

NATIONAL PAPER COMPANY LIMITED

ANNUAL REPORT

2010/2011

NO. 93, JAWATTE ROAD,

COLOMBO 05.

CONTENTS

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Corporate Information – 2010/2011

Name of the Company – National Paper Company Limited

Directors,

- | | |
|-------------------------------|----------|
| 1. Mr. R.M.D.K. Ratnayake | Director |
| 2. Dr. P.E.W. Munege | Director |
| 3. Mr. W.M.A. Sujith Fernando | Director |
| 4. Mr. S.A. Wickremanayake | Director |

Secretaries

Mr. M.A.T.J. Fernando
519/2C, Elvitigala Mawatha,
Colombo 05.

Registered Office

No.93, Jawatte Road,
Colombo 05.

Auditors

Rajeew Jayathilake & Co.,
Chartered Accountants
No.151/A, Colombo Road,
Ja Ela.

Bankers

People's Bank
Bank of Ceylon

Corporate Vision & Mission

Vision

To be the market leader in Sri Lanka with respect to certain products of Paper & 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.

Directors Report

The Board of Directors pleased present the Annual Accounts for the year ended 31st March 2011 and the audited account of the National Paper Company Limited for the year ended 31st March 2011.

01. Principal Activity

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

02. 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 share of Rs. 10/- each.

03. Turnover

The net turnover of the company for the year ended 31/03/2011 is 143.876 million.

04. Performance of the Company

Total production at Valaichchenai Mill during the period under review is 1,220 MT. The production at Valaichchenai and Embilipitiya Mills continued to incur losses due to the reduction of import tariff 10% and 0% with effect from 1st January 2006. The company has made an operating loss of Rs. 215.214 million.

05. Capital Expenditure

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

06. Future Plans

It has been decided by the Cabinet of Ministers to find a suitable investor for a long term lease for Embilipitiya Mills.

07. Directors Interest in Contracts

The directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31st March 2011.

08. Auditors

The account of the Company for the year ended 31/03/2011 has been audited by M/S. Rajew Jayathilake & Co., Chartered Accountants.



Rajeew Jayathilake & Co.
(Chartered Accountants)
No .151/A, Colombo Road,
Ja Ela.
Tel: 011-2244175
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FINANCIAL STATEMENTS

For the Year Ended

31ST MARCH
2011

NATIONAL PAPER COMPANY LIMITED

NO. 93,
JAWATTE ROAD,
COLOMBO 05

Rajeew Jayathilake & Co.

Rajeew Jayathilake & Company
(Chartered Accountants)
No: 151/A,
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 March 31st 2011, income statement, statement of changes in equity and cash flow statement 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 & fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes, designing, implementing & maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error, selecting & applying appropriate accounting policies, & 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 from material misstatement.

An audit includes examining, on test basis, evidence supporting the amount and disclosures in the said Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation.

Opinion

1. We did not observe the counting of the physical inventories as of 31st March 2011; since that date was prior to time we were engaged as auditors for the company. Owing to the nature of the company's records, we were unable to satisfy ourselves as to inventory quantities by other audit procedures.
2. We were unable to obtain sufficient appropriate audit evidence to ensure accuracy of the following account balances.

• Trade Debtors	Rs. 25,743,619.78/-
• Trade Creditors	Rs. 28,230,725.96/-
• Purchases	Rs. 272,632,312.04/-



Rajeew Jayathilake & Co.

Rajeew Jayathilake & Company
 (Chartered Accountants)
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 Email: rajeewjaya@yahoo.com

In our opinion, except for the effects of such adjustments, if any, as might have been determined to necessary had we been able to satisfy ourselves as to the accuracy of the balances mentioned in the preceding paragraphs, the financial statements present fairly, in all material respect, the financial position of National Paper Company Limited as at 31st March 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting standards.

Without further qualifying our opinion we draw attention to the Note 2.1.3 and 2.3.2.1 a) & b) of the financial statements.

Report on other Legal and Regulatory Requirements

These financial statements also comply with the requirements of section 151(1) and section 151(2) of the companies Act No. 07 of 2007.

Rajeew Jayathilake

Rajeew Jayathilake & Company
 (Chartered Accountants)

Ja-Ela.

21st May 2012



Rajeev Jayathilake & Co.
(Chartered Accountants)

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

		<u>2010/2011</u>	<u>2009/2010</u>
		<u>Rs.' 000</u>	<u>Rs.' 000</u>
Revenue	Note	143,876	162,401
Cost of Sales	03	(254,413)	(250,372)
Gross Profit/(Loss)		<u>(110,536)</u>	<u>(87,970)</u>
Other Operating Income	04	8,725	5,775
		<u>(101,812)</u>	<u>(82,195)</u>
Administrative Expenses	05	(102,349)	(14,928)
Selling & Distribution Expenses	06	(2,984)	(11,981)
Profit/(Loss) from Operations		(207,145)	(109,104)
Finance Expenses		(5,048)	(12,256)
Profit/(Loss) before Taxation		(212,193)	(121,360)
Taxation		-	-
Profit/(Loss) after Taxation		<u>(212,193)</u>	<u>(121,360)</u>

The Accounting Policies and Notes annexed form an integral part of the Financial Statements.

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

BALANCE SHEET AS AT 31ST MARCH 2011

	Notes	2010/2011 Rs.' 000	2009/2010 Rs.' 000
ASSETS			
CURRENT ASSETS			
Property Plant & Equipment	07	27,093	33,610
Capital Work-in-Progress	07A	27,022	27,022
Stock - Raw Materials & Consumables	08	225,434	221,234
- Work-in-Progress	09	30,770	36,885
- Finished Goods	10	23,898	87,954
Trade Debtors	11	22,914	48,765
Short Term Investments	12	54,218	51,731
Deposits & Prepayments	13	14,063	15,195
Other Current Assets	14	28,890	27,161
Cash at Bank and in Hand	15	443	2,341
Total Current Assets		454,745	551,900
TOTAL ASSETS		454,745	551,900
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital		323,000	323,000
Foreign Grants	16	41,777	41,777
Capital Reserve	17	45,088	45,088
Profit & Loss Account		(967,156)	(673,671)
Total Equity		(557,291)	(263,806)
CURRENT LIABILITIES			
Dues to Government	18	51,146	34,624
Foreign and Other Short Term Creditors	19	159,655	86,230
Trade, Other Creditors & Provisions	20	760,790	652,384
Bank Overdraft	21	40,445	42,468
Total Current Liabilities		1,012,036	815,706
TOTAL EQUITY AND LAIBILITIES		454,745	551,900

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007

.....
Chief Accountant

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board of Directors by the following.

.....
Competent Authority

.....
General Manager

The Accounting Policies and Notes annexed form an integral part of the Financial Statements.



Rajeev Jayatilake & Co.
(Chartered Accountants)

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2011

Rs.'000

Description	Stated Capital	Foreign Grants	Capital Reserves	Revenue Reserves	Total
Balance as at 1/04/2010	323,000	41,777	45,088	(673,670)	(263,805)
Ministry Grant	-	-	-	-	-
Adjustment on Profit	-	-	-	(81,292)	(81,292)
Net Profit/(Loss) for the Period	-	-	-	(212,193)	(212,193)
Balance as at 31/03/2011	323,000	41,777	45,088	(967,156)	(557,291)



Rajeev Jayathilake & Co.
(Chartered Accountants)

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	<u>2010/2011</u> Rs.' 000	<u>2009/2010</u> Rs.' 000
Cash Flows from Operating Activities		
Net Profit Before Taxation	(212,193)	(121,360)
P/Y Adjustments to profits	(81,292)	
Adjustments for:		
Depreciation	6,713	6,713
Interest Income	(4,296)	(5,775)
Interest Expenses	5,048	12,256
	<u>(286,021)</u>	<u>(108,167)</u>
Operating Profit Before Working Capital Changes		
(Increase) / Decrease in Inventories	65,972	(57,302)
(Increase) / Decrease in Receivables	22,767	(66,829)
Increase / (Decrease) in Payables	181,837	218,418
Cash Generated from Operations	(15,444)	(13,880)
Interest Paid	(5,048)	(12,256)
Net Cash Flow from Operating Activities	<u>(20,492)</u>	<u>(26,136)</u>
Cash Flow from Investing Activities		
Acquisition of Property	(196)	(218)
Interest Received	4,296	5,775
Net Cash from Investing Activities	<u>4,100</u>	<u>5,558</u>
Cash Flow from Financing Activities		
Receipts / (Payment) Due from Foreign Grant	-	(28)
Receipts / (Payment) Due from Government	16,522	12,182
Net Cash Used in Financing Activities	<u>16,522</u>	<u>12,154</u>
Net Increase in Cash and Cash Equivalents	130	(8,424)
Cash and Cash Equivalents at Beginning of Period (Note A)	(40,132)	(21,003)
Cash and Cash Equivalents at End of Period (Note B)	<u>(40,002)</u>	<u>(29,427)</u>
(Note A) At the Beginning		
Balance at Bank	2,477	567
Petty cash	(142)	63
Bank Overdraft	(42,468)	(21,633)
	<u>(40,132)</u>	<u>(21,003)</u>
(Note B) At the End		
Balance at Bank	356	2,477
Petty cash	87	(142)
Bank Overdraft	(40,445)	(42,468)
	<u>(40,002)</u>	<u>(40,132)</u>

The Accounting Policies and Notes annexed form an integral part of the Financial Statements.

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

1 CORPORATE INFORMATION

1.1 General

The Company is a fully owned government limited liability company incorporated and domiciled in Sri Lanka on 01st July 1992. The registered office of the Company is located at No. 93, Jawatta, Colombo 05

The principal place of business is located at the Valachchenai mills and the head office.

1.2 Principal Activities and Nature of Operations

Principal activity of the Company is acting as a manufacturer of paper.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL ACCOUNTING POLICIES

2.1.1 Basis of Preparation

These financial statements were presented in Sri Lankan Rupees under the historical cost basis & in accordance with generally accepted accounting principles and the standards laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1.2 Statement of Compliance

The balance sheet, statement of income, changes in equity and cash flow together with accounting policies and notes (Financial Statements) of the company as at 31st March 2011 and for the period then ended are comply with the Sri Lanka Accounting Standards.

These financial statements were authorized to issue by the Directors on 23rd May 2012.

2.1.3 Going Concern

The Company incurred an accumulated loss of Rs. 970,176,850.30 as at year ended 31 March 2011 (2010 - Rs. 673,670,580.00/-) and, as of that date, the Company's accumulated losses exceeded its stated capital by Rs. 647,176,850.30/-(2010 - Rs. 350,670,580.00/-).

The whole operation of the Embilipitiya Mills was stopped on 15th November 2011 and settled all staff obligations in relation to the compulsory retirement services of the Embilipitiya mills amounting to Rs.155,552,755.08

2.1.4 Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The previous year's figures and phases have been rearranged wherever necessary to conform current year's presentation.

2.1.5 Discontinuing Operations

As at the balance sheet date, the company does not have any discontinuing operations.



NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

2.1.6 Foreign Currency Translation

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year end spot foreign exchange rates. The resulting gains or losses are accounted in the income statement.

Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gain or loss are accounted in the Income Statement.

2.2 ASSETS AND BASES OF THEIR VALUATION

2.2.1 Property, Plant & Equipment

a) Cost

Property, plant & equipment is recorded at cost less accumulated depreciation and less any impairment in value.

b) Depreciation

Provision for depreciation is calculated by using straight line on the cost of all property, plant & equipment other than freehold land, in order to write off such amounts over the estimated useful lives of such assets.

The principal annual rates used are as follows.

Building	2.5%
Furniture, Fittings & Equipment	10%
Motor Vehicles	25%
Process Equipment	6.25%

Depreciation of assets begin when it is available for use.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted as appropriate at each financial year.

c) Restoration Costs

Expenditure incurred on repairs or maintenance of property, plant & equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

d) De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from it's use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.



NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

2.2.2 Capital Work in Progress

Capital work in progress is transferred to the respective assets accounts at the time of the first utilization of the assets.

2.2.3 Intangible Assets

Intangible assets are separately measured in initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition of the intangible assets,

Initially generated intangible assets, excluding capitalized development costs are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to either finite or indefinite.

2.2.4 Trade and Other Receivable

Trade and other receivable are stated at the amounts they are estimated to realize net of provisions for bad and doubtful receivables.

Other receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables.

2.2.5 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash & cash equivalents consists of cash in hand and deposits in banks net of outstanding bank overdrafts. Investment with short term maturities i.e. three months or less from the date of acquisitions are also treated as cash equivalents.

2.3 LIABILITIES AND PROVISIONS

2.3.1 Liabilities

Liabilities stated under current liabilities in the balance sheet are those expected to fall due within one year from the balance sheet date. Items stated as long term liabilities are those expected to fall due at point of time after one year from the balance sheet date.

Trade and Other Payable

Trade creditors and other payables are stated at their book values.

2.3.2 Provisions

Provisions are recognized when the company has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

2.3.2.1 Retirement Benefit Obligation

a) Defined Benefit Plan - Gratuity

Provision has been made for retirement gratuities in conformity with SLAS 16 / Gratuity Act No. 12 of 1983. The liability is not externally funded nor actuarially valued.

Provision has not been made for retirement gratuities when the employees are eligible for it. Therefore the entire gratuity provision has been adjusted during this financial year. Further considerable retired employees have been claim their gratuity by way of legal action and still those court cases are under hearing.

b) Defined Contribution Plans - EPF & ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

How ever the company policy was not to deduct the EPF & ETF from contract employees are not acceptable under The Employees' Provident Fund Act No. 15 of 1958 and Employees' Trust Fund Act No.46 Of 1980.

2.3.2.2 Taxation

a) Current Taxes

Current income tax asset or liability for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006.

According to the Value Added Tax Act No. 14 of 2002, company is liable for payment of VAT which they have collected in the normal cause of business. The company has not paid any VAT on their operations since VAT act in operation.

b) Deferred Taxation

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred taxation has not been provided due to tax losses.

2.3.3 Grants and Subsidies

Grants and subsidies are credited to the income statement over the period necessary to match them with related cost, which they are intended to compensate on a systematic basis.

Grants related to assets, including non monetary grants at fair value, are defined in the balance sheet and credited to the income statement over the useful life of the related asset.

Grants related to income are recognized in the income statement in the period in which they are receivable.



ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2011

2.4 INCOME STATEMENT

2.4.1 Revenue Recognition

a) Provision of Services

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

Net profits and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in the income statement having deducted from proceeds on disposal, the carrying value amount.

2.4.2 Expenditure Recognition

a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit or loss for the year.

b) For the purpose of presentation of the income statement the directors are of the opinion that function of expenses method presents fairly the elements of the company's performance and hence such presentation method is adopted.

c) Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.5 OFF BALANCE SHEET AND INCOME STATEMENT ITEMS

2.5.1 Events Occurring after the Balance Sheet

All material events occurring after the balance sheet date have been considered and where necessary adjustments to or disclosures have been made in the respective notes to the accounts.

The whole operation of the Embilipitiya Mills was stopped on 15th November 2011 and settled all staff obligations in relation to the compulsory retirement services of the Embilipitiya mills amounting to Rs.155,552,755.08

2.5.2 Contingencies and Unrecognized Contractual Commitments

Contingencies are possible assets or obligations that arise from past event and would be confirmed only the occurrence or non occurrence of uncertain future events, which are beyond the company's control.

There are few legal cases filed by staff claiming their staff obligations and promotions. Those are still under hearing.



Rajeev Jayathilake & Co.
(Chartered Accountants)

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS

	2010/2011	2009/2010
	Rs.	Rs.
NOTE 03 - COST OF SALES		
Material Purchase	278,063,312	265,880,723
Less: Closing stock	(23,649,667)	(15,508,790)
Cost of Sales	<u>254,413,645</u>	<u>250,371,933</u>
NOTE 04 - OTHER INCOME		
Embilipitiya	3,695	743,127
Head Office	8,720,986	5,032,324
	<u>8,724,681</u>	<u>5,775,451</u>
NOTE 05 - ADMINISTRATIVE AND OTHER EXPENSES		
Director's Fees	4,500	371,500
Salaries and Wages	10,097,464	8,579,599
Provident Fund	1,054,942	1,101,102
Lighting & Power	242,057	66,759
ETF Contribution	1,607,168	-
Water Expenses	86,621	19,420
Postage, T.Grams, T.Phones	404,433	724,151
Subscription and Periodicals	14,292	13,296
Printing & Stationery	180,024	265,890
Legal Expenses	13,500	13,447
Repairs and Maintenance	703,805	39,147
General Expenses	121,844	294,376
Staff Welfare Expenses	1,668	263,122
Fine and Surcharges	16,542	330
Staff Medical Scheme	2,233	1,860
Repairs and Maintenance	112,457	185,393
VAT Expenses	-	37,836
Rent ,Rates & Tax	1,310,940	873,960
Gratuity Expenses	-	2,061,410
Gratuity Sercharge	5,455,876	-
Audit Fee	75,000	15,000
SRL Expenses	8,304	-
Exchange loss	73,424,664	-
staff obligations	4,863,502	-
Over provision of interest	2,547,641	-
	<u>102,349,477</u>	<u>14,927,598</u>

NATIONAL PAPER COMPANY LIMITED
 NO. 93, JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS

	2010/2011	2009/2010
	Rs.	Rs.
<u>NOTE 06 - SELLING & DISTRIBUTION EXPENSES</u>		
Advertisement Expenses	48,284	120,443
Entertainment Expenses	21,896	35,558
Travelling and Subsistence	486,799	435,719
Repairs and Maintenance (Vehicles)	2,012,201	2,965,464
Exhibition Expenses	34,855	102,898
Waste Paper Clearing	-	7,001,655
Waste Paper Allowance Advance	-	233,500
Unusual Expenses	205,160	726,420
Bank Charges	72,191	79,455
Debit Tax	102,494	230,027
Donations	-	50,000
	<u>2,983,880</u>	<u>11,981,140</u>

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

NOTE 07- PROPERTY PLANT & EQUIPMENT CONT...

Depreciation

	Balance as at 01.04.2010			Additions/ (Disposals)			Balance as at 31.03.2011		
	Rs.			Rs.			Rs.		
	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office
Land & Building	-	-	460,527	-	-	-	-	-	460,527
Furniture & Fittings	-	-	15,575,943	-	-	-	-	-	15,575,943
Vehicle	-	-	3,283,392	-	-	-	-	-	3,283,392
Land Development	1,991,264	9,233,766	-	67,359	-	-	2,058,623	9,233,766	-
Building & Structure	14,530,883	67,647,312	-	468,652	1,248,480	-	14,999,536	68,895,792	-
Building Services	2,257,376	5,829,711	-	4,930	2,384	-	2,262,306	5,832,094	-
Process Equipment	82,931,861	253,385,014	-	828,707	2,049,424	-	83,760,568	255,434,438	-
Utilities	52,959,214	59,574,207	-	213,538	22,909	-	53,172,752	59,597,116	-
Process Appurtenances	1,937,092	42,306,439	-	2,779	55,128	-	1,939,872	42,361,567	-
Non Process Equipment	22,196,175	18,837,353	-	483,735	42,149	-	22,679,911	18,879,502	-
Building & Structure	9,975,075	-	-	156,012	-	-	10,131,087	-	-
Building Services	1,483,419	-	-	-	-	-	1,483,419	-	-
Process Equipment	51,815,907	-	-	418,535	-	-	52,234,442	-	-
Utilities	1,567,957	-	-	-	-	-	1,567,957	-	-
Process Appurtenances	42,493,049	-	-	-	-	-	42,493,049	-	-
Non Process Equipment	3,229,659	-	-	-	-	-	3,229,659	-	-
Vehicle & Agr. Equipment	5,858,205	9,649,205	-	-	1,680	-	5,858,205	9,650,885	-
Housing Scheme	3,132,333	15,293,908	-	48,295	71,591	-	3,180,629	15,365,499	-
Over dep. Housing Scheme	-	5,210	-	-	-	-	-	5,210	-
Depreciation Error Correction	-	406,255	-	-	526,255	-	-	932,510	-
	298,359,470	482,168,379	19,319,861	2,692,543	4,020,000	-	301,052,014	486,188,379	19,319,861

W.D.V. as at 31st March 2010

33,609,841

W.D.V. as at 31st March 2011

27,093,382



NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS

	2010/2011	2009/2010
	Rs.	Rs.
NOTE 07A - WORK IN PROGRESS-CAPITAL JOB		
Embilipitiya Mills	83,468	83,
Valaichchenai Mills	26,938,148	26,938,
	<u>27,021,615</u>	<u>27,021,</u>
NOTE 08 - STOCK - RAW MATERIALS & CONSUMABLES		
RAW MATERIALS		
Valaichchenai Mills	11,211,498	5,376,
Embilipitiya Mills	15,062,740	15,062,
Head Office	802,661	1,387,
	<u>27,076,899</u>	<u>21,827,</u>
ENGINEERING SPARES		
Valaichchenai Mills	72,854,843	74,130,
Embilipitiya Mills	74,035,315	74,035,
	<u>146,890,158</u>	<u>148,165,</u>
OTHER CONSUMABLE		
Valaichchenai Mills	15,223,765	14,754,
Embilipitiya Mills	25,055,070	25,299,
	<u>40,278,835</u>	<u>40,053,</u>
CULTIVATION STOCK		
Embilipitiya Mills		
Mirijjawela Plantation	425,313	425,
Agunakolapalassa Plantation	175,516	175,
Bulutota Plantation	855,183	855,
Mahagama Plantation	114,555	114,
Mills Farm Plantation	9,617,707	9,617,
	<u>11,188,275</u>	<u>11,188,</u>
TOTAL - STOCK RAW MATERIALS & CONSUMABLES	<u>225,434,167</u>	<u>221,234,</u>
NOTE 09- STOCK - WORK-IN-PROGRESS		
Provision for Work-in-Progress- Vch	4,801,197	7,843,9
Valaichchenai Mills	(8,511)	(8,5
Provision for Work-in-Progress- Emb	25,977,276	29,049,8
	<u>30,769,963</u>	<u>36,885,2</u>
NOTE 10 - STOCK - FINISHED GOODS		
Valaichchenai Mills	6,631,160	23,121,7
Stock at site	4,317,993	32,272,4
Embilipitiya Mills	3,072,547	16,803,0
Stock at Col. Stores	9,627,968	15,508,7
	<u>23,649,667</u>	<u>87,706,0</u>
Add:		
Head Office		
Purchase of Stationery Items	247,858	247,8
	<u>23,897,524</u>	<u>87,953,8</u>



NATIONAL PAPER COMPANY LIMITED
NO.93,JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS	2010/2011 Rs.	2009/2010 Rs.
NOTE 11- TRADE DEBITORS		
Trade Debtors Control A/C	25,743,620	51,594,712
Provision for Doudtful Debts	(2,829,234)	(2,829,234)
	<u>22,914,386</u>	<u>48,765,478</u>
NOTE 12-SHORT INVESTMENTS		
Valaichchenai Mills	2,984,225	2,777,237
Embilipitiya Mills	391,711	391,404
Head Office	49,135,597	48,562,719
	<u>52,461,533</u>	<u>51,731,360</u>
NOTE 13-DEPOSITS & PREPAYMENTS		
Deposits		
Valaichchenai Mills	130,371	130,371
Embilipitiya Mills	5,077,050	5,077,050
Head Office	3,541,460	4,310,291
	<u>8,748,881</u>	<u>9,517,712</u>
Prepayments		
Valaichchenai Mills	2,268,651	2,372,931
Embilipitiya Mills	2,799,693	3,018,093
Head Office	246,081	246,081
	<u>5,314,425</u>	<u>5,637,105</u>
Current Accounts		
Valaichchenai Mills	132,974,518	81,038,759
Embilipitiya Mills	(39,637,786)	(37,250,036)
Head Office	(93,336,732)	(43,748,724)
	<u>-</u>	<u>39,999</u>
TOTAL-DEPOSITS & PREPAYMENTS	<u>14,063,306</u>	<u>15,194,816</u>
NOTE 14-OTHER CURRENT ASSETS		
Staff Debtors		
Valaichchenai Mills	1,397,237	2,092,254
Embilipitiya Mills	422,686	388,032
Head Office	228,295	252,300
	<u>2,048,218</u>	<u>2,732,586</u>
Other Debtors		
Valaichchenai Mills	5,484,574	5,501,886
Embilipitiya Mills	1,479,744	933,109
Head Office	16,325,621	15,290,380
	<u>23,289,939</u>	<u>21,725,375</u>
Advancves		
Valaichchenai Mills	2,210,023	2,215,947
Embilipitiya Mills	722,712	4,255
Head Office	619,056	482,726
	<u>3,551,791</u>	<u>2,702,928</u>
TOTAL STAFF DEBITORS, OTHER DEBITORS & ADVANCES	<u>28,889,948</u>	<u>27,160,889</u>

NATIONAL PAPER COMPANY LIMITED
 NO. 93, JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS

	2010/2011	2009/2010
	Rs.	Rs.
NOTE 15 - CASH AT BANK AND IN HAND		
Cash at Bank		
Valaichchenai		
People's Bank - Valaichchenai	5,356	74,051
People's Bank - Union Place, Colombo	7,931	7,931
People's Bank - Batticaloa, Town Branch	46,082	48,752
Cash at Bank of Ceylon, Batticaloa	2,589	163,907
	<u>61,958</u>	<u>294,641</u>
Embilipitiya Mills		
Matton National Bank, Cinnamon Garden	183	183
Bank of Ceylon, Embilipitiya	261,770	1,980,823
	<u>261,954</u>	<u>1,981,006</u>
Head Office		
People's Bank - A/c.No: 210898	24,462	1,676
Bank A/c. No: 014-001-2-0112479	3,639	195,999
petty Cash Imprest	4,000	4,000
	<u>32,101</u>	<u>201,675</u>
Cash in Hand		
Valaichchenai Mills		
Cash in Hand	34,633	102,831
Stamp Imprest	7,056	4,781
Cash in Transit	-	(300,000)
	<u>41,689</u>	<u>(192,388)</u>
Embilipitiya Mills		
Cash in Hand	-	2,700
	<u>-</u>	<u>2,700</u>
Head Office		
Stamp Imprest	5,630	2,630
Cash Imprest for Waste Paper - Kirulapone	(13,459)	(13,810)
Cash in Hand	24,710	(20)
Laundry Payment Imprest	4,364	196,000
Cash Imprest for Waste Paper - Kirulapone	15,889	68,588
Cashier's Imprest	5,000	(3,000)
Cash Imprest - Retails	3,000	(197,000)
	<u>45,134</u>	<u>53,388</u>
TOTAL CASH AND BANK BALANCES	<u><u>442,836</u></u>	<u><u>2,341,023</u></u>
NOTE 16- FOREIGN GRANTS		
Canadian Aid	100,000	100,000
IDA Capital Aid	10,609,048	10,609,048
R.G. Commodity Grant	21,095,504	21,095,504
R.G. Commodity Grant (Spares)	9,972,500	9,972,500
	<u>41,777,052</u>	<u>41,777,052</u>

ew Jayathilake & Co.
Chartered Accountants)

NATIONAL PAPER COMPANY LIMITED
NO. 93, JAWATTE ROAD, COLOMBO 05

NOTES TO THE ACCOUNTS	2010/2011	2009/2010
	Rs.	Rs.
NOTE 17- CAPITAL RESERVE		
Capital Reserve	2,988,409	2,988,409
Loan Redemption Reserve*	41,722,450	41,722,450
CIDA Consultancy Reserve Fund	376,675	376,675
	<u>45,087,534</u>	<u>45,087,534</u>
NOTE 18 - DUES TO GOVERNMENT		
Provision for Income Tax	3,293,253	2,731,299
Provision for VAT	35,870,707	32,515,990
Provision for NBT	(139,047)	(100,073)
VAT Payable (Sales)	12,121,317	(523,495)
	<u>51,146,230</u>	<u>34,623,721</u>
NOTE 19 - SHORT TERM CREDITORS		
K.F.W. Loan (Embilipitiya) - Spares	159,654,648	55,020,835
Provision Interest on K.F.W. Loan	-	6,901,898
Provision for Interest on KFW Loan	-	24,307,251
	<u>159,654,648</u>	<u>86,229,984</u>
NOTE 20 - TRADE AND OTHER CREDITORS & PROVISIONS		
Medical Scheme Fund	1,575,765	1,563,103
Workmen's Compensation Fund	11,708,787	11,468,787
Gratuity Fund	93,797,038	125,368,487
Term Loan from Union Bank	-	4,863,502
Loan from Treasury	50,000,000	50,000,000
Merchant Bank Loan	4,536,556	4,878,826
Loan from Ministry	34,260,504	-
Provision - Personnel Accident	2,079,946	2,079,946
Provision for Liabilities	185,138,520	136,628,847
Creditors & Accrued Charges	180,050,884	147,512,601
Deposits	123,676,480	142,901,118
Salaries & Wages Payable	73,965,767	25,119,003
TOTAL TRADE, OTHER CREDITORS & PROVISIONS	<u>760,790,247</u>	<u>652,384,221</u>
NOTE 21- BANK OVER DRAFT		
Bank of Ceylon A/c.No: 0000164807	26,848,120	28,782,247
People's Bank - A/c.No: 100140210899	13,596,782	13,685,628
TOTAL BANK OVERDRAFT	<u>40,444,901</u>	<u>42,467,876</u>

