

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ANNUAL REPORT 2013



**National Institute of Plantation Management
M.D.H. Jayawardene Mawatha
Athurugiriya**

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VISION

To be the centre of excellence in providing training and
conducting consultancy and research on plantation
management

MISSION

To elevate the professional competence of all human
assets in the plantation industry towards perfection
through quality training

CHAIRMAN'S REVIEW

I am happy to present the Annual Report of the National Institute of Plantation Management for the year ended by 31st December 2013.

During the course of the year, as it was done in the previous year having identified a much needed service we continued to implement courses to offer our services to a group hitherto left very much on their own, namely the Out Growers who account for over 70% of the major crops, Tea, Rubber and Coconut. During the year under review 82% of the programmes were conducted for this group over the year. We also covered other plantation crop producers such as Sugarcane and Cashew.

It should be highlighted that total programmes conducted during the year 2013 is increased about 3.6% with compared to the year 2012. Under the out grower programmes, 12,149 person at a cost of Rs 7.498 million using government treasury grant.

Actions were taken to improve our services during the year using available resources through the introduction of audio visual equipment. Actions also were taken to develop our road network and refurbishing a section of the buildings using our income with a view to establishing a more presentable Institute.

As it was stated in the previous year's report, five acres of land was release to the army and the compensation for the same has not been received up to now. However, the action will be taken to expedite this matter.

I would like to express my gratitude and appreciation to our stakeholders who continue to use our services and others who have continued to support us in so many ways to make our operation better and successful.

I would also like to thanks the Honorable Minister Mahinda Samarasinghe, Minister of Plantation Industries for the support, guidance and assistance given to us to make the Institute more effectively. I must thanks, Secretary, Ministry of Plantation Industries and all other officials in the Ministry and other organizations within the Ministry, members of the Board of Governors of the Institute which made the task of the Management much easier.

Finally, I thank and acknowledge the services rendered by all the employees of the Institute who have served us very well, making all our achievements over the year a possibility.

R. K. SAMARASINGHE
CHAIRMAN/NIPM

DIRECTOR/CEO'S MESSAGE

In the National Institute of Plantation Management Act and its Mission statement, it is stated that the NIPM is the only training institution which is setup to elevate the professional competence of all human assets in the plantation industry in order to attain perfection through quality training. In keeping with this goal, every effort has been made to develop and undertake the relevant training programmes for the Management of Plantations and to cater to all categories of employees in the Plantation Sector.

As we are aware, until the restructuring of the NIPM in the year 2004, it was maintaining a high standard of performance acceptable to the sector. After restructuring, the NIPM, lost not only its qualified and experienced staff, but also, the good name it maintained since its inception. If not for the vision of “Mahinda Chinthana”, which came into effect in 2005, this institution would have ceased to exist.

The progress reports of the past, reveal that the NIPM had gradually reached an acceptable level since 2007. The institute had made gains, both physically and financially, since 2011 mainly due to the funds infused by the Government to provide training and awareness programmes for the smallholder category who contribute more than 70% of the total production in all plantation crops of the country. The Institute continued to show clear progress during the recent past, especially during 2012 & 2013.

Of the total personnel trained in 2013, a major 94% was that of smallholders, who are engaged in Tea, Rubber, Coconut, Sugarcane and Cashew Industries. It should also be noted that a considerable attention had been paid to train personnel attached to the corporate sector, when compared with the previous year. An increasing trend was witnessed in nonacademic programmes such as skill development, Management Development etc. Similar to the year gone by. Nevertheless, academic programs were also given priority.

As experienced in the past, the filling of vacancies in the NIPM's cadre was a major difficulty. The main reason being was, the higher qualifications expected as compared to the low salary offered for these posts by the Recruitment Policy. Furthermore, lack of resources, such as non availability of good vehicles and the difficulty in obtaining the services of experienced external resource personnel were experienced during the year under review as well. In spite of these drawbacks, the institute was able to achieve reasonable progress during the year.

The goal of the NIPM should be to improve learning methods and techniques for students/trainees for the betterment of the Plantation Industry in Sri Lanka.

RAJA PREMADASA
DIRECTOR/CEO

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ADMINISTRATIVE REPORT FOR THE YEAR ENDED BY 31ST DECEMBER 2013

01. OBJECTIVES:

The National Institute of Plantation Management was established in July 1979 by the Act No. 45 of Parliament. The general objectives of the Institute as outlined in the said Act and amended Act Nos. 76 of 1981, 05 of 1987 and 38 of 2003 are as follows.

- a. to provide by itself or in collaboration with other Institutions in Sri Lanka or abroad, required training relevant to Plantation Management to all categories of employees working in the Plantation Sector.
- b. to provide regular, refresher and in-service courses in Plantation Management to the employees in the Plantation Sector.
- c. to offer specialized training courses in Plantation Management to personnel working in the Plantation Industry.
- d. to conduct Diploma Courses related to Plantation Management in association with the Crop Research Institutes such as Tea, Rubber, Coconut and Sugarcane.
- e. to sponsor and hold seminars, workshops and conferences related to Plantation Industry.
- f. to publish journals and magazines related to activities of Plantation Management and Development.
- g. to carry out research and development into relevant areas of Plantation Management and labour relations.



- h. to offer training courses in Plantation Management to those who have the necessary aptitude for Plantation Management having identified that they can be gainfully employed in the Plantation Industry.
- i. to furnish managerial, technical and administrative advice and services to Government Departments, Public Corporations or other Institutions within or outside Sri Lanka in respect of Plantation Industry.
- j. to assess the eligibility of candidates for admission to various grades of membership and to conduct or provide for the conduct of the qualifying examinations for all grades of membership of the Institute and to promote, provide or approve courses of study for such examinations.
- k. to ensure the maintenance of high standards in the professional activities and the general conduct of its members.
- l. to promote investment in Plantation Management.
- m. to undertake the collection and dissemination of data relating to plantations and Plantation Management and to conduct research to ascertain the development potential of Plantations.
- n. To advise the Minister on appropriated policies relating to Plantation Management and to co-ordinate with other relevant agencies.

2.0 **CONSTITUTION OF THE BOARD OF GOVERNORS**

- 2.1 In terms of the section 06 of the National Institute of Plantation Management Act No. 45 of 1979 as amended by Act Nos. 76 of 1981, 05 of 1987 and 38 of 2003 the Board of Governors during the year consisted of the following personnel.

<u>Name</u>	<u>Type of Membership</u>
Mr. Ranjit Samarasinghe Chairman/NIPM	Chairman (appointed)
Dr. W.M.G. Seneviratne Director Rubber Research Institute	Member (Ex-Officio)

Dr. I.S.B. Abeysinghe Director Tea Research Institute	Member (Ex-Officio)
Dr. Jayantha Gunathilake Director Coconut Research Institute	Member (Ex-Officio)
Dr. D.V. Seevaratnam Representative/ The Planters' Association of Ceylon	Member (appointed)
Mr. Arjun Deraniyagala Representative/Coconut Growers' Association	Member (appointed)
Mr. N.G. Piyasena Accountant/MPI	Member (appointed) upto May
Mrs. J.P.A. Niroshani Asst. Secretary/MPI	Member (appointed) September onward
Mr. Ranjan Walpola Representative/ Sri Lanka Private Tea Factory Owners' Association	Member (appointed)
Mrs. Loshini Peiris Director/Dept. of External Resources	Member (appointed) upto July
Mrs. Damayanthi Wijesinghe Senior Asst. Secretary Ministry of Finance & Planning	Member (appointed) December onward
Mr. K.G.B. Obeysekera General Manager Tea Smallholdings Dev. Authority	Member (appointed)
Mr. W.D. Jayaratne Hon. Secretary The Federation of Tea Smallholdings Dev. Societies	Member (appointed)
Mr. Malin Goonathilake Secretary General The Planters' Association of Ceylon	Observer Member

Mr. Sarath Sirisena Director/CEO Lanka Commodity Brokers Ltd.	Observer Member
Mr. P.W.A. Kapilawanshe Director/NIPM	Member (Ex-officio)
Mr. G.D.W. Jayawardena Actg. Director/NIPM	Member (appointed)

2.2 **MEETINGS OF THE BOARD OF GOVERNORS**

During the year under review, twelve (12) meetings of the Board of Governors were held at NIPM Athurugiriya. At these meetings, the following matters were reviewed/discussed and approvals were granted for the same.

- a) Revisions of Budget Estimates
- b) Receivable course fees and methods of recovering them and writing off debts which cannot be recovered under reasonable reasons
- c) Training activities of the Institute and the other matters relating to accounts and administrative divisions
- d) Short-term and long term local and foreign scholarships and workshops offered to the employees of the Institute
- e) The progress of the activities of each division
- f) Matters recommended by the Audit and Management Committee
- g) Replies for the Audit queries prepared by the Institute pertaining to the present year.
- h) New recruitments and promotions
- i) Updated Corporate Plan and Action Plan
- j) The budget estimate for the following year
- k) The Administrative Report and Final Accounts related to the previous year
- l) Strategies to improve the quality of work and performance of the Institute
- m) Procurement matters.
- n) Progress of the academic courses and Professional Programmes

- o) Appointment of the Boards of Study
- p) Appointment of the Procurement Committees

2.3 **MEMBERS OF THE AUDIT AND MANAGEMENT COMMITTEE (AMC)**

- Mrs. Loshani Peris (up to July)
Director/Dept. of External Resource - Chairperson
- Mr. N. G. Piyasena (upto May)
Accountant/MPI - Member
- Mr. K. G. B. Obeysekara (July onward)
General Manager
Tea Smallholding Development Authority - Member
- Dr. Jayantha Gunathilake (November onward)
Director/ Coconut Research Institute - Chairman
- Mrs. J. P. A. Niroshani (October onward)
Assistant Secretary/MPI - Member
- Mrs. Lalani Gunathilake
Audit Superintend
Representative of the Dept. of Auditor General - Observer Member
- Mr. W. A. D. D. M. Priyantha
Internal Auditor/ MPI - Observer Member

The AMC comprised three (3) members of the Board of Governors including representative from Treasury and the line Ministry. The Accountant of the Institute acted as the secretary to the AMC. During the year under review, five (5) meeting were held and the following matters were taken into discussion and recommendations were submitted to the Board of Directors.

- Matters relating to Audit Queries and the Audit reports
- Decisions of the procurement committee and usage of capital and recurrent provisions.

- Budget Estimates and the progress of the Actual performance
- Comparison the expenditure relating to Overtime, Fuel, Telephone and Electricity etc. with budget Estimate
- The expenditure incurred on conducting training programmes and their activities.
- Other Financial activities relating to the Institute.

3.0 **STAFF OF THE INSTITUTE DURING THE YEAR 2013**

	<u>No.</u>
3.1.1 Chairman	01
Director	01
3.1.2 <u>Training Division</u>	
Training Specialist (Acctg. & Fin. Mgt.)	01
Training Specialist (Mgt.)	01
Training Specialist (Agric. Econ.)	01
Training Officer (Mgt.)	01
Training Officer (Agric. Econ.)	01
Staff Assistant (Training)	01
Librarian	01
Management Assistant (Grade i)	01
Management Assistant (Grade ii)	02
Office Aide	01
3.1.3 <u>Administration Division</u>	
Asst. Director (Admin.)	01
Hostel Manager	01
Management Assistant (Grade i)	01
Management Assistant (Grade ii)	03
Driver	06
Garden Aide	02
Office Aide	01

3.1.4 **Finance Division**

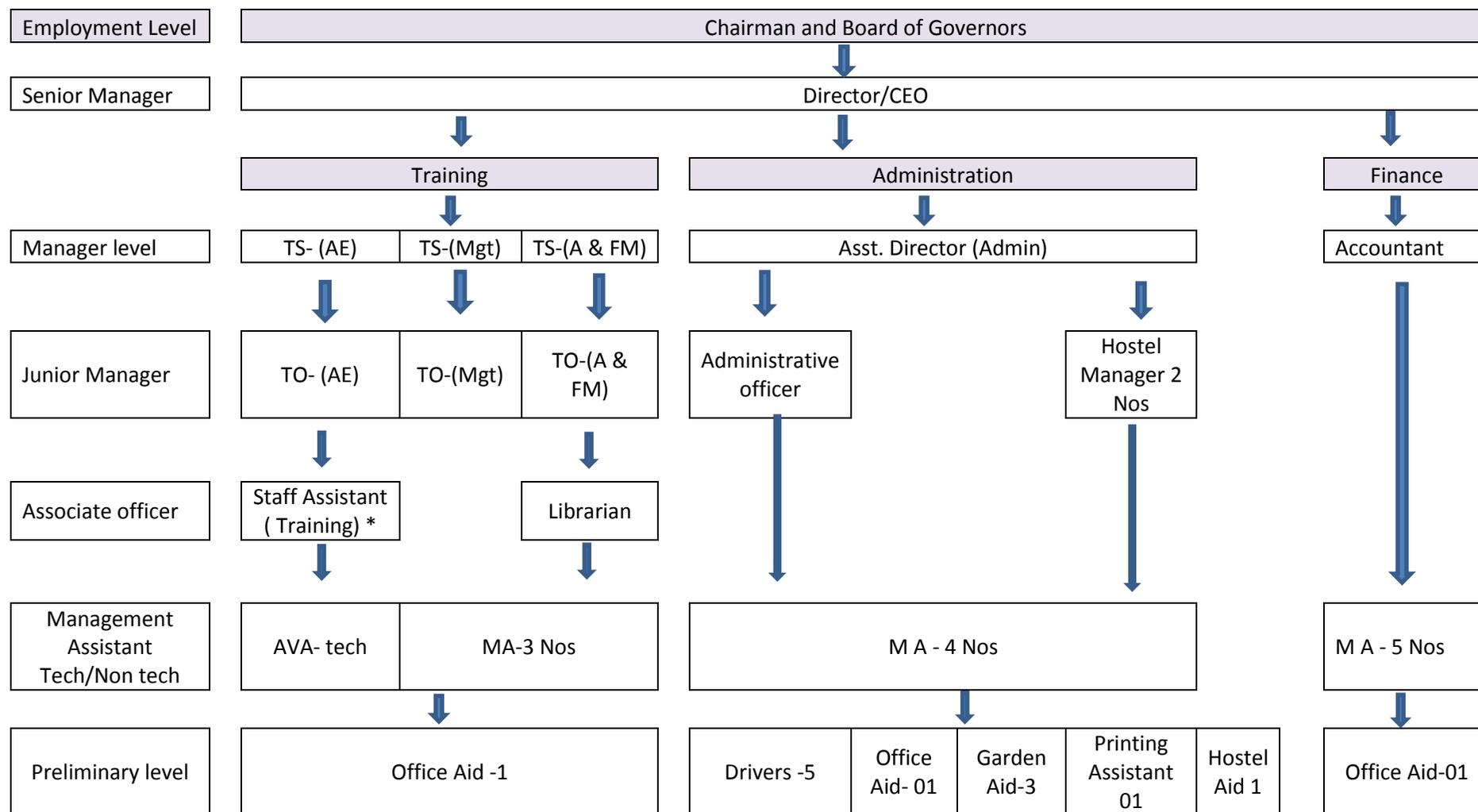
Accountant	01
Management Assistant (Grade i)	02
Management Assistant (Grade ii)	02
Management Assistant (Grade iii)	01
Office Aide	01

3.2 ***SENIOR MANAGEMENT***

Mr. Ranjit Kumar Samarasinghe	Chairman
Mr. P.W.A. Kapilawanshe	Director (upto October)
Mr. G.D.W. Jayawardena	Acting Director October onward
Mr. P.H. Jayathilake	Training Specialist (Acctg.&Fin.Mgt.)
Mr. L.D.J. Priyantha	Accountant
Mrs. S.N. Illangantillake	Training Specialist (Agric. Econ.)
Mrs. R.N. Lokuhetti	Training Specialist (Mgt.)

The organization structure is given in page No. 11

**NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
ORGANIZATIONAL STRUCTURE**



*Suppressed

TS- Training Specialist

TO- Training Officer

M A - Management Assistant

A & FM- Accounting and Financial Management

Mgt- Management

AVA- Audio Visual Assistant

Tech- Technical

AE- Agricultural Economics

4.0 TRAINING DIVISION

According to the Act No. 45 in 1979 and the amendments made thereafter of the said Act the main objective of the Institute was to provide training and learning opportunities to the Plantation Sector personnel including smallholders. The plantation sector can be defined as perennial crops such as tea, rubber, coconut, sugarcane, oil palm, palmyrah, cashew, kitul and cinnamon etc. The functions of the Institute which are aimed at achieving the objectives of the Institute can be categorized mainly into 07 areas as listed below.

(a) **Academic Programmes**

B.Sc. Degree in Plantation Management (jointly with the University of Wayamba)

National Diploma in Plantation Management

National Diploma in Plantation Extension Management

Certificate Course in Plantation Accounting and Financial Management

Certificate Course in Book-keeping and Plantation Accounting

Certificate Course in Human Resource Management

Certificate Course in Business English

Certificate Course in Tamil Language

National Certificate Examination in Tea Manufacture and Tea Factory Management

Induction Course for Planter Trainees

Advanced Training Course for Planter Trainees

(b) **Professional Programmes**

Tea Manufacture and Factory Practices

Rubber Manufacture and Factory Practices

Coconut Processing (Technology & Practices)

Language Proficiency Examination

Professional Programme in Tea Agronomy

Professional Programme in Rubber Agronomy

(c) **Competency Development Programmes**

Workshops, Seminars and Symposiums

Skill Development Programmes

Worker Development Programmes

Management Development Programmes

Training Programmes for Smallholders



Management Development Programmes



Induction Course for Planter Trainees

- (d) Issuing publications related to Plantation Management (Journal in Plantation Management, Newsletter, Student Manuals of training programmes, text books and other periodicals)
- (e) Providing research and consultancy services in Plantation Management to the sector and conduct aptitude tests and examinations (oral and written) for selecting and promoting employees for public/private sector organizations.
- (f) Conferring Professional Membership of the Institute to eligible plantation executives (Hon. Member, Fellow Member, Associate Member and Student Member)
- (g) Providing Institute's facilities (Food, accommodation and lecture hall etc.) to outside organizations to conduct their training programmes and related activities.

4.1 TRAINING ACTIVITIES DURING THE YEAR

Basically, the Institute conducted 02 types of programmes i.e. income earning programmes for the corporate sector and Capacity Development Programmes for smallholders using Treasury funds. These programmes were included in the Prospectus for the year 2013 and details of such programmes conducted are given below.



Training Programmes for Small holders



Leadership Training Programmes

INCOME EARNING PROGRAMMES

<i>No</i>	<i>Programme Category</i>	<i>No. of Prog. conducted</i>	<i>Duration of each Programme</i>	<i>No. of Participants</i>
01	B.Sc. degree in Plantation Mgt.	01	03 years	80
02	National Diploma in Plantation Mgt.	01	18 months	28
03	Professional Programme in Tea Manufacture and Factory Practices	01	09 days	28
04	Certificate Course in Plantation Accounting and Financial Mgt.	01	12 months	27
05	Certificate Course in Book-keeping & Plantation Accounting	01	12 months	33
06	Language Proficiency	01	04 days	38
07	Diploma in Business English	01	12 months	09
08	Skill Development of Rubber Field Officers	01	05 days	24
09	Skill Development of Tea Factory Officers	02	05 days	49
10	Skill Development of Tea Field Officers	01	05 days	23
11	Skill Development of Rubber Factory Officer	01	05 days	17
12	Induction Course for Planter Trainees	01	06 months	32
13	Certificate Course in Business English	01	08 months	13
14	National Certificate Examination in Tea Manufacture and Factory Management	01	04 days	16
15	Attitude Development Programme	02	01 day	119
16	Training Programme for Rubber Development Officers of Rubber Department	04	05 days	188
17	Programme for Chief Clerks of National Livestock Development Board	01	02 days	48
	Total	22		772

Table II**Capacity Development Programmes for Smallholders- 2013**

Type of Programme	No. of Programmes	No. of Participants
Rubber	104	5,304
Tea	24	1,209
Coconut	85	4,587
Cashew	8	433
Sugarcane	13	527
Cinnamon	2	89
Total achieved	236	12149
Total planned	200	8000

4.2 PROGRAMMES FOR PLANTATION SECTOR (INCOME EARNING)

A comparison of the above programmes with the expected number in 2013 is given below. As mentioned in the Prospectus for 2013, the Institute expected to conduct 56 programmes and provide training for 1065 persons, while a sum of Rs. 15.39 million was expected to be earned from the training activities. However, the Institute was able to conduct 21 programmes and train 772 personnel while Rs. 11.01 million was earned. The performance in the year in respect of programmes conducted was 39.3% and personnel trained 72.5% against the targets. Income generated against target was 71.54%.

Training Programmes- 2013- Budget and Actual

Name of Programmes	Budgeted			Actual			Progress		
	No. of Progs.	No. of Students	Income (Rs. Mn.)	No. of Progs.	No. of Students	Income (Rs. Mn.)	No. of Progs.	No. of Students	Income (Rs. Mn.)
Academic and Professional Programmes	19	337	9.125	9	272	5.614	47%	81%	62%
Skill Development Programmes	5	75	1.125	5	113	1.695	100%	151%	151%
Worker Development Programmes	3	45	0.150	-	-	-	0%	0%	0%
Induction Course for Planter Trainees	2	18	2.220	1	32	2.720	50%	178%	123%
Special Training Programmes	20	500	2.100	4	188	0.734	20%	38%	35%
Management and Business Development Programmes	7	90	0.665	3	167	0.242	43%	186%	36%
Total	56	1065	15.385	22	772	11.005	39.3%	72.5%	71.54%



4.3 SMALLHOLDER PROGRAMMES (Using Treasury Fund)

On the instructions of Hon. Mahinda Samarasinghe, the Minister of Plantation Industries regarding strengthening the knowledge and skills of smallholders, the Institute started to conduct training programmes for smallholders from 2011. The cost of these programmes are covered using Treasury Funds. No fee is charged from the participants.

Having identified the importance of the role of the smallholders in production of plantation crops, the Treasury granted Rs. 5.0 million to conduct training programmes for smallholders in 2012 and conducted 188 programmes covering tea, rubber, coconut, cashew and sugarcane smallholders.

In 2013, 236 programmes were conducted for 12,149 smallholders with a cost for the above programmes was Rs. 7.49 mn.

Smallholder programmes were considered under Capacity Building and expenditure for the same are treated as capital expenditure. The following table shows the actual number of programmes conducted for smallholders and number of smallholders trained during the year under review.

Training Programmes for Tea Small holders



Capacity Development Programmes for Smallholders- 2013

Type of Programme	No. of Programmes	No. of Participants	Cost (Rs. mn.)
Rubber smallholders	104	5,304	3.145
Tea smallholders	24	1,209	1.413
Coconut Smallholders	85	4,587	2.398
Cashew Smallholders	8	433	0.170
Sugarcane Smallholders	13	527	0.301
Cinnamon smallholders	2	89	0.063
Total achieved	236	12149	7490
Total planned	200	8000	8.00

All these programmes were conducted in the respective regions, in the tea, rubber, coconut, cashew, sugarcane and cinnamon fields. This methodology provided more time for practical sessions than classroom lectures. The duration of such programmes were limited to a maximum of 05 hours.

The above details can be summarized and compared with the previous year as follows.



SUMMARIZED DETAILS

	2012	2013	Progress %
No. of Programmes (total)	249	258	103.6
No. of Participants (total)	10331	11422	110.6
No. of Programmes for smallholders	188	236	125.5
No. of Smallholders trained	8196	12149	148.2
No. of Training Days (total)	1020	731	71%
Training income	Rs. 13,731mn.	Rs. 11,573 mn.	84.3
Expenditure incurred on training of Small Holders	Rs. 4.865 mn.	Rs. 7.49mn.	153.9

4.4 TRAINING METHODOLOGY

The methodology of conducting academic courses and training programmes have been standardized taking into consideration, the variables connected with the programmes. In deciding on the timetable, duration of each programme, matters such as level of participants, their positions, work places and duty leave granted etc., were taken into consideration. The long term academic programmes which have been designed for Plantation Executives are conducted on module basis. Such programmes were divided into several modules/components and conducted on a staggered basis. In fixing the dates for lecture/practical sessions, the required days for the presence of participants on estates were avoided. Generally, the lecture sessions of long term courses are scheduled only on 06 days per month, not on a continuous basis and yet mostly on the 1st and 3rd weekends including the Fridays. The main objectives of this approach was to minimize the impact of their absence from the estates. Nevertheless the programmes such as Skill Development and Professional examinations etc., were conducted on 05 to 07 consecutive dates. But in case of programmes for Estate Workers and Smallholders, the duration was limited to one day (about 05 - 06 hours) and were conducted in the respective areas/regions.

In conducting programmes, the Institute uses modern advanced training methodologies such as group discussions, group exercises, demonstrations, case studies, field visits, and exchange of experience etc.

More practical sessions are applied in programmes for field and factory workers, whereas more weightage is given for lecture sessions in academic courses. About 80% of the duration of programmes for smallholders and workers were devoted to practical sessions. By applying such methodology, by it was able to motivate participants to concentrate effectively on training activities at each session, as they were reluctant to read, focus their attention, listen attentively or write.

In Management Development Programmes for Plantation Executives, greater emphasis was on role plays, case studies, management games and brainstorming sessions etc.



Group Discussion in NDPM

As it was a case during the past, the Institute depended more on visiting resource personnel and it is considered a viable alternative, as it was difficult to recruit adequate number of training personnel to cover all the subjects and also meet the cost of emoluments. In the year under review, the Institute had only 04 resource personnel and another one recruited in November 2013 to the permanent cadre. The Institute was compelled to get the services of external resource personnel from Research Institutes of tea, rubber, coconut and sugarcane etc. and Lecturers and Professors from Universities and also eminent planters who had the experience and exposure in subjects related to plantation management. However, in selecting resource personnel for the academic courses and other training programmes, their educational background, experience in the sector and teaching/training abilities were taken into consideration.

4.5 B.SC. DEGREE IN PLANTATION MANAGEMENT

The B.Sc. Degree in Plantation Management lent a new dimension to managerial and technology development, specially designed for senior and middle level executives attached to the plantation sector.

Until 2006 there was no opportunity for the plantation sector personnel for higher education in the field of plantation management. There was a need in the plantation sector to explore ways and means for the advancement of individuals in the sector to achieve greater competence, develop management skills and professionalism at a level higher than the diploma level. The demand for qualifications in the plantation sector at this level had to be met. The Managers had to be developed to face the challenges of the future, and had to be prepared to face them professionally. In order to ensure productivity and profitability of the industry and its

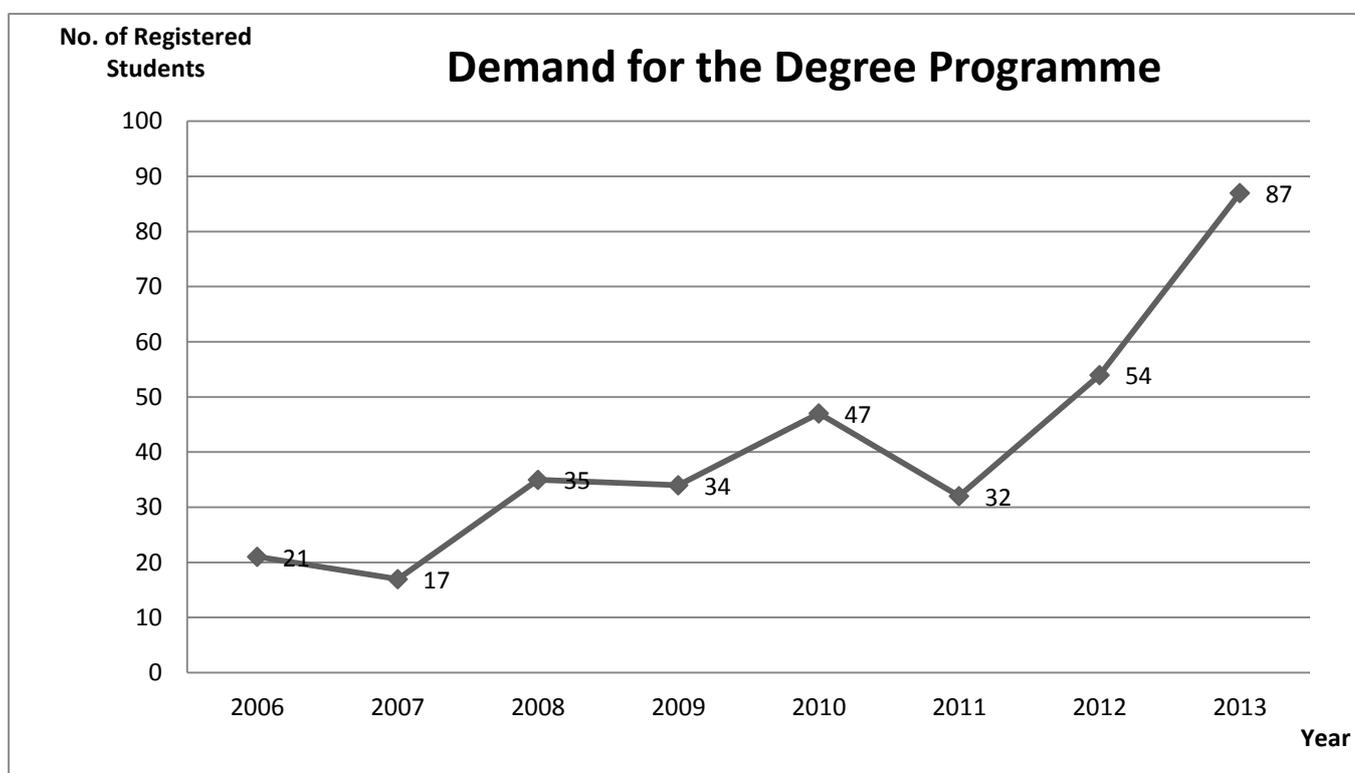


sustainability, it was necessary to bridge this need gap and provide a high degree of scientific, theoretical and managerial competence at both micro and macro levels for the senior and middle level executives in the plantation sector. For this purpose, a comprehensive academic programme had to be designed. Accordingly with much effort, the B.Sc. Degree in Plantation Management launched in 2006, and was offered jointly by the University of Wayamba and NIPM filling a vacuum that existed. This was a 03 year programme and was conducted as a

distance learning course. Initially, 21 Plantation Executives registered for the course and 17 passed out in 2008. The details of the number of students registered each year and number who successfully completed the programme are given below.

<i>Batch</i>	<i>Year</i>	<i>No. of Registered Students</i>	<i>No. of Passed out Students</i>
1	2006	21	17
2	2007	17	11
3	2008	35	21
4	2009	34	13
5	2010	47	
6	2011	32	
7	2012	54	
8	2013	87	

} yet to be
completed



The results of the 2009 and 2010 batches yet to be finalized. Out of 116 students who faced the interview 87 have been selected to follow the degree course in 2013. The above graph shows that the demand for the B.Sc. Degree in Plantation Management has been increasing

considerably and it is a very positive trend. The certificate is awarded jointly by NIPM & Wayamba University.

It is indeed prestigious for the Institute to jointly offer the Degree programme along with the University of Wayamba.

4.6 CONSULTANCY SERVICES

One of the objectives of the NIPM is to provide consultancy services in different subjects in relation to plantation management. It has been providing such services for different public/private sector organization since 1987. In the year under review, the Institute conducted 16 examinations to select and promote employees in different organizations as detailed below.

4.7 LIBRARY FACILITIES

The library of the Institute has a collection of more than 6000 books covering various subject areas relating to Plantation Sector such as tea, rubber, coconut, sugarcane, cashew, accountancy, general management, human resource management, marketing management, strategic management, positive thinking, time management,



productivity, industrial safety & hygiene and quality management etc. It has both lending and reference sections. The participants of the long-term programmes and the staff of the Institute are eligible to use the books in the lending section while the participants of short-term programmes, staff of the Institute, external resource personnel of the Institute, school children of the area and outside resource personnel can use the reference section.

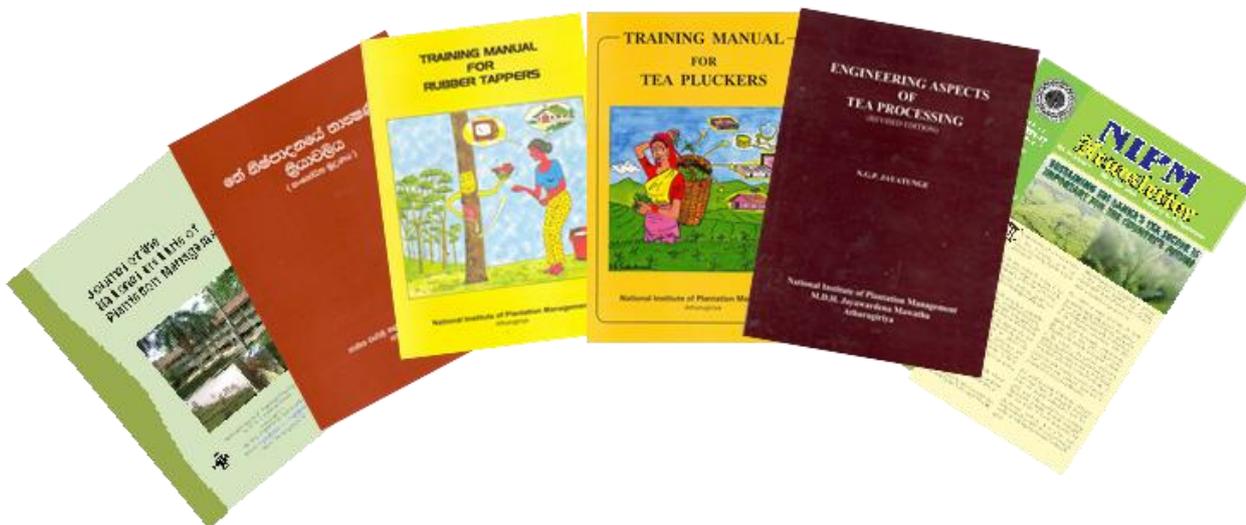
4.8 ***PROFESSIONAL MEMBERSHIP OF THE INSTITUTE***

The Institute continued with conferring Professional Membership of the Institute to eligible Plantation Executives based on the criteria and conditions mentioned in the Act of Parliament No. 5 of 1987. The total number of membership granted under each category are as follows.

Honorary membership	-	20
Fellow membership	-	198
Associate membership	-	18
Student membership	-	<u>02</u>
Total	-	<u>238</u>

4.9 **PUBLICATIONS**

As practiced in the previous years, the Institute published two issues of the Journal in Plantation Management and 04 issues of the Newsletter. The Journal consisted of various articles written by scientists of the Crop Research Institutes, lecturers of the Universities and professional planters. The Journal was presented with changes in presentation through insertion of colour photographs of authors and other relevant pictures. The Editorial Committee comprised Prof. S.J.B.A. Jayasekera, Vice Chancellor, University of Wayamba, Prof. K.B.M. Fonseka, Dept. of Accountancy, University of Sri Jayawardenepure, Dr. Gamini Seneviratne, Director, Rubber Research Institute, Dr. (Mrs.) S. Ranasinghe, Head, Dept. of Plant Physiology, Coconut Research Institute and Mr. B.A.D. Samansiri, Head, Advisory Division, Tea Research Institute, The Chief Editor was Dr. N. Yogaratnam, former Deputy Director (Research), Rubber Research Institute. Because of the improved quality of the Journal, there was a high demand for the same from Plantation Executives and other Executives attached to Plantation related Organizations. In the year under review, a sum of Rs. 56,000/- was generated from the journal and the newsletter which was edited by Dr. Yogaratnam was distributed among stakeholders free of charge. Also complementary copies of the Journal were forwarded to Crop Research Institutes, Universities, Brokers and other Organizations related to Plantation Sector.



4.10 FACILITIES AVAILABLE WITHIN THE PREMISES

The Institute has almost all the infrastructure facilities that are required for a training centre though upgrading and modernization in keeping with the trend in the market in respect of education both locally and internationally has to be met. The facilities at Athurugiriya consists of three Lecture Halls with air-conditioning, a large Auditorium which can accommodate 200 persons at a time, a Library with more than 6,000 collections of books, a hostel with accommodation facilities for 60.



There are six residential quarters including the Director's Bungalow on the premises. There are 08 vehicles available at the Institute. However, the fleet of vehicles available is not adequate to meet the transport requirements, as most of them are carried out in the field. The two vehicles which are old over 20 years will be disposed in 2014.



The office buildings including that of Chairman, Director and the Administration Division are need repairs as these are not up to the standard. The main office building at Athurugiriya which

was used as a cattle shed earlier, had been converted to the present office building complex which is also over 50 years old.

Therefore, there is an urgent need to put up a set of new environment friendly buildings immediately to house the above offices. There are no vacant unused buildings at the premises of the Institute. All available buildings apart from the building used for training activities and administration purpose are fully utilized to service the Korean training programmes by the Sri Lanka Bureau Foreign Employment.

The Regional Training Centre at Theresia Estate Bogawantalawa also has the necessary facilities required for a training centre, but certainly could be improved to provide modern training facilities. The Auditorium has a capacity for nearly 60 persons and two medium size Lecture hall can accommodate around 100 participants.

The hostel at Bogawanthalawa can provide accommodation facilities for nearly 70 personnel at a time. This has a fairly big dining hall, 3 office rooms and a mini library having more than 600 books. There is a bungalow for the Centre Manager and also a Guest House which can provide accommodation for nearly 10 persons at a time. Apart from the Hostel Manager, there are no other permanent workers at this centre and therefore, necessary workers are employed on contractual basis during training sessions with the prior approval from the Director. There are two workers and two watchers on casual basis and at present all the facilities for the Korean programmes of the Sri Lanka Bureau of Foreign Employment are being provided by this staff; under supervision of Hostel Manager.



4.11 THE PROSPECTUS FOR THE YEAR 2014

The Prospectus for the year 2014 have been prepared based on the comments and suggestions of the stakeholders, internal and external resource personnel and participants who followed the programmes in the previous years. In addition to that a meeting was held at the Institute with the participation of the stakeholders to ascertain the training needs of the sector. At this meeting, many of the participants highlighted the necessity of conducting more programmes

for the smallholders of Tea, Rubber and Coconut. Further, there were some meeting with the Human Resource Managers attached to plantation companies to identify new training requirements, and to promote the existing training programmes of NIPM for better performance. As a result of the above process, the following training programmes are being included at the 2014 Prospectus.

Academic/Professional Programmes	-	16
Management Development Programmes	-	09
Skill Development Programmes	-	06
Induction Courses	-	02

The following programmes are also being included of the prospectus as demand driven programmes

Technical Development Programmes	-	03
Capacity Development Programmes	-	03

In addition to the above income generated programmes, it was planned to conduct the following programmes for these smallholders using Treasury funds (No fee basis)

Tea	-	60
Rubber	-	50
Coconut	-	50
Sugarcane	-	10
Cashew	-	10
Palmyrah	-	10
Cinnamon	-	<u>10</u>
Total	-	<u>200</u>

4.12 NEW DIMENSIONS OF TRAINING ACTIVITIES

Apart from the programmes listed in the Prospectus for 2014, arrangements will be made in early 2014 to design and develop following new programmes for different categories of personnel attached to the plantation sector.

- (a) Customized training programmes for plantation executives especially focusing on leadership and communication.
- (b) Customized training programmes for plantation non-executives in attitude Development.
- (c) Need based computer programmes for plantation sector personnel.
- (d) Tailor made programmes on plantation management to be conducted in respective regions.

5.0 ADMINISTRATION DIVISION

The Admin Division is headed by the Asst. Director (Admin.) who is responsible for General Administration of the Institute. The total approved cadre for the Institute in the year was 39. However, there were several vacancies and it was difficult to fill some of those posts due to reasons such as our requirements in respect of qualifications being high while salaries offered were not competitive. (Eg. Although applications were called for the post of Training Officer (Acctg. & Fin. Mgt.), response was very poor even those who applied did not fulfill the required qualifications and experience.)

As the post of Hostel Manager at the Head Office at Athurugiriya was vacant, the related activities were covered up by the Works Supervisor. Purchasing of food items was done by a Food Committee consisting of Management Assistants. The committee is changed once in 06 months. This system of purchasing food items ensures transparency of purchasing activities. The Hostels both at Bogawantalawa and Athurugiriya provide food and accommodation facilities for the participants of the programmes. A sum of Rs. 1,120/- was charged for food and refreshments per day from a participant while accommodation charge was Rs. 250/-. These rates were merely to recover the cost of the respective services and facilities. The participants who have used these services and facilities have expressed their appreciation. The Institute has made arrangements to improve further the quality of these services.

During the year under review, the Institute continued with providing training facilities to Korean job seekers. Therefore, the Institute had to recruit some employees on contractual basis. The Board approval was granted for these recruitments and the related salaries were paid by the income generated from Korean programmes.

6.0 FINANCE DIVISION

The Finance Division is headed by the Accountant. This Division consists of five Management Assistants (05) to play supporting role to the Accountant. It is responsible for the Finance Management of the Institute and preparation of Annual Budgets, Action Plan and has to provide timely financial information to the Board of Governors as well as the other required authorities. In the present cadre, the Institute does not have an Internal Auditor. Therefore, the Accountant has to represent the Audit and Management Committees (AMC) in the Institute and the Ministry and he the Secretary to the Institutes' AMC. The function of Internal Audit is presently handled by the Internal Auditor of the Ministry of Plantation Industries until the cadre approval will be granted for this position.

As experienced in the previous years, there was no separate officer or a section for procurement activities. Therefore, the procurement activities are also handled by the Administration division while the activities such as awarding contracts, preparing of agreements, making payments and monitoring the process have been done by the Finance Division.

7.0 FINANCIAL AND PHYSICAL PERFORMANCE

Summarized budgeted and actual performance of the year 2013 (Rs Millions)

Budgeted Amount	Budget	Actual	Performance
Recurrent Expenditure	52.350	40.247	76.8%
Capital Expenditure	30.250	24.258	80.1%
Total Budget/Cash out flow	82.600	64.505	78.1%
Recurrent Grant from National Budget	22.000	18.744	85.2%
Capital Grant from National Budget	25.000	23.100	92.4%
Income from Training and other Activities	35.600	27.228	76.5%
Total Cash Inflow	82.600	69.072	83.6%

Recurrent Expenditure of the year 2013 (Rs Millions)

RECURRNT EXPENDITURE	Budget	Actual	Progress
Wages, Salaries and employee benefits	22.569	17.304	77%
Supplies and consumable used	4.300	3.509	82%
Repairs and Maintenance	2.950	2.715	92%
Communication and utility services	7.225	5.993	83%
Training Expenses including capacity Development programmes for out growers	15.400	11.754	76%
Expenses in relation to renting out facilities	3.560	2.158	61%
Expenses for Bogawathalawa Regional Centre	2.759	2.936	107%
Depreciation and amortization expenses	15.575	10.494	67%
Other Expenses	1.596	1.371	86%
Total	75.925	58.240	77%

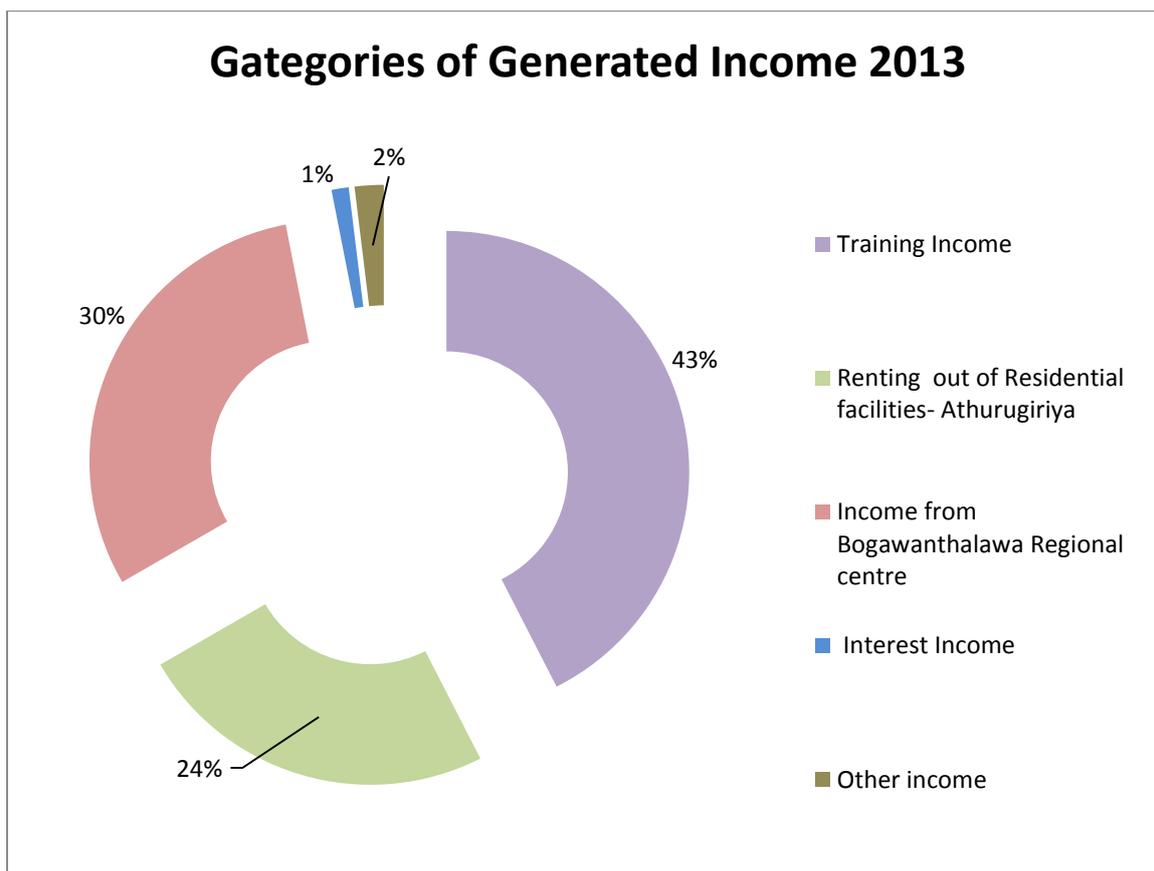
During the year under review, a sum of Rs. 17.304 million was spent for salaries, wages and employee benefits for the Institute and progress was 77% over the Budget. A sum of Rs. 11.754 million was spent for training activities such as Capacity Development of Out growers and expenses for income generated training programmes. A sum of Rs. 15.4 million has been allocated for training activities for this purpose. Therefore, the financial progress of the training expenditure was 76%. The Institute has spent a sum of Rs. 2.936 million for Bogawanthalawa Regional Centre. The total expenditure for the year 2013 was Rs. 58.240 million including a sum of Rs. 10.494 million as depreciation and amortizations. Total financial progress of the recurrent expenditure was 77% of the annual Budgeted amount.

Income Generation of the year 2013 (Rs million)

<i>Generated income (Rs Million)</i>	<i>Budget</i>	<i>Actual</i>	<i>Progress</i>
Training Income (income generated Programmes)	16.475	11.572	70%
Renting out of Residential facilities- Athurugiriya	7.000	6.569	94%
Income from Bogawanthalawa Regional centre	5.000	8.247	165%
Interest Income	0.500	0.311	62%
Other income	1.375	0.525	38%
Total	30.35	27.227	90%

Total generated income of the year 2013 was of Rs27.227 million. That was 90% progress over the Budgeted amount.

The training income of year under review was Rs. 11.572 million and ended up a 70% progress over the budgeted amount. The Institute earned a sum of Rs. 8.24 million from Bogawanthalawa Regional Centre. That was remarkable progress over the expected income. The Institute generated another massive income from renting out facilities of Athurugiriya Training Centre and it was Rs. 6.569 million. The income has been generated by both centres through Korean training programmes. A sum of Rs. 11.558 million contributed for Bogawanthalawa and Athurugiriya providing facilities for Korean programmes.



As per the above chart, 43 percent of the income was earned by the training activities and 57 percent generated from other activities.

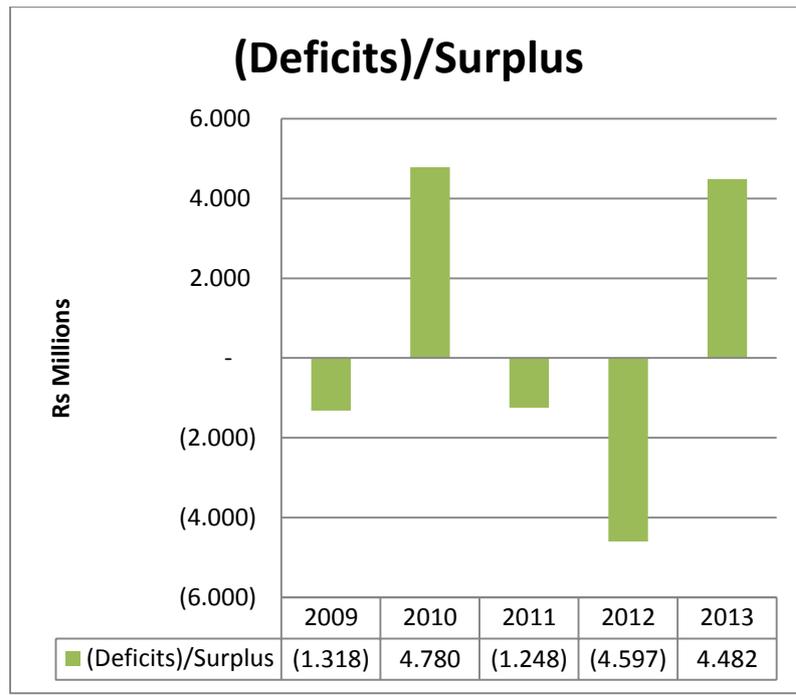
Capital Expenditure for 2013 (Rs Millions)

Capital Expenditure	Budget	Actual	Progress
Building Renovations	4.700	4.099	87%
Vehicle Repair- Major repair	2.000	0.739	37%
Acquisition of capital assets	5.750	2.062	36%
Road Developments	9.0	9.857	109%
Development of distance learning Modules	0.8	-	-
Capacity Development Programmes	8.000	7.498	93%
Total	30.250	24.255	80%

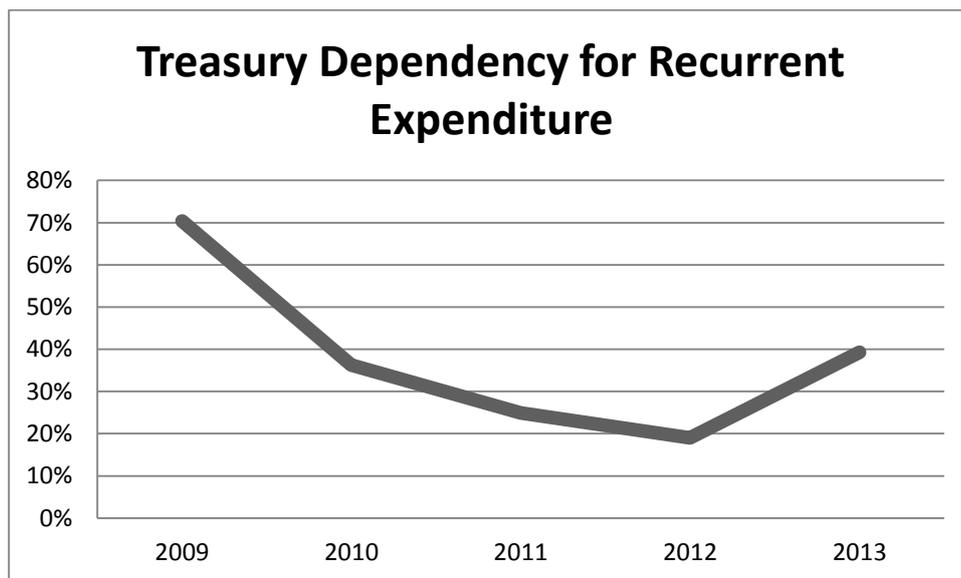
The Institute has spent a sum of Rs. 24.255 million for Capital Expenditure which was 80% progress over the budget. Under which, a some of Rs. 2.062 million was spent for purchasing of various equipment such as multimedia projectors and computers etc. The Institute renovated the internal road of the Institute incurring Rs. 9.85 million through Road Development Authority. Moreover, a sum of Rs. 4.1 million was spent for renovation of main Auditorium and Training buildings. The Capital expenditure included the expenditure on Capacity Building Development programmes which had a budget of Rs. 8.0 million. This amount has been spent under training expenditure category and therefore it included under operational expenditure in the finance statements. Under which the Institute conducted 236 programmes for smallholders of Tea, Rubber, Coconut, Sugarcane and Cashew by incurring a sum of Rs. 7.498 million which was granted by the Treasury for the same purpose.

Capacity Development programmes for Smallholders (Rs millions)

Capacity Development Programmes	No of Progs.	No. of Participants	Cost/ Income of the Progs.
Rubber Related	104	5,304	3.146
Tea Related	24	1,209	1.420
Coconut Related	85	4,587	2.399
Sugarcane	13	527	0.301
Cashew s	8	433	0.170
Cinnamon	2	89	0.062
Total	236	12,149	7.498
Budgeted amount	200	8,000	8.000
Progress	118%	151%	94%



The Institute has reported a net surplus of Rs. 4.482 million in the year 2013. It is a significant improvement of the surplus and the percentage of the improvement is 197.4% when compared to previous year.



The General Treasury granted a sum of Rs. 18.744 million for recurrent and Rs. 23.10 million for capital expenditure during the year under review. In 2013, the Treasury dependency of the recurrent grant over total recurrent expenditure was 39.2%.

8.0 PROGRESS AGAINST THE PREVIOUS YEAR

In comparison with the previous year, the total number of programmes conducted increased to 258 from 249 with an increase of 3.6%. When taking into consideration the number of participants trained, number of training days and income generated, a very definite improvement can be seen. The Institute achieved a progress of 100.7% of the expected number of programmes, in spite of a depleted cadre in the training division. The progress of the training programmes against the budget in the year 2012 was 92.5%.

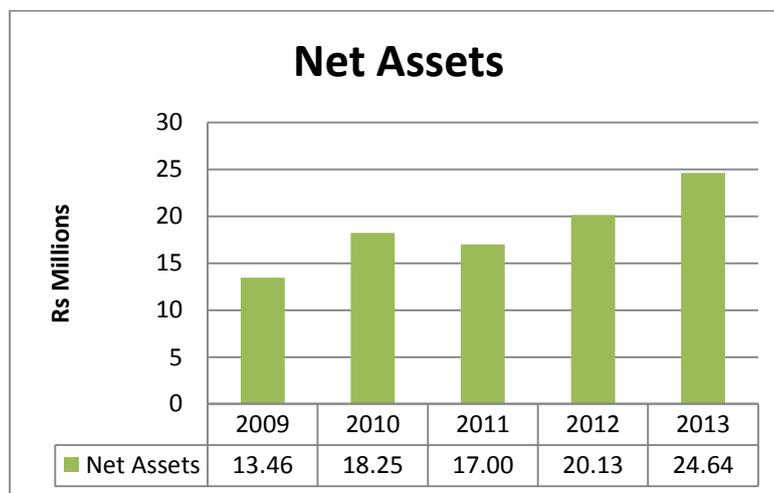
In addition to the programmes conducted by the Institute two (02) issues of the journal in Plantation Management and four (04) issues of the newsletter were published. Further 13 examinations were conducted to select/promote suitable personnel for various posts in Sri Lanka Tea Board, Coconut Research Institute, Tea Smallholding Development Authority and National Livestock Development Board. This activity shows 18% increase than the previous year.

The total Professional Membership of the Institute increased up to 238. 6000 and 600 books are available respectively at Athurugiriya library and the mini-library at Bogawantalawa Training Centre related to various subjects in Plantation Management.

During the year under review, the Institute spent a sum of Rs. 4.09 mn. on renovation of Main Auditorium, Training section building at Athurugiriya and washrooms at Bogawantalawa training center. The amount incurred on acquisition of various office equipment and library books was Rs. 1.664 mn. This was very much needed to upgrade the facilities available to the participants of the Institute. In 2012, the Institute was able to earn a sum of Rs. 26.461 mn. whereas it has increased up to 27.227 mn. in 2013 showing a slight increase of 2.9%. A sum of Rs. 11.558 mn. was generated from Korean training programmes while it was only Rs. 8.66 mn. in the previous year. There was a remarkable increase of the number of participants trained in the year under review. Numbering to 12,149 personnel which was equal to 25% increase in compared with the previous year. The Treasury granted Rs. 7.498 mn. to conduct programmes for smallholders free of charge and using the same, 236 programmes were conducted and after convincing the Treasury on the importance of smallholders' contribution in the total plantation crop production, this amount has been increased to Rs. 10.0 mn. in 2014. In general, the smallholders (Tea, rubber, Coconut, Cashew, Sugarcane, Palmyra and Cinnamon etc.)

contribute to around 75% of the total production in the country. Hence, it is generally accepted that more programmes should be conducted for smallholders to improve their competency level in cultivation of crops. The Institute has agreed with this argument and accordingly 91% of the total programmes conducted were for smallholders and the percentage of smallholders trained was 94% of the total trained in the year.

The Net Assets of the Institute has increased up to Rs. 24.64 million in 2013. It shows 22.4% increase against the previous year. Total current assets have increased up to Rs. 26.509 million which is significant increase of 78% against the previous year. According to the statement of Financial Position, the current liabilities at the end of the year were Rs. 15.24 millions. The Institute has provided a provision of Employee benefits for Rs. 6.183 million in the accounts.



9.0 **CONSTRAINTS FACED BY THE INSTITUTE**

As experienced in the previous years after restructuring process took place in 2004, the Institute had to face several constraints in the year 2013 as well. Shortage of staff in the training faculty was one of the main constraints. There were only 06 members in the training faculty; namely Training Specialist (Mgt.), Training Specialist (Acctg. &Fin.Mgt.), Training Specialist (Agri. Econ), Training Officer (Mgt.), Training Officer (Agri. Econ.) and 01 Staff Assistant (Training). There were number of vacancies which were not possible to fill in 2013 too. The post of Director who is the Chief Executive officer of the Institute has been vacant since 20th October 2013. Although the applications were called through newspaper advertisements for the post of Director, None of the person had basic qualification according to scheme of

requirement. They did not either have adequate qualifications or experience or both. The post of Assistant Director (Admin) has been vacant since 17 October 2013.

The Scheme of Recruitment (SOR) has requested comparatively higher qualifications for these posts and on the other hand any person selected for any post irrespective of qualifications or experience should be placed on the initial step of the salary scale. This condition mentioned in the SOR has become a severe constraint in selecting competent personnel for the Training Faculty. It has been observed that many prospective persons are reluctant to apply for the vacancies of the Institute because of the low salaries in compared with the other Crop Research Institute and similar organizations.

Many of the plantation companies were reluctant to release their executives to participate in our long-term academic programmes. This was another major constraint that the Institute had to face. The reason for this situation was that releasing executives on regular basis for the lecture sessions of the programmes might affect the production and administrative activities of the estates. Because of these reasons, the Institute has to change very often the pattern of conducting academic courses. At the beginning, the Diploma programme was a full time four (04) months course. But, after privatizing the management of the plantations it was conducted on six consecutive days per month. However, the Institute again had to change that pattern. At present, it's on 06 days per month; staggered basis, most probably first and third weekends with Fridays. As this was a major constraint that the Institute has to face, the arrangements are now being made to conduct the Diploma programme as a distance learning course. Accordingly it is anticipated that the Institute would be able to commence the Diploma on the new methodology in the 3rd quarter of 2014.

Many of the participants are reluctant to participate in the academic programmes on week days and therefore, the Institute has to conduct such programmes in week-ends. The overtime payments etc. increases unexpectedly due to this reason. Further, the internal resource staffs have, sometimes, to work in weekends without any payment.

Although 91% of the programmes conducted are for smallholders, it was the practice of the Institute to conduct these programmes in the regions where there are smallholders. Sometimes the resource staff as well as the other supporting staff have to travel more than 400 kms to conduct such programmes as the smallholders are reluctant to come to NIPM due to loosing of

2 to 3 days income. Conducting programmes in the regions has considerably affected in increasing the cost of the programmes as the Institute has to pay more subsistence, overtime and meet the travelling expenses etc.

Another constraint that the Institute has to face is the difficulty in getting the services of experienced and educated external resource staff basically due to comparatively low lecture fees. At present the lecture fee per hour is Rs. 1,000/-. In comparison with the other training Institutes, this lecture fee is low. The course fees are decided and calculated on giving due consideration to lecture fees amongst other related costs. If the lecture fees are increased considerably, it would lead to an increase in the course fees as well, which may in turn may affect the number of participants per programme. If it is so, it would not be possible to achieve the targeted number of programmes. However, the Institute expects to increase the lecture fees considerably in the next year in order to attract more qualified and sought after external resource personnel.

Out of the 08 vehicles that the Institute has at present, 06 are over 15 years old. The age of the Pajero jeep is more than 25 years. As previously mentioned, the programmes for smallholders are conducted in different regions in the country. To travel such distances, the existing vehicles are thoroughly unsuitable. In order to ensure a more effective service to the clients all these vehicles have to be replaced with new vehicles.

Further in conducting programmes in the regions, the audio visual equipment get damage if they are not properly packed and transported. But, the existing vehicles are not suitable for transportation of audio visual equipment safely. Hence, there is a need to buy a suitable vehicle to prepare as a mobile training unit.

10.0 **CONCLUSION**

Although the Institute had to face various constraints and impediments, with some stakeholders already having established in house training during the period of low or next to no activity of the Institute, in the past after restructuring process took place in the end of 2004, the Institute has made gains, both financially and physically in the year under review when compared with the previous year 2012. The Institute was able to increase the number of programmes conducted in that year up to 258 even though the number of programmes expected to be

conducted in the year was 256. It is equal to 100.7% progress when compared with the expected number. It is a matter of satisfaction that the total number of programmes for workers and smallholders was increased by 36% against the previous year. This figure shows that there is a big demand for such programmes from smallholders and workers. Although there was a possibility of conducting more programmes for smallholders and estate workers it was not possible to do so as the Institute was short of training staff.

A Surplus of Rs. 4.482 mn. was seen between the income and expenditure in the year and Net assets of the Institute has increased up to Rs. 24.619 million from 20.136 million in the year 2012. This can be considered a great achievement.

Further, the Institute conducted 236 programmes for the smallholders of Tea, Rubber, Coconut, Sugarcane and Cashew by incurring a sum of Rs. 7.498 mn. using the funds granted by the Treasury. The greater emphasis will be paid to programmes for smallholders and estate workers in the next year too. Based on this information, it can be satisfied with the physical and financial progress in the year under review and it is the expectation of the Institute to achieve the planned targets in the year 2014 under the effort and commitment of the staff and the proper guidance and advices of the Board of Governors.

The Chairman and the Board of Directors and the Management of the Institute take this opportunity to convey its sincere thanks and gratitude to each and every person who extended their fullest co-operation to achieve the gains made in the activities of the Institute during the year 2013.

R. K. SAMARASINGHE
CHAIRMAN/NIPM

2013

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MANAGEMENT

[FINANCIAL REPORTS]

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NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

NOTES AND ACCOUNTING POLICIES TO THE FINANCIAL ACCOUNTS FOR THE YEAR 2013

1.0 FUNDAMENTAL ACCOUNTING CONCEPTS

The accounts have been prepared under the *Going Concern Concept* since it is the advice of the Board of Governors of the Institute. Sufficient funds are available from Government grants and generated from training programmes, academic courses, undertaking of consultancy assignments, Professional membership subscriptions and sales of publications and such funds enable the Institute to meet all its liabilities as and when necessary.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied in all the years presented unless otherwise stated.

2.1 BASIS OF PREPARATION

The Financial Statements are prepared in accordance with *Sri Lanka Public Sector Accounting Standards* on the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluation of assets.

The financial statements have been prepared on a *Going Concern Basis* and the Account policy has been applied consistently throughout the period.

2.1 WORK, SERVICES AND SUPPLIES

Procurement procedures are followed for procuring works, services and supplies in accordance with procurement guideline.

2.2 INTANGIBLE ASSETS

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a ***straight line basis*** over their estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period and the effect of any changes for estimate are accounted for on a prospected basis

The Development cost of Distance learning modules.

The Development cost of the distance learning course for National Diploma in Plantation Management has been recognized as Intangible assets and the useful life of the prepared modules (written) is limited to four years.

The estimated useful lives of intangible Assets are as follows.

<i>Description</i>	<i>Computer Accounting software</i>	<i>Development cost of Distance learning course</i>
<i>Useful life</i>	<i>4 years</i>	<i>4 years</i>

2.3 ***The Capacity Development Programmes for out growers***

The Capacity Development Programmes for out growers are considered as a capital investment and the Development cost of the entity. These programmes whilst enabling the Institute to enhance the good will of the Institute. Capacity as well as the knowledge of the out growers are developed through these programmes. It is meeting an urgent need to determinate knowledge amongst out growers to meet expected levels of agricultural practices with a view to producing higher quality end product in the hand of the consumer. This is a very important aspect in assisting the exporters to make gains in the export market.

It is assumed that the impact of such programmes would be realized within one year. Therefore, the value of investment for such programmes would be written off in the year itself.

NIPM has incurred a sum of Rs. 4,865,973.54 in the year 2012. Therefore, the invested money has to written off in the year 2012 as per Accounting Assumption. The effects of the Accounting application is as follows

	As per new Definition (As at 31/12/2012)	Before change as at 31/12/2012
Cost of the programmes	4,865,973.54	4,865,973.54
Amortization	4,865,973.54	574,513.32
Net Value	-	4,291,460.22
Government grant for capacity development programmes	4,865,973.54	4,865,973.54
Reported Net Deficit	(4,597,886.17)	(5,712,399.49)
Balance of Differed Income Account	60,420,902.69	65,286,876.23

The Institute incurred Rs. 7.49 million to enhance the knowledge of the plantation out growers and ground level workers in 2013 financed by the National Budgets.

2.4 PROPERTY PLANT AND EQUIPMENTS

Property plant and equipment are stated at historical cost less accumulated depreciation.

This historical cost includes all cost directly attributable to bringing an asset to working condition for its intended use and significant renovations.

2.4.1 Depreciation

Depreciation is calculated using straight line method based on rates estimated to write off the assets over the term of its useful life living a residual value for accounting purpose.

The depreciation rates generally used are as follows.

Free holding buildings	5%
Office furniture	10%
Office Equipment	20%
Motor Vehicles	20%
Plant and machinery	20%
Road water supply, Electricity and Telephone (Infrastructure Assets)	10%
Library Books	10%
Misc. Equipment	25%
Land improvements	10%

As per Sri Lanka Public Sector Accounting Standard, the following Assets are considered as Infrastructure Assets.

- The cost of the Road improvement,
- Water and power supply,
- Computer Network and database Etc.

The useful lives of such Assets remain 10 years. The carrying amount as at 01/01/2013 in the Road water supply and Electricity account has been renamed as Infrastructure Assets Account during the year 2013 to comply with the Sri Lanka Public Sector Accounting Standards.

Basis of measurement

All fixed assets except Vehicles are depreciated as per cost method and the vehicles are accounted in accordance with the revaluation method. The depreciation is not charged for Land of the Institute.

2.4.2 Disposal

The gains or losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.4.3 Revaluation

Motor vehicles of the Institute, except newly brought two vehicles, were revalued on 23rd August 2012 by a professional *Automobile Engineer*. The gain on the revaluation has been included in the revaluation reserves account. The Revaluation gain of the vehicle was Rs. 7,833,012.66. Then the total revaluation reserve balance has increased up to Rs. 10,584,233.03 as at 31/12/ 2013. The details are given below.

Name of the Valuer	Mr. D. B. De Silva	
Qualification	Professional Automobiles Engineer	
Date of Valuation	23 rd August 2012	
Revalued amount	32-4086 Jeep	Rs. 1,450,000/-
	61-2361 Bus	Rs. 950,000/-
	250-3161 Cab	Rs. 1,700,000/-
	58-3717 Cab	Rs. 1,700,000/-
	250-2603 Cab	Rs. 1,550,000/-
	250-2604	Rs. 1,950,000/-

2.4.4 Annual board of survey

The Institute conducts an annual board of survey at the end of the year and recommended to dispose the item which are uneconomical to used

2.4.5 Impact on the changing depreciation method and the useful life of the assets

The depreciation method has been changed from Reducing balance method to Straight line method in the year 2012. Depreciation amount was calculated at new rate as per the reviewed useful life. The impact of value of depreciation due to above change is as follows.

	After change the Rate and Basis of Depreciation	Before change the rate and Basis of Depreciation
The Depreciation Amount	9,025,714.49	7,973,986.59
The Net impact in Surplus /(Deficit) as at 31/12/2012	(4,696,230.66)	(3,644,502.76)

3.0 *DEPOSITS FOR INFRASTRUCTURE FACILITIES*

This includes security deposits that were made against the Infrastructure facilities for the service providing organizations.

4.0 *INVENTORIES*

Inventories consist of institute's publication, printing materials, Stationary and office requisites, tires, and other consumables. They are valued at the material cost on the basis of First in first out Principle. The Publication stocks comprise the donated publication books from Tea Development Project.

5.0 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, current accounts balance at Bank of Ceylon Athurugiriya Branch.

6.0 SHORT TERM INVESTMENTS

The Institute has invested generated excess income in short term time deposits, fixed deposits and membership savings account at Bank of Ceylon, Athurugiriya branch in order to utilize for the development activities of the Institute.

7.0 RESERVES

7.1 Revaluation Reserve

Reserves include revaluation surplus of the Institute's vehicles in 2012. The disposal gain on the sales of revalued vehicles has been transferred to the retained earnings.

8.0 EMPLOYEE RETIREMENT BENEFIT

The gratuity provision has been provided to the Accounts for all employees of the Institute to meet the cost of retirement benefits as and when they retire from the services. The amount fall due for payments with one year is included in the current liabilities. The Institute has invested to Fixed Deposit for the equitant amount of gratuity provision as at the end of the year.

9.0 *DEFERRED INCOME*

9.1 *Donated Publication stocks*

Value of donated publication stock from Tea Development Project has been transferred to the differed income account. Income will be taken into account when it is realized.

9.2 *Government grant for Capital Expenditures*

A significant amount of fund for capital Development expenditure was granted by the Department of National Budget and this amount is included in the deferred income which is recognized as income on a systematic and rational basis over the useful life of the assets. The useful life of the assets is given below.

Free holding buildings	20 years
Office furniture	10 years
Office Equipment	5 years
Motor Vehicles	5 years
Plant and machinery	5 years
Road water supply, Electricity and Telephone (Infrastructure Assets)	10 years
Library Book	10 years
Misc. Equipment	4 years
Land Improvement	10 years

10.0 SHORT TERM PROVISIONS AND CONTINGENCIES

10.1 CONTINGENT LIABILITY

Mr. A. K. C. Atthanagoda who worked as the Audio Visual Officer of the Institute has filed a case against the Institute challenging termination of his employment on disciplinary grounds. The contingent liability of Rs. 574,857/- has been provided to cover the payment of his salary and other emolument up to the end of the year. The Labour Tribunal is at present hearing the case. We have concluded the accounts for this year with provision for liability of Rs. 2, 448,477.60 for the year 2013.

11.0 TRAINING INCOME

11.1 Short term programmes

If the course period is less than six months, it would be considered as a short term course. The entire income of the short term courses is taken to the statement of financial performance if the Training programmes commenced during the Accounting period.

11.2 Long term training programmes (ongoing training Programmes)

If the course period is more than six months, it would be considered as long term programme (ongoing training Programme). The revenue of these training courses would be applied a pro-rata basis to the statement of financial performance considering the commencing month of such training programme and the duration of the programme.

12.0 BOGAWANTHALAWA REGIONAL CENTRE

The Income and Expenditure in relation to Bogawanthalawa Regional Centre are reported separately in the statement of financial performance.

13.0 CHANGES IN ACCOUNTING POLICIES

The Institute has voluntarily changed the accounting policy of the depreciation method of Property Plant and Equipment from *Reducing balance method* to *Straight line method* with effect from 1st January 2012.

The effect of the adjusted amount cannot be determined by the Institute due to impracticability of the application of the adjustment. The Institute has recognized the *carrying value* of the assets as at the end of 31st December 2011 for calculating depreciation the assets. The new depreciation method (straight line) is being used to calculate the depreciation taking into consideration the new revised rates in accordance with the changes of the useful life of the assets. The following points are disclosed as per the requirements of the standard.

- The depreciation method has been changed to straight line method from reducing balance method. The revised rates of the depreciation as mentioned below.
- The Institute has considered the net book value of the fixed assets as at 01/01/2012 for calculating the depreciation of the asset.

Nature of Assets	Rate (before 1/1/2012)	Revised rate (After 1/01/2012)	Net book value as at 01/01/2012 for depreciation calculation purpose
Free holding buildings	5%	5%	41,961,425.87
Office furniture	10%	10%	2,089,843.75
Office Equipment	10%	20%	8,524,946.39
Motor Vehicles	20%	20%	17,233,806.22
Plant and machinery	10%	20%	504,113.04

Road water supply, Electricity and Telephone	10%	10%	230,025.78
Library Book	10%	10%	667,195.68
Misc. Equipment	20%	25%	2,110,494.17
Land Improvement	20%	10%	3,090,722.94
Total			76,412,573.84

- The Change of the depreciation method will help to calculate accurately provide and reliable information over its useful life span.
- It is impracticable to adjust comparative information for a longer period to achieve comparability with the current period. Therefore, retrospective restatement to adjust a prior period would be impractical to recreate the information.
- The Accounting formats have been converted as per the requirement of the Sri Lanka Public Sector Accounting Standards

CHANGES IN ACCOUNTING ESTIMATE AND ERRORS

The capital grants from the General Treasury have to be written back to the statement of financial performance on a systematic basis using the useful life of the Assets, which were financed by the Treasury.

However, the grants before 2010 were not accounted as per the standards. Therefore, the Institute restated the statement of changes in Equity/Net Assets providing significant information to the Financial Statements in preparation of the financial statement in the year 2012.

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
STATEMENT OF FINANCIAL POSITION

As at December 31

	Notes	31/12/2013	Restated 31/12/2012
		LKR	LKR
ASSETS			
Current assets			
Cash and cash equivalents	1	326	887
Receivables	2	6,606	5,081
Inventories	3	842	884
Prepayments	4	549	448
Other Current Assets	5	18,186	7,592
		26,509	14,892
Non-Current assets			
Receivables	6	919	1,438
Property plant and Equipment	7	84,367	78,219
Intangible Assets	8	406	588
Other Non Current Assets	9	612	392
		86,304	80,637
TOTAL ASSETS		112,813	95,529
LIABILITIES			
Current Liabilities			
Payables	10	12,511	6,628
Short - term Provisions	11	2,476	1,901
Employee Benefits	12	253	1,119
		15,241	9,648
Non- current liabilities			
Long term provisions	13	66,770	60,421
Employee Benefits	14	6,183	5,323
		72,953	65,744
TOTAL LIABILITIES		88,194	75,392
NET ASSETS		24,619	20,137
NET ASSETS/EQUITY			
Capital contributed by Government & other Government Entities	15	38,386	38,386
Reserves	16	10,584	10,584
Accumulated surpluses/(Deficits)	17	(24,351)	(28,833)
TOTAL NET ASSETS/EQUITY		24,619	20,137

The Accounting policies and Notes on page Nos. 38 to 69 are integral part of these financial statements. We Certify that the Accounts have been prepared in accordance with the requirement of the Department of Public Enterprises. (PED 54)

Sgd.
L. D. J. Priyantha
Accountant

Sgd.
R. M. Premadasa
Director

Sgd.
R. K. Samarasinghe
Chairman

28/08/2014

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
STATEMENT OF FINANCIAL PERFORMANCE (LKR 000')

For the year ended December 31,

REVENUE	Note	31/12/2013	31/12/2012 (Restated)
Government Recurrent grants	18	18,744	8,480
Income from Deferred Government capital grant	19	16,751	14,282
Training income	20	11,573	13,731
Renting out of residential facilities	21	6,570	7,559
Income from Bogawanthalawa Regional center	22	8,247	3,797
Interest income	23	526	693
Other income	24	312	681
TOTAL REVENUE		62,723	49,223
EXPENSES			
Wages, Salaries and employee benefits	25	17,304	17,684
Supplies and consumable used	26	3,510	2,733
Repairs and Maintenance	27	2,716	2,128
Communication and utility services	28	5,994	5,290
Training Expenses including capacity building Progs.	29	11,755	11,292
Expenses in Relation to Renting out facilities	30	2,158	2,562
Expenses for Bogawanthalawa Regional Centre	31	2,937	2,037
Depreciation and Amortization expenses	32	10,495	9,151
Other Expenses	33	1,371	946
TOTAL EXPENSES		58,240	53,821
Surplus/(Deficit) for the period Attributable to		4,483	(4,598)
Owners of controlling entity		4,483	(4,598)

**NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
STATEMENT OF CHANGES IN NET ASSETS/EQUITY**

for the year ended December 31, 2013

Statement of changes in Equity (LKR 000')					
Descriptions	Contributed Capital	Revaluation Reserves	Accumulated Surpluses/ (deficits)	Total	Total Net Assets /Equity
Balance as at January 01, 2011	38,386	3,156	(23,294)	18,248	18,248
Transfer from differed income (capital Grants 2011) Dec, 31 2011 as restated	-	-	3,114	3,114	3,114
Transfer to consolidated fund -2011	(1,232)	-	-	(1,232)	(1,232)
Transfer to Deferred income Dec 31, 2011 as restated	1,232	-	-	1,232	1,232
Revaluation Transfer to retained earning	-	(405)	405	-	-
Surplus/(Deficit)for the year 2011	-	-	(4,362)	(4,362)	(4,362)
Balance as at December 31, 2011	38,386	2,751	(24,138)	17,000	17,000
Revaluation reserve Transfer to retained earning	-	(2,751)	2,751	-	-
Gain on Revaluation of Assets	-	7,833	-	7,833	7,833
Stated Surplus/(Deficit)for the year 2012	-	-	(5,172)	(5,172)	(5,172)
Adjustment of Amortized amount in Capacity Building Progs.	-	-	575	575	575
Adjustment of Membership income 2012	-	-	(98)	(98)	(98)
Revaluation Reserve reverse the entry	-	2,751	(2,751)	-	-
Balance as at December 31,2012	38,386	10584	(28,833)	20,137	20,137
Surplus/(Deficit) for the year 2013	-	-	4,483	4,483	4,483
Balance as at December 31,2013	38,386	10,584	(24,351)	24,619	24,619

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT		
CASH FLOW STATEMENTS		
<i>for the year ended</i>	(LKR 000')	(LKR 000')
	31/12/2013	31/12/2012 Restated
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Surplus (Deficit) for the year	4,483	(4,696)
Less-Interest Income	526	693
Net cash Inflow/(outflow) from operating Activities	3,956	(5390)
<u>NON CASH MOVEMENTS</u>		
Depreciation (Note 2)	10,312	9,026
Amortization	183	125
Provision of retiring Gratuity	(5)	961
Profit /(Loss) on sale of fixed Assets	161	(64)
Deferred income	(16,751)	(14,282)
(Increase)/Decrease in Trade and other receivable	(1,493)	(2,188)
(Increase)/Decrease in Inventories	42	(21)
(Increase)/Decrease in Prepayments	(101)	18
(Increase) /Decrease in Other Current Assets	(11)	(189)
Increase /(Decrease) in trade and other payables	5,882	(5,221)
Increase/(Decrease)in short term provision	575	505
NET CASHFLOW FROM OPERATING ACTIVITIES	2750	(16,719)
<u>INVESTING ACTIVITIES</u>		
Acquisition of Property plant and equipment	(16,760)	(3,015)
Payment for Infrastructure assets - Electricity	(220)	-
Acquisition of Intangible Assets	-	(233)
Investment in fixed/call deposits	(13,437)	(11,250)
Encashment of fixed/call deposits	3,250	19,000
Payment of loan and advances	(1,550)	(2,071)
Cash recoveries from Loan and advances	2,037	2,369
Interest Received	130	693
Cash received from sale of Fixed Assets	139	80
Net cash out flow in investing activities	(26,411)	5,572
<u>FINANCING ACTIVITIES</u>		
Government Grant for capital expenditure	23,100	7,000
Net cash inflow in financing activities	23,100	7,000
Net (Decrease)/Increase in cash and cash equivalents	(561)	(4,147)
Cash and cash equivalent at beginning of the year	887	5,034
Balance of cash and cash equivalents at the end of the year	326	887

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

Budgeted and Actual Performance

For the year ended December 31, 2013 (LKR 000')

REVENUE		<i>Actual</i>	<i>Budgeted</i>	Progress
Government grants	18	18,744	22,000	85%
Income from Deferred Government capital grant	19	9,253	9,725	95%
Capacity Building Programmes	19	7,498	8,000	94%
Training income	20	11,573	16,475	70%
Renting out of residential facilities	21	6,570	7,000	94%
Income from Bogawabthalawa Regional centre	22	8,247	5,000	165%
Interest income	23	526	500	105%
Other income	24	312	1,375	23%
TOTAL REVENUE		62,723	70,075	90%
RECURRNT EXPENSES				
Wages, Salaries and employee benefits	25	17,304	22,569	77%
Supplies and consumable used	26	3,510	4,300	82%
Repairs and Maintenance	27	2,716	2,950	92%
Communication and utility services	28	5,994	7,225	83%
Training Expenses	29	11,755	15,400	76%
Expenses in relation to renting out facilities	30	2,158	3,560	61%
Expenses for Bogawathalawa Regional Centre	31	2,937	2,750	107%
Depreciation and amortization expenses	32	10,495	9,725	108%
Other Expenses	33	1,371	1,596	86%
TOTAL EXPENSES		58,240	70,075	83%
CAPITAL EXPENDITURE				
Fixed Assets		16,760	21,450	78%
Intangible assets		-	800	
Capacity Development Programmes		7,498	8,000	94%
TOTAL CAPITAL EXPENDITURE		24,258	30,250	80%
TOTAL EXPENDITURE		82,498	100,325	82%
Treasury Grants				
Recurrent expenditure		18,744	22,000	85%
Capital Expenditure		23,100	25,000	92%
TOTAL GRANT		41,844	47,000	89%

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENTS (LKR 000')										
Description	Land Including improvements	Buildings	Plant and Machinery	Equipment	reFurnitu	Motor Vehicles	Insfrasture Assets	Library Books	Misc Equipment	Total
Cost										
As at 01/01/2012	3,326	78,507	1,004	21,037	5,244	21,316	974	2,254	3,225	136,889
Additions	74	1,657		627	375			11	271	3,015
Disposals				(1,948)	(19)			(136)		(2,103)
Adjustments						3,534				3,534
As at 31/12/2012	3,400	80,164	1,004	19,716	5,599	24,850	974	2,129	3,497	141,334
Additions		4,099		1,172	137	739	10,257	39	316	16,760
Disposals				(2,339)	(95)					(2,433)
Adjustments										-
As at 31/12/2013	3,400	84,264	1,004	18,549	5,642	25,589	11,231	2,168	3,813	155,661
Depreciations										
Accumulated as at 01/01/2012	235	36,546	500	12,513	3,154	4,082	744	1,586	1,115	60,476
Depreciation Charge	147	2,114	101	1,769	231	3,989	23	67	585	9,026
Disposals				(1,933)	(19)			(136)		(2,088)
Depreciation Adjustments						(4,299)				(4,299)
Accumulated as at 01/01/2013	382	38,660	601	12,348	3,366	3,772	767	1,518	1,700	63,115
Depreciation charge	154	2,201	101	1,846	248	5,026	31	68	637	10,312
Disposals				(2,047)	(86)					(2,133)
Depreciation Adjustments										
Accumulated as at 31/12/2013	536	40,861	702	12,147	3,527	8,798	798	1,586	2,337	71,293
Net Book Value as at 2012/12/31	3,018	41,504	403	7,367	2,233	21,078	207	611	1,797	78,219
Net Book Value as at 2013/12/31	2,864	43,403	302	6,402	2,114	16,791	10,433	582	1,476	84,368

INTANGIBLE ASSETS (LKR 000')					
Type of Assets	Cost as at 1/1/2012	Addition -2012	Adjustments	Impairment	cost as at 31/12/2012
Computer soft wears	50	-	-	-	50
Development cost -Training Modules	450	233	-	-	683
Capacity Building Programmes		4,866	(4,866)	-	-
Total Intangible Assets	500	5,098		-	732
Type of Assets	Cost as at 1/1/2013	Addition -2013	Adjustments	Impairment	cost as at 31/12/2013
Computer soft wears	50	-	-	-	50
Development cost -Training Modules	683	-	-	-	683
Total Intangible Assets	732	-	-	-	732

Type of Assets	Accumulated Amortization at 01/01/2012	Amortization for 2012	Adjustments	Impairment	Accumulated Amortization 31/12/2012
Computer soft wears	19	12	-	-	31
Development cost of the modules		113	-	-	113
Capacity Building Programmes		575	(575)	-	-
Total	19	699	(575)	-	143
Type of Assets	Accumulated Amortization at 01/01/2013	Amortization for 2013	Adjustments	Impairment	Accumulated Amortization 31/12/2013
Computer soft wears	31	12	-	-	43
Development cost of the modules	113	171	-	-	283
Total	143	183	-	-	326

Type of Assets	Carrying value at 01/01/2012	Carrying value at 31/12/2012	Carrying value at 31/12/2013
Computer soft wears	31	19	6
Development cost of the modules	450	570	399
Total Intangible Assets	481	589	406

TIONAL INSTITUTE OF PLANTATION MANAGEMENT

NOTES AND SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013 (LKR 000')

		2013	2012 (Restated)
1 CASH AND CASH EQUIVANTS			
	Bank of Ceylon Athurugiriya- 3697566	326	887
		326	887
2 RECEVABLES- (SHORT TERM)			
2 (a)	Debtors		
	Kelanivally Plantation Plc	8	8
	Elkaduwa Plantation Plc	75	75
	Plantation Housing Development Trust	165	165
	Wayamba University (B.Sc. Degree)	109	13
	Ministry of Transport	-	104
	Sri Lanka Bureau of Foreign Employment	3,192	2,343
	Tea Shakthi fund	-	34
	Sri Lanka Tea Board	27	51
	Janatha Estate Development Boards	-	75
	Coconut Research Institute	-	11
	Rubber Tapping programme -	-	
	Department of Labour Relation	69	67
	Department of Export Agriculture	-	9
	Tea Small holder Development Authority	30	-
	National Livestock Development Boards	109	150
	Central Environment Authority	547	-
	National Diploma in Plantation Management - 14 th programme	-	104
	Diploma in Business English	30	-
	Tea Manufacture Programme-2012	-	113
	Certificate Course in Plantation Accounting & Financial Management 2012/2013	2	65
	Certificate Course in Plantation Accounting & Financial Management 2010/2011	5	5
	National Diploma in Plantation Extension Management-2012/14	6	
	National Diploma in Plantation Extension Management-2010/12	-	16
	Certificate Course in Plantation Accounting & Book Keeping 2012/13	63	-
	Certificate Course in Plantation Accounting & Financial Management 2013/14	8	-
	Induction course for Planter trainee – K. E. Jayarathne	10	10
	Certificate course in Business English-2012	1	9
	Certificate course in Business English-2013	31	-
	Tea Manufacture Programme-2013	50	-

	Skill Development of Rubber Field Officer	15	90
	Skill Development of Tea Factory Officer	15	30
	Skill Development of Rubber Factory Officer	210	-
	Certificate course in Bookkeeping and Plantation Mgt-12/13	15	41
	Professional Programme in Rubber Manufacture Mr. K D I S Gunawardena	12	12
	Mr. N. D. S. B. Tennakoon	11	-
	University of Moratuwa - NDT Camp	278	-
	Total Debtors	5,091	3,598

2(b)	Loans and Advances to Employees		
	Distress Loan-	1,465	1,439
	Festival Loan	39	44
	Receivable Water bills form Employees	11	-
	Total Loan and advance	1,515	1,483

	TOTAL SHORT TERM RECEIVABLES	6,606	5,081
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3	INVENTORIES		
	Stationary and office Requisites	105	139
	Printing materials	235	370
	Maintenance materials	22	8
	Tires and tubes	231	34
	Welfare items	11	33
	Consumables	16	14
	Students ties	6	6
	Institute' s publication	207	268
	Dry food items	11	12
	TOTAL INVENTORIES	842	884

4	PREPAYMENTS		
	Motor Traffic Department (Revenue License)	31	24
	CBA (Pvt) Ltd - service agreement	10	2
	Sri Lanka Insurance Co PLC	218	177
	Gestetner Ceylon Ltd- Service agreement	15	10
	Business Machine Ltd- Service agreement	2	8
	National Insurance Trust	112	115
	Lanka Telephone Company (pvt) Ltd- Service agreement	-	12
	Liyakta office System (Pvt) Ltd	66	-
	Metropolitan Communication Ltd- Service agreement	-	6
	Department of IRD Excess input vat IRD	43	43
	Department of IRD (W H T)	51	51
	Total Prepayments	549	448

5	OTHER CURRENTS ASSETS		
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5 (a)	Short Term investments		
	Call Deposit Bank of Ceylon- AC No. 8693502	1,715	1,715
	Call Deposit Bank of Ceylon-AC No. 74175654	-	3,250
	Call Deposit Bank of Ceylon- AC No.74689528	5,000	-
	Deposit for Gratuity Provision- BOC	6,437	-
	Call Deposit Bank Of Ceylon- Ac No. 74341134	2,000	-
	Membership Deposit Account- Fixed Deposit- AC No. 74175590	763	763
	Membership Deposit Account - Saving Accounts	131	121
	Interest Receivables- Bank of Ceylon	1,187	792
	Total short term investments	17,233	6,640

5 (b)	Security Deposits		
	Mr. N.D.S.B.Tennakoon A/C No 1 - 0053-03-1521-4	11	11
	Mr. P.N. Perera A/C No 1 - 0053-03-0542-1	26	26
	Mrs. C.S.Liyanage A/C No 1 - 0053-03-0314-3	3	3
	Mrs. G.Rajapakshe A/C No 1 - 0053-03-0319-4	3	3
	Mrs. W.D.S.Hettiarachchi A/C No 1 - 0053-03-0617-7	2	2
	Mr. L D J Priyantha A/C No- 8634723	34	27
	Mr. P W A Kapilawanshe A/C No- 8642397	-	27
	Mrs Nishamani Illanganthilake- Ac No 74046706	7	-
	Medical Contribution Deposit account- NSB- Athurugiriya	867	854
	Total Security Deposits	953	952

	TOTAL OTHER CURRENT ASSETS	18,186	7,592
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6	RECEVABLE - LONG TERM		
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	Distress loan-(over one year)	919	1,438
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7	PROPERTY PLANT AND EQUIPMENTS	84,368	78,219
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8	INTANGIBLE ASSETS	406	589
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9	OTHER NON-CURRENT ASSETS		
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9 (a)	Deposit for infrastructure facilities		
	Post Master General	14	14
	Ceylon Gas Company	13	13
	Ceylon Electricity Board	577	357
	Sri Lanka Telecom - (Head Office)	6	6
	Sri Lanka Telecom - (Regional Centre at Bogawantalawa)	2	2
	TOTAL OTHER NON CURRENT ASSETS	612	392

10	PAYABLES
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10 (a)	Creditors		
	John keels Office automations (Pvt) Ltd	372	-
	Road Development Authority	4,921	-
	Horana plantation Plc	10	10
	Ruwan Trade Centre	186	355
	The open university of Sri Lanka	50	50
	Bogawanthalawa sought rural Development Society		333
	PYS Soft wear	144	
	Sri Lanka Handy kraft board (LAKSALA)		332
	Sri Lanka Army 7th Regiment	374	
	Dulitha Advertising		24
	Total Creditors	6,056	1,104

10 (b)	Accrued Expenses		
	Telephone	38	50
	Electricity bill -	136	128
	Fuel and Lubricant W. A. Premanath	234	90
	Vehicle Maintenance	56	59
	Salaries Casual & contract employees (December)	135	196
	Stamp Duty - (Internal Revenue Department)		1
	Traveling subsistence	17	
	Overtime - December	101	58
	Periodicals & newspapers - Mr. Upali Laxman	1	1
	Employees' Trust Fund – December	29	30
	Employees' Provident fund	211	232
	Security Bill (Dec.)	186	137
	Allowances	6	13
	Salaries - Madulsiman Plantations Ltd.	50	44
	Holiday pay (December)	4	
	NIPM staff lecture fee	2	8
	Medical Contribution (National Savings Bank)	88	84
	Payment for training programme lecture fees	461	490
	Printing payments	44	-
	Publication _ Dr. Yogarathna	33	-

Machine maintenance	-	52
Laundry bill	-	2
Payable to Trade union	0	-
Small holder programmes	512	224
Outside exam fees	122	-
Building Materials	14	-
Consumables	4	-
Staff welfare	-	39
Department of IRD - VAT Control	505	191
Department of IRD - N B T	91	54
Department of IRD – Payee	4	1
Daily Paid wages	51	36
Water supply materials	1	-
Other Sundry Training Expenses	-	46
Vehicle hireling	11	16
Cancelled cheque- HDFC	6	6
Equipment Maintance	8	-
Sasrutha Graphics	-	28
wijaya newspaper	61	-
Auditors Generals Departments- Audit fee	341	300
Total Accrued Expenses	3,564	2,615

10 (c)	Forward course fees		
	Induction course		
	Certificate course in Book Keeping and Plantation Accounting -	150	62
	Business English course- Non Executives	39	29
	Business English course- Executives	-	18
	Certificate course in Plantation Accounting and Financial Mgt	244	218
	National Diploma in Plantation Management -Extension 2012/14	271	730
	Skill development- Rubber	-	15
	National Diploma in Plantation Management	42	42
	Language Proficiency Examination-	14	28
	National Certificate Examination in Tea Manufacture-	8	8
	National Diploma in Plantation Mgt- 14 - 2011/12	30	92
	National Diploma in Plantation Mgt- 15 – 2013	658	125
	Rubber Manufacture Programme-	20	20
	Brought Leaf transporters programmes	274	422
	Tea Manufacture Programme-2012	25	70
	Certificate course in Human resource MGT	30	30
	Diploma in Business English	53	
	Tea Manufacture and factory practices Programme-2010	28	28
	Total Forward course fees	1,885	1,937

10 (d)	Refundable Deposits		
	Refundable course loan	8	16
	Refundable security Deposits- employee	86	98
	Refundable Tender Deposits	45	5
	Refundable Medical Deposits	867	854
	TOTAL	1,005	973

	TOTAL SHORT TERM PAYBLES	12,511	6,628
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11	SHORT-TERM PROVISIONS		
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11 (a)	Deferred income- Short Term		
	Tea Development Project Publication	28	28
	TOTAL	28	28

11(b)	Contingent Liability		
	Balance as at 1/01	1,874	1,366
	Charged to Income statement	575	508
	Balance as at 31/12	2,448	1,874

	TOTAL SHORT TERM PROVISION	2,476	1,901
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12	EMPLOYEE BENEFITS		
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	Gratuity Payables- Within one year	254	1,119
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13	LONG TERM PROVISIONS		
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	Deferred government grant for capital		
	Balance as at 01/01	60,421	67,703
	Government Grant for capital Expenditure	23,100	7,000
	Less- Transfer to income statement (Note 01)	(16,751)	(14,282)
	Balance as at 31/12	66,770	60,421
Note 01	Transfer from Government Grant to income statement		
	From Capital Expenditure	9,253	9,416
	Capacity building Progs.	7,498	4,866
		16,751	14,282

14	EMPLOYEE BENEFITS		
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	Gratuity payments -over one year	6,183	5,323
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15	CAPITAL CONTRIBUTED BY GOVERNMENT & OTHER GOVERNMENT ENTITIES		
	Capital Grant from Sri Lanka Tea Board	1,900	1,900
	Bagowanthalawa Regional Centre (SLSPC)	4,206	4,206
	Capital Grant from consolidated fund	32,281	32,281
	TOTAL	38,386	38,386
16	RESERVES		
	Revaluation reserve	10,584	7,833
17	ACCUMILATED SERPLUS/(DEFICITS)		
	Retained Earnings	(24,351)	(26,083)
		(24,351)	(26,083)
18	GOVERNMENT GRANT FOR RECURRENT EXPENDITURE	18,744	8,480
19	INCOME FROM DEFERRED GOVERNMENT CAPTAL GRANT		
	Capital expenditure Before 2010	5,214	5,214
	Capital expenditure 2010	567	567
	Capital expenditure 2011	2,902	2,902
	Capital expenditure 2012	369	734
	Capital expenditure 2013	201	
	Capacity building programmes	7,498	4,866
		16,751	14,282
20	TRAINING INCOME		
20 (a)	ACADEMIC,AND PROFESSIONAL PROGRAMMES		
	National Diploma in Plantation Management	1,363	822
	National Diploma in Plantation-Extension Management	1,014	250
	Diploma in English	194	
	Certificate course in Accounting and Financial Management	755	792
	Certificate course in Book-Keeping and Plantation Accounting	722	506
	Professional Progeamme in Tea Manufacture and Factory Practices	700	1,085
	National Certificate Examination in Tea Manufacture	162	
	Language Proficiency Examination	245	3
	Certificate course in Business English(Executive and None Executive)	284	290
	income from B sc In plantation Mgt	89	
	Professional programme in Rubber Agronomy		320
		5,527	4,068

20 (b)	MANAGEMENT AND BUSINESS DEVELOPMENT PROGRAMMES		
	Management Development programmes	242	-
		242	-
20 (c)	SKILL DEVELOPMENT PROGRAMMES		
	Skill Development of Tea Factory Officer	750	360
	Skill Development of Tea Field Officer	345	-
	Skill Development of Trainee Tea factory officers- NAITA	-	204
	Skill Development of Rubber Field Officer	360	240
	Skill Development of Rubber Factory Officer	255	-
	Skill Development training Programme for CRI	-	103
	Skill development for Oil Palm cultivation and Management	25	155
		1,735	1,061
20 (d)	INDUCTION COURSE FOR PLANTER TRAINEES	2,720	3,623
20 (e)	WOKER DEVELOPMENT AND PROJECT PROGRAMMES		
	SnDPE Project Programme for Rubber Entrepreneur	-	682
			682
20 (f)	SPECIAL PROGRAMMES		
	Brought leaf transport Programme	-	2,829
	Special programme for Chilaw Plantation Plc	-	56
	Special programme for Tea Shakthi fund	-	34
	Special Programme For Rubber Development Department	734	650
		734	3,569
20 (g)	INCOME FROM EXTERNAL EXAM ACTIVITIES	615	729
	TOTAL TRAINING INCOME	11,573	13,731
21	INCOME FROM RENTING OUT THE FACILITIES		
	Renting out residential facilities to outside programmes	1,731	2,070
	Income from Accommodation internal training students	60	21
	Korean Training programme	4,779	5,469
		6,570	7,559

22	BOGAWANTHALAWA REGENAL CENTRE		
	Income from renting out training Facilities	1,467	604
	Korean training programmes	6,780	3,193
		8,247	3,797

23	INTEREST INCOME		
	Staff Loan interest- Distress Loan	98	108,909
	Interest income from Membership Account	5	4,407
	Interest income from Bank Deposits	422	579
	Income From Special Loan	1	1
	Vehicle loan interest	-	0
		526	693

24	OTHER INCOME		
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24 (a)	NET INCOME FROM SALE OF FIXED ASSETS		
	Net income from sale of other Assets	-	64
		-	64

24(b)	SUNDRY INCOME		
	Income - Pass papers and applications	9	12
	House Rent income	92	56
	Transport income	30	4
	Income from Water supply	-	8
	Printing Income	27	
	Nonrefundable deposits/course loan	11	10
	Publications	84	84
	Photo copy charge	-	1
	Income from garden produce	-	1
	Telephone charges	3	3
	Membership subscriptions	5	-
	Sundry income	7	-
	Subscription	43	116
		312	294

24 (c)	WRITE BACK TO INCOME STATEMENT		
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	Write Back to income statement	-	322
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	TOTAL OTHER INCOME	312	681
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25	WAGES, SALARIES AND EMPLOYEE BENEFITS		
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25 (a)	PERSONAL EMMOLUMENTS		
-	Salaries and wages	7,566	7,942
	Cost of Living and other Allowances	3,905	4,026
	Over Time	742	739
	Holiday Pay	80	86
	Lecture Fees for Institute's Staff	160	155
	Daily Paid Wages	344	233
	Contribution for E.T.F.	316	308
	Contribution for E.P.F.	1,261	1,241
	Chairman's Remuneration	600	600
	Contributions for Medical Aid Scheme	842	853
		15,816	16,183

25 (b)	TRAVELING EXPENSES		
	Traveling and Subsistence (Local)	165	172
	Traveling and Subsistence (Overseas)		
		165	172

25 (c)	RETIREMENT BENEFITS		
	Increased Provisions for Gratuity	967	961
		967	961

25 (d)	CONTRIBUTIONS, SUBSIDIES AND WELFARE		
	In-service Training	98	117
	Staff Welfare (liquid tea and medical treatment)	259	251
		356	368

	Total Salaries wages and Employee benefits	17,304	17,684
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26	SUPPLIES AND CONSUMABLE USED		
	Printing Materials and papers	630	515
	Stationery & Office Requisites	271	288
	Consumables	35	80
	Fuel	2,054	1,554
	Periodicals & News Papers	14	13
	Uniforms	83	73
	Institute's Publications	423	210
	Total Supplies and consumable used	3,510	2,733

27	REPAIRS & MAINTENANCE OF FIXED ASSETS		
	Plant and Machinery	174	99
	Buildings	487	339
	Equipment	400	579
	Water telephone and Electricity	16	-
	Motor Vehicles	1,639	1,111
	Total Repairs and Maintenance	2,716	2,128

28	COMMUNICATION, UTILITY AND OTHER CONTRACTUAL SERVICES		
	Telephone and internet	506	421
	Postage	164	143
	Electricity	1,655	1,572
	Insurance (Buildings, Vehicles, Cash etc)	590	437
	Security Service	1,437	1,549
	Audit Fees (External)	200	150
	Vehicle hire charges	243	130
	Legal Fees	6	2
	Bank Charges	34	35
	Stamp Duty , rate and tax	73	24
		4,908	4,463

28 (b)	MEDIA, ADVERTISING AND PUBLICITY		
	Advertising Expenses	1,031	794
	Entertainments	55	33
		1,086	827

	Total Communication utility services and media expenses	5,994	5,290
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29	TRAINING EXPENSES		
	Lecture Fees for Visiting Staff	1,802	2,472
	Training programmes for small Holders	7,498	4,866
	Fees to the Committees relating to Training Activities	90	20
	Meals & Accommodations for Trainees	1,312	2,626
	Laundering Linen	221	57
	Bad Debtors	-	124
	External exam expenditure	368	465
	Award Ceremony & Academic Functions	265	153
	Education materials	121	296
	Sundry Training Expenses	79	214
	Total Training Expenditure	11,755	11,292

30	EXPENSES IN REALATION TO RENTING OUT FACILITIES -		
	Meal expenses	571	748
	Salaries and wages	706	982
	Allowances	723	614
	E P F	127	174
	E T F	32	43
	Total Expenditure for Renting out facilities	2,158	2,562

31	BOGAWANTHALAWA OPARATIONAL EXPENSES		
	Electricity	555	250
	Telephone and postage	46	45
	Maintenance	43	14
	Meal and accommodation	837	252
	Salaries and Wages	531	486
	Allowances	207	206
	Employee Benefits	31	33
	Daily Wages	561	596
	E T F	18	19
	E P F	73	74
	Consumables	22	58
	Others miscellaneous	12	6
	Total Bogawanthalawa Expenses	2,937	2,037

32	DEPRECIATION AND AMORTISATION OF ASSETS		
	Depreciation	10,312	9,026
	Amortization	183	125
		10,495	9,151

33	MISCELLANEOUS EXPENDITURE		
	Allowances for the Board of Governors	388	444
	Allowances for Other Committees and professional Charges	223	156
	Allowances for the Committee of Medical Aid Scheme	6	6
	loss on Disposal old equipments	161	92
	Garden up keep	320	26
	Others	273	222
		1,371	946

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

FINANCIAL AND PHYSICAL PERFORMANCE HIGHLIGHTS (Rs 000)

Descriptions	2009	2010	2011	2012	2013
Income					
Treasury grant for Recurrent Expenditure	13,100	10,505	8,500	8,480	18,744
Deferred Government Grant write back to Income statement		3,368	3934	9415	9,253
Government Grant for Capacity Building Progs.				4865	7,498
Training income	1,233	10397	9,648	13,731	11,573

Income from Bogawanthalawa Regional centre	735	2318	3,970	3,796	8,247
Other income	5,097	10565	10,746	8,935	7,407
Total income	20,165	37,153	36,798	49,222	62,722
Expenditure					
Total Personnel emoluments	11,123	13,352	14,623	20,907	18,794
Training Expenditure	748	4,132	4,348	6425	4,256
Small holder training expenses (FOC)			1,790	4865	7,498
Other expenditure	6,737	11,515	13,339	12,472	17,198
Total operating Expenses	18,608	28,999	34,100	44,669	47,746
Government Recurrent Grant as a percentage of the Total Operating Expenditure	70%	36%	25%	19%	39%
Surplus/(Deficit) before Depreciation	1,557	8,154	2,698	4,553	14,976
Depreciation /Amortization	2,875	3,374	3,946	9,150	10,495
Net (Deficit)/Surplus after Depreciation	(1,318)	4,780	(1,248)	(4,597)	4,481
No of Training Programme- (income Generated)	5	45	30	61	22
No of Participants	346	1449	976	2135	772
No of Training programmes for Out growers(FOC)	-	-	74	188	236
Total Expenditure for capacity Development programmes for Out growers - (FOC)				4865	7,498
No of trained out growers (FOC)	-	-	3292	8196	12,149
Total Number of trained	346	1449	4268	10331	12921
Total Training Programmes for the year	5	45	104	249	258
No of Employees	33	33	44	46	41
Generated Income per Employee (Rs 000)	214	705	554	575	664
Training Expenses per small holder (Rs 000)	N/A	N/A	0.54	0.59	0.62
Net Assets of the Institute	13.46	18.25	17.00	20.13	24.64



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

} LP/K/NIPM/1/13/01

ඔබේ අංකය
உமது இல.
Your No.

}

දිනය
திகதி
Date

}

28 November 2014

Chairman

National Institute of Plantation Management

Report of the Auditor General on the Financial Statements of the National Institute of Plantation Management for the year ended 31 December 2013 in terms of the Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of financial statements of the National Institute of Plantation Management for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, 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 the Section 13(1) of the Finance Act, No. 38 of 1971 and Section 23 of the National Institute of Plantation Management Act, No 45 of 1979 as amended by the Amendment Acts, No. 76 of 1981, No. 5 of 1987 and No.38 of 2003. 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 10 November 2014.

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 Publish Sector 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 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 judgments, including the assessment of the risks of material misstatement 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 the financial statements. Subsections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the National Institute of Plantation Management as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.



2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

Instead of showing the sum of Rs.13,437,318 invested in call deposits and the encashment of call deposits amounting to Rs.3,250,000 under the cash and cash equivalents in the preparation of the cash flow statement in terms of Standard No.02, those had been shown under the investment activities of the cash flow statement.

2.2.2 Accounting Policies

The policy of the Institute on the provision for doubtful debts had not been disclosed in the Notes to the Accounts.

2.2.3 Accounting Deficiencies

The provisions for gratuity in respect of an employee had been under - computed by a sum of Rs.74,162 and as such the surplus had been overstated by that amount.

2.2.4 Lack of Evidence for Audit

The Gate Registers indicating arrival and departure of the motor vehicles of the Institute had not been updated properly and as such the accuracy of the transport allowances amounting to Rs.232,559 paid to the internal and external resource persons arriving for lectures could not be established.



2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliance with the following laws, rules and regulation were observed.

Reference to Laws, Rules, Regulations, etc. -----	Non-compliance -----
(a) Section 6 of National Institute of Plantation Management Act.No,45 of 1979 as amended by the Amendment Act, No 38 of 2003.	(a) The two members representing the Trade Unions had not been appointed to the Board of Directors by the Minister in charge of the subject.
	(b) Only one of the two representatives to be appointed from the Ministry had been the representative of the Ministry while the Chairman had also been considered as a representative of the Ministry and appointed to the Board of Directors.
(b) Supplement No.20 of the Procurement Manual issued under the Procurement Guidelines 2006	Even though action had been taken to obtain labour valued at Rs. 1.09 million for carrying out repairs to the buildings of the Institute from the Seventh Engineering Regiment of the Army, the approval granted for that had not been furnished to the Auditor General.

3. Financial and Operating Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year under review had resulted in a surplus of Rs.4,482,528 as against the deficit of Rs.4,597,886 for the preceding year, thus indicating an improvement of Rs.9,080,414 in the



3.2 Analytical Financial Review

The income generated through operating activities amounted to Rs.26,389,806 and that was adequate to cover only 55 per cent of the operating expenditure amounting to Rs.47,745,271. Out of the overall income of the Institutes, 42 per cent had been covered by operating activities, 30 per cent from Government grants and the balance 28 per cent from the other income.

4. Operating Review

4.1 Performance

Out of the 53 Courses and Programmes planned according to the Action Plan for the year under review, 36 only had been actually conducted. That represented 67 per cent.

4.2 Management Inefficiencies

- (a) A student of the Course for Trainees in the Plantation Sector 2011 had obtained a referred pass and he had completed the course in the year 2012. Nevertheless, in the ceremony for the award of certificates in the year 2013 he had been awarded the certificate considering that he had passed in the year 2011.
- (b) A Memorandum of Understanding had not been entered into between the Wayamba University of Sri Lanka and the National Institute of Plantation Management in connection with the External Degree Course on Bachelor Of Science (Plantation Management) commenced in the year 2005 under the Distant Education System for the Executive Officers and the Planters connected with the Joint Plantation Management Sector.
- (c) An examination of the files relating to the members of the latest batch admitted to the membership of the Institute revealed that the evidence of confirmation of educational and professional qualifications was not available in 08 files and that the photocopies of certificates in certain files had not been certified as true copies.
- (d) A specific methodology for the determination of fees charged by the Institute for



4.3 Delayed Projects

A workshop costing Rs.450,000 had been conducted at the Open University of Sri Lanka in the year 2011 for the Resource Persons selected for the preparation of the Modules for the National Diploma on Plantation Management conducted by the Institute (Comprising 16 Modules), under the Distant Education System and a transport allowance of Rs.232,500 had been paid to them in the year 2012 for the participation in the workshop. Nevertheless, the preparation of the Modules had not been finalized even up to 26 May 2014.

4.4 Staff Administration

The approved cadre of the Institute had been 39 and the actual cadre had been 31. Even though vacancies in 05 approved staff grade posts relating to the operating activities and 03 posts in the primary level existed, 9 employees had been recruited on casual basis for 6 posts of Management Assistant and 03 posts in the primary level. A sum of Rs.2,067,198 had been paid in the year under review as salaries and other allowance to the unapproved staff.

5. Systems and Controls

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

- (a) Accounting
- (b) Staff Administration
- (c) Conduct of Course