



# **ANNUAL REPORT - 2019**

## **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

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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

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- ❖ 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 2019-01-01 TO 2019-11-28)

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### Chairman

1. Prof. Hithanadura Janaka de Silva (Resigned on 2019-11-08)

### Other Members

2. Prof. Kemal Deen
3. Prof. Veranja Karunaratne
4. Prof. Nayani Melegoda
5. Prof. Kamini Nirmala Mendis
6. Mr. Fazal Mushin
7. Prof. Malik Ranasinghe
8. Prof. P. Ravirajan

### Representative from the Ministry of Science, Technology and Research

9. Mrs. Himali Athaudage

### Treasury Representative

10. Mr. E.A. Rathnaseela

## STAFF

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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/Research Officer:	K. N. K. Dissanayaka
Scientific/Research Officer:	W. K. N. Hansana
Scientific/Research Officer:	S. S. Katugampala
Scientific/Research Officer:	M. S. Perera
Scientific/Research Officer:	B. M. N. C. Karunarathna
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
Driver:	S. S. Jayasinghe

As at 31.12.2019

## CHAIRMAN'S MESSAGE

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It is a pleasure to submit the Annual Report of the National Research Council (NRC) of Sri Lanka for the year 2019 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.

2019 was the 20<sup>th</sup> anniversary year of the National Research Council (NRC). The anniversary was celebrated with an issuance of a commemorative stamp which depicted the programs NRC facilitates and its contribution to the Economy, Society and Environment. The NRC has conducted following programs during the year 2019; Investigator Driven Research Grant Program, Public-Private Partnership Program, Target Oriented Multi-Disciplinary Research Grant Program, Presidential Awards for Scientific Research, Outreach and the Public Awareness Program. In the year 2019, the NRC started receiving royalty from a Public-Private Partnership (PPP) grant for the first time, and it was a raise of NRC to a standing of an earning institute. The PPP program was also revised so that it could support transformation of an idea to a prototype and prototype to a commercialized product / process; Thus two supportive hands for innovations. Target Oriented Multi-Disciplinary Research (TO) program has marked completion of one project from the first set of projects which has been started in 2014, while becoming the current flagship program of NRC. The outreach program on 'Sustainable Management of Polythene' which was the NRC's main public awareness activity of the year, had received expert recommendations for the work done so far, and it was highlighted by presenting the recommendations to H E the President.

In November 2019, Prof. Janaka de Silva resigned from the NRC, after serving as the Chairman from 2013. During his tenure he took the initiatives to establish NRC by an ACT of Parliament, which was followed by the staff being permanent. While appreciating the contribution of former Chairman and the Council, I wish to express my gratitude to the Hon. State Minister for Science, Technology and Research and the Secretary to the State Ministry for their support and encouragement granted to NRC during year 2019.

Professor Hemantha Dodampahala  
Chairman

## CHIEF EXECUTIVE OFFICER'S REPORT

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I am pleased to have this opportunity to provide a message to the NRC Annual Report 2019, as it's a special year for the NRC, the year it celebrates its 20<sup>th</sup> Anniversary. The NRC which started as a project under the purview of the Presidential Secretariat grew itself slowly and steadily into its present status. Today it's in the forefront of funding R & D in S & T in Sri Lanka, facilitates many research programs, it's an organization that emphasizes on quality research, also recognize scientists for their research excellence, and assess the impact of research outcomes to the National Development Agenda.

On 2<sup>nd</sup> May 2020, the NRC celebrated its 20<sup>th</sup> Anniversary; the event was celebrated with an issuance of a commemorative stamp. The Stamp depicted the programs NRC facilities and its contribution to the Economy, Society and Environment.

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 programs during the year 2019; Investigator Driven Research Grant Program, Private-Public Partnership Program, Target Oriented Multi-Disciplinary Research Grant Program, Presidential Awards for Scientific Research, Outreach Program and the Public Awareness Program.

The Investigator Driven Research Grants (ID) Program; started in 1999, a program that has being in operation for the last 20 years. It is a competitive grant scheme, which facilitates scientists to conduct innovative research and create new knowledge. These grants are called annually, and it's an open call, where the applicants could apply from any field science. During 2019, 102 applications were received from which 28 were funded offering 20 postgraduate fellowships. Many recommendations given in the 2018, R. Mahindapala report was implemented during the year to improve the monitoring and evaluation process of the granting scheme. Therefore, from 2019, onwards an inception report will be submitted by the P.I at 6 months with the concurrence of a mentor appointed to the grant, and annual evaluations will be done at 12 months, shifting from the previous procedure of calling for annual report in November every year. There were over 150 grants in operation during the year. The final evaluation of 41 grants were completed, with 59 international publications and 06 post graduates obtaining their degrees MPhils degrees and research findings disseminated at 83 international conferences.

From this year onwards, Impact Assessment will be an integral part of the NRC evaluation process. The R. Mahindapala report (2018) assessed 50 completed grants awarded between 2005 and 2011 and of them 08 grants were selected that could have high impact from its research outcomes. Off these eight, four selected during the year to quantify the impact of these research grants to national development. The assessment highlighted a medical research that led to a National Policy in 2016 and which resulted in very high returns on investment.

The Private-Public Partnership (PPP) program 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. Seven Expressions of Interest were received and processed during the year. One project on nano-material was selected for funding, and another nutritional product is being reviewed. A total of 10 PPP projects were in operation during the year. For the PPP program also it was a special year, as for the first time we started receiving royalty from a PPP grant, and were able raise NRC to a standing of an earning institute.

The PPP programme was re-visited and several changes were introduced, during the year. In future, the grants will be funded in two phases. The Phase-I will be for any project that support an idea to prototype and Phase-II will be for prototype to commercialization. Applications for 2020 were called from both these categories, at the end of the year.

In 2013, the Target Oriented Multi-disciplinary (TO) Research Program was initiated to find long-term solutions through R & D intervention for critical national issues. This year no grants were awarded, however the Council decided on ten priority areas to fund during the year 2020. Progress review meetings were held during the year to evaluate and monitor the nine ongoing projects. One of the five projects funded in 2014 under the TO granting scheme completed its R & D activities and submitted its Final Reports, which is being reviewed. The success of these projects will indicate the effectiveness of the TO granting scheme. The ongoing grants have resulted in many outputs during the year and some of them have already been implemented with its stakeholder.

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. This program also has been in operation since 1999, and has contributed immensely to improve the quality of research with number of publications increase exponentially. The PASP is an annual event in the NRC calendar, held during the month of November; however the function was brought forward to July this year as the Presidential Elections were anticipated to be held during month of November.

The awards for year 2017 were held on 26<sup>th</sup> August 2019, H.E. the President Maithripala Sirisena graced the occasion; 338 scientists were felicitated, who have authored the 100 best quality publication.

The Outreach Program, is the program that links NRC to the society. The 'Sustainable Management of Polythene' started in 2017 continued during 2019 in 800 Schools in the North Central Province. This was a special initiative to illustrate the NRC commitment to a cleaner

environment. The National Academy of Sciences of Sri Lanka evaluated the impact of this program, by conducting a survey in these schools. The students from University of Peradeniya were engaged in conducting the survey. The final recommendations for a sustainable management of polythene, to be implemented in schools in the North Central Province were submitted to H. E. the President Maithripala Sirisena, in July 2020.

The Ministry of Research & Technology organized “Shilpa-Sena”, an exhibition on emerging technologies in Colombo and Polonnaruwa, during the months of July and September. The NRC was assigned the subject of Neuro-Technology, and both events, were completed successfully, with a large number of people visiting the NRC exhibitions stall.

Over 20 newspaper articles were published to make the public aware of valuable research findings, of NRC grants.

A new Council was appointed at the beginning of the year and Prof. Janaka de Silva was re-appointed as Chairman of the Council. In November 2019, Prof. de Silva resigned from the post of Chairmanship, after serving the NRC, from its inception as a Council Member, and then as Chairman since 2013. On behalf of the NRC, I wish to thank Prof. de Silva for his innumerable contribution during the long period of his association with the NRC. A special appreciation to him for taking the initiative to establish NRC by an ACT of Parliament, which was followed by the staff being permanent. He took many steps to improve the quality of research in S & T in Sri Lanka during his tenure as the Chairman.

I wish to thank the Council members for their instinct support given to us in all our effort to take NRC to greater heights and all officials of the Treasury and Ministry of Science, Technology & Research for the corporation extended to us during this year

The NRC has an approved Cadre of 21, and 03 new staff members were appointed to the permanent cadre during the year. The staff participated in a familiarization tour this year too, and visited to Bathalogoda Rice Research Institute, Sri Lanka Navy & Eastern University, to observe research been done in these organizations to understand R & D activities that take place in the field and laboratories. They were also given opportunities to participate many training programs in their respective area of work to abreast with their knowledge to provide a better services, I wish to thank the staff for their continuous support throughout the year.

The NRC was allocated Rs. 178 million capital budget and Rs. 24 million recurrent budget and received Rs. 98 and Rs. 24 million respectively during the year 2019. More than 90% of the capital funds were used to award grants. The Audit Report, released by the Auditor General’s Department in 2019 for 2018 Financial Year was awarded “true and fair opinion”, which is the No. 1 opinion.

The Annual Report 2019 reflects the NRC to document the outcomes it has achieved throughout the year, and look forward for the year ahead to serve our research community.....

Manisha C. Rajapakse  
Chief Executive Officer

## FINANCIAL HIGHLIGHTS IN THE PRECEDING 3 YEARS

Programs (Strategies)	Indicator	Physical Progress			Financial Progress Rs. Mn		
		2017	2018	2019	2017	2018	2019
General administration of NRC					20.99	22.80	
Development Assistance for below Programs					178.63	161.27	
Target Oriented Multi-Disciplinary Research Program (Program started in 2014)	No. of Programs	1 Program commenced	1 Program commenced	0 Program commenced			
Private Public Partnership Program (Program started in 2013)	No. of Programs	2 Programs commenced.	3 Programs commenced.	1 Program commenced.			
Investigator Driven Grants Program (Program started in 1999)	No. of research grants awarded	32 Investigator Driven Grants were awarded	24 Investigator Driven Grants were awarded 04 Special grants were awarded for Eco-friendly Weed Control (EWC)	28 Investigator Driven Grants were awarded	-	-	-

	No. of PhD/MPhil fellowships awarded.	27 PhD /M Phil fellowships were awarded	23 PhD /M Phil fellowships were awarded	20 PhD /M Phil fellowships were awarded			
President's Awards for Scientific Publication Program (PASP). (Program started in 2001)	Functions held and No. of Scientists 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	PASP function was held for year 2017 Publications and 100 publications were awarded	-	-	-
Other Programs: Outreach/ Public Awareness Program	Activities completed	6 Outreach programs were conducted. 40 Newspaper articles were published on research conducted by the NRC.	8 Outreach programs were conducted. 18 Newspaper articles were published on research conducted by the NRC.	4 Outreach programs were conducted. 21 Newspaper articles were published on research conducted by the NRC.	-	-	-
Total					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 program 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 Program**

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 program was initiated for scientists to conduct research with minimum bureaucracy.

NRC Research Grants program provides competitive grants to public institutes for R & D activities. This program 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 program 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.

## **President's Awards for Scientific Research**

The program 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.

From year 2019 onward, the awards will be given for the publication (the piece of research) rather than to the individual scientist. Awards will be given for international patents related to science in addition to publications. As the NRC also wishes to encourage research that is conceptualized and performed mainly in Sri Lanka,

consideration has been given to the level of contribution made by Sri Lankan Scientists to the piece of research and the publication in instances where there is international collaboration.

To avoid bias towards any particular scientific discipline, the scoring system used to rank the publications was source normalized (based on weighted citations); it was made transparent – i.e. available and freely accessible in the public domain. These criteria were fulfilled by the SCImago Journal Rank (SJR), a database of journal citation metrics maintained by Scopus and owned by Elsevier BV, thus the scheme is based on SCImago Journal Ranking (SJR) extracted from the **Scopus** database. During the year 2019, 100 publications were awarded for being published in indexed journals for the year 2017.

### **Public Private Partnership Program**

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) program 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 program. 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 sectors, in providing research-based solutions to national needs.

### **Other Programs**

Outreach Programs: With the direction of Ministry of Science, Technology and Research, outreach programs were conducted in each quarter to highlight the output of research grants to the public. Further to that, NRC participates to a number of exhibitions at a year, with grantees who voluntarily take part in educational stalls.

Public Awareness Program: 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 - 2019

### TARGET ORIENTED MULTI DISCIPLINARY RESEARCH GRANTS

In October 2019, NRC advertised for new grant applications for year 2020.

	2014	2016	2018	2020
<b>No of applications received</b>	60	50	25	48
<b>No of applications short listed for detailed proposal</b>	21	11	06	08
<b>No of applications short listed for presentation</b>	11	06	03	07
<b>No of grants awarded</b>	05	03	01	In progress

Nine Target Oriented Multi-Disciplinary Grants, which were awarded in 2014, 2016 and 2018, were in operation during the year 2019 and Prof. R. B. Mapa, Project Monitoring Consultant of National Research Council, monitored the progress.

#### *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. Menaka 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 analyzed 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 analyzed for heavy metals using ICPMS, GIS Mapping to reconstruct the pollution history of the Mahaweli areas, and conducting public awareness programs.

### **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, Mahailuppallama)

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: Prof. 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 long term solution to thirst community.

**Development of advanced materials-based filters for water purification**

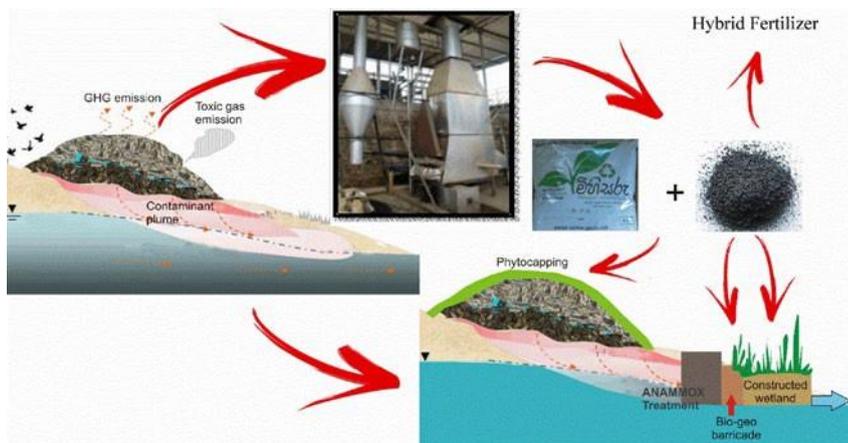


(PI: Prof. Rohini de Silva, Prof. Nalin de Silva, University of Colombo)

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 2019 started with applications in hand for NRC Investigator Driven Research Grants Program. 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 05<sup>th</sup> November 2018 and 102 applications were received. During the first quarter, the annual progress reports of the ongoing grants were sent for evaluations.

The applications (2019) 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.

<i>ACTIVITY</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>No. of Applications selected for funding after evaluation</i>	33	24 + 4	37
<i>No of Grants Funded</i>	32	24 + 4	28
<i>Total value of grants awarded through treasury funding</i>	<i>Rs. 128.7 Mn</i>	<i>Rs. 120.93 Mn</i>	<i>Rs. 128.4 Mn</i>

Only 36% (37/102) of the applicants were selected and 28 applications were forwarded to the treasury for funding, during the year 2019. Out of 37 selected applications, two applications were withdrawn by principal investigator and two applications were disqualified by the Council, as principal investigators requested to remove themselves from their respective projects. Five applications were pending for Council decision, at the end of year 2019.

During the year, 28 research grants were funded from the applications of 2019, and the grant activities were commenced.

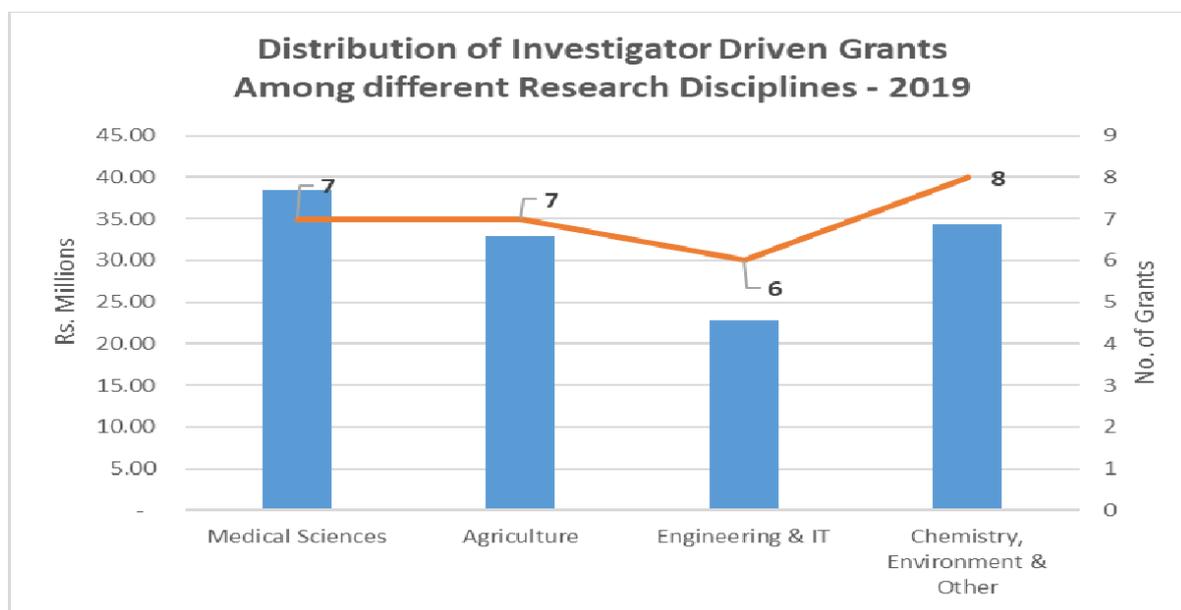
By end of the year, evaluations were completed for 38 grants.

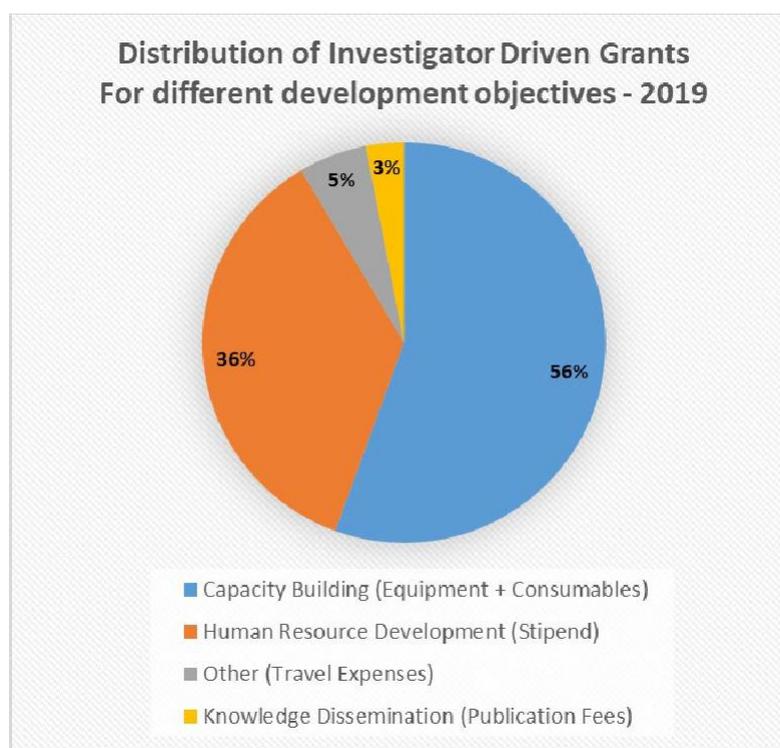
### Funded Research Grants 2019

App. No.	Principal Investigator & Institution	Title
19-005	Dr. S. Balakumar University of Jaffna	Supplement effect of Cherukurinja ( <i>Gymnema lactiferum</i> ) on glycemic control and on selected biochemical and physiological parameters among patients with type ii diabetes mellitus
19-006	Prof. K. D. R. R. Silva Wayamba University of Sri Lanka	Examination of the state of food literacy education and food environment in Sri Lankan secondary schools
19-019	Dr. Shiromi Karunaratne Sri Lanka Institute of Information Technology	Development of a model to simulate the sustainability of infrastructure using life cycle approach
19-028	Prof. B. G. D. N. K. De Silva University of Sri Jayewardenepura	Identification and characterization of etiological agents of brugian filariasis in Sri Lanka and their vectors
19-030	Dr. A. S. Hewage Institute of Biochemistry, Molecular Biology and Biotechnology	Genetic analysis for predictive markers for hepatocellular carcinoma (HCC) in non-alcoholic steatohepatitis (NASH) related cirrhosis
19-032	Dr. M. A. Wijewardane University of Moratuwa	Development of new Thermo-Electric (TE) materials for automobile heat recovery applications
19-033	Dr. K. D. P. P. Gunathilake Wayamba University of Sri Lanka	Evaluation of potential health enhancing properties of edible flowers available in Sri Lanka
19-040	Dr. S. J. Sooriyaarachchi University of Moratuwa	Development of a network of subsoil sensors and drones for crop surveillance
19-045	Dr. D. N. Subramaniam University of Jaffna	Characterization of porosity distribution in porous concrete with compaction energy
19-046	Prof. Saman Seneweera National Institute of Fundamental Studies	Efficacy and welfare of Aversive Geofencing Devices for managing the movements of Asian elephants
19-050	Dr. P. S. Perera University of Kelaniya	Comprehensive biochemical and molecular analysis of patients suspected with inherited hemolytic anemia in Sri Lanka and

		assessment of its contribution to anemia burden in the community
19-051	Dr. L. B. D. R. P. Wijesundera University of Kelaniya	Development of an environmentally friendly high efficient low cost Cu <sub>2</sub> O homojunction solar cell
19-052	Dr. R. P. Hettiarachchi Rubber Research Institute	Enhancing soil fertility in degraded rubber lands by combine use of agro management practices such as inorganic fertilizer, biofertilizer, cover cropping and mulching with organics
19-054	Dr. Prasad Senadheera The Open University of Sri Lanka	Investigation of cultivar dependent dynamics of seed metal ion content and identification of prospective genetic candidates for nutritional quality improvement in Sri Lankan rice germplasm
19-058	Dr. Y. D. Siriwardana University of Colombo	A needs assessment study of young and mid-career academics in Sri Lankan Universities aiming at evidence-based decision making
19-061	Dr. R. A. S. W. Ranasinghe National Herbarium	DNA Bar-coding, Morphological Taxonomy and Phylogeny of <i>Syzygium</i> spp. of Family Myrtaceae in Sri Lanka: Implications for Conservation and Sustainable Exploitation
19-062	Prof. T. D. Silva University of Colombo	Genetic diversity and relationship among agronomically locally adapted black pepper ( <i>Piper nigrum</i> ) accessions from selected localities in Sri Lanka and their endophytes, applied to biotic stress tolerance and growth promotion
19-065	Dr. Hasitha Tissera Epidemiology Unit Ministry of Health	Development of a colorimetric reverse transcription Loop-mediated isothermal amplification (RT-LAMP) assay as a cost-effective, novel surveillance tool for differential detection of dengue serotypes in <i>Aedes</i> mosquitoes
19-072	Prof. H. M. S. K. Herath, Uwa Wellassa University of Sri Lanka	Determination of the variation of soil carbon dynamics and soil physico-chemical properties in tropical rainforests and tropical montane forests in Sri Lanka across an altitudinal gradient
19-075	Dr. A. Vengadaramana University of Jaffna	Bioethanol production from marine algae
19-076	Dr. W. D. D. Fernando University of Peradeniya	Development of irradiated multivalent chicken coccidial oocyst vaccine in Sri Lanka in order to minimize drug residues in poultry products
19-080	Dr. B. K. R. P. Rodrigo University of Moratuwa	Computational Optimization of Deep Neural Networks in a Digital Signal Filtering Perspective
19-081	Dr. Nayana Wijayathilaka University of Sri Jayewardenepura	Analyzing the phylogenetic relationships of Sri Lankan Agamid Lizards to facilitate their conservation

19-089	Dr. D. R. A. Dissanayake University of Peradeniya	Analysis of multidrug resistant Extra intestinal Pathogenic Escherichia coli clones in humans and animals in Sri Lanka and determine the potential of developing a vaccine to eliminate the clones
19-090	Dr. I. P. L. Jayarathna National Institute of Fundamental Studies	Synthesis of modified Zeolite for catalytic converting and removal of NO <sub>x</sub> , SO <sub>x</sub> and CO from the vehicle exhaust
19-092	Dr. P. L. Dharmapriya University of Peradeniya	Petrogenesis, geochemistry and potential of economic mineralization of granitic pegmatite in Sri Lanka
19-095	Dr. W. L. I. Wijsekera University of Sri Jayewardenepura	Characterization of proteins from underutilized Sri Lankan seaweeds and application as protein alternatives in bakery foods
19-099	Prof. Ajith De S. Nagahawatte University of Ruhuna	A “One Health” approach: the epidemiology of methicillin-resistant <i>Staphylococcus aureus</i> isolated from humans, animals and animal products in southern Sri Lanka





## PRESIDENT’S AWARDS FOR SCIENTIFIC RESEARCH

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Ceremony of the President’s Awards for Scientific Research was held at Taj Samudra Hotel, Colombo, on 26<sup>th</sup> August 2019 for the twelfth time.

The top 100 papers published in journals (in year 2017) with the highest SCImago Journal Ranking (SJR), in which 20% or more of the authors of the publication are Sri Lankan scientists with a Sri Lankan institutional affiliation were awarded for different disciplines including medicine, engineering and agriculture.

The occasion was graced by H.E. the President, Maithripala Sirisena as the Chief Guest. The State Minister of Science, Technology and Research, Mr. Sujeewa Senasinghe and the Secretary of the State Ministry of Science, Technology and Research, Mr. Chinthaka Lokuhetti 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. As 2019 is the twentieth anniversary year of NRC, additional presentations from five of research grantees were taken place at the first part of the function, reflecting success stories of Target Oriented Multidisciplinary research grants, one flagship program of NRC.





## PRIVATE PUBLIC PARTNERSHIP PROGRAMME

The PPP Program is continued during the period.

Activities	2017	2018	2019
No of Expression of Interest (EOI) received for PPP	10	15	7
No of EOI's Selected to submit detail proposals	4	7	5
No. of Partnerships with Private Sector	2	3	1
Total Funds required	Rs. 6.84 Mn	Rs. 20.26 Mn	Rs. 42.23 Mn
Funds Provide buy the Private Sector (Approx. 50%)	Rs. 3.42 Mn	Rs. 10.13 Mn	Rs. 21.90 Mn

**Ongoing Private Public Partnerships...**

<b>Research Partner</b>	<b>Project Title</b>
Dr. ShanthaWalpalage 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
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 (mealy bugs, aphids, whiteflies and thrips) causing yellowing, wilting and leaf-curl
Dr. N. M. S. Sirimuthu University of Sri Jayawardenepura	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
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
Prof. Nilwala Kottegoda, University of Sri Jayawardenepura	Development of waste coconut coir based multi-purpose nano-water filters

### **1. Outreach Program 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-2019
5. Monitoring & Evaluation-2019

#### **Data collection for progress**

After the teachers training programme, NRC monitored the above 810 schools in North Central Province via sending a questionnaire and collected filled questionnaire in three months.

#### **Monitoring & Evaluation**

After the teachers training programme NRC conducted a monitoring and evaluation programme to evaluate the above programme.

As a first step NRC has request from National Academy of Science to appoint committee to conduct the evaluation programme and they have appointed special committee with three senior professors from university of Peradeniya. Then NRC has discussed with above committee and prepared a monitoring and evaluation programme.

According to the above programme, the committee has prepared a questionnaire with guidance of sociology department of university of Peradeniya, and they decided to visit each school with students of environmental science 3<sup>rd</sup> and 4<sup>th</sup> years.

Then above committee members, students and NRC staff has visited schools of three educational zones in NCP (Kakirawa, Hingurakgoda and Polonnaruwa). After the above three visits, the committee has given a report to NRC and they said the SMP programme was success in 75% and they send some suggestions to improve this programme.



## 2. Outreach Programme - Exhibitions

### Shilpasena I Technology Revolution - Colombo

The exhibition was held in BMICH Colombo from 18<sup>th</sup> to 21<sup>st</sup> July 2019. NRC coordinated the Neurotechnology zone, one of 12 technology zones of the exhibition. More than 200,000 participants visited to the Neurotechnology zone and it became a popular tech zone at the exhibition.



## Shilpasena II Technology Revolution - Polonnaruwa

The exhibition was held in Central Sports Complex, Polonnaruwa from 25<sup>th</sup> to 29<sup>th</sup> September 2019. NRC coordinated the Neurotechnology zone. More than 150,000 participants visited to the Neurotechnology zone and for the second time also.



### 3. Development of VIDATHA Resource Centers

In response to the request of the State Ministry of Science, Technology and Research, the NRC supported development of two VIDATHA Resource Centers at Musali (Mannar District) and Udubaddawa (Kurunegala District) by providing some minor equipment, in order to promote technology in rural areas.



ATTACHED

## AUDITOR GENERAL'S REPORT

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ATTACHED

## CONTACT INFORMATION

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### **National Research Council**

**120/7, Vidya Mawatha, Colombo 07.**

**Telephone General: 011-2675176**

**Fax: 011-2675136**

**Email: [admin@nrc.gov.lk](mailto:admin@nrc.gov.lk)**

**Website: [www.nrc.gov.lk](http://www.nrc.gov.lk)**



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# **ANNUAL ACCOUNTS – 2019**

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## **NATIONAL RESEARCH COUNCIL**



**FEBRUARY 27, 2020**

**NATIONAL RESEARCH COUNCIL**

**120/07, Vidya Mawatha, Colombo 07**

**Web: [www.nrc.gov.lk](http://www.nrc.gov.lk) E-mail: [admindesk@nrc.gov.lk](mailto:admindesk@nrc.gov.lk)**

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# Financial Statement Components for F/Year of 2019

- ✚ **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, 2019**

	Notes	2019 Rs.	2018 Rs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents - NRC		21,874,088.90	29,410,772.44
Loan		179,000.34	-
Advance for T/T		1,236,502.55	16,117,657.37
TO Program	1	152,811,687.60	199,187,970.47
ID Grants	1	236,397,125.37	254,555,793.35
NRC PPP Program	1	30,989,133.89	40,065,853.38
EWC Grants	1	19,671,895.63	22,022,624.00
Asbestos Grants		592,248.64	5,120,440.00
		<b>463,751,682.92</b>	<b>566,481,111.01</b>
<b>Non-Current Assets</b>			
NRC Staff Loan		1,779,794.71	-
Other Financial Assets	2	2,162,993.00	1,971,000.00
Property, Plant and Equipment	3	289,499,512.68	276,786,973.12
Intangible Assets		725,520.00	-
Total Non-Current Assets		<b>294,167,820.39</b>	<b>278,757,973.12</b>
<b>Total Assets</b>		<b>757,919,503.31</b>	<b>845,239,084.13</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	4	9,040,131.37	3,025,822.65
<b>Non-Current Liabilities</b>			
Gratuity Provision		408,852.50	-
<b>Total Liabilities</b>		<b>9,448,983.87</b>	<b>3,025,822.65</b>
<b>Net Assets</b>		<b>748,470,519.44</b>	<b>842,213,261.48</b>
<b>NET ASSETS/EQUITY</b>			
Capital Contributed by;			
Capital Grant		693,442,477.16	784,748,351.66
Reserves		-	-
Accumulated Surpluses/(deficits)		55,028,042.28	57,464,909.82
Minority interest		-	-
<b>Total Net Assets/Equity</b>		<b>748,470,519.44</b>	<b>842,213,261.48</b>

The Accounting policies are on the pages **06 to 11 and Notes on pages 12 to 19** 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.Dodampahala  
Chairman/NRC

Mr.W.Wimalasena  
Member of the Council

Ms.M. C. Rajapakse  
Chief executive Officer

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

**NATIONAL RESEARCH COUNCIL -SRI LANKA**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2019**

	Notes	2019 Rs.	2018 Rs.
<b>Revenue</b>			
Recurrent Receipts – NRC Administration	7	23,764,870.00	22,807,360.00
Capital Grant		2,387,027.49	1,311,385.93
Recurrent Receipts – Research and Development	6	183,322,767.58	178,126,944.36
Other Receipts		2,833,432.39	1,440,450.00
Receipt for Asbestos		1,432,778.18	5,120,440.00
Transfer Proceeds - NRC		355,062.18	60,650.96
<b>Total Revenue</b>		<b>214,095,937.82</b>	<b>208,867,231.25</b>
<b>Expenses</b>			
Personal Emoluments		13,566,943.60	10,407,243.54
Research & Development	5	133,901,942.85	135,454,758.65
Supplies and Consumables	8	10,727,961.46	12,376,169.02
Depreciation Expense –NRC Grants	3	49,420,824.73	42,672,185.71
Depreciation – NRC Office Equipment's	3	2,387,027.49	1,311,385.93
Director Board Allowances		649,600.00	1,070,795.36
Finance Costs		13,350.00	12,990.00
Transfer Proceeds - NRC		355,062.18	60,650.96
<b>Total Expenses</b>		<b>211,022,712.31</b>	<b>203,366,179.17</b>
Share of Surplus of Associate's			
<b>Surplus/(Deficit) for the period</b>		<b>3,073,225.51</b>	<b>5,501,052.08</b>
Attributable to:			
Owners of Controlling Entity		3,073,225.51	5,501,052.08
Minority interest			
		<b>3,073,225.51</b>	<b>5,501,052.08</b>

Notes from the pages 06 to 19 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, 2019**

	Notes	2019 Rs.	2018 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxation		-	-
Receipt from Treasury (Recurrent)		23,764,870.00	22,807,360.00
Receipt from Treasury (Development Assistance)		93,000,000.00	162,050,000.00
Sales of Goods and Services		-	-
Receipts from Closed Grants		67,718,155.14	34,337,064.67
Interest Received		-	-
Other Receipts		6,153,332.52	6,636,466.20
<b>Payments</b>			
Cash Payment to Employees		(14,250,875.85)	(11,806,903.92)
Superannuation		-	-
Suppliers		-	-
Research Grants and Other Programs	9	(170,818,525.19)	(205,460,064.85)
Interest paid		-	-
Other Payments		(11,322,645.64)	(11,488,682.41)
<b>Net Cash Flows from Operating Activities</b>		<b>(5,755,689.02)</b>	<b>(2,924,760.31)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Plant and Equipment		(1,780,994.52)	(1,369,239.50)
<b>Net Cash Flows from Investing Activities</b>		<b>(1,780,994.52)</b>	<b>(1,369,239.50)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(7,536,683.54)</b>	<b>(4,293,999.81)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>29,410,772.44</b>	<b>33,704,772.25</b>
<b>Cash and Cash Equivalents at End of Period</b>		<b>21,874,088.90</b>	<b>29,410,772.44</b>

*Notes from the pages 06 to 19 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, 2019**

	Notes	Accumulated Surplus or Deficit Restated Rs.	Capital Grant Restated Rs.	Total Net Assets/Equity Rs.
<b>Balance as at 01/01/2019</b>		<b>57,464,909.82</b>	<b>784,748,351.66</b>	<b>842,213,261.48</b>
Correction of 2019 Expenses taken as 2018 Expense	12	93,625.84	-	93,625.84
2017 Internal Audit Fee Adjustment to 2017 Profit		(231,000.00)	231,000.00	-
2017 Internal Audit Fee Reversal from 2018 Profit		231,000.00	(231,000.00)	-
Reversal of Outreach Expense taken as Normal Expense in 2018		55,044.00	(55,044.00)	-
Outreach Expense incurred in 2018, taken as a R & D expense and adjustment to Equity		(55,044.00)	55,044.00	-
Reversal of Capital Grant identified as Income in 2018 from Sponsorship Funds		(852,970.35)	852,970.35	-
Reversal of Over Depreciation in 2018		4.11	-	4.11
Cancellation of a 2018 Expense	13	10,299.75	-	10,299.75
Reversal of funds taken as Income, which received from Asbestos Grant in 2018		(5,120,440.00)	-	(5,120,440.00)
Reversal of Over Provision as Payable to Widya Newspapers		165,600.00	-	165,600.00
Reversal of General Audit Fee Over Provision in 2018		193,787.60	-	193,787.60
Capital Grant Received During the year 2019		-	93,000,000.00	93,000,000.00
PPP Company – Grant Closed			906,012.39	906,012.39
Capital Grants identify as Income for the year 2019	10	-	(121,428,649.83)	(121,428,649.83)
Depreciation in respect of Capital Assets & Loss on Disposal	11	-	(64,636,207.41)	(64,636,207.41)
		<b>51,954,816.77</b>	<b>693,442,477.16</b>	<b>745,397,293.93</b>
		51,954,816.77	693,442,477.16	745,397,293.93
Surplus/ (Deficit) for the period 2019		<b>3,073,225.51</b>	-	<b>3,073,225.51</b>
<b>Balance as at 31/12/2019</b>		<b>55,028,042.28</b>	<b>693,442,477.16</b>	<b>748,470,519.44</b>

Notes from the pages 06 to 19 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, 2019

### 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 29<sup>th</sup> 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 31<sup>st</sup> 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 29<sup>th</sup> 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 31<sup>st</sup> December 2019 is Rs. 28,940,768.02

##### *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 be 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 31<sup>st</sup> December 2019 were authorized for issue by the Chairman of NRC,

# NATIONAL RESEARCH COUNCIL -SRI LANKA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

CEO and the Accountant with the pending approval of Board of Council Members on 27/02/2020.

### 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, 2019

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 recognized 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:

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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 %
Intangible Assets	4 years	25%

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. Depreciation has been allocated for the whole month without considering purchasing date and disposal/transfer 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

**NATIONAL RESEARCH COUNCIL -SRI LANKA  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

plant and equipment until they are transferred or disposed

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%
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**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, 2019**

**N-1. NRC ID Grants, TO Program and NRC PPP Program**

ID Grants	Balance as at 31st December 2019	
	Bank	Cash
12-114	-	20,000.00
15-028	-	20,000.00
15-036	281,373.54	-
15-057	-	25,000.00
15-069	47,547.39	-
15-070	-	510.00
15-113	-	4,999.00
15-145	1,797,950.41	-
15-153	826,468.31	-
16-016	576,132.51	-
16-023	691,166.70	-
16-029	1,958,816.85	25,000.00
16-031	865,423.28	-
16-033	408,599.00	-
16-044	350,992.56	-
16-054	337,597.38	-
16-075	1,172,733.41	-
16-078	68,629.65	-
16-087	-	20,000.00
16-098	-	20,000.00
16-128	-	25,000.00
16-138	516,918.80	-
16-144	111,991.48	-
17-006	1,040,316.61	-
17-007	599,740.64	-
17-008	1,087,586.95	-
17-010	2,077,501.38	-
17-011	364,537.78	-
17-017	820,941.81	-
17-018	2,831,166.88	-
17-019	941,250.00	-
17-020	1,078,725.84	-
17-025	2,838,297.15	25,000.00
17-027	752,596.61	-
17-028	2,146,391.00	25,000.00
17-029	1,069,008.40	-
17-033	3,413,380.35	-
17-037	1,361,037.04	-
17-038	1,590,424.57	-
17-042	1,798,285.21	-

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	-
15-070	-	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	-

17-054	2,713,075.19	-
17-055	263,921.56	-
17-058	527,452.35	-
17-060	650,000.00	-
17-065	900,000.00	-
17-066	1,202,601.36	-
17-069	1,282,070.66	-
17-072	4,633,387.16	-
17-074	2,694,033.81	-
17-086	4,123,054.35	-
17-094	2,357,980.36	6,774.40
17-095	946,004.42	1,266.00
17-098	1,779,205.81	-
18-005	1,087,678.40	-
18-007	763,239.15	95.00
18-008	2,983,913.44	-
18-009	934,654.22	-
18-012	2,927,774.21	-
18-013	2,932,723.80	-
18-028	638,887.12	-
18-030	3,711,336.00	-
18-032	2,312,089.00	-
18-035	497,955.00	-
18-043	605,100.00	-
18-044	4,780,500.14	-
18-050	1,429,809.64	-
18-057	3,997,405.99	-
18-063	734,925.82	-
18-066	786,086.75	-
18-077	488,175.00	-
18-079	2,255,637.05	25,000.00
18-080	2,470,000.00	-
18-083	3,536,329.90	-
18-084	4,500,000.00	-
18-088	2,758,023.81	-
18-091	2,449,817.69	-
18-094	1,127,150.95	-
19-005	4,833,174.74	-
19-006	5,760,000.00	-
19-019	2,100,000.00	-
19-028	4,999,050.00	-
19-030	5,910,000.00	-
19-032	3,030,000.00	-
19-033	4,735,000.00	-
19-040	4,930,000.00	-
19-045	2,520,000.00	-
19-046	4,533,324.45	-

16-023	1,691,166.70	-
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	-
16-098	-	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	-
17-006	1,740,731.41	-
17-007	2,219,842.25	-
17-008	3,230,878.70	-
17-010	4,558,359.43	-
17-011	4,337,039.96	1,500.00
17-017	2,890,907.26	-
17-018	3,076,527.88	-
17-019	3,747,200.00	-
17-020	3,274,511.35	-
17-025	3,824,532.50	1,474.00
17-027	1,858,126.24	25,000.00
17-028	3,089,661.00	-
17-029	2,401,841.80	-
17-033	4,463,800.00	-
17-037	2,208,667.53	-
17-038	1,771,043.44	-
17-042	3,794,602.97	-
17-047	549,971.50	-
17-054	4,369,358.44	-
17-055	1,511,129.34	-
17-058	1,652,402.00	-
17-060	930,000.00	-



18-021	47,895,696.75	-
-	-	-
<b>Grant Total</b>	<b>152,519,502.60</b>	<b>292,185.00</b>
<b>Total</b>	<b>152,811,687.60</b>	

16-018	22,556,813.14	75,000.00
18-021	49,409,625.00	-
<b>Grant Total</b>	<b>199,067,970.47</b>	<b>120,000.00</b>
<b>Total</b>	<b>199,187,970.47</b>	

PPP Program	Balance as at 31st December 2019	
	Bank	Cash
14-008	883,402.30	-
16-003	622,181.80	-
16-007	34,351.72	-
17-001	289,480.05	-
17-003	1,432,437.75	-
18-001	994,915.17	-
18-007	2,426,062.49	-
18-002	4,061,302.61	-
19-004	20,245,000.00	-
-	-	-
-	-	-
<b>Grant Total</b>	<b>30,989,133.89</b>	-
<b>Total</b>	<b>30,989,133.89</b>	

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	-
<b>Grant Total</b>	<b>40,065,853.38</b>	-
<b>Total</b>	<b>40,065,853.38</b>	

Asbestos Program	Balance as at 31st December 2019	
	Bank	Cash
Asbestos Grants	592,248.64	-
<b>Total</b>	<b>592,248.64</b>	-
<b>Total</b>	<b>592,248.64</b>	

Asbestos Program	Balance as at 31st December 2018	
	Bank	Cash
Asbestos Grants	5,120,440.00	-
<b>Total</b>	<b>5,120,440.00</b>	-
<b>Total</b>	<b>5,120,440.00</b>	

EWC Program	Balance as at 31st December 2019	
	Bank	Cash
18-02	4,603,625.00	-
18-03	3,920,621.98	-
18-04	6,011,725.00	25,000.00
18-05	5,110,163.65	760.00
<b>Grant Total</b>	<b>19,646,135.63</b>	<b>25,760.00</b>
<b>Total</b>	<b>19,671,895.63</b>	

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	-
<b>Grant Total</b>	<b>22,022,624.00</b>	-
<b>Total</b>	<b>22,022,624.00</b>	

<b>N-02. OTHER FINANCIAL ASSETS</b>	<b>2019 Rs.</b>	<b>2018 Rs.</b>
Building Rental Deposit	1,950,000.00	1,950,000.00
Diets and Conferences Deposit	6,000.00	-
Telecommunication Deposit	15,000.00	15,000.00
Festival Advance	8,750.00	-
Royalty Receivable	183,243.00	-
Container Deposit (American Water)	-	6,000.00
<b>Total</b>	<b>2,162,993.00</b>	<b>1,971,000.00</b>

### N-03. GROSS CARRYING AMOUNTS

<b>COST</b>	<b>BALANCE AS AT 31/12/2018 Rs.</b>	<b>TRANSFERRES /Adjustment Rs.</b>	<b>CORRECTION LC Rs.</b>	<b>ADDITIONS Rs.</b>	<b>DISPOSALS Rs.</b>	<b>BALANCE AS AT 31/12/2019 Rs.</b>
<b>NRC Office Assets</b>	15,680,201.05	1,670,294.66	-	3,389,714.92	2,222,820.60	18,517,390.03
<b>Grants' Major Equipment</b>	338,459,857.94	(1,670,294.66)	(15,000.00)	63,672,896.35	27,567,019.45	372,880,440.18
<b>Grants' Minor Equipment</b>	81,107,489.58	-	-	11,029,801.59	8,049,456.55	84,087,834.62
<b>Total - Assets</b>	<b>435,247,548.57</b>	<b>-</b>	<b>(15,000.00)</b>	<b>78,092,412.86</b>	<b>37,839,296.60</b>	<b>475,485,664.83</b>

### PROVISION FOR DEPRECIATION

	<b>BALANCE AS AT 31/12/2018 Rs.</b>	<b>TRANSFERRES/ Adjustment Rs.</b>	<b>CORRECTION LC Rs.</b>	<b>ADDITIONS Rs.</b>	<b>DISPOSALS Rs.</b>	<b>BALANCE AS AT 31/12/2019 Rs.</b>
<b>NRC Office Assets</b>	4,466,999.19	1,518,425.68	-	2,387,027.49	1,867,758.42	6,504,693.94
<b>Grants' Major Equipment</b>	116,604,680.38	(1,518,425.68)	(4.11)	37,190,872.79	17,968,997.35	134,308,126.03
<b>Grants' Minor Equipment</b>	37,392,045.88	-	-	12,229,951.96	5,174,185.64	44,447,812.20
<b>Total</b>	<b>158,463,725.45</b>	<b>-</b>	<b>(4.11)</b>	<b>51,807,852.22</b>	<b>25,010,941.41</b>	<b>185,260,632.16</b>

### NET BOOK VALUES

	<b>2019 Rs.</b>	<b>2018 Rs.</b>
<b>NRC Office Assets</b>	12,012,696.09	11,216,351.86
<b>Grants' Major Equipment</b>	238,572,314.15	221,855,177.56
<b>Grants' Minor Equipment</b>	39,640,022.42	43,715,443.70
<b>Total - Net Book Values</b>	<b>290,225,032.67</b>	<b>276,786,973.11</b>
<b>Less Intangible Assets</b>	725,520.00	-
<b>Total – Net Book Value without Intangible Assets</b>	<b>289,499,512.67</b>	<b>276,786,973.11</b>

**N-05. Payables**

	2019 Rs.	2018 Rs.
Payable to NRC Parties	76,801.20	-
Telecommunication Payable	21,192.63	50,994.85
Electricity Charges Payable	495,000.00	135,161.82
Water Charges Payable	15,000.00	4,500.00
Other Payables	6,191,685.33	849,709.27
Audit Fees Payable - General	356,454.00	863,387.60
Audit Fees Payable - Internal	511,445.00	430,100.00
Grants Payable	1,372,553.21	691,969.11
<b>Total</b>	<b>9,040,131.37</b>	<b>3,025,822.65</b>

**N-05. Research & Development**

	2019 Rs.	2018 Rs.
ID Grantees' Consumable	42,304,125.67	32,089,179.21
ID Grantees' PhD Stipend	24,362,248.57	29,776,217.88
ID Grantees' Travelling	2,101,231.96	3,216,082.04
ID Grants Publication Cost	401,375.27	224,349.51
TO Program Consumable and Other Exp.	6,208,585.32	7,092,360.72
TO Grantees' PhD Stipend	21,136,453.81	19,293,438.91
TO Grantees' Travelling	886,310.25	1,720,934.57
TO Grantees' Pilot Plant	548,109.15	-
PPP Prog. Consumable	2,495,329.24	1,132,401.77
PPP Grantees' PhD Stipend	2,266,928.55	1,145,000.00
PPP Grantees' Travelling	8,772.00	48,455.13
PPP Grants Outsourcing	168,430.00	-
EWC Grantees' Consumable	333,807.37	2,250.00
EWC Grantees' PhD Stipend	1,851,500.00	40,000.00
Grants & Programs Administration	5,456,664.55	4,800,699.93
Transfer Proceeds	12,473,293.02	25,570,823.89
PASP Prog. Expenses	4,102,539.55	4,852,970.35
Asbestos Grant Expenses	900,529.54	-
Other	5,895,709.03	4,449,594.74
	<b>133,901,942.85</b>	<b>135,454,758.65</b>
Depreciation of Major, Minor Equipment	49,420,824.73	42,672,185.71
<b>N-(06)</b>	<b>183,322,767.58</b>	<b>178,126,944.36</b>
<b>N-(07) TREASURY RECURRENT RELEASE</b>	<b>23,764,870.00</b>	<b>22,807,360.00</b>
January to December		
<b>Total Amount</b>	<b>207,087,637.58</b>	<b>200,934,304.36</b>

**N-08. Supplies, Consumables & Rent**

	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
Travelling	120,403.82	357,703.07
Stationery and Office requisites	490,695.17	864,803.19
Fuel & Lubricants	264,601.27	465,216.49
Diets & Conference	432,207.56	620,990.97
Vehicles-Repairs & Maintenance	224,486.46	704,971.59
Building Maintenance	495,717.64	803,487.95
Audit fee	586,494.00	947,600.00
Postal	191,113.97	263,429.63
Electricity	602,182.16	526,267.98
Water	18,000.00	18,000.00
telecommunication	589,744.49	493,520.84
Licence and Insurance	150,954.55	179,067.89
Rents	4,371,420.00	4,129,126.00
Printing and advertising	561,299.75	1,036,956.57
PPE maintains	195,664.00	180,974.95
Amin. Expenses – Asbestos Grant	38,000.00	-
Capacity Building	673,870.22	-
Gratuity Expenses	408,852.50	-
Other	312,253.90	784,051.90
Total	<b>10,054,091.24</b>	<b>12,376,169.02</b>

**N- 09. Research Grants & Other Programs**

	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
ID Grants	132,408,066.40	104,379,537.49
PPP Grants	20,485,000.00	12,326,444.00
TO Grants	-	49,410,000.00
EWC Grants	-	22,064,874.00
Asbestos Grants	3,524,738.18	5,120,440.00
Evaluation and project monitoring	4,987,309.30	4,794,939.93
PASP	4,102,539.55	4,687,370.35
Other Program	4,637,001.54	2,676,459.08
Capacity Building	673,870.22	-
Total	<b>170,046,520.04</b>	<b>205,460,064.85</b>

<b>N-10. Capital Grants identified as Income</b>	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
Total Research & Development Expenses	133,901,942.85	135,454,758.65
Less – Transfer Proceeds	12,473,293.02	25,570,823.89
<b>Total</b>	<b>121,428,649.83</b>	<b>109,883,934.76</b>

<b>N-11. Depreciation on Capital Assets &amp; Loss on Disposal</b>	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
Total Depreciation for the year 2019	51,807,852.22	43,983,571.64
Total Disposed/Transferred assets value	37,839,296.60	50,066,158.50
Less- Provision for Disposed assets	25,010,941.41	(24,394,518.66)
<b>Total</b>	<b>64,636,207.41</b>	<b>69,655,211.48</b>

<b>N-12. Adjustment to Opening Balance</b>	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
KS-3960 Car Insurance	76,426.44	-
QB 2019-maintenance expense	17,199.40	-
<b>Total</b>	<b>93,625.84</b>	<b>-</b>

<b>N-13. Cancellation of a 2018 Expense</b>	<b>2019</b>	<b>2018</b>
	<b>Rs.</b>	<b>Rs.</b>
cancellation cheque / 446195 voucher no 17-38/17	1,799.75	-
Cancelled cheque V 641	8,500.00	-
<b>Total</b>	<b>10,299.75</b>	<b>-</b>

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 2019.**

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## **1. Financial Statements**

### **1.1 Opinion**

The audit of the National Research Council for the year ended 31 December 2019 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, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Council as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **1.2 Basis for Qualified Opinion**

Sri Lanka Public Sector Accounting Standard 1 - As per paragraph 124 of the Standard for Presentation of Financial Statements, changes to Accounting Standards, total adjustments to rectify defects in the Statement of Change in Equity should be revealed in Financial Statements by an adjustment note after re-adjusting to net assets/change in equity again replacing comparative balances of the previous year. However, an amount of Rs. 7,008,815 in relevant to

previous year, had been adjusted during the year under review, it had not been revealed in the Financial Statements.

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 Council's 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.

### **1.4 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 Council'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 Council's 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 Council 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 (d) 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 (f) 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) Balance in the Advance Account for telegraphic transfers as at 31 December 2020 amounted to Rs. 1,236,503 had not been settled even by 30 June 2020, the date of auditing.
- (b) Even approval of the Treasury should be obtained to open an Official Bank Account in compliance with FR 381, another Current Bank Account had been opened to provide loans to employees transferring Rs. 1,920,000 from the main Bank Account of the Council on 26 March 2019.

W.P.C. Wickramaratne  
Auditor General