

# Annual Report

2020

National Design Centre

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## Guiding principles

### Vision :-

Making the handicraft sector, a more dynamic and economically viable area.

### Mission :-

Introducing market based creative designs in line with global and local market trends through promotion, development, capacity building, popularization and adaption to the mainstreaming.

## Business Objectives

- Developing handicrafts currently manufactured by craftsmen and introducing innovations and new design concepts in line with current and future market trends in the local and export markets.
  - Conducting research programmes with scientific and technical institutions to introduce appropriate technology and improve quality standards and introduce proper technical and raw material preparation methods to increase qualitative production capacity.
  - Providing advance technical and product development training assistance to craftsmen with the aim of increasing income for the better development of the handicrafts sector.
  - Facilitating the database, use of new technology, common facilities to craftsmen/small-scale entrepreneurs and the public.
  - Introducing substitute raw materials and more efficient, innovative production methods for handicraft designs.
  - Improving market for newly designed handicraft products both local and international.
- Providing design consultancy services as requested by the public, private and non-governmental sectors.
- Improving the ability to design creativity through conducting vocational education programmes and training.

### Core Values

- ❖ We are bound by responsibility.
- ❖ To be honest and transparent.
- ❖ Trust in the skills and unity efforts.
- ❖ We're moving to use new technology and preference.
- ❖ We believe that good customer service is provided.

## **Business Act and Registration**

The National Design Centre (NDC) is a statutory body which was established under the National Crafts Council and Allied Institutions Act No: 35 of 1982 and commenced its operations in 1983, and currently functions under the purview of the Ministry of Batik, Handloom Textiles and Local Apparel Products with the primary objective of improvement of craftsmen through the uplifting of the local handicrafts sector.

## **Organization**

The National Design Centre is always in the process of achieving its objectives for the progress of the entire handicraft industry. Dedicated to uplifting the handicraftsman by carrying out various activities in collaboration with the Head Office located at No. 10, De Mel Road, Katubedda, Moratuwa, and in collaboration with the Branch Office established at Naththarampotha, Kalapura, Kandy covering the Central Province.

In addition, the National Comprehensive School, which is the center for invention creation through the Diploma Courses, has

been established at the Head Office premises. The youth of this country have created creative talents from the national level to the international level.

Also, the brass, laksha and leather related workshop and common facilities center located at the branch office Nattarampotha provide continuous service to the handicraftsman.

The implementation of the relevant activities in accordance with the action plan and the National Design Centre carries out its vision, mainly through the head office, in collaboration with the branch office at Nattarampotha. In addition, under the guidance of the State Ministry of Batik Handloom Textiles and Local Apparel Products, other existing sister organizations as well as voluntary organizations, handicraftsman and other external institutions engaged in various governmental and non-governmental organizations in the field of provincial councils and handicrafts are constantly involved in achieving the above objectives.

All administrative finance, marketing promotion, design development, design education, technical development and all other functions related to the main objective of the institution such as providing general facilities and library services are carried out by the head office and all other functions except administrative finance and marketing promotion. Activities are also handled by the Nattarampotha Project Office.

- |      |  |   |   |
|------|--|---|---|
| (i)  | Head Office                            | - | No. 10, De Mel Road, Katubedda, Moratuwa  |
|      | Telephone/Fax No.                      | - | 011-2607114 – Chairman<br>011-2626345 – Director<br>011-2607814 – Common  |
|      | Fax                                    |   | 011-2607111   |
|      | e-Mail                                 |   | <a href="mailto:slndcrisep@yahoo.com">slndcrisep@yahoo.com</a> / <a href="mailto:info@slndc.gov.lk">info@slndc.gov.lk</a> |
| (ii) | Naththarampotha Project                | - | Kalapuraya, Naththarampotha   |
|      | Office and workshop Telephone No. /Fax | - | 081-2420038   |

## Board of Directors

- 1) Mr. Ajith Jayawardena - Chairman
- 2) Mr. Sudath Abeysekara - Member
- 3) Mr. Pradeep Gunawardena - Member
- 4) Mrs. Chandrika Senanayake - Member
- 5) Mrs. Chithranjali Dissanayake - Member
- 6) Mrs. Hashini Silva - Member
- 7) Mr. Ananda Jayasinghe - Member
- 8) S.M. Abeyrathna - Member
- 9) K. K. D. C. Ishara - Agent of Ministry

## Senior Management

- 1) Ajith Jayawardena - Chairman
- 2) Mr. M.A.S.S.K. Chandrasiri - Director
- 3) Mrs. M.A.S. Gamlath - Assistant Director (Design Development)  
Western Province / Head of Division
- 4) Mr. P. K. Wijesinghe - Assistant Director (Design Development)  
Central Province
- 5) Mr. B. Manathunga - Assistant Director (Design Development)  
North Central and North Western Province
- 6) Mrs. Tamara Damayanthi - Assistant Director (Design Development)  
Uva and Sabaragamuwa
- 7) Mr. W. M. Piyaathna - Assistant Director (Design Development)  
Southern Province
- 8) Mrs. B. R. Ranaweera - Accountant
- 9) Mrs. P. K. N. Asangika - Assistant Director (Administration)
- 10) Mr. N. G. K. Indika - Assistant Director (Marketing)
- 11) Mrs. B. A. N. N. Bamunusinghe - Assistant Director (Chemical)

### Bankers

Bank of Ceylon, Katubedda

People's Bank, Katubedda

### Audit

Government Auditor General

Department of Auditor General

## **Message of the Chairman**

The Business Act affiliated to the National Crafts Council No. 35 of 1982 has been taken to a new dimension by the Gazettes published outlining the role and direction within the scope of the business, with the commencement of the year 2020, under the guidance of the "Prosperity Vision". The National Design Centre was also able to line up with new energy with its own objectives and debit balance under the State Ministry of Batik, Handloom Textiles and Local Apparel Products.

However, this year the training process at the National Design Centre faced one of the most challenging eras in history since its inception in 1983. That came with the Covid-19 epidemic that came as a global disaster. Adapting to this situation, we have been able to achieve more quality results by adopting distance education strategies, experimenting with a methodology to streamline educational activities and alternative training methods in the face of existing challenges. The National Design Centre has not only made significant strides this year in the field of batik production and its design, which has never been the focus of the National Design Centre, but has also been able to become the leading state institution in the country in that field.

Taking into consideration the existing Covid situation in the country, we have been able to identify and prioritize the physically dilapidated and early identification of infrastructure required for modernization of the National Design Centre, develop the infrastructure of the center and this year to complete a better plan for future development.

The guidance and encouragement of the Hon. Minister of Industry and the Minister of State for the success of the National Design Centre this year is appreciated and it must be said that the Hon. Secretary of the Ministry of State and our Board of Directors have given their unwavering support. Further, I would also like to take this opportunity to thank all staff of our center for their commitment in the midst of this year's challenges.

**Ajith Jayawardena,**  
**Chairman,**  
**National Design Centre.**

## Message of the Director

I consider it a great privilege to review the performance of the National Design Centre for the year 2020 and to issue a message to the Annual Report. It can be mentioned that the National Design Centre has taken some progressive steps this year as well in line with the basic objectives of the institute and national development plans.

It should be mentioned that despite the corona epidemic in the country in the year 2020, we were able to achieve the objectives of the institute under the guidance of the new Chairman and it was a great relief to receive the full support of the Ministry.

The opportunity to plan the establishment of a Batik unit in the Naththarampotha office in the year 2020 was also special.

The National Design Centre has made this year's product development program a priority for the Batik field.

Construction of the new building of the National Design Centre was completed this year, and the possibility to obtain patents for several red clay related innovations was also special.

I would like to express my gratitude to all staff including the Hon. Minister of State and Secretary for providing the necessary guidance and support to carry out the above activities successfully.

M. A. S. S. K. Chandrasiri,  
The Director,  
National Design Centre.



## Human Resource

Position Name	Category of services	Approved	Present	Vacancies
Director	HM 1-3	01	01	-
Assistant Director / Deputy Director (Design Development)	MM 1-1	06	05	01
Assistant Director / Deputy Director (Admin)	MM 1-1	01	01	-
Assistant Director / Deputy Director (Mechanical)	MM 1-1	01	-	01
Assistant Director / Deputy Director (Chemical)	MM 1-1	01	01	-
Assistant Director / Deputy Director (Marketing)	MM 1-1	01	01	-
Accountant	MM 1-1	01	01	-
Senior Accounts Officer (Personal to holder)	MM 1-1	01	01	-
Administrative Officer	JM 1-1	02	01	01
Accounts Officer	JM 1-1	02	02	-
Senior Designer	JM 1-1	04	04	-
Internal Audit Officer	JM 1-1	01	01	-
Design Training Coordinating Officer	JM 1-1	01	01	-
Board Secretary	JM 1-1	01	-	01
Marketing Officer	JM 1-1	01	-	01
Designer	MA 5-1	09	03	06
Programme Coordinator	MA 5-1	01	-	01
Library and Information Assistant	MA 3	01	-	01
Development Assistant	MA 3	03	01	02
Marketing Assistant	MA 3	01	-	01
Personal Assistant	MA 2-1	02	01	01
Management Assistant	MA 1-1	13	08	05
Craft Instructor	MA 1-1	32	28	04
Diver	PL 3	06 01 contract	06	01 contract
Office Assistant	PL 1-1	17	13	04
Watcher	PL 1-1	04	03	01
Training Assistant (Personal to holder)	PL - 1	01	01	-

## National Design Centre

### Development Program and Progress – 2020

#### Design and development of new designs

The National Design Centre focuses on its objectives, designing new designs for the handicraft industry to suit local and foreign markets, and introducing them to craftsmen through various programs, an intermediate function of which is design National Design Centres. Work will be done to make prototypes in the workshops.

During this year, 700 new designs were targeted to be developed, while 438 new designs were planned from the Head Office Design Division and the Naththarampotha Branch Office. 394 new designs have been introduced to the workshop to make new design prototypes in the workshop of the National Design Centre. In addition, under the Product Development Program, for the New Design Exhibition, 44 new designs have been designed and introduced directly to outer craftsmen on the needs and requests of outer craftsmen.

The Design Development Section has taken steps to provide new designs to the workshop of the National Design Centre for each handicraft field as follows.

Nos.	Handicrafts Section	Quantity of planned designs
01	Rush and Reed section	20
02	Wood section	34
03	Textile sector	38
04	Cane and Bamboo section	44
05	Red clay section	52
06	Coir Division	27
07	Jewellery section	36
08	Leather section	49
09	Brass section	43
10	Lacquer section	51
11	Number of new designs introduced to the workshop	394
12	Number of designs on demand and request of outside craftsmen	44
13	Total of all designs designed	<b>438</b>

## **Converting into new design prototypes**

The selected designs will be modeled through workshops located in the Moratuwa and Naththarampotha office premises. New designs in the leather, brass and lacquer sectors will be prototyped through the Naththarampotha workshop and become prototypes within the Moratuwa workshop that will focus on Rush and Reed, red clay, coir, bamboo and cane, textiles, wood and jewellery.

These prototypes, new designs and new technology training programs are introduced to the handicraftsmen spread throughout the island in their respective fields. Also, training programs are conducted introducing these new prototypes based on the requests made by the institutions, governmental and non-governmental organizations and other institutions under the Ministry.

The institution will also offer the opportunity to sell and order the products through trade fairs and exhibitions, after the new designs have been turned into finished products by the craftsman.

In addition, these new designs are being introduced to the market through the Sri Lanka Handicrafts Board and other private trading institutions.

The National Design Centre aims to develop 500 new design prototypes by the year 2020 through the conversion of the National Design Centre's workshops into new design prototypes, through which 354 innovative prototypes will be developed during the year.

The new designs introduced to the workshop of the National Design Centre for each field were converted into prototypes as follows.

New designs 229 have been made prototypes in the workshop of the National Design Centre, Moratuwa and new designs 125 have been made prototypes in the workshop of the Naththarampotha National Design Centre.

<b>Nos.</b>	<b>Handicrafts Section</b>	<b>Number of basic samples</b>	<b>Total</b>
<b>Head Office</b>			<b>229</b>
01	Rush and Reed section	17	
02	Wood section	28	
03	Textile sector	38	
04	Cane and Bamboo section	41	
05	Red clay section	45	
06	Coir section	33	
07	Jewellery section	27	
<b>Naththarampotha Office</b>			<b>125</b>
01	Leather section	40	
02	Brass section	36	
03	Lacquer section	49	

### **Conducting new design development practical training programs**

#### ➤ **Programs organized and conducted by the National Design Centre under the Action Plan**

Under the organization's capital allocation, it was targeted to conduct 23 new design practical training programs including awareness programs and basic training programs, advanced training programs, consultancy programs and to train 600 beneficiaries through it this year.

Accordingly, 07 practical training programs on innovation and introduction of new technology were conducted by conducting 02 awareness programs as follows and training 197 persons.

**New design development programs carried out by the capital allocation**  
**under the action plan**

Nos.	Nature of the program	Handicraft field	Commencement date and number of days held	District / Location held	Number of craftsmen	Coordinating Institutions
01	Awareness program	Wood	Feb. 05	Puttalam, Chilaw	15	North Western Provincial Department of Industries
02	New design program	Textiles	March 03 & March 04	Matara, Deniyaya	31	N.D.C.
03	Awareness program	Palm leaves	2020.09.01 01 day	Trincomalee	48	National Crafts Council
04	New design program		2020.09.23 04 days			
05	New design and new technology program	Lacquer	Sep. 10 04 days	Hambantota, Beligalla, Angulmaduwa	25	N.D.C.
06	New design and new technology program	Brass	Sep. 09 04 days	Hambantota, Beligalla, Angulmaduwa	28	N.D.C.
07	New design and new technology program	Bamboo wood	Sep. 02 02 days	Kegalle, Yatiyantota, Pelellegama	15	N.D.C.
08	New design and new technology program	Textiles	Oct. 22 04 days	Kurunegala, Rideegama, Rambadagalla	27	N.D.C.
09	New design and new technology program	Red clay	Dec. 10 04 days	Kegalle, Molagoda	23	N.D.C.

- **Conducting new design training programs under requests and provisions made by government and non-government organizations.**

Under the requests and provisions of Government and Non-Governmental Organizations, basic training programs and advanced training programs were conducted to introduce new designs and new technological know-how suitable for those engaged in the handicraft industry and new youth groups in the field as follows;

<b>Nos.</b>	<b>Nature of the program</b>	<b>Handicraft field</b>	<b>Commencement date and number of days held</b>	<b>District, D. S. D. and Location held</b>	<b>Number of craftsmen</b>	<b>Institutions of Coordinating / Institutions of Sponsor</b>
01	New technology program	Textiles (various)	Feb. 23 03 days	Monaragala, Wellawaya	21	Regional Economic Development Institute - Wellawaya
02	New design Introduction Program	Textile related	Feb. 28 02 days	Kandy, Pilimatalawa	10	Export Development Board
03	New design and new technology consulting program	Flax	March 11 04 days	Nuwaraeliya, Nildandahinna	20	Regional Institute of Economic Development
04	New design Advanced Training Program	Textiles (Textiles)	Aug.24 04 days	Kandy, Ududumbara, Thalagune	24	Regional Institute of Economic Development
05	New design and new technology training program	Flax	Sep. 17 03 days	Nuwaraeliya, Nildandahinna	18	Department of Provincial Development
06	New design and new technology training program	Rexine	Oct. 27 01 day	Kandy	09	Women's Development Center

Accordingly, it is targeted to conduct 29 New design Practical Training Programs by the year 2020, under which 13 New design Practical Training Programs will be conducted in various divisions of the country to introduce New designs to 299 beneficiaries, provided new technical knowledge and worked to introduce new designs to suit the market.

## **Introducing new designs to the handicraft industry**

The National Design Centre plays a key role in designing market suitable new designs in the field of handicrafts and directing such designs to the handicraftsman in a variety of ways. The National Design Centre introduces new designs to the handicraft industry through the new design training programs provided by the handicraftsmen on request and requirement, under the request of the action plan, provisions of non-governmental organizations, governmental and non-governmental organizations.

Accordingly, the National Design Centre aims to launch 525 new designs in the year 2020 and 230 new designs were actually introduced.

## **Marketing research programs**

The National Design Centre conducts marketing research programs through the Marketing Division for new designs that are designed and converted into prototypes with the aim of introducing them to the handicraft industry. As a result, the design department receives feedback and observations from the market regarding these designs, and accordingly, these marketing research programs provide guidance on how to innovate that best fit the needs of the market.

Under that,

Four new designs Marketing Research Programs were conducted at the National Design Centre covering the existing workshops under 10 workshops in the field of handicrafts and targeting the following institutions.

- |                            |                |           |
|----------------------------|----------------|-----------|
| 1. "Luck Arcade" Institute |                | - January |
| 2. "Lakpahana" Institute   |                | - January |
| 3. "Kalaya" Institute      | - Battaramulla | - June    |
| 4. "Kandy" Institute       | - Kadawatha    | - June    |

## **Buildup market links for handicraft products**

The National Design Centre has provided the opportunity to 18 handicraftsmen through Laksala, Lakpahana and a private buyer to build market connections for new designs.

Also, the National Design Centre has taken steps to introduce 59 new designs to the market this year under the Export Promotion Program through the above institutions and the "Nature Lanka" Exports institution.

## **Handicrafts New Product Development Program**

The Product Development Program was carried out in the year 2020 in concurrent with the annual New Designs Exhibition organized by the National Design Centre.

Accordingly, the National Design Centre introduces new designs in the field of handicrafts to the handicraftsmen of the country through these product development programs.

In addition, when introducing these innovations to the craftsmen, the knowledge, technology and skills required to make these designs are provided by the officials of the National Design Centre and regular follow-up on the production of these new designs is also done.

Under that guidance, the handicraftsmen make the products to a high standard and the National Design Centre has taken steps to make this year's product development program a priority for the batik field.

Accordingly, 68 new designs related to batik and a total of 77 new designs covering other sectors were introduced to the handicraftsmen under the Product Development Program 2020.

## **Exhibitions organized by other institutes and other development programs organized by the institute**

Requests are received throughout the year for the National Design Centre to contribute to exhibitions organized by governmental and non-governmental organizations and private institutions and the National Design Centre has taken steps to contribute to exhibitions that are mandatory as a state institution and to organize equipment handed over programs through projects implemented for the betterment of handicraftsmen.

Under this, the following activities were carried out during the year 2020.

- 1) The Equipment Distribution Ceremony was held in January for 99 beneficiaries in the Mannar District under the Project for Uplifting the Living Quality of Life of Unemployed Youth Groups and Traditional Craftsmen.
- 2) “Ino Tech Exhibition” organized by the Institute of Industrial Technology, Colombo was held from 11th to 14th March, this National Design Centre participated in the exhibition and launched new designs.

## **Providing library services and information**

Students studying for a diploma course at the National Design Centre through the library, as well as university students engaged in academic activities related to the field of handicrafts, have the opportunity to acquire the necessary knowledge through the library, which has a collection of specialized and rare books related to the field of handicrafts,

In addition, it provides library services to handicraftsmen and those interested in the field, provides information and provides photocopies of required creations in association with books.

## **Performance of the education field**

### **National College of Design, Sri Lanka**

The National Diploma Course in Design through the National College of Design, Sri Lanka, held under the National Design Centre, and the National Advanced Diploma in Design, empowering young people interested in the field with theoretical and practical knowledge they need to become professional designers.

They will have the opportunity to start their own businesses and gain local and foreign employment opportunities by following the theoretical and practical knowledge gained through these courses.

The above courses are implemented as weekend courses and the students who have joined the courses during this year are as follows.

1. National Diploma Course in Home Interior Design - 2019 - 2020 (Weekend)  
60 students were enrolled for this course in the year 2019 and its academic activities were continued this year as well.
2. Higher National Diploma Course in Home Interior Design - 2018 - 2020 (Weekend) the study activities of this course started in late 2018 and 34 students were enrolled for it. In the year 2020, the academic activities of the same course were also carried out.

## **Conducting motivational development programs for the staff of the National Design Centre - 2020**

During this year, we have directed the officers of the institute for specialized training programs in each sector and through our institute, we have developed team spirit in all the staff with the objective of providing the necessary guidance to carry out the services and responsibilities of the country in a most efficient, effective and efficient manner with maximum contribution. A motivational development program was conducted on 20.01.2020, including leadership training to develop positive attitudes, to develop solidarity and interpersonal relationships.

## **Conducting research on design and product raw materials**

Introduction of production techniques, new machinery, tools and equipment, alternative raw materials and innovative manufacturing processes.

- ❖ New Invention for tools and equipment, alternative raw materials and innovative manufacturing processes -

During this year, two new technological machines were manufactured for cane and wood raw materials and for the Lacquer handicrafts field

01. New technology machine for designed cane and wood raw material



02. Manufacturing a new technological machine for the Lacquer handicrafts field.



- Conducting research on the use of solid waste provided by the National Water Supply and Drainage Board as a raw material for clay based products.
- Conducting research on the use of once used clay milk pots to curdle buffalo milk again.
- Find out about safe alternative dyes that can be used for batik.
- Sending water samples to the Sri Lanka Standards Institution regarding the removal of chemicals in the water by the clay water filter machine.

### **Maintaining and updating an information bank**

An information bank will be maintained and updated on a regular basis, under which a formal mechanism for obtaining information on craftsmen will be set up and the website containing information on the institution [slndc.gov.lk](http://slndc.gov.lk) will be updated.

### **Providing services from the National Design Centre**

Providing orders and sales opportunities including the 299 beneficiaries who have availed the services of the National Design Centre through the Action Plan for the year 2020, organized and maintained by the Institute and at the request of other agencies and under the provisions of NGOs through new design training programs, by providing services such as market, craftsmen, field information, practical training in the workshop of the institute, general facilities, on-demand design of the institute, opportunity to participate in programs and by those who are interested in the field of handicrafts. Providing theoretical and practical knowledge required for local and foreign university / school students engaged in academic activities based on handicraft projects and the National Design Centre has been providing services to 591 beneficiaries this year under the auspices of the Institute and conducting awareness programs for groups of students visiting the institute.

## Design Consulting Services

The National Design Centre provides professional level design consulting services in the following fields.

- Build concepts for design
- Interior design work
- Exhibition related design work (internal and external)
- Commemorative gifts, memorials and souvenirs
- Graphic design

The institute has provided the following design consulting services for the year 2020.

<b>Counseling service</b>	<b>Institutions that provided the work</b>	<b>The value of the project is Rs. M.</b>
Matale Alu Vihara - Information and Exhibition Centre - Design Plans and Construction	Department of Trade, Commerce and Tourism - Central Province	1.16
Supply of a flax processing machine	Department of Trade, Commerce and Tourism - Central Province	0.21
Preparation of pilot project and design plans and estimates for setting up of "One Stop Shop" Service Centres for Micro, Small and Medium Entrepreneur.	Industry and Commerce, Re-registration of long-term displaced persons and Cooperative Development and Vocational Training and Ministry of Skills Development	
Sigiriya Handicraft Trade Centre Preparation of Design Plans and Estimates	National Crafts Council	
Christmas decorations related to the main national divine service of Christmas 2020 - St. Sebastian's Church - Kandana	State Ministry of Batik, Handloom Textiles and Local Apparel Production	0.3

Counseling services provided on behalf of the Ministry and the institutions under the Ministry are provided free of charge.

Further, It also aims to design 40 graphic and interior decorating designs under the consulting services and at the request of outside institutes and, the Design and Development Division has designed 63 Graphic and Home Interior Designs to meet the needs of the Line Ministry and other institutes.

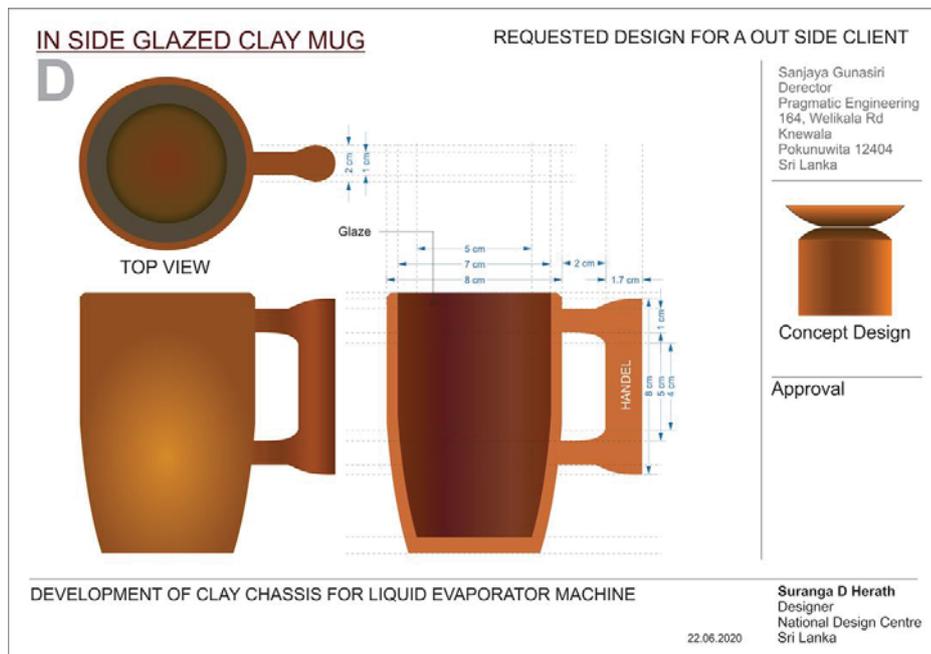
### **Construction of the new building of the National Design Centre**

A sum of Rs. 80 million was approved in the decentralized budget in 2017 for the removal of the old building and the construction of a new building within the premises of the National Design Centre at Katubedda, Moratuwa and its construction work was completed this year.

### **Special Activities**

#### **❖ Obtaining Patents for Inventions**

This year's National Design Centre was able to obtain a patent for the following new design related to red clay.



## ❖ Renovation of Head Office Workshop Premises of National Design Centre

This work was done under the labor contribution of the majority of the staff of the National Design Centre.



**Progress in the development activities carried out under the National  
Design Centre Action Plan for the year 2020**

Programs / Projects / Activities	Reservations Rs. M.	Financial progress Rs. M.	Performance Criteria	Target	Achievements
New Product / New design Development Training Programs for Craftsmen	3.735	0.983	Number of training programs planned and conducted by the institute	23	07
			Number of handicraftsmen trained	600	197
			Number of New designs introduced for handicraftsmen	525	230
New design development training programs on request	0.600+ External provisions	0.013	Number of programs conducted in coordination with other institutions	06	06
			Number of handicraftsmen trained	120	102
Conducting ongoing programs and project monitoring and evaluation programs	0.300	0.006	Number of monitoring and evaluation programs	03	01
Providing training in N. D. C. workshops	--	--	Number of trained handicraftsmen / students	60	67
Conducting public facilities and awareness programs for students and people who are interested in the field	--	--	Number of services obtained	600	207
Providing library services to handicraftsmen and entrepreneurs	--	0.188	Number of beneficiaries	30	--
Donating relevant books and magazines to the library to enhance the knowledge and skills of the handicraftsmen	0.200				

Programs / Projects / Activities	Reservations Rs. M.	Financial progress Rs. M.	Performance Criteria	Target	Achieve ments
Conducting marketing research programs	0.150	0.014	Number of programs	4	4
			Number of New designs introduced to the market through marketing research programs	30	59
Introducing market-friendly innovations to the handicraft industry	0.300	0.196	Number of New Designs	700	438
Providing stationery for new design plans					
Capacity Development in Design Division (Equipment, Electronic Media) - Head Office	0.703	0.115			
Capacity Development in the Design Division of the Naththarampotha Office (Provision of Equipment)	0.365	0.286			
Providing raw material for innovative source samples, preparation of source samples through outside technicians	1.062	0.840	Number of new design source samples	500	354
Improving Capacity Development for National Design Center Workshop (Machinery and Equipment)	1.847	0.951			
Introduction of Production Techniques, New Machinery, Tools and Equipment, Alternative Raw Materials and Innovative Production Processes	0.725	0.310	Number of inventions for tools and equipment, alternative raw materials and innovative manufacturing processes	02	01
Innovation and new design Program in line with the Innovation Exhibition of the Era	2.500	1.249	Number of market popular innovations introduced to handicraftsmen	350	77
Holding an exhibition of innovative creations of the era	7.000	1.028	Number of new design exhibitions	01	--
			Number of market appropriate innovations	280	--

			introduced through the exhibition		
			Number of Market Contacts (Craftsmen)	100	18
			Revenue through exhibition and marketing research	R.M. 1.500	R.M. 0.242
Participation in exhibitions organized by other institutions	0.750	0.244	Number of exhibitions and specialized development programs	04	02
Video Documentation on Handicraft Promotion and Corporate Services	1.000	0.885	Video documentation	01	01
Design Consulting Services	External provisions		Number of design consulting services provided	03	05
Designing innovations of graphic and interior			Number of planned graphics and home interior design	40	63
Introduction of recognized courses in the field of design	On earnings				
Conducting diploma courses through the College of Design under the National Design Centre			Number of students enrolled for the diploma course	70	--
Conducting High Diploma Courses			Number of students enrolled for the High Diploma Course	30	--
			Earnings Income	Rs. 5 m.	Rs. 2.126 m.
Staff training	0.600	0.323	Number of trainees	139	116
Internal Infrastructure (Buildings)	2.112	0.830	Percentage of completion	100%	75%
College of Design (for rent building)	1.020 (On earnings)	0.850 (On earnings)	Percentage of completion	100%	83%

Purchase of Office Equipment for Auxiliary Sections	1.599	1.602	Percentage of completion	100%	75%
Installation of air conditioning in the new building	3.970	0.738			60%
Construction of the new building	19.374	7.347			98%
<b>Total capital allocation</b>	<b>48.892</b>	<b>18.148</b>			

**Progress in the tasks assigned to by the National Design Centre Act**

Activities assigned under the Act	Estimated activities related to performance	The amount allocated for the year 2020, Rs. m.	As of 31st December 2020 activities done	Actual expenses Rs.m.	District of activated
(A) i - Designing for small scale industries	Designing 700 new designs suitable for the market (based on reeds and fibers, red clay, coir, bamboo and cane, textiles, wood, jewellery, leather, brass and lacquer)		438 new designs in the fields of reed and fiber, red clay, coir, bamboo and cane, textiles, wood, jewellery, leather, brass and lacquer.		Colombo, Kandy
	Providing stationery for new designs	0.300	Necessary stationery for new design was provided.	0.196	
	Capacity Development in Design Division (Equipment, Electronic Media) - Head Office	0.703	Equipment required for capacity development was provided in the Design Division of the Head Office.	0.115	Colombo
	Capacity Development in the Design Division of the Naththarampotha Office (Provision of Equipment)	0.365	The necessary equipment was provided for capacity building in the design section of the Naththarampotha office.	0286	Kandy

	Providing materials to the workshops of the N. D. C. for the preparation of 500 samples of new design source materials and preparation of source samples of new designs that cannot be processed in those workshops by external artisans.	1.062	Ingredients were provided to convert new design source samples and through this 354 new design source samples were prepared at the Katubedda and Naththarampotha workshops.	0.840	Colombo, Kandy
	Capacity Development for N. D. C. Workshop (Machinery and Equipment)	1.847	Necessary machinery and equipment were provided to enhance the capacity development of the N. D. C. workshop.	0.951	Colombo, Kandy
(A) ii- Conducting tests on design and product raw materials	Introduction of Production Techniques, New Machinery, Tools and Equipment, Alternative Raw Materials and Innovative Production Processes	0.725	Innovation for tools and equipment, alternative raw materials and innovative manufacturing processes. Two new technological machines have been made for the raw material of cane and wood and for the Lacquer handicraft industry.	0.274	Colombo, Kandy
			Conducting research on the use of solid waste provided by the National Water Supply and Drainage Board as a raw material for clay based products	0.036	Colombo, Kalutara, Gampaha
			Conducting research on the use of once used clay milk pots to curdle buffalo milk again.		
			Investigation of healthy alternative dyes that can be used for batik, testing by sending water samples to the Sri Lanka Standards		

			Institution on the removal of chemicals in the water by the clay water filter.		
(B) Development of local and foreign markets for handicrafts goods	Conducting 04 marketing research programs to introduce new designs to the market.	0.150	Conducted 04 marketing research programs to introduce new designs to the market.	0.014	Colombo
	Introducing 30 new designs to the market through it.		Introduced 59 new designs to the market through it.		
(B) Development of local and foreign markets for handicrafts goods	Conducting 04 marketing research programs to introduce new designs to the market.	0.150	Conducted 04 marketing research programs to introduce new designs to the market.	0.014	Colombo
	Introducing 30 new designs to the market through it.		Introduced 59 new designs to the market through it.		
	Introducing and producing 350 market applicable innovations through the Innovation and New Product Development Program in line with the Innovation Exhibition of the Era.	2.500	The Innovation and new design Development Program of the era introduced 77 artisans to the market and carried out products through it.	1.249	Colombo

Activities assigned under the Act	Estimated activities related to performance	The amount allocated for the year 2020, Rs. m.	As of 31st December 2020 activities done	Actual expenses Rs.m.	District of activated
(B) Development of local and foreign markets for handicrafts goods	Conducting New designs exhibitions targeting local and foreign buyers	7.000	Carried out basic work related to the organization of the exhibition	1.028	Colombo
	Introducing 280 market applicable innovations through the exhibition		Market applicable innovations were made for the exhibition, but could not be introduced as the exhibition could not be held		
	Establishing market contacts by bringing 100 artisans to market through marketing research programs and exhibitions.		Revenue of Rs. m. 0.242 was obtained through sales research.		
	Received an income of Rs. m. 1,500 through exhibitions and marketing research		Revenue of Rs. m.0.242 was obtained through sales research		
	Participation in 04 various events related to the field of exhibitions and handicrafts organized by other institutions	0.750	Participation in 02 various events related to the field of exhibitions and handicrafts organized by other institutions	0.244	Colombo Mannar
	Preparation of 01 Video Documentation (Video Details) related to Handicraft Promotion and Corporate Services	1.000	Prepared 01 Video Documentation (Video Detail) related to Handicraft Promotion and Corporate Services.	0.885	Colombo Kandy

Activities assigned under the Act	Estimated activities related to performance	The amount allocated for the year 2020, Rs. m.	As of 31st December 2020 activities done	Actual expenses Rs.m.	District of activated
(C) Activation to produce handicrafts efficiently.	Conducting 26 new design and new technology practical training programs through the capital allocation allocated under the action plan and imparting new design and new technological knowledge to 600 beneficiaries through it.	3.735	Conducted 07 New designs and New Technology Practical Training Programs under Capital Allocation and imparted new designs and new technological knowledge to 197 beneficiaries.	0.983	Matara Trincomalee Hambantota Kegalle Kurunegala
	Introducing 525 new designs to the handicraft industry through new design training programs and at the request of handicraftsmen.	--	Introducing 525 new designs to the handicraft industry through new design training programs and at the request of handicraftsmen.	--	Colombo Kandy Matara Trincomalee Hambantota Kegalle Kurunegala
	Conducting 06 new design and new technology practical training programs with the contribution and external funding of the N. D. C. at the request of external institutions and providing services to 120 people through it.	0.600+ External provisions	Conducting 06 new design and new technology practical training programs with the contribution and external funding of the N. D. C. at the request of external institutions and providing services to 102 people through it.	0.013 + External provisions	Moneragala Nuwara Eliya Kandy
(C) Action to produce handicrafts efficiently	Conducting 03 project monitoring and evaluation programs for ongoing programs.	0.300	Conducting 01 project monitoring and evaluation programs for ongoing programs.	0.006	Hambantota
	Providing training for 60 persons in N. D. C. on request.	--	Providing training for 67 persons in N. D. C. on request.	--	Colombo, Kandy
	Conducting general facilities and awareness	--	Conducting general facilities and awareness	--	Colombo, Kandy

	programs for 600 students and interested parties in the field who come to the institute.		programs for 207 students and interested parties in the field who come to the institute.		
(D) Consideration for mechanization to produce handicraft products Provident and efficiently.	Making two innovations in tools and equipment, alternative raw materials and innovative manufacturing processes.	(A) Mentioned to under II.	Innovations for tools and equipment, alternative raw materials and innovative manufacturing processes Two new technological machines have been produced for the raw material of cane and wood and for the field of Lacquer handicrafts.		Colombo, Kandy
(E) Advising and assisting the Sri Lanka Handicrafts Board and artisans in the production and development of handicrafts.	Introduction to the Sri Lanka Handicrafts Board through the New design handicrafts carried out by the National Design Centre	--	Arrangements have been made to introduce new designs made by the National Design Centre to the Sri Lanka Handicrafts Board through Craftsmen.	--	Colombo
	Advising and assisting artisans in the production and development of handicrafts through practical training programs in innovation and technology development.	(c). Mentioned to under	Advising and assisting artisans in the production and development of handicrafts through practical training programs in innovation and technology development.		Colombo Management Kandy Matara Management Trincomalee Hambantota Kegalle Management Kurunegala Management Monaragala Nuwara Eliya
	Providing training for 60 persons in N. D. C. on request.		Providing training for 67 persons in N. D. C. on request.		
	Conducting general facilities and awareness programs for 600 students and interested parties in the field who come to the institute.		Conducting general facilities and awareness programs for 207 students and interested parties in the field who come to the institute.		

(e) Issuing standard certificates for raw materials	--	--	Finding out and informing about the methodology required to obtain standard certificates for an entrepreneur who bathes using natural pigments and the research and development division has been studying the information regarding the quality of the dyes that can be used for batik.	--	Colombo
(G) Maintaining an information bank.	Maintaining an information bank containing information on training programs conducted by the institute and the handicraftsmen participating in them.	--	Maintaining an information bank containing information on training programs conducted by the institute and the handicraftsmen participating in them.	--	Colombo
	Providing library services to 30 people, including entrepreneurs, artisans and students in the field of handicrafts.	--	The library was not opened to outside persons due to the installation of the library in the new building.	--	Colombo
	Purchase of books and magazines related to the field of handicrafts for the library.	0.200	Purchase of books and magazines related to the field of handicrafts for the library.	0.188	Colombo, Kandy

(H) Charging for services provided	Conducting diploma courses through the College of Design under the National Design Centre and enrolling 70 students for the National Diploma Course in Interior Design and 30 students for the Advanced National Diploma Course.	On earnings	There was no enrollment this year and the National Diploma in Home Design is running the 2019-2020 and 2018-2020 Advanced National Diploma Courses, charging a fee of Rs. 90,000 per student for the entire course.	On earnings	Colombo
	Performing 03 Design Consulting Services - Interior and Exterior Decorating at Request of Government and Other Institutions, Related Construction, Awards and Gift Designs, 3D Designing.		Performed in 05 design consulting services.		Matale Kandy Monaragala Gampaha
	Carrying out 40 graphic and interior renovation designs.		Carrying out 63 graphic and interior renovation designs.		Colombo
(I) Maintaining laboratory workshops and other institutions.	Maintaining a laboratory under the Research and Development Division of the National Design Centre. Maintaining a main branch office of the National Design Centre, Kandy - Naththarampotha.	--	Maintaining a laboratory under the Research and Development Division of the National Design Centre. Maintaining a main branch office of the National Design Centre, Kandy - Naththarampotha.	--	Colombo, Kandy
	Maintaining the National College of Design, Sri Lanka	--	Maintaining the National College of Design, Sri Lanka	--	

(J) Agreement with local or foreign institutions with government approval with objectives that are totally or partially similar to the objectives of the institution.	Facilitating the maintenance of the National College of Design under a Memorandum of Understanding with the Department of Textile Industries.	--	Facilitating the maintenance of the National College of Design under a Memorandum of Understanding with the Department of Textile Industries.	--	Colombo
	Working in accordance with an agreement reached with the Sri Lanka Handicrafts Board regarding the introduction of new designs to the market by the National Design Centre.		Working in accordance with an agreement reached with the Sri Lanka Handicrafts Board regarding the introduction of new designs to the market by the National Design Centre.		

**Future plans - for the year 2021**

Project	Amount allocated	Activities	Criteria	Annual targets
New Product/ New Design Development Training Programs for Craftsmen - New Design Development Training Programs designed and conducted by the institute on request	9.795	Conducting awareness programs, basic training programs, advanced training programs.	Number of training programs planned and held and conducted by the institute	35
			Number of artisans being trained	825
			Number of new designs introduced for craftsmen	600
			Number of programs conducted in coordination with other institutions	06
			Number of craftsmen being trained	120
Design development, knowledge enhancement and skill development	2.475	<b><u>Introducing market friendly new designs to the handicraft industry.</u></b>		
		Supplying stationery for new design plans.	Number of new design plans	700

		Supply raw materials to sample new design source samples.	Number of new design source samples	550
		Providing training to handicraftsmen / students in N.D.C. workshops.	Number of trainee handicraftsmen/students	60
		Conducting public facilities and awareness programs for students and interested persons in the field.	Number of students and interested persons who have received the service	600
		Upgrading Library Facilities - Purchasing home decor bookshelves, tables and chairs.	Number of beneficiaries	50
		Supply relevant books and magazines to the library to enhance the knowledge and skills of the handicraftsmen.		235
Introduction of new handicraft fields.	10.150	Supply of necessary raw material	New samples developed through the newly established workshop	235
		Workshop renovation	Number of beneficiaries providing training in the workshop	365
Research and Development - Introduction to Innovative Production Processes.	2.035	Conducting a survey to prepare the data source.	Percentage of completion	100%
		Formal redesigned and re-socialization elements (designs/patterns) in traditional art and sculpture on current demand for small and medium scale local handicraftsmen.	Number of documents	01
		Development of technical raw material testing and quality assurance schemes	Percentage of completion	25%
		Purchase of general laboratory equipment for the laboratory	Percentage of completion	33%
		Awareness program on safe use of chemicals for artisans	Number of Awareness Program	01

		Research on Safe Chemical Dyes for the Handicraft Field	Percentage of completion	90%
Introduction of production techniques, new machinery, tools and equipment, alternative raw materials.	0.900	Introducing new types of machinery for the Lacquer sector	Number of new machinery	02
		Ingredient Innovation for Lacquer	Number of new raw materials	01
		Introduction of new machinery for the flax sector	Number of new machinery	01
		Ingredient innovation for flax	Number of new raw materials	01
Conducting local market promotion programs and exhibitions of new designs	15.500	Organizing marketing research programs	Number of programs	04
		Introducing market applicable designs	Number of new designs introduced to the market through marketing research programs	60
		Making market links	Number of market contacts that craftsmen make	20
		Participation in exhibitions organized by other institutions	Number of exhibitions	06
		New design Product Development Program through artisan	Amount of new design product development through craftsmen	325
		Holding exhibitions and fashion shows	Number of shows and fashion shows	01
			Number of market applicable new designs introduced through exhibitions	350
Market connection facilities for artisans	Revenue through Exhibitions and Sales Counters (Rs. M.)	2000		
Design Consulting Services	External provisions	Themed structures, trophies, medals and plaques and trade and exhibition stalls etc. (as requested by contributors and other organizations)	Number of design consulting services provided	05
			Profit from Design Consulting Services (Rs. M.)	1.000
			Number of planned graphics and home interior design	60

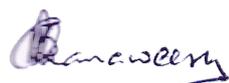
Establishment of Information Technology and Media Section	1.450	Performing relevant tasks on requirement	Performing relevant tasks on requirement	--
Developing the education sector related to the N. D. C.	9.500	Purchase of machinery and equipment required for the education sector	Number of students enrolled for the diploma course	70
			Number of students enrolled for the Advanced Diploma Course	30
			Number of students enrolled for the National Lifestyle Design Diploma Course	45
Capacity development programs for internal staff	1.650	Organizing external training programs.	Number of staff trained	135
		Organizing the provision of technical training to the relevant staff		
		Organizing batik and apparel technical training for relevant staff		
Internal Capacity development	7.510	Capacity Development in Design section, Equipment Repair - Head Office	Percentage of completion	100%
		Capacity Development, Equipment Repair of Design Section of the Naththarampotha Office		
		Capacity Development (Equipment) for Workshop Section		
Purchase of office equipment for auxiliary sections	19.035	Making purchases following the tender process.	Percentage of completion	100%
<b>Estimated total amount</b>			<b>Rs. . 80,000,000.00</b>	

**National Design Centre**  
**Statement of Financial Position as at 31st December 2020**

	Note	31.12.2020 Rs.	31.12.2019 Rs.
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
	<b>1</b>		
Property Plant & Equipment		45,106,948.80	44,260,371.28
		<u>45,106,948.80</u>	<u>44,260,371.28</u>
Building Work in Progress		72,134,624.31	60,117,201.80
<b>Intangible Assets</b>			
Software		392,092.00	-
<b>CURRENT ASSETS</b>			
Closing Stock	2	7,664,492.92	5,802,231.32
Trade & Other Receivables	3	2,495,692.92	8,075,531.05
Staff Loans	4	12,325,825.00	12,207,176.00
Prepayments	5	360,957.36	357,544.93
Cash & Cash Equivalent	6	16,929,982.89	16,901,441.82
		<u>39,776,951.09</u>	<u>43,343,925.12</u>
<b>TOTAL ASSETS</b>		<u><u>157,410,616.20</u></u>	<u><u>147,721,498.20</u></u>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	7	5,907,543.60	7,329,080.93
Cash received as an advance for UNDP Program	8	2,312,227.97	2,312,227.97

Accrued Expenses	9	<u>2,243,236.58</u>	<u>1,967,473.75</u>
		<u>10,463,008.15</u>	<u>11,608,782.65</u>
Provision for Gratuity	10	<u>28,381,728.50</u>	<u>24,746,365.00</u>
TOTAL LIABILITIES		<u>38,844,736.65</u>	<u>36,355,147.65</u>
<b>TOTAL NET ASSETS</b>		<b><u>118,565,879.55</u></b>	<b><u>111,366,350.55</u></b>
 <b><u>NET ASSETS/EQUITY</u></b> <b><u>DEFERRED INCOME</u></b>			
Capital Grant	11	96,217,012.42	87,081,398.04
Revaluation Reserve		6,578,345.91	6,578,345.91
Accumulated Profit	12	15,770,521.22	17,706,606.61
<b>TOTAL NET ASSETS/EQUITY</b>		<b><u>118,565,879.55</u></b>	<b><u>111,366,350.56</u></b>

The accounting policies on page 11-12 and notes from page 13 to 28 form an integral part of these Financial Statements.



B.R. Ranaweera

Accountant

01.03.2021



M.A.S.S.K. Chandrasiri

Director

01.03.2021

The Board of Directors are responsible for the preparation & presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



Ajith Jayawardana

Chairman

01.03.2021



Sudath Abeysekara

Board Member

01.03.2021

**National Design Centre**  
**Statement of Financial Performance for the year ended 31st December 2020**

	Note	2020 Rs.	2019 Rs.	2020 Budget Rs
<b>OPERATING INCOME</b>				
Treasury Grant - Recurrent	13	67,829,519.24	68,760,500.00	69,900,000.00
Treasury Grant - Capital for Development		6,046,943.34	12,667,907.59	18,123,000.00
Activities Grant from National Craft Council & IDB for Development Activities		-	845,525.72	-
Other Income	14	<u>3,267,393.47</u>	<u>6,350,704.54</u>	
		<u>77,143,856.05</u>	<u>88,624,637.85</u>	
<b>OPPERATING EXPENSES</b>				
Personal Emoluments	15	57,777,690.44	56,401,645.81	59,517,000.00
Travelling Expenses	16	156,373.95	459,027.78	175,000.00
Supplies	17	1,361,207.41	1,292,009.07	1,532,000.00
Maintenance	18	1,964,334.20	2,056,553.93	1,800,000.00
Contractual Services	19	6,194,949.65	5,871,412.78	7,305,000.00
Depreciation	20	6,220,442.28	6,253,123.32	
Gratuity		4,896,153.50	3,004,000.00	
Development Expenses	21	3,681,499.78	11,467,013.14	
Development of Enterprises Village & Women Entrepreneurship	22	-	816,204.90	
Other Expenses	23	<u>2,936,779.18</u>	<u>6,292,269.89</u>	
		<u>85,189,430.39</u>	<u>93,913,260.62</u>	

SURPLUS/DEFICIT FROM OPERATING ACTIVITIES	(8,045,574.34)	(5,288,622.77)
Disposal of Computer	320,220.00	(1,030,461.29)
Disposal of Vehicle (Motor Cycle)	<u>13,554.00</u>	<u>-</u>
	(7,711,800.34)	(6,319,084.06)
<u>Add</u>		
Deferred Income	6,220,442.28	6,253,123.32
	<u>6,220,442.28</u>	<u>6,253,123.32</u>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b><u>(1,491,358.06)</u></b>	<b><u>(65,960.74)</u></b>





**Statement of Changes in Equity for the year ended 31.12.2020**

	<b>Capital Grant</b>	<b>Accumulated Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at 01.01.2020	87,081,398.04	17,706,606.97	6,578,345.91	111,366,350.56
Changes in Accounting Policy				
Prior year adjustment		(444,726.98)		(444,726.98)
Deferred Expenses	(6,046,943.34)			(6,046,943.34)
Provision for Deferred Depreciation	(6,220,442.28)			(6,220,442.28)
Revaluation Reserve				
Treasury Grant - Cash Assets	21,403,000.00			21,403,000.00
Statement of Financial Performance				
Currency Exchange Differences				
Surplus /Deficit for the period		(1,491,358.06)		
Balance as at 31.12.2020	96,217,012.42	15,770,521.22	6,578,345.91	118,565,879.55

**National Design Centre**  
**Accounting Policies for the year 2020**

**01. Basis of Preparation**

Financial Statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards. No adjustments have been made for inflationary factors affecting the accounts and the financial statements are prepared in Sri Lanka Rupees

These financial statements are for a public sector entity .The financial statements encompass the reporting entity as specified in the relevant legislation / guidelines.

The financial statements comply with Sri Lanka Public Sector Accounting Standards for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluation of assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

**02. Government Grants**

The Institutions receives two types of Government Grants namely, Recurrent and Capital.

**03. Depreciation**

Depreciation on tangible fixed assets has been provided on diminishing balance method at the following annual rates.

Building	5%
Office Equipment	10%
Computers and Accessories	20%
Furniture & Fittings	10%
Tools & Equipment	25%

Motor Vehicles	20%
Machinery & Equipment	15%
Library Books	5%
Software	20%

#### **04. Statement of Financial Performance**

The revenue of the Institutions represents the income from Government Grants and other miscellaneous income. All income has been recognized on an accrual basis.

#### **05. Valuation of Inventories**

Inventories are valued at the lower of cost and Net Realizable Value. The cost of inventories is determined on first in first out (FIFO) basis.

#### **06. Post Balance Sheet Events**

All material events occurring after the Balance Sheet date are considered and when necessary adjustments have been made in the accounts

07. Value of the land where head office building and the project office building is located has not been included in the financial statements since the ownership has not been transferred to the institution from the Department of Small Industries
08. Provision for gratuity has been provided for employees who have Completed five years of service in the institute.
09. Construction of two storied building for National Design Centre has been commenced on March 2018 at the Head Office premises in Moratuwa. Total Estimated cost for the project is Rs. 80 Million. Major construction work have been completed and final certified bills yet to be received.

**Note 1 Non Current Assets  
Property Plant & Equipment**

	Buildings	Machinery	Vehicles	Computer	Office Equipment	Furniture & Fittings	Tools & Equipment	Library Books	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>									
Balance as at 01.01.2020	19,482,573.94	6,975,707.08	25,610,000.00	13,543,869.84	12,561,051.98	11,189,657.89	2,077,453.58	3,171,457.06	94,611,771.37
Disposals for the year			(10,000.00)	(67,137.00)					(77,137.00)
Transfer to software a/c				(693,000)					(693,000.00)
Additions during the year	2,536,352.83	323,700.00		383,574.72	825,145.00	2,521,412.75	364,628.00	188,174.50	7,142,987.80
Balance as at 31.12.2020	22,018,926.77	7,299,407.08	25,600,000.00	13,167,307.56	13,386,196.98	13,711,070.64	2,442,081.58	3,359,631.56	100,984,622.17
<b>Depreciation</b>									
Balance as at 01.01.2020	10,028,342.83	4,659,844.65	12,501,339.32	7,364,594.18	9,150,460.55	4,637,515.43	1,030,601.60	978,701.53	50,351,400.09
Disposals			(5,904.00)	(387,357.00)					(393,261.00)
Software related				(202,885.00)					(202,885.00)
Charges for the year	475,731.25	348,332.29	2,620,912.93	1,250,452.12	341,930.00	711,813.48	262,784.58	110,462.63	6,122,419.28
Balance as at 31.12.2020	10,504,074.08	5,008,176.94	15,116,348.25	8,024,804.30	9,492,390.55	5,349,328.91	1,293,386.18	1,089,164.16	55,877,673.37
<b>Net Book Value</b>									
Balance as at 01.01.2020	9,454,231.11	2,315,862.43	13,108,660.68	6,179,275.66	3,410,591.43	6,552,142.46	1,046,851.98	2,192,755.53	44,260,371.28
Balance as at 31.12.2020	11,514,852.69	2,291,230.14	10,483,651.75	5,142,503.26	3,893,806.43	8,361,741.73	1,148,695.40	2,270,467.40	45,106,948.80

## Building Work in Progress

	<b>Rs.</b>
Cost	60,117,201.80
Balance as at 01.01.2020	
Additions	
Balance as at 31.12.2020	12,017,422.51
	72,134,624.31

## Intangible Assets

	<b>Rs.</b>
<b>Cost</b>	
Balance as at 01.01.2020	
Transferred from Computer	693,000.00
Balance as at 31.12.2020	693,000.00
<b>Depreciation</b>	
Balance as at 01.01.2020	
Transferred from Computer	202,885.00
Additions	98,023.00
Balance as at 31.12.2020	300,908.00
<b>Net Book Value</b>	
Balance as at 01.01.2020	
Balance as at 31.12.2020	392,092.00

**Note 02 - Closing Stock**

		<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Raw Materials		1,721,966.12	805,234.00
Finished Goods	2.1	4,911,895.04	4,182,241.58
Stationary		988,581.76	766,535.74
DCF Stock	2.2	42,050.00	48,220.00
		<b>7,664,492.92</b>	<b>5,802,231.32</b>

**Note 2.1 - Finished Goods**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Finished Goods as per Board of Survey Report	4,974,350.04	5,460,747.95
Less : Excess /( Shortage) Adjustment	(7,500.00)	(55,449.00)
Unusable Finished Goods	(54,955.00)	(1,223,057.37)
	<b>4,911,895.04</b>	<b>4,182,241.58</b>

**Note 2.2 -DCF Stock**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Stock at Head Office	40,800.00	44,120.00
Consignment Stock	1,250.00	4,100.00
	<b>42,050.00</b>	<b>48,220.00</b>

**Note 03 - Trade and Other Receivables**

	<b>31-12-2020</b>	<b>31-12-2019</b>
	<b>Rs.</b>	<b>Rs.</b>
Advance on cash	18,473.22	19,183.22
Advance for Deposits	8,894.55	8,894.55
Receivable 3.1	327,797.50	601,307.22
Advance - Penthouse Pvt Ltd	-	4,407,517.21
Advance Central Engineering Consultancy Bauer	221,452.85	221,452.85
Advance Mis in air Pvt) Ltd	738,186.80	-
<u>Deposits</u>		
Telephone Deposit	11,950.00	11,950.00
Fuel Deposit	10,000.00	10,000.00
Newspaper Deposit	300.00	300.00
Cylinder Deposit	6,500.00	6,500.00
Other Deposit	-	77,600.00
Electricity Deposit	20,000.00	20,000.00
Fuel Deposit Lanka IOC	200,000.00	200,000.00
<b>Current A/c With SLF</b>		
Class Fees Receivable	115,000.00	847,500.00
Deposits On Building Rent	-	510,000.00
Advance	3,800.00	-
<b>Design Consultancy Account</b>		
Sri Lanka Handicraft Development Board	513,115.00	642,790.00
Barefoot	1,450.00	5,100.00
Advances	46,641.00	296,641.00
Trade Commerce and Tourism Dept. Central Province	137,832.00	-
Ministry of Industry and Commerce		134,800.00
Lakarcade Pvt Ltd	114,300.00	53,995.00
	<b>2,495,692.92</b>	<b>8,075,531.05</b>

**Note 03.1 - Receivable**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
National Craft Council	64,006.07	601,307.22
Receivables Vehicle accidents	65,965.18	-
S.S Weerasooriya	17,650.00	-
Sales For Staff Members samples & Scrap Items)	180,176.25	-
	<b>327,797.50</b>	<b>601,307.22</b>

**Note 04 -Staff Loans**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Distress Loan	12,214,475.00	12,113,680.00
Festival Advance	107,350.00	28,600.00
Special Advance (Flood)	-	56,856.00
Bicycle Loan	2,000.00	8,040.00
Special Advance	2,000.00	-
	<b>12,325,825.00</b>	<b>12,207,176.00</b>

**Note 05 - Prepayments**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Insurance	226,968.64	241,563.12
Contractual Services	111,478.72	70,582.61
Licence	22,510.00	34,434.68
Building Rent	-	10,964.52
	<b>360,957.36</b>	<b>357,544.93</b>

**Note 06 - Cash & Cash Equivalent**

	<b>31-12-2020</b> Rs.	<b>31-12-2019</b> Rs.
National Design Centre Account -Bank of Ceylon A/c No 407273	4,127,138.07	2,537,365.02
National Design Centre Account Bank of Ceylon Kandy A/C NO. 32777	32,517.58	28,564.40
Design Consultancy Account -Bank of Ceylon A/c No 407326	9,443,550.51	9,245,359.76
Design Education Account Peoples Bank A/c 313100143657050	2,464,801.72	4,565,843.54
Staff Loan Account Bank of Ceylon A/c 407325	838,660.51	524,309.10
Cash in transit	23,314.50	-
	16,929,982.89	16,901,441.82

**Note 07 - Trade & Other Payables**

	<b>31-12-2020</b> Rs.	<b>31-12-2019</b> Rs.
Audit Fees Payable	700,000.00	1,503,728.00
Cancelled Cheques	8,000.00	12,623.02
Refundable Deposits	8,300.00	-
Retention Money Penthouse Pvt LTD.	3,772,011.65	3,772,011.65
Retention Money Sakura Project & Interiors	57,288.00	57,288.00
Retention Money U.G Gunarathna	10,750.00	10,750.00
Retention Money Telesonic Lanka	-	4,030.00
Security Deposit	201,063.50	-
Refundable Tender Deposit <b>Design Education Account</b>		5,500.00
Security Deposit	29,302.00	29,302.00

Class Fees Received in Advance	-	1,805,000.00
Telesonic Lanka Ltd	-	32,387.51
Dynamic Fabricators	30,535.75	30,535.75
Stamp Duty Payable	100.00	400.00
<b>Design Consultancy Account</b>		
A D Perera Electricals	147,645.00	-
Nugegoda Electricals	6,280.00	-
Singha Construction	674,285.00	-
Timee Electric Co.	113,668.50	-
Retention Payable Singha Construction	38,329.20	-
Modern Interior Projects Pvt Ltd.	109,985.00	-
Kanishka Motors	-	65,000.00
Stamp Duty Payable	-	250.00
<b>Staff Loan Account</b>		
Stamp Duty Payable	-	275.00
	5,907,543.60	7,329,080.93

### **Note 8 - Cash Received as an Advance for UNDP Programme**

(Special project on technical capacity development and monitoring support for selected handicraft producer groups in Batticaloa, Mannar and Vavuniya districts where UNDP serves as implementing partner)

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Amount Received	2,312,227.97	4,634,144.05
Less -Work Completed	-	2,321,916.08
Balance in account to complete the project	2,312,227.97	2,312,227.97

**Note 09 - Accrued Expenses**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Fuel	118,144.89	54,353.21
Telephone	63,396.40	55,351.15
Electricity	119,480.00	31,701.96
EPF Payable	452,085.00	440,493.69
ETF Payable	113,021.25	110,123.41
Water	7,870.19	21,303.90
New Design Exhibition	5,200.00	-
Over Time	403,051.62	99,737.12
Travelling	19,065.00	14,091.75
Salaries & wages	301,390.00	302,447.46
Security Charges	51,728.00	-
Cost of Prototype samples and gift items	-	12,480.00
Other allowances	-	7,000.00
Awareness/Training/TOT Program	26,871.68	-
Vehicle Maintenance	25,511.35	30,647.00
Training Program Malkaduawa	-	2,255.52
Cleaning Charges	2,100.00	3,600.00
Printing of annual reports	14,580.00	25,060.00
Petty cash and Miscellaneous	-	5,000.00
Meeting with clients	-	8,260.00
Service Agreement	-	6,201.48
<b>Design Education Account</b>		
Lecture Fees	128,475.00	174,725.00

Overtime	-	21,473.17
Allowance	-	910.00
Alpha Industries (Pvt) Ltd.	287,662.00	-
Telephone	504.20	609.34
Electricity	-	3,923.59
John Keels Pvt Ltd	-	260,550.00
J.P Wannigama	72,475.00	-
R.M.T.M.B Rathnayaka <b>Design Consultancy Account</b>	30,625.00	-
Propel Advertising	-	134,775.00
W.G Muthubanda	-	140,400.00
	2,243,236.58	1,967,473.75

Note No.10

**Gratuity Provision as at 31.12.2020**

	<b>Employee Name</b>	<b>Date Joined</b>	<b>Completed Years as at 31.12.2020</b>	<b>Salary</b>		<b>Gratuity Provision as at 31.12.2020</b>
	<b>1</b>		<b>3</b>	<b>4</b>	<b>5</b>	<b>(6) =( 3) x (5)</b>
1	U.L Wickramarathna	10/6/1985	35	50,400.00	25,200.00	882,000.00
2	P. Dharmasena	24/06/1985	35	44,295.00	22,147.50	775,162.50
3	G. Vithana	1/11/1985	35	63,615.00	31,807.50	1,113,262.50
4	Manel Bulathgama	6/12/1985	34	61,620.00	30,810.00	1,047,540.00
5	D. Dharmasiri	10/6/1986	34	40,390.00	20,195.00	686,630.00
6	G.W. Ramyalatha	16/03/1987	33	47,100.00	23,550.00	777,150.00
7	D.J. Pieris	11/11/1987	33	63,615.00	31,807.50	1,049,647.50
8	M.A Somalatha	1/3/1988	32	79,385.00	39,692.50	1,270,160.00
9	W.A.P.K Wijesingha	1/8/1988	32	80,760.00	40,380.00	1,292,160.00
10	Palitha Pushpakumara	15/04/1988	32	43,140.00	21,570.00	690,240.00
11	K.P.J. Perera	14/02/1989	31	41,830.00	20,915.00	648,365.00
12	B.K.K Perera	28/06/1989	31	41,320.00	20,660.00	640,460.00
13	Manel Rajapaksa	2/10/1989	31	55,440.00	27,720.00	859,320.00
14	U.A.LS.K. Jayathissa	1/1/1990	30	41,170.00	20,585.00	617,550.00
15	K.K.S.De Silva	15/08/1991	29	53,040.00	26,520.00	769,080.00
16	M.K Mahinda	1/7/1992	28	47,250.00	23,625.00	661,500.00
17	G.A.G Silva	22/03/1993	27	41,655.00	20,827.50	562,342.50
18	L.A Kularathna	5/4/1993	27	41,655.00	20,827.50	562,342.50
19	H.B.T Damayanthi	3/1/1994	26	73,332.00	36,666.00	953,316.00

20	B.K.A Rodrigo	15/06/1994	26	41,170.00	20,585.00	535,210.00
21	A.M.T.K Alagiyawanna	2/5/1996	24	39,250.00	19,625.00	471,000.00
22	B. Manathunga	3/6/1996	24	74,725.00	37,362.50	896,700.00
23	D.M.A. Chandima	15/07/1996	24	44,790.00	22,395.00	537,480.00
24	M.A.R.U. Gunarathna	16/07/1998	22	43,800.00	21,900.00	481,800.00
25	Susil Wijethunga	1/9/1998	22	38,590.00	19,295.00	424,490.00
26	W.M. Piyarathna	4/1/1999	21	65,100.00	32,550.00	683,550.00
27	R.M. Vijitha Bandara	1/6/1999	20	63,725.00	31,862.50	637,250.00
28	S.S Weerasuriya	1/2/2000	20	42,795.00	21,397.50	427,950.00
29	H.T. Dinesh Silva	1/2/2000	20	42,945.00	21,472.50	429,450.00
30	C.K.Kalansooriya	1/2/2000	20	42,645.00	21,322.50	426,450.00
31	N.D.H Mohotti	1/2/2000	20	36,130.00	18,065.00	361,300.00
32	K.R. Kumara	1/2/2000	20	37,750.00	18,875.00	377,500.00
33	Prashantha Kirthichandra	13/12/2000	20	65,100.00	32,550.00	651,000.00
34	P. C. J. De Silva	15/08/2005	15	53,420.00	26,710.00	400,650.00
35	G.C.N. Perera	15/08/2005	15	52,665.00	26,332.50	394,987.50
36	V.G.B.D. Weeranayaka	15/08/2005	15	51,910.00	25,955.00	389,325.00
37	S.W.Vijithani	25/10/2005	15	46,890.00	23,445.00	351,675.00
38	B. R. Ranaweera	15/02/2006	14	70,600.00	35,300.00	494,200.00
39	R. M .Gamini Rathnayaka	12/12/2007	13	35,550.00	17,775.00	231,075.00
40	J . Anil Wijesuriya	01/01//2008	12	35,550.00	17,775.00	213,300.00
41	I. A. kleetas Asanga	15/02/2008	12	38,710.00	19,355.00	232,260.00
42	M. A. D. P. Kithsiri	15/07/2008	12	37,810.00	18,905.00	226,860.00
43	M. T. R. Fanandu	1/9/2008	12	35,300.00	17,650.00	211,800.00
44	N.G.K Indika	6/8/2009	11	65,100.00	32,550.00	358,050.00

45	W.D.L.S S Rathnayaka	11/4/2009	11	36,610.00	18,305.00	201,355.00
46	M.A.S.S.K. Chandrasiri	16/02/2012	8	112,825.00	56,412.50	451,300.00
47	H.M. S..D. Herath	3/6/2013	7	47,290.00	23,645.00	165,515.00
48	M. L.U. Edirisinghe	1/7/2013	7	51,155.00	25,577.50	179,042.50
49	P.L. Gamage	3/6/2013	7	50,400.00	25,200.00	176,400.00
50	S.A.S.C. Perera	1/7/2013	7	50,400.00	25,200.00	176,400.00
51	A. M. T. I Adikari	1/7/2013	7	45,310.00	22,655.00	158,585.00
52	R.M Sarath Ranasinghe	25/07/2013	7	36,910.00	18,455.00	129,185.00
53	W. K. Isuru Indika	1/7/2013	7	36,910.00	18,455.00	129,185.00
54	W.G.D.Anurada	15/07/2013	7	36,910.00	18,455.00	129,185.00
55	Champika Gunasekara	25/07/2013	7	37,760.00	18,880.00	132,160.00
56	R. M. Amith Kumara	25/07/2013	7	34,050.00	17,025.00	119,175.00
57	W. A . Amila Presanna	1/7/2014	6	36,010.00	18,005.00	108,030.00
58	N. A. S. A . Kumara	3/2/2014	6	33,550.00	16,775.00	100,650.00
59	L. C. Kodituvwakku	1/7/2014	6	36,910.00	18,455.00	110,730.00
60	G.H.G. N. Rathnasuriya	1/7/2014	6	36,910.00	18,455.00	110,730.00
61	G.G.D.M.K. Somarathna	1/7/2014	6	36,910.00	18,455.00	110,730.00
62	K.P.N.R. Ariyavansha	1/7/2014	6	36,910.00	18,455.00	110,730.00
63	J.MAGAMAGE	1/8/2014	6	46,630.00	23,315.00	139,890.00
	-					29,642,518.50
	Less:					
	<u>Gratuity Payments</u>					
1	Manel Bulathgama	6/12/1985	34	61,620.00	30,810.00	1,047,540.00
2	J . Anil Wijesuriya stamp duty	01/01//2008	12	35,550.00	17,775.00	213,300.00 (50.00)
						1,260,790.00
	Total Gratuity					28,381,728.50

## **Note 11 - Deferred Depreciation**

		<b>31-12-2020 Rs</b>	<b>31-12-2019 Rs.</b>
<b>Deferred Revenue Income</b>			
Capital Grant			
Previous Years		87,081,398.04	60,092,428.95
Current Year		21,403,000.00	45,910,000.00
		108,484,398.04	106,002,428.95
<u>Less</u>			
Total Development Activities Expenses	11.2	(6,046,943.34)	(12,667,907.59)
		102,437,454.70	93,334,521.36
<u>Less</u>			
Deferred Depreciation	11.1	(6,220,442.28)	(6,253,123.32)
Deferred Revenue Income		96,217,012.42	87,081,398.04

Capital Grant given by Treasury has been disclosed as deferred income in the Balance Sheet and it has been recognized as income based on depreciation rates on 2020

### **Note 11.1 Differed Depreciation**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Building	475,731.25	492,660.61
Machinery	348,332.29	396,211.58
Office Equipment	341,930.00	345,103.78
Furniture & Fittings	711,813.48	422,286.95
Tools	262,784.58	126,259.97
Library Books	110,462.63	115,219.80

Computer	1,250,452.12	1,078,215.47
Vehicle	2,620,912.93	3,277,165.16
Software	98,023.00	-
	6,220,442.28	6,253,123.32

### Note 11.2 Total Development Activities Expenses

-	-	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
Awareness / Training / TOT Programmes		1,145,055.74	1,820,094.08
Staff Training		315,216.30	317,450.00
Product Development		1,157,070.25	179,533.51
New Design Exhibition		1,033,046.00	6,741,190.46
Exhibition In Collaboration With Other Institution		243,064.74	681,460.13
Participating Inter National Trade Fair		-	1,170,824.21
Monitoring of Evaluating Project & Progrmmer		-	15,344.00
Research Programmes For Raw Material Processing		36,242.00	330,574.34
Test Marketing & Market Surveys		23,900.00	72,567.41
Video Documentation for promotion handicraft		884,975.00	-
Raw Material Purchases Cost of creation of new designs and prototype samples		1,208,373.31	1,200,894.45
Craft Directory		-	137,975.00
		6,046,943.34	12,667,907.59

**Note 12 - Accumulated Profit**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
B/F Accumulated Profit	17,706,606.26	17,772,567.35
(+) prior Year adjustment	10,373.02	-
(-) prior Year adjustment	(455,100.00)	-
	17,261,879.28	17,772,567.35
Surplus/ Deficit for the Year	(1,491,358.06)	(65,960.74)
C/F Accumulated Profit	15,770,521.22	17,706,606.61

**Note 13 - Treasury Grant Recurrent**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs.</b>
January	4,956,000.00	5,335,000.00
February	5,592,250.00	5,616,000.00
March	5,750,000.00	4,636,250.00
April	5,000,000.00	4,636,250.00
May	6,000,000.00	7,482,000.00
June	5,800,000.00	6,430,000.00
July	6,000,000.00	5,673,000.00
August	5,781,000.00	6,198,000.00
September	5,650,000.00	5,950,000.00
October	4,761,000.00	4,925,000.00
November	5,471,000.00	5,457,000.00
December	7,068,269.24	6,422,000.00
	67,829,519.24	68,760,500.00

## Treasury Grant Capital

	31-12-2020 Rs.	31-12-2019 Rs
Treasury Grant For Assets	15,356,056.66	33,242,092.41
Treasury Grant For Development Activities	6,046,943.34	12,667,907.59
	21,403,000.00	45,910,000.00

## Note 14 - Other Income

	Note	31-12-2020 Rs.	31-12-2019 Rs.
Levy on Private use of vehicles		6,000.00	5,500.00
Miscellaneous		21,238.00	45,588.00
Profit & Loss (Sub note 01)	14.1	(591,074.23)	(532,848.93)
Government Contribution		6,000.00	18,600.00
Scarp Sales		305,573.25	-
Training Program Income		-	26,072.18
No Pay		21,441.04	-
<b>Design Education Account</b>			
HND 2018-2020 Course fees		385,000.00	1,675,000.00
NDID 2019-2020 Course Fees		2,140,000.00	1,800,000.00
Application Fees		13,500.00	46,000.00
Convocation Fee		-	170,800.00
Repeat Exam		-	11,000.00
<b>Design Consultancy income</b>			
Design Consultancy Income	14.2	409,320.00	-
Laksala Project	14.3	5,890.00	48,630.00
UNDP income		-	2,321,916.08
Other Sales	14.4	114,780.00	234,725.00

Consignment Income		(2,850.00)	(18,400.00)
<b>Staff Loan Account Income</b>			
Interest Income		432,575.41	498,122.21
		3,267,393.47	6,350,704.54

**Sub Note 14.1**

**National Design Centre**

**Statement of Profit & Loss Account for the Year end 31.12. 2020**

	Note	31-12-2020 Rs.	31-12-2019 Rs
Income (sales)		104,486.25	1,707,692.17
Cost of Sales (Note1.1)	14.1.1	664,102.98	(1,020,949.90)
Gross Profit		(559,616.73)	686,742.27
Sale Commission		-	(7,840.83)
less- Unusabal Finish Goods		(54,955.00)	(1,223,057.37)
Common facility center income		23,497.50	11,307.00
Total Profit		(591,074.23)	(532,848.93)

**Note14- 1-1 - Cost of sale**

	31-12-2020 Rs.	31-12-2019 Rs.
<u>Raw Material</u>	-	
Opening Stock (1st January 2020)	805,234.00	635,761.31
Purchases	1,208,373.31	1,200,894.45
	2,013,607.31	1,836,655.76
	-	
Less Closing Stock	(1,721,966.12)	(805,234.00)

<u>Finished Good</u>	-	291,641.19	1,031,421.76
Opening Stock 1st January 2020		4,182,241.58	4,733,569.09
Material Consumed		4,473,882.77	5,764,990.85
Purchases		1,157,070.25	661,258.00
<u>Less</u>	-	5,630,953.02	6,426,248.85
Closing Stock 31December 2020	<b>14.1.1-i</b>	4,966,850.04	5,405,298.95
Cost of Sales		664,102.98	1,020,949.90

**Sub Note 14.1.1-I**  
**Closing Stock 31December 2020**

	<b>31-12-2020</b> <b>Rs.</b>	<b>31-12-2019</b> <b>Rs.</b>
Stock as per Board of Survey Report 31.12.2020	4,974,350.04	5,460,747.95
Add :Excess Finished goods stock	-	9,211.00
	4,974,350.04	5,469,958.95
Less : Shortage in Finished goods stock	(7,500.00)	(64,660.00)
	4,966,850.04	5,405,298.95

**Sub Note 14.2**  
**Design Consultancy Income**

		<b>31-12-2020</b> <b>Rs.</b>	<b>31-12-2019</b> <b>Rs.</b>
Christmas decorations for Kandana Church			
Income	300,000.00		
Expenses	299,480.00	520.00	-
Aluvihare Exhibition Interior Project			
Income	1,473,600.00		

Expense	1,099,825.00	373,775.00	-
Fiber Extracting Machine Income	210,000.00		
Expense	174,975.00	35,025.00	-
		409,320.00	-

### Sub Note 14.3 - Laksala Income

	31-12-2020 Rs.	31-12-2019 Rs
Laksala Sales Income	73,865.00	384,860.00
Laksala Sales Expenses	(67,975.00)	(336,230.00)
	5,890.00	48,630.00

### Sub Note 14.4 - Other Sales Income

	31-12-2020 Rs.	31-12-2019 Rs
Laksaru Colombo	-	115,725.00
Lakpahana	40,480.00	84,130.00
LakArcade Gandhara	74,300.00 -	80,470.00 (45,600.00)
	114,780.00	234,725.00

## Note 15 - Personal Emoluments

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Salaries & Wages	46,634,417.55	45,560,172.29
EPF	5,530,833.99	5,399,609.13
ETF	1,382,708.46	1,349,884.87
Over time	2,223,780.44	2,136,089.52
Other Allowances	12,750.00	42,500.00
Chairman's Allowance	1,146,600.00	1,073,540.00
Fuel Allowances	246,600.00	239,850.00
Directors Transport Allowance	600,000.00	600,000.00
	<b>57,777,690.44</b>	<b>56,401,645.81</b>

## Note 16 - Travelling Expenses

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Domestic	156,373.95	263,552.78
Foreign		195,475.00
	<b>156,373.95</b>	<b>459,027.78</b>

### Note 17 – Supplies

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Stationery & Office Requisites	607,097.58	586,808.10
Fuel Expenses	650,757.55	609,256.97
Uniforms	84,000.00	84,000.00
Medical	8,709.48	2,997.00
Other Supplies	10,642.80	8,947.00
	<b>1,361,207.41</b>	<b>1,292,009.07</b>

### Note 18 - Maintenance

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Vehicle maintenance	1,189,121.19	1,663,157.24
Building maintenance	239,374.31	46,347.90
Plant & Machinery	122,470.00	93,568.98
Office Equipment	413,368.70	253,479.81
	<b>1,964,334.20</b>	<b>2,056,553.93</b>

### Note 19 - Contractual Services

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Transport & Hire charges	8,900.00	18,450.00
Telephone charges	604,678.17	974,550.04
Postage	40,625.00	87,518.99
Electricity & water	1,180,924.02	1,120,261.51

Rates & Taxes	673,370.64	79,975.00
Audit fee	510,150.00	703,728.00
Legal fees	-	14,980.00
Pest Control Services	40,000.00	55,000.00
Advertisement	127,716.25	88,442.50
Petty Cash & miscellaneous	108,068.50	69,245.00
Bank Charges	25,787.75	21,681.99
Sanitary & Cleaning	163,349.00	248,983.98
News Paper and Subscriptions	88,918.00	101,311.02
Contractual services (Service Agreement)	234,097.45	105,611.31
Insurance	433,044.59	456,997.50
Vehicle Licence	76,333.87	71,300.58
Meetings with clients	347,298.70	431,748.74
Printing Annual Reports	316,480.00	430,766.70
Stamp Duty	2,250.00	1,525.00
Board Secretary fee	13,500.00	18,000.00
Board Member Fee	185,000.00	208,100.00
Audit & Management Committee Member fee	114,000.00	66,000.00
Interviews Expenses	19,361.50	99,150.20
Security Charges	541,166.00	-
Board of Survey Expenses	339,929.40	398,084.72
	6,194,949.65	5,871,412.78

**Note 20 - Depreciation**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Building	475,731.25	492,660.61
Machinery	348,332.29	396,211.58
Office Equipment	341,930.00	345,103.78
Furniture & Fittings	711,813.48	422,286.95
Tools	262,784.58	126,259.97
Library Books	110,462.63	115,219.80
Computer	1,250,452.12	1,078,215.47
Vehicle	2,620,912.93	3,277,165.16
Software	98,023.00	-
	<b>6,220,442.28</b>	<b>6,253,123.32</b>

**Note 21 - Development Activities**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Awareness / Training / TOT Programmes	1,145,055.74	1,820,094.08
Staff Training	315,216.30	317,450.00
Product Development	-	179,533.51
New Design Exhibition	1,033,046.00	6,741,190.46
Exhibition In Collaboration with other Institution	243,064.74	681,460.13
Participating Inter National Trade Fair	-	1,170,824.21
Monitoring of Evaluating project & Progrmmer	-	15,344.00

Research Programmes For Raw Material Processing	36,242.00	330,574.34
Test Marketing & Market Surveys	23,900.00	72,567.41
Video Documentation for promotion handicraft	884,975.00	-
Craft Directory	-	137,975.00
	3,681,499.78	11,467,013.14

## Note 22

### Enterprise Development Programme & Livinghood Development Program

	31-12-2020 Rs.	31-12-2019 Rs
Enterprise Development Program- Trinco- Mutthur- with IDB	-	238,179.18
Enterprise Development Program with NCC		
Enterprise Development Program - Pathinipuram	-	273,939.48
Enterprise Development Program - Polonnaruwa -Athumalpitiya	-	130,030.96
Enterprise Development Program -Gampaha Weerangula	-	174,055.28
	-	816,204.90

## Note 23 - Other Expenses

	Note	31-12-2020 Rs.	31-12-2019 Rs
<b>Design Education Account</b>			
Education Activity	23.1	1,029,365.50	1,865,807.94
Building Rent		903,239.52	1,019,700.00
Overtime		323,193.53	322,464.92
Other		147,688.20	112,113.15
Electricity		39,366.36	61,683.49
Telephone		6,668.32	8,901.65
Stamp Duty		800.00	825.00
Preliminary Expenses		18,000.50	-
NVQ Registration		-	2,100.00
Depreciation		-	181,269.36
Service Agreement		43,715.00	-
<b>Design Consultancy Account</b>			
UNDP Project	23.2	-	2,321,916.08
Other Sales Expenses	23.3	94,055.00	205,765.00
Obsolete stock		3,320.00	-
Other Expenses		-	140,400.00
Incentive Allowance		77,192.25	-
Stamp Duty		175.00	450.00
Cost of chicken pens		250,000.00	-
Depreciation		-	48,873.30
		2,936,779.18	6,292,269.89

**Note 23.1 - Education Activity**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
NDID 2018-2020 Course Expenses	782,343.00	805,799.54
HND 2018-2020 Course Expenses	245,522.50	530,536.20
2021 2023 New Course Certificate Awarding Ceremony	1,500.00 -	- 529,472.20
	<b>1,029,365.50</b>	<b>1,865,807.94</b>

**Note 23.2 - UNDP Project**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
UNDP Transport equipment Manar	-	70,000.00
UNDP Supply of equipment and raw material	-	201,887.97
UNDP Other Expenditure	-	17,115.35
UNDP Supply of Equipment Anuradhapura	-	654,975.00
UNDP Supply of Equipment Mannar	-	372,275.00
UNDP Progress Monitoring	-	1,005,662.76
	-	<b>2,321,916.08</b>

**Note 23.3 - Other Sales Expenses**

	<b>31-12-2020 Rs.</b>	<b>31-12-2019 Rs</b>
Laksaru Colombo	-	105,915.00
Lakpahana	32,025.00	74,850.00
LakArcade	62,030.00	65,800.00
Gandhara	-	(40,800.00)
	<b>94,055.00</b>	<b>205,765.00</b>



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



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My No. }

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Date }

2021 ජූලි 01 දින

Chairman  
National Design Centre

**Report of the Auditor General in terms of Section 12 of the National Audit Act No. 19 of 2018 on the Financial Statements and on other Regulatory Requirements of the National Design Centre for the year that ended on 31<sup>st</sup> December 2020.**

## 1. Financial Statements

### 1.1. Qualified Opinion

The Financial Statements of the National Design Centre for the year that ended on 31<sup>st</sup> December 2020 comprising the Statement of Financial Position as at 31<sup>st</sup> December 2020; Statement of Financial Performance, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements for the year then ended; and a summary of significant financial policies were audited under my direction in terms of the provisions of the National Audit Act No. 19 of 2018 read with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, the Finance Act No. 38 of 1971 and section 84 (3) of the National Crafts Council and Allied Institutions Act No. 35 of 1982. My report will be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

Apart from the effects of the matters stated in the section “Basis for the Qualified Opinion” in my Report, I am of the opinion that the Statements on financial position of the National Design Centre as at 31<sup>st</sup> December 2018, and the statements of financial operations and cash flows for the year then ended reflect a true and fair position in accordance with Sri Lanka Public Sector Accounting Standards.

### 1.2. Basis for Qualified Opinion

(a) An unexplained discrepancy of Rs. 16,398,872 was observed in fixed assets as the Financial Statements of the Centre showed the value of the fixed assets as Rs. 78,965,697 although the value of the Fixed Assets apart from buildings was Rs. 62,566,825 according to the Report of the Stock Survey as at 31<sup>st</sup> December 2020.

(b) Although balances, of which recovery is uncertain, existed in the receivable balances of Rs. 2,495,693, action had not been taken in terms of paragraph 37 of Sri Lanka Public Sector Accounting Standard No. 03 to show the receivable balances at reasonable value in Financial Statements after calculating adverse values.

(C) The total asset liquidities have not been presented in terms of paragraph 70 of Sri Lanka Public Sector Accounting Standard No. 01.

(d) A cheque for Rs. 3 million dated 31<sup>st</sup> December 2020 had been received by the National Design Centre in January 2021 from the Ministry of Batik Handloom Fabrics and Local Apparel Products for a project for designing batik sary patterns termed “Nawa Nirmaana Sary” (New Style Saries). Also a memorandum of understanding had been signed on 27<sup>th</sup> January 2021 with Salu Sala for the sale of products. Although it was an occurrence which provides further evidence regarding the position which existed as at the date of reporting of the Financial Statements, it had not been revealed in the Financial Statements in terms of Sri Lanka Public Sector Accounting Standard No. 06.

(.e) Although a comparison between the values in the budget and the real values should be presented as an additional expenditure column in the Financial Statements presented in respect of the current period in terms of paragraph 21 of Sri Lanka Public Sector Accounting Standard No. 15, the budgeted value pertaining to each expenditure had not been presented in the Financial Statements.

I have carried out the audit in accordance with Sri Lanka Accounting Standards. My responsibilities under these standards have been described further in the section: “Auditor’s Responsibility pertaining to the Audit”. It is my belief that the audit evidence I had obtained was adequate to provide the basis for a qualified opinion.

### **1.3. Other Information Contained in the Annual Report of the National Design Centre for 2020**

Other information means information not contained in Financial Statements and in my Audit Report regarding the Financial Statements but included in the Annual Report 2020, which is intended to be given to me after the date of this Audit Report. Management should be responsible for this other information.

My opinion on Financial Statements does not cover other information and I do not express an assurance or opinion of any form regarding it.

My responsibility pertaining to my audit on the Financial Statements is to read ‘other information’ when received and, in doing so, to consider whether this ‘other information’ is substantially inconsistent with the Financial Statements or the knowledge gained during the audit or in any other manner.

If I conclude, as I read the Annual Report of the National Design Centre for 2020, that it contains substantial misstatements, I must communicate such facts to the governing parties for

rectification. If the misstatements persist further, such will be included in the report to be tabled by me in Parliament in due course in terms of Article 154 (6) of the Constitution.

#### **1.4 Responsibilities of the Management and the Parties who Govern with regard to Financial Statements**

It is the responsibility of the management to prepare these Financial Statements in accordance with the Sri Lanka Public Sector Accounting Standards and represent them fairly and determine the internal controls necessary for preparing the Financial Statements without substantial false statements which may be caused due to frauds and errors.

It is also the responsibility of the management to determine the ability to maintain the Centre continuously in preparing Financial Statements and unless the management intends to liquidate the Centre or to stop operations when there is no alternative, it should keep the accounts on the basis of perpetual existence and reveal the matters pertaining to the perpetual existence of Centre.

The parties who govern bear the responsibility for the financial reporting process of the Centre.

The Centre should properly maintain its books and reports pertaining to its incomes, expenses, assets and liabilities so that annual and periodic financial statements of the Centre can be prepared as per subsection 16 (1) of the National Audit Act No. 19 of 2018.

#### **1.5. Auditor's Responsibility pertaining to the Auditing of Financial Statements**

My aim is to give a fair assurance that Financial Statements as a whole are devoid of quantitative false statements caused due to frauds and errors and to issue the Audit Report containing my opinion. Although a fair assurance is a high quality assurance, it is not a confirmation that it always unveils substantial misstatements in carrying out the audit in accordance with the Sri Lanka Accounting Standards. Substantial misstatements may occur due to individual or collective influence of frauds and errors while its magnitude depends on its effect on the economic decisions taken based on these Financial Statements by their users.

I acted with professional conviction and professional ambivalence as part of this audit in terms of Sri Lanka Accounting Standards. Further,

- Adequate and appropriate audit procedures were planned and implemented for identifying and assessing the risks of substantial false statements that could occur in Financial Statements due to frauds or errors in forming a basis for the audit opinion declared. The impact of a fraud is stronger than the substantial misstatements because they occur due to collusion, forgery, deliberate omission or bypassing internal controls.

- Though not with the intention of expressing an opinion about the effectiveness of the internal control, an understanding on the internal controls of the Centre was obtained before planning the opportune and appropriate audit procedures.
- The relevancy of the accounting policies and the reasonability of the accounting estimates used, and the desirability of the related revelations made by the management were evaluated.
- The relevancy of using the basis of perpetual existence of the organization for accounting was determined based on the audit evidence obtained on whether there exists a substantial uncertainty about the continuity of the Centre due to circumstances or incidents. If I conclude that there exists a substantial uncertainty, I should point in my Audit Report to the revelations made in the Financial Statements in this regard while if the revelations are not adequate, I should qualify my opinion. However, perpetual existence may cease due to future circumstances or situations.
- Whether the Financial Statements fairly and appropriately include the transactions and incidents that led to the structure and content of the Financial Statements and the overall presentation of the Financial Statements containing the revelations was subjected to evaluation.

I keep the parties who govern informed of the significant audit findings, major internal control weaknesses and other matters identified during my audit.

## **2. Report on Other Legal and Regulatory Requirements**

2.1 The National Audit Act No. 19 of 2018 contains special provisions regarding the following requirements:

- 2.1.1 According to the requirements in section 12 (a) of the National Audit Act No. 19 of 2018 I have obtained all the information and explanations necessary for my audit and as evident from my examination the Centre has maintained proper financial reports.
- 2.1.2 The Financial Statements of the Centre correspond with the previous year's, in accordance with the requirement stated in section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.
- 2.1.3 According to the requirement stated in section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018, the recommendations made by me in the previous year have been included in the Financial Statements presented.

2.2 Within the confines of courses of action followed, evidence obtained and substantial facts available, nothing which warrants the making of following statements came to my attention:

- 2.2.1 That a member of the governing body has a relationship direct or otherwise extraneous to the ordinary state of business affairs in respect of an agreement pertaining to the Centre, as per the requirement stated in Section 12 (d) of the National Audit Act No. 19 of 2018.
- 2.2.2 That action has been taken in a manner inconsistent with any applicable written law or other general or specific directions issued by the governing body of the Centre as per the requirement stated in Section 12 (f) of the National Audit Act No. 19 of 2018.
- 2.2.3 That action has been taken in a manner inconsistent with the powers, functions and tasks of the Centre as per the requirement stated in Section 12 (g) of the National Audit Act No. 19 of 2018.
- 2.2.4 That the resources of the Centre had not been procured and used in a frugal, efficient and effective manner within the timeframe and in compliance with relevant laws and rules as per the requirement stated in Section 12 (g) of the National Audit Act No. 19 of 2018, apart from the following observations:
- (a) Plans had not been made even as at the date of the audit to conduct within the year 2021 the batik design exhibition which could not be held during the year 2020 due to COVID-19 risk. Accordingly, the spending of Rs. 1,023,791 borne for the exhibition on 31<sup>st</sup> December 2020 had become a futile expenditure.
  - (b) The contract for air-conditioning the new two-storeyed building had been awarded to a private firm for a sum of Rs. 3,691,058 on 28<sup>th</sup> September 2020. A Technical Evaluation Committee had not been appointed as per 2.8.1 of the Procurement Guidelines and although the assistance of external consultants could have been obtained under the guidance and supervision of the Technical Evaluation Committee for drafting bid invitation documents and for inviting bids as per section 2.8.1 (d) of the Procurement Guidelines, bid evaluation had been assigned to the Central Engineering Consultancy Bureau deviating from it. Accordingly, the consultant had prepared the report on bid evaluation without supervision or guidance of a technical evaluation committee, deviating from the provisions of section 2.8.1 (b) of the Procurement Guidelines. Although the engineering estimate had been Rs. 2,501,400, the consultant had recommended the contractor referred to above deviating from section 8.13.3 of the Procurement Guidelines, with the highest bid price exceeding the engineering estimate by 47.6%.

### **3. Other Matters**

- (a) Although a total of Rs. 71,867,031 had been paid as at 31<sup>st</sup> December 2020 for the construction of the new office building, the Centre had failed even as at the date of the audit to acquire the legal ownership of the land located in Katubedda, at which the Head Office is run, and the land in Naththarampotha, where the project office is located.
- (b) Although it is compulsory to obtain a provisional green certificate for the building to be constructed for the purpose of obtaining the development permit from the Urban Development Authority to get permission to construct the new office building, the construction work had been carried out without obtaining such certificate.
- (c) As per the agreement dated 8<sup>th</sup> December 2014 entered into between the National Design Centre and the United Nations Development Programme (UNDP), funding amounting to Rs. 51,313,305 had been made available as at 31<sup>st</sup> December 2020 for providing technical skills development and advisory assistance to handicraftsmen and craft groups in the Ampara, Anuradhapura, Batticaloa, Mannar, Monaragala, Puttalam and Vavuniya Districts. Although the final project report should have been presented by 28<sup>th</sup> February 2018 as advised by the letter dated 15<sup>th</sup> January 2015, the project had not been completed even as at the date of audit and the remainder of Rs. 2,312,228 was left under-utilized.
- (d) Approval of the Board of Directors had not been obtained for levying fees at Rs. 90,000 per student for the National Diploma in Interior Designing and the Higher National Diploma in Interior Designing conducted by the Centre. The Higher National Diploma in Interior Designing commenced in October 2018 had been scheduled to be completed in April 2020 and its results had not been released even as at 31<sup>st</sup> March 2020. The enrolment of students in these courses for the year 2021 had not been commenced even as at the date of this report. Although registration of courses with the Tertiary Education Commission had been done on 24<sup>th</sup> February 2014, it has not been possible to elevate the courses to the appropriate NVQ level despite the lapse of 07 years. For this reason, the certificate issued to students is not one recognized in the field or bearing value and was confined to a mere certificate issued under the signatures of the Director and the Chairman to the effect that the course has been completed.
- (e) Spending of Rs. 9,533,343 out of a total of Rs. 27,358,000 allocated for 18 expenditure objects had left a balance of Rs. 17,824,657 while spending Rs. 4,086,272 exceeding the allocation of Rs. 3,265,000 pertaining to 03 expenditure objects had resulted in spending an amount of Rs. 821,272 in excess of the allocations.

[Signed illegibly]

W.P.C. Wickramarathna

Auditor General

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Annexure 01

# NDC New Craft Products 2020

Lorem Ipsum

Textile



Coir Craft

Fashion Jewellery



Wood Craft



# NDC New Craft Products 2020

Lacquer Craft



Cane & Bamboo

Red Caly Craft



Brassware

# NDC New Craft Products 2020

Leather Craft



Rush & Reed



Batik & Handloom



Brassware



# NDC Training Programmes 2020

Lorem Ipsum



# NDC Training Programmes 2020

Lorem Ipsum



# Research and Development 2020

## New Lacquer Craft Lathe Holder

