

වාර්ෂික වාර්තාව
வருடாந்த அறிக்கை
Annual Report



2014

ශ්‍රී ලංකාවේ ජාතික බුද්ධිමය දේපළ කාර්යාලය
இலங்கை தேசிய புலமைச் சொத்து அலுவலகம்
NATIONAL INTELLECTUAL PROPERTY OFFICE OF SRI LANKA

“සමගම් මැදුර”, 3වන මහල, නො.400, ඩී.ආර්.විජේවර්ධන මාවත, කොළඹ 10.

“சமாகம் மெதுர” ,3ஆவது மாடி,இல.400,டீ.ஆர்.விஜேவர்தன மாவத்தை,கொழும்பு 10.

“SAMAGAM MEDURA”, 3RD FLOOR, NO. 400, D.R. WIJEWARDENA MAWATHA, COLOMBO 10.

Annual Report

Year 2014

Contents

1.	Introduction	1
1.1	Objectives and Functions	1
1.2	Organizational Structure.....	2
1.3	Staff.....	3
1.4	Divisions.....	4
1.4.1	Information Counter and IT Section.....	4
1.4.2	Trademark Division.....	4
1.4.3	Patent and Industrial Design Division.....	5
1.4.4	Accounts Division.....	5
1.4.5	Establishment Division.....	6
2.	Performance.....	6
2.1	Trademark Registration.....	6
2.2	Patent Registration	9
2.3	Industrial Design Registration.....	12
2.4	Dispute Resolution in the field of Copyright	14
2.5	Dissemination of Intellectual Property Information	14
2.6	Registration and Administration of Intellectual Property Agents	14
2.7	Proposing policies with respect to Intellectual Property	15
2.8	Building Awareness on Intellectual Property and Cooperation with Governmental and Non-Governmental Organizations	15
3.	Opportunities for the Staff.....	16
4.	Way Forward	16
5.	Annual Accounts & Auditor General’s Report - 2014	17
	Figure 2-1: Trademark applications received during 2010- 2014	6
	Figure 2-2: Trademark applications registered during 2010- 2014.....	7
	Figure 2-3: Performance of applications received and Substantive Examinations performed.....	7
	Figure 2-4: Performance of issuing Certificates of Registration vs. Registration fee paid	8
	Figure 2-5: Patent applications received during 2010- 2014	10
	Figure 2-6: Patent applications registered during 2010- 2014	11
	Figure 2-7: Industrial Design applications received during 2010- 2014.....	12
	Figure 2-8: Industrial Design applications registered during 2010- 2014.....	13
	Table 1-1: Cadre Information as at 31.12.2014.....	3
	Table 2-1: Trademark applications received in 2014 and for 04 previous consecutive years.....	6
	Table 2-2: Trademark applications registered in 2014 and for 04 previous consecutive years.....	7
	Table 2-3: Performance of examining trademark applications vs. receiving of applications.....	7
	Table 2-4: Performance of issuing Certificates of Registration vs. Registration fee paid	8
	Table 2-5: Statistical Data on receipts of Trademark related Applications/Documents in 2014	8
	Table 2-6: Statistical Data on trademark related activities completed in 2014.....	9
	Table 2-7: Patent applications received in 2014 and for 04 previous consecutive years	10
	Table 2-8: Patents Registration in 2014 and for 04 previous consecutive years	10
	Table 2-9: Statistical data on actions taken in 2014.....	11
	Table 2-10: Industrial Design applications received in 2014 and for previous 04 consecutive years.....	12
	Table 2-11: Industrial Design registration in 2014 and 04 previous consecutive years.....	13
	Table 2-12: Statistical data on actions taken in 2014.....	14
	Table 2-13: New Registrations and Renewal of Registrations of IP Agents.....	14

1. Introduction

The National Intellectual Property Office of Sri Lanka established under the Intellectual Property Act, No. 36 of 2003 is mandated with the administration of the Intellectual Property System in Sri Lanka. It was first established in the year 1980 with the same mandate under the provisions of the Code of Intellectual Property Act, No. 52 of 1979.

Vision

To become a leading development oriented government agency offering quality based services with enhanced productivity.

Mission

To actively contribute to the development of the country by ensuring that the Intellectual Property System fosters an environment conducive to innovative and creative activity, investment and entrepreneurship.

1.1 Objectives and Functions

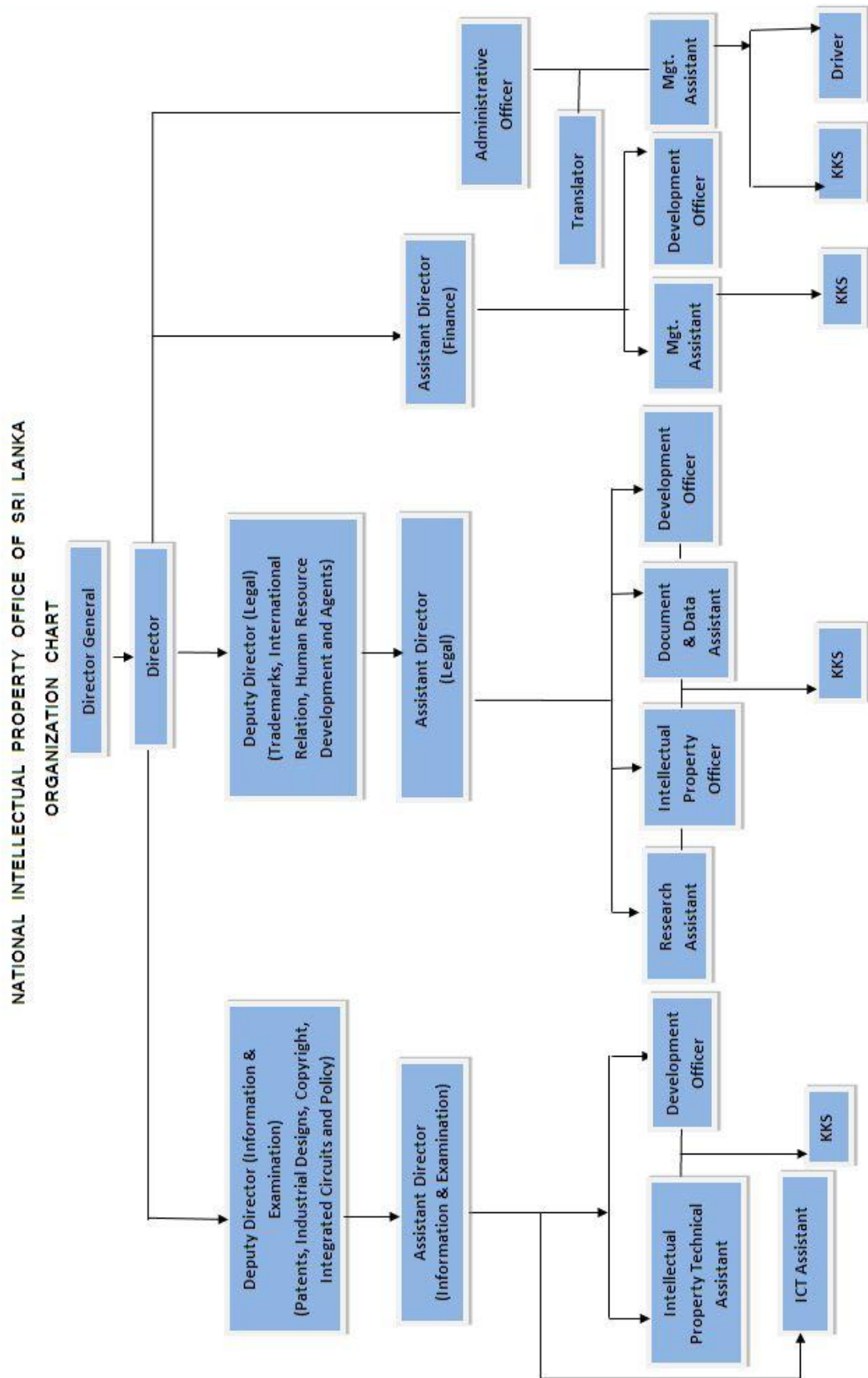
Objectives:

The objectives of the introduction of the intellectual property law and establishment of the Intellectual Property Office, as emphasized in Parliament during the debate on the Bill of the Intellectual Property Act, No. 36 of 2003 (Hazard of July 23, 2003), are the promotion of national creativity, facilitation and rationalization of trade, enhancement of investment, protection of consumer interests and the integration of the national economy in to the knowledge driven global scenario.

Functions:

- Administration of Intellectual Property including registration of trademarks, patents, industrial designs and registration and administration of Collective Management Societies
- Collection and dissemination of intellectual property information
- Building awareness on the subject of intellectual property
- Promotion of the use of intellectual property in the economic development process
- Fulfillment of the international obligations of Sri Lanka relating to intellectual property and promotion of regional and international co-operation on intellectual property
- Proposing policies with respect to intellectual property
- Facilitate the enforcement of intellectual property rights including dispute resolution in the field of copyright and related rights
- Registration and administration of Intellectual Property Agents

1.2 Organizational Structure



1.3 Staff

Designation	Service	Grade/ Class	Salary Code	Service Level	DMS Approved Cadre			Existing Cadre			Existing Vacancies		
					Permanent	Contract	Casual	Permanent	Contract	Casual	Permanent	Contract	Casual
Director General	Dept.	SP	SL3	Senior	1	0	0	1	0	0	0	0	0
Director	Dept.	I	SL1	Senior	1	0	0	0	0	0	1	0	0
Deputy/ Assistant Director (Legal)	Dept.	III/ II	SL1	Senior	2	0	0	2	0	0	0	0	0
Deputy/ Assistant Director (Information and Examination)	Dept.	III/ II	SL1	Senior	2	0	0	1	0	0	1	0	0
Accountant	SLACS	III/ II	SL1	Senior	1	0	0	1	0	0	0	0	0
Administrative Officer	PMAS	Supra	MN7	Tertiary	1	0	0	1	0	0	0	0	0
Translator	TS	I / II	MN6	Tertiary	2	0	0	2	0	0	0	0	0
Intellectual Property Technical Assistant	Dept.	III/ II / I	MN4	Secondary	2	0	0	1	0	0	1	0	0
Intellectual Property Research Assistant	Dept.	III/ II / I	MN4	Secondary	1	0	0	1	0	0	0	0	0
Document & Data Assistant	Dept.	III/ II / I	MN4	Secondary	3	0	0	1	0	0	2	0	0
Intellectual Property Officer	Dept.	III/ II / I	MN4	Secondary	21	0	0	11	0	0	10	0	0
Development Officer	DOS	III/ II / I	MN4	Secondary	30	0	0	13	0	0	17	0	0
Information and Communication Technology Assistant	SLICTS	3- III/ II / I	MT1	Secondary	1	0	0	0	0	0	1	0	0
Public Management Assistant	PMAS	III/ II / I	MN2	Secondary	15	0	0	9	0	0	6	0	0
Driver	DS	III/ II / I / SP	PL3	Primary	3	0	0	2	0	0	1	0	0
O.E.S. Post	OES	III/ II / I / SP	PL1	Primary	8	0	0	8	0	0	0	0	0
Total					94	0	0	54	0	0	40	0	0

Table 1-1: Cadre Information as at 31.12.2014

1.4 Divisions

1.4.1 Information Counter and IT Section

The information counter is established to serve the public and all other interested parties who wish to obtain information on intellectual property such as intellectual property right holders and IP agents. The counter is open during office hours and allows the public to contact via telephone simultaneously.

The counter assists general public by providing information in respect of,

- office procedures for registrations of intellectual property;
- search the local database for prior art information or similarities to the existing marks, patents or designs;
- check the accuracy of applications; and
- all other guidance related to the intellectual property.

The IT division continues to provide an important service by acknowledging the receipt of all documents related to the registration of intellectual property. This Division is responsible for entering data into the office automated system called IPAS (Industrial Property Automation/ Administration System) and distributing the said documents to relevant officers.

Simultaneously, it is also responsible for maintaining an uninterrupted connection within the office network system.

1.4.2 Trademark Division

Trademark Division provides a commendable service by registering trademarks and service marks which are categorized as industrial property under the subject of intellectual property.

A trademark application undergoes a complicated process upto the registration as per the stipulated provisions in the Intellectual Property Act, No. 36 of 2003. The applications are examined as to the formality and substantive examinations are conducted if the application fulfills formality requirements. Upon examination marks will be accepted for publication in the government gazette and the refused applications may enter into inquiry or written submission process, if the applicant request for such action. The accepted marks will be published upon payment of publication fees and the Certificates will be issued after 03 months upon payment of fess. If and when a third party files a notice of opposition against a published trademark, opposition inquiries may commence and decision will be made upon finalizing such opposition inquiry. The party who is aggrieved by such decision may appeal directly to the Commercial High Court of Colombo.

Main functions attended by this Division are,

- Formality examination,
- Substantive examination,
- Publishing trademark notifications in the Government Gazette,
- Forwarding for inquiries (Ex-parte/ Opposition),
- Granting registrations for registrable marks which fulfill the formality and substantive requirements as provided by the Intellectual Property Act, No. 36 of 2003,
- Issuing Renewal certificates,
- Granting Assignments and Licence Contracts,
- Appearing before Courts in respect of litigation and coordinating with government institutions in respect of trademark related matters,
- Participating at the conferences/ seminars/ sessions/ exhibitions related to the trademarks and
- Preparing and maintaining statistics and information related to the trademarks and disseminating such information to interested parties.

All above functions are being performed by eleven Intellectual Property Officers and four Development Officers under the direct supervision of the Director General. Two Assistant Directors (Legal) were recruited to the division in December 2014.

1.4.3 Patent and Industrial Design Division

Examination and registration of resident and non-resident Patent and Industrial design applications are the main functions of the Patent and Industrial Design Division. The Division is supervised by an Assistant Director and examinations are performed by an Intellectual Property Technical Assistant, three Development Officers and a Development Assistant.

The Division maintains data related to Patents and Industrial Designs and responsible to disseminate relevant information to various government and non-government organizations and stakeholders.

1.4.4 Accounts Division

The Accounts Branch of the National Intellectual Property Office guarantees efficient and effective financial management with a view to ensure the accountability and responsibility of this office. Whilst maintaining the transparency of financial management at the maximum level, it ensures that accounting activities with respect to the Intellectual Property Fund are being performed in conformity with the provisions stipulated in the Intellectual Property Act, No. 36 of 2003. The Accounts Branch further assures the maintenance of accounting and financial analysis system for effective

utilization of Government funds. It is supervised by an Accountant and consists of two Development Officers and four Management Assistants.

1.4.5 Establishment Division

Functions relating to recruitment of staff, providing training opportunities and infrastructure facilities are being carried out by the Establishment Division in order to discharge functions entrusted to this department efficiently and effectively. Initiatives had been taken to recruit 02 officers to the post of Assistant Director (legal) in 2014.

2. Performance

2.1 Trademark Registration

Year	2010	2011	2012	2013	2014
Resident	3,942	4,732	5,938	5,481	5,207
Non-Resident	2,302	2,925	3,178	3,344	3,345
Total	6,244	7,657	9,116	8,825	8,552

Table 2-1: Trademark applications received in 2014 and for 04 previous consecutive years

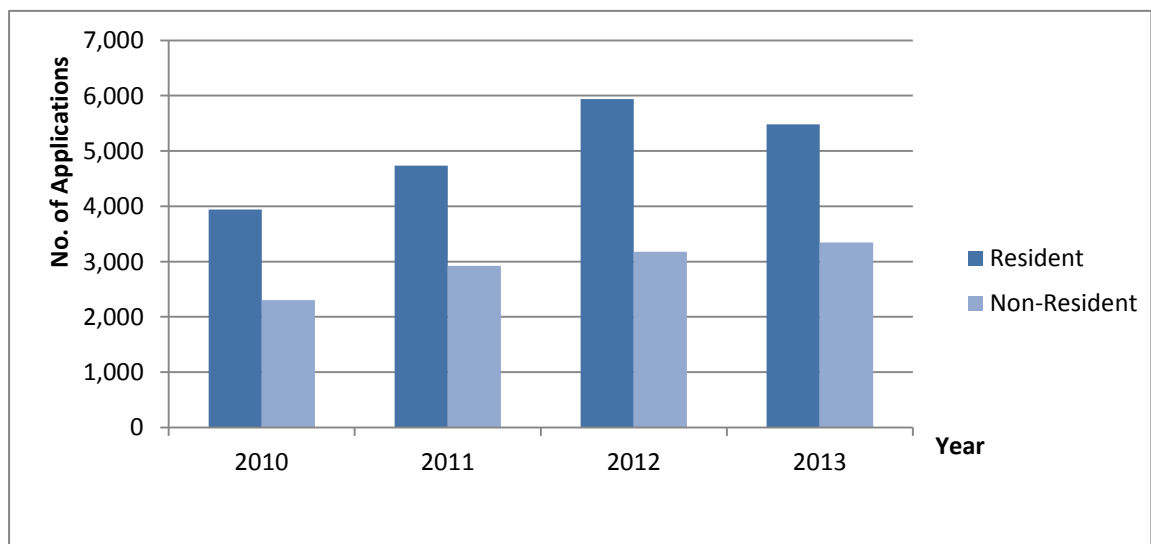


Figure 2-1: Trademark applications received during 2010- 2014

Year	2010	2011	2012	2013	2014
Resident	570	394	660	919	404
Non-Resident	469	985	689	568	736
Total	1,039	1,379	1,349	1,487	1,140

Table 2-2: Trademark applications registered in 2014 and for 04 previous consecutive years

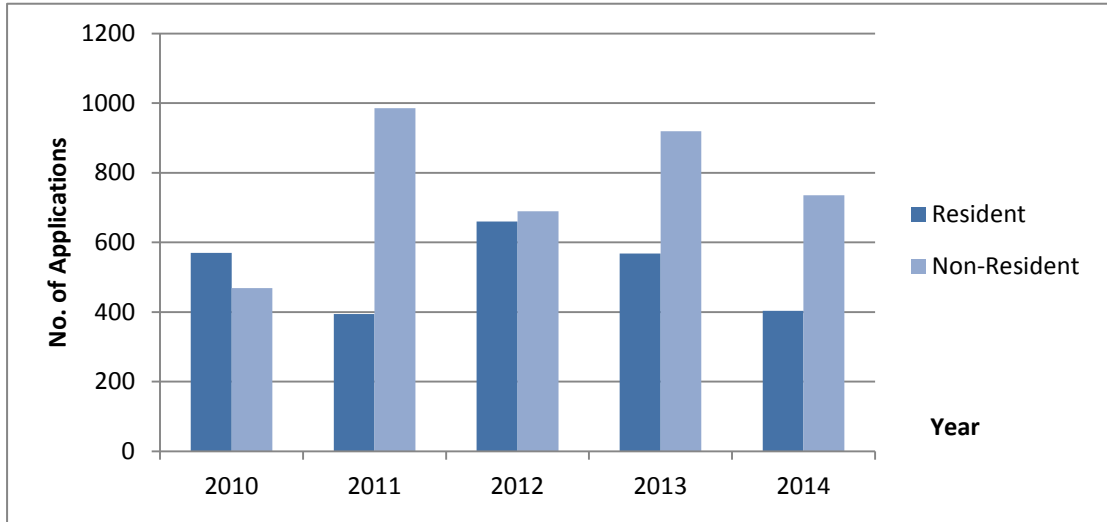


Figure 2-2: Trademark applications registered during 2010- 2014

Resident and non- resident applications received for registration of trademarks have been increased over the five years and substantial amount of them have qualified for registration.

Year	2010	2011	2012	2013	2014
Application Received	6,244	7,657	9,116	8,825	8,552
Substantive Examination	4,574	4,949	2,828	20,289	21,931

Table 2-3: Performance of examining trademark applications vs. receiving of applications

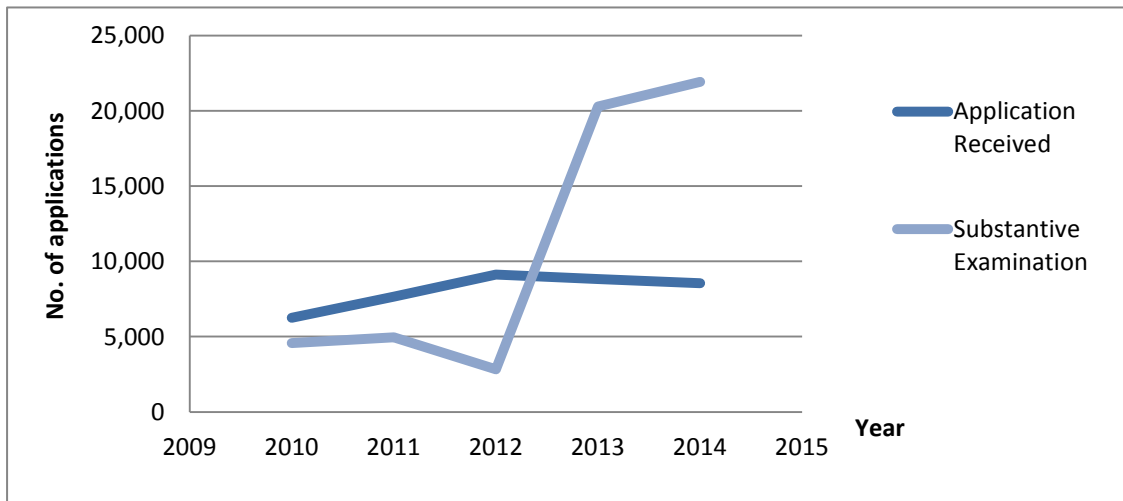


Figure 2-3: Performance of applications received and Substantive Examinations performed

Year	2010	2011	2012	2013	2014
Registration fee paid	1,115	1,785	1,929	2,053	1,577
Grant the registration	1,028	1,039	1,349	2,044	1,140

Table 2-4: Performance of issuing Certificates of Registration vs. Registration fee paid

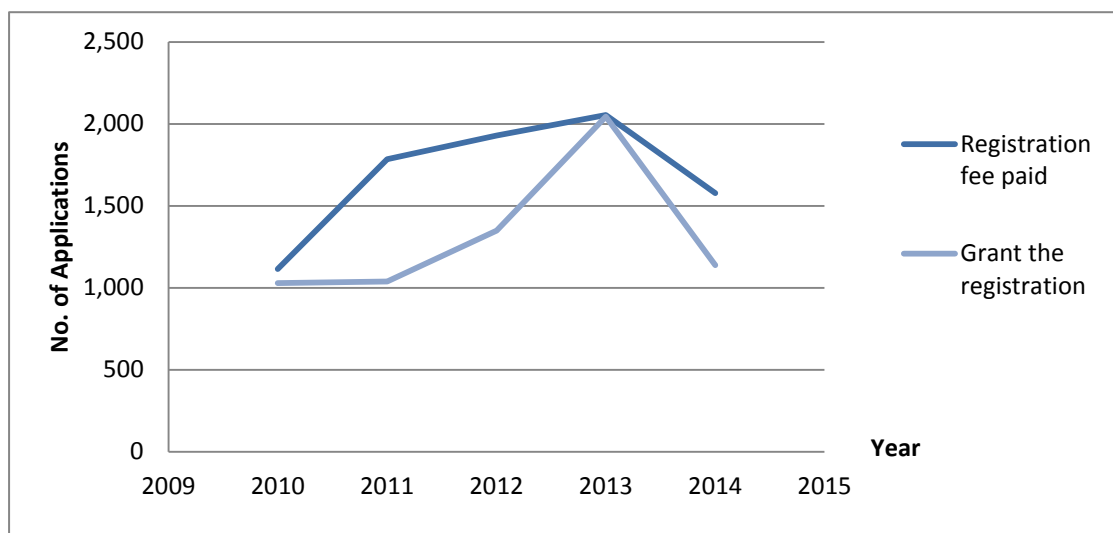


Figure 2-4: Performance of issuing Certificates of Registration vs. Registration fee paid

The figure 2.3 indicates an increasing trend in the examination of trademark applications. Receiving of applications had been stabled during 2013 to 2014. A special project on clearance of backlog was implemented to increase the number of examinations in 2013 and 2014. The figure 2.4 indicates issuing of Certificates of Registration for those qualified applications for which the relevant fees have been paid. The statistics relating to receipt of applications and the activities completed during 2014 are given below.

Type of Applications		No. of Applications/ Documents Received (2014)
1.	Applications	8,552
2.	Payments for publication of Gazette Notifications	8,212
3.	Registration fees paid	1,577
4.	Applications for renewals	2,503
5.	Request to grant Assignments & Change of Address	838

Table 2-5: Statistical Data on receipts of Trademark related Applications/Documents in 2014

Activities		Completed work during 2014
Substantive Examination		
1.	Vienna Classification of applications	5,078
2.	Substantive Examinations and preparation of search reports	21,931
3.	Sending letters to applicants (acceptance and rejections)	17,774
Publishing in the Gazette		
4.	Forwarding for preparation of Gazette Notifications upon payment of publication fees	6,902
5.	Preparation of Gazette Notifications	1,714
6.	Gazette Notifications published in the Government Gazette	2,184
Inquiries		
7.	Ex-parte Hearings for refused applications	987
8.	Opposition Hearings	65
Issuing Certificates of Registration		
9.	Forwarded for registration after payment of registration fees	1,556
10.	Issuing of Certificates of Registration	1,140
Other		
11.	Renewal of Trademark	919
12.	Recording the assignments & changes of addresses and amendments	1,729
13.	Sending other letters	12,306
14.	Abandoned due to non-completion	1,391

Table 2-6: Statistical Data on trademark related activities completed in 2014

2.2 Patent Registration

A patent application undergoes several stages at the patent division of the National Intellectual Property Office. When an application is received, the initial step will be to send an acknowledgement to the applicant. Then the application enters in to the formality examination stage. If application does not fulfill formality requirements, the defects will be notified to the applicant. If the application fulfills formality requirements, it will be transferred to the substantive examination stage.

During the substantive examination stage, patentability requirements (novelty search) of the application are assessed. After the examination, applicants are invited to submit amendments or clarifications to the initial application. Search reports will be issued with the International Patent Classification (IPC) when the application fulfils all the patentability requirements. Accepted applications shall be published in the Government Gazette. If objections are not received for published applications within a period of 03 months from the date of publication, patent shall be granted.

Patent owners can assign their Patent rights and such assignments should also be recorded at the National Intellectual Property Office. Granted patents could be renewed to maintain for a 20 year period by paying prescribed annuities after the first 02 years from the grant.

Statistical data in respect of actions taken during the year 2014 for patent applications received and various other patent related requests received are summarized below.

Year	No. of applications received		Total
	Resident	Non-Resident	
2010	225	235	460
2011	194	235	429
2012	242	297	539
2013	328	188	516
2014	314	222	536

Table 2-7: Patent applications received in 2014 and for 04 previous consecutive years

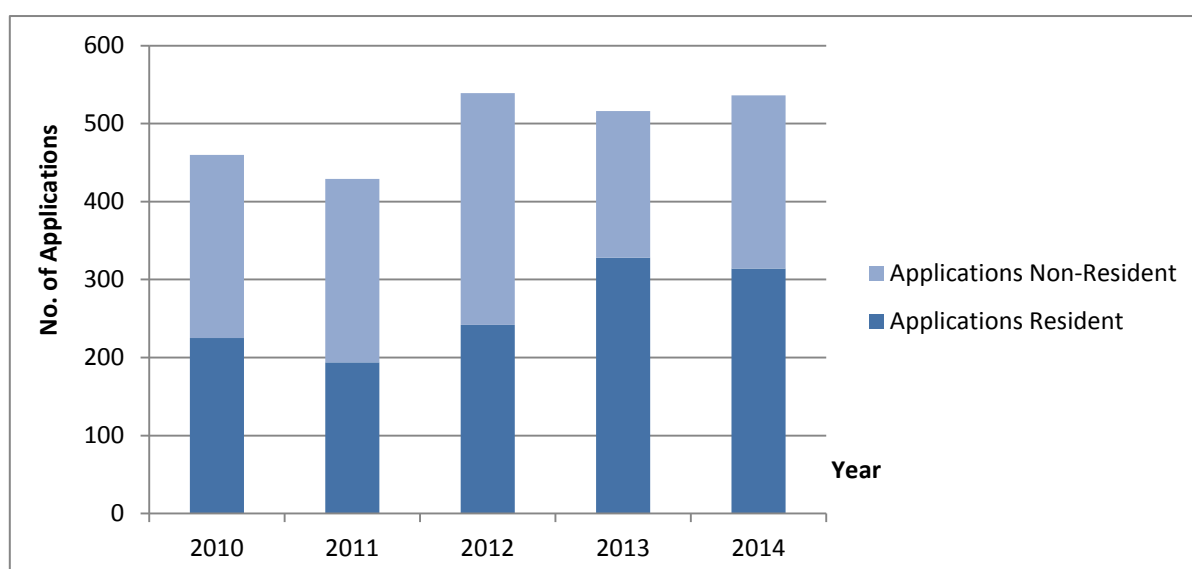


Figure 2-5: Patent applications received during 2010- 2014

Compared to the year 2013, number of applications received in 2014 has increased.

Year	No. of Registrations		Total
	Resident	Non-Resident	
2010	220	284	504
2011	45	227	272
2012	37	89	126
2013	71	165	236
2014	43	220	263

Table 2-8: Patents Registration in 2014 and for 04 previous consecutive years

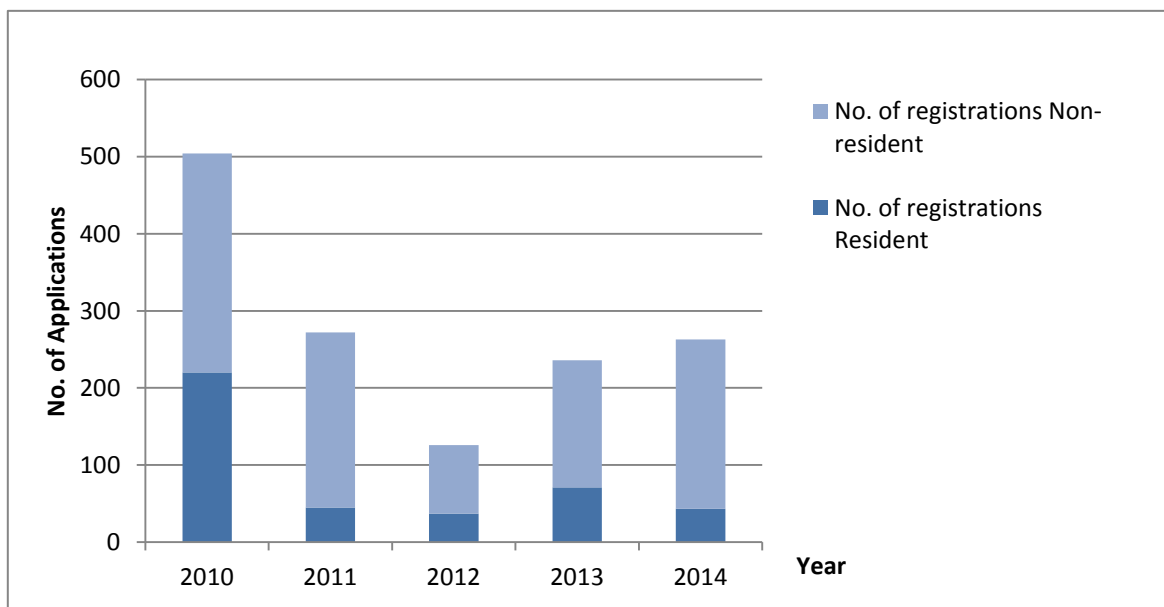


Figure 2-6: Patent applications registered during 2010- 2014

Compared to the year 2013, total number of patent registrations has increased.

Statistical data on actions taken in 2014

	Action	2013		2014	
		Applications received	Completed	Applications received	Completed
1.	Sending Acknowledgement Letters	-	603	-	491
2.	Formality Examination	-	656	-	827
3.	Amendments	-	17	-	22
4.	Substantive Searches and issuing of Search Reports	-	152	-	93
5.	Gazette Publications	-	52	-	41
6.	Responding to Patent related letters	550	1002	287	1963
7.	Validations	-	2048	-	888
8.	Assignments	09	15	24	8
9.	Name and Address changes	06	06	31	18
10.	Renewals	518	472	556	520
11.	Copies of Documents	17	51	-	23

Table 2-9: Statistical data on actions taken in 2014

2.3 Industrial Design Registration

An industrial design application undergoes several stages at the National Intellectual Property Office. When an application is received the first step will be to send an acknowledgement to the applicant. If the application is not completed, corrections will be requested from the applicant. If corrections are not received, application will be refused. When application is complete, examination will commence. If the applied design is novel then it will be accepted for publication. Applicants are requested to pay publication fees and if the prescribed fee is paid, the said design will be published in the Government Gazette.

If there are no oppositions for published applications, Industrial Design certificate shall be issued after two-months from the date of publication.

When an application is refused for not being novel, the applicant can submit a written submission requesting a hearing. Subsequent to the hearing, design can be either granted or refused.

Industrial Design owners can assign their rights and such assignments are also recorded at the National Intellectual Property Office. Registered Industrial Designs could be renewed for maximum of 15 years upon payment of renewal fees in every 05 year intervals.

Statistical data regarding actions taken during the year 2014 in respect of Industrial Design applications received and various other Industrial Design related requests received are summarized below.

Year	No. of applications received		Total
	Resident	Non-resident	
2010	233	51	284
2011	387	56	443
2012	365	29	394
2013	260	99	359
2014	245	47	292

Table 2-10: Industrial Design applications received in 2014 and for previous 04 consecutive years

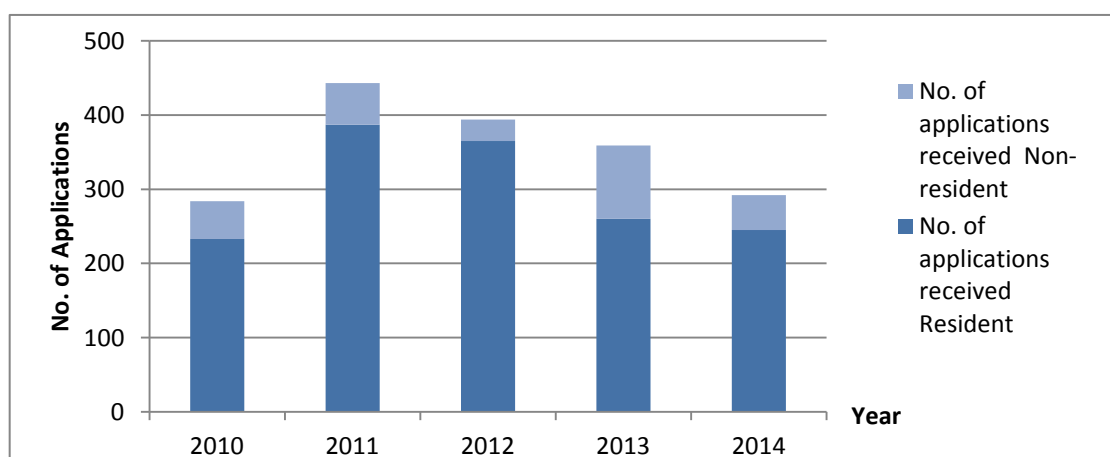


Figure 2-7: Industrial Design applications received during 2010- 2014

Year	No. of Registrations		Total
	Resident	Non-resident	
2010	228	37	265
2011	88	21	109
2012	60	28	88
2013	100	30	130
2014	471	58	529

Table 2-11: Industrial Design registration in 2014 and 04 previous consecutive years

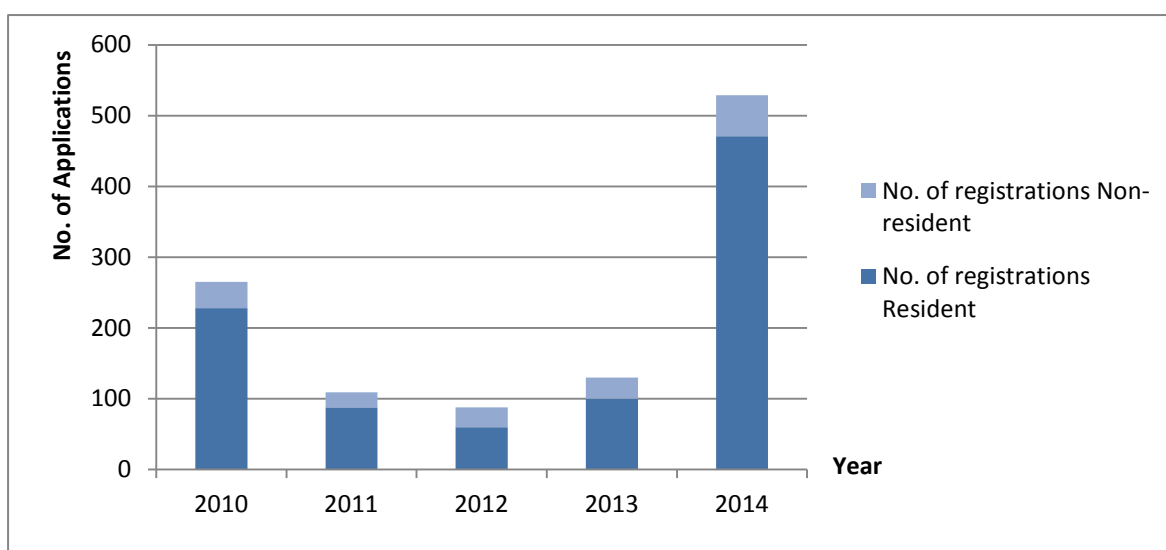


Figure 2-8: Industrial Design applications registered during 2010- 2014

Registration of Industrial Design applications in year 2014 has increased compared to the year 2013.

	Action	2013		2014	
		Applications received	Completed	Applications received	Completed
1.	Applications Received	346	130	292	529
2.	Sending Acknowledgement Letters	-	229	-	399
3.	Formality Examination	-	361	-	411
4.	Search Reports (with novelty)	-	497	-	264
5.	Search Reports (refused)	-	177	-	85
6.	Calling Publication Fees	-	419	-	249
7.	Gazette Publications	445	459	251	200
8.	Responding to Industrial Design	419	696	183	1897

	related Letters				
9.	Validations	-	1627	-	634
10.	Assignments	1	1	-	2
11.	Name and Address Changes	-	-	8	4
12.	Renewals	95	140	39	35
13.	Copies of Documents	14	14	-	6

Table 2-12: Statistical data on actions taken in 2014

2.4 Dispute Resolution in the field of Copyright

The office engages in protecting and promoting of copyright namely literary, artistic, scientific works and its related rights of performances and broadcasts. Four requests have been received for dispute settlement and inquiries are in progress to settle the said disputes.

2.5 Dissemination of Intellectual Property Information

The Office collects deposits and disseminates information pertinent to all the areas of intellectual property for the benefit of those who are interested in the field of intellectual property such as business enterprises, industrial institutes, research and development institutions and inventors. Further it provides opinions, expertise and advisory service to other Ministries, Departments and Institutions and also to inventors, industrialists, authors of literary and artistic work and for the research and development institutions upon their request. NIPO website is in operation. The information desk is in operation for prompt dissemination of information and advice. 8,810 public searches have been performed during this year and advisory services have been provided for 11,563 persons.

2.6 Registration and Administration of Intellectual Property Agents

The office executes the registering of individuals and firms as Intellectual Property Agents. Acknowledge and verify the formality of the agent applications, issue Certificates, renew the registration, remove the registration on non-completion of payment and forward the Agents' details to the IT division for update of the website are the functions related to agent registration. The statistics relating to the agent registration during 2014 are as follows.

New registrations during 2014	21
Renewal of existing registrations in 2014	23
Total	44

Table 2-13: New Registrations and Renewal of Registrations of IP Agents

2.7 Proposing policies with respect to Intellectual Property

Preliminary action has already been taken in respect of drafting legislation to introduce a voluntary registration of Copyright and registration of Geographical Indications (GIs).

2.8 Building Awareness on Intellectual Property and Cooperation with Governmental and Non-Governmental Organizations

- National Intellectual Property Office contributed to promote awareness on intellectual property by providing resource personnel for 19 workshops and seminars organized by various government and non-governmental organizations. These organizations include Ministry of Industry and Commerce, Ministry of Environment and Renewable Energy, Ministry of Science and Technology, National Institute of Indigenous Medicine, Sri Lanka Inventors' Commission, University of Moratuwa, Sri Lanka Chamber of Small and Medium Industries, Sri Lanka Judges' Institute and private sector organizations.
- A workshop on "Patent Drafting" was organized in collaboration with the World Intellectual Property Organization (WIPO) from 21-25 April 2014 at Sri Lanka Foundation.
- Discussion sessions on "Integrating Intellectual Property into formulation of an Innovation Policy in Sri Lanka" were held from 02-06 June 2014 in collaboration with the World Intellectual Property Organization (WIPO).
- National Intellectual Property Office, United States Patent and Trademark Office and Global Intellectual Property Academy jointly organized a workshop on "Exchange of Best practices used in Patent and Trademark Examination" from 16-19 June 2014 at the Hilton Hotel, Colombo.
- The second meeting of the establishment of Technology and Innovation Support Centres (TISCs) for promoting accession to technological information was organized in collaboration with the World Intellectual Property Organization (WIPO) from 30 July – 01 August 2014 at Taj Samudra Hotel. A Memorandum of Understanding (MoU) was signed between the Director General of WIPO and Director General of NIPO SL during this meeting to obtain the support of WIPO to establish TISCs in Sri Lanka.
- A sub regional seminar on "Building respect for IP" was organized by the National Intellectual Property Office in collaboration with the World Intellectual Property Organization for the members of the Judiciary from 24-25 November 2014. Further a program for Judiciary and an IP Strategy Meeting was held on 26th November 2014. Members of the Sri Lanka Judiciary and South Asian Countries participated.

- “Making a Living in the Film Industry – Copyright for Film Industry Professionals” took place from 15-17 December 2014 with the participation of specially selected group of participants by WIPO, which consisted of film directors, producers, actors and musicians, government officials and IP agents.
- A residential training programme on “Develop a comprehensive understanding of public health related TRIPs flexibilities and their application to National Law” funded by United Nations Conference on Trade and Development (UNCTAD) was organized from 3-5 December 2014 at Mount Lavinia Hotel. Members of the Judiciary of Sri Lanka, Nepal, Bhutan, India and Bangladesh participated.

3. Opportunities for the Staff

The employees are constantly encouraged to have on the job training and 18 Officers including the Ministry Officials were provided with the opportunity to undergo foreign trainings or attend meetings during the year.

4. Way Forward

- NIPO will continue to provide resource personnel to the workshops organized by other institutions on the subject of intellectual property.
- Steps will be taken to facilitate the access to intellectual property information through the internet in stages via a network.
- The services provided by the National Intellectual Property Office will be made easily accessible to general public by establishing Technology and Innovation Support Centers (TISCs) in collaboration with Regional Industry Service Centers. Subsequent to an advertisement published in the national Newspapers in early 2015, three TISCs have already been established at the Coordinating Secretariat for Science, Technology and Innovation (COSTI), University of Sri Jayawardenapura and University of Moratuwa. Further, it is expected to establish TISCs at the Inventors Commission and the National Science Foundation (NSF).
- Accession to Madrid Protocol in respect of international registration of trademarks has also been taken into consideration in order to facilitate local business community to obtain international registration for their marks.
- The amendments to the Intellectual Property Act, No. 36 of 2003 will be drafted to incorporate provisions in the “Marrakesh Treaty” in respect of facilitating access to published works for persons who are blind, visually impaired or otherwise print disabled.

5. Annual Accounts & Auditor General's Report - 2014

Head No: 299

Department -: National Intellectual Property Office of Sri Lanka

Programme No -: 01

Project....1...

Recurrent Expenditure

Description	2013 Actual Expenditure Rs.	2014 Estimate (including Supplementary Estimate) Rs.	2014 Revised Estimate (after F.R 66 transfer) Rs.	2014 Actual Expenditure Rs.	Savings Rs.
Personal Emoluments	12,510,552.00	16,700,000.00	16,700,000.00	15,366,601.00	1,333,399.00
Other	391,523.00	545,000.00	545,000.00	330,037.00	214,963.00
Total	12,902,075.00	17,245,000.00	17,245,000.00	15,696,638.00	1,548,362.00

Department -: National Intellectual Property Office of Sri Lanka

Public Officers Advanced “B” Account: Subject No: 299011

Year Description	2013 Actual Expenditure Rs.	2014 Estimate Rs.	2014 Revised Estimate Rs.	2014 Actual Expenditure Rs.	Limit Exceeds Rs.
Opening Balance	5,286,793.00	-	-	5,014,160.00	-
Add					
Debit during the year	2,000,615.00	2,500,000.00	-	2,623,616.00	-
Total	7,287,408.00	2,500,000.00	-	7,637,776.00	-
Less					
Credit during the year	2,273,248.00	1,000,000.00	-	2,303,821.00	-
Debit Balance at the end of the year	5,014,160.00	-	-	5,333,955.00	-

Capital Expenditure

Object Code	Description	2013 Actual Expenditure Rs.	2014 Estimate Rs.	2014 Revised Estimate Rs.	2014 Actual Expenditure Rs.	Savings Rs.
	-	-	-	-	-	-
Total	-	-	-	-	-	-

Financial Sources

Description	2013 Actual (Rs.)	2014 Estimate (Rs.)	2014 Revised Estimate (Rs.)	2014 Actual (Rs.)	Savings (Rs.)
Expenditure financed by Consolidated Fund					
1) Appropriation Law	12,902,075.00	17,245,000.00	-	15,696,638.00	1,548,362.00
2) Special Law Service Expenses	-	-	-	-	-
Foreign Aid	-	-	-	-	-
Loans	-	-	-	-	-
Grants	-	-	-	-	-
Reimbursable Foreign Aid	-	-	-	-	-
Loans	-	-	-	-	-
Grants	-	-	-	-	-
Counterpart Fund	-	-	-	-	-
Total Expenditure	12,902,075.00	17,245,000.00	-	15,696,638.00	1,548,362.00

Intellectual Property Fund
Statement of Financial Position as at 31.12.2014

	Notes	31.12.2014 (Rs.)	31.12.2013 (Rs.)
<u>Assets</u>			
<u>Non - Current Assets</u>			
Property, Plant and Equipment	6	36,101,326.95	37,899,261.78
Long Term Investments	7	4,457,000.00	35,289,851.09
<u>Current Assets</u>			
Cash and Cash Equivalents	8	691,714.92	2,072,310.55
Unsettled Advances	9	20,000.00	-
Income Receivable	10	22,630,493.47	27,961,236.47
Short Term Investments	7	403,517,455.13	311,396,570.53
Total Assets		467,417,990.47	414,619,230.42
<u>Equity and Liabilities</u>			
Accumulated Fund	11	464,926,906.80	413,628,043.26
Total Equity		464,926,906.80	413,628,043.26
<u>Current Liabilities</u>			
Accrued Expenses	12	2,446,916.44	991,187.16
Retained Money		44,167.23	-
Total Liabilities		2,491,083.67	991,187.16
Total Equity and Liabilities		467,417,990.47	414,619,230.42

Intellectual Property Fund
Statement of Comprehensive Income for the year ended 31.12.2014

	Notes	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Operational Income	2	51,792,139.90	40,079,367.27
Other Income	3	452,670.00	406,413.00
Investment Interest Income	4	30,066,675.62	37,690,643.86
Total Income		82,311,485.52	78,176,424.13
Establishment and Administrative Expenditure	5	(30,088,058.20)	(21,966,660.86)
Other Expenditure		(570,638.85)	(381,313.14)
Financial Expenditure		(366,882.05)	-
Total Expenditure		(31,025,579.10)	(22,347,974.00)
Income over Expenditure		51,285,906.42	55,828,450.14
Comprehensive Income		-	-
Total Comprehensive Income		51,285,906.42	55,828,450.14

Intellectual Property Fund

Receipts and Payments Account for the Year ended 31.12.2014

	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Balance as at 01.01.2014	2,072,310.55	3,626,584.57
Add- Receipts		
Trademarks	68,508,877.70	50,707,953.58
Patents	8,526,432.15	8,456,097.33
Industrial Designs	652,900.00	955,000.00
Income received from Investment Maturity	311,396,570.53	223,079,512.78
Investment Interest	35,635,856.10	25,271,473.68
Tax Income	9,354,295.15	7,260,546.09
Other Proceeds (Notes 13)	2,008,883.33	2,225,102.09
	436,083,814.96	321,582,270.12
Less- Payments		
Overtime Payments and Allowances	2,249,278.22	1,366,929.14
Travelling Expenses (domestic)	12,148.00	3,310.00
Travelling Expenses (foreign)	626,530.34	627,238.00
Stationary and Office Requisites	1,663,414.01	1,442,604.54
Fuel and Lubricants	607,441.00	584,350.00
Uniforms	42,000.00	37,700.00
Vehicle and Equipment Repair and Maintenance	823,047.28	337,302.61
Administrative Expenses	1,364,800.09	1,640,006.70
Electricity and Water Supply Charges	2,421,261.87	2,796,920.00
Building Rental	7,325,000.00	8,645,000.00
Janitorial Services Charges	334,519.20	264,936.00
Security Services Charges	191,625.00	136,500.00
Subscriptions, Contributions and Membership Fees	844,274.05	388,381.36
Railway Warrants	63,260.00	16,320.00
Translations and related Activities	-	7,668.00
Publicity and Publications	1,059,680.15	253,905.00
WIPO Training Programmes	1,194,607.34	1,581,076.44
Printing Charges	5,613,668.96	8,315,070.08
Seminars and Workshops	122,500.00	9,338.00
Promotion of Intellectual Property related Activities	487,953.97	-
Trainee Allowances	363,310.00	285,491.62
Other Expenses	274,202.34	129,441.07
Welfare Expenses	297,365.60	252,851.00
Audit Charges	224,000.00	-
Furniture and Office Equipment	716,256.21	229,470.20
Purchase of Books	26,400.00	20,000.00
Purchase of Computers	622,427.01	1,163,332.00
Refurbishment Expenses	649,997.99	-
Wiring (electricity) Expenses	154,343.95	-
Purchase of Treasury Bonds	373,051,486.09	262,320,634.74
Unsettled Advances	227,847.65	204,637.00
Tax Payments	7,969,129.18	6,370,645.76
Payments to DST	25,840,635.09	20,061,150.31
Payments from the Deposit Account	-	17,750.00
	437,464,410.59	319,509,959.57
Balance as at 31.12.2014	691,714.92	2,072,310.55

Intellectual Property Fund

Statement of Cash Flow for the Year ended 31.12.2014

	31.12.2014(Rs.)	31.12.2013(Rs.)
Cash Flow generated from Operating Activities		
Income received	63,210,753.24	49,543,548.78
Expenditure	(36,402,864.25)	(35,715,372.32)
Net Cash Flow generated from Operating Activities	26,807,888.99	13,828,176.46
Cash Flow generated from Investment Activities		
Cash received from Investment Maturity	311,396,570.53	223,079,512.78
Investment Interest	35,635,856.10	25,271,473.68
Purchase of Investments	(373,051,486.09)	(262,320,634.74)
Purchase of Computers	(622,427.01)	(1,163,332.00)
Purchase of Furniture and Office Equipment	(716,256.21)	(229,470.20)
Refurbishment Expenses	(649,997.99)	-
Purchase of Books	(26,400.00)	(20,000.00)
Wiring (electricity) Expenses	(154,343.95)	-
Net Cash Flow generated from Investment Activities	(28,188,484.62)	(15,382,450.48)
Balance of Cash and Cash Equivalents as at 01.01.2014	2,072,310.55	3,626,584.57
Balance of Cash and Cash Equivalents as at 31.12.2014	691,714.92	2,072,310.55

Intellectual Property Fund
Statement of Changes in Equity for the Year ended 31.12.2014

	Stated Capital (Rs.)	Reserved Profit/Loss (Rs.)	Total (Rs.)
Balance as at 01.01.2013	362,429,577.57	-	362,429,577.57
Prior Year Adjustments	-	1,506,202.83	1,506,202.83
Net Profit for the Year	-	49,692,262.86	49,692,262.86
Balance as at 31.12.2013	362,429,577.57	51,198,465.69	413,628,043.26
Balance as at 01.01.2014	413,628,043.26	-	413,628,043.26
Prior Year Adjustments	-	12,957.12	12,957.12
Net Profit for the Year	-	51,285,906.42	51,285,906.42
Balance as at 31.12.2014	413,628,043.26	51,298,863.54	464,926,906.80

Notes to the Financial Statements

Note 01

Basic Accounting Principles and Statements

- The Financial Statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.
- The Financial Statements are based on historical cost concept. No adjustments have been made for inflationary factors.
- Accounts have been submitted on the concepts of materiality, uniqueness, going concern and accrual basis, while appropriateness as well has been taken into consideration.
- **Assets Depreciation Policies**
Fixed Assets are depreciated during their useful economic lifetime on straight line method. Assets are not depreciated in the year of acquisition.

Rates of Depreciation

Office Equipment	10%
Office Fittings	10%
Furniture and Equipment	05%
Motor Vehicles	10%
Curtains	20%
Books	10%
Computer	25%
Buildings	05%

- Based on face value and cost value, the investments have been brought to accounts on lesser value of its either face or cost value. When the cost is greater than the face value, the loss has been adjusted immediately and when the cost is lesser than the face value the profit has been adjusted at the time of realization of investments.
- Accrued Expenses are calculated up to 18th February 2015.
- Income received for the supply of services for the accounting year is recognized according to the year and the income from investments is accounted proportionate to the time.
- The Government had incurred Rs. 15,696,638.00 under the Appropriation Head 299 for recurrent expenditure including salaries and allowances of officers of National Intellectual Property Office in respect of administrative work of Intellectual Property Fund.

- The construction work of the Intellectual Property Promotion Centre at a cost of Rs. 22,298,751.27 had been suspended in 2008 as per a Government decision. The Committee on Public Accounts (COPA) at its meeting held on 24.07.2014 instructed to submit a Cabinet Memorandum in order to get reimbursement of the cost incurred from the Intellectual Property Fund from the Urban Development Authority. To this effect a Cabinet Memorandum had been forwarded to the Cabinet of Ministers by the Hon. Minister of Industry and Commerce. This building will be auctioned in accordance with Public Finance Circular No. 353(5).

- Cases filed against the Intellectual Property Fund are not found. In two instances, National Intellectual Property Office has been named as a party in the subject of Intellectual Property.
 - i. Applicants making appeals to the Court against the decisions of the Director General of Intellectual Property, in respect of the subject of the intellectual property.
 - ii. The opponent or the respondent making an appeal to the Court against a decision taken by the Director General of Intellectual Property in an inquiry into the objection.

- No incidents were recorded after the date of the balance sheet.
- No transaction was made with the associated parties.

Description of Income for the Year

Description	31.12.2014			31.12.2013		
	Income	2/3 Fund	1/3 Treasury	Income	2/3 Fund	1/3 Treasury
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trademarks	68,508,877.70	45,672,585.13	22,836,292.57	50,707,953.58	33,805,302.39	16,902,651.19
Patents	8,526,432.15	5,684,288.10	2,842,144.05	8,456,097.33	5,637,398.22	2,818,699.11
Industrial Designs	652,900.00	435,266.67	217,633.33	955,000.00	636,666.67	318,333.33
Total	77,688,209.85	51,792,139.90	25,896,069.95	60,119,050.91	40,079,367.27	20,039,683.64

Other Income

Description	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Registration of Agents	264,250.00	385,500.00
Income received from sale of newspapers	-	1,290.00
Income received from Auctions	17,420.00	19,550.00
Settlements of Advances	-	73.00
Income received from Workshops	161,000.00	-
Income received from issuing of Tender Documents	10,000.00	-
Total other Income	452,670.00	406,413.00

Investment and Interest Income

	Date of Investment	Date of Maturity	Cost (Rs.)	Face Value(Rs.)	Type of Investment	Interest Rate	Interest Income for the year (Rs.)	Accrued Interest Income (Rs.)
1	17-Jan-2012	1-Sep-2015	18,769,892.13	17,275,000	Treasury Bond	11.00%	1,900,250.00	640,415.75
2	1-Feb-2012	15-Mar-2015	14,299,111.96	13,015,000	Treasury Bond	11.75%	1,529,262.50	448,526.71
3	16-Apr-2012	1-Apr-2014	8,003,899.20	7,953,000	Treasury Bond	11.75%	231,052.13	-
4	2-Jul-2012	1-Apr-2014	5,999,792.04	5,940,000	Treasury Bond	11.75%	172,570.05	-
5	2-Aug-2012	1-Apr-2014	29,422,731.71	29,024,000	Treasury Bond	11.75%	843,210.99	-
6	24-Aug-2012	2-Apr-2014	8,999,397.84	8,808,500	Treasury Bond	11.75%	255,906.28	-
7	30-Aug-2012	1-Apr-2014	1,099,690.08	1,074,000	Treasury Bond	11.75%	31,202.06	-
8	3-Sep-2012	1-Apr-2014	999,953.00	975,200	Treasury Bond	11.75%	28,331.70	-
9	17-Sep-2012	1-Apr-2014	2,887,308.14	2,801,800	Treasury Bond	11.75%	81,398.45	-
10	8-Oct-2013	15-Jul-2015	4,999,851.09	5,266,000	Treasury Bond	6.50%	354,939.85	158,123.10
11	21-Jan-2014	15-Jul-2015	2,999,097.75	3,021,000	Treasury Bond	6.50%	188,894.59	90,712.09
12	24-Jan-2014	15-Jul-2015	4,429,918.48	4,472,000	Treasury Bond	6.50%	279,621.52	134,281.52
13	20-May-2014	1-Apr-2016	4,499,698.06	4,457,000	Treasury Bond	7.25%	243,237.10	81,670.85
14	17-Jun-2014	15-Jul-2015	2,499,457.73	2,443,000	Treasury Bond	6.50%	152,753.89	73,356.39
15	22-Aug-2014	1-Nov-2015	3,499,903.07	3,334,200	Treasury Bond	8.50%	188,410.24	46,706.74
16	1-Sep-2014	24-Jul-2015	2,000,023.19	1,898,000	Treasury Bond	8.50%	107,252.91	26,587.91
17	30-Jan-2013	24-Jan-2014	3,999,988.76	4,430,000	Treasury Bill	10.90%	27,549.47	-
18	1-Feb-2013	31-Jan-2014	210,360,383.50	233,500,000	Treasury Bill	11.00%	1,907,111.25	-
19	8-Feb-2013	31-Jan-2014	18,651,399.30	20,663,600	Treasury Bill	11.00%	169,092.50	-
20	22-Feb-2013	21-Feb-2014	4,208,580.04	4,661,000	Treasury Bill	10.75%	63,388.51	-
21	1-Mar-2013	28-Feb-2014	6,999,910.68	7,769,900	Treasury Bill	11.00%	122,690.61	-
22	1-Jul-2013	30-Jun-2014	2,499,930.53	2,755,300	Treasury Bill	10.30%	125,208.85	-
23	13-Aug-2013	8-Aug-2014	1,999,936.74	2,200,700	Treasury Bill	10.15%	122,130.98	-
24	11-Sep-2013	22-Aug-2014	2,499,981.06	2,739,300	Treasury Bill	10.10%	161,626.99	-
25	12-Nov-2013	24-Oct-2014	3,599,959.92	3,933,600	Treasury Bill	9.75%	285,426.20	-
26	31-Jan-2014	30-Jan-2015	254,163,506.62	271,700,700	Treasury Bill	6.90%	16,139,999.40	16,139,999.40
27	21-Feb-2014	30-Jan-2015	5,499,945.06	5,842,000	Treasury Bill	6.60%	313,134.84	313,134.84
28	28-Feb-2014	27-Feb-2015	7,769,877.33	8,278,800	Treasury Bill	6.55%	429,228.74	429,228.74
29	3-Mar-2014	27-Feb-2015	1,000,037.13	1,065,000	Treasury Bill	6.55%	54,705.57	54,705.57
30	17-Mar-2014	6-Mar-2015	3,499,941.26	3,731,400	Treasury Bill	6.80%	189,613.09	189,613.09
31	1-Apr-2014	6-Mar-2015	59,999,917.47	63,799,700	Treasury Bill	6.80%	3,082,419.46	3,082,419.46
32	30-Jun-2014	19-Jun-2015	1,999,955.67	2,129,300	Treasury Bill	6.80%	67,595.20	67,595.20
33	8-Aug-2014	24-Jul-2015	6,999,995.28	7,417,300	Treasury Bill	6.80%	174,075.68	174,075.68
34	29-Sep-2014	25-Sep-2015	3,199,986.97	3,366,600	Treasury Bill	5.25%	43,384.00	43,384.00
35	26-Jul-2432	24-Oct-2014	8,990,225.02	9,484,000	Treasury Bill	5.60%	95,435.50	95,435.50
Total								30,066,675.62

Following Expenditure also taken into consideration when calculating the Income over Expenditure

Expenditure	31.12.2014	31.12.2013
	Rs.	Rs.
Establishment and Administrative Expenses		
Overtime Payments and Allowances	2,325,391.17	1,375,424.89
Travelling Expenses (Domestic)	12,524.00	4,010.00
Travelling Expenses (Foreign)	604,701.29	627,238.00
Stationery and Office Requisites	1,637,513.12	1,416,485.33
Fuel and Lubricants	607,441.00	584,350.00
Uniforms Allowance	42,000.00	37,700.00
Vehicle and Equipment Repair and Maintenance	729,358.57	323,472.65
Administrative Expenses	1,308,458.59	1,567,931.56
Electricity and Water Supply Charges	2,743,480.24	2,397,360.00
Building Rental	8,125,000.00	7,980,000.00
Janitorial Services Fees	361,806.24	213,800.00
Security Services Charges	227,250.00	126,000.00
Subscriptions, Contributions and Membership Fees		
	844,274.05	388,381.36
Railway Warrants	63,260.00	16,320.00
Translations and related Activities	-	7,668.00
Publicity and Publications	970,715.08	242,565.00
WIPO Training Programmes	73,243.66	941,332.74
Printing Charges	4,824,303.00	262,385.00
Seminars and Workshops	91,560.00	40,278.00
Promotion of Intellectual Property related Activities	53,704.69	-
Trainee Allowances	379,252.85	283,190.50
Audit Charges	200,000.00	200,000.00
Write off of Depreciations	3,862,820.65	2,930,767.83
	30,088,058.20	21,966,660.86
Other Expenditure		
Other Expenditure	273,273.25	128,462.14
Welfare Expenditure	297,365.60	252,851.00
	570,638.85	381,313.14
Financial Expenditure		
Loss from Investment Activity	366,882.05	-
Total Expenditure	31,025,579.10	22,347,974.00

Property, Plant & Equipment

Cost	Office Equipment	Office Fixtures	Furniture and Office Equipment	Books	Motor Vehicles	Curtains	Computer	Intellectual Property Promotion Centre	Total
Opening Balance 01.01.2013	1,361,495.52	5,588,930.71	4,546,290.98	770,268.23	11,797,316.33	183,510.00	14,723,377.94	-	38,971,189.71
Add/Less Purchases in 2013	-	-	221,147.00	20,000.00	-	-	1,125,418.00	22,298,751.27	23,665,316.27
Total At Purchasing Price as at 31.12.2013	1,361,495.52	5,588,930.71	4,767,437.98	790,268.23	11,797,316.33	183,510.00	15,848,795.94	22,298,751.27	62,636,505.98
Add/Less Purchases in 2014	-	778,971.64	676,100.78	26,400.00	-	-	583,413.40	-	2,064,885.82
Total At Purchasing Price as at 31.12.2014	1,361,495.52	6,367,902.35	5,443,538.76	816,668.23	11,797,316.33	183,510.00	16,432,209.34	22,298,751.27	64,701,391.80

Accrued Depreciation	Office Equipment	Office Fixtures	Furniture and Office Equipment	Books	Motor Vehicles	Curtains	Computer	Intellectual Property Promotion Centre	Total
Opening Balance 01.01.2013	1,361,495.52	3,249,965.83	1,468,056.97	671,816.65	2,953,837.57	146,808.00	11,954,495.83	-	21,806,476.37
Write off of Annual Depreciation in 2014	-	401,372.08	227,314.55	29,110.69	1,040,695.75	36,702.00	1,195,572.76	-	2,930,767.83
Accrued Depreciation 31.12.2013	1,361,495.52	3,651,337.91	1,695,371.52	700,927.33	3,994,533.32	183,510.00	13,150,068.59	-	24,737,244.19
Write off of Annual Depreciation in 2014	-	401,372.09	204,577.86	26,094.59	1,040,695.75	-	1,075,142.80	1,114,937.56	3,862,820.65
Accrued Depreciation as at 31.12.2014	1,361,495.52	4,052,710.00	1,899,949.38	727,021.92	5,035,229.07	183,510.00	14,225,211.39	1,114,937.56	28,600,064.85

Net Value 01.01.2013	-	2,338,964.88	3,078,234.01	98,451.58	8,843,478.76	36,702.00	2,768,882.11	-	17,164,713.34
Net Value 31.12.2013	-	1,937,592.80	3,072,066.46	89,340.90	7,802,783.01	-	2,698,727.35	22,298,751.27	37,899,261.79
Net Value 31.12.2014	-	2,315,192.35	3,543,589.38	89,646.31	6,762,087.26	-	2,206,997.95	21,183,813.71	36,101,326.95

Note 07

Details of Investment

Description of Investment	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Long Term Investments		
Treasury Bonds (Peoples Bank)	4,457,000.00	35,289,851.09
Treasury Bills (Peoples Bank)	-	-
Total Long Term Investments	4,457,000.00	35,289,851.09
Short Term Investments		
Treasury Bonds (Peoples Bank)	50,394,067.32	56,576,500.00
Treasury Bills (Peoples Bank)	353,123,387.81	254,820,070.53
Total Short Term Investments	403,517,455.13	311,396,570.53
Total Investments	407,974,455.13	346,686,421.62

Note 08

Balance of Cash and Cash Equivalents

Description	31.12.2014 (Rs.)	31.12.2013(Rs.)
Balance of cash in hand	85,208.40	295,254.00
Bank Balance	606,506.52	1,777,056.55
Total Balance of Cash and Cash Equivalents	691,714.92	2,072,310.55

Note 09

Unsettled Advances

Description	31.12.2014(Rs.)	31.12.2013(Rs.)
Trainee Allowances	20,000.00	-
Total	20,000.00	-

Note 10

Receivable Income

Description	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Receivable Interest Income	22,194,537.05	27,763,717.53
Receivable Reimbursement of Expenditure from WIPO	435,956.42	197,518.94
Total Receivable Income	22,630,493.47	27,961,236.47

Adjustments for Previous Year

Description	Rs.	Rs.
Accumulated Fund as at 31 12.2013	413,628,043.26	362,429,577.57
Add :-		
Correction of error of under calculation of interest income for the year 2012	-	501.15
Expenses reimbursed by WIPO for the year 2012	-	197,518.94
Retention Money -Intellectual Property Promotion Centre	-	1,508,182.74
Reimbursement of expenditure for returned cheques in 2013	100.00	-
Over Allocation of Audit Charges in 2011	79,000.00	-
Less :-		
Correction of under calculation of Audit Charges in 2012	-	(200,000.00)
Expenditure during 2013 unreimbursed by WIPO	(11,142.88)	-
Under allocation of Audit Charges in 2012	(55,000.00)	-
Accumulated Funds as at 01.01.2014	413,641,000.38	363,935,780.40

Accrued Expenses

Description	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Printing Charges	21,000.00	231,796.52
Electricity and Water Supply Charges	322,218.37	-
Building Rental	800,000.00	-
Payments to D.S.T	55,434.86	-
Janitorial Services Charges	35,598.00	-
Security Charges	35,625.00	-
Administrative Expenses	72,904.79	62,019.39
Travelling Expenses (domestic)	1,076.00	700.00
Seminars and Workshops	-	30,940.00
Overtime Payments and Allowances	97,142.20	15,731.25
Other Expenditure	650.00	-
WIPO Training Programme	175,241.44	-
Trainee Allowances	24,610.00	-
Repair and Maintenance Expenses	7,150.00	-
Audit Charges	626,000.00	650,000.00
Tax to be paid	172,265.78	-
Total Accrued Expenses	2,446,916.44	991,187.16

Other Proceeds

Description	31.12.2014 (Rs.)	31.12.2013 (Rs.)
Advance Settlements	207,847.65	204,637.00
General Deposit Account	-	991,985.83
Charges for Registration of Agents	264,250.00	385,500.00
Income received from sale of newspapers	-	1,290.00
Reimbursement of expenditure from WIPO	1,321,138.63	621,206.26
Income received from Auction	17,420.00	19,550.00
Reimbursement of Expenditure	-	833.00
Returned Cheque Charges	100.00	100.00
Revenue from issuing of Tender Documents	10,000.00	-
Surcharge	27,127.05	-
Revenue from Workshops	161,000.00	-
Total of other Proceeds	2,008,883.33	2,225,102.09



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. } TC/C/IPF/FA/1/2014
My No. }

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

18 September 2015

Director General of Intellectual Property,
National Intellectual Property Office of Sri Lanka

Report of the Auditor General on the Financial Statements of National Intellectual Property Fund of National Intellectual Property Office of Sri Lanka for the year ended 31 December 2014.

The audit of the financial statements of Intellectual Property Fund of National Intellectual Property Office of Sri Lanka for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and the 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 Section 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 176 (6) of the Intellectual Property Act, No.36 of 2003. My comments and observations on the above financial statements appear in this report.

1.2 Management's responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those

අංක 306/72, පොල්දඬු පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

+94-11-2887028-34

+94-11-2887223

oaggov@slt.net.lk

www.auditorgeneral.gov.lk



standards require that, I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the preparation and fair presentation of the fund's 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 fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidences I have obtained are sufficient and appropriate to provide a basis for my 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 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 Intellectual Property Fund of National Intellectual Property Office of Sri Lanka as at 31 December 2014 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 Deficiencies

The following observations were made.

- (a) Even though the financial statements had been prepared based on accrual basis, provisions had not been made for a sum of Rs.1,114,807 payable on expenses related to the year under review.

- (b) An asset should be depreciated on systematic basis over its' useful life when it is brought to the usable condition. However the assets procured by the fund had been depreciated from the year subsequent to the year of purchase. Further difference rates had been applied to calculate the depreciation of books instead prescribed depreciation rates.

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

Reference to Laws, Rules, Regulations and Management Decisions

Non - compliance

- | ----- | ----- |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Attachment "E" of the Presidential Circular No.PPA/6/1/1 dated 31 December 1993 and Circular No.105/9/FG/14 dated 17 October 2014 issued by the Ministry of Industries and Commerce. | Even though a report on foreign tour is required to be submitted to the officer who approved the foreign tour, within 07 days of returning to the island after the foreign tour, 25 officers had not complied accordingly during the year under review. |
| (b) Letter No. IC/COM/1/5/miscellaneous dated 27 June 2014 of the Ministry of Industries and Commerce | A report of all future foreign tours is required to be presented to the Ministry within 07 days in every month to limit the government expenses on foreign visit. However had not been taken accordingly. |



3. Financial Review

3.1 Financial Results

The financial result of the operation of the Fund in the year under review amounts to a surplus of Rs. 51,285,906 as compared with the corresponding surplus of Rs.55,828,450 for the preceding year. The reduction of the surplus in the year under review by Rs.4,542,544 compared to the preceding year was attributable to the increase of administration and establishment expenses by Rs.8,121,397 representing by 37 per cent.

4. Operating Review

4.1 Performance

(a) Registration of Trade Marks, Patents and Industrial Designs

According to the information provided, statistics relation to the performance of registration of Trade Marks, Patents and Industrial Designs during the year under review compared with the preceding year are given below.

	Registration of Trade Marks		Registration of Patents		Registration of Industrial Designs	
	2014	2013	2014	2013	2014	2013
No. of applications carried forward from previous year	36,060	28,720	1,805	1,525	1,171	955
No. of applications received during the year	<u>8,552</u>	<u>8,825</u>	<u>536</u>	<u>516</u>	<u>292</u>	<u>346</u>
Total for the year	44,612	37,545	2,341	2,041	1,463	1,301
Registered during the year	<u>(1,138)</u>	<u>(1,485)</u>	<u>(263)</u>	<u>(236)</u>	<u>(529)</u>	<u>(130)</u>
Balance uncompleted during the year	43,474	36,060	2,078	1,805	934	1,171



No.of files in progress	(34,501)	(16,400)	(1,909)	(1,730)	(934)	(729)
Files which any action not taken	8,973	19,660	169	75	-	442

It was indicated that the basic function of the Fund is to register the Trade Marks, Patents and Industrial Designs, had not been done properly and failures in attend duties to be done annual, this revealed indicates that the management has not paid attention to fulfill main objectives of the Fund. The following observations are further made in this regard.

- (i) According to the information furnished for audit, 44,612 applications had remained pending for registration during the year under review, including 8,552 new applications received for registration of trade marks during the year under review. Out of that 34,501 applications had remained in progress and 1,138 applications representing 2.6 per cent of total applications, had been registered. At the end of the year , 8,973 applications had remained without taking any action.
 - (ii) During one year under review, 2,341 qualifications remained accumulated including 536 new applications received for registration of patents during the year and 263 applications representing 11 per cent had been registered during the year. Further, 1,909 applications had remained in progress during the year and 169 applications had remained without taking any action.
 - (iii) During the year under review 1,465 application had remained accumulated including 292 new industrial design applications received for registration in the year 2014 and out of that, only 529 industrial design applications representing 36 per cent had been registered. Further, 934 files had remained in progress at the end of the year under review.
- (b) The main function of the National Intellectual Property Office of Sri Lanka is registration of Trade Marks, Patents and Industrial Designs. However, new inventors had become discouraged due to poor achivement and a considerable contribution to the economy was not received due to registrations were not proceed on time.





Following observations were made in that regard.

- (i) Even though a piece based payment system was introduced to accelerate the registration of applications, a decrease of 347 applications (i.e 23%) was observed in registration of trade marks in the year under review compared to the preceding year.
- (ii) Even though Rs.1,262,595 extra cost was incurred in the year under review from the Fund on piece based payment system introduced for accelerating the registration of trade marks, patents and industrial designs, the audit was not satisfied about the progress of registration of trade marks and industrial designs.

4.2 Personnel Management

Even though the carder approved by the Department of Management Services was 94, as the actual carder was 54 as at 31 December of the year under review 40 officer level carder provisions were vacant.

4.3 Construction of a Protection House for National Intellectual Property Office

Even though Rs.22,298,751 was spent from the Fund to construct a Protection House and a Marketing Development Center for the National Intellectual Property Office, the Cabinet had ordered to Urban Development Authority by the cabinet paper No.AMP/15/0272/625/007 dated 23 April 2015, to reimburse the money spent for construction of the building as the respective land had been transferred to Urban Development Authority.

4.4 Transactions of Contentious Nature

Rs.88, 111 was spent to give foreign training for 07 officers outside the institution, out of Rs.800,000 provided for the foreign training in the year under review.



5. Accountability and Good Governance

5.1 Action Plan

According, to the Action Plan for the year under review, allocation amounting to Rs.1.4 million had been made to introduce a Computer Information System and other allocation amounting to Rs.0.5 million and Rs.100 million had been made all to establish intellectual property centers islandwide and to build a new office building, respectively. However none of the activities had been implemented during the year under review. Therefore it was observed that the action plan has not implemented effectively during the year under review.

5.2 Procurement Plan

Actual expenditure for procurement of computers and office equipments and fixtures had been exceeded by the allocation made in the procurement plan for Intellectual Property by 89 per cent and 72 per cent respectively. Therefore it was observed that the prepared action plan had not been used as a tool of control.

6. Systems and Controls

Deficiencies in the systems and controls observed during the course of audit had been brought to the notice of the Director General from time to time. Special attention is needed in respect of the following areas of systems and controls.

- (a) Accounting
- (b) Registration of Trade Marks, Patents and Industrial Designs
- (c) Human Resource Management

W.P.C.Wickramaratne
Acting Auditor General