



வார्षிக வர்வை  
வருடாந்த அறிக்கை  
**Annual Report**

**2014**



சர்விக வஸார கலமனாகாரீவ் ஂயததத  
தேசீய வியாபார முகாமை ந்ருவனம்  
**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**

***“THE MOST TRUSTED EDUCATION BRAND IN SRI LANKA”***



***NATIONAL INSTITUTE OF BUSINESS MANAGEMENT***

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## ***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 and consultancy"*



## Our Goals

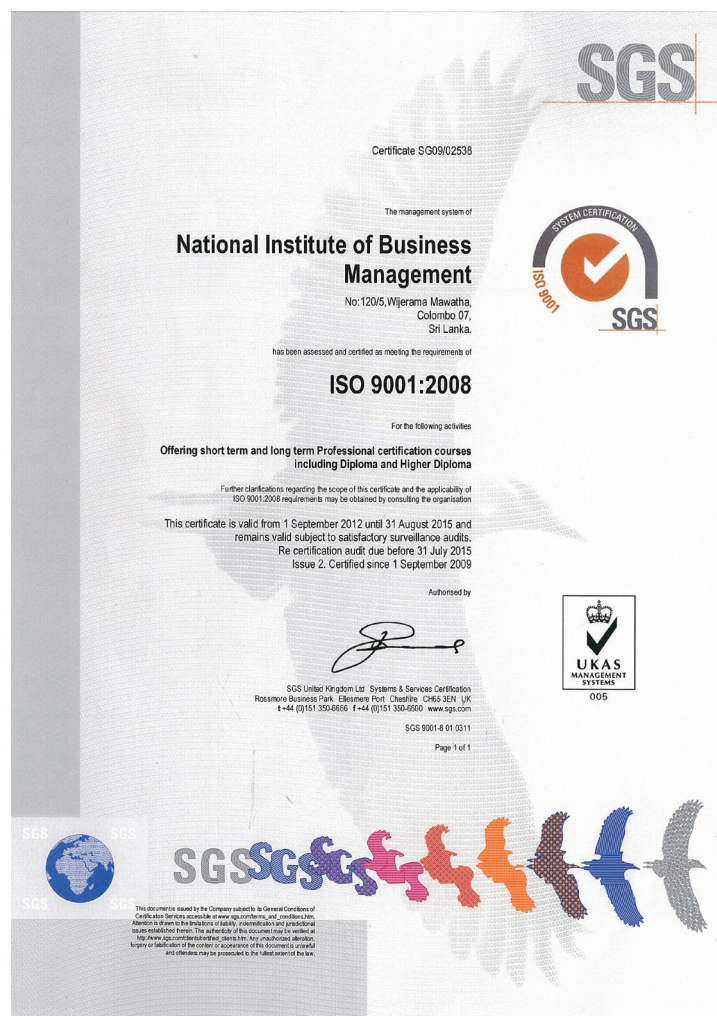
- Provide quality Business Management education and instructions in associated disciplines for those who seek professional knowledge and qualifications
- Develop competencies of Managers and Supervisory staff of organizations both in the public and private sectors through well-structured training programs.
- Train and educate working professionals for creative and effective participation in management.
- Facilitate the improvement of productivity in organizations through education and training programs.
- Provide 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.



## Our Assurance

The aspect of quality adds more assurance to the goods as well as service. Within the society, the need for quality is rapidly increasing, to ensure the perfect satisfaction of customer expectation. By taking this concept into consideration, NIBM has obtained the most recent international quality standard: ISO 9001: 2008 which assures the standards of the education provided by the institute. In the year 2007 the MIS Division received ISO 9001:2000 certification to prove the level of quality of education and services provided by the Division. In 2009 NIBM won the merit Award of National Quality Award (NQA) and obtained the ISO 9001 : 2008 certificate for the overall operational process of the institute.

### "The Place with ASSUARANCE"



## 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 professionals for creative participation in management.
- Provision of specialist services in management, establishing performance standards and improving productivity.
- Performing other activities for optimizing the human contribution for 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 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.
- Facilitating the improvement of productivity in organizations through education and training programs.

## We Provide

### • 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.



# MILESTONES

## 1968

*Management Development and Productivity Centre (MDPC) was established.*

## 1968 - 1976

*MDPC was formed as an independent organization under the Ministry of Industries & Scientific Affairs. It began to function under the name of National Institute of Management (NIM), Management Development & Productivity Centre began to function under the name of National Institute of Management (NIM) until the Institute was incorporated as the National Institute of Business Management (NIBM)*

## 1980 - 1986

*The first Diploma in Computer System Design was inaugurated and the first regional centre was set up in Kurunegala.*

## 1991 - 1996

*NIBM Parliamentary Act was amended to develop the Institute as a self-financing, public sector organization.*

*NIBM marked its 25th Anniversary by holding its Annual Convention under the theme “Increasing Productivity in a Changing Environment”*

*BSc. in MIS Degree programme in collaboration with University College of Dublin, Ireland commenced and the regional centre in Kandy was commenced to meet the growing demand of those in the Central Province.*

## 1999 - 2004

*First Convocation Ceremony of NIBM for the conferment of the BSc. Degree of MIS by the National University of Ireland held.*

*Business Management Education Board (BMEB) under the NIBM Act No.28 of 1991 to advise the Council on all matters relating to Business Management Education.*

*NIBM implemented Japanese 5S Method which has contributed in the enhancement of quality and productivity of the Institute.*

## 2007 - 2014

*The students of NIBM were eligible to read for a BSc. Management Degree in Business Administration, Finance, Human Resources, Management Information Systems, Logistics & Industrial Management etc. MIS Division received ISO 9001:2000 certification in recognition of the high quality of education provided by the division.*

*Governing Council invested much in further development of the infrastructure of NIBM to provide spacious learning areas to coincide with the 40th Anniversary celebrations.*

*National School of Business Management, the degree awarding school of NIBM is functioning successfully at Nugegoda.*

## THE GOVERNING COUNCIL

**Prof. Lakshman Jayathilleke**

**Chairman,**  
National Institute of Business Management,  
120/5, Wijerama Mawatha,  
Colombo 07

**Dr. E A Weerasinghe**

**Director General,**  
National Institute of Business Management,  
120/5, Wijerama Mawatha,  
Colombo 07.

**Mr. Ajith Wattuhewa**

**President,**  
Federation of Chambers of Commerce & Industry of Sri Lanka,  
"Federation House"  
# 467/1/1, Sirimavo Bandaranayaka Mawatha,  
Colombo 14.

**Mr. Sunil Wijesingha**

**President,**  
National Chamber of Commerce,  
No.450, D.R. Wijewardena Mawatha,  
Colombo 10.

**Dr. Ajantha Dharmasiri**

**Acting Director,**  
Postgraduate Institute of Management,  
No.28, Lealee Ranagala Mawatha,  
Colombo 08.

**Mrs. Nilanthi Sugathadasa**

**Additional Secretary (Youth Development),**  
Ministry of Youth Affairs & Skills Development,  
"Nipunatha Piyassa" 354/2, Elvitigala Mawatha,  
Colombo 05.

**Mrs. J.P. Mampitiya**

**Assistant Governor**  
Central Bank of Sri Lanka,  
30, Janadhipathi Mawatha,  
Colombo – 01

**Ms. D.C.W. Hapugoda**

**Additional Director General,**  
Department of Public Enterprises,  
"Ministry of Finance & Planning,  
Colombo 01.

**Mr. Reshan Dewapura**

**Chief Executive Officer**  
Sri Lanka Information & Communication Technology,  
No-160/24, Kirimandala Mw,  
Colombo 05.

**Mr. Ramyachandra Genasekara**

**Attorney-at-Law,**  
No-33, Sri Dharmarama Road,  
Fort,  
Matara,

# 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 46 years having 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.

The Governing Council of National Institute of Business Management based on the provisions of NIBM act decided to register a business school in the name of National School of Business Management (NSBM) Ltd. as a commercial enterprise under the companies Act No.7 of 2007. This was initiated based on “A guide - Chairman and Boards of Directors of Public Enterprise” published by Ministry of Finance and Planning. NSBM will function as a fully owned subsidiary of National Institute of Business Management.

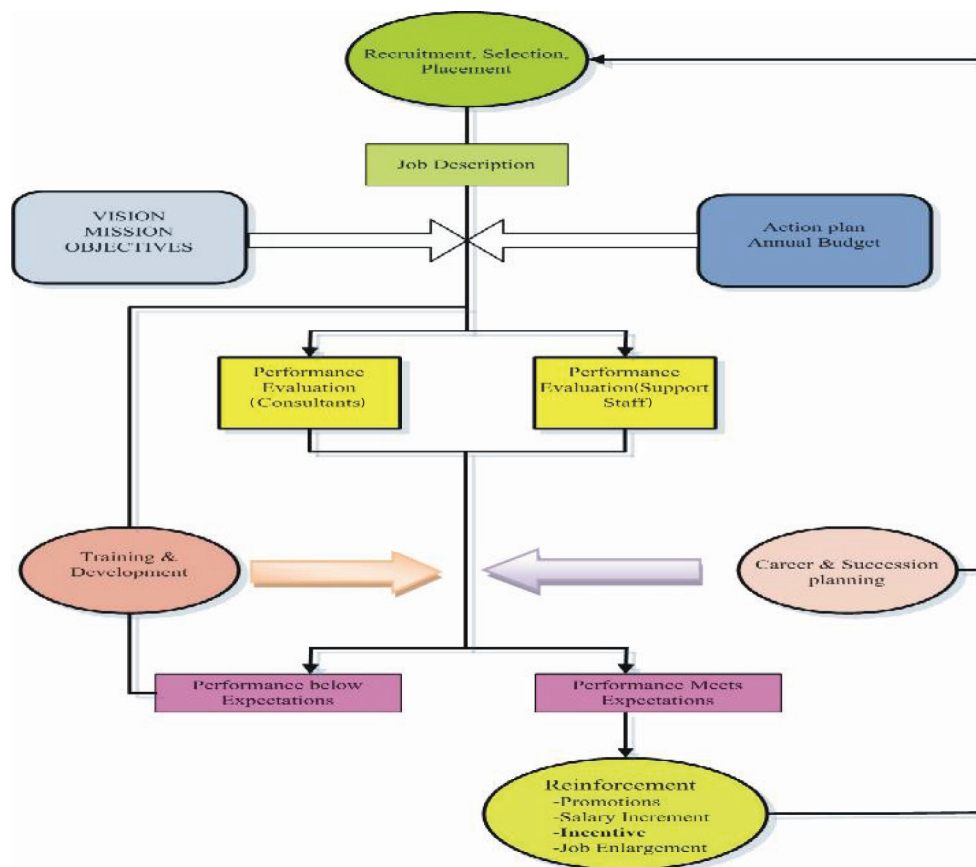


# HUMAN RESOURCE MANAGEMENT

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

- Recruitment, Selection & Placement
- Strategic Direction(long term)
- Performance Targets(short term)
- Performance Evaluation
- Training and Development
- Rewards Management
- 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.



Model : Human Resource Management Model

We have two employee categories i.e. the academic staff directly involved in the value creation process; mining 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 measurements 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
- ❖ Support of supervisors, peers and subordinates

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 centers located in Kandy, Kurunegala, Galle and Matara are also carried out through the same methods as appropriate.

## HUMAN RESOURCE 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 in order to improve employee productivity and job satisfaction by the following techniques.

- Job Rotation
- Relocation 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                           |
|---|-------------------------------------------|----------------------------------------|
| 1 | Mr. S.V. Gamini                           | Certificate Course in Computer Science |
| 2 | NIBM Consultants Lecturers and Executives | HR Forum                               |

## Participation in Foreign Training Programmes

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

|    | NAME                         | COURSE TITLE                                                              |
|----|------------------------------|---------------------------------------------------------------------------|
| 1  | Mr. D.M.A. Kulasooriya       | "Internationalization of Management Development and South Asian Response" |
| 2  | Dr. E.A. Weerasinghe         | Meeting of Partnership Development, University of Plymouth UCD            |
| 3  | Mr. D.M.A. Kulasooriya       | Meeting of Partnership Development, University of Plymouth UCD            |
| 4  | Mr. G.D. Bernard Silva       | International Programme on Higher Education Management                    |
| 5  | Mrs. Pavithra Wickramasuriya | International Programme on Higher Education Management                    |
| 6  | Mr. P.S.C. Rodrigo           | International Programme on Higher Education Management                    |
| 7  | Ms. J.A. Thusari             | International Programme on Higher Education Management                    |
| 8  | Mrs. D.K. Dangalle           | International Programme on Higher Education Management                    |
| 9  | Dr. E.A. Weerasinghe         | 1 <sup>st</sup> GLOBAL JAC Networking Conference                          |
| 10 | Mr. D.M.A. Kulasooriya       | 1 <sup>st</sup> GLOBAL JAC Networking Conference                          |
| 11 | Mr. R.A.K. Ranawaka          | Asia Pacific Annual Conference of AACSB                                   |
| 12 | Mr. H.H.L. Amarasinghe       | Asia Pacific Annual Conference of AACSB                                   |



## Participation in local training programs

|    | NAME                                     | COURSE TITLE                                                                     |
|----|------------------------------------------|----------------------------------------------------------------------------------|
| 1  | Mr. Iman Ashly                           | ISO 9001 International Audit Training                                            |
| 2  | Mr. Mohomed Riham                        | ISO 9001 International Audit Training                                            |
| 3  | Ms. Hiruni Rathwatta                     | ISO 9001 International Audit Training                                            |
| 4  | Ms. Senani THenuwara                     | ISO 9001 International Audit Training                                            |
| 5  | Mr. Thisara Saranga                      | ISO 9001 International Audit Training                                            |
| 6  | Mr. R.M. Jayathilake                     | ISO 9001 International Audit Training                                            |
| 7  | Ms. R.L. De Soysa                        | Training Course on Advanced Multimedia and Web Design and Development Techniques |
| 8  | Mr. M.P.T. Samarasekara                  | Training Programme on Maintenance of water Pump and Compressor                   |
| 9  | Mr. G.D. Bernard Silva                   | Programme on Building a Modern day Organization                                  |
| 10 | Mrs, S. Yokarajah                        | Programme on Building a Modern day Organization                                  |
| 11 | Mr. Saman Rodrigo                        | Programme on Building a Modern day Organization                                  |
| 12 | Mr. G.A. Lakshman                        | Programme on Building a Modern day Organization                                  |
| 13 | Mrs. Nilmini Dharmawardena               | Programme on Building a Modern day Organization                                  |
| 14 | Mrs. C. Mahanthage                       | Programme on Building a Modern day Organization                                  |
| 15 | Mrs. Seetha Wijesinghe                   | Programme on Building a Modern day Organization                                  |
| 16 | Mr. R.G. Manchanayaka                    | National Information Technology Conference 2014                                  |
| 17 | Mr. Nadeep Tharanga                      | Master Trainers for Purpose BPO Centre in NYC                                    |
| 18 | Miss. Sachini Dinushika Mahanthage       | Master Trainers for Purpose BPO Centre in NYC                                    |
| 19 | NIBM Consultant/ Lecturers and Executive | National Management Conference 2014                                              |
| 20 | Ms. K.G.I. Dilrukshi                     | ISO 9001 Quality Management Systems Lead Auditor Programme                       |
| 21 | Mr. R.M.S. Herath                        | Advanced Training Course on AutoCAD 2D & 3D                                      |
| 22 | Mrs. S. Ameelan                          | Training Programme in Cost Accounting                                            |
| 23 | Ms. K. KalaiPriya                        | Project Management Certification                                                 |
| 24 | Ms. C.D. Muthugamage                     | ISO 9001 Internal Auditor Training                                               |
| 25 | Ms. Seetha Wijesinghe                    | ISO 9001 Internal Auditor Training                                               |

### Number of employees who participated in the programs

|                            | 2013      | 2014      |
|----------------------------|-----------|-----------|
| Internal training programs | 16        | 02        |
| Local training programs    | 16        | 25        |
| Foreign training programs  | 0         | 12        |
| <b>Total</b>               | <b>32</b> | <b>39</b> |

Table 01- No of employees who participated in the programs

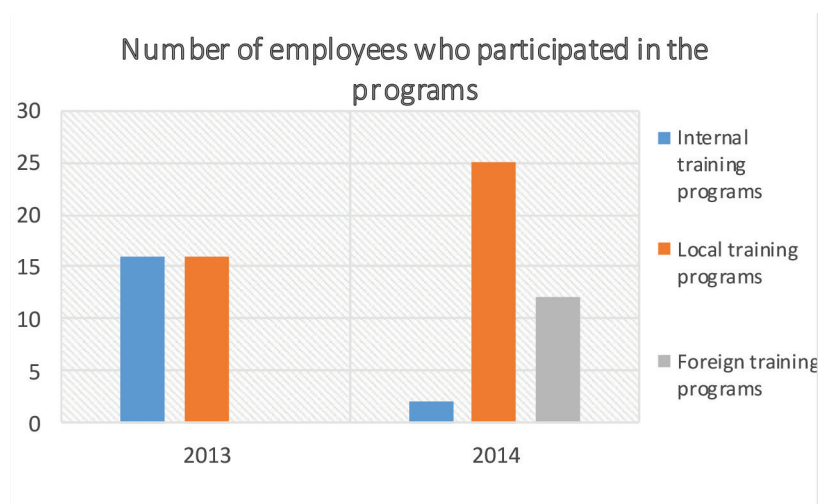


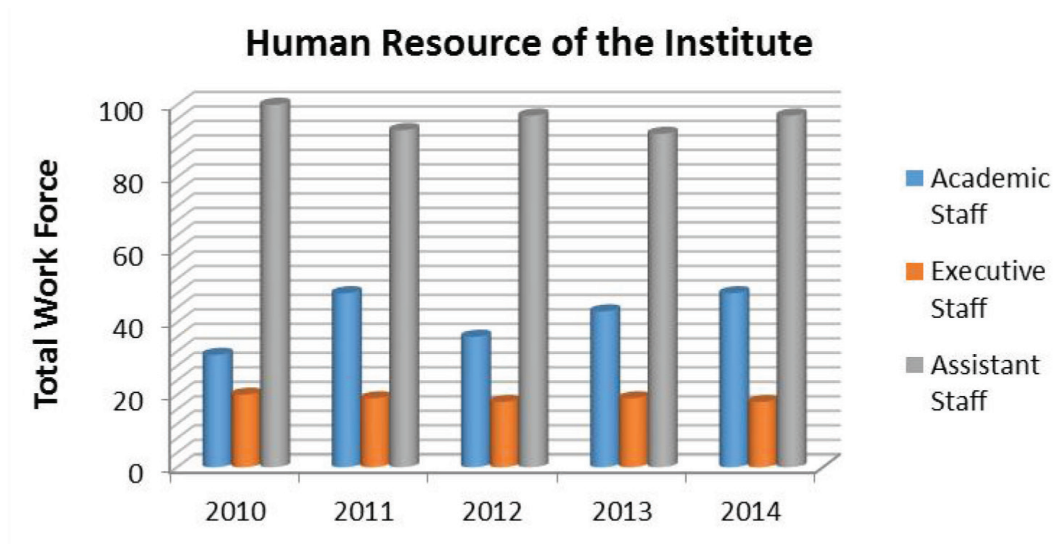
Fig. 01 - No. of Trainees who participated in the Training Programs

### Human Recourses of the National Institute of Business Management

|                 | Approved Cadre<br>2014.12.31 | 2010       | 2011       | 2012       | 2013       | 2014       |
|-----------------|------------------------------|------------|------------|------------|------------|------------|
| Academic Staff  | 50                           | 31         | 48         | 36         | 43         | 48         |
| Executive Staff | 53                           | 20         | 19         | 18         | 19         | 18         |
| Assistant Staff | 119                          | 100        | 93         | 97         | 92         | 97         |
| <b>Total</b>    | <b>222</b>                   | <b>151</b> | <b>153</b> | <b>151</b> | <b>154</b> | <b>163</b> |

Table 02 - Composition of the Human Resources of the Institute

Note : Human Resource Details NIBM only



**Fig. 02 - Composition of the Human Resources of the Institute**

### **Recruitments of the Institute During 2014**

|    | Name                         | Position              | Date of Recruitment |
|----|------------------------------|-----------------------|---------------------|
| 1  | Ms. E. Kithulgoda            | Consultant / Lecturer | 02.01.2014          |
| 2  | Ms. S.D. Mahanthage          | Consultant / Lecturer | 02.04.2014          |
| 3  | Ms. A.M.D. Chandrasena       | Consultant / Lecturer | 02.04.2014          |
| 4  | Ms. W.M.L.N. Wanninayaka     | Consultant / Lecturer | 02.04.2014          |
| 5  | Ms. C.D. Muthugamage         | Consultant / Lecturer | 21.04.2014          |
| 6  | Ms. K.H.J. Imalka            | Consultant / Lecturer | 03.11.2014          |
| 7  | Ms. W.M.S. Lakshika          | Consultant / Lecturer | 03.11.2014          |
| 8  | Ms. V.K.M. Chandima          | Consultant / Lecturer | 03.11.2014          |
| 9  | Ms. E.M.A.S. Edirisinghe     | Management Assistant  | 10.07.2014          |
| 10 | Ms. K.R.Rinusha Rajapaksha   | Management Assistant  | 01.08.2014          |
| 11 | Mr. K.Sameera Sampath        | Labourer              | 01.08.2014          |
| 12 | Mr. N.M. Weeraman            | Management Assistant  | 15.08.2014          |
| 13 | Ms. S.L. Wayomi Amila Wasana | Management Assistant  | 03.11.2014          |
| 14 | Mr. D.M. Ranjith Dissanayaka | Labourer              | 01.12.2014          |
| 15 | Ms. S. Charuni Hettiarachchi | Management Assistant  | 01.12.2014          |
| 16 | Mr. P.M. Pradeep Sanjeewa    | Labourer              | 01.01.2014          |
| 17 | Ms. L.D. Botheju             | Labourer              | 01.01.2014          |
| 18 | Mr. B.R. Eranga Gunarathne   | Management Assistant  | 12.01.2014          |

## Retirement of the Institute during the Year

|   | Name               | Position | Date of Retirement |
|---|--------------------|----------|--------------------|
| 1 | Mr. G. Karunaratne | Driver   | 18.12.2014         |

### CONTRIBUTION OF EMPLOYEES TO THE OPERATING INCOME & PROFIT

|                               | Rs. '000 |         |         |           |           |
|-------------------------------|----------|---------|---------|-----------|-----------|
|                               | 2010     | 2011    | 2012    | 2013      | 2014      |
| Operating Income              | 551,155  | 814,687 | 982,166 | 1,247,573 | 1,468,094 |
| Net Profit                    | 111,752  | 298,453 | 365,042 | 449,710   | 410,101   |
| Staff                         | 151      | 153     | 177     | 204       | 222       |
| Operating Income Per employee | 3,650    | 5,324   | 5,548   | 6,115     | 6,613     |
| Net Profit per Employee       | 740      | 1,950   | 2,062   | 2,204     | 1,847     |

Table 03 - Contribution of Employees for the Operating Income

Note : Operation income, Net Profit and Staff include NIBM and NSBM

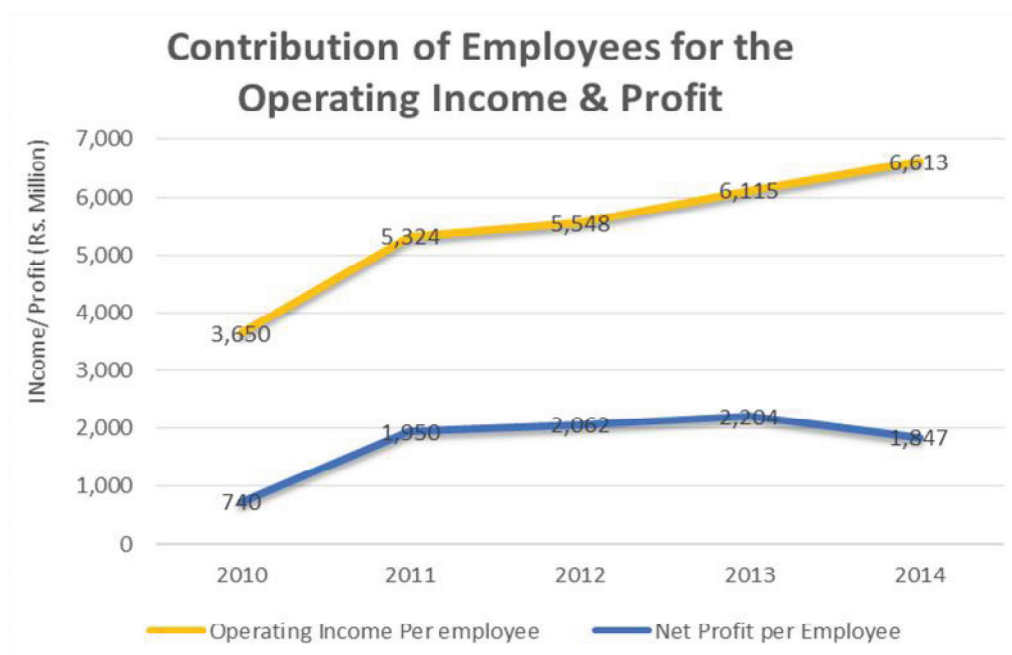


Fig. 03 - Contribution of Employees for the Operating Income



## **Methodologies Adopted to Face the Competitive Market**

In order to make professionals, graduates and diploma holders equipped with capabilities and skills suitable for the present local and international market courses are conducted at the Institute in a systematic and organized manner with modern requirements in mind. The methodologies adopted during 2014 to achieve these objectives are given below:

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 and the internet.

Prospective candidates can get relevant information and get registered by means of the web-site of the Institute. Website is [www.nibm.lk](http://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 public and private sectors can choose the suitable training courses for their staff well in advance.

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

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 in an attractive manner through exhibitions, workshops, press notices and television advertisements.

Courses which were held only in Colombo are now held in Kandy, Kurunegala, and Galle and Matara.

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 in a ceremonial way at the BMICH.

## **Medical Insurance**

In the interest of good health and employee welfare, NIBM has arranged an annually renewable Medical Insurance Scheme through the Union Assurance PLC. Under this scheme, in addition to bills for hospitalization, all normal medical bills and hospital bills of NIBM staff are reimbursed. In addition to critical illnesses there is a cover up to one million for 10 peoples only per year. This is a very important service rendered by the Institute for the benefit of the employees.

# NATIONAL SCHOOL OF BUSINESS MANAGEMENT, THE DEGREE SCHOOLS OF NIBM

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## National School of Business Management (NSBM)

With the development of the NSBM Green University Town, it is proven that the Institute's strategic focus is set on the right direction of creating future leaders by contributing to building a prosperous society through education.

National School of Business Management (NSBM) was founded on 7 October 2011 under the Companies Act No. 07 of 2007 with the approval of the cabinet ministers. It is the degree-awarding school of NIBM, the premiere business education Institute of Sri Lanka. Offering undergraduate and postgraduate degree programmes in the field of Business, Computing and Engineering, NSBM has developed long-term partnership with highly reputed and globally ranked universities and degree awarding institutions in Europe and Asia. As defined in its Vision statement, it has been established to be the foremost Business School to create future leaders. Marking a significant contribution to building a prosperous society through education, learning and research, NSBM is guided by the following values:

- Engage in the transformation of lives
- Achieving academic excellence
- Research orientation
- Networking across the globe
- Integrity and accountability
- Nurturing innovation and change

Inspired by the vision of transforming Sri Lanka to be a “Knowledge Hub” of Asia as envisaged in the ‘Mahinda Chinthana, NSBM officially commenced the construction of NSBM Green University Town on 18 December 2013 after successfully attaining the approval from BOC for a loan of LKR 8.6Bn. This being the first of its kind in South Asia, is situated in a 26-acre land in Pitipana, Homagama. This modern university with all the facilities has been designed to cater to the physical and physiological comfort of both students and academics. The structure harmonizes with the existing physical and natural environment. Its eco – friendly and it is built with the latest technology and modern materials requiring a less maintenance effort. All of this encompassed in one location will be any student's pride, and NSBM aspires to officially open this architectural masterpiece of a University by 2016.

Whilst the constructions at Pitipana are successfully underway, the NSBM City Campus too has expanded with its new wing for the School of Computing right in front of the Anula Vidyalaya, Nugegoda on 20 September 2013. This building consists of all the latest equipment necessary for our Computing, Multimedia and Interior Design students; auditorium, Computer labs and a multi – functional student lounge and basement cafeteria of its own.

Further, this year saw the hosting of NSBM's very first Annual General Meeting of all its stakeholders, the Board of Directors, the Academic Governing Council and the Governing Council members.

In addition, NSBM is now the proud second member in Sri Lanka to hold the membership of AACSB, a most distinguished educationally accredited body, which will most definitely add more weight and value to the degree certificates at NSBM.

One of the most unique features of NSBM is the offering of UGC approved degree programmes and this year, NSBM proudly held its inception convocation of UGC approved BSc.in Business Management (Special) and BSc.in Management Information Systems (Special) Degree programme under the patronage of His Excellency Mahinda Rajapaksha, President of the Democratic Republic of Sri Lanka on 29 January 2014. And in its wake, NSBM took a step further in commencing the UGC approved postgraduate programmes in Management and Computing.

NSBM consists of three schools, namely School of Computing, School of Business and the School of Engineering. All three specialized streams have established partnerships with foreign universities namely University College Dublin (UCD) of Ireland, the Limkokwing University of Malaysia and Plymouth University. The School of Business offers a wide variety of degree options varying from Business Management, Management, Human Resource Management, Law, Accountancy and many more. School of Computing offers diversified programmes at undergraduate, graduate and postgraduate levels with a perfect blend of state – of the- art specializations in Computer Science. School of Engineering offers degree courses in Computer Engineering and Electronics keeping abreast with advancing technologies through research and development activities, staff training and networking with international communities. Though NSBM has only a few months of history the mother institute NIBM was established in 1968 under the ambit of the Ministry of Youth Affairs and Skills Development. The premier training institute in Sri Lanka has rendered a great service to the nation through education, consultancy and training, enhancing the productivity of the Sri Lankan workforce for over four decades.

## **Vision**

To be the foremost business school to create future leaders.

## **Mission**

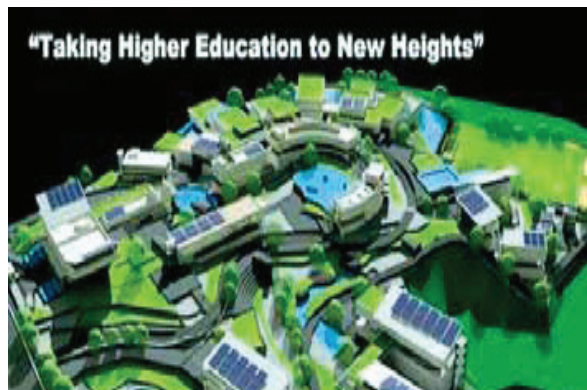
Contribute to building a prosperous society through education, learning and research.

## **Goals**

- Produce graduates who are in demand locally and internationally.
- Achieve national and international supremacy in innovation.
- Link with industry and global knowledge centres.
- Develop an environment conducive to the achievement of the nation's intellectual, cultural and social aspirations.
- Continually improve the institutional corporate growth.

# “ Green University Town”

*First of its kind in Sri Lanka*





## SPECIAL EVENTS - 2014

### *Diploma Award Ceremony 2014*

Diploma Award Ceremony was held on 9<sup>th</sup> September 2014 at Bandaranayaka Memorial International Conference Hall.



## HR Forum 2014

National Institute of Business Management conducted its first HR Forum on 07 March at NIBM Premises. The event was a phenomenal success with the participation of HR professionals, mentors, and trainers from the field of HR. The gathering specially focused on the talents of HR professionals, and the future HR Challenges in the Sri Lanka organizational context. It was a fruitful forum with many valuable HR insights.





## The Best Orator 2014

The English Unit of the National Institute of Business Management held its first “The Best Orator” contest on 25 June 2014 at NIBM auditorium. This event was organized to provide an opportunity for the students to showcase their oratory and presentation skills.



## NIBM Voice - 2014

NIBM Voice is one of the mega events organized by Welfare Association of NIBM and it was held on 5 April 2014. Bathiya and Santhush were on the stage with NIBM Students to voice the power of NIBM. A large gathering of NIBM students and parents made it a remarkable and memorable evening.



## Diploma Inauguration Ceremony 2014

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Diploma Inauguration Ceremony of National Institute of Business Management was held on 06 of March 2014 at BMICH. At the Diploma Inauguration, the keynote speaker was Mr. Sunil G Wijesinha, the Chairman of Watawala Plantations PLC & Chairman of United Motors Lanka PLC.



### A Wesak Damma Sermon and an all-night Pirith Ceremony

During the year 2014, an all night pirith Ceremony was followed by an almsgiving for the Sangha was held at the NIBM head office. In connection with the wesak full moon poya day, a damma sermon was organized with the participation of the staff and students.



## **The annual picnic and get-together in Singapore – 2014**

The members of the staff and their families took part in a picnic and a get - together held in Singapore in 17, 18 and 19 April 2014. A picnic and a get - together are annual events organized by the NIBM welfare and Sports Society.

## **Corporate Social Responsibility (CSR)**

We consider Corporate Social Responsibility (CSR) as an important aspect of our organization as we are using the natural resources such as water and land, as well as releasing waste to the environment. As our business is providing education, professional training and consultancy in Management and Information Technology areas, we are conscious of the importance of our students and participants conducting themselves properly in all activities. We maintain a clean and safe environment which imposes the least negative impacts. We attend to the welfare and the personal benefit of our employees through our HR policies. Therefore our conduct and activities are focused on having quality lives through quality work.

We have contributed in career guidance service, free seminars, and scholarships to financially less privileged yet talented students. The Best Orator – 2014 and donating books to libraries in rural schools are such CSR activities directly related to the activities carried out by our organization.

NIBM has made the following donations in year 2014.

- Donated a laptop computer to a student of University of Peradeniya, Department of Geography for the development of research area.
- Donated musical instruments and educational items for Elibichchiya School at Giriulla Zone rural school in North western province.
- A Donation for heart surgery of Mr. P.A Samarasinghe at National Institute of Business Management.
- Excise Books and Stationary items for Mahapathana junior school at Kandy District
- Foods and wear for old people for Old House at Kandy district
- Blood donation program organized by NIBM head office and Kurunegala, Kandy and Galle regional centres during the year.



## Achievements - 2014

### ISO 9001 : 2008 certificate

ISO 9001: 2008 certificate was awarded to the Institute in 2009 as a result of implementing its policies and programs during the year 2008 in accordance with international standards. It is therefore evident that the staff of the Institute is committed to efficiency and accuracy in implementing its programs designed for the achievement of its objectives.



### A Productivity Award for NIBM



In recognition of the methodical and efficient pursuance of its objectives to achieve high standards of productivity, the Institute was awarded a Merit Certificate at the National Productivity Awards ceremony in the year 2010.



## National Business Excellence Awards 2014

The National Institute of Business Management has been recognized as the Runner-Up for State Service Sector at the National Business Excellence Awards Ceremony organized by the National Chamber of Commerce of Sri Lanka year 2014.



## Newly Opened Matara Regional Centre

The NIBM Matara regional center was opened in 2014 and it is equipped with a state of art computer labs, library, study areas and comfortable lecture room facilities. The facility is indeed an up-to-date educational facility offering comprehensive instructional training in the fields of Management, Marketing, HRM and Information Technology. New NIBM Matara Regional Centre will facilitate the Diploma, Higher Diploma and Certificate level qualifications for students after A/Ls, O/Ls or working professionals.



## Future Directions

To face the ever increasing competitors in the field, following trust areas have been identified:

1. NIBM to provide a complete career path to all its students with flexible entry and exit points – from a simple certificate programme up to Higher Diploma level programmes
2. Expansion and capacity improvement of the regional centres
3. Establishment of consultancy service units related to Management and Management Information Systems.
4. Renovation of NIBM Head office building to improve infrastructure facilities and equipment.
5. Providing world class learning, recreational and canteen facilities for our clients and staff both in Colombo and regional centers.
6. Development of procedures manual for Human Resource and Administration.
7. Salary revision for all staff to matching the same Educational Institutes and competitors
8. Review and update existing Certificate and Diploma programs to suit the development of proposed complete career path which offers easy and flexible exit points to students.
9. Improving Quality and Productivity of our products and services
10. Publications and Journals
  - An in-house magazine quarterly/annually
  - Quality project reports of Diploma & Higher Diploma Students
11. Improving Operational efficiency of the support services.



## 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 and also to develop a work force equipped with skills and capabilities of national and international standards. 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 Higher Diploma and Diploma courses on a variety of subjects for the public and private sectors.

- General Management programs
- Human Resource Management
- Business Management
- 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 for both organizations and interested individuals in Public and Private Sectors.

Over the 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 system 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 posses the necessary technical and managerial skills and a wealth of experience and exposure to best practices to handle any consultancy project.



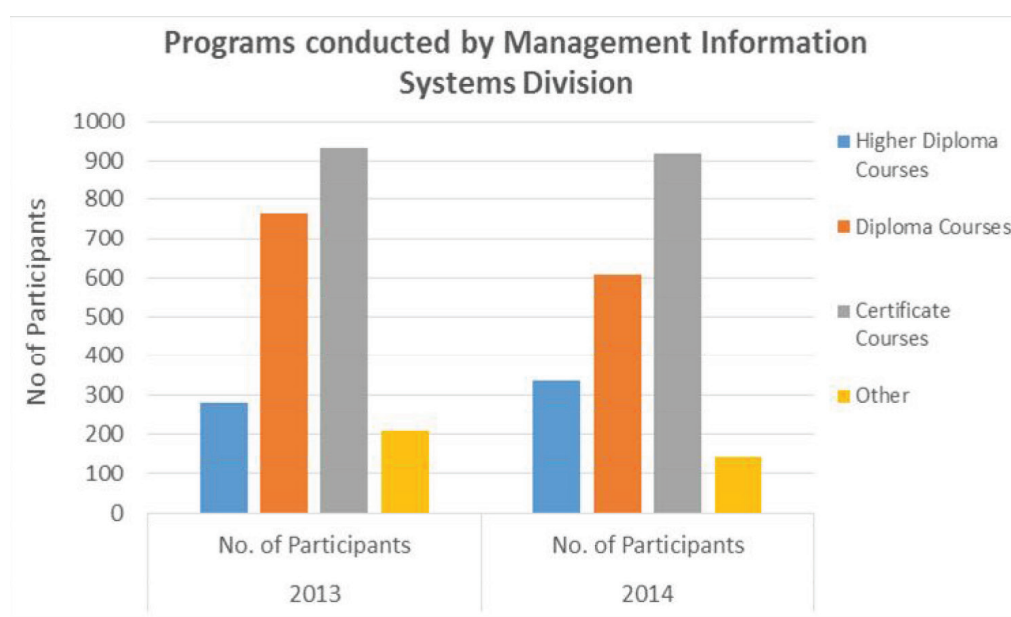
## Management Programs

During the period of January to December 2014 the Productivity & Management Development Division has conducted 99 programs. These programs consist of 02 Higher Diploma programs, 20 Advanced Diploma programs, 04 Diploma programs, 27 Advanced Certificate programs, 15 Certificate programs, 06 Foundation programs, 15 In-house programs and 10 Short duration programs.

The following table gives a summary of the programs conducted by the Productivity & Management Development Division during the year 2013 and 2014.

| S/N | Category                      | 2013           |                     | 2014           |                     |
|-----|-------------------------------|----------------|---------------------|----------------|---------------------|
|     |                               | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| 1   | Higher Diploma Programs       | 1              | 178                 | 2              | 395                 |
| 2   | Advanced Diploma Programs     | 20             | 1396                | 20             | 1191                |
| 3   | Diploma Programs              | 4              | 114                 | 4              | 89                  |
| 4   | Advanced Certificate Programs | 27             | 1,197               | 27             | 1,007               |
| 5   | Certificate Programs          | 18             | 550                 | 15             | 489                 |
| 6   | Foundation Programs           | 8              | 336                 | 6              | 224                 |
| 7   | Short duration Programs       | 17             | 359                 | 15             | 381                 |
| 8   | In house Programs             | 11             | 248                 | 10             | 228                 |
|     | <b>Total</b>                  | <b>106</b>     | <b>4,378</b>        | <b>99</b>      | <b>4,004</b>        |

**Table 04 - Programs Conducted by the Productivity and Management Development Division.**



**Fig. 04 - Courses conducted by the Productivity and Management Development Division**

## Participation in the Productivity & Management Development Programs

During the year 2014 a total of 4,004 participated in the programs of the Productivity & Management Development Division. Students consist in 395 in Higher Diploma Programs, 1,191 in Advanced Diploma Programs, 89 in Diploma Programs, 1,007 in Advanced certificate courses, 489 in Certificate Courses, 224 in Foundation Courses, 609 in short duration and In house programs.

## Development efforts of the Productivity & Management Development Division

Various attempts have been made to develop the training programs catering to the demand and needs of the private sector clients. Accordingly a few new training programs were introduced during this year. From all these programs, the courses introduced by the Productivity & Management Development Division are important. During this year, several Programs on English Language Training were implemented. Several measures that are 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 enhancing of the prestige of the institution in them
- Introduction of new advertising techniques
- Promotion of programs that fulfill the needs of the 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 with three full time consultants 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 2014 the Productivity & Management Development Division earned an income of Rs. 272 million. The table and diagram below indicates that there has been a substantial increase in the income of the Productivity & Management Development Division, when compared to the previous years.

### Income Generation - Productivity and Management Development Division

Rs. Million

|                                                                          | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------------------------------------------|------|------|------|------|------|
| Income generated by the Productivity and Management Development Division | 216  | 327  | 232  | 253  | 272  |

Table 05 - Income generated by the Productivity and Management Development Division



Fig. 05 - Income Generated by the Productivity and Management Development Division

## 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 Higher Diploma, 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. These well-structured computer training programs have gained wide acceptance among students and are recognized by employers both locally and abroad.

Since 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 onwards.

### Other activities of the Management Information Systems Division

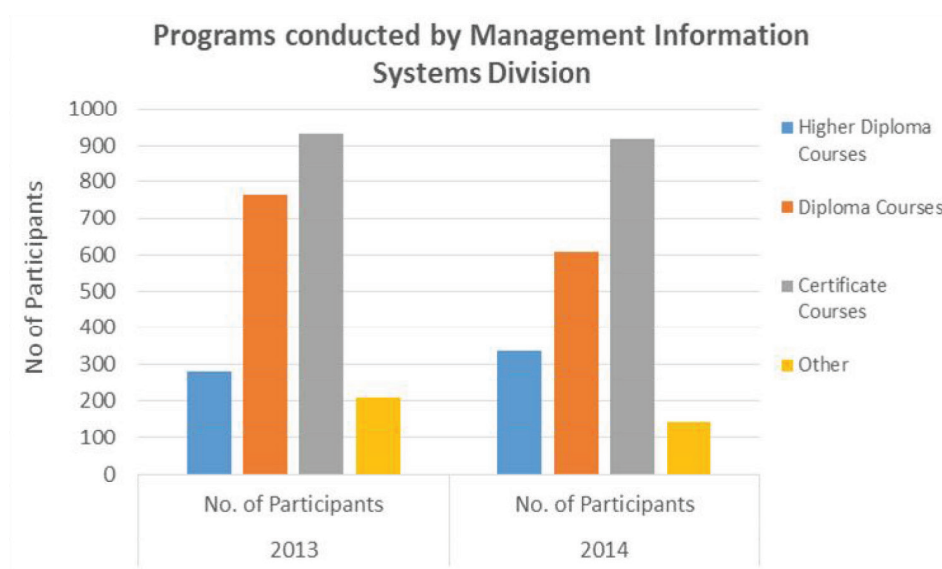
Several programs were conducted by the Division during the year 2014; namely 14 Diploma Programs, 02 Higher Diploma Programs, 22 Computer Certificate Programs, 06 other Programs.

### Programs conducted by Management Information Systems Division

| S/N | Category               | 2013           |                     | 2014           |                     |
|-----|------------------------|----------------|---------------------|----------------|---------------------|
|     |                        | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| 1   | Higher Diploma Courses | 2              | 280                 | 2              | 337                 |
| 2   | Diploma Courses        | 10             | 764                 | 14             | 609                 |
| 3   | Certificate Courses    | 19             | 931                 | 22             | 919                 |
| 4   | Other                  | 10             | 207                 | 6              | 142                 |
|     | <b>Total</b>           | <b>41</b>      | <b>2182</b>         | <b>44</b>      | <b>2007</b>         |

**Table 06 - Programs Conducted by the Management Information Systems Division**





**Fig. 06 - Programs Conducted by the Management Information Systems Division**

During the year 2014 a total of 2,007 participated in the programs of the Management Information System Division. There are 337 in students. Higher Diploma Programs, 609 in Diploma Programs, 919 in Certificate Courses, and 142 in other programs.

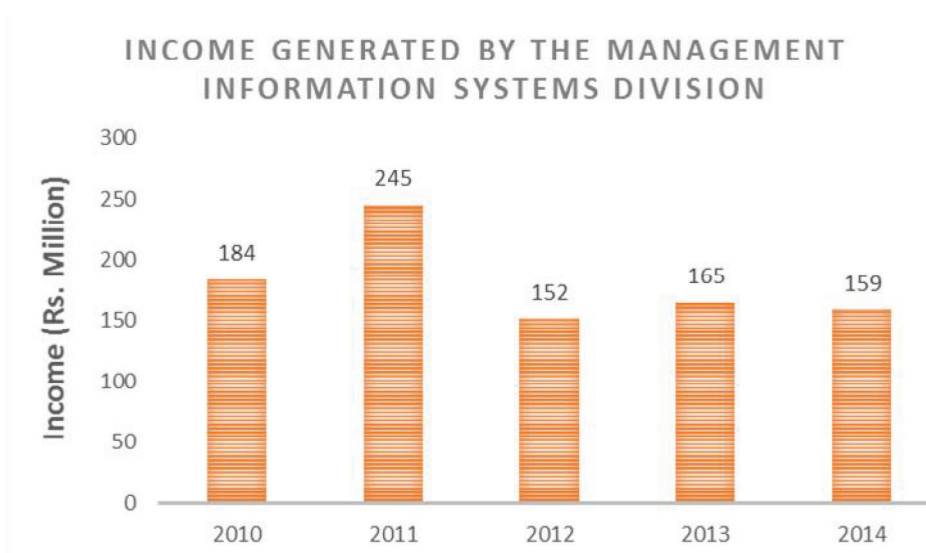
### Income Generation

The income generated by the Management Information Systems Division during 2014 is Rs. 159 million. The following Table 07 shows that the income generated during 2014 is considerably lower than in the previous years.

#### Income Generation - Management Information Systems Division

|                                                                 | Rs. Million |      |      |      |      |
|-----------------------------------------------------------------|-------------|------|------|------|------|
|                                                                 | 2010        | 2011 | 2012 | 2013 | 2014 |
| Income generated by the Management Information Systems Division | 184         | 245  | 152  | 165  | 159  |

**Table 07 - Income generated by the Management Information Systems Division**



**Fig. 07 : Income generated by the Management Information Systems Division**

## REGIONAL CENTERS

Taking Management training to the provinces National Institute of Business Management has set up three regional centers by the year 2014.

### **KURUNEGALA REGIONAL CENTER**

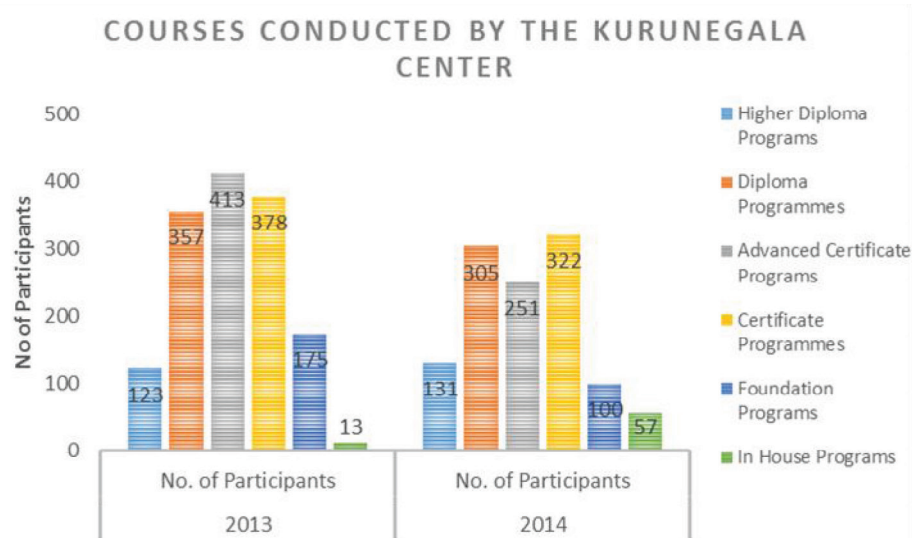
The courses conducted by the Kurunegala Regional Center which was opened in 1986 are as given below: Full time Diploma Course and Higher Diploma Courses on Development of Computerized Systems, Diploma and Certificate courses on computer Application, Diploma courses on Human Resource Management and Business Management, Foundation courses, Diploma, Advanced Certificate and Certificate courses on English Language. In order to conduct these programs may be conducted in a systematic manner, a new building was constructed and opened on 31<sup>st</sup> October 2008. The total cost of the project was Rs. 141 million. It is a four storied building with the following facilities:

- Fully equipped lecture halls.
- Computer research labs with all the necessary equipment.
- A modern auditorium
- Library facilities
- Internet and Broad Band facilities
- Welfare and cafeteria facilities
- Two apartments with all the facilities
- Vehicle parking facilities

Following courses were conducted at the Kurunegala Regional Centre during 2013 and 2014.

| S/N | Category                      | 2013           |                     | 2014           |                     |
|-----|-------------------------------|----------------|---------------------|----------------|---------------------|
|     |                               | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| 1   | Higher Diploma Programs       | 3              | 123                 | 4              | 131                 |
| 2   | Diploma Programmes            | 8              | 357                 | 10             | 305                 |
| 3   | Advanced Certificate Programs | 11             | 413                 | 9              | 251                 |
| 4   | Certificate Programmes        | 12             | 378                 | 11             | 322                 |
| 5   | Foundation Programs           | 6              | 175                 | 5              | 100                 |
| 6   | In House Programs             | 1              | 13                  | 2              | 57                  |
|     | <b>Total</b>                  | <b>41</b>      | <b>1459</b>         | <b>41</b>      | <b>1,166</b>        |

**Table 08 - Courses conducted at the Kurunegala Center**



**Fig. 08 - Programs conducted at the Kurunegala Center.**

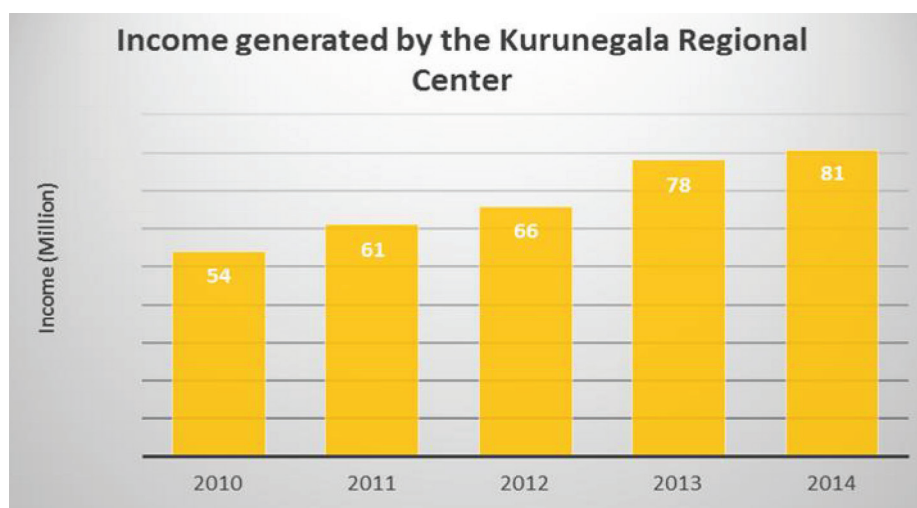
## Income Generation

The Management Development Division and the Management Information Systems Division of the Kurunegala Regional Center earned an income of Rs. 81 million in 2014. The table below shows that the income of the Kurunegala Center has considerably increased

### Income Generation - Kurunegala Regional Center

|                                                    | Rs. Million |      |      |      |      |
|----------------------------------------------------|-------------|------|------|------|------|
|                                                    | 2010        | 2011 | 2012 | 2013 | 2014 |
| Income generated by the Kurunegala Regional Center | 54          | 61   | 66   | 78   | 81   |

**Table 09 - Income generated by the Kurunegala Regional Center**



**Fig. 09 - Income Generated by the Kurunegala Center**

## KANDY REGIONAL CENTER

The Kandy Regional Center (Located in the Asgiriya Road) was opened in 1996 to cater to the increasing demand for Computer and Management Development studies in the Central Province. The center was later shifted to a more spacious four storied building equipped with modern facilities located in the Asgiriya Road, Kandy. This center where facilities and the environment are more suitable for studies, is expected to yield better results. Several programs on Management and Information Technology are conducted at this center. Courses conducted at the Kandy Regional Center during 2013 and 2014 are summarized below.

| S/N | Category                      | 2013           |                     | 2014           |                     |
|-----|-------------------------------|----------------|---------------------|----------------|---------------------|
|     |                               | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| 1   | Higher Diploma Programs       | 3              | 86                  | 4              | 199                 |
| 2   | Diploma Programs              | 10             | 486                 | 11             | 431                 |
| 3   | Advanced Certificate Programs | 10             | 412                 | 11             | 315                 |
| 4   | Certificate Programs          | 10             | 390                 | 11             | 368                 |
| 5   | Foundation Programs           | 4              | 234                 | 4              | 105                 |
| 6   | In-house Programs             |                |                     | 3              | 10                  |
|     | <b>Total</b>                  | <b>37</b>      | <b>1608</b>         | <b>44</b>      | <b>1428</b>         |

Table 10 - Courses conducted at the Kandy Center

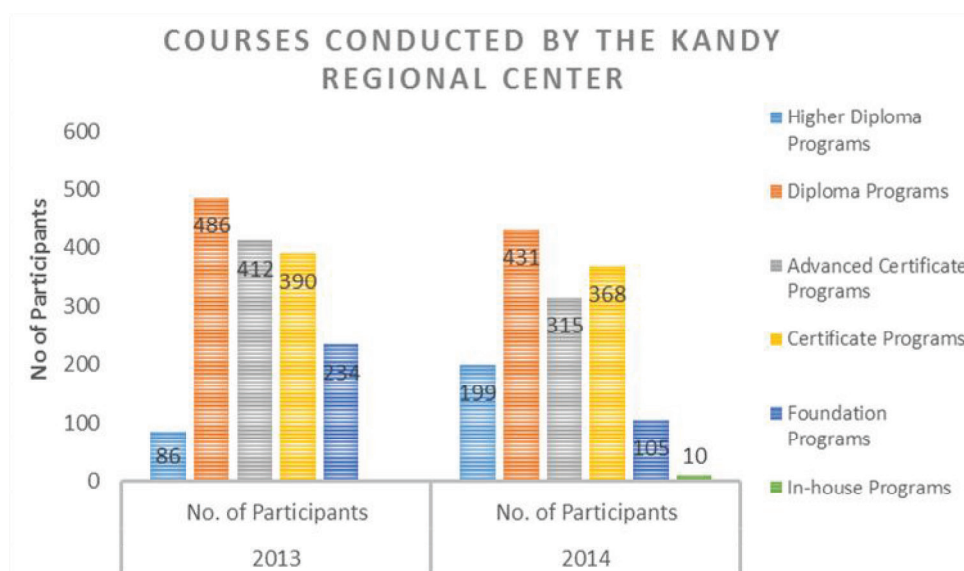


Fig. 10 - Courses conducted at the Kandy Regional Center



## Income Generation

The income earned by the Management Development Division and the Management Information Systems Division at the Kandy Regional Center during 2014 is Rs. 85 million. The Table given below indicates that the income generated by the Kandy Regional Center has increased over the years.

### Income Generation - Kandy Regional Center

|                                               | Rs. Million |      |      |      |      |
|-----------------------------------------------|-------------|------|------|------|------|
|                                               | 2010        | 2011 | 2012 | 2013 | 2014 |
| Income generated by the Kandy Regional Center | 23          | 35   | 53   | 78   | 85   |

Table 11 - Income generated by the Kandy Regional Center

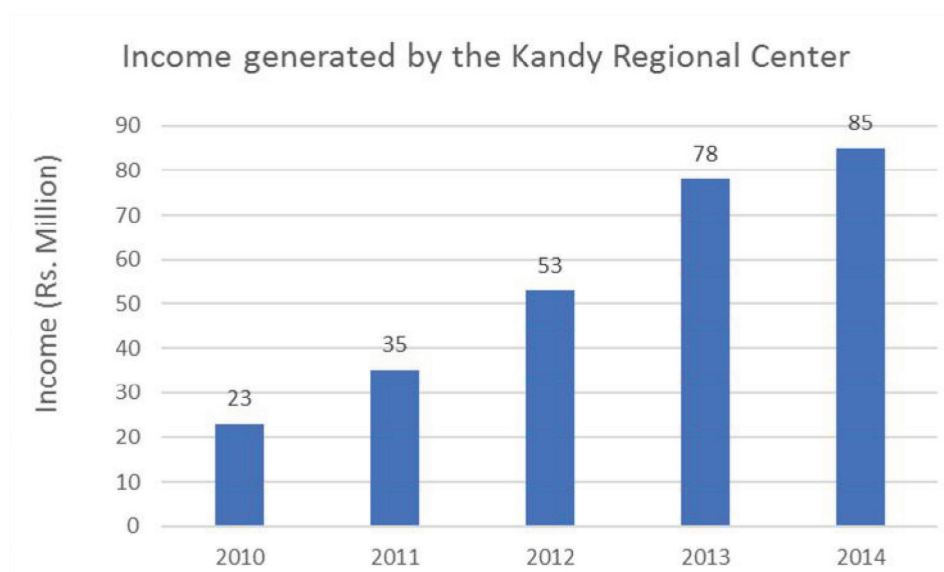


Fig. 11 - Income Generation - Kandy Regional Center

## GALLE & MATARA REGIONAL CENTER

A center was opened in Galle to provide facilities for education on Management and Information Technology in the Southern Province. It is a newly built, fully fledged institution that guarantees a step by step educational career path to every academic seeking higher education. Degree programs, Diploma programs, Certificate programs, In-house programs, Workshop and Training programs in the field of Management and Information Technology are offered at the Galle & Matara Center from 2014 onwards.

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 Centers will be set up in the future in key districts to meet the aspirations of the youth and the needs of the industry for qualified and trained personnel. Following programs have been conducted at the Galle and Matara centers during 2013 and 2014.

| S/N | Category                     | 2013           |                     | 2014           |                     |
|-----|------------------------------|----------------|---------------------|----------------|---------------------|
|     |                              | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| 1   | Higher Diploma Programs      | 3              | 134                 | 4              | 111                 |
| 2   | Diploma Courses              | 10             | 419                 | 11             | 385                 |
| 3   | Advanced Certificate Courses | 12             | 406                 | 14             | 356                 |
| 4   | Certificate Courses          | 9              | 276                 | 8              | 251                 |
| 5   | Foundation Programs          | 4              | 93                  | 4              | 67                  |
| 6   | In House Programs            |                |                     |                |                     |
|     | <b>Total</b>                 | <b>38</b>      | <b>1328</b>         | <b>41</b>      | <b>1170</b>         |

Table 12 - Courses conducted at the Galle and Matara Centers

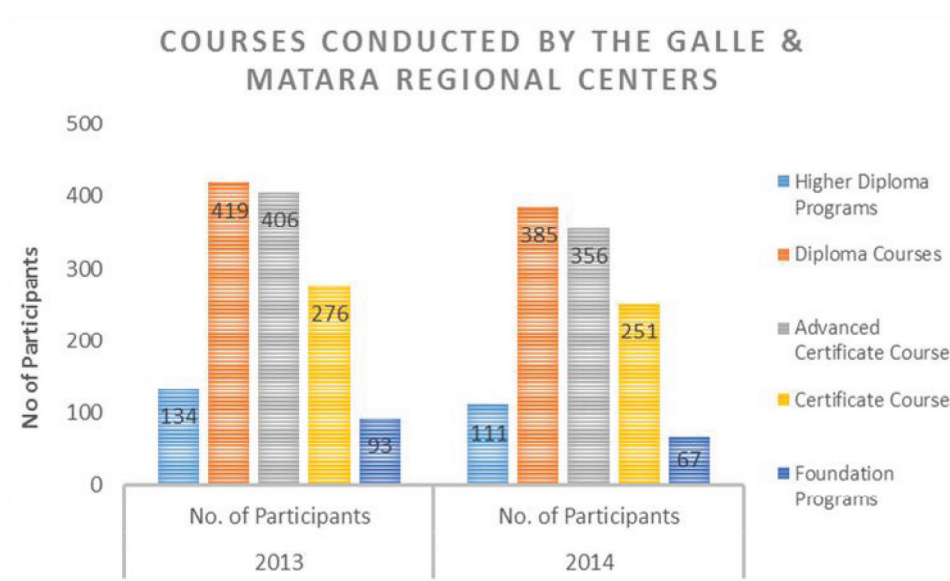


Fig. 12 - Courses conducted at the Galle & Matara Regional Centers

## Income Generation

The income generation at the Galle Regional Center by the Management Development and Information Systems Division is Rs. 82 million. The following table indicates that the income generated by the Galle Center has decreased during 2014.

### Income Generation - Galle Regional Center

|                                               | Rs. Million |      |      |      |      |
|-----------------------------------------------|-------------|------|------|------|------|
|                                               | 2010        | 2011 | 2012 | 2013 | 2014 |
| Income generated by the Galle Regional Center | 32          | 48   | 62   | 83   | 82   |

Table 13 - Courses conducted at the Galle Regional Center

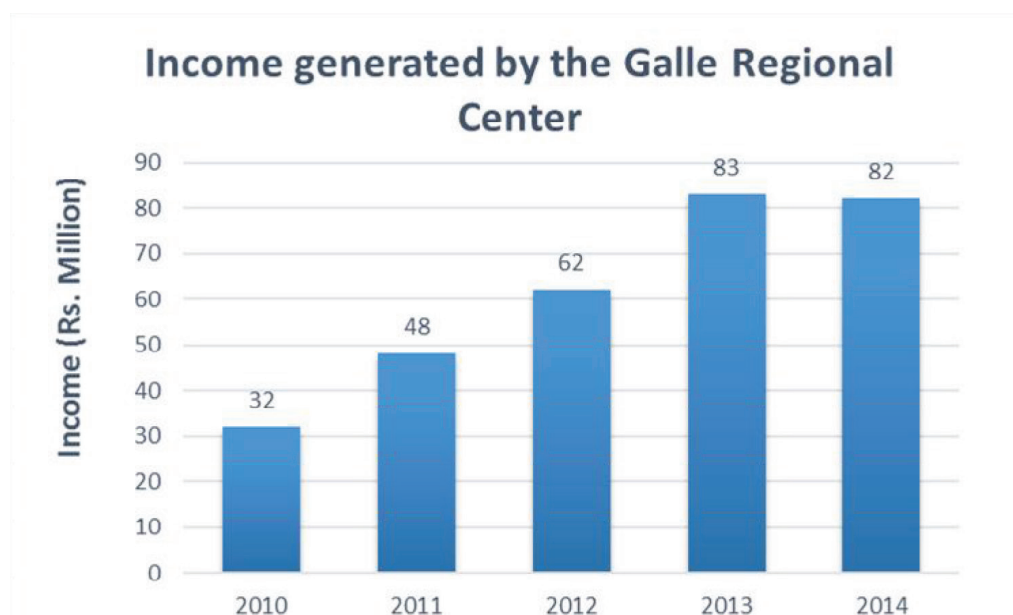


Fig. 13 - Income Generated by the Galle Regional Center

## LIBRARY & DOCUMENTATION CENTER

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The institute has a library equipped with all the 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 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 Institute.

## Services

Facilities for reference work and lending of books are available. Among other services are circulation of indexes, acquisition lists and contents pages of journals. The library also provides selective information (SDI) including information search using library data base and the current dissemination of 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 newspaper articles including the reports with information on NIBM, Compilation of Indices, Conducting book exhibitions, Information exchange services, Inter – library relationship, National and International co-operation in the development of information, are special functions of the library.

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

## Resources

### Numbers of Books

| Category                                             | 2013  | 2014  |
|------------------------------------------------------|-------|-------|
| Books (Colombo main branch)                          | 26748 | 27064 |
| Books acquired by Kurunegala, Kandy Galle and Matara | 3302  | 3850  |
| Consultancy Reports                                  | 200   | 200   |
| Paper Clippings                                      | 530   | 560   |
| Video Resources                                      | 71    | 71    |
| Periodicals (current amount)                         | 65    | 65    |
| Periodical Holdings                                  | 175   | 175   |
| Audio Resources                                      | 30    | 30    |
| Maps                                                 | 10    | 10    |
| Project Reports                                      | 4560  | 4560  |
| Booklets                                             | 90    | 90    |
| CD ROMS                                              | 560   | 580   |

## Special Reserves

- Sri Lankan Reserves
- Asian Productivity Organization Publications
- Company Annual Reports
- Information relevant to training activities.
- NIBM consultancy 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 2014

Particulars of Procurements made during the year 2011 are as follows.

|                                        |                       |
|----------------------------------------|-----------------------|
| Value of Books purchased in 2014       | Rs. 381,616.58        |
| Value of Periodicals purchased in 2014 | Rs. 252,084.15        |
| <b>Total</b>                           | <b>Rs. 633,700.73</b> |

## Career Guidance and Industrial Training Unit

Career Guidance has been recognized as a vital part of the education and training that the undergraduate has to be exposed to. The Career Guidance Unit (CGU) offers support, advice and guidance for prospective students to meet employers in the related

fields. The main purpose of this unit is to develop the career related skills such as leadership and teamwork skills, communication skills, managerial skills, marketing and entrepreneurial skills.

### Functions of the CGU:

- Arrange industrial training for degree students
- Mentor and support students with developing and implementing their career development Plan.
- Encourage and help students to set realistic goals and action plans related to their career.
- Advise students on how to bridge any gaps in skills or training to meet their career Development plan.



## The Examination Unit

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The Examinations Unit (EU) of NIBM, established in 2007 is one of the operational arms of NIBM which deals with the process of examination. Therefore, the Examinations Unit carries a heavy responsibility of upholding records of students. As the question papers and results should be treated as confidential material and the team of EU which comprises of eight staff members who take every possible step to maintain a higher level of confidentiality as well as security.

The functions of EU

- To manage all examination processes in accordance to the institution's rules and Regulations
- To manage all students' records related to examinations
- To manage all records of regional centers
- To manage invigilation requirements

## MEDICAL CENTRE

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A health clinic has been opened with a view to look after the health of the students and the employees of the NIBM. The clinic provides the services of a doctor with MBBS qualification and a nurse.





## Korean Agency for Digital Opportunities (KADO)

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Korea Agency for Digital Opportunity & Promotion –

KADO, of the Republic of Korea established a digital international access centre at NIBM. This centre is equipped with an internet lounge, IT training lab with 30 brand new PCs, a 50 seat seminar room and an administrative office. All our students are provided with facilities for internet access and latest computer systems are here for a nominal fee.



## CAFETERIA

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Giving priority to health and nutrition of our students, NIBM cafeteria offers a range of typical Sri Lankan food for a reasonable price. Since it is located in the ground floor of NIBM premises, students have easy access to buy their meals.



# විගණකාධිපති දෙපාර්තමේන්තුව

## கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

### AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය  
எனது இல.  
My No.

VTY/F/NIBM/  
1/14/01

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

11 August 2016

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 2014 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971.

The audit of consolidated financial statements of the National Institute of Business Management and Its Subsidiary for the year ended 31 December 2014 comprising the statement of consolidated financial position as at 31 December 2014 and the statement of consolidated comprehensive income and statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information 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 Finance Act No 38 of 1971 and Section 24 of the National Institute of Business Management Act No 23 of 1976. Accounts of the subsidiary company had been audited by a firm of Chartered Accountants appointed by its members. 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, was furnished to the Chairman of the Institute on 03 November 2015.

#### 1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

#### 1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI-1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.





An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary power to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate audit evidence to provide a basis for my audit opinion.

## **2. Financial Statements**

### **2.1 Opinion – Group**

In my opinion, the financial statements give a true and fair view of the financial position of the National Institute of Business Management and its Subsidiary as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **Opinion-Institute**

In my opinion, the financial statements give a true and fair view of the financial position of the National Institute of Business Management as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **2.2 Comments on the Financial Statements**

#### **2.2.1 Sri Lanka Accounting Standards-16**

Seventy items of assets at a cost of Rs.28,442,953 fully depreciated but in use had not been revalued and brought to account to show their fair value.

### **2.3 Accounts Receivable**

Debtors balance remained outstanding for more than 2 years as at 31 December 2014 amounting to Rs.696,186 and a sum of Rs.30,124 from the advance paid for the building



situated at Jaffna which was closed on 22 June 2012 had not been recovered even by the end of the year under review.

## 2.4 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

The following non-compliances were observed.

| Reference to Laws, Rules, Regulations and Management Decisions.                 | Non-compliances                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| -----                                                                           | -----                                                                                                                                                                                                                                                                                                                                                          |
| (a) Section 114 of the Inland Revenue Act, No. 10 of 2010                       | The Pay As You Earn Tax for the incentives paid in the years 2013 and 2014 should be computed based on normal tax table 2 for the deduction at once in the same month paid incentives. Nevertheless, the Pay As You Earn Tax had been computed under normal tax table 1 dividing the incentive by 12 months and adding to the salary of each month separately. |
| (b) Paragraph 06 of the Public Enterprises Circular No. 57 of 11 February 2011. | Even though the approval should be obtained from the Minister of Finance and Planning for the sales promotions activities carried out in excess of the Annual Budget Estimates, contrary to that, a sum of Rs. 9,802,706 had been spent by exceeding the estimated amount of Rs. 37,500,000 for the promotion activities during the year under review.         |

## 3. **Financial Review**

### 3.1 **Financial Results-Group**

According to the Consolidated Financial Statements presented, the operations of the Group for the year ended 31 December 2014 had resulted in a pre-tax net profit of Rs. 410,101,233 as compared with the corresponding net profit of Rs. 500,954,657 for the preceding year, thus indicating a deterioration of Rs. 90,853,424 in the financial result for the year under review. Even though the income of the Group had increased by

Rs.218,651,066 in the year under review, increase of salaries and allowances by Rs.45,767,148 ,consultancy and training expenses by Rs.192,313,498, establishment and other expenses including depreciation by Rs.71,217,440 had mainly attributed for the above deterioration.

### **Financial Results-Institute**

According to the Financial Statements presented, the operations of the Institute for the year ended 31 December 2014 had resulted in a pre-tax net profit of Rs. 240,026,097 as compared with the corresponding net profit of Rs. 284,752,742 for the preceding year, thus indicating a deterioration of Rs.44,726,645 in the financial result for the year under review. Increase of salaries and allowances by Rs.22,456,978 ,consultancy and training expenses by Rs.12,684,563 establishment and other expenses by Rs.7,723,305 had mainly attributed for the above deterioration.

## **4. Operating Review**

### **4.1 Performance**

The following observations are made.

- (a) As the income of the courses in the year under review of the National Institute of Business Management increased by Rs.18,374,088 or 2 per cent as compared with the preceding year, the direct expenditure had been increased by Rs.35,141,541 or 18 per cent . As a result, the gross profit of the year had decreased by Rs.16,767,453 or 3.6 per cent as compared with the preceding year.
- (b) The following observations are made in relation to the courses conducted during the year under review and 04 preceding years and number of students participated at the Head Office in Colombo and Kandy,Kurunegala,Galle and Matara Branches of the National Institute of Business Management.
  - (i) Even though 142 courses had been in operation at the Head Office in Colombo in the year 2010 and it had been increased to 150 by the year 2012. However, the number of courses conducted during the year under review had decreased up to 143. Even though the number of students

participated in this courses had increased up to 8,139 in the year 2011, it had decreased up to 6,011 in the year under review.

- (ii) Twenty three courses had been held with the participation of 781 students in the year 2010 at Kandy Branch and it could be gradually increased to 44 courses and the number of students up to 1,428 as at the end of the year under review. However, 48 courses had been conducted during the year 2010 at the Kurunegala Branch but the number of courses conducted in the year under review was 41. The number of students participated had also been decreased accordingly.
  - (iii) The number of courses conducted in the year 2010 at the Galle Branch was 31 and it could be increased up to 38 by the year 2013 and also increased the number of students accordingly. However, 08 courses had been commenced at the new Matara Branch opened in the year under review and as a result, the number of courses conducted at Galle was 33. A deterioration of 12 per cent was recorded as compared with the preceding year in considering Galle and Matara as a whole.
  - (iv) Even though 11,423 students had participated for 236 courses in the year 2011 considering as a whole, the number participated had increased up to 269 in the year 2014 . However, the number of students participated for the above courses had decreased up to 9,775. The Chairman informed that the reason for this decrease was due to decreased in conducting workshops and short term courses during the year under review.
- (c) The number of students who enrolled during the year under review but dropped out from the courses had been 400. The attention of the Institute had not been paid to examine the reason for leaving students from courses and remedial action taken thereon and improve the number of students enrolled by introducing a new course and implementation of courses, with proper planning.

**Management Inefficiencies**

The following observations are made.

- (a) Even though the approval had been granted to hand over the land in which the Head Office is situated to the National Institute of Business Management as a donation according to the decision of the Cabinet of Ministers dated 17 October 2013, the legal title of the land had not been handed over to the Institute even by 31 December 2015.
- (b) Even though an education centre had been built spending a sum of Rs.302,707,070 as at 31 March 2010 in a land situated at Galle which was decided to hand over to the Institution according to the decision of the Cabinet of Ministers dated 07 November 2007, the legal ownership of this land had not been vested in the institute even up to 31 December 2015.

**Idle Assets**

The stationery amounting to Rs.327,324 had remain idle without being used within the stock of stationery amounting to Rs.9,140,508 shown in the financial statements as at 31 December in the year under review.

**Uneconomic Transactions**

An officer had been appointed, based on the payment of Rs.30,000 per month for a period of 6 months with effect from 08 February 2012 for the post of Coordinating Officer according to a letter of appointment issued on 03 February 2012. Even though, he had served a period of 2 years and 11 months by extending his service up to 12 December 2014, records had not been kept about his arrival and departure during the same period and without being obtained information on the duties he had performed, a sum of Rs.1,050,000 had been paid to him during the relevant period by the Institution.

**Accountability and Good Governance****Presentation of Financial Statements**

According to the Paragraph 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the draft annual report and the financial



statements should be submitted to the Auditor General within 60 days after the close of the financial year. However, the financial statements for the year under review had been submitted to audit only on 10 December 2015.

5.2

### **Corporate Plan**

Even though according to the Co-operate Plan prepared from the year 2012 to the year 2016 , it was expected to increase the net profit by 20 per cent annually as compared with the preceding year, the deterioration of the profit in the year under review was 15.7 per cent as compared with the preceding year.

5.3

### **Budgetary Control**

In comparing the estimated income and expenditure of the National Institute of Business Management for the year under review with the actual income and expenditure , it was observed that the operating income had decreased by Rs.25.67 million or 3 per cent. As the development expenditure , donations and bonus had been incurred in excess of the annual estimated expenditure by 176 per cent, 140 per cent and 83 per cent respectively, the budget had not been made use of as an effective instrument of management control.

6.

### **Systems and Controls**

The weaknesses 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 Courses
- (b) Assets Management

H.M.Gamini Wijesinghe,

Auditor General

## NATIONAL INSTITUTE OF BUSINESS MANAGEMENT

### CONSOLIDATED FINANCIAL POSITION

| Notes                                | '31 DECEMBER         |                      | '31 DECEMBER         |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | NIBM<br>2014         | CONSOLIDATED<br>2014 | NIBM<br>2013         | CONSOLIDATED<br>2013 |
| <b>ASSETS</b>                        |                      |                      |                      |                      |
| Non-Current Assets                   |                      |                      |                      |                      |
| Property, Plant and Equipment -4     | 898,406,654          | 4,383,978,458        | 901,910,816          | 2,729,804,842        |
| Intangible Assets -5                 | 1,107,951            | 5,013,616            | 1,809,369            | 5,412,225            |
| Investment in subsidiaries -6        | 550,000,010          |                      | 450,000,010          |                      |
| Other Non Current Assets             | 10,573,795           | 10,573,795           | 9,430,828            | 9,430,828            |
|                                      | <b>1,460,088,410</b> | <b>4,399,565,869</b> | <b>1,363,151,023</b> | <b>2,744,647,895</b> |
| Security Deposit                     | <b>900,000.00</b>    | <b>900,000.00</b>    | <b>900,000.00</b>    | <b>900,000.00</b>    |
| <b>Current Assets</b>                |                      |                      |                      |                      |
| Inventories -7                       | 9,194,901            | 15,630,123           | 6,852,694            | 10,414,307           |
| Financial Assets Held To Maturity -8 | 229,999,915          | 1,179,443,577        | 203,000,000          | 882,283,722          |
| Trade and Other Receivables -9       | 107,508,275          | 195,994,068          | 102,229,630          | 157,086,858          |
| Other Non Financial Assets           | 2,231,210            | 2,231,210            | 2,091,623            | 2,091,623            |
| Cash and Bank Balance -10            | 41,010,414           | ww50,243,912         | 29,252,108           | 39,748,944           |
|                                      | <b>389,944,715</b>   | <b>1,443,542,890</b> | <b>343,426,055</b>   | <b>1,091,625,454</b> |
| <b>Total Assets</b>                  | <b>1,850,933,125</b> | <b>5,844,008,759</b> | <b>1,707,477,078</b> | <b>3,837,173,349</b> |
| <b>FUND AND LIABILITIES</b>          |                      |                      |                      |                      |
| <b>Grants</b>                        |                      |                      |                      |                      |
| Government Contribution -11          | <b>57,175,766</b>    | <b>57,175,766</b>    | <b>57,175,766</b>    | <b>57,175,766</b>    |
| <b>CAPITAL &amp; RESERVES</b>        |                      |                      |                      |                      |
| Stated Capital                       |                      |                      |                      |                      |
| Revaluation Reserve -12              | 151,238,166          | 151,238,166          | 151,706,814          | 151,706,814          |
| Retained Earnings -13                | 792,321,994          | 1,311,052,373        | 819,628,145          | 1,183,972,396        |
|                                      | <b>943,560,160</b>   | <b>1,462,290,539</b> | <b>971,334,959</b>   | <b>1,335,679,210</b> |
| Other Grants -14                     | 1,068,000            | 1,068,000            | 1,068,000            | 1,068,000            |
| Capital Grants -15                   | 369,776,287          | 369,776,287          | 378,067,767          | 378,067,767          |
|                                      | <b>370,844,287</b>   | <b>370,844,287</b>   | <b>379,135,767</b>   | <b>379,135,767</b>   |
| <b>Non-Current Liabilities</b>       |                      |                      |                      |                      |
| Library Deposits                     | 2,481,000            | 4,395,000            | 2,624,000            | 4,335,000            |
| Bank Loan                            |                      | 2,856,457,001        |                      | 1,417,524,425        |
| Deferred Tax Liability -16           | 18,229,430           | 18,229,430           | 14,901,974           | 16,349,461           |
| Retirement Benefit Liability -17     | 18,713,426           | 19,393,435           | 17,022,963           | 17,462,742           |
| Non Current Liabilities              |                      |                      |                      |                      |
|                                      | <b>39,423,856</b>    | <b>2,898,474,866</b> | <b>34,548,937</b>    | <b>1,455,671,628</b> |
| <b>Current Liabilities</b>           |                      |                      |                      |                      |
| Library Deposits                     | 663,000              | 1,533,000            | 987,000              | 1,191,000            |
| Trade and Other Payables -18         | 264,622,440          | 867,987,811          | 246,360,519          | 581,568,875          |
| Current Tax Liability -19            | 173,183,616          | 184,242,490          | 17,000,000           | 25,816,973           |
| Provisions -20                       | 1,460,000            | 1,460,000            | 934,130              | 934,130              |
|                                      | <b>439,929,056</b>   | <b>1,055,223,301</b> | <b>265,281,649</b>   | <b>609,510,978</b>   |
| <b>Total Fund and Liabilities</b>    | <b>1,850,933,125</b> | <b>5,844,008,759</b> | <b>1,707,477,078</b> | <b>3,837,173,349</b> |

The Accounting policies on pages 10 to 25 and Notes on pages 26 to 38 from an integral part of these Financial statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial statements were approved by the Board of Directors and signed on their behalf.

**Susantha Fernando**  
Chairman

**Dr.E.A.Weerasinghe**  
Director General

**G.D.Bernard**  
Director Finance

**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**  
**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

|                                                                       |    | 'YEAR ENDED 31 DECEMBER |                     | 'YEAR ENDED 31 DECEMBER |                     |
|-----------------------------------------------------------------------|----|-------------------------|---------------------|-------------------------|---------------------|
|                                                                       |    | <b>NIBM</b>             | <b>CONSOLIDATED</b> | <b>NIBM</b>             | <b>CONSOLIDATED</b> |
|                                                                       |    | <b>2014</b>             | <b>2014</b>         | <b>2013</b>             | <b>2013</b>         |
| Revenue                                                               | 21 | 685,446,170             | 1,468,094,422       | 667,072,082             | 1,249,443,356       |
| Direct expenses                                                       | 22 | 230,778,668             | 741,479,689         | 195,637,128             | 503,399,043         |
| <b>Gross profit</b>                                                   |    | <b>454,667,502</b>      | <b>726,614,733</b>  | <b>471,434,954</b>      | <b>746,044,313</b>  |
| Other income                                                          | 23 | 40,558,614              | 97,119,994          | 40,375,100              | 100,814,376         |
| Distribution cost                                                     |    |                         |                     |                         |                     |
| Administrative expenses                                               | 24 | 249,587,880             | 400,832,841         | 225,428,613             | 340,647,519         |
| Other expenses                                                        | 25 | 5,799,508               | 9,770,708           | 2,015,864               | 2,859,117           |
| <b>Operating profit</b>                                               |    | <b>239,838,728</b>      | <b>413,131,178</b>  | <b>284,365,577</b>      | <b>503,352,053</b>  |
| Finance cost                                                          | 26 | 1,584,478               | 4,801,792           | 1,376,232               | 4,160,793           |
| Finance income                                                        |    | 1,771,847               | 1,771,847           | 1,763,397               | 1,763,397           |
| <b>Net Profit Before Taxation</b>                                     |    | <b>240,026,097</b>      | <b>410,101,233</b>  | <b>284,752,742</b>      | <b>500,954,657</b>  |
| Income tax expense                                                    | 27 | (26,897,147)            | (42,769,496)        | (34,587,953)            | (47,276,376)        |
| income tax liability 25% of<br>the distributable profit               |    | (53,696,388)            | (53,696,388)        |                         |                     |
| <b>Net Profit After Taxation</b>                                      |    | <b>159,432,562</b>      | <b>313,635,349</b>  | <b>250,164,789</b>      | <b>453,678,281</b>  |
| Other comprehensive income                                            |    |                         |                     |                         |                     |
| Actuarial loss on post employment<br>benefit obligation               |    |                         | 121,589             | (207,395)               | (415,365)           |
| Revaluation value of disposal assets                                  |    | 468,648                 | 468,648             | 342,059                 | 342,059             |
| Exchange relilised                                                    |    |                         |                     |                         | 32,995              |
| Exchange gain loss                                                    |    |                         | 95,797              |                         | (73,424)            |
| Tax effect on actuarial loss on post<br>employment benefit obligation |    | (1,187,419)             | (1,221,464)         |                         | 58,232              |
| <b>Total comprehensive income<br/>the year</b>                        |    | <b>158,713,791</b>      | <b>313,099,919</b>  | <b>250,299,453</b>      | <b>453,622,778</b>  |

**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|                                                      | OTHER RESERVES | RETAINED EARNINGS | PRIOR YEAR ADJUSTMENT | NIBM          | CONSOLIDATED  |
|------------------------------------------------------|----------------|-------------------|-----------------------|---------------|---------------|
| <b>At 1 January 2013 Profit for the year</b>         |                | 569,328,692       |                       | 569,328,692   | 730,349,618   |
| Profit for the year                                  |                | 250,299,453       |                       | 250,299,453   | 453,622,778   |
| Total comprehensive income for the year              |                |                   |                       |               |               |
| At 31 December 2013                                  |                | 819,628,145       |                       | 819,628,145   | 1,183,972,396 |
| <b>At 1 January 2014 Profit for the year</b>         |                | 819,628,145       |                       | 819,628,145   | 1,183,972,396 |
| Over payment of Income tax -2012/13                  |                |                   | 217,384               | 217,384       | 217,384       |
| Over provision for depreciation                      |                |                   | 180,069               | 180,069       | 180,069       |
| Income tax liability 25% of the distributable profit |                |                   | (186,417,395)         | (186,417,395) | (186,417,395) |
| <b>At 31 December 2014</b>                           |                | 819,628,145       |                       | 633,608,203   | 997,952,454   |
| Profit for the year                                  |                | 158,713,791       |                       | 158,713,791   | 313,099,919   |
| Total comprehensive income for the year              |                |                   |                       |               |               |
| <b>At 31 December 2014</b>                           |                | 978,341,936       | (186,019,942)         | 792,321,994   | 1,311,052,373 |



**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**  
**CONSOLIDATED CASH FLOW STATEMENT**

|                                                                   | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|-------------------------------------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |                      |                              |                      |                              |
| Surplus for the year before tax                                   | 240,026,097          | <b>410,101,233</b>           | 284,752,742          | 500,954,657                  |
| <b>ADJUSTMENTS FOR ITEMS NOT INVOLVING MOVEMENT OF FUNDS</b>      |                      |                              |                      |                              |
| Depreciation                                                      | 75,571,980           | 119,392,629                  | 59,474,939           | 85,441,745                   |
| Net(profit)/loss on sale of fixed assets                          | (1,974,101)          | (1,945,981)                  | 2,838,243            | 2,838,243                    |
| Actuarial loss on post employment benefit obligation              | 1,279,779            | 1,641,596                    | 1,231,233            | 1,023,263                    |
| Amortization                                                      | (1,282,554)          | (1,282,554)                  | (845,725)            | (845,725)                    |
| Deferred income                                                   | (8,291,481)          | (8,291,481)                  | (8,291,481)          | (8,291,481)                  |
| Interest on investment                                            | (16,568,056)         | (78,398,821)                 | (22,184,310)         | (85,704,992)                 |
| Interest income on treasury bills                                 |                      |                              |                      |                              |
| Dividend income                                                   | (5,500,000)          |                              | (3,500,000)          |                              |
| Exchange realised                                                 |                      |                              |                      | 32,995                       |
| Exchange gain/loss                                                |                      | 95,797                       |                      | (73,424)                     |
|                                                                   |                      |                              |                      | (788,459)                    |
|                                                                   | 283,261,663          | 441,312,417                  | 313,475,641          | 494,586,822                  |
| Gratuity payments                                                 | (776,736)            | (776,736)                    | (326,300)            | (326,300)                    |
| Income tax payment                                                | (107,282,473)        | (122,394,452)                | (36,532,581)         | (43,229,424)                 |
| Operation profit before changes in items of working capital       | 175,202,454          | 318,141,229                  | 276,616,760          | 451,031,098                  |
| (Decrease)/increase in library deposit                            | (467,000)            | 402,000                      | (946,000)            | 174,000                      |
|                                                                   | 174,735,454          | 318,543,229                  | 275,670,760          | 451,205,098                  |
| <b>CHANGES IN ITEMS ON WORKING CAPITAL</b>                        |                      |                              |                      |                              |
| Decrease/(increase) in inventories                                | (2,342,207)          | (5,215,816)                  | 2,113,862            | 1,174,047                    |
| Decrease/(increase) in trade and other receivables                | (5,278,645)          | (38,526,208)                 | (11,721,610)         | (28,008,722)                 |
| (Decrease)/increase in trade and other payables                   | 18,261,922           | 286,037,937                  | 38,474,810           | 190,357,274                  |
| (Decrease)/increase in provision                                  | 525,870              | 525,870                      | 34,130               | 34,130                       |
|                                                                   | 185,902,394          | 561,365,012                  | 304,571,952          | 614,761,827                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |                      |                              |                      |                              |
| Interest received on investment                                   | 16,568,056           | 78,398,821                   | 22,184,310           | 85,704,992                   |
| Purchases of fixed assets                                         | (71,317,338)         | (86,344,216)                 | (126,547,031)        | (235,854,060)                |
| Investment - NSBM                                                 | (100,000,000)        |                              | (100,000,000)        |                              |
| Investment in WIP                                                 |                      | (1,686,802,479)              |                      | (1,471,873,375)              |
| Sale of fixed assets                                              | 2,105,109            | 2,105,109                    | 473,529              | 473,529                      |
| Dividend                                                          | 5,500,000            |                              | 3,500,000            |                              |
|                                                                   | 38,758,221           | (1,131,277,753)              | 104,182,760          | (1,006,787,087)              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                      |                              |                      |                              |
| Proceeds from borrowings                                          |                      | 1,438,932,576                |                      | 1,417,524,425                |
| Cash and cash equivalents at-<br>beginning of the year - (Note 1) | <b>232,252,108</b>   | <b>922,032,666</b>           | <b>128,069,348</b>   | <b>511,295,328</b>           |
| Cash and cash equivalents at-<br>end of the year - (Note 2)       | <b>271,010,329</b>   | <b>1,229,687,489</b>         | <b>232,252,108</b>   | <b>922,032,666</b>           |
| <b>Note 1:</b>                                                    |                      |                              |                      |                              |
| Bank balance                                                      | 28,733,408           | 39,061,244                   | 11,826,648           | 42,781,128                   |
| Cash in Hand                                                      | 518,700              | 687,700                      | 1,242,700            | 3,514,200                    |
| Short term deposits                                               | 203,000,000          | 882,283,722                  | 115,000,000          | 465,000,000                  |
|                                                                   | <b>232,252,108</b>   | <b>922,032,666</b>           | <b>128,069,348</b>   | <b>511,295,328</b>           |
| <b>Note 2:</b>                                                    |                      |                              |                      |                              |
| Bank balance                                                      | 40,605,914           | 49,399,193                   | 28,733,408           | 39,061,244                   |
| Cash in Hand                                                      | 404,500              | 844,719                      | 518,700              | 687,700                      |
| Short term deposits                                               | 229,999,915          | 1,179,443,577                | 203,000,000          | 882,283,722                  |
|                                                                   | <b>271,010,329</b>   | <b>1,229,687,489</b>         | <b>232,252,108</b>   | <b>922,032,666</b>           |

## **1 ACCOUNTING POLICIES**

### **1.1. Corporate Information**

#### **1.1 Legal and Domicile Form**

The National Institute of Business Management was incorporated by Act of Parliament No. 23 of 1976 as amended by NIBM (Amendment Act No. 28 Of 1991. And is situated at 120/5, Wijerama Mawatha, Colombo-7.

#### **1.2 Principal Activities and Nature of Operations**

During the year, the principal activities of the institute were to,

- ✓ Provide quality business management education and instructions in associated disciplines
- ✓ Develop competencies of managers and supervisory staff of organizations
- ✓ Training and educating workers in organizations
- ✓ Facilitate the improvement of productivity in organizations
- ✓ Provision of management consultancy and advisory services

#### **1.3 Responsibility for Financial Statements**

The Governing Council is responsible for the preparation and presentation of these financial statements. The responsibility of the Governing Council in relation to the financial statements is set out in “the statement of Governing Council’s responsibility”.

## **2. Summary of Significant Accounting Policies**

### **2.1 General Accounting Policies**

#### **2.1.1 Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka.

The institute has consistently applied the accounting policies used in preparation of its opening SLFRS statement of financial position as at 01<sup>st</sup> January 2011 through all periods presented, as if these policies had always been in effect.

#### **2.1.2 Basis of Measurement**

The financial statements have been prepared under the historical cost convention with exception of certain assets and liabilities at fair value.

#### **2.1.3 Functional and Presentation Currency**

Item included in the Financial Statements are measured using the currency of primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Sri Lanka Rupees, which is the institute’s functional and presentation currency.

#### **2.1.4 Statement of Compliance**

The Statement of financial position, Statement of comprehensive income, Changes in Equity and Cash Flows, together with Accounting Policies and Notes (“financial statements”) of the institute as at 31<sup>st</sup> December, 2014 are prepared in compliance with the Sri Lanka Accounting Standards (LKAS & SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka.

#### **2.1.5 Going Concern**

The members of governing council have made an assessment of the institute’s and its ability to continue as going concern and they do not intend either to liquidate or to cease trading

#### **2.1.6 Comparative Information**

The accounting policies have been consistently applied by the institute and are consistent with those of the previous year. The previous year’s figures and phrases have been re-arranged wherever necessary to conform to current year’s presentation/classification.

#### **2.1.7 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

#### **2.1.8 Significant Accounts Judgements, Estimates and Assumptions**

The preparation of the Institute’s financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

### **2.2 Assets & Bases of their Valuation**

#### **2.2.1 Property, Plant and Equipment**

##### **(a) Measurement**

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluation is carried out every three years.

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value

When an asset is revalued any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses as an expense. In these circumstances the increase is recognised as income to the extent of the previous written down value. When an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any revaluation surplus, to the extent that the decrease does not exceed the mount held in the revaluation surplus in respect of that same asset, any balances remaining in the revaluation surplus in respect of an asset is transferred directly to accumulated profit or loss on retirement or disposal of the asset.

**b) Useful Lives of Property, Plant and Equipment**

The institute reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

**c) Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Free hold land is not depreciated

The economic useful lives are as follows:

|                       |                    |
|-----------------------|--------------------|
| Intangible Assets     | 33 $\frac{1}{3}$ % |
| Building-Construction | 2%                 |
| -Modification         | 10%                |
| -Ceiling Fans         | 25%                |
| Furniture & Fittings  | 20%                |
| Office Equipments     | 20%                |
| Computer Equipment    | 25%                |
| Motor Vehicles        | 25%                |
| Library Books         | 20%                |

Depreciation of assets begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

**d) Restoration Costs**

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

**e) De Recognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.



### **2.2.2 Capital Work-in-Progress**

Capital work-in-progress is transferred to the respective asset accounts at the time of the first utilization of the asset.

### **2.2.3 Intangible Assets**

#### **a) Basis of Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Identifiability arises when the asset is separable or arises from contractual or other legal rights.

An intangible asset shall be recognized if, and only if: it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably in accordance with LKAS 38 on "Intangible Assets".

The institute's intangible assets include computer software cost incurred by the institute which do not form an integral part of computer hardware.

#### **b) Basis of Measurement**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

#### **a) Amortisation**

Intangible assets with finite useful lives are amortised over their useful economic lives using the straight line method.

Amortization methods, useful lives, and residual values are reviewed at least at each reporting date.

### **2.2.4 Intangible Assets Impairment of Non-Financial Assets**

The institute assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the institute makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the institute makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot “exceed” the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

## **2.2.5 Financial Instruments**

### **2.2.5.1 Financial Assets**

The institute classifies its financial assets in the following categories: Loans and receivables, Financial Assets Held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. The Institute determines the classification of its financial assets at initial recognition and re-evaluate this designation at every reporting date.

The institute’s financial assets include Fixed Deposits ,Treasury Bills ,Cash and trade and other receivables.

#### **2.2.5.1.1. Initial Recognition and Measurement**

The institute determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at, directly attributable transaction costs.

The institute’s financial assets include Fixed Deposits Treasury Bills cash and trade and other receivables.

#### **2.2.5.1.2 Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **(a) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs.

Loans which are given at a rate below the market interest rate are measured at their fair value, calculated based on the market interest rates of similar products. The Subsidiary company has not valued their loans at fair value, since the amount was immaterial.

Loans receivables comprises of trade and other receivables

**(b) Held-to-Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the institute has the positive intention and ability to hold them to maturity.

Held to Maturity investments comprises of investments in fixed deposits and treasury bills.

**2.2.5.1.3 De-Recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Institute has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The institute has transferred substantially all the risks and rewards of the asset, or
- The institute has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the institute has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the institute's continuing involvement in it.

In that case, the institute also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the institute has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the institute could be required to repay.

**2.2.5.1.4 Impairment of Financial Assets**

The institute assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Financial Assets Carried at Amortized Cost**

For financial assets carried at amortized cost, the institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the institute determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the institute. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Trade receivables outstanding for more than one year are provided for impairment.

#### **2.2.5.2.1 Initial Recognition and Measurement**

All financial liabilities are recognized initially at fair value. This includes directly attributable transaction costs. The institute's financial liabilities include trade and other payables.

#### **2.2.5.2.2 Subsequent Measurement**

The measurement of financial liabilities depends on their classification as follows:

##### **(a) Other Financial Liabilities**

Other Financial Liabilities of the institute includes Trade and Other Payables.

#### **2.2.5.2.3 De-Recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

#### **2.2.5.3 Off-setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### **2.2.6 Inventories**

Inventories include Stationeries and stamp stocks and they are valued at cost

#### **2.2.7 Trade and Other Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Other receivables are recognized at the amounts they are estimated to realize net of provisions for impairment. The amount of the provision is recognized in the Statement of Comprehensive Income.

##### **2.2.7.1 Provision for Bad and Doubtful Debts**

Except for Debtors related to one year all others are considered as doubtful debts and provision is set aside for this amount.

#### **2.2.8. Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash in hand and demand deposits.

For the purpose of cash flow statement, cash & cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts.

The cash flow statements are reported based on the indirect method.

### **2.3. Liabilities and Provisions**

#### **2.3.1 Liabilities**

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at point of time after one year from the date of financial position.

#### **2.3.2. Provisions, Contingent Assets and Contingent Liabilities**

Provisions are recognized when the institute has a present obligations (legal & constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

All the contingent liabilities are disclosed as notes to the Financial Statements unless the outflow of resources is made contingent asset if exits are disclosed when inflow of economic benefit is probable.



### **2.3.3. Trade and Other Payables**

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less if not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount since the effect of discounting is immaterial.

### **2.3.4. Retirement Benefit Obligations**

#### **(a) Defined Benefit Plans – Gratuity**

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act No 13 of 1983.

Provision has been made for retirement gratuities, in conformity to the formula method stated in

LKAS 19 Employee Benefits.

The Provision fund is invested in Fixed Deposit.

#### **(b) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The institute contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

### **2.3.5. Current and Deferred Income Tax**

#### **(a) Current Taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act No. 10 of 2006.

#### **(b) Deferred Taxation**

Deferred tax is provided using the liability method on temporary differences at the date of the financial position between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each date of the financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the financial position.

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax asset and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

#### **2.3.6. Funds**

Grants which do not expressly meet the criteria's of a government grant have been recognised as Funds under Equity.

#### **2.3.7. Grants & Subsidies**

Grants and subsidies are credited to the income statement over the period necessary to match them with related cost, which they are intended to compensate on a systematic basis.

Grants related to assets, including non-monetary grants at fair value, are deferred in the balance sheet and credited to the income statement over the useful life of the related asset.

Grants related to income are recognized in the income statement in the period in which they are receivable.

### **2.4 Statement of Comprehensive Income**

#### **2.4.1.1 Revenue Recognition**

##### **(a) Revenue from training, consultancy and productivity**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the institute, Revenue is measured at the fair value of the consideration received or receivable.

##### **(b) Interest Income**

Interest income is recognised using on an accrual basis.

##### **(c) Dividend Income**

Dividend income is recognised when the right to receive payment is established.

##### **(d) Others**

Other income is recognized on an accrual basis.

##### **(e) Gains and Losses**

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in the income statement having deducted from proceeds on disposal, the carrying amount of the assets and related property, plant and equipment amount remaining in revaluation reserve relating to that asset is transferred directly to accumulated profit/ (loss).

#### **2.4.2 Expenditure Recognition**

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

### **2.5 GENERAL**

#### **2.5.1 Events after the end of the reporting period**

##### **2.5.1.1 Events Occurring after the Date of the Financial Position**

All material events occurring after the statement of financial position date have been considered and where necessary adjustments to or disclosures have been made in the respective notes to the Financial Statements.

##### **2.5.1.2. Contingencies and Unrecognized Contractual Commitments**

Contingencies are possible assets or obligation that arise from past event and would be Confirmed only the occurrence or non occurrence of uncertain future events, which are beyond the company's control.

#### **2.5.2 Related Party Transactions**

Disclosures are made in respect of the transactions in which the institute has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

#### **2.5.3 Critical Accounting Estimates and Judgments**

The Institute makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

##### **a) Useful Lives and Residual Values were Appropriate for Property, Plant and Equipment**

The Institute tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy.

##### **b) Impairment Loss on Trade Receivables**

The Institute reviews its debtors to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the Institute makes judgments as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a portfolio of debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### 3. Financial Risk Management

#### 3.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial Statements. This table does not include the fair values of non financial assets and liabilities.

|                                    | Carrying<br>Amount<br>Rs. | Fair Value<br>Rs. |
|------------------------------------|---------------------------|-------------------|
| <b>Financial Assets</b>            |                           |                   |
| Cash and Bank Balances             | 50,243,912                |                   |
| Financial Investments              | 1,179,443,577             |                   |
| Trade and Other Receivables        |                           | 195,994,068       |
| Amounts due from related parties   | 550,000,010               |                   |
| <b>Total Financial Assets</b>      |                           |                   |
| <b>Financial Liabilities</b>       |                           |                   |
| Trade and Other Payables           | 867,987,811               |                   |
| Bank Borrowings                    | 2,856,457,001             |                   |
| <b>Total Financial Liabilities</b> |                           |                   |

Fair Value of Financial Assets and Liabilities not carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which fair Value Approximates Carrying Value

For the financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposit without a specific maturity period.

#### 3.2. Financial risk management objectives and policies

##### Introduction

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

##### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its authority to its key management personnel's who are responsible for developing and monitoring company's risk management.

## Principal Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

| Instrument                | Risk(s)        |
|---------------------------|----------------|
| • Trade Receivables       | Credit Risk    |
| • Cash & Cash Equivalents | Liquidity Risk |
| • Trade & Other Payables  | Liquidity Risk |

### Credit Risk - Default Risk

Credit risk is the risk arise due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.

### Credit Quality by class of Financial Assets

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. The amount presented are gross of impairment allowances.

|                             | Neither Past Due<br>Not Impaired<br>Rs. | Past Due But<br>Not Impaired<br>Rs. | Individually<br>Impaired<br>Rs. | Tota<br>Rs. |
|-----------------------------|-----------------------------------------|-------------------------------------|---------------------------------|-------------|
| ASSETS                      |                                         |                                     |                                 |             |
| Financial Investments       |                                         |                                     |                                 |             |
| Trade and Other Receivables |                                         | 113,185,181                         | 82,808,887 195                  | 994,068     |
| Due from Related Parties    |                                         |                                     |                                 |             |
| Cash and Cash Equivalents   |                                         | 50,243,912                          |                                 | 50,243,912  |

### *Past Due But Not Impaired*

Past due but not impaired financial assets are those with contractual payments are past due but the company believes that impairment is not appropriate on the basis of the stage of collection amounts owed, level of security / collateral available and significance of the financial assets.

### **Individually Impaired**

All individual significant financial assets which the company determines that there are objective evidence of impairment loss and therefore, may not be able or unable to collect all principal and interest due according to the contractual terms are classified as impaired financial assets.

### **Liquidity risk and funding Management**

Liquidity risk refers to the possibility of Company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of Company's assets and liabilities. Adequate liquidity is critical to meet the Company's financial commitment and to accommodate additional funding needs of the growing business volumes

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.



## Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

|                          | On Demand<br>Rs. | Less Than<br>6months<br>Rs. | 6 to 12<br>months<br>Rs. | 1 to 4<br>Years<br>Rs. | 2to5<br>Years<br>Rs. |
|--------------------------|------------------|-----------------------------|--------------------------|------------------------|----------------------|
| Financial Assets         |                  |                             |                          |                        |                      |
| Debtors                  |                  | 25,318,560                  | 16,996,116               | 2,303,006              |                      |
| Financial Liabilities    |                  |                             |                          |                        |                      |
| Trade and Other Payables | 192,811,141      | 297,978,486                 | 371,255,564              | 5,942,619              |                      |
| Borrowings               |                  |                             |                          |                        | 2,856,457,001        |

### Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

As of the reporting date, the Company has no interest rate sensitive financial assets or financial liabilities.

### Directors' interest in contracts with the Company

Prof Lakashman Jayatillake, Dr E A Weerasinghe, Mr D M A Kulasooriya, Ms Kishani Wijesiriwardena, and Mr G Bernard Silva, were Directors of the Company. Dr E A Weerasinghe is the CEO of the National School of Business Management.

|                                                   | 31 December |           |
|---------------------------------------------------|-------------|-----------|
|                                                   | 2013        | 2014      |
| • Salaries and other short-term employee benefits | 7,500,000   | 7,920,000 |

### Matara Branch

The Matara Branch was opened on 2014.09.05. In Year 2014 Matara branch was under the Galle Centre. Year 2015 Matara Branch was separated and Accounts were prepared separately for the Matara Branch

**NOTE NO:4**  
**PROPERTY, PLANT & EQUIPMENT - NIBM**

|                                             | Land and Building | Furniture & Fittings | Office Equipment | vehicles    | library books | computer equipment | total         |
|---------------------------------------------|-------------------|----------------------|------------------|-------------|---------------|--------------------|---------------|
| Cost at 1 January 2013                      | 817,897,591       | 41,492,902           | 71,464,285       | 45,450,349  | 13,422,335    | 24,644,564         | 1,014,372,026 |
| Additions                                   | 97,405,232        | 9,185,410            | 8,954,913        | 471,010     | 684,020       | 7,932,874          | 124,633,459   |
| Disposals                                   | (4,193,953)       | (362,664)            | (1,524,600)      |             |               | (515,535)          | (6,596,752)   |
| At 31 December 2013                         | 911,108,870       | 50,315,648           | 78,894,598       | 45,921,359  | 14,106,355    | 32,061,903         | 1,132,408,733 |
| Accumulated depreciation and impairment     |                   |                      |                  |             |               |                    |               |
| At 1 January 2013                           | 76,069,825        | 18,185,849           | 29,090,165       | 29,060,061  | 8,266,663     | 13,866,722         | 174,539,285   |
| Annual depreciation                         | 20,077,472        | 9,366,136            | 15,202,626       | 5,485,806   | 2,415,836     | 6,695,736          | 59,243,612    |
| Accumulated depreciation of disposal assets | (1,807,315)       | (208,987)            | (894,018)        |             |               | (374,660)          | (3,284,980)   |
| At 31 December 2013                         | 94,339,982        | 27,342,998           | 43,398,773       | 34,545,867  | 10,682,499    | 20,187,798         | 230,497,917   |
| Carrying amount                             |                   |                      |                  |             |               |                    |               |
| At 1 January 2013                           | 741,827,766       | 23,307,053           | 42,374,120       | 16,390,288  | 5,155,672     | 10,777,842         | 839,832,741   |
| At 31 December 2013                         | 816,768,888       | 22,972,650           | 35,495,825       | 11,375,492  | 3,423,856     | 11,874,105         | 901,910,816   |
| Cost at 1 January 2014                      | 911,108,870       | 50,315,648           | 78,894,598       | 45,921,359  | 14,106,355    | 32,061,903         | 1,132,408,733 |
| Additions                                   | 9,197,162         | 13,711,288           | 16,941,432       | 14,450,000  | 831,617       | 16,185,839         | 71,317,338    |
| Disposals                                   | (43,473)          | (59,224)             | (672,590)        | (3,350,000) | (1,256)       | (137,614)          | (4,264,157)   |
| At 31 December 2014                         | 920,262,559       | 63,967,712           | 95,163,440       | 57,021,359  | 14,936,716    | 48,110,128         | 1,199,461,914 |
| Accumulated depreciation and impairment     |                   |                      |                  |             |               |                    |               |
| At 1 January 2014                           | 94,339,982        | 27,342,998           | 43,398,773       | 34,545,867  | 10,682,499    | 20,187,798         | 230,497,917   |
| Annual depreciation                         | 29,074,132        | 11,339,999           | 17,162,542       | 7,801,748   | 1,822,800     | 7,669,341          | 74,870,562    |
| Adjustment                                  | (127,965)         | (36,632)             | (1,107)          | (3,349,999) | (50,997)      | (129,495)          | (180,069)     |
| Accumulated depreciation of disposal assets | (43,469)          | (36,632)             | (572,299)        | (3,349,999) | (1,256)       | (129,495)          | (4,133,150)   |
| At 31 December 2014                         | 123,242,680       | 38,646,365           | 59,987,909       | 38,997,616  | 12,453,046    | 27,727,644         | 301,055,260   |
| Carrying amount                             |                   |                      |                  |             |               |                    |               |
| At 1 January 2014                           | 816,768,888       | 22,972,650           | 35,495,825       | 11,375,492  | 3,423,856     | 11,874,105         | 901,910,816   |
| At 31 December 2014                         | 797,019,879       | 25,321,347           | 35,175,531       | 18,023,743  | 2,483,670     | 20,382,484         | 898,406,654   |

**NOTE NO:4**  
**PROPERTY, PLANT & EQUIPMENT - CONSOLIDATED**

|                                                             | Land and Building | Furniture-fittings | office equipment | Capital Work In Progress | vehicles    | library books | computer equipment | total         |
|-------------------------------------------------------------|-------------------|--------------------|------------------|--------------------------|-------------|---------------|--------------------|---------------|
| Cost at 1 January 2013                                      | 929,897,591       | 78,134,641         | 81,004,267       | 97,746,083               | 62,140,349  | 16,652,852    | 34,808,009         | 1,300,383,792 |
| Additions                                                   | 97,405,232        | 70,028,243         | 22,178,287       | 1,471,873,375            | 12,471,010  | 3,810,824     | 23,655,577         | 1,701,422,548 |
| Disposals                                                   | (4,193,953)       | (362,664)          | (1,524,600)      |                          |             |               | (515,535)          | (6,596,752)   |
| At 31 December 2013                                         | 1,023,108,870     | 147,800,220        | 101,657,954      | 1,569,619,458            | 74,611,359  | 20,463,676    | 57,948,051         | 2,995,209,588 |
| Accumulated depreciation and impairment                     |                   |                    |                  |                          |             |               |                    |               |
| At 1 January 2013                                           | 76,069,825        | 22,684,533         | 30,370,096       |                          | 31,168,603  | 8,483,270     | 15,491,442         | 184,267,769   |
| Annual depreciation                                         | 20,077,472        | 21,111,994         | 18,030,368       |                          | 11,158,306  | 3,266,647     | 10,777,170         | 84,421,957    |
| Accumulated depreciation of disposal assets                 | (1,807,315)       | (208,987)          | (894,018)        |                          |             |               | (374,660)          | (3,284,980)   |
| Accumulated depreciation and impairment At 31 December 2013 | 94,339,982        | 43,587,540         | 47,506,446       |                          | 42,326,909  | 11,749,917    | 25,893,952         | 265,404,746   |
| Carrying amount                                             |                   |                    |                  |                          |             |               |                    |               |
| At 1 January 2013                                           | 853,827,766       | 55,450,108         | 50,634,171       | 97,746,083               | 30,971,746  | 8,169,582     | 19,316,567         | 1,116,116,023 |
| At 31 December 2013                                         | 928,768,888       | 104,212,680        | 54,151,508       | 1,569,619,458            | 32,284,450  | 8,713,759     | 32,054,099         | 2,729,804,842 |
| Cost at 1 January 2014                                      | 1,023,108,870     | 147,800,220        | 101,657,954      | 1,569,619,458            | 74,611,359  | 20,463,677    | 57,948,051         | 2,995,209,589 |
| Additions                                                   | 9,197,162         | 19,433,504         | 19,084,958       | 1,686,802,479            | 14,450,000  | 4,123,477     | 18,735,115         | 1,771,826,695 |
| Disposals                                                   | (43,473)          | (59,224)           | (672,590)        |                          | (3,350,000) | (1,256)       | (208,764)          | (4,335,307)   |
| At 31 December 2014                                         | 1,032,262,559     | 167,174,500        | 120,070,322      | 3,256,421,937            | 85,711,359  | 24,585,898    | 76,474,402         | 4,762,700,977 |
| Accumulated depreciation and impairment                     |                   |                    |                  |                          |             |               |                    |               |
| At 1 January 2014                                           | 94,339,982        | 43,587,540         | 47,506,446       |                          | 42,326,909  | 11,749,917    | 25,893,952         | 265,404,746   |
| Annual depreciation                                         | 29,074,132        | 34,432,226         | 20,865,792       |                          | 15,160,090  | 3,450,709     | 14,691,071         | 117,674,020   |
| Accumulated depreciation of disposal assets                 | (43,469)          | (36,631)           | (572,298)        |                          | (3,349,999) | (1,256)       | (172,525)          | (4,176,178)   |
| Accumulated depreciation and impairment At 31 December 2014 | 123,242,680       | 77,983,135         | 67,798,833       |                          | 54,137,000  | 15,148,373    | 40,412,498         | 378,722,519   |
| Carrying amount                                             |                   |                    |                  |                          |             |               |                    |               |
| At 1 January 2014                                           | 928,768,888       | 104,212,680        | 54,151,508       | 3,256,421,937            | 32,284,450  | 8,713,760     | 32,054,099         | 2,729,804,843 |
| At 31 December 2014                                         | 909,019,879       | 89,191,365         | 52,271,489       | 3,256,421,937            | 31,574,359  | 9,437,525     | 36,061,904         | 4,383,978,458 |

## NOTE NO:5

### INTANGIBLE ASSETS

|                                            | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> |
|--------------------------------------------|----------------------|------------------------------|
| Cost at 1 January 2013                     | 190,685              | 190,685                      |
| Additions                                  | 1,913,572            | 6,304,886                    |
| Acquisitions through business combinations |                      |                              |
| At 31 December 2013                        | 2,104,257            | 6,495,571                    |
| Accumulated Depreciation                   |                      |                              |
| At 1 January 2013                          | 63,561               | 63,561                       |
| Annual amortization                        | 231,327              | 1,019,785                    |
| At 31 December 2013                        | 294,888              | 1,083,346                    |
| Carrying amount                            |                      |                              |
| At 1 January 2013                          | 127,124              | 127,124                      |
| At 31 December 2013                        | 1,809,369            | 5,412,225                    |
| Cost at 1 January 2014                     | 2,104,257            | 6,495,571                    |
| Additions                                  |                      | 1,320,000                    |
| Acquisitions through business combinations |                      |                              |
| At 31 December 2014                        | 2,104,257            | 7,815,571                    |
| Accumulated Depreciation                   |                      |                              |
| At 1 January 2014                          | 294,888              | 1,083,346                    |
| Annual amortization                        | 701,418              | 1,718,609                    |
| At 31 December 2014                        | 996,306              | 2,801,955                    |
| Carrying amount                            |                      |                              |
| At 1 January 2014                          | 1,809,369            | 5,412,225                    |
| At 31 December 2014                        | 1,107,951            | 5,013,616                    |

## NOTE NO:6

### INVESTMENT - NSBM

| <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|----------------------|------------------------------|----------------------|------------------------------|
| 550,000,010          |                              | 450,000,010          |                              |

Cabinet approval was obtained to invest a sum of LKR 800 million in the National School of Business Management and already a sum of LKR 450Million has been transferred to NSBM. 450Million Share Certificate was issued to NIBM.

|                                   | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|-----------------------------------|----------------------|------------------------------|----------------------|------------------------------|
| NOTE 7                            |                      |                              |                      |                              |
| INVENTORIES                       |                      |                              |                      |                              |
| Stationery Consumables            | 9,140,508            | 15,575,730                   | 6,782,840            | 10,344,453                   |
| Stamp Stocks                      | 54,393               | 54,393                       | 69,854               | 69,854                       |
|                                   | 9,194,901            | 15,630,123                   | 6,852,694            | 10,414,307                   |
| NOTE 8                            |                      |                              |                      |                              |
| FINANCIAL ASSETS HELD TO MATURITY |                      |                              |                      |                              |
| Fixed Deposit                     | 160,000,000          | 1,094,443,662                | 193,000,000          | 872,283,722                  |
| Treasury Bill                     | 49,999,915           | 49,999,915                   |                      |                              |
| Call Deposit-Bank Of Ceylon       | 20,000,000           | 35,000,000                   | 10,000,000           | 10,000,000                   |
|                                   | 229,999,915          | 1,179,443,577                | 203,000,000          | 882,283,722                  |

The Institute's financial assets held to maturity comprise of investment in fixed deposits, call deposits which are held to maturity for less than 1 year and they will mature within 1 year.

|                                                                      |         | NIBM<br>2014       | CONSOLIDATED<br>2014 | NIBM<br>2013       | CONSOLIDATED<br>2013 |
|----------------------------------------------------------------------|---------|--------------------|----------------------|--------------------|----------------------|
| <b>NOTE 9</b>                                                        |         |                    |                      |                    |                      |
| <b>TRADE AND OTHER RECEIVABLES</b>                                   |         |                    |                      |                    |                      |
| Debtors                                                              | 9(a)    | 102,048,335        | 149,207,686          | 97,795,095         | 136,785,107          |
| Interest Receivables                                                 |         | 2,997,098          | 8,444,602            | 1,398,409          | 10,134,085           |
| CIR Withholding Tax                                                  |         | 1,389,886          | 6,790,752            | 2,158,126          | 7,836,949            |
| Housing loan Paye & Rec                                              |         | 699,956            | 699,956              |                    |                      |
| Deferred Foreign Remittance                                          |         |                    | 26,785,481           |                    |                      |
| National Tax Receivables                                             |         |                    | 344,924              |                    |                      |
| Receivables-Online Purchasing                                        |         |                    | 19,037               |                    |                      |
| Economic Service Charge                                              |         |                    | 1,485,381            |                    | 1,156,664            |
| Credit Card Balance                                                  |         | 373,000            | 2,216,249            | 878,000            | 1,174,053            |
|                                                                      |         | 107,508,275        | 195,994,068          | 102,229,630        | 157,086,858          |
| <b>NOTE 9(a)</b>                                                     |         |                    |                      |                    |                      |
| <b>DEBTORS</b>                                                       |         |                    |                      |                    |                      |
| Activity Debtors                                                     | 9(a)1   | 25,221,917         | 44,617,682           | 22,931,170         | 23,758,335           |
| Sundry Debtors                                                       | 9(a)2   | 888,878            | 906,263              | 425,868            | 7,901,235            |
| Staff Loans & Advances                                               | 9(a)3   | 36,558,424         | 57,197,205           | 35,953,383         | 44,266,614           |
| Pre Payments                                                         |         | 37,245,641         | 42,679,061           | 36,179,163         | 56,924,412           |
| Purchases Advances                                                   |         |                    |                      | 42,000             | 42,000               |
| Deposits                                                             |         | 2,133,475          | 3,807,475            | 2,263,511          | 3,892,511            |
|                                                                      |         | 102,048,335        | 149,207,686          | 97,795,095         | 136,785,107          |
| <b>NOTE 9(a)1</b>                                                    |         |                    |                      |                    |                      |
| <b>ACTIVITY DEBTORS</b>                                              |         |                    |                      |                    |                      |
| Management Training                                                  |         | 8,077,000          | 8,077,000            | 2,099,150          | 2,099,150            |
| Computer Training                                                    |         | 6,945,819          | 6,945,819            | 13,790,131         | 13,790,131           |
| Kurunegala                                                           |         | 1,329,487          | 1,329,487            | 5,656,687          | 5,656,687            |
| Kandy                                                                |         | 5,485,207          | 5,485,207            | 2,360,850          | 2,360,850            |
| Galle                                                                |         | 5,319,410          | 5,319,410            | 3,295,350          | 3,295,350            |
| School Of Business                                                   |         |                    | 19,395,765           |                    | 827,165              |
| Matara                                                               |         | 368,000            | 368,000              |                    |                      |
|                                                                      |         | 27,524,923         | 46,920,688           | 27,202,168         | 28,029,333           |
| <b>LESS:</b>                                                         |         |                    |                      |                    |                      |
| <b>PROVISION FOR BAD &amp; DOUBTFUL DEBTS</b>                        |         |                    |                      |                    |                      |
| Management Training                                                  |         | 175,800            | 175,800              | 173,800            | 173,800              |
| Computer Training                                                    |         | 643,719            | 643,719              | 3,551,261          | 3,551,261            |
| Kurunegala                                                           |         | 265,487            | 265,487              | 319,487            | 319,487              |
| Kandy                                                                |         | 304,850            | 304,850              | 73,300             | 73,300               |
| Galle                                                                |         | 913,150            | 913,150              | 153,150            | 153,150              |
|                                                                      |         | 2,303,006          | 2,303,006            | 4,270,998          | 4,270,998            |
|                                                                      |         | 25,221,917         | 44,617,682           | 22,931,170         | 23,758,335           |
| <b>NOTE - 9 (a)2</b>                                                 |         |                    |                      |                    |                      |
| <b>SUNDRY DEBTORS</b>                                                |         |                    |                      |                    |                      |
| Balance End of The Year                                              |         | 846,878            | 846,878              | 2,868              | 2,868                |
| Reimbursbles                                                         |         |                    | 57,900               |                    | 7,898,037            |
| Cheque Charges Receivables                                           |         |                    | 1,485                |                    | 330                  |
| NSBM Current Account-Note                                            | 9(a)2.1 | 42,000             |                      | 423,000            |                      |
|                                                                      |         | 888,878            | 906,263              | 425,868            | 7,901,235            |
| <b>Note: 9(a)2.1 Related Party Transactions</b>                      |         |                    |                      |                    |                      |
| The Following Transactions were carried out with the related Parties |         | 31December<br>2014 | 31December<br>2014   | 31December<br>2013 | 31December<br>2013   |
| 1. Services Obtained                                                 |         |                    |                      |                    |                      |
| National School Of Business Management                               |         |                    |                      |                    |                      |
| 2. Expenses incurred on behalf of:                                   |         |                    |                      |                    |                      |
| National School Of Business Management                               |         |                    |                      |                    |                      |
| 3. Funds Transferred to                                              |         |                    |                      |                    |                      |
| National School Of Business Management                               |         |                    |                      |                    |                      |
| 4. Receiveble from Related party                                     |         |                    |                      |                    |                      |
| National School Of Business Management                               |         |                    |                      |                    |                      |
| Lecture fees                                                         |         | 42,000             |                      | 217,000            |                      |
| Paper marking                                                        |         |                    |                      | 6,000              |                      |
| Roller door                                                          |         |                    |                      | 200,000            |                      |
|                                                                      |         | 42,000             |                      | 423,000            |                      |
| 5. Payable to related party                                          |         |                    |                      |                    |                      |
| National School Of Business Management                               |         |                    |                      |                    |                      |



|                                          |            |            |             |             |
|------------------------------------------|------------|------------|-------------|-------------|
| <b>NOTE - 9(a)3</b>                      |            |            |             |             |
| <b>STAFF LOANS AND ADVANCES</b>          |            |            |             |             |
| Staff Debtors                            | 105,469    | 105,469    | 21,258      | 21,258      |
| Computer Loan                            | 2,079,613  | 2,114,702  | 2,846,924   | 2,949,708   |
| Staff Advances                           |            | 26,000     |             | 453,850     |
| Motorcycle Loan                          | 454,430    | 454,430    | 430,995     | 430,995     |
| Housing Loan                             | 16,667,902 | 21,895,595 | 16,479,534  | 21,811,545  |
| Distress Loan                            | 8,287,385  | 17,490,351 | 7,409,574   | 8,769,188   |
| Vehicle Loan                             | 8,858,625  | 14,341,209 | 8,646,098   | 9,414,903   |
| Festival Advance                         | 105,000    | 769,449    | 119,000     | 415,167     |
|                                          | 36,558,424 | 57,197,205 | 35,953,383  | 44,266,614  |
| <b>NOTE 10</b>                           |            |            |             |             |
| <b>CASH &amp; BANK BALANCES</b>          |            |            |             |             |
| Bank of Ceylon - Torrington-Special A/C  | 2,568,891  | 2,568,891  | 2,602,013   | 2,602,013   |
| Bank of Ceylon - Torrington              | 11,899,726 | 11,899,726 | (1,829,156) | (1,829,156) |
| Bank of Ceylon - Kurunegala              | 5,631,650  | 5,631,650  | 8,446,008   | 8,446,008   |
| Bank of Ceylon - Kandy                   | 6,684,438  | 6,684,438  | 6,548,740   | 6,548,740   |
| Bank of Ceylon - Galle                   | 3,722,601  | 3,722,601  | 7,053,327   | 7,053,327   |
| Bank of Ceylon - Matara                  | 7,578,796  | 7,578,796  |             |             |
| Bank of Ceylon - Corporate               |            |            |             | 8,849,836   |
| Bank of Ceylon - Nugegoda                |            | 8,793,279  |             | 1,478,000   |
|                                          | 38,086,102 | 46,879,381 | 22,820,932  | 33,148,768  |
| Bank of Ceylon - Torrington-Special Fund | 2,118,759  | 2,118,759  | 4,872,736   | 4,872,736   |
| State Mortgage & Investment Bank         | 401,053    | 401,053    | 1,039,740   | 1,039,740   |
| <b>CASH IN HAND</b>                      |            |            |             |             |
| Cash - Colombo                           | 151,000    | 151,000    | 302,700     | 302,700     |
| Cash - NSBM                              |            | 440,219    |             | 169,000     |
| Cash - Kurunegala                        |            |            | 1,000       | 1,000       |
| Cash - Kandy                             |            |            |             |             |
| Cash - Galle                             |            |            | 5,000       | 5,000       |
| Cash - Matara                            | 23,500     | 23,500     |             |             |
| Petty Cash 1 - Colombo                   | 125,000    | 125,000    | 125,000     | 125,000     |
| Petty Cash 2 - Colombo                   | 15,000     | 15,000     | 15,000      | 15,000      |
| Petty Cash 3 - Colombo                   | 10,000     | 10,000     | 10,000      | 10,000      |
| Petty Cash 3 - kurunegala                | 20,000     | 20,000     | 20,000      | 20,000      |
| Petty Cash 4 - kandy                     | 20,000     | 20,000     | 20,000      | 20,000      |
| Petty Cash 5 - Galle                     | 20,000     | 20,000     | 20,000      | 20,000      |
| Petty Cash 6 -Matara                     | 20,000     | 20,000     |             |             |
|                                          | 41,010,414 | 50,243,912 | 29,252,108  | 39,748,944  |
| <b>NOTE 11</b>                           |            |            |             |             |
| <b>GOVERNMENT GRANTS</b>                 |            |            |             |             |
|                                          | 57,175,766 | 57,175,766 | 57,175,766  | 57,175,766  |

From 1977 to Year 2000 NIBM was given grants for Capital expenditure.

**NOTE 12****REVALUATION RESERVE**

|             |             |             |             |
|-------------|-------------|-------------|-------------|
| 151,238,166 | 151,238,166 | 151,706,814 | 151,706,814 |
|-------------|-------------|-------------|-------------|

Verifications and Revaluations of Assets were carried in the year 2011.

1. Verifications and revaluation were carried on Assets as at 31st December 2009
2. The Depreciation rates were changed according to the verifications.
3. The Valuations were done by professional valuers' and Assets have been valued at depreciated replacement cost basis at current market price.
4. After the revaluations a sum of LKR 18,741,277.75 was transferred to the balance of income & expenditure A/c.
5. In the year 2006 Building was revalued and a sum of LKR135,369,878.71 was transferred to Capital Reserve .

**NOTE 13****BALANCE IN INCOME & EXPENDITURE A/C**

|                                                      |               |               |             |               |
|------------------------------------------------------|---------------|---------------|-------------|---------------|
| Retained Earnings b/f                                | 819,628,145   | 1,183,972,396 | 569,328,692 | 730,349,618   |
| Over provision for depreciation                      | 180,069.00    | 180,069       |             |               |
| Over payment of Income tax 2012/13                   | 217,384       | 217,384       |             |               |
| Income tax liability 25% of the distributable profit | (186,417,395) | (186,417,395) |             |               |
| Deferred tax liability                               |               |               |             |               |
| Revaluation value of disposal assets                 |               |               |             |               |
| Adjustment to retained earnings                      |               |               |             |               |
| Retained Earnings for the year                       | 158,713,791   | 313,099,919   | 250,299,453 | 453,622,778   |
|                                                      | 792,321,994   | 1,311,052,373 | 819,628,145 | 1,183,972,396 |

**NOTE 14****OTHER GRANTS**

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 1,068,000 | 1,068,000 | 1,068,000 | 1,068,000 |
|-----------|-----------|-----------|-----------|

**NOTE 15****CAPITAL GRANT**

|             |             |             |             |
|-------------|-------------|-------------|-------------|
| 369,776,287 | 369,776,287 | 378,067,767 | 378,067,767 |
|-------------|-------------|-------------|-------------|

**Year Total Building Project**

|      |                          |             |
|------|--------------------------|-------------|
| 2008 | New Building -Colombo    | 147,164,163 |
| 2009 | New Building -Kurunegala | 139,358,089 |
| 2010 | New Building -Galle      | 302,707,070 |
|      |                          | 589,229,322 |

Cabinet approval is given to utilize NIBM funds for the Building projects.

NIBM funds belong to the Government ,hence NIBM has to pay the Government a sum of LKR290,795,502.97 at 31st December 2007. This amount has been utilized for the Building projects as per the cabinet decision.

Therefore from Equities a sum of LKR290Million has been transferred to the capital grant account for the Colombo & Kurunegala centre.

A sum of LKR 123,778,526.71 as at 31st December 2009 which had to be given to the Government was transferred to capital grant account for Galle Centre construction work.

From Year 2010 Accounting standards 24 has been applied and the value of Depreciation charged on the Building has been transferred to deferred income.

**NOTE 16****DEFERRED TAX ASSETS & LIABILITIES**

|                                         | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|-----------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
| Accounting base - PPE                   | 758,206,818          | 759,654,305                  | 674,939,739          | 674,939,739                  |
| Less: Tax WDV                           | 557,199,092          | 557,199,092                  | 508,897,040          | 508,897,040                  |
|                                         | 201,007,726          | 202,455,213                  | 166,042,699          | 166,042,699                  |
| Charge to income statement              | 1,672,183            |                              |                      |                              |
| tax on actuarial gain/loss              | (34,045)             |                              |                      |                              |
| Reversal of deferred tax                | (3,085,625)          |                              |                      |                              |
| Taxable temporary differences           |                      |                              |                      |                              |
| - Gratuity                              | (18,713,426)         | (18,713,426)                 | (17,022,963)         | (17,022,963)                 |
|                                         | 182,294,300          | 182,294,300                  | 149,019,736          | 149,019,736                  |
| Surplus on revaluation 18,741,277 @ 10% |                      |                              |                      |                              |
| Deferred tax liability at 10%           | 18,229,430           | 18,229,430                   | 14,901,974           | 16,349,461                   |
| Deferred tax liability as at 31.12      | 18,229,430           | 18,229,430                   | 14,901,974           | 16,349,461                   |

**NOTE 17****EMPLOYEE BENEFIT OBLIGATIONS**

|                                       | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|---------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
| Obligation at 1 January               | 17,022,963           | 17,462,742                   | 15,910,635           | 15,910,635                   |
| Charge for the year                   | 1,279,780            | 1,606,943                    | 1,231,233            | 1,463,042                    |
| Interest for the year                 | 1,521,599            | 1,556,254                    | 1,478,273            | 1,478,273                    |
| (Deficit)/Surplus charge for the year | (334,180)            | (455,768)                    | (1,270,878)          | (1,062,908)                  |
| Payment during the year               | (776,736)            | (776,736)                    | (326,300)            | (326,300)                    |
| NSBM                                  |                      |                              |                      |                              |
| Closing balance at December           | 18,713,426           | 19,393,435                   | 17,022,963           | 17,462,742                   |

**Assumptions Used**

Following assumptions are made in calculating gratuity

- \* Expected annual average salary increment 4.55%
- \* Employee turnover 2.94%
- \* Discount rate 9.50%

**NOTE 18****TRADE AND OTHER PAYABLES**

|                                | <b>NIBM<br/>2014</b> | <b>CONSOLIDATED<br/>2014</b> | <b>NIBM<br/>2013</b> | <b>CONSOLIDATED<br/>2013</b> |
|--------------------------------|----------------------|------------------------------|----------------------|------------------------------|
| Creditors & Accruals 18(a)     | 71,811,299           | 307,423,826                  | 86,323,034           | 175,814,316                  |
| Fees Received In Advance 18(b) | 192,811,141          | 560,563,985                  | 160,037,485          | 405,754,559                  |
| NIBM Current Account 18(c)     |                      |                              |                      |                              |
|                                | 264,622,440          | 867,987,811                  | 246,360,519          | 581,568,875                  |
| NOTE 18(a)                     |                      |                              |                      |                              |
| CREDITORS & ACCRUALS           |                      |                              |                      |                              |
| E.T.F.                         | 163,505              | 163,505                      | 149,411              | 204,201                      |
| E.P.F.                         | 1,199,042            | 1,682,895                    | 1,095,680            | 1,423,407                    |
| C.I.R.Stamp Duty               |                      | 12,350                       |                      | 12,050                       |
| Incentive payable              | 46,915,559           | 46,915,559                   | 36,848,607           | 36,848,607                   |
| Staff Payables                 | 2,344,488            | 2,344,488                    | 2,293,069            | 2,293,069                    |
| Accrued Expenses               | 13,077,685           | 13,077,685                   | 14,350,413           | 14,350,413                   |
| Sundry Creditors-Contracts     | 5,942,620            | 5,942,620                    | 30,936,257           | 30,936,257                   |
| Sundry Creditors               | 1,158,233            | 1,158,233                    | 354,034              | 354,034                      |
| Refundable Course Fees 18(a)1  | 1,010,167            | 1,020,167                    | 295,563              | 305,563                      |
| NBT Payable                    |                      | 1,068,837                    |                      | 685,989                      |
| ESC Payable                    |                      | 577,053                      |                      | 359,308                      |
| PAYE Payable                   |                      |                              |                      | 68,631                       |
| Local Payables                 |                      | 68,125,942                   |                      | 14,891,208                   |
| Welfare Payables               |                      | 15,500                       |                      |                              |
| Foreign Payables               |                      | 75,372,872                   |                      | 11,442,250                   |
| Accrued Foreign Remittances    |                      | 81,611,213                   |                      |                              |
| Bank Interest Payables         |                      | 8,334,907                    |                      | 5,639,329                    |
| Payable to Other Authorities   | 71,811,299           | 307,423,826                  | 86,323,034           | 175,814,316                  |

**NOTE 18(a)1**  
**REFUNDABLE COURSE FEES**

Management Training  
Computer Training  
Kandy  
Kurunegala  
Refundable programme fees  
Galle  
Matara

| NIBM<br>2014 | CONSOLIDATED<br>2014 | NIBM<br>2013 | CONSOLIDATED<br>2013 |
|--------------|----------------------|--------------|----------------------|
| 690,750      | 690,750              | 271,563      | 271,563              |
| 15,000       | 15,000               |              |                      |
| 212,500      | 212,500              |              |                      |
| 22,417       | 22,417               | 10,000       | 10,000               |
|              | 10,000               |              | 10,000               |
| 52,000       | 52,000               | 14,000       | 14,000               |
| 17,500       | 17,500               |              |                      |
| 1,010,167    | 1,020,167            | 295,563      | 305,563              |

**NOTE 18(b)**  
**FEES RECEIVED IN ADVANCE**

Management Training  
Computer Training  
Kurunegala  
Kandy  
Galle  
Matara  
School Of Business

|             |             |             |             |
|-------------|-------------|-------------|-------------|
| 79,905,250  | 79,905,250  | 73,603,546  | 73,603,546  |
| 57,278,800  | 57,278,800  | 46,580,500  | 46,580,500  |
| 19,579,350  | 19,579,350  | 12,963,981  | 12,963,981  |
| 20,339,750  | 20,339,750  | 12,106,458  | 12,106,458  |
| 12,904,741  | 12,904,741  | 14,783,000  | 14,783,000  |
| 2,803,250   | 2,803,250   |             |             |
|             | 367,752,844 |             | 245,717,074 |
| 192,811,141 | 560,563,985 | 160,037,485 | 405,754,559 |

**NOTE 18(c)**  
**NIBM Current Account**

Payable to Related party

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

**NOTE 19**  
**CURRENT TAX LIABILITY**  
**OPENING BALANCE**

Less: Withholding tax  
Over payment  
Provision for Income tax -25%  
Income tax payment  
Over provision

Current tax on profit for the year

| NIBM<br>2014  | එකතුව<br>2014 | NIBM<br>2013 | එකතුව<br>2013 |
|---------------|---------------|--------------|---------------|
| 17,000,000    | 17,000,000    | 22,000,000   | 26,176,601    |
| (2,018,042)   | (2,018,042)   | (1,575,186)  | (1,575,186)   |
| (217,384)     | (217,384)     | (162,796)    | (162,796)     |
| 186,417,395   | 186,417,395   |              |               |
| (105,264,432) | (105,264,432) | (34,794,599) | (38,971,200)  |
| (1,670,852)   | (1,670,852)   | (467,419)    | (467,419)     |
| 94,246,685    | 94,246,685    | (15,000,000) | (15,000,000)  |
| 78,936,931    | 89,995,805    | 32,000,000   | 40,816,973    |
| 173,183,616   | 184,242,490   | 17,000,000   | 25,816,973    |

Provision has been made on account of Income tax payable in terms of Inland Revenue Act.

According to the Tax Ammendement and the new Budget Proposal our Institute is liable to pay Income tax at the rate of 10%. Accordingly Provision has been made at the rate of 10% for the Year 2014/15.

**NOTE 20**  
**PROVISIONS**

Audit Fees

|           |           |         |         |
|-----------|-----------|---------|---------|
| 1,460,000 | 1,460,000 | 934,130 | 934,130 |
| 1,460,000 | 1,460,000 | 934,130 | 934,130 |

**NATIONAL INSTITUTE OF BUSINESS MANAGEMENT**  
**NOTES TO THE ACCOUNTS- 2014**

**NOTE 21**

**OPERATING INCOME**

Management Training & productivity  
Computer Training  
Language  
Programme Fees

Exam Re-Setting Fees  
Module Re-sitting fees  
Convercation Fees  
Registration Fees

Less:

Programme fees-Refund  
Nation Building Tax

**NOTE - 22**

**COST OF SALES**

**STAFF SALARIES & EMOLUMENTS**

Salaries & Wages  
EPF  
ETF  
Overtime  
Incentives  
Encashment of Medical Leave & lieu Leave  
Health Insurance & Medical Test  
Professional Membership Fees  
Inter Association Membership  
Training & Development  
Gratuity  
Bonus  
Travelling Reimbursement  
Executive Extra & Duty Payments  
Special Allowances  
Course Director Allowances  
Acturial Loss onPost Employment  
Other Reimbursement

|  | 'YEAR ENDED 31 DECEMBER |                      | 'YEAR ENDED 31 DECEMBER |                      |
|--|-------------------------|----------------------|-------------------------|----------------------|
|  | NIBM<br>2014            | CONSOLIDATED<br>2014 | NIBM<br>2013            | CONSOLIDATED<br>2013 |
|  | 370,824,491             | 370,824,491          | 336,478,939             | 336,478,939          |
|  | 247,350,175             | 247,350,175          | 269,591,376             | 269,591,376          |
|  | 56,851,812              | 56,851,812           | 55,207,339              | 55,207,339           |
|  |                         | 793,862,907          |                         | 592,048,151          |
|  | 675,026,478             | 1,468,889,385        | 661,277,654             | 1,253,325,805        |
|  | 6,115,288               | 9,312,038            |                         | 1,312,274            |
|  |                         | 348,833              |                         | 28,594               |
|  | 161,300                 | 1,927,300            |                         | 1,188,000            |
|  | 18,131,801              | 22,250,301           | 19,079,500              | 23,644,500           |
|  | 699,434,867             | 1,502,727,857        | 680,357,154             | 1,279,499,173        |
|  |                         | 5,028,200            |                         | 3,414,000            |
|  | 13,988,697              | 29,605,235           | 13,285,072              | 26,641,817           |
|  | 685,446,170             | 1,468,094,422        | 667,072,082             | 1,249,443,356        |
|  |                         |                      |                         |                      |
|  | 42,829,930              | 71,340,558           | 33,397,746              | 54,640,885           |
|  | 4,609,390               | 7,710,100            | 3,855,443               | 6,203,053            |
|  | 1,154,431               | 1,929,609            | 964,534                 | 1,551,036            |
|  | 1,715,498               | 4,601,441            | 1,597,006               | 3,722,217            |
|  | 47,429,755              | 54,986,005           | 38,460,016              | 43,347,266           |
|  | 2,082,351               | 2,082,351            | 1,981,965               | 1,981,965            |
|  | 3,229,625               | 5,209,598            | 2,260,629               | 3,581,255            |
|  | 56,194                  | 106,139              | 27,912                  | 77,388               |
|  |                         |                      | 20,437                  | 438,301              |
|  | 1,879,407               | 7,771,944            | 470,906                 | 2,927,234            |
|  | 681,234                 | 1,170,253            | 604,545                 | 836,354              |
|  | 1,129,342               | 22,163,185           | 699,041                 | 16,965,339           |
|  |                         | 6,490,000            |                         | 4,138,667            |
|  |                         | 568,500              |                         | 667,951              |
|  |                         | 4,259,668            |                         | 4,334,881            |
|  |                         | 220,000              |                         |                      |
|  |                         | 121,589              |                         |                      |
|  |                         | 1,800,000            |                         | 1,350,000            |
|  | 106,797,157             | 192,530,940          | 84,340,180              | 146,763,792          |



|                                            |             |             |             |             |
|--------------------------------------------|-------------|-------------|-------------|-------------|
| <b>CONSULTANCY &amp; TRAINING EXPENSES</b> |             |             |             |             |
| Evaluation Test & Examination              | 6,117,150   | 13,341,025  | 2,815,944   | 7,546,157   |
| Lecture Fees                               | 41,670,966  | 62,823,716  | 45,472,627  | 66,948,847  |
| Advertising                                | 49,619,890  | 84,824,721  | 39,966,708  | 74,395,823  |
| Printing & Stationary                      | 9,934,377   | 14,131,243  | 9,580,529   | 16,029,022  |
| Programme Expenses                         | 16,639,128  | 26,297,143  | 13,461,140  | 23,242,311  |
| Foreign Remittance                         |             | 347,469,422 |             | 168,473,091 |
| Research & Development                     |             | 61,479      |             |             |
| Consultancy Fees                           |             |             |             |             |
|                                            | 123,981,511 | 548,948,749 | 111,296,948 | 356,635,251 |
|                                            | 230,778,668 | 741,479,689 | 195,637,128 | 503,399,043 |
| <b>NOTE- 23</b>                            |             |             |             |             |
| <b>OTHER INCOME</b>                        |             |             |             |             |
| Interest On Staff Loan                     | 1,937,261   | 2,365,203   | 2,192,131   | 2,306,469   |
| Sundry Income                              | 3,197,230   | 3,523,642   | 1,999,621   | 2,295,467   |
| Interest On Investment                     | 16,568,056  | 77,875,082  | 22,184,310  | 85,704,992  |
| Interest On Savings A/C                    | 62,477      | 62,477      | 107,982     | 107,982     |
| Disposal Of Fixed Assets                   | 1,974,101   | 1,974,101   |             |             |
| Sales On Stocks                            | 4,700       | 4,700       | 200         | 200         |
| Disposal Of Stocks                         |             |             |             |             |
| Deferred Income;                           | 8,291,481   | 8,291,481   | 8,291,481   | 8,291,481   |
| Over Provision For Bad Debts               | 2,961,543   | 2,961,543   | 1,900,100   | 1,900,100   |
| Library Fee Income                         |             |             |             | 8,410       |
| Income Cado Center                         | 61,765      | 61,765      | 199,275     | 199,275     |
| Dividend Income                            | 5,500,000   |             | 3,500,000   |             |
|                                            | 40,558,614  | 97,119,994  | 40,375,100  | 100,814,376 |
| <b>NOTE - 24</b>                           |             |             |             |             |
| <b>ADMINISTRATIVE EXPENSES</b>             |             |             |             |             |
| <b>MAINTENANCE EXPENSES</b>                |             |             |             |             |
| Building                                   | 10,511,752  | 14,375,423  | 9,778,447   | 13,251,389  |
| Computers                                  | 2,423,258   | 3,371,107   | 1,849,432   | 1,992,902   |
| Telephones                                 | 183,901     | 183,901     | 121,117     | 121,117     |
| Office Equipment                           | 4,701,278   | 5,959,441   | 4,927,956   | 5,941,803   |
| Vehicles                                   | 2,470,800   | 3,313,180   | 2,854,436   | 3,499,970   |
| Furniture & Fittings                       | 269,670     | 453,682     | 888,819     | 1,496,303   |
| Air Conditioners                           | 2,296,499   | 2,296,499   | 1,735,622   | 1,735,622   |
| Sundry Equipment                           | 150,125     | 178,125     | 559,099     | 622,459     |
| Intangible Assets                          |             |             |             | 732,215     |
| Welfare Equipment                          | 2,600       | 2,600       |             |             |
| Fire Extinguishers                         | 127,551     | 127,551     | 83,584      | 83,584      |
|                                            | 23,137,434  | 30,261,509  | 22,798,512  | 29,477,364  |
| <b>DEPRECIATION</b>                        |             |             |             |             |
| Building                                   | 29,074,132  | 29,074,132  | 20,077,473  | 20,077,473  |
| Computers                                  | 7,669,341   | 14,691,071  | 6,695,736   | 10,777,170  |
| Office Equipment                           | 17,132,581  | 20,835,832  | 15,158,782  | 17,986,525  |
| Vehicles                                   | 7,801,748   | 15,160,090  | 5,485,806   | 11,158,306  |
| Furniture & Fittings                       | 11,339,999  | 34,432,226  | 9,366,136   | 21,111,994  |
| Library Books                              | 1,822,800   | 3,450,709   | 2,415,836   | 3,266,648   |
| Fire Extinguishers                         | 29,961      | 29,961      | 43,844      | 43,844      |
| Computer Software                          | 701,418     | 1,718,609   | 231,327     | 1,019,785   |
|                                            | 75,571,980  | 119,392,630 | 59,474,940  | 85,441,745  |

|                                           |             |             |             |             |
|-------------------------------------------|-------------|-------------|-------------|-------------|
| <b>ESTABLISHMENT &amp; OTHER EXPENSES</b> |             |             |             |             |
| Rent                                      | 23,117,500  | 60,363,917  | 19,323,350  | 49,416,459  |
| Rates                                     | 1,100,682   | 1,100,682   | 1,200,704   | 1,200,704   |
| Electricity                               | 33,080,717  | 52,050,047  | 30,004,948  | 38,142,783  |
| Water                                     | 1,527,332   | 2,322,782   | 1,305,740   | 1,894,830   |
| Insurance                                 | 662,201     | 1,494,779   | 689,243     | 1,342,637   |
| Telephone & Internet Charges              | 5,664,617   | 10,674,613  | 4,331,029   | 9,146,916   |
| Postage, Telex & Telegrams                | 815,563     | 1,841,133   | 763,885     | 1,294,329   |
| Foreign Travels                           | 207,144     | 207,144     | 714,887     | 4,689,218   |
| Local Traveling                           | 1,025,325   | 2,237,780   | 683,215     | 1,436,893   |
| Board Allowance                           | 460,000     | 850,000     | 305,000     | 705,000     |
| Audit Fees - External                     | 578,272     | 1,458,167   | 500,000     | 672,320     |
| Legal Fees                                | 7,500       | 7,500       | 80,243      | 80,243      |
| Stamp Duty                                |             | 822,460     |             | 1,368,265   |
| Welfare                                   | 3,345,077   | 9,009,011   | 1,016,346   | 3,523,544   |
| Uniform                                   | 140,000     | 140,000     | 327,726     | 327,726     |
| Sundry Expenses                           | 3,184,763   | 5,060,410   | 6,668,068   | 14,179,515  |
| Fuel Charges                              | 3,383,883   | 5,366,119   | 2,354,034   | 4,146,044   |
| Consultancy Fees                          | 1,276,613   | 2,075,363   | 97,402      | 3,311,893   |
| Staff salaries & Emoluments -note 24 (a)  | 61,346,822  | 61,346,822  | 56,417,337  | 56,417,337  |
| Advertising                               | 1,644,560   | 6,830,914   | 3,948,637   | 10,153,478  |
| Printing & Stationery                     | 3,191,224   | 5,899,373   | 2,935,611   | 3,775,249   |
| Programme Expenses                        | 59,630      | 1,331,964   | 2,275       | 1,001,667   |
| Donation                                  | 785,500     | 4,277,118   |             | 724,000     |
| Disposal Of Fixed assets                  |             |             | 2,838,243   | 2,838,243   |
| Sales On Stocks                           |             |             | 761,054     | 761,054     |
| Bad Debts                                 |             |             | 3,444,661   | 3,444,661   |
| Newspapers & Periodicals                  | 254,474     | 366,759     | 287,559     | 357,661     |
| Bad Debts- Written Off                    |             |             |             |             |
| Under Provision For Bad Debts             | 993,550     | 993,550     |             |             |
| Security Expenses On Cash Transportaion   | 65,005      | 65,005      | 70,422      | 70,422      |
| Security Expenses                         | 2,579,539   | 7,197,348   | 1,455,966   | 5,616,016   |
| Entertainment                             | 151,963     | 151,963     | 176,601     | 176,601     |
| Transport                                 | 229,010     | 229,010     | 450,975     | 450,975     |
| Deemed Dividend Tax                       |             | 3,699,684   |             | 146,428     |
| Clearing & Custom Duty                    |             | 850         |             |             |
| Secretarial Fees                          |             | 271,668     |             | 170,000     |
| Editing & Translation Cost                |             |             |             | 1,608,136   |
| BOI Charges                               |             | 801,022     |             | 967,163     |
| Design Charges                            |             |             |             |             |
| Inter Association Membership Fees         |             | 633,745     |             |             |
| Directors Emoluments                      |             |             |             | 170,000     |
|                                           | 150,878,466 | 251,178,702 | 143,155,161 | 225,728,410 |
|                                           | 249,587,880 | 400,832,841 | 225,428,613 | 340,647,519 |
| <b>NOTE - 24(a)</b>                       |             |             |             |             |
| <b>STAFF SALARIES &amp; EMOLUMENTS</b>    |             |             |             |             |
| Salaries & Wages                          | 26,357,191  | 26,357,191  | 25,198,588  | 25,198,588  |
| EPF                                       | 3,049,927   | 3,049,927   | 3,011,687   | 3,011,687   |
| ETF                                       | 760,398     | 760,398     | 752,249     | 752,249     |
| Overtime                                  | 2,368,688   | 2,368,688   | 2,472,312   | 2,472,312   |

|                                                                       |                    |                      |                    |                     |
|-----------------------------------------------------------------------|--------------------|----------------------|--------------------|---------------------|
| Incentives                                                            | 18,434,764         | 18,434,764           | 15,927,971         | 15,927,971          |
| Encashment of Medical Leave & lieu Leave                              | 2,194,416          | 2,194,416            | 2,213,663          | 2,213,663           |
| Health Insurance & Medical Test                                       | 3,107,879          | 3,107,879            | 2,397,613          | 2,397,613           |
| Professional Membership Fees                                          | 58,549             | 58,549               | 48,487             | 48,487              |
| Inter Association Membership                                          |                    |                      |                    |                     |
| Training & Development                                                | 971,375            | 971,375              | 320,694            | 320,694             |
| Gratuity                                                              | 598,546            | 598,546              | 626,688            | 626,688             |
| Bonus                                                                 | 876,150            | 876,150              | 611,810            | 611,810             |
| Interest on Staff Loan                                                | 797,092            | 797,092              | 1,072,178          | 1,072,178           |
| Staff Cost                                                            | 1,771,847          | 1,771,847            | 1,763,397          | 1,763,397           |
|                                                                       | 61,346,822         | 61,346,822           | 56,417,337         | 56,417,337          |
| <b>NOTE - 25</b>                                                      |                    |                      |                    |                     |
| <b>Other Expenses</b>                                                 |                    |                      |                    |                     |
| Development Expenses                                                  | 5,799,508          | 9,770,708            | 2,015,864          | 2,859,117           |
| <b>NOTE - 26</b>                                                      |                    |                      |                    |                     |
| <b>Financial Charges</b>                                              |                    |                      |                    |                     |
| Bnak charges                                                          | 112,725            | 621,276              | 97,657             | 505,555             |
| Credit Card Commisswion                                               | 1,471,753          | 4,180,516            | 1,278,575          | 3,655,238           |
|                                                                       | 1,584,478          | 4,801,792            | 1,376,232          | 4,160,793           |
| <b>TOTAL EXPENDITURE</b>                                              | <b>487,750,534</b> | <b>1,156,885,030</b> | <b>424,457,837</b> | <b>851,066,472</b>  |
| <b>NET EXCESS OF INCOME OVER EXPENDITURE BEFORE INCOME TAX</b>        | <b>240,026,097</b> | <b>410,101,233</b>   | <b>284,752,742</b> | <b>500,954,657</b>  |
|                                                                       |                    |                      |                    |                     |
|                                                                       | <b>NIBM</b>        | <b>CONSOLIDATED</b>  | <b>NIBM</b>        | <b>CONSOLIDATED</b> |
|                                                                       | <b>2014</b>        | <b>2014</b>          | <b>2013</b>        | <b>2013</b>         |
| <b>NOTE - 27</b>                                                      |                    |                      |                    |                     |
| <b>INCOME TAX EXPENSES</b>                                            |                    |                      |                    |                     |
| Current tax on profit for the year                                    | (25,240,543)       | (42,526,334)         | (32,000,000)       | (44,681,917)        |
| Over provision in previous years                                      | 1,670,852          | 1,670,852            | 467,419            | 467,419             |
| Total current tax                                                     | (23,569,691)       | (40,855,482)         | (31,532,581)       | (44,214,498)        |
| Deferred tax expenses origination & reversal of temporary differences |                    |                      |                    |                     |
| Total deferred tax                                                    | (3,327,456)        | (1,914,014)          | (3,055,372)        | (3,061,878)         |
| Tax expenses                                                          | (26,897,147)       | (42,769,496)         | (34,587,953)       | (47,276,376)        |

**Report of the Auditor General on the Financial Statements of the National Institute of Business Management for the year ended 31 December 2014 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971.**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>2.2.1 Sri Lanka Accounting Standards-16</b><br/>Seventy items of assets at a cost of Rs.28,442,953<br/>Fully depreciated but in use had not been revalued and brought to account to show their fair value.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Although the same has been in use as at 31<sup>st</sup> December,2014,the assets entirely depreciated were revaluated as at 31<sup>st</sup> December,2015,and the said values have been adjusted to the accounts of the year ended as 31<sup>st</sup> of December,2015.</p>                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>2.3 Accounts Receivable</b><br/>Debtors balance remained outstanding for than 2 years as at 31 December 2014 amounting to Rs.696,186 and a sum of Rs.30,124 from the building situated at Jaffna which was closed on 22 June 2012 had not been recovered even by the end of the year under review.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Outstanding debts of Rs.696, 186 remaining in the year ended as at 31<sup>st</sup> December, 2015 have been written off as bad debts in the accounting year as at 31<sup>st</sup>December, 2015.<br/>As legal charges to recover the advance of Rs.30, 124/- paid for the Jaffna Branch is higher than the due amount action has been taken to write off the same from accounts in the following year.</p>                                                                                                                                                                                                                                           |
| <p><b>2.4</b><br/>(A) Section 114 of the Inland Revenue Act, No.10 of 2010-<br/><br/>The Pay as you Earn Tax for the incentives paid in the years 2013 and 2014 should be normal tax table 2 for the deduction at once in the same month paid incentives. Nevertheless, the Pay as you Earn Tax had been computed under normal tax table 1 dividing the incentive by 12 months and adding to the salary of each month separately.</p>                                                                                                                                                                                                                                                                                                                                                               | <p>PAYE tax payable pertaining to the incentives has been computed based on tax table 02 and paid to the Department of Inland Revenue having considered the same as a deduction at once.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>(B) Paragraph 06 of the Public Enterprises Circular No.57 of 11 February 2011-<br/><br/>Even though the approval should be obtained from the Ministry of Finance and Planning for the sales promotion activities carried out in excess of the Annual Budget Estimates, contrary to that, a sum of Rs.9,802,706 had been spent by exceeding the estimated amount of Rs.37,500,000 for the promotion activities during the year under review.</p>                                                                                                                                                                                                                                                                                                                                                  | <p>Governing Body of the institute has taken the necessary approval to bear the excess expenditure over the estimated cost on promotional activities in the relevant year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>3. Financial Review</b><br/><b>3.1 Financial Result-Group</b><br/>Accounting to the Consolidated Financial Statements presented, the operations of the Group for the year ended 31 December 2014 had resulted in a pre- tax net profit of Rs.410,101,233 as compared with the corresponding net profit of Rs.500,954,657 for the preceding year, thus indicating a deterioration of Rs.90,853,424 in the financial result for the year under review. Even though the income of the Group had increased by Rs.218,651,066 in the year under review, increase of salaries and allowances by Rs.45,767,148, consultancy and training expenses by Rs.192,313,498, establishment and other expenses including depreciation by Rs.71,217,440 had mainly attributed for the above deterioration.</p> | <p>Even though the income of the group had increased in the year 2014, there has been an increase in salaries, allowances, expenses and depreciation as more investments had to be done to recruit more new lecturers and acquire new assets to the National School of Business Management.<br/>The expenditure in the year under review has increased owing to the increase in the cost of various services in the economy as a result of increase in the monthly allowance of the employees of the institute and lecturers' fees of the institute and also due to the new recruitment of lecturers to the institute during the year under review.</p> |

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| <p><b>4 Operating Review</b></p> <p><b>4.1 Performance</b></p> <p>The following observations are made.</p> <p>(A) As the income of the courses in the year under review of the National Institute of Business Management increased by Rs.18,374,088 or 2 per cent as compared Rs.35,141,541 or 18 per cent. As a result, the gross profit of the year had decreased by Rs.16,767,453 or 3.6 per cent as compared with the preceding year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Direct expenses of the institute have increased in the year 2014 as result of the increase in the course fees of the institute and also increase in the cost of stationeries and related expenses at the market and therefore this has resulted in decreasing the gross profit by 3.6 as compared to the previous year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>(B) The following observation are made in relation to the courses conducted during the year under review and 04 preceding years and number of students participated at the Head Office in Colombo and Kandy, Kurunegala, Galle and Matara Branches of the National Institute of Business Management.</p> <p>(I) Evan though 142 courses had been in the Head Office in Colombo in the year 2010 and it had been increased to 150 by the year 2012. However, the number of courses conducted during the year under review had decreased up to 143. Evan though the number of students participated in this courses had increased up to 8,139 in the year 2011, it had decreased up to 6,011 in the year under review.</p> <p>(II) Twenty three courses had been held with the participation of 781 students in the year 2010 at Kandy Branch and it could be gradually increased to 44 courses and the member of students up to 1,428 as at the end of the year 2010 at the Kurunegala Branch but the member of course conducted in the year under review was 41. The number of students participated had also been decreased accordingly.</p> <p>(III) The number of courses conducted in the year 2010 at the Galle Branch was 31 and it could be increased up to 38 by the year 2013 also increased the number of students accordingly. However, 08 courses had been commenced at the new Matara Branch opened in the year under review and as a result, the member of courses conducted at Galle was 33. A deterioration of 12 per cent was recorded as compared with the preceding year in considering Galle and Matara as a whole.</p> <p>(IV) Evan though 11,423 students had participated for 236 courses in the year 2011 considering as a whole, the number participated had increased up to 269 in the year 2014. However, the number of students participated for the above courses had decreased up to 9,775. The Chairman informed that the reason for this decrease was due to decreased in conducting workshops and short term courses during the year under review.</p> <p>(C) The number of students who enrolled during the year under review but dropped out from the courses had been 400. The attention of the Institute had not been paid to examine the reason for leaving students from courses and remedial action taken there on and improve the number of students enrolled by introducing a new course and implementation of courses, with proper planning.</p> | <p>Among the courses conducted during the year 2010 there were a number of post graduate and normal degree courses and such courses were transferred to the National School of Business Management by NIBM. Accordingly, this resulted in the decrease in the number of courses and number of students of the institute. However, measures have been taken to increase the number of courses and students of the institute by introducing new courses and strategies since 2013.</p> <p>New Kandy Branch with enhanced facilities was started in the year 2013. Accordingly, a number of new courses was commenced at the Kandy Branch, resulting a gradual increase in the number of courses.</p> <p>The Degree courses commenced and continued in the years 2010, 2011 and 2012 at Kurunegala Branch were also transferred to the National School of Business Management resulting a decrease in the number of students at the Branch.</p> <p>As there was division of students and courses between Matara and Galle Branches a slight decrease had occurred at the Galle Branch. However, measures are being taken to increase the number of courses and students in future.</p> <p>2011 was the optimum year of the institute so that there were more participants in the courses. The Post graduate and Degree courses were transferred to the National School of Business Management by the year 2012. Nevertheless, the institute was able to increase the number of courses as a result of strategic programmes carried out by introducing new courses, and this has resulted in dropping down the number of students while increasing the number of courses.</p> <p>Leaving of courses by students occurs every year. That is because those students get entrance to the other government courses or university entrance or join fulltime employments.</p> |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>4.2 Management Inefficiencies</b></p> <p>(A) (Evan though the approval had been granted to hand over the land in which the Head Office is situated to the National Institute of Business Management as a donation according to the decision of the Cabinet of Ministers dated 17 October 2013, the legal title of the land had not been handed over to the Institute even by 31 December 2015.</p> <p>(B) Evan though an education centre had built spending a sum of Rs.302,707,070 as at 31 March 2010 in a land situated at Galle which was decided to hand over to the Institution according to the decision of the Cabinet of Ministers dated 07 November 2007, the legal ownership of this land had not been vested in the institute even up to 31 December 2015</p> | <p>Necessary dealings are being done with the Divisional Secretariat of Thimbirigasyaya for taking over the legal ownership of the land of the institute.</p> <p>Necessary dealings are being done with the Divisional Secretariat of Galle Four Graver's for taking over the legal ownership of the land of the Galle Branch.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>4.3 Idle Assets</b></p> <p>The stationery amounting to Rs.327,324 had remain idle without being used within the stock of stationery amounting to Rs.9,140,508 shown in the financial statements as at 31 December in the year under review.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>Stationeries are frequently required for the use of the institute. When purchasing some stationeries, a stock for a period of 6 months is purchased at once. (Photostat copies) once such a stock was purchased in November/December, 2014 the remaining stock shows a high value for the coming year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>4.4 Uneconomic Transactions</b></p> <p>An officer had been appointed, based on the payment of Rs.30,000 per month for a period of 6 months with effect from 08 February 2012 for the post of Coordinating Officer according to a letter of appointment issued on 03 February 2012. Even though, he had served a period of 2 years and 11 months by extending his service up to 12 December 2014, records had not been kept about his arrival and departure during the same period and without being obtained information on the duties he had performed, a sum of Rs.1,050,000 had been paid to him during the relevant period by the Institution.</p>                                                                                                                     | <p>The said appointment had been made to a Co-coordinating post on assignment basis effective from the 8<sup>th</sup> February, 2012. After that, his service period was extended from time to time on service requirement. He performed coordination activities between the institute and the Ministry. He performed work in facilitating the coordination activities between the Secretary to the Ministry, its other officials and the guests and provision of necessary information at main ceremonies of NIBM Diplomas and opening days of courses, etc. As this officer worked on assignment basis and also he performed the coordination activities with the other institutions coming under the Ministry his attendance records are not available at the institute.</p> |
| <p><b>5. Accountability and Good Governance</b></p> <p><b>5.1 Presentation of Financial Statements</b></p> <p>According to Paragraph 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, the draft annual report and the financial statements should be submitted to the Auditor General within 60 days after the close of the Financial year. However, the financial statements for the year under review had been submitted to audit only on 10 December 2015</p>                                                                                                                                                                                                                                                                                             | <p>Even though the drafted annual report and financial statements were submitted as at 28<sup>th</sup> February there was a delay in the preparation of accounts in the year 2014 due to various obstructions which occurred in the accounting software of the institute. However, those obstacles in the accounting software have now been rectified.</p>                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>5.2 Corporate Plan</b></p> <p>Even though according to the Co-operate Plan prepared from the year 2012 to the year 2016, it was expected to increase the net profit by 20 per cent annually as compared with the preceding year, the deterioration of the profit in the year under review was 15.7 per cent as compared with the preceding year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>The corporate plan is prepared for a period of five years. Some of the targets included therein could not be fulfilled as planned in that year so that they have to be implemented in the coming years. Under such circumstances, there may be fluctuation in profit comparing to the previous year</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <p><b>5.3 Budgetary Control</b></p> <p>In comparing the estimated income and expenditure of the National Institute of Business Management for the year under review with the actual income and expenditure, it was observed that the operating income had decreased by Rs.25.67 million or 3 per cent. As the development expenditure, donations and bonus had been made incurred in excess of the annual estimated expenditure by 176 per cent, 140 per cent and 83 respectively, the budget had not been made use of as effective instrument of management control.</p> | <p>Functions of the institute are planned having prepared an annual budgetary estimate and a difference may occur when compared with the actual situation. These expenses have gone up because of making expenditure for the development activities of the institute, renovations to the Head office and making donations for various undertakings of the Ministry out of the income generated by the institute.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>6. Systems and Control</b></p> <p>The weaknesses 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.</p> <p>(a) <b>Conduct of Courses</b></p> <p>(b) <b>Assets Management</b></p>                                                                                                                                                                                                                  | <p><b>(A) Conducting of courses:</b></p> <p>The main operational activity of the institute is the conducting of courses so that new courses are frequently being introduced by changing the courses at Management and Management Information Divisions of the institute enabling the followers to face the job competitions in the local and overseas job markets.</p> <p>A well-qualified and capable panel of lectures has been recruited to conduct course while the students have been provided with all the required academic facilities. Also, a constant evaluation methodology and presentation opportunity for students are undertaken and given with a view to enhancing the quality of the courses. A constant scrutiny is being made in respect of the Development of courses. Action is being taken to increase the quality of the courses by conducting monthly academic staff meetings and about two meetings of Business Management Education board per year. Further, all the courses of the institute have been streamlined according to ISO 9001:2008 certification by the year 2014.</p> <p><b>(b) Assets Management:</b></p> <p>A proper and well planned system has been formulated to make use of the financial and physical assets of the institute in an efficient and effective manner in order to achieve the set targets and objectives of the institute.</p> <p>Measures have been taken to manage assets of the institute by way of keeping, maintaining and updating assets registers in terms of rules and regulations and provisions available in that behalf.</p> |





## **National Institute of Business Management**

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