



ANNUAL REPORT -2018

NATIONAL RESEARCH COUNCIL

NATIONAL RESEARCH COUNCIL
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Vision

“Enable Sri Lanka to achieve
science and knowledge based
developed country status”

Mission

“To promote, fund and facilitate and monitor
fundamental and applied research and
enhance human resource of Sri Lanka
to achieve science and technology based
developed country status”

OBJECTIVES

According to the Act No.11 of 2016 of the Parliament of Sri Lanka, objectives of the National Research Council shall be;

- ❖ To assist the Government to facilitate research relating to science and technology in order to build a vibrant scientific and technological community in the country;
- ❖ To promote and facilitate research relating to science and technology in higher educational institutions and public sector research institutes and other governmental institutes so as to develop a research base that will contribute to national needs; and
- ❖ To solicit the co-operation of the private sector in the enhancement of research relating to science and technology.

FUNCTIONS

- ❖ To provide grants for the conduct of research relating to science and technology for the purpose of achieving the objectives of the Council;
- ❖ To facilitate, coordinate, supervise and monitor research relating to science and technology in respect of grants provided to higher educational institutions, public sector research institutes and other governmental institutions so as to ensure the efficient utilization of government investments in research;
- ❖ To import, plant, machinery and equipment required for the purpose of the Council and to receive equipment, funds and any other assistance from recognized local or foreign sources for the efficient conduct of the Council;
- ❖ To collect, print and publish reports, periodicals and papers on research relating to science and technology and related subjects;
- ❖ To award scholarships and fellowships for scientific study or scientific work at science and technology institutions local or foreign;
- ❖ To develop a national system to recognize and grant awards for research and innovations relating to science and technology; and
- ❖ To conduct lectures, seminars and workshops on research relating to science and technology and related subjects.

COUNCIL (FROM 2016-08-30 TO 2018-05-18)

Chairman

1. Prof. Hithanadura Janaka de Silva

Other Members

2. Prof. Upali Amarasinghe
3. Prof. Weerathunga Arachchige Janendra Mathalee De Costa
4. Prof. Wiranjith Priyan Solomon Dias
5. Prof. Lakshman Dissanayake
6. Prof. Veranja Karunaratne
7. Prof. Kamini Nirmala Mendis
8. Eng. Moksevi Prelis
9. Dr. Galbada Arachchige Sirimal Premakumara
10. Prof. Aruni Tilakaratne

Representative from the Ministry of Science, Technology and Research

11. Mrs. Himali Athaudage

Treasury Representative

12. Mr. E.A. Rathnaseela
-

COUNCIL (FROM 2018-07-06 TO 2018-12-31)

Chairman

1. Prof. Hithanadura Janaka de Silva Esquire

Other Members

2. Prof. Upali Amarasinghe
3. Prof. Weerathunga Arachchige Janendra Mathalee De Costa
4. Prof. Wiranjith Priyan Solomon Dias
5. Prof. Lakshman Dissanayake
6. Prof. Veranja Karunaratne
7. Prof. Kamini Nirmala Mendis
8. Eng. Moksevi Prelis
9. Dr. Asha de Vos
10. Prof. Aruni Tilakaratne

Representative from the Ministry of Science, Technology and Research

11. Mrs. Himali Athaudage

Treasury Representative

12. Mr. E. A. Rathnaseela

STAFF

Chief Executive Officer: M. C. Rajapakse

Assistant Director (Scientific Affairs): P. K. A. S. R. Nonis

Assistant Director (Admin & Finance): R. D. S. Dissanayake

Scientific Officer: N. K. Dissanayake

Scientific Officer: W. K. N. Hansana

Scientific Officer: S. S. Katugampala

Administrative Officer: A. K. D. M. Perera

Accounts Officer: A. E. K. Dayarathne

Procurement Officer: W. D. T. D. Wickrama

Management Assistant: S. H. S. Priyankara

Management Assistant: M. D. T. Madhushani

Management Assistant: M. S. Sewwandi

Management Assistant: M. A. K. L. Perera

Management Assistant: K. A. D. M. Kumarasinghe

Management Assistant: N. E. Atthanayaka

Driver: K. K. T. Sandaruwan

As at 31.12.2018

CHAIRMAN’S MESSAGE

It is a pleasure to submit the Annual Report of the National Research Council (NRC) of Sri Lanka for the year 2018 for tabling in Parliament. The NRC’s main functions are to fund research and develop systems of national recognition and awards for successful research and innovations by Sri Lankan scientists.

The NRC was established as statutory body by an Act of Parliament in 2016, and in 2018 we completed the absorption of staff presently serving the NRC into the permanent cadre.

The ceremony for President’s Awards for Scientific Publication was held in November this year. H. E. The President was our chief guest. 338 scientists were given awards for their publications in 2016, and a further 328 scientists were given the NRC Merit Awards.

On behalf of the NRC, I wish to express my gratitude to the Hon. Minister and State Minister for Science, Technology and Research and the Secretary to the Ministry for their support and encouragement during 2018.

Vidyajyothi Professor H. Janaka de Silva
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to have this opportunity to provide a message to the NRC Annual Report 2018 and hope that it provides you with an insight into the activities of National Research Council during the year. The Annual Report is an important part of reporting and providing a record of the activities undertaken during the year.

The NRC primary objectives as give in the Act No. 11 of 2016, being to assist the government to facilitate research relating to science and technology to build a vibrant national scientific and technological community in the country, to promote and facilitate research relating to science and technology in the higher educational institutions and public sector research institutes and other government institutes, so as to develop a research base that will contribute to national needs; and to solicit co-operation of the private sector in the enhancement of research relating to science and technology.

The NRC's main function is to provide grants to researchers in Scientific Research and Development (R & D) Organizations and the Higher Education Institutes, to conduct research and to develop a national system to recognize and grant awards for research and innovations relating to science and technology.

To achieve these important objectives, the NRC conducted following programmes during the year 2018; Investigator Driven Research Grant Programme, Private-Public Partnership Programme, Target Oriented Multi-Disciplinary Research Grant Programme, Presidential Awards for Scientific Publication, Outreach Programme, and the Public Awareness Programme.

The Investigator Driven Research Grants (ID) Programme, started in 1999, is a competitive grant scheme, which facilitates scientists to conduct their research with minimum administrative procedures. During FY 2018, 109 applications were received from which 24 were funded offering 22 postgraduate fellowships. Four grants were awarded to conduct research on eco-friendly weedicide. There were over 150 grants in operation during the year. The final evaluation was completed in 14 grants, with 16 SCIE publications and 9 post graduates obtaining their degrees (04 PhDs and 05 MPhils) and research findings disseminated at 83 international conferences.

The Private-Public Partnership (PPP) programme started in 2012 facilitate partnerships between scientists in public R & D Institutions and Universities, and the private sector. These projects clearly identify the research areas to be addressed and their commercial potential. Two projects completed its activities during the year. New EoIs were called and 15 EoI were received and processed. Three were selected for funding, and three were awarded. A total of 10 PPP projects were in operation.

In 2013, the Target Oriented Multi-disciplinary (TO) Research Programme was initiated to find long-term solutions through R & D intervention for critical national issues. Of the 25 application pre-proposal received one grant was awarded during the current year, on solution for urban wastewater, small and medium scale open dumps. Progress review meetings were held during the year to evaluate and monitor the eight ongoing projects.

It was a new initiative to call for application for 2018 for all three granting schemes in September/ October 2017, so that processing time will be advanced and grants could be awarded at the beginning of the year.

The President's Award for Scientific Publication (PASP) scheme was formulated mainly to extend due recognition to scientists who succeeded in reaching the international standard in their research. The PASP is an annual event in the NRC calendar, held during the month of November alongside with the Science Day which falls in November. The awards for the year 2016 publications took place on 19 November 2018, with H.E. the President Maithripala Sirisena gracing the occasion; 338 scientists were felicitated.

The Outreach Programmes, on 'Sustainable Management of Polythene' started in 2017 continued during 2018 in 800 Schools in the North Central Province. More workshops conducted to teachers on management of polythene, and during the latter part of the year National Academy of Sciences of Sri Lanka started to evaluate the impact of the workshops conducted by the NRC, by visiting school in the North Central province. The students of the university were engaged in conducting the survey.

Over 12 newspaper articles were published to make the public aware of valuable research findings.

Of the 21 Cadre approved by the Management Services Department, 16 staff members were appointed to the permanent cadre during the year.

As always, the NRC strive to fund high quality research across all disciplines, that will advance knowledge and benefit the community at large.

I wish to thank the Chairman and Council Members for their valuable contribution in our effort to take NRC to greater heights and all officials of the Treasury and Ministry of Science, Technology & Research for all the support extended to us during this year. I also wish to thank the staff for their unstinted support throughout the year.

Manisha C. Rajapakse
Chief Executive Officer

FINANCIAL HIGHLIGHTS IN THE PRECEDING 3 YEARS

Programs (Strategies)		Physical Progress			Financial Progress Rs. Mn		
	Indicator	2016	2017	2018	2016	2017	2018
General administration of NRC					17.6	20.99	22.80
Development Assistance for below Programmes					230.00	178.63	161.27
Target Oriented Multi-Disciplinary Research Programme (Programme started in 2014)	No. of Programmes	2 Programmes commenced	1 Programme commenced	1 Programme commenced			
Private Public Partnership Programme (Programme started in 2013)	No. of Programmes	3 Programmes commenced. 2 Products launched.	2 Programmes commenced.	3 Programmes commenced.			

Investigator Driven Grants Programme (Programme started in 1999)	No. of research grants awarded	34 Investigator Driven Grants were awarded	32 Investigator Driven Grants were awarded	24 Investigator Driven Grants were awarded	-	-	-
	No. of PhD /MPhil fellowships awarded.	19 PhD / M Phil fellowships were awarded	27 PhD / M Phil fellowships were awarded	04 Special grants were awarded for Eco-friendly Weed Control (EWC) 23 PhD /M Phil fellowships were awarded			
President's Awards for Scientific Publication Program (PASP). (Programme started in 2001)	Functions held and No. of Scientists awarded	PASP function was held for year 2014 publications and 232 scientists were awarded	PASP function was held for year 2015 publications and 295 scientists were awarded	PASP function was held for year 2016 publications and 338 scientists were awarded	-	-	-
Other Programs: Outreach / Public Awareness Programme	Activities completed	4 Outreach programmes were conducted. 50 Newspaper articles were published on research conducted by the NRC.	6 Outreach programmes were conducted. 40 Newspaper articles were published on research conducted by the NRC.	8 Outreach programmes were conducted. 18 Newspaper articles were published on research conducted by the NRC.	-	-	-
Total					247.60	199.62	184.07

Target Oriented Multi-Disciplinary Research Grants

Isolated research is only rarely able to advance the understanding of, or solve complex problems. A multidisciplinary approach involves drawing appropriately from multiple disciplines to redefine problems outside of normal boundaries and reach solutions based on a new understanding of difficult issues.

This programme was started in 2013, aligned with the Ministry of Technology & Research, and proposed the Ten Thrust Areas on which R & D intervention are immediately needed.

Pre-proposals were invited from groups of researchers in public scientific research and development organizations and universities. The Target-Oriented Multi-Disciplinary research projects were aimed at solving nationally relevant issues targeting economic development, social welfare, and environmental sustainability of the country.

These projects will aim to address major gaps in knowledge for policy/strategy or product development, or solving problems, which impede, or present a challenge to the nation. The path for translating research outcomes into policy, strategy, product/process development, and its uptake should be clearly identified.

Proposals were invited from several priority areas associated with the National Research and Development Policy Report (Ten Thrust Areas) of the Ministry of Science Technology & Research. The value of a grant would be up to Rs. 50 million, over a 5-year period. As the NRC would invest a substantial sum of public money on these projects, funding would be on a highly competitive basis. NRC will select most appropriate and capable researchers with the ability to work together as a team on projects that the NRC consider likely to have a tangible outcome in five years. These multi-centered projects will have the advantage of its team members working concurrently on different aspects of the research.

Operation aspects of the grant will be identical to the Investigator Driven Grant. However, in addition to the Principal Investigator, a deputy leader will be appointed. Once the grant is provided, these projects will be regularly and rigorously scrutinized, monitored, and evaluated to ensure the achievement of stated outcomes.

Investigator Driven Research Grants Programme

The R&D activities in Sri Lanka are mainly conducted by public institutes and universities, and are funded from various sources such as government institutional funds, competitive grants and research contracts. The NRC Research Grants programme was initiated for scientists to conduct research with minimum bureaucracy.

NRC Research Grants programme provides competitive grants to public institutes for R & D activities. This programme has been streamlined over years of its implementation and now is more or less perfected. The grants are advertised annually, evaluations are based on scientific aspects, relevance to national development, and the findings are published in international journals.

The applications undergo a strict evaluation process. For the proposals selected, the Council will decide on an appropriate allocation of funds that will be channeled from the Treasury, directly to the Principal Investigator, who will be solely responsible for project implementation. Funds are considered for equipment, consumables, etc. A bank account is opened for each project and the NRC monitors all transactions. This allows a considerable flexibility to scientists to utilize the funds with minimum red tape. The Council and the NRC Secretariat monitor and evaluate the process.

It should be mentioned here that the present grants are diversified in nature. Other than funding research on pure science and on food, water, environment, and energy, the NRC has lately been funding research on national surveillance, irrigations systems, wildlife and ecotourism, speech translations, construction and architecture, railway traffic, sports and many other areas.

A simple but comprehensive single set of applications are available for all programs. The number of applications NRC receives has increased over the years, which is a positive sign. Challenges for this programme are to assure the momentum that NRC has already achieved.

The Council introduced many new regulations and guidelines to monitor and evaluate the progress of these grants, in order to derive the best outputs from them.

Special grants for Eco-Friendly Weed Control Methods: In view of the continuing legal barriers to the use of Glyphosate as herbicides, there is a need to widen the available options to control weeds in agricultural crops. These include a range of non-chemical methods and a few chemical options. In accordance with a well-accepted principle in crop management, it is likely that effective weed control could be achieved via an integration of some of the above options (known as ‘integrated weed management’), when appropriately selected and optimized for each given cropping situation. Therefore, there was an urgent need to support research, which specifically aimed to accelerate the development of the above methods to a level where they could be used by farmers/growers to bring about effective and economical control of weeds in their respective crops. Accordingly, four special projects were funded under Eco-friendly Weed Control (EWC) programme. Support will be provided for their scaling-up and commercialization where research develops to satisfactory levels.

President's Awards for Scientific Publication

The programme of President's Awards for Research was started in year 2001, to honor scientists reaching international standards, to increase national scientific production. The national statistics of publication output from 1991 to date reveals what could perhaps be the beginning of an upward trend.

This scheme is based on the Science Citation Index Expanded (SCIE). SCIE is a database of the world's scientific periodicals judged to be the topmost by its publisher, with respect to quality and impact on science. Thus, the SCIE analyses about 14,000 periodicals in a given year.

The compilation prepared for the Research Award Scheme comprises all the "hard science" titles (excluding social science) with a Sri Lankan address against at least one author as given in the SCIE.

During the year 2018, 338 Scientists were awarded for the publications in indexed journals for the year 2016.

Public Private Partnership Programme

Advances in R&D in Science and Technology (S&T) will pave the way to development of value-added products and services that are competitive in the global market, and which will form an essential pillar of Sri Lanka's envisaged economic development. To accomplish this goal, research performed in Sri Lanka needs to be demand-driven by addressing the needs of key industries of the country, which are expected to drive the economy forward.

The Public R&D Private Industry-Partnership (PPP) programme is to build on local strength by networking key players in R&D activities and industries to contribute towards the economic development of the country. Promoting R&D in S&T should lead to economic development by way of increasing exports, diversifying exports, and promoting import substitutes. All innovative research leading to the development of new or better products, processes, services, value addition and solving technical problems with commercial potential will be considered for this programme. Meaningful partnerships between the different sectors will enable us to share our research expertise, cost, services and facilities more effectively to develop solutions for industry R&D needs. The partnerships will also improve efficiency of public R&D activities and reduce the time horizon. The Private sector participation is encouraged by providing tax concessions in relation to R&D expenditure undertaken by an enterprise with public sector partnership. The NRC will interface between government - local institute - ministries - University - R&D Institutes - corporate sector - SME sector, in providing research-based solutions to national needs.

Other Programmes

Outreach Programmes: With the direction of Ministry of Science, Technology and Research, one outreach programme was conducted in each quarter to highlight the output of research grants to the public.

Public Awareness Programme: Grantees are encouraged to publish their research in peer-reviewed journals. At the same time, NRC facilitates scientists to publish their findings in newspapers to make the public aware of the research performed by scientists.

HIGHLIGHTS - 2018

TARGET ORIENTED MULTI DISCIPLINARY RESEARCH GRANTS

In October 2018, NRC funded one project to convert organic municipal solid waste into a carbonized material.

	2014	2016	2018
No of applications received	60	50	25
No of applications short listed for detailed proposal	21	11	06
No of applications short listed for presentation	11	06	03
No of grants awarded	05	03	01

Eight Target Oriented Multi-Disciplinary Grants, which were awarded in 2014, 2016 and 2018, were in operation during the year 2018 and Prof. R. B. Mapa, Project Monitoring Consultant of National Research Council, monitored the progress for the third year.

Ongoing Target Oriented grants:

- **Comprehensive research proposal on an operational model to control dengue in Sri Lanka using multiple vector control intervention, new product development and community engagement**

(PI: Dr. M. Hapugoda and Deputy PI: Prof. Nilmini Gunawardene, University of Kelaniya)

This project aims at controlling dengue vector agents chemically and biologically, reducing natural breeding habitats, minimizing biting incidences using insecticide treated window curtains and net covers using nanotechnology, and improving community participation in dengue control.



- **Developing a polyvalent anti-venom for snake bite in Sri Lanka**

(PI: Prof. I. B. Gawarammana and Deputy PI: Dr. A. Dangolla, University of Peradeniya)

The objectives include collection and analysis of venom of medically important snakes of Sri Lanka by developing a state of art serpentarium; develop a polyvalent anti-venom for snakebite in Sri Lanka, and establishment of a horse facility to produce anti-venom in Sri Lanka.



■ Improving dairy industry to achieve self-sufficiency in milk

(PI: Mr. K. Mahipala and Deputy PI: Dr. Thusith Samarakoone, University of Peradeniya)

Objective of this project is to increase milk yields in all agro-climatic areas by improving nutritional management, using better ration formulas, improving reproduction efficiency, synchronization protocol to achieve maximum conception rate, introducing an economical field kit for early pregnancy detection at day 18-20, identifying most common causes of mastitis, and treating with suitable antibiotics to reduce the incidence and spreading and improving animal welfare.



■ A comprehensive study on chronic kidney disease of uncertain etiology in Sri Lanka

(PI: Prof. R. L. R. Chandrajith and Deputy PI: Prof. J. G. S. Ranasinghe, University of Peradeniya)

The major objective is to address various aspects of CKDu of which, the knowledge is lacking at present. Blood and urine samples from CKDu patients are analysed to identify factors for disease progression and mortality. Comprehensive Geo-environmental study conducted in affected areas as Girandurukotte and Wilgamuwa where water samples from wells, lakes, and paddy fields were analysed for heavy metals using ICPMS, GIS Mapping to reconstruct the pollution history of the Mahaweli areas, and conducting public awareness programmes.



■ Ensuring food security through developing climate smart crop varieties and cultivation techniques in Sri Lanka

(PI: Dr. W.M.W. Weerakoon and Deputy PI: Dr. D. M. J. B. Senanayake, Field Crop Research and Development Institute, Mahailluppallama)

The aim is to develop high yielding, pest and disease tolerant/resistant varieties of Chili, Maize, Mungbean and Rice, tolerant to high temperature and water stress; To propose climate smart agricultural practices; Identify and map the most drought prone areas on severity and time using soil moisture indices.



■ **Development of eco-friendly farming technologies to minimize inorganic fertilizer usage while maintaining adequate productivity and improving soil fertility**

(PI: Dr. Saman Dharmakeerthi, Dr. W. S. Dandeniya, University of Peradeniya)

The major objective is to develop eco- and farmer-friendly technologies to increase use efficiency of chemical fertilizers in rice cultivation of Sri Lanka and thereby to reduce the chemical fertilizer usage in the country. It is also intended to investigate the effectiveness of such technologies to improve plant health and to reduce the usage of other agrochemicals in the rice fields. The developed technologies will be introduced to growers through possible partnership with private sector investors.



■ **Development of a Model Treatment Facility for Remediation of Total Dissolved Solids and Fluoride in Groundwater – A Sustainable Solution for Dry Zone Drinking Water Problems**

(PI: Prof. Rohan Weerasooriya, Dr. S. K. Weragoda, National Institute of Fundamental Studies)



This project aims to provide a sustainable solution to resolve the water quality problems in the dry zone. It is proposed to fabricate a mobile treatment facility with appropriate technology to regulate excess fluoride and total dissolved solids employing electro-coagulation and nano membrane

filtration. The proposed water treatment module/s will initially be restricted to a small village. The clean water will be distributed under the control of NWSDB to village consumers in the vicinity of water source for their routine consumption. This will provide the essential first step for a leaf frog solution to thirst community.

■ Development of advanced materials-based filters for water purification

(PI: Prof. Rohini de Silva, Prof. Nalin de Silva, University of Colombo)

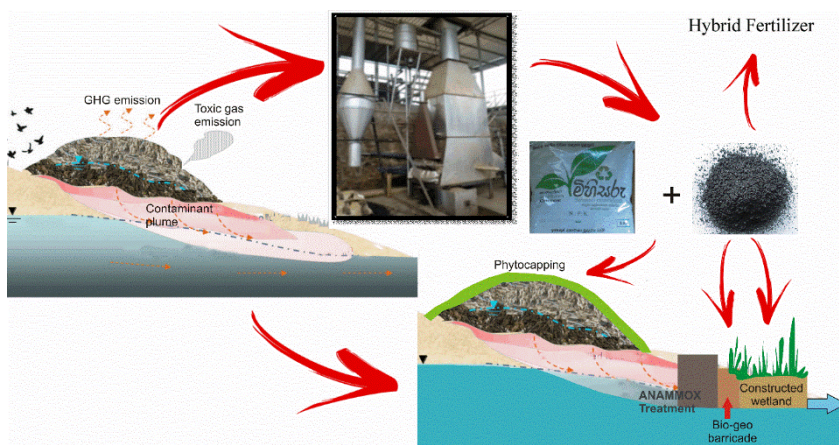
The ultimate aim is to provide the rural community with a low cost and effective point of use water filter, which requires no electricity for the water purification process. This sustainable water purification system will be produced by a local manufacturer. The designed multiple systems will remove bacteria, organic pollutants, turbidity, heavy metals and other contaminated inorganic substances.



■ Comprehensive solution for the medium and small-scale open dumps for mitigating pollution and value addition

(PI: Dr. Meththika Vithanage, Dr. (Mrs) B. C. L. Athapattu, University of Sri Jayewardenepura)

To convert organic municipal solid waste into a carbonized material - A sustainable comprehensive solution for management of medium and small-scale open dumps.



INVESTIGATOR DRIVEN RESEARCH GRANTS

The year 2018 started with applications in hand for NRC Investigator Driven Research Grants Programme. From paper advertisement, which was circulated to all universities, faculties and all the government R & D institutes, researchers were invited to apply.

Application calling closed on 27th November 2017 and 109 applications were received. During the first quarter, the annual progress reports of the ongoing grants were sent for evaluations.

The applications (2018) were sent to evaluators who were experts in the subject field. The Council, through panel discussions, further screened the applications and selected applications with high scientific merit and national relevance.

ACTIVITY	2016	2017	2018
No. of Applications selected for funding after evaluation	36	33	24
No of Grants Funded	34	32	24
Total value of grants awarded through treasury funding	Rs. 107.6 Mn	Rs. 128.7 Mn	Rs. 98.29 Mn

Only 22% (24/109) of the applicants were selected and the designated applications were forwarded to the treasury for funding.

During the year, 24-research grants were funded from the applications of 2018, and the grant activities commenced.

By end of the year, evaluations completed for 22 grants.

Funded Research Grants 2018

App. No.	Principal Investigator & Institution	Title
18-005	Prof. Jayasundara Bandara, National Institute of Fundamental Studies, Hanthana Road, Kandy.	Copper zinc tin sulfide (CZTS) Photovoltaic – Thermoelectric hybrid system for the fabrication of efficient solar energy conversion devices
18-007	Prof. K. P. Vidanapathirana, Department of Electronics, Faculty of Applied Sciences,	Fabrication and analysis of super capacitors with low cost composite hybrid electrodes to meet the future energy challenge

	Wayamba University of Sri Lanka, Kuliyapitiya.	
18-008	Prof. B. A. H. R. Premarathne, Department of Medicine, Faculty of Medicine - University of Kelaniya, PO Box 6, Thalagolla Road, Ragama.	Islandwide study on Scrub Typhus genotypes, their clinical features, Biochemical markers of severity and transmitting vector species
18-009	Prof. R. A. S. P. Senanayake, Department of Botany, Faculty of Science, University of Kelaniya, Kelaniya.	Genetic diversity and cultivar development of Dendrobiums integrating classical and molecular biological tools
18-012	Dr. G. G. Jayasinghe National Cinnamon Research & Training Center, Department of Export Agriculture, Palolpitiya, Thihagoda, Matara.	Investigation of aetiology, disease development and management of rough bark disease of cinnamon (<i>Cinnamomum zeylanicum</i> Blume)
18-013	Prof. K. M. N. De Silva Department of Chemistry, University of Colombo, Colombo 03.	Transdermal drug delivery via smart textiles: Development of new formulations for the controlled release of natural compounds to prevent cancer
18-028	Dr. M. N. Dharmaweera, Faculty of Engineering, University of Sri Jayewardenepura, 41, Lumbini Avenue, Ratmalana.	Design, analysis, and optimization of next generation fiber optic national backbone networks
18-030	Dr. D. S. G. Mettananda, Department of Paediatrics, Faculty of Medicine - University of Kelaniya, P. O. Box 6, Thalagolla Road, Ragama.	Foetal haemoglobin induction as a treatment for β -thalassaemia
18-032	Dr. S. M. C. U. P. Subasinghe, Centre for Forestry and Environment, Dept. of Forestry and Environmental Science, University of Sri Jayewardenepura, Gangodawila, Nugegoda.	Production of Mosquito Repellents using Lesser-Known, Under-Utilized Volatile Oil Producing Plant Species
18-035	Dr. S. P. Sumanasena, Department of Disability Studies, Faculty of Medicine - University of Kelaniya, P.O. Box 06, Thalagolla Road, Ragama.	Effectiveness of an intervention to introduce reading skills to school children with features of dyslexia in the Gampaha District in Sri Lanka; a randomized clinical trial
18-043	Dr. S. K. Abeygunawardane Department of Electrical Engineering University of Moratuwa Katubedda, Moratuwa.	Impact of Increasing Renewable Energy Developments on the Reliability of Power Generating Systems
18-044	Dr. R. A. R. C. Gopura Department of Mechanical Engineering, University of Moratuwa, Moratuwa.	Development of a Soft Robot Gripper with Inbuilt Sensors for Deformable Object Grasping and Tactile Feedback
18-050	Dr. R. P. Hewawasam Department of Biochemistry, Faculty of Medicine, University of Ruhuna, Karapitiya, Galle.	Cardioprotective effect of three medicinal plants against doxorubicin induced cardiotoxicity in Wistar rats

		and in neonatal ventricular cardiomyocytes
18-057	Prof. W. Abeyewickreme, Department of Paraclinical Science, Kotelawala Defence University, Kandawala Road, Ratmalana.	Novel and Innovative Strategies to Control <i>Anopheles stephensi</i> and other malaria vectors for prevention of reintroduction of malaria in Sri Lanka
18-063	Dr. D. T. Abeyasinghe Department of Chemistry, The Faculty of Natural Sciences, The Open University of Sri Lanka, PO Box 21, Nawala, Nugegoda.	Absorption of selected pesticide residues during cooking by curry leaves available in Sri Lanka and its impact on the carotenoid compositional variation in curry leaves
18-066	Dr. M. A. Elangasinghe Dept of Chemical and Process Engineering, Faculty of Engineering, University of Peradeniya, Peradeniya.	Understanding exposure levels of volatile organic compounds and fine particulate matter while commuting in Kandy city
18-077	Prof. Suntharalingam Thirukkanesh, Department of Mathematics, Faculty of Science, Eastern University of Sri Lanka, Vantharumoolai, Chenkalady.	Modeling and description of compact astrophysical objects using Einstein's field equations
18-079	Dr. A. D. de Silva, Faculty of Medicine, General Sir John Kotelawala Defence University, Ratmalana.	Isolation and identification of environmental <i>Burkholderia pseudomallei</i> and comparative analysis of major virulent associated genes from clinical isolates of infected Sri Lankan Melioidosis patients
18-080	Dr. S. Hettiarachchi, Department of Disability Studies, Faculty of Medicine - University of Kelaniya, P.O. Box 6, Talagolla Road, Ragama.	Developing and validating a speech sound (articulation and phonology) assessment for Sri Lankan Tamil-speaking children aged 3 to 6 years
18-083	Dr. I. V. N. Rathnayake, Department of Microbiology, Faculty of Science, University of Kelaniya, Kelaniya.	Development of a phototrophic-heterotrophic biofilm/mat for the detoxification and removal of Chromium in waste water.
18-084	Dr. M. G. M. K. Meegahakumbura, Coconut Research Institute, Bandirippuwa Estate, Lunuwila.	Identification of drought tolerant coconut mother palms through phenotypic, physiological and gene expression studies
18-088	Dr. N. M. C. Nayanakantha, Rubber Research Institute, Dartonfield, Agalawatta.	Effect of priming of rubber (<i>Hevea brasiliensis</i>) plants with some natural or chemical compounds on growth and abiotic stress alleviation under sub-optimal climatic conditions in Ampara District of Sri Lanka
18-091	Dr. H. A. C. K. Ariyaratna Department of Botany, Faculty of Science, University of Peradeniya, Peradeniya.	In-silico mining for resistance gene analogs and identification of genetic resources for blast disease resistance in the local finger millet germplasm

18-094	Dr. D. C. Mudannayake, Department of Animal Science, Faculty of Animal Science and Export Agriculture, Uva Wellassa University, Badulla.	Extraction, purification and chemical characterization of inulin-type fructans from three <i>Asparagus</i> species (<i>A. falcatus</i> , <i>A. racemosus</i> , and <i>A. officinalis</i>) grown in Sri Lanka, and their utilization as potential prebiotic ingredients in dairy products.
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Special Grants on Eco-Friendly Weed Control Methods

A special grants programme was initiated in 2018 to provide funds for Scientific Research Projects on ‘Eco-friendly Weed Control Methods’.

Researchers were invited to apply from a paper advertisement, which was circulated to all universities, faculties and all the government R & D institutes.

Application calling closed on 11th May 2018 and 06 applications were received. The applications were sent to evaluators who were experts in the subject field. The Council, through panel discussions, further screened the applications and selected applications with high scientific merit and national relevance.

No of applications received	06
No of applications short listed for detailed proposal	05
No of grants awarded	04
Total Funds Granted (Rs)	22,064,874.00

Grants Funded under ‘Eco-friendly Weed Control’

App. No.	Principal Investigator	Title	Value Funded (Rs)
EWC 18-02	Prof. Buddhi Marambe University of Peradeniya	Use of <i>Artemisia vulgaris</i> (L) as an eco-friendly and economically-viable component in integrated management of weeds, insect and mite pests and nuisance pests in tea fields of Sri Lanka	4,954,000.00

EWC 18-03	Prof. U. L. B. Jayasinghe National Institute of Fundamental Studies	Microbial metabolites - a source for development of eco-friendly new weedicides	4,643,724.00
EWC 18-04	Dr. H. M. Swarna Herath Rice Research & Development Institute	Development of eco- friendly integrated weed management system for rice farming	6,520,000.00
EWC 18-05	Dr. K. G. Prematilake Uwa-Wellassa University of Sri Lanka	Investigations on eco- friendly cultural, physical and allelopathic weed management strategies for tea cultivation as alternatives for synthetic herbicides	5,947,150.00

PRESIDENT'S AWARDS FOR SCIENTIFIC PUBLICATION

The President's Awards for Scientific Publication programme was held at Taj Samudra Hotel, Colombo, on 19th November 2018 for the eleventh time.

338 Scientists with publications in indexed journals (in year 2016) were awarded. Over 600 publications involved in disciplines including medicine, agriculture, and engineering during the year 2016 received the awards.

The occasion was graced by H.E. the President, Maithripala Sirisena as the Chief Guest. The State Minister of Education and Higher Education, Mr. Mohan Lal Grero and the Secretary of Ministry of Education and Higher Education, Mr. Padmasiri Jayamanne were the Guests of Honor, with distinguished invitees from Research and Development institutions, universities and the awardees.

National Research Council organized the function and convened in collaboration with the Presidential secretariat and the line ministries.







PRIVATE PUBLIC PARTNERSHIP PROGRAMME

The PPP Program is continued during the period.

Activities	2016	2017	2018
No of Expression of Interest (EOI) received for PPP	12	10	15
No of EOI's Selected to submit detail proposals	9	4	7
No. of Partnerships with Private Sector	3	2	3
Total Funds required	Rs. 56.69 Mn	Rs. 6.84 Mn	Rs. 20.26 Mn
Funds Provide buy the Private Sector (Approx. 50%)	Rs. 28.34 Mn	Rs. 3.42 Mn	Rs. 10.13Mn

Ongoing Private Public Partnerships...

Research Partner	Project Title
Dr. Shantha Walpalage University of Moratuwa	Development of a material using natural rubber and polyethylene as a substitute to conventional roofing sheets
Mr. G. L. C. Galahitiyawa / Mr. M. A. Chamindra Tea Research Institute	Development of Self-Cleaning Sifter with multiple mesh frames for grading long leafy & wiry type tea
Dr. Anil Goonatilleke University of Sri Jayewardenepura	Locally Developed Sustained Release Tablets
Mr. R. M. Dharmadasa Industrial Technology Institute	Extraction and formulation of plant protection products from endemic plants for healthy growth of crops free from sucking insects (mealybugs, aphids, whiteflies and thrips) causing yellowing, wilting and leaf-curl
Dr. N. M. S. Sirimuthu University of Sri Jayewardenepura	Nanomaterials for improved electrical conductivity of natural rubber compound for non-marking solid tires
Prof. N. K. B. Adikaram National Institute for Fundamental Studies	Study of a postharvest disease and disorders adversely affecting the export potential of mango var. TomEJC and their management
Dr. Malaka J. Walpola / Dr. Kutila Gunasekara University of Moratuwa	Cross platform for annotations in mobile tablets
Dr. J. C. P. H. Gamage University of Moratuwa	Development of an economical insulation system for externally strengthened FRP / Concrete composites using locally available materials

Research Partner	Project Title
Prof. S. R. Munasinghe University of Moratuwa	Development of commercial prototypes of multipurpose drones – CeyGull and CeyBell
Dr. Gobithas Thamarajah Sri Lanka Institute of Information Technology	A composition and method of seepage control using fibrous material

OTHER PROGRAMMES

Outreach Programme on Sustainable Management of Polythene

From 2017, the NRC, together with the Presidential Secretariat, Ministry of Science, Technology and Research, Ministry of Sustainable Development and Wildlife and the Central Environmental Authority launched an outreach programme for sustainable management of polythene. The program was also expected to be a Corporate Social Responsibility (CSR) initiative by the NRC.

The programme was an awareness programme for school children in the North Central Province, to inculcate the idea of minimizing the use of polythene. This programme mainly focused on school children in North Central Province (NCP). Since North Central province is getting an increasing amount of solid waste each year, despite being an area of relatively smaller population density, NRC has done an initial discussion with NCP provincial Council officials to take it as a model to conduct a programme in search of a solution for the polythene problem in the country. In this discussion, around 95% of officials (out of 120 officials participated) requested an educational programme to build up / developed school children's attitudes for friendliness with the environment.

Therefore, NRC built up an educational Programme for the NCP with some expertise in relevant fields such as environment, health, solid waste management and chemical process engineering.

The programme had three phases;

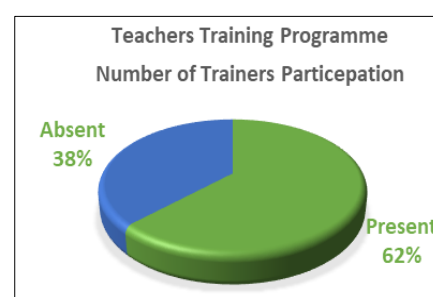
1. Initial discussion - 2017
2. Training of Trainers - 2017
3. Teachers Training Programme - 2018
4. Data collection for progress
5. Monitoring & Evaluation

Teachers Training Programme

The NRC realized that it was difficult to handle more than two schools by one trainer. Therefore, the NRC has started training programmes for school teachers by selecting one teacher from each school from above eight educational zones.

Teachers Participation for the Training Programmes

Date	Venue	No of Schools	No of Participants	No of Absentees
13 th Oct 2017	Dimbulagala	111	49	62
27 th Mar 2018	Kabithigollawa	134	85	49
03 rd April 2018	Polonnaruwa	54	25	29
10 th May 2018	Thambuththegama	76	57	19
11 th May 2018	Anuradhapura	140	88	52
16 th May 2018	Hingurakgoda	94	64	30
17 th May 2018	Galenbidunuwewa	73	75	2
18 th May 2018	Kekirawa	133	72	61
Total		814	515	304



Teachers Training Programme

Kabithigollawa Teachers Training Programme	Venue: Kabithigollawa Zonal Education Office auditorium
	Resource persons: Prof. Sarath Kotagama
	Target Audience: 85 Teachers in Kebithigollawa educational zone.



Thambuththegama Teachers Training Programme	Venue: Thambuththegama zonal Education office Auditorium
	Resource persons: Prof. Sarath Kotagama
	Target Audience: 76 Teachers in Thambuththegama educational zone.



Polonnaruwa Teachers Training Programme	Venue: Polonnaruwa Royal College Auditorium
	Resource persons: Mr. Sampath Nonis, Ms. Nadeeka Dissanayake
	Target Audience: 25 Teachers in Polonnaruwa educational zone.



Anuradhapura Teachers Training Programme	Venue: Anuradhapura walinghe Harischandra Vidyalaya auditorium
	Resource persons: Prof. Sarath Kotagama
	Target Audience: 88 Teachers in Anuradhapura educational zone.



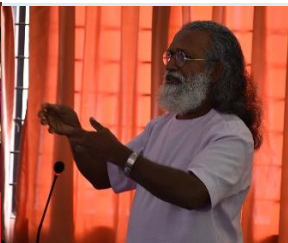


Hingurakgoda Teachers Training Programme	Venue: Hingurakgoda Ananda Balika Vidyalaya auditorium
	Resource persons: Prof. Sarath Kotagama
	Target Audience: 64 Teachers in Hingurakgoda educational zone.





Galenbindunuwewa Teachers Training Programme	Venue: Galenbindunuwewa zonal education office auditorium
	Resource persons: Prof. Sarath Kotagama
	Target Audience: 75 Teachers in Galenbindunuwewa educational zone.


Kekirawa Teachers
Training Programme

Venue: Kekirawa central college auditorium

Resource persons: Prof. Sarath Kotagama

Target Audience: 72 Teachers in Kekirawa educational zone.



ANNUAL ACCOUNTS - 2018

ATTACHED

AUDITOR GENERAL'S REPORT

ATTACHED

CONTACT INFORMATION

National Research Council

120/7, Vidya Mawatha, Colombo 07.

Telephone General: 011-2675176

Fax: 011-2675136

Email: admin@nrc.gov.lk

Website: www.nrc.gov.lk



ANNUAL ACCOUNTS – 2018

NATIONAL RESEARCH COUNCIL



FEBRUARY 20, 2019

NATIONAL RESEARCH COUNCIL

120/07, Vidya Mawatha, Colombo 07

Web: www.nrc.gov.lk E-mail: nrc@sltnet.lk

Financial Statements for Year 2018

Statement of financial position

Statement of financial performance

Cash flow statement

Statement of changes in net Assets/Equity

Notes to the financial statements

NATIONAL RESEARCH COUNCIL -SRI LANKA
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	2018 Rs.	2017 Rs.
ASSETS			
Current assets			
Cash and cash equivalents		29,410,772.44	33,704,772.25
Advance for T/T		16,117,657.37	-
TO Program	1	199,187,970.47	219,639,605.12
ID grants	1	254,555,793.35	269,097,441.61
NRC PPP Program	1	40,065,853.38	33,593,592.26
EWC Grants		22,022,624.00	-
Asbestos Grants		5,120,440.00	-
		566,481,111.01	556,035,411.24
Non-current assets			
Other financial assets	2	1,971,000.00	1,971,000.00
Property, plant and equipment	3	276,786,973.12	297,079,066.65
Total assets		845,239,084.13	855,085,477.89
LIABILITIES			
Current liabilities			
Payables	4	3,025,822.65	609,881.78
Non-current liabilities			
Gratuity Provision		-	343,145.00
Total liabilities		3,025,822.65	953,026.78
Net assets		842,213,261.48	854,132,451.11
NET ASSETS/EQUITY			
Capital contributed by;			
Capital grant		784,748,351.66	802,186,494.40
Reserves			
Accumulated surpluses/(deficits)		57,464,909.82	51,945,956.71
Total net assets/equity		842,213,261.48	854,132,451.11

The Accounting policies are on the pages 06 to 11 and Notes on pages 12 to 18 from an integral part of these financial statements. The council is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the council and signed on their behalf.

Prof. H. J. De Silva
Chairman/NRC

E. A. Rathnaseela
Member of the Council

M. C. Rajapakse
Chief executive Officer

R. D. S. Dissanayaka
Assistant Director (Finance & Admin)

NATIONAL RESEARCH COUNCIL -SRI LANKA
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018 Rs.	2017 Rs.
Revenue			
Recurrent receipts – NRC Administration	5	22,807,360.00	20,981,436.00
Capital Grant		1,311,385.93	1,378,411.25
Recurrent receipts – Research and development	6	178,126,944.36	181,404,230.42
Other receipts		1,440,450.00	1,424,599.24
Receipt for Asbestos		5,120,440.00	-
Transfer proceeds - NRC		60,650.96	133,526.19
Total revenue		208,867,231.25	205,322,203.10
Expenses			
Personal emoluments		10,407,243.54	8,507,396.03
Research & development	7	135,454,758.65	135,594,587.30
Supplies and consumables	8	12,376,169.02	11,238,737.54
Depreciation expense –NRC Grants	3	42,672,185.71	45,809,643.12
Depreciation – NRC office equipment's	3	1,311,385.93	1,378,411.25
Director Board allowances		1,070,795.36	1,558,920.00
Finance costs		12,990.00	16,250.00
Transfer Proceeds - NRC		60,650.96	133,526.19
Total expenses		203,366,179.17	204,237,471.43
Share of surplus of associate's			
Surplus/(deficit) for the period		5,501,052.08	1,084,731.67
Attributable to:			
Owners of controlling entity		5,501,052.08	1,084,731.67
		5,501,052.08	1,084,731.67

Notes from the pages 06 to 18 form an integral part of these financial statements.

Figures in brackets indicate deductions

NATIONAL RESEARCH COUNCIL -SRI LANKA
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018 Rs.	2017 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation			
Receipt from treasury (Recurrent)		22,807,360.00	20,981,436.00
Receipt from treasury (Development Assistance)		162,050,000.00	178,540,652.00
Sales of goods and services			
Receipts from closed grants		34,337,064.67	23,874,574.56
Other receipts		6,636,466.20	1,389,125.00
Payments			
Cash payment to employees		(11,806,903.92)	(9,974,356.03)
Superannuation			
Suppliers			
Research grants and Other Programs	9	(205,460,064.85)	(190,841,467.00)
Interest paid			
Other payments		(11,488,682.41)	(15,994,526.18)
Net cash flows from operating activities		(2,924,760.31)	7,975,438.35
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,369,239.50)	(3,998,212.28)
Net cash flows from investing activities		(1,369,239.50)	(3,998,212.28)
Net increase/(decrease) in cash and cash equivalents		(4,293,999.81)	3,977,226.07
Cash and cash equivalents at beginning of period		33,704,772.25	29,727,546.18
Cash and cash equivalents at end of period		29,410,772.44	33,704,772.25

Notes from the pages 06 to 18 form an integral part of these financial statements.

Figures in brackets indicate deductions

NATIONAL RESEARCH COUNCIL -SRI LANKA

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Accumulated Surplus or Deficit Restated	Capital Grant Restated	Total Net Assets/Equity
	Rs	Rs	Rs
Balance as at 01/01/2018	51,945,956.71	802,186,494.40	854,132,451.11
16-094 Grant - Adjustment T/T	-	10,838.50	10838.50
Correction of excess expenditure (Thanuja electric) (sic)	525.00	-	525.00
Adjustment of additional payable allocation	16,376.03	-	16,376.03
Settlement of stamp fee	1,000.00	-	1,000.00
Capital Grant Received During the year 2018	-	162,050,000.00	162,050,000.00
Capital Grants identify as income for the year 2018	-	(109,883,934.76)	(109,883,934.76)
Depreciation in respect of Capital Assets & Loss on Disposal	-	(69,615,046.48)	(69,615,046.48)
	<u>51,963,857.74</u>	<u>784,748,351.66</u>	<u>836,712,209.40</u>
	51,963,857.74	784,748,351.66	836,712,209.40
 Surplus/ (deficit) for the period 2018	 5,501,052.08	 -	 5,501,052.08
 Balance as at 31/12/2018	 <u>57,464,909.82</u>	 <u>784,748,351.66</u>	 <u>842,213,261.48</u>

Notes from the pages 06 to 18 form an integral part of these financial statements. Figures in brackets indicate deductions.

NATIONAL RESEARCH COUNCIL -SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. CORPORATE INFORMATION

1.1 GENERAL

National Research Council ("NRC") which was formed as a special agency by a Presidential Directive under the article 33 of the constitution by the extra ordinary gazette notification No. 1514/28, was established as the National Research Council of Sri Lanka by Act, No. 11 of 2016, by the Parliament of Democratic Socialist Republic of Sri Lanka by gazette notification on 29th July 2016.

The National Research Council is a public organization located at 120/7, Vidya Mawatha, Colombo 07.

The financial statements are prepared for a common financial year, which ends on 31st December.

1.2 THE PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The functions of NRC set out in the Presidential Directive under the article 33 of the constitution by the extra ordinary gazette notification No. 1514/28, was reformed to the function of the National Research Council of Sri Lanka by Act, No. 11 of 2016, by the Parliament of Democratic Socialist Republic of Sri Lanka by gazette on 29th July 2016.

The following main programs carried out during the year to fulfil the stated objectives.

Research Grants & PhD Program

- Funding for research in public R & D institutions and post graduate fellowships. The Program Combined to one Program during the Year as "Investigator Driven Research Grants Program"

Presidential Awards for Scientific Research

- Recognition to researchers and research institutions of Sri Lanka

The name of the program is changes during the year to "President's Awards for Scientific Publication"

Private Public Partnerships Program

- Funding for research needs of private sector/public in a combined approach

The private sector partnership program keeps the investment by the private sector and there are eight PPP projects ongoing during the year, thus the balances in these private partners' accounts at 31st December 2018 is Rs. 13,650,560.08

Other Development Programs

- Other programs necessary to fulfill the objectives of NRC

Target Oriented Multi-Disciplinary Mega Projects Program

NRC council has revised its funding policy, and from 2014, the major thrust of funding will be for target-oriented research projects. Each year, pre-proposals will invited from groups of researchers of public scientific R & D organizations and universities for possible funding of target-oriented multi-disciplinary research projects aimed at solving nationally-relevant issues aiming at economic development, social welfare and environmental sustenance of the country. The value of a grant would be up to Rs. 50 million, over a 5 year period. Proposals will be invited from several priority areas in keeping with the National Science and Technology Policy Report.

1.2 DATE FOR AUTHORIZATION FOR ISSUE

The Financial Statements of National Research Council, for the year ended 31st December 2018

NATIONAL RESEARCH COUNCIL -SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

were authorized for issue by the Board of Council Members on 21/02/2019

2. ACCOUNTING POLICIES

2.1 BASIS FOR PREPARATION

The financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.1 STATEMENT OF COMPLIANCE

The financial statements of the NRC have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS) as issued by the Institute of the Chartered accountants of Sri Lanka.

2.1.2 GOING CONCERN

The Council of NRC is satisfied that the NRC has recourse to continue in its activities for the foreseeable future. Furthermore, the Council is not aware of any material uncertainty.

2.1.3 BASIS OF MEASUREMENT

The financial statements of NRC have been prepared on the basis of historical costs and no adjustment has been made for inflationary factors affecting these accounts.

2.1.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Sri Lankan Rupee, is the functional currency of NRC.

All financial information presented in Sri Lankan rupee has been given to the nearest cent, unless stated otherwise.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the statements of financial position and amounts charges to the statement of financial performance. These could result in significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant notes to the financial statements.

The presentation of financial statements in conformity with SLPSAS, requires managements to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under circumstances. Hence actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed at an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods affected

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in previous year.

NATIONAL RESEARCH COUNCIL -SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Certain comparative information has been reclassified wherever necessary to conform to the current year's presentation.

3.1 FOREIGN CURRENCY TRANSLATION

All foreign exchange transactions have been converted in to functional currency at the rates of exchange prevailing at the date of the transactions.

3.2 ASSETS AND BASES OF THEIR VALUATION.

Assets classified as current assets on the balance sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date, whichever is shorter.

3.2.1 PROPERTY PLANT AND EQUIPMENT

3.2.1.1 INITIAL RECOGNITION

All Items of property plant and equipment are measured at cost less accumulated depreciation. They are initially recognize at cost. The cost of property plant and equipment includes the cost of purchase or construction together with any incidental expenses that are directly attributable to the acquisition or construction of assets and to bringing any assets to a working condition for its intended use, and cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of related equipment is capitalized as a part of that equipment. When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Property plant and equipment purchased from NRC research grants are identified as part of property

plant and equipment of NRC temporarily until they transferred or disposed.

The accumulated depreciation is provided for, on the basis specified in 3.2.1.3 below

3.2.1.2. SUBSEQUENT EXPENDITURE

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits are embodied within the part will flow to the NRC/NRC grants and its cost can be measured reliably. This includes major inspection and overhaul expenditure and accounted separately.

The cost to day to day servicing of property plant and equipment are recognized in profit and loss as incurred.

All other expenses include repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognized as an expense when incurred.

3.2.1.3 DEPRECIATION

The depreciation is recognized in profit and loss calculated on the cost of fixed assets in order to write off such cost over the estimated useful life provided. The depreciation is recognized in profit and loss on straight line basis over estimated useful lives of assets from the date on which they are available to use.

The estimated useful lives and annual rates of depreciation generally used by NRC for current and comparative periods are as follows:

NATIONAL RESEARCH COUNCIL -SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Sundry assets	2 years	50.00%
Cutlery & Crockery	3 years	33.33%
Room linen	3 years	33.33%
Safety Equipment	3 years	33.33%
Library books	3 years	33.33%
Computers, Printers, and Accessories		
	5 years	20 %
Calculators & Clocks	5 years	20 %
Power supply equipment	5 years	20 %
Brass item	5 years	20 %
Motor vehicles	5 years	20 %
Air conditioners/Safes	10 years	10 %
Building	10 years	10 %
Expandable assets	10 years	10 %
Machinery & Tools	10 years	10 %
Office equipment	10 years	10 %
Refrigerators	10 years	10 %
CCTV System	5 years	20 %
Internet installation	0	

The estimated useful values of property plant and equipment purchased from research grants are depreciated until they are transferred or disposed based on following useful lives and percentages for current and comparative periods.

Lab equipment (Section 1)	10 years	10 %
Lab equipment (Section 2)	5 years	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.2.1.2. DERECOGNITION

The carrying amount of the property plant and equipment's or any subsequent expenditure is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any Gains and losses arising of such de recognition of assets (calculated as the difference between the net disposal proceeds and carrying

amount of the assets) are recognized in profit and losses (in the statements of financial performance) in the year the assets are derecognized and gains are not classified as revenue.

3.2.2. INTANGIBLE ASSETS AND AMORTIZATION

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the assets will fall to the NRC and the cost of the asset can be measured reliably. These assets are stated in the in balance sheet at cost less accumulated amortization. Amortization is recognized in profit and loss on straight line basis over the estimated useful lives of intangible assets from the date on which they are available to use.

3.2.3. INVENTORIES

Inventories are measured at historical cost basis.

3.2.4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their estimated realizable amounts.

3.2.5. NRC GRANTS

NRC grants represent the total amount accumulated over the years of awarded research grants.

Expenditure incurred from NRC grants are recognized as an expense in the income statement in the period in which they are incurred, except to the extent that they are directly attributable to acquisition, construction or production of assets, in which case they are identified as part of property plant and equipment until they are transferred or disposed

NATIONAL RESEARCH COUNCIL -SRI LANKA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The funds received for research grants are capitalized directly to accumulated funds and the expenditure incurred except to acquisition, construction or production of assets are recognized in the income statement in year in which the expenses are incurred.

The expenditure from NRC grants identify as expenses incurred are recognized as part of recurrent receipt in income in the income statement in the respective periods in which the expenses are recognized.

3.3 LIABILITIES

Liabilities classified as current liabilities on the balance sheet are those which fall due to payments on demand or within one year from the reporting date. Noncurrent liabilities are those balances fall due for payment later than one year from the reporting date.

All known liabilities as at the date of the Balance Sheet have been accounted for in preparing the financial statements.

3.3.1. EMPLOYEE PROVIDENT FUND AND EMPLOYEE TRUST FUND

Employees are eligible for Employees Provident fund contributions and Employees trust fund contributions in line with respective statues and regulations. These are recognized as an expense in the statement of financial performance as incurred.

EPF deductions from the gross emoluments are as follows:

Employer	12%
Employee	8%

ETF deduction from the gross emoluments is as follows:

Employer	3%
----------	----

3.3.2. TRADE AND OTHER PAYABLES

Trade and other payables are stated at their cost.

3.4. STATEMENT OF FINANCIAL PERFORMANCE

For the purpose of presentation of the statement of financial performance (statement of income), the nature of expenses method is adopted.

3.4.1 REVENUE

Government Grants received during the year under review towards recurrent and capital expenditure of NRC administration have been recognized to income statement and accumulated funds respectively. The expenditure from NRC grants as expenses incurred identify, annual depreciation of equipment, and loss on transferring equipment to Research Centers are recognized as part of recurrent receipt in income in the income statement in the respective periods in which the expenses are recognized.

Losses on disposal or transfer of items of property plant and equipment are determined by comparing the net sales or transfer proceeds with carrying amounts of property, plant and equipment and are recognized in statement of financial position as a loss and the impact to revenue is also identify as income to reflect the true nature of operations in the statement of financial position. The gains are adjusted vice versa.

3.4.2. EXPENDITURE

All expenditure incurred NRC operations has been charged to income in arriving at the profit /loss of the year. Repairs and renewals are charges to profit and loss in the year in which the expenditure is incurred.

Expenditure from NRC grants is also recognized as research and development expense in the income statement in the period in which they are incurred, except to the extent that they are directly attributable to acquisition, construction or production of assets, in which case they are identified as part of property plant and equipment.

Finance income and expenses comprises of gains and losses of translation of foreign currency are recognized in profit and loss as it occurs.

Rental income is recognized on an accrual basis. Other income is recognized on an accrual basis.

3.5. EVENTS AFTER THE BALANCE SHEET DATE

All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in the respective notes in the financial statements.

3.6 CASH FLOW STATEMENT

Cash flow statement has been prepared using the direct method.

NATIONAL RESEARCH COUNCIL -SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. NRC ID Grants, TO Program and NRC PPP Program

ID Grants	Balance as at 31st December 2018	
	Bank	Cash
12-114	-	20,000.00
11-013		0.50
14-019	93,449.29	
14-067	35,000.00	
14-094	984,362.48	
14-117	269,155.72	
15-004	1,036,051.51	
15-008	1,829,844.21	
15-017	324,810.00	
15-027	600,065.14	
15-028	797,990.00	20,000.00
15-032	988,931.81	
15-033	989,115.58	
15-036	1,783,290.47	
15-041	90,750.00	
15-057	1,532,078.62	25,000.00
15-058	2,253,628.70	
15-063	461,925.35	
15-069	197,540.70	
15-70		510.00
15-078	87,144.00	
15-087	1,380,612.56	
15-096	1,678,699.37	
15-109	3,694,265.00	
15-111	537,419.54	
15-113	260,052.19	4,999.00
15-119	2,122,129.10	
15-139	541,938.00	
15-145	3,862,115.60	
15-146	547,788.69	
15-147	1,314,274.37	
15-148	1,206,137.52	
15-149	115,859.39	
15-150	1,571,300.00	
15-151	37,628.72	
15-153	2,623,327.52	
16-001	955,591.40	
16-012	305,199.93	
16-016	775,183.55	
16-022	690,305.00	
16-023	1,691,166.70	

ID Grants	Balance as at 31st December 2017	
	Bank	Cash
11-013	-	0.50
12-012	41,624.67	-
12-114	-	20,000.00
12-140		-
13-033	1,203,096.72	-
13-088	1,432,301.34	-
13-130	206.09	20,000.00
14-019	107,449.29	-
14-023	200,000.00	-
14-045	173,826.95	-
14-067	862,661.78	-
14-069	341,753.60	-
14-072	579,048.82	-
14-094	975,330.24	-
14-117	1,611,718.62	-
14-123	2,264,354.52	-
14-134	237,246.82	-
14-139	917,180.64	-
15-004	1,816,274.94	-
15-007	1,132,055.20	-
15-008	3,513,569.44	-
15-013	503,841.00	-
15-017	449,264.00	-
15-020	550,475.34	-
15-022	369,784.04	-
15-023	96,755.00	-
15-024	884,153.25	-
15-027	830,504.56	-
15-028	1,320,954.99	-
15-030	1,107,753.52	-
15-032	1,038,931.81	-
15-033	2,611,539.95	-
15-036	1,903,490.47	-
15-041	90,750.00	-
15-043	1,552,513.71	-
15-048	1,542,883.62	-
15-050	1,484,476.19	-
15-056	770,018.54	-
15-057	2,346,096.87	-
15-058	2,473,161.20	-
15-063	1,936,602.32	-

16-024	734,289.65	
16-025	322,591.89	
16-029	3,520,466.85	
16-031	1,445,662.33	
16-033	408,599.00	
16-038	2,846,423.75	
16-044	425,992.56	25,000.00
16-054	532,430.38	
16-059	206,375.40	
16-071	427,951.00	
16-075	1,859,351.95	
16-078	138,629.65	
16-080	1,065,903.50	
16-087	1,461,527.30	20,000.00
16-094	2,053,683.35	
16-98		20,000.00
16-101	959,247.25	
16-128		25,000.00
16-129	772,076.10	
16-138	1,119,908.80	20,000.00
16-142	1,241,401.81	
16-144	134,491.48	
16-149	203,530.00	
16-152	5,137,107.09	
17-06	1,740,731.41	
17-07	2,219,842.25	
17-08	3,230,878.70	
17-10	4,558,359.43	
17-11	4,337,039.96	1,500.00
17-17	2,890,907.26	
17-18	3,076,527.88	
17-19	3,747,200.00	
17-20	3,274,511.35	
17-25	3,824,532.50	1,474.00
17-27	1,858,126.24	25,000.00
17-28	3,089,661.00	
17-29	2,401,841.80	
17-33	4,463,800.00	
17-37	2,208,667.53	
17-38	1,771,043.44	
17-42	3,794,602.97	
17-47	549,971.50	
17-54	4,369,358.44	
17-55	1,511,129.34	
17-58	1,652,402.00	
17-60	930,000.00	
17-64	950,000.00	
17-65	1,420,000.00	
17-66	2,181,859.69	

15-068	3,072,002.00	-
15-069	1,183,725.00	-
15-070	4,039,528.80	-
15-071	758,149.34	-
15-074	303,625.00	-
15-078	466,115.00	-
15-084	291,371.00	-
15-087	2,043,446.06	-
15-089	572,024.00	-
15-096	2,140,363.17	-
15-097	545,125.00	-
15-108	152,010.19	-
15-109	3,826,765.00	-
15-110	1,783,559.73	-
15-111	974,284.54	-
15-113	624,822.51	-
15-114	940,800.65	-
15-116	135,538.21	-
15-119	2,879,504.10	-
15-127	863,687.57	-
15-128	240,725.00	-
15-139	579,804.00	-
15-144	190,835.00	-
15-145	5,510,121.60	-
15-146	1,413,538.69	-
15-147	1,339,274.37	-
15-148	1,695,085.02	20,000.00
15-149	448,723.09	-
15-150	1,571,300.00	-
15-151	68,972.72	-
15-152	761,626.00	-
15-153	2,966,939.95	-
15-154	298,276.48	-
15-155	300,100.37	-
16-001	1,917,099.75	-
16-012	884,626.47	-
16-016	1,407,935.50	-
16-022	1,002,980.00	-
16-023	2,752,616.70	-
16-024	782,505.00	-
16-025	859,403.35	-
16-029	4,258,250.00	-
16-031	3,805,678.25	-
16-033	869,205.00	-
16-038	2,874,973.75	-
16-044	906,421.81	-
16-052	596,145.00	15,578.00
16-054	1,344,163.38	-
16-059	841,708.50	-

-	-	-
	254,286,043.85	269,749.00
Total		254,555,793.35

17-098	4,944,451.00	-
	268,996,863.11	100,578.50
Total		269,097,441.61

TO Program	Balance as at 31st December 2018	
	Bank	Cash
14-004	8,991,956.01	-
14-005	3,350,601.30	-
14-010	4,553,082.38	-
14-018	36,472,572.78	-
14-024	18,128,954.46	-
16-007	23,964,567.97	45,000.00
16-015	31,639,797.43	-
16-018	22,556,813.14	75,000.00
18-021	49,409,625.00	-
	199,067,970.47	120,000.00
Total		199,187,970.47

TO Program	Balance as at 31st December 2017	
	Bank	Cash
14-004	12,918,054.99	-
14-005	4,942,204.30	-
14-010	6,798,998.23	-
14-018	38,829,862.45	-
14-024	26,339,959.44	-
16-007	40,777,687.92	-
16-015	43,627,071.56	-
16-018	45,405,766.23	-
-	-	-
-	-	-
Total	219,639,605.12	-

PPP Program	Balance as at 31st December 2018	
	Bank	Cash
14-001	1,906,527.07	-
14-008	1,056,007.30	-
16-003	2,034,285.45	-
16-005	255,316.66	-
16-007	34,351.72	-
16-011	22,097,860.71	-
17-01	805,285.47	-
17-03	1,744,369.00	-
18-01	2,422,147.00	-
18-07	2,431,925.00	-
18-02	5,277,778.00	-
Total	40,065,853.38	-

PPP Program	Balance as at 31st December 2017	
	Bank	Cash
14-001	1,866,437.07	-
14-008	1,278,456.28	-
16-003	2,434,099.60	-
16-005	979,344.66	-
16-007	400,615.47	25,000.00
16-011	24,902,899.71	-
17-001	1,706,739.47	-
-	-	-
-	-	-
-	-	-
	33,568,592.26	25,000.00
Total		33,593,592.26

Asbestos Program	Balance as at 31st December 2018	
	Bank	Cash
Total	5,120,440.00	-

EWC Program	Balance as at 31st December 2018	
	Bank	Cash
18-02	4,953,625.00	-
18-03	4,643,349.00	-
18-04	6,519,250.00	-
18-05	5,906,400.00	-
Total	22,022,624.00	-

02 OTHER FINANCIAL ASSETS

	2018 Rs.	2017 Rs.	03.
Building Rental Deposit	1,950,000.00	1,950,000.00	
Telecommunication Deposit	15,000.00	15,000.00	
Container deposit (American Water)	6,000.00	6,000.00	
Total	1,971,000.00	1,971,000.00	

03. GROSS CARRYING AMOUNTS

COST	BALANCE AS AT 31/12/2017 Rs.	TRANSFERR ES /Adjustment Rs.	ADDITIONS Rs.	DISPOSALS Rs.	BALANCE AS AT 31/12/2018 Rs.
NRC Office Assets	14,013,631.55		1,765,719.50	96,000.00	15,683,351.05
Grants' Major Equipment	349,619,837.30		34,887,372.36	46,047,351.71	338,459,857.94
Grants' Minor Equipment	72,331,108.78	(356,401.10)	13,055,588.69	3,922,806.79	81,107,489.58
Total - Assets	435,964,577.63	(356,401.10)	49,708,680.55	50,066,158.50	435,250,698.57

PROVISION FOR DEPRECIATION

	BALANCE AS AT 31/12/2017 Rs.	TRANSFERR ES/ Adjustment Rs.	ADDITIONS Rs.	DISPOSALS Rs.	BALANCE AS AT 31/12/2018 Rs.
NRC Office Assets	3,190,962.30		1,311,385.93	35,349.04	4,466,999.19
Grants' Major Equipment	105,611,183.60		32,398,083.45	21,404,586.68	116,604,680.38
Grants' Minor Equipment	30,083,365.07	(10,838.50)	10,274,102.26	2,954,582.94	37,392,045.88
Total	138,885,510.98	(10,838.50)	43,983,571.64	24,394,518.66	158,463,725.46

NET BOOK VALUES	2018 Rs.	2017 Rs.
NRC Office Assets	11,216,351.86	10,822,669.25
Grants' Major Equipment	221,855,177.56	244,008,653.70
Grants' Minor Equipment	43,715,443.70	42,247,743.71
Total - Net Book Values	276,786,973.11	297,079,066.65

NATIONAL RESEARCH COUNCIL -SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

04 PAYABLES

	2018	2017
	Rs.	Rs.
Telecommunication Payable	50,994.85	36,837.40
Electricity Charges Payable	135,161.82	135,000.00
Water Charges Payable	4,500.00	4,500.00
Other Payables	849,709.27	87,656.78
Audit Fees Payable - General	863,387.60	345,887.60
Audit Fees Payable - Internal	430,100.00	-
Grants Payable	691,969.11	-
Total	3,025,822.65	609,881.78

(07) RESEARCH & DEVELOPMENT

	2018	2017
	Rs.	Rs.
ID Grantees' Consumable	32,089,179.21	34,386,953.66
ID Grantees' PhD Stipend	29,776,217.88	33,049,901.72
ID Grantees' Travelling	3,216,082.04	2,319,402.89
ID Grants Publication Cost	224,349.51	227,610.27
TO Program Consumable and Other Exp.	7,092,360.72	11,860,995.29
TO Grantees' PhD Stipend	19,293,438.91	18,532,034.33
TO Grantees' Travelling	1,720,934.57	2,320,259.00
PPP Prog. Consumable	1,132,401.77	470,530.72
PPP Grantees' PhD Stipend	1,145,000.00	330,526.83
PPP Grantees' Travelling	48,455.13	1,137,457.25
PPP Grants Outsourcing	-	1,285,930.78
EWC Grantees' Consumable	2,250.00	-
EWC Grantees' PhD Stipend	40,000.00	-
Grants & Programs Administration	4,800,699.93	2,459,960.00
Transfer Proceeds	25,570,823.89	14,737,958.44
PASP Prog. Expenses	4,852,970.35	4,151,517.61
Other	4,449,594.74	8,323,548.51
	135,454,758.65	135,594,587.30
Depreciation of Major, Minor Equipment	42,672,185.71	45,809,643.12
06	178,126,944.36	181,404,230.42
(05) TREASURY RECURRENT RELEASE		
January to December	22,807,360.00	20,981,436.00
Total Amount	200,934,304.36	337,980,253.72

NATIONAL RESEARCH COUNCIL -SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	Rs.	Rs.
08.Supplies, consumables & Rent		
Travelling	357,703.07	159,630.95
Stationery and Office requisites	864,803.19	591,659.35
Fuel & Lubricants	465,216.49	602,624.77
Diets & Conference	620,990.97	571,090.56
Vehicles-Repairs & Maintenance	704,971.59	480,705.40
Building Maintenance	803,487.95	1,155,581.99
Audit fee	947,600.00	136,862.00
Postal	263,429.63	273,156.66
Electricity	526,267.98	540,404.08
Water	18,000.00	18,000.00
telecommunication	493,520.84	490,296.34
Licence and Insurance	179,067.89	233,113.75
Rents	4,129,126.00	3,932,500.00
Printing and advertising	1,036,956.57	1,554,413.39
PPE maintains	180,974.95	498,698.30
Other	784,051.90	-
Total	12,376,169.02	11,238,737.54

09.Research Grants and Other Programs	2018	2017
	Rs.	Rs.
ID Grants	104,379,537.49	129,315,241.65
PPP Grants	12,326,444.00	3,421,110.00
TO Grants	49,410,000.00	48,523,985.00
EWC Grants	22,064,874.00	-
Asbestos Grants	5,120,440.00	-
Evaluation and project monitoring	4,794,939.93	2,459,960.00
PASP	4,687,370.35	4,151,517.61
Other Program	2,676,459.08	2,969,652.74
Total	205,460,064.85	190,841,467.00

Chairman,
National Research Council

Report of the Auditor General on the financial statements and other legal and regulatory requirements of the National Research Council for the year ended 31 December 2018, in terms of Section 12 of the National Audit Act No.19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the National Research Council for the year ended 31 December 2018 comprising of statement of financial position, statement of financial performance for the year then ended, statement of change in equity, and statement of cash flow for the year then ended and financial statements for the year ended 31 December 2018 comprising of notes to the financial statements and a summary of significant accounting policies was carried out under my direction under pursuance of provisions in Article 154(1) of the Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018 and Finance Act No. 38 of 1971. In terms of Article (154) (6) of the Constitution my report will be tabled in Parliament in due course.

In my opinion, financial position of the Council as at 31 December 2018 and its financial performance and cash flow for then ended give a true and fair view in accordance with the Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for

the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Councils ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Councils financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Council is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Council.

1.3 Auditor's responsibility for the Audit of Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/ Corporation's/ Board's/ Authority's (*As applicable*) ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company/ Corporation/ Board/ Authority (*As applicable*) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2 Report on Other Legal and Regulatory Requirements

Special provisions in relevant to the following requirements are included in the Audit Act No. 19 of 2018.

- I have obtained all the necessary information and clarifications for audit as per the requirements mentioned in Section 12(a) of the Audit Act No.19 of 2018 and as observed by my examination the Council has maintained proper financial reports.

- As per the requirement mentioned in Section 6(1) (c) (III) of the National Audit Act No. 19 of 2018 financial statements presented by the Council are in line with the earlier year.
- As per the requirement mentioned in Section 6(1) (c) (IV) of the National Audit Act No. 19 of 2018, recommendations made by me in the previous year are included in the financial statements.

On the procedures followed and evidence obtained and within the controls of the quantitative matters, my attention is not focused to any matter to give the following statements.

- As per the requirement mentioned in Section 12 (c) of the National Audit Act No.19 of 2018, any member of the Board of Directors, National Research Council has direct or indirect connection deviating business purposes in relevant to any agreement connected to the institute
- As per the requirement mentioned in Section 12 (e) of the National Audit Act No.19 of 2018 Director Board of the Council has acted non compliance to some written law any other general or special provisions issued by the National Research Council.
- As per the requirement mentioned in Section 12 (g) of the National Audit Act No.19 of 2018 has acted non compliance to powers, responsibility and functions of the Council.
- As per the requirement mentioned in Section 12 (h) of the National Audit Act No.19 of 2018 the resources of the NRC has not procured and utilized good economically and efficiently in compliance with the relevant rules and regulations during the time periods.

3 Other Audit Observations

- (a) The NRC has contributed Rs. 25 million for the Public Private Partnership project aiming at developing a slow releasing tablet which is taken only one time a day and absorb medicines during all day. This project has to be suspended due to not paying attention before commencement to the effect that will have due to competitiveness and equipment worth of Rs. 2,869,9054/- has been given to the private partner on the approval of the Board of Directors. Also the balance amount of the project amounted to Rs. 22,097,860 were kept idle even at May 2019.
- (b) The amount of Rs. 31,593,340/- provided to purchase major and minor equipment in relevant to 12 projects funded in year 2018 has not been utilized to purchase equipments even at May 2019.

- (c) The amount of Rs. 6,626,556/- provided for two projects was retained in accounts even at 31 March 2019 without being utilized in projects.
- (d) The Council has spent Rs. 5,687,500/- for the project commenced in year 2013 by a private company to develop secretions of Agarwood plant species for commercialization and establishment of plant nurseries and it has been successfully completed in December 2017. Even it is expected to create direct and indirect employment opportunities and earn huge export income; approval for exportation could not be obtained even by 15 May 2019. Therefore could not achieve the expected targets of the project.

W.P.C. Wickramaratne
Auditor General