

## **JEBBA PAPER MILLS LIMITED**

### **CORPORATE INFORMATION**

#### **1 BOARD OF DIRECTORS**

Mr. A. Guha

Mr. Abhay Nath Jha

#### **2 REGISTERED OFFICE**

21/23 Abimbola Street

Isolo Industrial Estate

Isolo

Lagos

#### **3 HEAD OFFICE**

21/23 Abimbola Street

Isolo Industrial Estate

Isolo

Lagos

#### **4 SECRETARIES**

Ossai, Ahmed & Associates

21, Alao Street

Ajao Estate

Lagos

#### **5 AUDITORS**

Messrs Opone Johnson & Co

(Chartered Accountants)

21, Alao Street

Ajao Estate

Lagos

# **JEBBA PAPER MILLS LIMITED**

## **DIRECTORS' REPORT** **AS AT 31ST DECEMBER, 2009**

The Directors submit their Annual Report together with the audited Financial Statement for the year ended 31st December, 2009.

<b><u>1 OPERATING RESULT</u></b>	<b><u>N</u></b>	<b><u>Rs</u></b>
Operating Profit	184,720,731	57,263,427
Taxation (Pioneer Company)	-	
Retained Earnings	<u>184,720,731</u>	<u>57,263,427</u>

### **DIVIDEND**

No dividend is proposed for declaration at the Annual Genral Meetings to be held to consider the Report and Accounts for the year ended 31st December, 2009.

### **SHAREHOLDINGS**

The Company's shares are held by the underlisted Shareholders as at 31st December, 2009.

	<b><u>No. of Share</u></b>	<b><u>%</u></b>
MINL Limited and its nominee	<u>20,000,000</u>	<u>100</u>

Mr. A. Guha was nominated to hold one share unit on behalf of MINL Limited.

### **DIRECTORS**

The following persons served on the Company's Board during the year under review:-

Mr. Ashok Guha (Indian)  
Mr Abhay Nath Jha (Indian)

### **DIRECTORS' INTEREST IN SHARES**

Mr Ashok Guha one (1) unit of Share

### **AUDITORS**

In accordance with section 357(2) of the Companies and Allied Matters Act (CAMA) 1990 Messrs Opone Johnson & Co. (Charatered Accountants), have indicated their willingness to continue in office.

Dated this 18th day of February, 2010

**By Order of the Board**

Sd/-

**OSSAI, AHMED & ASSOCIATES**  
**Secretaries**

**AUDITORS' REPORT**

**TO THE MEMBERS OF**  
**JEBBA PAPER MILLS LIMITED**

We have audited the Financial Statement of **Jebba Paper Mills Limited** for the year ended 31st December, 2009 set out on pages 4 to 13 which have been prepared on the basis of significant accounting policies set out on pages 8. In line with standard audit practice, we have obtained the required information and explanations considered appropriate for the purpose of forming an audit opinion.

**RESPONSIBILITIES OF DIRECTORS**

The Directors are responsible for the preparation of financial statements in accordance with the accounting standards issued by Nigeria Accounting Standards Board and to ensure compliance with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004.

These responsibilities are to ensure that:

- Proper accounting records were maintained;
- Internal Control procedures instituted are adequate to safeguard the assets, prevent and detect fraud and other irregularities.
- Applicable accounting standards are followed;
- Judgments and estimates made are reasonable and prudent.

**AUDITORS RESPONSIBILITY**

It is our responsibility to form an independent opinion, based on our audit, on those financial statements prepared by the directors and to report our opinion to members of the Company.

**BASIS OF OPINION**

We conducted our audit in accordance with generally accepted auditing standards. An audit includes the examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements to ensure that the relevant accounting standards and the provisions of Companies and Allied Matter Act CAP C 20 LFN 2004, were complied with.

**OPINION**

In our opinion, the Company has kept proper books and the financial statements, which are in agreement therewith, prepared in accordance with the Statements of Accounting Standards applicable in Nigeria and in the prescribed manner the information required by the Companies and Allied Matters Act CAP C 20 LFN 2004, give a true and fair view of the state of the Company's affairs as at 31st December, 2009 and of its Profit, Cash flow Statement for the year ended on that date.

Sd/-

**LAGOS - NGIERIA**  
**18th February, 2010**

**OPONE JOHNSON & CO**  
**(Chartered Accounts)**

JEBBA PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2009

	NOTES	2009 N	2009 Rs
<b><u>EMPLOYMENT OF FUNDS</u></b>			
Fixed Assets	2	1,101,330,959	341,412,597
Current Assets	3	882,706,841	273,639,121
Current Liabilities	4	36,497,789	11,314,315
Netw Current Assets		846,209,052	262,324,806
		<u>1,947,540,011</u>	<u>603,737,403</u>

**FUNDS EMPLOYED**

Share Capital	11	20,000,000	6,200,000
Revenue Reserve	12	184,720,731	57,263,427
Holding Company - Advances	13	1,742,819,280	540,273,977
		<u>1,947,540,011</u>	<u>603,737,403</u>

Sd/- A. Guha.....)

Sd/- A. N. Jha.....) - DIRECTORS

.....)

# JEBBA PAPER MILLS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	NOTES	2009 N	2009 Rs
Turnover	6	920,980,199	285,503,862
Cost of Sales	7	607,150,420	188,216,630
Gross Profit		313,829,779	97,287,231
Deduct: Admin. & fin. Charges	9	132,572,839	41,097,580
Profit on Ordinary Activities		181,256,940	56,189,651
Other Income	10	3,463,791	1,073,775
Profit Before Taxation		184,720,731	57,263,427
Taxation	13	-	
Retained Earnings		184,720,731	57,263,427

The Accounting Policies and Notes thereon form part of these Accounts.

# JEBBA PAPER MILLS LIMITED

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	2009 N	2009 Rs
<b><u>OPERATING ACTIVITIES</u></b>		
Cash Receipts from Customer	639,500,874	198,245,271
Cash paid to Suppliers	(907,679,421)	(281,380,621)
Cash Paid - Staff Cost & operating Charges	(248,424,677)	(77,011,650)
Cash from Operating Activities (Note 18)	(516,603,224)	(160,146,999)
Income Tax Paid	-	-
	(516,603,224)	-
<b><u>INVESTING ACTIVITIES</u></b>		
Acquisition of Fixed Assets	(1,156,556,353)	(358,532,469)
Interest Received	3,463,791	1,073,775
	(1,143,092,562)	(354,358,694)
<b><u>FINANCIAL ACTIVITIES</u></b>		
Share Capital	20,000,000	6,200,000
Associated Company	1,742,819,280	540,273,977
	1,762,819,280	546,473,977
Cash and Cash Equivalent at End of Year (Note 19)	93,123,494	28,868,283.14

## **JEBBA PAPER MILLS LIMITED**

### **STATEMENT OF VALUE ADDED** **FOR THE YEAR ENDED 31ST DECEMBER, 2009**

	2009 N	2009 Rs
Turnover	920,980,199	285,503,862
Bought-In-Materials Services	649,088,395	201,217,402
	271,891,804	84,286,459
Other Income	3,463,791	1,073,775
Value Added	275,355,595	85,360,234
<b><u>APPLIED AS FOLLOWS:</u></b>	%	N
Employees - Salaries & Benefits	14.77	40,657,600
Fixed Assets Replacement - Depreciation	18.15	49,977,264
Retained For Future Expansion	67.08	184,720,731
	100.00	275,355,595
		85,360,234

# **JEBBA PAPER MILLS LIMITED**

## **DIRECTORS' REPORT** **AS AT 31ST DECEMBER, 2009**

### **1 ACCOUNTING POLICIES**

- a. **Basis of Preparation of Financial Statement**  
These Accounts have been prepared under the Historical Cost Convention.
- b. **Nature of Business**  
The Company when operational will be engaged in the manufacturing of paper and paper products.
- c. **Depreciation of Fixed Assets**  
Depreciation is calculated in the accounts using the straight-line method so as to write-off the cost of Fixed Assets over their estimated useful lives at the following rates:-
- |                                |                 |
|--------------------------------|-----------------|
| Buildings                      | 21/2%(40 years) |
| Motor Vehicles                 | 20%             |
| Furniture and Fittings         | 10%             |
| Office Equipment and Computers | 10%             |
- d. **Stock**  
Stock is valued at the lower of cost or net realizable value. Cost include cost of purchases and other associated charges in bringing the stocks to its location while work-in-progress is inclusive of the appropriate conversion cost.
- e. **Debtors**  
Debtors are stated at their book value subject to the application of specific provision for debts considered doubtful or bad for recovery during the year under review.
- f. **Foregin Currencies**
- (a) Transactions in foreign currency are translated to naira at the rates of exchange ruling at the dates of the transactions.
- (b) Assets and Liabilities denominated in foreign currencies are translated at the exchange rate rulling at the balance sheet date and the resulting exchange difference are taken to the profit and loss account.
- g. **Pension Scheme**  
The Company's pension scheme is contributory, in accordance with the Pension Reform Act of 2004.
- h. **Provision**  
In line with SAS 23 issued by the "NASB" the Company is required to make provisions where legal or constructive obligation arises that can be reliably estimated and it is envisaged that a transfer of economic benefits will be required in the settlement of the obligation.
- i. **Cash and Cash Equivalent**  
Cash and cash equivalent represents cash in hand, cash balances with banks, bank overdrafts and other short-term funds held with banks.
- j. **Commencement of Business**  
Commercial production and Sales commence in January 2009 after production line trial run in 2008.



**JEBBA PAPER MILLS LIMITED**

**NOTES TO THE ACCOUNTS  
AS AT 31ST DECEMBER, 2009**

<b>2 FIXED ASSETS</b>	<b>Building N</b>	<b>Building Rs</b>	<b>Plant &amp; Machinery N</b>	<b>Plant &amp; Machinery Rs</b>	<b>Motor Vehicles N</b>	<b>Motor Vehicles Rs</b>	<b>Furniture &amp; Fittings N</b>	<b>Furniture &amp; Fittings Rs</b>	<b>Total N</b>	<b>Total Rs</b>
<b>Cost</b>										
At Start					9,925,000	3,076,750	3,423,681	1,061,341	13,348,681	4,138,091
Additions	204,988,469	63,546,425	369,659,897	114,594,568	26,008,000	8,062,480	3,575,948	1,108,544	604,232,314	187,312,017
	204,988,469	63,546,425	369,659,897	114,594,568	35,933,000	11,139,230	6,999,629	2,169,885	617,580,995	191,450,108
<b>Depreciation</b>										
At Start					4,540,000	1,407,400	708,130	219,520	5,248,130	1,626,920
Current Year	5,124,711	1,588,660	36,965,990	11,459,457	7,186,600	2,227,846	699,963	216,989	49,977,264	15,492,952
	5,124,711	1,588,660	36,965,990	11,459,457	11,726,600	3,635,246	1,408,093	436,509	55,225,394	17,119,872
N.B.V. 31/12/09	199,863,758	61,957,765	332,693,907	103,135,111	24,206,400	7,503,984	5,591,536	1,733,376	562,355,601	174,330,236
N.B.V. 31/12/08	-	-	-	-	5,385,000	1,669,350	2,715,551	841,821	8,100,551	2,511,171

**2b FIXED ASSETS SUMMARY**

	<b>2009 N</b>	<b>2009 Rs</b>
Fixed Assets in use	562,355,601	174,330,236
Capital Work in Progress	538,975,358	167,082,361
	1,101,330,959	341,412,597

**3 CURRENT ASSETS**

Stock	486,613,389	150,850,151
Trade Debtors	281,479,325	87,258,591
Sundry Debtors & Prepayment	18,290,044	5,669,914
Cash and Bank Balances	96,324,083	29,860,466
	882,706,841	273,639,121

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	2009 N	2009 Rs
<b>4 CURRENT LIABILITIES</b>		
Trade Creditors	23,002,383	7,130,739
Sundry Creditors & Accruals	10,294,818	3,191,394
Overdraft & Short Term Facilities	3,200,588	992,182
	<u>36,497,789</u>	<u>11,314,315</u>

## 5 TURNOVER

Local Sales	<u>920,980,199</u>	<u>285,503,862</u>
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Turnover represents value of goods invoiced to third parties during the year under review subject to compliance with the VAT law as it relates to the Company's products on sale.

## 6 PRODUCTION COST

Raw Material Consumed	578,388,733	179,300,507
Factory Salaries and Wages	32,648,615	10,121,071
Factory Repairs & Maintenance	13,078,724	4,054,404
Factory Overhead	113,101,207	35,061,374
Plant and Machinery - Dep.	36,965,990	11,459,457
Factory Rent	541,668	167,917
	<u>774,724,937</u>	<u>240,164,730</u>

## 7 COST OF SALES

Stock at Start	319,038,872	98,902,050
Production Cost	<u>774,724,937</u>	<u>240,164,730</u>
	1,093,763,809	339,066,781
Stock at Close	<u>486,613,389</u>	<u>150,850,151</u>
	<u>607,150,420</u>	<u>188,216,630</u>

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

### 8 OPERATING RESULT

The Operating Profit is stated after charging the following

	<b>2009</b>	<b>2009</b>
	<b>N</b>	<b>Rs</b>
Director's Fees		
Audit Fees	525,000	162,750
Depreciation	49,977,264	15,492,952
	<u>49,977,264</u>	<u>15,492,952</u>

### 9 ADMIN & ESTABLISHMENT CHARGES

Directors Fees	-	-
Staff Salaries	8,008,985	2,482,785
Establishment Charges	109,050,271	33,805,584
Audit Fees	525,000	162,750
Bank Commission & Charges	1,977,309	612,966
Depreciation	13,011,274	4,033,495
	<u>132,572,839</u>	<u>41,097,580</u>

### 10 OTHER INCOME

Interested Received	3,453,791	1,070,675
Exchange Gain	10,778	3,341
	<u>3,474,569</u>	<u>1,077,116</u>

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	2009 N	2009 Rs
<b>11 <u>SHARE CAPITAL</u></b>		
a. <b><u>Authorised Capital</u></b> 20,000,000 Ordinary Shares of N1.00 each	<u>20,000,000</u>	<u>6,200,000</u>
b. <b><u>Issued Capital</u></b> 20,000,000 Ordinary Shares of N1.00 each	<u>20,000,000</u>	<u>6,200,000</u>
<b>12 <u>RETAINED EARNINGS</u></b>		
Current Year Profit	184,720,731	57,263,427
Balance Brought Forward		
Retained Earnings	<u>184,720,731</u>	<u>57,263,427</u>
<b>13 <u>PARENT COMPANY</u></b>		
Advance from MINL Limited	<u>1,742,819,280</u>	<u>540,273,977</u>
<b>14 <u>TAXATION</u></b>		
Company Tax and Education Tax	<u>-</u>	<u>-</u>

The Company is a Pioneer Status Certificate holder. Accordingly no taxes are due for the current year on account of Income and education taxes.

### **15 DEFERRED TAX ASSETS**

The Company has Deferred Tax Asset amounting to N12,563,014 (Rs 3,894,534) as at December, 2009. This amount does not form part of the financial statement for the year ended 31st December, 2009.

Provision is made for deferred taxation using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current tax rates are used to determine deferred income tax.

# JEBBA PAPER MILLS LIMITED

## NOTES TO THE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2009

16 STOCK	2009 N	2009 Rs
Raw Materials	290,072,243	89,922,395
Packaging Material	3,608,460	1,118,623
Finished Goods	134,320,318	41,639,299
Consumables	58,612,368	18,169,834
	<u>486,613,389</u>	<u>150,850,151</u>

### 17 EMPLOYEES AND STAFF COST

a. Number

The total number of employees of the Company as at the end of the year is 36.

The breakdown of the employees are given below:-

Management	4
Senior Staff	2
Junior Staff	30
	<u>36</u>

b. Staff Cost

Salaries and Benefits	<u>40,657,600</u>	<u>12,603,856</u>
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### 18 RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Profit	184,720,731	57,263,427
Depreciation	49,977,264	15,492,952
Set-Up Cost-Depreciation	5,248,130	1,626,920
Interest Received	(3,463,791)	(1,073,775)
Stock	(486,613,389)	(150,850,151)
Debtors	(299,769,369)	(92,928,504)
Creditors	33,297,200	10,322,132
	<u>(516,603,224)</u>	<u>(160,146,999)</u>

### 19 RECONCILIATION OF CASH AND BANK BALANCES

Cash in Hand and at Bank	96,324,083	29,860,466
Overdraft	(3,200,588)	(992,182)
	<u>93,123,495</u>	<u>28,868,283</u>