Annual Report
2013

PIM

POSTGRADUATE INSTITUTE OF MANAGEMENT
University of Sri Jayewardenepura

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1 INTRODUCTION

The Postgraduate Institute of Management (PIM) is a semi-autonomous body affiliated to the University of Sri Jayewardenepura. Its objectives are to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research, and development in the various branches of management and administrative studies. Today, it serves the national interests of professional management education and training, providing challenging opportunities for learning and skills development to thousands of senior-level managers and administrators. Being the pioneer of advanced management education in Sri Lanka, PIM provides leadership to those in the business of innovating and disseminating management know-how as well as to those who are in search of higher learning alternatives.

PIM, established in 1986 by Ordinance under the Universities Act 16 of 1978, is one of the seven postgraduate institutes in the university system of Sri Lanka. Though it is relatively young, it has the largest student population among postgraduate institutes, and it is the only self-financing higher learning institution in the university system of the country.

The history of the Institute goes back to 1981 when a Division of Postgraduate Studies was set up at the Faculty of Management Studies of the University of Sri Jayewardenepura. The Division started postgraduate studies in management with collaboration under CIDA with two Canadian Universities, viz., Ottawa University and Carleton University. In 1986, the Division was upgraded to a separate institute under the University of Sri Jayewardenepura. In 1995 the Postgraduate Institute of Management was moved to the new building constructed at Lesley Ranagala Mawatha, Colombo 8.

2 PIM VISION, MISSION AND VALUES

Vision

To become a Centre for Management Excellence in South Asia

Mission

We ignite human imagination by developing leaders with global reach and local roots. In doing so, we pursue innovative teaching, cutting-edge research, enriching partnerships, greener infrastructure and good governance.

Values

Passion: Enthusiasm and eagerness towards results in showing professionalism.

Key Behavioural Indications (KBIs)

1) Is clear about the tasks associated with the job
2) Is enthusiastic in handling tasks
3) Thinks innovatively in finding new solutions
4) Is conscious about one's contribution to the institutional success
5) Willing to put extra effort to achieve objectives

Integrity: Acting in an ethical manner with the best interest of the institution in mind

Key Behavioural Indications (KBIs)

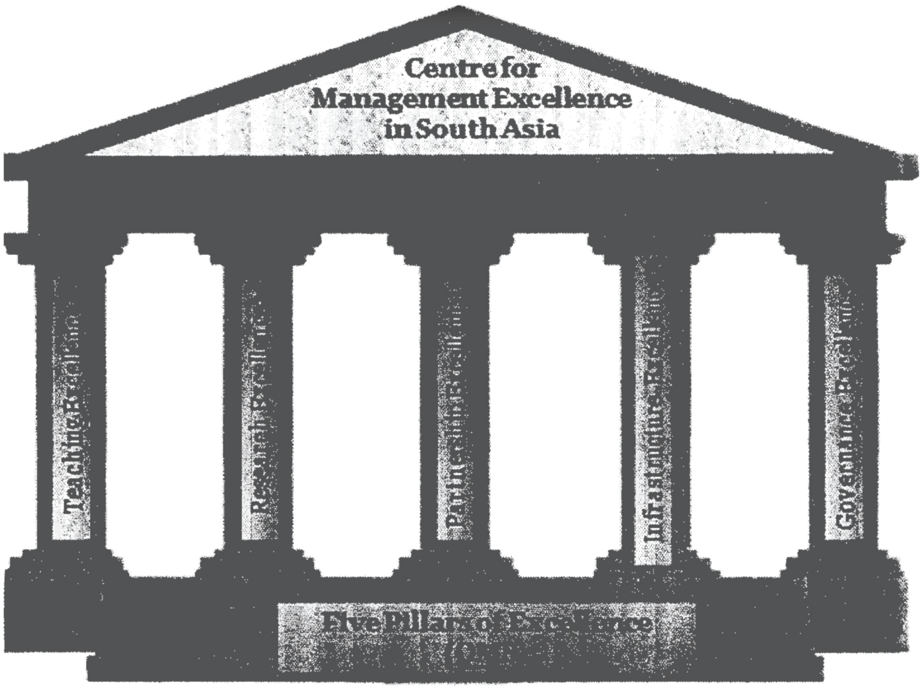
1) Is honest in conducting oneself
2) Can be trusted in handling confidential matters
3) Conducts oneself fully within the rules and regulations of the institution
4) Cannot be manipulated for unethical actions
5) Keeps the institution's needs ahead of one's interest

Mindfulness: Paying attention to purpose and actions in doing things with self-awareness

Key Behavioural Indications (KBIs)

1) Pays attention to details
2) Is aware of the needed actions in any given moment
3) Looks at situations unbiased with and open mind
4) Has complete focus on tasks at hand
5) Is efficient in utilizing time

3 GOALS



PIM's five goals for the next five years are as follows:

Goal One: To enhance the quality, relevance and scope of its academic programmes;

Goal Two: To work towards excellence in research and publications;

Goal Three: To foster partnerships with industry, universities and professional associations;

Goal Four: To develop physical resources to offer an environment that is increasingly conducive to academic, research and consultancy, and

Goal Five: To improve administrative and financial efficiency to facilitate the achievement of Goals (i)-(iv)

4 DIRECTOR'S REVIEW

Thirty three years ago, when PIM headed by its founder Director embarked on the national task of developing managers for Sri Lanka through the special management programme introduced at the Division of Postgraduate Studies, there was little concern in the country, both in the private and public sectors, about advanced management education. In this context, the founder Director negotiated with the Canadian International Development Agency (CIDA) to obtain assistance to set up an MBA degree programme in Sri Lanka. Though in the early 1980's a monopolistic market existed in the country, now, more than 30 years later, the market for MBAs has become very competitive.

Eight universities in the country offer MBA programmes while over a dozen private, off-shore MBA programmes too compete with PIM. These latter programmes are advertised extensively using foreign funds and charge fees in excess of double that of PIM for their MBA programmes. Competition comes from lowering entry qualifications and the use of the faculty of the local universities as resource persons with their 'prestigious' name tags. These are the key challenges to PIM, the institution that has taken the bold initiative to operate on self-generated funds. The competitor private educational institutions are not hampered by the restrictions that PIM faces. Owing to its self-imposed initiative to be self-sufficient, PIM has to earn funds to pay for salaries, utilities, supplies, transport needs, capital expenditure, taxes and maintenance, security and audit fees. This is indeed a unique situation where a public sector organization in Sri Lanka has dared to earn its upkeep covering all its expenses, both recurrent and capital, and manage the institution with a surplus.

During the year, PIM was ably guided and directed by its Board of Management and the Boards of Study on the basis of the Corporate Plan for 2012-2016. I am pleased to state that overall performance in the key result areas of (i) postgraduate level education, (ii) research and publications (iii) training and consultancy services, (iv) academic environmental enhancement and (iv) administrative and financial efficiency have been encouraging. The next few pages are devoted to provide the PIM's achievements during the year. This will be followed by sections on human resources development and administrative and financial efficiency.

Arguably the future of the public enterprises in Sri Lanka lies in maintaining a proper balance between autonomy and control. The country needs, on the one hand, to establish a self-funding, self-managed and self-regulating tradition in public enterprise undertakings, and on the other hand, ensure that the various enterprises meet some minimum standards – such as efficiency, accountability, and excellent service.

The autonomy of the Postgraduate Institute of Management (PIM) is enshrined in the enabling legislation which provides for administrative, financial and operational freedom. Moreover, the PIM does not rely on any budgetary allocations from the General Treasury, not even for its capital expenditure which includes the construction of new buildings.

In recent years, there has been a proliferation of institutes of higher learning in Sri Lanka. However, a distinction has to be made between institutes that are self-financing and institutes such as- the state universities which depend on considerable Treasury grants on an on-going basis. PIM is structurally differentiated from the vast array of such organizations in the quality of its courses, in the non-traditional modes of course delivery, group and interactive learning sessions, presence of learning facilitators in addition to formal lecturers and programmes designed on the basis of a needs analysis of clients. PIM's central intent is to transform public and private sector practitioners into professionals. Busy public officers and private sector employees are afforded learning opportunities after normal office hours, which justify incentive allowances for staff. It is imperative that PIM maintains its well-earned reputation for excellence.

For private enterprises, profitability provides the key indicator of efficiency. For state-owned enterprises, profitability may not be a sufficient indicator, given that many such enterprises are not created to maximize profits as they perform non-profit making functions. However, where a state-owned enterprise functions without being a burden on the Treasury, in our view, such activities must be promoted. Only a performance-based auditing will motivate PIM to improve its operational performance and delivery of services.

In seeking to maintain flexibility, we need a criterion for creating, managing, supervising and holding to account different types of enterprise. As a result, a wide variety of enterprises should exist, each with its own funding, reporting, personnel and governance arrangements.

The lack of financial independence and control of human resources will severely inhibit and constrain PIM's long-term development, market orientation and performance improvement. For PIM to achieve its full potential, it is very important that PIM Board of Management must possess a financial independence to some extent.

5 ACHIEVEMENTS: POSTGRADUATE EDUCATION

Postgraduate output during the year

The educational programmes were conducted successfully and on schedule. The number of postgraduate students who completed the Master's degree and Postgraduate Diploma requirements during the year is given in Table 1.

Table 1: Postgraduate Output during 2013

Programme	No.
Master of Business Administration	227
MBA Human Resource Management	31
Master of Customs Administration	59
Master of Public Administration	42
MBA International Trade & Logistics	60
Total Number of Graduates	419

Source: PIM data base

Student Enrolment during the year

The student enrolment for the Master's degree programmes during the year 2013 is given in Table 2.

Table 2: Student enrolments during 2013

Course	Nos.
Master of Business Administration	240
Master of Public Administration	55
Total	295

Source: PIM data base

Course Planning and delivery

a) Fresh attempts were made to improve the quality and relevance of the MBA programme as well as Postgraduate Diploma programmes conducted during the year. In order to stay ahead of competition, while delivering value to the student, programme curricula were improved in keeping with emerging trends and new areas of knowledge. Further, the following changes were introduced and popularized. *Redesigning course outlines:* Courses were redesigned to sharpen focus and direction. A comprehensive and clearly thought-out course structure, along with a listing of mandatory readings have helped the lecturer in terms of course preparation and delivery and the postgraduate students who are now able to prepare in advance for a particular session.

b) *Delivery mode:* Two specific changes were made. First, only a third of a three-hour session is typically devoted to the *straight lecture component,* i.e., to *tell.* The remainder of the session is devoted to *show* (e.g. showing a video), *to ask* (e.g. engage students in discussion/debate), and *to do* (e.g. do an exercise or case study). The Faculty is aware of the need to use all four modes of delivery for making a high impact on the student-managers and for achieving the desired learning outcomes.

c) *Guest lectures:* There is great need to involve key people from industry to deliver guest lectures on selected topics. These sessions are pre-planned and integrated into the course structures. These guest lectures have been useful and they in fact mark a vital point of departure between the MBA programme at PIM and that of competitors.

d) *Release of marks:* The Faculty has been set a target for the timely release of marks - six weeks from the date of the final exam. This is closely followed up, and constitutes a KPI for the faculty.

e) *Student evaluation:* This is an important assessment of the student's perception of a course. The semester-end evaluation by students is summarized and the respective faculty members are informed of their performance as perceived by student-managers. An overall evaluation of 4 on a scale of 1-5 is expected from each faculty member.

f) *Residential Workshops:* An important feature of programme delivery is residential workshops. They are usually held in locations away from Colombo. Two such workshops for the benefit of MBA & MPA students were held during the year. They helped students and faculty to deliberate on selected issues in an environment of calm that promotes creativity and camaraderie among students.

6 RESEARCH AND PUBLICATIONS

Research in management in Sri Lanka is still in its infancy. We have yet to develop a research tradition in the discipline. The challenge is to formulate the paradigm in which our research efforts should be directed. As we perceive it, the principal objective of research is to go in search of an indigenous core for the enrichment of management as a profession. Towards this end, we seek methods and logical approaches to research through which the quality of research outputs can be elevated to acceptable levels.

During the year 2013, 192 student research projects were completed which are available in hard-bound form in the PIM library.

Publications

Satisfactory progress was shown in the area of publications during the period under review.

i) *PIM Presentation guidelines:* An up-dated edition of handbook titled *PIM Presentation Guidelines* designed to promote uniformity in the writing and presentation of material by PIM staff and students was published. The book lays down the standard set of rules and guidelines for compliance and is largely based on the guidelines set out in the Manual of the American Psychological Association. The Faculty has also contributed to the compilation of the publication.

ii) *Sri Lankan Journal of Management (SLJM)*: The quarterly Journal of the Institute, started in 1996, continues to provide a forum for publication and discussion. Two bumper issues of SLJM were published during the year 2013. The principal objective of SLJM is to provide a medium for addressing issues of relevance in management and for disseminating results of excellent research projects of the Faculty and of students. Those from industry are also invited to send in their contributions for publication.

iii) *The Professional Manager*: This bi-annual magazine was launched, in addition to the SLJM, to cater to the emerging needs of the modern manager. It disseminates cutting edge management knowledge in a style that is easy to comprehend without a particular functional bias. Issues that are topical and significant for today's managers operating in a complex and turbulent environment are given emphasis in *The Professional Manager*. Two issues of the publication were printed during 2013.

iv) During the year under review 36 articles authored by faculty and students were published in the local press.

Table 3: Research, Innovation and Publications

Subject	Published	Commercialized	Presented
a. No. of Researches of MBA students	--	--	192
b. No. of Journals	02	02	
c. No. of Magazines	02	02	
d. No. of Books	02	02	
e. No. of Articles (in the press)	36	(appeared in the daily press)	
Total	42	06	192

Source: PIM data base

7 TRAINING AND CONSULTANCY

PIM takes pride in conducting client-focused training for employees of organizations in its efforts to be a working partner of the business community. The clients include both public and private sector institutions engaged in manufacturing and services such as banking, finance and insurance. During the year nine such short- to medium-term training programmes were conducted for seven organizations as illustrated in Table 4.

Table 4: Management Development Programmes conducted in 2013

	Organization	Programme
1	Hayleys PLC (Batch 1)	Management Development Training Programme for Middle Management of the Company
2	John Keells Holdings PLC	Management Development Training Programme for Middle Management of the Company
3	University Grants Commission	Management Development Training Programme for Senior Executives of UGC
4	Peoples Leasing & Finance PLC	Management Development Training Programme for Branch Managers of the Company
5	Hayleys PLC (Batch 1)	Management Development Training Programme for Middle Management of the Company

Source: PIM data base

As a matter of policy, PIM also undertakes management consultancy assignments which are likely to contribute towards improving the content and skills of faculty teaching through exposure to practical management problems. In 2013 a number of management consultancies were successfully completed in the areas of corporate planning, organizational re-structuring, job analysis and remuneration policy, training and development *and* institutional development.

8 ACADEMIC AND PHYSICAL ENVIRONMENTAL ENHANCEMENT

PIM is fully aware of the need to pay considerable attention to academic and environmental enhancement, which it has continued to do during the year as shown below:

Annual Faculty Retreat

The annual Faculty Retreat of the Institute was held on November 23-24, 2013 at the Light House Hotel, Galle. Its main objective was to deliberate on the *status quo* of the Institute in respect of all its major functions and operations with a view to effecting improvements and repositioning itself to meet current and future demands and achieve greater success for the Institute . In fact, a worthwhile Faculty Retreat can breathe new life into the academic community, and the content of a well-organized retreat can contribute to the development of the Institute's identity and can inspire a shared sense of reflection and forward movement. These objectives were attained to a large extent at this year's Annual Faculty Retreat.

The 5 M framework for development

In order to take PIM forward in the years ahead, the five dimensional programme which had already been adopted was continued with even greater vigour. It involved constant involvement in the 5 M, viz., Market, Members (faculty and staff), Mentors (faculty assigned to provide individual help and guidance and feedback), Monitors (appointing class representatives for each batch) and MBA's (work with Alumni of PIM). Emphasis was given to working with these stakeholders through the deliberations at Faculty meetings and meetings organized with the participation of other stakeholders.

ISO 9001-2008 status for PIM

Obtaining the ISO 9001-2008 certification in 2012 was one of the greatest achievements in our history. PIM is the only higher educational Institution in the University system in Sri Lanka which has obtained this certification to-date. The process leading to the certification was most rewarding as it resulted in effecting improvements in the academic arena comprising teaching, learning and evaluation as well as academic, administrative and financial administration.

Expansion of library

Expansion of the Library (including the video library) continued in year 2013. A sum of Rs.2 million was set aside for the purpose. The library was further upgraded to accommodate more users, and the facilities, viz., research collection and information assistance, inter-library loans, subject bibliographies and displays, internet connectivity and videos. The automated catalogue system was further up-graded to provide better service to students.

By end of the year 2013, over 30,000 books on management and related areas, and over 40 journals and periodicals had been made available for the readership. In order to ensure an efficient service, the bar coded circulation system was further upgraded as part of library modernization.

Enhanced facilities for staff and students

In order to provide better facilities for students the following enhanced facilities were introduced during the year:

- *Physical Training Centre:* Many postgraduate students who follow the MBA programs of the Institute are unable to strike the vital *work-life-learn* balance. PIM students ought to appreciate the need to manage the four facets of life, namely, physical, mental, social, and spiritual. The Physical Training Centre, which helps achieve this objective, was upgraded with new equipment.
- *Web-based student progress reporting system*: The system was developed for MBA/MPA students to find out their up-to-date individual academic performance during the programme, marks gained in each course, course averages, and their standing *vis a vis* others in the batch. The system was further upgraded during the year.
- *Expansion of the car park:* The car park was further expanded to accommodate more vehicles for the benefit of postgraduate students following evening lectures after office.
- *Maintenance and refurbishing work:* The PIM building was colour washed and maintenance work in all areas continued. Lecture rooms and lecturers' cubicles wherever necessary, were refurbished. New chairs and tables were provided both in the students' study areas and lecture rooms. Further, old sound systems in some of the lecture rooms were replaced with new ones.

- *Introduction of an automated bar code system for recording attendance:* This removed the need for a manual register of student attendance. This was further upgraded to enable the students to view their attendance rate daily *via* the student learning portal.

- *Introduction of on-line services:* On-line uploading of course material, on-line student evaluation of faculty members, and on-line updating of students' course marks continued during the year. The bulk SMS system introduced to communicate with students on urgent matters became more popular during the year,

PIM Building Project Stage II

A project proposal for the construction of Stage II of the PIM building complex was approved by the Cabinet of Ministers in June 2012. The total project cost is estimated at Rs. 171 million. The Institute intends to commence the project in the near future and the funds generated by the Institute will be utilized to complete a substantial part of the building. On completion of the building the Institute will be in a position to provide extended and expanded services to the students as well as to the corporate community.

Publicity and Image

A conscious effort was made to publicize all PIM activities/events carried out in 2013 with press and TV coverage, thus increasing the visibility of PIM. The PIM website which is regularly upgraded also covers the special events conducted by the Institute.

Introduction of m-Learning Facility

PIM signed an MOU with Mobitel Pvt Ltd to facilitate MPA students to follow the program on-line using the live lecture software. This live lecture feature enables the lecturers to deliver lectures on line using the live lecture software. The live lecture feature enables delivering lectures simultaneous through multimedia modes such as video, power point presentations and voice.

9 HUMAN RESOURCES DEVELOPMENT

During the year both Faculty as well as non-academic staff rendered yeomen service to the achievement of institutional goals.

Faculty resources

Over a period of three decades, the Institute has accumulated a wealth of experience in adult learning, research and consultancy. Most of the teachers of the Institute today have been at the task for many years, and hence they form a core team of academics who set standards, integrate locally-found knowledge regularly into the curricula, and coordinate with other faculty members with speed and flexibility. The teaching faculty was engaged in the conduct of course work and the supervision of research papers and skills projects of Master's and Doctoral level students.

Table 5: Academic Staff:

	Senior Professor	Professor	Senior Lecturer	Consultants	Visiting Consultants
	-	01	01	04	30
Total	01	01	01	04	30

Source: PIM data base

Faculty Resources

Over a period of two decades, PIM accumulated a wealth of experience in adult learning, research and consultancy. Most of the teachers of the Institute today have been at the task for many years, and hence they form a core team of academics who set standards, integrate locally found knowledge into regular curricular, and coordinate among the many faculty members with speed and efficiency. The faculty team comprised permanent teachers, teachers on contract and visiting academics and professionals:

Dr. Arosha Adikaram
BBA (Col.), MA (Col.), Ph. D. (col.)

Mr. Indrajit Aponso
B. Sc. (Col.), MA (Col.), M. Phil. (Hong Kong)

Mr Sisira Athuraliyage
B.Sc. Natural Sciences, (Ruhuna), M.Sc. Comp. Sc. (Col.)

Dr. Traci Carte
B. Sc. (Wright State), mba, ph. D. (Georgia)

Dr Ajantha Dharmasiri
B.Sc. Eng. (Moratuwa), MBA (PIM-USJ), Ph. D. (PIM-USJ), C.Eng, MIE (SL)

Mr Ravi Edirisinghe
MBA (PIM-USJ), ACMA (UK), FSCMA

Prof David Evans,
BA (Hons.), M.Sc., Dip. Ed.

Mr Harsha Fernando
LLM (London), MBA (Nanyang), Attorney-at-Law
Dr Lloyd Fernando
M.Sc. (Moscow), Ph.D. (Sussex)

Prof. Mangala Fonseka
B.Sc., MBA (Col.), FCMA, FCMA (UK)

Mr Mario Fonseka
MCIM (UK), FSCMA, MBA (PIM-USJ)

Prof. Tilak Fonseka
BA (Cey.), LLB (Çol.), MBA (PIM-USJ), MA (Col.), Ph.D. (PIM-USJ),Att-at-Law

Dr Penelope Hood
DMS (Ed), M.Sc. (Edu. Mgt.), Ph.D. (Anglia)

Mr Mafaz Ishaq
B.Sc. (Eng), M.Sc. (Econ), M.Sc. (Eng), CISA

Mr Sanjeev Jayaratnam
C.Eng, MBCS, B.Sc (Manchester), MBA (PIM-USJ)

Mr Tissa Jayathilake
BA (Cey.), MA (Wake), MPA (PIM-USJ)

Dr A. K. L. Jayawardana
B.Tech. (Mad.), MBA (PIM-USJ), Ph.D. (Canb.)

Mr K. A. I. Kalyanaratne
BA (Cey.), MBA/HRM (PIM-USJ), ACIT (UK)

Prof. Uditha Liyanage
Dip. M, FCIM, MBA (PIM-USJ), Ph.D. (PIM-USJ)

Mr N. Nirmalan
MPM (USQ), B.Sc. (Hons) Comp & IS (LGU), MCS (Sri Lanka)

Prof. Henerath Opatha
B Sc (Bus. Adm) (USJ), M Sc (HRM)(USJ), MBA (Birmingham), PHD (UUM), Doc. HRM IIU)

Dr Travis Perera
MIED (UK), MBA (PIM-USJ), Ph. D. (PIM-USJ)

Mr Wellington Piyadasa
FCMA, FPFA, P.G. Dip. M.P. (UCD), P.G. Dip. SCF (ICASL), MBA (UCD)

Mr Carlton Samarajiwa
BA (Cey.), B.Ed, (Queensland), Dip. Ed. (Lond.), Dip. TEFL (Sydney)

Prof. Satish Shinde
M.Sc., MBA, Ph.D (Pune)

Dr Arul Sivagananatha
B.Eng. (Hons.) (London), AMIE (SL), FCMA (UK), MBA (Cranfield), Ph.D. (USA)

Dr WickremaWeerasooria
LLB (Pera.), Ph.D. (London), Attorney-at-Law

Mr SenakaWeerasooria
B.Sc. (ANU), MIT (Canberra)

Mr Sunil Wijesinghe
FCMA, C.Eng, MBA (PIM-USJ)

Non-academic Staff

The Institute was staffed by 28 full-time employees during the year. Janitorial services, cleaning, security and cafeteria facilities were outsourced.

Details of non-academic staff appear in Table 6.

Table 6: Details of Non- Academic Staff

Faculty/Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Administration & Academic Affairs		01	06	03
IT Centre		01		01
Library		01	04	-
Director's Office	01	-	01	-
Training & Publications	01		01	
Public Policy Division	01	01	02	
Finance	01	-	02	-
Total		28		

Source: PIM data base

10 ADMINISTRATIVE AND FINANCIAL EFFICIENCY

This has been a satisfactory year for the Institute in administrative and financial efficiency spheres as is reflected in the following statements:

Comparative Recurrent expenditure figures appear in Table 7.

Table 7: Recurrent Expenditure: 2011(Rs) 2012(Rs) 2013 (Rs)

Subject		2011	2012	2013
a.	Personal emoluments	24,133,316	27,170,448	34,473,451
b.	Travelling	3,115,621	3,332,195	2,367,507
c.	Supplies	5,353,740	7,509,525	8,863,732
d.	Maintenance	4,120,723	3,181,931	4,032,681
e.	Contractual Services	14,572,852	17,360,808	18,952,907
f.	Other	18,588,791	35,259,370	40,261,864
g.	Project Nature Expenditure	20,827,188	29,752,511	20,775,283
Total Expenditure		90,712,231	123,566,788	129,727,425

Source: PIM data base

Comparative capital expenditure figures appear in Table 8.

Table 8: Capital Expenditure

Subject		2011 (Rs)	2012 (Rs)	2013 (Rs)
a.	Acquisition of furniture & office equipment	3,229,540	4,535,905	4,885,334
b.	Acquisition of machinery	-	5,676,652-	5,676,652
c.	Acquisition of buildings and structures	-	-	-
d.	Other (Library books, Motor vehicle, Cloaks)	10,073,420	649,320	1,193,395
e.	Rehabilitation & Renovation of Land & Building	3,243,526	282,373	393,400
Total		16,546,486	11,144,250	6,472,129

Source: PIM data base

The locally funded projects appear in Table 9.

Table 9: Projects (Local)

Name & Detail	Loan / Grant	Funding Agency≠	TCE Rs.	RFA Rs.	DF Rs.
-	-	-	-		
Total					

Source: PIM data base

Comparative locally funded project expenditure appear in Table 10.

Table 10: Project Expenditure (Local):

Name	**TCE Rs.**	**Exp. in 2012 Rs.**	**Exp. in 2013 Rs.**	**Cumulative Exp. As at 31.12.2013**	**% of Physical Progress**
Postgraduate Diploma in e Government Programme	22,829,257	9,745,650	1,818,845	22,829,257	100%
Total	22,829,257	9,745,650	1,818,845	22,829,257	

Comparative financial progress figures of expenditure appear in Table 11.

Table 11: Financial Progress (Expenditure)

Subject	**Provision in 2013 Rs.**	**Expenditure in 2013 Rs.**	**Savings/Excess Rs.**
a. Recurrent except Project	110,845,000	129,727,425	(18,882,425)
b. Capital except Project	7,200,000	6,472,129	727,871
c. Project – Local funded	5,000,000	6,347,835	1,347,835
d. Project – Foreign funded	1,818,845	1,818,845	-
Total	124,863,845	136,199,554	(16,806,719)

Source: PIM data base

Comparative financial progress figures of generated income appear in Table 12.

Table 12: Financial Progress (Generated Income)

Source of Revenue	Provision in 2013 Rs.	Collection in 2013 Rs.	Deficit/Surplus Rs.
Undergraduate Studies	-	-	-
Postgraduate Studies	103,200,000	90,399,980	(12,800,020)
Consultancies	12,000,000	13,654,988	1,654,988
Other	54,154,000	66,456,744	12,302,744
Total	169,354,000	170,511,712	1,157,712

Source: PIM data base

Financial Performance Analysis, 2013:

During the year, the Institute did not receive any funds from government sources, in keeping with the policy of self-financing of the Institute, which started in 1997. Since that year, PIM has not received any funds from the University Grants Commission or Treasury for recurrent expenditure.

Financial performance analysis figures of 2013 appear in Table 13.

Table 13: Financial Performance Analysis, 2013

Subject	Formula	Exp. Per Student Rs.
Recurrent Expenditure (RE) per Student	RE / No. of Student Strength	182,250
Capital Expenditure (CE) per Student (CE)	CE / No. of Student Strength	9,703
Total		

Source: PIM data base

11 BOARD OF MANAGEMENT

The following formed the Board of Management which is the academic and executive body of the Institute

Ex-officio Members:

Prof. Uditha Liyanage, Director and Chairman of the Board
Secretary, Ministry of Higher Education *(Rep. Mr Piyasena Ranepura)*
Secretary, Ministry of Public Administration *(Rep. Mr J. Dadellage)*
Secretary, Ministry of Finance *(Rep. Mr E. M. S. B. Ekanayake)*
Director General, National Institute of Business Management *(Dr. E. A. Weerasinghe)*
President, Institute of Chartered Accountants, Sri Lanka *(Mr Sujeewa Rajapakse)*
President, Institution of Engineers, Sri Lanka *(Dr Ananda Ranasinghe)*
Chairman, Ceylon Chamber of Commerce *(Dr Susantha Ratnayake)*
Dean, Faculty of Management Studies and Commerce, USJ *(Prof. Sampath Amaratunga)*
Director, Sri Lanka Institute of Development Administration *(Mr. B. Wijayaratne)*

Members appointed by the University Council:

Prof. Abeyratne Bandara, *Dept. of Finance, University of Sri Jayewardenepura*
Mr T. Dharmarajah, *Council Member, University of Sri Jayewardenepura*
Dr H. M. A. Herath, *Department of Public Administration, University of Sri Jayewardenepura*
Prof H. H. D. N. P. Opatha, *Dept. of HRM, University of Sri Jayewardenepura*

Members Appointed by the University Grants Commission:

Mr Hussein N. Esufally, *Chairman, Hemas Holdings PLC*
Mr B. R. L. Fernando, *Chairman, CIC Holdings PLC*
Dr Neville Gunawardena, *Director General of Customs*
Dr Saman Kelegama, *Director, Institute of Policy Studies*
Dr Wickrema Weerasooria, *Insurance Ombudsmen of Sri Lanka*

12 BOARD OF STUDY

The Board of Study of the Institute regulated the matters connected with teaching, examinations and research during the year and it was represented by the following members.

Board of Study in Business Administration

Prof. Uditha Liyanage, *Director, PIM (Chairman)*

Prof. Sampath Amaratunga, *Dean, Faculty of Management Studies and Commerce, USJ*

Prof. David Evans, *Visiting Professor*

Mr. Eardly Perera, *Director, Dunamics Capital PLC*

Dr. Travis Perera, *Senior Consultant, PIM*

Dr. G. C. B. Wijeyesinghe, *Chartered Accountant*

Mr. M. R. Prelis, *Company Dirctor*

Board of Study in Public Administration

Prof. Uditha Liyanage, *Director, PIM (Chairman)*

Dr. Anura Ekanayake, Chairman, *Ceylon Chamber of Commerce*

Prof. A. K. W. Jayawardena, *Vice Chancellor, University of Moratuwa*

Prof S. W. Ranasinghe, *Professor in Management, The Open University of Sri Lanka*

Dr. Lloyd Fernando, *Program Director (Public Policy), PIM*

Dr. Jayampathy Wickremaratne, *President's Counsel*

Dr. Wickrema Weerasooria, *Insurance Ombudsman in Sri Lanka*

13 FUTURE PLANS

PIM should pay a greater attention to improve the quality of research reports of the students. In addition to the content of reports presentation aspects need improvement. Students should also be exposed to larger doses of qualitative and mixed research methods. A concerted effort should also be made to get the Sri Lankan Journal of Management attain ranked status for which enhancement of quality of research outputs of staff seems important. Thus, the need to set up a Research Centre within the institute looms large.

In addition, attempts must be made to enhance the MPA programme conducted by the Institute both in terms of contents as well as method of delivery. Use of blended learning methods using information technology could be useful as it will ensure participation of students from distant parts of the country.

PIM and its core programme, the MBA, have over the years been competitive amidst growing competition. Relevance and quality were the two key success factors. It is the institute's endeavor to continue to excel in its chosen areas of activity, the MBA, MPA & Ph. D, core programmes, and research while paying greater attention to Executive Development Programmes (EDP) which are tailor-made to meet the specific training and development needs of clients, especially from the private sector. Infra-structure development, with expansion of the Faculty and their continuous development will enable the above mentioned programmes of study research, and training to be delivered as planned.

Dr. Ajantha Dharmasiri
Actg. Director

December 31, 2014

RESPONSIBILITY STATEMENT OF THE BOARD OF MANAGEMENT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013 POSTGRADUATE INSTITUTE OF MANAGEMENT OF UNIVERSITY OF SRI JAYEWARDENEPURA

The financial statements of the Postgraduate Institute of Management of University of Sri Jayewardenepura for the financial year ended 31st December 2013 have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) and the form and manner specified by the University Grants Commission in terms of the relevant Sections of the Universities Act No. 16 of 1978 and the Finance Act No. 38 of 1971.

Financial Statements have fulfilled the relevant conditions and complied with the rules and procedures prescribed by the University Grants Commission and the Financial regulations of the Finance Act No. 38 of 1971. The systems of financial controls have been maintained as far practicable to ensure propriety of transactions and efficiency in expenditure. To the best of our knowledge the financial statements for the year ended 31st December 2013 have been prepared satisfactorily and exhibits a true and fair view of the Postgraduate Institute of Management of University of Sri Jayewardenepura.

Professor K B M Fonseka
Director,
On behalf of the Board of Management
Postgraduate Institute of Management of
University of Sri Jayewardenepura

May 30, 2014

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF FINANCIAL PERFORMANCE

(EXPRESSED IN SRI LANKAN RUPEES)

	31 Dec 2013	31 Dec 2012
Revenue		
Registration fees (Postgraduate)	96,650.00	222,600.00
Tuition Fees (Postgraduate)	90,399,979.75	92,193,844.00
Examination Fees(Postgraduate)	612,275.00	497,500.00
Management Development Programmes	13,654,987.50	9,927,650.00
MPA Programme	14,603,310.00	13,095,000.00
Application Fees	533,000.00	497,500.00
Convocation Fees	4,820,000.00	17,000.00
	124,720,202.25	**116,451,094.00**
Other Revenue		
Interest on Investments	22,671,238.58	8,898,220.37
Interest on Loans & Advances	82,061.89	67,584.52
Rent from Properties	12,149,925.00	10,034,350.00
Sale of Old Store Items	113,050.00	-
Miscellaneous Receipts	5,202,315.94	3,056,633.64
Sale of Used Generator	-	327,927.60
Foreign Exchange Gains	29,956.85	160,556.66
CIO Programme	-	13,392,026.75
CIO Project (E-Government)	1,375,000.00	12,375,000.00
Sale of Publications	1,932,400.00	404,700.00
Library Fines & Fees	155,562.50	135,230.00
Extension Course on Public Policy For Business Leaders	1,980,000.00	-
Research Workshop	100,000.00	-
	45,791,510.76	**48,852,229.54**
Administrative Expenses		
General Administration & Staff Services	48,517,182.97	43,416,798.82
Academic Services	38,023,856.24	27,554,418.37
Teaching Resources	5,019,540.10	3,231,730.21
Ancillary Activities	3,785,460.38	3,502,516.40
Management Development Programe	10,768,067.95	5,908,875.00
MPA Programme	6,347,835.60	8,385,686.67
CIO Programme	-	5,812,296.93
CIO Project (E-Government)	1,818,845.60	9,745,650.00
Miscellaneous Payments	187,478.14	99,740.63
Expenditure for PIM Publications	612,793.07	3,765,506.00
Extension Course on Public Policy For Business Leaders	1,716,135.00	
Research Workshop	124,400.00	-
Depreciation	12,805,830.19	12,143,569.42
	129,727,425.24	**123,566,788.45**
Surplus / (Deficit) for the year	**40,784,287.77**	**41,736,535.09**

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

(EXPRESSED IN SRI LANKAN RUPEES)

	Note	31 Dec 2013	31 Dec 2012
Assets			
Non - Current Assets			
Property, Plant & Equipment	11	65,715,876.74	72,049,578.17
Current Assets			
Inventory	12	5,079,790.68	1,791,236.98
Debtors		1,641,000.00	1,641,000.00
Loans and Advances to Staff	13	2,399,094.39	2,186,961.61
Advances		7,500.00	922,000.00
Prepayments		175,855.36	1,763,565.62
Deposits	14	11,715,884.34	11,653,000.72
Fixed Deposits	15	201,625,919.11	146,497,211.60
Cash & Cash Equivalents	16	27,836,354.56	24,794,191.00
Total Assets		316,197,275.18	263,298,745.70
EQUITY AND LIABILITIES			
Equity			
Capital Grant		166,986,089.57	166,986,089.57
General Reserve		25,342,621.58	(15,441,666.19)
Donation Reserve		2,036,493.97	2,036,493.97
Endowment Fund	17	365,555.54	352,455.14
Total Equity		194,730,760.66	153,933,372.49
Non - Current Liabilities			
Provision for Gratuity		8,138,105.03	7,257,171.19
Current Liabilities			
Income Received in Advance	18	92,012,220.00	75,257,596.38
Deposits Received	19	1,919,260.51	3,483,967.65
Trade & Other Payables	20	19,396,928.98	23,366,637.99
Total Current Liabilities		113,328,409.49	102,108,202.02
Total Equity and Liabilities		316,197,275.18	263,298,745.70

I certify that the Financial Statements of the Institute comply with the requirements of the relevant sections of the Universities Act No. 16 of 1978, and ordinance No. 03 of 1985 made by the University Grant Commission.

P G Maithrieratne
Deputy Bursar

Prof. K B M Fonseka
Director

J K S Ranapura
Assistant Registrar

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2013

(EXPRESSED IN SRI LANKAN RUPEES)

	Capital Grant	General Reserve	Donation Reserve	Total
Balance as at 01 January 2012	**166,986,089.57**	**(45,092,300.52)**	**2,036,493.97**	**123,930,283.02**
Adjustments	-	(12,085,900.76)	-	**(12,085,900.76)**
Restated Balance	**166,986,089.57**	**(57,178,201.28)**	**2,036,493.97**	**111,844,382.26**
Surplus for the year	-	41,736,535.09	-	**41,736,535.09**
Balance as at 31 December 2012	**166,986,089.57**	**(15,441,666.19)**	**2,036,493.97**	**153,580,917.35**
Surplus for the year	-	40,784,287.77	-	40,784,287.77
Balance as at 31 December 2013	**166,986,089.57**	**25,342,621.58**	**2,036,493.97**	**194,365,205.12**

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

(EXPRESSED IN SRI LANKAN RUPEES)

	December 31, 2013 Rs.	December 31, 2012 Rs.
Cash Flows from Operating Activities		
Surplus / (Deficit)	40,784,287.77	41,736,535.09
Adjustments for:		
CIO Project Surplus	-	(7,579,729.82)
Depreciation	12,805,830.19	12,143,569.42
Provision for Gratuity	880,933.84	329,745.44
Interest on Loans & Advances	(82,061.89)	(67,584.52)
Profit on Sale of PPE	-	(327,927.60)
Interest on Investments	(22,671,238.58)	(8,898,220.37)
Prior Year Adjustments	-	(12,500,542.01)
Operating Profit Before Working Capital Changes	**31,717,751.33**	**24,835,845.63**
Change in Working Capital		
increase in stocks	(3,288,553.70)	8,949.66
Decrease in Sundry Creditors	-	(1,453,837.36)
Decrease in Miscellaneous Advance	914,500.00	(922,000.00)
Decrease in Pre-Payments	1,587,710.26	(1,615,551.37)
Increase in Sundry Debtors	(62,883.62)	(20,720.64)
Increase in Others (Assests)	-	(6,403,149.73)
Decrease in Deposits Received	(1,564,707.14)	1,025,574.04
Decrease in Accrued Expenses	(401,574.91)	7,101,991.81
Increase in Income Received in Advance	16,754,623.62	11,171,596.38
Decrease in Other (Liabilitie)	(3,568,134.10)	(905,606.60)
Cash Generated from Operations	**42,088,731.74**	**32,823,091.82**
Cash Flows from Investing Activities	-	-
Purchase of Land and Building	(393,400.00)	(282,373.48)
Purchase of Lab and Teaching Equipment	(585,625.00)	(1,451,052.00)
Purchase of Library Books and Periodicals	(1,193,394.50)	(531,439.61)
Purchase of Motor Vehicle	-	(117,880.00)
Purchase of Office Furniture and Equipment	(4,299,709.26)	(3,084,852.87)
Sale of Vehicle	-	-
Decrease in Loan & Advances	(212,132.78)	110,417.00
Profit on Sale of PPE	-	327,927.60
Purchase of Plant & Machinery	-	(5,676,652.80)
Investments	(55,128,707.51)	(45,121,921.60)
Interest on Loan & Advances	82,061.89	67,584.52
Interest on Investments	22,671,238.58	8,898,220.37
Net Cash Flows From/(used in) Investing Activities	**(39,059,668.58)**	**(46,862,022.87)**
Cash Flows from Financing Activities		
CIO Project Fund	-	2,122,089.00
Endowment Fund	13,100.40	13,100.40
Vehicle Leasing	-	-
Net Cash Flows From Financing Activities	**13,100.40**	**2,135,189.40**
Net Change in cash and cash equivalents During the Year	3,042,163.56	(11,903,741.65)
Cash and cash equivalents at beginning of the Year	24,794,191.00	36,697,932.65
Cash and Cash Equivalents at the end of the Year	27,836,354.56	24,794,191.00

Cash and Cash Equivalents at the End of the Year Represents By;		December 31, 2013	December 31, 2012
Cash at Bank		27,836,354.56	24,794,191.00
		27,836,354.56	24,794,191.00

POSTGRADUATE INSTITUTE OF MANAGEMENT OF UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST DECEMBER 2013

1. **Reporting Entity**

The Postgraduate Institute of Management (PIM) is a semi-autonomous body affiliated to the University of Sri Jayewardenepura, established in 1986 by Ordinance under Universities Act No. 16 of 1978.

Its objectives are to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research and development in various branches of Management and Administrative Studies.

The Institute provides facilities for over 500 students at a time and it houses the lecture halls, faculty rooms, IT Centre, library and a cafeteria. The Institute maintains a professional and modern outlook in terms of quality of the premises, lecture theatres and educational equipment.

As a unique higher learning institution in the university system of Sri Lanka, PIM is self-financed and has been so since 1998. The PIM has produced over 2500 MBA and MPA Graduates and Diplomas.

2. **Management's Responsibility for Financial Statements**

The governing body (Board of Management) is responsible for the preparation and fair presentation of financial statements in accordance with the Sri Lanka Public Sector Accounting Standards.

3. **Statements of Compliance**

The financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS), Universities Act No. 16 of 1978 and Finance Act No. 38 of 1971.

Comparative Information

The accounting policies have been consistently applied by the Institute and are consistent with those of previous years. The previous year's figures have been indicated for the comparison purpose.

4. **Property, Plant & Equipment**

(a) Cost

Property, Plant and Equipment are recorded at cost less accumulated depreciation.

(b) Depreciation

Provision for depreciation is calculated using a straight-line method on the cost of all Property, Plant and Equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal installments.

Notes to the Financial Statements continued on Page 7

The annual rates used are

Buildings	5%
Furniture & Equipment	10%
Plant & Machinery	10%
Laboratory & Teaching Equipment	20%
Office Equipment	20%
Motor Vehicles	20%
Cloaks	20%
Books & Periodicals	20%

Depreciation of Property, Plant and Equipment is provided when Property, Plant and Equipment are available for use.

5. Investments

Investments which consist of short term fixed deposits are stated at cost.

6. Current Liabilities

Current Liabilities in the statement of the Financial Position are those expected to fall due within one year from the date of the Statement of the Financial Position.

7. Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

As required by LKAS 19, the Institute has provided for gratuity liability based on the gratuity formula method.

According to the Payment of Gratuity Act No. 12 of 1983, the liability for payment arises on completion of 5 years continuous service by an employee.

(b) Defined Contribution Plans- University Provident Fund, Universities Pension Fund & Employees Trust Fund

In case of employees who not opted for the Pension scheme, Institute contributes 15% of gross emoluments of employees (inclusive of cost of living allowance) to University Provident Fund.

In case of employees who have joined the Pension scheme, the Institute contributes 7% and 8% of gross emoluments of employees to Universities Provident Fund and Universities Pension Fund respectively.

The Institute's contribution to the Employees Trust Fund is 3% of the gross emoluments of employees.

Notes to the Financial Statements continued on Page 8

8. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Institute and associate cost incurred or to be incurred.

(a) Tuition Fee

Revenue from students as tuition fee is recognized on a time proportion basis.

(b) Interest from Investment

Interest from fixed deposits is recognized on accrual basis.

(c) Income from Projects

Income from project is recognized on completion basis.

(d) Others

Other income is recognized on accrual basis

9. Expenditure Recognition

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Institute and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income.

10. Cash flow Statement

Cash and cash equivalents as referred in the Cash Flow Statements comprise cash in hand and demand deposits.

The Cash Flow Statement has been prepared by using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Public Sector Accounting Standard No. 2 on Cash Flow Statement.

Notes to the Financial Statements continued on Page 9

POSTGRADUATE INSTITUTE OF MANAGEMENT UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST DECEMBER 2013

(EXPRESSED IN SRI LANKAN RUPEES)

11. Cost - Property, Plant and Equipment

11

Description	Balance as at 01 January 2013	Additions / (Disposals)	Balance as at 31 December 2013
Land	5,000,000.00	-	5,000,000.00
Rehabilitation & Renovation of Land & Building	25,471,529.74	393,400.00	25,864,929.74
Office Furniture & Equipment	22,359,847.27	1,553,087.13	23,912,934.40
Lab & Teaching Equipment	26,582,977.31	585,625.00	27,168,602.31
Library Books & Periodicals	20,564,124.50	1,193,394.50	21,757,519.00
Motor Vehicle	12,814,997.00	-	12,814,997.00
Cloaks	2,074,527.00	-	2,074,527.00
Office Fittings & Equipment	3,050,032.04	-	3,050,032.04
Office Equipment	17,558,620.10	2,746,622.13	20,305,242.23
Plant & Machinery	5,872,567.80	-	5,872,567.80
Constructed Building	60,616,211.37	-	60,616,211.37
	201,965,434.13	**6,472,128.76**	**208,437,562.89**

Accumulated Depreciation

Description	Balance as at 01 January 2013	Charge for the Year	Balance as at 31 December 2013
Rehabilitation & Renovation of Land & Building	5,234,064.73	1,284,356.48	6,518,421.21
Office Furniture & Equipment	15,796,147.43	258,165.70	16,054,313.13
Lab & Teaching Equipment	18,312,111.09	1,553,023.42	19,865,134.51
Library Books & Periodicals	16,081,732.22	1,197,185.17	17,278,917.39
Motor Vehicle	7,945,522.87	2,361,464.40	10,306,987.27
Cloaks	1,398,905.00	249,760.00	1,648,665.00
Office Fittings & Equipment	2,853,323.60	85,666.12	2,938,989.72
Office Equipment	13,696,654.58	2,213,841.56	15,910,496.14
Plant & Machinery	401,310.20	571,556.78	972,866.98
Constructed Building	48,196,084.24	3,030,810.56	51,226,894.80
	129,915,855.96	**12,805,830.19**	**142,721,686.15**
Written Down Value	**72,049,578.17**		**65,715,876.74**

12. Inventory

	31 Dec 2013	31 Dec 2012
12 Central Stores - Publications (Local)	4,184,566.28	896,012.58
- Retail outlet	62,312.40	62,312.40
Publications (International Centre)	832,912.00	832,912.00
	5,079,790.68	1,791,236.98

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST DECEMBER 2013

	(EXPRESSED IN SRI LANKAN RUPEES) 31 Dec 2013	31 Dec 2012
13 Loans and Advances to Staff		
Distress Loan	1,974,489.28	1,881,843.83
Staff Loan	25,513.33	10,550.00
Computer Loan	81,065.93	61,530.00
Vehicle Loan	310,525.85	221,187.78
Festival Advance	7,500.00	11,050.00
Special Advance	-	800.00
	2,399,094.39	2,186,961.61
14 Deposits		
Deposits (International Centre)	438,000.00	438,000.00
CIO - Receivable	-	5,250,000.00
MPA - Receivable	440,000.00	-
Interest Receivable	8,538,384.34	5,965,000.72
Receivable in Sale of Publication	417,000.00	-
Receivable in PHD Programe Fee	1,882,500.00	-
	11,715,884.34	11,653,000.72
15 Fixed Deposits		
F/D No 220141 (BOC)	35,000.00	35,000.00
F/D No 220209 (BOC)	50,000.00	50,000.00
F/D No 220018 (BOC)	43,690.00	43,690.00
F/D No 220267 (BOC)	40,000.00	40,000.00
F/D No 8551587 (BOC)	1,181,136.86	1,000,000.00
F/D No 8551588 (BOC)	1,181,780.82	1,000,000.00
F/D No 9543899 (BOC)	3,034,600.20	2,697,422.40
F/D No 9680349 (BOC)	2,000,000.00	2,000,000.00
F/D No 9680373 (BOC)	2,000,000.00	2,000,000.00
F/D No 9680289 (BOC)	2,000,000.00	2,000,000.00
F/D No 9680400 (BOC)	2,000,000.00	2,000,000.00
F/D No 9680415 (BOC)	2,000,000.00	2,000,000.00
F/D No 9717250 (BOC)	2,000,000.00	2,000,000.00
F/D No 9735361 (BOC)	2,000,000.00	2,000,000.00
F/D No 9735355 (BOC)	2,000,000.00	2,000,000.00
F/D No 9798584 (BOC)	2,000,000.00	2,000,000.00
F/D No 9798615 (BOC)	2,000,000.00	2,000,000.00
F/D No 9798638 (BOC)	2,000,000.00	2,000,000.00
F/D No 9802042 (BOC)	2,000,000.00	2,000,000.00
F/D No 9802088 (BOC)	2,000,000.00	2,000,000.00
F/D No 70393465 (BOC)	2,639,223.90	2,365,680.00
F/D No 70393475 (BOC)	2,639,223.90	2,365,680.00
F/D No 70393484 (BOC)	2,639,223.90	2,365,680.00
F/D No 70393496 (BOC)	2,639,223.90	2,365,680.00
F/D No 70393501 (BOC)	2,639,223.90	2,365,680.00
F/D No 70431658 (BOC)	2,000,000.00	2,000,000.00
F/D No 70431699 (BOC)	2,000,000.00	2,000,000.00
F/D No 70431966 (BOC)	2,000,000.00	2,000,000.00
F/D No 70486798 (BOC)	2,638,803.60	2,366,640.00
F/D No 70486804 (BOC)	2,638,803.60	2,366,640.00
F/D No 70505660 (BOC)	2,639,223.90	2,365,680.00
F/D No 70505677 (BOC)	2,639,223.90	2,365,680.00
F/D No 73188118 (BOC)	17,864,649.12	15,950,559.20
F/D No 74147601 (BOC)	28,149,356.36	25,000,000.00
F/D No 74811175 (BOC)	20,000,000.00	-
F/D No.75405922 (BOC)	20,000,000.00	-
F/D No 376062 (NSB)	11,772,250.00	10,850,000.00
F/D No 424736 (NSB)	23,544,500.00	20,000,000.00
F/D No 413214 (Peoples Bank)	18,976,781.25	16,537,500.00
	201,625,919.11	146,497,211.60

POSTGRADUATE INSTITUTE OF MANAGEMENT UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2013

(EXPRESSED IN SRI LANKAN RUPEES)

	31 Dec 2013	31 Dec 2012
16. Cash & Cash Equivalents		
Bank (BOC -Borella) C/A 192596	27,493,987.56	23,585,445.39
Bank A/C (International Centre) 021580683001	87,461.00	87,461.00
Bank A/C - RFC (International Centre) 9719360	254,906.00	36,406.21
Bank A/C (CIO) 7535478	-	1,084,878.40
	27,836,354.56	24,794,191.00
17. Endowment Fund		
D.S Jayasundara Gold Medal Fund	218,471.80	205,371.40
Mr./Mrs. Kamalgoda Gold Medal Fund	28,567.74	28,567.74
Endowment Fund	118,516.00	118,516.00
	365,555.54	352,455.14
18. Income Received in Advance		
MPA	3,257,520.00	5,655,500.00
MBA (ITL)	-	3,300,000.00
PHD	1,650,000.00	575,000.00
MBA	87,104,700.00	65,727,096.38
	92,012,220.00	75,257,596.38
19. Deposits Received		
Tender Deposit	15,000.00	-
Security Deposits	35,000.00	35,000.00
Retention Money	-	1,599,707.14
Miscellaneous Deposit (PIMA)	905,000.00	885,000.00
Miscellaneous Deposit	964,260.51	964,260.51
	1,919,260.51	3,483,967.65
20. Trade & Other Payables		
Vehicle Leasing - Sampath Bank	-	362,605.70
International Centre	7,860,000.00	7,860,000.00
Accrued Expenses	9,415,120.53	9,816,695.44
Accrued Expenses-CIO-Programme	-	3,359,715.00
Subscriptions Received in Advance	1,621,808.45	1,621,808.45
MPA Provisions for Examinations Payments	500,000.00	-
CIO Project Provisions E-Government	-	345,813.40
	19,396,928.98	23,366,637.99

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. EC/E/PIM/6/13/1 මබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 16 November 2014

The Director
Postgraduate Institute of Management

Report of the Auditor General on the Financial Statements of the Postgraduate Institute of Management affiliated to the University of Sri Lanka Jayawardenapura in terms of Section 19 of Postgraduate Institute of Management Ordinance No.03 of 1985 and Section 108(1) of the Universities Act No 16 of 1978

The audit of financial statement of the Postgraduate Institute of Management affiliated to the University of Sri Jayawardenapura for the year ended 31 December 2013 comprising the financial position as at 31 December 2013 and the statement of financial performance, statement of changes in equity and cash flows for the year then ended and a summary of significant accountings 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 sub Section 107(5) and Section 108 of the Universities Act, No.16 of 1978. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 108(1) of the Universities Act, appear in this report. A detailed report in terms of Section 108(2) of the Universities Act was issued to the Director of the Institute on 13 May 2014.

1.2 Management 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 may audit. I conducted my audit in accordance with Sri Lanka Auditing standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

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 judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud of error. In making those risk assessment the auditor considers internal control relevant to the Institute's preparation and fair presentation of 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 the 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 beliew that the audit evidence I have obtained is sufficient and appropriate to provide a basis for may qualified audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matter in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Postgraduate Institute of Management as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on financial statements

2.2.1 Sri Lanka Public Sector Accounting Standards

According to the Sri Lanka Public Sector Accounting Standard No.07, assets should be stated at fair value. Nevertheless fully depreciated non-current assets valued at a cost of Rs.65,873,657 and being used at present had not been revalued and accounted.

2.2.2 Accounting Deficiencies

The Following observations are made

(a) Even though a photocopy machine of the institute had been exchanged in the purchase of a photocopy machine for Rs.133,280 only the net difference had been brought to account.

(b) Instead of faking action to eliminate from accounts 39 items of fixed assets sold to the employees, the sum of Rs.113,050 received in this connection had been brought to account as income.

2.2.3 Balances not reconciled for a Long period

Action had been taken to settle receivable and payable balances amounting to Rs 2,911,912 and Rs.11,603,217 respectively from the International Branch remained unsettled for a long period due to non- availability of relevant schedules to confirm them.

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

The following non- compliances with Laws, Rules, Regulations and Management Decisions were observed.

	Reference to Laws, Rules, Regulation etc.	Non-compliance
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulations 751 and 756	An inventory register had not been maintained and the Board of surrey had not been conducted.
(b)	Section 9.7 of the Public Enterprises Circular No.PED/12 of 02 June 2013	Contrary the salaries and allowances entiteled to the university System, 8 instructors had been recruited on contract basis and salaries, allowances and salary increments had been paid them without the approval of the Secretary to the Treasury

(c) Treasury circular No.842 of 19 December 1978 — A Register of Fixed Assets had not been maintained.

2.4 Transactions not supported by adequate authority

Eight courses had been conducted during the year 2013 and out of the net Surplus of Rs.9,031,575 generated thereon, a sum of Rs.7,036,900 had been distributed among the staff without a proper approval .

3. Financial Review

3.1 Financial Results

According to the financial statement presented, the operation of the centre for the year under review had resulted in a surplus of Rs.40,784,288 as compared with the surplus of Rs.41,736,535 in the preceding year. Accordingly the deterioration of the financial results during the year under review amounted to Rs. 952,247.

3.2 Legal Cases Initiated against or by the Institute.

A Legal case had been filed by the Institute against the ex- director to recover the loss of Rs.50 million due to financial discrepancy made by him. Further the former Bursar had filed a case against the Institute to claim a compensation of Rs.30 million. However in not disclosed In the financial statements.

4. Operating Review

4.1 Performance

Students registered in the Postgraduate Institute of Management during the year under review amounted 281. Degrees had been conferred by 419 students relating to 5 postgraduate courses by the Institute during the year 2013.

4.2 Management Inefficiencies

The following observations are made.

(a) Even though a sum of Rs.536,004 had been spent during the year under review for a of newspaper advertisement for the sale of " professional Manager " and "Sri Lanka Joural of Management " magazines, any magazine whatsoever had not been purchased by external parties.

(b) A donation of Rs.350,000 had been made by the Institute to the Faculty of Management Studies and Commerce of the university of Sri Jayawardenepura and to Association of the Postgraduate Institute of Management, without Treasury approval .

(c) A sum of Rs.2,600,000 had been transferred from the Fund of the Institute during the year under review in favor of the Management Welfare Society and a sum of Rs.1,964,925 had been paid out of that as food allowance to the staff.

(d) A payment of Rs.250,000 had been made to a private company in the year 2012 for the development of a software system for assets management but the System had not been installed even up to the end of the year under review.

4.3 Identified Losses

A shortage of 547 Books valued at Rs.368,679 was observed as at 31 December of the year under review at a physical verification carried out in audit in respect of stock of publications.

5. Systems and Controls

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

(a) Fixed Asset Administration
(b) Stock Control
(c) Personnel Management

W.P.C Wickramaratne
Acting Auditor General

Views of PIM with Regard to the Report of the Auditor General 2013

2.2.1 Sri Lanka Public Sector Accounting Standards

The report of reassessment of permanent assets was handed over by the Assessor's Department on March 18, 2014, and action will be taken to enter the reassessed values in the accounting statements of 2014.

2.2.2 Accounting Deficiencies

(a) As the photocopier that was traded in was more than 10 years old, it was considered as a completely depreciated item. As its cost could not be ascertained, its cost and accumulated depreciation were not reconciled with the accounts. However, action will be taken to reconcile them when reassessed values of permanent assets are entered in the books.

(b) As these items could not be used anymore, they were sold among the staff in accordance with the circular No. 04/2013 of the University Grants Commission. As the cost of these items could not be ascertained they cannot be appropriated with the accounts. Action will be taken to appropriate these when reassessed values of permanent assets are entered in the books.

2.2.3 Balances not reconciled for a long period

It is difficult to obtain sufficient information on the balances of accounts receivable and payable at the International branch.

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

(a) Inventory Register: All inventory items have been computerized, and in this computer programme information is made available that is found in an inventory register. Action will be taken to conduct the board of survey in 2014.

(b) Officers appointed on a contract basis: On a request made by the Institute, the Department of Public Enterprises of the General Treasury has granted permission to the Board of Management of the Institute to make decisions on recruitment of staff on contract basis, in accordance with the provision of the PIM ordinance, and determining remuneration for such staff. (Ref: PE/EDU/PIM/GEN/2014).

(c) Fixed Assets Register: Information pertaining to fixed assets has been computerized and properly maintained.

2.4 Transaction not supported by adequate authority

The management development programmes conducted by the Institute do not fall into the category of postgraduate courses. These programmes fall into the category of consultancy services, and their objective is to train and develop the staff selected from external organizations. The Public Finance Circular No. 380 of 2007 includes staff training, research and development under consultancy services. In section 1.2.1 of the national consultancy services guidelines provide in the handbook of the National Procurement Agency, issued in the year 2007, also includes capacity building, training and knowledge transfer under consultancy.

The details of the income realized by these programmes on consultancy services were forwarded to the Board of Management, and as per the Public Finances Circular No. 380, that has been accepted by the University Grants Commission, approval of the Board of Management was obtained to utilize this income.

3.2 Legal activities initiated either by the Institution or those that had been initiated against the Institution

As these legal proceedings are in their initial stage, any revelation was not made. However, steps will be taken to reveal the relevant proceedings during the next financial year.

4.2 Managerial Inefficiencies

(a) The Sri Lankan Journal of Management and the Professional Manager are being published with the objective of developing and improving the society's research activities in management. The objectives of advertising these in the daily press are to provide an opportunity for those who are keen to purchase them, and to educate the society on the importance of management research. Further, these publications are provided free of charge to all main libraries. A copy of each of these publications is provided to the students of the Institute as well. 80% of the cost of printing of the Professional Manager is recovered by advertisements.

(b) In accordance with section 4(g) of the Ordinance, taking into consideration teaching and training of external institutions and providing assistance to research activities, these grants were made with the approval of the Board of Management. The benefits received by getting the teaching staff of the Institution actively involved in the programmes of these institutions, are immense.

(c) As maintaining staff motivation at a high level is extremely essential for the Institution's high performance, these grants were made to the Welfare Society. The food allowance was also paid as it is directly relevant to staff welfare. Further, the Department of Public Enterprises has now authorized Board Management of the Institute to allocate 5 percent of the annual surplus of the Institute to the PIM Staff Welfare Society (Ref: PE/EDU/PIM/GEN/2014).

(d) The software system under reference has now been installed, and its operation is now at a successful level.

Director

December 31, 2015