NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ANNUAL REPORT

2012

National Institute of Plantation Management
M.D.H. JayawardeneMawatha
Athurugiriya

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VISION

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

MISSION

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

CHAIRMAN'S REVIEW

It is with much pleasure I present the Annual Report of the National Institute of Plantation Management for the year ended by 31st December 2012.

During the course of the year having identified a much needed service we changed course to offer our services to a group hitherto left very much on their own, namely the Out Growers who account for over 70% of the major crops, Tea, Rubber and Coconut. 75.5% of the programmes were conducted for this group over the year. We also serviced other plantation crop producers such as Sugarcane and Cashew.

Another first this year was our setting up a computer lab, to provide better facilities to our Stakeholders.

We also commenced in house training for members of our staff to better equip them to meet the needs of our stakeholders serviced by us.

In fact this year whilst increasing our total progammes conducted by 139.4%, we developed the capacity of 8196 persons at a cost of Rs. 4.9 million through the Out Grower programmes.

We have a plan to improve our services in the coming year using available resources through the introduction of audio visual equipment. Development of our road network and refurbishing a section of the buildings using our income with a view to establishing a more presentable Institute.

Five acres of our property was released to the Army and we expect to be compensated based on a valuation done by the Government Valuation Department. Our application for payment is being processed.

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

I would have failed, if I did not mention the support, direction, guidance and assistance given us by the Honorable Mahinda Samarasinghe, Minister of Plantation Industries, Ms. Sudharma Karunaratna, Secretary, Ministry of Plantation Industries and all other officials in the Ministry and other organizations within the Ministry, members of the Board of Governors of the Institute which made the task of the Management much easier.

Last but not least I thank and acknowledge the services rendered by all the employees of the Institute who have served us very well, making all our achievements over the year a possibility.

RANJIT SAMARASINGHE
CHAIRMAN

MESSAGE OF THE DIRECTOR

The year 2012 shows a satisfactory improvement of training and allied activities of the Institute. In 2011, only 104 programmes were conducted. But during the year under review 249 programmes were conducted showing a 139.4% increase compared with the previous year. This improvement is more obviously seen with the numbers exposed to training, number of training days and income generated etc.

A new area of training on which the Institute paid more attention and effort in the year under review was the programmes for smallholders who were involved in cultivation of crops such as tea, rubber, coconut and sugarcane. The largest component of the end product of these plantation crops are produced with the raw material supplied by the smallholders. Hence, there was a need to concentrate more on training of smallholders in order to improve the quality of raw materials supplied by them which would in turn increase the quality of the end product. To begin with, the Institute conducted 74 programmes for smallholders and workers free of charge, incurring on expenditure amounting to a sum of Rs. 1.79 million from its generated funds in 2011. After convincing the importance of the smallholders' role in the national economy, the Treasury granted Rs. 5.0 million to train smallholders in 2012. This amount has been increaseduptoRs. 8.0 million in the year 2013.

Out of the total participants (10331) trained in 2012, 79.3% were smallholders covering tea, rubber, coconut, sugarcane and cashew.14.7% were smallholder rubber entrepreneurs and green leaf transporters. It does not mean that the Institute has not paid a considerable attention to training of personnel attached to the plantation corporate sector. As experienced in the previous years the demand for academic programmes remained constant, while an increasing trend could be seen in non-academic programmes such as skill development and worker development etc. At the request of Smallholder Plantation Entrepreneurship Development Programmes (SPEnDP) 18 programmes were conducted for small scale rubber entrepreneurs to equip them with knowledge in business development.

The major constraint that the Institute had to face in the year under review was the difficulty in filling vacancies of some posts such as Hostel Manager and Training Officer (Accounting and Financial Management) etc. The main reason for this situation was the higher qualifications requested and comparatively low salary offered by the Scheme of Recruitment (SOR) for such posts. Some of the other constraints were difficulty in getting services of experienced external resource personnel due to comparatively low lecture fees, non-availability of vehicles and non-release of plantation executives on a regular basis on weekdays, to follow the programmes of the Institute. On the other hand, although there was a big need for training of smallholders, they were unable to pay for training due to the financial constraints faced, nor was there any other source available to meet such expenses.

In the year under review, the total generated income was Rs. 26.459 million out of which the contribution of Korean programmes was Rs. 8.67 million. The Bogawantalawa Regional Training Centre played a key role in generating income, earning a sum of Rs. 3.8 million, while its total expenditure was only Rs. 2.04 million. The capital expenditure in the year under review was Rs. 8.112 million and the recurrent expenditure was Rs. 49.529 million. After depreciation, there was a net deficit of Rs. 5.172 million. The reason for this situation was the change of depreciation method and the useful life of assets. The depreciation amount was Rs. 3.94 million in 2011 whereas it was increased uptoRs. 9.72 million in the year under review and yet the Institute was able to decrease the dependency on Treasury for recurrent expenditure to 21% although it was 25% in 2011.

Having various discussions at Board level and with stakeholders the Institute has now realized the necessity to diversify its activities in order to adjust to the present situation of the sector. Accordingly, it has become necessary to concentrate more on smallholder training while more attention has to be paid on induction courses for trainees such as Factory Officer, Field Officer, Mechanic, and Planter Trainee etc. However, the academic programmes too have to be continued as the demand is gradually increasing. Moreover, it is the expectation of the Institute to conduct some regular programmes for foreign students as it will generate a higher income.

P.W.A. KAPILAWANSHE
DIRECTOR
NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ADMINISTRATIVE REPORT FOR THE YEAR ENDED BY 31ST DECEMBER 2012

01. OBJECTIVES:

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

a. to provide by itself or in collaboration with other Institutions in Sri Lanka or abroad, required training relevant to Plantation Management to all categories of employees working in the Plantation Sector.

b. to provide regular, refresher and in-service courses in Plantation Management to the employees in the Plantation Sector.

c. to offer specialized training courses in Plantation Management to personnel working in the Plantation Industry.

d. to conduct Diploma Courses related to Plantation Management in association with the Crop Research Institutes such as Tea, Rubber, Coconut and Sugarcane.

e. to sponsor and hold seminars, workshops and conferences related to Plantation Industry.

f. to publish journals and magazines related to activities of Plantation Management and Development.

g. to carry out research and development into relevant areas of Plantation Management and labour relations.

h. to offer training courses in Plantation Management to those who have the necessary aptitude for Plantation Management having identified that they can be gainfully employed in the Plantation Industry.

i to furnish managerial, technical and administrative advice and services to Government Departments, Public Corporations or other Institutions within or outside Sri Lanka in respect of Plantation Industry.

j. to assess the eligibility of candidates for admission to various grades of membership and to conduct or provide for the conduct of the qualifying examinations for all grades of membership of the Institute and to promote, provide or approve courses of study for such Examinations.

k. to ensure the maintenance of high standards in the professional activities and the general conduct of its members.

l to promote investment in Plantation Management.

m. to undertake the collection and dissemination of data relating to plantations and Plantation Management and to conduct research to ascertain the development potential of Plantations.

n. To advise the Minister on appropriated policies relating to Plantation Management and to co-ordinate with other relevant agencies.

2.0 CONSTITUTION OF THE BOARD OF GOVERNORS

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

Name	Type of Membership	Period
Mr. RanjithSamarasinghe Chairman/NIPM	Chairman (appointed)	From January to December 2012

Dr. W.M.G. Seneviratne Director Rubber Research Institute	Member (Ex-Officio)	From January to December 2012
Dr. I.S.B. Abeysinghe Director Tea Research Institute	Member (Ex-Officio)	From January to December 2012
Dr. JayanthaGunathilake Director Coconut Research Institute	Member (Ex-Officio)	From January to December 2012
Dr. D.V. Seevaratnam Representative/The Planters' Association of Ceylon	Member (appointed)	From January to December 2012
Mr. Arjun Deraniyagala Representative/Coconut Growers' Association	Member (appointed)	From January to December 2012
Mr. N.G. Piyasena Accountant/MPI	Member (appointed)	From January to December 2012
Mr. RanjanWalpola Representative/ Private Tea Factory Owners' Association	Member (appointed)	From January to December 2012
Mrs. LoshiniPeiris Director/Dept. of External Resources	Member (appointed)	From January to December 2012
Mr. K.G.B. Oberysekera General Manager Tea Smallholdings Dev. Authority	Member (appointed)	From January to December 2011
Mr. S.P. Hidellarachchi Chairman/Thurusaviya Fund	Member (appointed)	From January to December 2012
Mr. W.D. Jayaratne Hon.Secretary The Federation of Tea Smallholdings Dev. Societies	Member (appointed)	From January to December 2012

Mr. MalinGoonathilake Secretary General The Planters' Association of Ceylon	Observer Member	From January December 2012
Mr. SarathSirisena Director/CEO Lanka Commodity Brokers Ltd.	Observer Member	From January to December 2012
Mr. P.W.A. Kapilawanshe Director/NIPM	Member (Ex-officio)	From January to December 2012

2.2 SECRETARY TO THE BOARD

Mrs. J.M.D. Karunaratne – (From January to December 2012)
Asst. Director (Admin.)

2.3 MEETINGS OF THE BOARD OF GOVERNORS

During the year under review, ten (10) meetings of the Board of Governorswere held at NIPM Athurugiriya. At these meetings, the following matterswere reviewed/discussed and approvals were granted for the same.

a) Revisions of Budget Estimates
b) Due course fees and methods of recovering such course fees and writing off debts which cannot be recovered under reasonable reasons.
c) Training activities of the Institute and the other matters relating to accounts and administrative divisions
d) Short term and long term local and foreign scholarships and workshops offered to the employees of the Institute
e) The progress of the activities of different sections.
f) Matters recommended by the Audit and Management Committee
g) Replies for the Audit queries prepared by the Institute pertaining to the previous year.
h) New recruitments and promotions
i) Updated Corporate Plan and Action Plan

j) The budget estimate for the following year.

k) The Administrative Report and Final Accounts related to the previous year.

l) Strategies to improve the quality of work performance of the Institute.

m) Procurement matters.

n) Results of the academic courses and Professional Programmes

o) Members for the Boards of Study

p) Members for the Procurement Committees

2.4 MEMBERS OF THE AUDIT AND MANAGEMENT COMMITTEE(AMC)

Mrs. LoshiniPeiris Director/Dept. of External Resources	-	Chairperson
Mr. N.G. Piyasena Accountant/MPI	-	Member
Mr. P.W.A. Kapilawanshe Director/NIPM	-	Member
Mr. L.D.J. Priyantha Accountant/NIPM	-	Secretary/AMC
Mrs. LalaniGunatilaka Government Auditor	-	Observer Member
Mr. W.A.D.D.M. Priyantha Internal Auditor/MPI	-	Observer Member

2.5.1 PROCUREMENT COMMITTEE OF THE INSTITUTE (Major Contracts)

Mr. RanjithSamarasinghe Chairman/NIPM	-	Chairman
Mr. N.G. Piyasena Accountant/MPI	-	Member
Mr. P.W.A. Kapilawanshe Director/NIPM	-	Member

2.5.2 PROCUREMENT COMMITTEE OF THE INSTITUTE (Minor Contracts)

Mr. P.W.A. Kapilawanshe Director/NIPM	-	Chairman
Mr. L.D.J. Priyantha Accountant/NIPM	-	Member
Mrs. J.M.D. Karunaratne Asst. Director (Admin.)	-	Member

2.6 MEETINGS OF THE AUDIT AND MANAGEMENT COMMITTEE

As mentioned above, this committee comprised two (02) members of the Board of Governors (a representative fromtheTreasury&the Ministry of Plantation Industries), Director and Accountant of the NIPM. In addition to these members the government Audit Superintendent and Internal Auditor of the Ministry participated in the meetings as observer members. Their participation helped the committee to study all matters placed before them effectively and take decisions. During the year under review, eight (08) meetings of the AMC were held and the following matters were taken up for discussion and due recommendations made.

a) Matters relating to Audit Queries and repliers

b) Decisions of the Procurement Committees and usage of Recurrent and Capital Expenditure

c) Budget estimates and actual expenditure of each period

d) Comparison of expenditure relating to overtime, fuel, telephone charges and transport etc. with budgeted estimate.

e) Cost of training programmes, and their income.

f) Other financial matters relating training, administration and accounts divisions.

3.0 STAFF OF THE INSTITUTE DURING THE YEAR 2012

		No.
3.1.1	Chairman	01
	Director	01

3.1.2 Staff of Training Division

Training Specialist (Acctg. &Fin.Mgt.)	01
Training Specialist (Mgt.)	01
Training Specialist (Agric. Econ.)	01
Training Officer (Mgt.)	01
Staff Assistant (Training)	01
Librarian	01
Clerk - Grade I	01
Stenographer (English) – Grade II	02
Clerk/Computer Operator	01
Management Assistants (On contractual basis)	02
Office Aide	01

3.1.3 Staff of Administration Division

Asst. Director (Admin.)	01
Hostel Manager	01
Clerk – Grade I	01
Stenographer (English) – Grade II	01
Works Supervisor	01
Management Assistants (on contractual basis)	03
Driver (with 01 on contractual basis)	05
Garden Aide (with 04 on contractual basis)	04
Office Aide (with 03 on contractual basis)	05
Sanitary Aide (on contractual basis)	01

3.1.4 **Staff of Accounts Division**

Accountant	01
Clerk – Grade I	01
Store-keeper	01
Book-keeper	01
Stenographer (English) – Grade II	01
Clerk/Typist	01
Management Assistants (on contractual basis)	01
Office Aide (on contractual basis)	01

3.2 SENIOR MANAGEMENT OF THE INSTITUTE

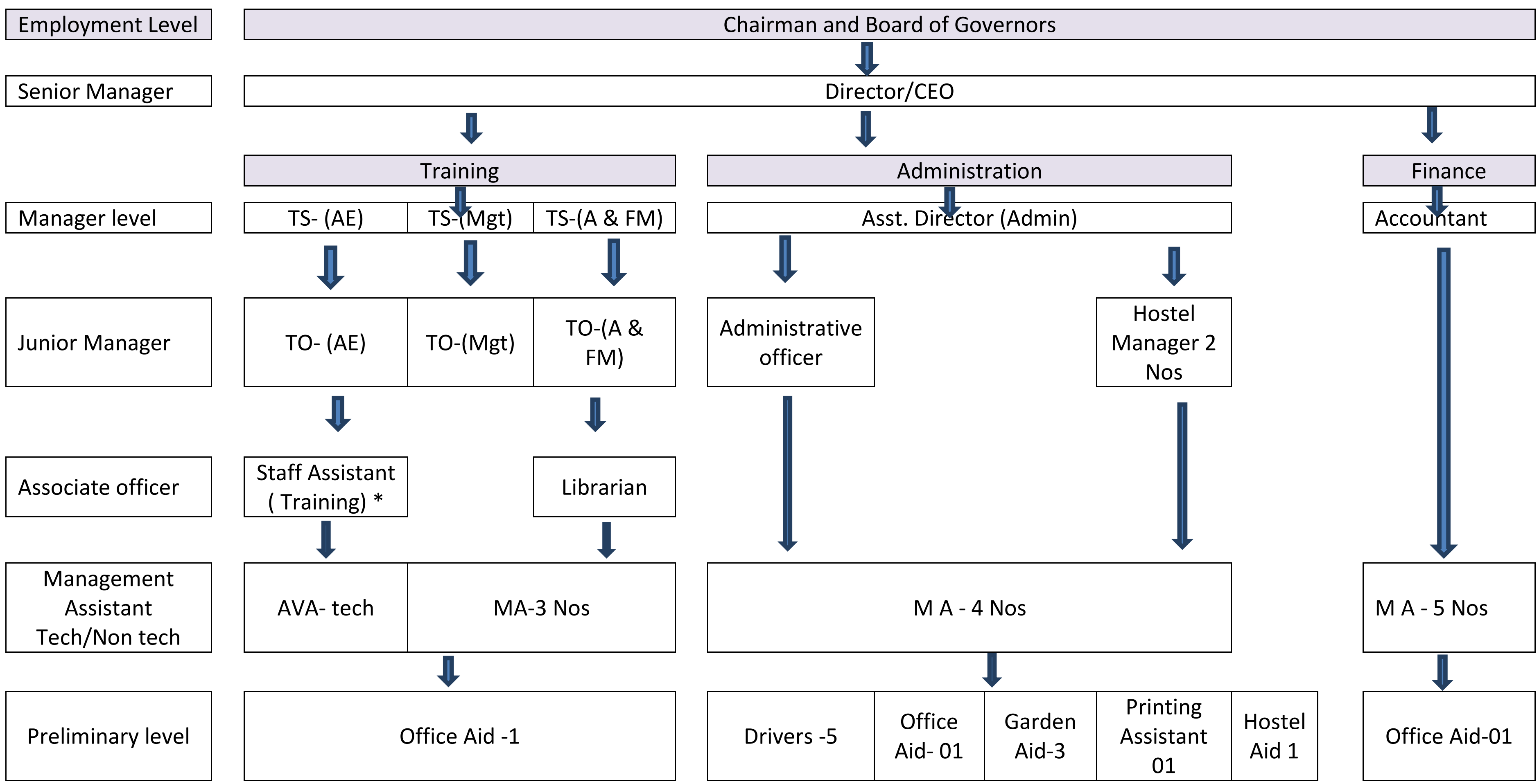
Mr. Ranjit Kumar Samarasinghe	Chairman
Mr. P.W.A. Kapilawanshe	Director
Mr. L.D.J. Priyantha	Accountant
Mr. P.H. Jayathilake	Training Specialist (Acctg.& Fin. Mgt.)
Mrs. S.N. Illangantillake	Training Specialist (Agric. Econ.)
Mrs. R.N. Lokuhetti	Training Specialist (Mgt.)
Mrs. J.M.D. Karunaratne	Asst. Director (Admin)

The Institute received the approval of the Department of Management Services (DMS) for its cadre on 06th September 2010 and the Scheme of Recruitment (SOR) was approved on 23rd February 2011. According to these approvals, the post of Accountant which was at Junior Management level was upgraded to Middle Management,on taking into consideration, his responsibilities and the importance of duties performed. Further the post of Staff Assistant (Training) was suppressed as it was not required. On the other hand, the post of Audio Visual Officer which was at Junior Managementlevel was degraded to Management Assistant category, since the qualifications for that post was not comparable to the qualifications required for a position atMiddleManagement.

The organization structure is given in page No. 13.

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

ORGANIZATIONAL STRUCTURE



*Suppressed

TS- Training Specialist M A - Management Assistant Mgt- Management Tech- Technical

TO- Training Officer A & FM- Accounting and Financial Management AVA- Audio Visual Assistant AE- Agricultural Economics

4.0 ***TRAINING DIVISION***

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

(a) **Conducting Academic Programmes**

B.Sc. Degree in Plantation Management (jointly with the University of Wayamba)
National Diploma in Plantation Management
National Diploma in Plantation Extension Management
Certificate Course in Plantation Accounting and Financial Management
Certificate Course in Book-keeping and Plantation Accounting
Certificate Course in Human Resource Management
Certificate Course in Business English
Certificate Course in Tamil Language
Induction Course for Trainee Tea Factory Officers
National Certificate Examination in Tea Manufacture and Tea Factory Management
National Certificate Examination in Tea Cultivation and Manufacture
National Certificate Examination in Rubber Cultivation and Manufacture
Induction Course for Planter Trainees
Advanced Training Course for Planter Trainees

(b) **Conducting Professional Programmes**

Tea Manufacture and Factory Practices
Rubber Manufacture and Factory Practices
Coconut Processing (Technology & Practices)
Language Proficiency Examination
Professional Programme in Tea Agronomy
Professional Programme in Rubber Agronomy

(c) **Conducting Competency Development Programmes**

Workshops, Seminars and Symposiums

Skill Development Programmes

Worker Development Programmes

Management Development Programmes

Training Programmes for Smallholders

(d) Issuing publications related to Plantation Management (Journal in Plantation Management, Newsletter, Student Manuals of training programmes, text books and other periodicals)

(e) Providing research and consultancy services in Plantation Management to the sector and conduct aptitude tests and examinations (oral and written) for selecting and promoting employees for public/private sector organizations.

(f) Conferring Professional Membership of the Institute to eligible plantation executives (Hon. Member, Fellow Member, Associate Member and Student Member)

(g) Providing Institute's facilities (Food, accommodation and lecture hall etc.) to outside organizations to conduct their training programmes and related activities.

4.1 TRAINING ACTIVITIES DURING THE YEAR 2012

The Institute in the year 2012 conducted basically 02 types of programmesvizprogrammes for the Plantation Sector and programmes for Smallholders.The Plantation Sector is defined as Plantations managed byRegional Plantation Companies, and Plantation related Organizations such as Rubber Development Department (RDD), Coconut Research Institute (CRI), Tea Board, National Livestock Development Board, Smallholder Plantation Entrepreneurship Development Programme (SPEnDP) and Tea Shakthi Fund etc. These programmes were included in the Prospectus for the year 2012 and details of such programmes conducted are given below.

No	Programme Category	No. of Prog. conducted	Duration of each Programme	No. of Participants
01	B.Sc. degree in Plantation Mgt.	01	03 years	47
02	National Diploma in Plantation Mgt.	01	18 months	16
03	National Diploma in Plantation Extension Mgt.	02	18 months	36
04	Professional Programme in Tea Manufacture and Factory Practices	02	07 days	50
05	Certificate Course in Plantation Accounting and Financial Mgt.	02	12 months	60
06	Certificate Course in Book-keeping & Plantation Accounting	02	12 months	33
07	Programme for Chilaw Plantations	01	02 days	60
08	Programme for CRI	01	02 days	27
09	Skill Development of Rubber FieldOfficers	01	05 days	15
10	Skill Development of Tea FactoryOfficers	02	05 days	68
11	Induction Course for Planter Trainees	02	06 months	59
12	Training Programme on Tea LeafTransport	19	02 days	943
13	SPEnDPProgrammes	18	02 days	574
14	Business English	02	10 months	26
15	Professional Programme in Rubber Agronomy	01	05 days	16
16	Oil Palm Cultivation	01	02 days	30
17	Programme for RDD	03	05 days	107
18	Programme for Tea Shakthi Fund	01	01 day	15
	Total	**61 ***	**678**	**2135**

*Excluding Degree Programme

4.2 A comparison of the above programmes with the expected number in 2012 is given below. As mentioned in the Prospectus for 2012, the Institute proposed to conduct 69 programmes and train 2038 persons, while a sum of Rs. 15.86 million was expected to be earned from the training activities. However, the Institute was able to conduct 61 programmes and train 2135 personnel while Rs. 12.85 million was earned. The actual performance in the year in respect of the No. of programmes conducted was 74.7% and personnel trained 98% against the targets. Income generated against target was 78.3%. In the above calculations, the B.Sc. Degree programme conducted with the University of Wayamba was not taken into consideration as that was a combined effort.

Training Programmes- 2012- Budget and Actual

Name of Programmes	**Budgeted**			**Actual**			**Progress**		
	No. of Progs.	No. of students	Income (Rs. Mn.)	No. of Progs.	No. of students	Income (Rs. Mn.)	No. of Progs.	No. of Student s	Income (Rs. Mn.)
Academic and Professional Programmes	15	328	8.18	12	237	4.`1	80%	72%	51%
Skill Development Programmes	5	95	1.22	5	140	1.0	100%	147%	80%
Worker Development and Project Programmes	22	700	1.34	18	574	0.68	81%	82%	51%
Induction Course for Planter Trainees	3	40	2.5	2	59	3.5	67%	147%	140%
Special Training Programmes	20	800	2.4	24	1125	3.57	120%	140%	148%
Management and Business Development Programmes	4	75	0.22	-	-	-	0%	0%	0%
Total	**69**	**2038**	**15.86**	**61**	**2135**	**12.85**	**74.7%**	**98%**	**78.3%**

The income from smallholder programmes was not included as those programmes were conducted free of charge using the funds granted by the Treasury. Unfortunately the demand for

Management and Business Development Programmeswas inadequate and our performance fell below targets.

4.3 SMALLHOLDER PROGRAMMES

The Committee of Public Enterprises (COPE) at its meeting held on 08.04.2011 to discuss the matters pertaining to NIPM operations raised the question as to why the management did not conduct some programmes for smallholders as they contribute around 75% of the plantation crops, in the country.The Institute had hardly conducted anyprogrammes for smallholders due to financial constraints prevalent to meet the cost. It is accepted that they need training to strengthen their knowledge and skills to produce quality products.

Based on the point raised by COPE, the Institute conducted 74 programmes in 2011 for smallholders using its generated income of Rs. 1.7 million.

In appreciation of the gains made by us in training small holders with generated income and in keeping with the MahindaChintanaya laying emphasis on the small entrepreneur, and producer and having identified the importance of the role of the smallholders in production of plantation crops, the Treasury granted Rs. 5.0 million to conduct training programmes for smallholders in 2012.

This was the first time that the Institute wasgranted funds by the Treasury to conduct programmes for smallholders.

Small holderprogrammes were considered under Capacity Building and expenditure met under capital expenditure.The following table shows the actual no. of progs.conducted for smallholders and no. of participant trained during the year under review.

Capacity Development Programmes for Smallholders - 2012

Type of Programme	No. of Programmes	No. of Participants	Cost (Rs. Mn.)
Programmes for Rubber smallholders	60	3,069	1.87
Programmes for Tea smallholders	62	2,387	1.02

Programmes for Coconut Smallholders	54	2,288	1.37
Programmes for Cashew Smallholders	4	160	0.09
Programmes for Sugarcane Smallholders	7	279	0.14
Programmes for Trainee Tea Factory Officers	1	13	0.42
Total achieved	**188**	**8196**	**4.865**
Total planned	**70**	**2800**	**5.00**

By using the Government grant of Rs. 5.0 million, it was planned to conduct 70 programmes for smallholders but we ended up with 188 showing a progress of 268.6%. The question maybe posed as to how such progress could be achieved without increasing the funds allocated. This was made possible as when budgeting the cost per programme, there was a component referred to as an allowance of Rs. 1,000/- per participant to compensate for the loss of a day's income per smallholder and entice them to attend the programmes. However, as such training would result in the enhancement of the individual both knowledgewise and competence and in turn the productivity, the members of the Training Faculty as well as the outside resource personnel expressed their views against the payment of this allowance,as it would create a precedence and others in the sector too might expect similar cost freeprogrammes. Therefore, the Institute decided to conduct these programmes without paying an allowancetoeach participant and thereby used the available funds to increase the No. of programmesfrom 70 to 188.

All these programmes were conducted in the regions, in the fields of tea, rubber, coconut, cashew and sugarcane.This methodology provided more time for practical sessions than theoretical lectures. The duration of such programmes was limited to a maximum of 05 hours. The participants were provided morning tea and short eats, lunch and afternoon tea with snacks, in order to motivate smallholders to attend the programmes and remain at the venue.We are pleased to acknowledge and record thatatinformal follow up programmes conducted the smallholders had expressed their appreciation of the programmes conducted.

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

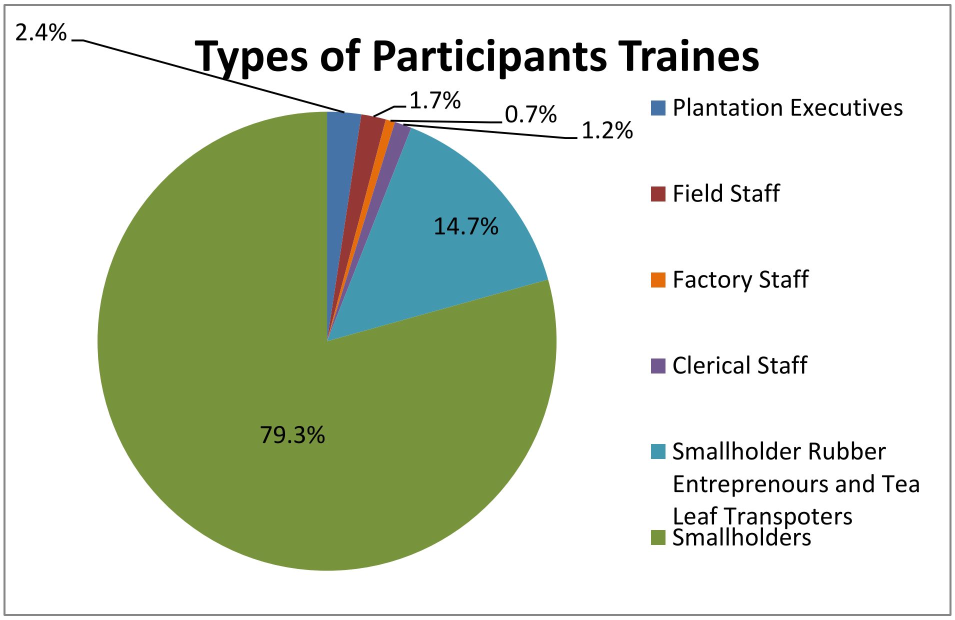
SUMMARIZED DETAILS

	2011	2012	Progress %
No. of Programmes (total)	104	249	239.4%
No. of Participants (total)	4268	10331	242.1%
No. of programmes for smallholders	74	188	254.1%
No. of Smallholders trained	3292	8196	249.0%
No. of Training Days (total)	884	1020	115.4%
Income Generated	Rs. 36.79 mn.	Rs. 44.357 mn.	120.5%
Expenditure incurred on training of Small Holders	Rs. 1.79	Rs. 4.865 mn.	271.8%
NIPM Training Staff	05	05	0%
Income generated per Employee	Rs. 554,000	Rs. 575,000	103.8%
Expenditure per Smallholder	Rs. 543	Rs. 593	109.2%

Different profiles of training programmes conducted and personnel trained in 2012 are indicated in page No. 21

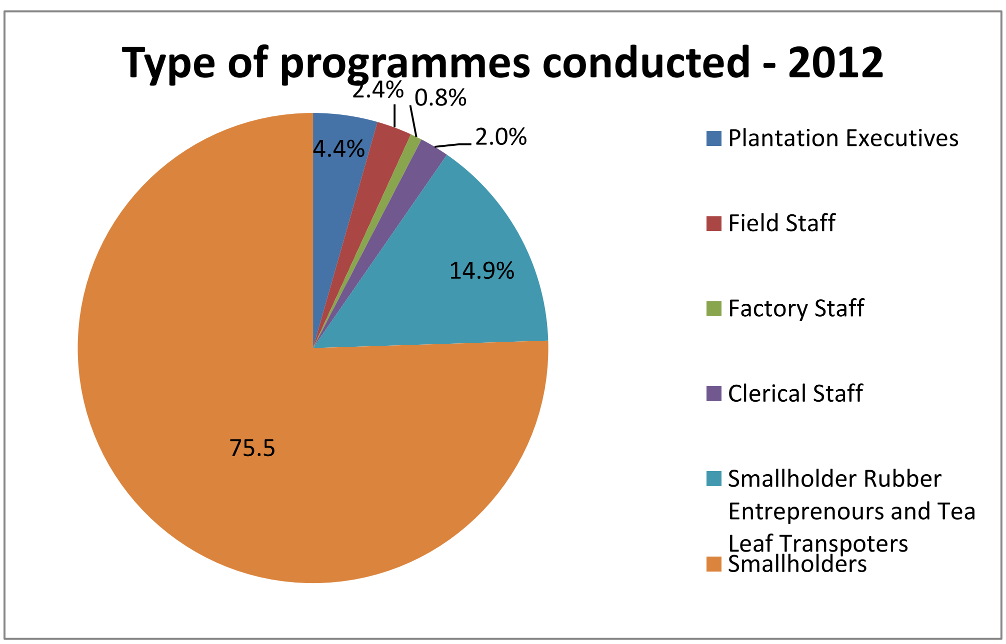
TYPES OF PARTICIPANTS TRAINED – 2012

Plantation Executives	247
Field Staff	179
Factory Staff	68
Clerical Staff	124
Smallholder Rubber Entrepreneurs and Tea Leaf Transporters	1517
Smallholders	8196



TYPE OF PROGRAMMES CONDUCTED - 2012

Plantation Executives	11
Field Staff	6
Factory Staff	2
Clerical Staff	5
Smallholder Rubber Entrepreneurs and Tea Leaf Transporters	37
Smallholders	188
Total	**249**



4.4 TRAINEE TEA FACTORY OFFICER PROGRAMME

One of the key programmes amongst the smallholderprogrammes was the programmeconducted for Trainee Tea Factory Officers,with a view to supporting the small holders producing and supplying leaf to them. At present there is severe shortage oftrained Tea Factory Officers specially,in Bought leaf Tea Factories. Such factories do not apply a formalised method of recruitment. Majority of the existing tea factory staff have adequate hands-on experience, but their theoretical/scientific knowledge is very poor.This has a direct impact on the final product, its quality and prices, which ultimately has an impact on therupees and cents received by the small holder

With a view to overcome this problem, the Institute commenced a Trainee Tea Factory Officers Programme selecting 49 school leavers with G.C.E. (A/L) level qualifications. This was a seven month full time programme, which included three months of in house training (Factory familiarization programme) in a factory and one month theory both by way of lectures and practicals covering tea manufacture, marketing,teaauction procedures, tea tasting and factory safety & hygiene etc. and three months practical training at selected well-managed tea factories. Although the programmewascommenced with 49 students it ended up with 13 inclusive of two girls.The balance dropped out. However all those who remained have successfully completed the programme and were employed by some bought leaf tea factory ownersas Assistant Tea Factory Officers.

As a token of appreciation of our performance and acknowledging the needto develop smallholders in the plantation sector, the Treasury has allocated Rs. 8.0 million to conduct programmes for smallholders in the year 2013. Accordingly, the Institute has planned to expand smallholderprogrammes in the Eastern and Northern areas to cover crops such asPalmyrah as well.

4.5 TRAINING METHODOLOGY

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

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

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

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

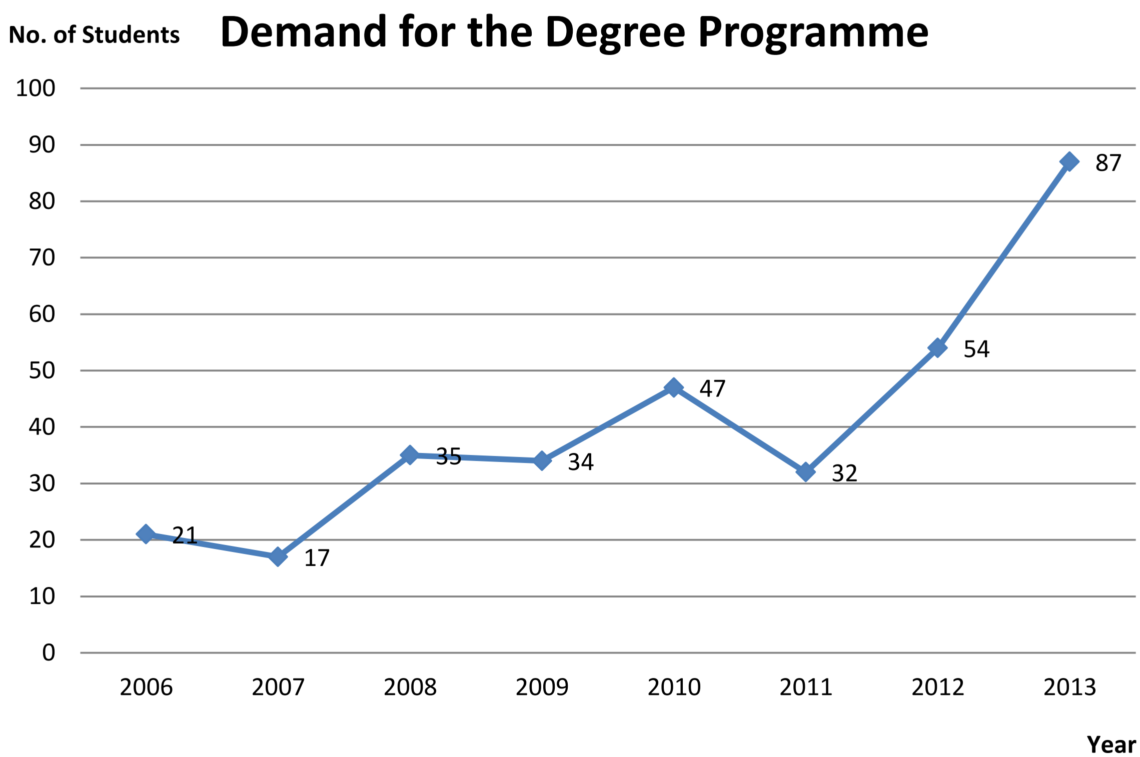
As experienced in the previous years, the Institute depended more on visiting resource personnel and it is considered a viable alternative, as it was difficult to recruit adequate number of training personnel to cover all the subjects and also meet the cost of emoluments. In the year under review, the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

4.6 B.SC. DEGREE IN PLANTATION MANAGEMENT

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

Until 2006 there was no opportunity for the plantation sector personnel for higher education. There was a need in the plantation sector to explore ways and means for the advancement of individuals in the sector to achieve greater competence,develop management skills and professionalism at a level higher than the diploma level. The cry for qualifications in the plantation sector at this level had to be met.The Managers had to be developed to facethechallengesof the future, and had to be prepared to face them professionally.In order to ensure productivityand profitability of the industry and its sustainability, it was necessary to bridge this need gap and provide a high degree of scientific, theoretical and managerial competence at both micro and macro levels for the senior and middle level executives in the plantation sector. For this purpose, a comprehensive academic programme had to be designed. Accordingly with much effort, the B.Sc. Degree in Plantation Management came into being in 2006, and was offered jointly by the University of Wayamba and NIPM filling a vacuumthat existed. This was a 03 year programme and was conducted as a distance learning course. Initially, 21 Plantation Executives registered for the course and 17 passed out in 2008. The details of the No. of students registered each year and No. who successfully completed the programme are given below.

Year	*No. Registered*		*No. Passed out*
2006	21		17
2007	17		11
2008	35		21
2009	34	yet to be	
2010	47	finalized	
2011	32		
2012	54	yet to be	
2013	87	completed	



The results of the 2009 and 2010 batches yet to be finalized out of 116 students who faced the viwa 87 have been selected to follow the degree course in 2013. The above graph shows that the demand for the B.Sc. Degree in Plantation Management has been increasing considerably and itisa very positive trend. The certificate issued to successful candidates is awarded jointly by NIPM & Wayamba University**.**

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


SRI LANKA

4.7 CONSULTANCY SERVICES

One of the objectives of NIPM is to provide consultancy services in different subjects in relation to plantation management. It has been providing such services for different public/private sector organization since 1987. In the year under review, the Institute conducted 11 examinations to select and promote employees in different organizations as detailed below.

Organization	*No. of Examinations*	*No. of candidates*	*Income generated (Rs)*
Tea Smallholding Development Authority	05	260	209,095.00
Sri Lanka Tea Board	03	247	228,751.10
Coconut Research Institute	03	206	92,737.50
National Livestock Development Board	01	83	198,379.75
Total	**11**	**796**	**728,963.35**

4.8 LIBRARY FACILITIES

The library of the Institute has a collection of more than 6000 books covering various subject areas relating to Plantation Management such as tea, rubber, coconut, sugarcane, cashew, accountancy, general management, human resource management, marketing management, strategic management, positive thinking, time management, productivity, industrial safety & hygiene and quality management etc. It has both lending and reference sections.The participants of the long-term programmes and the staff of the Institute are eligible to use the books in the lending section while the participants of short-term programmes, staff of the Institute, external resource personnel of the Institute, school children of the area and outside resource personnel can use the reference section.

4.9 PROFESSIONAL MEMBERSHIP OF THE INSTITUTE

The Institute continued with conferring Professional Membership of the Institute to eligible Plantation Executives based on the criteria and conditions mentioned in the Act of Parliament No. 5 of 1987.The Board approved committee evaluates the new applications for membership and decided to offer memberships to seven applicants during the year 2012 and accordingly, the total Numbers granted membership under each category are as follows.

Honorary membership	-	20
Fellow membership	-	198
Associate membership	-	18
Student membership	-	02
Total	**-**	**238**

Two Associate members were promoted to Fellow members as they had fulfilled the criteria and requirements for the same.

4.10 **PUBLICATIONS**

As practiced in the previous years, the Institute published two issues of the Journal in Plantation Management and 04 issues of the Newsletter. The Journal consisted of various articles written by scientists of the Crop Research Institutes, lecturers of the Universities and educated/experienced planters. The Journal was presented with changes in presentation through insertion of colour photographs of authors and other relavent pictures. The Editorial Committee comprised Prof. S.J.B.A. Jayasekere, Vice Chancellor, University of Wayamba, Prof. K.B.M. Fonseka, Dept. of Accountancy, University of Sri Jayawardenepure, Dr. GaminiSeneviratne, Director, Rubber Research Institute, Dr. (Mrs.) S. Ranasinghe, Head, Dept. of Plant Physiology, Coconut Research Institute and Mr. B.A.D. Samansiri, Head, Advisory Division, Tea Research Institute, The Chief Editor was Dr. N. Yogaratnam, former Deputy Director (Research), Rubber Research Institute. Because of the improved quality of the Journal, there was a high demand for the same from Plantation Executives and other Executives attached to Plantation related

Organizations. In the year under review, a sum of Rs. 42,000/- was generated from the journal and the newsletter which was edited by Dr. Yogaratnam was distributed among stakeholders free of charge. Also complementary copies of the Journal were forwarded to Crop Research Institutes, Universities, Brokers and other Organizations related to Plantation Sector.

4.11 FACILITIES AVAILABLE WITHIN THE PREMISES

The Institute has almost all the infrastructure facilities that are required for a training centre though upgrading and modernization in keeping with the trend in the market in respect of education both locally and internationally has to be met. The facilities at Athurugiriya consists of three Lecture Halls with air-conditioning, a Printing Unit which needs to be upgraded, an Audio Visual Section, a large Auditorium which can accommodate 200 persons at a time, a Library with more than 6,000 collections of books, a hostel with accommodation facilities for 60.Head office provides the necessary services taking care of all administrative requirements and providing all the other facilities.

There is a bungalow for the Director which has to be refurbished, on the premises and in addition to that 05 residential quarters for the staff. There were 08 vehicles in 2011 out of which 02 were more than 20 years old and 04 vehicles more than 10 years. The Two vehicles which were 20 years old were sold and two new vehicles were bought in tha same year. However, the fleet of vehicles available is not adequate to meet the transport requirements mentioned in the Corporate Plan in respect of training, as most of it is being carried out in the field. The four old vehicles are expected to be disposed ofin 2013.

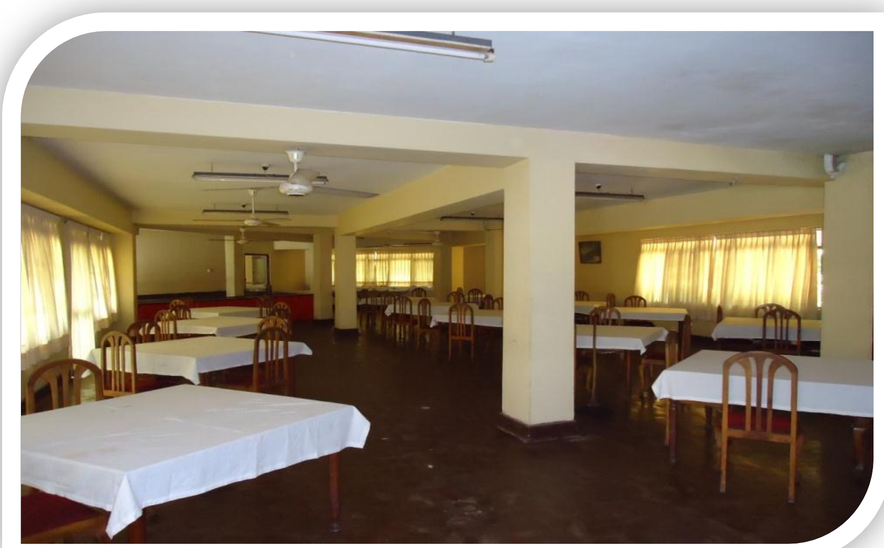
In 2011, bids were called, following the procedure laid down, to repair the internal road system and the contract was offered; but the contractor gave up the contract after completing the initial stages of work. Due to this reason the Institute was compelled to postpone renovation of internal roads to 2012. However, it was not possible to complete this task even in 2012 as the Road Development Authority submitted different estimates at different stages. Hence the Institute has made arrangements to complete this task in the 1^{st} quarter of 2013 with the RDA agreeing to the lower quotation. This has been possible with the kind intervention of the Secretary of the Ministry of Plantation Industries.

The office buildings of Chairman, Director and the Administration Division are very old and is in a poor state of repair. The main office building at Athurugiriya which was earlier a cattle shed converted to the present office building complex is over 50 years old. Therefore, there is an urgent need to put up a set of new environment friendly buildings immediately to house the Administration Division. There are no vacant unused buildings in the premises of the Institute. All available buildings are fully utilised to service the Korean training programmes.

The Regional Training Centre atTheresia Estate Bogawantalawaalso has the necessary facilities required for a training centre,but certainly could be improved on as a more modern training facility.The Auditorium can seat nearly 60 persons while 100 participants can be accommodated in the two medium sized lecture halls.

The hostel can provide accommodation facilities for nearly 70 personnel at a time and there is a very big dining hall, 3 office rooms, a mini library with more than 600 books, a bungalow for the Hostel Manager and a Guest House which can provide accommodation for nearly 10 people at a time. The Officer inCharge of this centre is the Hostel Manager and there are no other permanent workers at this centre other than the Hostel Manager. Therefore, workers are employed on contractual basis during training sessionswith the prior approval from the Director. There are two workers and two watchers on a casual basis and at present all the facilities are provided for the Korean programmes by them under the supervision of the Hostel Manager.

It is the responsibility of the Hostel Manager to provide accommodation and other facilities to the participants of the programmes at the centre. He is permitted to maintaina cash imprest of Rs. 15,000/-. In addition to that, proper maintenance of the centre, keeping attendance records of the workers, recommending salaries of the workers, purchasing food items and supervising preparation of food and refreshments etc. are some of his duties.



4.12 THE PROSPECTUS FOR THE YEAR 2013

It was the practice of the Institute to convene a meeting with the stakeholders to prepare the Prospectus for the following year. All stakeholders from Crop Research Institutes, Universities and other Organizations which are directly connected to the plantation sector as well as smallholders are invited for such a meeting. But this was not practiced in preparation of the Prospectus for the year 2013 as it was decided to continue withoutmanychanges except in the case of human resource management, financial management and crop cultivation and processing practices etc.where the stakeholder views were ascertained and considered.

However, the comments and suggestions of the internal and external resource personnel and participants who had followed the programmes conducted in 2011 & 2012 were taken into consideration in preparing the Prospectus. Based on the above comments, a few professional programmes and smallholder programmes were included in the Prospectus. Accordingly, the prospectus for the year 2013 consists of the following programmes.

Academic/Professional Programmes	-	17
Management Development Programmes	-	05
Skill Development Programmes	-	06
Induction Courses	-	02

Programmes to be provided at requests

Technical Development Programmes	-	13
Worker Development Programmes	-	10

In addition to the above programmes, it was expected to conduct the following for smallholders using the funds granted by the General Treasury.

For Tea Smallholders	-	60
For Rubber Smallholders	-	50
For Coconut Smallholders	-	50
For Sugarcane Smallholders	-	10
For Cashew Smallholders	-	10

For Palmyrah Smallholders	-	10
For Cinnamon Smallholders	-	10
Total	**-**	**200**

Accordingly, it is expected to conduct at least 253 programmes in 2013.

4.13 NEW DIMENSIONS OF TRAINING ACTIVITIES

In addition to the programmes indicated in the Prospectus for 2013, arrangements will be made in early 2013 to develop and design some new programmes for different categories of personnel attached to the plantation sector as follows. The main objective of these programmes is to provide an opportunity for Field/Factory Officers for higher education.

(a) Develop a new diploma programme on *tea cultivation* specially, for the Tea Field Officers who have at least 05 year experience.

(b) Design a new Diploma Programme on *Tea Manufacture and Factory Management* for Tea Factory Officers who have at least 05 year experience in Tea Factory Management.

(c) Conduct the ongoing National Diploma in Plantation Management as a distance learning course to enable the participants to follow the same without disturbing their day to day activities on the plantations. For this purpose, modules are being developed after training on module writing afforded to the selected module developers with the assistance of the officials of the Open University,Nawala.

(d) Develop some regular programmes on tea and rubber cultivation and manufacture for foreign students,with a view to expand the service of the Institute to those interested in foreign countries and thereby increase the generated income.

5.0 ADMINISTRATION DIVISION

The Asst. Director (Admin.) was working as the Head of the Administration Division. The total cadre approved for the year was 39, but it was impossible to fill some of those posts in the year due to reasons such as our requirements in respect of qualifications being high while salaries offered were not competitive. Applications were called thrice for the posts of Training Officer (Acctg. & Fin. Mgt.) and Hostel Manager. The response was very poor.Those who applied did not fulfil the required qualifications and experience.Those who had the required qualifications were reluctant to accept the appointments as the Institute could not agree to place them at a higher point on the salary scale,as requested by them. The Scheme of Recruitment (SOR) clearly says that anybody recruited irrespective of his/her qualifications and experience should be placed on the initial step of the salary scale. This condition has been a barrier to recruit competent employees for the Institute and a serious impediment to recruit suitable personnel to fill the vacancies at a tremendous cost to the Institute,due to unfilled vacancies.

In the cadre proposals submitted to Salary and Cadre Commission there were some important posts such as Training Specialist (Agric.), Training Specialist (Social Dev.), Asst. Accountant, Cook for the Hostel, Watcher for Bogawantalawa Training Centre etc. Unfortunately, those posts were not approved by the Salary and Cadre Commission considering the state of operation of the Institute at that time and it should now be reviewed.

In comparison with the previous year 2011, considerable progress can be seen in the year 2012.Out of these activities, the programmes for smallholders played a major role. These programmes were conducted in the regions where there were smallholders. In addition to those programmes a few were conducted in the Eastern and Northern region as well. Because of these activities, the demand for services emanating from both Administration and Financial Divisions has increased,and if the momentum is to be sustained there is a need to create the following positions in the updated Corporate Plan for 2013 - 2017.

- Procurement Officer - 01
- Internal Auditor - 01
- Asst. Accountant - 01
- Driver - 02
- Personal Assistant to Chairman - 01
- Management Assistant for Internal Auditor - 01
- Hostel Aide - 01
- Garden Aide - 02
- Watcher - 02
- Cook - 02

At present, there is no a separate Procurement Officer. Those activities are done on an adhoc basis. Some procurements were handled by the Store Keeper while some others were handled by the Works Supervisor. Action was taken to correct the same on the initiation of the top management, having noticed the same. Later this matter was followed up by the Auditor who has advised the Institute to stop these adhoc arrangements. On the other hand, the Government Auditor has pointed out that there should be an Internal Auditor for the Institute. At present, the Internal Auditing of the Institute is done by the Internal Auditor of the Ministry.It is not satisfactory as he cannot devote much time to the Institute.Thereby there are delays. Therefore, it has been proposed to create the posts of Procurement Officer and Internal Auditor in the updated Corporate Plan.

As the post of Hostel Manager at the Head Office at Athurugiriya was vacant, the related activities were covered up by the Works Supervisor. Purchasing of food items was done by a Food Committee consisting of Management Assistants. The committee is changed once in 06 months.This system of purchasing food items ensures transparency of purchasing activities. The Hostels both at Bogawantalawa and Athurugiriya provide food and accommodation facilities for the participants of the programmes. A sum of Rs. 850/- was charged for food and refreshments per day from a participant while accommodation charge was Rs. 250/-. These rates were merely to recover the cost of the respective services and facilities. The participants who have used these services and facilities have expressed their appreciation. The Institute has made arrangements to improve further the quality of these services.

During the year under review, the Institute continued with providing training facilities to Korean job seekers. Therefore, the Institute had to recruit some employees on contractual basis. Under this, 06 Management Assistants and 03 Office Aides were recruited. The Board approval was granted for these recruitments and the related salaries were paid by the income generated from Korean programmes.

As per the request made by the Sri Lankan Army, advised of the Hon. Minister of Plantation Industries and the approval granted by the Cabinet of Ministers, 4 ½ acres of bare land and 03 staff quarters in it were transferred to Sri Lankan Army to set up one of their camps. The value of this property has been worked out by the Dept. of Valuation and it was Rs. 55.0 million. The arrangements are now being made to pay that money to the Institute. Based on the advice and direction of the Hon. Minister Mahinda.Samarasinghe the feasibility of setting up Regional Centres in Galle, Kegalle and Ratnapura areas using this money specially to conduct programmes for smallholders is to be considered. Also it is expected to refurbish the existing buildings and improve on the facilities and services offered by the Institute.

6.0 ***ACCOUNTS DIVISION***

The Accountant was working as the Head of the Accounts Division. When the Department of Management Services granted approval for the cadre of the Institute, the post of Accountant which was at Junior Management level was upgraded to Middle Manager category. Accordingly, Mr. L. D. J. Priyantha who was working as the Accountant (Junior Manager level) was promoted to Middle Management level after considering his performance, work efficiency, qualifications and experience. The Board of Governors approved his promotion. The Institute has benefited by this appointment and thereby avoided unnecessary expenditure by not having two persons at different levels of Management in the Accounts Division and not go through the process of recruitment.

As experienced in the previous years, there was no separate officer or a section for procurement activities. Nobody in the Institute was suitable for such activities. Therefore, the procurement activities were done in an adhoc manner. Preparation of procurement estimates, bid documents and calling for bids etc. were handled by Administration Division while the activities such as awarding contracts, signing agreements, making payments and monitoring etc. were handled by the Accounts Division under the close supervision of the Director. As this adhoc mechanism was not suitable for the Institute, the necessity of creating a post of Procurement Officer was emphasized in the updated Corporate Plan. It is hoped that the Department of Management Services would grant its approval for this appointment.

At present, the Institute does not have an Internal Auditor. When requesting approval for the new cadre of the Institute, there was a post of Internal Auditor as well; but it was not approved. Therefore, in the year under review the internal auditing was handled by the Internal Auditor of the Ministry of Plantation Industries. It has been proposed an Internal Auditor's post to be included in the updated Corporate Plan.

During the year under review, a sum of Rs. 1.65 mn. was spent on renovation of Boagawantalawa Training Centre, supplying water for staff quarters and laying cement in the vehicle parking area of the Hostel at Athurugiriya to make a Dining Hall for Korean Programmes. A sum of Rs. 26.462 mn. was earned by the Institute during the year 2012. The income of Rs. 8.66 mn. generated from Korean Programmes was included in that amount. The Institute was able to earn a sum of Rs. 2.07 mn. by renting out facilities (without Korean Programmes) at Athurugiriya and Rs. 0.64 mn. atBogawantalawa Training Centre. The total amount generated by Bogawantalawa Training Centre was Rs. 3.796 mn.

Meanwhile, a some of Rs. 0.908 mn. was spent on purchasing of various equipment such as multimedia projectors, computers and library books. The total capital expenditure in the year under review was Rs. 8.112 m. Apart from that, a sum of Rs. 124,000/-, the dept which was not possible to recover was written off from the books of accounts under the approval of the Board of Governors. The General Treasury granted Rs. 8.48 m. and Rs.

7.0 mn. for recurrent and capital expenditure respectively during the year under review. The total recurrent expenditure of the Institute in the year was Rs. 39.804 m. This amount was without depreciation which was equal to Rs. 9.725 m. The total income of the Institute was Rs. 44.357 and therefore there was a deficit of Rs. 5.231 m. in the year. However, the Institute was able to decrease the dependency of recurrent expenditure on General Treasury to 21% showing a reduction of 84% in comparison with the previous year, 2011.

The Institute conducted 188 programmes for smallholders of tea, Rubber, coconut, sugarcane and cashew by incurring a sum of Rs. 4.865 mn. which was granted by the Treasury for the same purpose. The amount generated by disposing unusable materials and equipments in the year was Rs. 0.064mn.

As per the approved budget, it is expected to incur a sum of Rs. 13.7 mn. on renovation of internal roads, office building, common toilets and 05 staff quarters in 2013.

7.0 __PROGRESS OF THE YEAR__

In comparison with the previous year 2011, the total number of programmes conducted increased to 249 from 104 thus establishing an increase of 139.4% against the previous year. The increase of the programme in 2011 when compared with the year 2010 was 131%. When taking into consideration, the number of participants trained, number of training days and income generated a very definite improvement can be seen. The Institute achieved 179% of the expected number of programmes, in spite of a depleted cadre in the training division. The progress of the training programmes in the year 2011 was 116%. But, the number of members of the training faculty was not increased even in 2012.

In addition to the programmes conducted by the Institute two (02) issues of the journal in Plantation Management and four (04) issues of the newsletter were published. Further 11 examinations were conducted to select/promote suitable personnel for various posts in Sri Lanka Tea Board, Coconut Research Institute, Tea Smallholding Development Authority and National Livestock Development Board. This activity shows 183.3% increase than the previous year.

The total Professional Membership of the Institute increased up to 238 as there were 07 new members granted membership. However, the committee had to reject 02 applications for the Professional Membership as they had not fulfilled the required qualifications. The library at Athurugiriya and the mini-library at Bogawantalawa Training Centre made available 6000 and 600 books respectively related to various subjects in Plantation Management.

During the year under review, the Institute spent a sum of Rs. 1.65 mn. on renovation of Bogawantalawa training centre, supplying water for staff quarters and preparing a dining hall for Korean programmes at Athurugiriya. The amount incurred on acquisition of various office equipment and library books was Rs. 0.908 mn. This was very much needed to upgrade the facilities available to the participants of the Institute. In 2011, the Institute was able to earn a sum of Rs. 36.79 mn. whereas it has increased up to 44.357 mn. in 2012 showing an increase of 20.5%. A sum of Rs. 8.66 mn. was generated from Korean training programmes while it was only Rs. 8.5 mn. in the previous year. There was a tremendous increase of the number of participants trained in the year under review. That was 10,331 personnel which was equal to 142.% increase in compared with the previous year. For the first time, the Treasury granted Rs. 5.0 mn. to conduct programmes for smallholders free of charge and using that money, 188 programmes were conducted and after convincing the importance of smallholders' contribution in the total plantation crop production, this amount has been increased to Rs. 8.0 mn. in 2013. In general, the smallholders (Tea, rubber, coconut, Cashew, Sugarcane, Palmyrah and Cinnamon etc.) contribute to around 75% of the total production in the country. Hence, it is generally accepted that more programmes should be conducted for smallholders to improve their competency level in cultivation of crops. The Institute has agreed with this argument and accordingly it conducted 75.5% of the total programmes for smallholders and the percentage of smallholders trained was 79.0% of the total trained in the year.

Accordingly, the Institute has achieved a tremendous progress in number of programmes conducted, number of personnel trained, number of training days, income generated etc. in the year under review in comparison with the year 2011.

8.0 ***CONSTRAINTS FACED BY THE INSTITUTE***

As experienced in the previous years after restructuring process took place in 2004, the Institute had to face several constraints in the year 2012 as well. Shortage of staff in the training faculty was one of the main constraints. There were only 05 members in the training faculty; namely Training Specialist (Mgt.), Training Specialist (Acctg. &Fin.Mgt.), Training Specialist (Agri. Econ) and Training Officer (Mgt.) and 01 Staff Assistant (Training). There were number of vacancies which were not possible to fill in 2012 too. Although the applications were called thrice through newspaper advertisements for the post of Training Officer (Acctg. &Fin.Mgt.) and Hostel Manager non of the applicants who responded to these advertisements were suitable for the posts. They did not either haveadequate qualifications or experience or both. After advertising for the third time for the above posts, one for the Training Officer (Acctg. &Fin.Mgt.) was selected, the person who was eligible for the post of Hostel Manager did not sit the selection trade test. Even the post of Asst. Director (Admin.) was filled in December 2011 after advertising twice.

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

Many of the plantation companies were reluctant to release their executives to participate in our long term academic programmes. This was another major constraint that the Institute had to face. The reason for this situation was that releasing executives on regular basis for the lecture sessions of the programmes might affect the production and administrative activities of the estates. Because of these reasons, the Institute has to change very often the pattern of conducting academic courses. At the beginning, the Diploma programme was a full time four (04) months course. But, after privatizing the management of the plantations it was conducted on six consecutive days per month. However, the Institute again had to change that pattern. At present, it's on 06 days per month; staggered basis, most probably first and third weekends with Fridays. As this was a major constraint that the Institute has to face, the arrangements are now being made to conduct the Diploma programme as a distance learning course. Accordingly it is anticipated that the Instiute would be able to commence the Diploma on the new methodology in the fourth quarter of 2013.

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

Although 75.5% of the programmes conducted are for smallholders, it was the practice of the Institute to conduct these programmes in the regions where there are smallholders. Sometimes the resource staff as well as the other supporting staff have to travel more than 400 kms to conduct such programmes as the smallholders are reluctant to come to NIPM due to loosing of 2 to 3 days income. Conducting programmes in the regions has considerably affected in increasing the cost of the programmes as the Institute has to pay more subsistence, overtime and meet the travelling expenses etc.

Another constraints that the Institute has to face is the difficulty in getting the services of experienced and educated external resource staff basically due to comparatively low lecture fees. At present the lecture fee per hour is Rs. 1000/=. In comparison with the other training Institutes, this lecture fee is low. The course fees are decided and calculated on giving due consideration to lecture fees amongst other related costs. If the lecture fees are increased considerably, it would lead to an increase in the course fees as well, which may in turn may affect the number of participants per programme. If it is so, it would not be possible to achieve the targeted number of programmes. However, the Institute expects to increase the lecture fees considerably in the next year in order to attract more qualified and sought after external resource personnel.

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

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

9.0 CONCLUSION

Although the Institute had to face various constraints and impediments, with some stakeholders already having established in house training during the period of low or next to no activity of the Institute, in the past after restructuring process took place in the end of 2004, the Institute has made gains, both financially and physically in the year under review when compared with the previous year 2011. The Institute was able to increase the number of programmes conducted in that year up to 249 eventhough the number of programmes expected to be conducted in the year was 139. It is equal to 179.1% increase when compared with the expected number. The Institute gave adequate publicity for management development and productivity/quality development programmes and yet conducting those programmes was not economically viable since the demand for such programmes was very poor. It is a matter of satisfaction that the total number of programmes for workers and smallholders was increased 254.1%. This figure shows that there is a big demand for such programmes from smallholders and workers. Although there was a possibility of conducting more programmes for smallholders and estate workers it was not possible to do so as the Institute was short of training staff.

During the year under review the kitchen, toilets and dining hall of the Bogawantalawa training centre were renovated, water facility from the Water Board was supplied for staff quarters and prepared a dining hall for Korean programmes by incurring a sum of Rs. 1.65 mn.

A deficit of Rs. 5.231 mn. was seen between the income and expenditure in the year and yet the Institute was able to reduce the dependency of recurrent expenditure on Treasury Grants to 21%. This can be considered a great achievement.

Further, the Institute conducted 188 programmes for the smallholder of Tea, Rubber, Coconut, Sugarcane and Cashew by incurring a sum of Rs. 4.865 mn. using the funds granted by the Treasury. The minimum number of programmes expected to be conducted in 2013 is 253. Greater emphasis will be paid to programmes for smallholders and estate workers in the same year. For the first time in the history a few programmes were conducted in the Eastern Province as well, in the year under review. It is hoped to renovate the internal road system and the main office building of the Institute, in 2013. Based on these information, it can be satisfied with the physical and financial progress in the year under review and it is the expectation of the Institute to achieve the planned targets in the year 2013 under the effort and commitment of the employees and the proper guidance and advices of the Board of Governors.

The Chairman and the Board of Directors and the Management of the Institute take this opportunity to convey its sincere thanks and gratitude to each and every person who extended their fullest co-operation to achieve the gains made in the activities of the Institute during the year 2012.

RANJIT SAMARASINGHE
Chairman
National Institute of Plantation Management

Financial Report
2012

Financial Report

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

NOTES AND ACCOUNTING POLICIES TO THE FINANCIAL ACCOUNTS FOR THE YEAR 2012

1.0 *FUNDAMENTAL ACCOUNTING CONCEPTS*

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

2.0 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

2.1 *BASIS OF PREPARATION*

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

The financial statements have been prepared on a *going concernbasis* and the account policies have been applied consistently throughout the period.

2.1.1 *WORK, SERVICES AND SUPPLIES*

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

2.1.2 *INTANGIBLE ASSETS*

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

The Development cost of Distance Learning Modules

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

The Capacity Development Programmes for smallholders

The capacity development programmes for the smallholders are considered as an intangible asset to the Institute. These programmes are enabling the Institute to uplift the goodwill of the Institute. The capacities as well as the knowledge of the smallholders are developed through these programmes. This will result in enhancing the productivity of the industry and the Institute.

Training programmes for smallholders are considered as a capital investment of the entity. It is assumed that the impact of such programmes would be relied within four years. The value of invested fund for such programmes would be systematically written off within the four years from the conducted dates of programmes.

The estimated useful lives of intangible assets are as follows.

Description	***Computer accounting software***	***Development cost of Distance learning course***	***Capacity building training programmes for smallholders***
Useful lives	4 years	4 years	4 years

2.2 *PROPERTY PLANT AND EQUIPMENT*

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

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

2.2.1 *DEPRECIATION*

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

The depreciation rates generally used are as follows.

Free holding buildings	5%
Office furniture	10%
Office equipment	20%
Motor vehicles	20%
Plant and machinery	20%
Road, water supply, electricity and telephone	10%
Library books	10%
Misc. equipment	25%
Land and land improvements	10%

The cost of the road improvement, fence and other land improvement expenses are included in the value of the land and land improvement cost. Useful life of such improvement is limited to ten years.

All fixed assets except vehicles are depreciated as per cost method and the vehicles are accounted in accordance with the revaluation method.

2.2.2 *DISPOSAL*

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

2.2.3 *REVALUATION*

Motor vehicles of the Institute, except newly brought two vehicles, were revalued on 23rd August 2012 by a professional *Automobile Engineer*. The gain on the revaluation has been included in the revaluation reserves. The details are given below.

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

2.2.4 *ANNUAL BOARD OF SURVEY*

The Institute conducts an annual Board of Survey at the end of the year and recommended to dispose the items which are uneconomical to use.

3.0 ***DEPOSITS FOR INFRASTRUCTURE FACILITIES***

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

4.0 *INVENTORIES*

Inventories consist of Institute's publication, printing materials, stationery and office requisites, tyres, and other consumables. They are valued at the material cost on the basis of first in first out principle. The publication stocks comprise the donated publication books from Tea Development Project.

5.0 *CASH AND CASH EQUIVALENTS*

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

6.0 *SHORT-TERM INVESTMENTS*

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

7.0 *RESERVES*

7.1 REVALUATION RESERVE

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

8.0 *EMPLOYEE RETIREMENT BENEFIT*

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

9.0 *DEFERRED INCOME*

9.1 *DONATED PUBLICATION STOCKS*

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

9.2 *GOVERNMENT GRANT FOR CAPITAL EXPENDITURES*

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

Free holding buildings	20 years
Office furniture	10 years
Office equipment	5 years
Motor vehicles	5 years
Plant and machinery	5 years
Road, water supply, electricity and telephone	10 years
Library book	10 years
Misc. equipment	4 years
Land and land improvement	10 years

10.0 *SHORT-TERM PROVISIONS AND CONTINGENCIES*

10.1 *CONTINGENT LIABILITY*

Mr. A. K. C. Atthanagoda who worked as the Audio Visual Officer of the Institute has filed a case against the Institute due to termination of his employment under disciplinary ground. The contingent liability of Rs. 508,071/- has been arisen during the Accounting period as the payment of his salary and other commitments up to the end of the year. The court decision is pending for this case at the end of the confirmation of Accounts. The totalcontingent liability at the end of the year was Rs. 1,873,620.60.

11.0 *TRAINING INCOME*

11.1 *Short-term programmes*

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

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

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

12.0 *BOGAWANTHALAWA REGIONAL CENTRE*

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

13.0 *CHANGES IN ACCOUNTING POLICIES*

The Institute has voluntarily changed the accounting policy of the depreciation method of Property Plant and Equipment from *Reducing balance method to straightline method* with effect from 01st January 2012.

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

- The depreciation method has been changed to straight line method from reducing balance method. The revised rates of the depreciation as mentioned below.

Nature of Assets	Rate (before 1/1/2012)	Revised rate (After 1/1/2012)	Cost of the Assets as at 1/1/2012
Free holding buildings	5%	5%	41,961,425.87
Office furniture	10%	10%	2,089,843.75
Office equipment	10%	20%	8,524,946.39
Motor vehicles	20%	20%	17,233,806.22
Plant and machinery	10%	20%	504,113.04
Road, water supply, electricity and telephone	10%	10%	230,025.78
Library book	10%	10%	667,195.68
Misc. Equipment	20%	25%	2,110,494.17
Land and land improvement	20%	10%	3,090,722.94
Total			**76,412,573.84**

- The change of the depreciation method will help to calculate accurate and reliable information over its useful lives.

- It is impracticable to adjust comparative information for more prior period to achieve comparability with the current periods. Therefore, retrospective restatement to adjust a prior period may be impracticable to recreate the information.

- The Accounting formats have been converted as per the requirement of the Sri Lanka Public Sector Accounting Standards.

CHANGES IN ACCOUNTING ESTIMATE AND ERRORS

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

However, the grants before 2010 were not accounted as per the standards. Therefore, the Institute restated the statement of chances in Equity/Net assets providing significant information to the financial statements.

Meanwhile, the transfer of fund (Rs. 1,231,776/-) to the Treasury in the year 2011 from the disposal of old vehicle, has been restated deducting the deferred amount by Rs. 1,231,776/- and which was resulted to following changes in the deferred income account.

Year	**Account Balance (LKR)**
December 31, 2010	53,758,605.20
December 31, 2011	67,702,665.31
December 31, 2012	65,286,876.23

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
STATEMENT OF FINANCIAL POSITION

As at December 31

	Notes	31/12/2012	Restated 31/12/2011
ASSETS		LKR	LKR
Current assets			
Cash and cash equivalents	1	886,669.70	5,034,095.79
Receivables	2	5,081,305.49	3,637,661.62
Inventories	3	884,003.26	863,355.90
Prepayments	4	447,623.63	466,013.40
Other Current Assets	5	7,690,524.44	15,153,249.96
		14,990,126.52	**25,154,376.67**
Non-Current assets			
Receivables	6	1,437,876.97	989,006.62
Property plant and Equipments	7	78,218,981.27	76,412,573.84
Intangible Assets	8	4,880,022.72	480,937.50
Other Non Financial Assets	9	391,975.00	391,975.00
		84,928,855.96	78,274,492.96
TOTAL ASSETS		**99,918,982.48**	**103,428,869.63**
LIABILITIES			
Current Liabilities			
Payables	10	6,628,276.59	11,849,233.77
Short - term Provisions	11	1,901,176.60	1,395,749.60
Employee Benefits	12	1,118,662.87	
		9,648,116.06	**13,244,983.37**
Non- current liabilities			
Long term provisions	13	65,286,876.23	67,702,665.31
Employee Benefits	14	5,323,288.83	5,481,132.76
		70,610,165.06	**73,183,798.07**
TOTAL LIABILITIES		**80,258,281.12**	**86,428,781.44**
NET ASSETS		**19,660,701.36**	**17,000,088.19**
NET ASSETS/EQUITY			
Capital contributed by Government & other government Entities	15	38,386,495.21	38,386,495.21
Reserves	16	7,833,012.66	2,751,220.37
Accumulated surpluses/deficits	17	(26,558,806.51)	(24,137,627.39)
TOTAL NET ASSETS/EQUITY		**19,660,701.36**	**17,000,088.19**

The accounting policies on page No. 1 to 9 are integral part of these financial statements

We Certify that the accounts have been prepared in accordance with the requirement of of the Department of Public Enterprises.(PED 54)

L D J Priyantha
Accountant
28/02/2013

P. W. A. kapilawanshe
Director

R. K. Samarasinghe
Chairman

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended December 31,

REVENUE	Note	31/12/2012 LKR	Restated31/12/2011 LKR
Government Recurrent grants	18	8,480,000.00	8,500,000.00
Income from deferred Government capital grant	19	9,415,789.08	3,934,163.89
Training income	20	13,731,102.43	9,647,640.08
Renting out of residential facilities	21	7,559,446.08	7,951,989.00
Income from Bogawanthalawa Regional centre	22	3,796,837.61	3,970,322.00
Interest income	23	693,453.12	1,089,295.60
Other income	24	680,663.87	1,705,182.78
TOTAL REVENUE		44,357,292.19	36,798,593.35
EXPENSES			
Wages, Salaries and employee benefits	25	17,684,100.54	15,357,852.70
Supplies and consumable used	26	2,732,505.07	2,527,551.83
Repairs and Maintenance	27	2,128,001.46	1,928,534.65
Communication and utility services	28	5,289,807.69	4,264,438.89
Training Expenses	29	6,425,816.69	6,138,065.30
Expenses in relation to renting out facilities	30	2,561,533.42	1,033,088.72
Expenses for Bogawanthalawa Regional Centre	31	2,037,215.78	2,162,615.00
Depreciation and amortization expenses	32	9,725,102.81	3,946,538.89
Other Expenses	33	945,608.22	687,778.13
TOTAL EXPENSES		49,529,691.68	38,046,464.11
Surplus/deficit for the period Attributable to		(5,172,399.49)	(1,247,870.76)
Owners of controlling entity		(5,172,399.49)	(1,247,870.76)

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

for the year ended December 31, 2012

Statement of changes in Equity

Descriptions	Contributed Capital	Revaluation Reserves	Accumulated Surpluses/ (deficits)	Total	**Total Net assets /Equity**
Balance as at December 31,2009	142,493,073.11	3,155,940.28	(81,754,688.72)	63,894,324.67	63,894,324.67
Transfer to deferred income account Dec 31, 2010 as restated	(104,106,577.90)			(104,106,577.90)	(104,106,577.90)
Transfer from differed income (capital Grants before 1/1/2010) Dec, 31 2010 as restated			53,679,477.26	53,679,477.26	53,679,477.26
Transfer from differed income (capital Grants 2010) Dec, 31 2010 as restated			3,269,432.89	3,269,432.89	3,269,432.89
surplus for the year 2010			1,511,302.03	1,511,302.03	1,511,302.03
Balance as at December 31, 2010	**38,386,495.21**	**3,155,940.28**	**(23,294,476.54)**	**18,247,958.95**	**18,247,958.95**
Transfer from differed income (capital Grants 2011) Dec, 31 2011 as restated			3,113,837.37	3,113,837.37	3,113,837.37
Transfer to consolidated fund -2011	(1,231,776.00)			(1,231,776.00)	(1,231,776.00)
Transfer to Deferred income Dec 31, 2011 as restated	1,231,776.00			1,231,776.00	1,231,776.00
Revaluation Transfer to retained earning		(404,719.91)	404,719.91	-	-
Surplus/(deficit)for the year 2011			(4,361,708.13)	(4,361,708.13)	(4,361,708.13)
Balance as at December 31, 2011	**38,386,495.21**	**2,751,220.37**	**(24,137,627.39)**	**17,000,088.19**	**17,000,088.19**
Revaluation reserve Transfer to retained earning		(2,751,220.37)	2,751,220.37	-	-
Gain on revaluation of assets		7,833,012.66		7,833,012.66	7,833,012.66
Surplus/(deficit)for the year 2012			(5,172,399.49)	(5,172,399.49)	(5,172,399.49)
Balance as at December 31,2012	**38,386,495.21**	**7,833,012.66**	**(26,558,806.51)**	**19,660,701.36**	**19,660,701.36**

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

CASH FLOW STATEMENTS

for the year ended		
CASH FLOW FROM OPARATING ACTIVITIES	31/12/2012	Restated 31/12/2011
	LKR	LKR
Surplus (Deficit) for the year	(5,172,399.49)	(4,361,708.13)
NON CASH MOVEMENTS		
Depreciation (Note 2)	9,025,714.49	3,934,163.89
Amortization	699,388.32	12,375.00
Provision of retiring gratuity	960,818.94	602,823.21
Profit on sale of fixed assets	(64,112.51)	(1,192,926.93)
Deferred income	(9,415,789.08)	(820,326.52)
(Increase)/Decrease in Trade and other receivable	(1,443,643.87)	1,140,390.18
(Increase)/Decrease in inventories	(20,647.36)	(12,013.08)
(Increase)/Decrease in prepayments	18,389.77	
(Increase) /Decrease in Other Current Assets	7,462,725.52	5,351,194.35
(Increase) /Decrease in long term receivables	(448,870.35)	
Increase /(Decrease) in trade and other payables	(5,220,957.18)	4,986,722.43
Increase/(Decrease)in short term provision	505,427.00	468,903.60
NET CASHFLOW FROM OPARATING ACTIVITIES	(3,113,955.80)	10,109,598.00
INVESTING ACTIVITIES		
Acquisition of Property plant and equipment	(3,014,590.75)	(24,658,393.97)
Acquisition of Intangible Assets	(5,098,473.54)	(450,000.00)
Cash received from sale of fixed assets	79,594.00	1,262,833.00
Net cash out flow in investing activities	(8,033,470.29)	(23,845,560.97)
FINANCING ACTIVITIES		
Government Grant for capital expenditure	7,000,000.00	10,010,000.00
Government Grant van		9,100,000.00
Payment to treasury Grant		(1,231,776.00)
Net cash inflow in financing activities	7,000,000.00	17,878,224.00
Net (Decrease)/Increase in cash and cash equivalents	(4,147,426.09)	4,142,261.03
Cash and cash equivalent at beginning of the year	5,034,095.79	891,834.76
Balance of cash and cash equivalents at the end of the year	886,669.70	5,034,095.79

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT

Budgeted and Actual performance

For the year ended December 31, 2012

REVENUE		*ACTUALS*	*BUDGETED*
Government grants	18	8,480,000.00	9,800,000.00
Income from deferred government capital grant	19	9,415,789.08	2,347,070.00
Training income	20	13,731,102.43	16,070,000.00
Renting out of residential facilities	21	7,559,446.08	10,000,000.00
Income from Bogawabthalawa Regional centre	22	3,796,837.61	8,750,000.00
Interest income	23	693,453.12	700,000.00
Other income	24	680,663.87	770,000.00
TOTAL REVENUE		44,357,292.19	48,437,070.00
RECURRNT EXPENSES			
Wages, Salaries and employee benefits	25	17,684,100.54	19,086,000.00
Supplies and consumable used	26	2,732,505.07	2,975,000.00
Repairs and Maintenance	27	2,128,001.46	2,455,000.00
Communication and utility services	28	5,289,807.69	5,305,000.00
Training Expenses	29	6,425,816.69	5,550,000.00
Expenses in relation to renting out facilities	30	2,561,533.42	3,540,000.00
Expenses for Bogawathalawa Regional Centre	31	2,037,215.78	2,410,000.00
Depreciation and amortization expenses	32	9,725,102.81	7,999,000.00
Other Expenses	33	945,608.22	1,099,000.00
TOTAL EXPENSES		49,529,691.68	50,419,000.00
CAPITAL EXPENDITURE			
Fixed Assets		3,014,190.00	15,970,000.00
Intangible assets		5,097,973.54	6,600,000.00
TOTAL CAPITAL EXPENDITURE		8,112,163.54	22,570,000.00

TOTAL EXPENDITURE		57,641,855.22	72,989,000.00
TRESUARY GRANT			
Recurrent expenditure		8,480,000.00	9,800,000.00
Capital Expenditure		7,000,000.00	13,650,000.00
TOTAL GRANT		15,480,000.00	23,450,000.00

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENTS										
Description	**LandIncluding improvements**	**Buildings**	**Plant and Machinery**	**Equipment**	**Furniture**	**Motor Vehicles**	**Road, Water Supply &Electricity Telephone**	**Library Books**	**Misc Equipment**	**Total**
	Cost									
As at 01/01/2011	**2,624,905.88**	**75,229,235.96**	**606,505.66**	**19,602,446.03**	**4,161,248.21**	**5,168,572.50**	**974,269.50**	**2,231,670.16**	**2,207,368.60**	**112,806,222.50**
Additions	700,981.12	3,349,155.90	397991	1,498,583.00	1,091,560.00	16,651,097.00		21,912.75	1,018,015.20	24,729,295.97
Disposals				(63,530.00)	(8,974.00)	(503,572.50)				(576,076.50)
Adjustments		(70,902.00)								(70,902.00)
As at 31/12/2011	**3,325,887.00**	**78,507,489.86**	**1,004,496.66**	**21,037,499.03**	**5,243,834.21**	**21,316,097.00**	**974,269.50**	**2,253,582.91**	**3,225,383.80**	**136,888,539.97**
Additions	74,400.00	1,656,622.90		626,700.00	374619.75			11,024.70	271,223.40	3,014,590.75
Disposals				(1,948,412.62)	(19,212.00)			(135,687.61)		(2,103,312.23)
Adjustments						3,533,903.00				3,533,903.00
As at 31/12/2012	**3,400,287.00**	**80,164,112.76**	**1,004,496.66**	**19,715,786.41**	**5,599,241.96**	**24,850,000.00**	**974,269.50**	**2,128,920.00**	**3,496,607.20**	**141,333,721.49**

		Depreciations								
Accumulated as at 01/01/2011	**34,758.22**	**34,465,193.38**	**478,974.43**	**11,791,602.97**	**3,040,377.38**	**4,271,089.06**	**718,685.30**	**1,514,344.58**	**732,947.35**	**57,047,972.67**
Depreciationcharge	200,405.84	2,080,870.61	21,409.19	784,479.67	122,587.08	244,868.15	25,558.42	72,042.65	381,942.28	3,934,163.89
Disposals				(63,530.00)	(8,974.00)	(433,666.43)				(506,170.43)
Depreciationadjustments										-
Accumulated as at 31/12/2011	**235,164.06**	**36,546,063.99**	**500,383.62**	**12,512,552.64**	**3,153,990.46**	**4,082,290.78**	**744,243.72**	**1,586,387.23**	**1,114,889.63**	**60,475,966.13**
Depreciationcharge	146,784.62	2,114,273.34	100,822.61	1,768,783.86	231,191.71	3,989,284.63	23,002.57	66,947.77	584,623.38	9,025,714.49
Disposals				(1,932,931.13)	(19,212.00)			(135,687.61)		(2,087,830.74)
Depreciationadjustments						(4,299,109.66)				(4,299,109.66)
Accumulated as at 31/12/2012	**381,948.68**	**38,660,337.33**	**601,206.23**	**12,348,405.37**	**3,365,970.17**	**3,772,465.75**	**767,246.29**	**1,517,647.39**	**1,699,513.01**	**63,114,740.22**

Net Book Value as at 2011/12/31	**3,090,722.94**	**41,961,425.87**	**504,113.04**	**8,524,946.39**	**2,089,843.75**	**7,233,806.22**	**230,025.78**	**667,195.68**	**110,494.17**	**76,412,573.84**
NetBook Value as at 2012/12/31	**3,018,338.32**	**41,503,775.43**	**403,290.43**	**7,367,381.04**	**2,233,271.79**	**21,077,534.25**	**207,023.21**	**611,272.61**	**1,797,094.19**	**78,218,981.27**

INTANGIBLE ASSETS				
Name of the items	**cost as at 1/1/2012**	**Addition - 2012**	**Impairment**	**cost as at 31/12/2012**
Computer software	49,500.00			49,500.00
Development cost of the modules	450,000.00	232,500.00		682,500.00
Capacity Building Programmes		4,865,973.54		4,865,973.54
Total intangible assets	**499,500.00**	**5,098,473.54**	**-**	**5,597,973.54**

Name of the items	Accumulated amortization at 31/12/2011	amortization for 2012	Impairment	Accumulated amortization 31/12/2012
Computer software	18,562.50	12,375.00		30,937.50
Development cost of the modules		112,500.00		112,500.00
Capacity Building Programmes		574,513.32		574,513.32
Total intangible assets	**18,562.50**	**699,388.32**	**-**	**717,950.82**

Name of the items	Carrying value at 31/12/2011	Carrying value at 31/12/2012
Computer software	30,937.50	18,562.50
Development cost of the modules	450,000.00	570,000.00
Capacity Building Programmes		4,291,460.22
Total intangible assets	**480,937.50**	**4,880,022.72**

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT
NOTE TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

		2012	2011
1	**CASH AND CASH EQUILANTS**	LKR	LKR
	Bank of Ceylon Athurugiriya- 3697566	886,669.70	5,034,095.79
2	**RECEVABLES- (SHORT TERM)**		
2 (a)	**Debtors**		
	Kelanivally Plantation Plc	7,500.00	7,500.00
	Elkaduwa plantation Plc	75,000.00	75,000.00
	Plantation Housing Development Trust	164,901.40	
	Wayamba University (B.Sc. Degree)	13,015.00	11,605.00
	Ministry of Transport	104,370.18	
	Sri Lanka Bureau of Foreign Employment	2,342,500.60	203,574.88
	Tea Shakthi fund	34,100.00	
	Tea Small holder Development Authority	50,575.00	
	Janatha Estate Development Boards	75,000.00	75,000.00
	Coconut Research Institute	11,302.50	
	Rubber Tapping programme -		2,020.00
	Department of Labour Relation	67,258.50	
	Department of Export Agriculture	8,568.00	
	Ministry of Plantation Industries-		132,800.00
	National Livestock Development Boards	149,998.99	95,833.33
	Central Environment Authority		160,061.66
	National Diploma in Plantation Management - 12thprogramme		48,750.00
	National Diploma in Plantation Management - 14thprogramme	103,889.00	17,777.77
	National Diploma in Plantation Management - 13thprogramme		20,000.00
	Certificate Course in Plantation Accounting & Financial Management 2011/2012		51,667.08
	Tea Manufacture Programme-2012	112,500.00	
	Certificate Course in Plantation Accounting & Financial Management 2012/2013	64,999.94	
	Certificate Course in Plantation Accounting & Financial Management 2010/2011	5,000.00	5,000.00
	Skill Development Programmes		25,000.00
	Department of Labour and Manpower		7,226.00
	National Diploma in Plantation Extension Management-2010/12	15,556.53	274,443.93
	Certificate Course in Plantation Accounting & Book Keeping 2011/12		46,500.00
	Induction course for Planter trainee	10,000.00	
	Certificate course in Business English	9,090.89	
	Skill Development of Rubber Field Officer	90,000.00	
	Skill Development of Tea Field Officer	30,000.00	
	Certificate course in Bookkeeping and Plantation Mgt-12/13	40,999.96	
	Professional Programme in Rubber Manufacture	12,000.00	12,000.00
	World University Service of Canada		137,757.38
	Total Debtors	**3,598,126.49**	**1,409,517.03**

2(b)	**Loans and Advances to Employees**		
	Distress Loan-	1,439,179.00	2,194,644.60
	Festival Loan	44,000.00	33,000.00
	Vehicle loan		499.99
	Total Loan and advance	1,483,179.00	**2,228,144.59**

	TOTAL SHORT TERM RECEIVABLES	**5,081,305.49**	**3,637,661.62**

3	**INVENTORIES**		
	Stationary and office Requisites	139,085.43	221,229.25
	Printing materials	257,884.13	154,949.00
	Printing papers	112,603.50	130,145.24
	Maintenance materials	8,122.00	37,987.00
	Tyres and tubes	33,583.00	38,440.65
	Welfare items	33,380.00	28,405.00
	Consumables	13,783.00	25,953.00
	Students ties	5,500.00	5,500.00
	Institute' s publication	267,776.20	216,369.20
	Dry food items	12,286.00	4,377.56
	TOTAL INVENTORIES	**884,003.26**	**863,355.90**

4	**PREPAYMENTS**		
	Motor Traffic Department (Revenue License)	23,747.84	21,800.60
	CBA (Pvt) Ltd - service agreement	2,027.76	14,043.10
	Sri lanka Insurance Co PLC	176,961.55	129,275.23
	Gestetner Ceylon Ltd- Service agreement	10,403.06	
	Business Machine Ltd- Service agreement	8,090.81	
	National Insurance Trust	114,709.24	128,270.53
	Lanka Telephone Company (pvt) Ltd- Service agreement	11,819.84	46,717.81
	Metropolitan Communication Ltd- Service agreement	6049.62	32,092.22
	Department of IRD Excess input vat IRD	42,962.00	42,962.00
	Department of IRD (W H T)	50,851.91	50,851.91
	Total Prepayments	447,623.63	466,013.40

5	**OTHER CURRENTS ASSETS**

5 (a)	**Short Term investments**		
	Fixed Deposits-BOC Athurugiriya- AC No. 86933487		1,015,962.70
	Call Deposit Bank of Ceylon- AC No.721964429		10,000,000.00
	Call Deposit Bank of Ceylon- AC No. 8693502	1,715,000.00	1,715,000.00
	Call Deposit Bank of Ceylon-AC No. 74175654	3,250,000.00	
	Membership Deposit account- Fixed Deposit- AC No. 74175590	762,600.00	698,317.96
	Membership Deposit account - Saving Accounts	219,205.62	98,344.49
	Interest Receivables- Bank of Ceylon	791,601.71	725,882.97
	Total short term investments	**6,738,407.33**	**14,253,508.12**

5 (b)	**Security Deposits**		
	Mr. N.D.S.B.Tennakoon A/C No 1 - 0053-03-1521-4	10,847.49	9,416.66
	Mr. P.N. Perera A/C No 1 - 0053-03-0542-1	25,574.38	21,015.77
	Mrs. C.S.Liyanage A/C No 1 - 0053-03-0314-3	3,047.32	2,504.83
	Mrs. G.Rajapakshe A/C No 1 - 0053-03-0319-4	2,759.52	2,270.78
	Mrs. W.D.S.Hettiarachchi A/C No 1 - 0053-03-0617-7	2,257.54	1,861.90
	Mr. L D J Priyantha A/C No- 8634723	26,714.38	19750.16
	Mr. P W A Kapilawanshe A/C No- 8642397	26,660.66	19750.76
	Medical Contribution Deposit account- NSB- Athurugiriya	854,255.82	823,170.98
	Total Security Deposits	**952,117.11**	**899,741.84**

	TOTAL OTHER CURRENT ASSETS	**7,690,524.44**	**15,153,249.96**

6	**RECEVABLE - LONG TERM**

	Distress loan-(over one year)	**1,437,876.97**	**989,006.62**

7	**PROPERTY PLANT AND EQUIPMENTS**	**78,218,981.27**	**76,412,573.84**

8	**INTANGIBLE ASSETS**	**4,880,022.72**	**480,937.50**

9	**OTHER NON-CURRENT ASSETS**

9 (a)	**Deposit for infrastructure facilities**		
	Post Master General	14,225.00	14,225.00
	Ceylon Gas Company	12,900.00	12,900.00
	Ceylon Electricity Board	356,550.00	356,550.00
	Sri Lanka Telecom - (Head Office)	6,300.00	6,300.00
	Sri Lanka Telecom - (Regional Centre at Bogawantalawa)	2,000.00	2,000.00
	TOTAL OTHER NON CURRENT ASSETS	**391,975.00**	**391,975.00**

10	**PAYABLES**

10 (a)	**Creditors**		
	KeKo Engineering		187,001.85
	Sammera Construction		197,049.57
	Horana plantation Plc	10,000.00	10,000.00
	Ruwan Trade Centre	354,767.94	880,503.76
	Toyota Lanka (Pvt) ltd		6,450,000.00
	The open university of Sri Lanka	50,000.00	50,000.00
	Bogawanthalawa sought rural Development Society	332,678.00	
	Sri Lanka Handy kraft board (LAKSALA)	331,660.00	
	Dulitha Advertising	24,400.00	
	Total Creditors	**1,103,505.94**	**7,774,555.18**

10 (b)	**Accrued Expenses**		
	Telephone	50,009.11	50,292.00
	Electricity bill -	127,881.13	128,866.00
	Fuel and Lubricant W. A. Premanath	90,330.00	134,467.00
	Vehicle Maintenance	58,615.00	4,428.00
	Salaries Casual & contract employees (December)	196,223.49	38,003.70
	Stamp Duty - (Internal Revenue Department)	1,250.00	1,125.00
	Traveling subsistence		5,810.00
	Overtime - December	58,450.00	73,307.66
	Periodicals & newspapers - Mr. UpaliLaxman	1,140.00	1,080.00
	Employees' Trust Fund - December	29,925.17	21,424.70
	Employees' Provident fund	231,768.42	157,114.45
	Security Bill (Dec.)	136,559.29	143,838.80
	Allowances	13,200.00	
	Salaries - Madulsiman Plantations Ltd.	44,155.36	
	Holiday pay (December)		750.00
	NIPM staff lecture fee	8,250.00	1,500.00
	Medical Contribution (National Savings Bank)	83,750.70	78,760.10
	Payment for training programme lecture fees	489,575.00	8,175.00
	Machine maintenance	51,687.00	
	Laundry bill	1,635.00	
	Small holder programmes- coconut	60,250.00	
	Small holder programmes- sugar		20,285.00
	Small holder programmes- Tea factory officer	91,602.00	141,213.75
	Small holder programmes- Rubber	72,000.00	29,000.00
	Staff welfare	39,012.00	
	Department of IRD - VAT Control	190,974.55	162,255.61
	Department of IRD - N B T	54,216.00	30,349.00
	Department of IRD - Payee	670.54	958.59
	Daily Paid wages-RWPS	13,950.00	57,375.64
	Daily Paid wages-NIPM	21,820.00	
	Other Sundry Training Expenses	45,554.00	
	vehicle hireling	16,420.00	
	Cancelled cheque- HDFC	5,678.09	5,678.09
	Sasrutha Graphics	28,425.00	74,400.00
	Auditors Generals Departments- Audit fee	300,000.00	150,000.00
	Total Accrued Expenses	**2,614,976.85**	**1,520,458.09**

10 (c)	Forward course fees		
	Induction course		236,000.00
	Certificate course in book keeping and Plantation Accounting -	62,333.40	100,000.00
	Business English course- Non Executives	29,096.00	40,000.00
	Business English course- Executives	18,181.85	
	Certificate course in Plantation Accounting and financing MGt	218,000.20	118,166.78
	National Diploma in Plantation Management -Extension 2012/14	730,000.08	57,777.83
	Skill development- Rubber	15,000.00	
	National Diploma in Plantation Management	42,000.00	42,000.00
	Language Proficiency Examination-	28,000.00	
	National Certificate Examination in Tea Manufacture-	7,500.00	7,500.00
	National Diploma in Plantation Mgt- 14 - 2011/12	92,222.16	399,333.45
	National Diploma in Plantation Mgt- 15 - 2013	125,000.00	
	Rubber Manufacture Programme-	20,000.00	40,000.00
	Brought Leaf transporters programmes	421,775.00	327,500.00
	Tea Manufacture Programme-2012	70,000.00	100,000.00
	Certificate course in Human resource MGT	30,000.00	20,000.00
	Tea Manufacture and factory practices Programme-2010	28,000.00	28,000.00
	Total Forward course fees	1,937,108.69	1,516,278.06

10 (d)	Refundable Deposits		
	Refundable course loan	16,068.00	10,200.00
	Refundable security Deposits- employee	97,861.29	76,571.46
	Refundable Tender Deposits	4,500.00	128,000.00
	Refundable Medical Deposits	854,255.82	823,170.98
	TOTAL	972,685.11	1,037,942.44
	TOTAL SHORT TERM PAYBLES	**6,628,276.59**	**11,849,233.77**

11	SHORT-TERM PROVISIONS		
11 (a)	**Deferred income- Short Term**		
	Tea Development Project Publication	27,556.00	30,200.00
	TOTAL	27,556.00	30,200.00
11(b)	**Contingent Liability**		
	Balance as at 1/01	1,365,549.60	896,646.00
	Charged to Income statement	508,071.00	468,903.60
	Balance as at 31/12	**1,873,620.60**	**1,365,549.60**
	TOTAL SHORT TERM PROVISION	**1,901,176.60**	**1,395,749.60**

12	EMPLOYEE BENEFITS		
	Gratuity payables- within one year	1,118,662.87	

13	LONG TERM PROVISIONS		
	Deferred government grant for capital		
	Balance as at 01/01	67,702,665.31	53,758,605.20
	Government Grant for capital Expenditure	7,000,000.00	10,010,000.00
	Government Grant for vehicle		7,868,224.00
	Less- Transfer to income statement	(9,415,789.08)	(3,934,163.89)
	Balance as at 31/12	**65,286,876.23**	**67,702,665.31**

14	**EMPLOYEE BENEFITS**		
	Gratuity payments -over one year	**5,323,288.83**	**5,481,132.76**

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

16	**RESERVES**		
	Revaluation reserve	**7,833,012.66**	**2,751,220.37**

17	**ACCUMILATED SERPLUS/(DEFICITS)**		
	Retained Earnings	(26,558,806.51)	(24,137,627.39)
		(26,558,806.51)	**(24,137,627.39)**

18	**GOVERNMENT GRANT FOR RECURRENT EXPENDITURE**	8,480,000.00	8,500,000.00

19	**INCOME FROM DEFERRED GOVERNMENT CAPITAL GRANT**		
	Capital expenditure Before 2010	5,213,759.11	3,113,837.37
	Capital expenditure 2010	566,734.52	599,570.78
	Capital expenditure 2011	2,901,704.10	220,755.74
	Capital expenditure 2012	733,591.35	
		9,415,789.08	3,934,163.89

20	**TRAINING INCOME**		

20 (a)	**ACADEMIC,AND PROFESSIONAL PROGRAMMES**		
	National Diploma in Plantation Management	822,222.52	936,797.32
	National Diploma in Plantation-Extension Management	250,000.00	1,120,000.00
	Certificate course in Accounting and Financial Management	791,666.96	712,423.86
	Certificate course in Book-Keeping and Plantation Accounting	506,166.56	608,260.90
	Professional Progeamme in Tea Manufacture and Factory Practices	1,085,000.00	740,000.00
	Professional Progeamme in Rubber Manufacture and Factory Practices		640,000.00
	National Certificate Examination in Tea Manufacture		180,000.00
	Language Proficiency Examination	3,250.00	162,500.00
	Professional Programme in Rubber Agronomy		
	Certificate course in Business English(Executive and None Executive)	289,813.04	
	Professional programme in Rubber Agronomy	320,000.00	
		4,068,119.08	**5,099,982.08**

20 (b)	**MANAGEMENT AND BUSINESS DEVELOPMENT PROGRAMMES**		
	Occupational safety programmes		3,000.00
	Productivity and quality control programmes		5,000.00
			8,000.00

20 (c)	**SKILL DEVELOPMENT PROGRAMMES**		
	Skill Development of Tea Factory Officer	360,000.00	549,000.00
	Skill Development of Tea Field Officer		312,500.00
	Skill Development of Trainee Tea factory officers- NAITA	203,500.00	
	Skill Development of Rubber Field Officer	240,000.00	
	Skill Development training Programme for CRI	102,795.00	
	Skill development for Oil Palm cultivation and Management	155,000.00	
		1,061,295.00	861,500.00

20 (d)	**INDUCTION COURSE FOR PLANTER TRAINEES**	3,622,500.00	2,040,000.00

20 (e)	**WOKER DEVELOPMENT AND PROJECT PROGRAMMES**		
	Worker Development and project programmesprogramme		24,640.00
	SnDPE Project Programme for RubberEntrepreneur	681,750.00	
		681,750.00	24,640.00

20 (f)	**SPECIAL PROGRAMMES**		
	Brought leaf transport Programme	2,828,850.00	1,440,000.00
	Special programme for Chilaw Plantation Plc	55,550.00	
	Special programme for Tea Shakthi fund	34,100.00	
	Special Programme For Rubber Development Department	650,000.00	
		3,568,500.00	**1,440,000.00**

20 (g)	**INCOME FROM EXTERNAL EXAM ACTIVITIES**	**728,938.35**	**173,518.00**

	TOTAL TRAINING INCOME	**13,731,102.43**	**9,647,640.08**

21	**INCOME FROM RENTING OUT THE FACILITIES**		
	Renting out residential facilities to outside programmes	2,069,986.46	2,080,453.12
	Income from Accommodation internal training students	20,700.00	97,690.00
	Korean Training programme	5,468,759.62	5,773,845.88
		7,559,446.08	**7,951,989.00**

22	**BOGAWANTHALAWA REGENAL CENTRE**		
	Income from renting out training Facilities	604,087.61	1,999,123.00
	Korean training programmes	3,192,750.00	1,971,199.00
		3,796,837.61	**3,970,322.00**

23	**INTEREST INCOME**		
	Staff Loan interest- Distress	108,909.36	102,717.07
	Interest income on Membership account	4,406.64	50,619.54
	Interest income from deposits	579,003.25	934,778.51
	Income From Special Loan	1,101.50	1,101.50
	Vehicle loan interest	32.27	78.98
		693,453.12	**1,089,295.60**

24	**OTHER INCOME**		

24 (a)	**NET INCOME FROM SALE OF FIXED ASSETS**		
	Net income from sale of vehicles		1,162,094.93
	Net income from sale of other assets	64,112.51	30,832.00
		64,112.51	1,192,926.93

24(b)	**SUNDRY INCOME**		
	Income - Pass papers and applications	12150	27,325.00
	Income from Default contractor		227,545.00
	House Rent income	56125.49	64,105.67
	Transport income	4210.64	24,860.44
	Income from Water supply	7638.25	8742.75
	Printing Income		7,550.00
	Non refundable deposits/course loan	9500	8,500.00
	Publications	84490	33,520.00
	Photo copy charge	610	887.50
	Income from garden produce	500	1,364.50
	Telephone charges	2726.59	
	Income from sale used item		9,120.00
	Sundry income		15,359.99
	Subscription	116454.49	83,375.00
		294,405.46	512,255.85

24 (c)	**WRITE BACK TO INCOME STATEMENT**		
	Write Back to income statement	322,145.90	

	TOTAL OTHER INCOME	**680,663.87**	**1,705,182.78**

25	WAGES, SALARIES AND EMPLOYEE BENEFITS		

25 (a)	PERNONAL EMMOLUMENTS		
	Salaries and wages	7,941,552.52	7,084,473.46
	Cost of Living and other Allowances	4,025,777.83	2,985,092.26
	Over Time	738,990.29	655,974.44
	Holiday Pay	86,301.75	73,115.00
	Lecture Fees for Institute's Staff	154,530.00	70,375.00
	Daily Paid Wages	233,350.00	426,667.03
	Contribution for E.T.F.	308,483.77	**212,707.00**
	Contribution for E.P.F.	1,241,281.74	**850,047.95**
	Chairman's Remuneration	600,000.00	519,975.00
	Contributions for Medical Aid Scheme	852,761.92	725,432.10
		16,183,029.82	**13,603,859.24**

25 (b)	**TRAVELING EXPENSES**		
	Traveling and Subsistence (Local)	172,004.00	152,956.75
	Traveling and Subsistence (Overseas)		708,988.00
		172,004.00	**861,944.75**

25 (c)	**RETIREMENT BENEFITS**		
	Increased Provisions for Gratuity	960,818.94	602,823.21
		960,818.94	602,823.21

25 (d)	**CONTRIBUTIONS, SUBSIDIES AND WELFARE**		
	In-service Training	117,137.78	74,790.00
	Staff Welfare (liquid tea and medical treatment)	251,110.00	214,435.50
		368,247.78	289,225.50

Total Salaries wages and Employee benefits	**17,684,100.54**	**15,357,852.70**

26	**SUPPLIES AND CONSUMABLE USED**		
	Printing Materials and papers	514,904.09	492,735.66
	Stationery & Office Requisites	287,986.46	404,098.09
	Consumables	79,874.00	44,982.50
	Fuel	1,554,402.02	1,325,709.35
	Periodicals & News Papers	12,896.00	11,770.00
	Uniforms	72,540.00	55,300.00
	Institute's Publications	209,902.50	192,956.23
	Total Supplies and consumable used	**2,732,505.07**	**2,527,551.83**

27	**REPAIRS & MAINTENANCE OF FIXED ASSETS**		
	Plant and Machinery	99,399.80	
	Buildings	339,302.56	456,855.05
	Equipment	578,615.82	272,674.77
	Motor Vehicles	1,110,683.28	1,199,004.83
	Road, Water Supply, Electricity & Telephone		
	Furniture and fittings and library books		

	Total Repairs and Maintenance	**2,128,001.46**	**1,928,534.65**
28	**COMMUNICATION, UTILITY AND OTHER CONTRACTUAL SERVICES**		
	Telephone and internet	421,253.72	349,218.01
	Postage	143,064.00	180,932.00
	Electricity	1,571,821.64	1,464,496.10
	Insurance (Buildings, Vehicles, Cash etc.)	436,559.30	203,544.36
	Security Service	1,549,293.67	1,096,288.70
	Audit Fees (External)	150,000.00	245,083.00
	Vehicle hire charges	130,430.55	136,113.20
	Legal Fees	2,000.00	
	Bank Charges	34,690.00	21,740.00
	Stamp Duty , rate and tax	24,172.33	6,440.68
		4,463,285.21	**3,703,856.05**

28 (b)	**MEDIA, ADVERTISING AND PUBLICITY**		
	Advertising Expenses	793,601.48	508,092.30
	Entertainments	32,921.00	52,490.54
		826,522.48	**560,582.84**

	Total Communication utility services and media expenses	**5,289,807.69**	**4,264,438.89**

29	**TRAINING EXPENSES**		
	Lecture Fees for Visiting Staff	2,249,221.03	1,901,817.98
	Training programmes for small Holders	222,709.80	1,790,077.17
	Fees to the Committees relating to Training Activities	19,500.00	23,500.00
	Meals & Accommodations for Trainees	2,625,714.26	1,453,344.00
	Laundering Linen	56,870.00	45,370.00
	Bad Debtors	124,170.42	177,250.00
	External exam expenditure	465,115.85	97,113.00
	Award Ceremony & Academic Functions	152,500.00	458,199.31
	Education materials	295,963.00	26,037.00
	Sundry Training Expenses	214,052.33	165,356.84
	Total Training Expenditure	**6,425,816.69**	**6,138,065.30**

30	**EXPENSES IN REALATION TO RENTING OUT FACILITIES -**		
	Meal expenses	748,326.19	1,033,088.72
	Salaries and wages	981,719.41	
	Allowances	614,190.08	
	E P F	173,838.19	
	E T F	43,459.55	
	Total Expenditure for Renting out facilities	**2,561,533.42**	**1,033,088.72**

31	**BOGAWANTHALAWA OPARATIONAL EXPENSES**		
	Electricity	250,099.66	162,955.00
	Telephone and postage	45,084.63	41,721.00
	Maintenance	13,540.00	47,120.00
	Meal and accommodation	252,101.00	835,437.00
	Salaries and Wages and employee benefits	1,319,978.89	1,019,976.00
	E T F	18,567.12	
	E P F	74,268.48	
	Consumables	57,897.00	
	Others miscellaneous	5,679.00	55,406.00
	Total Bogawanthalawa Expenses	2,037,215.78	2,162,615.00

32	**DEPRECIATION AND AMORTISATION OF ASSETS**		
	Depreciation	9,025,714.49	3,934,163.89
	Ammonization	699,388.32	12,375.00
		9,725,102.81	3,946,538.89

33	**MISCELLANEOUS EXPENDITURE**		
	Allowances for the Board of Governors	444,000.00	253,000.00
	Allowances for Other Committees	155,974.24	159,636.50
	Allowances for the Committee of Medical Aid Scheme	6,000.00	6,000.00
	loss on damages	92,428.00	76,552.00
	Garden up keep	25,700.00	17,226.00
	Others	221,505.98	175,363.63
		945,608.22	**687,778.13**

NATIONAL INSTITUTE OF PLANTATION MANAGEMENT FINANCIAL AND PHYSICAL PERFORMANCE HIGHLIGHTS (Rs 000)						
Descriptions	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Income						
Treasury grant for Recurrent Expenditure	9,900	12,200	13,100	10,505	8,500	8,480
Deferred government grant write back to Income statement				3,368	3934	9415
Cess income	3,000					
Training income	5,610	7,150	1,233	10397	9,648	13,731
Other income	4,495	3,143	5,832	12883	14,716	12,731
Total income	**23,005**	**22,493**	**20,165**	**37,153**	**36,798**	**44,357**
Expenditure						
Total Personnel emoluments	9,450	9,688	11,123	13,352	14,623	20,907
Training Expenditure	2,334	3,591	748	4,132	4,348	6,425
Small holder training expenses (FOC)					1,790	
Other expenditure	7,198	8,254	6,737	11,515	13,339	12,472
Total operating Expenses	**18,982**	**21,533**	**18,608**	**28,999**	**34,100**	**39,804**
Government Recurrent Grant as a percentage of the Total Operating Expenditure	68%	57%	70%	36%	25%	21%
Surplus/(Deficit) before Depreciation	4,023	960	1,557	8,154	2,698	4,553
Depreciation /Amortization	4,445	3,197	2,875	3,374	3,946	9,725
Net (Deficit)/surplus after Depreciation	(422)	(2,237)	(1,318)	4,780	(1,248)	(5,172)
No of Training Programme- (income Generated)	**73**	**75**	**5**	**45**	**30**	**61**
No of Participant	**3417**	**3694**	**346**	**1449**	**976**	**2135**
No of Training programmes for small holders(FOC)	**-**	**-**	**-**	**-**	**74**	**188**
Total Expenditure for capacity Development programmes for Small Holders- (FOC)						4865
No of small holders trained (FOC)	**-**	**-**	**-**	**-**	**3292**	**8196**
Total Number of trained	**3417**	**3694**	**346**	**1449**	**4268**	**10331**
Total Training programmes for the year	**73**	**75**	**5**	**45**	**104**	**249**
No of Employees	**30**	**33**	**33**	**33**	**44**	**46**
Generated Income per Employee (Rs 000)	337	312	214	705	554	575
Training Income per participant (Rs 000)	1.64	1.94	3.56	7.18	9.89	6.43
Training Expenses per participant (Rs 000)	0.68	0.97	2.16	2.85	4.45	3.01
Training Expenses per small holder (Rs 000)	N/A	N/A	N/A	N/A	0.54	0.59

AUDITOR GENERAL'S REPORT

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / துலைவா / My No: YS/F/NIPM/FA/2012

ඔබේ අංකය / உமது இல / Your No.

දිනය / jpfjp / Date: 09 October 2013

The Chairman
National Institute of Plantation Management

Report of the Auditor General on the Financial Statements of the National Institute of Plantation Management for the year ended 31 December 2012 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 Plantation Management for the year ended 31 December 2012 comprising the statements of financial performances at 31 December 2012 and the statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 23 of the National Institute of Plantation Management Act, No. 45 of 1979 as amended by the Amendment Act, No. 76 of 1981, No. 5 of 1987 and No. 38 of 2003. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Institute on 21 June 2013.

1:2 Management's Responsibility for the Financial Statements

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

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, புத்தரமுல்லை இலங்கை
No.306/72, Polduwa Road, Battaramulla , Sri Lanka

தொலைபேசி / Telephone: 2887028 -34
பக்ஸ் இல / Fax No.: 2887223
ஈ- மெயில் / E-mail.: oaggov@sltnet.lk

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

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

1:4 Basis for Qualified Audit Opinion

My opinion is qualified based on the matters described 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 National Institute of Plantation Management as at 31 December 2012 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 Accounting Policies

The management had decided to change the diminishing balance method followed by the Institute to the straight line method and in accordance with that to change the rate of depreciation and that had been disclosed in the Notes to the accounts. In the computation of depreciation in accordance with that decision, the value of the impact in the year under review as compared with the preceding year had not been disclosed.

2:2:2 Accounting Deficiencies

The opening balance in the Revaluation Account amounting to Rs.2,751,220 had been transferred to the Accumulated Deficit Account in the revaluation of the assets in the year 2012 and as such the balance of the Revaluation Account had been understated by a sum of Rs.2,751,220 and the deficit in the Accumulated Deficit Account had also been understated.

2:2:3 Accounts Receivable and Payable

The courses debtors balance of Rs.100,000 existing over a period exceeding one year had not been recovered by the Institute. The certificates had been issued to the students without recovering the debtor balance of Rs.82,500.

2:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The Minister in charge of the subject had not appointed two members to the Governing Board to represent the trade unions in terms of Section 6 of the National Institute of Plantation Management Act, No. 23 of 1979.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the financial results of the Institute for the year under review, after taking into account the Treasury Grant of Rs.8,480,000 received, for the year under review, amounted to a deficit of Rs.5,172,399 as compared with the corresponding deficit of Rs.1,247,871 for the preceding year after taking into account the Treasury grant of Rs.8,500,000 received for that year. The deterioration of Rs.3,924,528 for the year under review as compared with the preceding year had been specially due to the increase of the total expenditure by a sum of Rs.11,483,228 despite the increase of the operating income by a sum of Rs.7,578,699.

3:2 Analytical Financial Review

The following observations are made.

(a) The income generated from the operating activities amounted to Rs.26,461,503 and that could cover only 66 per cent of the overall operating expenditure amounting to Rs.39,804,589.

(b) A review of the operating results of the Institute for the three immediately preceding years revealed that the percentage of the operating expenditure covered by the operating income had decreased from 72 per cent to 53 per cent.

3:3 Legal Actions against the Institute

An employee of the Institute had filed a case against the Institute for dismissal from service. The employee had not claimed financial compensation and had made a claim for reinstatement in service.

4. Operating Review

4:1 Management Inefficiencies

The following observations are made.

(a) An examination of the Handbook of Courses for the year 2012 revealed that only the subjects relating to 02 courses had been indicated therein while the contents of the subjects had not been stated.

(b) There was no internal control and segregation of duties in the process of conducting lectures up to conducting examinations, summarizing and approval of marks in connection with two Certificate Courses.

(c) Even though two students registered in the academic year 2008/2009 had completed the failed subjects in the academic year 2010/2011, certificates had been issued as completed in the academic year 2009/2010.

(d) According to the rules of the Institute, to sit the examination again for two subjects, the average marks for all subjects should be 40 per cent. Out of the 04 courses subjected to a test check, two students whose average of the total marks was less than 40 per cent had been allowed to repeat two subjects.

(e) Even though Auditing and Taxation out of the subjects for the Certificate Course on Bookkeeping and Plantation Accounting is considered as one subject, a check of the examination results of passed students revealed that students had been allowed to complete the examination by passing Auditing in one year and Taxation in another year.

4:2 Staff Administration

Despite the availability of vacancies in 04 approved staff grade posts relating to operating activities and in 01 non-staff post, 10 officers had been recruited on casual basis for non-staff grade and junior grade posts. Expenditure on salaries and other allowances amounting to Rs.2,072,046 had been incurred in the year under review on the unapproved staff. The position of the approved staff as at the end of the year under review had been as follows.

Grade	Number Approved	Actual Number	Number of Vacancies
Senior Level	06	06	--
Tertiary Level	06	02	04
Secondary Level	14	13	01
Primary Level	13	08	05
	39	29	10

5. Systems and Controls

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

(a) Accounting
(b) Staff Control
(c) Courses Management
(d) Operating Expenditure Control

H.A.S. Samaraweera
Auditor General

-/dk.