

**NATIONAL PAPER COMPANY
LIMITED**

**ANNUAL REPORT
2011/2012**

No. 93, Jawatte Road,
Colombo 05

CONTENTS

Corporate Vision & Mission

OUR VISION

1. Corporate Vision & Mission
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Corporate Vision & Mission

OUR 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.

OUR 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.

Corporate Information – 2011/2012

Chief Executive Officer

Mr. A. N. Subasinghe

Secretaries

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

Registered office

No.93, Jawatta Road,
Colombo 05.

Auditors

Nagasinghe & Company
(Chartered Accountants)
No. 277, New Hunupitiya Road,
Dalugama,
Kelaniya

Bankers

People's Bank
Bank of Ceylon

Chief Executive Officer's Report

It is pleased to present the annual Accounts for the year ended 31st March 2012 and the audited account of the National Paper Company Limited for the year ended 31st March 2012.

1. Principal Activity

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

2. Share Capital

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

3. Turnover

The net turnover of the company for the year ended 31/03/2012 is 76.023 million.

4. Performance of the Company

Total production of the Valachchanai Mill during the period under review is 981.4 MT. Embilipitiya Mill discontinued its operation On 15th November 2011 with the voluntary retirement service arrangement.

5. Capital Expenditure

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

6. Future Plans

It has been decided by the cabinet of ministers to find a suitable investor for long term

7. 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 2012

8. Auditors

The accounts of the company for the year ended 31/03/2012 has been audited by M/S Nagasinghe & Company, Chartered Accountants.

**NATIONAL PAPER COMPANY
LIMITED**

**ANNUAL ACCOUNTS
2012**

FROM 1st APRIL 2011 TO 31st MARCH 2012

**NAGASINGHE & COMPANY
CHARTERED ACCOUNTANTS**

NATIONAL PAPER COMPANY LIMITED

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL PAPER COMPANY LIMITED

Report on the Financial Statement

We have audited the accompanying financial statements of **NATIONAL PAPER COMPANY LIMITED** which comprise the Balance Sheet as at March 31, 2012 and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and summary of significant Accounting Policies and other Explanatory Notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and 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 and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances

Scope of Audit

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.

Basis of Opinion

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in said financial statements, assessing the accounting principles used and significant estimates made by the Directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards.

We however were not able to obtain all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit in order to obtain satisfactory evidence to verify the assets or liabilities placing limitation on the scope of our audit.

Further the financial statements for the year did not comply with the following Accounting Standards as described below,

- 01 We cannot be satisfied with the financial statements that were presented to us for our examination as they did not comply with the proper presentation of financial statements as required under accounting standards on **Framework for the preparation and presentation of financial statement** and **LKAS 01 – (Presentation of financial statements)**. The policy of the Company of transfer of the value of Capital working progress to the respective asset accounts at the time of the first utilization of the assets as the accounts are showing a Capital working progress balance of Rs. 26,938,147/- coming from previous periods and no proper information was available in respect of this balance. This is not complying with the **LKAS 01 (Presentation of Financial Statements)**, in order to bring the completeness within the bounds of materiality and cost of the given figures. Further the value of five plantations of Rs.11,188,274/- shown as cultivation stock of Embilipitiya Mills is continuing for several years which are unverifiable.
- 02 The Embilipitiya Mill, the other production segment which was not operational has been disposed on 15th November 2011 to another Company under a Ministry conducted Divesting programme by tender, the terms and conditions of the disposal agreement has not been made available to us. Our request for the documents and information required for the audit, pertaining to the transactions relating to the disposal of Embilipitiya Mill (which has taken place during the year) from the Management has not received a response in writing. This results in the incorrect reporting and non compliance to **SLFRS 05 – (Non-current Assets Held for Sale and Discontinued Operations)** of this particular aspect in the financial statements.
- 03 No proper records maintained for Property, Plant and Equipment and some fixed assets could be found. The depreciation charged amount for the year is incorrect as per our verification. The Company has not followed the correct procedure for disposal of motor vehicles. Further we have noted that some fixed assets are fully depreciated and Company has not revalued those fixed assets which are still being used. The fully depreciated assets are still shown under the property, plant and equipment at the cost price less the provision thereon which results in non-compliance with **LKAS 16 (Property Plant and Equipment)**.
- 04 Few motor vehicles carried amounts which exceeded their recoverable amounts. The Company has not recognized such assets as impaired assets and has not been tested for impairment. **LKAS 36 – (Impairment of assets)** provides the guidance for accounting for impairment of all assets. The Company has not applied this standard in their normal course of business. Similarly bad debts provisions have not been made in respect of bad and doubtful debtors.
- 05 During the year Company has received a Grant from the Treasury for the salary payment of Embilipitiya Mills, amounting Rs. 12,900,000/-. But this grant has been recorded as a current liability. According to the **LKAS 20 (Accounting for Government Grants and Disclosure of Government Assistance)**, Government grant shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Therefore this standard has not been applied by management when preparing Company accounts.

- 06 We observed that the Company has several Court cases on gratuity and VRS payable claims and were requested for correct details regarding the above cases from the officers concerned which have not been furnished. According to the **LKAS 37 (Provisions, Contingent Liabilities, Contingent Assets)**, disclosures are required for the contingent liabilities such as court cases. Hence the Company accounts have not complied with this standard.
- 07 Policy for accounting of Property, Plant and Equipment, the assets residual values, useful lives and methods of depreciation required to be reviewed and adjusted as appropriate at each financial year. The Company has not followed this policy as they have not followed this policy consistently and have adopted two different policies at the two operating segments. This is not complying with the Accounting standard of **LKAS 08 (Accounting Policies, Changes in Accounting Estimates and Errors)**.

Opinion

The Company has continued to make losses and the accumulated losses as at the year under review amounted to Rs. 999,106,620/-. The gross revenue of the Company has drastically decreased to Rs. 76,022,598/- in the current period from Rs. 143,876,106/- during the previous year and the gross loss of the Company has decreased to Rs. 75,305,378/- during the year from Rs. 110,536,893/- in 2010/11.

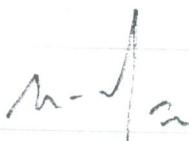
The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Company has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statements may have to be prepared on a different basis and, if so, the basis used is disclosed.

The ability of the Company to function as a going concern depends largely on continuous financial support and the favorable policy measures taken for the continuation of the Paper Company from the General Treasury and the other Authorities.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the Balance Sheet and related Statements of Income, Changes in Equity, Cash Flow Statement and the Accounting Policies and Notes thereto of the Company, do not give a true and fair view of the financial position and of the results of its operations for the year ended 31st March 2012.

Directors' Interest in Contracts with the Company

We were not produced with any information on Directors' Interest in contracts with the Company during the financial Year ending 31st March 2012 and we note that the Board of Directors has been replaced by a Competent Authority to manage the Company at the end of the accounting year.



NAGASINGHE & COMPANY
CHARTERED ACCOUNTANTS
COLOMBO.

11 FEBRUARY 2013.



NAGASINGHE & CO.
CHARTERED ACCOUNTANTS

NATIONAL PAPER COMPANY LIMITED
INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH

Figures in Rupees

		<u>2012</u> <u>'000</u>	<u>2011</u> <u>'000</u>
Revenue	<u>Note</u> 04	76,023	143,876
Cost of Sales	05	(151,328)	(254,413)
Gross Profit/(Loss)		<u>(75,305)</u>	<u>(110,537)</u>
Other Operating Income	06	32,678	8,725
		<u>(42,627)</u>	<u>(101,812)</u>
Administrative Expenses	07	(16,150)	(102,349)
Selling & Distribution Expenses	08	(7,058)	(2,809)
Other Operating Expenses	09	(2,809)	-
Profit/(Loss) from Operations		<u>(68,644)</u>	<u>(206,971)</u>
Finance Expenses	10	(5,069)	(5,223)
Profit/(Loss) before Taxation		<u>(73,713)</u>	<u>(212,193)</u>
Taxation		-	-
Profit/(Loss) after Taxation		<u>(73,713)</u>	<u>(212,193)</u>
<u>Discontinued Operation Expenses</u>			
Salaries	11	30,342,906	
E.P.F, E.T.F, & Gratuity	12	8,735,040	
VRS	13	155,836,708	
Others	14	800,910	
		<u>195,715,564</u>	

NATIONAL PAPER COMPANY LIMITED

BALANCE SHEET

AS AT 31st MARCH

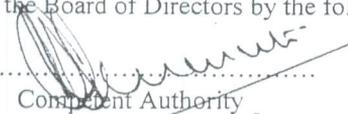
Figures in Rupees

		2012	2012	2012	2011
		'000	'000	'000	'000
	Notes	<u>Continued</u> <u>Operation</u>	<u>Discontinued</u> <u>Operation</u>	<u>Total</u>	<u>Total</u>
ASSETS					
NON CURRENT ASSETS					
Property Plant & Equipment	15	37,796	10,526	48,322	27,093
Capital Work-in-Progress	15A	26,938	-	26,938	27,022
Long Term Investment	16	53,175	392	53,567	54,218
		<u>117,910</u>	<u>10,918</u>	<u>128,827</u>	<u>108,333</u>
CURRENT ASSETS					
Stock - Raw Materials & Consumables	17	107,182	11,188	118,370	225,434
- Work-in-Progress	18	2,521	-	2,521	30,770
- Finished Goods	19	14,831	-	14,831	23,898
Trade Debtors	20	17,962	-	17,962	22,914
Deposits & Prepayments	21	(142,688)	239,797	97,108	14,063
Other Current Assets	22	270,180	-	270,180	28,890
Cash at Bank and in Hand	23	1,306	-	1,306	443
Total Current Assets		<u>271,293</u>	<u>250,985</u>	<u>522,277</u>	<u>346,412</u>
TOTAL ASSETS		<u>389,202</u>	<u>261,902</u>	<u>651,105</u>	<u>454,745</u>
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated Capital	24	323,000	-	323,000	323,000
Foreign Grants	25	41,777	-	41,777	41,777
Capital Reserve	26	45,088	-	45,088	45,088
Profit & Loss Account	26A	(759,782)	(239,435)	(999,216)	(967,156)
Total Equity		<u>(349,917)</u>	<u>(239,435)</u>	<u>(589,352)</u>	<u>(557,291)</u>
NON CURRENT LIABILITIES					
Long Term Loans	27	159,655	-	159,655	159,655
		<u>159,655</u>	<u>-</u>	<u>159,655</u>	<u>159,655</u>
CURRENT LIABILITIES					
Dues to Government	28	24,585	-	24,585	51,146
Trade, Other Creditors & Provisions	29	514,442	501,337	1,015,779	760,790
Bank Overdraft	30	40,438	-	40,438	40,445
Total Current Liabilities		<u>579,465</u>	<u>501,337</u>	<u>1,080,802</u>	<u>852,381</u>
TOTAL EQUITY AND LAIBILITIES		<u>389,202</u>	<u>261,902</u>	<u>651,105</u>	<u>454,745</u>

I certify that these financial statement 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 from an integral part of the Financial Statements.

NATIONAL PAPER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31ST MARCH 2012

Description	Stated Capital	Foreign Grants	Capital Reserves	Revenue Reserves	Rs.'000
					Total
Balance as at 1/04/2010	323,000	41,777	45,088	(673,670)	(263,805)
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)
Balance as at 1/04/2011	323,000	41,777	45,088	(967,156)	(557,291)
Adjustment on Profit	-	-	-	237,368	237,368
Net Profit/(Loss) for the Period	-	-	-	(269,429)	(269,429)
Balance as at 31/03/2012	323,000	41,777	45,088	(999,216)	(589,352)

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

NATIONAL PAPER COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH

Figures in Rupees

	2012 Rs.' 000	2011 Rs.' 000
Cash Flows from Operating Activities		
Net Profit Before Taxation	(269,429)	(212,193)
Prior Year Adjustments	237,368	(81,292)
Adjustments for:		
Depreciation	8,176	6,713
Interest Income	(3,691)	(4,296)
Interest Expenses	1,403	5,048
	<u>(26,173)</u>	<u>(286,021)</u>
Operating Profit Before Working Capital Changes		
(Increase) / Decrease in Inventories	144,380	65,972
(Increase) / Decrease in Receivables	(319,382)	22,767
Increase / (Decrease) in Payables	254,989	181,837
Cash Generated from Operations	<u>53,814</u>	<u>(15,444)</u>
Interest Paid	(1,403)	(5,048)
Net Cash Flow from Operating Activities	<u>52,412</u>	<u>(20,492)</u>
Cash Flow from Investing Activities		
Acquisition of Property	(29,321)	(196)
Fix Deposit	651	-
Interest Received	3,691	4,296
Net Cash from Investing Activities	<u>(24,980)</u>	<u>4,100</u>
Cash Flow from Financing Activities		
Receipts / (Payment) Due from Foreign Grant	-	-
Receipts / (Payment) Due from Government	(26,562)	16,522
Net Cash Used in Financing Activities	<u>(26,562)</u>	<u>16,522</u>
Net Increase in Cash and Cash Equivalents	870	130
Cash and Cash Equivalents at Beginning of Period (Note A)	(40,002)	(40,132)
Cash and Cash Equivalents at End of Period (Note B)	<u>(39,132)</u>	<u>(40,002)</u>
(Note A) At the Beginning		
Balance at Bank	356	2,477
Petty cash	87	(142)
Bank Overdraft	(40,445)	(42,468)
	<u>(40,002)</u>	<u>(40,132)</u>
(Note B) At the End		
Balance at Bank	1,211	356
Petty cash	95	87
Bank Overdraft	(40,438)	(40,445)
	<u>(39,132)</u>	<u>(40,002)</u>

NATIONAL PAPER COMPANY LIMITED

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2012

1. CORPORATE INFORMATION

1.1. General

The Company is a fully owned government limited liability company incorporated and domiciled in Sri Lanka since 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 the manufacture 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.

These financial statements were authorized to issue by the Directors on 08th February 2013.

2.1.2. 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, except for the Manufacturing Account.

2.1.3. Discontinuing Operations

As at the balance sheet date, the company has discontinued operations at Embilipitiya.

2.2. ASSETS AND BASES OF THEIR VALUATION

2.2.1. Property, Plant & Equipment

a) Cost

Property, plant & equipment are recorded at cost.

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.

Contd.

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 begins when it is available for use.

Depreciation is not provided for in the year of acquisition or commissioning.

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.

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.

2.3.1.2. Retirement Benefit Obligation

a) Defined Benefit Plan – Gratuity

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 number of retired employees has claimed 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.

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

Cont.

2.3.2.2. Taxation

a) Current Taxes

Current income tax liability for the current and prior periods is 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 is in operation.

b) Deferred Taxation

Deferred taxation has not been provided due to tax losses.

2.4. Contingencies and Unrecognized Contractual Commitments

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

3. Non Moving Account Balances

Account balances (Debits & Credits) which are non-moving for over last three years appearing in the Balance Sheet under respective headings have been listed in page number 11,12 and 13.

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

Non Moving Accounts

	<u>2012</u>	<u>2011</u>	<u>2010</u>
01 OTHER CONSUMABLE			
01.01 Valaichchenai Mills			
01.01.01 Machine Clothing - Machine No: II	6,671,894.96	6,671,894.96	6,671,894.96
01.01.02 Washing Hollender Wire	1,870,349.29	1,870,349.29	1,870,349.29
01.01.03 Stores Deficiency	8,591.22	8,591.22	8,591.22
01.01.04 Finished Stock - Deficiency	87.48	87.48	87.48
01.01.05 Finished Goods Damaged for Write-off	75,651.32	75,651.32	75,651.32
02 CULTIVATION STOCK			
02.01 Embilipitiya Mills			
02.01.01 Mirijjawela Plantation	425,313.02	425,313.02	425,313.02
02.01.02 Agunakolapalassa Plantation	175,516.04	175,516.04	175,516.04
02.01.03 Bulutota Plantation	855,183.12	855,183.12	855,183.12
02.01.04 Mahagama Plantation	114,555.36	114,555.36	114,555.36
02.01.05 Mills Farm Plantation	9,617,707.45	9,617,707.45	9,617,707.45
03 TRADE DEBTORS			
03.01 Provision for Doubtful Debts	(2,829,234.46)	(2,829,234.46)	(2,829,234.46)
04 SHORT TERM INVESTMENTS			
04.01 Valaichchenai Mills			
04.01.01 Fixed Deposit - People's Bank, Valaichchenai	96,086.72	96,086.72	96,086.72
04.01.02 Fixed Deposit - People's Bank, Batticaloa	1,000,000.00	1,000,000.00	1,000,000.00
04.01.03 Fixed Deposit - Medical Scheme Fund N.S.B, Batticaloa	1,666,683.42	1,666,683.42	1,666,683.42
04.01.04 Fixed Deposit	100,000.00	100,000.00	100,000.00
04.02 Embilipitiya Mills			
04.02.01 Fixed Deposit - Workmen Compensation Fund	377,005.07	377,005.07	377,005.07
05 DEPOSITS & PREPAYMENTS			
05.01 Valaichchenai Mills			
05.01.01 Miscellaneous	21,900.00	21,900.00	21,900.00
05.01.02 P.M.G. Telephone	53,055.00	53,055.00	53,055.00
05.01.03 Empties	55,415.72	55,415.72	55,415.72
05.02 Head Office			
05.02.01 Sri Lanka Ports Authority	340,155.63	340,155.63	340,155.63
05.02.03 Shipping Guarantee & Indent Deposit	441,931.87	441,931.87	441,931.87
05.02.04 Rent Deposits	1,007,597.50	1,007,597.50	1,007,597.50
05.02.05 Franking Machine	16,000.00	16,000.00	16,000.00
05.02.06 Telephone Deposits	64,878.50	64,878.50	64,878.50
05.02.07 Other Deposits	197,770.00	197,770.00	197,770.00
05.02.08 Deposits on Advertisement Contract	5,750.00	5,750.00	5,750.00
06 DEPOSITS- CONTD.			
06.01 Head Office - Contd.			
06.01.01 Refundable Deposit with Salaka	3,000.00	3,000.00	3,000.00
06.01.02 Advance and Deposits	100,000.00	100,000.00	100,000.00
06.01.03 Purchase Clg. (Materials) A/c.	46,921.42	46,921.42	46,921.42
06.01.04 Indent Clearing Raw Materials (Vch.)	191,695.26	191,695.26	191,695.26
06.01.05 Indent Clearing Raw Materials (Emb.)	641,998.82	641,998.82	641,998.82
06.01.06 Indent Clearing Spares (Emb.)	48,604.86	48,604.86	48,604.86
06.02 Embilipitiya Mills			
06.02.01 Deposits - Post Master General	13,625.00	13,625.00	13,625.00
07 PREPAYMENTS			
07.01 Valaichchenai Mills			
07.01.01 Deferred Expenditure on Subsidised Clothing	(68,068.27)	(68,068.27)	(68,068.27)
07.02 Head Office			
07.02.01 General Prepayment	246,080.50	246,080.50	246,080.50

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

Contd.

07.01	Valachchanai			
07.03.01	Embilipitiya Current A/C- Salaries	238,745.92	238,745.92	238,745.92
07.03.02	Embilipitiya Despatches - Raw Materials	74,824.26	74,824.26	74,824.26
08	OTHER CURRENT ASSETS			
08.01	Staff Debtors			
09.01.01	Staff Debtors (Issues of Shoes on Subsidy)	9,274.12	9,274.12	9,274.12
08.02	Head Office			
08.02.01	Festival Advance			
08.02.02	Special Advance	14,750.00	14,750.00	14,750.00
08.02.03	Other Staff Debtors	3,430.00	3,430.00	3,430.00
08.02.04	Salary Adjustment	36,737.01	36,737.01	36,737.01
		406.00	406.00	406.00
09	OTHER DEBTORS			
09.01	Valaichchenai Mills			
09.01.01	National Apprentice Board Allowance	46,692.06	46,692.06	46,692.06
09.01.02	Services Rendered to Armed Forces	5,336,012.90	5,336,012.90	5,336,012.90
09.01.03	Human Vision Center	3,187.55	3,187.55	3,187.55
10	OTHER DEBTORS-CONT.			
10.01	Head Office			
10.01.01	Mineral Sands Ltd.	34,260.40	34,260.40	34,260.40
10.01.02	Ace Cargo (Pvt.) Ltd.	9,941.26	9,941.26	9,941.26
10.01.03	State Hardware Corporation	900,000.00	900,000.00	900,000.00
10.01.04	Prov. for Electricity Bill Receivable on H/O. Bldg.	19,351.79	19,351.79	19,351.79
10.01.05	Prov. for Telephone Bill Receivable	11,127.81	11,127.81	11,127.81
10.01.06	Study Tours	57,630.82	57,630.82	57,630.82
10.01.07	Advance for Services etc.	516,087.80	516,087.80	516,087.80
11	CASH AT BANK			
11.01	Valaichchenai			
11.01.01	People's Bank - Union Place, Colombo	7,931.22	7,931.22	7,931.22
	Total in Debits	30,974,092.74	30,974,092.74	30,974,092.74
12	FOREIGN GRANTS			
12.01.01	Canadian Aid	100,000.00	100,000.00	100,000.00
12.01.02	CIDA Capital Aid	10,609,048.08	10,609,048.08	10,609,048.08
12.01.03	F.R.G. Commodity Grant	21,095,503.54	21,095,503.54	21,095,503.54
12.01.04	F.R.G. Commodity Grant (Spares)	9,972,500.00	9,972,500.00	9,972,500.00
13	CAPITAL RESERVE			
13.01.01	Capital Reserve	2,988,408.52	2,988,408.52	2,988,408.52
13.01.02	Loan Redemption Reserve	41,722,450.41	41,722,450.41	41,722,450.41
13.01.03	CIDA Consultancy Reserve Fund	376,674.69	376,674.69	376,674.69
14	WORKMEN'S COMPENSATION FUND			
14.01.01	Head Office	7,617,402.95	7,617,402.95	7,617,402.95
15	TERM LOAN			
15.01.01	Loan from Treasury	50,000,000.00	50,000,000.00	50,000,000.00
16	PERSONAL ACCIDENT INSURANCE FUND			
16.01.01	Provision - Personnel Accident	2,079,946.49	2,079,946.49	2,079,946.49
17	PROVISION FOR LIABILITIES			
17.01	Valaichchenai Mills			
17.01.02	Provision - Losses, Damages & Non Moving Items	264,699.73	264,699.73	264,699.73
17.01.03	Provision - Operation and Maint. of Vahanery Pump House	263,250.00	263,250.00	263,250.00
17.01.04	Provision - Deffered Expenditure	25,000.00	25,000.00	25,000.00
17.01.05	Provision - Clearing Charges (Indents - Spares)	2,367,662.14	2,367,662.14	2,367,662.14
17.01.06	Provision - Clearing Charges (Indents - Raw Materials)	923,247.24	923,247.24	923,247.24

HNB Deposit

Contd.

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

18 CREDITORS & ACCRUED CHAGES

18	Valaichchenai Mills			
18.01.01	Unpaid - National Apprentices Allowance	6,175.53	6,175.53	6,175.53
18.01.02	Creditors Waste Paper	1,338,264.25	1,338,264.25	1,338,264.25
18.01.03	Stores Excess	8,788.73	8,788.73	8,788.73
18.01.04	Finished Stock Excess	8,100.66	8,100.66	8,100.66

19 CREDITORS & ACCRUED CHAGES-CONTD.

19	Embilipitiya Mills			
19.01.01	Fine Mills Employees - Refundable	147,587.87	147,587.87	147,587.87
19.01.02	Creditors Control	3,543,441.43	3,543,441.43	3,543,441.43
19	Head Office			
19.02.01	Sundry Creditors - Rent	3,063,323.25	3,063,323.25	3,063,323.25
19.02.02	Transport Contractors	699,705.98	699,705.98	699,705.98
19.02.03	Refundable Turnover Tax	1,741,638.00	1,741,638.00	1,741,638.00
19.02.04	Cash Sales Collection	7,650,641.33	7,650,641.33	7,650,641.33
19.02.05	Cash Sales Collection - R.S.R.	167,630.19	167,630.19	167,630.19

20 DEPOSITS

20.01	Valaichchenai Mills			
20.01.01	Welfare Society Discount Received	59,239.16	59,239.16	59,239.16
20.01.02	Tender Deposit Security	2,000.00	2,000.00	2,000.00
20.01.03	Library Fines	7,910.85	7,910.85	7,910.85
20.01.04	Fund for Loss of Identity Cards	210,885.05	210,885.05	210,885.05
20.02	Head Office			
20.01.01	Grant from Treasury	23,249,642.00	23,249,642.00	23,249,642.00
20.01.02	Treasury Grant for Compensation	157,688.54	157,688.54	157,688.54
20.01.03	Cash Paid in Advance (Suspense) A/c.	24,500.00	24,500.00	24,500.00
20.01.04	Staff Security Deposits	14,500.00	14,500.00	14,500.00
20.01.05	Advance Received from Customers	821,011.36	821,011.36	821,011.36

21 SALARIES & WAGES PAYABLE

21.01	Valaichchenai Mills			
21.01.01	Unpaid Gratuity	152,465.23	152,465.23	152,465.23
21.01.02	Refund of Employees Trust Fund	2,881.52	2,881.52	2,881.52
21.02	Head Office			
21.02.01	Unclaimed Medical Payments	900.00	900.00	900.00

Total in Credits

193,484,714.72	193,484,714.72	193,484,714.72
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National Paper Company Limited
Notes to the Financial Statements
Year Ended 31st March

Figures in Rupees

2012

NOTE 05A -COST OF SALES

Materials Consumed:

Stock at site as at 01/04/2011	3,885,829
Add: Materials Requisitioned	16,536,247
Less: Stock at site as at 31/03/2012	(3,527,560)
Add: Value of Broke Used	232,939
Less: Value of Broke Returned	(283,707)
Add: Paper issued for finishing	926,363
Add: Paper issued for conversion	88,245
Less: Adjustment on W.I.P	(259,372)
	<u>19,598,984</u>

Add: Other Variable Cost

Water	4,398,136
Steam	8,576,687
Power	44,659,297
Machine Clothing	643
<u>Total Variable Cost</u>	<u>77,233,746</u>

Add

Direct Labour	20,542,291
Indirect Labour	4,575,528
Mills Overheads	40,575,217
Depreciation	4,429,741
Repairs & Maintenance	7,842,497
<u>Total Fixed Cost</u>	<u>77,965,273</u>

Total Cost 155,199,019

Add:

Work-in-Progress as at 01/04/2011 5,151,554

Less:

Wor-in-Progress as at 31/03/2012 (2,782,491)
Work-in-Progress (15,306,933)
Cost of Production 142,261,151

Add

Finished Goods as at 01/04/2011 13,945,961
Factory 9,703,707
Purchases-Import 247,858

Less:

Finished Goods as at 31/03/2012 (12,668,547)
Factory (2,162,153)
Cost of Sales 151,327,976

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

National Paper Company Limited

Notes to the Financial Statements

Year Ended 31st March

2012

2011

*Figures in Rupees***NOTE 04 - REVENUE**

Sales Income

76,022,598

143,876,107

76,022,598143,876,107**NOTE 05 - COST OF SALES**

Cost of Production

166,158,676

278,063,312

Less: Closing Stock

(14,830,700)

(23,649,667)

151,327,976254,413,645**NOTE 06 - OTHER OPERATING INCOME**

Note 06A - Other Operating Income - Embilipitiya

-

3,695

Note 06B - Other Operating Income - Head Office

26,538,040

8,720,986

Note 06C - Waste Paper Sales

6,139,766

-

32,677,8068,724,681**NOTE 06A - OTHER OPERATING INCOME - EMBILIPITIYA**

Other Income

-

3,695

-3,695**NOTE 06B - OTHER OPERATING INCOME - HEAD OFFICE**

Interest Received on Fixed Deposit

3,690,812

4,295,912

Other Income

7,107,012

4,425,074

Pasikuda Project Income

15,740,216

-

26,538,0408,720,986**NOTE 06C - WASTE PAPER SALE**

Sale of Waste Paper

6,139,766

-

6,139,766-**NOTE 07 - ADMINISTRATIVE EXPENSES**

Director's Fees

39,500

4,500

Salaries and Wages

8,125,407

10,097,464

Risk Allowance

12,000

-

Contract Staff Allowances

2,554,730

-

Employees Provident Fund

1,214,791

1,054,942

Postage

360,540

404,433

Lighting & Power

163,795

242,057

Rent, Rates and Taxes

-

1,310,940

Printing & Stationery

73,368

180,024

Water Expenses

29,667

86,621

Legal Expenses

53,799

13,500

General Expenses

58,078

121,844

Subscription and Periodicals

-

14,292

Staff Welfare Expenses

270,522

1,668

Fine and Surcharges

19,031

16,542

Staff Medical Scheme

-

2,233

Audit Fees

110,000

75,000

Repairs and Maintenance

848,751

816,262

Gratuity Surcharge- Embilipitiya

-

5,455,876

Employees Trust Fund

-

1,607,168

Stamp Duty Expense

9,150

-

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

National Paper Company Limited**Notes to the Financial Statements****Year Ended 31st March**

2.012

2.011

*Figures in Rupees***NOTE 07 - ADMINISTRATIVE EXPENSES: Continue**

Depreciation for Building	4,902	-
Depreciation for Furniture & Fittings & Equipment	49,857	-
Insurance Expenses	100,000	-
NBT Expenses	2,045,640	-
S.R.L. Expenses	-	8,304
Exchange loss	-	73,424,664
Over Provision of Interest	-	4,863,502
Staff Obligations	-	2,547,641
Income Tax	6,218	-
	<u>16,149,746</u>	<u>102,349,477</u>

NOTE 08 - SELLING & DISTRIBUTION EXPENSES

Travelling and Subsistence	140,697	486,799
Repairs and Maintenance (Vehicles)	1,928,625	2,012,201
Depreciation for Motor Vehicle	922,520	-
Advertisements	34,000	48,284
Entertainment Expenses	2,940	21,896
Unusual Expenses	-	205,160
Exhibition Expenses	-	34,855
Carriage outward & Transport Charges	4,029,255	-
	<u>7,058,038</u>	<u>2,809,195</u>

NOTE 09 - OTHER OPERATING EXPENSES

Waste Paper Salaries	126,043	-
Waste Paper Clearing Expenses	234,219	-
Renovation Filter Plant	2,448,825	-
	<u>2,809,087</u>	<u>-</u>

NOTE 10 - FINANCE EXPENSES

Bank Charges	57,916	72,191
Debit Tax	3,608,060	102,494
Interest on Trust Loan & Overdraft	1,402,840	5,047,818
	<u>5,068,816</u>	<u>5,222,503</u>

Discontinued Operation Expenses**NOTE 11 - SALARIES & WAGES**

Salaries	30,331,070
Administration Salaries & Wages	3,439
Indirect Labour	3,029
Direct Labour	5,369
	<u>30,342,906</u>

NOTE 12 - EPF, ETF & GRATUITY

Gratuity	3,777,801
E.P.F. 12%	3,658,052
Gratuity Surcharge	382,677
E.T.F.3%	916,510
	<u>8,735,040</u>

NOTE 13 - VOLUNTARY RETIREMENT SCHEME

VRS	155,836,708
	<u>155,836,708</u>

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

National Paper Company Limited

Notes to the Financial Statements

Year Ended 31st March

2012

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*Figures in Rupees***NOTE 14 - OTHERS**

Paymaster Clearing	44,692.24
Water Charges	135.24
Legal Fees	64,474.43
Cleaning Charges	32,000.00
Transport Charges	15,065.00
Diesel	39,058.30
Bank Charges	13,104.12
Printing & stationeries	1,000.00
Sundry Payment	48,861.25
Security Charges	417,319.30
Staff Welfare	30,346.00
Entertainment Expenses	2,000.00
Repairs & Maintenance	63,946.00
Electricity Charges	28,908.26
	<u>800,910.14</u>

NATIONAL PAPER COMPANY LIMITED

NOTE 15 - PROPERTY PLANT & EQUIPMENT

Cost	Balance as at 01.04.2011			Additions/ (Disposals)			Balance as at 31.03.2012		
	Rs.			Rs.			Rs.		
	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office
Land & Building			656,611.32				-	-	656,611.32
Furniture & Fittings			15,625,800.17				-	-	15,625,800.17
Vehicles			4,205,911.53				-	-	4,205,911.53
Land	164,778.27	9,233,765.78					164,778.27	9,233,765.78	-
Land Development	2,260,699.17						2,260,699.17	-	-
Building & Structure	20,629,276.39	79,760,220.09					20,629,276.39	79,760,220.09	-
Building Services	2,285,726.39	5,848,478.68					2,285,726.39	5,848,478.68	-
Process Equipment	85,689,755.88	257,911,981.10					85,689,755.88	257,911,981.10	-
Utilities	53,636,032.34	59,655,606.92		2,416,260.20			56,052,292.54	59,655,606.92	-
Process Appurtenances	1,958,632.39	42,912,338.88					1,958,632.39	42,912,338.88	-
Non Process Equipment	22,940,918.56	18,883,093.34					22,940,918.56	18,883,093.34	-
Building & Structure	10,260,298.01						10,260,298.01	-	-
Building Services	1,483,418.73						1,483,418.73	-	-
Process Equipment	55,690,067.69			26,988,347.07			82,678,414.76	-	-
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	9,668,089.03					5,858,205.49	9,668,089.03	-
Housing Scheme	3,258,792.17	15,884,472.69					3,258,792.17	15,884,472.69	-
	313,407,265.91	499,758,046.51	20,488,323.02	29,404,607.27	-	-	342,811,873.18	499,758,046.51	20,488,323.02

Depreciation

Balance as at 01.04.2011

Additions/ (Disposals)

Balance as at 31.03.2012

	Rs.			Rs.			Rs.		
	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office	Valachchanai	Embilipitiya	Head Office
Land & Building			460,526.50			4,902.12	-	-	465,428.62
Furniture & Fittings			15,575,942.93			49,857.24	-	-	15,625,800.17
Vehicle			3,283,391.53			922,520.00	-	-	4,205,911.53
Land Development	2,058,622.95	9,233,765.78		67,358.72	-		2,125,981.67	9,233,765.78	-
Building & Structure	14,999,535.58	68,895,792.00		467,258.86	1,248,480.00		15,466,794.44	70,144,272.00	-
Building Services	2,262,306.39	5,832,094.00		4,930.00	2,383.50		2,267,236.39	5,834,477.50	-
Process Equipment	83,760,567.98	255,434,438.00		719,003.79	2,049,423.56		84,479,571.77	257,483,861.56	-
Utilities	53,172,752.00	59,597,116.00		(40,412.59)	22,909.37		53,132,339.41	59,620,025.37	-
Process Appurtenances	1,939,871.70	42,361,567.00		2,779.33	55,128.09		1,942,651.03	42,416,695.09	-
Non Process Equipment	22,679,911.00	18,879,502.00		100,377.96	3,591.34		22,780,288.96	18,883,093.34	-
Building & Structure	10,131,087.19			129,210.82	-		10,260,298.01	-	-
Building Services	1,483,418.73			-	-		1,483,418.73	-	-
Process Equipment	52,234,441.98			2,656,328.44	-		54,890,770.42	-	-
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	9,650,885.00		-	1,680.00		5,858,205.49	9,652,565.00	-
Housing Scheme	3,180,628.51	15,365,499.00		48,263.02	71,590.94		3,228,891.53	15,437,089.94	-
Over dep. Housing Scheme		5,210.00			-		-	5,210.00	-
Depreciation Error Correction		932,510.00			(411,466.59)			521,043.41	-
	301,052,013.93	486,188,378.78	19,319,860.96	4,155,098.35	3,043,720.21	977,279.36	305,207,112.28	489,232,098.99	20,297,140.32

Written Down Value

Continued Operation
Discontinued Operation
Total

27,093,381.77

27,093,381.77

37,795,943.60

10,525,947.52

48,321,891.12

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

National Paper Company Limited

Notes to the Financial Statements

Year Ended 31st March

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Figures in Rupees

NOTE 15A - WORK IN PROGRESS-CAPITAL JOB

Embilipitiya Mills	-	83,467.60
Valaichchenai Mills	-	26,938,147.66
Capital Working Progress	26,938,147	-
	<u>26,938,147</u>	<u>27,021,615.26</u>

NOTE 16 - LONG TERM INVESTMENT**Valaichchenai Mills**

Fixed Deposit - People's Bank, Valaichchenai	96,087	96,086.72
Security Deposit - National Savings Bank, Batticaloa	29,826	29,825.68
Fixed Deposit - People's Bank, Batticaloa	1,000,000	1,000,000.00
Fixed Deposit - Medical Scheme Fund N.S.B, Batticaloa	1,666,683	1,666,683.42
Fixed Deposit	100,000	100,000.00
Savings A/c. for Distress Loan Payment	41,629	41,629.03
	<u>2,934,225</u>	<u>2,934,224.85</u>

Embilipitiya Mills

Security Deposit	14,706	14,705.85
Fixed Deposit - Workmen Compensation Fund	377,005	377,005.07
	<u>391,711</u>	<u>391,710.92</u>

Head Office

Fixed Deposit with People's Bank	13,244,127	15,000,000.00
Fixed Deposit with Bank of Ceylon	28,911,258	28,377,191.88
Fixed Deposit for Workmen Compensation	8,075,466	7,501,590.39
Staff Security Deposit	10,421	13,042.25
	<u>50,241,271</u>	<u>50,891,824.52</u>

TOTAL - LONG TERM INVESTMENTS

Discontinued Operation	391,711	
Continued Operation	53,175,496	
Total	<u>53,567,207</u>	<u>54,217,760.29</u>

NOTE 17 - STOCK - RAW MATERIALS & CONSUMABLES**RAW MATERIALS**

Valaichchenai Mills	12,243,827	11,211,498.42
Embilipitiya Mills	-	15,062,740.21
Head Office	337,691.40	802,660.78
	<u>12,581,517.95</u>	<u>27,076,899.41</u>

ENGINEERING SPARES

Valaichchenai Mills	73,365,932	72,854,842.62
Embilipitiya Mills	-	74,035,314.99
	<u>73,365,932</u>	<u>146,890,157.61</u>

OTHER CONSUMABLE

Valaichchenai Mills	21,234,189.96	15,224,540.07
Embilipitiya Mills	-	25,055,069.89
	<u>21,234,189.96</u>	<u>40,279,609.96</u>

CULTIVATION STOCK**Embilipitiya Mills**

Mirijjawela Plantation	425,313	425,313.02
Agunakolapalassa Plantation	175,516	175,516.04
Bulutota Plantation	855,183	855,183.12
Mahagama Plantation	114,555	114,555.36
Mills Farm Plantation	9,617,707	9,617,707.45
	<u>11,188,275</u>	<u>11,188,274.99</u>

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

National Paper Company Limited

Notes to the Financial Statements

Year Ended 31st March

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*Figures in Rupees***TOTAL - STOCK RAW MATERIALS & CONSUMABLES**

Discontinued Operation	11,188,275	
Continued Operation	107,181,640	
Total	118,369,915	225,433,664.64

NOTE 18 - STOCK - WORK-IN-PROGRESS

Provision for Work-in-Progress- Vch	2,788,675	4,801,196.92
Valaichchenai Mills	(267,882)	(8,510.53)
Provision for Work-in-Progress- Emb		25,977,276.38
	2,520,792	30,769,962.77

NOTE 19 - STOCK - FINISHED GOODS

Valachchenai Mills	2,162,153	6,631,159.65
Stock at Site	11,990,582	4,317,992.61
Embilipitiya Mills	-	3,072,546.77
Stock at Col. Stores	-	9,627,967.62
	14,152,735	23,649,665.65

Add:**Head Office**

Purchase of Stationery Items	677,965	247,857.72
	14,830,700	23,897,522.37

NOTE 20 - TRADE DEBTORS

Trade Debtors Control A/c.	2,250,204	25,743,619.78
Trade Debtors - Old	18,540,819	
Provision for Doubtful Debts	(2,829,234)	(2,829,234.46)
	17,961,789	22,914,385.32

NOTE 21 - DEPOSITS & PREPAYMENTS**Deposits**

Valaichchenai Mills	130,371	130,370.72
Head Office	3,582,772	3,541,460.49
Embilipitiya Mills	13,625	5,077,050.00
	3,726,768	8,748,881.21

Prepayments

Valaichchenai Mills	1,299,876	2,268,651.03
Embilipitiya Mills	-	2,799,693.22
Head Office	279,481	246,680.50
	1,579,356	5,315,024.75

Inter Company Accounts

Head Office	(206,485,456)	132,974,040.47
Valaichchenai Mills	58,504,776	(39,637,785.85)
Embilipitiya Mills	239,782,897	(93,336,732.62)
	91,802,217	(478.00)

TOTAL - DEPOSITS & PREPAYMENTS

Discontinue Operation	239,796,522	
Continue Operation	(142,688,181)	
Total	97,108,341	14,063,427.96

National Paper Company Limited**Notes to the Financial Statements****Year Ended 31st March***Figures in Rupees*

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NOTE 22 - OTHER CURRENT ASSETS**Staff Debtors**

Valaichchenai Mills	899,589	1,397,237.05
Embilipitiya Mills	-	422,686.13
Head Office	191,890	228,294.90
	<u>1,091,279</u>	<u>2,048,218.06</u>

Other Debtors

Valaichchenai Mills	5,885,235	5,484,573.70
Head Office	17,675,533	16,325,621.39
Embilipitiya Mills	-	1,479,743.76
	<u>23,560,768</u>	<u>23,289,938.85</u>

Advances

Valaichchenai Mills	3,555,323	2,210,022.88
Head Office	241,972,405	619,056.25
Embilipitiya Mills	-	722,711.67
	<u>245,527,729</u>	<u>3,551,790.80</u>

TOTAL - OTHER CURRENT ASSETS

Discontinued Operation	-	
Continued Operation	270,179,775	
Total	<u>270,179,775</u>	<u>28,889,947.71</u>

NOTE 23 - CASH AT BANK AND IN HAND**Cash at Bank****Valaichchenai**

People's Bank - Valaichchenai	100,831	5,356.15
People's Bank - Union Place, Colombo	7,931	7,931.22
People's Bank - Batticaloa, Town Branch	21,091	46,082.20
Cash at Bank of Ceylon, Batticaloa	-	2,588.59
	<u>129,852</u>	<u>61,958.16</u>

Head Office

People's Bank - A/c.No: 210898	1,079,572	24,462.00
Bank A/c. No: 014-001-2-0112479	1,342	3,639.07
Petty Cash Imprest	-	4,000.00
	<u>1,080,915</u>	<u>32,101.07</u>

Embilipitiya Mills

Hatton National Bank, Cinnamon Garden	-	183.33
Bank of Ceylon, Embilipitiya	-	261,770.41
BOC Payment	-	
3903/1 Peoples Bank	-	
	<u>-</u>	<u>261,953.74</u>

Cash in Hand**Valaichchenai Mills**

Cash in Hand	58,705	34,632.95
Stamp Imprest	7,706	7,056.00
Cash in Transit	-	
	<u>66,411</u>	<u>41,688.95</u>

NAGASINGHE & CO.

CHARTERED ACCOUNTANTS

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National Paper Company Limited

Notes to the Financial Statements

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Head Office

Stamp Imprest	5,630	5,630.00
Cash Imprest for Waste Paper - Kirulapone	(181,631)	(13,459.00)
Cash in Hand	24,710	24,710.18
Sundry Payment Imprest	106,253	4,363.50
Cash Imprest for Waste Paper - Kirulapone	73,959	15,889.00
Cashier's Imprest	(26)	5,000.00
Cash Imprest - Retails	-	3,000.00
	<u>28,896</u>	<u>45,133.68</u>

Embilitiya Mills

Cash in Hand	-	-
	<u>-</u>	<u>-</u>

TOTAL - CASH AND BANK BALANCES

Discontinued Operation	-	-
Continued Operation	1,306,074	442,835.60
Total	<u>1,306,074</u>	<u>442,835.60</u>

NOTE 24 - STATED CAPITAL

Stated Capital	323,000,000	323,000,000.00
	<u>323,000,000</u>	<u>323,000,000.00</u>

NOTE 25 - FOREIGN GRANTS

Canadian Aid	100,000	100,000.00
CIDA Capital Aid	10,609,048	10,609,048.08
F.R.G. Commodity Grant	21,095,504	21,095,503.54
F.R.G. Commodity Grant (Spares)	9,972,500	9,972,500.00
	<u>41,777,052</u>	<u>41,777,051.62</u>

NOTE 26 - CAPITAL RESERVE

Capital Reserve	2,988,409	2,988,408.52
Loan Redemption Reserve	41,722,450	41,722,450.41
CIDA Consultancy Reserve Fund	376,675	376,674.69
	<u>45,087,534</u>	<u>45,087,533.62</u>

NOTE 26A - REVENUE RESERVE

Profit and Loss Appropriation	(686,068,341)	(754,962.40)
Profit and Loss for the year	(73,713,258)	(212,193.39)
	<u>(759,781,599)</u>	<u>(967,155.79)</u>

NOTE 27 - LONG TERM LOANS**Head Office**

K.F.W. Loan (Embilitiya) - Spares	159,654,648	159,654,648.10
Provision Interest on K.F.W. Loan	-	-
Provision for Interest on KFW Loan	-	-
	<u>159,654,648</u>	<u>159,654,648.10</u>

NOTE 28 - DUES TO GOVERNMENT

Provision for Income Tax	3,291,167	3,293,253.14
Provision for VAT	7,932,059	35,870,707.36
Provision for NBT	1,900,720	(139,046.95)
VAT Payable (Sales)	11,460,573	12,121,316.77
	<u>24,584,519</u>	<u>51,146,230.32</u>

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NOTE 29 - TRADE AND OTHER CREDITORS & PROVISIONS

Medical Scheme Fund

Valaichchenai Mills	854,414	851,582.32
Embilipitiya Mills	-	710,456.86
Head Office	15,477	13,725.37
	<u>869,892</u>	<u>1,575,764.55</u>

Workmen's Compensation Fund

Valaichchenai Mills	4,051,385	4,051,384.54
Embilipitiya Mills	-	40,000.00
Head Office	7,617,403	7,617,402.95
	<u>11,668,787</u>	<u>11,708,787.49</u>

Gratuity Fund

Prov. for Valaichchenai Mills	70,509,938	61,445,372.03
Embilipitiya Mills	13,576,006	22,234,651.00
Head Office	(33,512,922)	10,117,015.00
	<u>50,573,021</u>	<u>93,797,038.03</u>

Term Loan

Loan from Treasury	50,000,000	50,000,000.00
Loan from Ministry	34,260,504	34,260,504.20
Merchant Bank Loan	-	4,536,555.53
	<u>84,260,504</u>	<u>88,797,059.73</u>

Personnel Accident Insurance Fund

Provision - Personnel Accident	2,079,946	2,079,946.49
	<u>2,079,946</u>	<u>2,079,946.49</u>

Provision for Liabilities

Valachchenai Mills	77,924,243	57,024,846.63
Head Office	3,116,850	3,093,817.23
Embilipitiya Mills	3,499,555	125,019,855.73
	<u>84,540,648</u>	<u>185,138,519.59</u>

Creditors & Accrued Charges

Valachchenai Mills	52,431,627	54,310,174.62
Embilipitiya Mills	475,646,368	12,949,613.72
Head Office	53,808,506	112,791,095.34
	<u>581,886,501</u>	<u>180,050,884.68</u>

Deposits

Valachchenai Mills	630,566	595,565.99
Head Office	131,069,816	118,940,437.19
Embilipitiya Mills	-	4,140,476.52
	<u>131,700,382</u>	<u>123,676,478.70</u>

Salaries & Wages Payable

Valachchenai Mills	16,100,169	8,173,876.65
Head Office	43,483,756	57,188,114.19
Embilipitiya Mills	8,615,267	8,603,457.79
	<u>68,199,193</u>	<u>73,965,448.63</u>

TOTAL TRADE, OTHER CREDITORS & PROVISIONS

Discontinued Operation	501,337,195	
Continued Operation	514,441,680	
Total	<u>1,015,778,875</u>	<u>760,789,927.89</u>

National Paper Company Limited

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NOTE 30 - BANK OVER DRAFT

Head Office

Bank of Ceylon A/c.No: 0000164807

26,939,957

26,848,119.57

People's Bank - A/c.No: 100140210899

13,463,616

13,596,782.00

40,403,573

40,444,900.57

Valaichchenai Mills

Cash at Bank of Ceylon, Batticaloa

34,770

-

34,770

-

TOTAL BANK OVERDRAFT

40,438,343

40,444,900.57