National Institute of Plantation Management

Annual Report 2017

Centre for Excellence

National Institute of Plantation Management,
M. D. H. Jayewardene Mawatha,
Athurugiriya.

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Contents

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 Message

It is my great pleasure to write a message for the annual report of the year 2017. The NIPM academic activity has maintained its impressive national profile. This is reflected in the programmers we conducted and comments we received for the same and success in attracting public and private stake holders, and many rewards recognizing the contributions of our academic staff. In order to continue to be a strong educational competitor nationally and globally, the NIPM must anticipate and respond to its growing challenges of the national and global education sector, while developing our research capacity, teaching techniques and promotion of its reputation. The NIPM is investing in more academic staff and nonacademic staff and on focusing strategic support for areas of capacity building and attitudes development where it can maximize its impact. It took significant strides in 2017 towards reaching its target of reaching over 13000 participants for various programmers conducted by the institute. Development of infrastructure is also crucial to supporting and enhancing the institutional academic and teaching capabilities. The NIPM plans to develop human resources and physical resources on the industrial sustainability while developing three degree programmers with a view to enhancing skills and proficiency of working groups of the industry.

In concluding, I wish to thank Hon. Minister of Plantations Industries for his great support extended for the development of this institute and Secretary of the Ministry and his staff. It is my commitment to thank Director of the institute and NIPM family members for their great scarification for the sake of progressive financial year.

Sgd.
Deepthi Asoka Abeywickrama
Chairman
NIPM
27/03/2018

Director / CEO's Review

The National Institute of Plantation Management which is branded as NIPM was established in the year 1979 with an aim to train individuals displaying competency in the plantation sector to meet the requirements of the ever-growing plantation management sector. Ever since then the Institute has an outstanding record of producing outstanding managers, superintendents, professionals and scientists etc.

At NIPM, our students are expected to have an enriching and life-turning experience which will enable them to reach new heights in their professional life. We foster sharpening of skills and enhancement of knowledge base in our students through various courses, co-curricular and extra-curricular activities through the institute who not only keep themselves at par with the current developments, but also contribute to the expansion of knowledge in their field of expertise. To facilitate this, our slogan is "Center for Excellence" where contribute to enhance specific research and training among planters and small and medium scale entrepreneurs among students. With very congenial and professional environment of our institute makes substantial contribution to the academia through quality teaching, publications, seminars, conferences, Symposia, etc .

Highlight of the financial year

We continue to work with RPCs, small holders, research institutes, public and private firms and other stake holders around the Island to promote our programmes to build a strong pipeline of potential planters who will carry the torch in to the future. Accordingly, we carried out over 261 programmes in all districts reaching over 13558 students & Smallholders to enumerate the benefits of this institute.

A highlight of NIPM activities in year 2017 was conduction of 33 academic and professional programmes for which were attended by over 920 participants from all planting districts. It is our pleasure to mention that institute has estimated in conducting 180 capacity building programmes for the small holding sector on the allocation of Rs. 9.00Mn in the year 2017, the institute shows an imperative achievement in conducting 228 programmes. The NIPM has reported Rs.9.62 Mn on training programmes and it was reported Rs. 15.85 as total income from all training activities conducted by the institute, despite the industry was on global and local anxiety.

Our commitment towards the Industry

At NIPM, we understand the demand of the training sphere, which needs result oriented, decisive, flexible, efficient, innovative and ethical planting managers. The institute is committed to provide cost effective and affordable quality professional / academic education in the field of management and technology in accordance with the plantation industry for the majority. We nurture and foster human values and professional ethics in the students, which help them to become responsible while taking quick and fast actions for the industrial sustainability and also keep environmental and social harmony in the sector. This truly NIPM offers state of the art, fast track, flexible, highly specialized and recession free career oriented managerial courses, standing on the foundation of dedicated, committed and deeply knowledgeable faculty using innovative and unique pedagogical tools.

Our strength in networking

The NIPM has a strong and effective network of extension services with all research institutions, private and public institutes in the Island disseminating latest technology, knowledge and relevant skills to the planters, farmers and extension functionaries. These units performed important tasks of assessment and refinement of technologies, organizing training programmes for farmers, and RPCs undertaking diagnostic field visits, awareness programmes, demonstrations, group discussions and organizing field days. Those were crucial factors of NIPM to enlighten the planting community on industrial developments.

Development of new strategies for the institutional sustainability

NIPM plans to launch three degree programmes in developing National Vocational Qualifications (NVQ) for the plantation industry with a view to uplifting skills and capacity of human recourses attached to the sector by 2020. Research and development would play a vital role for the sustainability of the industry in which was realized by the institute to prioritize within our next medium term plan as an Independent Degree Awarding Institute.

The 2017–2020 strategic goals set out an overview of what we must achieve as an organization over the next four years; these are:

- ***Strategic Goal 1**: To strengthen academic faculty and development of human resources of the institute in order to serve quality services to the sector*

- ***Strategic Goal 2:** To widen a reputation for outstanding with high-impact education solutions in our core areas of expertise while to fortify marketing and promotions*

- ***Strategic Goal 3:** To development infrastructure facilities and lush environment with Quality Management System (QMS).*

Remarks in concluding

Finally I would like to mention that of as we grow, we need to find new ways and means to retain and enhance our spirit of innovation and contribution, and maintain an enthusiastic environment wherein people feel empowered to do things, to take on challenges, to innovate, and self evaluation on the contribution made to the institute. At last, the Institute has been able to make strides mainly because of patronage and guidance received from the Hon. Minister of Plantation Industries, Mr. Navin Dissanayake, The secretary of the Ministry of Plantation Industries. Special thanks are due to the Chairman of the Institutes and for NIPM family members for their great support to make the year success.

Sgd.
Dr. Prasad Dharmasena
Director/CEO
National Institute of Plantation Management
27/03/2018

The Establishment and the objectives of the Institute

The National Institute of Plantation Management (NIPM) was established in July, 1979 by the Act No. 45 of 1979, amended in 1981 by Act No. 76, in 1987 by Act No. 05 and in 2003 by Act No. 38 in order to make the NIPM a more effective and viable statutory body of the Government. The registered office of the Institute is located at M.D.H. Jayawardana Mawatha, Athurugiriya.

As per the act, NIPM is the only Government organization empowered to award certificates for those who successfully complete training programs/academic courses and confer professional Membership to eligible plantation executives under three (03) major categories. It ensures the maintenance of a high standard of professional competence of those who work in the Plantation Industry including the smallholding sector.

To achieve these objectives, the NIPM conducts various training courses, seminars, workshops, examinations and provides research and consultancy services to public and private sector organizations. It has also the capacity to conduct training programmes for foreign students as well.

OBJECTIVES:

The General objectives of the Institute as outline in the Act and the amended Acts are as follows.

I. To provide by itself or in association with other Institutions in Sri Lanka or abroad, training facilities and programmes relating to Plantation Management to all categories of employees working in the field of Plantation.

II. To provide regular, refresher and orientation courses in Plantation Management to employees in the Sector.

III. To offer training in Plantation Management to personnel working in the Plantations both in the public sector as well as in the private sector.

IV. To provide Diploma Courses in association with the Tea Research Institute, the Rubber Research Institute, the Coconut Research Institute and other related institutions and to award Diplomas where appropriate.

V. To sponsor and hold seminars, workshops and conferences and publish journals and magazines in connection with plantation management and development.

VI. To carry out research into areas of plantation management and labour relations those are not already provided for in other similar institutions.

VII. To offer training in Plantation Management to persons who have the necessary aptitude for Plantation Management having regard to the man-power requirement in the Plantation Industry.

VIII. To furnish managerial, technical and administrative advices and services to any Government Departments, Public Corporation or other Institutions within or outside Sri Lanka in respect of Plantation Industry.

REPORT OF THE BOARD OF GOVERNORS

During the year 2017, eleven (11) Board meetings were held at NIPM, Athurugiriya to oversee the followings and the Board of Governors are responsible

- To ensure highest level of compliance is adhered to in all operations of the institutional activities.
- To ensure that highest standards of disclosure is maintained resulting in transparency in all training activities and operations.
- To effectively and efficiently direct Institute's resources to bring about the best desired results for its stakeholders.
- To provide direction by approval of Institute's medium and long term strategy, annual budgets, action plan and significant financial cum operational policies.

In terms of the section 06 of NIPM Act No. 45 of 1979 as amended by Act No. 76 of 1981, 05 of 1987 and 38 of 2003, the following members consisted as the Board of Governors of the Institute during the year 2017.

COMPOSITION OF BOARD OF GOVERNORS

Name of the Board member	Position	Name of the Board member	Position
Mr.Deepthi Abeywickrama Chairman / NIPM	Chairman	**Mr. Malin Gonathilake,** Secretary General, The Planters' Association of Ceylon	Member
Dr. Prasad Dharmasena, Director / NIPM	Member	**Mr. Indika Premaratne,** Director, Department of External Resources, Ministry of Finance and Planning	Member
Dr.W.M.G. Seneviratne Director/ R.R.I	Member	**Mr. Titus Sunil Silva,** Chairman, Thurusaviya fund	Member
Dr. I.S.B. Abeysinghe, Director/Tea Research Institute	Member	**Mr. M. M. D. Thilakaratne,** Representative , Trade Union	Member
Dr L. C. P. Fernando, Director, Coconut Research Institute	Member	**Mr. N.M.R. Jayathilaka,** Representative Sri Lanka Federation of Tea Small Holdings Development	Member
Ms. K.N Kumari Somaratne, Additional Secretary, MPI	Member	**Mr. Chandana Jayasekara,** Representative, Tea Factory Owners Association	Member
Mr. D.G. Maheepala, General Manager Tea Small Holdings Development Authority	Member	**Mr. Arjun Deraniyagala** Representative, CGASL	Member
Mr. Kumara Weerasuriya Representative – Trade Union	Member		

- Ms. K.N. Kumari Somaratne, Additional Secretary (Administration), Ministry of Plantation Industries, left from the Board due to her transfer from the MPI w. e. f. August 2017.
- Mr. Isuru Ishan has been appointed on behalf of Mr. Chandana Jayasekera as the representative of Tea Factory Owners Association w.e.f. November 2017.

REPORT OF THE AUDIT AND MANAGEMENT COMMITTEE (AMC)

The AMC of the Institute has formed in compliance with the guideline issued by Ministry of Finance and Planning and duly empowered by the Board of Directors to oversee the following;

- Financial Reporting of the institute.
- Ensure internal control of the institute.
- Matters relating to Audit Queries and Audit Reports and recommendation for the replies made by the Institute.
- Review the decisions of the procurement committee and usage of capital and recurrent expenditure
- Budget Estimates and the progress of the Actual performance
- Comparison the expenditure relating to Overtime, Fuel, Telephone and Electricity etc. with the budget Estimate
- The expenditure incurred on conducting training programs and their activities.
- Other Financial activities relating to the Institute.

Four meetings of the Audit Management Committees were held for the year 2017 on January 11, June 03, October 25 and December 28.

Internal Audit

In the month of March of the year under review, the Institute could fulfill the post of Internal Auditor to its permanent Cadre and the Internal Audit functions have performed by him since then.

COMPOSITION OF AUDIT AND MANAGEMENT COMMITTEE

Name of the member	Position	Name of the member	Position
Mr. Indika Premaratne, Director/ Department of External Resources Ministry of Finance and Planning	Chairman	**Dr. Prasad Dharmasena** Director / NIPM	Staff Member
Ms. K.N. Kumari Somaratne Additional Secretary (Admin), Ministry of Plantation Industries	Member	**Mr. L.D.J. Priyantha,** Accountant/NIPM	Staff Member
Dr. L. C. P. Fernando, Director / CRI	Member	**Mr. K. H. U. P. Wijeweera,** Internal Auditor/NIPM	Secretary /AMC
Mr. Jayantha Pushpakumara Superintendent of Audit Department of Audit	Observe member	**Ms. C. D. Magina Arachchi** Asst. Director / NIPM	Secretary /AMC

Membership of the Audit and Management Committee

The AMC was chaired by Mr. Indika Premarathne, the representative of Ministry of Finance and Planning. The above Non Executive and Executive Directors, served as the Audit and Management Committee in the year 2017.

- Ms. K.N. Kumari Somaratne, Additional Secretary (Administration), Ministry of Plantation Industries, left from the Board due to her transfer from the MPI w. e. f. August 2017.
- Ms. C.D. Magina Arachchi, Asst. Director (Admin)/NIPM resigned from the service w. e. f. 20.10.2017.

STAFF OF THE INSTITUTE

The Director who has been appointed by Hon Minister of Plantation Industries is the Chief Executive Officer of the Institute. Under his vertex, total workforce was at 59 as permanent staff as at end of the year 2017. The Institute operates under three main Divisions as Training, Administration and Finance.

Chairman and Chief Executive Officer

The Chairman and The Director/CEO both are Executive Directors who have been appointed by the Minister of Plantation Industries.

The clear distinction and segregation of responsibilities and authority between the Chairman and Chief Executive Officer (CEO), ensures balance of power.

Deepthi Abeywickrama
Chairman

Dr. Prasad Dharmasena
Director / CEO

Managerial staff

The names of the key staff members who served as the middle managerial positions are given below.

Mrs. S.N. Illanganthilake
Head - Training

Mr. L.D.J. Priyantha
Accountant

Miss. C. D. Magina Arachchi
Asst. Director (Admin.)

Mr. P. H. Jayathilake
Training Specialist (Acctg. & Fin. Mgt.)

Mrs. Ruvini N. Lokuhetti
Training Specialist (Management)

Other Executive staff

Mr. C. D. Pathinayake
Training Officer (Agri. Econ.)

Mr. M.L.R. Jayantha
Administration Officer

Mr. K.H.U.P. Wijeweera
Internal Auditor

Mr. N.D.S.B. Thennakoon
Hostel Manager - Athurugiriya

Mr. M.B.M.A.L. Bandaranayake,
Hostel Manager - Bogawanthalawa.

Mr. P.W.G.N.C. Weerakoon
Training Officer (Mgt.)

Mr. L.S. Liyanage
Training Officer (Acct. & Fin. Mgt.).)

Mrs. Indrani Jayasuriya
Programme Officer (Exam & Coordinating)

K. G. Nepala
Staff Assistant (Training)

Actual Total Staff as at 31/12/2017 as follows**.**

Training Division (Total Staff -18)

Training Specialist (Agri. Econ.)	01
Training Specialist (Mgt.)	01
Training Specialist (Acct. Fin Mgt.)	01
Training Officer (Agric. Econ.)	01
Training Officer (Mgt.)	01
Training Officer (Acct. Fin Mgt.)	01
Programme Officer (Exam & Coordinating)	01
Staff Assistant (Training)	01
Librarian	-
Management Assistant	07
Audio Visual Assistant	01
Office Aids	02

Administration Division (Total Staff - 31)

Asst. Director (Admin.)	01
Administrative Officer	01
Hostel Manager	02
Management Assistant	08
Procurement Assistant	01
Driver	07
Garden Aids	03
Office Aids	03
Hostel Aids	03
Printing Assistant	01
Sanitary Aids	01

Finance Division (Total staff - 9)

Accountant	01
Account Assistant	01
Management Assistant	06
Office Aids	01

Internal Audit Division (Total Staff – 1)

Internal Auditor	01

REVIEW OF THE ADMINISTRATION

The head of Administration is the Assistant Director (Admin.) who is responsible for general Administration of the Institute. All staff matters such as staff recruitment, HR promotions are conducted by the Administration Division. Procurement of all items for the Institute including improvement and renovation of buildings are directed by the division. During the year 2017, the Institute could fulfill the vacant staff positions as per the approved Scheme of Recruitment.

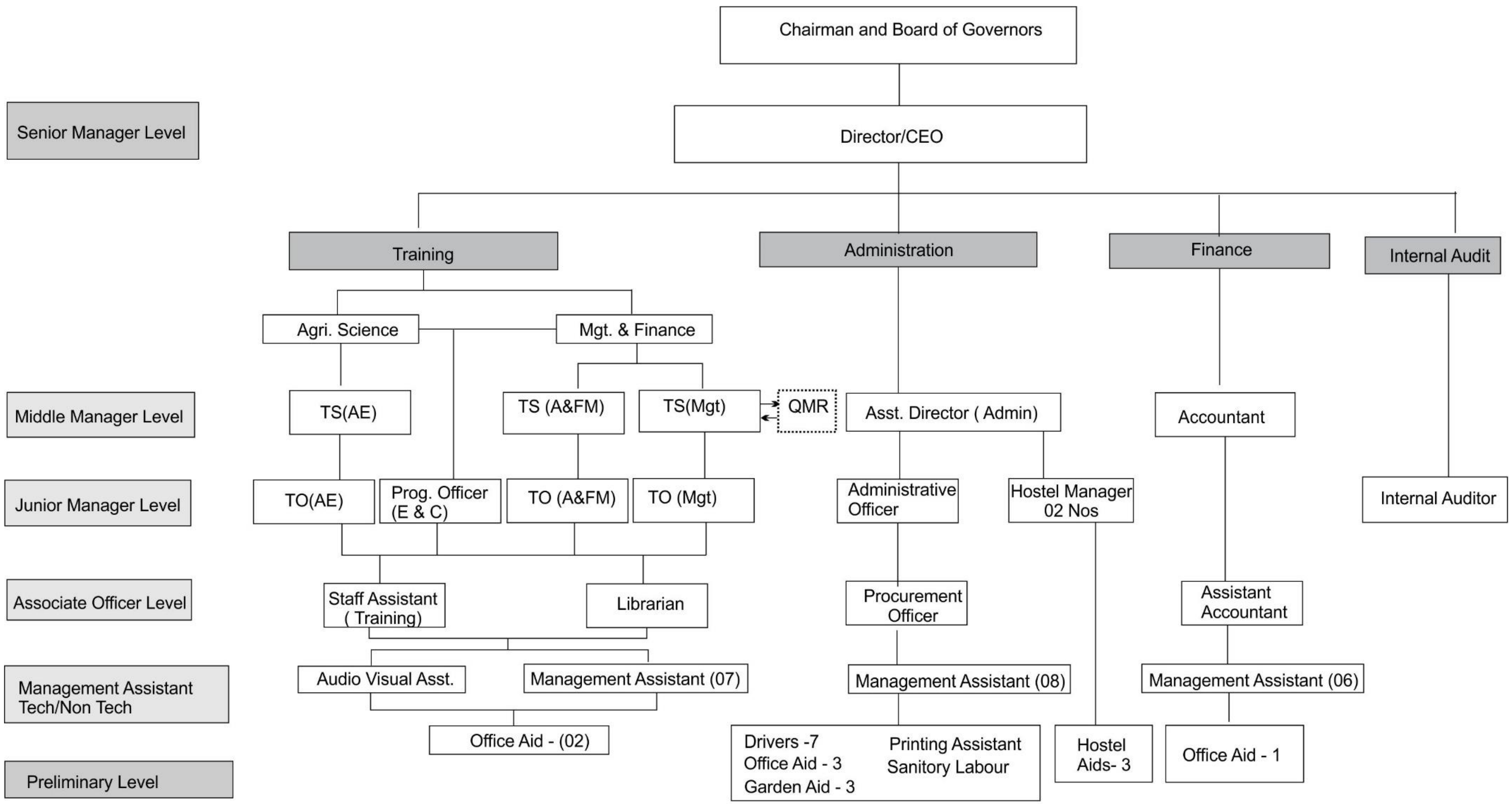
The institute provides accommodation facilities for the outside organisations whenever required such facilities both in Athurugiriya and Bogawanthalawa centres. The Institute has made arrangements to improve further its quality services with a view to increase the earning income from renting out activities.

Employee benefits

In order to develop the career growth of employees, the management guided them to improve their skills, knowledge within the service and provide local and international training programmes as and when the employee requested. Institutional welfare benefits scheme which was prevailed prior to 2016 continued in the year 2017 as same.

The organization structure is given in page No. 16

ORGANIZATION STRUCTURE



TS - Training Specialist . TO - Training Officer AE - Agric. Econ A&FM - Accounting & Fin. Mgt. Mgt. - Management E & C. - Exam & Coordinating

PRINCIPAL ACTIVITIES OF THE INSTITUTE

The National Institute of Plantation Management (NIPM) is the only government organization empowered to award certificates for those who successfully complete training programmes / academic courses and confer professional membership to eligible plantation executives. It ensures the maintenance of a high standard of professional competence of those who work in the plantation industry including the smallholders who are engaged in cultivation of tea, rubber, coconut, sugarcane, cashew, cinnamon and palmyrah etc.

The principal activities of the Institute which are aimed at achieving the objectives of the Institute are categorized mainly into 07 areas as listed below.

(a) **Academic Programmes**

Academic Courses have been designed to upgrade the educational qualifications of the participants and enhance their competencies. In order to award the certificates for these courses, the participants are required to maintain a satisfactory academic record and meet the obligations mentioned in the course modules which they are enrolled. The following courses are included in the category of Academic programs.

- 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
- Foundation Course in Human Resource Management
- Certificate Course in Human Resource Management

jointly with the IPM

- National Certificate Examination in Tea Manufacture and Tea Factory Management
- Advance Certificate Course in Plantation Management.
- Certificate Course in empowerment of community and Micro Finance
- NVQ Programmes

(b) **Professional Programmes**

Main objective of conducting the professional courses are to impart theoretical/ practical knowledge and skills in different aspects of the plantation education. These courses are designed to assess and enhance the participant's career prospects and to increase their value to the organization.

The professional programmes conducted by the Institute are as follows.

- Tea Manufacture and Factory Practices
- Rubber Manufacture and Factory Practices
- Language Proficiency Examination

(c) **Competency Development Programmes**

The programs under this category are specially designed to upgrade the skills and capabilities which are directly relevant to particular jobs. It is also expected to familiarize the participants with modern technologies and improved methods with related to job descriptions.

The Institute conducts following competency Development programmes.

- Workshops, Seminars and Symposiums
- Technical Development Programmes
- Skill Development Programmes
- Worker Development Programmes
- Management Development Programmes
- Training Programs for Smallholders.

(d) Issuing publications related to plantation Management (Journal in Plantation Management, Newsletter, Student Manuals of training programs, 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.

PROGRESS REVIEW OF THE TRAINING PROGRAMMES

The Institute conducts training programmes basically for two segments i.e. **income earning programmes** for the corporate sector and **Capacity Development Programmes** for smallholding sector under free of charge using Government funds.

Income generating programmes

During the year 2017, the institute initiated the following academic and professional programmes in order to generate the income for the Institute.

Income earning programmes details in 2017

No	Programme Category	No of Programmes conducted	Duration of each programmes	No, of Participants
01	National Diploma in Plantation Management	01	18 months	16
02	Professional Programme in Tea Manufacture & Factory practices	01	09 days	19
03	Professional Programme in Rubber Manufacture & Factory practices	01	07 days	09
04	Certificate Course in Plantation Accounting & Financial Management	01	14 months	13
05	Certificate Course in Book-keeping & Plantation Accounting	01	12 months	20
06	Language Proficiency	01	02 days	28
07	Foundation Course in Human Resource Management	01	04 months	21
08	Certificate Course in Empowerment of Community and Micro Finance	01	10 days	13
09	Advanced Certificate Course in Plantation Management in Sinhala	01	06 months	12
10	Advanced Certificate Course in Plantation Management in English	01	06 months	11
11	Tea Tasting & Grading	01	03 days	34
12	The Art of Enjoying Work	04	01 day	188
13	Effective Communication	03	01 day	102
14	Enhance Productivity By Managing Change	01	02 days	21
15	Productivity & Quality Management Techniques	02	01 day	45
16	Development Leadership Skills	02	01 day	116
17	Skill Development in Tea Factory Officers	01	05 days	22
18	Special Programmes	09	01 day	230
	Total	**33**		**920**

Table No.01

Apart from the above, the institute continued the following academic programmes commenced in previous year to complete academic period and the examinations.

Academic programmes Continued from 2016

No	Programme Name and Category	No of Programmes conducted	Duration of each programmes	No, of Participants
01	B.Sc. Degree in Plantation Management	01	03 years	-
02	Certificate Course in Plantation Accounting & Financial Management	01	14 months	11
03	Certificate Course in Book-keeping & Plantation Accounting	01	12 months	10
	Total	**03**		**21**

Table No. 02

<u>Progress of the Income generating Training Programmes – 2017</u>

The Institute concluded 33 number of income generated programmes against the action plan target of 48. The progress of the number of programmes conducted was reported as 69% in the year 2017. At the year end the institute achieved financial progress of 64% against the expected training income. The number of trainees for the year 2017 was 920 plantation estate employees out of the planed target of 917. i.e 100% against the target. The following table (No.3) shows the details of the physical and financial progress of the year 2017.

Physical and Financial progress of training programs

Name of Programmes	Budgeted			Actual			Progress		
	No of Progs	No .of Students	Income Rs.	No of Progs.	No. of Students	Income Rs.	No of Progs	No .of Students	Income Rs.
Academic and Professional Programmes	10	160	5.92	8	139	2.603	80%	87%	44%
Skill Development programmes	5	75	1.35	1	22	0.540	20%	29%	40%
Technical Development	2	30	0.63	1	34	0.408	50%	113%	65%

Special Training Programmes	21	460	8.75	9	230	2.675	43%	50%	31%
Management Development programmes	7	140	0.63	12	472	2.865	171%	337%	455%
Advanced Course In Plantation Management	2	32	5.4	2	23	4.987	100%	72%	92%
Worker Development Programmes	1	20	0.03	0	0	0	0%	0%	0%
Total	**48**	**917**	**22.71**	**33**	**920**	**14.081**	**69%**	**100%**	**62%**
Outside Exams	-	-	2.00	-		1.769	-	-	89%
Total	48	917	24.71	33	920	15.85	69%	100%	64%

Table No. 03

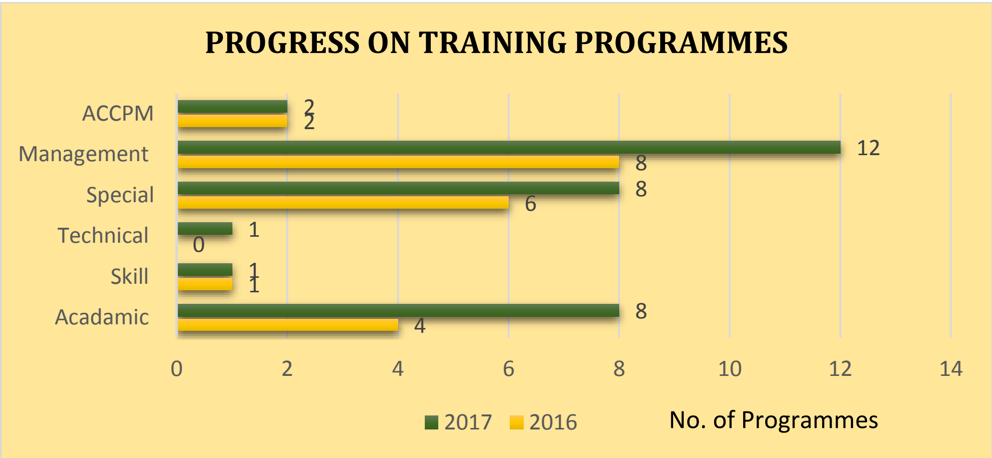


Chart 01

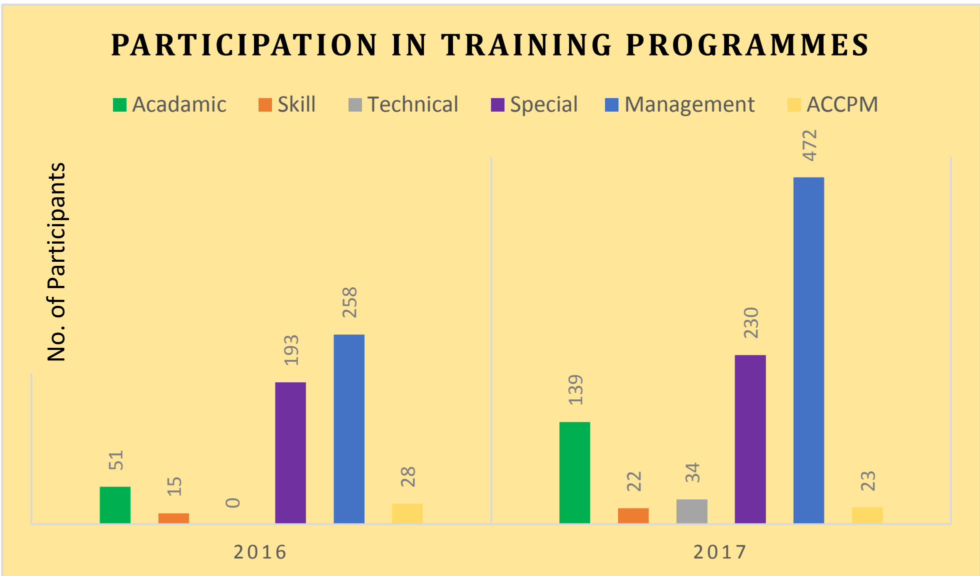


Chart 02

Profit and Loss analysis of the income generating programmes

The Institute conducts different types of Academic, Professional and other programmes by charging a nominal course fee in order to generate an income. During the year 2017, the Institute has reported a net income of Rs. 8.942 million from the training activities with an average profit margin of 56% on the total training income of Rs.15.853 million. As per the previous year statistics, it was reported a net income of Rs. 6.553 million from the total training income of Rs 12.787 million, It has been increased the net income by 2.389 Mn. with compare to the previous year.

The analysis of the profit and loss for each category of courses are given bellow in table No 04

Name of Programme	Income (Rs. mn)	Cost (Rs. mn)	Profit/Loss	Profit margin
Academic and Professional	2.603	1.702	0.901	35%
Management and Technical Development	3.273	1.790	1.483	45%
Skill Development	0.540	0.110	0.430	80%
Advance Certificate Course in Plantation Management	4.987	1.334	3.653	73%
Special Training	2.681	0.675	2.006	75%
Income from External Examinations	1.769	1.300	0.469	27%
Total	15.853	6.911	8.942	56%

Table No. 04

<u>Capacity Development Programs for Small holders – 2017</u>

The Institute has identified the importance of smallholding sector, their contribution to the plantation industry and importance of developing the human resources of this sector. Conveying this message to the treasury it was possible to allocate a significant amount of funds from institute's budget under Capacity Development for smallholders. With a view to improving their knowledge and increase of the income of the smallholders, the Institute had scheduled 180 training programmes with the financial allocation of Rs 9.0 million in 2017. During the year, the institute conducted 228 programs for smallholders incurring Rs 7.8 million. The following programs have been conducted for smallholders.

- Alcohol prevention
- Attitude development
- Management development
- Entrepreneur development
- Technical Skills development

The details of conducted Capacity Building programs for smallholders are given bellow in table No 05

The details of conducted Capacity Building programs for smallholders

Type of Programme	Expected programmes	Expected participants	Estimated cost (Rs Mn)	No. of Programmes	No. of Participants	Cost (Rs. mn.)
Rubber small holders	60	3,000	3.0	67	3272	2.24
Tea small holders	50	2,500	2.5	58	3506	1.83
Coconut Smallholders	60	3,000	3.0	81	4356	2.78
Other crops	10	500	0.5	22	1504	0.95
Total achieved	**-**	**-**	**-**	**228**	**12638**	**7.80**
Total planned	**180**	**9,000**	**9.0**	**-**	**-**	**-**
Progress	**-**	**-**	**-**	**127%**	**140%**	**87%**

Table No 05

In this segment a significant improvement has been achieved in this year conducting 228 programmes reporting a progress of 127% over the estimate in 2017 and the institute was able to train 12,638 smallholders reporting 140% progress over the expected number of trainees. The cost incurred for these programme was Rs. 7.8 million in 2017. It was 87% financial progress over the allocated funds.

COMPETENCY DEVELOPMENT PROGRAMMES FOR SCHOOL LEAVERS UNDER NATIONAL VOCATIONAL QUALIFICATION (NVQ) LEVEL 4

The institute successfully conducted NVQ Level 04 courses to fulfill the requirement of recruiting qualified fresher's to the sector. The NVQ is a work based qualification which recognizes the skills and knowledge a person needs to do a job.

Following the basis of NVQ framework NIPM conducted two NVQ level 04 courses to fulfill needs of the plantation sector as listed below

Factory Officer

- To provide training opportunities on the technical and management aspects of tea manufacture
- To enhance the knowledge and understanding of factory and office activities without much technical rigour to improve efficiency and effectiveness with which information is used for decision making and performance monitoring at factory level.
- Assist the plantation companies & private tea factories in the identification and selection of the most appropriate candidates as trainee tea factory officers

Field Officer

- To introduce agricultural practices, estate management and provide training in the theoretical, technical and managerial aspects on plantation agricultural towards producing competent field officers with NVQ level 4
- To assist plantation companies and estates in identifying and selecting the most appropriate young candidates as field officers.

The Institute was able to complete tea field officer and tea factory officer courses successfully and all students who have participated for those programme able to find the job opportunities. NIPM has planned to enroll more than 100 students for next year programme.

PROGRESS OF TRAINING PROGRAMMES AGAINST THE PREVIOUS YEAR

When compared with the previous year training statistics, it was reported a significant progress in number of programmes, number of trained and the generated income from training activities in 2017.

When compared with the year 2016, it was reported 50% increase in conducting programmes and 57% increase of the participants in income generated programmes. In resulting that, training income of 2017 has increased by 24% against 2016.

In the case of smallholding sector training programmes was increased by 43% and training participants also increased by 17%. The following table (No. 06) shows the progress of the 2017 against the year 2016

Progress of the 2017 against the year 2016

	2016	2017	Percentage Increase/ (decrease)
No. of Programmes (income generated programmes)	22	33	50%
No. of Participants (income generated programmes)	587	920	57%
Training Income (Rs. Mn.)	12.81	15.85	24%
No. of Programmes for Small holders	160	228	43%
No. of Smallholders trained	10840	12638	17%
Cost incurred on training of Small holders (Rs. Mn.)	7.18	7.80	9%

Table No. 06

CONDUCTING EXAMINATIONS FOR OTHER ORGANIZATIONS

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 organizations which are specialised in the plantation sector to promote their employees and to recruit new employees conducting examinations since 1987. As experienced in the previous years, the Institute conducted 22 examinations and earned 1.765million in the year 2017. The following Table No 07 shows the details of such examinations.

Examinations conduct in 2017

Organization	No. of Examinations	No. of Candidates	Income Generated (Rs. Mn.)
Sri Lanka Tea Board	18	821	1.139
Tea Research Institute	03	191	0.497
Export Development Board	01	16	0.129
Total	22	1028	1.765

Table No 07

B.Sc. DEGREE PLANTATION MANAGEMENT

The Faculty of Agriculture and Plantation Management of Wayamba University, in consultation with the National Institute of Plantation Management obtained approval from the UGC in the year 2000 to prepare a B.Sc. level external degree programme on Plantation Management by utilizing the resources of the two institutions & accessing resources of different academic, research & management institution available in Sri Lanka.

In the past, the higher education institutes in Sri Lanka have not developed programmes to attract the management or executive level personnel in the plantation sector to provide them with opportunities in upgrading their educational background to degree level. Therefore, this was the first time in Sri Lankan history that a local university jointly with NIPM has come forward to develop a degree programme in plantation management targeting the senior and middle level managers, executives, technical officers in the plantation sector. Accordingly with much effort, the B.Sc. Degree in Plantation Management launched in 2006 and this is a 03 year programme & is conducted as a distance learning course.

Objectives of this programme are as follows.

a. To provide a high degree of scientific background in advanced plantation crop production technology and aspects of management (conceptual and theoretical)

b. To help plantation managers and executives to identify global changes with regard to technology, external environment, tendencies of markets for plantation crops, consumer behavior and social trends.

c. To improve the skills in diagnosing production, technological, market, labour and management problems on micro and micro basis.

The study programme is basically targeted for the officers from the Plantation Management Companies, Tea Small Holder Development Authority, Rubber Development Department, Tea Board, Coconut Cultivation Board, Crop Research Institute (TRI, RRI, CRI, SRI), Department of Export Agriculture, Department of Agriculture, Department of Agrarian Services, Department of Animal Production and Health, National Livestock Development Board, Janatha Estate Development Board, Sri Lanka State Plantation Cooperation, Mahaweli Authority, Banks and other relevant institutions in the country.

The details of the number of students registered each year and number who successfully completed the programme are given below.

Details of registered & passed out students

S/N	*Batch Year*	*No. of Registered Students*	*No. of Passed out Students*
1.	2006	21	16
2.	2007	17	11
3.	2008	35	21
4.	2009	34	16
5.	2010	47	29
6.	2011	32	17
7.	2012	54	37
8.	2013	81	-
9.	2014	91	52
10.	2015	105	17
11.	2016	121	37 33
12.	2017	117	48
13.	2018	143	-

Table No 08

AFFILIATIONS WITH OTHER ORGANIZATIONS

Local

NIPM has signed a MOU with Institute of personal Management in order to conduct joint programmes on HRM for plantation sector. It was signed in January 2017 and commenced foundation course in HRM for a group of 21 in 2017.

Foreign

A team of NIPM visited SIAM University of Thailand and two leading oil palm seeding & processing companies in Thailand. Main Objective of this visit was to discuss and study the feasibility of conducting collaborative postgraduate level programmes, short term programmes and other activities. It was also able to develop links with Oil Palm companies in order to conduct training programmes in oil palm cultivation and processing.

PROFESSIONAL MEMBERSHIP OF THE INSTITUTE

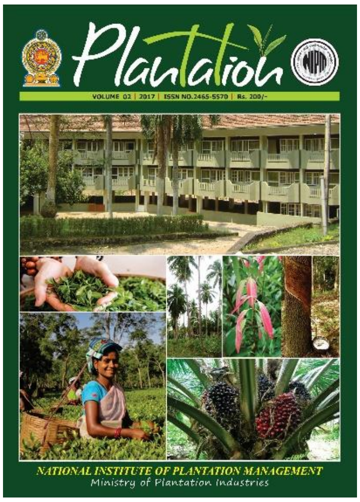
The Institute continued in conferring professional membership of the Institute to eligible Plantation Executives based on the criteria and conditions constituted in the Act No. 5 of 1987. During the year under review, one (01) student member promoted as Associate member and awarded six (06) fellow membership for six (06) executives. At the end of the year, total numbers of membership holders under each category are listed below.

Honorary membership	**20**
Fellow membership	219
Associate membership	16
Student membership	02
Total	**257**

Table No 09

During the year 2017 the Institute has organized and conducted an Awareness Workshop on Economic Trends Imposed on Plantations to update the current trends in plantation sector and also to share the information among the members. It was held at the Thurya hostel in July, 2017 and participated 53 members for the event.

PUBLICATIONS



The Institute published two issues of Journal and four issues of Newsletter before 2015. Instead of above two publications, the Institute decided to issue one magazine named as PLANTATION as a new version. It consist various articles in three languages related to the plantation industry written by scientists of the Crop Research Institutes, lecturers of the Universities and professional planters and the plantation smallholders. The Editorial Committee comprised Dr. (Mrs.) Priyani Senevirathne, Rubber Research Institute Mr. B. A. D. Samansiri, Tea Research Institute. Dr.(Mrs.) Kusum Wijesinghe, University of Wayamba, Dr. K H G. M. P Dharmasena, Director, NIPM, Mrs. S. N. Illanganthilake, Head training of NIPM, Mrs. R. N. Lokuhetti, Training Specialist, NIPM and Mr. K. G. Nepala Staff Assistant NIPM. The Chief Editor of the magazine is Mr. S. M. P. Jayantha,

FACILITIES AVAILABLE

- **LIBRARY FACILITIES**

The library of the Institute has a collection of more than 4000 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.

- **ACCOMMODATION FACILITIES**

The Institute has adequate infrastructure facilities that are required for an educational and training Institute. The national budget allocates funds every year for upgrading and modernization in keeping with the trend in the market with respect to local and international demands. The facilities at Athurugiriya center consists of three lecture halls and auditorium with air-conditioning facilities. The Auditorium can accommodate 200 persons at a time. Hostel facilities can be provided for 60 persons.

Hostel at Athurugiriya

Hostel at Bogawanthalawa (RWPSC)

The Ranjan Wijerathne Plantation School (RWPSC) which located in Theresia Estate, Bogawantalawa is the other Regional Training Centre for conducting training programmes. It should be certainly improved up to training center with modern facilities. The Auditorium with a capacity for nearly 100 persons and two medium size lecture halls are available, which can be accommodated around 50 in each.

The hostel at Bogawanthalawa can provide accommodation facilities for nearly 70 people at a time. It has a fairly big dining hall, 3 office rooms and a mini library having more than 600 books. There is a bungalow for the Hostel Manager. Apart from the Hostel Manager and a peon, there are no other permanent workers at this center and therefore, necessary workers are employed on contractual basis during training sessions with the prior approval from the Director. There are three workers and one watcher on casual basis and at present all training facilities are being rented out for the Korean training programmes which are conducted by Sri Lanka Bureau of Foreign Employment under supervision of the Hostel manager.

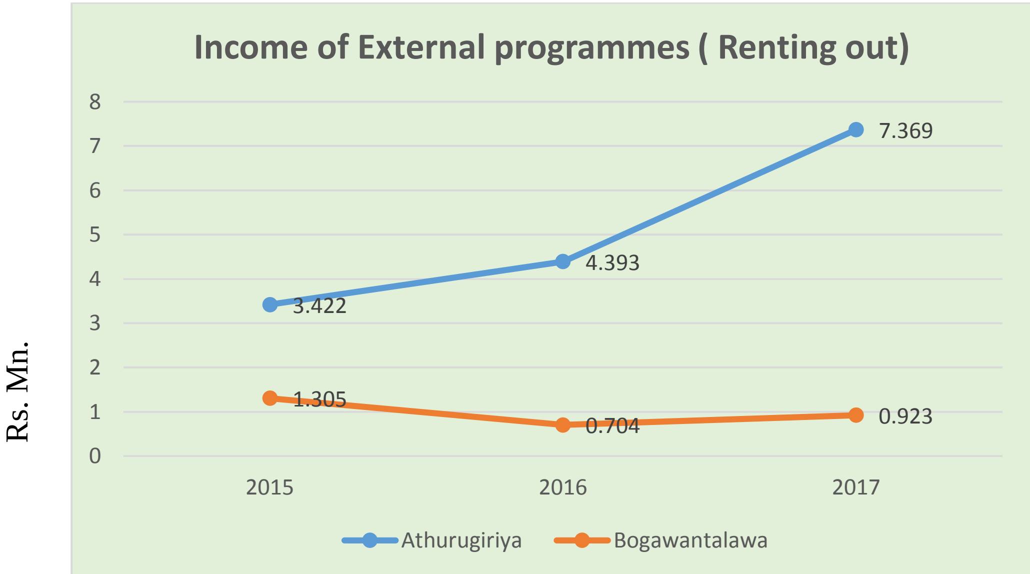


Chart 03

OUR ACTIVITIES

Starting work for 2017

Chairman, Director / CEO and Staff of NIPM started their duties for year 2017, by declaring the state service oath in front of the National flag.

Award Ceremony of Training Programme under the Smallholder Plantation Entrepreneurship Development Programme (SPEnDP).

Awarded certificates to 30 youths belongs to the beneficiary families of SPEnDP Project who have completed leadership and entrepreneurship Development Training Programme

Award Ceremony held at BMICH in 31st March 2017.

Chief Guest was Hon. Minister Navin Disanayake. Awarded 160 certificates to the successful participants of different academic courses of NIPM.

New Year Celebration

Sinhala New year festival of NIPM with their staff family members was held in April 2017

Dengue Prevention Campaign

Dengue Prevention Campaign" held with the guidance of the Director /CEO Dr. Prasad Dharmasena & the support of the staff members at NIPM

Opening Ceremony of Buddha's Statue

Opening Ceremony of Buddha's Statue at NIPM was held on 29th September 2017

Annual Pirith Ceremony was held in December 2017 at the Institute

Exhibition in Kandy

NIPM at KCC Kandy for exploring golden opportunity to entering school leavers to get on plantation career aiming degree status

Cricket Match

Cricket match held on 22nd October 2017 with Coconut Research Institute to develop affability between institutes

CSR EVENTS

White boards were distributed to Oruwala Vidyalaya, Athurugiriya by NIPM

Director / CEO and the team of NIPM attended in the event of distributing and planting medicinal plants at Oruwala Primary School

Distributed water bottles and other dry items to the people who are living surrounding the institute affected by flood in May 2017

FINANCIAL REVIEW

Performance

The Institute recorded a total income of Rs. 115.395 Mn. in year 2017 when compare with previous year income of Rs. 101.828 Mn. which was reported 13.3% improvement against the previous year. The main contributory factor towards the income was the Government grant contributed by the National Budget which was Rs.. 59.874 Mn. The training income of the year was Rs.. 15.853 Mn. which contributed satisfactory amount toward the generated income. In addition to that the Institute received a sum of Rs.. 15.3 Mn. from Ministry of plantation Industries under special project of upgrading training facilities towards the plantation sector development in accordance with degree awarding institute. As experience in the previous years, the Institute generated a significant income from renting out facilities for the outside organisations whenever the facilities are available in Bogawanthalawa and Athurugiriya. A sum of Rs. 10.983 Mn. generated from renting out facilities in 2017. Total recurrent expenditure recorded a sum of Rs.. 107.119 million in the year 2017. At the end of the financial year, the institute recorded a net surplus of Rs. 8.276 Mn. after deducting depreciation of Rs 20.533 Mn.

The Summary of Financial performance compared to the previous year is given bellow**.**

	2017	2016	Variance		Key reason
Government grant	59.874	71.65	(16.43%)		Shortage of treasury capital grant of Rs.10.126 Mn as expected.
Training Income	15.853	12.787	23.97%		Due to increase of Number of training programme compare with 2016.
Renting out income (Both Bogawanthalawa and Athurugiriya)	10.983	14.232	(22.82%)		Decreased due to drop in demand for Korean training programme and limitation of hostel facilities reduced accommodations facilities.
Total Generated income	40.221	30.178	33.27%		Due to increase of other income such as waiver of creditors settlement and

					project income of Rs 15.3 Mn.
Salaries and wages and employee benefits	38.796	32.571	19.1%		Due to annual increment of government servants salaries and recruited vacancies in the year 2017
Total Recurrent Expenditure	107.119	87.070	23.06		Increased due to salary and training expenses such as capacity development training etc.
Depreciation	20.533	18.951	8.34%		Increased due to new purchases
Surplus	8.276	14.757	(43.91%)		Due to shortage of treasury capital grant and increased the expenditure on employees.

Table No 10

Liquidity position

Liquidity position of the Institute shows a favourable ratio of 1.58 times in the year 2017. However it has reported small drop when compared with the previous year ratio of 2.04 times. This was resulted in the increase of Current liabilities by Rs. 5.953 Mn in the year 2017 due to shortage of capital grant by Rs.10.126 Mn.

Capital expenditure

The Institute continued with the infrastructure development programme on tangible fixed assets as scheduled in the capital expenditure budget in the year 2017 for which the treasury allocated a sum of Rs. 30.00 Mn. However the released amount was limited to Rs. 19.874 Mn due to various constrain face by the government. Following table shows estimated and actual performance of capital expenditure in 2017. Meanwhile a sum of Rs 15.3 million received from Ministry of Plantation industries as first phase of the capital development project to improve training facilities with the infrastructure development for which a sum of Rs. 264.00 million approved for the period of 2017 to 2020 including Institute's contribution of Rs.47.1 Mn.

Budget and Actual performance of the Capital Expenditure 2017 (Rs. Millions)

Capital items	Budget	Actual	Progress
Renovation and rehabilitation of Capital assets	14.16	12.66	89.3%
Acquisition of capital assets	4.34	3.63	83.6%
Other investment	1.20	0.151	12.5%
Capacity Development Programmes	12.05	10.18	84.5%
Total	31.75	26.62	83.8%

Table No 11

Major capital Development activities are listed below.

- Renovation of office building at Bogawanthalawa and main complex at Athurugiriya .
- Installation of AC Units for lecture rooms.
- Conducted 230 No. of capacity Development training programmes for smallholders
- Conducted 2 NVQ level -4 programmes for school leavers under capacity development
- Renovated hostel roof and hostel building at Athurugiriya.
- Purchased furniture for Bogawanthalawa
- Purchased furniture and equipment for Deniyaya Training center.

Special Development project

National Planning Department recommended and the cabinet has approved the special development project for upgrading the training facilities towards the plantation sector development in accordance with degree awarding Institute in the year 2017. This project will be activated up to end of 2020. Total Estimated cost would be Rs 314.00 which comprise Rs 264 Mn. capital component and Rs. 50.00Mn recurrent. The general treasury would be funded for 216.9 mn and the institute plan to contribute 47.1 million through the income receivable from the land acquired by the Sri Lanka Army.

A sum of Rs 15.3 million utilized for the above project to develop course curriculum up to NVQ level 06 and improve training facilities in 2017. The financial plan for this project is as follows.

Capital expenditure for Development project (Rs.Mn)										
Upgrading the NIPM training facilities towards the degree awarding institute		*Allocation for 2017*	*Expenditure up to 31.12.2017*	*2018*	2019	2020	DF	GF	Total
Project Expenditure									
Project Capital Expenditure									
2001	Improvement of Hostel facilities	*11.7*	*11.7*	*2.0*			11.7	2.0	13.7
2104	New Office Building , lecture hall and Establishment of R & D Unit	*0.6*	*0.6*	*59.0*	137.6	45.1	197.2	45.1	242.3
2507	Development of course modules	*3.0*	*3.0*	*1.0*	4.0		8.0		8.0
	Total project Capital Cost	***15.3***	***15.3***	***62.0***	***141.6***	***45.1***	216.9	47.1	264.0

Total project cost (Rs. Mn)	**314.0**
Allocated in 2017	*15.3*
Budget for 2018-DF	*60.0*
Budget for 2019-DF	*141.6*
Generated income-(2018-2.0mn, 2020-45.1 Mn	*47.1*
Total Capital	***264.0***
Recurrent Expenditure-DF	***50.0***

Table No 12

Surplus /Deficit

During the under review, the Institute recorded a surplus of Rs. 8.276 million after deducting deprecation cost of Rs.20.533 million. The surplus of Rs.14.757 MN recorded in the Statement of Financial Performance in the year 2016. Following chart indicate the behaviour of surplus and deficit during the period of 2009 to 2017.

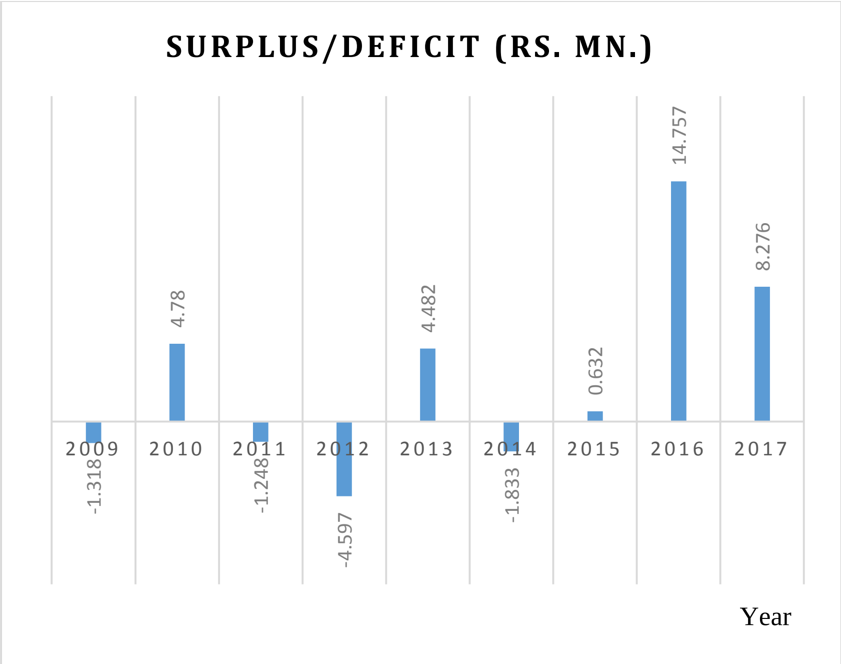


Chart 04

Net Assets

The Net Asset of the Institute has increased up to Rest. 232.817 Mn. as at 31 December 2017, it shows 14.22% improvement over the previous year figure of Rs.203.830 Mn. The reason of the increase due to revaluation gain of the vehicles and the surplus reported during the year 2017. Revaluation gain of the vehicle was 23.55 Mn. and it was resulted an increase of net assets. The following chart 05 indicate the improvement of net assets during 2009 to 2017

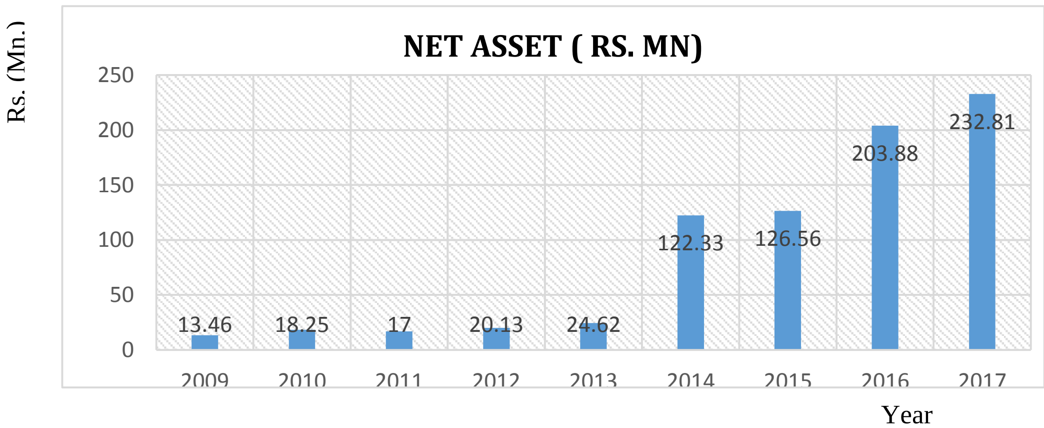


Chart 05

Financial Position

Statement of Financial Position indicated the Net asset of Rs. 232.812 Mn as at 31.12.2017 compared to the previous year figure of Rs. 203.880 Mn. According to the financial statements, the value of total assets recorded as Rs. 263.470 Mn compared to the previous year figure of Rs. 228.849 Mn. Total liabilities as at end of the year recorded as Rs. 30.658 Mn. when compare with previous year figure of Rs. 24.969 Mn. The Institute provided a provision for Employee Benefits Plan for Rs. 7.313 according to auctorial valuation method and invested in fixed deposit to secure the commitments for the employee benefits. Total current assets recorded as Rs. 36.713 Mn and current liabilities was Rst. 23.230 Mn as at 31.12.2017.

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 2017 as well. Shortage of staff in the training faculty was one of the main constraints. There were only 06 members in the training faculty. The Institute could not recruit the staff due to inadequate salary scales against the qualifications and skills even if the approved staff vacancies were available. The Institute faced shortage of staff quarters due to acquisition of four and half acres of the land and three executive grade staff quarters by Seventh Engineers' Regiment of Sri Lanka Army.

Many of the plantation companies were reluctant to release their executives to participate on week days and long term programmes since their absent might affect the production and administrative activities of the estates. Therefore, the Institute had to change the training arrangement on weekends. This was caused to limited capacity of the lecture halls and accommodation facilities to increase the number of programmes.

The participation of school leavers for plantation training is minimal, since the plantation sector is not attractive for the younger generation. The Institute had to invest more fund to develop course modules to convert the selected professions which are not being easily recruited by the plantation companies due to lack of competencies. In order to get the service of the consultant for module development, the Institute had to face difficulties on the government bidding procedure.

Office building complex is more than 60 years old building which was converted into office in 1980s. Therefore, it is beyond the repairing stage. A new office complex has to be constructed to develop infrastructure facilities.

Out of the 08 vehicles that the Institute has at present, 06 are over 20 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 gets 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.

Even though plantation estates are owned by the government, there is no specific qualifications for recruitment and promotion schemes of plantation staff in the Regional Plantation Companies which brings the difficulties to attract the students for the institute's programmes.

Future plan

The institute has taken steps to develop some of the courses up to NVQ level 7 with a view to establishing degree awarding institute for the plantation sector by 2020. A proposal of Rs 314 million has already been approved by the treasury in order to develop infrastructure facilities and the course modules. In parallel to the above a new development proposal for improvement of Hostel facilities up to 200 heads submitted by the Institute and hopefully it will be recommended by the department of National planning which is estimated at Rs 223.00 million

A sum of Rs 15.30 million has been allocated for the year 2017, in order to initiate the degree awarding project, the institute expects a significant fund for the year 2018 to success the project on time.

CONCLUSION

As the premier training academy for plantation sector NIPM keep abstract of current trends and constantly upgrade our products today's needs. The Institute has made gains, physically and financially in the year under review when compared with the previous year 2016. Due to drop the prices of the plantation crops such as rubber and tea were adversely affected to the physical number of training programmes in 2017 both corporate and the smallholding sector compared to the previous years. Anyhow there was a possibility of conducting more programmes for smallholders and estate workers in future years if the capacity of the staff is strengthened.

A surplus of Rs.8.276 Mn. was seen between the income and expenditure in the year 2017 and the Net assets of the Institute has increased up toRs.232.812 Mn. from 203.88 million in the year 2016.

Further, the Institute was able to start the module development process of Diplomas and higher Diploma to obtain NVQ accreditation which is mandatory for skill development of the plantation sector. The Institute conducted 228 training programmes for small holders and two NVQ level4 programmes for school leavers incurring a sum of Rs. 10.012 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 the expectation of the Institute is to achieve the planned targets in the year 2018 under the effort and commitment of the staff and the proper guidance and advices of the Board of Governors and the line ministry.

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 2017.

sgd.

Deepthi Asoka Abeywickrama
Chairman/NIPM
15/05/2018

2017

FINANCIAL STATEMENTS

Financial Report **Page Nos.**

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ACCOUNTING POLICIES AND THE NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR 2017

1.0 *REPORTING ENTITY*

National Institute of Plantation Management (NIPM) is a statutory board established under the National Institute of Plantation Management Act No. 45 of 1979 amended in 1981 by Act No. 76, in 1987 by Act No. 05 and in 2003 by Act No. 38 in order to make the NIPM a more effective and viable statutory body of the government.

As per act and amendments, NIPM is the only organization empowered to award certificates for those who successfully complete training programmes/academic courses and confer professional Membership to eligible plantation executives. It ensures the maintenance of a high standard of professional competence of those who work in the Plantation Industry including the smallholders who are engaged in cultivation of tea, rubber, coconut, sugarcane, cashew, cinnamon and palmyra etc. To achieve these objectives, the NIPM conducts various seminars, workshops, examinations and provides research and consultancy services to public and private sector organizations. The institute conducts Degree programmes related to plantation Management in collaboration with the local and foreign universities. It has also the capacity to conduct training programmes for foreign students as well.

The registered office of the Institute is located at M. D. H. Jayawardana Mawatha, Athurugiriya.

2.0 *BASIS OF PREPARATION*

2.1 Statement of compliance

The Financial statements of the Institute such comprise Statement of Financial Position, statement of financial performance, Statement of Changes of Equity, Statement of cash flow, statement of budgeted and actual performance together with the Significant Accounting policies and Notes to the Financial Statement which have been prepared in accordance with ***Sri Lanka Public Sector Accounting Standards*** on the accrual basis of accounting promulgated by the Association of Public Finance Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared in accordance with the historical cost conversion basis except for following material items in the statement of financial position.

- Vehicles are presented in revaluation basis
- Property plant and equipment have been revalued in 2014 and disclosed as first time adaption in the financial statement in 2014. Cost model is applicable for annual reporting

period on the subsequent years. The properties in the Bogawanthalawa regional center revalued on 31/12/2014 and reported to the financial statement in 2015.

- Retirement benefit Obligation recognized based on actuarial valuation

2.3 Functional and presentation Currency

These Financial statements are presented in Sri Lankan Rupees (LKR) which is institute functional and presentation currency.

3.0 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Financial statement have been prepared on a ***Going Concern Concept*** and the account policy has been applied consistently throughout the period. Funds are available from Government grants and income generated from training programmes, academic courses, undertaking of consultancy assignments, subscriptions on professional membership and sales of publications etc. Such accumulated funds are utilized to meet institutional liabilities as and when necessary.

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

3.1 *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.

<u>Computer software</u>

Computer software which has been developed for Accounting, Payroll, Training Statistics, and Resource Management are recognized as intangible Assets to the Institute, since it is not part of the operational system of the computer. These assets are written off from the Account over 4 years.

<u>The Development cost of Distance Learning Modules</u>

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 four years.

<u>The cost involved to develop the course content to NVQ standard</u>

The Institute develops its courses to obtain NVQ accreditation, the development cost of the course contents are considered as intangible cost, it will be written off from the account in four years.

The estimated useful lives of intangible assets are as follows.

Descriptio n	***Compute r software***	***Developmen t cost of Distance learning course***	***Developmen t cost of NVQ standard courses***
Useful lives	*4 years*	*4 years*	*4 year*

3.2 ***The capacity Development programme for smallholders and school leavers***

The Institute conducts capacity development pogrammes for out growers to uplift the living standards and enhance the knowledge of the smallholders. The cost of these programmes are considered as the capital development cost of the entity. It is meeting a contemporary need of the smallholders to improve the knowledge, skills to enhance expected levels of agricultural practices with a view to producing higher quality end product in the hand of the consumer.

The management skills, knowledge and productivity of the smallholders will be improved through these programmes, whilst enabling the enhancement of the goodwill of the Institute.

In addition to the above, the Institute conducts the programmes for school leavers under National Vocational Qualification (NVQ) system to enhance the competencies of young generation who are willing to enter into the Plantation sector.

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

The Institute incurred Rs 10.012 Mn. to enhance the knowledge of the plantation out growers and ground level workers conducting 231 programmes in 2017 and two NVQ programmes for the school leavers under the financing of the National Budget.

3.3 **PROPERTY PLANT AND EQUIPMENTS**

Property plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. This historical cost includes all cost directly attributable to bringing an asset to working condition for its intended use and significant renovations.

When part of an item of property, plant and equipment has different useful lives, they are accounted for as separate items (Major component) of property plant and equipment.

3.3.1 *Useful lives*

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 estimated useful lives and the depreciation rates used for the current and comparative periods are as follows. (These rates are commonly used unless otherwise stated in below paragraphs as exceptions)

Free holding buildings	***20 years***	***5%***
Office furniture	***10 years***	***10%***
Motor Vehicles	***5 years***	***20%***
Infrastructure assets	***10 years***	***10%***
Library Books	***10 years***	***10%***

Exceptions

- Value of Equipment consist of plant and machinery, office equipment and other miscellaneous items such as linen, cutlery items etc. These items have different useful lives as listed bellow

Plant and machinery	5years
Office equipment	5years
Cutlery items and hostel linen	4 years

- Networking of computers is included in the infrastructure assets, the useful lives of the Networking of computers is recognized as 5 years.
- Useful lives of the 150 KVA generator which is categorized under plant and machinery, is recognized for 10 years.

The following Assets are included in the Infrastructure assets in accordance with Public Sector Accounting Standard.

- Road improvement,
- Water and power supply and power generation systems
- Supply of Electricity
- Computer Networking

Depreciation method and useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Basis of measurement

All Property Plant and Equipment are depreciated as per cost model and the vehicles are reported in accordance with the revaluation model. The depreciation is not charged for the lands belongs to the institute.

3.3.2 *Disposal*

The carrying amount of the item of Property Plant and Equipment are de-recognized when there is no future economic benefit expect from the items. The gains or losses on disposal are determined by comparing proceeds with carrying amount with disposed value. Disposal gain or losses include in the Statement of Financial Performance.

3.3.3 *Annual board of survey*

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

3.3.4 *Present status of the land acquired by Sri Lanka Army*

The land extents of 1.9499 hectares and three staff quarters had been transferred to seventh regiment of Sri Lanka Army. The ownership of the above properties had been acquired under section 38(A) of Land Acquisition Act. The compensation of Rs 55.0 Million to be received to the institute. The transaction process is ceased since the institute has taken necessary action to take the properties back.

4.0 ***DEPOSITS FOR INFRASTRUCTURE FACILITIES***

This includes security deposit kept against the contractual obligation on the service of infrastructure providing organizations.

5.0 ***INVENTORIES***

Inventories consist of institutional publication, printing materials, stationary and office requisites, tires, building maintenance materials and other consumables. These are valued at the cost on the basis of First in First out principle. The publication stock comprises the donated publication books from Tea Development project.

Cost formula used: "Purchasing cost + cost of conversion + other cost"
Caring amount of the inventories is listed bellow

Item	*Caring value at fair value (LKR '000)*	*Cost to sell*	*Caring value at fair value (LKR '000)*
Stationary	*327*	*-*	*327*
Printing materials	*697*	*-*	*697*
Welfare items	*41*	*-*	*41*
Consumable items	*48*	*-*	*48*
Building maintenances material	*57*	*-*	*57*
Tire and tubes	*31*	*-*	*31*
Publications	*370*		*370*
Total	*1573*	*-*	*1573*

Donated Publication stocks

Value of donated publication books include in the publication stock and it has been shown in the differed income account under current liabilities. Income is recognized as and when it realize to the relevant accounting period

6.0 ***CASH AND CASH EQUIVALENTS***

Cash and cash equivalents include cash in hand, current accounts balance and short term time deposits less than 3 months periods kept in the Bank of Ceylon Athurugiriya Branch.

7.0 FINANCIAL INSTRUMENTS

The Institute initially recognizes loans and receivables and deposits on the date that they are originated. The Institute recognizes a financial assets to the cash flows from the asset expire.

*H**eld –to- maturity financial asset**s*
The institute has the positive intend and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held to maturity financial assets are recognized initially at fair value plus any directly attributable transaction cost using the effective interest method, less any impairment losses. Any sale or reclassification of more than insignificant amount of held-to-maturity investment not close to their maturity would result in the reclassification of all held to maturity investment as available –for-sale.

Loan and receivables

Loan and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to the initial recognition loan and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

8.0 ***EMPLOYEE RETIREMENT BENEFIT***

Defined benefit plan- Gratuity

Defined contribution plan is a post- empowerment the benefit plan other than the defined contribution plan. The Institute's net obligation in respect of defined benefit gratuity plan is calculated annually using projected unit credit method (PUC). A provision has been provided for all employees of the Institute to meet the cost of retirement benefits as and when they retire from the services and past service cost are recognized immediately in the Statement of Financial Performance. Actuarial gain or losses arising are recognized as income or expenditure in the period in which they arise. The amount fall due for payments within one year is included in the current liabilities. The Institute has invested the equivalent amount of gratuity provision in the fixed deposit in Bank of Ceylon to secure the payment on time.

Defined contribution plan- Employees' Provident Fund and employees Trust Fund

A defined contribution plan under which the Institute pays fixed contribution rate for the all employees. The Basic salary and cost of living allowance are considered for calculating the contributions. The institute contribute 12% for EPF and 3% for ETF.

9.0 *Government grant for Capital Expenditures*

The Public Sector Accounting Standard introduce the accounting of capital grant under SLPSAS 11 and applied in 2016 onwards. As per the standard the all received grant are taken in to account as the income of the institute in the statement of financial performance.

10 ***PROVISIONS AND CONTINGENT LIABILITIES***

10.1 Contingent Liability

Mr. A. K. C. Atthanagoda who worked as the Audio Visual Officer of this Institute has filed a case against the Institute challenging his termination on disciplinary grounds. The contingent liability of Rs. 3,765,756/- has been provided to cover the payment of his salary and other emolument up to the end of year 2015. The Labour Tribunal is at present hearing the case.

As at the 31/12/2015 the total contingent liability of Rs. 3,765,756.00 has been provided to the Accounts.

The institute did not provide any provision in the year 2016 and 2017, if there is possible obligation or present obligation that may not, require any outflow of resources.

10.2 Provision for doubtful Debtors

The Institute has provided a provision for doubtful and bad debtors at 6 % in the year end trade receivable balance. Note No 48 shows additional information for the financial risk of the loan and advances and other time deposit account

11.0 REVENUE RECOGNITION

Training income

11.1 *Short term programmes*

It would be considered as short term course when the duration of course period is less than six months. The entire income of the short term courses is taken to the statement of financial performance despite of the duration.

11.2 *Long term training programmes (ongoing training Programmes*)

It is considered as long term training programme when the duration of course period is more than six months. The revenue of these training courses calculated using pro-rata basis considering number of module or months of training programme as applicable.

11.3 *Bogawanthalawa Regional Centre*

The Income and Expenditure in relation to Bogawanthalawa Regional Centre has been reported separately in the Statement of Financial Performance. It was recorded a net deficit of Rs. 580,962 in the year 2017.

11.4 *Renting out facilities to outside organization*

The Institute rent out its facilities to the outside organization to generate an income for the Institute. The income and expenditure have been reported separately in the Statement of Financial Performance due to different project to the desired mission of the Institute.

11.5 *Government Grants*

The Department of National Budget allocates significant amount from annual National budget to the institute. Both recurrent and capital grant are recognized as the income of the institute in accordance with the SLPSAS 11.

12.0 *EVENT OCCURING AFTER REPORTING DATE*

Event after the reporting period are those events favorable and unfavorable occur between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the financial statements where necessary.

Adjusting events

There have been no material events occurring after the date of the statement of financial position that require adjustments.

Disclosure events

- *Present status of the land acquired by Sri Lanka Army.*

The land extents of 1.9499 hectares and three staff quarters had been transferred to seventh regiment of Sri Lanka Army. The ownership of the above properties had been acquired under section 38(A) of Land Acquisition Act. The compensation of Rs 55.00 million yet to be received to the institute.

- *New Development project*

Department of National Planning has already recommended the project for Developing the Institute up to Degree Awarding status. Total project cost is estimated as Rs 314.00 mn out of which the first phase of the project was implemented in 2017.

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
STATEMENT OF FINANCIAL POSITION

As at December 31

	Notes	2017	2016
ASSETS		*LKR*	*LKR*
Current Assets			
Cash and cash equivalents	13	*8,322,092.15*	*9,429,122.50*
Receivables	14	*6,512,657.73*	*6,406,142.67*
Inventories	15	*1,573,072.96*	*1,110,640.27*
Prepayments	16	*3,277,962.77*	*2,174,165.11*
Other Current Assets	17	*17,027,324.05*	*16,136,788.77*
		36,713,109.66	***35,256,859.32***
Non-Current Assets			
Receivables	18	*1,422,443.34*	*1,308,730.19*
Property plant and Equipment	19	*223,701,258.60*	*190,082,148.84*
Intangible Assets	20	*1,022,076.79*	*1,590,188.79*
Other Non-Current Assets	21	*611,975.00*	*611,975.00*
		226,757,753.73	***193,593,042.82***
TOTAL ASSETS		***263,470,863.39***	***228,849,902.14***

LIABILITIES			
Current Liabilities			
Payables	22	*19,464,317.04*	*13,511,832.17*
Short - term Provisions	23	*3,765,756.60*	*3,765,756.60*
Employee Benefits	24	-	-
		23,230,073.64	***17,277,588.77***
Non- current Liabilities			
Differed Government Grant	25	-	-
Employee Benefits	26	*7,313,626.00*	*7,581,312.24*
Refundable security deposits	27	*114,637.87*	*110,649.71*
		7,428,263.87	***7,691,961.95***
TOTAL LIABILITIES		***30,658,337.51***	***24,969,550.72***
NET ASSETS		***232,812,525.88***	***203,880,351.42***
NET ASSETS/EQUITY			
Capital contributed by Government & other Government Entities	28	*35,490,371.21*	*38,386,495.21*
Reserves	29	*135,710,198.08*	*113,728,054.19*
Accumulated surpluses/(Deficits)	30	*61,611,956.59*	*51,765,802.02*
TOTAL NET ASSETS/EQUITY		***232,812,525.88***	***203,880,351.42***

The Accounting policies and Notes on pages. 1 to 10 and Notes on pages to 37 from 13 an integral part of these financial statements.

I certify that the financial statements have been prepared in compliance with the requirement of Public Sector Accounting Standards.

Sgd.

L D J Priyantha
Accountant/NIPM

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

Sgd.	*Sgd.*
Dr. K. H. G.M. Prasad Dharmasena	*Deepthi Ashoka Abeywickrama*
Director/CEO- NIPM	*Chairman/NIPM*
Colombo	
28.02.2018	

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended December 31,

REVENUE	Note	*2017 LKR*	*2016 LKR*
Government Recurrent grants	31	40,000,000.00	38,961,000.00
Government capital grant	32	19,874,000.00	32,689,000.00
Income from Special project grant (MPI)	33	15,300,000.00	-
Generated Training income	34	15,853,414.62	12,787,802.17
Renting out of residential facilities	35	10,983,170.45	9,397,659.33
Income from Bogawanthalawa Regional Center	36	1,896,323.90	4,835,304.57
Interest income	37	2,115,931.09	992,211.13
Other income	38	9,372,943.62	2,165,320.96
TOTAL REVENUE		115,395,783.68	101,828,298.16
EXPENSES			
Wages, Salaries and employee benefits	39	*38,796,942.45*	*32,571,649.40*
Supplies and consumable used	40	*3,690,033.86*	*3,008,488.36*
Repairs and Maintenance	41	*5,058,616.60*	*4,032,431.91*
Communication and utility services	42	*11,388,958.28*	*8,547,744.86*
Training Expenses including capacity building Progs.	43	*20,135,784.88*	*14,326,920.45*
Expenses in Relation to Renting out facilities	44	*3,488,241.76*	*2,561,429.35*
Expenses for Bogawanthalawa Regional Centre	45	*2,516,813.45*	*2,465,732.03*
Depreciation and Amortization expenses	46	*20,533,532.72*	*18,951,476.64*
Other Expenses	47	*1,510,422.78*	*604,814.08*
TOTAL EXPENSES		*107,119,346.78*	*87,070,687.08*
Surplus/(Deficit) for the period Attributable to		8,276,436.90	14,757,611.08
Owners of controlling entity		8,276,436.90	14,757,611.08

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the year ended December 31, 2017

Statement of changes in Equity

Descriptions	Contributed Capital	Revaluation Reserves	Accumulated Retained Surpluses/ (deficits)	Total Net Assets/Equity
Balance as at January 01, 2014	**38,386,495.21**	**10,584,233.03**	**(24,351,329.70)**	**24,619,398.54**
Re-stated Revaluation Surplus 2014	-	99,539,399.11	-	99,539,399.11
Re-stated Surplus/(deficit) for the year 2014	-	-	(1,833,578.71)	(1,833,578.71)
Balance as at December 31, 2014	**38,386,495.21**	**110,123,632.14**	**(26,184,908.41)**	**122,325,218.94**
Revaluation Surplus RWPSC		3,604,422.05		3,604,422.05
Surplus for the year 2015			632,438.02	632,438.02
Balance as at December 31,2015	**38,386,495.21**	**113,728,054.19**	**(25,552,470.39)**	**126,562,079.01**
Differed income balance as at 31/12/2015 transferred to Retained surplus account	-	-	62,560,661.33	62,560,661.33
Surplus for the year 2016	-	-	14,757,611.08	14,757,611.08
Balance as at December 31,2016	**38,386,495.21**	**113,728,054.19**	**51,765,802.02**	**203,880,351.42**
Revaluation transferred to retained Surplus	-	(1,569,717.67)	1,569,717.67	-
Revaluation surplus 2017	-	23,551,861.56	-	23,551,861.56
Value transferred to General treasury	(2,896,124.00)	-	-	(2,896,124.00)
Surplus for the year 2017	-	-	8,276,436.90	8,276,436.90
Balance as at December 31,2017	**35,490,371.21**	**135,710,198.08**	**61,611,956.59**	**232,812,525.88**

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT CASH FLOW STATEMENTS			
for the year ended			
CASH FLOW FROM OPARATING ACTIVITIES		***31/12/2017***	***31/12/2016***
-		LKR	**LKR**
Surplus (Deficit) for the year		*8,276,436.90*	*14,757,611.08*
less-Interest income		*1,900,656.95*	*1,444,824.09*
Net cash inflow/(outflow) from operating Activities		*6,375,779.95*	*13,312,786.99*
NON CASH MOVEMENTS			
Depreciation		*19,965,420.72*	*18,512,040.64*
Amortization		*568,112.00*	*439,436.00*
(over)/under Provision of retiring Gratuity		*(267,686.24)*	*(2,228,616.76)*
(Profit) /Loss on sale of PPE		*(2,682,075.47)*	*78,522.92*
Capital grant from Government		*(35,174,000.00)*	*(32,689,000.00)*
(over)/under Provision of doubtful debtors		*(46,612.76)*	*200,399.00*
(Increase)/Decrease in Trade and other receivable		*231,637.31*	*602,036.66*
(Increase)/Decrease in Inventories		*(462,432.69)*	*376,274.69*
(Increase)/Decrease in Prepayments		*(1,103,797.66)*	*(1,824,024.71)*
(Increase) /Decrease in Other Current Assets		*955,468.49*	*4,381,936.15*
Increase /(Decrease) in trade and other payables		*5,952,484.87*	*(5,413,806.95)*
Loss/(profit) on amortization of financial instruments		*(215,274.14)*	*452,612.96*
Increase/(Decrease)in security deposits-(payable to employees)		*3,988.16*	*(9,273.88)*
NET CASHFLOW FROM OPARATING ACTIVITIES		(5,898,987.46)	*(3,808,676.29)*
INVESTING ACTIVITIES			
Acquisition of Property plant and equipment		*(30,426,308.45)*	*(32,050,477.26)*
Acquisition of Intangible Assets		-	*(779,243.00)*
Sale of PPE		*3,075,715.00*	*133,488.00*
Investment in short term deposits		*(1,135,475.77)*	*(866,270.60)*
Encashment of Fixed/call deposits		-	-
Payment of loan and advances		*(2,958,470.00)*	*(1,976,280.00)*
Cash recoveries from loan and advances		*2,529,143.67*	*1,982,199.64*

Interest received		*1,429,476.65*	*943,118.88*
Net cash out flow in investing activities		***(27,485,918.90)***	***(32,613,464.34)***
<u>FINANCING ACTIVITIES</u>			
Government Grant for capital expenditure		*19,874,000.00*	*32,689,000.00*
Grant from Ministry of Plantation industries		*15,300,000.00*	-
Cash refund to treasury		*(2,896,124.00)*	-
Net cash inflow in financing activities		***32,277,876.00***	***32,689,000.00***
Net (Decrease)/Increase in cash and cash equivalents		*(1,107,030.36)*	*(3,733,140.63)*
Cash and cash equivalent at beginning of the year		***9,429,122.51***	***13,162,263.14***
Balance of cash and cash equivalents at the end of the year Note 13		***8,322,092.15***	***9,429,122.51***

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

Budgeted and Actual Performance

For the year ended December 31, 2017 (Rs 000')

REVENUE		*ACTUALS*	*BUDGETED*	Progress
Government grants	31	*40,000*	*40,000*	100%
Income from Government capital grant	32	*19,874*	*30,000*	66%
MPI Project funds	33	*15,300*	*15,300*	100%
Training income	34	*15,853*	*24,708*	64%
Renting out of residential facilities	35	*10,983*	*10,475*	105%
Income from Bogawanthalawa Regional center	36	*1,896*	*5,000*	38%
Interest income	37	*2,116*	*1,200*	176%
Other income	38	*9,373*	*867*	1081%
TOTAL REVENUE		*115,396*	*127,550*	90%
RECURRNT EXPENSES				
Wages, Salaries and employee benefits	39	*38,797*	*41,424*	94%
Supplies and consumable used	40	*3,690*	*5,286*	70%
Repairs and Maintenance	41	*5,059*	*4,600*	110%
Communication and utility services	42	*11,389*	*14,870*	77%
Training Expenses	43	*20,136*	*20,250*	99%
Expenses in relation to renting out facilities	44	*3,488*	*3,000*	116%
Expenses for Bogawathalawa Regional Centre	45	*2,517*	*3,000*	84%
Depreciation and amortization expenses	46	*20,534*	*18,500*	111%
Other Expenses	47	*1,510*	*1,320*	114%
TOTAL RECURRENT EXPENDITURE		*107,119*	*112,250*	95%
CAPITAL EXPENDITURE				
Property plant and equipment		18,289	18,500	99%
Capacity Development Programmes and other investment		10,013	13,250	76%
Project - MPI		15300	15300	100%
TOTAL CAPITAL EXPENDITURE		43,602	47,050	93%
TOTAL EXPENDITURE		*150,721*	*159,300*	95%
Treasury Grants				
Recurrent expenditure		*40,000*	*40,000*	100%
Capital Expenditure		*19,874*	*30,000*	66%
MPI special project		*15,300*	*15,300*	100%
TOTAL GRANT		*75,174*	*85,300*	88%

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENTS

Description	Land	Buildings	Equipment	Furniture	Motor Vehicles	Infrastructure Assets	Library Books	Total
Cost								
As at 01/01/2016	1,726,876.68	154,570,375.53	15,327,679.42	9,685,360.25	26,044,302.19	15,058,193.88	2,247,148.40	224,659,936.35
Additions	-	10,382,641.98	7,487,903.82	1,838,754.50	8,900,000.00	3,238,573.36	202,603.60	32,050,477.26
Transfers	-	-	(6,930.00)	6,930.00	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Disposals	-	-	(607,732.29)	(194,682.86)	-	-	-	(802,415.15)
As at 31/12/2016	**1,726,876.68**	**164,953,017.51**	**22,200,920.95**	**11,336,361.89**	**34,944,302.19**	**18,296,767.24**	**2,449,752.00**	**255,907,998.46**
Additions	**-**	23,945,763.89	2,977,443.71	2,009,019.72	707,250.00	559,746.00	227,085.13	30,426,308.45
Transfers	**-**	--	-	-	-	-	-	-
Revaluations	-	-	-	-	(1,201,552.19)	-	-	(1,201,552.19)
Disposals	-	-	(1,341,355.58)	(373,862.21)	(950,000.00)	-	-	(2,665,217.79)
As at 31/12/2017	**1,726,876.68**	**188,898,781.40**	**23,837,009.08**	**12,971,519.40**	**33,500,000.00**	**18,856,513.24**	**2,676,837.13**	**282,467,536.93**

Depreciations										
Accumulated as at 01/01/2016	-	16,105,661.85		5,043,635.34	1,844,346.70	19,166,486.55	4,005,446.01	1,738,636.76		47,904,213.21
Depreciation charge	-	7,544,608.18		3,240,192.18	953,245.10	5,218,040.04	1,493,039.49	79,957.88		18,529,082.87
Disposal				(531,997.26)	(58,406.97)					(590,404.23)
Revaluation Adjustment	-									-
Transfers	-	-		(539.21)	539.21	(17,042.23)		-		(17,042.23)
Accumulated as at 31/12/2016	-	23,650,270.03		7,751,291.05	2,739,724.04	24,367,484.36	5,498,485.50	1,818,594.64		65,825,849.62
Depreciation	-	8,063,740.28		4,037,773.52	1,145,381.39	4,734,230.04	1,880,355.95	103,939.54		19,965,420.72
Disposal-	-	-		(1,173,114.07)	(148,464.19)	(950,000.00)	-	-		(2,271,578.26)
Revaluation Adjustment	-	-		-	-	(24,753,413.75)	-	-		(24,753,413.75)
Transfers	-	-		-	-	-	-	-		-
Accumulated as at 31/12/2017	-	31,714,010.31		10,615,950.50	3,736,641.24	3,398,300.65	7,378,841.45	1,922,534.18		58,766,278.33

Net Book Value as at 31/12/2016	1,726,876.68	141,302,747.48		14,449,629.90	8,596,637.85	10,576,817.83	12,798,281.74	631,157.36		190,082,148.84
Net Book Value as at 31/12/2017	1,726,876.68	157,184,771.09		13,221,058.58	9,234,878.16	30,101,699.35	11,477,671.79	754,302.95		223,701,258.60

INTANGIBLE ASSETS

	Computer Accounting soft wear	Development cost of Training modules	Data base for training	Resource management soft wear	Total
Cost as at 01/01/2016	**209,500.00**	**1,307,746.79**	**240,000.00**	**500,000.00**	**2,257,246.79**
Adjustment	**-**	**-**	**-**	**-**	**-**
Impairment	-	-	-	-	-
New acquisitions	**-**	779,243.00	**-**	**-**	779,243.00
As at 31/12/2016	***209,500.00***	***2,086,989.79***	***240,000.00***	***500,000.00***	***3,036,489.79***
Adjustment	-	-	-	-	-
New acquisitions	-	-	-	-	-
As at 31/12/2017	***209,500.00***	***2,086,989.79***	***240,000.00***	***500,000.00***	***3,036,489.79***
Amortization as at 1/1/2016	*137,490.00*	*624,375.00*	*120,000.00*	*125,000.00*	*1,006,865.00*
impairments					-
Amortization	*40,000.00*	*214,436.00*	*60,000.00*	*125,000.00*	*439,436.00*
as at 31/12/2016	***177,490.00***	***838,811.00***	***180,000.00***	***250,000.00***	***1,446,301.00***
Amortization	*32,000.00*	*351,122.00*	*59,990.00*	*125,000.00*	*568,112.00*
impairments					
As at 31/12/2017	***209,490.00***	***1,189,933.00***	***239,990.00***	***375,000.00***	***2,014,413.00***
Net realizable value 31/12/2016	*32,010.00*	*1,248,178.79*	*60,000.00*	*250,000.00*	*1,590,188.79*
Net realizable value 31/12/2017	***10.00***	***897,056.79***	***10.00***	***125,000.00***	***1,022,076.79***

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

NOTE TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017

		2017	2016
13	**CASH AND CASH EQUILANTS**	**LKR**	**LKR**
	Bank of Ceylon Athurugiriya- 3697566	1,607,092.15	2,714,122.50
	Call Deposit Bank of Ceylon- AC No. 8693502	1,715,000.00	1,715,000.00
	Call Deposit Bank of Ceylon- AC No.74689528	5,000,000.00	5,000,000.00
		8,322,092.15	**9,429,122.50**

14	**RECEIVABLES- (SHORT TERM)**		
a	**Trade receivables**		
	Kelanivally Plantation Plc	52,000.00	7,500.00
	Elkaduwa plantation Plc	75,000.00	75,000.00
	Plantation Housing Development Trust	194,880.55	164,901.40
	Wayamba University (B.Sc. Degree)	2,075.00	2,075.00
	Elpitiya plantation	86,000.00	-
	Department of labour	17,042.29	-
	Turusaviya fund	-	18,070.00
	Sri Lanka Bureau of Foreign Employment	253,226.59	1,851,688.31
	Sri Lanka Tea Board	945,139.00	20,800.00
	District Secretary Government	27,369.50	-
	Department of Immigration and Emigration	314,812.90	-
	Small Plantation Entrepreneurship Development programme	-	1,765,000.00
	Tea Small holder Development Authority	209,015.00	5,661.00
	National Livestock Development Boards	-	14,787.25
	Mr. C D Maginaarachchi- telephone	2,191.65	-
	Mr. C D Pathinayake	2,820.00	-
	Tea Research Institute	255,106.00	181,220.00
	Course fees from students	324,500.00	738,110.69
	D S A Kumara	-	1,215.00
	Ministry of plantation Industries	1,141,000.00	-
	Mr. Niroshan	76,995.00	-
	Sri Lanka Sustainable Energy Authority	-	145,600.00

	University of Rajarata	195,000.00	-
	Mahamaya Viddayala	33,142.83	-
	Mahamathya Viddayalaya- Athurugiriya	90,000.00	-
	Jima Holding (pvt) Ltd	121,571.50	-
	Women in Action Alliance	-	57,078.18
	Gem and Jewelry Corporation	-	240,000.00
	Mr. T T. R M Raj	-	5,752.00
	Mr. H. M Rathnasinghe	-	5,875.00
	C B Lanka Micro Credit Ltd	45,366.54	-
	Mr. UNP Perera	3,050.00	-
	Mr. K M Hemasiri	-	10,650.00
	Mr. Gayan Sujeewa	9,200.00	-
	Mr. Chandimal Thisera	57,599.60	-
	Total Trade receivables	4,534,103.95	**5,310,983.83**
	Less - Provision for doubtful debtors	272,046.24	318,659.00
	Net Total trade Receivables	4,262,057.71	**4,992,324.83**

b	**Loans and Advances to Employees**	**LKR**	**LKR**
	Distress Loan-	1,695,357.45	1,388,367.84
	Festival Loan	10,000.00	21,450.00
	Special Advance	-	4,000.00
	Total Loan and advance	**1,705,357.45**	**1,413,817.84**
	At the beginning of the year	**2,839,141.98**	**2,845,061.62**
	Payment to the employees	2,958,470.00	1,976,280.00
	Recoveries from the employees	(2,529,143.67)	(1,982,199.64)
	Year-end balance	**3,268,468.31**	**2,839,141.98**
	Short term - Loan and advances Note 15 (b)	1,705,357.45	1,413,817.84
	Long term loan and advances Note 19	1,563,110.86	1,425,324.14
c	Receivables from Medical aids scheme	545,242.57	-
	TOTAL SHORT TERM RECEVABLES	**6,512,657.73**	**6,406,142.67**
15	**INVENTORIES**	LKR	LKR

	Stationary and office Requisites	327,107.26	175,902.65
	Printing materials	697,479.00	343,131.50
	Maintenance materials	57,495.00	100,622.00
	Tires and tubes	30,893.00	30,893.00
	Welfare items	41,280.00	10,314.00
	Consumables	48,537.00	24,724.00
	Institute' s publication	370,281.70	425,053.12
	TOTAL INVENTORIES	**1,573,072.96**	**1,110,640.27**

16	**PREPAYMENTS**	LKR	LKR
	Motor Traffic Department (Revenue License)	52,832.48	32,737.58
	Metropolitan office (pvt) ltd - Service Agreement	7,349.73	1,131.28
	Office network (pvt) Ltd		7,532.50
	IDAC (PVT) Ltd- Service Agreement	10,365.65	4,889.29
	P Y Samantha		5,819.18
	Gestetner Ceylon plc- Service Agreement	18,036.90	3,468.83
	CBA (Pvt) Ltd - service agreement	3,416.57	1,811.52
	Tough Solution (pvt) ltd- Service Agreement	19,855.00	-
	National Insurance Trust- Vehicle insurance	192,817.99	-
	Science land information system	-	4,744.11
	Sri Lanka Insurance Co LTd fire policy	147,129.76	-
	Sri Lanka Insurance Co Ltd -vehicles insurance	81,365.97	-
	Sri Lanka Insurance Co Ltd_ Medical Insurance	253,838.86	-
	Frostaire cooling service (Pvt) Ltd	6,598.37	-
	Liyakta office Network system	-	1,772.19
	Sri Lanka Insurance Co Ltd- Fire Insurance	-	332,666.93
	Hayleys Industrial Solution	108,428.77	-
	NSSPM	32,833.25	-
	John Keels office automation service agreement	-	4,799.32
	Receivables from IRD(Excess input tax)	2,258,123.47	1,691,816.38

	H C J Perera - fuel	84,970.00	80,976.00
	Total Prepayments	**3,277,962.77**	**2,174,165.11**

17	**OTHER CURRENTS ASSETS**	LKR	LKR
a	**Short Term investments - held to maturity**		
	Deposit for Gratuity Provision- Bank of Ceylon	12,512,951.43	11,322,072.39
	Membership Deposit Account-AC No. 74175590	1,119,101.06	1,011,236.58
	Membership Deposit Account - Saving Accounts	30,907.37	194,175.12
	Interest Receivables- Bank of Ceylon	2,746,397.62	2,275,217.33
	Total short term investments	**16,409,357.48**	**14,802,701.42**
	Amortization cost	(96,671.30)	(336,019.01)
	Total short term investments	**16,312,686.18**	**14,466,682.41**
b	**Security Deposits**	LKR	LKR
	Mr. N.D.S.B.Tennakoon A/C No 1 - 0053-03-1521-4	13,738.00	13,187.15
	Mr. P.N. Perera A/C No 1 - 0053-03-0542-1	32,332.43	31,035.19
	Mrs. C.S.Liyanage A/C No 1 - 0053-03-0314-3	-	3,697.08
	Mrs. G.Rajapakshe A/C No 1 - 0053-03-0319-4	3,487.65	3,347.97
	Mrs. W.D.S.Hettiarachchi A/C No 1 - 0053-03-0617-7	-	2,738.81
	Mr. L D J Priyantha A/C No- 8634723	65,079.79	56,643.51
	Medical Contribution Deposit Account- NSB- Athurugiriya	-	1,559,456.65
	Total Security Deposits	**114,637.87**	**1,670,106.36**
c	**WORK IN PROGRESS**		
	Building with lecture hall and R n D unit - under constrictions	600,000.00	-
	TOTAL OTHER CURRENT ASSETS	**17,027,324.05**	**16,136,788.77**

18	**RECEVABLE - LONG TERM**	LKR	LKR
	Distress loan-(over one year)	1,563,110.86	1,425,324.14

	Amortization cost	(140,667.52)	(116,593.95)
	Total long term receivables	**1,422,443.34**	**1,308,730.19**

19	**PROPERTY PLANT AND EQUIPMENTS Page No**	**223,701,258.60**	**190,082,148.84**
	The building cost include the cost of three staff quarters which the ownership has been transferred under Land Acquisition Act to 7th Engineers Regiment of Sri Lanka Army. The book value of these buildings is Rs. 3,678,212/- . And net carrying amount is Rs 1,689,426/- . Deprecation calculation and revaluation has not been charged for this building due to ownership transferring periods and usage ownership is beyond the Institute.		
20	**INTANGIBLE ASSETS Page No.**	**1,022,076.79**	**1,590,188.79**
	Intangible assets contain Software development and training modules development cost. The institute spent a sum of Rs.2, 331797.25 for development of course curricular and improvement of training facilities under special Development Project. Moreover the institute spent Rs.151, 430/- from the allocation granted by National Budget in 2017. Both expenditure have been written off in the period in which they arise under training expenditure. Therefore acquisition of intangible asset was not recorded in the year 2017		

21	**OTHER NON-CURRENT ASSETS**	LKR	LKR

a	**Deposit for infrastructure facilities**		
	Post Master General	14,225.00	14,225.00
	Ceylon Gas Company	12,900.00	12,900.00
	Ceylon Electricity Board	576,550.00	576,550.00
	Sri Lanka Telecom - (Head Office)	6,300.00	6,300.00
	Sri Lanka Telecom - (RWPSc at Bogawantalawa)	2,000.00	2,000.00
	TOTAL OTHER NON CURRENT ASSETS	**611,975.00**	**611,975.00**

22	**PAYABLES**	LKR	LKR

a	**Creditors**		
	Road Development Authority	-	4,921,000.00
	Horana plantation Plc	10,000.00	10,000.00
	C and H Organization (Pvt) Ltd	4,125,956.85	2,460,489.90
	The Open university of Sri Lanka	105,000.00	105,000.00
	Sinhagiri (Pvt) Ltd	-	120,007.67
	Leema creation (Pvt) ltd	86,412.50	86,412.50
	Liyakta Office Network (Pvt) Ltd	46,396.50	46,396.50
	Dulitha advertising	400.00	400.00

	Frostair Industries (Pvt) Ltd	36,053.75	36,053.75
	Saw Engineering (Pvt) Ltd	154,543.00	154,543.00
	State General Trading Ltd	-	163,597.50
	Bogawanthalawa Sought Rural Development Society	118,265.00	111,315.58
	State Engineering cooperation	1,084,387.61	
	Sevana Builders and suppliers	848,202.00	
	Indika Construction	8,170,190.00	
	Korathota Rural Development society	-	63,183.84
	Total Creditors	**14,785,807.21**	**8,278,400.24**

b	**Accrued Expenses**		
	Telephone	174,631.33	117,413.20
	Electricity bill -	211,742.00	197,298.66
	U and H wheel services- Tire	146,050.00	
	Vehicle Maintenance	42,248.00	167,985.00
	Salaries Casual & contract employees (December)	80,003.94	101,750.34
	Stamp Duty - (Internal Revenue Department)	4,575.00	
	Traveling subsistence	23,388.50	12,532.00
	Overtime - December	88,918.22	109,865.00
	Periodicals & newspapers -	9,120.00	4,440.00
	Employees' Trust Fund - December	2,712.34	3,451.12
	Employees' Provident fund	19,889.06	25,308.20
	Security Bill (Dec.)	282,605.70	144,923.00
	Allowances	40,250.00	70,250.00
	Salaries - Madulsiman Plantations Ltd.	95,527.62	67,853.18
	Consumables	50,751.00	
	Stationary items		61,223.80
	Medical Contribution (National Savings Bank)		135,647.97
	Lecture Fee for outside resources	229,340.00	276,863.80
	Meals expenditure - Hewagam Korele coop society	485,068.75	
	National water supply and Drainage Board- Water	20,172.00	
	Meals expenditure - Hewagam Korele coop society- external programmes	54,914.75	
	Capacity Development Programmes	90,360.00	467,409.12

	Outside exam fees	267,945.50	102,200.00
	Water bills - Employees Deductions	2,491.31	3,051.31
	Koratota Rural Development society- Cleaning labour	156,250.00	
	Department of IRD - N B T	33,235.15	20,489.15
	Department of IRD - Payee	18,431.00	5,222.00
	Advertisements	60,375.00	
	NIPM welfare Society	95,760.00	
	Daily Paid wages	413.91	67,853.18
	Lecture Fee Cancelled cheques	15,200.00	
	Other Sundry Training Expenses	56,100.00	183,497.75
	Vehicle hireling		67,296.00
	Equipment Maintenance	34,300.00	24,251.20
	Other Accrued Expenses	59,850.00	378,741.05
	Auditors Generals Departments- Audit fee	666,350.00	180,000.00
	Total Accrued Expenses	3,618,970.08	2,996,816.03

c	**Other payables**		
	Total Forward course fees	780,733.75	369,733.75
	Differed income Donated Tea Development Project Publication	7,806.00	25,956.00
	Total Other payables	788,539.75	**395,689.75**
d	**Refundable Deposits**		
	Refundable course loan	35,000.00	33,281.25
	Refundable Tender Deposits	236,000.00	245,000.00
	Refundable Medical Deposits	-	1,562,644.90
	TOTAL	**271,000.00**	**1,840,926.15**

	TOTAL SHORT TERM PAYBLES	**19,464,317.04**	**13,511,832.17**

23	**SHORT-TERM PROVISIONS**	LKR	LKR

	Contingent Liability		
	Balance as at 1/01	3,765,756.60	3,765,756.60
	Charged to Income statement	-	-
	Balance as at 31/12	**3,765,756.60**	**3,765,756.60**

	TOTAL SHORT TERM PROVISION	**3,765,756.60**	**3,765,756.60**
	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. The contingent liability of Rs. 3 765,756.60 has been provided to cover his salary and other emolument up to 31.12.2015. The Labour Tribunal is at present hearing the case but possible and present obligation for this case is not clear at the end of the financial year.		
	The Institute did not provide any provision in the year 2016 and 2017, due to possible or present obligation that may, but will not, require for any outflow of resources.		
	Outflow of the contingent liability is uncertainty, therefore the time duration cannot be disclosed in the financial statement.		
24	**EMPLOYEE BENEFITS**	LKR	LKR
	Gratuity Payables- Within one year	-	-

25	**DEFERRED GOVERNMENT GRANT**		

	Deferred Government grant for capital		
	Balance as at 01/01	-	62,560,661.33
	Government Grant for capital Expenditure-	-	
	Transfer to accumulated surplus account as per the SLPSAS11	-	(62,560,661.33)
	Balance as at 31/12	-	-

26	**EMPLOYEE BENEFITS**	LKR	LKR

	Gratuity payments - long term	**7,313,626.00**	**7,581,312.24**

	Retirement benefit Obligation		
	At the beginning of the year	**7,581,312.24**	**9,809,929.00**
	benefit paid to employees	-	(291,492.00)
	Provision /(reversed) made during the year.	(267,686.24)	(1,937,124.76)
	At the end of the year- Total present value of obligation	**7,313,626.00**	**7,581,312.24**
	obligation within one year	-	-
	Present Value of net obligation	**7,313,626.00**	**7,581,312.24**
	Retirement benefit obligation are calculated on the basis of Actuarial valuation and disclosed in the financial statements w. e.f. 2017. Calculation method and assumptions are as follows.		

	Projected Unit Credit Method is used for the calculation of Actuarial Valuation.		
	Rate of discounting is considered as 8.9% per annum according to bond rate as at 31/12/2017 published by Central Bank of Sri Lanka.		
	Past and furfure service period of the employees has been taken into account for calculating the employee benefits		
	Retirement age of the employee is 60 years		
	Future salary growth rate is considered as 5.73%% per annum.		

27	REFUNDABLE SECURITY DEPOSIT		
	Refundable security Deposits- employee	**114,637.87**	**110,649.71**

28	CAPITAL CONTRIBUTED BY GOVERNMENT & OTHER GOVERNMENT ENTITIES	LKR	LKR
	Capital Grant from Sri Lanka Tea Board	1,900,000.00	1,900,000.00
	Bagowanthalawa Regional Centre (SLSPC)	4,205,519.00	4,205,519.00
	Capital Grant from consolidated fund	29,384,852.21	32,280,976.21
	TOTAL	**35,490,371.21**	**38,386,495.21**

29	RESERVES		
	Revaluation reserve	**135,710,198.08**	**113,728,054.19**

Revaluations- The Institute revalues the motor vehicles within 3 to 5 years in accordance with the Accounting policy. Therefore, all vehicles except recently purchased Fuso bus (NC 8980) have been revalued on 04/08/2017 by professional valuer Mr. Rohan Lal Kurruppu of S. Godwin Yapa Associate. The revaluation amount are as follows.

	Revalued amount	Gain/(loss)
Bus - NB 1632	6,500,000.00	6,499,999.00
Cab - 250-3161	2,400,000.00	2,387,856.15
Cab - 250-2603	2,400,000.00	2,236,598.69
Cab- 58-3717	2,300,000.00	2,287,856.15
Jeep 32-4086	2,400,000.00	2,211,902.81
Van- 250-2604	3,000,000.00	2,327,649.76
Cab- PD 4024	5,600,000.00	5,599,999.00
bus NC 8980	8,900,000.00	-

	Total value of Motor vehicle	33,500,000.00	23,551,861.56
	Revaluation gain at the beginning of the year 2017		10,584,233.03
	Transferred to retained earning account due to disposal of revalued Bus 61-2361		(1,569,717.67)
	Revaluation surplus of the vehicles at the end of 2017		**32,566,376.92**
	Revaluation surplus at the beginning of the Year 2017		**113,728,054.19**
	Other property plant and equipment except Land, Infrastructure assets, and books were revalued on 01/01/2014 in order to adapt into the Public Sector Accounting Standard. This revaluation had been conducted by Mr. K. A. D.N. Nanayakkara , regional valuer , western province in the Department of Valuation		
	Category of assets		**Revaluation surplus**
	Equipment		**32,532.17**
	Furniture		**3,604,633.21**
	Building - Bogawanthalawa		**3,604,422.05**
	Buildings- Athurugiriya		**95,902,233.73**
	Total of Other Property plant and equipment revaluation		**103,143,821.16**
	Total of Revaluation surplus at the end of 2017		**135,710,198.08**
	Value of the Books, Land and Infrastructure assets has not been revalued and therefore it was recorded at purchasing cost.		

30	**ACCUMILATED SERPLUS/(DEFICITS)**		
	Retained Earnings	61,611,956.59	51,765,802.02
		61,611,956.59	**51,765,802.02**

	GOVERNMENT GRANT	LKR	LKR
31	Recurrent grant	40,000,000.00	38,961,000.00
32	Capital Grant	19,874,000.00	32,689,000.00
33	Special Development project MPI	15,300,000.00	-
	Changes of Accounting Standard		

	Capital and recurrent grant contributed from General treasury is recognized as the income of the institute in accordance with the Public Sector Accounting Standard No 11.Therefore Sri Lanka Public Sector Accounting Standard No 11 was applied with effect from 01.01.2016. The subsequent cost such as depreciation of the property plant and equipment and any impairment cost are accounted in each accounting period separately.

34	GENERATED TRAINING INCOME	LKR	LKR
a	**ACADEMIC,AND PROFESSIONAL PROGRAMMES**		
	National Diploma in Plantation Management	640,000.00	335,000.00
	National Diploma in Plantation-Extension Management	3,000.00	77,500.00
	Diploma in Business communication	-	48,000.00
	Certificate course in Accounting and Financial Management	248,000.00	323,041.67
	Certificate course in Book-Keeping and Plantation Accounting	341,000.00	302,500.00
	Professional Progeamme in Rubber Manufacture and Factory Practices	207,000.00	-
	Professional Progeamme in Tea Manufacture and Factory Practices	493,975.00	683,775.00
	Language Proficiency Examination	290,000.00	-
	Foundation course in H R Management	380,500.00	-
		2,603,475.00	**1,769,816.67**
b	**MANAGEMENT AND TECHNICAL DEVELOPMENT PROGRAMMES**		
	Management Development programmes	2,865,553.12	1,210,000.00
	Technical Development programmes	408,000.00	159,000.00
		3,273,553.12	**1,369,000.00**
c	**SKILL DEVELOPMENT PROGRAMMES**		
	Skill Development of Tea Factory Officer	396,000.00	252,500.00
	Skill Development of rubber Field Officer	144,000.00	-
		540,000.00	**252,500.00**
d	**BASIC COURSE**		
	Awareness Programme for Oil palm cultivation	1,326,000.00	42,000.00

		1,326,000.00	**42,000.00**

e	**INDUCTION COURSE FOR PLANTER TRAINEES/ ADVANCE ACADAMIC COURSE IN PLANATION MANAGEMENT**	**4,987,500.00**	**2,520,000.00**

f	**WOKER DEVELOPMENT AND PROJECT PROGRAMMES**		
	Worker Development programme	-	-
		-	-

g	**SPECIAL PROGRAMMES**		
	Special Programme For Rubber Development Department		535,365.00
	Special programmes	1,165,085.00	517,460.00
	SPEnD Project programme		4,412,500.00
	Awareness programme for NIPM members	190,000.00	
	NVQ programmes		121,000.00
		1,355,085.00	5,586,325.00

h	**INCOME FROM EXTERNAL EXAM ACTIVITIES**	1,767,801.50	1,248,160.50

	TOTAL TRAINING INCOME	**15,853,414.62**	**12,787,802.17**

35	**INCOME FROM RENTING OUT THE FACILITIES**	LKR	LKR
	Renting out residential facilities to outside programmes	7,369,755.70	4,393,842.00
	Income from Accommodation internal training students	8,600.00	13,900.00
	Korean Training programme	3,604,814.75	4,989,917.33
		10,983,170.45	**9,397,659.33**

36	**BOGAWANTHALAWA REGENAL CENTRE**		
	Income from renting out training Facilities	923,923.90	704,530.57
	Korean training programmes	972,400.00	4,130,774.00
		1,896,323.90	**4,835,304.57**

37	**INTEREST INCOME**	LKR	LKR
	Staff Loan interest- Distress Loan	121,737.29	95,198.28
	Interest income from Membership Account	5,032.25	7,386.50

	Interest income from Bank Deposits	1,769,923.81	1,338,569.31
	Income From Special Loan	3,963.60	3,670.00
	Gain/(Loss) on amortization due to effective annual interest	215,274.14	(452,612.96)
		2,115,931.09	**992,211.13**

38	**OTHER INCOME**	LKR	LKR
a	**SUNDRY INCOME**		
	Income - Pass papers and applications	23,000.00	-
	House Rent income	133,425.70	78,867.41
	Transport income	3,765.60	19,784.39
	Tender fee	78,250.00	51,000.00
	Publications	130,975.00	47,502.00
	souvenir income	154,500.00	-
	Membership subscriptions	7,550.00	22,020.00
	other sundry income	164,810.75	9,022.40
		696,277.05	**228,196.20**

(b)	***GAIN ON DISPOSAL OF VEHICLES***		
	Bus -61-2361	2,896,125.00	**-**
c	***WRITE BACK TO INCOME STATEMENT***		
	Unsettled creditors write back to income statements	4,921,000.00	-
	Medical balance transferred to institute income	545,242.57	-
	Over provision of gratuity	267,686.24	1,937,124.76
	Over provision of doubtful debts	46,612.76	
	Total	5,780,541.57	1,937,124.76
	Total other income	**9,372,943.62**	**2,165,320.96**
	Institute has written off the credit amount of Rs 4,921,000/ owe to Road Development Authority since RDA did not comply with the institute request and not demanded due amount over 4 years.		
39	**WAGES, SALARIES AND EMPLOYEE BENEFITS**	LKR	LKR

a	PERNONAL EMMOLUMENTS		
-	Salaries and wages	16,994,197.05	11,702,038.90
	Cost of Living and other Allowances	10,327,167.00	11,103,578.72

	Over Time	1,210,079.00	1,049,155.80
	Holiday Pay	202,294.70	156,746.00
	Lecture Fees for Institute's Staff	180,000.00	176,778.00
	Contribution for E.T.F.	668,314.80	485,227.12
	Contribution for E.P.F.	2,586,685.07	1,926,631.06
	Contribution for CPPS	69,019.08	
	Chairman's Remuneration and allowances for board of directors	1,647,649.00	1,637,090.50
		33,885,405.70	**28,237,246.10**

b	**TRAVELING EXPENSES**		
	Traveling and Subsistence (Local)	189,539.06	159,132.50
	Traveling and Subsistence (Foreign)	1,870,642.50	2,347,307.76
		2,060,181.56	**2,506,440.26**

c	**RETIREMENT BENEFITS**		
	Increased Provisions for Gratuity	-	-
			-

d	**CONTRIBUTIONS, SUBSIDIES AND WELFARE**		
	In-service Training and staff training	386,857.00	311,749.90
	Staff Welfare Activities	633,865.00	322,590.00
	Membership and subscriptions	24,400.00	
	Contributions for Medical Aid Scheme	1,806,233.19	1,193,623.14
		2,851,355.19	**1,827,963.04**

	Total Salaries wages and Employee benefits	**38,796,942.45**	**32,571,649.40**

40	**SUPPLIES AND CONSUMABLE USED**	LKR	LKR
	Printing Materials and papers	600,756.14	527,335.78
	Stationery & Office Requisites	526,722.13	542,260.86
	Consumables	332,064.90	245,167.58
	Fuel and lubricant	1,443,060.29	1,304,059.86
	Periodicals & News Papers	70,579.95	66,340.00
	Uniforms	89,240.00	88,000.00

	Institute's Publications	627,610.45	235,324.28
	Total Supplies and consumable used	**3,690,033.86**	**3,008,488.36**

41	**REPAIRS & MAINTENANCE OF FIXED ASSETS**		
	Plant and Machinery	32,360.91	29,251.20
	Buildings	1,458,068.58	1,045,332.03
	Equipment	810,074.38	841,246.05
	Water telephone and Electricity	30,346.00	132,462.87
	Motor Vehicles	2,727,766.73	1,984,139.76
	Total Repairs and Maintenance	**5,058,616.60**	**4,032,431.91**

42	**COMMUNICATION, UTILITY AND OTHER CONTRACTUAL SERVICES**	LKR	LKR
	Telephone and internet	1,285,953.39	1,087,516.28
	Postage	257,935.00	166,615.00
	Electricity and water	2,549,408.34	2,479,838.51
	Insurance (Buildings equipment Cash etc.)	200,651.60	391,315.82
	Security Service	2,960,797.40	1,930,420.90
	Audit Fees (External)	486,350.00	210,143.50
	Vehicle hire charges	270,052.00	329,928.00
	Cleaning and Janitorial works	654,300.00	430,550.00
	Bank Charges	45,014.83	46,855.40
	Stamp Duty , rate and tax	80,212.22	71,212.70
		8,790,674.78	**7,144,396.11**

b	**MEDIA, ADVERTISING AND PUBLICITY**		
	Advertising Expenses	2,492,747.50	1,297,041.08
	Entertainments	105,536.00	106,307.67
		2,598,283.50	**1,403,348.75**

	Total Communication utility services and media expenses	**11,388,958.28**	**8,547,744.86**

43	**TRAINING EXPENSES**	LKR	LKR
	Lecture Fees for Visiting Staff	2,486,936.20	1,744,438.50

	Fees to the Committees relating to Training Activities	69,000.00	31,500.00
	Meals & Accommodations for Trainees	2,373,404.20	2,324,772.51
	Laundering Linen	86,775.00	9,950.00
	Under provision for Bad debtors	-	200,399.00
	External exam expenditure	553,105.98	750,744.75
	Award Ceremony & Academic Functions	902,951.04	57,250.00
	Education materials	135,978.00	35,950.00
	Miscellaneous Training Expenses	1,031,471.36	725,306.23
	Total	7,639,621.78	5,880,310.99
	Development cost of NVQ training facilities and degree awarding institute	2,483,227.25	-
	Capacity Building programmes smallholders and NVQ students	10,012,935.85	8,446,609.46
	Total Training Expenditure	**20,135,784.88**	**14,326,920.45**

44	**EXPENSES IN REALATION TO RENTING OUT FACILITIES -**	LKR	LKR
	Meal expenses	2,216,584.00	1,731,238.68
	Salaries, daily wages and cost of living allowance	578,610.87	256,421.74
	Allowances	634,204.20	537,505.96
	E P F	48,426.15	29,010.30
	E T F	10,416.54	7,252.67
	Total Expenditure for Renting out facilities	**3,488,241.76**	**2,561,429.35**

45	**BOGAWANTHALAWA OPARATIONAL EXPENSES**		
	Electricity	245,455.00	484,671.29
	Telephone and postage	20,546.00	64,059.00
	Maintenance	59,995.00	94,253.03
	Meal and accommodation	538,750.25	395,666.00
	Salaries and Wages	715,400.00	725,900.00
	Allowances	287,700.00	160,300.00
	Employee Benefits	37,709.00	40,125.00
	Daily Wages	464,812.20	368,062.71
	E T F	21,462.00	21,777.00

	E P F	85,848.00	87,108.00
	Consumables	39,136.00	23,810.00
	Total Bogawanthalawa Expenses	**2,516,813.45**	**2,465,732.03**

46	**DEPRECIATION AND AMORTISATION OF ASSETS**		
	Depreciation	19,965,420.72	18,512,040.64
	Amortization	568,112.00	439,436.00
		20,533,532.72	**18,951,476.64**

47	**MISCELLANEOUS EXPENDITURE**	LKR	LKR
	Allowances for Other Committees and professional Charges	353,542.20	194,382.50
	Write off - bad debtors	221,065.23	-
	Special welfare programme	191,736.57	-
	Allowances for the Committee of Medical Aid Scheme	5,000.00	5,500.00
	loss on Disposal old equipment	243,924.53	78,522.92
	Garden up keep	222,821.00	138,464.00
	Others Expenses	272,333.25	187,944.66
		1,510,422.78	**604,814.08**
48	**Financial Risk Management**		
	Credit risk is the risk of financial loss of the Institute, if the customer or counter party to a financial instrument fails to meet its contractual obligation. it arises principally from the institute's receivable from customer and investment securities		
	Interest received on loan and advances to the employees	125,700.89	98,868.28
	Amortize cost due to fair value of 10.17% per annum 31.12.2016		215,462.23
	Amortize cost due to fair value of 8.9 % per annum 31.12.2017	266,370.41	
	CF balance of amortize cost of loan and advances	(140,669.52)	(116,593.95)
	Net (loss)/gain on interest received on loan and advances	(24,075.57)	(116,593.95)
	Interest received on short term investment		
	The Institute invested in short term deposit to secure the payment of gratuity and the liabilities which was raised due to credit purchases etc.		
	Interest received on short-term investment	1,774,956.06	1,345,955.81
	Interest calculation as pre the effective interest rate method	1,535,608.35	1,681,974.82

	Amortize cost of the investment due to effective interest @ 10.17% in 2016		**(336,019.01)**
	Amortize gain on the investment due to effective interest @ 8.9% in 2017	239,347.71	
	Total Amortize cost CF balance due to effective annual interest	(96,671.30)	(452,612.96)
	The Institute assumed that the effective interest rate is 10.17% per annum in 2016 and 8.9% per annum in 2017 according to the bond rate published by Central Bank of Sri Lanka. Institute deduct withholding tax at the rate of 10% on the Effective Annual interest		

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

Segmental Reporting

This report is presented in Rs 000'

The Institute recognize Three (3) different segments as training related activities renting out facilities and other supportive service. The surplus or deficit of each segment are shown in the following table during the year 2017

Segmental Category	Training activities		Renting out Facilities		Other supportive services		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Income	Rs. 000'		Rs. 000'		Rs. 000'		Rs. 000'	
Generated income	15,853	12,787	12,879	14,232	11,490	3,159	40,222	30,178
Grants-Special Projects	3,000		0	0	12,300	0	15,300	0
Capital grant	10,012	8,445	0	0	9,862	24,244	19,874	32,689
Recurrent grant	10,345	11,010	3,448	3,388	26,207	24,503	40,000	38,961
Total	39,210	32,242	16,327	17,620	59,859	51,906	115,396	101,828
Expenses								
Wages, Salaries and employee benefits	8,922	7,770	2,656	2,080	27,219	22,721	38,797	32,572
Supplies and consumable used	954	850	318	262	2,418	1,896	3,690	3,008
Repairs and Maintenance	1,308	1,139	436	351	3,314	2,542	5,059	4,032
Communication and utility services	2,945	2,416	982	743	7,462	5,389	11,389	8,548
Training Expenses including capacity building Programmes.	20,136	14,327	0	0	0	0	20,136	14,327
Expenses in Relation to Renting out facilities	0	0	3,488	2,561	0	0	3,488	2,561
Expenses for Bogawanthalawa Regional Centre	0	0	2,517	2,466	0	0	2,517	2,466
Depreciation and Amortization expenses	5,310	5,356	1,770	1,648	13,453	11,947	20,534	18,951
Other Expenses	391	171	130	53	990	381	1,510	605
Total Expenditure	39,967	32,029	12,297	10,163	54,855	44,877	107,119	87,070
Net surplus/deficit	-757	213	4,030	7,457	5,004	7,029	8,277	14,758
No of employees	15	13	5	4	38	29	58	46

* Supplies, repairs, communication, other expenses are absorbed on the basis of Number of employees attached to the each segment

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT FINANCIAL HIGHLIGHTS (Rs.000)						
Descriptions	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Income						
Treasury grant- Recurrent	8,480	18,744	24,792	28,502	38,961	40,000
Government Grant write back to Income statement	9415	9,253	10,937	15,362	24,243	25,162
Government Grant for Capacity Building Programmes (smallholders and school leavers)	4865	7,498	9,900	7,710	8,446	10,012
Generated Training income	13,731	11,573	10,037	18,010	12787	15,853
Income from Bogawanthalawa Regional center	3,796	8,247	7,824	5,366	4835	1,896
Other income	8,935	7,407	7,457	9,847	12402	22,472
Total income	49,222	62,722	70,947	84,796	101,674	115,395
Expenditure						
Total Personnel emoluments	20,907	18,794	19,453	30,907	31,834	38,796
Training Expenditure	6,425	4,256	4,439	8,208	5,880	10,123
Capacity Development of Small holder training expenses (FOC)	4,865	7,498	9,936	7,711	8,446	10,012
Other expenditure	12,472	17,198	20,255	19,598	21,959	27,655
Total operating Expenses	44,669	47,746	54,083	66,424	68,119	86,586
Government Recurrent Grant as a percentage of the Total Operating Expenditure	19%	39%	46%	43%	57%	46%
Surplus/(Deficit) before Depreciation	4,553	14,976	16,864	18,372	33,555	28,809
Depreciation /Amortization	9,150	10,495	15,833	17,740	18,951	20,533
Net (Deficit)/Surplus after Depreciation	(4,597)	4,481	(1,833)	632	14,604	8,276
No of Training programme- (Income Generated)	61	22	32	30	22	33
No of Participants	2135	772	993	1,101	586	920
No of Training programme for smallholders and school leavers	188	236	355	196	160	228
Total Expenditure for capacity Development programme- smallholder and School leavers	4865	7,498	9,936	7,711	8446	10012
No of trained smallholders	**8,196**	**12,149**	**25,100**	**12,825**	**10,840**	**12,638**
Total Number of trained	**10331**	**12921**	**26093**	**13,926**	**11426**	**13558**

Total Training programmes for the year	249	258	387	226	182	261
No of Employees	**46**	**41**	52	46	46	58
Generated Income per Employee Rs. 000'	575	664	487	722	653	693
Training cost per smallholder Rs. 000'	0.59	0.62	0.40	0.60	0.78	0.79
Net Assets of the Institute (Rs Million)	20.13	24.64	123.08	126	203	232

AUDITOR’S REPORT

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. PLA/D/NIPM/01/17/04

ඔබේ අංකය / உமது இல. / Your No.

දිනය / திகதி / Date 20 September 2018

The 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 2017 in terms of Section14(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 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of 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 Acts, No.76 of 1981, No.05 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.

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 Public 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 Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material 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. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 2017 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

According to the section 22 of the standard no 08 a provision should be recognized when an entity has a present obligation as a result of a past event and it is probable that an outflow of recourses to settle the obligation and a reliable estimation can be made of the amount of the obligation. However an employee who had been dismissed from the service based on disciplinary ground on 02 December 2011 had filed a case against the institution. A provision of Rs.3,765.767 had been made in the financial statements as a payable amount in the future for the case that had not been finalized until at the end of the review year.

2.2.2 Accounting Deficiencies

Does the estimation of value of 13 acres land owned by the institution had not been taken in to accounts.

2.2.3 Lack of Evidence for Audit

Evidence indicated against the following items was not made available to Audit.

Item	Value	Evidence not made available
	Rs.	
(a) Creditors	14,785,807	Letters of Confirmation of Balances
(b) Debtors	4,339,104	

2.3 Accounts Receivable and Payable

The following observations are made.

(a) As at the end of the year under review, actions had not been taken to recover a sum of Rs.239,901 receivable outstanding over a period of 04 years.

(b) A sum of Rs.233,665 had to be paid for 04 creditors outstanding over a period of 02 years had not been paid by the institution during the year under review.

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

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

	Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
	Financial Regulation 371	The officers who take ad hoc sub–imprest are required to settle the imprest as the completion of the job. However a sum of Rs. 973,500 advances which had been taken in 29 occasions by the officers had been settled with a delay of 36 days to 114 days from the completion of the job.

(b) Section 9.12 of the Public Enterprises Circular No. PED/12 of 02 June 2003	Even though the approval of the General Treasury should be obtained before the implementation of welfare programmes, the institution had implemented a medical scheme and paid a sum of Rs.1,806,233 year under review for the officers without a such prior approval.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Institute for the year under review had been a surplus of Rs.8,276,437 as compared with the corresponding surplus of Rs.14,757,611 for the preceding year, thus indicating an deterioration of Rs.6,481,174 in the financial result of the year under review as compared with the preceding year. The increase in the salaries and wages of employees by Rs.6,225,293, the increase in communication and utility service by Rs.2,841,213 and the increase in the training expenditure by Rs.5,808,865 had been the main reason for the above deterioration.

An analysis of financial results of the year under review and 04 preceding years revealed a surplus of Rs.4,482,528 in the year 2013. Nevertheless, there had been a deficit of Rs.1,833,579 in the year 2014. Again in 2015 and 2016 there was a surplus of Rs. 632,438 and Rs. 14,757,611 respectively. But in 2017 it had been deteriorated to Rs.8,276,437. However with the adjustment of employee remuneration and non-current assets for the above mention financial results positive contribution of Rs.32,281,537 in the year of 2013 had been increased to Rs.67,606,912 gradually in the year 2017.

3.2 Legal Actions against the Institute

A person who had been dismissed from the service had filed a case against the institute in the labour court on 02 December 2011.

4. Operating Review

4.1 Performance

4.1.1 Planning

Six programs implemented during the year under review had not been included in the Prospectus and the Action plan.

4.2 Management Activities

The following observations are made.

(a) Even though Information Technology unit has 30 computers, without a proper and fully utilization of them a sum of Rs.572,600 had been paid to purchase 05 new computers and other accessories during the year under review.

(b) Advances totaling to Rs.620,000 had been paid again to 21 officers before the settlement of early given advances.

(c) A handbooks (manuals) or a list of advices which included the procedures to maintain institution's library activities had not been prepared by the institution. 71 books valued at Rs. 22,193 obtained by 17 officers had not been return to the institution during the period from 11March 2014 to 14 December 2017.

4.3 Staff Administration

Even though post of Assistant Director, Librarian and assistant visualizer had been vacant since the year 2014 in the institution, action had not been taken to recruit qualified persons for those posts.

5. Sustainable Development

5.1 Achievement of sustainable development Goals

All the government institutions should be functioned as per United Nations year 2030 'Agenda' Sustainable Development, the National Institute of Plantation Management had been aware of the way of proceed with regard to the functions under the scope. Following observations are made during the inspection carried out.

a) Sustainable goals had not been included in the annual plan of the institution and also financial provisions had not been made in the annual budget to accomplish those activities.

b) Even though an evaluation should base on an accurate data base, the institution had not evolved such data base to measure the achievement of sustainable development goals.

c) With regard to implementation of sustainable development goals the small estate holder, their organizations and companies had not been identified as the interested parties for the functions of National Institute of plantation Management. Therefore participation was poor at the preparation of those goals.

6. 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. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	**Observations**
(a) Accounting	Failure to accounts assets by revalue again.
(b) Staff Administration	Failure in taking action to recruit relevant officers for the vacant posts.
(c) Performance	Taking action to award a National Vocational Qualification Certificate (NVQ) for Educational and Vocational Courses and Development Programmes conducted by the Institute at present.

W.P.C.Wickramarathna

Auditor General (Acting)