

ANNUAL REPORT - 2015



SRI LANKA INVENTORS COMMISSION
(MINISTRY OF SCIENCE, TECHNOLOGY AND RESEARCH)



Annual Report - 2015



Sri Lanka Inventors Commission

No: 46 & 48, Cotta Road, Colombo -08

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Members of the Commission

(From 01st of January to 31st of May 2015)

Mr. Deepal Sooriyaarachchi
Commissioner

Dr. Gamika Prathapasinghe
Assistant Commissioner

(Due to resignation of Dr. Gamika Prathapasinghe from the post of Assistant Commissioner on 16th of March 2016 this position was vacant from this date)

Mr. Nalin D. Karunasinghe
Assistant Commissioner

Mrs. Vishaka Wanasinghe
Treasury Representative

(From 10th of December to 31st of December 2015)

Dr. C. Mahesh Edirisinghe
Commissioner

Mr. H. M. R. Kiriella
Assistant Commissioner

Mrs. Kalpani Rajapaksha
Assistant Commissioner

Mrs. Vishaka Wanasinghe
Treasury Representative

Members of the Audit and Management Committee

(From 10th of December to 31st of December 2015)

Mrs. Vishaka Wanasinghe
Treasury Representative

Mr. H. M. R. Kiriella
Assistant Commissioner

Mrs. Kalpani Rajapaksha
Assistant Commissioner

Mr. M. C. Gamage
Internal Auditor
Ministry of Science, Technology & Research

Ms. Sujeewa De Silva
Representative from the Department of Auditor General

Commissioner's Review

Throughout the human history innovation kept the civilization moving and economic activities boosting. Sri Lanka also to reach the same objective within next decades it is essential to direct towards the innovation economy. In order to make this a reality, Sri Lanka Inventors Commission has to play a vital role.

While keeping the specific objectives of the Sri Lanka Inventors Incentives Act No. 53 of 1979 the functions and activities of the Commission have been grouped under five major distinct areas.

Those distinct areas are mentioned below.

- 1) Quality enhancement of the inventions
- 2) Commercialization of inventions
- 3) Empowerment of inventors
- 4) Sustainability of the SLIC activities
- 5) Capability development of the SLIC Staff

A comprehensive report on the activities performed by the Commission under the aforementioned distinct areas is included in this Annual Report.

However, the followings can be considered as the key highlights of the year.

- Holding of "Sahasak Nimavum"-2015, National Exhibition for Inventions and Innovations successfully with quality inventions.
- Establishment of corporation with private sector organizations to open avenues for inventors to commercialize their inventions.
- Providing of training programs for the SLIC staff.
- Facilitated to participate Geneva International Exhibition of Inventions and welcome the Sri Lankan inventors who won gold awards at the Exhibition at the VIP lounge of the Bandaranayake International Airport.
- Completed telecasting of "Young Invention Club" TV programme through ITN channel in order to inspire and promotion of creativity of student inventors of Sri Lanka.

Through our activities, we have always attempted to influence the creation of conducive eco system rather than promoting a dependent mentality among inventors because we believe that a single organization cannot support all the inventors meaningfully but the society at large should create the space for innovation and commercialization of these innovations.

I would like to mention here during the next few years; i.e. in the year 2020 in order to face the challenges to reach the innovation based economy that we expect to reach as a country, our organization is being prepared the plan to make the inventor to be a global factor that energize the economy of the country.

On the behalf of the Sri Lanka Inventors Commission I would like to express my heartily gratitude to Hon. Rishad Bathiudeen, Minister of Industry and Commerce, Hon. Susil Premajayantha, Minister of Science, Technology and Research and to Ms. R. Wijiyaludchumi, Secretary and all the staff of the Ministry of Science, Technology and Research for the guidance and encouragement provided us to make the events success. I also would like to express my sincere gratitude to the members of the Commission for their cooperation in making decisions and for the guidance and assistance in organizing programmes and activities. At last for the SLIC staff for their commitment and dedication to organize and conduct the programmes successfully.

Dr. C. Mahesh Edirisinghe
Commissioner
Sri Lanka Inventors Commission

1.0 Sri Lanka Inventors Commission

1.1. Introduction

Sri Lanka Inventors Commission is a statutory body established in terms of the Sri Lanka Inventors Incentives Act No 53 of 1979 for the encouragement, promotion and manufacture of Sri Lanka inventions and for the activities in connected therewith. The Commission is functioning under the purview of the Ministry of Science, Technology and Research.

In the year 2015 the office of the Commission is located at the first floor of the building at No 525, Union Place, Colombo 02.

1.2. Vision

Prosperity through inventions and innovations

1.3. Mission

- Be the leading catalyst in bringing out innovative capability of the nation.
- Be a forerunner of the facilitation process in converting ideas into practical applications.

1.4. Objectives

- 1.4.1.** To encourage making or creation of inventions by Sri Lanka inventors.
- 1.4.2.** To give inventors technical assistance, financial aids and legal assistance.
- 1.4.3.** To exercise, discharge and perform all the powers, functions and duties conferred or imposed by the Sri Lanka Inventors Incentives Act No.53 of 1979
- 1.4.4.** To do all such other activities or things as may be necessary or helps to achieve above mentioned objectives.

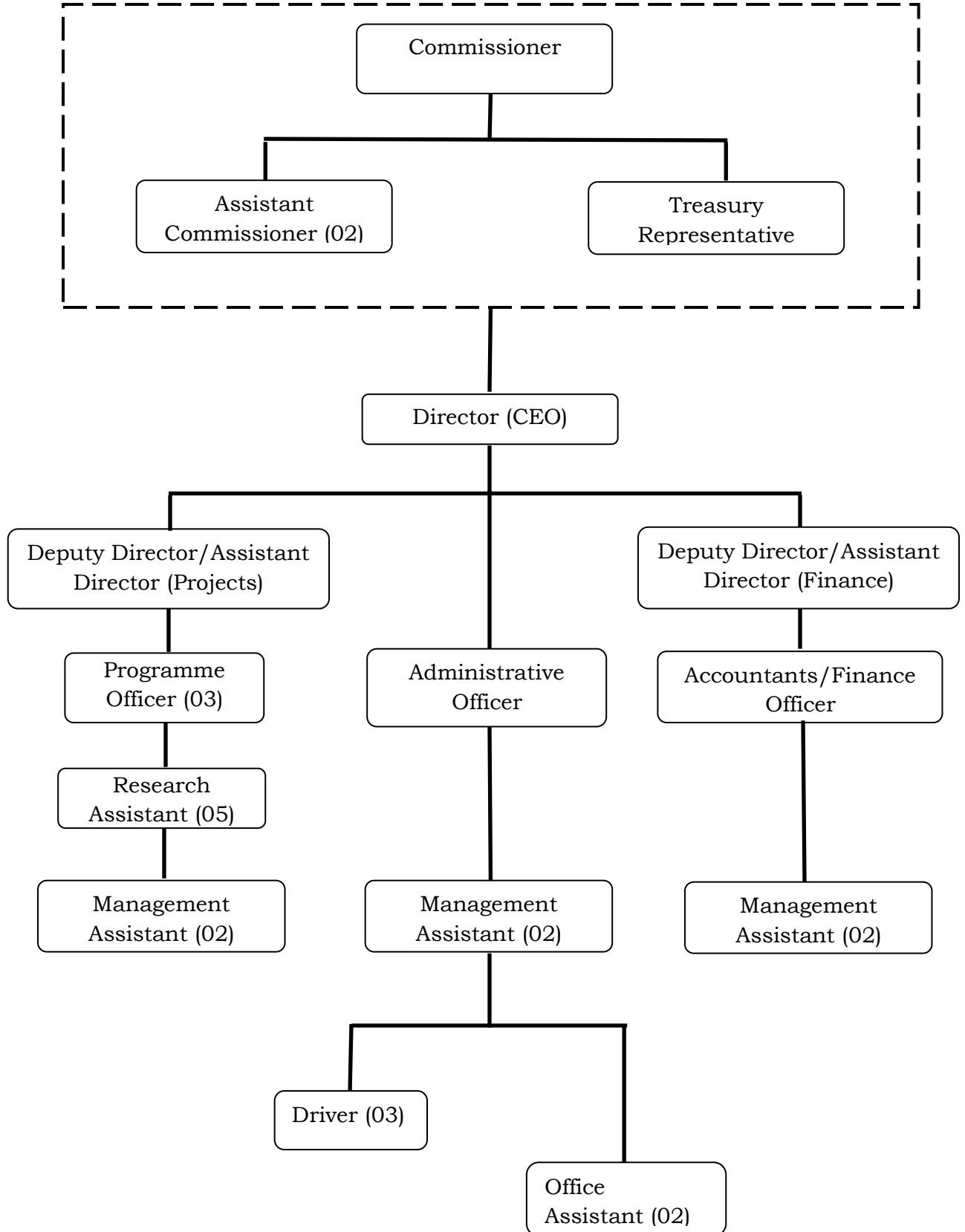
1.5. The powers, functions and duties of the Commission.

The powers, functions and duties as mentioned in the Sri Lanka Inventors Incentive Act No.53 of 1979 can be briefly mentioned as follows.

- a) To give technical assistance to inventors after examination of their inventions to determine their patentability and to help them prepare patent applications, under such terms and conditions as may be specified by the Commission
- b) To grant financial aid to inventors to enable them to develop, perfect and produce their patented inventions or those which are pending patent, under such terms and conditions as may be specified by the Commission

- c) To render legal assistance to inventors by representing them in filing their patent applications in Sri Lanka or abroad and by protecting their secured patents from infringement in patent cases, under such terms and conditions as may be specified by the Commission
- d) To recommend to government lending institutions inventions that are beneficial Sri Lanka so as to enable such institutions to give long-term loans to inventors to manufacture their inventions, with only their patents, as security, the amount of any such loan to be granted depending upon the importance and market of their inventions as determined by the Commission
- e) To help inventors find markets for their inventions in Sri Lanka and abroad
- f) To encourage Sri Lankan inventors to make known their inventions by giving annually sizeable cash awards and medals to be known as the “Presidential Awards for Inventions” to patented inventions in Sri Lanka in the fields of agriculture, chemistry, medicine, national defence, pharmacy, physics, public safety and welfare, public works, transportation and such other fields of science and technology. Such awards shall be open to all inventors in Sri Lanka without distinction as nationality
- g) To establish and maintain a public research laboratory and experimental station where authorized inventors and researchers may avail themselves of its facilities and services for carrying out or perfecting their approved inventions and researches
- h) To promote and encourage inventiveness and creativeness among people in Sri Lanka and to assist them in creating new inventions in those fields of science and technology specified in paragraphs (f) through an annual “ Creative Research Contest” with cash prizes and medals to the winners chosen by the respective judges of the “ Presidential Awards for Inventions”
 - a) To publish and disseminate information about inventions, researches and science in general
 - b) To hold regular monthly sessions for the exchange of ideas among inventors
 - c) To help Sri Lankan inventors join international competitions for inventions and researches, or to recommend them to such competitions
 - d) To organize creative societies in schools, colleges and universities to promote and encourage creativeness among Sri Lankan Youth

1.6. Organizational Structure



1.7. Human Resource

| Designation | Approved staff | Staff in 2015 | Vacancies as at 31st December 2015 |
|---------------------------------------|-----------------------|-------------------------|--|
| Director (CEO) | 01 | 01 On contract basis | - |
| Deputy/ Assistant Director (Projects) | 01 | 01 | - |
| Deputy/ Assistant Director (Finance) | 01 | 00 | 01 |
| Programme Officer | 03 | 03 | - |
| Administrative Officer | 01 | 00 | 01 |
| Accounts/ Finance Officer | 01 | 01 | - |
| Research Assistant | 05 | 04 | 01 |
| Management Assistant | 06 | 06 | - |
| Driver | 03 | 03 | - |
| Office Assistant | 02 | 01 | 01 |
| Total | 24 | 20 | 04 |

Performance - 2015

2.0 Performance

Rationale

At the beginning of the year 2015, the line ministry of the Sri Lanka Inventors Commission was changed, and it had been functioning under the Ministry of Industry and Commerce until September. In May 2015, the Commission was dissolved due to termination of the period of office of its members. The new Commission Members were appointed in December 2015. There was a shortage of funds for the functions of the Project Division of the SLIC for capital expenditure in first quarter of the year 2015 due to non-availability of funds.

The amount of funds received from the Treasury under Capital Expenditure and the amount expended and the financial progress of the year 2015 is mentioned below. (Table 2.a)

Table 2.a - The receiving funds for capital expenditure and overall financial progress

| The amount of funds approved for Capital Expenditure from the Budget 2015 | Expenditure | Financial Progress |
|---|-------------------|--------------------|
| Rs. 53,350,000.00 | Rs. 25,750,924.00 | 48.26% |

2.1. Awareness seminars and workshops

2.1.1. Awareness seminars on inventions for school students - Mannar

As the number of students who participate in provincial level inventions selection process from the districts such as Mulathiv, Mannar and Vavnia to select inventions for "Sahasak Nimavum" National Exhibition for Inventions and Innovations organized by the SLIC is relatively low it was realized the importance of organizing awareness seminars on invention and its applications for the students in those districts.

Accordingly, the Commission organized two awareness seminars in Madu and Wannu educational zones in Mannar district and the students, teachers and principals of 1AB, 1C and type 2 schools were invited to participate in the seminar. 215 numbers of participants including students, teachers and principals participated in the seminar in wannu educational zone. The two inventors, Ayman Firouze and Zaqui Latheef delivered lectures on invention and innovations.

Date : 02nd of July 2015

Venue : Siththuvinyagar Hindu College

(Although the actions have been taken to be participated students, teachers and principals from the schools of Madu zone for the seminar in Madu zone, it could not be held due to the Madu church feast.)

2.1.2. The workshop organized in commemoration of National Science Day

One day workshop in commemoration of National Science Day was held on 26th of November 2016 at the Committee Room B in the BMICH for the teachers and students of 1AB, 1C and type 2 schools of Western Province those who are interested in invention and innovation. Three lectures of successful inventors to inspire creativity of students and a lecture for providing guidance to improve the active functioning of young inventors club by a teacher-in-charge of a young inventors club was delivered. Around 300 students and teachers from the aforementioned schools of Western Province participated in the workshop.



Figure 01 Figure 02



Figure 03

Figure 01, 02 and 03: The events of the workshop in commemoration of National Science Day held at the BMICH.

2.2. Evaluation of inventions in provincial level and selection of inventions suitable for national level.

The SLIC selects inventions which are suitable for national exhibition for inventions and innovations and competition from provincial level covering all the provinces. Accordingly, the selections of inventions for national level were held from May to July in the year 2015 and the evaluation and selection of inventions each province and the number of inventions selected from each province have been mentioned in the below table. (Table 2.2.1)

Table 2.2.1 - The number of inventions selected from each province to national level.

| Province | The place of evaluation done | Date | Number of selected inventions | | |
|---------------|---------------------------------|------------|-------------------------------|--|---------------|
| | | | School Category | University and Tertiary Education Institute Category | Open Category |
| Sabaragamuwa | Technical College -Rathnapura | 2015.05.07 | 10 | - | 03 |
| North Western | Technical College -Kurunegala | 2015.05.19 | 10 | 01 | 04 |
| Eastern | Peoples' College - Batticoaloa | 2015.05.28 | 18. | - | 12 |
| Northern | Technical College - Jaffna | 2015.05.30 | 15 | 01 | 02 |
| Central | Technical College - Kandy | 2015.06.13 | 10 | - | 05 |
| Southern | Technical College -Matara | 2015.06.18 | 10 | 02 | 11 |
| North Central | Technical College -Anuradhapura | 2015.06.26 | 15 | - | 05 |
| Uva | Technical College - Badulla | 2015.07.09 | 15 | - | 12 |
| Western | Ashoka College - Colombo 10 | 2015.07.19 | 20 | 08 | 25 |



Figure 04



Figure 05



Figure 06



Figure 07

Figure 04, 05, 06 and 07: Events of provincial evaluation of inventions

2.3. “Young Inventors Club” - “The television show of school innovation” ITN Television Program

With the objective of sharpening innovative skills of students as well as to be attracted student generation towards creativity and innovativeness the “Young Inventors Club” TV program was telecasted through ITN channel. The program was initiated to telecast in February 2015 and it had been telecasting until April 2015 as a program which consists of 13 episodes. The grand finale was telecasted on 30th April 2015.

During this program the teams of students were offered a problem in their day today life immediately to be submitted a technical solution for the given problem. The students should submit their technical solution to the panel of judges by way of using technical drawings within the limited time provided. The panel of judges give their views taken into consideration the novelty of the technical solution, scientific background and the practicability before the students and it is the way of program flows.

At the beginning, more than 100 students from 20 schools in the island participated to the program. The students of Ananda Maithree School Balangoda, Princess of Wales Moratuwa, Kuliyaipitiya Central College and Kalutara Ghanodaya Vidyalaya were qualified for the semi-final round. Among them the students of Ananda Maithree School Balangoda and Princess of Wales Moratuwa were qualified for competing for the final round trophy. The students of Ananda Maithree School Balangoda were able to win the trophy of the program while Princess of Wales Moratuwa became the second runner up.

The Commission gave away valuable certificates, trophies and cash prizes for the winning students. The students who were qualified for the semi-final round were offered scholarships to follow higher national engineering course by Auston Institute of Management.

With the sponsorship of Sampath Bank, presentation skills development programs were conducted for all the students who participated in the program.



Figure 08



Figure 09

Figure 08 and 09: Special occasions of Young Inventors Club Rupavahini Programme

2.4 “Sahasak Nimavum” National Exhibition for Inventions and Innovations and Competition

“Sahasak Nimavum” National Exhibition for Inventions and Innovations and Competition was first started in the year 2012. This national exhibition organized with the objectives of providing opportunities for inventors to present their inventions at national level while providing opportunities to meet investors, to build up market demand, to win national awards and obtain societal respect, for the winning inventions which have potential for commercialization to receive opportunities to participate in international exhibitions and competitions and for the winning inventions which can be commercialize and having IP rights protected to receive opportunities for commercialization.

“Sahasak Nimavum - 2015” National Exhibition for Inventions and Innovations was held on 26th, 27th and 28th of September 2016 at the Sri Lanka Exhibition and Convention Centre (SLECC). Hon. Susil Premajayantha, Minister of Science, Technology and Research participated as the chief guest. Inventors representing from all the provinces were participated in the exhibition presenting their inventions under Open, University and Tertiary Educational Institutes, Commercialized Inventions and School categories at this national exhibition.



Figure 10



Figure 11



Figure 12



Figure 13

Figure 10, 11, 12 and 13: Special occasions of “Sahasak Nimavum” National Exhibition for Inventions and Innovations

No. of inventions which were presented under each category are mentioned below (Table 2.4.1).

Table 2.4.1 – No of inventions presented under each category

| Category | No. of Inventions |
|---|-------------------|
| Open | 79 |
| University and Tertiary Educational Institute | 12 |
| Commercialized | 10 |
| School | 123 |
| Total | 224 |

Inventors were presented their inventions under 13 fields in this national exhibition. They were listed in following table (Table: 2.4.2).

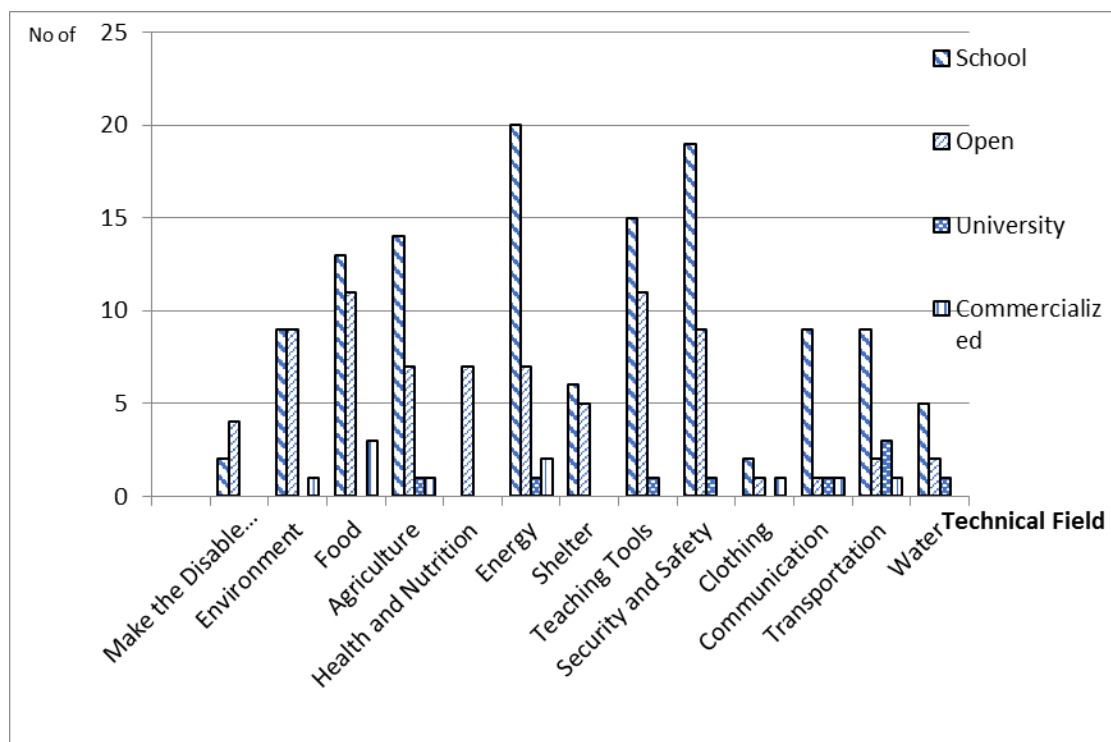
Table: 2.4.2 – The fields that inventions were presented

| | |
|---------|---|
| Field A | Make the disable independent |
| Field B | Environment - prevention of environmental pollution/ protection of environment/environment-healthy products/ improving environmental conditions |
| Field C | Foodstuffs - Drinks/ Preservation of Food/ Restaurant Equipment/ Innovation in Traditional Food Items |
| Field D | Agriculture - Horticulture / Gardening /Crop Cultivation |
| Field E | Health and Nutrition - Medicine/ Sanitation / Drugs and Surgical equipment |
| Field F | Energy - Energy Efficient Equipment/ New Energy Sources/Renewable Energy Sources |
| Field G | Shelter - Architecture/ Woodwork/ Metalwork/ Constructions & Buildings/ Furniture |
| Field H | Teaching Tools - Equipment and Software to Self-Study the Concepts and Principles of the Subjects Science and Mathematics |

| | |
|---------|---|
| Field I | Security and Safety - Signals/ Rescue/ Alarm / Danger Alerts |
| Field J | Clothing - Textiles and Accessories - Jewellery/ Handicrafts |
| Field K | Communication and Entertainment - Advertising/ Printing/Packaging/ Games/ Sports/ Toys/ Artistic Creations |
| Field L | Transportation - Motor Vehicles/ Marine/ Aviation |
| Field P | Water/ Water Conservation/ Water Purification/ Prevention of Water Pollution/ Economizing the Use of Water |

The number of inventions which were presented from each field under the aforesaid categories in Sahasak Nimavum - 2015 depicts in the below graph (Graph 2. 4. 3.).

Graph 2.4.3 – No of inventions presented from each field



Awards and Prizes

Inventions of the “Sahasak Nimavum- 2016” National Exhibition for Inventions and Innovations were evaluated by an experienced panel of judges which consists of 21 members. With their recommendation, the following various awards were given to the inventors.

The Awarding Ceremony was ceremonially held on 2nd of December, 2015 at the Committee Room B of the BMICH and Hon. Susil Premajayantha, Minister of Science, Technology and Research participated as the Chief Guest of this grand occasion.

Dasis Award

Dasis award is given for the overall best invention coming under each category in “Sahasak Nimavum” National Exhibition for Inventions and Innovations. Dasis award winners are awarded with Rs. 750,000.00/= cash prize, Dasis trophy and a certificate. The details of Dasis Award winners of the “Sahasak Nimavum - 2015” is mentioned in the below table (Table 2.4.4).

Table: 2.4.4 - Information regarding inventions recommended for Dasis Award

| Category | Name of Invention | Name of Inventor |
|---|---|--|
| Open | Not qualified | |
| University and Tertiary Education Institute | Not qualified | |
| Commercialized Inventions | Smart Ceiling Fan Controller | Prof. K.K.Y.W.Perera |
| School (3 Junior Dasis Awards) | Automatic String Hopper Machine | A.Nipun avoshka De Zoysa Gurukula Vidyalaya,Kelaniya |
| | Electronic Induction Coil and Spectro Machine | Nadisha Bandara Thennakoon,Harangala Secondary College,Kotmale |
| | Hydraulic operated Vice | Sanuja Udantha Abeywickrama,Dharmashoka Vidyalaya,Ambalangoda |

Awards for Nationally Significant Fields

Awards were given for inventions which came under five fields identified as nationally significant. The inventions which were qualified for these awards were given Rs.200, 000/= cash prize, trophy and a certificate. Accordingly, two inventions were recognized for these field.

Field Awards

The inventors were facilitated to submit their inventions to the “Sahasak Nimavum -2015” under 13 fields and the inventors who won 1st, 2nd and 3rd places from each field for their inventions were awarded with cash prizes, medals and certificates. The details of awards are mentioned below (Table: 2.4.5).

Table: 2.4.5 - Fields Awards

| Category | Place | Cash Prize(Rs) | Medal | Certificate |
|-------------------------------------|--------|-------------------------------|------------|-------------|
| Open | First | Rs. 100,000.00 | Gold Medal | √ |
| | Second | Rs. 50,000.00 | | √ |
| | Third | Rs. 25,000.00 | | √ |
| University and Tertiary Educational | First | Rs. 100,000.00 | Gold Medal | √ |
| | Second | Rs. 50,000.00 | | √ |
| | Third | Rs. 25,000.00 | | √ |
| Commercialized | First | Cash prizes were not included | Gold Medal | √ |
| | Second | | | √ |
| | Third | | | √ |
| School | First | Rs. 25,000.00 | Gold Medal | √ |
| | Second | Rs. 15,000.00 | | √ |
| | Third | Rs. 10,000.00 | | √ |

Accordingly, 64 inventions were awarded among the inventions presented to “Sahasak Nimavum - 2015”



Figure 15



Figure 16



Figure 17

Figure 15, 16 and 17: Special occasions of the Awarding Ceremony

2.5 Presidential Awards for Inventors

Sri Lanka Inventors Incentives Act No. 53 of 1979 by which the SLIC has been established, the SLIC has empowered to give Presidential Awards for the patented inventions of Sri Lankan inventors in Sri Lanka each year.

Accordingly, applications of 61 inventions of Sri Lankans which have obtained patents in the year 2013 and 2014 (2013 - 44 inventions 2014 - 17 inventions) were submitted and those applicants were facilitated by following fields to apply for Presidential Awards. The evaluation of inventions was done by a competent panel of 15 judges appointed by HE the President.

- Agriculture
- Food Technology
- Medicine
- Import Subsidiary
- Physics
- Engineering
- Energy
- Transportation
- Traditional Medicine
- Public Welfare
- Environment
- Industrial Technology
- National Defence
- Arts
- Chemistry

18 inventions from the year 2013 and 11 inventions from the year 2014 were recommended for Presidential Awards.

A letter requesting a date for holding the Presidential Awards Ceremony headed by HE the President was submitted to the Presidential Secretariat.



Figure 18



Figure 19

Figure 18 and Figure 19: Occasions of the interviews held for evaluation of inventions for Presidential Awards

2.6 Participation of inventors in international inventions and innovations exhibitions

2.6.1. International Exhibition of Inventions -Geneva

Sri Lanka Inventors Commission made arrangements to participate Sri Lankan inventions in 43rd Geneva International Inventions Exhibition which was held from 15th to 19th of April 2015 in Geneva, Switzerland.

This programme is conducted with number of objectives such as identifying the quality and competitiveness of the inventions in other countries, providing of opportunities to submit inventions to the international market and find investors, to win international awards as well as to bring international recognition to mother Sri Lanka.

Accordingly, with the financial assistance of the SLIC, actions have been taken by the SLIC to be participated five (05) Sri Lankan inventions in Geneva International Exhibition of Inventions in the year 2015. At this exhibition, winning gold medals by all five Sri Lankan inventors for their inventions is commendable. The details of inventions which participated in this exhibition and the details of awards received are mentioned in the below table (Table 2.6.1.1).

Table 2.6.1.1 – Details of the inventions participated and awards won at the International Exhibition of Inventions - Geneva

| Name of the inventor | Invention | Place |
|--|---|--|
| W. S. R. Thamel K. G. D. Divon Layantha | Rail Gate Controlling System using Fuzzy Logic | Gold Medal |
| Doctor R. M. H. M. A. I. Herath | Peripheral Nerve Stimulator Needle with Extended Function | Gold Medal with Special jury recognition |
| M. Iyman Ferouze | Smart Intelligent Jacket that uses body heat to charge batteries | Gold Medal |
| Anura Sooriyaarachchi | Safety Coconut Husk Feeding Mechanism to extract Bristol Fibre from Traditional Extraction Process | Gold Medal |
| Doctor K. T. D. Kahaduwa | Diabetic Foot Assessment Solution Temperature and Vibration Combo for Home Assessment Diabetic Foot | Gold Medal with special jury recognition |



Figure 20



Figure 21

Figure 20 and 21: Inventors who won gold medals at the Geneva International Exhibition and their medal and certificates

2.7 Assistance for commercialization of inventions

2.7.1 Inventors Fund

The programme, “Invent-2014” was started in September 2014, with the objective of providing funds for the inventors to commercialize their inventions. 83 applications which were received under this programme were evaluated in the year 2015. An invention namely “Automatic Voltage Security System” which was selected for funding and granted Rs. 400,000/= for commercialization.

2.7.2 Awareness Session for inventors on preparation of business proposals, marketing and entrepreneurship

An awareness and training session for inventors was held by the Sri Lanka Inventors Commission in collaboration with the Sri Lanka Institute of Marketing (SLIM) on 26th of February 2015 at the auditorium of the SLIM.

President of KENT Group of Company Mr. Gamini Saparamadu, Chief Executive of 3D Concept Studio, Mr. Nissanga Warnapura, Trade and Marketing Executive of Edna Group of Company, Mr. Kelum Hewawasam and Entrepreneur Mr. Nishan Bamunuarachchi delivered lectures for the inventors. In addition to that Mrs. Nadeesha Chathurangi, Finance Officer of the Commission delivered a lecture on “Cash Flow Budget” in this session.



Figure 22



Figure 23

Figure 22 and 23: Special occasions at the Awareness session conducted at the SLIM

2.7.3 Support to obtain air time for inventions

Inventors were introduced to “Vyaparika Lokaya” (Business World) programme of Jathika Rupavahini with the objective of providing publicity for the inventions of Sri Lankan Inventors. In addition to that the Commission involved in providing inventors to “Ape Hapannu” programme of the Sri Lanka Broadcasting Corporation and “Ridi Puwath” programme of “Rangiri FM” to broadcast about their inventions.

2.7.4 Assistance from Corporate Sector

Following inventors who were introduced by the Commission to the private sector companies were able to obtain assistance for commercialization of their inventions from those companies.

- a) The Lanka Angel Network (LAN) funded for “Herbal Cream for Skin Diseases” which was invented by Mr. Zacki Latheef to commercialize and produce the invention in large scale.



Figure 24

Figure 24: The event of receiving LAN Funded Company Award to Mr. Zacki Latheef

- b) Jinasena Innovation and Technology Institute (JITI) a subsidiary of the Jinasena Group of Companies funded for “Solar Lamp” which was invented by Mr. W. Welgama to be distributed among low-income families in North Central Province who have no electricity.



Figure 24

Figure 25: An event of distributing Solar Lamps

- c) Brandix sponsored by Rs. 435,000/- for the prizes and medals of the inventors who won 1st ,2nd and 3rd places for their inventions from all categories (Open, University and Tertiary Education Institute, Commercialized Inventions and Schools) in the fields of Environment, Energy and Clothing, Textiles and Accessories in “Sahasak Nimavum - 2015” National Exhibition for Inventions and Innovations.

2.8 Human Resource Development

Various training programmes were conducted by Sri Lanka inventors Commission for officers with the objective of empowering of the SLIC staff in order to deliver quality and efficient service for Sri Lankan inventors. Accordingly, three officers participated in three training programs in 2015. (PRAG Service Private Institute - 2 programs, Skill Development Fund - 1 program)

Mrs. Champika Wijethunga, ICANN SSR Manager of Asia Pacific Zone conducted training program regarding Cyber Safety for all the officers in the Commission.

Sri Lanka Inventors Commission signed up an MOU with National Intellectual Property Office (NIPO) to establish a Technology and Innovation Support Center (TISC) for providing assistance to inventors in patent information search and to drafting of patent applications in collaboration with two institutes.



Figure 26 : Staff of the Sri Lanka Inventors Commission with Hon. Susil Premajayantha, Minister, Ministry of Science, Technology and Research, Mrs. Wijialudchumi, Secretary, Ministry of Science, Technology and Research

Financial Statement 2015 (Restated)

Year ended 31 December 2015

SRI LANKA INVENTORS COMMISSION

Statement of Financial Position

| as at 31 December | NOTES | 2015 (Restated) LKR | 2014 (Restated) LKR |
|--|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Bank Balance | 9 | 15,143,235 | 12,209,207 |
| Other Receivable | 7 | 11,322 | 845,080 |
| Receivable from Commissioner of Election | | - | 13,525 |
| Festival Advance | | 4,550 | 15,300 |
| Refundable deposit | 8 | 1,100,000 | 1,865,674 |
| Distress Loan Receivable from National Apprentice & Industrial Training Authority | | 160,063 7,560 | 150,540 7,560 |
| Other Advances | | 136,633 | 136,633 |
| Loan Inventors Fund | | 9,445,281 | 9,417,723 |
| Prepayment for Other Contractual Services (Less) Provision for doubtful debtors (100%) | 12 | 341,088 (9,802,964) | 341,088 (9,317,683) |
| Prepayment of Rent | | 2,675,893 | 2,700,000 |
| Fuel Deposit | | 100,000 | 100,000 |
| Stock of Stationery | 14 | 120,240 | 85,930 |
| | | 19,442,901 | 18,570,576 |
| Non- Current Assets | | | |
| Loan Inventors Fund | | 288,860 | 16,458 |
| Distress Loan | | 458,652 | 540,646 |
| Property, Plant and Equipment | 5 | 6,556,417 | 8,950,301 |
| | | 7,303,929 | 9,507,405 |
| Total Assets | | 26,746,830 | 28,077,981 |

FUNDS & LIABILITIES**Current Liabilities**

| | | | |
|------------------|----|------------------|---------|
| Other Payables | 11 | 3,200 | 91,481 |
| Accrued Expences | 10 | <u>1,538,745</u> | 487,409 |
| | | 1,541,945 | 578,890 |

Non-Current Liabilities

| | | | |
|-------------------------|---|------------------|-----------|
| Provision For Grativity | 6 | <u>2,238,205</u> | 1,835,385 |
|-------------------------|---|------------------|-----------|

| | | | |
|------------------------|--|------------------|------------------|
| Total Liability | | 3,780,150 | 2,414,275 |
|------------------------|--|------------------|------------------|

| | | | |
|-------------------|--|-------------------|-------------------|
| Net assets | | 22,966,680 | 25,663,707 |
|-------------------|--|-------------------|-------------------|

NET ASSETS/EQUITY

| | | | |
|-----------------|--|------------------|------------|
| Inventor's Fund | | 9,793,495 | 10,484,297 |
|-----------------|--|------------------|------------|

| | | | |
|------------------|--|-------------------|------------|
| Accumulated Fund | | <u>13,173,185</u> | 15,179,410 |
|------------------|--|-------------------|------------|

| | | | |
|---------------------------------|--|-------------------|-------------------|
| Total Net assets/ Equity | | 22,966,680 | 25,663,707 |
|---------------------------------|--|-------------------|-------------------|

The accounting policies on pages 6 to 7 and notes on pages 8 to 11 form an integral part of these Financial Statements.

N. Chathurangi Epa
Assistant Director (Finance) - Duty covering-up

K.K.D.N Kahatapitiya
Director/CEO (Duty Covering-up)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

These Financial Statements were approved by the board of directors and signed on their behalf.

C. Mahesh Edirisinghe
Commissioner

H.M.R Kiriella
Assistant Commissioner

Kalpani Rajapakse
Assistant Commissioner

May 6, 2016

SRI LANKA INVENTORS COMMISSION

Statement of Financial Performance

| for the year ended 31 December | NOTES | 2015 (Restated) LKR | 2014 (Restated) LKR |
|---|-------|---------------------------|---------------------------|
| INCOME | | | |
| Government Contribution | | | |
| Govt. Contribution - Recurrent | 13 | 22,312,512 | 18,004,000 |
| Capital Grants Amortization - Projects expenses | 4 | 25,750,924 | 27,565,375 |
| Capital Grants Ammortization - Depreciation | 5 | 2,949,222 | 2,514,538 |
| Other Income | 1 | 217,764 | 311,526 |
| Total Income | | 51,230,422 | 48,395,439 |
| EXPENSES | | | |
| Recurrent Expenses | | | |
| Administration & Establishment | | | |
| Personal Emoluments | 2 | 12,484,124 | 9,903,848 |
| Administration & Establishment Expenses | 3 | 12,909,609 | 9,934,259 |
| Depreciation - Fixed Assets | 5 | 2,949,222 | 2,514,538 |
| Gratuity | 6 | 712,615 | 398,878 |
| Capital Expenses | | | |
| Inventors Incentives Expenses | 4 | 25,750,924 | 27,565,375 |
| Total Expenditure | | 54,806,494 | 50,316,898 |
| Surplus/(Deficit) for the year | | (3,576,072) | (1,921,459) |

The accounting policies on pages 6 to 7 and notes on pages 8 to 11 form an integral part of these

Financial Statements.

**SRI LANKA INVENTORS
COMMISSION
Statement of Changes
In Equity**

| | Notes | Accumulated Fund LKR | Capital Grant Fund | Inventor's Fund LKR | Total Equity LKR |
|--|-------|----------------------------|-----------------------|---------------------------|------------------------|
| Balance as at 01st January 2014 (restated) | | 7,180,782 | | 4,001,821 | 11,182,604 |
| Surplus/(Deficit) for the year 2014 | | (1,921,459) | | - | (1,921,459) |
| Capital Receipt | 13 | 40,000,000 | 40,000,000 | - | 40,000,000 |
| Ammortization of capita receipt for project activities | 4 | (27,565,375) | (27,565,375) | - | (27,565,375) |
| Ammortization of depreciation | | (2,514,538) | (2,514,538) | - | (2,514,538) |
| Contribution from Ministry | | - | | 8,000,000.00 | 8,000,000 |
| Distribute to inventors | | | | (1,517,524.00) | (1,517,524) |
| Balance as at 31st December 2014 (Restated) | | 15,179,409.85 | 9,920,087.09 | 10,484,297.34 | 25,663,707.19 |
| Balance as at 01st January 2015 | | 15,179,410 | 9,920,087 | 10,484,297 | 25,663,707 |
| Surplus/(Deficit) for the year 2015 | | (3,576,072) | | - | (3,576,072) |
| Capital Receipt | 13 | 30,269,992 | 30,269,992 | - | 30,269,992 |
| Ammortization of capita receipt for project activities | 4 | (25,750,924) | (25,750,924) | | (25,750,924) |
| Ammortization of depreciation | | (2,949,222) | (2,949,222) | | (2,949,222) |
| Inventors progress review expenses | | | | (31,675) | (31,675) |
| Expenses on "Invent 2015" | | | | (659,127) | (659,127) |
| Balance as at 31st December 2015 (Restated) | | 13,173,185 | 11,489,934 | 9,793,495 | 22,966,680 |

The accounting policies on pages 6 to 7 and notes on pages 8 to 11 form an integral part of these Financial

**SRI LANKA INVENTORS
COMMISSION**

Statement of Cash Flows

| for the year ended 31 December | Notes | 2015 (Restated) LKR | 2014 (Restated) LKR |
|---|-------|---------------------------|---------------------------|
| Cash flows from Operating Activities | | | |
| Surplus/ (deficit) | | (3,576,072) | (1,921,459) |
| Non cash movement | | | |
| Depreciation | 5 | 2,949,222 | 2,514,538 |
| Capital Grants Ammortization - Projects expenses | 4 | (25,750,924) | (27,565,375) |
| Capital Grants Ammortization - Depreciation | | (2,949,222) | (2,514,538) |
| Provision for gratuity | 6 | 712,615 | 398,878 |
| Disposal Loss (Office Fittings) | | - | 74,840 |
| Disposal profit (Other Equipment) | | (11,375) | (12,040) |
| Provision for doubtful debtors | 12 | 485,281 | (216,538) |
| Adjustments for : | | | |
| Changes of stock of stationery | | (34,310) | (85,930) |
| Changes of pre payments of rent | | 24,107 | (2,700,000) |
| Changes of festival advance | | 10,750 | (7,000) |
| Changes of Receivable from Commissioner of Election | | 13,525 | - |
| changes of accrued expenses | | 1,051,336 | (1,713,269) |
| Changes of other recivables | | 833,758 | (843,240) |
| Changes of refundable deposit | | 765,674 | (1,865,674) |
| Changes of other payables | | (88,281) | (83,919) |
| | | (25,563,915) | (36,540,728) |
| Gratuity paid | | (309,795) | 131,472 |
| Net cash flows from operating activities | | (25,873,710) | (36,672,200) |

Cash flows from Investing Activities

| | | | |
|--|----|--------------------|--------------------|
| Purchase property, plant and equipment | 5 | (555,338) | (2,964,338) |
| Dismantling Cost for Fittings | | - | (162,460) |
| Sales proceeds from Plant and equipment | | 11,375 | 12,040 |
| Loan inventors fund repayment | | 100,040 | 100,040 |
| Distress loan grant | | (218,800) | (252,160) |
| Distress Loan Repayment | | 291,270 | 269,175 |
| Loan grant from inventors fund | | (400,000) | - |
| Expenses on "Invent 2015" | | (690,802) | - |
| Net cash generated used in investing activities | | (1,462,255) | (2,997,703) |
| Cash flows from Financing Activities | | | |
| Capital Grant received | 13 | 30,269,992 | 40,000,000 |
| Fund received to Inventors' Fund | | - | 8,000,000 |
| Distribution funds through inventors | | - | (1,517,524) |
| Net cash generated from financing activities | | 30,269,992 | 46,482,476 |
| Net increase/ (decrease) in cash and cash equivalents during the year | | 2,934,028 | 6,812,573 |
| Cash and cash equivalents at the beginning of year | | 12,209,207 | 5,396,633 |
| Cash and cash equivalents at the end of year | | 15,143,235 | 12,209,207 |
| Analysis of cash and cash equivalents | | | |
| A/C No.033-1-001-0-1791066 | | 3,732,454 | 4,503,538 |
| A/C No.033-1-001-0-1791065 | | 11,410,781 | 7,705,669 |
| | | 15,143,235 | 12,209,207 |

The accounting policies on pages 6 to 7 and notes on pages 8 to 11 form an integral part of these Financial Statements.

Notes to the Financial Statements

| | 2015 (Restated) LKR | 2014 Restated LKR |
|--|---------------------------|-------------------------|
| 1 | | |
| D/Loan-Interest | 28,178 | 29,291 |
| Loan Interest (Loan Inventors Fund) | 25,000 | 25,000 |
| Miscellaneous income | 153,211 | 28,656 |
| Disposal Profit of office Equipments | 11,375 | 12,040 |
| Over provision for Doubtful debtors | - | 216,538 |
| | 217,764 | 311,526 |
| 2 | | |
| Staff emoluments | | |
| Salaries & Wages | 5,301,727 | 4,522,265 |
| Cost of Living Allowance | 1,839,573 | 1,821,724 |
| Special Allowance | 2,679,417 | 924,613 |
| No-Pay Charges | (9,432) | (29,618) |
| Employers' contribution to defined contribution plans | | |
| Employees' Provident Fund | 1,470,524 | 1,085,230 |
| Employees' Trust Fund | 294,106 | 218,985 |
| Overtime and Holiday Payment | 462,894 | 452,379 |
| Remuneration to members | 445,315 | 908,271 |
| | 12,484,124 | 9,903,848 |
| 3 | | |
| Travelling | 65,924 | 75,203 |
| Stationeries | 310,087 | 140,040 |
| Fuel and Lubricant Expenses | 337,900 | 573,166 |

| | | |
|----------------------------------|-------------------|------------------|
| Repair & Maintained of Equipment | 95,578 | 923,785 |
| Repair & Maintained of Vehicle | 979,486 | - |
| Postage Charges | 28,375 | 13,790 |
| Communication Charges | 385,838 | 315,473 |
| Utilities | 5,200 | 142,220 |
| Contractual Expenses | 1,098,039 | 671,758 |
| Electricity Charges | 851,904 | 551,534 |
| Cleaning Expenses | 244,555 | 172,595 |
| Water Charges | 63,603 | 63,529 |
| Rental Expenses | 7,159,821 | 5,540,913 |
| Entertainment Expenses | 135,951 | 126,621 |
| News Papers and Periodicals exp | 40,700 | 32,240 |
| Doubtful Debtors Expenses | 485,281 | - |
| Audit Fee | 244,420 | 120,000 |
| Other Administration Expenses | 376,947 | 396,551 |
| Disposal Loss Fittings | - | 74,840 |
| | 12,909,609 | 9,934,259 |

4

| | | |
|---|------------|------------|
| Leveraging Television To Improve School Inventors Clubs- ITN Weekly Programme | 3,623,802 | 1,713,205 |
| Regional Outreach Programmes | 2,409,282 | 1,554,532 |
| Development of SLIC Website | 347,888 | 38,071 |
| Forums With Industry Sectors To Buildup Partnerships | 51,740 | - |
| Sahasak Nimavum National Exhibition | 15,832,357 | 15,884,019 |
| Workshop For Inventors To Develop Entrepreneurship & Business Skills | 38,680 | 264,548 |

| | | |
|---|-------------------|-------------------|
| Participation at International Exhibitions | 2,795,760 | 1,050,197 |
| Presidential Award Ceremony | 613,448 | 2,161,369 |
| Human Resource Development | 37,967 | 292,245 |
| Financial & Technical Support (Damages on fire in BMICH) | - | 4,444,913 |
| Dayata Kirula National Development Programme | - | 162,276 |
| | 25,750,924 | 27,565,375 |

Notes to the Financial Statements (Cont..)

Depreciation - 5 Fixed Assets

| | Office Equipment | Furniture Equipment | Prototype Models & Name Boards | Library Books | Vehicles | Exhibition Stall | Projectors & Cameras | TV & Video Cassette Recorders | Office Fittings | Total |
|--|---------------------|------------------------|---|------------------|-------------------|---------------------|----------------------------|--|--------------------|-------------------|
| as at 31 December | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 | LKR ' 000 |
| Cost | | | | | | | | | | - |
| Balance as at 01 January 2014 | 10,153,800 | 804,697 | 216,300 | 193,357 | 19,917,161 | 165,120 | 1,844,944 | 162,000 | 1,016,869 | 34,474,248 |
| Additions during the year | 1,112,276 | - | 85,000 | - | 81,030 | - | - | - | 1,796,032 | 3,074,338 |
| Disposals during the year | (827,128) | - | - | (193,357) | - | - | - | - | (978,869) | (1,999,354) |
| Balance as at 31 December 2014(Restated) | 10,438,948 | 804,697 | 301,300 | - | 19,998,191 | 165,120 | 1,844,944 | 162,000 | 1,834,032 | 35,549,232 |
| Additions during the year | 45,900 | 371,382 | 15,500 | - | - | - | 88,500 | - | 34,056 | 555,338 |
| Disposals during the year | (1,097,615) | (75,699) | - | - | - | - | (463,313) | - | - | (1,636,626) |
| Balance as at 31 December 2015 (Restated) | 9,387,233 | 1,100,380 | 316,800 | - | 19,998,191 | 165,120 | 1,470,131 | 162,000 | 1,868,088 | 34,467,944 |
| Accumulated depreciation | | | | | | | | | | |
| Balance as at 01 January 2014 | 8,477,034 | 681,907 | 195,061 | 192,050 | 13,532,022 | 165,120 | 1,685,444 | 147,345 | 985,384 | 26,061,367 |
| Charge for the year | 624,700 | 34,508 | 12,198 | 1,308 | 1,774,973 | - | 33,000 | 3,030 | 30,822 | 2,514,538 |
| Disposals | (827,128) | - | - | (193,357) | - | - | - | - | (956,489) | (1,976,974) |
| Balance as at 31 December 2014(Restated) | 8,274,606 | 716,415 | 207,259 | - | 15,306,995 | 165,120 | 1,718,444 | 150,375 | 59,717 | 26,598,931 |

| | | | | | | | | | | |
|--|------------------|----------------|----------------|----------|-------------------|----------------|------------------|----------------|----------------|-------------------|
| Charge for the year | 770,646 | 56,543 | 19,198 | - | 1,786,206 | - | 38,722 | 3,030 | 274,877 | 2,949,222 |
| Disposals | (1,097,615) | (75,699) | - | - | - | - | (463,313) | - | - | (1,636,626) |
| Balance as at 31 December 2015 (Restated) | 7,947,637 | 697,259 | 226,457 | - | 17,093,201 | 165,120 | 1,293,853 | 153,405 | 334,594 | 27,911,527 |
| Net book value | | | | | | | | | | |
| At 31 December 2014 | 2,164,342 | 88,282 | 94,041 | - | 4,691,196 | - | 126,500 | 11,625 | 1,774,315 | 8,950,301 |
| As at 31 December 2015 | 1,439,596 | 403,121 | 90,343 | - | 2,904,990 | - | 176,278 | 8,595 | 1,533,495 | 6,556,417 |

Notes to the Financial Statements (Cont..)

| | 2015 (Restated) LKR | 2014 Restated LKR |
|-----------|----------------------------------|-------------------------|
| 6 | Gratuity | |
| | Balance as at 1st January | 1,835,385 |
| | Provision for the Year | 712,615 |
| | Gratuity Payment during the year | (309,795) |
| | Balance as at 31 December | 2,238,205 |
| 7 | Receivables | |
| | Receivable for YIC | - |
| | Receivable for Sahasak Nimavum | 11,322 |
| | Balance as at 31 December | 11,322 |
| 8 | Refundable deposit | |
| | SLECC | - |
| | BMICH | 50,000 |
| | Rent | 1,050,000 |
| | Balance as at 31 December | 1,100,000 |
| 9 | Cash & Bank Balance | |
| | Cash Book-033100101791066 | 3,732,454 |
| | Cash Book-03312101791065 | 11,410,781 |
| | Balance as at 31 December | 15,143,235 |
| 10 | Accrued Expenses | |
| | Water Charges Payable | 12,276 |
| | Electricity Charges Payable | 613,627 |
| | Telephone Charges Payable | 37,378 |
| | News Papers and Periodicals | - |
| | Fuel & Lubricant Payable | 4,750 |
| | Audit Fees Payable | 300,000 |
| | Salary Contral | - |
| | Overtime payable | 20,740 |
| | Sahasak Nimavum Payable | - |
| | Accrued Remuneration of | 5,718 |

| | | |
|----------------------------------|------------------|----------------|
| Members | - | 55,800 |
| Website development payable | 310,000 | - |
| Regional Outreach payable | 2,295 | - |
| Presidential Awards Payable | 139,444 | - |
| Vehicle Repair & Maint. Payable | 98,235 | - |
| Balance as at 31 December | 1,538,745 | 487,409 |

| | | |
|----------------------------------|--------------|---------------|
| 11 Other Payables | | |
| PAYE | 3,200 | 9,400 |
| Retention money payable | - | 82,081 |
| Balance as at 31 December | 3,200 | 91,481 |

Notes to the Financial Statements (Cont..)

| | 2015 (Restated) | 2014 Restated |
|---|--------------------|-------------------|
| 12 Provide 100% doubtful debtors | | |
| Balance as at 1st January | 9,317,683 | 9,534,221 |
| <u>Provision for the Year</u> | | |
| Inventors loan fund | - | (216,538) |
| Prepayment for Other | | |
| Contractual Services | 341,088 | - |
| Other Advances | 136,633 | - |
| Receivable from National | | |
| Apprentice & Industrial Training | | |
| Authority | 7,560 | - |
| Balance as at 31 December | 9,802,964 | 9,317,683 |
| 13 Government Contribution | | |
| Government Contribution summary | | |
| is given below. | | |
| <u>According to the SLAS 24</u> | | |
| Recurrent Grant | 22,312,512 | 18,004,000 |
| Capital Grant | 30,269,992 | 40,000,000 |
| For the Year | 52,582,504 | 58,004,000 |

14 Stock Valuation (SLPSAS 9)

Stock of stationery had been valued at First In First Out(FIFO) basis.

| | | |
|----------------------------------|----------------|---------------|
| Balance as at 1st January | 85,930 | - |
| Purchase during the year | 298,950 | 225,970 |
| Expenses during the year | (264,640) | (140,040) |
| Balance as at 31 December | 120,240 | 85,930 |

15 Related Party Disclosure

There were no related party transactions during the year 2015

16 Event After Reporting Period

There were no event after reporting period

| YEAR | Govt. Contribution Capital (LKR) |
|-------------|---|
| 1991 | 163,050.00 |
| 1992 | 1,700,000.00 |
| 1993 | - |
| 1994 | 250,000.00 |
| 1995 | 196,000.00 |
| 1996 | 113,500.00 |
| 1997 | 757,000.00 |
| 1998 | 1,700,000.00 |
| 1999 | 290,000.00 |
| 2000 | 4,500,000.00 |
| 2001 | 2,870,000.00 |
| 2002 | 700,000.00 |
| 2003 | 2,500,000.00 |
| 2004 | 621,000.00 |
| 2005 | 5,997,000.00 |
| 2006 | 33,991,000.00 |
| 2007 | 37,100,000.00 |
| 2008 | 24,106,000.00 |
| 2009 | 15,765,000.00 |
| 2010 | 4,500,000.00 |
| 2011 | 6,151,010.00 |
| 2012 | 21,562,000.00 |
| 2013 | 17,061,000.00 |
| 2014 | 40,000,000.00 |
| 2015 | 30,269,992.00 |

ACCOUNTING POLICIES AND PROCEDURES

01. Commission information

Sri Lanka Inventors Commission was established by the Sri Lanka Inventors Incentives Act No. 53 of 1979.

02. Statement of Compliance

The Commission has complied with Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Institute of Chartered Accountants of Sri Lanka.

03. Basis of Preparation

The Financial Statements of Sri Lanka Inventors Commission are prepared in conformity with the Sri Lanka Public Sector Accounting Standards are applied consistently on a historical Cost basis.

04. Functional and presentation currency

The Financial Statements are presented in Sri Lanka Rupees, which is the institute's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

05. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial, as permitted by the Sri Lanka Public Sector Accounting Standards (SLPSAS) 1 on "Presentation of Financial Statements".

06. Funds

The Government contribution to the Sri Lanka Inventors Commission is provided in the Annual Estimate of the Government under two distinct items, namely:

1. Funds for Recurrent Expenditure
2. Funds for Capital Expenditure

The Recurrent grant is taken to the Income & Expenditure Account and the Capital grant is accounted as per LKAS 20.

The Recurrent Expenditure of the Commission is shown in the Income and Expenditure Account under:

1. Administration and Establishment Expenditure
2. Personal Emoluments

Capital Expenses represent Expenditure incurred by the Commission on activities undertaken by it towards fulfilment of the objectives of the Sri Lanka Inventors Incentives Act No. 53 of 1979

ACCOUNTING POLICIES AND PROCEDURES (Cont....)

07. Depreciation

Fixed Assets are initially recognized at cost and depreciated under the 'Straight-Line' basis, and the following depreciation percentages have been applied with a view to writing off the assets over their estimated useful life.

| | Rates |
|--------------------------------|--------------|
| Office Furniture | 15% |
| Office Equipment | 20% |
| Prototype models & Name boards | 10% |
| Library Books | 10% |
| Vehicle | 20% |
| Exhibition Stall | 25% |
| Projector & Cameras | 20% |
| TV & Video Cassette | 20% |
| Office Fittings | 15% |

Sri Lanka Public Sector Accounting Standard (SLPSAS) 7 is being applied for the annual financial statements from beginning of January 1, 2014.

08. Cash Flow

Cash Flow Statement of Sri Lanka Inventors Commission is prepared in according to the SLPSAS 2, indirect method.

09. Retirement Gratuity

Provision for Staff Gratuity has been made in terms of the payment of Gratuity Act No. 12 of 1983.

10. Collection funds / Donations from sponsors & third parties

Commission collects funds from sponsors & third parties through the provision account.

11. Stock Valuation

Closing stock has been valued at *First in First out* (FIFO) Basis accordance with the SLPSAS 9.



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No. }

TEC/B/SLIC/1/15/27

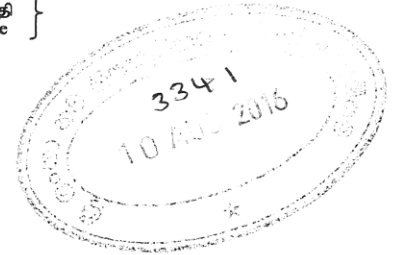
ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date }

26 June 2016

The Commissioner,

Sri Lanka Inventors Commission



Report of the Auditor General on the Financial Statements of the Sri Lanka Inventors Commission for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971

The audit of Financial Statements of the Sri Lanka Inventors Commission for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and statement of financial performance, 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 27 of the Sri Lanka Inventors Incentives Act, No. 53 of 1979. My comments and observations which I consider should be published with the Annual Report of the Commission 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 will be issued to the Commissioner of the Commission in due course.

1.2 Responsibility of the Management for the Financial Statements

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



1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Commission'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 Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

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 Sri Lanka Inventors Commission as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

According to the Sri Lanka Public Sector Accounting Standard 7, action had not been taken to revalue and account to show the fair value of the fully depreciated assets but still in use costing Rs.18,492,638.

2.2.2 Accounting Deficiencies

In the preparation of the statement of changes in equity, a Grants Account had not been maintained so as to reflect the Government Grants received from the Government and its adjustments and the transactions on capital grants had been adjusted in the Accumulated Fund.

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

A building had been rented for the office without an approval of the Secretary to the Ministry in terms of Financial Regulation 835(1)(c) of the Democratic Socialist Republic of Sri Lanka and without entering into agreements in terms of Section 8.9.1 (b) of the National Procurement Guidelines of 25 January 2006. Even though the monthly rental of that building was Rs.425,500 according to the assessment report, a

total sum of Rs.11,933,794 comprising a rental deposit for 02 months at the rate of Rs.525,000 and 06 months' rent as advances had been paid as rent from 17 November 2014 up to 31 December of the year under review.

2.4 Transactions not Supported by Adequate Authority

A Committee had been appointed by the Director for the disposal and auction of scrap items in the year 2014 without the approval of the Ministry and that Committee had taken action to eliminate 22 undisposed office equipment from the Inventory in the year under review.

3. Financial Review

3.1 Financial Results

The following observations are made.

(a) According to the financial statements presented, the operations of the Commission for the year ended 31 December 2015 had resulted in a deficit of Rs.3,576,072 as compared with the corresponding deficit of Rs.1,921,459 for the preceding year thus indicating an increase of the deficit by Rs.1,654,613 in the year under review as compared with the preceding year. Even though the Governments' Contribution for recurrent expenditure had increased by Rs.4,308,512, the increase of employees emoluments by Rs.2,580,276 and administrative expenditure by Rs.2,975,350 had mainly attributed to the increase in the deficit.

(b) Except in the year 2012, a financial deficit had continued from the year 2011 to the year 2015 in analyzing the financial results of the preceding years. However, when taking into consideration the employees' emoluments and depreciation on non-current assets, a continuous improvement had been indicated in the overall contribution of the Commission, despite the continuous increase of employees' emoluments from the year 2011 up to the year 2015.

3.2 Analytical Review

According to the statement of financial position presented, the working capital ratios of the Commission are analyzed below.

| | Year 2015 | Year 2014 |
|---------------|-----------|-----------|
| | ----- | ----- |
| Current Ratio | 12.6:1 | 32:1 |
| Cash Ratio | 9.8:1 | 21:1 |

A decrease in the current ratio and the cash ratio of the Commission had been indicated in the year under review as compared with the year 2014.

4. Operating Review

4.1 Performance

Among the powers and functions of the Commission specified in Section 11(1) of the Act, the functions not fulfilled and functions not adequately fulfilled in the year under review are given below.

- (a) Even though assistance should be given in the preparation of applications for providing technical assistance and issuing patent licence to the inventors after examining the inventions, it was not confirmed in audit that the inventors had been referred to obtain patents by the Commission during the period from the year 2011 to the year 2015.
- (b) Providing assistance to the inventors in selling the inventions in Sri Lanka and abroad is a function of the Commission. Despite having won awards for 468 inventions during the period from the year 2011 to the year 2015, action had not been taken to issue patent licences and to commercialize in respect of 437 inventions.

- (c) Even though granting financial aid to inventors to develop, perfect and produce inventions under terms and conditions specified by the Commission is a function of the Commission, a balance of Rs.9,793,495 remained in the Inventors Fund as at the end of the year under review. Only a loan of Rs.400,000 had been granted despite planning to grant loans and aid amounting to Rs.8,000,000 according to the Action Plan.
- (d) Even though a common research laboratory should be established and maintained to facilitate carrying out the inventions and researches of the inventors, action had not been taken to establish that laboratory from the inception of the Commission up to now.
- (e) Even though organizing creative societies in Schools, Technical Colleges and Universities to improve and encourage the creativity among Sri Lankan youths is a function of the Commission, it was not confirmed in audit that organizing of creative societies had been carried out in Technical Colleges and Universities.

4.2 Personnel Administration

The following observations are made.

- (a) The approved cadre and the actual cadre of the Commission had been 24 and 20 respectively as at 31 December 2015 and as such, the number of vacancies had been 04.
- (b) Even though 12 functions to be fulfilled by the Commission are specified in Section 11(1) of the Sri Lanka Inventors' Incentives Act, No.53 of 1979, only 06 functions out of them are being fulfilled due to inadequate approved cadre. Action had not been taken to obtain approval for the cadre to establish divisions for research, patent and legal for the administrative purposes of the Commission in terms of Section 21 (1) of the Act.



5 Accountability and Good Governance

5.1 Internal Audit

An internal audit unit had not been established in the Commission in terms of Financial Regulation 133 of the Democratic Socialist Republic of Sri Lanka and no audit had been carried out by the internal audit unit of the Ministry as well.

5.2 Budgetary Control

Variances ranging from 30 per cent to 100 per cent were observed between the budgeted and actual expenditure thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

| System | Observations |
|-----------------------------|---|
| (a) Control of Fixed Assets | i. Failure in numbering the fixed assets so as to identify them. ii. Entering the same asset many times in the Register of Fixed Assets. |
| (b) Inventory Control | Failure to update inventories by including receipts and issues of goods. |

H.M. Gamini Wijesinghe .

Auditor General