

# The tamil nadu newsprint and papers limited accounting essay

[Business](#), [Accounting](#)



The Tamil Nadu Newsprint and Papers Limited (TNPL) was established by the Government of Tamil Nadu to produce newsprint and writing paper using bagasse, a sugarcane residue. The Government of Tamil Nadu listed the paper mill in April 1979 as one of the most environmentally compliant paper mills in the world under the provisions of the Companies Act of 1956. The factory is situated at Kagithapuram in the Karur District of Tamil Nadu. The registered office of the company is located in Guindy, Chennai.

## **Company History**

The Company commenced production in the year 1984 with an initial capacity of 90, 000 tonnes per annum. TNPL has started the commercial production of newsprint on its new Paper Machine No. 2 from January 1996. The machine was supplied jointly by Voith Sulzer Paper Technology and its licensee in India, Larsen and Toubro Limited and has opened up new vistas for newsprint making. The machine is designed to run with 100% bagasse. Over the years, the production capacity has been increased to 2, 45, 000 tonnes per annum and the Company has emerged as the Largest bagasse based Paper Mill in the world consuming about one million tonnes of bagasse every year. The Company is in the process of implementing the Mill Expansion Plan for increasing the capacity to 4, 00, 000 tonnes per annum from July 2010.

## **Organization Chart**

Managing director  
Deputy managing director  
Chief General Manager  
General Manager  
Deputy General Manager (technical)  
Chief General Manager (operation)  
Director finance  
Chief General Manager (finance and

marketing)General Manager (marketing)Deputy General Manager  
 (paper)General Manager (paper)General Manager (M&L)General Manager  
 (HR)Deputy General Manager (production)

## **Product/ Service Offerings**

TNPL offers high-quality surface sized and non-surface sized paper to suit the needs of modern high speed printing machines. TNPL's cutting edge technology backed by experienced professionals ensures quality products to customers. TNPL's manufacturing processes are equipped with state-of-the-art control systems to maintain critical quality parameters on line. The paper produced by TNPL is eco- friendly as the pulp is manufactured out of renewable raw material and is subjected to Elemental Chlorine Free (ECF) bleaching. As the paper is acid free, it has a longer colour stability and enhanced permanency in terms of strength characteristics. TNPL caters to the requirements of multifunctional printing processes like sheet-fed, web offset, and digital printers. The paper reels have uniform profile with strength properties to cope even with high speed machines. TNPL manufactures Printing and Writing Papers in substances ranging from 50 GSM to 110 GSM. TNPL Ultra White Map litho / Print VistaTNPL Elegant Map lithoHi-Tech Map lithoTNPL Pigment PaperRadiant PrintingAce MarvelHardbound NotebookTNPL Offset PrintingCream woveCopy CrownTNPL CopierStudents' FavoritesSuper Print Map lithoPerfect Copier

## **Markets Served**

The Indian Paper Industry ranks 15th among the global producers. The Industry is fragmented with over 600 units with capacity ranging from 3 to

700 TPD based on virgin pulp, agro waste and recycled fibre. This has resulted in a very heterogeneous and competitive market. In an industry facing acute raw material scarcity, high energy demands and changing customer requirements for quality. Marketing in TNPL has always been a "gateway" function. The company has achieved "Zero Stock" during the past 17 years. This was possible through efficient "Production-Customer-Despatch" chain management. The company has developed an effective in-house mechanism for order processing, production planning, storage and material dispatch. As the largest exporter of printing and writing of paper in the country, the company exports to more than 50 countries. TNPL'S EXPORT PERFORMANCE In recognition of its export performance, the Organization has bagged the "Special Export Award" from CAPEXIL for the 9th consecutive year. The company continues to focus on export of printing and writing paper as a corporate philosophy. TNPL has established a wide sales network consisting of 54 domestic dealers and 9 sales agents in overseas market. TNPL maintains countrywide branches in 9 major cities. The Marketing function encompasses one of the most modern comprehensive information management systems which provide real time customer and market analysis. The company is equipped with state of the art storage and shipping systems for fast and efficient despatch.

## **Introduction to the Department**

In finance department various types of accounts are maintained. It is the main department in the company. It maintains all the main activities like income made in sales and expenditure incurred in the business activity.

## **Summary of Departmental Activities**

To maintain all the financial records. To maintain the books of accounts relating to sales, purchase & all other financial transactions. The book of accounts maintained by the company is a) Cash book b) Bank book c) Debtor's book d) Sales day book e) Stores ledger f) Purchase day book g) General ledger h) Journal book i) Fixed asset ledger

## **Corporate office finance & accounts functions:**

The corporate office finance and accounts department reforms the following functions. The finance & accounts department arranges term loans from the (DB) World Bank IFCI and other commercial banks. Arranges for working capital loan (cash credit) The company working capital limit is 70 Crores from contortion banks consisting of Andhra Bank, Canara Bank, Indian Bank & Indian Overseas Bank, K. V. Bank, Syndicate Bank of Patiala, State Bank of India.

## **BILL PASSING OR ESTABLISHMENT**

The finance departments of corporate office prepare pay roll and disburse the salary and other allowances to employees at corporate and all branches office. The accounts department's another function is to compile all accounting entry prepare trial balance, profit and loss account and balance sheet site office accounts will be merged with corporate office final accounts once entry quarter and at the year end to publish the results in the newspaper as per SEBI'S guideline. Besides, the corporate account department is working the opening of letter of credit (LC) for major imports like coal, plugged.

## **BILL PASSING SECTION**

Accounts Department receives the bills of invoice from supplies vendors through materials of user department. The following types of bills are received at accounts department. Civil, repairs & maintenance bills. Chemicals & packing materials. General stores, spares. Labour bills. Transport raw materials & finished goods. In TNPL while processing bills for payment, bills section takes various control measures in order to make correct payment to the parties. General stores, Chemicals & Packing materials for making payments to vendor the following documents are verified. Bills or invoice received from vendor Materials receiving report (MRR) received from stores department for ensuring the materials are received at TNPL. Purchase order for terms of payment value to materials, quality, validity to the order etc., If the purchase order terms matches with the bill, MRR, Bills section prepare bank vouches while processing the above if any to the terms in the purchase order differs the bill section, Will send inter office Memorandum to make amendments to materials department. After getting the amendments only the bill is processed for payments.

## **VARIOUS TYPES OF BILLS**

### **A) Civil Repairs & Maintenance Bills**

The company is engaging civil contractor construction of building, repairs & Maintenance works. For the above works the company is issuing work order to the civil contractor.

## **B) Labour Bills**

The company is engaging labour for various works through contractors. For labour supply contract the company is issuing work order with terms and conditions, which is based on rate contract basis. The labour contractors are submitting their bills once in 15 days, to the executive department. The executing department will be certifying that the work has been completed and payment can be made after due verification at account department. After receipt of duly certified bill, the bills passing section will process the bills for payment with reference to work order.

## **C) Transport Bills**

The company is engaging vehicles to transport fuel of raw materials from offside's and finished goods to the customers. The transport contract is awarded to the transport, contract for one year on rate contract basis. The transport contractor submits the bills along with the goods carry copy to the transport department. The transport department after the verification certifies the bill for payment and subject to accounts department verification. After of bill at bills section process, the bills for payment with reference to work order issued to the transport contractors.

## **D) Miscellaneous Bills**

The miscellaneous works bills duly certified by the respective user department and are received by work order the same process for payment.

## **MATERIALS ACCOUNTING SECTION**

The material accounting section is maintaining the stock ledger with records and bills of raw materials, chemicals and coal. The receipt and issue of materials is accounted by the section. The material accounting section is to be prepared stocks on monthly basis and it occurs with financial records.

## **FINANCE SECTION**

Finance section arranges the funds from corporate office: cash is paid only to employees for travel advance. For all other payments, the company is issuing cheque only finance section receives the bank payments vouchers from various sections in account department. Based on due date of bills, every day finance section will prepare funds requirements and get the required funds from corporate office. After receipt of funds, finance section will prepare the cheque and sent for dispatch to the parties.

## **COMPLICATION SECTION**

Complication section receives the journal vouchers from various sections in the accounts department. After ensuring that all vouchers are received and updates in the system. Compilation section processes the above vouchers in the system. After processing it takes Trial Balance Profit & Loss Account, general ledger & party ledgers.

## **COSTING SECTION:**

Cost accounting section is preparing the cost statement from the following.



## **VARIABLE COST**

Process costing system is applied. The two major process involved are Pulp making, Paper making. The service function inter-alia include the following: Water, Steam Generation, Power Generation

## **Overheads**

The salaries and wages and repairs and maintenance are recorded cost centre wise. The common expenses in the above heads were grouped as works over head and distributed to different production cost centres based on respective cost drivers as detailed below.

## **EXPENDITURE BASIS**

Indirect salaries & wages	direct salaries & wages	Insurance	Gross
block	Repairs & maintenance	Gross block	Administrative Overheads/Interest
Production			

## **Depreciation**

When the fixed assets are capitalized cost centre is assigned. Upon this cost centre wise deprecation is recorded. The deprecation on common assets to the different cost centres is apportioned on the basis of Gross Block of the respective cost centres. The system is designed in accordance with the requirements of section 209 (1) (d) of companies act, and it is adequate to determine correctly the cost of production of the product.

## **Budget & Budgetary Control**

The corporate Budget is being prepared annually comprising of a Revenue Budget and a capital Budget. The Revenue Budget duly considers the

production target and all other variable/fixed expenditure. The capital Budget lists out the important capital expenditure to be taken up in the year with due justification by the concerned department. After the approval of Board budgets are being communicated to his entire department so as to fall in line with the approval budgeted estimates. For effective and closer monitoring the Revenue Budget is being sub divided into monthly budgets. The actual performance of each is being compared with the respective monthly budget and variable brought out. The variances if any are duly analyzed and necessary corrective action are initiated.

## **Chapter 2 Training: A Snapshot**

### **Training Objectives**

The objectives of this training are, To experience the working of finance department of a company and understand its day to day activities and challenges faced. To develop thorough knowledge of the book keeping system of a company.

### **Trainee's Job Profile**

My day-to-day activities in the company involves Getting basic training on the different book of accounts maintained by the company.

### **Trainee's Contribution**

Through the book of accounts was primarily the responsible for keeping companies financial history and it is crucial for decision making, and company analysis. Through my contribution I tried to account the purchase,

sales and bank transaction. So the relevant information of the transaction can be used for the future purpose by the company.

## **Learning Outcomes**

As a management trainee, this experience has helped me better understand the ways and means of the company, and more specifically, the finance department. In finance department, I noted the following factors to be of high important: Prepare and maintain financial record- such as statement of cash flow, income statements, balance sheet and cash due. Success of organization depends on keeping the financial records. In finance department, the accounting of various financial transactions is very important. The company uses the bookkeeping system to possess the data of financial transaction. It involves company sales, purchase and bank transaction. Books of accounts help to control the various expenses. The data's in the books of accounts is used to find the unnecessary expenses in business operation, it helps to maximize profit. Bookkeeping helps the finance department to control the cash inflow and outflow from the business it act as financial control tool. The information from the finance department is used for budget estimation and it is important for considering production target. It controls all transaction related to banks. Financial department helps the management to prepare pay and allowance to the employees for all branch of the company. The information regarding purchase order and payment value to the materials is maintained by the finance department. The marketing department uses the information of bill passing section to set the target and price of the product.