

ANNUAL REPORT – 2012



SRI LANKA INVENTORS COMMISSION
(MINISTRY OF TECHNOLOGY AND RESEARCH)



ANNUAL REPORT – 2012



SRI LANKA INVENTORS COMMISSION

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

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MEMBERS OF THE COMMISSION

Mr. Deepal Sooriyaarachchi
Commissioner

Dr. Gamika Prathapasinghe
Assistant Commissioner

Mr. Nalin D. Karunasinghe
Assistant Commissioner

Mrs. P. M. Sudarshani Peiris
Treasury Representative

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

COMMISSIONER'S REVIEW

It is with a great sense of satisfaction I present this report on behalf of my team. Since we adopted a new vision and a mission for the commission to be more aligned with the national aspiration the commission has made significant progress as you will see from the foregoing pages.

In the current economic context innovation is critical to the economic prosperity of any nation. As we rightly identified the primary function of the commission should be facilitating the creation of a conducive eco system for innovations to flourish rather than supporting a selected number of inventions with limited resources.

During the year under review most of our activities carried out by the commission would fall within this objective.

Among them the key was organizing the first ever national exhibition for inventions and innovations titled “Sahasak Nimavum” (thousand inventions). The fact that there were over 900 entries from all nine provinces of the country is testimony to the aspiration of the innovative publics of the country. Taking in to account the need for sustainability and to garner greater engagement from private sector we actively sought and received strong corporate sponsorships. Our ambition is to make this an annual event eventually to make it an international exhibition moving in the direction of making Sri Lanka a Knowledge Hub of Asia.

Although nine out of ten schools are without science laboratories for A/Ls we are encouraged by the student participation at the exhibition. Providing a further motivation to the student population we could commence the first every reality show on TV for young inventors titled YIC (Young Inventors Club). We expect this programme to gain momentum and increase enthusiasm.

Enhancing the image of inventors and empowering them had been another focus area of our efforts and number of initiatives were taken in this regard. The programme conducted by SLIM for the inventors free of charge was a special contribution in this regard while PIM also extended management expertise to needy inventors.

The summary below captures at a glance how we have performed against the tenfold strategic plan and detailed discussions on them are given in the subsequent pages.

In the corporate plan for the period from 2013-2015 we have built on the already started work programme and strategies are grouped under the following key thrust areas:-

- Quality Enhancement of Inventions
- Commercialization
- Empowerment of Inventions
- Sustainability of the activities of the commission
- Capability Development of staff

Acknowledgements

Board

In spite of performing in the capacity of Acting, the Director Ms. Anuradha Ileaperuma discharged her duties with utmost commitment. My fellow assistant commissioners Dr. Gamika Prathapasinghe, and Nalin Karunasinghe was a great strength to me in progressing the affairs of the commission for both of them brought diverse perspectives. I also acknowledge the Treasury representative Ms. Sudarshani Peiris for her attendance at the board meetings.

Support from the ministry

Lead by the Honorable Minister Hon Pavithra Wanniarachchi and the secretary of the Ministry Ms. Dhara Wijethilaka provided much needed strength and support to the commission at every critical moment.

Corporate Entities and Media.

During the year we were provided with over LKR 3,800,000.00 worth of free media on newspapers alone. Press and electronic media were equally supportive of the activities of the commission.

A special thank goes to Brandix, and Dialogue for being main Strategic partners for the Sahasak Nimavum Exhibition. Brandix has already signed an MOU with us to support the forthcoming event. JKH, Watawala, Teleview, Maliban also supported us towards the success of Sahasak Nimavum.

The Team

Throughout the year 2012 commission functioned with limited human resources. Yet the commitment and enthusiasm demonstrated by each and every member of the team pleasantly surprised me as a person who came from the private sector. It was the unwavering commitment of my team that ensured achieving so much with so little. I also want to acknowledge the finance and admin staff of the ministry for their support as well.

Deepal Sooriyaarachchi

COMMISSIONER

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. Since 2010 SLIC is functioning under the Ministry of Technology and Research. According to the corporate plan developed by the SLIC, for a period of 2012-2014 development programme was conducted for achieving objectives of the SLIC.

1.2 Vision

Prosperity through Inventions and Innovations

1.3 Mission

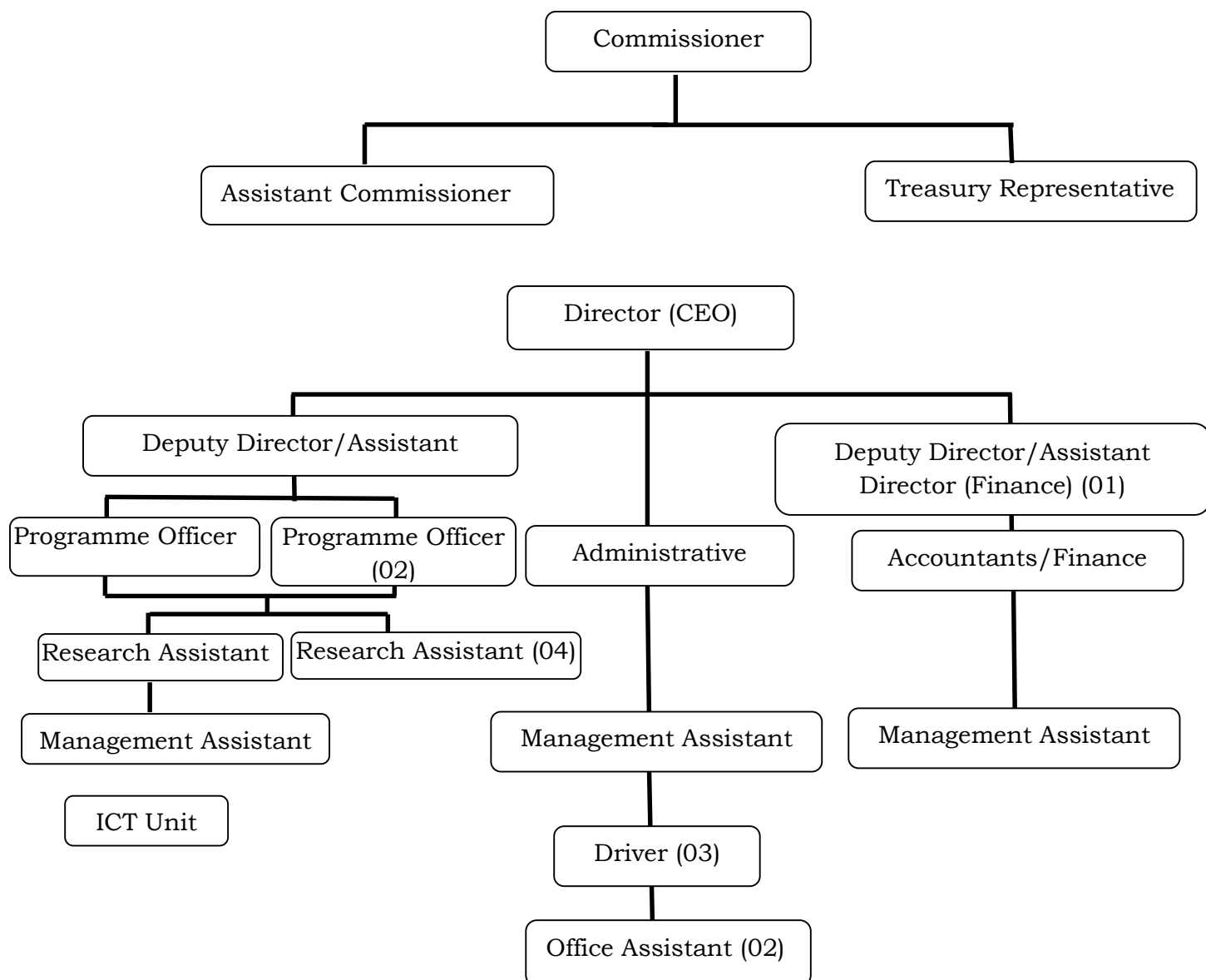
- ❖ Be the leading catalyst in bringing out innovative capability of the nation
- ❖ Be a forerunner of the facilitation process in converting ideas into practical applications

The commission adopted the above Mission having understood the role it should play in creating a conducive environment being a national body. With the limited resources available to the commission in terms of man power and financial focusing on this larger role is believed to yield greater impact in the long term. It is a well-accepted axiom in the field of inventions and innovations that three factors contribute to the inventive process in a society. They are the Economic Condition, Attitude towards inventions by the society and the level of Education or Exposure of the people. The commission focused more to influence the latter two factors.

1.4 Key Strategies

- ❖ Presidential Awards for patented inventions
- ❖ “Sahasak Nimavum” National Exhibition for inventions and innovations
- ❖ Revitalize school level programmes leveraging the power of electronic media
- ❖ Facilitate greater access to funds and to private sector for inventors
- ❖ Empower inventors through provision of knowledge and access to expertise
- ❖ Web strategy as a key enabler
- ❖ International recognition for inventors
- ❖ Update the act to reflect the needs of the day
- ❖ Capability development of the staff
- ❖ Strong governance framework

1.5 Organizational Structure/Human Resources



Position	Number in Approved Cadre	Number Available	Number Vacant
Director (CEO)	01	01 (Acting)	01
Deputy/Assistant Director	01	01	-
Deputy/Assistant Director (Finance)	01	01 (Acting)	01
Programme Officer	03	03	-
Administrative Officer	01	01	-
Accounts/Finance Officer	01	-	01
Research Assistant	05	-	05
Management Assistant	06	03	03
Driver	03	02	01
Peon	02	01	01
Total	24	11	13

PERFORMANCE – 2012

2.1 Presidential Awards

The presidential awards are given to the patented inventions which were patented during the year. The best invention selected by a competent panel of judges appointed by HE the president. In the present situation the annual patented inventions in Sri Lanka are considerably low. In year 2012 patented inventions were 38. Therefore SLIC decided to hold the event bi-annually owing to the limited number of applications. Inventors who have received the patent during the year 2012 will be contested in 2013 and awards will present to the winners after the each year.

2.2 “Sahasak Nimavum” National Exhibition

Sahasak Nimavum was the first ever national exhibition organized to showcase the Sri Lankan inventors. Exhibits were invited under 22 internationally accepted fields. Applications were called from school students, university and technical college students, open category for individuals and institutions and commercialized inventions. Seven nationally important fields were introduced with a view to focus attention of the inventors towards them. They were;

- Solutions to make Disable independent
- Environment
- Energy
- Food
- Teaching Aids
- Import substitutions

Significant cash prizes were presented to the winners in the all participating categories except commercialized category. The prestigious “Dasis” award with a cash prize of Rs.750, 000.00 were presented to the best overall inventor in each participating category.



Hon. Basil Rajapaksha, Minister of Economic Development is visiting the exhibition



British High Commissioner is visiting the exhibition

Dasis is a name given to King Ravana, who probably is one of the greatest inventors in our history.

Ability to attract leading private sector corporates to sponsor all the Nationally Significant Category awards (sponsored by Brandix) and the Dasis Awards (sponsored by Dialog) and two entry level fields by AMW and Watawala plantations.

A total of 921 inventions were submitted by the inventors from all parts of the country. Over 500 were from students representing all nine provinces of the country. These were shortlisted at provincial level from over 1500 entries. The commission also acknowledges the support extended by the Vidatha Centers island wide who actively promoted the

participation of local inventors. In some instances they had worked with local branches of banks to sponsor the cost of transportation of exhibits from faraway places.



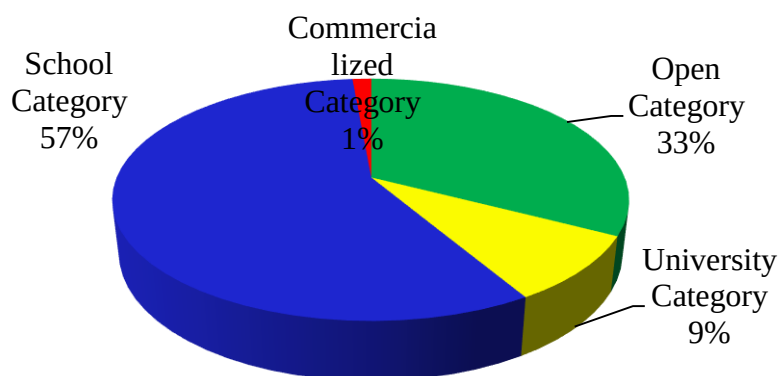
Visitors at “Sahasak Nimavum” exhibition at the BMICH



Students are describing their inventions for the Ministers

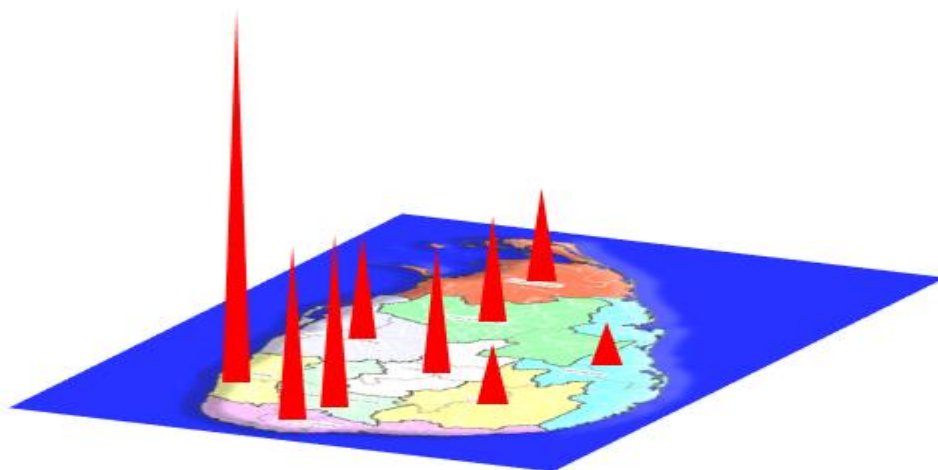
No. of Inventions by Participatory Group

	Open Category	University Category	School Category	Commercialized Category	Total
No. of Applicants	300	82	526	13	921
Percentage	32.6	8.9	57.1	1.4	100



Distribution of Inventors by Province

Province	No. of Inventions
Central	94
Eastern	35
North	73
North Western	55
North Central	51
Sabaragamuwa	124
Southern	125
Uva	40
Western	324



Patented Inventions

Category	Patented	Not Patented
Open	68	232
University	4	78
Commercialized	12	1

*Almost all the school inventions were without patent

Over 300 students and teachers who participated in the exhibition were provided with accommodation during the exhibition period.

The exhibition was declared opened by Hon Basil Rajapaksha the Minister of Economic Development with Hon Mrs. Pavithra Wanniarachchi Minister of Technology and Research and Hon Bandula Gunawardena – Minister of Education.

The special guest for the second day was the Deputy Minister for Technology and Research Hon Faizer Musthapa while the special guest for the third day was the British High Commissioner Mr. John Rankin

Over three hundred thousand visited the exhibition held over three days at BMICH in five locations.

A comprehensive publication giving details about inventions and inventors was published. This being needs to promote activities of the Commission as well.

Award Ceremony of Sahasak Nimavum

The awards ceremony for the winners of “Sahasak Nimavum” was held on 06th December 2012 at the Main Hall of the BMICH. 235 winners were presented with awards and certificates. The special guest for the ceremony was the Deputy Minister for Technology and Research Hon Faizer Musthapa and nearly 1000 people participated at the event.

Three Dasis awards were presented to the best overall inventions in the Open Category, University and Technical College Category and Commercialized Category. Dasis award for the School Category was not awarded as there were no inventions reached to the required level according to the Panel Decision.



Mr. Manju Gunawardana the Dasis Award winner of the Open Category is receiving the awards



Mr. Aruna Samarawickrama the Dasis Award winner of the Commercialized Category is receiving the awards



Mr. Ganindu Nanayakkara the Dasis Award winner of the University Category is receiving the awards

Total cost incurred by SLIC for the Sahasak Nimavum exhibition and award ceremony is 12.88 Mn

Invention Exhibition in Jaffna

Commission arranged an inventor's stall to exhibit the school inventions in Jaffna. Programme was held parallel to the exhibition of "Reconciliation through Research and Technology" which was organized by Ministry of Technology and Research. Exhibition was held for 10th-12th December 2012 at the Jaffna regional Centre of Open University of Sri Lanka. 12 Award winning student inventors of Shasak Nimavum who were in Northern Province were exhibited their inventions in the stall.

Total cost for the programme is 0.05 Mn

2.3 Revitalize school programmes

One of the key functions of the Commission is promoting inventiveness among school children. Though there is a circular issued by the MOE to government schools of grades 1AB, 1C and Type 2 directing to set up School level inventors clubs, there is no such programme to cover the non-governmental schools.

A special seminar was conducted targeting students and teachers of non-governmental schools on 29th March 2012. Sixty five teachers participated at the seminar and the highlight was the student inventors' presentations. As a result of this event about ten schools have already taken steps to start inventors clubs in their schools

In addition eleven seminars were conducted to students and two awareness programmes were conducted to provincial and zonal education directors for revitalize the school programme

Young Inventors Club on ITN

Taking in to account the limited resources available, the commission planned a reality type TV programme for the students of school young inventors clubs. This will be a 30 episode half an hour programme on ITN. Sampath Bank has joined as a co-sponsor of the programme. The concept of this programme was developed by taking in to account the ideas generated by student inventors at two special workshops including brain storming sessions.

Eight schools were participated for the first recording. Refreshment, travelling and special allowances were paid for the participants of the programme. The programme will be telecast from the next year.



Presenting moment of the YIC programme



Logo of the YIC

Total cost for revitalize school level programmes is 12 Mn

2.4 Empower inventors through provision of knowledge and access to expertise

- A MOU was signed with the Sri Lanka Institute of Marketing to conduct an annual marketing education programme for inventors. The first such event was held on 24.02.2012 at SLIM with 70 inventors participating. The feed-back from the inventors was very positive. This event was with no cost to the commission.



SLIM-SLIC Inventors Forum



National Symposium for inventors

- Recognized commercially successful inventors by presenting a certificate, signed by the Hon. Minister at a special event.
- Issued specially designed LOGOs to the award winning inventors that can be used on the products and on their commercial communication material. This is also a first time event.
- A MOU was signed with the Ray Wijewardena Charitable Trust, to select from Presidential Award winners to receive cash grants under the Ray award scheme. The six winners were short listed and the inventor of eco-friendly passenger craft was presented with a cash grant of One Million Rupees from Commercial Bank and Technical Support from the University of Moratuwa
- One of the main requirements of the inventors is an access to business management know how. Towards this end the Commission commenced a programme with Post

Graduate Institute of Management of the University of Sri Jayewardenepura where the Master Students were introduced to interested inventors to develop their business further. This initiative got to a very positive start. So far five inventors work with the nominees of PIM. This is with no cost to the commission.

- The inventors who won awards at Geneva International Exhibition were recognized at the VIP lounge at the BIA for the first time in the history.
- SLIC programmes related to “Deyata Kirula” Development Programme
The SLIC has scheduled to organize 04 awareness seminars in Polonnaruwa, Ampara, Batticaloa, and Trincomalee for the students and people who are interested in creating of inventions. After the 04 awareness seminars an invention exhibition will be organized to select inventions to be displayed at the “Deyata Kirula”, National Exhibition. The first seminar of these series was held quite successfully with the participation of 260 students and other educational officers in Batticaloa. The seminar was held at Chennkalady Central College on 07th November 2012.

2.5 Web strategy as a key enabler

The web strategy is a key component of the total strategic plan of the commission. This highly interactive web site acts as a portal to promote inventors, introduces them to industry and investors, and provide a platform to record school level invention ideas and to act as a knowledge portal.



Welcome page of the Website



Home page of the Website

It publishes all the activities of the commission on a timely manner including progress against the corporate plan. It also has a number of downloadable materials useful to inventors such as a book on patents and draft non-disclosure agreement.

Total cost for the web development is 0.322 Mn

2.6 International Recognition to Inventors

The SLIC sponsored the participation of Dr. S.J.B. Lenadora, the inventor of the year 2010, in the Geneva International Exhibition of Inventions. Dr. Lenadora won a gold medal for his Presidential Award winning invention; Pneumatic self-retaining Surgical Retractor System at the Geneva International exhibition.



Welcoming of the internationally awarded inventors



Dr. S.J.B Lenadora the Gold medal winner and Mr. Dinesh Katugampala the Silver medal winner of the Geneva International exhibition

Promoted the participation of Sri Lankan Inventors in the International Telecommunications Union Competition 2012

Total cost for the project is 0.8 Mn

2.7 Providing Financial Support

Commission developed a comprehensive and a transparent methodology to provide financial grants to suitable inventors who have commercial potential, whose products show national significance or market relevance, who has entrepreneurial attributes. They will be selected from among the winners of the Sahasak Nimavum Exhibition. The recipients will be provided with required business know how and technology know how through link partners.

Allocated amount requested from the Ministry of Finance is 4.5 Mn

Update the act to reflect the needs of the day

Commission made proposals to update the act reflecting the new requirement and realities of the situation.

2.8 Summary of main activities planned for the year 2013

- National Symposium for inventors to exchange and share their experience, knowledge and ideas
- Holding of Presidential Award Ceremony of the year 2011 and 2012
- Holding of “Sahasak Nimavum”, National Invention Exhibition
- Revitalization of School, Technical College and University Inventors Circles and selection of student inventions for “Sahasak Nimavum”, National Invention Exhibition
- Young Inventors Club, Tele Inventors Club Programme in collaboration of ITN
- Development of inventions up to finished product level
- Participation of inventors in International Exhibition in International Exhibition of inventions
- Setting up of Venture Capital Fund to provide financial assistance for inventors

2.9 PERFORMANCE AT A GLANCE

Strategy	Performance	Financial Progress
1. Re position presidential awards aligning them to national development goals	Held the event at the Temple Trees. Rewarded winners of 2008, 2009, 2010. Special TV programme on the awards ceremony and prominent media advertising to enhance image	8.6 Mn
2. “Sahasak Nimevum” national exhibition and inventions month to widespread innovative culture	The first ever national exhibition of inventions and innovations was held at BMICH from 29 th September to 1 st October. 921 inventors over 1000 inventions. More than 500 student entries from all parts of the country 4 Participating categories, 22 technical fields, special awards to winners in seven Nationally significant fields. Dasis Award to the overall winner Significant private sector partnership	Cost incurred by the SLIC 12.88 Mn Value of Sponsorships Awards 2.55 Mn Media 4.6 Mn TV Productions 0.3 Mn Refreshments 0.1 Mn Total Value of Sponsorships 7.55 Mn Total Cost 20.43 Mn
3. Revitalize school level programmes leveraging the power of electronic media	Conduct 02 regional programmes to educate teachers, directors 08 student seminars 09 Sessions in all nine provinces to select candidates for the Sahasak Nimewum, National Exhibition Commenced the first ever Television Reality Show to promote innovation First series will cover 30 weeks Obtained co-sponsorship from Sampath Bank	Total cost 12 Mn Sponsorship Value 1.5 Mn
4. Facilitate greater access to funds and to private sector for inventors	Short listed potential inventors from among winners of Sahasak Nimavum through a transparent system to be given grants	

5. Empower inventors through provision of knowledge and access to expertise	Number of inventors introduced to PIM experts for support Provided down loadable book on patenting and a Non-Disclosure Agreement through the web site	Free of Charge
6. Web strategy as a key enabler	Launched a comprehensive web site that can act as a buyer seller mart, a place to show case, meet potential investors etc. and to gain knowledge The web site is actively managed and updated with latest information On average it receives over 500 unique visitors a month	0.322 Mn
7. International recognition for our inventors	Fully sponsored the 2010 Presidential Award winner to Geneva Exhibition. He and the other person won a Gold and Silver awards respectively. They were welcomed at VIP Lounge at BIA and arrange front page and prime time news coverage Promoted international exhibitions and competitions among local inventors	0.8 Mn
8. Update the act to reflect the needs of the day	With the assistance of the Secretary of the MORT & AE the amendments were drafted and submitted	
9. Capability development of the staff	A special workshop for the whole team was conducted In addition officers were nominated to 10 job related training programmes	0.063 Mn
10. Strong governance framework	Board Meetings are Held Monthly All outstanding audit queries responded	0.063 Mn

ANNUAL ACCOUNTS – 2012

BALANCE SHEET
AS AT 31ST OF DECEMBER - 2012

	NOTES	2012 Rs.	2011 Rs.
<u>ASSETS</u>			
<u>NON- CURRENT ASSETS</u>			
Property, Plant and Equipment	5	11,081,145.14	1,872,993.27
<u>CURRENT ASSETS</u>			
Prepayment for Other Contractual Services		341,088.44	341,088.44
Distress Loan		647,090.00	549,722.00
Loan Inventors Fund		9,634,260.80	9,781,804.80
Festival Advance		9,300.00	14,800.00
(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	13,524.50
Other Advances		136,632.80	136,632.80
Cash & Bank Balance	8	4,363,456.35	3,409,438.49
Total Assets		26,334,058.03	16,227,564.30
<u>FUNDS & LIABILITIES</u>			
Accumulated Fund	9	18,569,410.73	10,087,396.53
Other Funds	10	2,543,450.34	2,543,450.34
<u>NON-CURRENT LIABILITIES</u>			
Provision For Grativity	11	1,302,914.25	1,467,441.38
<u>CURRENT LIABILITIES</u>			
Accrued Expences	12	3,918,282.71	2,129,276.05
Total Funds and Liabilities		26,334,058.03	16,227,564.30

INCOME & EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER-2012

	NOTES	2012 Rs.	2011 Rs.
<u>INCOME</u>			
<u>Govt. Contribution</u>			
Govt. Contribution - Recurrent		17,992,000.00	11,963,400.00
Govt. Contribution - Inventors Fund		0.00	0.00
<u>Add.</u>			
<u>Other Income</u>	4	4,285,869.19	158,675.18
 Total Income		22,277,869.19	12,122,075.18
 <u>Less</u>			
<u>Expenses</u>			
<u>(1) Administration & Establishment</u>			
Remuneration to staff	1	6,117,272.69	5,298,145.68
Administration & Establishment Expenses	2	12,480,511.42	8,137,683.86
Depreciation - Fixed Assets	5	2,941,890.14	3,023,690.15
Gratuity	11	363,189.37	169,261.38
 <u>(11) Project Expenses</u>			
Inventors Incentives Expenses	3	22,304,991.37	3,169,056.49
 Total Expenditure		44,207,854.99	19,797,837.56
Income Over Expenditure		(21,929,985.80)	(7,675,762.38)
Over Income Transferred to Accumulated Fund		22,277,869.19	12,122,075.18

Notes to the Accounts

	2012 (Rs.)	2011 (Rs.)
<u>No. 01- Remuneration to Staff</u>		
Salaries	2,911,334.22	2,949,512.57
Cost of Living Allowances	816,367.50	935,805.00
Special Allowance	355,045.60	135,903.95
Employees Provident Fund	585,474.15	518,083.14
Employees Trust Fund	113,325.10	103,616.62
Acting Allowance	114,966.00	0.00
Remuneration to Member of the Commission	830,410.00	440,910.00
Overtime and Holiday Pay	390,350.12	214,314.40
	6,117,272.69	5,298,145.68

No. 02 - Administration and Establishment Expenses

Traveling - Local	56,318.00	48,917.00
Stationary and Office Requisition	184,180.18	144,884.10
Fuel and Lubricant	535,986.00	261,381.00
Repairs & Maintance of Vehicles	1,532,760.74	510,432.19
Repairs & Maintance of Equipment	72,464.16	152,867.29
Acquisition of Assets	0.00	0.00
Postage	10,385.00	8,520.00
Communication Charges	237,458.88	210,905.87
Utilities	95,634.00	152,768.00
Contractual Services	562,506.32	367,223.13
Electricity Charges	502,704.20	474,849.83
Cleaning Services	162,000.00	162,000.00
Water Charges	49,254.54	75,875.01
Rental	5,303,900.40	5,188,295.44
Entertainment Expenses	84,597.00	68,849.10
Other Administration Cost	91,512.00	35,885.90
News Papers and Periodicals	29,090.00	24,030.00
Audit Fee	0.00	250,000.00
Sale proceeds	2,969,760.00	0.00
	12,480,511.42	8,137,683.86

Notes to the Accounts

	2012 (Rs.)	2011 (Rs.)
<u>No. 03 - Inventors Incentives Expences</u>		
Presidential Award Ceremony	7,097,442.75	1,518,124.43
Publishing and Dissemination	0.00	68,196.80
Financial and Technical Support for Further Development Celebration of National Invention Month & Holding Sahasak Nimewum	20,695.00	353,845.31
Participation of Inventors for International Inv. Exhibitions	12,880,045.18	0.00
Website Management	824,008.51	0.00
Reactivate of School Level Invention Process - Provincial Level	381,151.16	80,500.00
ITN Programme - YIC	106,056.80	504,933.70
Provincial Level Screening of School Inventions for Sahasak Nimewum	129,353.50	0.00
Participation of Deyata Kirula	466,107.73	0.00
Telecasting Activities of YICC on Learn TV	48,910.00	0.00
National Symposium for Inventors	15,000.00	0.00
Staff Development Programs	1,380.00	0.00
National Level Exhibition/inventions trade fair to attract	62,665.00	0.00
Training Programme on SLIM	0.00	503,923.00
Inland Revenue	8,710.00	0.00
	0.00	116,069.25
	22,304,991.37	3,145,592.49
<u>No. 04 - Other Income</u>		
Distress Loan Interest	38,331.44	28,844.38
Loan Interest Inventors Fund	0.00	35,887.80
Other Income	4,247,537.75	93,943.00
	4,285,869.19	158,675.18
<u>No.07 - Advances</u>		
Advances	0.00	136,632.80
	0.00	136,632.80
<u>No. 08 - Cash and Bank Balances</u>		
A/C No.033-1-001-0-1791066(T/F)	772,501.28	17,523.42
A/C No.033-1-001-2-1791065(P/F)	3,590,955.07	3,391,915.07
	4,363,456.35	3,409,438.49
<u>No.09 - Accumulated Fund</u>		
Balance B/F Govt. Contribution Capital	10,087,396.53	11,612,148.91
B/F Accumulated (Deficit/Sirplus)	(21,929,985.80)	7,675,762.38
Govt. Contribution Capital	21,562,000.00	6,151,010.00
Govt. Donation (Vehicle)	8,850,000.00	0.00
	18,569,410.73	10,087,396.53
<u>No.10 - Other Funds</u>		
Inventors Fund	2,543,450.34	2,522,375.59
	0.00	21,074.75
	2,543,450.34	2,543,450.34

Notes to the Accounts

	2012 (Rs.)	2011 (Rs.)
<u>No.11-Gratuity Provision</u>		
Balance as at 01.01.2012	1,467,441.38	1,455,287.50
Provision for the Year	363,189.37	169,261.38
Gratuity Payment	(527,716.50)	(157,107.50)
Balance as at 31.12.2012	1,302,914.25	1,467,441.38

NO.12- Accrued Expenses

Salaries	0.00	17,376.00
Cost of Living	0.00	7,995.00
Special Allowance	0.00	2,606.40
Fuel & Lubricant	14,375.00	15,960.00
Overtime and Holiday Pay	0.00	14,233.80
News Papers and Periodicals	0.00	1,780.00
Telephone charges	18,946.11	36,782.28
Electricity Charges	51,421.60	34,894.65
Water Charges	0.00	8,492.28
Refundable Tender Deposit	0.00	36,087.20
Creditors	0.00	82,860.65
Audit Fees	0.00	920,000.00
Manel Kanthi	0.00	503.27
Ministry of Education	0.00	46,305.00
	84,742.71	1,225,876.53

Inventors Incentives Expences

Accrued Expences

Prathibha-ITN Programme	6,500.00	0.00
ITN	3,827,040.00	0.00
Organizing Creative Socities	0.00	0.00
International Exhibitions	0.00	903,399.52
Publishing and Dissemination	0.00	0.00
Setting up Display & sales Centre	0.00	0.00
	3,833,540.00	903,399.52
TOTAL ACCRUED EXPENSES	3,918,282.71	2,129,276.05

No.13

Post Balance Sheet Events

There were no post balance sheet events

Government Grants

For the year 2012 Government Contribution summary is given below.

According to the SLAS 24

Recurrent Grant	17,992,000.00	12,651,000.00
Capital Grant	21,562,000.00	4,500,000.00

Related Party Disclosure

There were no related party transactions during the year 2012

NOTE 05

FIXED ASSETS & DEPRECIATION CHARGES

Category	Rates of Depreciation	Balance as at 01.01.2012 Rs.	Addition in 2012 (as cost) Rs.	Total Cost as at 31.12.2012 Rs.	Accumulated Depreciation Charges upto 01.01.2012	Depreciation Charges for 2012 Rs.	Accumulated Charges to 31.12.2012 Rs.	Writtendown Value 31.12.2012 Rs.
1. Furniture Equipment	15%							
a. Furniture Equipment		537,751.00	0.00	537,751.00	299,790.75	80,662.65	380,453.40	157,297.60
b. Executive chairs		157,222.50	0.00	157,222.50	117,916.90	23,583.38	141,500.28	15,722.23
c. Typewriters table		4,700.00	0.00	4,700.00	4,700.00	0.00	4,700.00	0.00
d. Racks & Boxes		90,236.00	0.00	90,236.00	81,398.50	8,837.50	90,236.00	0.00
e. Moveable Cabinet		14,787.00	0.00	14,787.00	11,090.25	2,218.05	13,308.30	1,478.70
		804,696.50	0.00	804,696.50	514,896.40	115,301.58	630,197.98	174,498.53
2. Office Equipment	20%							
a. Office Equipment		771,756.70	290,800.44	1,062,557.14	700,415.90	154,351.34	854,767.24	207,789.90
b. Electronic Typewriters		117,887.50	0.00	117,887.50	117,887.50	0.00	117,887.50	0.00
c. Computers & Accessories		6,043,340.18	1,252,840.00	7,296,180.18	5,379,345.18	1,208,668.04	6,588,013.22	708,166.96
d. Photocopy Machine		385,400.00	0.00	385,400.00	192,320.00	77,080.00	269,400.00	116,000.00
e. Telephone		342,049.95	0.00	342,049.95	310,344.75	31,705.20	342,049.95	0.00
f. Duplicator		717,875.00	0.00	717,875.00	717,875.00	0.00	717,875.00	0.00
		8,378,309.33	1,543,640.44	9,921,949.77	7,418,188.33	1,471,804.58	8,889,992.91	1,031,956.86
3. Prototype Models	10%							
a. Prototype Models & Name boards		105,495.00	0.00	105,495.00	105,495.00	0.00	105,495.00	0.00
b. Display Centre		110,805.00	0.00	110,805.00	67,405.10	11,080.50	78,485.60	32,319.40
		216,300.00	0.00	216,300.00	172,900.10	11,080.50	183,980.60	32,319.40
4. Library books	10%	193,357.48	0.00	193,357.48	184,998.58	8,358.90	193,357.48	0.00
5. Vehicle	20%	9,557,842.83	8,850,000.00	18,407,842.83	8,023,490.60	0.00	0.00	0.00
				(2,018,682.00)	(2,018,682.00)			
				16,389,160.83	6,004,808.60	955,784.28	6,960,592.88	9,428,567.95
6. Exhibition Stall	25%							
a. Exhibition Stall		127,429.75	0.00	127,429.75	127,429.75	0.00	127,429.75	0.00
b. Curtains		37,690.00	0.00	37,690.00	25,265.00	9,422.50	34,687.50	3,002.50

c. Table Clothes		0.00	258,750.00	258,750.00	0.00	0.00	0.00	258,750.00
		165,119.75	258,750.00	165,119.75	152,694.75	9,422.50	162,117.25	261,752.50
7. Projectors & Cameras	20%	1,715,068.50	0.00	1,715,068.50	1,489,580.50	225,488.00	1,715,068.50	0.00
8. TV & Video Cassette Recorders	20%	162,000.00	0.00	162,000.00	122,570.00	12,140.00	134,710.00	27,290.00
9. Office Fittings	15%	1,016,868.76	0.00	1,016,868.76	759,599.05	132,509.81	892,108.86	124,759.90
		22,209,563.15	10,652,390.44	32,603,203.59	18,838,918.31	2,941,890.14	19,762,126.45	11,081,145.14

FINANCIAL STRUCTURE
ACCOUNTS OF GOVERNMENT CONTRIBUTION

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

Cash Flow Statement

	As at 31.12.2012		
From Operating activities			
Surplus/Deficit for the year		(21,929,985.80)	
Adjustment for items not involving cash			
Depreciation	2,941,890.14		
Provision for Gratuity	363,189.37		
Profit of Sales of Vehicles	(4,247,537.75)		
		(942,458.24)	
Operating Profit prior changes in Assets/Liabilities		(22,872,444.04)	
Decrease/Increase in operating Assets/Liabilities			
Distress Loan	97,368.00		
Other Advance	136,632.80		
Loan Inventors Fund	147,544.00		
Festival Advance	5,500.00		
Other Contractual Services/Loan-Investors Fund	0.00		
Grauity Payments	(527,716.50)		
Accrued Expenses	2,929,746.29	2,789,074.59	
Net Cash Flow Operating Activities			(20,083,369.45)
Cash Flow from Investing Activities			
Purchase of Fixed Assets		(1,802,390.44)	
Sales Fixed Assets		4,247,537.75	
Sale proceeds to Ministry		(2,969,760.00)	
			(524,612.69)
Cash Flow from Financial Activites			
Government Contribution			21,562,000.00
Net Cash & Cash Equalant(Increase/ Decrese)			954,017.86
Cash & Cash Equalant beginning of the year			
Cash & Bank Balances			3,409,438.49
Cash & Cash Equalant end of the year			
Cash & Bank Balances			4,363,456.35

ACCOUNTING POLICIES

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

2. 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.

3. 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.

4. 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

5. 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.

6. Cash Flow

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

7. Retirement Gratuity

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

ACCRUED EXPENSES -2012

Journal Entries 2012

Date	Description	Debit Rs.	Credit Rs.
31.12.2012	Fuel & Lubricants A/c Accrued Fuel & Lubricants (Posting of Accrued Fuel & Lubricants 2012)	14,375.00	14,375.00
	Telephone Charges Accrued Telephone Charges (Posting of Accrued Communication 2012)	18,946.11	18,946.11
	Electricity A/c Accrued Electricity (Posting Accrued Electricity 2012)	51,421.60	51,421.60
	Prathiba ITN Programme Accrude Prathiba ITN Programme (Posting Accrued 2012)	3,833,540.00	3,833,540.00
	Depreciation Furniture Equipment Depreciation for Furniture Equipment	115,301.58	115,301.58
	Depreciation Office Equipment Depreciation for Office Equipment	1,471,804.58	1,471,804.58
	Depreciation Prototype Models & Name Boards Depreciation for Prototype Models & Name Boards	11,080.50	11,080.50
	Depreciation Library Books Depreciation for Library Books	8,358.90	8,358.90
	Depreciation Vehicles Depreciation for Vehicles	955,784.28	955,784.28
	Depreciation Exhibition Stall Depreciation for Exhibition Stall	9,422.50	9,422.50
	Depreciation Projectors & Camera Depreciation for Projectors & Camera	225,488.00	225,488.00
	Depreciation TV & Video Cassette Recorder Depreciation for TV & Video Cassette Recorder	12,140.00	12,140.00
	Depreciation Office Fittings Depreciation for Office Fittings	132,509.81	132,509.81

TRIAL BALANCE SHEET 31/12/2012

Description	Bal. as at 30.12.2012(With JE)	
	Debit	Credit
Salaries & wages	2,911,334.22	0.00
Cost Of Living Allowance	816,367.50	0.00
Special Allowance	355,045.60	0.00
E.P.F Contribution	585,474.15	0.00
E.T.F Contribution	113,325.10	0.00
Acting Allowance	114,966.00	0.00
Festival Advance	8,800.00	0.00
Remunation of member	780,310.00	0.00
Travelling -Local	96,854.67	0.00
Overtime & Holiday pay	394,383.12	0.00
Stationeries	179,126.73	0.00
Fuel & lubricants	550,361.00	0.00
Utilities	95,634.00	0.00
Repair-Vehicle	1,620,176.22	0.00
Repair-Office	72,464.16	0.00
Communication	256,404.99	0.00
Postage	9,325.00	0.00
Electricity	554,125.80	0.00
Water	49,253.44	0.00
Other contracual service	562,506.32	0.00
Rental	5,303,900.40	0.00
Audit Fee	0.00	0.00
Cleaning Service	162,000.00	0.00
Entertainment	70,692.00	0.00
News Pappers & periodicals	29,040.00	0.00
Other Administration ex	86,324.00	0.00
D/Loan	646,590.00	0.00
D/Loan Interest	0.00	22,151.44
Government contribution Capital	0.00	21,562,000.00
Government contribution Recurrent	0.00	17,992,000.00
Fuel Deposit	100,000.00	0.00
Advance	186,384.80	0.00
Presidential awards ceremony	7,097,442.75	0.00
International Exhibition	0.00	903,399.52
Publicitiy & dissemination	0.00	0.00
Pre Payment For Other Contractual Service	341,088.44	0.00
Furniture Equipment	919,998.08	0.00

Accumulated Depreciation Furniture Equipment	0.00	630,198.19
Office Equipment	11,115,093.91	0.00
Accumulated Depreciation Office Equipment	0.00	8,879,810.95
Prototype Models & Name Boards	227,380.50	0.00
Accumulated Depreciation Prototype Models	0.00	183,980.15
Library Books	201,716.38	0.00
Accumulated Depreciation Library Books		193,359.08
Vehicle	10,513,627.11	0.00
Accumulated Depreciation Vehicle	0.00	10,487,107.05
Exhibition Stall	174,542.25	0.00
Accumulated Depreciation Exhibition Stall	0.00	162,117.25
Projectors & Cameras	1,965,829.52	0.00
Accumulated Depreciation Projectors& Camera	0.00	1,715,068.50
TV. & video Cassette Recorders	174,140.00	0.00
Accumulated Depreciation TV Video & recorders	0.00	134,710.00
Office Fittings	1,149,378.57	0.00
Accumulated Depreciation Office Fitting	0.00	892,108.86
Accumulated fund	0.00	10,087,396.53
Refundable Tender Deposit	50,000.00	91,087.20
Creditors	0.00	82,860.65
Allocation to Gratuity	527,716.50	1,467,441.38
Implementation&Parliamentary Affairs(NAITA)	7,560.00	0.00
Ministry of education	0.00	46,305.00
manel kanthi	0.00	503.27
Commissioner of Election	13,524.50	0.00
Polonnaruwa District Inventors Fund	0.00	21,074.75
Other Income (	0.00	1,280,022.45
Financial & technical support	20,695.00	0.00
petty cash	21,438.45	0.00
Cash T/F	772,501.28	0.00
Cash p/f	3,423,175.07	0.00
Inventors Fund	0.00	2,522,375.59
Loan Interest p/f	0.00	6,249.19
Inventors Fund Loan	9,756,793.80	0.00
Inland Revenue De.	95,600.00	0.00
Develop a website	381,151.16	0.00
Organizing inventions	0.00	0.00
Reactivation of school	73,961.80	0.00
National Level Exhibition	0.00	0.00
Salary Advance	0.00	0.00

Accrued Expenses	0.00	0.00
Fuel & lubricants	0.00	14,375.00
Communication	0.00	18,946.11
Electricity	0.00	51,421.60
Prathibha ITN	0.00	3,833,540.00
Audit Fee	0.00	920,000.00
Allocation to Gratuity	0.00	0.00
Provincial Level Screening of School (Sahsak Nimewum)	478,952.23	0.00
Participation of International Exhibition	814,693.51	0.00
Staff Development	62,665.00	0.00
Natinol Symposium For Inventors	54,360.00	0.00
Telecasting activities of YICC on learn TV	241,018.38	0.00
Celebration of National Invention Month & Holdings (Sahasak Nimewum)	12,791,667.80	0.00
Inco Programme / SLIM	1,610.00	0.00
Participation of Deyata Kirula National Exhibition	48,910.00	0.00
Prathibha ITN	3,972,208.50	0.00
Total	84,201,609.71	84,201,609.71

Provision of Gratuity for the Year 2012

Post	Name	Year of Appointment	Salary of 2012	Special Allowance	CLA	Gross Salary	No.of Years (Service)	Gratuity Provision
D/D	B.M. Somasinghe	1994	34550	5182.5	5850	45,582.50	18	410,242.50
A/D	K.K.D.N.Kahatapiya	1999	27,540	4,131	5,850	37,521.00	13	243,886.50
CL	M.U.T.K. Senanayake	1999	8,364	1,254	3,315	12,933.00	13	84,064.50
AO	W.M.A.K. Wickramage	1999	20,525	3,079	5,850	29,453.75	13	191,449.38
DR	D.P.Seneviratne	1993	15,460	2,319	5,850	23,629.00	19	224,475.50
DR	P.R.A.S. Ranasinghe	1996	15,010	2,252	5,850	23,111.50	16	184,892.00
MA	M.R.M. Aroos	1993	15,045	2,256	5,850	23,151.00	19	219,934.50
PO	K.K.D.S.V. Ranaweera	2005	20,525	3,079	5,850	29,453.75	7	103,088.13
PO	H.K.C.L.K.odippili	2005	20,525	3,079	5,850	29,453.75	7	103,088.13
PO	K.L.C.D. Seneviwickrama	2009	20,525	3,079	5,850	29,453.75	3	44,180.63
MA	N.D. Siriwardhana	2010	13,460	2,019	5,850	21,329.00	2	21,329.00
						305,072.00		1,830,630.75

Provision As at 31.12.2011	1,467,441.38
Provision for 2012	1,830,630.75
	363,189.37

Payments in 2012

Resigned Officer	117,474.00
Retired Officer	410,242.50
	527,716.50



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கணக்காய்வாளர் தலைமை அபிவிதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல } LS/F/SLIC/FA/2012
My No }

ඔබේ අංකය }
உமது இல }
Your No }

දිනය }
திகதி } 10 October 2013
Date }

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 2012 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 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure account 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 issued to the Commissioner of the Commission on 02 May 2013.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles 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.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

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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 judgment, including the assessment of the risks of material misstatement 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 the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and 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 Audit Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the 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 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) Even though a vehicle which was registered in the name of the Commission in the year 2009 had been assessed at Rs.3,528,000, that value had not been brought to account.
- (b) Three journal entries valued at Rs.12,651,041 for the year under review had not been entered in the accounts.
- (c) Provision for audit fees amounting to Rs.920,000 had been omitted from the accounts.
- (d) The value of cloths purchased at Rs.258,750 for sewing the table cloths had been accounted twice in the office equipment account and in the table cloth account.
- (e) Provision for gratuity for the year had been overstated in the accounts by Rs.210,833. Even though gratuity had been paid for two officers who had resigned from the service, a sum of Rs.494,306 had been provided during the year under review too for those officers resigned from the service.
- (f) The amount of annual depreciation for vehicles had been overstated in the accounts by Rs.936,144. Even though the balance of the accumulated depreciation account was Rs.7,533,215, it had been shown in the financial statements as Rs.6,960,592.

- (g) Accrued expenditure for the year under review amounting to Rs.3,918,282 had not been brought to account and as such the expenditure for the year had been understated by that amount.
- (h) Action had not been taken to bring to account the refundable deposit amounting to Rs.125,000 paid for building obtained on rental basis in the Battaramulla area.
- (i) The following 04 balances amounting to Rs.1,073,651 had been omitted from the financial statements for the year under review.

	Rs.
Opening balance of the creditors account	82,860
Amount spent for international conferences	903,399
Amount paid to the Ministry of Education	46,305
Refundable tender deposits	41,087

	1,073,651

- (j) Revaluation profit amounting to Rs.2,750,000 obtained from the revaluation made for sale of two vehicles belonging to the Commission had been brought to account as other income instead of transferring to a Reserves Account.
- (k) Interest amounting to Rs.37,496 received for the loans granted to inventors during the year under review had not been brought to account.
- (l) Action had not been taken to bring to account or to disclose through notes to the accounts for a sum of Rs. 9,050,000 received as sponsorship from private institutions for "SAHASAK NIMAVUM" national exhibition and "PRATHIBA PRABHA" television programme.

2.2.2 Unreconciled Accounts

The following differences were observed between the balances shown in the financial statements presented for audit for the year under review and the balances shown in the relevant ledger accounts and those balances had not been reconciled.

Particulars	Balance according to the Financial Statements	Balance according to the Ledger Accounts	Difference
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	Rs.	Rs.	Rs.
Vehicles	16,389,160	9,557,842	6,831,318
Office Equipment	9,921,949	9,643,289	278,660
Depreciation on Fixed assets	2,941,890	-	2,941,890
Accumulated Fund	10,087,396	11,612,148	1,524,752
Other Income	4,247,537	1,280,026	2,967,511
Innovation Fund	2,543,450	2,522,375	21,075
Innovation Credit Fund	9,634,260	9,773,114	138,854

2.2.3 Accounts Receivables and Payables

The following observations are made.

- (a) Four account balances amounting to Rs.498,804 remaining for a period of more than 06 years had not been settled.
- (b) Out of the loans amounting to Rs.10,200,000 granted to 12 inventors during the years 2008 and 2009, only a sum of Rs.565,740 had been recovered up to 31 December 2012. Loans amounting to Rs.8,200,000 obtained by 10 inventors had been defaulted.

2.2.4 Lack of Evidence for Audit

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

Item	Value	Evidence not made available
	Rs,	
Fixed Assets	32,603,203	Schedules, Reports of the Boards of Survey
Cash at Bank and in hand	4,363,456	Confirmation of Balances
Advances	136,633	Schedules
Pre payments	341,088	Schedules

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

The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Financial Regulations

135, 136

All the works from preparation of estimates up to the settlement of bills for various programmes of the Commission had been carried out by a same team contrary to the provision of the Financial Regulations.

- | | | |
|-----|---|---|
| (b) | Public Finance Circular No.438(2) dated 13 November 2009 and F.R 756, 757 and 771 | Action had not been taken in terms of circular provision in respect of 67 items of goods identified as disposable at the Boards of Survey in the year 2011. |
|-----|---|---|

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the working of the Commission for the year ended 31 December 2012 had resulted in a deficit of Rs.21,929,985 as compared with the corresponding deficit of Rs. 7,675,762 for the preceding year. The increase of expenditure for promotion of inventors by Rs.19 million and increase of other expenditure by Rs.05 million and increase of total income by Rs.10 million had mainly attributed for deterioration of financial results for the year under review by a sum of Rs.14,254,223 as compared with the preceding year.

3.2 Analytical Financial Review

The deficit for the year under review had increased by Rs.14 million as compared with the preceding year. The increase of expenditure for promotion of inventors by Rs.19 million or 604 per cent had mainly attributed for it. Fuel expenditure, vehicle repairs and maintenance expenditure and other expenditure for the year under review had exceeded by 105 per cent, 201 per cent, and 156 per cent respectively that of the expenditure for the preceding year. The expenditure for the year under review had increased at a higher percentage exceeding the expenditure for the preceding year and it badly affected the financial results.

Even though government grants amounting to Rs.18 million had been received in the year under review increasing the grants of Rs.12 million received in the preceding year by 50 per cent, it was not sufficient to minimize the deficit for the year under review as compared with the preceding year.

4. Operating Review

4.1 Transactions of Contentious Nature

A sum of Rs.2,543,450 had been shown in the financial statements as new Inventors Fund by amalgamating a sum of Rs.2,522,375 of the new Inventors Fund and the interest of Rs.21,075 of the Polannaruwa District Fund as at 31 December 2012. Information relating to the purpose of establishment of new Funds had not been submitted for audit. The balance of these Funds Accounts had remained for several years and information relating to the identification of assets of the Fund had not been submitted for audit.

4.2 Personnel Management

The following observations are made.

- (a) Even though the approved cadre of the Commission was 24, there were 13 vacancies as at 31 December 2012 for executive and non executive posts.
- (b) Two drivers had only been deployed in the service for driving 04 vehicles of the Commission.

4.3 Idle and Underutilised Assets

A balance of Rs.3,590,955 had existed as at 31 December 2012 in the Bank Account opened for granting loans to the inventors and recovery of loans and this account had remained dormant since the year 2010.

5. Accountability and Good Governance

5.1 Tabling of Annual Reports

The annual report for the year 2011 had not been tabled in Parliament.

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 systems and controls.

- (a) Accounting
- (b) Recovery of Loans
- (c) Payment of Advances
- (d) Control over Vehicles

H.A.S.Samaraweera

Auditor General

Auditor General,
Auditor General's Department,
No: 306/72, Polduwa Road,
Battaramulla.

Report of the Auditor General on the Financial Statements of the Sri Lanka Inventors Commission for the year ended 31st of December 2012 in terms of Section 14(2)(c) of the Finance Act no:38 of 1971.

2.2.2 Accounting Deficiencies

(a) The vehicle bearing the no: KI-0614 registered in 2009 worth of Rs.3, 528,000/- is a vehicle given to the commission by the President's Fund and the sum equivalent to its value was due to be recovered from the object code of the Ministry of Entrepreneurial Development and Investment Promotion. Since relevant documents had not been available at our Institution action was taken to obtain them from the Sri Lanka Customs and to hand them over to you. Accordingly, action has been taken to enter the allocation of depreciation for the last 03 years in respect of the vehicle bearing the no: KI-0614 in the following manner

J/E/-12

Vehicle account (debit)	- 3,528,000/=
Government Grants	- 3,528,000/=

(the vehicle KI-0614 entered in the accounts as an asset.)

J/E – 13

Vehicle account (debit)	- 2,822,400/=
Allocation of Accumulated depreciation	- 2,822,400/=
Government Grants	- 2,822,400/=

(Allocation of depreciation from 2009 to 2012 entered in the accounts.)

(b) The 03 journal entries amounting to Rs.12, 651,041/- have been entered in the final accounts and action has been taken to rectify it by also entering it in the ledger.

(c) The Presidential awards ceremony which was scheduled to be held in December 2011 was not held due to an unavoidable reason, following the instructions of the Presidential Secretariat. Thereafter, the Presidential Secretariat gave permission to hold it on the 26th of January 2012. However, by that time the commission has taken action to hold the preliminary rehearsals of the ceremony. The expenses incurred in this regard are mentioned in the accounts report of 2011.

(d) Even though a sum of Rs.920,000/- has been mentioned in the financial reports as the starting balance of the audit fee payable, this amount has been mentioned as Rs.889,198/- in the Auditor General's letter numbered S-17/3/rem/2012 dated 17th October 2012. Accordingly, action has been taken to correct the balance of the audit fee payable.

J/E – 14

Audit fee payable (debit)	- 30,802/-
Other incomes	- 30,802/-

(Correction of the balance of the audit fee payable)

(e) The value of the cloth materials purchased for the purpose of sewing table cloths has been entered under the office equipment of the fixed assets register. This value has been entered as Rs. 283,500/-. It was prepared as follows.

Cost for the materials (Voucher No: 476/2012)	- Rs. 258,750/-
Sewing chargers (Voucher No: 488/2012)	- <u>Rs. 24,750/-</u>
Total Value	- <u>Rs. 283,500/-</u>

Accordingly action has been taken to correct the accounting error.

(f) Action has been taken to enter the over allocation of gratuity amounting to Rs.283, 650/- in accounts.

(g) Action has been taken to correct the error of entering the sum of Rs.210, 653/- additionally in the gratuity account.

J/E – 15

Account for allocation of gratuity (debit)	- Rs.210, 653/-
Gratuity Expenses	- Rs.210, 653/-

(h) Depreciation in respect of the vehicle account has been corrected as follows.

J/E – 16

1. Account for allocation of accumulated depreciation (Debit)	- Rs.955,784/-
Depreciation account (Correction of error of calculating depreciation)	- Rs.955, 784/-

J/E – 17

2. Depreciation account (debit)	- Rs. 19,640/-
Account for allocation of accumulated depreciation (Entering the allocation of depreciation in the accounts)	- Rs. 19,640/-

(i) Action has been taken as follows to correct the difference in the account for allocation of accumulated depreciation.

J/E 18

Depreciation account (debit)	- Rs.572, 623/-
Account for the allocation of accumulated depreciation (Correction of the error of calculation depreciation)	- Rs.572, 623/-

(j) Action has been taken to enter the sum of Rs.3, 918,282/- payable to the Independence Television Network in the expenditure accounts.

(k) The owner of the building in Battaramulla, which had been taken on rent, had retained a refundable sum of Rs.125, 000/-.

The commission is currently not in possession of any relevant documents since the auditors had taken away all related files in 2011. When the commission took steps to notify the building owner by sending reminders in this respect, he had informed the commission that the sum of

Rs. 125, 00/- had to be charged for the damages caused to the building while the commission was occupying it and for the water, electricity and telephone bills payable. Therefore the final letter and photocopies of relevant bills are sent attached herewith. Accordingly, action has been taken to correct the journal entries as given below.

J/E -19

Electricity (debit)	- Rs.70,627.39/-
Water (debit)	- Rs. 6,194.12/-
Allowances (debit)	- Rs. 19,658.16/-
Telephone (debit)	- Rs. 19,764.12/-
Dialog T.V. (debit)	- Rs. 8,756.21/-
Key money deposit (credit)	- Rs. 125,000.00

(Journal entries that should be made this year relevant to previous years.)

(l) Action will be taken to enter the following starting balances in accounts.

Starting balance of the creditors account	- Rs. 82,860/-
Expenditure incurred for international exhibitions	- Rs.903, 399/-
Amounts paid to the Ministry of Education	- Rs. 46,305/-
Refundable tender deposits	- Rs.41, 087/-

(m) Noted down to transfer to the reserve account, the profit of Rs.2,750,000/- earned from the revaluation of the two vehicles owned by the commission, when they were sold

J/E – 20

Other income account (debit)	- Rs.2, 750,000/-
Revaluation reserves (debit)	- Rs.2, 750,000/-

(Correction of revaluation reserves.)

(n) Noted down to enter in the accounts the profit of Rs.1, 497,537/- earned from the sale of vehicles, as a capital profit in the following manner.

J/E – 21

Other income accounts (debit)	- Rs.1, 497,537/-
Capital profit	- Rs.1, 497,537/-

(Correction of capital profits earned from the sale of vehicles)

(o) Noted down to enter in the accounts the amount of Rs.37, 496/-, being the loan interest income received from the inventors during the year under review.

J/E – 22

Loan fund of inventors (debit)	- Rs. 37,496/-
Interest income (credit)	- Rs. 37,496/-

(Entering the interest received for the loans granted to inventors in accounts.)

2.2.3 Unreconciled Accounts

I wish to inform that action has been taken to enter the relevant corrections in the ledger.

2.2.4 Lack of Evidence for Audit.

Fixed assets-Verification of fixed assets has been finalized by now.

Cash at bank and in hand - I herewith submit the balance confirmation letter forwarded by the bank
Petty Cash book has also been settled.

Advances - The balance of Rs.136, 633/- mentioned under advances has been included in the financial reports several years back. Therefore action will be taken to erase this from books.

Payments due - The same reason mentioned under advances has also been the reason which affected the balance of Rs. 341,088/- mentioned as payments to be made and I wish to inform that action has been taken to write it also off.

2.2.5 Accounts receivable and payable.

(a) As the commission does not have any records with regard to these balances continuing for a period of over 6 years, it has become difficult to decide whether these balances should be continued or written off. If any report on these balances are included in the working files of your institution, I kindly request you to notify us in that respect.

(b) Loans granted to inventors.

As the loan amount mentioned under the above has been granted to inventors as an incentive, it has become evident through field observations that these loans cannot be recovered. Therefore, the board of directors of the commission requested the secretary to the Ministry to write off these loan amounts as aid to inventors. We expect to proceed accordingly.

2.2.6 Informal Transactions.

Action was taken to obtain the private sector contribution towards sponsoring a part of the award presentation of “Shasak Nimawum” National Invention Exhibition and “Prathiba” (Young Inventors Club) Programme on television. Here, the commission intervened only in deciding the value of the prize money and as a mediator. Accordingly, these private institutions gave relevant awards directly to the winning parties through cheques of their companies and the commission neither received money nor intervened in any manner in these proceeding. Therefore, related transactions have not been entered in accounts. However, sponsorship received, benefits and progress have been entered in the Annual Report.

3.3 Abnormal Increase of expenditure

The Sri Lanka Inventors Commission which remained inoperative from 2010 onward without any development activities being carried out, was back in action from June 2011 after a new commissioner and a board of directors had been appointed implementing programmes as stipulated by the act. Accordingly as a result of the implementation of programmes the recurrent and capital expenditure have increased.

4. Operational Review.

4.1 Transactions of a contentious nature.

A fund existed by the name Pollonnaruwa fund which had been established for the implementation of a project that had not been implemented and since last year's audit report confirmed that this is an inactive fund those funds have been combined, as per governing board decision no: 2012 (08) – 13 - 03 (III)

4.2 Idle and underutilized assets.

Goods that have been identified as to be disposed of have been duly disposed of.

4.3 Staff Management.

(a) The vacancy for the Assistant Director (Finance) has been filled, and one recruitment has been made out of 05 Research Assistant Posts. Applications have been called to fill the other Research Assistant Posts.

(b) Applications have been called for the posts of driver which had fallen vacant. The relevant interviews are scheduled to be held on 10.06.2013. Out of the 04 vehicles owned by the commission, one is assigned to the Commissioner as his official vehicle and the other 03 vehicles are used as pool vehicles. Once the vacancy for the drivers are filled this problem will be solved.

4.4 Idle and underutilized assets.

The inventors, who had been granted loans from the Commission, have credited the relevant instalments to the Bank account and the commission is in the process of granting these funds formally to inventors once again as aid (with the knowledge of the Ministry)

5. Accountability and good governance

5.1 Internal Control

As of now, vacancies in the posts of Management Assistant and Assistant Director (Finance) have been filled and it is believed that internal control will be better in future.

5.2 Tabling of Annual Reports.

The annual report was forwarded to the Ministry by March 2013, and all arrangements have been made to table it once the Ministry has finalized the necessary work with regard to its tabling.

6. System and Control

The Commission is taking great efforts to correct the errors observed at the audit with regard to the systems and control. The vacancies existing in the commission has effected this situation. We also have indentified that the recovery of loans granted has become a difficult task owing to the deficiencies in the systems and control procedures in operation at the time. Already we have introduced a formal methodology for the grant of aid. All including the Board of Directors and the Governing Board. All including of the commission have focused their attention in formalizing these processes and thereby achieving a better governing system.

D. Anuradha L. Ileaperuma,
Director,
Sri Lanka Inventors Commission