

COLOMOBO SCIENCE AND TECHNOLOGY CELL  
(CELL)

# ANNUAL REPORT 2014

NO. 94, FACULTY OF SCIENCE,  
UNIVERSITY OF COLOMBO,  
COLOMBO 3, SRI LANKA

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## CHAIRMAN'S STATEMENT

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The Faculty of Science, University of Colombo turned a new page in the history of the Sri Lankan University system on September 26, 2013, by forming a company limited by guarantee. Therefore, it gives me a great pleasure in releasing a statement for this historic first Annual Report of the Colombo Science and Technology Cell (CELL).

Upon retirement of the founder Chairman, Prof. T.R. Ariyaratne, I took up office as the second Chairman of this company at its infancy, to be exact 5 months after its incorporation. A business center at the Faculty was a long felt need, and the initiative taken by the founder Chairman is greatly appreciated at this juncture.

The Government has taken steps to improve the University-Industry interaction by introducing a tax concession to companies investing in R & D activities at universities. Therefore, the Faculty feels that the future is bright for the CELL if all its members work extremely hard towards one objective, which is carrying out collaborative research projects and consultancies and delivering the outcome with highest level of corporate excellence. I believe if all of us keep to deadlines and maintain professionalism, more clients will come to work with us. Further, as expected from a company limited by guarantee we must strive hard to reinvest the profit to improve the much wanted infrastructure at the Faculty. This will allow our young academics to undertake projects which are unimaginable at present, with the facilities that we have at hand.

All members of the board are actively involved in promoting the activities of the CELL. I thank them for their commitment and invaluable support rendered without any form of remuneration. The advice and guidance by the company secretary and dedication by the two energetic managers at the office have enabled us to reap the benefits within the first year itself. I would be failing my duty if I do not value the trust placed by industries and other parties in joining hands with the CELL to conduct many activities during this first year.

In conclusion, I salute those who have accepted challenging projects, consultancies and conducted training programs with meager facilities at the Faculty. I urge all others who are not involved in such projects to get involved in industry related research projects. Innovations ensue only if we think differently and do differently and innovations promise the prospects of triumph.

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## CEO'S REPORT

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The “CELL” promotes and serves manufacturing and service industries in Sri Lanka through research, development, innovation, science based services and knowledge & technology transfer.

The “CELL” can undertake collaborative research projects, Consultancies in a number of areas, namely, Agricultural/horticultural, Chemical, Educational, Electrical/Electronics, Environmental, Financial & actuarial, Industrial, Medical/Pharmaceutical, Microbial, Nuclear Analytical, Statistical/Computational. We are at a competitive advantage as the “CELL” is able to carry out interdisciplinary projects with its diverse membership from the seven departments of the Faculty namely Chemistry, Mathematics, Nuclear Science, Physics, Plant Sciences, Statistics, and Zoology. Further our office is located in the University of Colombo premises, which is in the Colombo Metropolitan area.

University of Colombo Science and Technology Cell (UCSTEC) was formed initially, in 2009 as a unit under the Faculty of Science in order to interact with the Sri Lankan industries in the aforementioned areas. The UCSTEC finances were handled by the University administration. However, the Faculty was of the view that a more flexible system was required in order to interact with external parties in a more efficient manner. Therefore, the formation of a company was conceptualized.

After obtaining the necessary approval from the Council of the University and the University Grants Commission, the Colombo Science and Technology Cell (CELL) was registered as a company limited by guarantee on September 26<sup>th</sup> 2013. Its office was formally opened on March 3<sup>rd</sup> 2014. We have already established contacts with a number of companies in Sri Lanka.

The capital cost for the implementation (Rs 10 million) was obtained through the competitive grant under the Higher Education for the 21<sup>st</sup> Century (HETC)/ Quality & Innovative Grant (QIG), Window 4; on Research Dissemination and Commercialization Projects. This is a World Bank funded project.

The administrative, financial and the legal structure of the Cell are now in place. The running of the business can be done with the earned income. However, in order to cater to the wide range of product development activities the infrastructure at the departmental level must be strengthened. This involves purchase of state-of-the-art equipment and software. In order to cater to industry requirements in an efficient manner, hiring of full time research assistants would also be essential. We have already purchased some equipment and consumables from the earned income and at present, we have hired three full time research assistants.

Our predecessor, the University of Colombo Science and Technology Cell, has successfully completed a few small projects and three major product development activities for the private sector in Sri Lanka. CELL has already completed minor projects/training programs and signed several MOUs with Sri Lankan industries and one with an institute in Korea.

Cell has already built good relationships with external parties and all consultants at the Faculty must strive to maintain and strengthen the relationships with both old and new clients. Further, by making budgetary allocations to equip the laboratories, the Faculty of Science will definitely have a sustainable and competitive edge over the others engaged in Science & Technology research in attracting the clientele.

### Status and Milestones

- The first meeting of the University of Colombo Science and Technology Cell (UCSTEC), the predecessor of the Cell: **April 01, 2009**
- Signing of the MOU/UCSTEC with *Darley Butler & Company Ltd.*: **November 01, 2010**
- Signing of the MOU/UCSTEC with *Ceylon Cold Stores PLC*: **November 01, 2012**
- Signing of the MOU/UCSTEC with *Kabatagaha Graphite Lanka Limited*: **March 01, 2013**
- Signing of Contract to receive funds from HETC/Quality & Innovation Grant (QIG): W4: Research Dissemination and Commercialization Projects: **March 28, 2013**
- Company Objects were published in Daily News: **July 31, 2013**
- Company Registration: **September 26, 2013**
- Signing of the MOU with *Samson Compounds (Pvt) Ltd.*: **October 01, 2013**
- Public notice of the incorporation was published in Daily News, Dinamina & Thinakaran newspapers: **October 11, 2013**
- Public notice of the incorporation was published in Government gazette: **October 25, 2013**
- Signing of the MOU with *The Korean Institute of Ocean & Scientific Technology, Korea*: **November 01, 2013**
- Training program on Advanced data analysis using SPSS: **January 19-February 02, 2014**
- Signing of the MOU with *ATG Gloves (Pvt) Ltd.*: **February 08, 2014**
- Training program on Advanced data analysis using R: **February 09-23, 2014**
- Opening of the Cell office: **March 03, 2014**
- International Forum for Mathematical Modeling: **March 10-21, 2014**

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## BOARD OF DIRECTORS

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Prof. K.R.R. Mahanama - Chairman

(Ph.D. in Analytical Chemistry, City University of New York, USA)

Prof. D.T.U. Abeytunga - Chief Executive Officer

(Ph. D. in Organic chemistry, University of Arizona, USA)

Prof. R.L.C. Wijesundera

(Ph.D. in Plant Pathology, University of Bristol, England)

Prof. J.K.D.S. Jayanetti

(Ph.D in Experimental Condensed Matter Physics, City University of New York, USA)

Prof. W.N. Wickremasinghe

(Ph.D. in Statistics, Kansas State University, USA)

Prof. S.S.B.D.P. Mahawatte

(MSc. in Applied Nuclear Physics, University of Birmingham, England)

Dr. P.K.T.N.S. Pallewatte

(Ph.D. in Entomology, Imperial College of Science, University of London)

Dr. S.S.N. Perera

(PhD in Optimal Control, TU Kaiserslautern, Germany)

Dr. M.N. Kaumal

(Ph. D. in Analytical Chemistry, Mississippi State University, USA)

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## COMPANY SECRETARY AND AUDITOR

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Company Secretary:

Mr. Presanna Ekanayake (Attorney-at-Law & Notary Public)

Auditor:

TED Saverimuttu & Co

## AUDITORS REPORT

**TED SAVERIMUTTU & CO.**  
Chartered Accountants.

Partners - A. B. D. Saverimuttu.  
F.C.A., A.C.M.A., F.M.A.A.T., A.T.LI.(SL)  
C.Q. Tennakoon  
A.C.A.



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Sri Lanka.

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Fax : (011) 4 201 305  
Web Site : www.fba-saverimuttu.com  
E-Mail : info@fba-saverimuttu.com

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLOMBO SCIENCE & TECHNOLOGY CELL

#### Report on the Financial Statements

We have audited the Balance Sheet of Colombo Science & Technology Cell as at 31<sup>st</sup> March, 2014 and the related statement of income, and changes in equity for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards for Small and Medium-Sized Entities (SLFRS for SMEs). This responsibility includes: designing implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; an audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, so far as appears from our examination, the company maintained proper books of accounting records for the period ended 31st March, 2014 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March, 2014 and its financial performance for the period then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities (SLFRS for SMEs).

#### Report on Other Legal and Regulatory Requirements

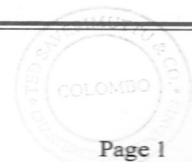
These financial statements also comply with the requirements of Section 151(2) of the Companies Act No.07 of 2007.

**TED. SAVERIMUTTU & CO.**  
Chartered Accountants.  
01<sup>st</sup> October, 2014  
Colombo.  
ABDS: cdbs, sce



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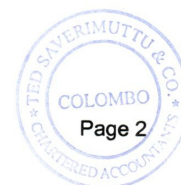
Independent Member of GMN International  
GMN International is an association of legally independent accounting firms



**COLOMBO SCIENCE & TECHNOLOGY CELL  
INCOME STATEMENT  
FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014.**

	<b>2014</b>
	<b>Rs.</b>
Revenue	5,059,555
Direct Expenses	(2,519,086)
<b>Net Surplus of Projects</b>	<b>2,540,469</b>
Other Income	48,852
<b><u>Less: Expenditure</u></b>	<b>(1,856,280)</b>
Administration Expenses	(7,027)
Financial & Other Expenses	(1,863,307)
<b>Net Surplus/(Deficit) before Taxation</b>	<b>726,014</b>
Taxation	(72,601)
<b>Net Surplus/(Deficit) after Taxation</b>	<b>653,413</b>

The attached notes and accounting policies form an integral part of financial statements.





**COLOMBO SCIENCE & TECHNOLOGY CELL  
BALANCE SHEET  
AS AT 31<sup>st</sup> MARCH 2014.**

	Notes	2014 Rs.
<b>Assets</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment		-
<b>Current Assets</b>		
Trade Receivables	3	247,500
Cash at Bank & in Hand	1	4,155,248
		<u>4,402,748</u>
<b>Total Assets</b>		<u>4,402,748</u>
<b>Equity &amp; Liabilities</b>		
<b>Capital &amp; Reserves</b>		
Accumulated Fund		653,413
		<u>653,413</u>
<b>Current Liabilities</b>		
Trade Creditors	4	1,292,799
Accrued Expenses	2	2,383,935
Income Tax Payable		72,601
		<u>3,749,335</u>
<b>Total Equity &amp; Liabilities</b>		<u>4,402,748</u>

The attached notes and accounting policies form an integral part of financial statements.

These Financial statements are prepared in compliance with the requirements of the Companies

Act No 7 of 2007

COLOMBO SCIENCE AND TECHNOLOGY CELL  
G A 2862

.....  
Director Director Director

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by:

COLOMBO SCIENCE AND TECHNOLOGY CELL  
G A 2862

.....  
Director

.....  
Director Director

01<sup>st</sup> October, 2014  
Colombo

.....  
Director



**COLOMBO SCIENCE & TECHNOLOGY CELL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014.**

	<b>Accumulated Fund</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Balance as at 01.10.2013</b>	-	-
Add :		
Surplus/(Deficit) for the period ended 31.03.2014	653,413	653,413
<b>Balance as at 31.03.2014</b>	<b>653,413</b>	<b>653,413</b>

The attached notes and accounting policies form an integral part of these financial statements.

**COLOMBO SCIENCE & TECHNOLOGY CELL  
CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014.**

	<b>2014</b>
	<b>Rs.</b>
Net profit/(Loss) before taxation	726,014
<b>Changes in Working Capital</b>	
(Increase)/Decrease in Trade & Other Receivable	(247,500)
Increase/(Decrease) in Trade & Creditors	1,292,799
Increase/(Decrease) in Trade & Other Payable	2,383,935
	<b>4,155,248</b>
Tax paid	-
<b>Net Cash Flow from Operating Activities</b>	<b>4,155,248</b>
<b>Cash Flows from Financing Activities</b>	-
<b>Net Cash Flows from Investing Activities</b>	-
<b>Changes in Cash &amp; Cash Equivalents during the year</b>	<b>4,155,248</b>
Cash & Cash Equivalents at the Beginning of the year	-
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>4,155,248</b>

<b><u>Changes of Cash &amp; Cash Equivalents</u></b>	<b><u>2013(Rs)</u></b>	<b><u>Changes</u></b>	<b><u>2014(Rs)</u></b>
Commercial Bank Current A/C: 1116016487	-	49,750	49,750
Commercial Bank Savings A/C: 8116016806	-	2,602,078	2,602,078
Commercial Bank F/D A/C: 3116017127	-	1,500,000	1,500,000
Petty cash	-	3,420	3,420
	-	<b>4,155,248</b>	<b>4,155,248</b>

The attached notes and accounting policies form an integral part of financial statements.

**COLOMBO SCIENCE & TECHNOLOGY CELL**  
**ACCOUNTING POLICIES**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2014**

**1. General Information**

Colombo Science & Technology Cell is a Company domiciled in Sri Lanka registered under Companies Act No 7 of 2007 of Sri Lanka as a company limited by guarantee. In the event that the Company is wound up the liability of member is limited to Rs. 100/- per member. The Company is engaged in to promote and serve manufacturing and service industries as well as agriculture in Sri Lanka through research, development, innovation, scientific service and acknowledge and technology transfer. The registered office of the company is located at Faculty of Science, University of Colombo, No. 94, Cumaratunga Munidasa Mawatha, Colombo 03. Financial statement of the company reflects the financial results and the cash flow for the period ended 31<sup>st</sup> March 2014 and the financial position as at 31<sup>st</sup> March 2014.

1.1. Financial statement of the company for the period ended 31<sup>st</sup> March 2014, were authorized for issue in accordance with a resolution of the board of directors passed on 1<sup>st</sup> October 2014.

**2. Statement of Compliance**

The Financial Statements of the Company are prepared in accordance with Sri Lanka Financial Reporting Standards for Small and Medium-Sized Entities (SLFRS for SMEs) laid down by the Institute of Chartered Accountants of Sri Lanka.

**3. Basic of Compliance**

The Financial Statements are prepared on the historical cost basis. Accounting policies have been consistently applied as those used in previous year. No adjustments are made for inflationary factors affecting the Financial Statements. The Financial Statements are prepared in Sri Lanka rupees, rounded to the nearest rupee.

**4. Foreign Currency Transactions**

All foreign exchange transactions are translated to Sri Lanka Rupees at the rate of exchanging ruling at the date transactions were affected. All assets and liabilities in foreign currencies as at the balance sheet date are converted at the exchange rates prevailing at that date

**5. Current Assets**

Assets classified as current assets in the statement of financial position are cash and those which are expected to be realized in cash during the normal operating cycle of the Company's business or within one year from the Balance sheet date whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond one year period calculated from the Statement of financial position date.



**COLOMBO SCIENCE & TECHNOLOGY CELL**  
**ACCOUNTING POLICIES**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2014**

**6. Debtors & Receivables**

Debtors & Receivables are stated at their estimated realizable value, net of provisions for bad and doubtful receivables.

**7. Liabilities & Provisions**

All known liabilities as at the statement of financial position date have been accounted for in the financial statements.

**8. Cash Flow Statement**

Cash flow statement is prepared under the indirect method as per Sri Lanka Accounting Standard LKAS - 07, Cash flow statement. Cash & Cash equivalents comprise Cash & Bank balances & Short term Call Deposits.

**9. Revenue**

Revenue is derived mainly from providing research development services, and accounted for on an accrual basis. Other non operational incomes are recognized on a cash basis

**10. Going Concern**

The financial statements of the company have been prepared on the basis that the company is a going concern and has neither the intention nor the necessity of liquidating or of curtailing materially the scale of its operations in the foreseeable future.

**11. Responsibilities of the Council of Members**

The Council of Members of the Company is responsible for the preparation of these financial statement in accordance with SLFRS for SMEs.

**12. Commitments and contingencies**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Commitments and contingencies are disclosed in Note 05 to the financial statements.

**13. Post balance sheet events**

All material events occurred after reporting date have been considered and whether appropriate adjustments to or disclosures in the financial statements.





**COLOMBO SCIENCE & TECHNOLOGY CELL**  
**NOTES TO THE ACCOUNTS**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014.**

	2014 Rs.
<b>1 <u>Cash at Bank &amp; in Hand</u></b>	
Commercial Bank Current A/C: 1116016487	49,750
Commercial Bank Savings A/C: 8116016806	2,602,078
Commercial Bank F/D A/C: 3116017127	1,500,000
Petty cash	3,420
	<b><u>4,155,248</u></b>
<b>2 <u>Accrued Expenses</u></b>	
Audit Fee	17,500
Professional Fee	8,500
Other Payable	100,000
Research Assistants Salary Payable	864,200
EPF Payable	12,000
ETF Payable	1,800
University Overheads	191,185
Personnel Payments	688,750
Payment for CMM Fund	500,000
	<b><u>2,383,935</u></b>
<b>3 <u>Trade Receivables</u></b>	
Asia Founadation	247,500
	<b><u>247,500</u></b>
<b>4 <u>Trade Creditors</u></b>	
Analytical Instrument (Pvt) Ltd	739,782
Hemsons International (Pte) Ltd	63,017
University of Peredeniya	50,000
IMS Holdings (Pvt) ltd	440,000
	<b><u>1,292,799</u></b>
<b>5 <u>Contingencies and Capital Commitments</u></b>	
There are no contingencies and capital commitments as at the balance sheet date, which may require adjustment or disclosure in the financial statements.	
<b>6 <u>Post Balance Sheet Events</u></b>	
No material subsequent events were noted which may require adjustment or disclosure in the financial statement.	
<b>7 <u>Directors Responsibility</u></b>	
Directors take the responsibility for the preparation and presentation of the financial statements.	
<b>8 <u>Approval of Financial Statements</u></b>	
These financial statements were approved by the Board of Directors and authorised for issue on	
1 <sup>st</sup> October 2014	



**COLOMBO SCIENCE AND TECHNOLOGY CELL**  
**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014.**

	<b>2014</b>
	<b>Rs.</b>
<b><u>Revenue</u></b>	
Research Income	5,059,555
	<b>5,059,555</b>
<b><u>Direct Expenses</u></b>	
Research Expenses	2,519,086
	<b>2,519,086</b>
<b>Turnover Less Direct Expenses</b>	<b>2,540,469</b>
<b><u>Add: Other Income</u></b>	
Membership Fee	1,800
Interests for Savings Acc: 8116016806 & Interest from F/D	47,052
	<b>48,852</b>
<b><u>Less: Administration Expenses</u></b>	
Research Assistant's Salary	1,069,000
EPF Contribution	28,800
ETF Contribution	7,200
Travelling & Transport	230
Audit Fees	17,500
Professional Fee	11,328
University Overheads	191,185
Payment for CMM Fund	500,000
Welfare Expenses	18,717
Board Meeting Expenses	770
Printing and Stationery	11,550
	<b>1,856,280</b>
<b><u>Less: Finance &amp; Others Expenses</u></b>	
Bank Charges	2,027
Other Expenses	5,000
	<b>7,027</b>
<b>Total Expenses</b>	<b>1,863,307</b>
<b>Net Surplus/(Deficit)</b>	<b>726,014</b>