

Annual Report 2011

Sri Lanka Inventors Commission

Ministry of Technology & Research

LANLIB Building, No.46/56, Nawam Mawatha, Colombo 02

ANNUAL REPORT - 2011

SRI LANKA INVENTORS COMMISSION

GROUND FLOOR, LANLIB BUILDING
46/56, NAWAM MW
COLOMBO 02

TEL: 011-2424964

FAX: 011-2394756

EMAIL: INFO@SLIC.GOV.LK

MEMBERS OF THE COMMISSION

Mr. Deepal Sooriyaarachchi
Commissioner

Dr. M. A. Wijeratne
Assistant Commissioner

Dr. Gamika Prathapasinghe
Assistant Commissioner

Mrs. P. M. Sudharshanie Peiris
Treasury Representative

DIRECTOR (CEO)

Mrs. D. Anuradha L. Ileaperuma
Director (CEO) (Acting)

COMMISSIONER'S REVIEW

Sri Lanka Inventors Commission was established by the Act No. 75 of 1979 with the object of encouraging creativity of Sri Lankans by providing legal, financial and technical assistance. Till the year 2004 the Commission operated under the Ministry of Trade and after that it was under the Ministry of Enterprise Development and Investment Promotion till the year 2010. The Commission was attached to the Ministry of Technology and Research in May 2010.

I assumed duties as the Commissioner of the Sri Lanka Inventors Commission (SLIC) on 1st August, 2011. When I took over the Commission key positions were vacant and being over looked by an Acting Director, an Acting Accountant, and an Acting Administrative Officer. All of them were from the Ministry of Technology and Research. The office is in a crowded space with inadequate facilities.

The ultimate result of the efforts of the commission is the number of new local patents that get commercialized. Globally only a 10% of the patents result in successful commercialization. Therefore the strategy should be to increase the number of inventions that can be commercialized. In order to do this the critical mass of inventions must be increased.

Economic conditions, Level of scientific and technical education and the Attitude towards new ideas are three critical factors that influence the incidence of inventions and innovations.

When considered the inventive process it can be broken in to three stages.

- **Observation-** inventors are people who have a strong observation skill, they see a situation from a fresh set of eyes, defines what the problem that is there and come up with a answer to the question.(Problem or Opportunity Definition)
- **Technical intervention-** having defined the problem they move on to developing a solution using the technical expertise the inventor possesses. This leads to developing the prototype
- **Promotion-** this step covers the aspect of patenting the solution, and commercialization of the invention.

Having considered these the corporate plan of the commission was aligned to these three stages. The emphasis is now laid on supporting a few selected inventors, to create a conducive environment for inventions to flourish.

Within the short period of five months since August the commission was able to finalize the presenting of presidential awards for the years 2008, 2009, and 2010. Conducted the first ever inventors symposium charging an entrance fee, partnered with the Sri Lanka Institute of Marketing, and Post Graduate Institute of Management to provide management know how to the inventors, revitalized the school inventors clubs programme, brought in a strong governance frame work, conducted staff training with the support of the private sector. Set in motion a comprehensive web strategy that will be a knowledge portal as well as a mechanism to introduce inventors to the business sector as well. Special staff training was conducted with the sponsorship of the AVIVA NDB Insurance PLC.

Provided the required man power and financial resources the commission is now poised to deliver on its mandate thus eventually increasing the number of local patent applications.

I acknowledge with gratitude the opportunity, guidance and above all providing a working environment that is totally free of political interference provided by Hon Pavithra Wanniarachchi Minister of Technology and Researc and the Hon Faiszer Mushapha the Deputy Minister.

My thank goes to the Secretary of the Ministry of Technology and Research Mrs Dhara Wijethilaka for the professional guidance and support.

I also thank my two Assistant commissioners, the treasury representative and Director who played a significant role while functioning in an acting capacity.

Contributions made by other team members of the Ministry and the Commission who always went beyond their call of duty to deliver are also acknowledged here with gratitude.

Deepal Sooriyaarachchi
COMMISSIONER

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1. INTRODUCTION

1.1. About SLIC

Sri Lanka Inventors Commission (SLIC) is a statutory body established in terms of the Sri Lanka Inventors Incentives Act No.53 of 1979. The principal objective of setting up of the SLIC is to promote inventiveness of the nation by providing technical, financial and legal assistance. The Commission consists of a Commissioner and two Assistant Commissioners. The members of the Commission are appointed by the Cabinet of Ministers for a period of 03 years on the recommendation made by the line Minister.

1.2 Vision

“Prosperity through Inventions and Innovations”

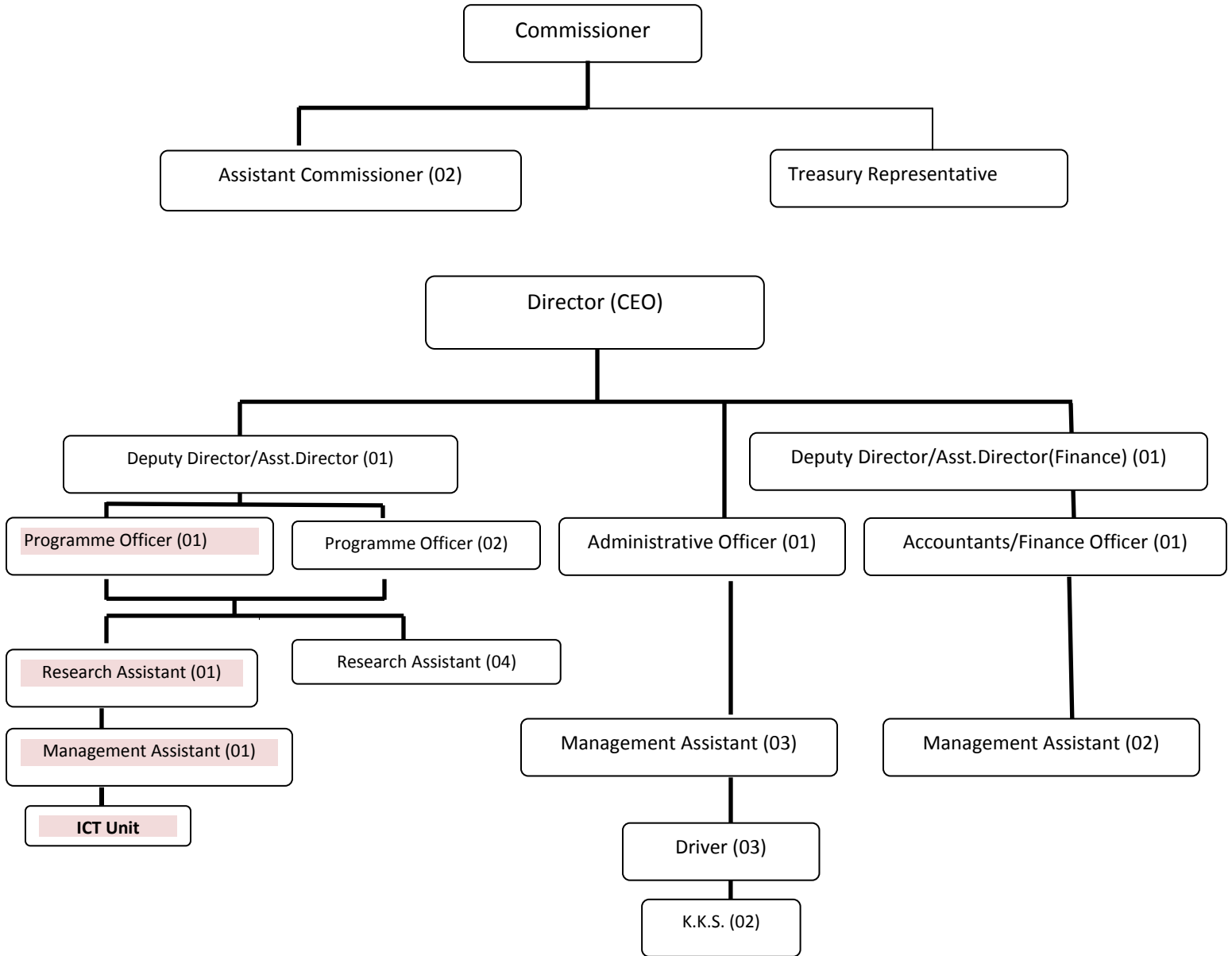
1.3 Mission

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

1.4 KEY STRATEGIES

1. Reposition Presidential Awards aligning them to national development goals
2. “Sahasak Nimewum” National Exhibition and inventions month to widespread innovative culture
3. Revitalize school level programmes leveraging the power of electronic media.
4. Facilitate greater access to funds and to private sector for inventors
5. Empower inventors through provision of knowledge and access to expertise.
6. Web strategy as a key enabler.
7. International recognition for our inventors.
8. Update the act to reflect the needs of the day.
9. Capability development of the staff.
10. Strong governance framework.

1.4 Organizational Structure/Human Resources



Human Resources (as at 31.10.2012)

Position	Number in approved cadre	Number available	Number vacant
Director (CEO)	01	01(Acting)	01
Deputy Director/Assistant Director	01		
Deputy Director/Assistant Director(Finance)	01	01(Acting)	01
Administrative Officer	01	01(Acting)	01
Accounts/Finance Officer	01	-	01
Programme Officer	03	01	02
Research Assistant	05	03	02
Management Assistant	06	05	01
Driver	03	02	01
K.K.S.	02	02	-

PERFORMANCE - 2011

SRI LANKA INVENTORS COMMISSION

(MINISTRY OF TECHNOLOGY AND RESEARCH)

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2. PERFORMANCE

2.1. Presidential Awards

According to the paragraph f of section 11 of the SLIC Act it is a mandatory to encourage Sri Lankan inventors to make known their inventions by giving the Presidential Awards to patented inventions in Sri Lanka.

The winners for 2008 had been selected but their awards were not presented till 2011. The winners for 2009, and 2010 were selected in August 2011.

As mentioned in the SLIC incentives act, the selection of winners for the Presidential Awards is done by a panel of judges appointed by the HE the President. So far the panel was consisted of three experts to select inventions which were submitted under 09 fields specified in the act. With the objective of having fair and reasonable judgment in the process of selecting inventions in vast range of technical fields, the SLIC decided to expand the number of panel members aligned to the fields in which the applications are received. The SLIC was able to convince the requirement to the Presidential Secretariat thereby the number of members in the expert panel was expended up to fourteen aligning to the different fields of relevance. The panel was briefed the standard of Presidential Awards the SLIC expects and guided by the SLIC in order to get a better outcome.

As directed by the Hon. Minister the prize monies for the best inventor of the year and for the winners of technical fields were increased. As such prize money for the best inventor of the year was increased up to 1million and prize money for a winner of a field was increased up to Rs. hundred thousand.

The award presentation was ceremonially held at the Temple Trees headed by HE the President and with the participation of Hon. Minister and Deputy Minister of Technology and Research. The awards were presented for the winners of the year 2008,2009 and 2010. Awards for the best inventions of the year 2008, 2009 were not presented since there were no inventions reached to the required level according to the panel decision

The award for the **best invention of the year 2010** was won by **Dr. S.J.B Lenadora** for his invention; **Pneumatic self retaining surgical retractor system** in the field of **medicine**.



The event of HE the president is for the best invention presenting award of the year 2010



The event of the Hon. Minister, Pavithra wanniarachchi is presenting and award for a winner of a field



The award winning invention; pneumatic self-retaining surgical retractor system

The list of winners of fields –Year 2010

- 1.** Field Agriculture
Invention Device for converting large tea leaves
 into required sizes
Inventor Eng. Ranjith Rajapaksha, Jinasena (Pvt) ltd
-



- 2.** Field Transport
Invention An automatically collapsible motor bicycle stand
Inventor R. A. D. Maduranga Karunajeewa
-



- 3.** Field Industries and Technology
Invention A technically improved rubber tapping knife
Inventor Ruwanpura Karunasena
-



- 4.** Field Medicine
Invention The pneumatic self retaining surgical
 retractor system
Inventor Dr. S. J. B. Lenadora
-



- 5.** Field National Security
Invention An improved life saving jacket
Inventor G. A. Nirosh Krishantha
-



-
6. Field Environment
Invention The "Power Mat"
Inventor(s) Prof. Asoka Nugawela, Dilhara Edirisinghe
Manel Kanthi Mahanama
-



Merit award winners –Year 2010

1. Field Agriculture
Invention Food items made with water lily seeds
Inventor D.M.A.C.P.Dasanayake



2. Field Agriculture
Invention Automatic pepper harvester
Inventor K.G.Chamila Chinthana Karunasinghe



3. Field Public welfare
Invention Device to improve air circulation inside mosquito nets
Inventor K. Nalaka Chandrawansa



-
4. Field Public welfare
Invention Compact bio gas plant
Inventor J.H.Srimal Thissera



-
5. Field Environment
Invention Technology of eco designed spherical for latex handling
Invention T.S.S.Gomes



-
6. Field Industry and Technology
Invention Polymeric Garment Material
Inventor ATG Gloves (Pvt.) Ltd.



-
7. Field Transport
Invention Remote controlled electronic mechanical jack
Inventor Y.A.Lional Ruparathna
-

The list of winners of fields - Year 2009

- 1. Field Industries and Technology
- Invention The High Performance Unitary Ply Tea Transport Container
- Inventor Noel A. Thomas



- 2. Filed Physics
- Invention The Radius Meter
- Inventor Dinesh Sandaruwan Katugampala



Merit award winners –Year 2009

- 1. Field Public welfare
- Invention Two byte character allocation table for Sinhala and Tamil languages
- Inventor S. D. E.Gunathilaka

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- 2. Field Environment
- Invention Anaerobic filter technology for the treatment of waste water with acidic condition
- Inventor Athula Jayamanna



-
3. Field Public Welfare
 Invention Natural gravity water filter
 Inventor H. M. Nawarathna



-
4. Field Public Welfare
 Invention Trusted Cheque Protocol
 Inventor C. S. A. Fernando



The list of winners of fields – Year 2008

1. Field Public Welfare
 Invention A Refrigerator for Storing Vaccines
 Inventor M. A. Prince Chandrasena



-
2. Field Industry and Technology
 Invention A Machine to insert under wire in to Brassieres
 Inventor Garusinghage Janaka Bandara Garusinghe



-
3. Field Engineering
Invention The Cashew Shell Stove and the Dehydration Unit
Inventor B. K. Maheepala



Merit award winners - Year 2008.

1. Field Medicine
Invention Single dose inhaler for use in bronchial asthma
Inventor Dr. Anil Goonetilleke



2. Field Engineering
Invention Improved electrical coconut scraper
Inventor Welisarage Jayaweera



3. Field Industry and Technology
Invention A device for cutting asymmetric shapes in gems
Inventor Satira Gems (Pvt) Ltd.
-

4.	Field	Public welfare
	Invention	Mobile cash transfer solution
	Inventor	Harold Wijetunge

Value of prize money

For the Best Inventor of the year	–	Rs. One million
For the winners of fields	–	Rs.100, 000/= each
For the merit award winners	–	Rs.25, 000/= each

For the first time in the history of Presidential Awards the panel of Judges too was recognized by the Hon Minister of Technology and Research presenting each judge a momentum at the Presidential Awards Ceremony.

Through strategically managing the media relations we managed to obtain a significant volume of free publicity for the event and for the award winning inventors. With the objective of enhancing the image of inventors and the award very prominent press advertisements were published and a special programme was aired on ITN as well.

The total cost for Presidential Award Ceremony of the year 2008, 2009 and 2010 was Rs.8.6 Mn. including prize money for the winners.

2.2. National Symposium

This was the first ever national level symposium held for the inventors. The theme of the symposium is to impart knowledge which is imperative for an inventor to be successful in marketing their inventions and to address some common issues faced by them.

The first part was to impart knowledge. This segment was structured to motivate the inventors and to impart knowledge. A team of prominent professionals of the country delivered lectures under the above theme to educate the inventors in the field.

The focused fields were Protection of Intellectual Property Rights of inventors, Business Planning, Marketing and sharing of successful entrepreneurs best practices.

The second session was to address some common issues and the panel consisted of representatives from Banks, ITI and NERD. We feel most of the legitimate requests are being addressed in the corporate plan for the ensuing period.

For the first time a fee to attend the seminar was charged. There were 176 participants including invitees from targeted organizations. Out of that 96 paid including 15 students who paid a lesser fee. There were participants from all parts of the society.

Concurrent to the symposium a comprehensive data base of inventors was developed after contacting them to obtain information. The response from the inventors was very positive and encouraging. The total Cost of the programme is Rs.504, 933.70 and received Rs.83, 250.00 as participation fee.



Some of distinguished invitees and lecturers of the National Symposium



A part of inventors who are hearing the lectures with much enthusiasm

2.3. Management Support

In commercializing inventions, the inventors need to have business management skills if they are to run business themselves, or they need to approach investors or banks for funding their projects. In this regard they need the knowledge of business management skills and capabilities. Responding to our request **Post Graduate Institute of Management (PIM) and the University of Kelaniya** agreed to link up inventors with MBA students as part requirement of their post graduate degree programme. This will be of significant value to the inventors.

A MOU was signed with **Sri Lanka Institute of Marketing (SLIM)** whereby they will offer a one day “Introductory Programme on Marketing” for 100 inventors annually free of charge inclusive of meals and material conducted by eminent marketing specialists.

2.4 Financial Support

A plan is in place to introduce inventors to the private sector for sponsoring or partnering in commercialization of the projects.

2.5 Website

A vendor was appointed to develop a comprehensive website for the Commission which will be a robust platform in platform in promoting and supporting inventors. Some of the key features of the web site are given below.

- **“The buyer seller mart”**- This is an attempt to expose the inventors to the world of business, where companies will be invited to post their technological problems to be solved by inventors. This will also be the place for Sri Lankan Diaspora to find potential inventors to invest in business ventures.
- School inventors clubs will be provided with a separate web space to maintain a log of new ideas students work, show case their inventions and to collaborate.
- Web site will be the main gate way for collaborating with inventors and they will be provided with latest knowledge. Among them the key will be
- An easy to understand step by step guide on obtaining patents and a FAQ on patents. This will be available as easy to read e book in E/S/T
- A sample non-disclosure agreement to be used by inventors when they enter in to negotiations with third parties.
- A database of inventors will be maintained within the web site and this will be used to communicate with them even on sms basis. Social media like Face Book and Twitter too will be linked.

The web site will also be used to enhance transparency and the governance of SLIC by publishing the corporate plan and performance against the targets and to publish all major procurements. The staff will be trained within SLIC to maintain the web site.

Total Cost for web development is Rs.322, 000.00 and amount of Rs.80, 500.00 was paid as first installment. Target date of completion of the website will be April 2012.

2.6. School Programme

One of the critical activities in creating an inventive culture in the country is promoting inventions at school levels. This had been initiated by SLIC in the past with required directives by the Ministry of Education. Considering the resource limitation in physically promoting inventors clubs by the SLIC staff it was decided to use media as the facilitating platform.

Five seminars were conducted for students who are interested in creativity and inventiveness in the schools, Rambewa M.M.V., Walisinghe Harishchandra M.M.V., Thambuththegama M.M.V. Bastian Silva M.V. and Mihinthale M.V. of North Central Province. Students participated representing more than 50 schools in Anuradhapura District.

Two student seminars were conducted at St.Joseph's College, Nugegoda and Sri Sumangala B.M.V. In Western Province.

The focused fields were "How to set up an Inventors Club in the school and how to maintain it lively". "How encourage students in creation of inventions and how to organize school inter house invention competition" and "Protection of IP rights". The cost of the programme is Rs.141, 043.00.

2.6.1. School Teachers Programme

For the year 2011 two seminars for teachers in charge of School Young Inventors Clubs were conducted. The first one was held on the 18th of November in Colombo for the teachers from western, sabaragamuwa, North western and Southern Provinces. In spite of the postal disruption 120 teachers, zonal and provincial level coordinating directors and the director of education in charge of the subject attended the seminar. They were motivated by sharing best practices by the master in charge of the Young Inventors Club in Bomiriya Central College and the Young Inventors Award Process by Eng. Mr.J. Meegoda of Institute of Engineers Sri Lanka (IESL).

The teachers were explained the invention process and how participating in inventive process enhances life skills of students. This will also enhance science education in the country. Each teacher was presented a DVD containing instruction guides on how to set up an inventors club in a school, and a collection of student inventions from the world. This was the first occasion such a tool was given to the teachers by SLIC.

The second of the series of this was held at Ranabima Royal College, Gannoruwa, Kandy on the 5th of December. Over 75 teachers from central province attended. The total cost of the of the programme is Rs. 497,838.70.

2.6.2 Learn TV is an educational channel telecast via Dialog TV. They agreed to telecast a series of programmes on inventors clubs and the required filming was done by the members of the staff without hiring any outside parties. These programmes while show casing the inventions by students they will be used as teaching aids in explaining the scientific principles behind the inventions

2.7. Improving Governance framework

2.7.1. Board Meetings- regular board meetings are conducted monthly and all aspects of the institution are brought to the attention of the board. The Assistant Commissioners actively participate at these meetings with constructive debate and sharing their expertise.

ANNUAL ACCOUNTS - 2011

SRI LANKA INVENTORS COMMISSION

(MINISTRY OF TECHNOLOGY AND RESEARCH)

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SRI LANKA INVENTORS COMMISSION
BALANCE SHEET
AS AT 31ST OF DECEMBER 2011

	NOTES	2011 Rs.	2010 Rs.
<u>ASSETS</u>			
<u>NON- CURRENT ASSETS</u>			
Property,Plant and Equipment	5	1,872,993.27	4,704,423.34
<u>CURRENT ASSETS</u>			
Prepayment for Other Contractual Services		341,088.44	341,088.44
Distress Loan		549,722.00	791,882.00
Loan Inventors Fund		9,781,804.80	9,933,330.00
Refundable Deposit			0.00
Festival Advance		14,800.00	15,300.00
(National Apprentice & Industrial Training Authority Min. of Planning & Implementation)		7,560.00	7,560.00
Fuel Deposit		100,000.00	100,000.00
Commissioner of Election		13,524.50	19,729.50
Other Advances	7	136,632.80	2,835,094.30
Cash & Bank Balance	8	3,409,438.49	3,430,531.18
Total Assets		16,227,564.30	22,178,938.76
<u>FUNDS & LIABILITIES</u>			
Accumulated Fund	9	10,087,396.53	14,310,620.91
Other Funds	10	2,543,450.34	2,523,450.34
<u>NON-CURRENT LIABILITIES</u>			
Provision For Grativity	11	1,467,441.38	1,455,287.50
<u>CURRENT LIABILITIES</u>			
Accrued Expences	12	2,129,276.05	3,889,580.09
Total Funds and Liabilities		16,227,564.30	22,178,938.84

SRI LANKA INVENTORS COMMISSION
INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER-2011

	NOTES	2011 Rs.	2010 Rs.
<u>INCOME</u>			
<u>Govt. Contribution</u>			
Govt. Contribution - Recurrent		11,963,400.00	12,651,000.00
Govt. Contribution - Inventors Fund			0.00
<u>Add.</u>			
<u>Other Income</u>			
Other Income	4	158,675.18	659,780.27
Sales of Vehicle			1,036,000.00
Foreign Exchange			
Total Income		12,122,075.18	14,346,780.27
<u>Less</u>			
<u>Expenses</u>			
<u>(1) Administration & Establishment</u>			
Remuneration to staff	1	5,298,145.68	5,692,551.45
Administration & Establishment Expenses	2	8,137,683.86	8,499,130.47
Depreciation - Fixed Assets	5	3,023,690.15	3,068,940.02
Gratuity	11	169,261.38	195,182.50
<u>(11) Project Expenses</u>			
Inventors Incentives Expenses	3	3,169,056.49	4,363,454.43
Total Expenditure		19,797,837.56	21,819,258.87
Income Over Expenditure		7,675,762.38	7,472,478.60
Over Income Transferred to Accumulated Fund		12,122,075.18	14,346,780.27

Prepared by :

Checked by :

Signed by:

.....
A.K.P. Peiris
Deputy Director (Finance)
...../03/2012

.....
D. Anuradha L. Ileaperuma
Director
...../03/2012

Notes to the Accounts

	2011	2010
	(Rs.)	(Rs.)
<u>No. 01- Remuneration to staff</u>		
Salaries	2,949,512.57	3,396,214.70
Cost of Living Allowances	935,805.00	922,112.50
Special Allowance	135,903.95	-
Employees Provident Fund	518,083.14	453,963.47
Employees Trust Fund	103,616.62	90,792.68
Remuneration to the Members	440,910.00	598,850.00
Overtime and Holiday Pay	214,314.40	230,618.10
	5,298,145.68	5,692,551.45
<u>No. 02 - Administration and Establishment Expenses</u>		
Traveling - Local	48,917.00	59,838.25
Stationary and Office requisition	144,884.10	50,361.32
Fuel and Lubricant	261,381.00	748,924.00
Repairs & Maintance of Vehicles	510,432.19	493,907.24
Repairs & Maintance of Equipment	152,867.29	50,135.00
Postage	8,520.00	5,600.00
Telephone Chargres	210,905.87	282,476.84
Utilities	152,768.00	104,850.00
Contractual Services	367,223.13	616,519.59
Electricity Charges	474,849.83	460,056.00
Cleaning Services	162,000.00	162,000.00
Water Charges	75,875.01	60,940.11
Rental	5,188,295.44	5,029,269.10
Subscription & Contribution	-	-
Entertainment Expenses	68,849.10	46,830.02
Other Administration Cost	35,885.90	29,723.00
News Papers and Periodicals	24,030.00	47,700.00
Bank Charges	-	-
Welfare Expenses	-	-
Audit Fee	250,000.00	250,000.00
	8,137,683.86	8,499,130.47

Notes to the Accounts

	2011 (Rs.)	2010 (Rs.)
<u>No. 03 - Inventors Incentives Expences</u>		
Presidential Award Ceremony	1,518,124.43	25,960.00
Organizing Creative Societies	-	86,037.00
Intentional Exhibitions	-	-
Publishing and Dissemination	68,196.80	-
Development Inventors Finish Level Product R&D	-	-
Development Inventors Finish Level Product R&D 2008	-	-
Rebuilding the Nation Through Inventions	-	3,358,316.73
School Inventors Circles	-	287,198.16
Setting up Inventor Circles in the Technical College	-	51,910.00
Financial Aids for development	-	75,000.00
Capacity Enhancement	-	5,000.00
Scientific Inventions Discoveries	-	474,032.54
Setting up Display and Sales Centre Financial and Technical Support for further development	-	-
Develop a website for the SLIC and set up inventions bank	353,845.31	-
Organizing Inventions (school,education,zonal) level	80,500.00	-
Reactivate of School level invention process awareness	23,464.00	-
National Level Exhibition/inventions trade fair to attract	504,933.70	-
	503,923.00	-
Inland Revenue	116,069.25	-
	3,169,056.49	4,363,454.43
<u>No. 04 - Other Income</u>		
Distress Loan Interest	28,844.38	38,295.27
Special Advance Interest	-	-
Loan Interest Inventors Fund	35,887.80	11,250.00

No. 04 - Other Income

Distress Loan Interest	28,844.38	38,295.27
Special Advance Interest	-	-
Loan Interest Inventors Fund	<u>35,887.80</u>	<u>11,250.00</u>

No.07 - Advances

Advances	<u>136,632.80</u>	<u>2,835,094.30</u>
	<u>136,632.80</u>	<u>2,835,094.30</u>

No. 08 - Cash and Bank Balances

A/C No.033-1-001-0-1791066(T/F)	17,523.42	246,029.11
A/C No.033-1-001-2-1791065(P/F)	3,391,915.07	3,184,502.07
Petty Cash Stamp	-	-
	<u>3,409,438.49</u>	<u>3,430,531.18</u>

NOTE 05

FIXED ASSETS & DEPRECIATION CHARGES

SLAS -18

Category	Rates Of Depreciation	Purchase period 2011.01.01 Rs	Addition in 2011 (as cost) Rs	2011.12.31 Total cost Rs	Accumulated Depreciation charges up to 01.01.2011 Rs	Depreciation charges for 2011 Rs	Accumulated charges to 31.12.2011 Rs	Written down value 31.12.2011 Rs
1. Furniture Equipment	15%							
a. Furniture Equipment		537,751.00		537,751.00	219,128.46	80,662.50	299,790.96	237,960.04
executive chairs		157,222.50		157,222.50	94,333.52	23,583.38	117,916.90	39,305.60
typewriters table		4,700.00		4,700.00	4,700.00		4,700.00	-
d. Racks & Boxes		90,236.00		90,236.00	73,891.00	7,507.50	81,398.50	8,837.50
e. Movable Cabinet		14,787.00		14,787.00	8,872.20	2,218.05	11,090.25	3,696.75
		804,696.50		804,696.50	400,925.18	113,971.43	514,896.61	289,799.89
2. Office Equipment	20%							
a. office equipment		771,756.70		771,756.70	670,914.30	20,564.60	691,478.90	80,277.80
b. Electronic Type writers		117,887.50		117,887.50	117,887.50		117,887.50	-
computer & Accessories		5,871,130.18	172,210.00	6,043,340.18	4,545,063.68	834,276.50	5,379,340.18	664,000.00
photocopy Machine		385,400.00		385,400.00	191,080.00		191,080.00	194,320.00
telephone		337,149.95	4,900.00	342,049.95	258,138.75	52,206.04	310,344.79	31,705.16
duplicator		717,875.00		717,875.00	654,625.00	63,250.00	717,875.00	-
		8,201,199.33	177,110.00	8,378,309.33	6,437,709.23	970,297.14	7,408,006.37	970,302.96
3.a. Prototype models & Name boards	10%	105,495.00		105,495.00	104,246.00	1,249.00	105,495.00	-
display Centre		110,805.00		110,805.00	56,324.15	11,080.50	67,404.65	43,400.35
		216,300.00		216,300.00	160,570.15	12,329.50	172,899.65	43,400.35
4. Library books	10%	193,357.48		193,357.48	181,459.58	3,540.60	185,000.18	8,357.30
5. Vehicle	20%	9,557,842.83		9,557,842.83	8,023,490.60	1,507,832.17	9,531,322.77	26,520.06
	25%	127,429.75		127,429.75	127,429.75	0.00	127,429.75	-
6. Exhibition Stall		37,690.00		37,690.00	19,052.50	6,212.50	25,265.00	12,425.00
a. Exhibition Stall		165,119.75		165,119.75	146,482.25	6,212.50	152,694.75	12,425.00
curtains	20%	1,715,068.50		1,715,068.50	1,224,723.50	264,857.00	1,489,580.50	225,488.00
7 Projectors & Cameras	20%	146,850.00	15,150.00	162,000.00	110,430.00	12,140.00	122,570.00	39,430.00
8 TV & video cassette recorders	15%	1,016,868.76		1,016,868.76	627,089.24	132,509.81	759,599.05	257,269.71
9 Office fittings								
		22,017,303.15	192,260.00	22,209,563.15	17,312,879.73	3,023,690.15	20,336,569.88	1,872,993.27

Notes to the Accounts

	2011 (Rs.)	2010 (Rs.)
<u>No.09 - Accumulated Fund</u>		
Balance B/F Govt. Contribution Capital	11,612,148.91	17,615,239.71
B/F Accumulated (Deficit/Sirplus)	7,675,762.38	7,472,478.60
Govt. Contribution Capital	6,151,010.00	4,500,000.00
Adjustment JE/02		370,390.20
Gravity	-	38,250.00
	<u>10,087,396.53</u>	<u>14,310,620.91</u>
<u>No.10 - Other Funds</u>		
Inventors Fund	2,522,375.59	2,502,375.59
Polonnaruwa District Fund	21,074.75	21,074.75
	<u>2,543,450.34</u>	<u>2,523,450.34</u>
<u>No.11-Gratuity Provision</u>		
Balance as at 01.01.2011	1,455,287.50	1,298,355.00
Over Allocation -	-	38,250.00
Provision for the Year	169,261.38	195,182.50
Gratuity Payment	157,107.50	-
Balance as at 31.12.2011	<u>1,467,441.38</u>	<u>1,455,287.50</u>
<u>NO.12- Accrued Expenses</u>		
Salaries	17,376.00	17,728.00
Cost of Living	7,995.00	7,350.00
Special Allowance	2,606.40	-
Fuel & Lubricant	15,960.00	-
Overtime and Holiday Pay	14,233.80	77,499.00
News Paper and Periodicles	1,780.00	4,320.00
Travelling Local	-	11,375.00
Telephone charges	36,782.28	22,290.67
Electricity Charges	34,894.65	32,534.86
Water Charges	8,492.28	11,715.24
Refundable tender Deposit	36,087.20	36,087.20
Creditors	82,860.65	82,860.65
Audit fees	920,000.00	670,000.00
Manel Kanthi	503.27	503.27
Ministry of Education	46,305.00	46,305.00
	<u>1,225,876.53</u>	<u>1,020,568.89</u>

Inventors Incentives Expences

Accrued Expences

Organicing Creative Socities	-	-
International Exhibitions	903,399.52	1,697,792.80
Publishing and Dissemination	-	1,171,218.40
Setting up Display & sales Centre	-	-
	<u>903,399.52</u>	<u>2,869,011.20</u>
TOTAL ACCRUED EXPENSES	<u>2,129,276.05</u>	

No.13

Post Balance Sheet Events

There were no post balance sheet events

Government Grants

For the year 2011 Government Contribution summary is given below.

According to the SLAS 24	Rs.
Recurrent Grant	11,963,400.00
Capital Grant	6,151,010.00

Related Party Disclosure

There were no related party transactions during the year 2011

**FINANCIAL STRUCTURE
ACCOUNTS OF GOVERNMENT CONTRIBUTION**

YEAR	GOVERNMENT CONTRIBUTION CAPITAL
1991	163,050.00
1992	1,700,000.00
1993	-
1994	250,000.00
1995	196,000.00
1996	1 13,500.00
1997	757,000.00
1998	1,700,000.00
1999	290,000.00
2000	4,500,000.00
2001	2,870,000.00
2002	700,000.00
2003	2,500,000.00
2004	621,000.00
2005	5,997,000.00
2006	33,991,000.00
2007	37,100,000.00
2008	24,106,000.00
2009	15,765,000.00
2010	4,500,000.00
2011	6,151,010.00

ACCOUNTING POLICIES

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

02. Statement of Compliance

The Commission has complied with the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Sri Lanka Accounting and Auditing Standard Act No: 15 of 1995.

03. Basis of Preparation

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

04. Funds

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

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

The Recurrent Expenditure grant is taken to the Income & Expenditure Account, while the Capital Expenditure grant is taken directly to the Capital Account, namely the Accumulated Fund.

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

1. Administration and Establishment Expenditure
2. Research and Development Cost write off the Income Expenditure as Project Expenses.

The latter represent Expenditure incurred by the Commission on activities undertaken by it towards fulfillment of the objectives of the Sri Lanka Inventors Incentives Act No. 53 of 1979

05. Depreciation

Fixed Assets have been depreciated under the 'Straight Line' method. And the following depreciation percentages have been applied with a view to writing off the assets over their estimated useful life.

	Rate
a) Furniture Equipment	15%
b) Office Equipment	20%
c) Prototype Models and Name Boards	10%
d) Library Books	10%
e) Vehicles	20%
f) Exhibition Stalls	25%

Depreciation Charges of this Cost should be carried out according to the rates stated above from the year following in which this cost was incurred from the year 2006.

06. Cash Flow

Cash Flow Statement of Sri Lanka Inventors Commission is prepared in according to the SLAS 09, indirect method.

07. Retirement Gratuity

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

The Commissioner

Sri Lanka Inventors Commission

Report of the Auditor General on the Financial Statements of the Sri Lanka Inventors Commission for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act. No. 38 of 1971.

The audit of financial statements of the Sri Lanka Inventors Commission for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 27 of the Sri Lanka Inventors Incentives Act, No. 53 of 1979. My comments and observations which I consider should be published with the Annual Report of the Commission in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act was furnished to the Commissioner of the Commission on 24 May 2012.

1:2 Management's Responsibility for Financial Statements

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

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1:4 Basis for Qualified Opinion

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

2. Financial statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Inventors Commission as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

Instances of non-compliance with the Sri Lanka Accounting Standards are given below.

- (a) S.L.A.S. 16 Even though provision for gratuity for employees who had completed service of one year as well should be provided for, provision had been made only in respect of employees who had completed service of 05 years.
- (b) S.L.A.S. 18 Even though the fixed assets with zero book value after depreciation which are in use should be revalued it had not been so done.
- (c) SLAS 24 Capital grants utilized for the purchase of assets had not been brought to account as deferred income.

2:2:2 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) Action had not been taken to account for the value of the motor vehicle assessed at Rs.6 million registered in the name of the Commission. (This had been pointed out in audit reports on the year 2009).
- (b) The recoverable deposit of Rs.125,000 made for the building taken on rent from Battaramulla area had not been brought to account even during the year under review.

2:2:3 Accounts Payable

Action had not been taken to settle the following balances payable brought forward over a period exceeding 05 years.

	Rs.
Sundry Creditors	83,364
Ministry of Education	46,305

	<u>129,669</u>

2:2:4 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished to audit.

Item of Account	Value	Evidence not made available
-----	-----	-----
	Rs,	
Cash at Bank and in hand	3,409,438	Confirmation of Balances
Creditors	82,861	Schedules
Advances	136,633	Schedules
Settlement of Advances	2,698,472	Journals

2:2:5 Non-compliance with Laws, Rules, Regulations and Management Decisions

Non-compliances with the following laws, rules, regulations and management decisions were observed

Reference to Laws, Rules and Regulations	Non-compliance
-----	-----
(a) Public Finance Circular No. 353 of 31 August 2004.	Even though the proceeds from the disposal of motor vehicles should be credited to the Consolidated Fund, action had not been taken even during the year under review to credit the sum of Rs.1,036,000 received from the disposal of the motor vehicle, to the Consolidated Fund.
(b) Procurement Guidelines of 25 January 2006 – Section 9.3.1.	Even though the approval of the Secretary to the line Ministry should be obtained for repairs to motor vehicles exceeding Rs.100,000, such approval had not been obtained for the sum of Rs.187,000 spent on carrying out repairs to motor vehicle No. KI-0614.
(c) Public Administration Circular No. 01/2002 of 22 February 2002.	Action had not been taken to stencil the State Emblem on 05 motor vehicles of the Commission.

2:2:6 Transactions of Contentious Nature

According to the financial statements of the Commission, the balances of 02 Funds as at 31 December 2011 amounted to Rs.2,543,450 and the objective for the establishment of the Funds had not been disclosed. The balances of the Funds remained unchanged over several years and the assets of the Funds could not be identified. Details appear below.

	Rs.
Inventors Fund	2,522,376
Polonnaurwa District Fund	21,074

	2,543,450
	=====

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the working of the Commission for the year ended 31 December 2011 had resulted in a deficit of Rs.7,675,762 as compared with the corresponding deficit of Rs.7,472,478 for the preceding year. The increase of the deficit for the year under review by a sum of Rs.203,284 as compared with the preceding year had been specially due to the decrease of income by a sum of Rs.2,224,706 and the decrease of Rs.2,021,422 in the expenditure.

4. Operating Review

4:1 Performance

The following matters were observed.

- (a) It was observed that action had not been taken in accordance with the Action Plan prepared for the year 2011. Even though a sum of Rs.40 million had been allocated for the execution of the expected activities during the year a sum of Rs.4,804,757 only had been spent. It was observed in audit that a sum of Rs.1,977,808 had been spent on an activity executed in the year 2009 which had not been included in the Action Plan. Details appear below.

	Rs.
Publication of newspaper advertisements for felicitating Inventors recognized internationally	1,183,415
Participation in an Inventions Exhibition	794,393

	<u>1,977,808</u>

- (b) The following activities with provisions allocated and expected to be executed according to the Action Plan for the year 2011 had not been executed even by the end of the year under review.

Expected Activity	Provision Allocated	Results Achieved
-----	-----	-----
	Rs.Millions	
(i) Supply of industrial and financial assistance to the selected inventors through the NERD Institution and Technical Colleges	05	None of the activities had been executed.
(ii) Holding National Level Exhibitions	10	Exhibitions had not been held.
(iii) Participation in International Exhibitions and Competitions.	02	Not participated.
(iv) Exhibition of Inventions at School Level and Zonal Level.	4.5	No exhibitions had been held. Seminars had been held at a cost of Rs.463,906.
(v) Acquisition of Fixed Assets.	2.2	A laptop computer only had been purchased at a cost of Rs.183,010.

- (c) Loan Granted for Promotion of Inventions
-

The observations on the loans amounting to Rs.10,200,000 granted in the years 2008 and 2009 for promotion of inventions to 12 persons identified as inventors are given below.

- (i) The installments and interest on the loans granted to inventors are not recovered properly and a sum of Rs.418,196 only had been recovered up to date. The recoverables as at 31 December 2011 amounted to Rs.9,781,804 and the Commission had not taken a proper course of action for the recovery of that amount.

- (ii) Two inventors who had obtained loans continue to pay the loan installments and interest while 10 inventors who had obtained loans amounting to Rs.8,200,000 had abandoned the repayment of loans. It was observed in audit that the recovery of those loans was doubtful.

- (iii) The Commission had not carried out any supervision or follow up action to ascertain whether the objectives expected from the loans and assistance granted had been achieved and that the money had been utilized for the intended purpose.

4:2 Management Inefficiencies

No course of action whatsoever had been taken in connection with the following activities to be performed by the Commission in terms of Section 11(1) of the Sri Lanka Inventors Incentives Act, No. 53 of 1979.

- (i) To select inventions suitable for obtaining patents and take necessary action to obtain patents.

- (ii) To render legal assistance to inventors for the protection of their intellectual properties in the event of infringement of their rights in Sri Lanka or abroad.

- (iii) To recommend to Government lending institutions or other institutions, patents with commercial value to grant loans with the patents as security.

- (iv) To help inventors find markets for their inventions in Sri Lanka or abroad.

- (v) To establish a public research laboratory for carrying out research on inventions.

- (vi) To implement public awareness programme on inventions through publication of Inventions Magazine and television, broadcasting and other media programmes.

- (vii) To publish and disseminate information about inventions and research and science in general.
- (viii) To hold monthly meetings regularly for exchange of ideas among inventors.
- (ix) To help Sri Lanka Inventors to join international competitions for inventions and research and to recommend them to such competitions.
- (x) Organize creative societies in schools, colleges and universities.

4:3 Idle and Underutilised Assets

The following matters were observed.

- (a) A double cab motor vehicle and a Pajero Jeep owned by the Commission had been idling over a number of years without being used.
- (b) Even though the Commission had 05 motor vehicles, there were only two drivers to drive them.
- (c) A sum of Rs.3,391,195 remained as at 31 December 2011 in the Bank Account opened for the grant and recovery of loans to inventors and as loans are not granted from the year 2010, the account had been idling.
- (d) Out of the sum of Rs.2,394,090 received as the capital provisions for the year under review, a sum of Rs.1,965,611 had been spent on the settlement of the publicity expenses of the preceding years.

4:4 Uneconomic Transactions

According to the Circular No. CA/1/1/7/1 dated 14 May 2011 of the Presidential Secretariat the Ministries and all institutions under the Ministries should maintain their offices in the Government or Corporations buildings as far as possible. Nevertheless, the Commission had taken a building at a monthly rental of Rs.433,325.

4:5 Human Resources Management

Out of the 11 approved posts in the staff of the Commission 09 vacancies existed and action had not been taken to fill the vacancies.

	Approved Staff	Actual Staff	Vacancies
	-----	-----	-----
Deputy Director	02	--	02
Accountant	01	--	01
Administration Officer	01	--	01
Finance Officer	01	--	01
Programme Assistant (Publication)	01	--	01
Research Assistant	05	02	03
	----	----	----
	11	02	09
	===	===	===

5. Accountability and Good Governance

5:1 Corporate Plan

A Corporate Plan for the year under review had not been prepared.

5:2 Budgetary Control

At the reconciliation of the budget for the year 2011 and the actual expenditure revealed variances ranging from 90 per cent to 100 per cent, thus indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

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

- (a) Accounting
- (b) Fixed Assets
- (c) Performance
- (d) Administration

H.A.S. Samaraweera
Auditor General

-/dk.

Auditor General

Auditor General's Department

Report of the Auditor General on the Financial Statement of the Sri Lanka Inventors Commission for the year ended 31st December 2011 in terms of section 14 (2) (C) of the Finance Act no: 38 of 1971

2.2 Comments on Accounts

2.2.1 Sri Lanka Accounting Standards

- (a) S.L.A.S. 16 have been entered in the accounts.
- (b) S.L.A.S. 18 vehicles have been recalculated and disposed of
- (c) S.L.A.S. 24 This is not a capital grant and the value payable has been entered in the accounts.

2.2.2 Accounting Deficiencies

- (a) have been entered in the accounts.
- (b) Action has been taken to enter the deposit in the accounts and to set it off.

2.2.3. Accounts Payable

Noted down to direct the matter to the governing board and to write it off

2.2.4. Lack of Evidence for Audit

Bank statements have been received for balance confirmations of cash in hand and at bank.

As information cannot be found on loan balances shown in accounts as creditors and advances from a long period it has been noted down to direct this matter to the governing board and to write it off. Action has been taken to include a journal entry for the settlement of advances.

2.2.5. Noncompliance with Laws, Rules, Regulations and Management Decisions.

- (a) Steps will be taken in future in this respect in consultation with the Department of Public Finance.
- (b) The above repair has been carried out within the authorized limit of Rs. 250,000/= as per the supplement 20 of Procurement Guidelines dated 01.01.2011
- (c) Steps have been taken to imprint the state emblem.

2.2.6. Transactions of a Contentious Nature

Steps have been taken to transfer the Polonnaruwa District fund which is currently inoperative, to the inventors fund.

The inventors fund has been established with the objective of encouraging inventors to embark upon inventions and inventors who should be provided with financial aid are being identified.

4. Operating Review

4.1 Performance

(a) Approval of the governing board is essential for the implementation of the development programmes as per the action plan. Since the appointment of the new governing board had been effected from 01.08.2011, the implementation of the programmes commenced from that date onwards.

Accordingly, the development programmes were carried out within the final 04 months of the year 2011.

The amount of Rs. 1,977,808/= has been paid after the relevant institution has submitted bills to confirm the expenses borne for the development programmes of a previous year.

(b) i , ii , iii , iv

As the governing board has been appointed on 01.08.2011 action could not be taken to implement these according to the action plan of the year.

Loans granted for the promotion of inventors

(d) i , ii

Eventhough the inventors who have obtained loans have been notified in writing on several occasions, in order to recover these loan amounts, no positive responses have been received. Therefore appropriate action will be taken after referring this to the governing board.

iii

A committee has been appointed to inquire into the physical information of loan recipients and to produce a report.

Action will be taken in future according to the observations and the recommendations of this report.

4.2 Management Inefficiencies.

- (a) (j) Once the new governing board was appointed in August 2011, the commission mainly focused attention on the holding of the presidential awards ceremony that had not been held for the years 2008, 2009 and 2010. As a result the other objectives could not be achieved within a limited period of time. However, these will be carried out from this year onwards.

4.3 Idle and Underutilized Assets

- (a) Action has been taken to dispose of after obtaining the relevant reports.
- (b) Decision has been taken to dispose of 02 vehicles, which were in an unroadworthy condition out of the 05 vehicles.
A new post for a driver has been approved under the new cadre and action is being taken to make the recruitment.
- (c) Since it has been experienced that it is very difficult to recover loans once they have been granted to the inventors, a formal methodology is being devised to provide financial aid to encourage inventions in place of granting loans.
- (d) Payments have been made once the liability expenses have been confirmed in respect of development work of previous years.

4.4 Uneconomic Transactions

Action has been taken to obtain office space in the new sethsiripaya building, being constructed in Battaramulla and it is scheduled to relocate the institution to the new building next year.

4.5 Human Resource Management

Action is being taken to fill the vacancies.

4. Accountability and Good governance

5.1 Corporate Plan

Since the governing board had not been appointed from May 2010, the corporate plan was not prepared. After the new commission was appointed on 01.08.2011 the corporate plan for the ensuing 03 years has been prepared.

5.2 Budgetary Control

The governing board of the commission was appointed on 01.08.2011 and the development programmes of the commission were carried out only for a period of 04 months thereafter'

Accordingly, the difference between the budgeted expenditure and the actual expenditure was created.

5. Systems and Control

Formal procedures are being formulated for the fields of systems and control.

D. Anuradha L. Illeaperuma
Director
Sri Lanka Inventors Commission