,370.72</u>	<u>126,690.72</u>
Head Office		
Sri Lanka Ports Authority	340,155.63	340,155.63
Shipping Guarantee & Indent Deposit	441,931.87	441,931.87
Rent Deposits	1,007,597.50	422,108.50
Franking Machine	16,000.00	16,000.00
Telephone Deposits	64,878.50	64,878.50

No entries
in Sinhala



National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2009

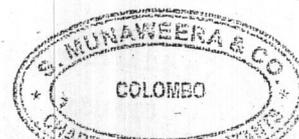
Note	31.03.2009 Rs.	31.03.2008 Rs.
7.1 Deposits (Contd.)		
Deposits against Legal Action Cases	525,890.00	525,890.00
Other Deposits	197,770.00	142,770.00
Deposits on Advertisement Contract	5,750.00	5,750.00
Refundable Deposit with Salaka	3,000.00	3,000.00
Advance and Deposits	100,000.00	100,000.00
Purchase Clg. (Materials) A/c.	46,921.42	46,921.42
Indent Clearing Raw Materials (Vch.)	191,695.26	191,695.26
Indent Clearing Raw Materials (Emb.)	641,998.82	641,998.82
Indent Clearing Spares (Vch.)	226,478.38	119,009.80
Indent Clearing Spares (Emb.)	48,604.86	48,604.86
	<u>3,858,672.24</u>	<u>3,110,714.66</u>
Embilipitiya Mills		
Ceylon Electricity Board	5,011,300.00	5,011,300.00
Deposits - Post Master General	13,625.00	13,625.00
Deposits - Empties	9,525.00	9,525.00
Deposits - Trade	42,500.00	42,500.00
Deposits - Others	100.00	100.00
	<u>5,077,050.00</u>	<u>5,077,050.00</u>
7.2 Prepayments		
Valaichchenai Mills		
Motor Vehicle Insurance	57,304.52	46,476.00
Prepaid Telephone Rent & Licence Fees	28,316.38	24,600.00
Prepaid Motor Vehicle Licence Fees & Fitness Test	37,020.70	29,205.00
Heavy Repairs and Maintenance	853,060.91	772,358.91
Deferred Expenditure on Subsidised Clothing	(21,689.92)	(51,787.94)
Prov. for Machine Clothing No: I Machine	695,400.57	420,382.94
Prov. for Machine Clothing No: II Machine	1,177,825.77	616,003.77
	<u>2,827,238.93</u>	<u>1,857,238.68</u>
Embilipitiya Mills		
Pre payment - E.P.F. & E.T.F.	(994.43)	(12,105.33)
Prepaid Motor Vehicle Licence	400.00	8,680.55
Heavy Repairs and Maintenance	1,134,203.32	1,029,099.31
Machine Clothing	1,010,518.00	1,010,518.00
Stamp Franking Machine	287.28	287.28
Insurance - Motor Vehicles	946.69	53,024.20
	<u>2,145,360.86</u>	<u>2,089,504.01</u>



National Paper Company Limited
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Notes to the Financial Statements
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Note	31.03.2009 Rs.	31.03.2008 Rs.
Head Office		
General Prepayment	<u>246,080.50</u>	<u>246,080.50</u>
7.3 Inter Company Accounts		
Head Office		
Mills General - Vch.Mills	116,735,891.32	-
Mills General - Emb. Mills	80,059,108.92	-
Mills Despatches	(83,908,109.30)	-
Mills Purchases	3,715,417.88	-
Mills General	244,717.66	-
	<u>116,847,026.48</u>	<u>-</u>
Valachchanai		
Head Office Despatches	117,303,087.94	-
Head Office General	(149,573,119.48)	-
Head Office Purchases	(63,538,221.77)	-
Head Office Indents	(23,151,175.38)	-
Head office Sales and Distributions	2,223,537.45	-
Embilipitiya Current A/C- Salaries	238,745.92	-
Embilipitiya Current A/C- Others	34,642,401.45	-
Embilipitiya Despatches - Raw Materials	74,824.26	-
	<u>(81,779,919.61)</u>	<u>-</u>
Embilipitiya		
Head Office General	(111,135.16)	-
Valachchenai Mill	(34,955,971.63)	-
	<u>(35,067,106.79)</u>	<u>-</u>
TOTAL - DEPOSITS & PREPAYMENTS	<u>14,284,773.33</u>	<u>12,507,278.57</u>
8 OTHER CURRENT ASSETS		
8.1 Staff Debtors		
Valaichchenai Mills		
Staff Debtors	67,507.71	51,428.02
Staff Debtors (Issues of Shoes on Subsidy)	9,274.12	9,274.12
Staff Debtors Telephone Recovery	863.10	2,820.00
Staff Debtors (Rent & Elecl)	39,053.10	15,544.40
Private Jobs	15,366.33	6,137.41
Salary Advance	94,685.27	-



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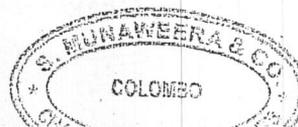
Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
Valaichchenai Mills (Contd.)		
Bicycle Advance Staff (Exe. & Tech.)	121,750.00	241,292.00
Distress Loan Staff (Exe. & Tech.)	385,441.71	393,514.71
Past Dues A/c. (Distress Loan)	18,506.00	21,542.00
Travelling Advance	8,850.00	3,950.00
	<u>761,297.34</u>	<u>745,502.66</u>
Embilipitiya Mills		
Staff Debtors	10,815.37	9,715.37
Staff Debtors (Uniform)	1,739.39	1,739.39
Staff Debtors (Over Payment Salary)	(5,376.27)	(5,376.27)
Staff Debtors (Telephone Recoveries)	(3,489.50)	(3,489.50)
Staff Debtors (Vehicle Hire)	(26.28)	(26.28)
Staff Debtors (Issue of Company Products)	1,462.06	1,462.06
Salary Advance	97,789.14	92,789.14
Special Advance	2,739.00	2,739.00
Cycle Advance	14,608.20	16,508.20
Travelling Advance	261,969.65	201,143.50
Festival Advance	29,628.65	29,628.65
Distress Loan	99,111.73	145,071.53
Advance for Incidental Expenses	(18,222.51)	(7,470.51)
	<u>492,748.63</u>	<u>484,434.28</u>
Head Office		
Vehicle Advance	35,550.00	53,950.00
Six Months Distress Loan	149,727.26	208,652.18
Festival Advance	14,750.00	14,750.00
Salary Advance	4,700.00	4,700.00
Special Advance	3,430.00	3,430.00
Other Staff Debtors	37,312.02	39,091.84
Salary Adjustment	406.00	395.58
	<u>245,875.28</u>	<u>324,969.60</u>
8.2 Other Debtors		
Valaichchenai Mills		
National Apprentice Board Allowance	46,692.06	46,692.06
Other Debtors	70,195.89	51,738.59
Services Rendered to Armed Forces	5,335,698.22	3,747,352.13
Supply of Water to National Water Supply	21,948.72	-
Human Vision Center	310.55	-
Access Engineering Limited	(159,224.00)	-
	<u>5,315,621.44</u>	<u>3,845,782.78</u>

National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
Head Office		
Mineral Sands Ltd.		
Insurance Corporation of Sri Lanka	34,260.40	34,260.40
Ace Cargo (Pvt.) Ltd.	380,992.13	380,992.13
State Hardware Corporation	9,941.26	9,941.26
Economic Service Charges	900,000.00	900,000.00
Prov. for Electricity Bill Receivable on H/O. Bldg.	2,218,548.10	2,218,548.10
Prov. for Telephone Bill Receivable	19,351.79	19,351.79
Prov. for Interest Receivable on Fixed Deposit	11,127.81	11,127.81
Study Tours	1,141,241.00	1,147,564.69
Advance for Services etc.	57,630.82	57,630.82
Withholding Tax	516,087.80	516,087.80
Economic Service Charges	1,849,975.29	1,464,665.75
	<u>928,011.65</u>	
	<u>8,067,168.05</u>	<u>6,760,170.55</u>
Embilipitiya Mills		
Issue of Stores on Loans		
Private Jobs (Outsiders)	66,016.97	66,016.97
Other Debtors	16,782.10	16,782.10
Other Debtors - P.C.C.Limited	731,012.20	731,012.20
Private Jobs - Wood Cutting	66,627.03	66,627.03
National Apprentice Board	10,702.80	10,702.80
	<u>41,968.15</u>	<u>41,968.15</u>
	<u>933,109.25</u>	<u>933,109.25</u>
8.3 Advances		
Valaichchenai Mills		
Colombo Purchases		
Incidental Advance	892,733.31	877,808.01
Advance for Emergency Purchases	20,480.00	3,500.00
	<u>505,752.50</u>	<u>76,392.00</u>
	<u>1,418,965.81</u>	<u>957,700.01</u>
Head Office		
Local Purchases - H/O.		
Cash Advance to Employees for Local Purchases	612,172.46	206,225.13
Cash Advance (Welfare)	226,257.12	131,777.12
	<u>2,121.50</u>	<u>2,121.50</u>
	<u>840,551.08</u>	<u>340,123.75</u>
Embilipitiya Mills		
Advance to Emergency Purchases	14,632.11	8,764.11
Advance to Colombo Purchases	1,023,830.67	1,362,018.52
	<u>1,038,462.78</u>	<u>1,370,782.63</u>
TOTAL-STAFF DEBTORS, OTHER DEBTORS & ADVANCES	<u>19,113,799.66</u>	<u>15,762,575.51</u>



National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
9 CASH AT BANK AND IN HAND		
9.1 Cash at Bank		
Valaichchenai		
People's Bank - Valaichchenai	236,471.39	31,170.30
People's Bank - Union Place, Colombo	19,889.22	24,069.22
People's Bank - Batticaloa, Town Branch	30,730.12	24,193.11
Bank of Ceylon - Batticaloa	28,702.09	38,996.18
	<u>315,792.82</u>	<u>118,428.81</u>
Head Office		
People's Bank - A/c.No: 210898	10,052.72	18,192.34
Bank A/c. No: 014-001-2-0112479	62,032.95	446,855.85
	<u>72,085.67</u>	<u>465,048.19</u>
Embilipitiya Mills		
Hatton National Bank - Cinnamon Garden	183.33	183.33
Bank of Ceylon - Embilipitiya	178,916.85	654,512.21
	<u>179,100.18</u>	<u>654,695.54</u>
9.2 Cash in Hand		
Valaichchenai Mills		
Cash in Hand	31,254.75	14,363.10
Stamp Imprest	2,351.00	2,291.00
	<u>33,605.75</u>	<u>16,654.10</u>
Head Office		
Stamp Imprest	2,630.00	2,630.00
Cash Imprest for Waste Paper - Kirulapone	24,500.00	24,500.00
	<u>27,130.00</u>	<u>27,130.00</u>
Embilipitiya Mills		
Cash in Hand	2,700.00	-
	<u>2,700.00</u>	<u>-</u>
TOTAL - CASH AND BANK BALANCES	<u>630,414.42</u>	<u>1,281,956.64</u>



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Notes to the Financial Statements
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Note	31.03.2009 Rs.	31.03.2008 Rs.
10 FOREIGN GRANTS		
Canadian Aid	100,000.00	100,000.00
CIDA Capital Aid	10,609,048.08	10,609,048.08
F.R.G. Commodity Grant	21,095,503.54	21,095,503.54
F.R.G. Commodity Grant (Spares)	10,000,000.00	10,000,000.00
	<u>41,804,551.62</u>	<u>41,804,551.62</u>
11 CAPITAL RESERVE		
Capital Reserve	2,988,408.52	2,988,408.52
Loan Redemption Reserve	41,722,450.41	41,722,450.41
CIDA Consultancy Reserve Fund	376,674.69	376,674.69
	<u>45,087,533.62</u>	<u>45,087,533.62</u>
11A REVENUE RESERVE		
Profit and Loss Appropriation A/c.	(552,310,580.00)	(427,144,041.04)
	<u>(552,310,580.00)</u>	<u>(427,144,041.04)</u>
12 DUES TO GOVERNMENT		
Provision for Income Tax	2,731,299.14	2,731,299.14
Provision for G.S.T	(93,231.59)	-
Provision for VAT	19,710,388.40	14,349,309.96
Provision for NBT	(49.05)	-
	<u>22,348,406.90</u>	<u>17,080,609.10</u>
13 SHORT TERM CREDITORS		
Head Office		
K.F.W. Loan (Embilipitiya) - Spares	55,020,834.50	55,020,834.50
Provision Interest on K.F.W. Loan	6,901,897.99	6,901,897.99
Provision for Interest on KFW Loan	24,307,251.46	24,307,251.46
	<u>86,229,983.95</u>	<u>86,229,983.95</u>
14 TRADE AND OTHER CREDITORS & PROVISIONS		
14.1 Medical Scheme Fund		
Valaichchenai Mills	845,988.32	862,676.32
Embilipitiya Mills	676,226.86	639,124.86
Head Office	7,027.37	2,975.37
	<u>1,529,242.55</u>	<u>1,504,776.55</u>



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Notes to the Financial Statements
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Note	31.03.2009 Rs.	31.03.2008 Rs.
14.2 Workmen's Compensation Fund		
Valaichchenai Mills	3,708,884.54	3,468,884.54
Embilipitiya Mills	40,000.00	40,000.00
Head Office	6,459,277.42	5,520,142.02
	<u>10,208,161.96</u>	<u>9,029,026.56</u> ✓
14.3 Gratuity Fund		
Prov. for Valaichchenai Mills	56,714,107.62	50,441,420.12
Embilipitiya Mills	57,438,654.95	51,713,624.95
Head Office	8,055,605.00	8,454,540.00
	<u>122,208,367.57</u>	<u>110,609,585.07</u> ✓
14.4 Term Loan		
Term Loan from Union Bank	4,863,502.15	-
	<u>4,863,502.15</u>	-
14.5 Personnel Accident Insurance Fund		
Provision - Personnel Accident	2,079,946.49	2,079,946.49
	<u>2,079,946.49</u>	<u>2,079,946.49</u> ✓
14.6 Provision for Liabilities		
Valaichchenai Mills		
Provision - Fines	238,562.17	238,562.17
Provision - Losses, Damages & Non Moving Items	264,699.73	264,699.73
Provision - Rail Freight	-	65,756.25
Provision - Operation and Maint. of Vahanery Pump House	263,250.00	234,000.00
Ministry Grant for Purchase of TDR	1,650,930.00	1,926,085.00
Ministry Grant for Purchase of Machine Clothing	301,310.49	1,256,938.79
Ministry Grant for Purchase of DDR Disk	93,494.25	93,494.25
Surcharge CEB	16,398,797.16	13,364,853.56
	<u>19,211,043.80</u>	<u>17,444,389.75</u> ✓
Head Office		
Provision - Clearing Charges (Indents - Spares)	2,367,662.14	284,280.89
Provision - Clearing Charges (Indents - Raw Materials)	923,247.24	923,247.24
Provision - Emp. against the Legal Action	525,890.00	525,890.00
Provision for T. Phone & Electricity	817,939.20	-
	<u>4,634,738.58</u>	<u>1,733,418.13</u> ✓

National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
Head Office		
Sundry Creditors General	607,947.93	580,948.43
Sundry Creditors Waste Paper	25,007,007.27	19,269,856.33
Sundry Creditors - Rent	3,718,793.25	2,370,933.25
Transport Contractors	699,705.98	699,705.98
National Insurance Corporation	152,537.08	152,537.08
Clearing Charges - V.V. Karunaratne	(75,000.00)	(75,000.00)
Accrued Liabilities General	742,092.19	1,300,894.46
Accrued Liabilities	520,000.00	-
Central Bank - E.P.F.	10,678,679.32	2,446,632.00
P.A.Y.E. Tax	4,964.94	4,236.73
Employees Trust Fund	276,242.63	320,010.10
Commissioner of Inland Revenue (Stamp Fees)	(7,928.00)	3,702.00
Refundable Turnover Tax	1,741,638.00	1,741,638.00
State Cheques	176,680.38	171,009.38
Mills Payable	437,979.90	-
Cash Sales Collection	7,650,641.33	1,674,188.18
Cash Sales Collection - R.S.R.	167,630.19	170,872.79
Recoverable G.S.T. on Imports	(3,749,549.19)	(113,404.24)
Recoverable G.S.T. on Local Purchase	(562,971.64)	(38,777.44)
Unclaimed Waste Paper Payments	1,717.38	1,717.38
Cancelled cheques	54,349.00	(29,467.91)
Economic Service Charges	928,011.65	-
	<u>49,171,169.59</u>	<u>30,652,232.50</u>

14.10 Deposits

Valaichchenai Mills		
Staff Security	61,012.90	104,610.83
Welfare Society Discount Received	59,239.16	59,239.16
Deposits Contractors	112,750.00	9,250.00
Deposits Inner-canteen	50,600.00	25,600.00
Deposits - Tender	11,800.00	9,200.00
Library Fines	7,910.85	7,910.85
Fund for Loss of Identity Cards	210,885.05	211,085.05
Mini Bus Fair for Employees Transport	(6,005.74)	31,526.26
	<u>508,192.22</u>	<u>458,422.15</u>



National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements
As at 31st March, 2009

Note	31.03.2009 Rs.	31.03.2008 Rs.
Head Office		
Grant from Treasury	88,088,460.71	389,013.45
Grant from Treasury	23,249,642.00	-
Treasury Grant for Compensation	157,688.54	157,688.54
Refundable Deposits	987,650.00	916,650.00
Non Refundable Deposits	13,000.00	-
Cash Paid in Advance A/c.	1,823,277.07	6,081,514.58
Cash Paid in Advance (Suspense) A/c.	24,500.00	24,500.00
Cash Paid in Advance Waste paper	2,052,924.53	746,903.10
Staff Security Deposits	14,500.00	14,500.00
Advance Received from Customers	<u>821,011.36</u>	<u>821,011.36</u>
	<u>117,232,654.21</u>	<u>9,151,781.03</u>
Embilipitiya Mills		
Library Fines Fund	11433.98	11,433.98
Staff Security	14,500.00	14,500.00
Contractors	50,000.00	50,000.00
Tenders	92,850.00	92,850.00
Retention Money Contractors	3,794.56	3,794.56
Canteen	10,000.00	10,000.00
Indent Deposit	4,361,247.73	4,361,247.73
Mini Bus Fair for Employees Transport	-	441,310.00
Laundry	250.00	250.00
	<u>4,532,642.29</u>	<u>4,985,386.27</u>
14.11 Salaries & Wages Payable		
Valaichchenai Mills		
Unclaimed Payment	48,210.18	45,580.07
Unpaid Gratuity	152,465.23	152,841.05
Refund of Employees Trust Fund	2,881.52	2,881.52
Staff Creditors	<u>513,971.66</u>	<u>495,824.47</u>
	<u>717,528.59</u>	<u>697,127.11</u>
Head Office		
Unclaimed Medical Payments	900.00	900.00
Accrued Payment Salaries & Wages	296,225.47	365,633.80
Unclaimed Allowance A/c.	67.50	171.00
Gratuity Payable	<u>1,132,082.50</u>	<u>972,087.50</u>
	<u>1,429,275.47</u>	<u>1,338,792.30</u>



National Paper Company Limited

No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements

For the year ended 31st March, 2009

Note

	2008/09 Rs.
17B OTHER INCOME - Embilipitiya	
Interest Received	52,452.65
Other Income	72,262.12
	<u>124,714.77</u>
17C OTHER INCOME - Head Office	
Interest Received	10,288.89
Other Income	87,849.39
Int. Recd. On Fixed Deposit	3,774,914.74
	<u>3,873,053.02</u>
17D WASTE PAPER SALES	
Sale of Waste Paper	4,693,978.57
VAT	-
Net Sales	4,693,978.57
Cost of Sales	(1,713,171.71)
Net Profit	<u>2,980,806.86</u>

Due to liquidity problem of the Company, we have started selling Waste Paper in order to reduce the financial crisis

18. ADMINISTRATIVE EXPENSES

Valachchanai	
Director's Fees	30,499.00
Salaries and Wages	2,501,104.91
Provident Fund	323,049.71
Postage, T.Grams, T.Phones	212,773.18
Lighting & Power	53,385.72
Rent, Rates and Taxes	616,871.00
Printing & Stationery	50,911.92
Legal Expenses	19,531.00
Travelling and Subsistence	241,563.50
Repairs and Maintenance (Bldg, Sto, & Equ)	40,252.00
Repairs and Maintenance (Vehicles)	486,337.79
General Expenses	39,333.66
Advertisements	9,800.16
Subscription and Periodicals	3,127.80
Entertainment Expenses	12,207.29
Staff Welfare Expenses	94,161.59
Fine and Surcharges	5,674.26
Staff Medical Scheme	541.00
Audit Fees	15,000.00
Repairs and Maintenance	633.00
	<u>4,756,758.49</u>

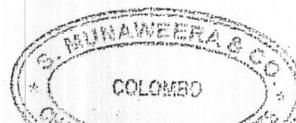


National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements
For the year ended 31st March, 2009

Note

	2008/09 Rs.
Embilipitiya	
Director's Fees	30,499.00
Salaries and Wages	2,501,104.83
Provident Fund	323,049.72
Postage, T.Grams, T.Phones	212,771.20
Lighting & Power	53,385.72
Rent, Rates and Taxes	616,871.00
Printing & Stationery	50,913.92
Legal Expenses	19,531.00
Travelling and Subsistence	241,561.52
Repairs and Maintenance (Bldg, Sto, & Equ)	40,257.01
Repairs and Maintenance (Vehicles)	486,343.81
General Expenses	39,333.67
Advertisements	9,800.16
Subscription and Periodicals	3,127.80
Entertainment Expenses	12,207.29
Staff Welfare Expenses	94,161.62
Fine and Surcharges	5,674.26
Staff Medical Scheme	541.00
Audit Fees	15,000.00
Repairs and Maintenance	633.00
	<u>4,756,767.53</u>
TOTAL - ADMINISTRATIVE EXPENSES	<u><u>9,513,526.02</u></u>
19 SELLING & DISTRIBUTION EXPENSES	
Director's Fees	30,502.00
Salaries and Wages	3,054,304.76
Provident Fund	406,190.42
Postage, T.Grams, T.Phones	212,771.18
Lighting & Power	53,385.71
Rent, Rates and Taxes	616,873.00
Printing & Stationery	50,914.92
Legal Expenses	19,533.00
Travelling and Subsistence	245,516.31
Repairs and Maintenance (Bldg, Sto, & Equ)	36,297.16
Repairs and Maintenance (Vehicles)	484,414.79
General Expenses	41,263.67
Advertisements	9,799.18
Subscription and Periodicals	3,127.80
Entertainment Expenses	12,203.30
Staff Welfare Expenses	93,763.61
Carriage outward & Transport Charges	1,803,617.33
Fine and Surcharges	5,675.26



NATIONAL PAPER COMPANY LIMITED

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Note 16 A

	Valaichchenai	Embilipitiya	Total
<i>Materials Consumed:</i>			
Stock at site as at 01/04/2008	619,660.18	1,667,198.18	2,286,858.36
Add: Materials Requisitioned	33,570,314.25	3,275,790.73	36,846,104.98
Less: Stock at site as at 31/03/2009	(2,349,470.05)	(1,597,940.58)	(3,947,410.63)
Add: Value of Broke Used	823,158.45	90,990.00	914,148.45
Less: Value of Broke Returned	(440,306.40)	(78,048.00)	(518,354.40)
Paper Issued for Finishing	<u>32,223,356.43</u>	<u>3,357,990.33</u>	<u>35,581,346.76</u>
<i>Add: Other Variable Cost</i>			
Water	476,929.64	2,902,568.22	3,379,497.86
Steam	6,274,247.84	896,566.19	7,170,814.03
Power	54,343,389.18	3,357,043.45	57,700,432.63
Machine Clothing	24,722,713.83	264,689.24	24,987,403.07
Total Variable Cost	<u>118,040,636.92</u>	<u>10,778,857.43</u>	<u>128,819,494.35</u>
<i>Add:</i>			
Direct Labour	879,693.84	12,701,146.38	13,580,840.22
Indirect Labour	1,163,353.98	1,004,114.47	2,167,468.45
Mills Overheads	5,858,633.29	64,663,634.13	70,522,267.42
Depreciation	4,603,345.41	3,493,744.84	8,097,090.25
Repairs & Maintenance	10,746,162.85	6,970,985.92	17,717,148.77
Total Fixed Cost	<u>23,251,189.37</u>	<u>88,833,625.74</u>	<u>112,084,815.11</u>
Total Cost	141,291,826.29	99,612,483.17	240,904,309.46
<i>Add:</i>			
Work-in-Progress as at 01-04-2008	458,514.72	-	458,514.72
Work In Progress	8,430,506.69	5,356,799.57	13,787,306.26
Less:			
Work-in-Progress as at 31-03-2009	(19,118,937.86)	(28,413,579.28)	(47,532,517.14)
Cost of Production	<u><u>131,061,909.84</u></u>	<u><u>76,555,703.46</u></u>	<u><u>207,617,613.30</u></u>
<i>Add:</i>			
Finished Goods as at 01-04-2008	11,670,777.37	642,264.48	12,313,041.85
factory	3,343,472.36	405,866.13	3,749,338.49
Purchases - Import			-
Less:			
Finished Goods as at 31-03-2009	(9,505,851.23)	(2,736,501.89)	(12,242,353.12)
factory	(9,328,086.94)	(407,747.39)	(9,735,834.33)
Cost of Sales	<u><u>127,242,221.40</u></u>	<u><u>74,459,584.79</u></u>	<u><u>201,701,806.19</u></u>