



NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

ANNUAL REPORT - 2010

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GOVERNING COUNCIL

AS AT 31.12.2010

1. Prof. Lakshman Jayatillake

Chairman,
NIBM

2. Dr. E.A. Weerasingha

Director General,
NIBM

3. Prof. L.P. Jaya tissa

Professor,
University of Ruhuna

4. Prof. Uditha Liyanage

Director,
Post Graduate Institute of
Management

5. Mr. S. Balasubramaniam

President,
CIMA

6. Mr. Sujeewa Mudalige

Chairman,
The Institute of Chartered
Accountants of Sri Lanka

7. Mr. Palitha Gamage

Senior Vice Chairman,
DFCC Bank

8. Mr. K.A.N.I. Kumaraperuma

Lawyer

INTRODUCTION

National Institute of Business Management (NIBM) is the premier business school in Sri Lanka. We keep abreast of global trends and constantly upgrade our products to suit today's needs. Over the years we have developed our identity while proving to be a leader in management, training and education. We have helped thousands to carve better futures for themselves.

The NIBM has been functioning for 42 years having been established in 1968 under the purview of the Ministry of Industries and Scientific Affairs in collaboration with the United Nations Development Program as an agency for the implementation of the programs of the ILO. It was subsequently incorporated as the National Institute of Business Management by an Act of Parliament (The National Institute of Business Management Law No 23 of 1976). Certain amendments to this Act were brought in under Act No. 28 of 1991.

NIBM functioning as a statutory body under the Ministry of Youth Affairs & skills Development is an educational institution in the government sector. We are a self – sustained, internationally accepted, UGC approved degree awarding institute. From 2009 onwards we won the Merit Award at the presentation of National Quality Awards and in addition, ISO – 9001-2008 standards certificate has also been awarded to NIBM.

Our Vision

“To be the best business education institute in Sri Lanka”

Our Mission

“We are in the business of developing competencies in people and organizations through training, education and consultancy”

Objectives of the Institute

The Institute has the following statutory objectives:

Development of managers and supervisory staff of industrial and commercial undertakings both in the public and private sectors. Training and educating workers for creative participation in management.

Provision of specialist services in management, establishing performance standards and improving productivity. Perform other activities for optimizing the human contribution and performance development.

Undertaking research and gathering data on aspects of management and relevant socio-economic phenomena for better appreciation of the environment.

Providing management information services to outside organizations and training of personnel in the IT field.

Offering of consultancy services to the corporate sector to improve their systems, procedures and processes, assist in their planning process and generally help in their efforts to meet the threats posed by the changing environmental factors.

Facilitate the improvement of productivity in organizations through education and training programs

Our Goals

Provide quality Business Management Education and Instructions in associated disciplines for those who seek professional knowledge and qualifications

Develop competencies of managers and supervisory staff of organizations both in the public and private sectors through well-structured training programs.

Training and educating workers in organizations for creative and effective participation in management

Facilitate the improvement of productivity in organizations through education and training programmes.

Provision of Management Consultancy and Advisory Services to government, public and private sector organizations in establishing performance standards and optimizing the human resource contribution towards organizational growth.

We Provide To,

Our Customers,

Individuals : Job oriented well recognized qualifications and support to build their competencies.

Organizations : Strengthening capacity aimed at organizational effectiveness.

Our Staff,

Professional freedom, performance based rewards, cordial working environment, and the opportunity to learn and grow with the Institute.

Our Visiting Faculty,

Recognition, above average rewards and the opportunity for networking.

Our Partners,

World class delivery facilities and expertise.

Our Society,

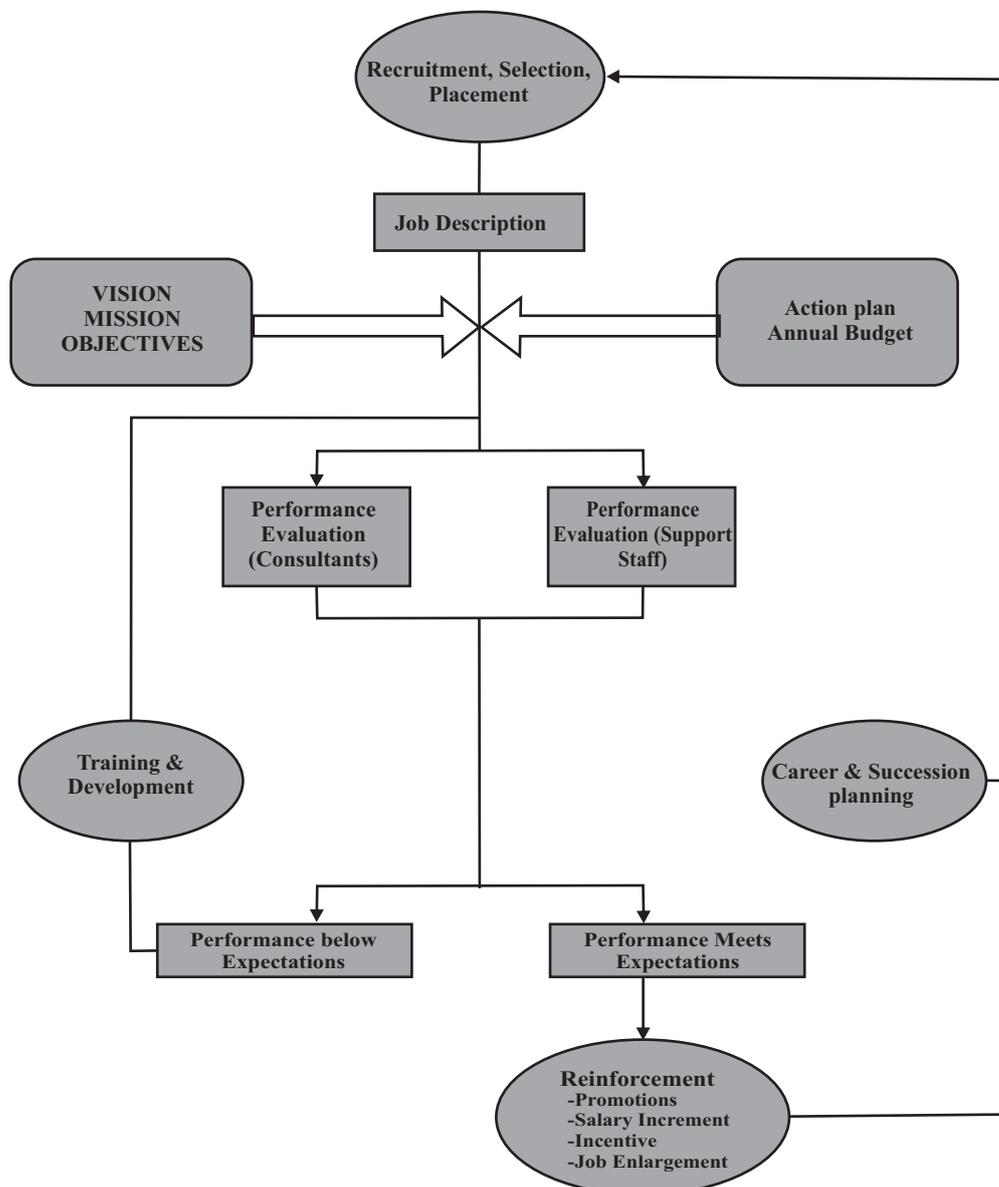
Dissemination of knowledge and enhancement of Productivity.

HUMAN RESOURCES MANAGEMENT

The NIBM has identified that management of workforce is vitally important to realize its organizational objectives and deliver value to students and other numbers of the staff. In order to ensure that our employees are fully involved and engaged in this task, we have developed a model that integrates following components.

- * Recruitment, Selection & Placement
- * Strategic direction(long term)
- * Performance targets(short term)
- * Performance Evaluation
- * Training and Development
- * Rewarding
- * Career Advancement

How these components integrate with each other to produce high employee commitment towards the work they perform and towards the organization is illustrated in the following NIBM Human Resource Management Model.



We have two employee categories i.e. the Academic Staff directly involved in the value creation process meaning knowledge transfer, competency development and consultancy and the Non-Academic Staff whose support is essential to run the institute. Performance evaluation and rewarding plan of these two categories differ from each other. However, performance evaluation and rewarding for both categories arise from and are linked to the achievement of the NIBM goals and objectives.

As shown in the model, our employees have job descriptions arising from a job analysis based on organization requirements. Employees are provided with strategic direction through Vision, Mission and Objectives which are parts of the NIBM's long term and medium term plans. Achieving the action plan that has been derived from objectives as well as achieving targets set in the annual budget is the responsibility of individual employees.

Performance measurement related to employee responsibilities are done on individual basis annually through Performance Evaluation sheets. The content and depth of analysis of Performance Evaluation sheets of Consultants and Directors slightly differ from the rest of the staff to capture more information and penetration. If the performance of an employee meets expectations set in job descriptions and annual budget, the achievements are rewarded through incentives, promotion, salary increments and job enlargement.

If performance is below expectation, the employee is sent through a training and development process that supports him to acquire skills and competencies required to perform his job. Training and development is provided to correct employee attitudes and behavior as well.

We encourage our employees to participate in the programs conducted at the NIBM as well as external programs to earn better qualifications and competencies. When an employee acquires higher qualifications he / she can apply for a higher position. We endeavor to enhance employee satisfaction by providing them with material benefits and right emotional support as identified below.

- ❖ Financial benefits: incentives, increments, reimbursement of medical expenses
- ❖ Non financial benefits: promotions, overseas training
- ❖ Development of working environment/facilities
- ❖ Career advancement and opportunities for growth
- ❖ Job enlargement and enrichment
- ❖ Supervisors, peers and subordinates support.

Our employee satisfaction survey captures their rating in these areas and areas with low rating are seen as opportunities for improvement.

The entire workforce at the NIBM is working towards the common goal of improving student / client and organization satisfaction in the long run and achieving the

budgeted revenue in the short run. Higher financial achievements give them better rewards. This is possible through collective effort and cooperation of all layers of the NIBM workforce from consultant to laborer. According to our working arrangements each employee has a unique role to play which ultimately supports NIBM effectiveness. Communication between different layers occurs through Memos, Circulars, Notices, Meetings, Verbal instructions and feedbacks, phone calls, and e-mails. Communication with the three centers located in Kandy, Kurunegala and Galle are also carried out through the same methods as appropriate.

HUMAN RESOURCES DEVELOPMENT

Development is apportioning of shared responsibility to enable the movement forward and the provision of opportunities for learning and development. Employees are encouraged to develop their contribution both in the context of their particular job roles and the processes they work for and for this purpose they are directed to new training and development programs. The Institute is endeavoring to improve the professionalism of the staff. It has carried out Employees Competence Analysis and improvement of the levels of credibility of the employees by the following techniques.

- * Job Rotation
- * Re-Location of employees
- * Job Enlargement
- * Job Enrichment

Two main employee Associations have been formed. They have been formed because they contribute mutually to maintain the main functions of the institution and the lively spirit of the institution by interacting and building a spirit of cooperation and commonality of purpose. The associations are:

- * Sports & welfare Association
- * Death Donation Society

Human Resources Training

Members of the academic and non academic staff of the NIBM have been referred to both training at NIBM and to external training programs. The details of such programs are given below.

Participation in internal training programs

	NAME	COURSE TITLE
01	Miss. M.G.J. Nisansala	Higher certificate course on computer programs
02	Mr. D G N Senaratne	Certificate course on English language
03	Mr. S.U.K. Galapatha	Certificate course on English language
04	Mr. P. Sampath Kumara	Certificate course on English language
05	Mrs. V.S.K.K. De Mel	Higher Diploma course on Business Management

06	Miss. K. Thiranagama	Workshop on development of supply of consumer services and skill development
07	Mr. T.N.D.S. Ginige	Workshop on development of supply of consumer services and skill development
08	Miss. H. Piyumanthi	Workshop on development of supply of consumer services and skill development
09	Mrs. Amila Jayanetti	Workshop on development of supply of consumer services and skill development
10	Miss. Erandi Govinna	Workshop on development of supply of consumer services and skill development
11	Mr. R.M. Jayatillaka	Workshop on development of supply of consumer services and skill development
12	Mrs. D. Weerawardane	Workshop on development of supply of consumer services and skill development
13	Mrs. Piyumi Jayalath	Workshop on development of supply of consumer services and skill development
14	Miss. N. Gunatillaka	Workshop on development of supply of consumer services and skill development
15	Miss C. Ranaweera	Workshop on development of supply of consumer services and skill development
16	Miss. Nishani Perera	Workshop on development of supply of consumer services and skill development
17	Mrs. A.D. De Costha	Workshop on development of supply of consumer services and skill development
18	Mrs. N. Abeysinghe Arachchi	Workshop on development of supply of consumer services and skill development
19	Miss. I. Ruwani	Workshop on development of supply of consumer services and skill development
20	Mr. M. Wickremasinghe	Workshop on development of supply of consumer services and skill development
21	Miss. P. Udeshini	Workshop on development of supply of consumer services and skill development
22	Mrs. Sitha Wijesinghe	Workshop on development of supply of consumer services and skill development
23	Miss. Y.D.C.D. Silva	Higher certificate course on computerized accounting
24	Miss. G.C. Subashini	Higher certificate course on computerized accounting
25	Mr. D.G.N. Senaratne	Certificate course on computer science

Participation in local training programs

	NAME	COURSE TITLE
01	Mrs. S.A.D.L.N. Samaraweera	M.Sc degree on Business management
02	Mrs. S. Yokarajah	Workshop on accounting standards in the state sector in Sri Lanka

03	Mr. Saman Rodrigo	Workshop on transport management
04	Mr. A.M.P.N. Ranjith	Workshop on transport management
05	Mrs. Chami Jayaweera	M.Sc degree on business management
06	Mrs. Ganga Karunatillaka	Training program on project proposal writing
07	Mrs. P. Wickremasooriya	Training program on project proposal writing
08	Mrs. Chulani Senaratne	Training program on project proposal writing
09	Mr. B. Devanarayana	Training program on project proposal writing
10	Mrs. Chami Jayaweera	Training program on project proposal writing

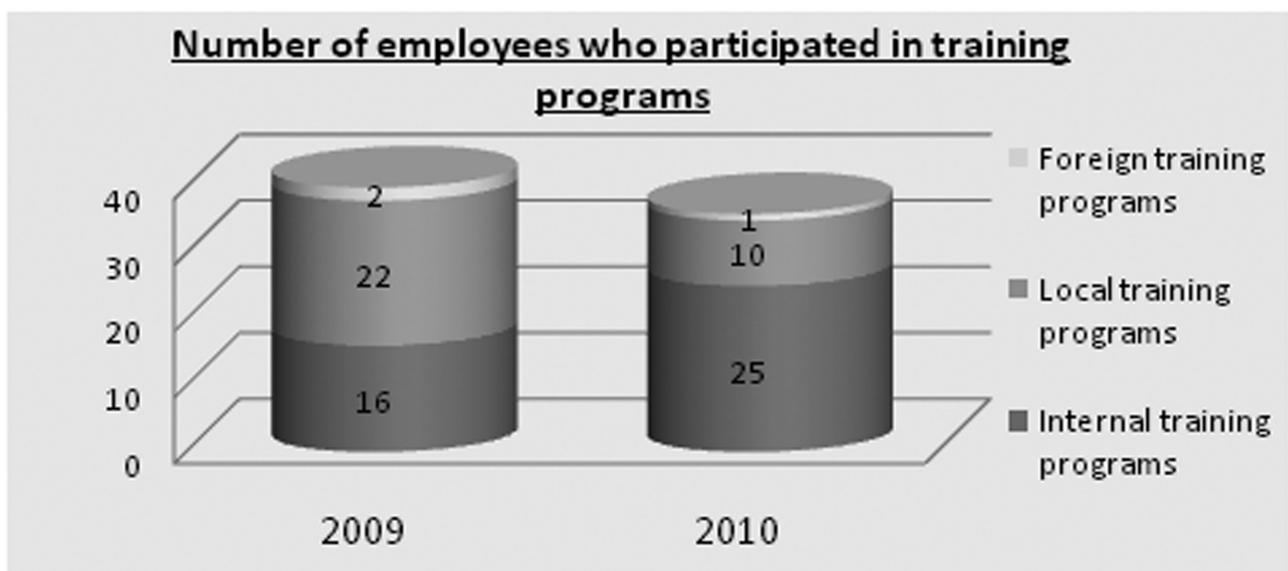
Participation in foreign training programs

The institute offers training opportunities abroad to the professional staff as an incentive to improve their competencies. Particulars on participation in foreign formal training programs are given below.

	NAME	COUNTRY	TITLE OF THE PROGRAMME
1	Ms. K.G.G.S. Karunatillaka	India	Strategic Customer Relationship Mgt.

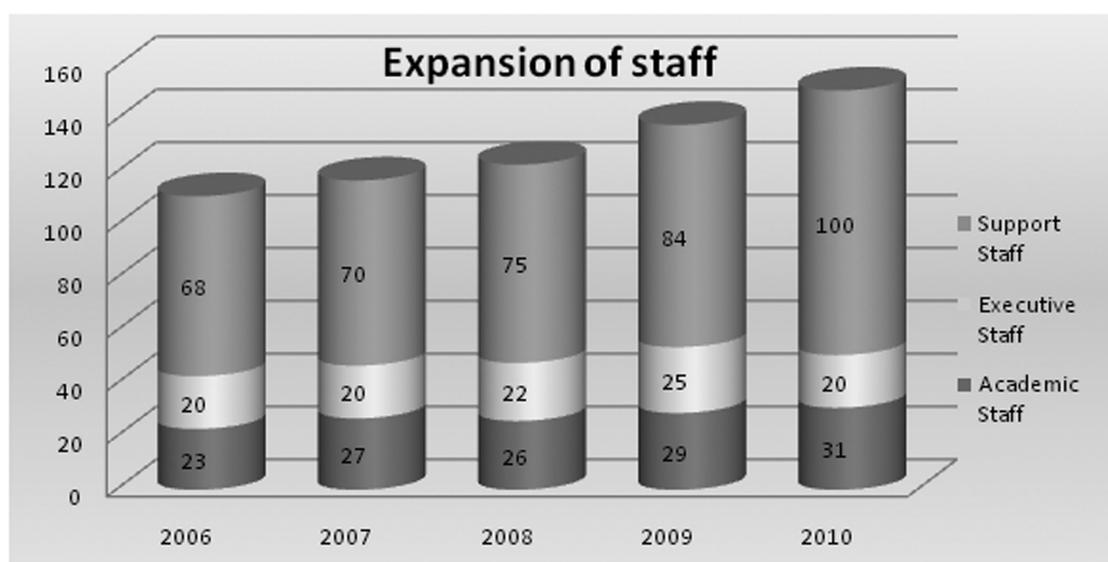
Number of employees who participated in programs

	2009	2010
Internal training programs	16	25
Local training programs	22	10
Foreign training programs	02	01
Total	40	36



HUMAN RECOURSES OF NIBM

	Approved Cadre 2010.12.31	2006	2007	2008	2009	2010
Academic Staff	50	23	27	26	29	31
Executives Staff	53	20	20	22	25	20
Support Staff	119	68	70	75	84	100
Total	222	111	117	123	138	154



RECRUITMENT

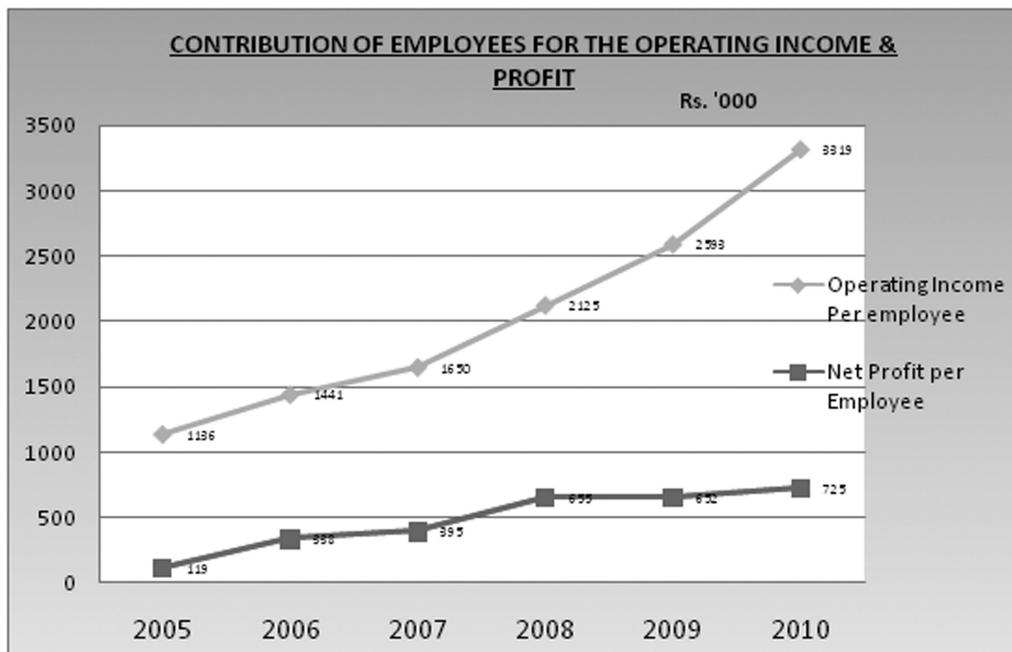
	Name	Position	Date of recruitment
1	Mr. T.N.D. Silva Ginige	Consultant/Lecturer	28.06.2010
2	Mr. A. Amarasinghe	Consultant/Lecturer	01.02.2010
3	Ms. H.K.H.S. Piyumanthi	Consultant/Lecturer	01.02.2010
4	Mr. K.D.S.N. Wijayasiri	Consultant/Lecturer	01.02.2010
5	Ms. L. Samaraweera	Consultant/Lecturer	01.02.2010
6	Mr. D.A.W. Weerawickrema	Labourer	21.04.2010
7	Mr. G. A. Nuwan	Driver	21.04.2010
8	Mr. D.K. Wijenayake	Labourer	21.04.2010
9	Mr. M.L. Dekumpitiya	Labourer	21.04.2010

RETIREMENT

	Name	Position	Date of Retirement
1	Mr. A. Hettiarachchi	Driver	18.03.2010
2	Mrs. N.B.P. Amarawathi	Finance Officer	17.06.2010
3	Mr. K.B.R. Perera	KKS	24.09.2010
4	Mrs. K. Karanayake	Deputy Director - (MIS)	23.12.2010
5	Mr. T.K. Deheragoda	Director (HRM & Administration)	29.12.2010

CONTRIBUTION OF EMPLOYEES TO THE OPERATING INCOME & PROFIT

	2005	2006	2007	2008	2009	2010
Operating Income	118,140	159,960	193,014	261,350	357,779	551,155
Net Profit	12,402	37,543	46,258	80,607	90,084	111,752
Staff	104	111	117	123	138	154
Operating Income Per employee	1,136	1,441	1,650	2,125	2,593	3,319
Net Profit per Employee	119	338	395	655	652	725



For introducing the courses of NIBM, in a systematic and organized way to the present day market, the methodologies given below have been followed.

The Institute is open on Saturdays, Sundays and on Public Holidays (from 8.30 am to 4.30 pm) for the provision of all services.

Arrangements have been made to register applicants over the telephone.

Prospective candidates seeking enrollment can seek information by means of the web site opened by the Institute. Website is www.nibm.lk

There are facilities to remit course fees by cash, cheques as well as credit cards.

Courses are designed before the commencement of the academic year, so that the students can choose the suitable courses well in time.

Particulars pertaining to the role of the Institute, its programs of work and the services to be provided will be made available to public and private Institutes by the circulation of letters.

Certificates will be issued on the same day the workshop is completed if the duration of the workshop is less than 7 days.

In respect of other courses the certificates will be issued within a month from the date of the completion of the course.

Services of the Institute are brought to the notice of the people through exhibitions, workshops, press notices and television advertisements.

Courses which have been limited to Colombo are now held in Kandy, Kurunegala and Galle and in future these courses will be held in Jaffna as well.

Consultancy, productivity and Management Development services are adaptable to the needs of public and private Institutions.

The Diploma Awards Ceremony & the Degree Convocation are held annually.

Medical Insurance

NIBM has arranged a Medical Insurance Scheme through the Sri Lanka Insurance Corporation in 2010. Under this scheme all normal medical bills and hospital bills of NIBM staff will be reimbursed. This is a very important service rendered by the Institute for the benefit of the employees.

OUR OPERATIONS

Divisional Structure

The institute has structured its operational activities into two divisions in order to effectively cater to its valued clientele drawn from the Public and Private sectors of Sri Lanka. The major divisions are:

Productivity & Management Development Division (PMD)
Management Information Systems Division (MIS)

Productivity & Management Development (PMD) Division

The productivity and Management Development Division provides its services with a variety of programs in productivity and management development.

Management Development programs
Productivity and Quality Improvement Programs
Consultancy Services
Language Programs
Computer Application programs
Tailor-made Training programs

Its prime objective is to facilitate and improve the productivity and management practices in business organizations as well as individuals. This division offers a wide range of products in the fields of training, education and consultancy services. Its services are available to a cross section of society ranging from school leaver to top professional. These education and training opportunities are recommended to both organizations and interested individuals in Public and Private Sectors.

The collaboration of Productivity and Management Development Division with University College Dublin and Victoria University has created a new path for the students to reach for world class Management Degree programmes. NIBM also formed a business partnership with Limkokwing University in Malaysia to offer degrees in Interior Design and Facility Management.

Now Productivity and Management Development Divisions offers degrees in Human Resources Management, Logistics, Industrial Management and Project Management with the approval of University Grants Commission (UGC).

Over decades NIBM has been in the forefront of introducing Productivity and Quality Management Systems to both public and private sector organizations in Sri Lanka. Recently the Division launched a world recognized productivity and quality improvement systems called the Lean manufacturing and Six Sigma Systems. A large number of industries in Sri Lanka have already embarked on improving quality and productivity using the Lean and Six Sigma Systems.

The Division maintains a high degree of professionalism in conducting its consultancy work. Our Consultants advice will be from an independent view based on an objective analysis of all pertinent facts and opinions. The team of NIBM Consultants comprising of both internal and external professionals possess the necessary technical and managerial skills and a wealth of experience and exposure to best practices to handle any consultancy project.

Training Programs

During the period January to December 2010 the Productivity & Management Development Division has conducted 182 programs. These programs consist of 03 Degree programs, 08 higher Diploma programs, 25 Advanced Diploma programs, 06 Diploma programs, 34 Advance certificate programs, 27 Certificate programs, 21 Foundation programs, 26 In-house programs and 32 Short duration Programs. During the year 2010 few new programs have been introduced by the Division. These are,

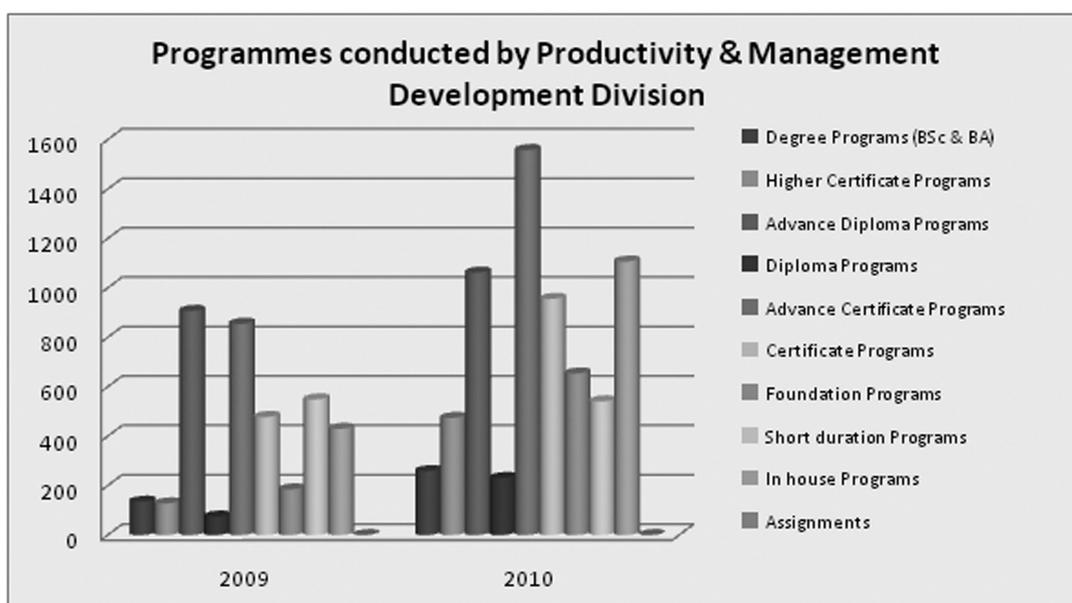
01. B Sc. Hons. degree in Management (Approved by the University Grant Commission)
02. Certificate course on Psychological Advisory skills.
03. Higher certificate course on Computerized Accounting
04. Certificate course on Communication skills.

The following table gives a summary of the programs conducted by the Productivity & Management Development Division during the year 2009 and 2010.

	Category	2009		2010	
		No. of Courses	No. of Participants	No. of Courses	No. of Participants
1	Degree Programs *	2	135	3	259
2	Higher Certificate Programs **	2	128	8	474
3	Advance Diploma Programs	20	907	25	1,062
4	Diploma Programs	3	75	6	231
5	Advance Certificate Programs	24	855	34	1,558
6	Certificate Programs	17	478	27	956
7	Foundation Programs	6	185	21	654
8	Short duration Programs	34	549	32	541
9	In house Programs	20	430	26	1,107
10	Assignment	0	0	0	0
	Total	128	3,742		6,842

* The third and fourth stages of the B.Sc degree in Management and BA (Interior Design) have been included in the programs of Dublin University (UCD)

** B.Sc degree in Management has been included in the Higher Diploma category of the National Business Management Institute.



Participation in the Productivity & Management Development Programs

During the year 2010 a total of 6842 participated in the programs of the Productivity & Management Development Division. Of this number, 259 participated in Degree Programs, 474 in Higher Diploma Programs, 1062 in Advance Diploma Programs, 231 in Diploma Programs, 1558 in Advanced certificate courses, 956 in certificate courses, 654 in foundation courses, 541 in short Duration programs and 1107 in In-house programs especially organized for certain Institutes.

During the corresponding period of the previous year 3742 followed the courses of this Institute. This clearly indicates that the number of those who follow the management Development courses have increased remarkably during the year under review. This is a result of the maximum contribution of the directors and resource persons of the Institute.

Programs conducted at the Colombo, Kandy, Galle and Kurunegala branches by the Productivity and Management Development Division

	Category	Colombo		Kandy		Galle		Kurunegala	
		No. of Courses	No. of Participants						
1	Degree Programs (B.Sc & BA)	03	259	00	00	00	00	00	00
2	Higher Certificate Course	05	397	00	00	01	20	02	57
3	Advance Diploma Programs	18	836	01	30	03	87	03	109
4	Diploma Programs	02	120	00	00	01	22	03	89
5	Advance Certificate Programs	18	880	03	68	08	467	05	143
6	Certificate Programs	12	482	04	69	06	292	05	113
7	Foundation Programs	07	236	05	154	04	107	05	157
8	Short duration Programs	21	334	00	00	00	00	11	207
9	In house Programs	26	1107	00	00	00	00	00	00
	Total	112	4651	13	321	23	995	34	875

Development efforts of the Productivity & Management Development Division

Various attempts have been made to develop the training programs in keeping the needs of the private sector clients. Accordingly a few new training programs were introduced during this year. Of these programs, the courses introduced by the Productivity & Management Development Division are important. During this year, several Programs on English and Tamil Language Training were implemented. Several measures taken by the Productivity & Management Development Division to develop new programs are given below.

- * Established and developed the customer evaluation system
- * Maintenance of an updated data bank for customers and enhancement of the prestige of the institution among them.
- * Introduction of new advertising techniques
- * Promotion of programs that fulfill the needs of customers.
- * Focusing special attention on internal training programs.

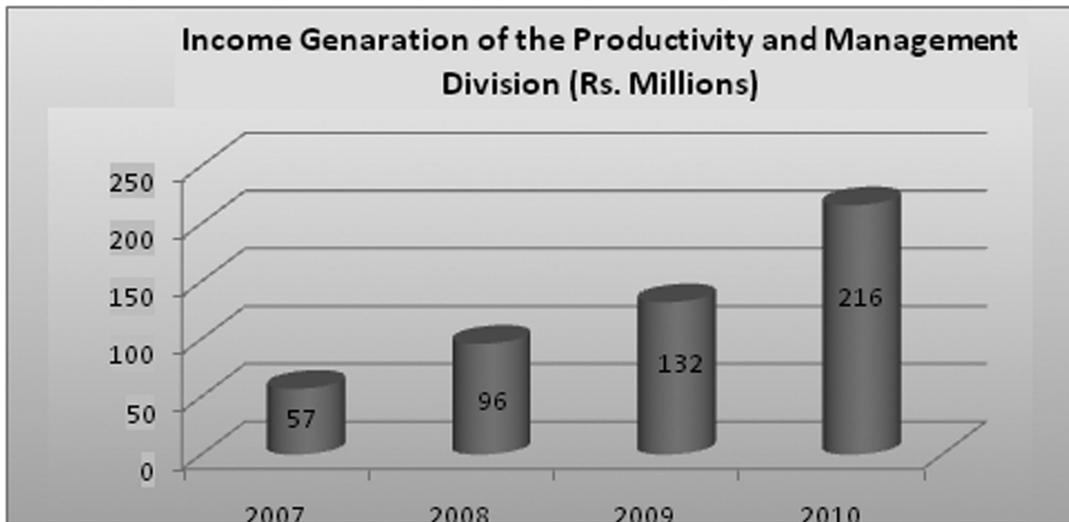
English Language Unit

The English Language Unit was established in November 2006 with one full time consultant. The unit is now functioning under the Director, Productivity and Management Development Division. NIBM has earned a reputation for building competencies in English Language skills for all types of learners and has successfully conducted English Language programs as well as in-house English Language programs for employees of both private and government sectors.

In response to the ever growing demand for quality English programs, the English Unit has designed several programs from Certificate level up to Diploma level to enable participants to become proficient in the use of the English Language. These programs are ideal for those who seek to improve their English Language competencies as a solid foundation to a successful career. The English Unit commands the services of experienced and well qualified resource persons who have wide experience in handling all types of second language learners. Their guidance is vital to build the confidence of learners in using English as a medium of communication. The new English Language Unit serves the industry and the country as a training provider in English competencies and has plans for expansion in conducting language development programs in other local and foreign languages.

Income Generation

During the year 2010 the Productivity & Management Development Division earned income of Rs. 216 Million. The diagram below indicates that there has been a substantial increase in the income of the Productivity & Management Development Division, when compared with previous years.



Management Information System Division

NIBM is the pioneer computer-training institute providing qualifications and training in the field of Information Technology. The Division conducts computer programs to equip participants with skills required to obtain employment, and gain recognized qualifications. Course modules are constantly updated to cater to novel requirements.

The Division offers Degree Programs, Higher Diploma Programs and several certificate level programs. The main computer programs consist of a one-year Diploma in Computer Systems Design, a two-year program leading to a Higher Diploma in Computer Based Information Systems, and the Bachelor of Science Degree program initiated in 1996 in collaboration with the University College Dublin (UCD) of the National University of Ireland.

Our well-structured computer training programs have gained wide acceptance among students and are recognized by employers both locally and abroad.

Science May 2006 MIS Division became a certified Test Centre for International Computer Driving License (ICDL) Training. MIS Division received ISO 9001:2000 certification confirming the high quality of education and services provided by the Division from 2008.

Degree Programs

From 2010 onward the MIS division is conducting its own degree program approved by the University Grants Commission (UGC)

B.Sc. in Management Information System (In affiliation with the University College of Dublin)

This Bachelor of Science Program initiated and conducted by the NIBM with the collaboration of the Dublin University, Ireland, has been highly recognized in Sri Lanka. Internationally too, it has received an encouraging response. The numbers of under graduates are now increasing. The Degree has been designed to be completed in two years, and on completion of the program an internationally recognized certificate will be awarded at Convocation.

The 13th convocation ceremony of this program will be held in July 2011, with the participation of 160 graduates. The 14th batch of B.Sc. Degree program which is of two year duration commenced on 09th September 2010. The number enrolled was 229. While Scholars of the University College of Dublin conduct lectures on some components of the program the balance portion of the program is covered by lectures of the Institute.

Other activities of the Management Information System Division

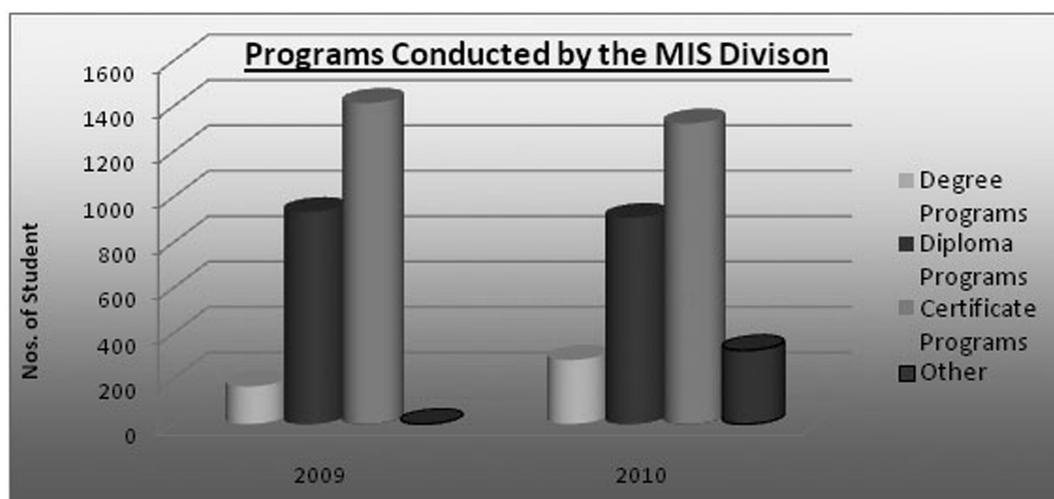
Several Programs were conducted by the Division during the year 2010; namely 04 B.Sc. Degree Programs, 03 Diploma Programs, 02 Higher Diploma Programs, 03 Computer Hardware Programs, 05 Computer Certificate Programs, 02 VB Net Programs, 02 Web Application Programs, 03 Net work and administration Programs, 02 Certificate Course on PCBAP Programs, and 03 Programs on International Computer Driving License.

Programs conducted by Management Information System Division

	Category	2009		2010	
		No. of Courses	No. of Participants	No. of Courses	No. of Participants
I	Degree Programs	01	165	04	282
II	Diploma Programs	06	934	05	908
III	Certificate Programs	26	1,414	20	1,324
iv	Other	00	00	05	325
	Total	33	2,513	34	2,839

Income Generation

During the year 2010 the Management Information System Division earned an income of Rs. 184 Million



REGIONAL CENTRES

Taking management training to the provinces NIBM has set up three regional Centres by the year 2010.

KURUNEGALA REGIONAL CENTRES

The Kurunegala Centre opened in 1986 conducts several diploma and certificate programs on computer systems and computer application including several diploma programs on business management. The Kurunegala Centre setup in a new building commenced programs on 31st October 2008. Total cost of the project is Rs.141 Million. It is a four storeyed building with following facilities.

Fully equipped lecture halls.
Computer research labs with all necessary equipment.
A modern auditorium
Library facilities
Vehicle parking facilities

Internet and Broad Band facilities
Welfare and cafeteria facilities
Two apartments with all facilities

Following courses were conducted at the Kurunegala Regional Centre during 2010.

	Category	2010	
		No. of Courses	No. of Participants
1	Degree Programs (B.Sc & BA)	03	76
2	Higher Diploma Programs	05	185
3	Diploma Programs	05	195
4	Higher Certificate Courses	05	182
5	Certificate Courses	14	602
6	In House Programs	11	207
7	Foundation Programs	05	157
	Total	48	1,604

Income Generation

The income earned by the Kurunegala Centre in 2010 was Rs. 54 million.

KANDY REGIONAL CENTRE

The Kandy Centre was established in 1996 at Katugastota to meet the growing demand in the Central Province of Sri Lanka for computer and management development studies. At this Centre equipped with modern facilities, established in a congenial environment for studies, a variety of management and information technology courses are conducted.

Following courses have been conducted at the Kandy Regional Centre during the year 2010

	Category	2010	
		No. of Courses	No. of Participants
1	Degree Programs (B.Sc, BA)	01	07
2	Diploma Programs	02	85
3	Higher Diploma Programs	01	27
4	Higher Certificate Courses	03	70
5	Certificate Courses	12	396
6	Foundation Courses	04	161
	Total	23	746

Income Generation

The income earned by the Kandy Centre in 2010 was Rs. 23 million.

GALLE REGIONAL CENTRE

Galle regional centre was opened to cater to the Management and IT education needs of the southern region. It is a newly built, fully fledged institution that guarantees a step by step education career path to every academic who enters and aspires higher education with us. Various in- house programs, workshops and training programs were initiated during the year 2010.

To cater to the growing training and education needs in these regions the NIBM has undertaken an expansion program with the goal of taking quality professional education and training to the rural areas in a conducive learning environment with world class facilities. Keeping that aim in mind more Regional Centres will be set up in the future in key districts to meet the needs of both youth and industry, for qualified and trained personnel. Following programs have been conducted at the Galle center.

	Category	2010	
		No. of Courses	No. of Participants
1	Degree Programs (B.Sc &BA)	03	36
2	Higher Certificate Course	0	0
3	Advance Diploma Programs	03	98
4	Diploma Programs	03	103
5	Advance Certificate Programs	08	479
6	Certificate Programs	09	522
7	Foundation Programs	04	110
8	Short duration Programs	0	0
9	In house Programs	0	0
10	Assignments	0	0
	Total	30	1348

Income Generation

The income earned by the Galle Centre during the year 2010 is Rs. 32 million.

LIBRARY & DOCUMENT CENTRE

The institute has a library equipped with all necessary facilities to cater to the needs of the students and the staff.

Objectives

The objectives of the Library and Documentation Center are to provide information necessary to improve and enhance knowledge and efficiency, to provide necessary information in the field of Training covered by the Institute and to provide adequate resources to facilitate the consultancy services.

Classification System

The classification system availed of by the Library is the Universal Decimal Classification (UDC). In April 1990 Library started the use of computer based bibliographic information system introduced by the UNESCO. This is a micro CDS/ ISIS & WINISIS software packages. Visual basic is used along with ACCES New Version approach. The library is open during normal office hours of the week as well as on Saturdays and Sundays.

Subjects

Business Management, Accountancy and Financial Management, Industrial Engineering, Architecture, Marketing, Economics, Business Law, Small - scale Industries, Research Methodology, Training, Psychology, Statistics, Computer Science, Communication, Productivity, Public Relations, Office Administration, Electronics, and English and Tamil Languages are the disciplines covered by educational programs of the Institutes.

Services

Facilities for reference work and lending of books are available. Among other services are circulation of indices, acquisition lists and contents pages of journals. The library also provides selective information including information search using library data base and the current awareness service. The users can also benefit from inter - library loans, the documentation service, photocopy service, information and instructions service, free access to internet and retrieval of information through e-mail.

Collection of News paper articles including the reports with information on NIBM, Compilation of Indices, Conducting book exhibitions, Information exchange services, Inter - library relationship, National and International corporation in the development of information, are special functions of the library.

Publications: The publications of the Library are journal content page indices, Audio-Visual Material & CD ROMs Index, periodical holdings, selective information service, current awareness service and indices of Acts.

Resources

	2009	2010
Books (Colombo main branch)	25243	25582
Books acquired by Kurunegala, Kandy, Galle and Jaffna branches	-	2794
Consultancy Reports	200	200
Paper Clippings	400	450
Video Resources	71	71
Periodicals (current amount)	65	65
Periodical Holdings	175	175
Audio Resources	30	30
Maps	10	10
Project Reports	4350	4400
Booklets	85	85
CD ROMS	480	495

Special Reserves

Sri Lankan Reserves
Asian Productivity Organization Publications
Company Annual Reports
Information relevant to training activities.
NIBM consultancy reports and students projects reports
Periodical holdings
Project reports by students
Audio - visual information
Publications on English Language
Publications on Tamil Language
Publication on Architecture

Purchases for the library during the year 2010

Particulars of purchases made during the year 2010 are as follows.

Value of Books purchased in 2010	Rs. 2,334,077.00
Value of Periodicals purchased in 2010	Rs. 267,000.00
Total	Rs. 2,601,077.00



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல } JF/G/NIBM/FA/2010
My No. }

ඔබේ අංකය }
உமது இல }
Your No. }

දිනය }
திகதி } 24 June 2011
Date }

The Chairman,
National Institute of Business Management

Report of the Auditor General on the Financial Statements of the National Institute of Business Management for the year ended 31 December 2010 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the National Institute of Business Management for the year ended 31 December 2010 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and National Institute of Business Management Act No. 23 of 1976 Section 24 of the National Institute of Business Management revised Act, No. 28 of 1991. My comments and observations which I consider should be published with the annual report of the Institute in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act had been submitted to the Chairman on 19 April 2011.

1:2 Responsibility of the Management 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 control 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.

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කොළඹ 07, ශ්‍රී ලංකාව.

දුරකථනය }
தொலைபேசி } 2691151
Telephone }

சுதந்திர சதுக்கம்,
கொழும்பு 07, இலங்கை

ලැක්ස් අංකය }
பக்ஸ் இல } 2697451
Fax No. }

INDEPENDENCE SQUARE,
COLOMBO 07, SRI LANKA.

ඉලෙක්ට්‍රොනික් තැපෑල }
ஈ-மெயில் } oaggov@sltne.lk
E-mail }

1:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitation of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statements

2:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the National Institute of Business Management had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 2:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the National Institute of Business Management as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

2:2 Comments on Financial Statements

2:2:1 Presentation of Financial Statements

A report containing the accounting deficiencies revealed at the test check of the draft financial statements presented on 24 February 2011 was furnished to the Chairman of the Institute on 05 April 2011. After the rectifications of those deficiencies the revised accounts were presented on 05 May 2011.

2:2:2 Sri Lanka Accounting Standards

The following non – compliances were observed.

- (a) A provision of Rs.17,234,144 had been made as at the end of the year under review for the payment of gratuity and the funds had been invested for the purpose of utilizing to settle liabilities. Nevertheless, the investment had not been separately disclosed in the accounts in terms of Sri Lanka Accounting Standards No. 16 to facilitate identification.
- (b) According to Sri Lanka Accounting Standard No. 18 assets used for operating activities should be valued and brought to account. Nevertheless, according to the financial statements for the year under review, there were 600 items of fully depreciated assets shown at Rs.1 as well as 440 items of fully depreciated assets shown at Rs. 2 to Rs.100. Those had not been revalued and brought to account.

2:2:3 Non – compliance with Laws, Rules, Regulations and Management Decisions

A sum of Rs.90,000,000 had been invested in a State Bank without obtaining the requisite approval in terms of Section 11 of the Finance Act, No. 38 of 1971 and the Public Enterprises Circular No. PED/25 29 July 2004.

3. Financial and Operating Review

3:1 Financial Review

3:1:1 Financial Results

According to the financial statements presented, the working of the Institute for the year ended 31 December 2010 had resulted in an after tax profit of Rs.96,314,318, as compared with the corresponding after tax profit of Rs.61,257,450 for the preceding year, thus indicating an increase of Rs.35,056,868 in the after tax profit for the year under review.

The increase of courses income and other income as compared with the increase of expenditure on salaries, consultancy and training had mainly affected the increase in the financial results.

3:1:2 Analytical Review of Financial Results

A comparison of the information on the income, expenditure, profitability and student participation of the Institute for the year under review and the preceding 04 years is given below.

Particulars		2010	2009	2008	2007	2006
-----		-----	-----	-----	-----	-----
Income	Rs.	524,008,538	366,178,891	298,241,785	238,006,772	196,080,898
Expenditure	Rs.	427,694,220	304,921,441	235,720,708	203,443,037	163,482,699
Income Surplus (After Tax)	Rs.	96,314,318	61,257,450	62,521,077	34,563,735	32,598,199
Student Participation		10,697	7,018	6,853	6,677	8,621
Cost per Student	Rs.	39,983	43,448	34,397	30,469	18,963
Income per Student	Rs.	48,986	52,177	43,520	35,646	22,744

The following were observed.

- (a) Even though the income for the year under review as compared with the year 2009, had increased by 43 per cent, the income per student had decreased by 6 per cent.
- (b) Despite the increase of the student participation by 52 percent as compared with the year 2009, the decrease in the cost per student was 08 per cent.

3:2 Operating Review

3:2:1 Performance

- (a) Conduct of Lectures

The Director General had decided to conduct 20 hours of lectures in accordance with the Circular dated 20 June 2008 issued with the approval of the Board of Director contrary to the provisions of the Establishments Code and the Public Administration Circular instructions. As it had not been specifically stated per week or per mensum additional payments had been made on the number of hours which exceeded 20 hours per mensum.

(b) Progress of the Conduct of Courses

- (i) The following matters were observed at an examination of the various courses conducted by the Institute.

Name of the Course	Course Number	Number of Students registered	Number of Students who sat the Examination for First Time	Students Passed	Students Failed	Percentage of Failures
Certificate Course in Computer Science	450669 2009.3	128	97	67	30	30
- do -	450010 2010.1	262	232	135	97	42
- do -	450110 2010.1 (2)	70	62	36	26	42

According to the above information, the failures at the first sitting of the examinations ranged between 30 per cent and 42 per cent.

- (ii) The number of students registered for the Diploma Course on Designing Computer Systems (2008.1) stood at 229 and out of those 225 had appeared for the first sitting of the examination. Out of those students only 79 had passed the examination. As a percentage that was observed a very low as 35 per cent.

3:2:2 Review of the Operating Divisions

The Institute had performed its functions through 03 Divisions and 03 Branches. The financial results of these Divisions are depicted by the following information.

Division / Branch	Income	Expenditure	Surplus / (Deficit)
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Management Information Division	185,204,558	94,565,380	90,639,178
Management Development Division	216,791,200	117,379,932	99,411,268
Kurunegala Branch	54,249,513	38,035,166	16,214,347
Kandy Branch	23,059,947	17,805,485	5,254,462
Galle Branch	32,547,103	34,191,700	(1,644,597)
Administration Division	12,156,217	110,278,820	(98,122,603)
Tax and Prior year Adjustments	--	--	(15,437,737)

			96,314,318
			=====

The financial result of the Galle Branch and the Administration Division before the tax and prior year adjustments amounted to deficits of Rs.1,644,597 and Rs.98,122,603 respectively.

3:2:3 Composition of the Board of Directors

The Chairman of the Sri Lanka Industrial Advisory Council, the General Manager of Development Bank and the Chairman of the Commercial Banks Association who should be appointed in terms of the provision of the Act to the Board comprising 11 members, had not been appointed to the Board of Directors.

4. **Systems and Controls**

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Conduct of Lectures
- (b) Conduct of Courses
- (c) Assets Management
- (d) Investments
- (e) Performance of Branches

H.A.S. Samaraweera
Acting Auditor General.

ANNUAL ACCOUNTS -2010

ACCOUNTING POLICIES

1. GENERAL ACCOUNTING POLICIES

The Accounts has been prepared according to Accounting Standards 03 and on the basis of generally accepted fundamental accounting practice. The accounts have been prepared on a Historical Cost Basis.

2. FIXED ASSETS AND THE BASIS OF THEIR VALUATION

- a) Cost incurred in acquiring, improving and extending the life span of assets. Cost is met from NIBM funds.
- b) Policy on depreciation charge was changed in year 2007. The depreciation is calculated from the date of purchase and disposals are calculated up to the date of disposal. This policy will be followed in future too.
- c) Fixed assets are depreciated on the fixed installments (straight -line) basis.
- d) The depreciation rates applied are as follows,

Building-Construction	2%
Building -Modification	10%
Drawing Utensils	50%
Sundry Equipments	25%
Fire Extinguishers	20%
Electrical Installation	25%
Furniture & Fittings	25%
Office Equipments	25%
Welfare Equipments	50%
Bicycle	25%
Air conditioner Appliances	25%
Telecommunication system PABX	20%
Computer Equipment	33 1/3%
Library Books	20%
Motor Vehicles	25%
Motor Cycle	25%

3. Investments

Investments are temporary deposits at Bank, Treasury Bills, Fixed Deposits and Treasury bond.

4. Stock

Stocks are valued on FIFO basis calculated on purchase value.

5. Debtors

The debtors are stated in the Balance Sheet at the values to be realized. Accounting for debtors and the fees received in advance for the revenue generated from the programs, the period before 15th of a particular month is considered as one month and period of 15 days as ½ month. Any time period less than 14 days has not been considered for the above purposes. An amount equivalent to all known debtors is set aside as bad and doubtful debts.

6. Other current assets

The other Current assets except the above mentioned are expected to realize, in the ordinary course of the business, at the amounts included in the Balance Sheet.

7. Provision for gratuity

Provision has been made for the payment of gratuity under gratuities Act No 12 of 1983 for employees who will retire. Liabilities as at the date of the Balance sheet have been disclosed in the Notes to the Accounts. From this year the Cost of Living Allowance of Rs 5,250/= has been taken in the provision for gratuity calculation.

8. Income tax

Provision has been made on account of Income Tax payable in terms of Inland Revenue Act. Tax was computed at the rate 20% since we were registered under the Clubs & Societies by the Inland Revenue. Last year the Inland Revenue has requested us to make the payment at the rate of 35%, since we fall under the Companies regulations. But the Returns received indicated a rate of 20% hence tax was paid at the rate of 20% for the Y/A 2009/2010 and a rate of 20% was provided for the year 2010/11.

9. Contingent liabilities

Cases- Supreme Court

As there are two pending cases in the Labour Tribunal (case No 2/1128/2006) and Fort Magistrate Court (Case No 87951/08) –K H G Upatissa as at 31st December 2010 contingent liabilities could arise.

10. Other current liabilities

All known liabilities at the Balance sheet date have been included in the accounts.

11. Profit and loss account

Profit & Loss Account is prepared showing importance to the operating profit i.e. at a glance the profit from operating activities could be identified.

The Institute's profit is arrived at after,

- a) Provision for bad and doubtful debts and all known liabilities
- b) Charging all expenses incurred in the day to day operations of the business and in maintaining Fixed Assets in a state of efficiency.

12. Events since the balance sheet date

Since the Balance Sheet date there have been no events which could materially affect the state of affairs of the Institute.

13. Government grants and other grants

Break down of Grants shown below,
Government Grant -

LKR 57,175,766.51

We received treasury allocations until year 2000, but no budget allocations were given after that.

Other Grants - Konrad Adenauer Foundation LKR 1,068,000.00

Kurunegala building was removed out of the Konrad Adenauer Foundation Grant for the construction of the new Kurunegala centre.

14. Treasury special levy in terms of the section 9(2) of the finance act no 38 of 1971

- * Treasury has decided to waive off the special levy of LKR50 Million imposed for the year 2006.
- * Cabinet approval has been obtained to suspend the release of the special levy for a period of 03 years. (Cabinet Paper: 06/1338/232/016)

15. ACQUISITION OF CAPITAL ASSETS

<u>Year</u>	<u>Total Building Project Cost</u>	
2008	New Building –Colombo	147,164,163.04
2009	New Building –Kurunegala	139,358,089.08
2010	New Building –Galle	<u>302,707,069.67</u>
	Total Construction Value	<u>589,229,321.69</u>

Cabinet approval is given to utilize NIBM funds for the Building projects. NIBM funds are government funds. NIBM has to pay the government LKR290,795,502.97 as at 31st December 2007. This amount has been utilized for the Building projects as per the cabinet decision.

Therefore under Equities & Liabilities a sum of 290 Million has been transferred to the Acquisition of Capital Assets Account from the Income and Expenditure Account for Colombo and Kurunegala Centre constructions.

A sum of LKR 123,778,526.71 as at 31 December 2009 which had to be given to the Government was transferred to Acquisition of Capital Asset for Galle Centre Construction this year.

16. Refund of library deposits

Library deposit refunds are kept for a period of 05 years. Deposits not refunded after 05 years are taken into Income.

17. New building

New Building - Colombo of LKR 147,166,063.04 includes the retention payment.

New Building - Kurunegala of LKR 139,358,089.08 includes the retention payment.

New Building - Galle work in progress of LKR 302,707,069.67 including the retention payment.

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT
ANNUAL ACCOUNTS - 2010
BALANCE SHEET AS AT 31ST DECEMBER 2010

	<u>Note</u>	ACTUAL 2010	ACTUAL 2009
<u>ASSETS</u>			
Fixed Assets	1	840,483,137.80	527,615,696.44
Work-In-Progress			228,688,425.91
Fixed Deposits & Treasury Bills	2	90,000,000.00	25,000,000.00
		930,483,137.80	781,304,122.35
<u>CURRENT ASSETS</u>			
Stock - Stationery Consumable		5,561,920.21	4,152,127.62
Debtors	3	57,264,874.35	51,921,328.14
Interest Receivable		242,756.57	204,968.24
CIR With Holding Tax		519,036.62	651,999.51
Economics Service Charges		2,388,371.81	1,884,609.94
Stamp Stock		5,641.50	41,028.50
Credit Card Balance		1,008,000.00	593,000.00
Cash & Bank Balance	4	10,249,596.17	7,735,246.63
		77,240,197.23	67,184,308.58
TOTAL ASSETS		1,007,723,335.03	848,488,430.93
<u>EQUITY AND LIABILITIES</u>			
Government Grants	5	57,175,766.51	57,175,766.51
Other Grants	6	1,068,000.00	1,068,000.00
Capital Reserve		135,369,878.71	135,369,878.71
Acquisition Of Capital Assets		414,574,029.68	290,795,502.97
Balance in Income & Expenditure A/C		96,314,318.17	123,778,526.71
		704,501,993.07	608,187,674.90
<u>CURRENT LIABILITIES</u>			
Fees Received In Advance	7	189,837,591.68	108,486,503.60
Creditors & Accruals	7a	85,868,750.28	97,547,252.43
Library Deposits		4,515,000.00	4,267,000.00
Provision For Income Tax		23,000,000.00	30,000,000.00
		303,221,341.96	240,300,756.03
TOTAL EQUITY AND LIABILITIES		1,007,723,335.03	848,488,430.93

Mr.G.D. Bernard
Director (Finance)

Dr.E.A.Weerasinghe
Director General

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

ANNUAL ACCOUNTS - 2010

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

	Note	ACTUAL 2010	ACTUAL 2009	BUDGETED 2010	MIS DIVISION	PMD DIVISION	KURUNA- GALA CENTRE	KANDY CENTRE	GALLE CENTRE	ADMIN- DIVISION
					COMPUTER TRAINING	MANAGEMENT TRAINING & PRODUCTIVITY				
INCOME										
Operating Income	8	511,155,235.73	357,778,604.75	507,304,000.00	184,860,675.17	216,447,318.00	54,240,562.61	23,059,947.00	32,546,732.95	
EXPENDITURE										
Staff Salaries & Emoluments	9	112,002,540.38	91,228,252.78	117,873,000.00	18,323,267.11	26,880,327.04	10,165,368.16	4,027,295.75	6,991,383.76	45,614,898.56
Consultancy & Training Expenses	10	176,156,622.68	97,643,100.53	168,330,000.00	60,962,797.65	75,246,671.86	11,456,562.42	6,325,104.43	9,507,335.25	12,658,151.07
Direct Expenses		288,159,163.06	188,871,353.31	286,203,000.00	79,286,064.76	102,126,998.90	21,621,930.58	10,352,400.18	16,498,719.01	58,273,049.63
Contribution Before Depreciation & Maintenance Expenses		222,996,072.67	168,907,251.44	221,101,000.00	105,574,610.41	114,320,319.10	32,618,632.03	12,707,546.82	16,048,013.94	(58,273,049.63)
LESS:										
Maintenance Expenses	11	13,493,697.01	9,183,294.81	12,901,000.00	2,426,227.82	1,954,662.21	1,263,304.94	938,419.72	1,822,679.59	5,088,402.73
Depreciation	12	54,298,064.66	40,900,835.91	55,628,000.00	10,019,595.25	9,613,621.39	12,217,465.32	2,861,060.51	11,304,373.70	8,281,948.49
Contribution After Depreciation & Maintenance Expenses		155,204,311.00	118,823,120.72	152,572,000.00	93,128,787.34	102,752,035.50	19,137,861.77	8,908,066.59	2,920,960.65	(71,643,400.85)
LESS:										
Establishment & Others	13	37,871,441.24	26,737,648.33	34,983,000.00	2,833,491.88	3,630,983.68	2,912,439.49	3,641,645.56	4,552,281.88	20,300,598.75
Financial	14	18,292,901.06	9,023,319.95	14,445,000.00	-		20,026.15	11,959.35	13,644.75	18,247,270.81
Development Expenses	15	141,216.00	1,378,260.01	910,000.00		53,666.00				87,550.00
Operating Profit / (Loss)		98,898,752.70	81,683,892.43	102,234,000.00	90,295,295.46	99,067,385.82	16,205,396.13	5,254,461.68	(1,644,965.98)	(110,278,820.41)
Non - Operating Income	16	12,853,302.24	8,400,286.06	7,120,000.00	343,882.50	343,882.50	8,950.18		370.00	12,156,217.06
Net Excess/(Deficit) of Income		111,752,054.94	90,084,178.49	109,354,000.00	90,639,177.96	99,411,268.32	16,214,346.31	5,254,461.68	(1,644,595.98)	(98,122,603.35)
Over Expenditure Before Taxation		111,752,054.94	90,084,178.49	109,354,000.00	90,639,177.96	99,411,268.32	16,214,346.31	5,254,461.68	(1,644,595.98)	(98,122,603.35)
Less: Administration Expenses					39,700,375.35	46,317,104.57	12,130,670.25	5,513,941.02	6,616,729.22	(110,278,820.41)
Net Excess/(Deficit) of Income		111,752,054.94	90,084,178.49	109,354,000.00	50,938,802.61	53,094,163.75	4,083,676.06	(259,479.34)	(8,261,325.20)	12,156,217.06
Over Expenditure Before Taxation										
Less: Income Tax		27,000,000.00	30,000,000.00	32,000,000.00	36%	42%	11%	5%	6%	
Adjustment In Respect Of Income Tax		(11,562,263.23)	(1,173,271.49)							
Net Excess/(Deficit) of Income		96,314,318.17	61,257,449.98	77,354,000.00						
Over Expenditure After Taxation										
Balance of Deficit Brought Forward			62,521,076.73							
Balance of (Deficit)/Surplus Carried Forward		96,314,318.17	123,778,526.71	77,354,000.00						

(% of Administration Overheads)

NATIONAL INSTITUTE OF BUSINESS MANAGEMENT
NOTES TO THE ACCOUNTS - 2010

	ACTUAL 2010	ACTUAL 2009
<u>NOTE 1</u>		
<u>FIXED ASSETS</u>		
Cost	1,054,802,822.53	689,149,404.03
Less: Provision For Depreciation	214,319,684.73	161,533,707.59
	840,483,137.80	527,615,696.44
<u>NOTE 2</u>		
<u>FIXED DEPOSITS & TREASURY BILLS</u>		
Fixed Deposit - Bank Of Ceylon		
Treasury Bill - Repo	60,000,000.00	20,000,000.00
Call Deposit-Bank Of Ceylon	30,000,000.00	5,000,000.00
	90,000,000.00	25,000,000.00
<u>NOTE 3</u>		
<u>DEBTORS</u>		
Activity Debtors	19,091,825.77	18,869,711.29
Sundry Debtors	54,015.06	259,792.91
Staff Loans and Advance	21,381,759.15	20,646,301.41
Pre - Payments	13,386,543.89	9,263,654.04
Purchases Advances	1,024,505.48	1,729,567.40
Deposits	2,326,225.00	1,152,301.09
	57,264,874.35	51,921,328.14
<u>NOTE 3 (a)</u>		
<u>ACTIVITY DEBTORS</u>		
Management Training	5,083,895.77	9,906,680.17
Computer Training	5,833,050.00	4,096,251.00
Kurunegala	3,817,100.00	3,605,360.00
Kandy	2,212,450.12	1,261,420.12
Galle	4,400,800.00	
	21,347,295.89	18,869,711.29
<u>LESS:</u>		
<u>PROVISION FOR BAD & DOUBTFUL DEBTS</u>		
Management Training	462,150.00	
Computer Training	1,378,000.00	
Kurunegala	188,320.00	
Kandy	227,000.12	
Galle	-	
	2,255,470.12	-
	19,091,825.77	18,869,711.29

<u>NOTE - 3 (b)</u>		
<u>SUNDRY DEBTORS</u>		
Balance End of The Year	54,015.06	259,792.91
Less : Provision for Bad & Doubtful Debts	-	
	54,015.06	259,792.91
<u>NOTE - 3 (c)</u>		
<u>STAFF LOANS AND ADVANCES</u>		
Staff Debtors	14,649.05	18,631.25
Computer Loan	1,174,707.00	1,723,945.00
Paye & Snc		121,513.73
Staff Advances	10,000.00	177,000.00
Motorcycle Loan	933,872.00	717,443.00
Housing Loan	8,508,106.66	7,519,800.99
Distress Loan	10,612,424.44	10,241,967.44
Festival Advance	128,000.00	126,000.00
	21,381,759.15	20,646,301.41
<u>NOTE 4</u>		
<u>CASH & BANK BALANCES</u>		
Bank of Ceylon - Torrington-Special A/C	3,733,980.06	564,461.52
Bank of Ceylon - Torrington	1,811,212.49	2,993,495.91
Bank of Ceylon - Kurunegala	1,969,279.09	1,045,054.85
Bank of Ceylon - Kandy	4,502.87	406,811.43
Bank of Ceylon - Galle	958,680.87	
Bank of Ceylon - Jaffna	275,599.14	
	8,753,254.52	5,009,823.71
Bank of Ceylon - Torrington-Special Fund	556,981.30	2,025,135.29
State Mortgage & Investment Bank	321,347.35	221,942.63
CASH IN HAND		
Cash - Colombo	250,013.00	308,345.00
Cash - Kandy	1,000.00	
Cash - Galle	177,000.00	
Petty Cash 1 - Colombo	125,000.00	125,000.00
Petty Cash 2 - Colombo	15,000.00	15,000.00
Petty Cash 3 - kurunegala	20,000.00	20,000.00
Petty Cash 4 - kandy	10,000.00	10,000.00
Petty Cash 5 - Galle	20,000.00	
Petty Cash 6 - Jaffna		
	10,249,596.17	7,735,246.63
<u>NOTE 5</u>		
<u>GOVERNMENT GRANTS</u>		
Balance b/f	57,175,766.51	57,175,766.51

<u>NOTE 6</u>			
<u>OTHER GRANTS</u>			
Konrad Adenauer Foundation		1,068,000.00	1,068,000.00
<u>NOTE 7</u>			
<u>FEES RECEIVED IN ADVANCE</u>			
Management Training		99,624,415.48	40,058,393.60
Computer Training		70,000,400.00	60,136,660.00
Kurunegala		7,448,663.64	6,843,200.00
Kandy		2,641,350.00	1,448,250.00
Galle		10,047,762.56	
Jaffna		75,000.00	
		189,837,591.68	108,486,503.60
<u>NOTE 7a</u>			
<u>CREDITORS & ACCRUALS</u>			
Provisions & Accruals	7b	69,254,535.60	42,539,991.79
Sundry Creditors-Contracts		15,779,073.54	45,522,308.77
Sundry Creditors		266,141.14	7,350,621.87
Refundable Course Fees	7c	569,000.00	2,134,330.00
		85,868,750.28	97,547,252.43
<u>NOTE 7 (b)</u>			
<u>PROVISIONS AND ACCRUALS</u>			
Audit Fees		858,000.00	1,162,830.00
Provision for Incentive		26,565,504.00	21,336,540.00
E.T.F.		111,450.76	105,198.88
E.P.F.		797,505.48	753,427.91
C.I.R.Stamp Duty		64,030.00	48,230.00
Staff Payables		2,474,625.41	2,629,286.93
Provision for Gratuity		17,234,144.00	13,163,516.50
Accrued Expenses		21,149,275.95	3,340,961.57
		69,254,535.60	42,539,991.79
<u>NOTE 7 (c)</u>			
<u>REFUNDABLE COURSE FEES</u>			
Management Training		268,000.00	1,944,000.00
Computer Training		240,000.00	
Kandy		6,000.00	46,280.00
Kurunegala		45,000.00	144,050.00
Galle		10,000.00	
		569,000.00	2,134,330.00

**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT
NOTES TO THE ACCOUNTS- 2010**

	ACTUAL 2010	ACTUAL 2009	BUDGETED 2010	MIS DIVISION	PMD DIVISION	KURUNA- GALA CENTRE	KANDY CENTRE	GALLE CENTRE	ADMIN- DIVISION
				COMPUTER TRAINING	MANAGEMENT TRAINING & PRODUCTIVITY				
NOTE 8									
OPERATING INCOME									
Management Training & productivity	235,067,957.04	138,616,518.53	201,276,000.00		195,388,368.48	17,919,266.61	8,177,310.00	13,583,011.95	
Computer Training	235,224,391.17	205,733,876.33	267,529,000.00	184,860,675.17		28,910,629.50	12,845,103.00	8,607,983.50	
Language	40,862,887.52	13,428,209.89	38,499,000.00		21,058,949.52	7,410,666.50	2,037,534.00	10,355,737.50	
	511,155,235.73	357,778,604.75	507,304,000.00	184,860,675.17	216,447,318.00	54,240,562.61	23,059,947.00	32,546,732.95	-
NOTE - 9									
STAFF SALARIES & EMOLUMENTS									
Salaries & Wages	51,984,142.78	44,245,289.49	51,486,000.00	7,383,948.68	11,799,951.01	4,375,692.51	1,816,331.28	3,267,740.76	23,340,478.54
EPF	5,060,707.74	4,469,041.05	5,176,000.00	755,449.09	1,184,425.80	432,327.12	185,548.37	305,362.52	2,197,594.84
ETF	1,265,177.14	1,117,260.31	1,290,000.00	188,862.39	296,106.50	108,081.78	46,387.10	76,340.65	549,398.72
Overtime	3,791,939.48	3,193,857.80	3,510,000.00	177,472.91	522,201.43	284,546.60	157,851.05	322,719.55	2,327,147.94
Incentives	35,651,714.00	29,499,005.02	42,971,000.00	8,219,359.50	9,748,300.50	4,136,409.00	1,342,902.00	2,383,308.00	9,821,435.00
Encashment of Medical Leave & lieu Leave	4,383,660.34	3,932,192.86	6,498,000.00	454,146.42	779,705.12	235,911.63	181,577.63	262,182.02	2,470,137.52
Health Insurance & Medical Test	2,941,486.56	2,140,221.52	2,960,000.00	364,090.20	746,591.82	143,083.93	136,575.54	200,344.50	1,350,800.57
Professional Membership Fees	63,914.74	62,041.01	160,000.00	19,917.54	3,584.00				40,413.20
Inter Association Membership	116,229.01	72,410.00	152,000.00	21,280.00			21,280.00		73,669.01
Training & Development	650,500.00	109,100.00	660,000.00	12,500.00	573,750.00	56,250.00			8,000.00
Gratuity	5,071,117.50	1,457,325.00	1,727,000.00	604,622.50	999,647.50	317,762.50	113,482.50	89,570.00	2,946,032.50
Bonus	990,333.21	872,023.01	1,183,000.00	90,000.00	226,063.36	75,303.09	25,360.28	83,815.76	489,790.72
Interest On Staff Loan	31,617.88	58,485.71	100,000.00	31,617.88					
	112,002,540.38	91,228,252.78	117,873,000.00	18,323,267.11	26,880,327.04	10,165,368.16	4,027,295.75	6,991,383.76	45,614,898.56
NOTE - 10									
CONSULTANCY & TRAINING EXPENSES									
Evaluation Test & Examination	1,264,420.54	876,270.64	1,923,000.00	621,025.00	642,370.54		1,025.00		
Lecture Fees	34,409,288.25	28,065,968.81	35,086,000.00	6,153,856.25	17,385,287.70	5,874,006.80	2,667,937.50	2,328,200.00	
Advertising	41,303,371.75	20,829,371.81	43,882,000.00	9,118,950.92	12,921,753.36	3,591,022.70	2,676,302.81	5,206,735.97	7,788,605.99
Transport - Fuel Charges	1,736,015.70	1,619,295.64	1,922,000.00			63,649.06		17,120.00	1,655,246.64
Printing & Stationary	11,359,023.28	8,950,112.21	13,687,000.00	2,328,486.02	2,986,621.15	1,138,066.86	589,773.62	1,471,678.50	2,844,397.13
Programme Expenses	18,968,297.77	9,071,315.58	10,000,000.00	4,589,800.59	12,373,952.59	789,817.00	390,065.50	483,600.78	341,061.31
Foreign Remittance	67,087,365.39	27,418,765.84	61,250,000.00	38,150,678.87	28,936,686.52				
Consultancy Fees	28,840.00	812,000.00	580,000.00						28,840.00
	176,156,622.68	97,643,100.53	168,330,000.00	60,962,797.65	75,246,671.86	11,456,562.42	6,325,104.43	9,507,335.25	12,658,151.07

NOTE - 11										
MAINTENANCE EXPENSES										
Building	5,851,046.63	4,344,012.83	6,150,000.00	1,309,082.48	709,864.24	674,860.68	299,053.00	1,425,811.84	1,432,374.39	
Computers	2,479,183.25	1,430,067.76	1,898,000.00	640,065.28	797,170.33	164,922.88	92,430.80	188,294.18	596,299.78	
Telephones	211,493.35	116,281.90	142,000.00	3,305.25	822.14	803.00	10,590.00	16,536.63	179,436.33	
Office Equipment	2,203,715.53	1,443,095.58	1,390,000.00	408,440.52	330,896.93	334,242.44	170,467.52	161,578.20	798,089.92	
Vehicles	1,827,949.11	1,302,037.80	2,076,000.00	3,100.00	2,350.00	19,217.94	444.00	13,407.64	1,789,429.53	
Furniture & Fittings	524,823.39	13,277.00	479,000.00	2,023.75	86,682.54	3,190.00	360,820.00	11,271.10	60,836.00	
Air Conditioners	117,190.87	303,798.14	343,000.00	52,920.00	26,876.03		4,614.40		32,780.44	
Sundry Equipment	257,233.80	189,376.93	328,000.00			66,068.00			191,165.80	
Welfare Equipment	6,480.00	12,005.00	34,000.00					5,780.00	700.00	
Fire Extinguishers	14,581.08	29,341.87	61,000.00	7,290.54					7,290.54	
	13,493,697.01	9,183,294.81	12,901,000.00	2,426,227.82	1,954,662.21	1,263,304.94	938,419.72	1,822,679.59	5,088,402.73	
NOTE - 12										
DEPRECIATION										
Drawing Utencils	295,848.00	98,193.01	296,000.00		295,848.00					
Building	15,879,823.39	10,036,710.03	16,317,000.00	3,028,848.97	3,770,923.64	3,257,682.42	286,351.16	4,698,583.28	837,433.92	
Computers	10,017,130.64	7,792,591.72	10,940,000.00	3,028,067.49	1,910,143.76	2,003,015.99	1,032,182.56	1,297,452.42	746,268.42	
Telephones	196,970.47	191,940.78	196,000.00	1,363.23	16,931.93	54,459.71	24,809.34	26,255.04	73,151.22	
Office Equipment	4,584,914.75	3,323,438.25	4,490,000.00	847,452.82	887,686.37	837,609.90	467,601.95	690,359.45	854,204.26	
Vehicles	3,625,132.08	5,434,255.75	4,244,000.00			398,640.38		63,507.95	3,162,983.75	
Furniture & Fittings	9,533,075.80	7,826,120.07	9,382,000.00	1,925,656.31	2,222,387.68	1,934,571.19	404,622.01	2,076,065.94	969,772.67	
Air Conditioners	4,932,608.52	3,077,284.52	4,929,000.00	1,021,720.77	339,775.65	830,998.97	559,030.26	1,902,880.43	278,202.44	
Sundry Equipment	3,335,294.15	1,865,775.93	3,393,000.00	2,325.00	2,175.00	2,169,300.66	1,819.52	14,434.38	1,145,239.59	
Library Books	682,409.52	362,748.02	599,000.00	147,190.55	147,190.56	151,941.13	83,030.56	153,056.72		
Electrical Installation	964,504.32	695,679.43	665,000.00	4,312.50		521,475.00		303,346.57	135,370.25	
Welfare Equipment	198,932.59	149,533.35	128,000.00	663.70	8,295.43	57,769.97	1,613.15	70,879.64	59,710.70	
Fire Extinguishers	37,274.18	32,418.80	35,000.00	11,993.91	12,263.37			7,551.88	5,465.02	
Motor Cycle	12,046.25	12,046.25	12,000.00						12,046.25	
Bicycle	2,100.00	2,100.00	2,000.00						2,100.00	
	54,298,064.66	40,900,835.91	55,628,000.00	10,019,595.25	9,613,621.39	12,217,465.32	2,861,060.51	11,304,373.70	8,281,948.49	
NOTE - 13										
ESTABLISHMENT & OTHER EXPENSES										
Rent	2,320,000.00	1,208,550.00	2,070,000.00				2,070,000.00		250,000.00	
Rates	956,560.00	981,302.26	1,080,000.00					220.00	956,340.00	
Electricity	17,774,750.13	14,335,758.10	17,730,000.00			1,850,141.26	625,977.00	2,377,228.17	12,921,403.70	
Water	999,584.31	618,293.23	1,270,000.00			9,770.36	40,128.03	167,193.02	782,492.90	
Insurance	498,663.37	866,847.44	830,000.00			99,858.25	1,591.67	100,241.07	296,972.38	
Telephone	3,803,573.21	2,990,335.57	3,685,000.00	457,199.45	238,213.85	323,786.04	301,378.83	485,398.43	1,997,596.61	
Postage, Telex & Telegrams	994,208.32	839,435.14	1,155,000.00	360,103.45	378,061.87	44,755.00	20,950.00	39,430.00	150,908.00	
Foreign Travels	40,937.00	1,556,457.46	1,900,000.00		40,937.00					
Local Traveling	228,442.00	85,888.00	283,000.00	1,925.00	2,225.00	63,766.50	17,741.50	130,879.00	11,905.00	
Board Allowance	131,000.00	126,000.00	120,000.00						131,000.00	
Audit Fees - External	470,390.00	685,596.13	350,000.00						470,390.00	
Legal Fees	264,200.00	325,432.00	230,000.00		234,200.00				30,000.00	
Welfare	250,000.00	230,990.00	360,000.00						250,000.00	
Uniform	198,082.35	200,783.83	240,000.00	11,594.82	23,110.59	7,747.41	5,797.41	17,801.93	132,030.19	
Sundry Expenses	3,375,151.84	879,415.92	2,153,000.00	216,003.54	286,988.75	145,483.00	256,821.00	966,228.26	1,503,627.29	
Bad Debts	2,255,470.12			1,378,000.00	462,150.00	188,320.00	227,000.12			
Newspapers & Periodicals	267,624.91	217,047.95	310,000.00	105,149.12	105,149.12	20,326.67	9,210.00	27,790.00		
Bad Debts- Written Off	2,314,494.01			216,550.00	1,797,050.00	132,250.00	29,650.00		138,994.01	
Security Expenses On Cash Transportaion	54,721.44	58,759.17	60,000.00						54,721.44	
Entertainment	146,445.23	170,158.13	265,000.00	2,180.00					144,265.23	
Transport & Clearing	527,143.00	360,598.00	892,000.00	84,786.50	62,897.50	26,235.00	35,400.00	239,872.00	77,952.00	
	37,871,441.24	26,737,648.33	34,983,000.00	2,833,491.88	3,630,983.68	2,912,439.49	3,641,645.56	4,552,281.88	20,300,598.75	

NOTE - 14									
FINANCIAL CHARGES									
Bnak charges	93,257.12	78,450.00	115,000.00			6,010.00	3,636.85	4,705.00	78,905.27
Debit Tax	369,468.69	255,249.66	330,000.00			14,016.15	8,322.50	8,939.75	338,190.29
Nation Building Tax	17,830,175.25	8,689,620.29	14,000,000.00						17,830,175.25
	18,292,901.06	9,023,319.95	14,445,000.00	-	-	20,026.15	11,959.35	13,644.75	18,247,270.81
NOTE - 15									
DEVELOPMENT EXPENSES	141,216.00	1,378,260.01	910,000.00		53,666.00				87,550.00
NOTE 16									
NON OPERATING INCOME									
Interest On Staff Loan	829,350.68	818,861.25	585,000.00						829,350.68
Sundry Income	1,474,919.03	1,067,222.15	330,000.00			8,950.18		370.00	1,465,598.85
Interest On Investment	1,379,168.38	2,465,178.49	900,000.00						1,379,168.38
Interest On Savings A/C	12,400.09	11,211.14	5,000.00						12,400.09
Disposal Of Fixed Assets	33,254.00	28,437.91							33,254.00
Sales On Stocks	28,445.06	178,825.12							28,445.06
Registration Fees	8,408,000.00	2,852,875.00	4,700,000.00						8,408,000.00
Bad Debts	-	466,560.00							
Income Cado Center	687,765.00	511,115.00	600,000.00	343,882.50	343,882.50				
	12,853,302.24	8,400,286.06	7,120,000.00	343,882.50	343,882.50	8,950.18		370.00	12,156,217.06
TOTAL EXPENDITURE	412,256,483.03	276,094,712.32	405,070,000.00	94,565,379.71	117,379,932.18	38,035,166.48	17,805,485.32	34,191,698.93	110,278,820.41
NET EXCESS OF INCOME OVER EXPENDITURE BEFORE INCOME TAX	111,752,054.94	90,084,178.49	109,354,000.00	90,639,177.96	99,411,268.32	16,214,346.31	5,254,461.68	(1,644,595.98)	(98,122,603.35)
(WITHOUT ADMINISTARTION OVERHEADS)									

**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT
ANNUAL ACCOUNTS - 2010
CASH FLOW STATEMENT**

	ACTUAL 2010	ACTUAL 2009
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
SURPLUS FOR THE YEAR EXCEPT	110,372,888	87,618,999
<u>ADJUSTMENTS FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS</u>		
DEPRECIATION	54,298,065	40,900,836
PROVISION FOR GRATUITY	4,832,392	1,441,847
NET PROFIT ON SALE OF FIXED ASSETS	(33,254)	(28,438)
	59,097,203	42,314,245
GRATUITY PAYMENTS	(761,765)	(799,705)
INCOME TAX PAYMENT	(15,437,737)	(28,826,728)
OPERATING PROFIT BEFORE CHANGES IN ITEMS OF WORKING CAPITAL	169,470,091	129,933,244
	153,270,589	100,306,811
<u>CHANGES IN ITEMS ON WORKING CAPITAL</u>		
DECREASE/(INCREASE) IN STOCK IN HAND	(1,409,793)	(588,570)
DECREASE/(INCREASE) IN DEBTORS	(5,343,546)	(19,518,250)
DECREASE/(INCREASE) IN WITHHOLDING TAX	132,963	1,353,420
DECREASE/(INCREASE) IN ESC	(503,762)	(895,360)
DECREASE/(INCREASE) IN STAMP STOCK	35,387	(7,745)
DECREASE/(INCREASE) IN CREDIT CARD BALANCE	(415,000)	(593,000)
INCREASE IN FEES RECEIVED IN ADVANCE	81,351,088	20,284,777
(DECREASE)IN CREDITORS AND ACCRUALS	(15,749,130)	9,164,007
INCREASE IN LIBRARY DEPOSITS	248,000	(365,000)
INCREASE IN INCOME TAX	(7,000,000)	15,000,000
INCREASE IN TENDER DEPOSIT	51,346,207	(100,000)
	204,616,796	23,734,279
	204,616,796	124,041,090
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
INTEREST RECEIVED ON INVESTMENT	1,341,380	5,451,825
PURCHASES OF FIXED ASSETS	(138,477,171)	(37,537,510)
WORK-IN-PROGRESS		(140,654,327)
SALE OF FIXED ASSETS	33,345	50,552
NET INVESTMENTS IN FIXED DEPOSIT & TREASURY BILLS	(40,000,000)	50,000,000
	(177,102,446)	(122,689,460)
	27,514,350	1,351,630
CASH AND CASH EQUIVALENTS AT- -BEGINING OF THE YEAR-(NOTE 1)	12,735,246	11,383,616
CASH AND CASH EQUIVALENTS AT- _END OF THE YEAR-(NOTE 2)	40,249,596	12,735,246
<u>NOTE 1:</u>		
BANK BALANCE	7,256,901	10,860,452
CASH IN HAND	478,345	523,164
CALL DEPOSITS	5,000,000	
	12,735,246	11,383,616
<u>NOTE 2:</u>		
BANK BALANCE	9,631,583	7,256,901
CASH IN HAND	618,013	478,345
CALL DEPOSITS	30,000,000	5,000,000
	40,249,596	12,735,246

NOTE NO :1**FIXED ASSETS SCHEDULE**

	COST AS AT 01.01.2010	ADDITIONS/ (DISPOSAL) DURING THE YEAR	COST AS AT 31.12.2010	ACCUMU. DEPRE.AS AT 01.01.10	DEPRE.FOR THE YEAR	ACCUMU. DEPRE.AS AT 31.12.10	W. D. VALUE 31.12.2010
LAND	51,068,000.00		51,068,000.00				51,068,000.00
BUILDING	428,783,025.93	313,740,751.05	742,523,776.98	23,216,996.51	15,879,823.39	39,096,819.90	703,426,957.08
DRAWING UTENCILS	605,133.00		605,133.00	111,599.01	295,848.00	407,447.01	197,685.99
SUNDRY EQUIPMENT	18,220,679.00	117,445.00	18,338,124.00	7,296,672.49	3,335,294.15	10,631,966.64	7,706,157.36
FIRE EXTINGUISHERS	264,387.63	149,806.38	414,194.01	193,907.45	37,274.18	231,181.63	183,012.38
ELECTRICAL INSTALLATION	3,378,690.90	1,226,831.00	4,605,521.90	1,623,823.84	964,504.32	2,588,328.16	2,017,193.74
FURNITURE & FITTINGS	39,769,866.95	(348,753.30)	55,893,004.30	20,336,986.61	(348,676.30)	29,521,386.11	26,371,618.19
OFFICE EQUIPMENT	25,769,157.10	16,471,890.65 (684,475.00)	31,550,681.49	17,088,372.93	9,533,075.80 (684,472.00)	20,988,815.68	10,561,865.81
WELFARE EQUIPMENT	640,438.90	652,570.20	1,293,009.10	522,250.87	198,932.59	721,183.46	571,825.64
AIR CONDITIONERS	18,600,966.09	11,896,514.73	30,497,480.82	10,225,854.53	4,932,608.52	15,158,463.05	15,339,017.77
TELEPHONE	2,276,097.34	329,808.00	2,605,905.34	1,850,360.81	196,970.47	2,047,331.28	558,574.06
MOTOR CYCLE	48,185.00		48,185.00	25,907.69	12,046.25	37,953.94	10,231.06
CYCLE	8,400.00		8,400.00	3,929.59	2,100.00	6,029.59	2,370.41
COMPUTER EQUIPMENT	66,000,879.48	(469,614.50) 11,497,173.42	77,028,438.40	53,458,367.47	(469,603.50) 10,017,130.64	63,005,894.61	14,022,543.79
LIBRARY BOOKS	8,703,141.71	(9,335.72) 2,334,077.20	11,027,883.19	7,025,985.17	(9,335.72) 682,409.52	7,699,058.97	3,328,824.22
MOTOR VEHICLES	25,012,355.00	2,282,730.00	27,295,085.00	18,552,692.62	3,625,132.08	22,177,824.70	5,117,260.30
	689,149,404.03	367,165,597.02 (1,512,178.52)	1,054,802,822.53	161,533,707.59	54,298,064.66 (1,512,087.52)	214,319,684.73	840,483,137.80

Report of the Auditor General on the Financial Statements of the National Institute of Business Management for the year ended 31 December 2010 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971

Audit Observations	Present Status / Progress
<p>2:2:2 <u>Sri Lanka Accounting Standards</u></p> <p>The following non – compliances were observed.</p> <p>(a) A provision of Rs.17,234,144 had been made as at the end of the year under review for the payment of gratuity and the funds had been invested for the purpose of utilizing to settle liabilities. Nevertheless, the investment had not been separately disclosed in the accounts in terms of Sri Lanka Accounting Standards No. 16 to facilitate identification.</p> <p>(b) According to Sri Lanka Accounting Standard No. 18 assets used for operating activities should be valued and brought to account. Nevertheless, according to the financial statements for the year under review, there were 600 items of fully depreciated assets shown at Rs.1 as well as 440 items of fully depreciated assets shown at Rs. 2 to Rs.100. Those had not been revalued and brought to account.</p>	<p>For the allocation of the Rs. 17,234,144/ - for gratuity payments available as at 31st Dec. 2010, a sum of Rs. 18,000,000/ - has been separately deposited on 30th June 2011 as fixed deposit No.01000420.</p> <p>Assets have been verified according to Accounting Standard 18 and the valuation of the verified assets has been completed. Action is being taken to enter the value of these assets into the computer system of Institute in order to bring the value of the assets to account.</p>

2:2:3 Non – compliance with Laws, Rules, Regulations and Management Decisions

A sum of Rs.90,000,000 had been invested in a State Bank without obtaining the requisite approval in terms of Section 11 of the Finance Act, No. 38 of 1971 and the Public Enterprises Circular No. PED/25 29 July 2004.

The funds available for operating expenses to conduct the affairs of the Institute are invested after calling tenders in accordance with a decision of the Investment Committee. The Institute needs a working capital of about Rs. 20 million per month and expenses are also required for the building complex to be constructed at Homagama

which has been approved by the Cabinet. Funds of the Institute have accordingly been invested.

3. Financial and Operating Review

3:1 Financial Review

3:1:1 Financial Results

According to the financial statements presented, the working of the Institute for the year ended 31 December 2010 had resulted in an after tax profit of Rs.96,314,318, as compared with the corresponding after tax profit of Rs.61,257,450 for the preceding year, thus indicating an increase of Rs.35,056,868 in the after tax profit for the year under review. The increase of courses income and other income as compared with the increase of expenditure on salaries, consultancy and training had mainly affected the increase in the financial results.

3:1:2 Analytical Review of Financial Results

A comparison of the information on the income, expenditure, profitability and student participation of the Institute for the year under review and the preceding 04 years is given below.

Particulars	2010	2009	2008	2007	2006
Income	Rs. 524,008,538	366,178,891	298,241,785	238,006,772	196,080,898
Expenditure	Rs. 427,694,220	304,921,441	235,720,708	203,443,037	163,482,699
Income Surplus	Rs. 96,314,318	61,257,450	62,521,077	34,563,735	32,598,199
(After Tax)					
Student Participation					
Cost per Student	Rs. 39,983	43,448	34,397	30,469	18,963
Income per Student	Rs. 48,986	52,177	43,520	35,646	22,744

The following were observed.

- (a) Even though the income for the year under review as compared with the year 2009 had increased by 43 per cent, the income per student had decreased by 6 per cent.
- (b) Despite the increase of the student participation by 52 percent as compared with the year 2009, the decrease in the cost per student was 08 per cent.

Excess in income has been calculated after allocations for income tax. In the year 2009, 35% was allocated for tax and in the year 2010, 20% was allocated for tax. Therefore the cost per student should be calculated on the basis of expenditure before tax

3:2 Operating Review

3:2:1 Performance

(a) Conduct of Lectures

The Director General had decided to conduct 20 hours of lectures in accordance with the Circular dated 20 June 2008 issued with the approval of the Board of Director contrary to the provisions of the Establishments Code and the Public Administration Circular instructions. As it had not been specifically stated per week or per mensum additional payments had been made on the number of hours which exceeded 20 hours per mensum.

The institute considers that 20 hrs of lectures have to be conducted per month. If the lectures conducted per month exceed 20 hrs, payment for lectures on weekends and afternoons have been correctly calculated.

(b) Progress of the Conduct of Courses

(i) The following matters were observed at an examination of the various courses conducted by the Institute.

Name of the Course	Course Number	Number of Students registered	Number of Students who sat the Examination for First Time	Students Passed	Students Failed	Percentage of Failures
-----	-----	-----	-----	-----	-----	-----
Certificate Course in Computer Science	450669 2009.3	128	97	67	30	30
- do -	450010 2010.1	262	232	135	97	42
- do -	450110 2010.1(2)	70	62	36	26	42

The students, who fail the final examination in certificate course in computer science, appear for the examination again and pass. The reasons for failure are lack of interest in the examination due to various reasons and the greater interest the majority students take in preparing for the G.C.E. (A/L)

Examination. Instances where many students who fail appear for the examination with other groups later and pass the examination were observed by us. The relevant table is attached (Table 1)

According to the above information, the failures at the first sitting of the examinations ranged between 30 per cent and 42 per cent.

- (i) The number of students registered for the Diploma Course on Designing Computer Systems (2008.1) stood at 229 and out of those 225 had appeared for the first sitting of the examination. Out of those students only 79 had passed the examination. As a percentage that was observed a very low as 35 per cent.

Only about 35% passed the DCSD 2008.1 diploma course in computer science on the first appearance and the information on those who appear again for the examination and pass is given below. A grace period of 3 years has been granted for the students who fail the examination to complete the course. The number of students who abandoned the course is also given below (Table 2)

3:2:2 Review of the Operating Divisions

The Institute had performed its functions through 03 Divisions and 03 Branches. The financial results of these Divisions are depicted by the following information.

The Administration Division is not an income generating Division. The annual administrative expenditure of the entire institute comprises the expenditure of the Administration Division and this amount is distributed among the income generating divisions. This has been properly depicted in the accounts and therefore there is no deficiency in the activities of the Administration Division. Galle branch has been recently opened and this branch is expected to make profits in the future. This table should be revised as follows.

<u>Division / Branch</u>	<u>Income</u>	<u>Expenditure</u>	<u>Surplus / (Deficit)</u>
	Rs.	Rs.	Rs.
Management Information Division	185,204,558	94,565,380	90,639,178
Management Development Division	216,791,200	117,379,932	99,411,268
Kurunegala Branch	54,249,513	38,035,166	16,214,347

<u>Division/Branch</u>	<u>Income</u>	<u>Expenditure</u>	<u>Surplus / (Deficit)</u>
	Rs.	Rs.	Rs.
MIS Division	185,204,558	134,265,755	50,938,803
Management Development	216,791,200	16,369,036	53,094,164
Kurunegala Brch	54,249,513	50,165,837	4,083,676

Kandy Branch	23,059,947	17,805,485	5,254,462
Galle Branch	32,547,103	34,191,700	(1,644,597)
Administration Division	12,156,217	110,278,820	(98,122,603)
Tax and Prior year Adjustments	--	--	<u>(15,437,737)</u>
			<u>96,314,318</u>

The financial result of the Galle Branch and the Administration Division before the tax and prior year adjustments amounted to deficits of Rs.1,644,597 and Rs.98,122,603 respectively.

3:2:3 Composition of the Board of Directors

The Chairman of the Sri Lanka Industrial Advisory Council, the General Manager of Development Bank and the Chairman of the Commercial Banks Association who should be appointed in terms of the provision of the Act to the Board comprising 11 members, had not been appointed to the Board of Directors.

4. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Conduct of Lectures
- (b) Conduct of Courses
- (c) Assets Management
- (d) Investments
- (e) Performance of Branches

Kurunegala Brch	54,249,513	50,165,837	4,083,676
Kandy Branch	23,059,947	23,319,426	(259,479)
Galle Branch	32,547,103	40,808,429	8,261,326
Administration Division	12,156,217		12,156,217
Tax and Prior year Adjustments			<u>(15,437,737)</u>

111,752,055

96,314,318

- The Chairman of the Sri Lanka Industrial Advisory Council - This institution is not functioning.
- The General Manager of the National Development Bank - This institution is not functioning.
- The Chairman of the Commercial Banks Association - This institution is not functioning.

Noted