

NATIONAL PAPER COMPANY LIMITED

**ANNUAL REPORT
2009/2010**

**NO. 93, JAWATTE ROAD,
COLOMBO 05.**

CONTENTS

- 1. Corporate Vision & Mission**
- 2. Corporate Information**
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Corporate Information - 2009/2010

Name of the Company - National Paper Company Limited

Directors

1. Mr. S. Amarasinghe	Chairman
2. Ms. R. M. D. K. Ratnayake	Director
3. Mr. Dr. P. B. W. Muneege	Director
4. Mr. W.M.A. Sujith Fernando	Director
5. Mr. P. H. B. De Silva Premadasa	Director
6. Mr. B. A. Udumalagala	Director
7. Mr. S. A. Wickremanayake	Director

Secretaries

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

Registered Office

No. 93, Jawatte Road,
Colombo 05.

Auditors

S. Munaweera & Co.
Chartered Accountants
741, Kotte Road,
Ethulkotte.

Bankers

People's Bank
Bank of Ceylon

Corporate Vision & Mission

Vision

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

Mission

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

Directors Report

The Board of Directors is pleased to present the Annual Accounts for the year ended 31st March 2010 and the audited account of the National Paper Company Limited for the year ended 31st March 2010.

1. Principal Activity

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

2. Share Capital

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

3. Turnover

The net turnover of the company for the year ended 31/03/2010 is 162.401 million.

4. Performance of the Company

Total production at Valaichchenai Mill during the period under review is 1,448.30 MT and Embilipitiya Mill 1,235.80 MT after the recommencement of both Mills. The production at Valaichchenai and Embilipitiya Mills continued to incur losses due to the reduction of import tariff 10% and 0% with effect from 1st January 2006. The Company has made an operating loss of Rs. 121.360 million.

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 a long term lease for Embilipitiya Mills.

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 2010.

8. Auditors

The account of the Company for the year ended 31/03/2010 has been audited by M/S. S. Munaweera & Co. , Chartered Accountants.

Financial Statements
of
National Paper Company Limited

for the year ended
31st March, 2010.

S.Munaweera & Co.,
Chartered Accountants

741, Kotte Road,
Etulkotte.
Sri Lanka.
Tel : 2866837, 5782803
Fax : 2866837 Mobile: 0714-727673
E - Mail : smunaweeraco@yahoo.com

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

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AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL PAPER COMPANY LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of National Paper Company Limited which comprise the Balance Sheet as at 31st March, 2010, and the related Statements of Income and Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

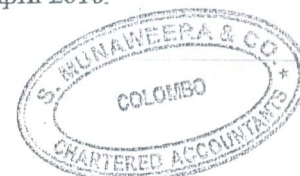
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

The Company had continued to make losses and the accumulated losses as at the year under review amounted to Rs. 673,670,565/-. The gross revenue of the Company had slightly increased to Rs. 162,401,000/- in current period from Rs. 92,801,000/- and the gross loss of the Company had decreased to Rs. 87,970,000/- in 2009/10 from Rs. 108,901,000/- in 2008/09.

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



Partners:

S. Munaweera - B.Com.(Spe.), FCA, FCMA, MBA (Sri J), K.P.P.H.Mihiripenna, B.Com.(Spe.) FMAAT, ACA

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

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

Because of the significance of the matters discussed in the preceding paragraphs, we do not express an opinion on these financial statements of the Company for the year ended 31st March, 2010.

Report on Other Legal and Regulatory Requirements

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

Colombo,

3rd August, 2011.



A handwritten signature in dark ink, appearing to read "S. Munaweera & Co.", written over a horizontal line.

CHARTERED ACCOUNTANTS

National Paper Company Limited

No. 93, Jawatte Road, Colombo 05.

Balance Sheet

As at 31st March, 2010

	Notes	31.03.2010 Rs.'000	31.03.2009 Rs.'000
ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment	2	33,610	39,400
Capital Work-in-Progress	3	27,022 ✓	26,317
		<u>60,632</u>	<u>65,717</u>
CURRENT ASSETS			
Stocks - Raw Materials & Consumables	4	221,234	220,680
- Work-in-Progress	5	36,885	45,845
- Finished Goods	6	87,954	22,226
Trade Debtors	7	48,765	6,091
Short Term Investments	8	51,731	36,514
Deposits & Prepayments	9	15,155	14,285
Head Office and Mills Current Accounts	10	40	-
Other Current Assets	11	27,161	19,114
Cash at Bank and in Hand	12	2,341	630
Total Current Assets		<u>491,267</u>	<u>365,386</u>
TOTAL ASSETS		<u><u>551,900</u></u>	<u><u>431,103</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital		323,000	323,000
Foreign Grants	13	41,777	41,805
Capital Reserve	14	45,088	45,088
Accumulated Profit/ (Loss)	15	(673,670)	(552,311)
Total Equity		<u>(263,806)</u>	<u>(142,418)</u>
CURRENT LIABILITIES			
Dues to Government	16	34,624	22,348
Foreign and Other Short Term Creditors	17	86,230	86,230
Trade, Other Creditors & Provisions	18	652,384	443,310
Bank Overdraft	19	42,468	21,633
Total Current Liabilities		<u>815,706</u>	<u>573,521</u>
TOTAL EQUITY AND LAIBILITIES		<u><u>551,900</u></u>	<u><u>431,103</u></u>



It is certified that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Finance Manager Rayli Perera [Signature] G.H.

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

Directors 1. [Signature] 2. Rasa [Signature]

The attached notes from pages 06 to 27 form an integral part of these Financial Statements.

Colombo

3rd August, 2011

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

Income Statement

For the year ended 31st March, 2010

		2009/10	2008/09
		Rs.' 000	Rs.' 000
Revenue	Note	162,401	92,801
Cost of Sales		(250,372)	(201,702)
Gross Profit/(Loss)		(87,970)	(108,901)
Other Operating Income	20	5,775	6,530
		(82,195)	(102,371)
Administrative Expenses	21	(13,544)	(9,514)
Selling & Distribution Expenses	22	(19,355)	(7,434)
Other Operating Expenses	23	(726)	(2,082)
Profit/(Loss) from Operations		(115,821)	(121,400)
Finance Expenses	24	(5,539)	(3,768)
Profit/(Loss) before Taxation		(121,360)	(125,168)
Taxation		-	-
Profit/(Loss) after Taxation		(121,360)	(125,168)
Extraordinary Expenses		-	-
Net Profit/(Loss) for the year		(121,360)	(125,168)

The attached notes on pages 06 to 27 form an integral part of these Financial Statements.



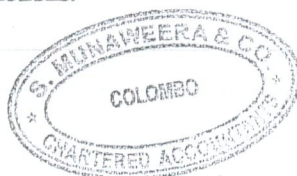
National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Statement of Changes in Equity
For the year ended 31st March, 2010

<u>Description</u>	Stated Capital Rs.'000	Foreign Grants Rs.'000	Capital Reserves Rs.'000	Revenue Reserves Rs.'000	Total Rs.'000
Balance as at 31st March, 2008	323,000	41,805	45,088	(427,143)	(17,251)
Net Profit/(Loss) for the Period	-	-	-	(125,168)	(125,168)
Balance as at 31st March, 2009	323,000	41,805	45,088	(552,311)	(142,419)
Adjustment on Profit	-	(28)	-	-	(28)
Net Profit/(Loss) for the Year	-	-	-	(121,360)	(121,360)
Balance as at 31st March, 2010	323,000	41,777	45,088	(673,670)	(263,806)

The attached notes on pages 06 to 27 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	<u>2009/2010</u> Rs.' 000	<u>2008/2009</u> Rs.' 000
<u>Cash Flows from Operating Activities</u>		
Net Profit Before Taxation	(121,360)	(125,168)
P/Y Adjustments to profits		
Adjustments for:		
Depreciation	6,712	7,982
Interest Income	(4,250)	(4,252)
Interest Expenses	5,229	3,350
Profit on Asset Disposal		(1,737)
	<u>(113,669)</u>	<u>(119,823)</u>
Operating Profit Before Working Capital Changes		
(Increase) / Decrease in Inventories	(57,322)	(48,236)
(Increase) / Decrease in Receivables	(66,848)	(9,449)
Increase / (Decrease) in Payables	209,074	189,330
Cash Generated from Operations	(28,765)	11,822
Interest Paid	(5,229)	(3,350)
Net Cash Flow from Operating Activities	<u>(33,994)</u>	<u>8,472</u>
<u>Cash Flow from Investing Activities</u>		
Acquisition of Property	(1,628)	(27,949)
Proceeds from Disposal of PPE	-	5,950
Short Term Investment	-	(1,474)
Interest Received	4,250	4,252
Net Cash from Investing Activities	<u>2,623</u>	<u>(19,220)</u>
<u>Cash Flow from Financing Activities</u>		
Receipts / (Payment) Due from Foreign Grant	(28)	
Receipts / (Payment) Due from Government	12,276	5,267
Net Cash Used in Financing Activities	<u>12,248</u>	<u>5,267</u>
Net Increase in Cash and Cash Equivalents	(19,124)	(5,481)
Cash and Cash Equivalents at Beginning of Period (Note A)	(21,003)	(15,522)
Cash and Cash Equivalents at End of Period (Note B)	<u>(40,127)</u>	<u>(21,003)</u>
(Note A) At the Beginning		
Balance at Bank	567	1,238
Petty cash	63	44
Bank Overdraft	(21,633)	(16,803)
	<u>(21,003)</u>	<u>(15,522)</u>
(Note B) At the End		
Balance at Bank	2,473	567
Petty cash	(132)	63
Bank Overdraft	(42,468)	(21,633)
	<u>(40,127)</u>	<u>(21,003)</u>

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

NATIONAL PAPER COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Note 16

	Note	VALAICHCHENAI	EMBILIPITIYA	COMBINED
Total Sales Revenue		100,264,533.95	62,136,945.68	162,401,479.63
Net Sales Revenue		100,264,533.95	62,136,945.68	162,401,479.63
Cost of Sales	16A	143,443,089.84	106,928,842.68	250,371,932.52
Gross Profit/(Loss)		(43,178,555.89)	(44,791,897.00)	(87,970,452.89)
Administration Expenses		8,395,674.39	5,148,345.30	13,544,019.69
Selling & Distribution Expenses		11,921,621.87	7,433,600.40	19,355,222.27
Total Administration & Selling & Distribution Expenses		20,317,296.26	12,581,945.70	32,899,241.96
Operating Profit/(Loss) before Charging Unusual Exps. Unusual and Other Expenses		(63,495,852.15)	(57,373,842.70)	(120,869,694.85)
Salary Bill for Dependants of the Deceased Employees		726,420.00	0.00	726,420.00
Other Expenses		726,420.00	0.00	726,420.00
Total Unusual and Others		726,420.00	0.00	726,420.00
Operating Profit/(Loss) after Charging Unusual Exps. Financial Charges		(64,222,272.15)	(57,373,842.70)	(121,596,114.85)
Bank Charges		39,727.68	39,727.68	79,455.36
Debit Tax		115,013.75	115,013.75	230,027.50
Interest on Trust Loan and Overdraft		2,614,741.77	2,614,741.77	5,229,483.54
Total Financial Charges		2,769,483.20	2,769,483.20	5,538,966.40
Profit/(Loss) after Interest Other Income		(66,991,755.35)	(60,143,325.90)	(127,135,081.25)
Miscellaneous Income		5,032,323.99	743,126.90	5,775,450.89
Profit/(Loss) before Taxation		(61,959,431.36)	(59,400,199.00)	(121,359,630.36)
Taxation				
Profit/(Loss) after Taxation				(121,359,630.36)

NO 7. m/le

NATIONAL PAPER COMPANY LIMITED

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Valaichchenai	Embilipitiya	Total
<i>Materials Consumed:</i>			
Stock at site as at 01/04/2009	2,349,470.05	1,597,940.58	3,947,410.63
Add: Materials Requisitioned	26,262,589.97	35,127,851.79	61,390,441.76
Less: Stock at site as at 31/03/2010	(3,172,398.51)		(3,172,398.51)
Add: Value of Broke Used	425,233.57		425,233.57
Add: Value of Broke Returned	481,728.50		481,728.50
Add: Paper Issued for Finishing	1,801,194.34		1,801,194.34
	<u>28,147,817.92</u>	<u>36,725,792.37</u>	<u>64,873,610.29</u>
<i>Add: Other Variable Cost</i>			
Water	5,905,436.63	1,779,996.23	7,685,432.86
Steam	12,906,679.09	16,926,199.86	29,832,878.95
Power	31,151,857.55	42,534,430.80	73,686,288.35
Machine Clothing	1,397,984.93	600,721.76	1,998,706.69
Total Variable Cost	<u>79,509,776.12</u>	<u>98,567,141.02</u>	<u>178,076,917.14</u>
<i>Add:</i>			
Direct Labour	13,669,565.25	23,469,367.43	37,138,932.68
Indirect Labour	4,105,671.92	3,389,829.25	7,495,501.17
Mills Overheads	36,859,263.81	28,054,747.00	64,914,010.81
Depreciation	2,692,543.23	3,720,000.00	6,412,543.23
Repairs & Maintenance	12,120,124.71	13,764,465.15	25,884,589.86
Total Fixed Cost	<u>69,447,168.92</u>	<u>72,398,408.83</u>	<u>141,845,577.75</u>
Total Cost	148,956,945.04	170,965,549.85	319,922,494.89
<i>Add:</i>			
Work-in-Progress as at 01-04-2009	19,118,937.86	28,413,579.28	47,532,517.14
W.I.P.	(6,220,018.41)	(40,733,827.23)	(46,953,845.64)
Less:			
Work-in-Progress as at 31-03-2010	(7,843,952.02)	(29,049,823.15)	(36,893,775.17)
Cost of Production	<u><u>154,011,912.47</u></u>	<u><u>129,595,478.75</u></u>	<u><u>283,607,391.22</u></u>
<i>Add:</i>			
Finished Goods as at 01-04-2009	9,505,851.23	2,736,501.89	12,242,353.12
factory	9,328,086.94	407,747.39	9,735,834.33
Purchases - Import			-
Less:			
Finished Goods as at 31-03-2010	(6,500,923.62)	(9,007,866.55)	(15,508,790.17)
factory	(22,901,837.18)	(16,803,018.80)	(39,704,855.98)
Cost of Sales	<u><u>143,443,089.84</u></u>	<u><u>106,928,842.68</u></u>	<u><u>250,371,932.52</u></u>
			<u><u>250,371,932.52</u></u>

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

Notes to the Financial Statements
For the year ended 31st March, 2010.

1. ACCOUNTING POLICIES

1.1 General Accounting Policies

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

1.2 Assets and Basis of their Valuation

1.2.1 Property, Plant & Equipment and Depreciation

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

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

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

1.2.2 Stocks

Stock values are reported in the Accounts based on a valuation provided by the Management.

1.2.3 Debtors

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

1.2.4 Investments

Investments are stated at cost.



National Paper Company Limited

No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements*For the year ended 31st March, 2010.***1.3 Liabilities and Provisions****1.3.1 Terminal Benefits**

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

1.3.2 Workmen's Compensation

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

1.4 Revenue Recognition

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

1.5 Foreign Currency Translation

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

1.6 Event Occurring After the Balance Sheet Date

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

1.7 Capital Expenditure

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

1.8 Taxation

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



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

Notes to the Financial Statements
As at 31st March, 2010

Note

2 PROPERTY, PLANT & EQUIPMENT

Cost	Balance as at 01.04.2009 Rs.	Additions/ (Disposals) Rs.	Balance as at 31.03.2010 Rs.
Valaichchenai			
Land	164,778.27	-	164,778.27
Land Development	2,260,699.17	-	2,260,699.17
Building & Structure	20,629,276.39	-	20,629,276.39
Building Services	2,285,726.39	-	2,285,726.39
Process Equipment	85,689,755.88	-	85,689,755.88
Utilities	53,636,032.34	-	53,636,032.34
Process Appurtenances	1,958,632.39	-	1,958,632.39
Non Process Equipment	22,940,918.56	-	22,940,918.56
Building & Structure	10,260,298.01	-	10,260,298.01
Building Services	1,483,418.73	-	1,483,418.73
Process Equipment	55,690,067.64	-	55,690,067.64
Utilities	1,567,956.97	-	1,567,956.97
Process Appurtenances	42,493,048.94	-	42,493,048.94
Non Process Equipment	3,229,658.52	-	3,229,658.52
Vehicles & Agricultural Equipment	5,858,205.49	-	5,858,205.49
Housing Scheme	3,258,792.17	-	3,258,792.17
	<u>313,407,265.86</u>		<u>313,407,265.86</u>
Embilipitiya			
Land	9,233,765.78	-	9,233,765.78
Building & Structure	79,760,220.09	-	79,760,220.09
Building Services	5,848,478.68	-	5,848,478.68
Process Equipment	257,911,981.10	-	257,911,981.10
Utilities	59,655,606.92	-	59,655,606.92
Process Appurtenances	42,912,338.88	-	42,912,338.88
Non Process Equipment	18,883,093.34	-	18,883,093.34
Vehicles & Agricultural Equipment	9,668,089.03	-	9,668,089.03
Housing Scheme	15,884,472.69	-	15,884,472.69
	<u>499,758,046.51</u>		<u>499,758,046.51</u>
Head Office			
Land & Building	460,526.50	-	460,526.50
Furniture & Fittings	15,625,800.17	-	15,625,800.17
Vehicles	3,283,411.53	922,500.00	4,205,911.53
	<u>19,369,738.20</u>	<u>922,500.00</u>	<u>20,292,238.20</u>
Total	<u>832,535,050.57</u>		<u>833,457,550.57</u>

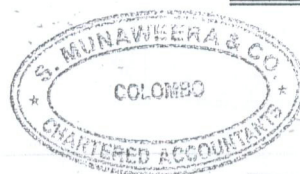


National Paper Company Limited
No. 93, Jawatte Road, Colombo 05.

Notes to the Financial Statements
As at 31st March, 2010

Note

2 PROPERTY, PLANT & EQUIPMENT (Contd.)	Depreciation	Balance as at 01.04.2009 Rs.	Depreciation for the year Rs.	Balance as at 31.03.2010 Rs.
Valaichchenai				
Land Development		1,923,905.51	67,358.72	1,991,264.23
Building & Structure		14,062,231.22	468,652.18	14,530,883.40
Building Services		2,252,446.39	4,930.00	2,257,376.39
Process Equipment		82,103,153.13	828,707.46	82,931,860.59
Utilities		52,745,675.24	213,538.34	52,959,213.58
Process Appurtenances		1,934,313.04	2,779.33	1,937,092.37
Non Process Equipment		21,712,440.26	483,735.22	22,196,175.48
Building & Structure		9,819,063.11	156,012.04	9,975,075.15
Building Services		1,483,418.73	-	1,483,418.73
Process Equipment		51,397,372.82	418,534.58	51,815,907.40
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
Vehicles & Agricultural Equipment		5,858,205.49	-	5,858,205.49
Housing Scheme		3,084,037.79	48,295.36	3,132,333.15
		<u>295,666,927.16</u>	<u>2,692,543.23</u>	<u>298,359,470.39</u>
Embilipitiya				
Land Development		9,233,765.78	-	9,233,765.78
Building & Structure		66,398,831.71	1,248,480.13	67,647,311.84
Building Services		5,827,327.31	2,383.50	5,829,710.81
Process Equipment		251,335,590.46	2,049,423.56	253,385,014.02
Utilities		59,551,297.16	22,909.37	59,574,206.53
Process Appurtenances		42,251,310.87	55,128.09	42,306,438.96
Non Process Equipment		18,795,203.57	42,149.25	18,837,352.82
Vehicles & Agricultural Equipment		9,647,524.54	1,680.00	9,649,204.54
Housing Scheme		15,222,316.79	71,590.94	15,293,907.73
Over dep. Housing Scheme		5,210.48	-	5,210.48
Depreciation Error Correction		(120,000.00)	526,255.16	406,255.16
		<u>478,148,378.67</u>	<u>4,020,000.00</u>	<u>482,168,378.67</u>
Head Office				
Land & Buildings		460,526.50	-	460,526.50
Furniture & Fittings		15,575,942.93	-	15,575,942.93
Vehicles		3,283,391.53	-	3,283,391.53
		<u>19,319,860.96</u>		<u>19,319,860.96</u>
Total		<u>793,135,166.79</u>		<u>799,847,710.02</u>
W. D. V		<u>39,399,883.78</u>		<u>33,609,840.55</u>



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
3 WORK IN PROGRESS-CAPITAL JOBS		
Embilipitiya Mills	83,467.60	60,305.10
Valaichchenai Mills	26,938,147.66	26,256,739.08
	<u>27,021,615.26</u>	<u>26,317,044.18</u>
4 STOCKS - RAW MATERIALS & CONSUMABLES		
4.1 RAW MATERIALS		
Valaichchenai Mills		
Stocks at Site	-	2,349,470.05
Production Consumables	2,090,813.55	1,703,818.72
Waste Paper - Local	3,285,752.63	2,530,052.49
	<u>5,376,566.18</u>	<u>6,583,341.26</u>
Embilipitiya Mills		
Stocks at Site	-	1,597,940.58
Production Consumables	7,567,416.55	7,357,317.00
Imported Pulp	1,459,977.02	1,459,977.02
Waste Paper - (Local)	2,290,837.39	627,681.99
Waste Paper - (Imported)	209,646.05	209,646.05
Eucalyptus	121,736.90	121,736.90
Straw	3,413,126.30	3,413,126.30
	<u>15,062,740.21</u>	<u>14,787,425.84</u>
Head Office		
Waste Paper Stock Control A/c. (Kirulapone I)	1,665,410.00	12,600.00
Waste Paper Stock Control A/c. (Kirulapone II, S.P.C., Lake House)	(277,436.80)	266,220.50
	<u>1,387,973.20</u>	<u>278,820.50</u>
4.2 ENGINEERING SPARES		
Valaichchenai Mills		
Paper Machine Spares	15,060,690.94	16,046,711.45
Board Machine Spares	24,934,844.50	25,284,066.92
Engineering Spares	19,939,583.95	19,981,885.84
Vehicle Spares - Others	2,972,269.06	3,197,158.47
Vehicle Spares - Tractor & Balers	5,790,609.68	5,794,121.16
Loose Tools	1,013,962.92	1,010,753.81
Engineering Consumables	4,418,043.84	4,394,433.86
	<u>74,130,004.89</u>	<u>75,709,131.51</u>
Embilipitiya Mills		
Machinery Spares	49,470,288.99	51,080,020.10
Engineering Spares	11,613,029.54	11,941,634.85
Spares, Vehicles & Farm Equipments	11,373,295.23	11,777,988.00
Loose Tools	671,038.50	675,121.12
Engineering Consumables	782,167.27	749,412.54
Capital Stocks	125,495.46	125,495.46
	<u>74,035,314.99</u>	<u>76,349,672.07</u>



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
4 STOCKS - RAW MATERIALS & CONSUMABLES (Contd.)		
4.3 OTHER CONSUMABLES		
Valaichchenai Mills		
Furniture & Equipments	255,895.38	238,675.38
Hardware	2,298,497.61	2,267,630.82
Lubricants & Fuel	(54,433.71)	356,359.41
Stationery	858,107.99	369,006.70
Miscellaneous Consumables	286,100.45	255,493.68
Machine Clothing - Machine No: I	2,238,090.72	2,238,090.72
Machine Clothing - Machine No: II	6,671,894.96	6,671,894.96
Washing Hollender Wire	1,870,349.29	1,870,349.29
Paddy Husk S.C	39,222.19	1,612,949.50
Saw Dust	86,145.00	-
Stores Deficiency	8,591.22	8,591.22
Stores in Transit Paper Despatch for Printing	(775.01)	1,250.25
Stores in Transit	112,659.89	112,659.89
Broke	8,000.00	-
Finished Stock - Deficiency	87.48	87.48
Finished Goods Damaged for Write-off	75,651.32	75,651.32
	<u>14,754,084.78</u>	<u>16,078,690.62</u>
Embilipitiya Mills		
Furniture & Equipment	177,050.30	175,560.30
Hardware	1,713,158.56	1,768,653.19
Lubricants & Fuel	2,415,696.55	3,985,912.22
Stationery	5,895,301.68	4,730,364.52
Miscellaneous Consumables	303,102.00	302,798.72
Broke	151,149.15	151,149.15
Stores in Transit	39,199.96	39,199.96
Turnout Materials	6,191.45	6,191.45
Stores Shortage & Deficiency	8,545,244.02	8,545,244.02
Mills Shop Sales	6,053,344.08	-
	<u>25,299,437.75</u>	<u>19,705,073.53</u>
4.4 CULTIVATION STOCK		
Embilipitiya Mills		
Mirijawela Plantation	425,313.02	425,313.02
Agunakolapalassa Plantation	175,516.04	175,516.04
Bulutota Plantation	855,183.12	855,183.12
Mahagama Plantation	114,555.36	114,555.36
Mills Farm Plantation	9,617,707.45	9,617,707.45
	<u>11,188,274.99</u>	<u>11,188,274.99</u>
	<u>221,234,396.99</u>	<u>220,680,430.32</u>



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	31.03.2010 Rs.	31.03.2009 Rs.
5 STOCKS - WORK-IN-PROGRESS		
Provision for Work-in-Progress- Valaichchenai Mills	7,843,952.02	19,118,937.86
Valaichchenai Mills	(8,510.53)	(1,687,226.86)
Provision for Work-in-Progress- Embilipitiya Mills	29,049,823.15	28,413,579.28
	<u>36,885,264.64</u>	<u>45,845,290.28</u>
6 STOCKS - FINISHED GOODS		
Valaichchenai Mills		
Stocks at Valaichchenai Mills	23,121,728.46✓	9,328,086.94
Stocks at Colombo Stores	6,500,923.62✓	9,505,851.23
Embilipitiya Mills		
Stocks at Embilipitiya Mills	49,075,505.35	407,747.38
Stocks at Colombo Stores	9,007,866.55✓	2,736,501.89
Head Office		
Purchase of Stationery Items	247,857.72	247,857.72
	<u>87,953,881.70</u>	<u>22,226,045.16</u>
7 TRADE DEBTORS		
Trade Debtors Control A/c.	51,594,712.03	8,920,223.06
Provision for Doubtful Debts	(2,829,234.46)	(2,829,234.46)
	<u>48,765,477.57</u>	<u>6,090,988.60</u>
8 SHORT TERM INVESTMENTS		
Valaichchenai Mills		
Fixed Deposit - People's Bank, Valaichchenai	96,086.72	96,086.72
Security Deposit - National Savings Bank, Batticaloa	60,212.90	60,212.90
Fixed Deposit - People's Bank, Batticaloa	1,000,000.00	1,000,000.00
Fixed Deposit - Medical Scheme Fund N.S.B, Batticaloa	1,666,683.42	1,666,683.42
Fixed Deposit	100,000.00	100,000.00
Savings A/c. for Distress Loan Payment	(145,746.16)	704,253.84
	<u>2,777,236.88</u>	<u>3,627,236.88</u>
Embilipitiya Mills		
Security Deposit	14,399.25	14,399.25
Fixed Deposit - Workmen Compensation Fund	377,005.07	377,005.07
	<u>391,404.32</u>	<u>391,404.32</u>
Head Office		
Fixed Deposit with People's Bank	15,173,997.80	15,148,997.80
Fixed Deposit with Bank of Ceylon	25,874,500.00	10,874,500.00
Fixed Deposit for Workmen Compensation	7,501,590.39	6,459,277.42
Staff Security Deposit	12,630.50	12,500.00
	<u>48,562,718.69</u>	<u>32,495,275.22</u>
	<u>51,731,359.89</u>	<u>36,513,916.42</u>



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
9 DEPOSITS & PREPAYMENTS		
9.1 DEPOSITS		
Valaichchenai Mills		
Miscellaneous	21,900.00	21,900.00
P.M.G. Telephone	53,055.00	53,055.00
Empties	55,415.72	55,415.72
	<u>130,370.72</u>	<u>130,370.72</u>
Head Office		
Sri Lanka Ports Authority	340,155.63	340,155.63
Shipping Guarantee & Indent Deposit	441,931.87	441,931.87
Rent Deposits	1,007,597.50	1,007,597.50
Franking Machine	16,000.00	16,000.00
Telephone Deposits	64,878.50	64,878.50
Deposits against Legal Action Cases	525,890.00	525,890.00
Other Deposits	197,770.00	197,770.00
Deposits on Advertisement Contract	5,750.00	5,750.00
Refundable Deposit with Salaka	3,000.00	3,000.00
Advance and Deposits	100,000.00	100,000.00
Purchase Ctg. (Materials) A/c.	46,921.42	46,921.42
Indent Clearing Raw Materials (Vch.)	191,695.26	191,695.26
Indent Clearing Raw Materials (Emb.)	641,998.82	641,998.82
Indent Clearing Spares (Vch.)	678,097.39	226,478.38
Indent Clearing Spares (Emb.)	48,604.86	48,604.86
	<u>4,310,291.25</u>	<u>3,858,672.24</u>
Embilipitiya Mills		
Ceylon Electricity Board	5,011,300.00	5,011,300.00
Deposits - Post Master General	13,625.00	13,625.00
Deposits - Empties	9,525.00	9,525.00
Deposits - Trade	42,500.00	42,500.00
Deposits - Others	100.00	100.00
	<u>5,077,050.00</u>	<u>5,077,050.00</u>
9.2 PREPAYMENTS		
Valaichchenai Mills		
Motor Vehicle Insurance	72,072.55	57,304.52
Prepaid Telephone Rent & Licence Fees	9,486.93	28,316.38
Prepaid Motor Vehicle Licence Fees & Fitness Test	55,522.47	37,020.70
Heavy Repairs and Maintenance	784,339.91	853,060.91
Deferred Expenditure on Subsidised Clothing	(68,068.27)	(21,689.92)
Prov. for Machine Clothing No: I Machine	703,119.53	695,400.57
Prov. for Machine Clothing No: II Machine	816,457.77	1,177,825.77
	<u>2,372,930.89</u>	<u>2,827,238.93</u>



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Notes to the Financial Statements

As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
9 DEPOSITS & PREPAYMENTS (Contd.)		
9.2 PREPAYMENTS (Contd.)		
Embilipitiya Mills		
Pre payment - E.P.F. & E.T.F.	220,232.40	(994.43)
Prepaid Motor Vehicle Licence	35,032.34	400.00
Heavy Repairs and Maintenance	1,750,528.90	1,134,203.32
Machine Clothing	1,010,518.00	1,010,518.00
Stamp Franking Machine	287.28	287.28
Insurance - Motor Vehicles	1,493.70	946.69
	<u>3,018,092.62</u>	<u>2,145,360.86</u>
Head Office		
General Prepayment	<u>246,080.50</u>	<u>246,080.50</u>
	<u>15,154,815.98</u>	<u>14,284,773.25</u>
10 HEAD OFFICE AND MILLS CURRENT ACCOUNTS		
Head Office		
Mills General - Valaichchenai Mills	205,976,952.30	116,735,891.32
Mills General - Emb. Mills	97,279,412.54	80,059,108.92
Mills Despatches -Valaichchenai Mills	(136,813,500.23)	(83,908,109.30)
Mills Despatches - Emb Mills	(117,483,968.34)	-
Mills Purchases - Valaichchenai Mills	11,505,317.59	-
Mills Purchases - Emb Mills	27,314,882.86	3,715,417.88
Mills Indents -Valaichchenai	286,069.67	-
Mills Sales & Distribution -Valaichchenai	(7,026,407.33)	-
Mills General	-	244,717.66
	<u>81,038,759.06</u>	<u>116,847,026.48</u>
Valaichchenai		
Head Office Despatches	143,274,805.78	117,303,087.94
Head Office General	(205,976,952.30)	(149,573,119.48)
Head Office Purchases	(11,505,317.59)	(63,538,221.77)
Head Office Indents	(286,069.67)	(23,151,175.38)
Head office Sales and Distributions	565,101.78	2,223,537.45
Embilipitiya Current A/C- Salaries	238,745.92	238,745.92
Embilipitiya Current A/C- Others	36,364,826.30	34,642,401.45
Embilipitiya Despatches - Raw Materials	74,824.26	74,824.26
	<u>(37,250,035.52)</u>	<u>(81,779,919.61)</u>
Embilipitiya		
Head Office General	(97,279,412.54)	(111,135.16)
Head Office Despatch	117,483,968.34	-
Head Office Purchases	(27,274,882.86)	-
Valaichchenai Mills	<u>(36,678,396.48)</u>	<u>(34,955,971.63)</u>
	<u>(43,748,723.54)</u>	<u>(35,067,106.79)</u>
	<u>40,000.00</u>	<u>0.08</u>



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
11 OTHER CURRENT ASSETS		
11.1 STAFF DEBTORS		
Valaichchenai Mills		
Staff Debtors	68,423.72	67,507.71
Staff Debtors (Issues of Shoes on Subsidy)	9,274.12	9,274.12
Staff Debtors Telephone Recovery	(875.40)	863.10
Staff Debtors (Welfare & Private Hire)	150.00	-
Staff Debtors (Rent & Elecl)	71,490.10	39,053.10
Private Jobs	19,025.67	15,366.33
Salary Advance	426,208.54	94,685.27
Bicycle Advance Staff (Exe. & Tech.)	49,250.00	121,750.00
Festival Advance	167,200.00	-
Distress Loan Staff (Exe. & Tech.)	1,248,174.71	385,441.71
Past Dues A/c. (Distress Loan)	15,470.00	18,506.00
Travelling Advance	18,462.50	8,850.00
	<u>2,092,253.96</u>	<u>761,297.34</u>
Embilipitiya Mills		
Staff Debtors	10,815.37	10,815.37
Staff Debtors (Uniform)	1,614.39	1,739.39
Staff Debtors (Over Payment Salary)	(5,376.27)	(5,376.27)
Staff Debtors (Telephone Recoveries)	(3,896.45)	(3,489.50)
Staff Debtors (Vehicle Hire)	(26.28)	(26.28)
Staff Debtors (Issue of Company Products)	1,462.06	1,462.06
Salary Advance	100,789.14	97,789.14
Special Advance	2,739.00	2,739.00
Cycle Advance	13,608.20	14,608.20
Travelling Advance	183,720.50	261,969.65
Special Allowances - Overtime	9,628.65	-
Festival Advance	(735.15)	29,628.65
Distress Loan	71,338.54	99,111.73
Motor Cycle Loan for Staff	(100.00)	-
Advance for Incidental Expenses	2,450.49	(18,222.51)
	<u>388,032.19</u>	<u>492,748.63</u>
Head Office		
Vehicle Advance	30,250.00	35,550.00
Six Months Distress Loan	162,026.89	149,727.26
Festival Advance	14,750.00	14,750.00
Salary Advance	4,700.00	4,700.00
Special Advance	3,430.00	3,430.00
Other Staff Debtors	36,737.01	37,312.02
Salary Adjustment	406.00	406.00
	<u>252,299.90</u>	<u>245,875.28</u>



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
11 OTHER CURRENT ASSETS (Contd.)		
11.2 OTHER DEBTORS		
Valaichchenai Mills		
National Apprentice Board Allowance	46,692.06	46,692.06
Other Debtors	91,105.99	70,195.89
Services Rendered to Armed Forces	5,336,012.90	5,335,698.22
Supply of Water to National Water Supply	24,887.75	21,948.72
Human Vision Center	3,187.55	310.55
Access Engineering Limited	-	(159,224.00)
	<u>5,501,886.25</u>	<u>5,315,621.44</u>
Head Office		
Mineral Sands Ltd.	34,260.40	34,260.40
Insurance Corporation of Sri Lanka	380,992.13	380,992.13
Ace Cargo (Pvt.) Ltd.	9,941.26	9,941.26
State Hardware Corporation	900,000.00	900,000.00
Economic Service Charges	2,218,548.10	2,218,548.10
Prov. for Electricity Bill Receivable on H/O. Bldg.	19,351.79	19,351.79
Prov. for Telephone Bill Receivable	11,127.81	11,127.81
Prov. for Interest Receivable on Fixed Deposit	(816,259.00)	1,141,241.00
Prov. for Interest Receivable on Fixed Deposit	6,036,575.26	-
Study Tours	57,630.82	57,630.82
Advance for Services etc.	516,087.80	516,087.80
Withholding Tax	4,652,812.21	1,849,975.29
1/3 VAT - WHT	1,269,310.98	-
Economic Service Charges	-	928,011.65
	<u>15,290,379.56</u>	<u>8,067,168.05</u>
Embilipitiya Mills		
Issue of Stores on Loans	66,016.97	66,016.97
Private Jobs (Outsiders)	16,782.10	16,782.10
Other Debtors	731,012.20	731,012.20
Other Debtors - P.C.C.Limited	66,627.03	66,627.03
Private Jobs - Wood Cutting	10,702.80	10,702.80
National Apprentice Board	41,968.15	41,968.15
	<u>933,109.25</u>	<u>933,109.25</u>
11.3 ADVANCES		
Valaichchenai Mills		
Colombo Purchases	1,160,286.75	892,733.31
Incidental Advance	29,246.00	20,480.00
Advance for Emergency Purchases	1,026,414.50	505,752.50
	<u>2,215,947.25</u>	<u>1,418,965.81</u>



National Paper Company Limited
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Notes to the Financial Statements
As at 31st March, 2010

11 OTHER CURRENT ASSETS (Contd.)

11.3 ADVANCES (Contd.)

Head Office

Local Purchases - H/O.

Cash Advance to Employees for Local Purchases

Cash Advance (Welfare)

31.03.2010
Rs.

31.03.2009
Rs.

336,342.13

612,172.46

144,262.12

226,257.12

2,121.50

2,121.50

482,725.75

840,551.08

Embilipitiya Mills

Advance to Emergency Purchases

Advance to Colombo Purchases

Advance to Colombo Purchases paid at H/O

14,679.81

14,632.11

1,385,717.52

1,023,830.67

(1,396,142.66)

-

4,254.67

1,038,462.78

27,160,888.78

19,113,799.66

12 CASH AT BANK AND IN HAND

12.1 CASH AT BANK

Valaichchenai

People's Bank - Valaichchenai

People's Bank - Union Place, Colombo

People's Bank - Batticaloa, Town Branch

Cash at Bank of Ceylon, Batticaloa

74,051.26

236,471.39

7,931.22

19,889.22

48,752.17

30,730.12

163,906.80

28,702.09

294,641.45

315,792.82

Head Office

People's Bank - A/c.No: 210898

Bank A/c. No: 014-001-2-0112479

Petty Cash Imprest

1,676.02

10,052.72

195,999.15

62,032.95

4,000.00

-

201,675.17

72,085.67

Embilipitiya Mills

Hatton National Bank, Cinnamon Gardens

Bank of Ceylon, Embilipitiya

183.33

183.33

1,980,822.93

178,916.85

1,981,006.26

179,100.18

12.2 CASH IN HAND

Valaichchenai Mills

Cash in Hand

Stamp Imprest

Cash in Transit

102,831.39

31,254.75

4,781.00

2,351.00

(300,000.00)

-

(192,387.61)

33,605.75



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Notes to the Financial Statements
As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
12 CASH AT BANK AND IN HAND (Contd.)		
12.2 CASH IN HAND (Contd.)		
Head Office		
Stamp Imprest	2,630.00	2,630.00
Cash Imprest for Waste Paper - Kirulapone	(13,810.00)	24,500.00
Cash in Hand	(19.82)	-
Sundry Payment Imprest	196,000.00	-
Cash Imprest for Waste Paper - Kirulapone	68,587.50	-
Cashier's Imprest	(3,000.00)	-
Cash Imprest - Retails	(197,000.00)	-
	<u>53,387.68</u>	<u>27,130.00</u>
Embilipitiya Mills		
Cash in Hand	2,700.00	2,700.00
	<u>2,700.00</u>	<u>2,700.00</u>
	<u>2,341,022.95</u>	<u>630,414.42</u>
13 FOREIGN GRANTS		
Canadian Aid	100,000.00	100,000.00
CIDA Capital Aid	10,609,048.08	10,609,048.08
F.R.G. Commodity Grant	21,095,503.54	21,095,503.54
F.R.G. Commodity Grant (Spares)	9,972,500.00	10,000,000.00
	<u>41,777,051.62</u>	<u>41,804,551.62</u>
14 CAPITAL RESERVE		
Capital Reserve	2,988,408.52	2,988,408.52
Loan Redemption Reserve	41,722,450.41	41,722,450.41
CIDA Consultancy Reserve Fund	376,674.69	376,674.69
	<u>45,087,533.62</u>	<u>45,087,533.62</u>
15 ACCUMULATED PROFIT/ (LOSS)		
Profit and Loss Appropriation A/c.	(673,670,210.25)	(552,310,580.00)
	<u>(673,670,210.25)</u>	<u>(552,310,580.00)</u>
16 DUES TO GOVERNMENT		
Provision for Income Tax	2,731,299.14	2,731,299.14
Provision for G.S.T	-	(93,231.59)
Provision for VAT	32,515,990.28	19,710,388.40
Provision for NBT	(100,073.34)	(49.05)
VAT Payable (Sales)	(523,494.92)	-
	<u>34,623,721.16</u>	<u>22,348,406.90</u>



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Notes to the Financial Statements
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	31.03.2010 Rs.	31.03.2009 Rs.
17 SHORT TERM CREDITORS		
Head Office		
K.F.W. Loan (Embilipitiya) - Spares	55,020,834.50	55,020,834.50
Interest Provision on K.F.W. Loan	6,901,897.99	6,901,897.99
Interest Provision on K.F.W. Loan	24,307,251.46	24,307,251.46
	<u>86,229,983.95</u>	<u>86,229,983.95</u>
18 TRADE AND OTHER CREDITORS & PROVISIONS		
18.1 Medical Scheme Fund		
Valaichchenai Mills	851,826.32	845,988.32
Embilipitiya Mills	699,808.86	676,226.86
Head Office	11,467.37	7,027.37
	<u>1,563,102.55</u>	<u>1,529,242.55</u>
18.2 Workmen's Compensation Fund		
Valaichchenai Mills	3,811,384.54	3,708,884.54
Embilipitiya Mills	40,000.00	40,000.00
Head Office	7,617,402.95	6,459,277.42
	<u>11,468,787.49</u>	<u>10,208,161.96</u>
18.3 Gratuity Fund		
Prov. for Valaichchenai Mills	58,188,220.12	56,714,107.62
Embilipitiya Mills	57,063,252.04	57,438,654.95
Head Office	10,117,015.00	8,055,605.00
	<u>125,368,487.16</u>	<u>122,208,367.57</u>
18.4 Term Loan		
Term Loan from Union Bank	4,863,502.15	4,863,502.15
Loan from Treasury	50,000,000.00	-
Merchant Bank Loan	4,878,825.53	-
	<u>59,742,327.68</u>	<u>4,863,502.15</u>
18.5 Personnel Accident Insurance Fund		
Provision - Personnel Accidents	2,079,946.49	2,079,946.49
	<u>2,079,946.49</u>	<u>2,079,946.49</u>



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Notes to the Financial Statements
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	31.03.2010 Rs.	31.03.2009 Rs.
18 TRADE AND OTHER CREDITORS & PROVISIONS (Contd.)		
18.6 Provision for Liabilities		
Valaichchenai Mills		
Provision - Fines	246,669.17	238,562.17
Provision - Losses, Damages & Non Moving Items	264,699.73	264,699.73
Provision - Operation and Maint. of Vahanery Pump House	263,250.00	263,250.00
Ministry Grant for Purchase of TDR	1,650,930.00	1,650,930.00
Ministry Grant for Purchase of Machine Clothing	301,310.49	301,310.49
Ministry Grant for Purchase of DDR Disk	93,494.25	93,494.25
Surcharge CEB	28,879,275.54	16,398,797.16
Asset Disposal	1,980,237.30	-
Provision - Postal Expenses	(2,500.00)	-
Provision - Free Tea	131,773.20	-
Provision - Deffered Expenditure	25,000.00	-
Paymaster Clearing Adj. Staff	1,089.60	-
	33,835,229.28	19,211,043.80
Head Office		
Provision - Clearing Charges (Indents - Spares)	2,367,662.14	2,367,662.14
Provision - Clearing Charges (Indents - Raw Materials)	923,247.24	923,247.24
Provision - Emp. against the Legal Action	525,890.00	525,890.00
Provision for T. Phone & Electricity	86,186.60	817,939.20
	3,902,985.98	4,634,738.58
Embilipitiya Mills		
Provision/ Machine Clothing	12,701,765.05	(189,035.45)
Provision - Work in Progress	-	12,701,765.05
Provision - Water Tax	61,123.82	61,123.82
Provision - Write Off	8,545,244.02	8,545,244.02
Provision - Spares	2,203,000.00	2,203,000.00
Provision - Indent	493,673.19	493,673.19
Waste Paper Clearing	(1,891,933.86)	-
Provision for Electricity	72,906,762.50	37,377,282.78
Surcharge Clearing	(110,217.47)	-
Transport Charge Clearing	(2,604,955.82)	-
Provision - Fines	39,326.71	-
Provision - Postal Expenses	(46,802.25)	-
Provision - Staw Purchases	(410.00)	-
Provision - Gratuity Allowance	7,241,597.84	-
Creditors Control - Waste Paper	(647,541.60)	-
	98,890,632.13	61,193,053.41



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Notes to the Financial Statements

As at 31st March, 2010

	31.03.2010 Rs.	31.03.2009 Rs.
18 TRADE AND OTHER CREDITORS & PROVISIONS (Contd.)		
18.7 Creditors & Accrued Charges		
Valaichchenai Mills		
Sundry Creditors	4,355,288.67	3,516,357.03
Unpaid - National Apprentices Allowance	6,175.53	6,175.53
Purchase Creditors	37,492,424.70	13,312,436.02
Creditors Waste Paper	1,338,264.25	1,300,986.25
Sundry Creditors Payment & Others	1,373,426.13	409,056.87
Sundry Creditors - Stock Control	(345,927.40)	(544,637.72)
Stores Excess	8,788.73	8,788.73
Finished Stock Excess	8,100.66	8,100.66
Value Added Tax	(226,583.50)	(89,342.52)
General Clearing- EPF Casual Contract Emp	233,762.72	463,860.56
General Clearing- ETF Casual Contract Emp	57,664.46	67,773.19
Clearing Account Paddy Husk	1,561,172.50	1,612,949.50
Saw Dust Stock	86,145.00	-
Conversion Charges of Eucalyptes Trees	(5,695.60)	-
	<u>45,943,006.85</u>	<u>20,072,504.10</u>
Embilipitiya Mills		
Fine Mills Employees - Refundable	147,587.87	147,587.87
Sundry Creditors General	504,151.98	504,151.98
Compensation Duty Stamp	11,714.00	11,689.00
Contingency Liability	14,162.00	14,162.00
Salary Remittance	994,159.90	75,218.95
Creditors Control	3,543,441.43	3,543,441.43
Accrued Salaries & Wages	109,614.36	-
Unpresented Cheques	788,180.00	787,990.00
	<u>6,113,011.54</u>	<u>5,084,241.23</u>
Head Office		
Sundry Creditors General	492,787.53	607,947.93
Sundry Creditors Waste Paper	46,089,652.27	25,007,007.27
Sundry Creditors - Rent	3,063,323.25	3,718,793.25
Transport Contractors	699,705.98	699,705.98
National Insurance Corporation	(108,629.49)	152,537.08
Clearing Charges - V.V. Karunaratne	(75,000.00)	(75,000.00)
Accrued Liabilities General	175,783.36	742,092.19
Accrued Liabilities	520,000.00	520,000.00
Central Bank - E.P.F.	30,500,547.21	10,678,679.32
P.A.Y.E. Tax	15,482.53	4,964.94
Employees Trust Fund	267,183.05	276,242.63
Commissioner of Inland Revenue (Stamp Fees)	(10,553.00)	(7,928.00)
Refundable Turnover Tax	1,741,638.00	1,741,638.00
Rent Payable	1,891,388.17	-



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Notes to the Financial Statements
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	31.03.2010 Rs.	31.03.2009 Rs.
18 TRADE AND OTHER CREDITORS & PROVISIONS (Contd.)		
18.7 Creditors & Accrued Charges (Contd.)		
Head Office (Contd.)		
Stale Cheques	177,276.88	176,680.38
Mills Payable	1,435,756.51	437,979.90
Cash Sales Collection	7,650,641.33	7,650,641.33
Cash Sales Collection - R.S.R.	167,630.19	167,630.19
Recoverable G.S.T. on Imports	-	(3,749,549.19)
Recoverable G.S.T. on Local Purchase	-	(562,971.64)
Unclaimed Waste Paper Payments	1,717.38	1,717.38
Cancelled cheques	21,680.00	54,349.00
Dimo - Vehicle Payable	738,571.42	-
Economic Service Charges	-	928,011.65
	<u>95,456,582.57</u>	<u>49,171,169.59</u>
18.8 Deposits		
Valaichchenai Mills		
Staff Security	61,012.90	61,012.90
Welfare Society Discount Received	59,239.16	59,239.16
Deposits Contractors	153,400.00	112,750.00
Deposits Inner-canteen	25,600.00	50,600.00
Deposits - Tender	16,200.00	11,800.00
Tender Deposit Security	2,000.00	-
Library Fines	7,910.85	7,910.85
Fund for Loss of Identity Cards	210,885.05	210,885.05
Mini Bus Fair for Employees Transport	22,591.25	(6,005.74)
	<u>558,839.21</u>	<u>508,192.22</u>
Head Office		
Grant from Treasury	88,088,460.71	88,088,460.71
Grant from Treasury	23,249,642.00	23,249,642.00
Treasury Grants for Compensation	157,688.54	157,688.54
Refundable Deposits	2,468,650.00	987,650.00
Non Refundable Deposits	43,000.00	13,000.00
Cash Paid in Advance A/c.	22,587,853.83	1,823,277.07
Cash Paid in Advance (Suspense) A/c.	24,500.00	24,500.00
Cash Paid in Advance Waste paper	729,511.89	2,052,924.53
Staff Security Deposits	14,500.00	14,500.00
Advance Received from Customers	821,011.36	821,011.36
	<u>138,184,818.33</u>	<u>117,232,654.21</u>



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	31.03.2010 Rs.	31.03.2009 Rs.
18 TRADE AND OTHER CREDITORS & PROVISIONS (Contd.)		
18.8 Deposits (Contd.)		
Embilipitiya Mills		
Library Fines Fund	11,433.98	-
Staff Security	14,500.00	14,500.0
Contractors	50,000.00	50,000.0
Tenders	92,850.00	92,850.0
Retention Money Contractors	3,794.56	3,794.5
Canteen	15,000.00	10,000.0
V.A.T.	(440,459.63)	-
NBT	(1,155.95)	-
Indent Deposit	4,361,247.73	4,361,247.7
Laundry	250.00	250.0
Other Deposits	50,000.00	-
	<u>4,157,460.69</u>	<u>4,532,642.2</u>
18.9 Salaries & Wages Payable		
Valaichchenai Mills		
Accrued Salaries & Wages	1,168,720.28	-
Unclaimed Payments	120,068.19	48,210.1
Unpaid Gratuity	152,465.23	152,465.2
Refund of Employees Trust Fund	2,881.52	2,881.5
Staff Creditors	513,971.66	513,971.6
	<u>1,958,106.88</u>	<u>717,528.5</u>
Head Office		
Unclaimed Medical Payments	900.00	900.0
Accrued Payment Salaries & Wages	418,837.86	296,225.4
Unclaimed Allowance A/c.	-	67.5
Gratuity Payable	1,132,082.50	1,132,082.5
	<u>1,551,820.36</u>	<u>1,429,275.4</u>
Embilipitiya Mills		
Unclaimed Payments	511,158.13	504,978.8
Provision Accrued Payment	8,615,267.17	7,860,799.8
Accrued Salaries & Wages Uncompleted	12,482,650.67	10,267,753.6
	<u>21,609,075.97</u>	<u>18,633,532.3</u>
	<u>652,384,221.16</u>	<u>443,309,796.5</u>
19 BANK OVER DRAFTS		
Head Office		
Bank of Ceylon A/c.No: 0000164807	28,782,247.33	8,536,163.5
People's Bank - A/c.No: 100140210899	13,685,628.24	13,096,907.8
	<u>42,467,875.57</u>	<u>21,633,071.3</u>
	<u>42,467,875.57</u>	<u>21,633,071.3</u>



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Notes to the Financial Statements
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Note	2009/10 Rs.	2008/09 Rs.
20 OTHER OPERATING INCOME		
Valaichchenai (Note 20.1)	-	(449,053.14)
Embilipitiya (Note 20.2)	743,126.90	124,714.77
Head Office (Note 20.3)	5,032,323.99	3,873,053.02
Waste Paper Sales (Note 20.4)	-	2,980,806.86
	<u>5,775,450.89</u>	<u>6,529,521.51</u>
20.1 OTHER INCOME - Valaichchenai		
Interest Received	-	414,295.57
Other Income	-	19,415.11
Asset Disposal	-	1,736,552.13
Sale of Sodium Sulphate	-	(2,619,315.95)
	-	<u>(449,053.14)</u>
20.2 OTHER INCOME - Embilipitiya		
Interest Received	-	52,452.65
Other Income	743,126.90	72,262.12
	<u>743,126.90</u>	<u>124,714.77</u>
20.3 OTHER INCOME - Head Office		
Interest Received	-	10,288.89
Other Income	3,605,807.93	87,849.39
Int. Recd. On Fixed Deposit	1,426,516.06	3,774,914.74
	<u>5,032,323.99</u>	<u>3,873,053.02</u>
20.4 WASTE PAPER SALES		
Sale of Waste Paper	-	4,693,978.57
Cost of Sales	-	(1,713,171.71)
Net Profit	-	<u>2,980,806.86</u>



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Notes to the Financial Statements
For the year ended 31st March, 2010

Note	2009/10 Rs.	2008/09 Rs.
21 ADMINISTRATIVE EXPENSES		
Valaichchenai		
Directors' Fees	123,829.34	30,499.00
Salaries and Wages	3,549,114.25	2,501,104.91
Provident Fund	471,945.37	323,049.71
Postage, T.Grams, T.Phones	241,383.42	212,773.18
Lighting & Power	22,253.47	53,385.72
Rent, Rates and Taxes	291,320.00	616,871.00
Printing & Stationery	88,645.18	50,911.92
Water	6,473.66	-
Legal Fees	4,481.91	19,531.00
Travelling and Subsistence	145,106.71	241,563.50
Repairs and Maintenance (Building, Stores and Equipments)	12,465.99	40,252.00
Repairs and Maintenance (Vehicles)	1,015,805.58	486,337.79
General Expenses	89,707.44	39,333.66
Advertisements	40,147.55	9,800.16
Subscription and Periodicals	4,430.99	3,127.80
Entertainment	11,853.31	12,207.29
Staff Welfare	89,658.88	94,161.59
VAT	37,836.00	-
Fine and Surcharges	80.35	5,674.26
Staff Medical Scheme	834.00	541.00
Audit Fees	-	15,000.00
Repairs and Maintenance	70,224.99	633.00
Donation	16,666.00	-
Gratuity to Employees	2,061,410.00	-
	8,395,674.39	4,756,758.49
-Embilipitiya		
Directors' Fees	123,834.33	30,499.00
Salaries and Wages	2,552,741.61	2,501,104.83
Provident Fund	314,578.35	323,049.72
Postage, T.Grams, T.Phones	241,384.45	212,771.20
Lighting & Power	22,253.47	53,385.72
Rent, Rates and Taxes	291,320.00	616,871.00
Printing & Stationery	88,651.29	50,913.92
Water	6,473.66	-
Legal Fees	4,482.91	19,531.00
Travelling and Subsistence	145,351.26	241,561.52
Repairs and Maintenance (Building, Stores and Equipments)	14,215.01	40,257.01
Repairs and Maintenance (Vehicles)	985,098.78	486,343.81
General Expenses	106,928.00	39,333.67
Advertisements	40,147.52	9,800.16



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Notes to the Financial Statements
For the year ended 31st March, 2010

Note	2009/10 Rs.	2008/09 Rs.
21 ADMINISTRATIVE EXPENSES (Contd.)		
Embilipitiya (Contd.)		
Subscription and Periodicals	4,433.00	3,127.80
Entertainment	11,853.33	12,207.20
Staff Welfare	86,731.98	94,161.60
Fine and Surcharges	169.35	5,674.20
Staff Medical Scheme	513.00	541.00
Audit Fees	15,000.00	15,000.00
Repairs and Maintenance	75,517.00	633.00
Donations	16,667.00	-
	<u>5,148,345.30</u>	<u>4,756,767.50</u>
	<u>13,544,019.69</u>	<u>9,513,526.00</u>
22 SELLING & DISTRIBUTION EXPENSES		
Directors' Fees	123,836.33	30,502.00
Salaries and Wages	2,477,742.64	3,054,304.70
Provident Fund	314,578.36	406,190.40
Postage, T.Grams, T.Phones	241,383.44	212,771.10
Lighting & Power	22,252.50	53,385.70
Rent, Rates and Taxes	291,320.00	616,873.00
Printing & Stationery	88,593.34	50,914.90
Water	6,472.68	-
Legal Fees	4,481.93	19,533.00
Travelling and Subsistence	145,260.65	245,516.30
Repairs and Maintenance (Building, Stores and Equipments)	12,466.00	36,297.10
Repairs and Maintenance (Vehicles)	964,560.11	484,414.50
General Expenses	97,740.10	41,263.00
Advertisements	40,147.53	9,799.10
Subscription and Periodicals	4,432.01	3,127.80
Entertainment	11,851.36	12,203.30
Staff Welfare	86,731.15	93,763.00
Carriage outward & Transport Charges	7,026,407.33	1,803,617.30
Fine and Surcharges	80.36	5,675.30
Staff Medical Scheme	513.00	784.00
Audit Fees	-	15,000.00
Repairs and Maintenance	39,651.01	14,934.00
Exhibition Expenses	102,898.00	222,729.00
Donation	16,667.00	-
Waste Paper Clearing	7,001,655.44	-
Waste Paper Allowance Advance	233,500.00	-
	<u>19,355,222.27</u>	<u>7,433,600.00</u>

