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நேஷனல் பேப்பர் கம்பெனி லிமிடட்

National Paper Company Limited

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ஆண்டு அறிக்கைகள்

Annual Report

2012 - 2013

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தொழில்துறை அமைச்சகம்

Ministry of Industries

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National Paper Company Limited

Financial Statements

For the Year ended as at 31.03.2013

Message from the Chairman

Titled as the pilot of Sri Lanka's paper industry under the name of National Paper Company Limited, this Institution, registered as a Government Company in 1992, has fulfilled an enormous service by accomplishing the paper requirements of the Nation for nearly seven decades since 1956 up to the present, and has been honoured with the National Productivity Award in the years 1995 and 1996.

When the present Board of Directors including myself was appointed as the Comptrollers of the National Paper Company in February 2020, both the Valaichchenai and Embilipitiya Mills were idling, and except for a limited number of workers, all other employees had retired under the Voluntary Retirement System (VRS) implemented since 2016. Thus, at a time when the nation's paper industry was facing a setback, I would like to recall that the assigned challenge, to place the National Paper Company in a self-financing position in the paper market, was taken up by me with pleasure.

Even though the audited financial reports of the National Paper Company from April 2012 to March 2015 were available, the other challenge we were faced with was that they had not been prepared and presented as Annual Reports, and also the Annual Accounts had not been prepared since April 2015. As the year-end accounts and annual reports since the year 2020 were required to be systematically and properly prepared based on previous data, preparation and submission of Annual Reports for the years 2012 – 2015 within a very short period of time, was a hesitant responsibility I took upon myself during my tenure, and I'm pleased that I'm able to submit at least this type of report based on the data we had possessed.

I recall with gratitude His Excellency the President, Hon. Minister and his Staff as well as the Staff of the Treasury for encouraging me and giving me all assistance at all times, and taking decisions required to expand the autonomy of the National Paper Company again in the present competitive market by avoiding various obstacles that existed in the past.

Further, I recall with heartfelt gratitude the Secretary to the Ministry and his Staff for having placed confidence in us and constant supervision of the Company's activities, offering us necessary guidance, and also the Board of Directors of our Company for giving me immense strength in building the future of the local paper industry, and I recollect with wholehearted pleasure the devoted Staff of our Company, the fore-runners of the paper industry who, as a strong team, works hand-in-hand with me for the uplift of the National Paper Company.

Wimal Rupasinghe
Chairman
National Paper Company Limited

2022

Incumbent Board of Directors including Chairman

Mr. K.A. Wimal Rupasinghe
Chairman

Mrs. Ruvini Senarathna
Director

Mr. J.B. Heenkenda
Director

Mr. Dinundu Munidasa
Director

Mr. S.S. Ketawalagedara
Director

Mrs. H.D. Himali C. Wijetunga
Director

Mr. G.P.S.S. Weerasuriya
Director

Corporate Vision & Mission

Our Vision

To become the forerunner in Sri Lanka in the marketing of printing paper, photocopy paper and computer stationery, etc. and billboards, which are not produced at present, to contribute for the progress of Sri Lanka's paper industry.

Our Mission

To become a profit-making, environment-friendly, customer-driven, exceptionally innovative and diversified paper company with human resources and an excellent management, by producing and marketing all kinds of paper and billboards.

National Paper Company Limited

Content

Financial Year 2012/2013

National Paper Company Limited

Corporate information: **2012/2013**

From 01.04.2012 to 01.06.2012

Competent Authority	-	Mr. Mangala C. Senarath
Director	-	Mr. Sanjeewa Wickramanayaka
Director	-	Mr. W.M.A. Sujith Fernando

From 15.06.2012 to 31.03.2013

Competent Authority	-	Mr. Mangala C. Senarath
Director	-	Mrs. R.M. Damitha Kumari Ratnayaka
Director	-	Mr. P.B. Wickrama Munige

Company Secretaries

M. Ananda Tissa Jayasena Fernando
No. 519/2A,
Elvitigala Mawatha,
Colombo - 05.

Registered Office

No. 93, Jawatta Road,
Colombo - 05.

Auditors

Dayananda Samarawickrama & Company
Chartered Accountants
No. 20/26, Railway Avenue,
(Public Market Road)
Nugegoda, Sri Lanka.

Bankers

People's Bank
Bank of Ceylon

Report from the Directors

The Annual Report with Audited Accounts for the year ended as at 31.03.2013 is hereby submitted by the Board of Directors of the National Paper Company Limited.

1. Main operational activity

   The main operational activity of the Company is marketing of paper and paper boards produced in Valaichchenai Paper Mill.

2. Share Capital

   The National Paper Company Limited is a State-Owned Enterprise with the Secretary to the Treasury having a 100% share-ownership. Its share capital is Rupees 323 million (i.e. consisting of 32,300,000 capital shares @ Rupees 10/- a capital share).

3. Turnover

   The net turnover of the Company for the financial year ended as at 31.03.2013 was Rupees 88,194 million.

4. Cost of Production of the Company

   The Cost of Production of the Valaichchenai Mill during the period under review was Rupees 163,233 million.

5. Capital Expenditure

   Since the day allotted to restructuring of the National Paper Company Limited, its capital expenditure was limited to a lesser extent.

6. The keenness that was shown by the Directors to venture into agreements regarding the Company.

   During the year ended as at 31.03.2013, the Directors of the Company were not able to venture into agreements with the Company directly or indirectly.

7. Auditors

   The Financial Statements of the Company for the year ended as at 31.03.2013 were audited by Chartered Accountants, Dayananda Samarawickrama & Company.

NATIONAL PAPER COMPANY LIMITED (NPCL)

Financial Statements

for

Year Ending / Year of Assessment

2012/2013

NATIONAL PAPER COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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Dayananda Samarawickrema & Co.,
CHARTERED ACCOUNTANTS

Partners
H.G. Dayananda FCA
K.G. Chandana Kumara ACA
Consultant
T.H. Dharmasena FCA, BA

No. 20/26, Station Lane, (Janatha Pola Road)
Nugegoda, Sri Lanka.
Tele : 2854614, 2809650, 2822940
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL PAPER COMPANY LIMITED (NPCL)

Report on the Financial Statements

We have audited the accompanying Financial Statements of **National Paper Company Limited** which comprises the Statement of Financial Position as at 31st March 2013 and the Statement of Comprehensive Income, 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 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 misstatements, 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 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 misstatements.

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 Financial Statement presentation.

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

Originally NPCL consisted of 2 Paper Mills. One at Embilipitiya and the other at Valachchenai. The Financial Statements for the year ended 31st March 2013 has not complied 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 LKAS 01- (Presentation of Financial Statements)**. The value of five plantations consisting 525 acres at Rs. 11,188,275/- shown as cultivation stock of Embilipitiya Mills (Note 17) continuing unchanged for several years is unverifiable.

02) Out of the two mills which operated under the NPCL Embilipitiya Mill, has been disposed on 15th November 2011 to Aus Lanka Paper Company (Pvt) Limited under the Ministry of State Resource and Enterprise Development by tender, The terms and conditions of the Disposal Agreement were not comprehensive and the acceptable accounting records has not been maintained in respect of the Disposal of Embilipitiya Mill. FCID (Investigation No. FCID/145/15) and Presidential Investigation Commission (Investigation No. PCI 859/2015) are holding investigations regarding this disposal at present. This situation precludes us from making any comments further on this matter.

03) No proper records had been maintained for Property, Plant and Equipment and some fixed assets could not be found. The company has not followed the correct procedure for disposal of Scrap items. Further we have noted that some fixed assets were fully depreciated and the Company has not revalued those fixed assets which are still being used.**LKAS 16 (Property, Plant and Equipment)**.According to the Policy for Accounting of Property, Plant and Equipment and other assets residual values, useful lives and methods of depreciation are required to be reviewed and adjusted as appropriate at the end of each financial year.

04) The Company has not applied **LKAS 36-Impairement of Assets**in their normal course of business. No provision has been made for bad and doubtful debts arising as a result of Sale of Scrap items. (LKAS-36 provides the guidance for accounting impairment of assets). Following four cases are pending before legal authorities regarding this disposal of the scrap items of Valachchenai Mill.

Legal Authority	Case / Investigation File No.
1. Bribery Commission	B/C 3067/2012 B/15
2. Fraud Bureau	IR 606/03/15
3. Department of Criminal Investigations	B 201-2016
4. Magistrate Court - Valachchenai	B 661/12

05) We observed that the Company has several Court cases in connection with Labour Tribunal Courts. Statutory requirements for E.P.F. and E.T.F. have not been met and no provision has been made in respect of Surcharges for delayed payments. According to the **LKAS 37 (Provisions, Contingent Liabilities, Contingent Assets)**, Provisions and disclosures are required for the contingent liabilities such as Statutory Requirements and Court Cases. Hence the financial statements of the company have not complied with the LKAS 37.

06) **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 2013 and we note that the Board of Directors has been replaced by a Competent Authority to manage the Company with the effect from 02nd April 2012

Opinion

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, The Statement of Financial Position and related Statement of Comprehensive 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 its operations for the year ended 31st March 2013.

Emphasis of Matter

In addition to that we draw our attention to **Note 32** in Financial Statements which describes the significant doubts regarding the Going Concern concept of the Company. There are several court cases filed by staff by claiming their staff obligations and promotions (**Note 33**). These cases are under hearing. Related outcome of these litigations are not accounted and disclosed as yet due to the uncertainty.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Section 151(2) of the Companies Act No.07 of 2007.

DAYANANDA SAMARAWICKREMA & CO.,
Chartered Accountants,
Nugegoda.
09.08.2016

Dayananda Samarawickrema & Co.,
CHARTERED ACCOUNTANTS

Partners
H.G. Dayananda FCA
K.G. Chandana Kumara ACA
Consultant
T.H. Dharmasena FCA, BA

No. 20/26, Station Lane, (Janatha Pola Road)
Nugegoda, Sri Lanka.
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National Paper Company Limited
Statement of Comprehensive Income
For The Year Ended 31st March 2013

	Note	2012/2013 Rs' 000	2011/2012 Rs' 000
Revenue	4	**88,194**	76,023
Cost of Sales	5	**(163,233)**	(151,328)
Gross Profit/(Loss)		**(75,039)**	(75,305)
Other Operating Income	6	**59,306**	32,678
		(15,733)	(42,628)
Administration Expenses	7	**(42,774)**	(16,150)
Selling & Distribution Expenses	8	**(5,082)**	(7,058)
Other Operating Expenses	9	**(2,574)**	(2,809)
Profit/(Loss) From Operations		**(66,164)**	(68,645)
Finance Expenses	10	**(7,550)**	(5,069)
Profit/(Loss) Before Taxation		**(73,714)**	(73,714)
Taxation		-	-
Profit/(Loss) After Taxation		**(73,714)**	(73,714)
Discontinued Operation Expenses			
Salaries	11	-	(30,343)
E.P.F,E.T.F,& Gratuity	12	**(1,329)**	(8,735)
VRS	13	-	(155,837)
Others	14	**(582)**	(801)
		(1,911)	(195,716)
Profit/(Loss) After Taxation & Discontinued Operating Expenses		**(75,625)**	(269,429)

Dayananda Samarawickrema & Co.,
CHARTERED ACCOUNTANTS

artners
.G. Dayananda FCA
.G. Chandana Kumara ACA
onsultant
H. Dharmasena FCA, BA

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National Paper Company Limited
Statement of Financial Position
As at 31st March 2013

As at	**Note**	**31.03.2013 Rs' 000**	**31.03.2012 Rs' 000**
ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment	15	**55,054**	48,322
Capital Work In Progress	15A	**33,017**	26,938
Long Term Investments	16	**53,206**	53,567
		141,277	128,827
CURRENT ASSETS			
Stock-Row Material & Consumables	17	**123,175**	118,370
Stock-Work In Progress	18	**2,488**	2,521
Stock-Finished Goods	19	**35,707**	14,831
Trade Debtors	20	**26,361**	17,962
Deposits & Prepayments	21	**2,382**	97,108
Other Current Assets	22	**253,124**	270,180
Cash at Bank and in Hand	23	**1,496**	1,306
Total Current Assets		**444,734**	522,277
TOTAL ASSESTS		**586,011**	651,105
EQUITY & LIABILITIES			
CAPIAL & RESERVES			
Stated Capital	24	**323,000**	323,000
Foreign Grants	25	**41,777**	41,777
Capital Reserve	26	**45,088**	45,088
Revenue Reserves	26A	**(1,177,288)**	(999,216)
Total Equity		**(767,423)**	(589,352)
NON CURRENT LIABILITIES			
Lease Creditors	27	**5,527**	-
Long Term Loans	28	**160,005**	159,655
		165,532	159,655
CURRENT LIBILITIES			
Lease Creditors	27	**863**	-
Dues to Government	29	**27,795**	24,585
Trade, Other Creditors & Provisions	30	**1,103,177**	1,015,779
Bank Over Draft	31	**56,068**	40,438
Total Current Liabilities		**1,187,903**	1,080,802
TOTAL EQUITY AND LIABILITIES		**586,011**	651,105

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

for ....
Chief Accountant

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of Directors by the following.

....
Competent Authority

....
General Manager

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

Dayananda Samarawickrema & Co.,
CHARTERED ACCOUNTANTS

Partners
H.G. Dayananda FCA
K.G. Chandana Kumara ACA
Consultant
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National Paper Company Limited
Statement of Changes In Equity
For The Year Ended 31st March 2013

Rs '000

Description	Stated Capital	Foreign Grants	Capital Reserves	Revenue Reserves	Total
Balance as at 01.04.2011	323,000	41,777	45,088	(967,156)	(557,291)
Adjustments on Profit	-	-	-	237,368	237,368
Net Profit/(Loss) for the year	-	-	-	(269,429)	(269,429)
Balance as at 31.03.2012	323,000	41,777	45,088	(999,216)	(589,352)
Balance as at 01.04.2012	**323,000**	**41,777**	**45,088**	**(999,216)**	**(589,351)**
Adjustments on Profit	-	-	-	**(102,446)**	**(102,446)**
Net Profit/(Loss) for the year	-	-	-	**(75,625)**	**(75,625)**
Balance as at 31.03.2013	**323,000**	**41,777**	**45,088**	**(1,177,288)**	**(767,422)**

Dayananda Samarawickrema & Co.,
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National Paper Company Limited
Statement of Cash Flow
For The Year Ended 31st March 2013

		Rs '000
	2012/2013	2011/2012
Cash Flow from Operating Activities		
Before Taxation	**(75,625)**	(269,429)
Opening Balance Difference	**(102,447)**	237,368
Adjustments for		
Depreciation	**4,208**	8,176
Gain on Disposal of Scrap Items	**(17,059)**	-
Interest Income	**(5,295)**	(3,691)
Lease Interest Expenses	**483**	-
Interest Expenses	**6,855**	1,403
Operating Profit Before Working Capital Changes	**(188,879)**	(26,173)
(Increase)/Decrease in Inventories	**(25,649)**	144,380
(Increase)/Decrease in Receivables	**103,383**	(319,382)
Increase/(Decrease) in Payables	**87,398**	254,989
Cash Generated from Operation	**(23,747)**	53,814
Interest Paid	**(6,855)**	(1,403)
Net Cash Flow from Operating Activities	**(30,602)**	52,411
Cash Flow from Investing Activities		
Acquisition of Property	**(4,693)**	(29,321)
Amount Received from Disposal of Scrap Items	**17,449**	-
Working In Progress Capital Job	**(6,079)**	-
Investment in Fixed Deposit	**362**	651
Interest Received	**5,295**	3,691
Net Cash Flow from Investing Activities	**12,334**	(24,979)
Cash Flow from Financing Activities		
Receipts/(Payment) Due from Government	**3,210**	(26,562)
Receipts/(Payment) Long Term Loan	**350**	-
Lease Rentals Paid	**(731)**	-
Net Cash Used in Financing Activities	**2,829**	(26,562)
Net Increase in Cash & Cash Equivalents	**(15,440)**	870
Cash & Cash Equivalents at the Beginning of the Period (Note A)	**(39,132)**	(40,002)
Cash & Cash Equivalents at the Ending of the Period (Note B)	**(54,572)**	(39,132)
Note-A		
Balance at Bank	**1,211**	356
Petty Cash	**95**	87
Bank Over Draft	**(40,438)**	(40,445)
	(39,132)	(40,002)
Note-B		
Balance at Bank	**20**	1,211
Petty Cash	**1,476**	95
Bank Over Draft	**(56,068)**	(40,438)
	(54,572)	(39,132)

Dayananda Samarawickrema & Co.,
CHARTERED ACCOUNTANTS

'artners
I.G. Dayananda FCA
L.G. Chandana Kumara ACA
'onsultant
I.H. Dharmasena FCA, BA

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NATIONAL PAPER COMPANY LIMITED

ACCOUNTING POLOCIES AND NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2013

1. COPARATE INFORMATION

1.1 General

The Company is a fully owned government limited liability company incorporated and domiciled in Sri Lanka since01st 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 in Colombo.

1.2 Principal Activities and Nature of Operations

Principle activity of the Company is manufacture of Paper & Paper boards.

2 SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL ACCOUNTING POLICIES

2.1.1 Basis of Preparation

These Financial Statements were presented in Sri Lankan under the historical cost basis & in accordance with generally accepted accounting principles. These financial statements were authorized to issue by the directors on 8th August 2016.

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 figures and phases have been rearranged wherever necessary to conform current year presentation, except for the Manufacturing Account.

2.1.3 Discontinued Operations

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

2.2 ASSESTS AND BASES OF THEIR VALUATION

2.2.1 Property, Plant & Equipment

a) Cost

Property, Plant and Equipment are recorded at cost.

b) Depreciation

Provision for depreciation is calculated by using straight line method on the cost of original 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 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 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 were eligible for it. Therefore the entire gratuity provision has been adjusted during this financial year. Further considerable number of retired employees had 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 Funds Contributions and Employees' Trust Fund contributions in line with respective statues 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.

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 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 provision of the Inland Revenue Act No .10 of 2006 and amendments thereto.

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 came to operation.

b) Deferred Taxation

Deferred taxation has not been provided due to tax losses.

2.3 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 several years appearing in the Balance Sheet under respective headings have been listed in page number 11.

Non Moving Account Balances from 2010/2011

#	Non Moving Item	Amount Rs. Cts.
01	**DEPOSITS & PREPAYMENTS**	
	01.1. Head Office	
	01.1.1. Sri Lanka Ports Authority	340,155.63
	01.1.2. Rent Deposit	1,007,597.50
	01.1.3. Franking Machine	16,000.00
	01.1.4. Telephone Deposits	64,878.50
	01.1.5. Deposit on Advertisement Contract	5,750.00
02	**DEPOSITS**	
	02.1. HEAD OFFICE	
	02.1.1. Refundable Deposits with Salaka	3,000.00
	02.1.2.Purchase Clg.(materials) A/C	46,921.42
	02.1.3.Indent Clearing Raw Materials (Vch)	191,695.26
	02.1.4. Indent Clearing Raw Materials (Emb.)	641,998.82
	02.1.5. Indent Clearing Spares (Emb.)	48,604.86
03	**PREPAYMENTS**	
	03.1. Head Office	
	03.1.1. General Prepayment	246,080.5
	Total in Debits	**2,366,601.13**
04	**PROVISION FOR LIABILITIES**	
	04.1. Valaichchenai Mills	
	04.1.1 Indent Clearing Charges	2,367,662.14
	04.1.2. Provision - Clearing Charges (Indent -Raw Materials)	923,247.24
	04.1.3 Pro: for Income Tax	3,291,167.14
05	**CREDITORS & ACCURED CHARGES**	
	05.1. Head Office	
	05.1.1. Refundable Turnover Tax	1,741,638.00
	05.1.2. Cash Sales Collection	167,630.19
	05.1.3. Cash Sales Collection - R.S.R.	7,650,641.33
06	**DEPOSITS**	
	06.1. Head office	
	06.1.1. Cash Paid in Advance (Suspense) A/C	24,500.00
	Total in Credit	**16,166,486.04**

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Note-04-Revenue		
Sales Income	88,193,918.04	76,022,598.00
	88,193,918.04	76,022,598.00
Note-05-Cost of Sales		
Cost of Production	198,940,640.86	166,158,676.14
Less: Closing Stock	(35,707,492.05)	(14,830,700.00)
	163,233,148.81	151,327,976.14
Note-06-Other Operating Income		
Note-06A-Other Operating Income-Head Office	58,551,481.59	26,538,040.00
Note-06B-Waste Paper Sales	754,354.70	6,139,766.00
	59,305,836.29	32,677,806.00
Note-06A-Other Operating Income-Head Office		
Interest Received on Fixed Deposit	5,294,535.66	3,690,812.00
Other Income	47,802,210.93	7,107,012.00
Pasikuda Project Income	5,454,735.00	15,740,216.00
	58,551,481.59	26,538,040.00
Note-06B-Waste Paper Sales		
Sales of Waste Paper	754,354.70	6,139,766.00
	754,354.70	6,139,766.00
Note-07-Administrative Expenses		
Director's Fee	-	39,500.00
Salaries & Wages	12,660,834.50	8,125,407.00
Risk Allowance	12,000.00	12,000.00
Contract Staff Allowances	2,872,453.20	2,554,730.00
Employee Provident Fund	1,276,689.69	1,214,791.00
Postages	665,588.41	360,540.00
Lighting & Power	988,216.87	163,795.00
Rent, Rates & Taxes	2,010,932.00	-
Printing & Stationery	1,578,023.18	73,368.00
Water Expenses	68,760.96	29,667.00
Legal Expenses	115,010.00	53,799.00
General Expenses	690,652.24	58,078.00
Staff Welfare Expenses	405,606.14	270,522.00
Fine & Surcharges	18,107,369.52	19,031.00
Audit Fees	69,900.00	110,000.00
Repairs & Maintenance (Building/Computer)	538,040.00	848,751.00
Stamp Duty Expenses	-	9,150.00
Depreciation for Buildings	4,902.12	4,902.00
Depreciation for Furniture & Equipment	375.00	49,857.00
Depreciation for Computer Equipment	54,413.00	-
Depreciation for Fax Machine	4,025.00	
Insurance Expenses	555,548.58	100,000.00
NBT Expenses	-	2,045,640.00
Income Tax	-	6,218.00
Donation	95,000.00	-
Gratuity Surcharges	-	
	42,774,340.41	16,149,746.00

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Note-08-Selling & Distribution Expenses		
Travelling & Subsistence	275,514.00	140,967.00
Repairs & Maintenance (Vehicle)	3,334,742.16	1,928,625.00
Depreciation for Motor Vehicle	553,199.43	922,520.00
Advertisement Expenses	384,572.00	34,000.00
Entertainment Expenses	410,022.34	2,940.00
Exhibition Expenses	123,015.00	-
Carriage Outward & transport Charges	1,300.00	4,029,255.49
	5,082,364.93	7,058,307.49
Note-09-Other Operating Expenses		
Waste Paper Salaries	2,559,816.05	126,043.05
Waste Paper Cleaning Expenses	14,000.00	234,219.00
Renovation Filter Plant	-	2,448,825.00
	2,573,816.05	2,809,087.05
Note-10-Finance Expenses		
Bank Charges	212,462.43	57,915.57
Debit Tax	-	3,608,059.59
Interest on Trust Loan & Overdraft	6,855,027.21	1,402,840.34
Lease Interest	482,604.65	-
	7,550,094.29	5,068,815.50
Discontinued Operation Expenses		
Note-11-Salaries & Wages		
Salaries	-	30,331,069.61
Administration Salaries & Wages	-	3,438.90
Indirect Labour	-	3,028.55
Direct Labour	-	5,368.95
	-	30,342,906.01
Note-12-EPF,ETF & Gratuity		
Gratuity	1,008,637.00	3,777,800.88
E.P.F 12%	-	3,658,052.40
Gratuity Surcharge	-	382,676.77
E.T.F 3%	320,372.43	916,509.86
	1,329,009.43	8,735,039.91
Note-13-Voluantory Retirement Scheme		
VRS	-	155,836,708.00
	-	155,836,708.00
Note-14-Others		
Paymaster Cleaning	-	44,692.24
Water Charges	-	135.24
Legal Fee	121,500.00	64,474.43
Cleaning Charges	-	32,000.00
Transport Charges	397,350.00	15,065.00
Diesel	-	39,058.30
Bank Charges	-	13,104.12
Printing & Stationeries	1,700.00	1,000.00
Sundry Payment	-	48,861.25
Security Charges	25,000.00	417,319.30
Staff Welfare	17,108.00	30,346.00
Entertainment Expenses	17,688.00	2,000.00
Repairs & Maintenance	1,307.00	63,946.00
Electricity Charges	-	28,908.26
	581,653.00	800,910.14

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

Note-15-Property Plant & Equipment (Cost)

	Balance as at 01.04.2012			Additions/(Disposals)				Balance as at 31.03.2013		
	Valachchenai	Embilipitiya	Head Office	Additions Valachchenai	(Disposals) Valachchenai	Additions Embilipitiya	Head Office	Valachchenai	Embilipitiya	Head Office
Land & Buildings	-	-	656,611.32	-	-	-	-	-	-	656,611.32
Furniture & fittings	-	-	15,625,800.17	-	-	-	5,000.00	-	-	15,630,800.17
Vehicles	-	-	4,205,911.53	-	-	-	6,638,393.14	-	-	10,844,304.67
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	-	-	(4,525,032.08)	-	-	16,104,244.31	79,760,220.09	-
Building Services	2,285,726.39	5,848,478.68	-	2,108,226.50	-	-	-	4,393,952.89	5,848,478.68	-
Process Equipment	85,689,755.88	257,911,981.10	-	-	-	-	-	85,689,755.88	257,911,981.10	-
Utilities	56,052,292.54	59,655,606.92		-	(31,001,515.44)	-	-	25,050,777.10	59,655,606.92	-
Process Appurtenance	1,958,632.39	42,912,338.88	-	-	(5,778.98)	-	-	1,952,853.41	42,912,338.88	-
Non Process Equipment	22,940,918.56	18,883,093.34	-	-	(9,852.59)	-	-	22,931,065.97	18,883,093.34	-
Building & Structure	10,260,298.01	-	-	-	-	-	-	10,260,298.01	-	-
Building Services	1,483,418.73	-	-	2,108,226.50	-	-	-	3,591,645.23	-	-
Process Equipment	82,678,414.76	-	-	-	-	-	-	82,678,414.76	-	-
Utilities	1,567,956.97	-	-	-	-	-	-	1,567,956.97	-	-
Process Appurtenance	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	-
Computer Equipment	-	-	-	-	-	-	431,550.00	-	-	431,550.00
Fax Machine	-	-	-	-	-	-	39,900.00	-	-	39,900.00
	342,811,873.18	499,758,046.51	20,488,323.02	4,216,453.00	(35,542,179.09)	-	7,114,843.14	311,486,147.09	499,758,046.51	27,603,166.16

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

Note-15-Property Plant & Equipment (Acc. Depreciation)

	Balance as at 01.04.2012			Additions/(Disposals)				Balance as at 31.03.2013		
	Valachchenai	Embilipitiya	Head Office	Depreciation Valachchenai	Dep. On Desposals Valachchenai	Depreciation Embilipitiya	Head Office	Valachchenai	Embilipitiya	Head Office
Land & Buildings	-	-	465,428.62	-	-	-	4,902.12	-	-	470,330.74
Furniture & fittings	-	-	15,625,800.17	-	-	-	375.00	-	-	15,626,175.17
Vehicles	-	-	4,205,911.53	-	-	-	553,199.43	-	-	4,759,110.96
Land Development	2,125,981.67	9,233,765.78	-	67,358.72	-	-	-	2,193,340.39	9,233,765.78	-
Building & Structure	15,466,794.44	70,144,272.00	-	457,598.59	(4,134,612.35)	-	-	11,789,780.68	70,144,272.00	-
Building Services	2,267,236.39	5,834,477.50	-	4,930.00	-	-	-	2,272,166.39	5,834,477.50	-
Process Equipment	84,479,571.77	257,483,861.56	-	145,284.80	-	-	-	84,624,856.57	257,483,861.56	-
Utilities	53,132,339.41	59,620,025.37	-	236,198.60	(31,001,515.44)	-	-	22,367,022.57	59,620,025.37	-
Process Appurtenance	1,942,651.03	42,416,695.09	-	2,779.33	(5,778.98)	-	-	1,939,651.38	42,416,695.09	-
Non Process Equipment	22,780,288.96	18,883,093.34	-	79,221.88	(9,852.59)	-	-	22,849,658.25	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	54,890,770.42	-	-	2,572,881.92	-	-	-	57,463,652.34	-	-
Utilities	1,567,956.97	-	-	-	-	-	-	1,567,956.97	-	-
Process Appurtenance	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	9,652,565.00	-	-	-	-	-	5,858,205.49	9,652,565.00	-
Housing Scheme	3,228,891.53	15,437,089.94	-	25,100.64	-	-	-	3,253,992.17	15,437,089.94	-
Over Dep.Housing Scheme	-	5,210.00	-	-	-	-	-	-	5,210.00	-
Depreciation Error Correction	-	521,043.41	-	-	-	-	-	-	521,043.41	-
Computer Equipment	-	-	-	-	-	-	54,413.00	-	-	54,413.00
Fax Machine	-	-	-	-	-	-	4,025.00	-	-	4,025.00
	305,207,112.28	489,232,098.99	20,297,140.32	3,591,354.48	(35,151,759.36)	-	616,914.55	273,646,707.40	489,232,098.99	20,914,054.87
W.D.V	37,604,760.90	10,525,947.52	191,182.70					37,839,439.69	10,525,947.52	6,689,111.29
Total W.D.V	48,321,891.12							55,054,498.50		

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Note-15A-Work In Progress-Capital Job		
Valachchenai Mills	6,079,330.20	-
Capital Work In Progress	26,938,147.40	26,938,147.00
	33,017,477.60	26,938,147.00
Note-16-Long Term Investment		
Valachchenai Mills		
Fixed Deposit-Peoples Bank-Valachchenai	96,086.72	96,087.00
Security Deposit-National Saving Bank Batticaloa	29,825.68	29,826.00
Fixed Deposit-Peoples Bank-Batticaloa	11,232.88	1,000,000.00
Fixed Deposit-Medical Scheme Fund N.S.B-Batticaloa	323,259.66	1,666,683.00
Fixed Deposit	100,000.00	100,000.00
Saving A/C for Distress Loan Payment	29,190.22	41,629.00
	589,595.16	2,934,225.00
Embilipitiya Mills		
Security Deposit	14,706.00	14,706.00
Fixed Deposit-Workmen Compensation Fund	377,005.07	377,005.00
	391,711.07	391,711.00
Head Office		
Fixed Deposit With Peoples Bank	21,997,713.29	13,244,127.00
Fixed Deposit With Bank of Ceylon	30,213,461.97	28,911,258.00
Fixed Deposit for Workmen Compensation	-	8,075,466.00
Staff Security Deposit	13,042.18	10,421.00
	52,224,217.44	50,241,272.00
Total-Long Term Investments		
Discontinued Operation	391,711.07	391,711.00
Continued Operation	52,813,812.60	53,175,497.00
	53,205,523.67	53,567,208.00
Note-17-Stock-Row Materials & Consumables		
Row Materials		
Valachchenai Mills	4,971,494.39	12,243,827.55
Head Office	791,953.42	337,691.40
	5,763,447.81	12,581,518.95
Engineering Spares		
Valachchenai Mills	78,726,597.48	73,365,932.00
	78,726,597.48	73,365,932.00
Other Consumables		
Valachchenai Mills	27,496,971.69	21,234,189.96
	27,496,971.69	21,234,189.96
Cultivation Stock-Embilipitiya Mills		
Mirijjawela Plantation	425,313.02	425,313.00
Agunakolapalassa Plantation	175,516.04	175,516.00
Buluthota Plantation	855,183.12	855,183.00
Mahagama Plantation	114,555.36	114,555.00
Mills Farm Plantation	9,617,707.45	9,617,707.00
	11,188,274.99	11,188,274.00
Total-Stock Row Materials & Consumables		
Discontinued Operation	11,188,274.99	11,188,274.00
Continued Operation	111,987,016.98	107,181,640.91
	123,175,291.97	118,369,914.91

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Note-18-Stock Work In Progress		
Provision for Work in Progress-Vch	2,487,717.74	2,788,675.00
Valachchenai Mills	-	(267,882.00)
	2,487,717.74	2,520,793.00
Note-19-Stock-Finished Goods		
Valachchenai Mills	708,857.72	2,162,153.00
Stock at Site	33,959,829.64	11,990,582.00
	34,668,687.36	14,152,735.00
Add: Purchase of Stationery Item-Head Office	1,038,804.69	677,965.00
	35,707,492.05	14,830,700.00
Note-20-Trade Debtors		
Trade Debtors Control A/C	14,232,466.35	2,250,204.00
Trade Debtors-Old	14,957,779.23	18,540,819.00
Provision for Doubtful Debts	(2,829,234.46)	(2,829,234.00)
	26,361,011.12	17,961,789.00
Note-21-Deposits & Prepayments		
Deposits		
Valachchenai Mills	130,370.72	130,371.00
Head Office	3,687,122.49	3,582,772.00
Embilipitiya Mills	13,625.00	13,625.00
	3,831,118.21	3,726,768.00
Prepayments		
Valachchenai Mills	1,162,509.52	1,299,876.00
Head Office	280,480.50	279,481.00
	1,442,990.02	1,579,357.00
Inter Company Accounts		
Head Office	(293,211,894.85)	(206,485,456.00)
Valachchenai Mills	59,813,202.18	58,504,776.00
Embilipitiya Mills	230,506,591.67	239,782,897.00
	(2,892,101.00)	91,802,217.00
Total-Deposits & Prepayments		
Discontinued Operation	230,520,216.67	239,796,522.00
Continued Operation	(228,138,209.44)	(142,688,180.00)
	2,382,007.23	97,108,342.00
Note-22-Other Current Assets		
Staff Debtors		
Valachchenai Mills	1,100,860.45	899,389.00
Head Office	162,971.15	191,890.00
	1,263,831.60	1,091,279.00
Other Debtors		
Valachchenai Mills	38,084,494.48	5,885,235.00
Head Office	16,531,483.43	17,675,533.00
	54,615,977.91	23,560,768.00
Advances		
Valachchenai Mills	(38,955.91)	3,555,323.00
Head Office	197,283,483.73	241,972,405.00
	197,244,527.82	245,527,728.00
Total-Other Current Assets		
Continued Operation	253,124,337.33	270,179,775.00
	253,124,337.33	270,179,775.00

	2012/2013 Rs. Cts.	2011/2012 Rs Cts.
Note-23-Cash At Bank & Hand		
Cash at Bank-Valachchenai		
People's bank-Valachchenai	-	100,831.00
People's bank-Union Place, Colombo	7,931.22	7,931.00
People's Bank-Batticaloa-Town branch	12,090.53	21,091.00
	20,021.75	129,853.00
Cash at Bank-Head Head Office		
People's Bank-A/C.No;210898	-	1,079,572.00
Bank A/c No;014-001-2-0112479	-	1,342.00
	-	1,080,914.00
Cash in Hand-Valachhenai Mills		
Cash in Hand	1,423,876.42	58,705.00
Stamp Imprest	8,431.00	7,706.00
Cash in Transit	13,700.00	-
	1,446,007.42	66,411.00
Cash in Hand-Head Office		
Stamp Imprest	8,630.00	5,630.00
Cash Imprest for Waste Paper-Kirulapone	(224,268.94)	(181,631.00)
Cash in Hand	24,710.18	24,710.00
Sundry Payment Imprest	134,657.69	106,253.00
Cash Imprest for Waste Paper-Kirulapone	73,959.00	73,959.00
Cashier's Imprest	4,974.50	(26.00)
Petty Cash Imprest	4,000.00	-
Retail Sales from Imprest	3,000.00	-
	29,662.43	28,895.00
Total-Cash & Bank Balances		
Continued Operation	1,495,691.60	1,306,073.00
	1,495,691.60	1,306,073.00
Note-24-Stated Capital		
Stated Capital	323,000,000.00	323,000,000.00
	323,000,000.00	323,000,000.00
Note-25-Foreign Grants		
Canadian Aid	100,000.00	100,000.00
CIDA Capital Aid	10,609,048.08	10,609,048.00
F,R,G,Commodity Grant	21,095,503.54	21,095,504.00
F,R,G,Commodity Grant (Spares)	9,972,500.00	9,972,500.00
	41,777,051.62	41,777,052.00
Note-26-Capitl Reserve		
Capital Reserve	2,988,408.52	2,988,409.00
Loan Redemption Reserve	41,722,450.41	41,722,450.00
CIDA Consultancy Reserve Fund	376,674.69	376,675.00
	45,087,533.62	45,087,534.00
Note-26A-Revenue Reserve		
Profit & Loss Appropriation	(769,994,136.51)	(686,068,341.00)
Profit & Loss for the Year	(75,624,672.59)	(73,713,258.00)
	(845,618,809.10)	(759,781,599.00)

National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Note-27- Lease Creditors-Head Office		
Lease Creditors	10,232,544.00	-
Interest in Suspense Account	(3,842,442.21)	-
	6,390,101.79	-
Lease Creditors Payable Within One Year		
Lease Creditors	2,192,678.63	-
Interest in Suspense Account	(1,329,734.40)	-
	862,944.23	-
Lease Creditors Payable After One Year		
Lease Creditors	8,039,865.36	
Interest in Suspense Account	(2,512,707.81)	
	5,527,157.56	-
Note-28-Long Term Loan		
Head Office		
K.F.W.Loan (Embilipitiya)-Spares	159,654,648.10	159,654,648.00
Paranthan Chemicals - Loan	350,000.00	-
	160,004,648.10	159,654,648.00
Note-29-Dues to Government		
Provision for income Tax	3,291,167.14	3,291,167.00
Provision for VAT	13,095,098.77	7,932,059.00
Provision for NBT	1,236,645.86	1,900,720.00
Provision for ESC	807,583.17	-
VAT Payable (Sales)	9,364,166.15	11,460,573.00
	27,794,661.09	24,584,519.00
Note-30-Trade & Other Creditors & Provisions		
Medical Scheme Fund		
Valachchenai Mills	822,638.38	854,414.00
Head Office	17,049.37	15,477.00
	839,687.75	869,891.00
Workmen's Compensation Fund		
Valachchenai Mills	4,051,384.54	4,051,385.00
Head Office	7,617,402.95	7,617,403.00
	11,668,787.49	11,668,788.00
Gratuity Fund		
Provision for Valahchenai Mills	67,410,689.95	70,509,938.00
Embilipitiya Mills	4,856,353.02	13,576,006.00
Head Office	(34,063,242.39)	(33,512,922.00)
	38,203,800.58	50,573,022.00
Term Loan		
Loan from Treasury	50,000,000.00	50,000,000.00
Loan from Ministry	34,260,504.20	34,260,504.00
	84,260,504.20	84,260,504.00

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National Paper Company Limited
Notes to the Financial Statement
For The Year Ended 31st March 2013

	2012/2013 Rs. Cts.	2011/2012 Rs. Cts.
Personal Accident Insurance Fund		
Provision-Personal Accident	2,079,946.49	2,079,946.00
	2,079,946.49	2,079,946.00
Provision for Liabilities		
Valachchenai Mills	113,175,538.41	77,924,243.00
Head Office	3,083,656.80	3,116,850.00
Embilipitiya Mills	3,500,604.67	3,499,555.00
	119,759,799.88	84,540,648.00
Creditors & Accrued Charges		
Valachchenai Mills	60,262,485.11	52,431,627.00
Embilipitiya Mills	475,646,367.74	475,646,368.00
Head Office	112,858,021.38	53,808,506.00
	648,766,874.23	581,886,501.00
Deposits		
Valachchenai Mills	597,691.99	630,566.00
Head Office	130,875,035.32	131,069,816.00
	131,472,727.31	131,700,382.00
Salaries & Wages Payables		
Valachchenai Mills	14,032,522.55	16,100,169.00
Head Office	43,477,263.58	43,483,756.00
Embilipitiya Mills	8,615,267.17	8,615,267.00
	66,125,053.30	68,199,192.00
Total-Trade, Other Creditors & Provision		
Discontinued Operation	492,618,592.60	501,337,196.00
Continued Operation	610,558,588.63	514,441,678.00
	1,103,177,181.23	1,015,778,874.00
Note-31-Bank Over Draft		
Head Office		
BOC A/c No;0000161807	29,327,661.13	26,939,957.00
People's Bank A/c No 100140210899	13,833,327.77	13,463,616.00
People's Bank-A/C.No;210898	25,568.65	-
Bank A/c No;014-001-2-0112479	12,615,972.61	-
	55,802,530.16	40,403,573.00
Valachchenai Mills		
BOC, Batticaloa	1,774.73	34,770.00
Cash at People's Bank, Valaichchenai	263,789.02	-
	265,563.75	34,770.00

Note-32-Going Concern

The Company has continued to make losses and the accumulated losses as at the year under review amounted to Rs.1, 177,287,870/- (2011/2012 Rs. 999,216,092/-). The gross revenue of the Company has drastically decreased to Rs.88,193,918/- in the current period from Rs.76,022,598/- during the previous year and the gross loss of the company has decreased to Rs.75,039,231/- during the year from Rs.75,305,378/- in 2011/2012.

Note-33-Contingent Liabilities

The Company has several court cases filed by staff claiming their staff obligations and promotions. Those are still under hearing. Related outcome of these litigations are not accounted and disclosed as yet due to the uncertainty.

National Paper Company Limited
No: 61, Stratford Avenue, Colombo 05