Introduction

The Sri Lanka Cooperative School was re-established as the National Institute of Cooperative Development with the intention of moving away from the traditional cooperative education system that prevailed and to present a new cooperative education system with new strategies and methodologies enabling to face globalization.

With the intention of enabling the cooperative system and the cooperative education to face globalization and also work as an independent organization without much state bondages, the National Institute of Cooperative Development was established and incorporated under act No. 01 2001 on 01st July 2001.

A Board of Management consisting of representatives from important Ministries and eminent personnel selected from the state and the private sector were appointed to manage the organization.

The goal of the newly established Institution is to develop skills through vocational training applying local & international level educational & training strategies. The educational environment and ample space that the institution processes is a major factor that enables to achieve the expected goals.

During the year under review, the institute has carried out a number of Diploma level, Certificate Level and short term subject oriented training programmes for the benefit of co-operative and the state sector officials.

Message of The Chairman

I take great pride and pleasure in sending this message to the 2011 Annual Report of the National Institute of Co-operative Development (NICD). The Institute has a rich history of 70 years which has transformed from a National Level Co-operative Development organization to an Institute that is in par that could provide global needs in developing the human capital in the co-operative sector.

The ability of the Institute to perform our responsibilities successfully in contributing towards the vision of making Sri Lanka the 'Wonder of Asia' and introducing new educational and training methodologies and maintain high standards in all other facilities provided by the Institute resulting in the increase in the earnings of the institute are the main achievements in year 2011.

Stepping away from our traditional activities to serve the national needs, the institute expanded the educational and training courses to cover professional topics such as Chartered Accountancy, Banking, and Information Technology. In addition, raising the standards of all programmes to the NVQ level is another bench mark achieved in year 2011.

I consider the efforts taken by the institute to carry forward the programme to bestow a national level auditorium, and the special assistance provided to national level programmes like "UTHURU WANSANTHAYA", NEGENAHIRA NAVODAYA" and DEYATA KIRULA" are the developing strengths of the institute. I appreciate the services and the commitment of the Board of Management, and the Director General and all the staff of the NICD for the success of the institute.

I bestow my blessings to the Institute in all their future activities in their efforts to develop the physical and human resources and all their efforts in contributing to making Sri Lanka the 'Wonder of Asia'.

Lakmal Ratnayake, Attorney at Law
Chairman
National Institute of Co-operative Development
Polgolla

Message of the Director General

With the objective of developing the human resources and the capacity of the cooperative movement of Sri Lanka, the Sri Lanka Cooperative School was incorporated under the Parliament Act No. 01 of 2001 under the name National Institute of Cooperative Development by expanding physical and development background.

The National Institute of Cooperative Development is currently working towards producing a human resource component rich in management skills and new technology to bring in a new vision to the cooperative movement. Commencing of training students for the Degree in Information Technology of the University of Colombo, training of candidates for professional courses of Association of Accounting Technicians of Sri Lanka, Institute of Certified Management Accountants of Sri Lanka and Institute of Chartered Accountants of Sri Lanka helped in the diversification of programmes and the consummation of physical resources.

The Institute was able to contribute to the growth of the cooperative movement by having close links with all stakeholders of the co-operative movement and was able to organize and conduct programmes targeted directly to the needs of the co-operative movement.

I wish to convey my sincere thanks and appreciation to all those who contributed in numerous ways towards achieving all expectations and goals of the institute.

W.A.R. Wimalasiri
Director General
National Institute of Co-operative Development
Polgolla

Vision

Stepping into a self motivated, independent, and stable co-operative entrepreneurship in Sri Lanka, by year 2015.

Mission

To build up a stable and independent co-operative entrepreneurship in Sri Lanka we will work with our beloved contributors, staff members and co-operators, in unity and team wise, facilitating in educational, training guidance and experimenting and developing with modern and creative shedule.

OUR VALUES

OUR FIVE SIDED VALUES

Creativity and innovation

Let's understand the necessity of developing the co-operative enterprise in a creative and innovative manner. For this our vision is to introduce new programmes and modern approaches through which we hope to reveal and bring the movement's motive to a better performance.

Aim at the customer

Our consumer is the co-operative community. so we always expect to treat them equally with honor and understanding, without any discrimination of status or their standard.

Value of the staff

Our expectation by creating a suitable working environment, performance and the staff motivational factors thorough higher performance in the institution and award the value of our staff.

To disperse a qualitative level of service

We confirm all the higher values of our services and their distinguish quality.

Activeness with Unity

Our aim is to spread among the consumers, in every section, preserving the qualitative values, to the best of our ability, according to the taste of the consumers.

The Aims and the Goals of the Institute

1. Effective development of the human capital involved in the co-operative movement of Sri Lanka
    01. Organizing discussions, workshops, seminars and field visits to for the advancement of management level professionals of the co-operative organizations
    02. Organizing discussions, workshops, seminars and field visits to enhance the knowledge, skills, and attitudes of middle-managers.
    03. Organizing workshops and training programs to develop knowledge, skills, capabilities and attitudes of operations level managers.
    04. Enhancing knowledge, skills and capabilities of co-operative officers of the State Sector.
    05. Using distant education systems.

2. Contributing to bring the efficiency of the co-operative organizations to a higher level.
    06. Bringing the efficiency and the quality of co-operative organizations to a higher level.
    07. Introducing and carrying out consultancies.
    08. Holding at least two ‘business clinics’ per year according to requests made by the weak organizations and helping those organizations to overcome those weaknesses.

3. Carry out research and development activities for expansion and revival of the co-operative movement.
    09. Researching in to the instances of successes and failures of the co-operative movement and based on findings providing guidance for the benefit of the co-operative movement.
    10. Producing and obtaining documentaries about the success stories of the co-operative movement.
    11. Contributing to the creation of model co-operative enterprises and empowering and organizing women within the co-operative concept.

4. Acting as a centre development of co-operatives
    12. Creating and maintaining and information database and a website that covers the entire co-operative sector.
    13. Maintaining a fully equipped library that provides knowledge in all the fields related to the co-operative sector.
    14. Setting up a Co-operative Museum

5. Empowering the civil society to establish and expand the co-operative movement.
    15. Taking steps to inculcate the co-operative philosophy and practices in the civil society.
    16. Launching a educational supplementary and other publications about the co-operative movement.

6. Forming a network with local and international co-operative organizations.
    17. Developing a network with co-operative organizations at the apex of the national co-operative movement.

18. Securing the membership of the international Co-operative movement and reaping the benefits by expanding the network.
19. Developing a network with other relevant co-operative institutes of the world.

7. Diversifying the services of the National Institute of Co-operative Development to provide facilities for the Sate Sector, Private Sector and other Non-governmental Organizations.
    20. Identifying and conducting programs to cater to the needs of the Private Sector.
    21. Identifying the products needed by the State Sector and initiating them.
    22. Identifying the products needed by the Non-government Sector and initiating them.

8. Increasing the performance of the National Institute of Co-operative Development to provide an excellent service to the co-operative sector.
    23. Developing the knowledge, skills and attitudes of the staff
    24. Developing the management processors
    25. Raising the quality of services provided for other external institutions.

Main Activities of the Institute

a). Acting as a centre for the promotion and co-ordination of activities related to he co-operative development.

b). Among other things, making use of modern techniques in providing training on co-operative development.

c). Promoting research on co-operative development.

d). Facilitating sharing of information among the people involved in activities related to co-operative development.

e). Functioning as a resource centre for the collection of data pertaining to co-operative development and dissemination of collected data through publications.

f). Conducting academic training programs on subjects related to co-operative development and presenting certificates and other awards of excellence to those who follow such programs and successfully get through the relevant examinations.

g). Taking over and managing the co-operative enterprises which are in need of management skills.

h). Providing professional advice for co-operative enterprises.

i). Setting up model co-operative villages, model co-operative outlets and regional centres.

j). Collaborate with other institutions which accomplish tasks similar those being carried out by the institute.

Board of Management

The Board of Management of the Institute must consist of the following members

(a) Ex - officio Members

i. The person for the time being holding office as Secretary to the Ministry of the Minister in charge of the subject of Co-operative Development or his nominee;
ii. The Commissioner of Co-operative Development of the Department of Co-operative Development;
iii. The Chairman of the National Co-operative Council of Sri Lanka;
iv. The Director General of the institute appointed under the section 16

(b) Members appointed by the Hon. Minister (a member so appointed is here after referred to as and "appointed member")

i. Three persons who have had a wide experience in the field of co-operatives and experience in management, nominated by the Minister in charge of the subject of Co-operative Development;
ii. A representative of the Minister of Higher Education, nominated by the Secretary to the Ministry of the Minister in charge of that subject; and
iii. A representative of the General –Treasury, nominated by the Secretary to the Ministry of the Minister in charge of the subject of Finance.

The Board of Management is responsible for administration, management and control of the affairs of the institute.

The Board of Management must also execute the powers vested by the Act upon the institute for the administrative purposes of the institute.

In addition, directing the resources of the institute to achieve the aims and objectives of the institute while evaluating and approving annual development plans, annual budgets, policy planning, supervision and scheduled evaluation of the performance of the institute, analysis and evaluation of quarterly, mid-year and annual financial reports and Auditor General's reports and if the achievements do not match the expected targets, taking the necessary remedial action to reach the expected targets are other responsibilities of the Board of Management.

During the year under review the management and the administration of the Institute was the responsibility of the Board of Management which included the following members.

The following members constituted the Board of Management during the year under review.

1. Chairman - Mr. A.M.A.A. Lakmal Rathnayaka, Attorney-at-Law, National Institute of Co-operative Development
2. Chairman - Mr. W.A.R. Wimalasiri, Director General(acting) & Registrar, National Institute of Co-operative Development (Sri Lanka Administrative Service- Class I)
3. Member - Mr. A.P.P. Kithsiri (from 2011.08.04) Commissioner, Co- operative Development and Registrar (Central Govt.) Department of Co-operative Development
4. Member - Mr. A.P.P. Kithsiri, (from 2011.12.16) Additional Secretary, Ministry of co-operatives and Internal Trade
5. Member - Mr. P.T.G. Gunathilake,(from 2011.02.15), Additional Director General, Department of Treasury
6. Member - Mr. Bandupala Ranawaka Chairman, Sri Lanka National Co-operative Council
7. Member - Ms. H.J.A. Caldera, Additional Director (Development) Ministry of Higher Education
8. Member - Mr. P. Dharmadasa, (up to 2011.10) Additional Secretary, Ministry of Co-operatives, and Internal Trade
9. Member - Mr. P.H. Ananda, Commissioner of Co-operative Development (Acting) (from 2011.07.21)
10. Member - K.M.M. Shakeer
11. Member - Mr. R.M. Premathilake Ratnayake

The quorum for a meeting of the Board of Management shall be five (5) members. Board Meetings shall be held at least once in three months.

Six (6) Board of Management Meetings were held during the period under review.

Details of the Board of Management meetings held during year 2011

	Name	Dates of meetings held					
		02/28	05/06	08/04	09/09	10/14	12/16
1	Mr. A.M.A.A. Lakmal Rathnayale, Chariman	✓	✓	✓	✓	✓	✓
2	Mr. W.A.R. Wimalasiri, Director General (Acting)	✓	✓	ab	✓	✓	✓
3	Mr. A.P.P. Kithsiri	ab	✓	ab	-	-	-
4	Mr. P Dharmadasa	✓	ab	✓	✓	✓	-
5	Mr. P.T.G. Gunathilake	✓	✓	✓	✓	✓	✓
6	Mrs. H.J.A. Caldera	ab	✓	✓	✓	✓	✓
7	Mr. Bandupala Ranawak	ab	ab	ab	✓	ab	ab
8	Mr. K.M.M. Shakeer	ab	✓	✓	✓	ab	✓
9	Mr. R.M. Premathilake Ratnayake	✓	✓	✓	✓	✓	✓
10	Mr. P.H. Ananda (from 2011/17/21)	-	-	-	✓	✓	✓
11	Mr. A.P.P. Kithsiri (date of re-appointment not indicated)	-	-	-	-	-	✓

✓ - Attamdamce

ab - Absent

\- - Position Vacant

Board of Studies

The Board of Studies of the Institute shall consist of the following members appointed by the Board of Management.

a) The Director-General of the Institute who shall be the Chairman of the Board of Studies;
b) A representative of the academic staff of any University nominated by the University Grants Commission established by the Universities Act, No. 16 of 1978;
c) The Commissioner-General of Examinations or his representative;
d) A representative nominated by the Commissioners of Co-operative Development; and
e) A person employed in the Co-operative sector or private sector, who in the opinion of the Minister has wide wxperience in Management and Training.

The Board of Studies of the Institute shall consist of the following members appointed by the Board of Management.

1.	Mr. W.A.R. Wimalasiiri	-	Chairman Director General (Acting) National Institute of Co-operative Development Polgolla
2.	Dr. Vijitha Nanayakkara	-	Member Senior Lecturer, Faculty of Social Science University of Peradeniya Peradeniya
3.	Mr. W.M. Ananda	-	Member Commissioner of Co-operative Development, CP Department of Co-operative Development Kandy
4.	Mr. Anura Edirisinghe	-	Member Commissioner General of Education Sri Lanka Department of Education Pelawatte, Battaramulla
5.	Mr. W.A.R. Wimalasiri	-	Secretary Registrar National Institute of Co-operative Development Polgolla

Functions of the Board of Studies

a) Preparation of training & research activities of the institute.

b) Development of curriculum for the courses conducted at the institute.

c) Evaluate, administrate and investigate the examinations held by the institution and prepare suitable methods to evaluate them.

d) Issue the results of the examinations conducted by the institution, under the approval of the examination board.

e) Lay relevant conditions to grant donations for scholarship official badge and other donations.

Arrangements have been made to conduct the Board of Studies meeting on 2011.09.14 and release the examination results. On the same day, results of the first examination conducted and the results of the re-sitting candidates who failed the examination will also be released. Details of the 16 documents giving the results are given below.

A. The Board Study meeting held on 2011.09.14

Examinations conducted for the first time					
Course	No. of participants	No. Passed	No. Deficient	No. Failed	No. left program.
1. Certificate in Co-operative Development (2009/2010)	48	41	06	-	01
2. Higher Diploma in Co-operative Development (2008)	08	07	01	-	-
3. Higher Diploma in Co-operative Development (2006)	01	01	-	-	-
4. Certificate Course in Banking (2009)	21	20	01	-	-
5. Certificate Course in English for Professionals (2010)	18	12	-	-	06
6. Certificate Course in English Language (2011)	17	08	01	-	08
Repeat Exams 7. Higher Diploma in Human Resource Management (2008)	03	02	01	-	-
8. Higher Diploma in Auditing (2006/2007)	01	01	-	-	-
9. Higher Diploma in Bank Management (2008/2009)	03	02	01	-	-
10. Certificate in Co-operative Development (2007)	07	02	05	-	-
11. Higher Diploma in Micro Finance (2007)	01	01	-	-	-
12. Higher Diploma in Accountancy (2007)	01	01	-	-	-
13. Higher Diploma in Accountancy (2008)	11	10	01	-	-
14. Certificate in Co-operative Development (2009)	07	06	01		
15. Diploma in Co-operative Development (2003/2004)	01	01	-	-	-
16. Diploma in Co-operative Development ((1998)	01	01	-	-	-
Total	**149**	**116**	**18**	**-**	**15**

Staff

The total number of staff allocated to the Institute is 59. The number of staff as at 31st December 2011 is 36. The number of vacancies is 23. Preliminary steps are being taken to fill these vacancies.

Details of Staff Designations and number of staff as at 31st December 2011

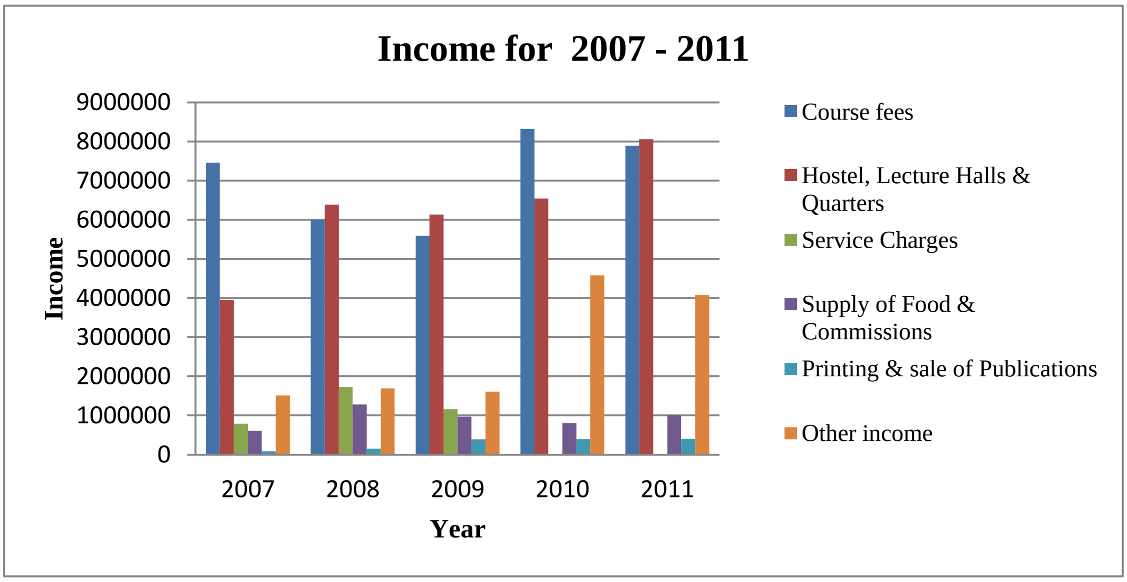
No	Designation	No. in Cadre	No. in Service	Vacant
1.	Director General	01	-	01
2.	Registrar	01	01	-
3.	Director - Academic and Development	01	-	01
4.	Lecturer	06	04	02
5.	Librarian	01	01	-
6.	Senior Finance Manager	01	01	-
7.	Senior Press Manager	01	-	01
8.	Hostel Manager	01	01	-
9.	Assistant Registrar	01	01	-
10.	Extension Officer	01	-	01
11.	Computer Programmer	01	01	-
12.	Assistant Lecturer	06	03	03
13.	Assistant Hostel Manager	01	01	-
14.	Assistant Librarian	01	01	-
15.	Management Service Assistant (Graduate)	12	06	06
16.	Computer Instructor	03	01	02
17.	Computer Word Processor	01	01	-
18.	Management Service Assistant	05	01	04
19.	Offiset Machine Operator	01	01	-
20.	Audio Visual Machine Operator	01	01	-
21.	Circuit Bungalow Keeper	01	01	-
22.	Driver	04	04	-
23.	Service Assistant	07	05	02
	Totel	**59**	**36**	**23**

Financial Progress

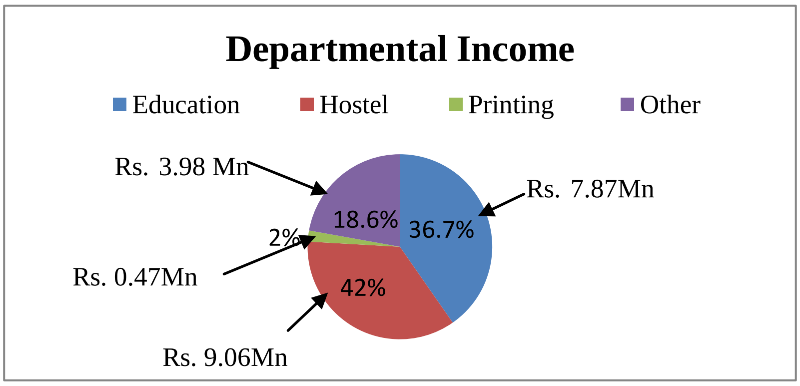
Summary statement of Income, Expenditure and Treasury Funds of the NICD for the last five years are given below:

Income for 2007 – 2011

Details	2007	2008	2009	2010	2011
1. Course Fees	7,457,997	5,999,038	5,594,102	8,320,364	7,889.115
2. Hostel, Lecture Halls & Quarters	3,957,200	6,390,476	6,130,260	6.543,381	8,057,757
3. Service Charges	793,799	1,730,750	1,158,954	-	-
4. Supply of Food & Commissions	610,177	1,284.315	972,492	805,864	999.972
5. Printing & sale of Publications	84,052	155,285	387,932	395,727	405,768
6. Registration fees for Performance Award competitions	-	-	-	1,225,600	-
7. Sale of fixed Assets	-	-	-	1,144,039	1,060,830
8. Other income	1,507,334	1,692,359	1,607,621	2,209,656	3,007,189
Total	**14,410,539**	**17,252,223**	**15,851,319**	**20,644,631**	**21,420,631**

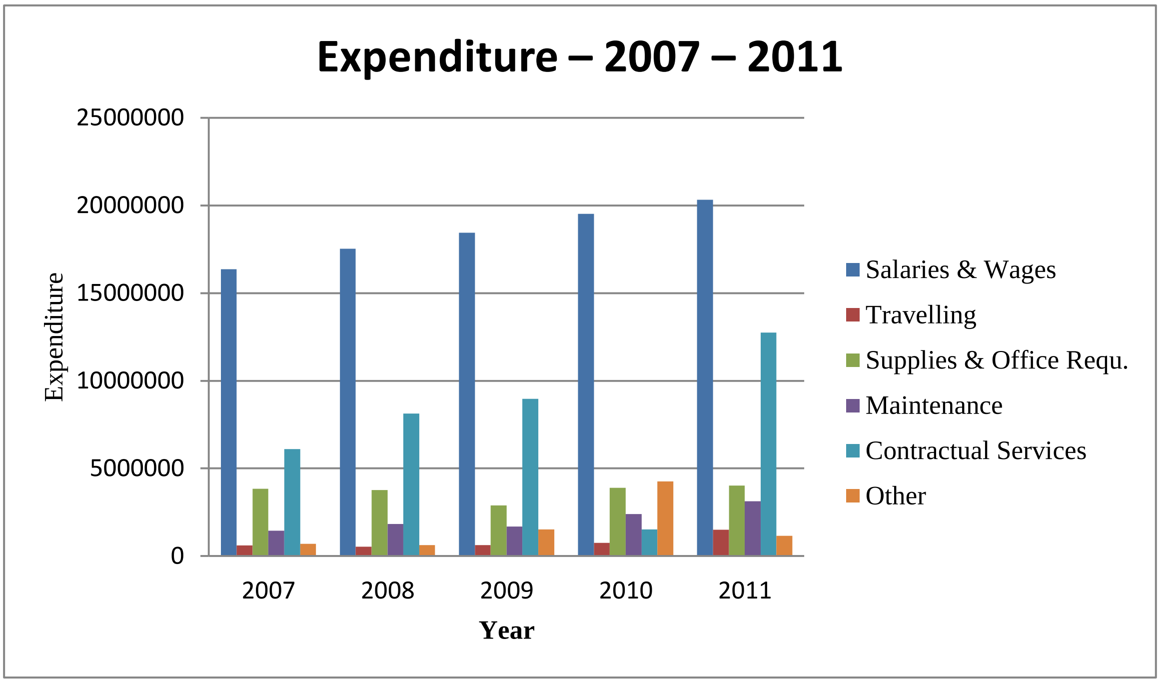


The income of the NICD for the year 2011 is Rupees 21.42 million and the income for each division is given below



Expenditure – 2007 – 2011

Details	2007	2008	2009	2010	2011
1. Salaries & Wages, Lecture Fees & other expenses	16,365,336	17,535,359	18,445,338	19,512,564	20,323,326
2. Travelling	617,452	542,174	623,357	753,427	1,503,396
3. Supplies & Office Requirements	3,843,495	3,775,773	2,896,742	3,902,331	4,020,919
4. Maintenance	1,452,350	1,838,114	1,686,323	2,405,953	3,125,426
5. Contractual Services	6,094,609	8,130,603	8,969,645	9,206,898	12,751,894
6. Other	708,115	622,995	1,513,243	-	-
a) Expenditure for Performance Award competitions	-	-	-	2,458,531	-
b) Nation Building Tax	-	-	-	829,082	429,394
c) Miscellaneous expenditure	-	-	-	967,970	733,302
Total Expenditure	**29,081,357**	**32,445,018**	**34,134,648**	**40,036,756**	**42,887,657**



Funds received from the Treasury during 2007 – 2011

In Rupees

Details	2007 (Rs.)	2008 (Rs.)	2009 (Rs.)	2010 (Rs.)	2011 (Rs.)
Capital Grant	37,160,000	19,500,000	49,400,000	70,200,000	2,000,000
Recurrent Grant	13,135,738	19,680,000	21,470,211	22,390,000	22,743,582

Institutional Income, Expenditure & Grants received for 2007 – 2011

Details	2007	2008	2009	2010	2011
1. Income of Institute	14,410,539	17,252,222	15,851,319	20,644,631	21,420,631
2. Expenditure	29,081,357	32,445,018	43,134,648	40,036,756	42,887,657
(Deficit) prior to grants	(14,670,818)	(15,192,795)	(18,283,329)	(19,392,125)	(21,467,026)
3. Recurrent grants (Treasury grants and aid from Peoples Bank)	13,645,738	19,680,000	21,470,211	22,390,000	22,743,582
Operational (Deficit) / Surplus after receipt of grants	(1,025,080)	4,487,205	3,186,882	2,997,875	1,276,556

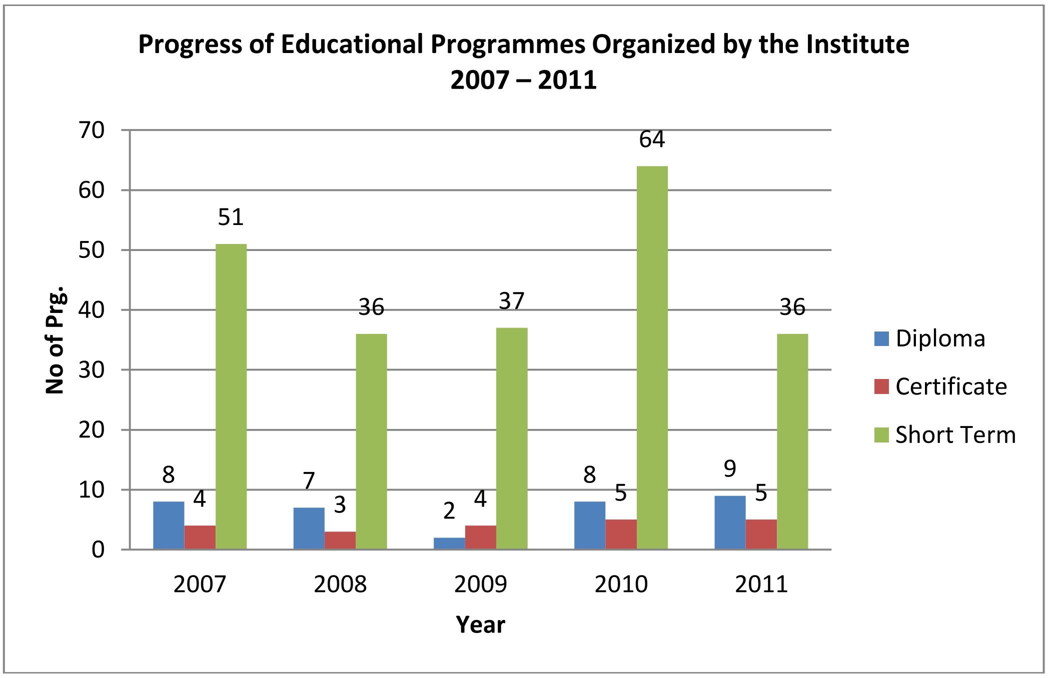
Receipt of Treasury Capital Grants and Expenditure 2007 - 2011

Details	2007	2008	2009	2010	2011
Balance brought forward of Grants received	6,091,161	1,060,354	-	10,484,405	31,521,228
Capital Grants received	37,160,000	19,500.000	49,400,000	70,200.000	2,000,000
Total Capital Grants	**43,251,161**	**20,560,354**	**49,400,000**	**80,684,405**	**33,521,228**
Investment of Capital Grants					
a) Refurbishing Circuit Bungalow, Kitchen, Dining Hall, Lecture Halls, Office Complex, Hostel	18,577,542	7,268,108	-	-	-
b) Multi purpose Building – 2nd and final phase	8,616,709	10,632,028	9,242,800	2,178,133	46,500
c) Wiring and supplying Electricity to the Institute	2,578,033	-	-	-	-
d) Supplying Electricity and installing Transformer to the Multipurpose Building	-	-	2,272,795	-	-
e) Procurement of Furniture, office equipment & computers	6,629,092	1,036,758	1,000,000	8,374,044	725,956
f) Construction of Auditorium	175,000	344,484	26,400,000	38,611,000	5,367,136
g) Development of road network and construction of security fence around the Institute	5,615,061	1,278,976	-	-	-
Total Expenditure	**42,190,807**	**20,560,354**	**389,915,595**	**49,163,177**	**6,139,592**
Amount carried forward	1,060,354		10,484,405	31,521,228	27,381,636

Details of Educational Activities

Progress of Educational Programmes Organized by the Institute 2007 – 2011

Programme	2007		2008		2009		2010		2011	
	No Of Prog.	Particip -ants	No Of Prog.	Particip -ants	No Of Prog.	Particip -ants	No Of Prog.	Particip -ants	No Of Prog.	Particip -ants
Diploma	08	142	07	124	02	55	08	142	09	181
Certificate	04	90	03	103	04	04	05	156	05	97
Short Term	51	1756	36	1051	37	1331	64	2738	36	1413
Total	**63**	**1988**	**46**	**1278**	**43**	**1510**	**77**	**3036**	**50**	**1691**



When compared with the past years, the year under review shows an increase in the Diploma, Certificate and short term programmes organized by the Institute. The main reason for this progress is due to the proper identification of the needs of the cooperative movement and designing the study courses to these needs.

Training Programmes organized by External Organizations 2007 - 2011

Year	2007	2008	2009	2010	2011
No. of programmes conducted	377	368	329	255	329
No. of total participants	20,925	21,439	16,715	19,852	16,955

As a result of developing the physical resources and making reforms in management practices, an appreciable increase could be seen in external organizations seeking more and more training facilities of the Institute.

1. Human Resource Development

The main objective of our Institute is to develop the human resources of the cooperative movement. Targeting this activity, a significant number of Diploma level, Certificate level and subject related short term training progrmmes were organized for the benefit of the cooperative movement and state officers.

1.1 Training of staff of the Department of Cooperative Development

a) Higher Diploma in Cooperative Development

The Institute has carried out the Diploma programmes which are considered as an Efficiency Bar Examination for the new Cooperative Development officers recruited by the Department of Cooperatives. All Co-operative Development Officers island wide that have completed the Certificate Course in Co-operative Development are eligible to sit the Diploma examination. 26 such officers were enrolled for this Diploma Course and have successfully completed programme during the year under review.

Summary of these programmes are as follows:

Year	No. of Programmes	Total no. of participants
2007	01	41
2008	01	09
2011	01	26

b) Certificate Course in Cooperative Development

This programme has been designed to fulfill the requirements of the first Efficiency Bar Examination of newly recruited Cooperative Development Officers. Fifty One new officers recruited by the Sabaragamuwa and Northern Province Departments of Cooperative Development commenced their training on 01st November 2010 and they completed the first term studies on 16th March 2011. The second term of this programme commenced on 2011.09.04 and all academic work was completed successfully on 2012.04.06.

In addition 33 Co-operative Development Officers who were recruited by the Southern Province Department Co-operative Development were enrolled to the Certificate Course programme and completed the first term in June 2011.

Training Course	Date of Commencement	Date Completed/ to be Completed	No. of Participants
1. Certificate course in Cooperative Development – Sabaragamuwa & Northern Province	2010.11.01	2012.04.06	51
2. Certificate course in Cooperative Development –Southern Province	2011.04.04	2011.08.19	33
Total			**84**

Following is a summary of the number of other Certificate Course programmes conducted by the Institute and the number of participants who attended during the period 2007 to 2011.

Year	Programme details	
	No. of Programmes	Total number participated
2007	01	41
2008	No certificate courses were conducted	
2009	02	95
2010	01	51
2011	01	33

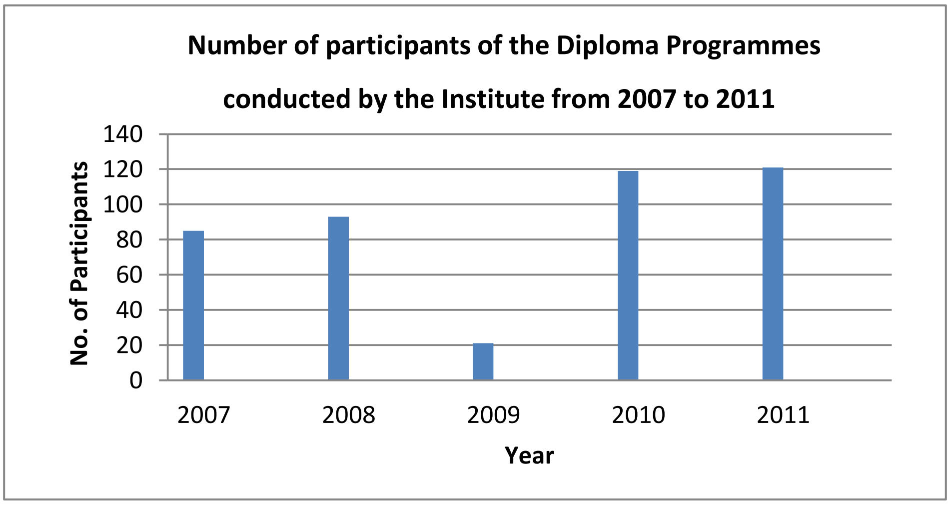
1.2 Diploma Courses in Cooperative Development

During the year under review, 06 Diploma level courses were conducted to enhance the skills of Cooperative employees. All academic activities of the 7 Diploma Courses commenced in 2010 was completed in year 2011 and the details are given below.

Training Course	Commencing Date	Date completed/to be completed	No. participated
1. Diploma Course in Auditing - 2011/2012	2011.09	2012 August	21
2. Diploma in Banking - 2011/2012	2011.10	2012 September	23
3. Diploma in Business Management 2011/2012	2011.12	2012 November	22
4. Diploma in Human Resource Management 2011/2012	2011.10	2012 September	18
5. Diploma in Micro Finance - 2011/2012	2011.10	2012 September	14
6. Diploma in Accountancy - 2011/2012	2011.10	2012 September	23
Total			**121**

Summary of the number of programmes and the number of participants of the Diploma programmes conducted by the Institute from 2007 – 2011

Year	Details	
	No. of programmes	No. of Participants
2007	04	85
2008	05	93
2009	01	21
2010	07	119
2011	06	121



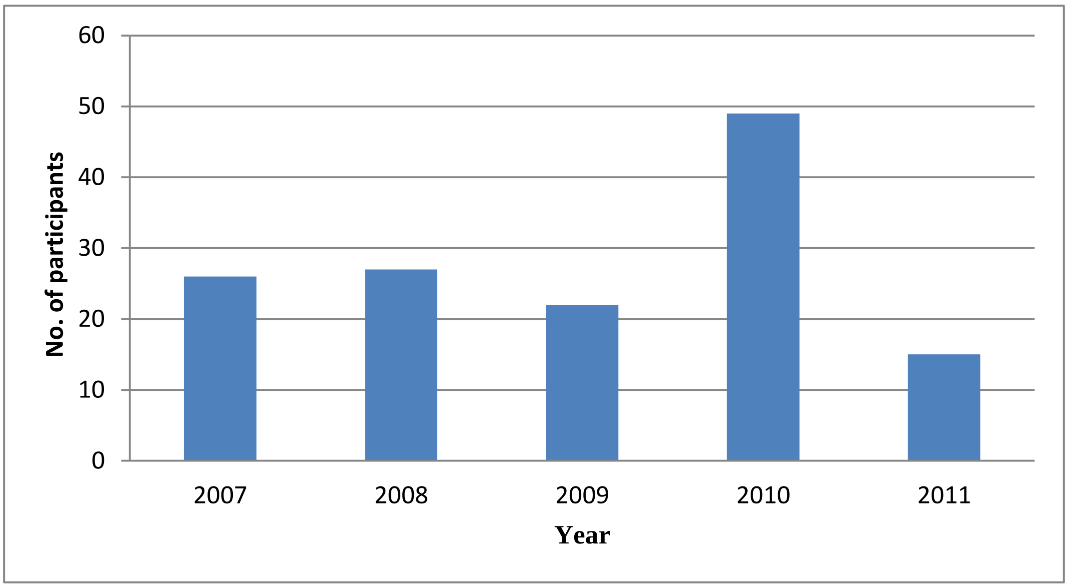
1.3 Certificate Courses

During the year under review one programme on Banking and Financial Management was started and completed successfully in April 2012. 15 trainees participated

A summary of the number of participants of the Certificate Course conducted by the Institute from 2007 to 2011 is given below

Year	Details	
	No. of Programmes	No. of Participants
2007	02	26
2008	01	27
2009	01	22
2010	02	49
2011	01	15

Number of participants of the Certificate Course Programmes conducted by the Institute from 2007 - 2011



1.4 Subject Related Short Term Management Training Programmes

Annually the Institute conducts a number of short term programmes targeting the leaders of cooperative societies, workers and staff affiliated to the Cooperative Departments and other Cooperative leaders with the objective of developing their managerial and work related skills.

The Institute not only conducts programmes designed by us but develop new programmes on the requests and the needs of different cooperative organizations. A summary of programmes conducted are given below.

Year	**Details**	
	No. of Programmes	**No. of Participants**
2007	53	1756
2008	36	1051
2009	37	1331
2010	64	2738
2011	36	1413

Short Term Management Training Programmes organized by the Institute

Name of Course	**Date of Commencement**	**No. of Participants**
1. Secretarial Practice training Programme	2011.03.04 - 06	29
2. Strategic Sales Management techniques for empowering COOP City centers'	2011.03.05 - 06	31
3. Workshop on Creative Co-op Management	2011.10.03 - 04	46
4. Short Term Course on Project Management	2011.05.21 - 22	13
5. Development of the role of Rural Bank Managers	2011.09.23 - 25	41
6. Skills Development of Clerical Staff of Rural Banks	2011.11.14 - 16	27
7. Training of Man Power Assessment	2011.11.18 - 20	26
8. Customer Relations programme for Rural Bank Field Officers	2011.12.09 - 11	25
9. Development of Professional Management of General Managers of Co-operative Societies	2011.10.17	20
10. Training programme for empowering Co-op City & Mini Co-op City staff	2011.12.21 - 22	36
11. Credit Management for Established Institutions	2011.12.03 -04	48
12. Basic Computer Training	2011.06.25 2011.07.09 2011.07.17	09
Total		**351**

Training Programmes Conducted Free of Charge and at Subsidized Rates for the Benefit of the Cooperative Sector

During the year under review, 24 short term management skills development training programmes were conducted at subsidized rates with the objective of developing the managerial skills of staff members of cooperative sector organizations. Financial assistance for these programmes were obtained from the Cooperative fund of the Peoples Bank and the gorernment funds.

Courses conducted with financial assistance from the Peoples Bank:

Course Name	Date commenced	No of Trainees
1. Training Programme on Board of Directors and Executive Staff of Ampara District Co-operative Societies	2011.11.07 - 08	56
2. Skills Development of Executive Staff of Kilinochchi District Co-operative Societies	2011.12.13 - 16	43
3. Skills Development of Executive Staff of Jaffna District Co-operative Societies	2011.12.15 - 16	49
4. Skills Development of Executive Staff of Vauniya District Co-operative Societies	2011.12.29 - 30	49
5. Programme in Identifying Staff Training Needs	2011.10.16 - 17	39
Total		**236**

Courses conducted with Financial Assistance from the Treasury

Course Name	Date	No. of Trainees
1. Three Day workshop in preparing Financial Statements in accordance with Sri Lanka Standards (programme 1)	2011.11.21 - 23	54
2. Three Day workshop in preparing Financial Statements in accordance with Sri Lanka Standards (programme 2)	2011.12.15 - 17	46
3. Role Development of Auditors	2011.12.27 - 28	44
Total		**144**

Training Programmes conducted for External Requests made

Course Name	Date	No. of Trainees
1. Advanced Computer Training Programme (Kandyan Peasantry Rehabilitation)	2011.04.22 2011.04.30 2011.05.07	13
2. Advanced Computer Course	2011.02.12 2011.06.18	23
3. Training for Board of Directors	2011.06.17	19
4. Two Day programme in conducting Special Investigations	2011.06.04 - 05	25
5. Training of Beralapanathara M.P.C.S. for conducting Annual General Meeting	2011.05.28 - 29	68
6. Training of Farmer Representatives of Mahaweli Authority	2011.10.23 - 25	57
7. Training of Farmer Organizations of the Mahaweli Authority in Auditing	2011.07.11 - 15	26
8. Training of staff of Sri Lanka Co-operative Coconut Producers Co-operative Society	2011.10.26	16
9. Leadership & Management Training Programmes organized by the Central Province Ministry of Industries for young pioneers	2011.08.29 - 30	40
Total		**287**

Training Programmes conducted in the North Central Province in parallel with the "DEYATA KIRULA" National Development Programme

Course Name	Date	No. of Participants
1. Training of Anuradhapura District SANASA Committee Members	2011.10.20	54
2. Training of Anuradhapura District SANASA Committee Members	2011.10.21	140
3. Capacity Development of Anuradhapura District Co-op City and Mini Co-op City Managers	2011.12.07	51
4. Capacity Development of Anuradhapura District Co-op City and Mini Co-op City Managers	2011.12.07	22
5. Capacity Development of Polonnaruwa District Co-op City and Mini Co-op City Managers	2011.11.20	49
6. Training of Polonnaruwa District MPCS Board of Directors	2011.12.20	30
7. Attitude Development of Financial Managers, Chairmen and Banking Services Managers of Anuradhapura District MPCSs	2011.12.27	49
Total		**395**

Other Diploma Courses, Certificate Courses and Professional Courses conducted

These Diploma, Certificate and Professional level courses were conducted to develop the Computer Skills, Information Technology skills & English Language skills for job seekers and government employees.

1. Diploma Course in Information technology

This programme has been designed targeting the school leavers and job seekers to improve their knowledge in Information Technology. This is a six month full time Diploma Course. One full time and one part time course were started during the year under review. The Diploma programme that was started in the year 2010 was successfully completed during this year. Details of the programmes are given below.

Course Name	Date Commenced	Date completed/to be completed	Number of Trainees
1. Information Technology Diploma 2010/2011	2010.09.15	2011.05.15	23
2. Information Technology Diploma 2011/2012	2010.09.15	2012.04.30	27
3. Information Technology Diploma (Part Time) 2011/2012	2011.06.04	2012.07.30	07
Total			**57**

2. Certificate Course in Computer

This programme has been designed to develop the Computer skills of students sitting the GCE O/L examination. During the year under review two programmes were started and were successfully completed. 32 students were trained under this programme

Course Name	Commenced Date	Date Completed	No. Trained
1. Certificate Course in Computer	2011.01.20	2011.05.16	25
2. Computer Course in JAVA programming	2011.03.12	2011.09.24	07
Total			**32**

3. English Language Certificate Course

Two English Language Certificate Courses were conducted during the year targeting school leavers and those awaiting employment. One programme was started in 2010 and completed in 2011 and the other was started in the year under review and completed in 2012. Details are given below:

Course Name	Date Commenced	Number of Trainees
1. Certificate Course in English Language	2010.10	17
2. Certificate Course in English Language for professionals	2010.10.02	17
Total		**34**

4. Professional Courses

In 2011, the Institute affiliated with the Computer Education Institute of the Colombo University and commenced a degree programme in information technology.

14 students registered for the first semester examination and 09 completed the semester programme successfully.

In addition, the institute commenced lessons to prepare students to face the examination conducted by the Institute of Chartered Accountants of Sri Lanka, Institute of Certified Management Accountant fo SL (ICMA) Stage 1 and Sri Lanka Association of Accounting Technicians of Sri Lanka. 50 students were prepared for the first examination of these institutes.

Name of Course	No of Students
1. Institute of Chartered Accountants of Sri Lanka1st Examination	16
2. Institute of Certified Management Accountant of SL (CMA) Stage 1	24
3. Sri Lanka Association of Accounting Technicians of Sri Lanka Foundation Course	10
Total	**50**

Special Activities Performed During Year 2011

Productivity Award Ceremony

An Island wide competition was held for the first time among the several Co-operative organizations to assess their performance in 2007/2008 which would be befit for the growth of the co-operative movement.

The following Co-operative organizations participated in this competition:

- Multi Purpose Co-operative Societies
- Financial Services Co-operative Societies
- Service Co-operative Societies
- Production Co-operative Societies
- Agriculture & Livestock Co-operative Societies
- School Co-operative Societies

The competition was held separately for the societies of each of the above organizations and the winners were awarded gold, silver and bronze trophies and certificates in 2009.

About a year after this competition was held, the second competition was organized 2010 on requests made by the staff, leaders, workers and members of several co-operative organizations. The second competition was held in 3 categories.

1. Primary Level Co-operative Organizations
    - i. Multi Purpose Co-operative sector
    - ii. Financial Services Co-operative sector
    - iii. Production & Industrial Co-operative sector
    - iv. Agriculture Co-operative sector
    - v. Service Co-operative sector
    - vi. School Co-operative sector
2. Secondary Level Co-operative Organizations
    - i. District & Provincial Financial Service Organizations
    - ii. Other District & Provincial Co-operative Organizations
3. Co-operative Institutions registered under the Central Government

Organization process of the competition

1. One officer representing each province was nominated and trained to serve the panel of judges
2. Awareness programmes were conducted on the competition criteria for the Heads of all provincial co-operative societies who submitted applications.
3. An evaluations of the competition was made under 3 levels.

   a) Primary Societies were adjudged by a panel of judges selected from the provinces
   b) Secondary & Top Level Societies were adjudged by a panel of judges selected at the National Level
   c) A second judgment if necessary to be done by a National Level Committee.

The National Level Committee for this competition consisted of the following:

i. Representative on behalf of the Ministry Secretary of the Ministry of Co-operatives & Internal Trade
ii. Commissioner and Registrar of Co-operative Development(Central Government)
iii. Director General, National Institute of Co-operative Development
iv. Deputy Chief Secretary (Administration), Central Province and the former Director General of the National Institute of Co-operative Development
v. Representative of the National Co-operative Council.

The awards ceremony for the second Performance Competition in year 2010 was held from 2011.06.28 to 2011.07.02 at the Kurunegala, Welagedara Stadium in conjunction with the commemoration ceremony to celebrate the International Co-operative Day with the participation of the Honorary President of Sri Lanka.

The Honorary President of Sri Lanka presented Gold, Silver & Bronze awards to the winners at the above ceremony. Summary of the awards presented is given below:

1.	Gold Awards	-	27
2.	Silver Awards	-	138
3.	Bronze Awards	-	77
	Total Awards	-	242

In addition 100 co-operative organizations (Top Hundred) that scored the highest ratings were awarded 100 certificates.

This competition helped to improve the performance levels in the Sri Lankan co-operative movement and motivate the co-operative organizations to perform to high standards.

Financial assistance to complete this programme successfully was provided through the Treasury Funds and funds by the Peoples Bank. The Peoples Bank has granted a sum of Rs. 2,732,250/- on 2011.05.31. This donation has given the opportunity to the Co-operative movement to compete with the national level enterprises. Financial assistance has also been provided by the co-operative fund. The total expenditure for these competitions are give below:

2010 expenditure	-	Rs. 2,618,465.02
2011 expenditure	-	Rs. 2,515,945.19
Total	-	Rs. 5,134,410.21

Developing a Network among Local and International Co-operative Organizations

Under the ‘Mahinda Chintana’concept, one of the main objectives identified is to make Sri Lanka an important Economic Centre and strengthen the international network to achieve the goals of the ‘Mahinda Chinthana’ concept. Accordingly, action was taken to strengthen the networking with international co-operative movement to develop and exchange knowledge and skills of this moment.

Under the agreement signed with the Vaikunmetha National Institute of co-operative Management Institute, Pune, India 24 Co-operative sector officers and staff attended a short term workshop to study and exchange information about the co-operative movements in Inda as well as Sri Lanka.

Relationship and Activities with the International Co-operative Sector

The NICD has obtained the membership of Center for International Co-operation and Training in Agricultural Banking (CICTAB).

Five officers participated in a programme under a scholarship awarded by the CICTAB during the year and the details are given below.

1. Programme on 'Skills Development of Training in the area of Promotion and Financing of Self-help Groups and joint liability groups for Financial inclusion of Rural Poor'. This programme was held between 21st and 24th February in Laknaw, India and the Assistant Lecturer of our Institute Mr. K.H. Nandana Bandara participated.
2. 'Programme on Training Techniques for Trainers of Co-operatives and Rural Financing Institutions'. This programme was held between 14th and 18th March in Kathmandu, Nepal and Mrs. Namali Nanayakkara, Assistant Lecturer NICD participated.
3. Fifteenth Meeting of the General Council of CICTAB. Mr. Lakmal Rathnayake, Chairman of the NICD participated in this meeting which was held on 10th June in New Delhi, India
4. 'Trainers Training Programme on Restructuring and Strengthening Agricultural/ Rural Financing Institutions'. This programme was held between 19th and 23rd December in Pune, India and Mrs. Shanika Mudannayake, Assistant Lecturer participated.
5. Programme on 'Application of Information Technology for Development of Agricultural Co-operatives and rural Financing Institutions'. Mrs. Rishanthi Wicremasinghe, Computer instructor, attended this programme which was held from 19th to 23rd December in Pune, India.

The NICD is a member of the International Co-operative Alliance (ICA) and attended the following meetings:

The Director General of the NICD Mr. W.A.R. Wimalasiri, attended 23rd meeting of "HRD Committee and Regional Seminar on Need and Importance of HRD in Co-operatives with Special reference of Training of Board Directors" held in Kwala Lampur, Malaysia from 04th to 06th July.

Mr. Lakmal Rathnayake, Chairman, attended the ICA General Assembly and related Meetings in Kankoon, Mexico from 14th to 18th November 2011.

Divisions supporting the NICD, and their activities and facilities provided to the success of the Education programmes of the Institution

Hostel Section

The main responsibility of the Hostel Division is to provide all residential requirements in a safe and a conducive environment for studies to those who come to the NICD for training.

The Hostel Section consists of 05 two storied buildings and 02 three storied buildings totaling to 07 buildings capable of accommodating 252 trainees at any given time.

Common Hostel

A/C Room

Hostel	No. of rooms	No. of trainees that could be accommodated
1. D - Hostel	20	40
2. E - Hostel	20	40
3. F - Hostel	20	40
4. G - Hostel	20	40
5. H - Hostel	06	18
6. A. Ratnayake Hostel(Air Conditioned)	14	26
7 New Ratnayake Hostel (Air Conditioned)	22	26
8. RH Houses – 02	06	12
9. Holiday Home	04	10
Total	132	252

The restaurant which is managed by the hostel section supplies meals according to the needs of the trainees and supplies food to between 100 to 300 trainees daily.

Library

The users of the library are the panel of Lecturers, Trainees and other NICD staff.

Acquisition of books during the year amounted to 112 and the total collection of the number of books available in the library is 21,284. There are a variety of books including topics related to Co-operatives & Management, Accountancy, Social Science, Computer and other related topics. The Library also provides internet facilities for research purposes. It also has a collection of magazines and news paper articles maintained in the chronological manner for the use of readers.

Library consists of lending section and reference section.

Examination Section

All statutory examinations for Co-operative Inspectors Certificate Course, Diploma Course and Diploma and Certificate courses for co-operative employees are conducted in a formal examination procedure by the Examinations section. The releasing of results of all examinations is done with the approval of the study Board and the Management Board.

Audio Visual Section

The Audio Visual Section supplies all audio visual aids required for training programmes. Videos, Over Head Projectors & Loud Speakers/microphones are also provided. All activities carried out by the Institution is video graphed and photographed by the audio visual section.

Education & Training Division

The main objective of the Institute is to provide education and training in the co-operative sector. To achieve this objective, the Institute has created the following five sub divisions.

1. Co-operative Development Division
2. Human Resources Development Division
3. Research & Training Division
4. Financial Management and Development Division
5. Business Management Development Division
6. Consultancy Services Division
7. Information Technology Division

Each of these sub divisions comes under a Lecturer. There are 07 permanent lecturers in the panel of lecturers and in addition the services of a panel of External Resource persons who are competent in different sectors are also in place. With the above resources the Institute has taken all steps to enhance the quality of all programmes conducted by the Institution.

The Institute has over 11 lecture halls equipped with modern audio visual facilities that have a total seating capacity for 1245 trainees. Details are given below

No.	Hall	No. of Seats
1	Vincent Subasinghe Hall	600
2	Ratnayake Hall	55
3	Rotchdale Hall	100
4	New Rotchdale Hall	80
5	B – Hall	100
6	C – 1 Hall	35
7	C – 2 Hall	20
	Multi Purpose Building	
8	Lecture Hall No. 01	45
9	Lecture Hall No. 02	80
10	Lecture Hall No. 03	50
11	Mini Conference Hall	80
Total		**1245**

In addition the Institution possesses 05 computer laboratories with 96 computers as given below:

Serial No.	Details	No. of computers
1	Main computer laboratory located in the upper floor of the printing department	30
2	Laboratories located in the Multi Purpose Building Computer laboratory No. 1 Computer laboratory No. 1 Computer laboratory No. 1	 20 24 22
Total		**96**

Printing Section

Printing of all books, magazines, and other printing material of the Institutions is carried out by the Printing Division. Printing is also undertaken from external institutions. The printing Division has all equipment and facilities of a medium printing unit.

Printing Unit

Physical Assets and growth of Physical Assets

A sum of Rs. 8.3 million was spent in the year 2011 to develop the Physical Assets of the Institution. Details of expenditure are given below:

Details	Grants from Treasury	Earnings from the Institute
1. Balance construction of the Auditorium	5,367,136.00	-
2. Constructing a hand rail in the Multi Purpose Building	46,500.00	-
3. Purchase of office furniture, computers and accessories	725,955.95	1,891,968.80
4. Repairs to retention wall of the play ground	-	76,442.70
5. Landscaping of premises of the institute	-	221,660.00
Total	**6,139,591.95**	**2,190.071.50**

W.A.R. Wimalasiri

Director General (Actg.)

BALANCE SHEET AS AT 31st DECEMBER 2011

	NOTE	AS AT 31.12.2010 Rs.	AS AT 31.12.2011 Rs.
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	02	436,370,603	433,831, 937
Long Term Debts, Invest, & Deposits	03	645,000	645,000
		437,015,603	434,476,937
Differed expenditure on Transformers		3,361,880	4,037,640
Less : Written off differed expenditure against income		(84,945)	(320,085)
Balance differed expenditure on Transformer		3,276,935	3,717,555
CURRENT ASSETS			
Short Term Investment	04	7,200,000	8,400,000
Debtors Receivables & Deposits	05	34,306,691	33,108,177
Stock	06	746,517	1,107,482
Cash at Bank	07	36,431,417	34,495,244
		78,684,625	**77,110,903**
TOTAL ASSETS		**518,977,162**	**515,305,394**
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Capital	08	233,254,215	233,254,215
Accumulated Profit/(Loss)	09	(71,645,446)	(82,212,917)
		161,608,769	**151,041,298**
RESERVES			
Capital Grant from Treasury	10	331,878,075	333,878,075
Capital Grant from Ministry	11	3, 391,392	2,841,392
Publication Fund		3,417,039	3,417,039
		338,686,506	**340,136,506**
NON CURRENT LIABILITIES			
Provision for Gratiuty		1,651,612	1,987,359
Retention Money		9,030,744	9,990,811
		10,682,356	**11,978,170**
CURRENT LIABILITIES			
Creditors & Accrued Expences	12	7,999,531	12,149,420
Bank Over Draft		-	-
		7,999,531	**12,149,420**
TOTAL EQUITY & LIABILITIES		**518,977,162**	**515,305,394**

A.M.A.A.L. Ratnayake	W.A.R Wimalasiri	K.D.Anil
Chairman	Director General	Senior Manager(Finance)

INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2011

	NOTE	ACTUAL 2010	ACTUAL 2011
Revenue		Rs	Rs
Grant for Recurrent Expenses	13	22,390,000	22,743,582
Other Income	14	20,644,631	21,420,631
		43,034,631	**44,164,213**
LESS : EXPENDITURE			
01. PERSONNEL EMOLUMENTS	15	19,512,564	20,323,326
02. TRAVELLING	16	753,427	1,503,396
03. SUPPLIES	17	3,902,331	4,020,912
04. MAINTENANCE	18	2,405,953	3,125,426
05. CONTRACTUAL SERVICES	19	9,206,898	12,751,894
06. OTHERS	20	4,255,583	1,162,696
07. DEPRECIATION	21	10,213,688	10,869,316
08. Written off of differed expenditure on Transformer		84,945	320,085
		50,335,390	**54,077,051**
Surplus or (Deficit) over the income before extraordinary items		**(7,300,759)**	**(9,912,838)**
Extraordinary items (Net profit or Loss)		-	-
Surplus or (Deficit) over income before tax		**(7,300,759)**	**(9,912,838)**
Less: Provision for taxation		-	
Net Surplus/(Deficit) for the period		**(7,300,759)**	**(9,912,838)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

Excess of Expenditure over Income before taxation		**(9,912,838)**
Adjustments for		
Depreciation	10,869,316	
Amortization of differed expenditure	320,085	
Advance to contract	(5,000)	
Advance to contract	643	
Profit on sale of Fixed Assets	(1,060,830)	
Provision for Bad debtors	(283,589)	
Repairs & Maintenance – (Retention)	86,238	
Provision for gratuity	520,418	
Gratuity Payment	(184,671)	
Interest paid	-	-
Interest income	-	10,262,610
Operating Profit /(loss) before working capital char	-	**349,772**
Changes in working capital		
Decrease/(Increase) in debtors & Receivables	(825,037)	
Increase in input tax	1,238,288	
(Decrease) /Increase in credit & accrued expenses	4,149,889	
Decrease / (Increase) in stock	(360,965)	4,202,175
Net cash flow from operating activities		**4,551,947**
Cash flows from Investing activities		
Retention money	(89,487)	
Purchase of – property, plant & equipment (Vat-2,748)	(398,147)	
- Land Development	(258,576)	
- Furniture & Fittings (Vat – 123,190.77)	(1,363,531)	
- Library Books	(74,826)	
- Other Equipment (Vat – 5,055.20)	(52,875)	
Investment in capital work – in – progress (Vat – 559,776)	(5,413,636)	
Amortization of deferred expenditure on Transformer & others	(705,419)	
Investment in Fixed Deposit	(1,200,000)	
Sale proceeds on Fixed Assets	1,060,830	
Interest income		
Net cash flow from investing activities		**(8,495,667)**
Cash flows from financing activities		
Capital grant Received from treasury	2,000,000	
Received from Co-op Development fund – Peoples Bank	-	
Repayment of people's Bank loan	-	
Net Cash flows from Financing activities		**2,000,000**
Net Increase in cash flows within the Year		**(1,943,720)**
Cash & cash equivalents at the end of the period		36,431,417
Cash & cash equivalents at the end of the period		34,495,244

STATEMENT OF CHANGES IN EQUITY

	CAPITAL	PROFIT/(LOSS)	CAPITAL RESERVE	GENERAL RESERVE	TOTAL
Balance as at 01.01.2010	**233,254,215**	**(63,793,304)**	**265,619,467**	**-**	**435,080,378**
Profit/(Loss) for the period	**-**	(7,300,759)	-	-	(7,300,759)
Prior Year Adjustment	**-**	(551,383)	-	-	(551,383)
Invested within the period	**-**	-	73,617,039	-	73,617,039
Invested within the period			(550,000)	-	(550,000)
Balance as at 31.12.2010	**233,254,215**	**(71,645,446)**	**338,686,506**	**-**	**500,295,275**
Balance as at 01.01.2011	**233,254,215**	**(71,645,446)**	**338,686,506**	**-**	**500,295,275**
Prior Year Adjustment	-	(662,181)	-	-	**(662,181)**
Invested within the year	-	-	2,000,000	-	**2,000,000**
Less : Depreciation	-	-	(550,000)	-	**(550,000)**
Profit/(Loss) for the Year	-	(9,912,838)	-	-	**(9,912,838)**
Balance as at 31.12.2011	**233,254,215**	**(82,212,917)**	**340,136,506**	**-**	**491,177,804**

NOTES TO THE ACCOUNTS AS AT 31ST DECEMBER 2011

NOTE : 01

ACCOUNTING POLICIES

1.1 General Accounting Policies

1.1 a. Accounting Conventions

The Financial statements of the Institute comprise Balance Sheet, Income & Expenditure Account, Cash Flow statement, Accounting Policies and Notes to the Accounts. The financial statements of the Institute are prepared on the historical cost basis and in accordance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. These standards apply consistently.

1.1. b. Format of Accounts

The Financial Statements are presented in accordance with the format issued by the Institute of Chartered Accountants of Sri Lanka. Previous year figures and phrases are re-arranged wherever necessary to conform to the current year's presentation.

1.1. c. Post Balance Sheet Events

All material events occurring after the Balance Sheet date are considered and where necessary adjustments and disclosures are made in the Financial Statements.

1.2 ASSETS AND BASES OF THEIR VALUATION

1.2 a. Property, Plant & Equipment

The cost of Property, Plant & Equipment is the cost of purchased or constructed value together with any incidental expenses thereon. These are accounted at cost or revalued amount less accumulated depreciation, which is provided, on the bases specified below.

1.2 b. Depreciation

The provision for depreciation is calculated on the cost of Property, Plant & Equipment so as to write off such cost over the estimated useful lifetime of the assets by equal annual installments as follows.

Asset	Useful Lifetime
Building & Structures	40 years
Motor Vehicles	04 years
Furniture & Fittings	10 years
Books and Manuals	04 years
Plant & Machinery	05 years
Curtains & Others	03 years

Depreciation is provided for the fixed assets on periodical bases.

Expenditure made on 02 no of transformers provided by C.E.B. has been differed and amortized the cost over a period of 40 years and expenditure incurred for supply and fixing of curtains and purchasing of linen, mettresses has been differed and amortized over a period of three years.

1.3 LIABILITIES AND PROVISION

1.3 a. Provision for Gratuity

Provision is made for the payment of retirement gratuities payable under the Gratuity Act No. 12 of 1983 in respect of all eligible employees, whose service periods are more than one year at the Balance Sheet date.

Employees are eligible for Employee's Provident Fund contributions and Employee's Trust Fund contributions in line with the respective statutes and regulations. The Institute contributes 15% and 3% on Basic salaries of employees to EPF and ETF respectively.

1.3 b. Provisions for Bad Debtors

No provision has been made for Bad Debtors.

1.3 c. Other Liabilities

Provision has not been made for litigation of Employees and other parties in the Financial Statements.

1.4 INCOME & EXPENDITURE ACCOUNT

1.4 a. Revenue Recognition

- All Fees for services rendered are accounted on accrual basis
- Fees for Diploma courses and other certificate courses are accounted on period that services rendered.

1.4 b. Expenses

All expenses are accounted on accrual basis.

1.5 GOVERNMENT GRANTS

1.5. a. Capital Grants

Government grants received in the capital nature are treated as reserves in the statement of Assets & Liabilities.

1.5 b. Recurrent Grants

These are treated as an Income in the year in which it was received, in the Income & Expenditure Account.

Rs. 800,000/= received a grant from People's Bank for the training programmes in the year 2011. Out of that Rs.234,163.40 was spent for 03 nos. Training programmes conducted during the year 2011, that amount included under short term courses (others) and remaining grant of Rs. 565,836.60 which was unutilized has been mentioned under other course fee received in advance.

1.6 Preparation and submission of financial Statements is the responsibility of the management of the institute.

1.7 Balances of goods in the stores and printing press as at 31.12.2009 were calculated according to "Average Method" while the balances of publications for sale/printing were valued according to their cost.

1.8 Cash Flow Statement was prepared according to Indirect Method.

1.9 Legal action has been taken regarding the eviction of ex-employees from quarters occupied by them, while ex-employees have filed 02 Cases against the institute.

1.10 No of employees of this institute as at 31st December 2011 is 36.

1.11 Rs.32.79Mn worth of fixed assets was fully depreciated as at 31.12.2011. About 70% out of them is being used in the current year without revaluation. The summary of the fully depreciated fixed assets are as follows.

Class of the fixed Assets	Cost Rs. in Mn
(a) Plant of Machinery	20.28
(b) Library Books	1.85
(c) Motor Vehicles	6.10
(d) Furniture of fitting	3.79
(e) Other Equipment	0.75
	32.79

1.12 12 No of books published by NICD worth of Rs.6,000/- has been sent to M/s Sarasavi book shop to sell or return basis was remained unsold by the end of year 2011. The cost of the books is Rs.2,069.52

Note (02

PROPERTY,PLANT & EQUIPMENT - 2011

Cost/Valuation	Balance As 01.01.2011	Prior Year		Balance After Adjustments	Additions during the year	Adjustments	ACTUAL 2011 RS
		Additions	Deductions				
Land	134,261,243	142,343	-	134,403,586	303,973	-	134,707,559
Building & Structures	191,782,148	173,736	-	191,955,884	-	-	191,955,884
Plant, Machinery & Equipment	44,068,997	160,029	-	44,229,026	395,399	(1,213,303)	43,411,122
Vehicles	6,273,331	-	(75,000)	6,198,331	-	(90,000)	6, 108,331
Furniture	10,144,907	-	-	10,144,907	1,240,340	(55,640)	11,329,607
Library Books	2,032,875	-	-	2,032,875	74,826	-	2,107,701
Curtain & Others	3,572,126	16,675	(2,610,863)	977,938	47,820	-	1,025,758
Total	**392,135,628**	**-**	**(2,685,863)**	**389,942,549**	**2,062,358**	**(1,358,943)**	**390,645,964**

Accumulated Depreciation	Balance As at 01.01.2011	Prior Year Adjustments		Balance After Prior Year Adjustments	Additions during the year	Adjustments	ACTUAL 2011 RS
		Additions	Deductions				
Building & Structures	32,030,672	12,431	(7,190)	32,035,914	4,798,897	313.43	36,835,124
Plant, Mercenary & Equipment	30,432,094	590,607	-	31,022,702	4,572,917	(1,213,303)	34,382,316
Vehicles	5,537,988	-	(75,000.00)	5,462,988	550,000	(90,000)	5,922,988
Furnitures	5,986,256	-	(5,550)	5,980,706	983,625	(55,640)	6,908,692
Library Books	1,902,282	-	-	1,902,282	64,697	-	1,966,979
Curtain & Others	2,989,530	88,244	(2,555,577)	522,196	449,180	-	971,376
Total	**78,878,823**	**691,282**	**(2,643,317)**	**76,926,788**	**11,419,316**	**(1,358,630**	**86,987,475**
Gross Book Value	**392,135,628**	**-**	**(2,685,863)**	**389,942,549**			**390,645,964**
Accumulated Depreciation	**78,878,823**		**(2,643,317)**	**76,926,788**			**86,987,475**
Net Book Value	**313,256,805**		**(42,545)**	**313,015,761**			**303,658,489**

Capital work-in-Progress Contract No:	Balance As at 01.01.2011	Prior Year Adjustments		Balance After Prior Year Adjustments	Additions during the year	Adjustments	ACTUAL 2011 RS
		Additions	Deductions				
2/2/6/20- Auditorium	123,113,797	-	-	123,113,797	6,853,060	206,590	130,173,448
	123,113,797	**-**	**-**	**123,113,797**	**6,853,060**	**206,590**	**130,173,448**
Carrying Value	**436,370,602**		**(42,545)**	**436,129,558**			**433,831,937**

	ACTUAL 2010	ACTUAL 2011
NOTE : 03		
LONG TERM INVEST, DEBTORS, DEPOSITS		
3201 Long term Investment	-	-
3203 Deposit with Electricity	645,000	645,000
	645,000	645,000
NOTE : 04		
SHORT TERM INVESTMENT		
3401 Short term Investment	7,200,000	8,400,000
	7,200,000	**8,400,000**
NOTE : 05		
DEBTORS RECEIVABLES & DEPOSITS		
3501-3512 Course fee receivable (Schedule : 5A)	2,054,180	961,372
3504 Receivable on Programme Fee-Out Side	1,748,511	1,973,817
3513 Receivable on Printing Service	151,096	96,097
Other Deposit – (Shedule 5B)	5,000	5,000
3514 Receivables on Other services	47,206	42,230
3402 Advances to Contractors	14,198,252	12,438,630
3403 Security Deposit	228,310	227,200
3515 Interest Receivable on Investment	135,246	497,069
3518 Hostel fee Receivable	-	10,500
3520 House rent receivable	425,408	426,757
3521 Receivable on sales of publication	-	36,900
3523 Advance to suppliers	-	124,562
3524 Staff food supply control A/C	7,510	5,230
3525 Receivable on food supply to Co-op inspectors	130,896	130,896
3527 Festival advance receivable	39,000	31,000
3532 Advance to staff	61,147	67,147
3535 Transfer of Funds to other accounts	-	1,084,844
3539 Vat	13,446,550	12,899,032
3540 WHT Payment	249,964	273,527
3543 Distress Loan - staff	1,575,000	1,511,809
3544 Receivable Interest on Distress Loan	-	-
3545 Cheque Return control A/c	87,000	-
3548 Receivable bus hire	-	22,306
3549 Building rent receivable	-	242,250
Less: Provision for bad debts	(152,693)	-
Specific Provision for bad debtor	(130,896)	-
	34,306,691	**33,108,177**
NOTE : 06		
Stock		
3301 Stationery stock	179,216	291,266
3302 Printing Material stock	334,071	485,616
3303 Building Material	79,556	88,465
3304 Audio visual	6,552	4,368
3305 Sundry stock	97,104	165,565
3306 Publications- (Books & handouts)	50,016	72,201
	746,517	**1,107,482**

		ACTUAL 2010	ACTUAL 2011
NOTE : 07		Rs	Rs
CASH AT BANK (People's Bank Katugastota)			
Hostel	0089 1001-72649555	31,106	3,024,237
Examination	0089 165 000304 8	3,996	3,996
Publication	0089 1001-92649564	91,355	101,201
Training & Education	0089-1001-32648143	694,868	2,032,781
Productivity Account	089-1001- 38092-967	408,085	1,202,148
Government	0089-1001-92648140	31,734,507	27,652,257
Service Charge Account	089-100150002158	50,461	**461,585**
Publication Account ii		3,417,039	**17,039**
		36,431,417	**34,495,244**

NOTE : 08

CAPITAL

	ACTUAL 2010	ACTUAL 2011
Balance on 01.01.2001	233,254,215	233,254,215
Add/Less : Adjustments to statement of affairs	-	-
	233,254,215	**233,254,215**

NOTE : 09

ACCUMULATED PROFIT/(LOSS)

	ACTUAL 2010	ACTUAL 2011
Balance as at 01st of January	(63,793,304)	71,637,899
Add/Less : Prior Year adjustments		
Audit fee	-	-
Others – Addition	-	12,740
Others – Deduction	(551,383)	(674,921)
	(551,383)	**(662,181)**
Accumulated profit after prior year adjustment	**(64,344,687)**	**(72,300,079)**
Add : Surplus/ (Deficit)	(7,300,759)	9,912,838)
	(7,300,759)	(9,912,838)
	(71,645,446)	**(82,212,917)**

NOTE : 10

CAPITAL GRANTS FROM TREASURY

	ACTUAL 2010 Rs	ACTUAL 2011 Rs
Balance on 01.01	261,678,075	331,878,075
Add : Adjustment	-	-
	261,678,075	**331,878,075**
Add: Received for the Year	70,200,000	2,000,000
	331,878,075	**333,878,075**
Less : Depreciation of Assets purchased from capital grants	-	-
	331,878,075	**333,878,075**

NOTE : 11

CAPITAL GRANTS FROM MINISTRY

	ACTUAL 2010 Rs	ACTUAL 2011 Rs
Balance on 01.01	6,749,800	6,749,800
Add : Received for the Year	-	-
	6,749,800	**6,749,800**
Less : Depreciation of Assets purchased from capital grants	(3,358,408)	(3,908,408)
	3,391,392	**2,841,392**

NOTE : 12

CREDITORS & ACCRUED EXPENCES

	ACTUAL 2010 Rs	ACTUAL 2011 Rs
4001 Telecommunications	91,037	82,989
4002 Water	25,338	-
4003 Electricity	-	41,065
4004 Lecture Fees	206,660	124,295
4005 Other accrued expenses	1,107,888	222,063
4015 Govt. Audit fee payable	467,532	703,118
4016 Payable to Treasury	68,751	49,860
4018 Advance received for programme - Outside	719,697	834,249
4019 Security Services	139,696	216,600
4020 Janitorial Services	168,056	224,076
4021 Laundry Services	-	21,080
4022 Building Constructors	867	-
Received in Advance as per (Schedule : 10A)	447,225	2,509,536
4027 Payable to suppliers	-	211,610
4035 Salary control A/c Casual	-	111,133
4040 Refundable course fee	36,600	100,358
4041 Productivity Control A/c	1,154,113	2,304,863
4044 Vincy Caterers	100,462	-
4043 VAT Receipt	2,553,048	2,388,212
3903 Refundable Tender Deposit	441,000	280,415
4048 Food Supply control A/C – Ruchira	67,309	-
4049 Fuel bill payable	50,487	100,742
4050 Building Rental received in advance	153.750	-
4052 CWE	-	1,623,142
	7,999,531	**12,149,420**

NOTE : 13

	ACTUAL 2010	ACTUAL 2011
RECURRENT GRANTS (CODE : 11)		
1021 From Treasury	22,390,000	22,743,582
1020 From Ministry	-	-
1044 From Co-operative fund	-	-
	22,390,000	**22,743,582**

NOTE : 14

OTHER INCOME GENERATED FROM (CODE: 11)

1001 -1011 Course fee – Schedule 14 -A	8,155,549	7,702,818
1013 Hostel Fee	-	-
1012 Room Charges	4,797,721	5,651,382
1014 Lecture hall Fee	1,239,410	1,617,425
1015 House Rent	285,000	304,350
1017 Sales of Publications	96,158	201,639
1018 Service Charges	4,450	12,400
1022 Consultancy Service	250,000	-
1023 Printing Service	299,569	204,129
1024 Library fees	27,100	71,000
1025 Exam fees	137,715	115,297
1026 Fixed Deposit interest	162,479	482,909
1027 Interest on staff Loan	46,093	69,119
1035 Non Refundable Tender Deposit	23,798	13,500
1036 Profit on sale of fixed Assets	1,144,039	1,060,830
Miscellaneous income – (Schedule 14-B)	1,285,933	2,113,265
1043 Commission on food supply	805,864	999,972
1065 Registration fee for productivity competition programme	1,225,600	-
1069 Rent Income on Building	221,250	484,600
1063 N.B.T.	436,903	315,996
	20,644,631	**21,420,631**

NOTE : 15

PERSONNEL EMOLUMENTS (CODE : 01)

	ACTUAL 2010 Rs	ACTUAL 2011 Rs
101 Salaries & Wages	13,285,973	12,677,439
151 Lecture Fees	1,522,380	2,316,325
103 Over Time	739,694	948,068
104 Allowance	1,252,099	1,671,114
105 E.P.F. (Institution Contribution)	1,322,893	1,263,350
106 E.T.F. Contribution	264,579	252,670
153 Exam Supervision fees	38,000	45,900
154 Course Coordinating fee	90,300	102,298
110 Director Fee	22,000	100,000
112 Holiday pay & Others	95,744	71,539
155 Question Paper	38,255	67,580
156 Paper Marking fee	120,930	78,560
118 Gratuity	448,278	520,418
119 Pension fund	271,440	148,065
157 Consultancy fee	-	60,000
	19,512,564	**20,323,326**

NOTE : 16

TRAVELLING EXPENCES (CODE: 02)

201 Domestic	285,566	320,329
202 Foreign	467,862	1,183,067
	753,427	**1,503,396**

NOTE : 17

SUPPLIES (CODE : 03)

301 Stationary & Office Requisition	500,082	426,787
302 Fuel & Lubricants	1,480,402	2,140,002
303 Printing Materials	446,815	392,131
304 Newspapers & Periodicals	60,590	62,160
306 Diets	955,209	674,426
307 Mechanical & Electrical goods	135,936	110,275
308 Video cassette & Others	2,268	2,738
310 Others	229,541	109,919
312 Fuel for hiring bus		
313 Cost of water bottle	91,490	87,665
314 Purchase of Publications	-	14,810
	3,902,331	**4,020,912**

NOTE : 18	ACTUAL 2010 Rs	ACTUAL 2011 Rs
MAINTENANCE EXPENCES (CODE : 04)		
401 Vehicle	931,550	1,467,809
402 Plant, Machinery & Equipment	518,462	541,314
403 Building & Structures	633,477	1,002,855
404 Furniture	172,075	16,350
405 Computers & Others	-	-
406 Motor Vehicle License & Insurance	150,389	97,099
	2,405,953	**3,125,426**

NOTE : 19

CONTRACTUAL SERVICES (CODE : 05)

501 Transportation	16,699	60,659
502 Telecommunications	874,433	927,853
503 Postal Charges	245,079	322,763
504 Electricity	1,895,723	2,307,627
505 Water	823,652	758,426
506 Rent & hire charges	3,000	5,000
508 Audit Fee	75,000	339,398
510 Advertisement/Publicity	705,845	1,040,304
512 Security Services	1,476,760	2,572,420
513 Janitorial Services	1,706,713	2,328,832
514 Laundry Services & Linen	240,295	260,610
515 Gardening	4,850	1,400
516 Insuarance	-	21,876
517 Translations	43,530	73,810
520 Staff Training (Local/ Foreign)	12,000	106,725
521 Subscription & Membership fees	446,180	705,175
523 Other Expenses	316,544	258,732
524 Printing – Printing Section	43,756	129,868
525 Printing Charges – Audio Visual	14,728	27,245
526 Stamp Charges	1,995	-
529 Co-operative officer’s Training	260,115	503,172
	9,206,898	**12,751,894**

NOTE : 20

OTHER EXPENCES (CODE : 06)	ACTUAL **2010** Rs	ACTUAL **2011** Rs
601 & 602 Legal fees & Donation	11,500	11,464
607 Entertainment	781,446	593,124
703 Bank Charges	40,595	22,424
705 Loan interest of Staff	50,495	43,890
608 Productivity awarding programme	2,458,531	-
609 Implementation of office Language	11,200	62,400
707 Nation build tax	829,082	429,394
709 Provision for bad debts	72,733	-
	4,255,583	**1,162,696**

Schedule : 5-A

Course Fee Receivable

3501 Diploma in Co-operatives	397,548	231,997
3502 Co-operative Certificate course	1,248,089	56,170
3503 Workshop	57,450	68,250
3506 Short term Other Courses	101,334	531,142
3508 NICD IT Diploma	142,000	30,250
3511 Course fee receivable for English course	21,000	4,313
3522 Library fees & exam fees	-	14,250
	86,758	25,000
	2,054,180	**961,372**

Schedule : 5-B

Deposit

3536 Tender deposit	5,000	5,000
Security deposit	-	-
	5,000	5,000

Schedule : 10

Course fee Received in Advance

4023 Diploma Courses in Co-operatives	437,225	1,158,915
4024 Work shop	-	565,837
4025 Others Courses	10,000	784,785
	447,225	**2,509,536**

Schedule : 14-A	ACTUAL 2010 Rs	ACTUAL 2011 Rs
Course Fee Income		
1001 Higher Diploma – Co-operatives	1,471,800	1,470,098
1002 NICD IT Diploma	874,421	983,250
1003 Certificate Courses – Computer	666,500	326,500
1004 Certificate in English	234,708	274,688
1005 Professional Course		
1005 - 01 Course fee for AAT	-	46,200
1005 - 02 Chartered Course fee	-	70,500
1005 - 03 CMA Course fee	-	81,000
1006 Degree programme –BIT	-	193,750
1007 Certificate Courses - Co-operatives	964,918	639,341
1008 Short Term Courses – Workshop	2,524,140	2,088,350
1009 Short Term Courses - IT	96,000	494,196
1010 Short Term Courses – Others	1,323,062	950,515
1011 Co-op Net Training Programme	-	84,430
	8,155,549	7,702,818

Schedule : 14-B		
Miscellaneous Income		
1016 Income from Garden	62,125	31,248
1034 Hostel manager fee	76,603	96,926
1038 Photocopy chargers	48,943	17,751
1040 Hire of Equipment	287,193	376,141
1041Other Supplies	-	7,250
1044 Water Bottle	113,940	136,870
1045 Registration of supplies	95,000	82,750
1046 Photograph Income	23,400	67,025
1047 Fines	23,470	10,825
1048 Book Binding	6,250	4,870
1051 Miscellaneous Income	18,600	209,651
1056 Income from bus	482,178	906,938
1061 Additional income	25,761	2,110
1062 Unclaimed due payment	22,470	146,411
1071 Sales of new papers of unserviceable item	-	16,500
	1,285,933	2,113,265

Report of the Auditor General on the Financial Statements of the National Institute of Co-operative Development for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the National Institute of Co-operative Development for the year ended 31 December 2011comprising the balance sheet as at 31 December 2011 and the income 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 22 of the National Institute of Co-operative Development (Incorporation) Act, No.01 of 2001. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was issued to the Chairman of the Institute on 14December 2012.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2:2 of this report.

2. Financial Statements

2.1 Qualified Opinion

I am of the opinion that, 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 National Institute of Co-operative Development as at 31 December 2011 and its financial performance for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The following non-compliances were observed.

Reference to Sri Lanka Accounting Standard		Non-compliance
Standard 18	(i)	Action had not been taken either to write off from books or to disclose in the financial statements the value of fixed assets which had been eliminated from use over a period exceeding 05 years.
	(ii)	The fully depreciated assets, of which purchase price amounted to Rs.13.38 million and being in use at present had not been revalued and brought to account.
	(iii)	Computers and computer accessories machinery and equipment, motor vehicles and library books, etc. had not been depreciated based on the useful life span of the asset.

2.2.2 Accounting Deficiencies

The following accounting deficiencies were observed.

(a) Eight items such as cheques not presented for payment, unrealized cheques, money orders, direct credits by banks, direct debits by banks, dishonored cheques, balances to be amended in the cash book and bank charges that had not been settled totaling Rs.424,781 relating to 05 bank accounts had been shown continuously in the Bank Reconciliations over a period exceeding 05 years. Action had not been taken to reconcile and rectify and correctly account for them.

(b) Consumable articles such as curtains, bed sheets and mattresses amounting to Rs.106,025 purchased during the years 2001 to 2010 for the hostel rooms and lecture halls had been brought to account under fixed assets.

2.2.3 Accounts Receivable and Payable

The following observations are made.

(a) Five balances receivable comprising course fees, external services charges, printing charges, lease rent of buildings and charges for water totaling Rs.1,312,326 remaining outstanding for periods ranging from 01 year to 05 years had not been recovered.

(b) The balances of Value Added Tax receivable amounting to Rs.13,446,550 accumulated over a period exceeding 05 years as at 31 December 2011 had not been recovered from the Department of Inland Revenue. Those account balances had been shown in the accounts over a period exceeding 05 years without being reconciled.

(c) Action had not been taken even by 31 December 2011 to settle the creditors balances amounting to Rs.268,508 accumulated in 04 accounts over a period exceeding 03 years.

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

The following non-compliances were observed.

	Reference to Laws, Rules, Regulations and Management Decisions etc.	Non-compliance
	--------------------------------	---------------------
(a)	<u>Establishments Code of the Democratic Socialist Republic of Sri Lanka</u>	
	(i)Section 5.3 of Chapter XIX	Instead of recovering 10 per cent of the salary or the economic rent from the employees occupying scheduled Government Quarters, a small nominal rent had been recovered from the employees occupying the official quarters of the

	Institute.
(ii) Section 12 of Chapter VII and Public Administration Circular No.06/97 of 03 February 1997.	Allowances totaling Rs.104,575 had been paid irregularly to a Lecturer for acting in the post of the Director (Academic and Development) for a period exceeding 02 years by 31 December 2011.
(b) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u>	
Financial Regulation 756	Fixed assets valued at Rs.64,056,244 had not been surveyed and furnished the Board of Survey Reports to audit.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the working of the Institute for the year under review had resulted in a deficit of Rs.9,912,838 as compared with the corresponding deficit of Rs.7,300,759for the proceeding year, thus indicating a further deterioration of the financial results by a sum of Rs.2,612,079. The increase in the payment of employees' salaries and allowances and the contractual services had mainly affected to this deterioration.

3.2 Increases in Expenditure and Continuous Deficit

The particulars of the recurring deficits resulting from the increase in the expenditure and the decrease in the income of the Institute from the year 2006 to 2011 are given below.

	2011	2010	2009	2008	2007	2006	Total
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Deficit according to the Income and Expenditure Account	(9.91)	(7.30)	(6.17)	(4.14)	(7.61)	(8.88)	(44.01)
Less : Depreciation	11.19	10.29	9.36	8.63	6.58	7.72	53.77
Surplus/(Deficit) before adjustment of Depreciation	1.28	2.99	3.19	4.49	(1.03)	(1.16)	9.76
Less : Recurrent Grants	22.74	22.39	21.47	19.68	13.65	8.65	108.58
Deficit before adjustment of Recurrent Grants and Depreciation	(21.46)	(19.40)	(18.28)	(15.19)	(14.68)	(9.81)	(98.82)

The following observations are made in this connection.

(i) The expenditure had exceeded the income earned by the Institute by a sum of Rs.98.82 million during the 06 years from 2006 to 2011.

(ii) Even though the Institute had a cumulative deficit of Rs.98.82 million excluding the Government grants during the 06 years from 2006 to 2011, that had been prevented due to the receipt of grants amounting to Rs.108.58 million from the Government. As such the uncertainty of the going concern of the Institute cannot be ruled out in audit.

4. Operating Review

4.1 Performance

The following observations are made.

(a) It had not been possible even during the year under review to perform the following major functions expected to be achieved by the incorporation of the Institute in terms of Section 4 of the National Co-operative Development Institute (Incorporation) Act, No.1 of 2001.

(i) Promotion of research on Co-operative Development.

(ii) Acting as a resource centre for the collection of data relating to Co-operative development and to collate and disseminate such data by way of publication.

(iii) Undertake and manage co-operative enterprises which require managerial skills.

(iv) Provide professional advice to co-operative enterprises.

(b) The progress of the courses conducted by the Institute as compared with the preceding year is given below.

Course	2011 Targeted Number of Courses	2011 Targeted Number of Participants	2011 Actual Number of Courses	2011 Actual Number of Participants	2010 Actual Number of Courses	2010 Actual Number of Participants
Permanent Training Courses	02	83	03	110	02	97
Higher Diploma Courses	14	280	16	297	10	210
Certificate Courses	06	125	05	81	06	135
Short term Management Development Courses	27	735	12	351	10	473
Courses conducted at the request of External Institutions	-	-	16	682	34	1,347
Courses conducted free of chargefor the Advancement of the Co-operative Sector	-	-	08	380	14	498
Assisting Programmes for External Degrees and Professional Accountancy Examination	-	-	04	57	-	-
Total	49	1,223	64	1,958	76	2,760

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The following observations are made in this connection.

(i) The performance relating to the conduct of the Short Term Management Development Courses in the year under review had been 44 per cent and the participation of course beneficiaries had been 48 per cent of the targeted number.

(ii) The number of courses conducted free of charge for the Advancement of the Co-operative Sector during the year under review had been 08 and as compared with the preceding year indicated a decrease of 43 per cent.

(iii) The performance on the conduct of Certificate Courses and the participation of course beneficiaries during the year under review had been 83 per cent and 65 per cent respectively.

(iv) The decrease in the conduct of courses at the request of external institutions during the year under review as compared with the preceding year had been 53 per cent.

(v) Even though the conduct of Assisting Programmes for External Degrees and Professional Accountancy Examinations had been commenced in the year under review, the targets had not been determined. Only 57 trainees had participated in the 04 Programmes conducted.

(c) The income received from the courses conducted by the Institute in the year under review as compared with the preceding year is given below.

Course	2011		2010
	Targeted	Actual	Actual
	Rs.	Rs.	Rs.
Permanent Training Courses	559,860	429,598	551,736
Higher Diploma Courses	2,840,688	2.051,083	2,346,221
Certificate Courses	1,607,833	1,240,529	1,314,390
Short term Management Courses	2,470.000	3,568,596	2,651,412
Assisting Programmes for Professional Accountancy Examinations	-	197,700	-
Assisting Programmes for External Degree Examinations	-	193,750	-

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7,478,381	7,681,256	6,863,759
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The following observations are made.

(i) Even though 14 Higher Diploma Courses and 280 course beneficiaries for that had been targeted indicating an expected income of Rs.2,840,688,therefrom, the number of courses and the number of course beneficiaries by the end of year under review had exceeded the target by 02 and 17 respectively. Nevertheless, the targeted income had decreased by a sum of Rs.789,605 from the targeted income.

(ii) The total course income during the year under review, as compared with the preceding year had increased by a sum of Rs.817, 497 or 12 per cent.

4.2 Underutilization of Funds

The following observations are made.

(a) Due to the inordinate delay in the construction of the auditorium, the capital grant of Rs.27,652,257 received from the Treasury had been idling in the Bank Current Account for about 02 years without being utilized.

(b) Due to the delay in the implementation of the National Co-operative Sector Productivity Performance Competition Programme, a grant of Rs.1,202,148 received from a State Bank had been idling for 02 years in a Bank Current Account without being utilized.

4.3 Transactions of Contentious Nature

Even though the assessed annual rent of the ground floor of the Multipurpose Building, amounted to Rs.399,000 that had been irregularly rented out to a Federation of Co-operative Societies at an annual rent of Rs.195,000 for a period of 05 years from 01 April 2010 to31 March 2015. As such the Institute had been deprived of a rent income of Rs.341,250 up to 31 December 2011.

4.4 Idle and Under Utilized Assets

Three printers of the Printing Division had been idling without being used over a period exceeding 10 years.

4.5 Deficiencies in Contract Administration

(a) Construction of the Auditorium

The construction of the Auditorium had been awarded to a private construction company at a cost estimate of Rs.44.5 million in August 2001. Even though the construction should have been completed by the end of April 2003 the work had been stopped halfway due to the collapse of the roof during construction on 14 February 2005. Nevertheless, the construction of the balance work including the full construction of the roof at a new cost estimate of Rs.113 million had been awarded to the Central Engineering Consultancy Bureau in the year 2009. The work had not been completed even by 30 July 2012.

The following observations are made in this connection.

(i) According to Report on the Settlement of Arbitration of Disputes supplied by the Institute of Construction Training and Development and the letter No.CIT/4/4/8/2 dated 31 May 2012 of the Secretary to the Line Ministry on the loss incurred from the collapse of the roof, an order had been made to take legal action for the recovery of the loss amounting to Rs.3,907,904caused to the Institute from the consultant who supplied Consulting Services for construction works and the Construction Company (at 50 per cent each). Nevertheless, legal action for the recovery of that loss had not been taken even up to 30 September 2012.

(ii) The institution concerned had not been informed to take disciplinary action against the consultant who supplied Consultancy Services while being in public service for this construction in private capacity without approval and obtaining consultancy fees amounting to Rs.2.15 million.

(iii) While the construction work was commenced and in progress the work was again stopped in May 2012 due to the changes made in the construction designs. Construction work had not been commenced again up to 30 September 2012. Action had been taken to obtain a cost-estimate of Rs.97.5 million only in accordance with the new construction designs.

(iv) The construction work which could have been completed for Rs.44.5 million had increased by Rs.210.5 million that is up to Rs.255.0 million due to the inordinate delay of 11 years from the commencement of construction in the year 2001 to 31 December of the year 2012 and the revision of construction designs.

(b) Procurement of Services

The following observations are made in connection with the procurement of services such as Security, Cleaning and Canteen Services in the year under review.

(i) Despite inviting bids for the supply of Security, Cleaning and Canteen Services for the year under review and the selection of the bidders, the 03 contracts had been awarded to the company which had not submitted bids, on the quotations obtained from that company irregularly. As such the Institute had incurred a loss of Rs.1,536,440 per year.

(ii) Despite existence of the above irregular position, bids had not been invited for the year 2012 and the 03 contracts had been awarded again to the same private institution by extending the period of contract agreements.

4.6 Staff Administration

The approved cadre of the Institute had been 59 and the actual cadre had been 35 thus resulting in 24 vacancies. Even though the approval in terms of Financial Regulation 71 had been granted for filling the vacancies, action had not been taken to fill the vacancies.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of the Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003 the financial statements for each year should be presented for audit within 60 days from the close of the financial year, the financial statements for the year 2011 had been presented only on 26 July 2012.

5.2 Corporate Plan

Even though a Corporate Plan covering the years 2012 - 2016 had been prepared, it had not been prepared in accordance with the instructions in the Public Enterprises Circular No.PED/12 of 02 June 2003.

5.3 Internal Audit

An Internal Audit Unit had not been established in terms of Financial Regulation 133.

5.4 Procurement Plan

A Procurement Plan for the year under review had not been prepared in terms of Section 4.2 of the Government Procurement Guidelines.

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 from time to time. Special attention is needed in respect of the following areas of control.

(a) Fixed Assets.
(b) Arrears of Income.
(c) Contract Administration.
(d) Human Resources Management.

H.A.S.Samaraweera
Auditor General