

**Annual Report and  
Statement of Accounts  
2012**

**National Design Centre**

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## **National Design Centre Act and Incorporation**

The National Design Centre (NDC) is a service oriented Organization 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 Traditional Industries & Small Enterprise Development to guide and train the traditional craftsmen with the main objective of their development and progress.

### **Vision**

Making the handicraft sector a more dynamic and economically viable sector, through the development of market oriented designs enabling the introduction of creative new designs to the handicraft market.

### **Mission**

Promote, develop, build capacity, popularize & mainstream market oriented creative new designs in line with global and local market trends.

### **Objectives**

- Upgrade existing products of handicraft producers develop and introduce new design concepts in line with the current market trends in the local and export market.
- Introduce appropriate technologies and methods of preparing raw materials focusing the objective of improving the production capacity and producing of high quality handicrafts products
- Provide advanced skills development, technical and design development training to uplift the handicraft sector and enhancing the income levels of craftsmen.
- Provide common facility services to craftsmen and small scale entrepreneurs enabling them to use advanced technology.
- To introduce new and more efficient methods of production of Handicrafts.
- Provide necessary information through publications, seminars, workshops, and library facilities to craftsmen, traders and others involved in the handicraft sector.
- Provide design consultancy services to public and other institutions on their requests.
- Conduct Design Education Programmes to produce design professionals.

## Organization

National Design Centre endeavors to achieve its objectives continuously for the advancement of the entire handicraft sector. In this regard, National design Centre dedicated to uplift the craftsmen by implementing various activities through the head office located at No: 10, De Mel Road, Katubedda, Moratuwa and the Branch Office at Nttarampotha, Kalapura in Kandy.

Apart from the above, the Design College established at the Head Office premises which is functioning as education arm of the Centre focuses its strategies to develop fresh designers by providing opportunities to enhance knowledge and experience in the field of design from national level to international level.

The Brass, Lacquer and leather workshops and common facility center located in Nattarampota Branch office provide immense services for craftsmen in the area. National Design Centre initiates its activities in line with the Vision and Mission to achieve its objectives. The action plan is implemented through its head office and Branch office located in Nattarampota.

Furthermore the guidance of the Ministry of Traditional Industries and Small Enterprises Development and support of the Provincial Councils and various governmental and Non-Governmental organizations volunteer organizations as well as the other sister organizations relevant to this field helped to fulfill the functions of this institution

Entire functions pertaining to the fields of administration, financial, market promotion, design development, technical development as well as research and development and all other activities such as provision of common facilities and library services relevant to achieve the main objectives of the institution are fulfilled by the head office while all other functions except administrative, financial and market promotion are carried out 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      General                                     |
|      | 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) | Common Facility Centre & | - Kalapura, Nattarampotha   |
|      | Telephone/Fax            | - 081- 2420038  |

# **MANAGEMENT OF THE ORGNIZATION**

## **BOARD OF DIRECTORS**

Mr.D.W. Marshal Janatha

Chairman – National Design Centre

Mr. Buddhi Keerthisena

Mr. S. Sri Chadran

Mrs. Anoma Lafeer

Miss. Sherin Shaviar

Mrs. Sujatha Weerakoon

Mrs. S. Godakanda

Mr. Anil Koswatta

Mrs. V. Jegarasasingham

## **SENIOR MANAGEMENT**

MR.D.W. MARSHAL JANATHA

CHAIRMAN – NATIONAL DESIGN CENTRE

MR. M.A.S.S.K. CHANDRASIRI

DIRECTOR – NATIONAL DESIGN CENTRE

MR.J.A.A.R.C. GUNARATNE

TECHNICAL DEVELOPMENT ENGINEER

MR. A.A. GAMINI

ASSISTANT DIRECTOR (DESIGN EDUCATION & TRAINING)

MR.K.M.P.S. ASITHA KUSALADHARMA

ASSISTANT DIRECTOR (RESEARCH & DEVELOPMENT)

(UP TO 05/04/2012)

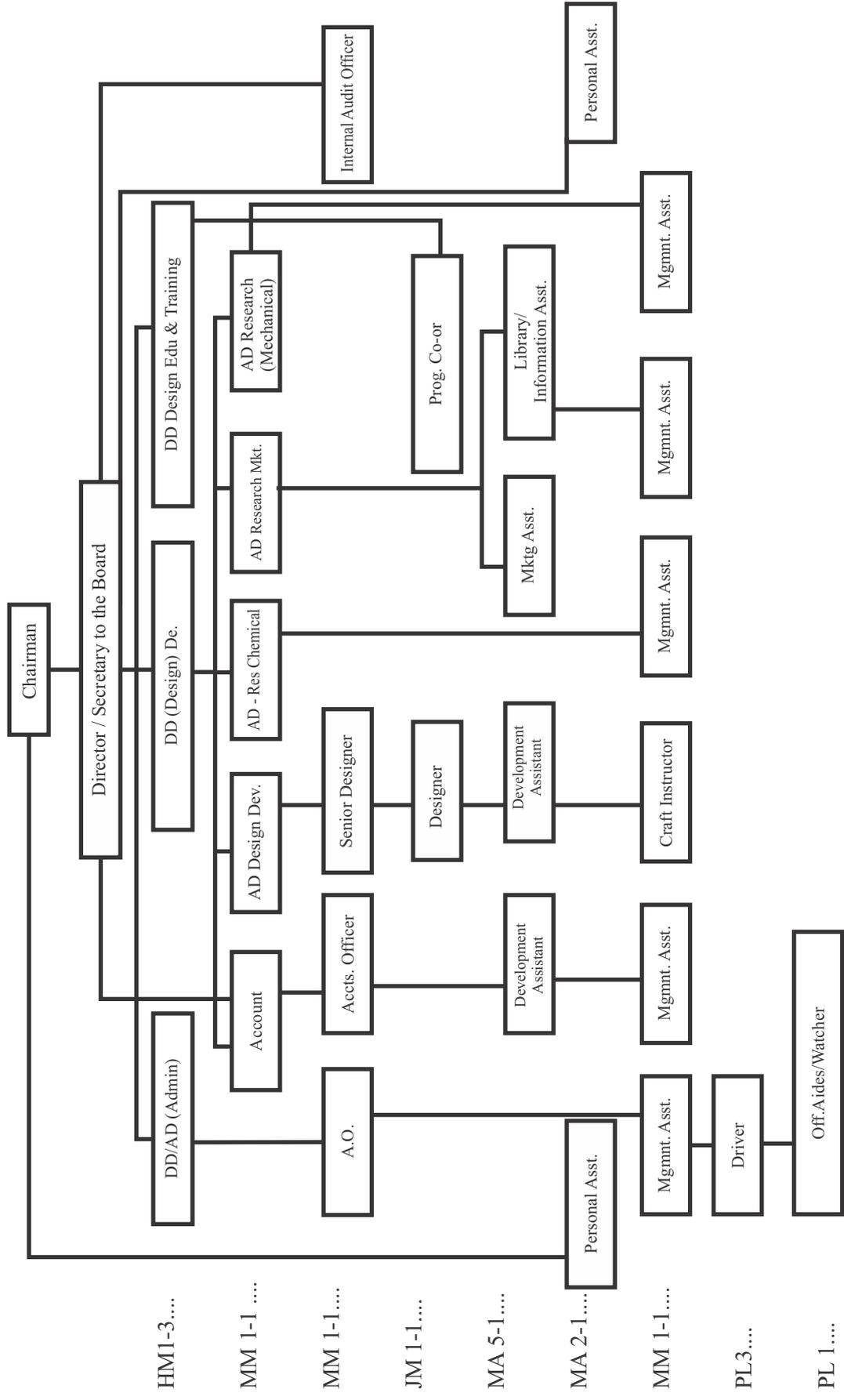
MR. P.K. WIJESINGHE

ASSISTANT DIRECTOR (NATTARAMPOTHA PROJECT)

MRS. BHADRANI RANAWEERA

ACCOUNTANT

# Organizational Structure Approved Cadre



## HUMAN RESOURCES

### CONSULTANCY AND OVERALL SUPERVISION

CHAIRMAN		
DESIGNATION	APPROVED	ACTUAL
DIRECTOR	01	01



#### Management

DESIGNATION	Approved	existing	vacant
Deputy Director	02		02
Deputy Director/Asst.Director(Admn)	01		01
Assistant Director Research (Mechanical)	01		01
Assistant Director(Design Development)	01		01
Assistant Director Research (Marketing)	01		01
Assistant DirectorResearch(Chemical)	01		01

#### Direct Contributors for the Development Activities



Designation	Approved	Actual	Vacant
Senior Designer	04	05	
Designer	09	08	01
Marketing Assistant	01	01	
Craft Instructor	32	15	17
Training Assiatant		03	



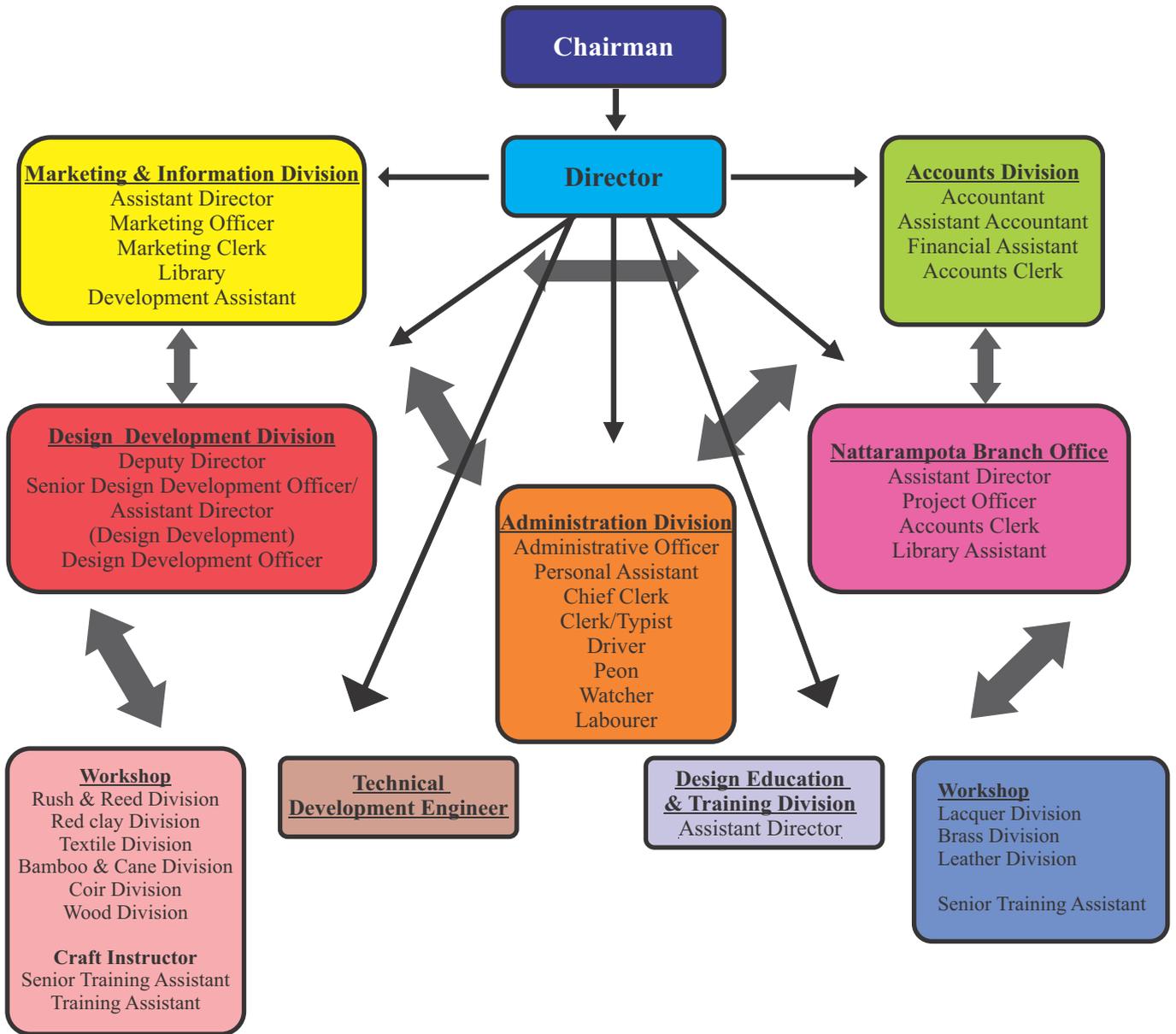
#### Indirect Contributors for the Development Activities

Designation	Approved	Actual	Vacant
Technical Development Engineer		01	
Assistant Director		02	
Accountant	01	01	
Administrative Officer	01	01	
Internal Auditor	01		01
Accounting Officer	01	01	
Co-ordinating Officer	01		01
Development Assistant	03	03	
Library/Information Assistant	01		01
Personal Assistant	02	02	
Management Assistant	10	13	



Designation	Approved	Actual	Vacant
Driver	06	04	02
K.K.S.	17	08	09
Watcher	04	07	

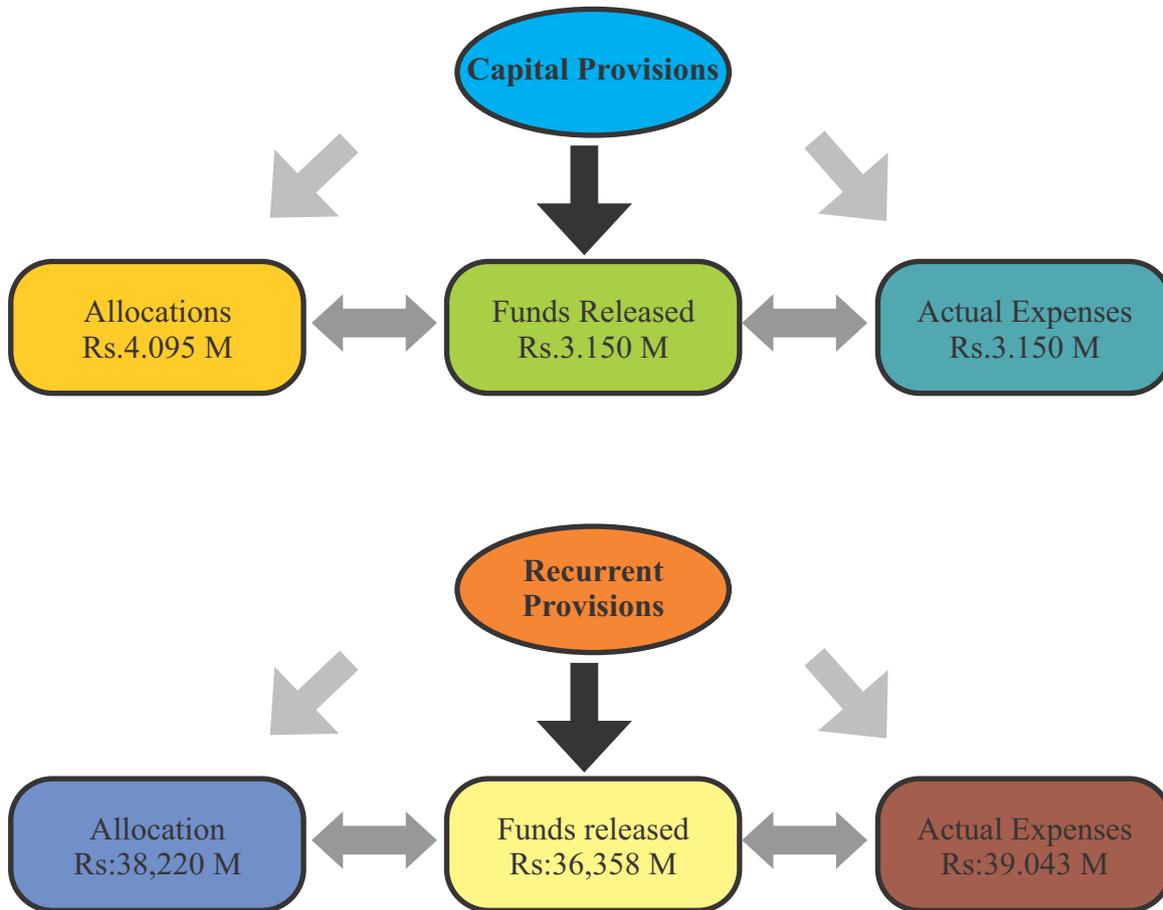
## ORGANIZATIONAL HIERARCHY



## FINANCIAL PERFORMANCE

The National Design Centre is a service oriented government corporation. It functions as a public statutory body and required financial provisions are provided by the General Treasury.

The details relating to the approved budget for the year 2012 and financial provisions of the Treasury are stated below;



In addition to the funds allocated by the General Treasury, earnings received by providing services especially in the form of consultancy and fund received for new design development training programmes conducted through the financial support from the government and non-governmental organizations, and course fee charged for the students following Design Diploma Courses are also being allocated for the institute general fund. Accordingly, National Design Centre maintains following funds for various purposes.

- |                                      |       |
|--------------------------------------|-------|
| (1) National Design Centre Fund      | (NDC) |
| (2) Staff Loan Fund                  | (SLC) |
| (3) Design Consultancy Fund          | (DCF) |
| (4) Test Marketing Fund              | (TMF) |
| (5) Design Educating & Training Fund | (DET) |

## DEVELOPMENT ACTIVITIES

### 01. NEW DESIGN DEVELOPMENT

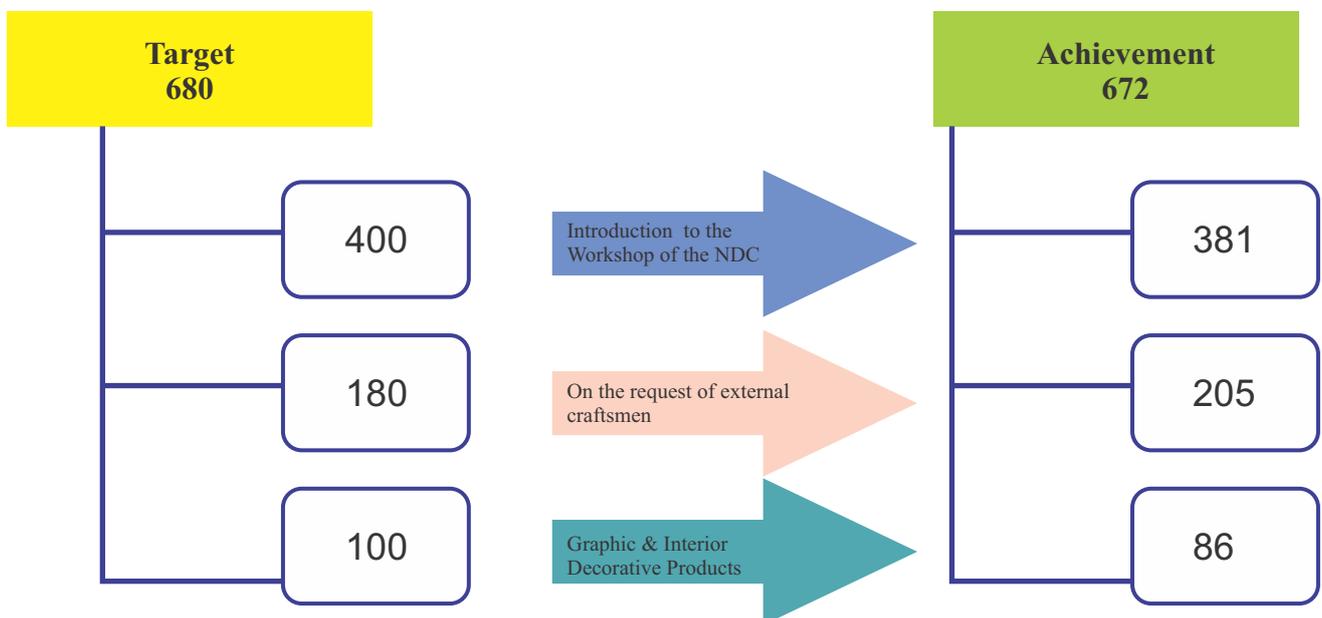
Apart from the other activities carried out by National Design Centre, its primary objective is to develop new designs to suit the present need of the local and international market and transfer the relevant technology to the craftsmen and their by uplifting the livelihood of the craftsmen.

Development of innovative new designs would help to increase the value addition composition of local raw materials. National Design Centre encourage craftsmen to go beyond the traditional designs to enter into new market.

In this regard, National Design Centre has taken suitable measures to develop new and innovative designs with respect to various craft sectors, among which rush & reed, red clay, coir, bamboo & cane, textile, wood, lacquer, brass, leather and jewellery are the key sectors.

Services such as making suitable changes to existing designs to suit the modern market, converting new design concepts developed in the mind of designers to products based on the standard specifications, developing designs to meet craftsmen's requirements who made request for such services are the main duties that are carried out by the Centre

In view of the above mentioned objectives, National Design Centre has planned and developed new designs targeting local and international market for the year 2012 as depicted below



## CONVERSION OF NEW DESIGNS INTO PROTOTYPES

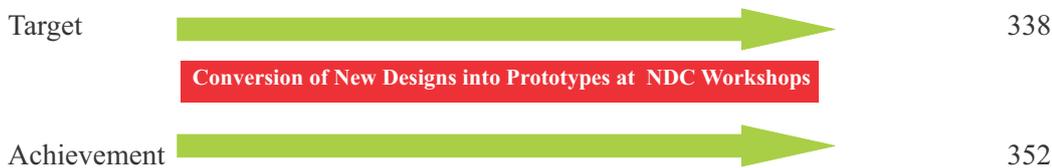
The selected new designs out of the total design concepts developed were converted into prototype samples through the workshop located in Nattarampotha Project Office and Moratuwa Workshop. The other designs that cannot be produced in NDC workshop were converted into prototype samples with the help of external craftsmen. Accordingly, annual target of 338 prototype samples had been produced through the NDC workshop and 25 designs were converted into prototypes with the help of external craftsmen

In this process, 120 new design concepts related to brass, lacquer and leather sectors were converted into proto types samples at Nattarampotha Workshop and 230 new design concepts related to rush & reed, red clay, coir, bamboo & cane, textile and wood sectors were converted into prototypes at workshop located at Moratuwa.

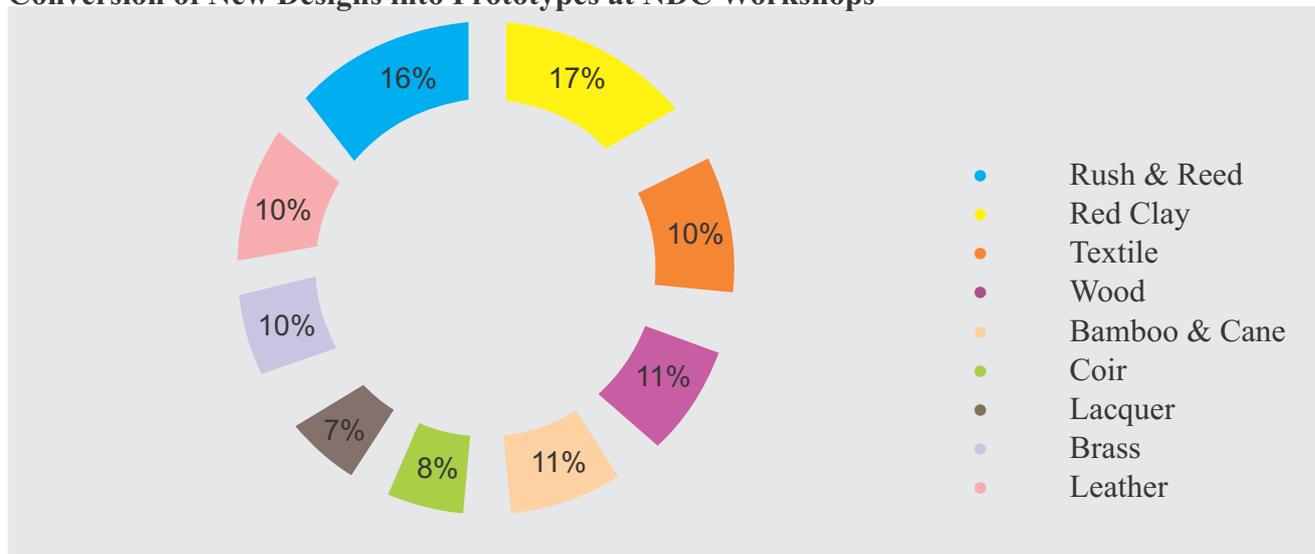
In the year 2012 National Design Centre was able to introduce total no. of 380 new designs to craft sectors of which 352 new designs were produced in its own workshop and 28 new designs through the external craftsmen.

Majority of these prototypes are being introduced and encourage craftsmen to commence production through the development programmes conducted by the institute and craft training programmes conducted in collaboration with provincial councils, export development board, the national craft council and other government and non-governmental organizations.

In addition to that these prototypes are being introduced to the market through the craftsmen, who visit the National Design Centre to obtain services ,through craft exhibition and trade fairs and crafts training programmes conducted by the Provincial Councils, Export Development Board, National Craft Council Sri Lanka Handicraft Board and other state and non-governmental organizations



### Conversion of New Designs into Prototypes at NDC Workshops



## LAUNCHING OF SOUVENIR DESIGNS THROUGH NEW DESIGNS FOR HANDICRAFTS

National Design Centre has made tremendous contribution for the handicraft sector working in line with the national development programme of Mahinda Chintana Vision for the Future and the vision of making handicraft sector a more dynamic and economically viable sector through design development and introducing market oriented designs to the market.

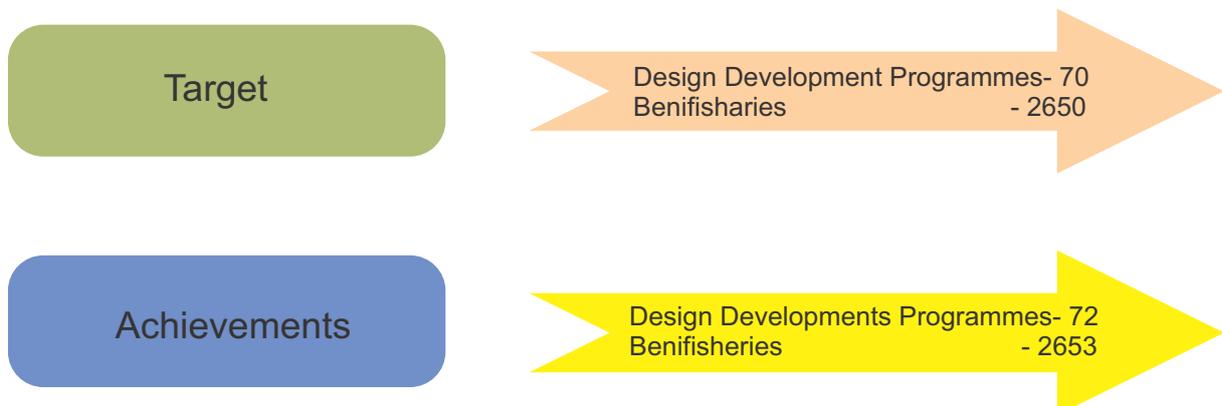
As a result of rapid development in the tourist sector, it was reported that the no. of tourist arrival has increased during the recent time. When we looked at how we can capitalize this favourable situation to improve livelihood of craftsmen, it was observed that introducing gift and souvenir items targeting the tourism sector is the most viable strategy. Therefore, National Design Centre has paid more attention to produce gift and souvenir items with Sri Lankan identity and to introduce these designs to craft sector. Accordingly, National Design Centre has taken appropriate action to introduce 23 souvenir and gift items against the target of 22. These souvenirs reflected the aspects of national importance such as Parliament Building, Anuradhapura, Temple of Tooth Relic and various features of Sri Lankan elephant etc.

### **New Design Development Programmes**

National Design Center endeavors to introduce designs through the craftsmen suitable for the market and designs that can create demand in the market based on the continuous market research findings

The National Design Centre implements its development activities having a good understanding on the contribution of the Mahinda Chinthana vision for the future towards the handicrafts sector. National Design Centre also actively involved with the Divinaguma National Programme launched by Ministry of Economic Development covering entire Island which provide financial support to enhance the livelihood of people. Furthermore, traditional handicraft village development programme initiated for the development of handicraft sector is another viable project that has been implemented by National Design Center within this year.

The National Design Centre has been successful in executing design awareness and training programmes covering various provinces under the guidance and direction of the Ministry of Traditional Industries and Small Enterprise Development.



## NEW DESIGN DEVELOPMENT PROGRAMMES CONDUCTED IN 2012

New Design Development Programmes Conducted in the year 2012							
	Nature of Programme and Handicraft Field	Venue	Commencing Date & Duration	Co-ordinating Institution/ Organization	No. of Beneficiaries	No. of New Designs Introduced	Responsible Officer
1	Coir based basic Training Programme	National Design Centre- Katubedda	24 <sup>th</sup> Jan. 03 Days		12	6	Mr. Channa Perera – Design Development Officer
2	Leather based new Design Training Programme	National Design Centre- Nattarampotha	16 <sup>th</sup> Feb. 10 Days	National Design Centre- Nattarampotha	13	4	Mr. P.K.Vijesinghe Asst. Director (Nattarampotha)
3	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat Anuradhapura	09 <sup>th</sup> Feb. 02 Days	Divisional Secretariat Anuradhapura	20	13	Mr. Bernard Manatunga – Asst. Director (Design Development)
4	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat Monaragala	09 <sup>th</sup> Feb. 02 Days	Divisional Secretariat Monaragala	11	19	Mr. Bernard Manatunga – Asst. Director (Design Development)
5	New Design Training Programme based on Red clay	Red Clay Training Centre Alvuwa- Matikumbura- Kuranegala	20 <sup>th</sup> Feb. 03 Days	Dept. of Small Industries North Western Pro.	30	02	Mr. Vijith Bandara - Asst. Director (Design Development)
6	New Design Training Programme - Curtains	National Design Centre- Nattarampotha	05 <sup>th</sup> March 04 Days	National Design Centre- Nattarampotha	19	08	Mr. P.K.Wijesinghe Asst. Director (Nattarampotha)
7	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat – Jaffna	03 <sup>rd</sup> March 02 Days	Divisional Secretariat – Jaffna	80	79	Mr. Bernard Manatunga – Asst. Director (Design Development)
8	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat – Attanagalla, Gampaha	19 <sup>th</sup> March 02 Days	Divisional Secretariat – Attanagalla, Gampaha	15	28	Mr. Bernard Manatunga – Asst. Director (Design Development)
9	New Design Training Programme - Divinaguma- Coir	National Design Centre- Katubedda	19 <sup>th</sup> March 03 Days		11	05	Mr. Channa Perera – Design Development Officer
10	New Design Training Programme - Divinaguma- Rush & Reed	Wood Training Centre	29 <sup>th</sup> March 02 Days	National Design Centre-	07	04	Mrs. Somalatha Gamlath – Asst. Director (Design Development)
11	New Design Training Programme - Divinaguma- Textile	Wood Training Centre	29 <sup>th</sup> March 02 Days	National Design Centre-	08	04	Mrs. Thamara Damayanthi Asst. Director (Design Development)

	<b>Nature of Programme and Handicraft Field</b>	<b>Venue</b>	<b>Commencing Date &amp; Duration</b>	<b>Co-ordinating Institution/ Organization</b>	<b>No. of Beneficiaries</b>	<b>No. of New Designs Introduced</b>	<b>Officer Responsible</b>
12	New Design Training Programme Jewellery	Sri Lanka Foundation Institute	30 <sup>th</sup> March 01 Day	Coconut Development Authority	44		Mrs.Thushinee Wijeratne Design Development Officer
13	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat – Gampaha	23 <sup>th</sup> April 02 Days	Divisional Secretariat – Gampaha	07	02	Mr.Bernard Manatunga – Asst. Director (Design Development)
14	New Design Training Programme based on Bamboo & Cane	Vidatha Madampe-Chilaw	25 <sup>th</sup> April 03 Days	Vidatha Madampe-Chilaw	25	10	Mr W.M.Piyaratne–Asst. Director (Design Development)
15	Practical Training Programme on Technology based on Coir	National Design Centre-Katubedda	14 <sup>th</sup> May 03 Days		12	04	Mr. Channa Perera Design Development Officer
16	New Design Training Programme Divinaguma-based on wood/Textile	Divisional Secretariat Ratnapura	23 <sup>rd</sup> May 13 <sup>th</sup> June 03 Days	Divisional Secretariat Ratnapura	37		Mrs. Thamara Damayanthi Asst. Director (Design Development)
17	New Design Training Programme based on Red Clay	Gotabhayapura Thissamaharamaya	29 <sup>th</sup> May 01 Day	Development Foundation Hambantota	80	04	Mr. Vijitha Bandara Asst. Director (Design Development)
18	New Design Training Programme based on Red Clay	Pansalagodalla Beliatta	22 <sup>nd</sup> May 01 Day	Development Foundation Hambantota	61	04	Mr. Vijitha Bandara Asst. Director (Design Development)
19	New Design Training Programme based on Rusk & Reed	Beliatta – Hambantota	22 <sup>nd</sup> May 00 Day		20	13	Mrs.Somalatha Gamlath Asst. Director (Design Development)
20	New Design Training Programme -Divinaguma-based on wood	Kandy	05 <sup>th</sup> May 02 Days		18	17	Mr.Bernard Manatunga – Asst. Director (Design Development)
21	New Design Training Programme -Bamboo & Cane	Divisional Secretariat Angunakolapelessa, Hambantota	29 <sup>th</sup> May 04 Days	Divisional Secretariat Angunakolapelessa	15	06	Mr.W.M.Piyaratne Asst. Director (Design Development)
22	New Design Training Programme -Bamboo & Cane	Industrial Development Board - Kegalle	13 <sup>th</sup> Jun 02 Days	Industrial Development Board - Kegalle	20	14	Mr.Bernard Manatunga – Asst. Director (Design Development)
23	New Design & New Technology Training Programme	National Design Center-Nattarampotha	06 <sup>th</sup> June 10 Days	National Design Center-Nattarampotha	15	10	Mr.P.K.Wijesinghe Asst. Director Nattarampotha
24	New Design Training Programme on Brass	National Design Center-Nattarampotha		Crafts Development Society, Kalapura	15		Mr.Torin Chandrasekara, Design Development Officer
25	New Design Training Programme Divinaguma-based on wood	Divisional Secretariat Mannar	26 <sup>th</sup> June 02 Days	National Design Centre	37		Mr.Bernard Manatunga – Asst. Director (Design Development)
26	New Design Training Programme -Rush & Reed	Divisional Secretariat, Bentota, Galle	25 <sup>th</sup> June 05 Days	Development Authority Suthern Province	20	10	Mrs.Somalatha Gamlath Asst. Director (Design Development)

	<b>Nature of Programme and Handicraft Field</b>	<b>Venue</b>	<b>Commencing Date &amp; Duration</b>	<b>Co-ordinating Institution/ Organization</b>	<b>No. of Beneficiaries</b>	<b>No: of New Designs Introduced</b>	<b>Responsible Officer</b>
27	New design Training Programme on Textile-Bags	National Design Centre	21 <sup>st</sup> June 02 Days	National Design Centre	08	02	Mrs. Thamara Damayanthi Asst. Director (Design Development)
28	New design Training Programme on Textile-Batic	National Design Centre	29 <sup>th</sup> June 01 Day	National Design Centre	07	08	Mrs. Thamara Damayanthi Asst. Director (Design Development)
29	Training Programme on introducing New Design & Technology-Red Clay	Danvella Training Centre, Kurunegala	27 <sup>th</sup> June 03Days	Department of Industries Western Province	50	04	Mr. Vijitha Bandara Asst. Director (Design Development)
30	New design Training Programme on Red Clay	Udaragama, Mawathagama Kurunegala	24 <sup>th</sup> July 02 Days	Department of Industries Western Province	26	6	Mr. Vijitha Bandara Asst. Director (Design Development)
31	New design Training Programme on Textile	Weligama Matara	04 <sup>th</sup> July	National Design Centre	20	1	Mrs. Thamara Damayanthi Asst. Director (Design Development)
32	New design Training Programme on Textile-Bags	Anuradhapura	17 <sup>th</sup> July 02Days	National Design Centre	19	3	Mr. Vijitha Bandara Asst. Director (Design Development)
33	New design Training Programme on Textile-Bags	Nattampotha, Kandy	30 <sup>th</sup> June 02 Days	National Design Centre	17	4	Mrs. Thamara Damayanthi Asst. Director (Design Development)
34	New design Training Programme -Divinaguma-based on wood	Divisional Secretariat Hambantota		Divisional Secretariat Hambantota	49	27	Mr. Bernard Manatunga – Asst, Director (Design Development)
35	New design Training Programme on Leather	Divisional Secretariat Matale	23 <sup>rd</sup> June 05Days	National Design Centre Nattarampotha	10	6	Mr. P.K. Wijesinghe Asst. Director (Nattarampotha)
36	Awareness Programme, Bamboo & Cane	Kuruwita Ratnapura	09 <sup>th</sup> July	National Crafts Council	12		Mr. W.M. Piyaratne Asst, Director (Design Development)
37	Awareness Programme Divinaguma	Kandy	July		28		Mr. G.K. Wijesinghe Asst. Director (Nattarampotha)
38	New design Training Programme on Leather on Rush & Reed	Kirindagama Hambantota	13 <sup>th</sup> August 05Day		10	10	Mrs. Somalatha Gamlath Asst. Director (Design Development)
39	Awareness Programme- Bamboo & Cane	Akmeemana-Galle	17 <sup>th</sup> August		24		Mr. W.M. Piyaratne Asst. Director (Design Development)

	Nature of Programme and Handicraft Field	Venue held	Commensin g Date & Duration	Co-odinating Institution/Organi sation	No. of Benefi ciaries	No: of New Designs Introduc ed	Responsible Officer
40	New design Training Programme Bamboo & Cane	Naiwela Monaragala	25 <sup>th</sup> August 03 Days		20	3	Mr. W.M.Piyaratne Asst. Director (Design Development)
41	New design Training Programme Textile ෂරඳු	Sipnara Galle	23 <sup>rd</sup> August 02 Days		22	4	Mrs. ThamaraDamayanthi Asst. Director (Design Development)
42	New design Training Programme -Divinaguma-based on wood	Divisional Secretariat Badulla	07 <sup>th</sup> September 02 Days	Divisional Secretariat Badulla	46	20	Mr. BernardManatunga – Asst. Director (Design Development)
43	New design Training Programme -Divinaguma-based on wood	Matale	20 <sup>th</sup> September0 2 Days	Divisional Secretariat Matale	35	20	Mr. G.K. Wijesinghe Asst. Director (Nattarampotha)
44	New design Training Programme ෂරඳු Textile	Dept. of Industries Ampara	12 <sup>th</sup> September 02 Days	Dept. of Industries Ampara	21	4	Mrs. ThamaraDamayanthi Asst. Director (Design Development)
45	New design Training Programme Textile Decorative Products	Manikahinna Kandy	17 <sup>th</sup> September 02 Days	National Design Centre Nattarampotha	15	6	Mr. G.K. Wijesinghe Asst. Director (Nattarampotha)
46	New design Training Programme Rexin Bags	Industrial Development Board Central Provice	10Days	Industrial Development Board Central Provice	20		Mr. G.K. Wijesinghe Asst. Director (Nattarampotha)
47	Awareness Programme Handicrafts	National Design Centre	14 <sup>th</sup> September	National Crafts Council	7		Mrs. Soma latha Gamla th Asst. Director (Design Development)
48	Awareness Programme Based on Bamboo	Governer's Office Central Province	18 <sup>th</sup> September	Ministry of Industries Central Province	75		Mr. W.M.Piyaratne Asst. Director (Design Development)
49	Awareness Programme Based on based on Bamboo & Coir	Divisional Secretariat Angunakolapeles sa	21 <sup>th</sup> September	Vidatha Angunakolapelessa	66		Mr. W.M.Piyaratne Asst. Director (Design Development)
50	Awareness Programme Based on based on Bamboo & Coir	Poddala Galle	11 <sup>th</sup> Sseptem ber	National Crafts Council	91		Mr. W.M.Piyaratne Asst. Director (Design Development)
51	New Design & Technical Training Programme – Textile & Batic	Nattarampotha Kandy	10 <sup>th</sup> October 10Days	Export Chamber of Commerce	20	6	Mr. G.K. Wijesinghe Asst. Director (Nattarampotha)
52	New design Training Programme -Divinaguma-Based on wood	Divisional Secretariat Polonnaruwa	07 <sup>th</sup> September 02 Days	Divisional Secretariat Polonnaruwa	75	40	Mr. Vijitha Bandara Asst. Director (Design Development)

	<b>Nature of Programme and Handicraft Field</b>	<b>Venue</b>	<b>Commencing Date &amp; Duration</b>	<b>Co-ordinating Institution/ Organization</b>	<b>No. of Beneficiaries</b>	<b>No: of New Designs Introduced</b>	<b>Officer Responsible</b>
53	Practical Training Advisory Programme	Social Services Dept. Vocational Training Division	31 <sup>st</sup> October	Social Services Dept.	7	21	Mr. Bernard Manatunga –Asst, Director (Design Development)
54	Awareness Programme Handicrafts	Divisional Secretariat, Dehiwala	08 <sup>th</sup> October	Divisional Secretariat, Dehiwala	55		Mr. Vijitha Bandara Asst, Director (Design Development)
55	Awareness Programme Handicrafts	Divisional Secretariat, Kolonnawa	15 <sup>th</sup> October	Divisional Secretariat, Dehiwala	81		Mr. Vijitha Bandara Asst, Director (Design Development)
56	Awareness Programme Handicrafts	Divisional Secretariat, Kotte	16 <sup>th</sup> October	Divisional Secretariat, Dehiwala	60		Mr. Vijitha Bandara Asst, Director (Design Development)
57	Awareness Programme Handicrafts	Divisional Secretariat, Kaduwela	October	Divisional Secretariat, Dehiwala	342		Mr. Vijitha Bandara Asst, Director (Design Development)
58	Awareness Programme Bamboo & Cane	Wevaldeniya	17 <sup>th</sup> October	Cane based Co-operative Society Wevaldeniya	10		Mr. W.M.Piyaratne Asst, Director (Design Development)
59	Awareness Programme Handicrafts	Divisional Secretariat, Kasbawa	18 <sup>th</sup> October	Divisional Secretariat, Kasbawa	65		Mr. W.M.Piyaratne Asst, Director (Design Development)
60	Awareness Programme Handicrafts	Divisional Secretariat, Homagama	22 <sup>nd</sup> October	Divisional Secretariat, Homagama	60		Mr. W.M.Piyaratne Asst, Director (Design Development)
61	Awareness Programme Handicrafts	Divisional Secretariat, Moratuwa	23 <sup>rd</sup> October	Divisional Secretariat, Moratuwa	92		Mr. W.M.Piyaratne Asst, Director (Design Development)
62	Awareness Programme Handicrafts	Divisional Secretariat, Maharagama	23 <sup>rd</sup> October	Divisional Secretariat, Maharagama	50		Mr. W.M.Piyaratne Asst, Director (Design Development)
63	New Design Technology Training Programme Rush & Reed	Nalankuda, Baticoloa	18 <sup>th</sup> October 04Days	Palmyrah Development Board	175	20	Mrs. Somalatha Gamlath, Asst, Director (Design Development)
64	technology introduction Practical Training Programme Brass Casting	Kiriwaula, Pilimathalawa	04Days	Crafts Development Centre, Kiriwaula,	15		Mr. Torin Chandrasekara, Design Development Officer
65	New Design Development Programme Red Clay Ornaments	Koratota, Kaduwela	09 <sup>th</sup> November 03Days	Small Enterprises Development Division, Colombo District	26		Mr. Torin Chandrasekara, Design Development Officer

	<b>Nature of Programme and Handicraft Field</b>	<b>Venue</b>	<b>Commencing Date &amp; Duration</b>	<b>Co-ordinating Institution/ Organization</b>	<b>No. of Beneficiaries</b>	<b>No: of New Designs Introduced</b>	<b>Responsible Officer</b>
66	New Design & Technology Training Programme, Red Clay	Clay Training Centre Udukiriwila	07 <sup>th</sup> November 03 Days	Dept. of Industries, Southern Provincial Council	20	6	Mr. Vijitha Bandara Asst, Director (Design Development)
67	New Design & Technology Training Programme, Textile - Batic	Nattampotha Kandy	12 <sup>th</sup> December 05 days	Chamber of Commerce Central Province	13	3	Mr. P.K.Wijesinghe Asst. Director, (Nattampotha)
68	New Design & Technology Training Programme, Based on Coir	Fisheries Community Hall Pothupitiya, Wadduwa	10 <sup>th</sup> December 03 days	Dept. of Fisheries & Water Resources Kalutara	25	5	Mr. Channa Perera-Designer
69	New Design Training Programme Divinaguma-based on Wood	Divisional Secretariat Baticaloa	08 <sup>th</sup> December 02 days	Divisional Secretariat Baticaloa	25	22	Mr. Bernard Manatunga Asst. Director (Design Development)
70	New Design Training Programme Divinaguma-based on Textile, Bobbin Lace	Divisional Secretariat Weligama-Matara	13 <sup>th</sup> December	Economic Development Board	20	2	Mrs. Thamara Damayanthi Asst. Director (Design Development)

## **INTRODUCTION OF NEW DESIGNS TO THE HANDICRAFTS FIELD**

National Design Centre develops new designs suitable for the modern market and converted these new designs into prototype samples through its own workshop. Majority of these prototypes are being introduced through awareness and training programmes and through the craftsmen, who visit the National Design Centre to obtain its services.

In the same manner, action has been taken to introduce these new designs at the “Yugayata Nimaum” exhibition, “Shilpa” national exhibition and through the other exhibitions conducted provincial wise. During the year 2012 National Design Centre was able to introduce 471 new designs to craftsmen exceeding the target of 450.

### **Contribution made by National Design Centre through the Development Projects for the upliftment of Handicrafts sector.**

The National Design Centre has actively involved with the “Divinaguma” National Development Programme since 2011. National Design Centre participated at the exhibitions conducted under this programme and collected information on the requirements of the craftsmen. Accordingly, Center has organized several training programmes for selected participants. At the end of the training, National Design Centre distributed tools & equipment and raw materials for participants who have successfully completed training with the financial support from the Ministry of Economic.

Accordingly, National Design Centre participated at 14 exhibitions held at Kandy, Hambantota, Ratnapura, Batticaloa, Polonnaruwa, Badulla, Kilinochchi, Matale, Vauniya, Galle, Tricomalee, Mulathiv, Nuwara-Eliya, and Kalutara in 2012 and conducted awareness programmes to those who request such services from the institute. In consequence of the above programmes, new design development programmes were conducted for the crafts persons in Colombo, Gampaha, Jaffna, Monaragala, Anuradhapura, Kegalle, Ratnapura, Mannar, Badulla, Kandy, Hambantota, Matale, Polonnaruwa, and Puttlam Districts. During the year 2012. Arrangements have been made to distribute raw materials for the craftsmen who participated for training programmes held in Colombo District and received awareness on new designs and related technology.

## TRADITIONAL HANDICRAFTS VILLAGES DEVELOPMENT PROGRAMME

National Design Centre had been allocated Rs 5.7 Million out of the allocations received for the Ministry of Traditional Industries and Small Enterprise Development for the development of traditional handicrafts villages for the year 2012. Centre was able to implement development activities utilizing these funds for the following traditional handicrafts villages.

	<b>Handicraft field</b>	<b>District</b>	<b>Divisional Secretariat Division</b>	<b>Village</b>
01	Lacquer	Matale	Ratthota	PahalaHapuwida
02	Wood	Galle	Bope-Poddala	Bope-Poddala
03	Musical Items	Matar	Matara	Hitthatiya
04	Masks	Kalutara	Horana	Bandarawatta Maugama(Batuwita)
05	Sesath	Matale	Yatawatta	Unaweruwa
06	Jewellery	Kandy	Pahala Hawaheta	Neelawala
07	Musical Items	Kandy	Udunuwara	Kuragala

Under this programme, National Design Centre launched design development programs for the above seven villages to suit the current market and conducted training programmes to transfer related technology. Participants were also provided equipment and market linkage support as a part of this project

As per the action plan of this project, field visit has been conducted for the villages of Pahala hapuwida, Bope Poddala, Unaweruwa and Neelawala, to collect information from the participants and to conduct awareness on the project.

### **New Design Development and Market linkage support programme conducted for craftsmen in Northern Province in collaboration with UNDP**

This project was implemented with the aim of providing training to 06 groups of young skilled and trainee crafts women in Jaffna, Mulathivu and Kilinochchi districts on Palmyrah leaves based handicrafts products in view of restoring the handicraft persons who were faced immense difficulties due to the three decade long civil war. In view of providing necessary skills and related technology to develop marketable new designs suitable for the local and international market, National Design Centre initiated this project with the co-ordination and financial support of Rs 5.5 Million from UNDP.

The Main Objectives of the Project Commenced on 30.10.2012 are stated below,

- Providing market opportunities by introducing new designs and simple technology suitable for the requirements of local and international market and their by enhance the income level and living condition of the craftsmen.
- Providing sustainable livelihood to people who were affected by 30 decades long civil war.
- Communicate new design concepts among the craftsmen in the industry
- Making attitudinal change towards the teamwork and develop positive attitude towards the future

The National Design Centre conducted a field visit from 06<sup>th</sup> to 10<sup>th</sup> November, 2012 in Jaffna, Mulathiv and Kilinochchi districts to study basic information about the selected craftsmen. Future activities of this project have been scheduled to commence in the year 2013.

### **Yugayata Nimaum – New Design Exhibition**

The annual “Yugayata Nimaum” New Design Exhibition Organized by the National Design Centre as a means of depicting its identity was planned and held parallel to the "Shilpa" National Exhibition and Trade Fair at Bandaranayake Memorial International Conference Hall from 27.12.2012 to 30.12.2012. At this exhibition National Design Centre was able to showcase 500 newly designed products that were turned out at the NDC workshop relating to rush & reed, red clay, coir, textile, wood, bamboo & cane, lacquer, brass and leather sectors. Around 4500 people visited the exhibition and arrangements had been made to conduct awareness programmes for those who wish to obtain services of National Design Centre.

In addition to this 12 handicrafts persons had been given market opportunities by providing trade stalls at this exhibition.

### **Consultancy Services provided by National Design Centre**

#### **Co-ordination of Design Consultancy Services**

<b>Institute requested services</b>	<b>Nature of consultancy</b>
Auditor General's Department	Production of Awards
Ministry of Economic Development	Production of containers for nursery plants. Production of models of display cages for poultry.
Ministry of Cultural & Arts	Production of Deshanethru Awards
Ministry of Indigenous Medicine	Interior Decorations
Sri Lankan Parliament	Production of Scepter and flag containing Scepter for Speaker's official vehicle

## **Activities of the Marketing and Information Section**

### **"SHILPA" 2012 EXHIBITION**

The National Design Centre participated at the above exhibition which is conducted annually by the Ministry of Traditional Industries and Small Enterprise Development in collaboration with the institutions that are coming within the purview of the Ministry. Centre also conducted Yugayata Nimaum – New Designs Exhibition in line with the "Shilpa" National Exhibition.

Apart from the above, the National Design Centre made arrangements to launch the new designs developed by the students of the Design College relevant to their study projects at this New Designs Exhibition.

### **Market Research Programme**

Two market research programmes using few handicraft shops located in Colombo area have been conducted in order to introduce new designs under traditional handicraft village programme for craftsmen attached to Bope, Poddala wood carving village and Pahala hapuwida lacquer village.

### **Market Promotion Programme**

Design catalogue containing information on new designs developed during the year has been published and distributed among 250 buyers with international market links.

### **Library Services and supplying Information**

Library and information services have been provided to 261 handicraftsmen through the library located at Katubedda Head Office premises and branch office at Nattarampotha. Photo copying service to obtain copies of designs in text books were also provided.

## **DESIGN EDUCATION AND TRAINING ACTIVITIES**

### **SRILANKA NATIONAL DESIGN INSTITUTE (SLNDI)**

The Sri Lanka National Design Institute, education arm of the institute conducts a Diploma Course in Design, which provides a valuable opportunity for youths who wish to pursue their studies in the field of design.

This diploma course provide opportunity to broaden the knowledge for those who are already employed in design field and those who wish to join design field in the future. This course provides an opportunity to learn theory and practical aspects of the subject. As there is a dearth in the skillful and efficient designers locally, opportunities through the design Institute have been provided for those who aspire to pursue their design education and secure good employment opportunities locally and abroad.

At present this course has been conducted on the following way so as to participate students in week days and weekends.

- Higher National Diploma Course in Design (2010-2012)  
(Week-days) – 10 students have been following this course.
- Higher National Diploma Course in Design (2011-2013)  
(week-days) 10 students have been following this course.
- National Diploma Course in Interior Design (2011-2013)  
(week-end) 05 students have been following this course.

### Beneficiaries of National Design Centre

<b>Service</b>	<b>No. of Beneficiaries</b>
1. Awareness Programme on New Designs and Practical Training Programmes	2653
No. of Beneficiaries received orders and sales opportunities	12
Number of beneficiaries who received information on Market, Craftsmen and handicrafts field	95
Number of beneficiaries who received practical training opportunities in NDC Workshops	57
Number of beneficiaries who received Common Facilities	62
Design provided for those who visited the institute and made requests on designs including graphic designs	71
Number of beneficiaries who received library services	261
Providing services to school children and University students (for preparing project reports etc.)	61
No. of Beneficiaries –went through In-house Awareness (School children) and other awareness programmes conducted on the invitation from other institutions	1224
Those who were benefitted through market promotion programme.	250
Those who were benefitted through market research programmes	150
<b>Total Number of Beneficiaries</b>	<b>4896</b>

**NATIONAL DESIGN CENTRE  
PHYSICAL PROGRESS 31<sup>ST</sup> December 2012**

	Project/Programme/Activity	Physical Progress	
		Target	Achievement
1	Planning and development of new design		
1.1	No: of new designed planned	672	680
1.2	No: of new designs converted into prototype samples	363	380
1.2.1	No. of Prototypes developed in Moraruwa Workshop		230
1.2.2	No. of Prototypes designed in Nattarampotha Workshop		122
1.3	No: of prototype samples developed through External Crafts persons on the request of the Centre		28
2	<b><u>New Designs Awareness Training &amp; Practical Training Programmes</u></b>		
2.1	Awareness Programme on new designs	10	15
	No. of Beneficiaries	1500	1118
2.2	Practical training programme on new designs introduced	50	55
	No. of Beneficiaries	1000	1507
2.3	Introduction of new designs for Teachers Training	10	02
	No. of Beneficiaries	150	28
2.4	No. of new designs introduced	450	471
3	<b><u>Guidance on New Designs and Technology for Craftsmen and new Designers</u></b>		
3.1	Higher National Diploma in Design	100	19
3.2	National Diploma in Interior Design	50	05
3.3	Short term practical Training programmes	10	15
	No. of Beneficiaries (New Comers)	75	57
4	<b><u>Market Promotion Programmes for New Designs</u></b>		
4.1	New Designs Handicrafts Exhibition	01	01
4.2	Young Designers' Exhibition	01	01
4.3	Participation for special exhibition conducted by Provincial Councils / and special units.	04	17
5	<b><u>Information, market opportunities, Research and Development Programme</u></b>		
5.1	Research and Awareness Programme on Material Technology	02	01
5.2	Providing market Opportunities	30	12
5.3	Providing Sales/Market Information	60	95
5.4	Providing Library Facilities	310	261
6	<b><u>Design Consultancy Services</u></b>		
6.1	Providing Design Consultancy Services for Govt. & Private Sector	15	05

**Final Accounts for the year  
ended 31st December 2012**

**National Design Centre**

(Ministry of Traditional Industries and Small Enterprise Developments)

No. 10, De Mel Road, Katubedda, Moratuwa

**National Design Centre**  
**Statement of Financial Position as at 31st December 2012**

	Note	31.12.2012	31.12.2011	01.01.2011
		Rs.	Rs.	Rs.
<b><u>ASSETS</u></b>				
<b>NON CURRENT ASSETS</b>				
Property Plant Equipment	1	45,783,632.93	26,838,817.50	23,419,612.35
Other Financial Assets		22,450.00	22,450.00	22,450.00
		<u>45,806,082.93</u>	<u>26,861,267.50</u>	<u>23,442,062.35</u>
Other Intangibal Assets	2	1,010,075.10	2,020,150.19	3,030,225.28
<b>CURRENT ASSETS</b>				
Closing Stock	3	2,748,174.13	2,708,480.61	2,157,613.81
Trade & Other receivable	4	9,865,143.10	9,862,256.06	8,697,136.07
Prepayments	5	276,925.29	178,938.12	84,379.41
Cash & Cash Equivalent	6	5,878,107.81	3,958,673.13	8,730,229.42
		<u>18,768,350.33</u>	<u>16,708,347.92</u>	<u>19,669,358.71</u>
<b>TOTAL ASSETS</b>		<b><u>65,584,508.36</u></b>	<b><u>45,589,765.61</u></b>	<b><u>46,141,646.34</u></b>
<b><u>LIABILITIES</u></b>				
<b>CURRENT LIABILITIES</b>				
Trade and Other Payables	7	3,040,793.94	4,469,605.07	4,906,683.25
Cash received as an advance for UNDP Programme	8	4,391,905.76	-	-
Accrued Expenses	9	<u>3,019,411.69</u>	<u>1,857,629.09</u>	<u>1,671,012.36</u>
		<u>10,452,111.39</u>	<u>6,327,234.16</u>	<u>6,577,695.61</u>
Provision for Gratuity	10	<u>15,295,501.63</u>	<u>13,682,780.38</u>	<u>12,851,025.00</u>
<b>TOTAL LIABILITIES</b>		<b><u>25,747,613.02</u></b>	<b><u>20,010,014.54</u></b>	<b><u>19,428,720.61</u></b>
<b>TOTAL NET ASSETS</b>		<b><u>39,836,895.34</u></b>	<b><u>25,579,751.07</u></b>	<b><u>26,712,925.73</u></b>
<b>NET ASSETS/EQUITY</b>				
<b><u>DEFERRED REVENUE INCOME</u></b>				
Capital Grant		34,690,046.88	18,714,309.25	18,597,611.43
Less				
Provision for Deferrd Depreciation	11			
Current Year		<u>2,877,571.04</u>	<u>2,314,187.28</u>	<u>2,143,227.09</u>
Less		<u>31,812,475.84</u>	<u>16,400,121.97</u>	<u>16,454,384.34</u>
Deferred Expences		<u>1,010,075.10</u>	<u>1,010,075.09</u>	<u>1,010,075.09</u>
		<u>30,802,400.74</u>	<u>15,390,046.88</u>	<u>15,444,309.25</u>
Revaluation Reserve		2,655,138.71	1,324,628.25	1,324,628.25
Accoumulated Profit	12	6,379,355.89	8,865,075.94	9,868,437.03
Difference in Current A/C Balances		-	-	75,550.95
<b>TOTAL NET ASSETS/EQUITY</b>		<b><u>39,836,895.34</u></b>	<b><u>25,579,751.07</u></b>	<b><u>26,712,925.48</u></b>

  
Director  
National Design Centre

  
Chairman  
National Design Centre

**National Design Centre Fund**  
**Statement of Comprehensive Income for the year ended 31st December 2012**

	Note	2012 Rs.	2011 Rs.	2010 Rs.
<b>OPERATING INCOME</b>				
Treasury Grant - Recurrent	13	36,358,000.00	36,621,000.00	34,915,000.00
Other Income	14	4,134,525.71	2,741,396.03	1,920,230.83
		<u>40,492,525.71</u>	<u>39,362,396.03</u>	<u>36,835,230.83</u>
<b>OPERATING EXPENSES</b>				
Personal Emoluments	15	27,888,563.83	25,691,326.04	25,371,032.74
Travelling Expenses	16	537,690.88	447,076.00	401,090.91
Supplies	17	901,852.36	927,355.18	806,173.51
Maintenance	18	747,793.20	728,647.08	807,174.93
Contractual Services	19	9,204,494.62	9,158,321.41	5,098,417.05
Depreciation	20	2,890,136.56	2,322,364.58	2,417,170.16
Gratuity		2,268,317.50	1,775,119.25	1,124,341.00
Other Expenses	21	2,567,360.03	1,548,568.02	567,896.53
		<u>47,006,208.98</u>	<u>42,598,777.56</u>	<u>36,593,296.83</u>
<b>SURPLUS/DEFICIT FROM OPERATING ACTIVITIES</b>		(6,513,683.27)	(3,236,381.53)	241,934.00
Add				
Deferred Income		<u>2,877,571.04</u>	<u>2,314,187.28</u>	<u>2,143,227.09</u>
<b>SURPLUS / DEFICIT FOR THE YEAR</b>		(3,636,112.23)	(922,194.25)	2,385,161.09
<b><u>OTHER COMPREHENSIVE INCOME</u></b>				
Gains on revaluation of property plant & Equipment				
Exchange differences on translating foreign operations				
Profit on conversion to fair value of financial assets held for resale				
Actuarial gains losses on defined benefit pension plans				
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(3,636,112.23)</u>	<u>(922,194.25) #</u>	<u>2,385,161.09</u>

**Indirect Method Statement of Cash Flow**  
**National Design Centre**  
**Statement of Cash Flow for year ended 31.12.2012**

	2012	2011	2010
	Rs.	Rs.	Rs.
<b>Cash Flow from Operating Activities</b>			
Surplus/Deficit from Ordinary Activities	(6,513,683.27)	(3,236,381.53)	241,934.00
(+) Prior year adjustments	1,752,115.98	206,931.48	139,504.64
(-) Prior year adjustments	(601,723.81)	(286,020.66)	(126,575.00)
Non Cash Movements	(5,363,291.10)	(3,315,470.71)	254,863.64
Depreciation	2,890,136.56	2,320,286.58	2,417,170.16
Gratuity	2,268,317.50	1,775,119.25	1,124,341.00
Inter company Balances Defarance		(75,550.95)	
(Increase) / Decrease in Closing Stock	(39,693.52)	(550,866.80)	(273,015.13)
(Increase) / Decrease in Trade & Other Receivables	(2,887.04)	(1,165,119.94)	(1,024,402.29)
(Increase) / Decrease prepayment	(97,987.17)	(94,558.71)	(24,372.93)
Increase / (Decrease) in Trade & Other Payables	(1,428,811.13)	(645,548.33)	456,267.38
Advance received for UNDP Project	4,391,905.76		
Gratuity Payments	(655,596.25)	(943,363.80)	(253,250.00)
Increase / Decrease in Accrued Expenses	1,161,782.60	8,487,167.31	(922,109.13)
Net Cash flow from operating activities	3,123,876.21	(2,299,986.55)	1,500,629.06
			1,755,492.70
<b>Cash Flow from Investing Activities</b>			
Purchase of Building	(204,485.09)	(1,523,014.48)	(83,240.25)
Purchase of Plant & Machinery	(441,046.72)	(375,265.00)	
Purchase of Furniture	(833,852.30)	(1,302,676.30)	(15,330.00)
Purchase of Office Equipment	(461,700.20)	(285,370.00)	(373,954.40)
Purchase of Tools	(58,325.00)	(9,250.00)	(4,640.00)
Purchase of Library Books	(187,600.00)	(409,805.96)	(12,462.00)
Purchase of Computer & other Equipment	(1,801,058.00)	(1,121,408.00)	(980,374.00)
Purchase of Vehicles	(366,374.22)	(714,780.00)	
Net Cash Flow from Investing Activities	(4,354,441.53)	(5,741,569.74)	(1,470,000.65)
<b>Cash Flow from Financing Activities</b>			
Capital Grant from Treasury	3,150,000.00	3,270,000.00	5,500,000.00
Net Cash flow from financing activities	3,150,000.00	3,270,000.00	5,500,000.00
Net Increase/ decrease in Cash & Cash Equivalent	1,919,434.68	(4,771,556.29)	5,785,492.05
Cash & Cash Equivalent at the beginning of the year	3,958,673.13	8,730,229.42	2,944,737.77
Cash & Cash Equivalent at the end of the year	5,878,107.81	3,958,673.13	8,730,229.42

**Statement of Changes in equity for the year ended 31.12.2012**

	Capital Grant Rs.	Accumulated Reserve Rs	Revaluation Reserve Rs.	Total Rs.
Balance as at 01.01.2012	15,390,046.88	8,865,075.94	1,324,628.25	25,579,751.07
Changes in Accounting Policy				
Fondamental Error		1,150,392.17		1,150,392.17
Deferred Expences	(1,010,075.10)			(1,010,075.10)
Provision for Deferrd Depriciation	(2,877,571.04)			(2,877,571.04)
Revaluation Reserve			1,330,510.46	1,330,510.46
Treasury Grant - cash	3,150,000.00			3,150,000.00
assets	16,150,000.00			16,150,000.00
Statement of Financial Performance				
Currency TRanslation Differences				-
Surplus /Deficit for the period		(3,636,112.23)		(3,636,112.23)
Balance as at 31.12.2012	30,802,400.74	6,379,355.88	2,655,138.71	39,836,895.33

**National Design Center**  
**Budget Politics for the year 2012**

01. Basic of Preparation  
The financial statement have been prepared in a accordance with general accepted accounting principals under the historical accounting conventions. No adjustments have been made for inflationary factors affecting the accounts and the financial statements are prepared in Sri Lanka Rupees.
02. Financial Statement have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities.
03. Government Grants.  
The Institutions receives two types of Government Grants namely, Recurrent and Capital.
04. Depreciation  
Depreciation on tangible fixed assets has been provided at diminishing balance method at the following annual rates.
- |                           |     |
|---------------------------|-----|
| Building                  | 5%  |
| Office Equipment          | 10% |
| Computers and Accessories | 20% |
| Furniture & Fittings      | 10% |
| Tools and Equipments      | 25% |
| Bicycle                   | 15% |
| Motor Vehicle             | 20% |
| Machinery & Equipment     | 15% |
| Library Books             | 5%  |
- Depreciation has not been provided for the current year purchases.
05. Statement of Cash Flow  
The Statement of cash flow is prepared using indirect method in accordance with public enterprises circular No. PED/19 cash flow statement.
06. Statement of Comprehensive Income  
The revenue of the Institutions represents the income from government Grants and other miscellaneous income. All income has been recognized on as accrual basis.
07. Valuation of Inventories  
Inventories are valued at the lower of cot and net realizable value. The cost of inventories id determined on a first out basis.
08. Post Balance Sheet Events  
All material events occurring after the balance Sheet date are considered and when necessary adjustment made in the accounts.
09. Machinery, Tools and Equipment of the Common Facilities Centre have been revalued on the basis of market value.
10. Common Facility Centre Account and the test Marketing Account have been closed and the account balance have been transferred to National Design Centre Account.
11. One set of financial statement has been prepared for the year 2012 instead of preparing separate financial statement for each account as practiced in the past.

## 1. Property Plant & Equipment

	Buildings	Machinery	Vehicles	Computer	Office Equipment	Furniture & Fittings	Tools & Equipment	Bicycle	Library Books	Total
<b>Cost</b>										
Balance as at 31.12.2011	Rs. 19,274,506.46	Rs. 2,578,826.00	Rs. 4,374,780.00	Rs. 5,385,665.84	Rs. 9,696,740.84	Rs. 3,665,554.37	Rs. 636,701.00	6,047.00	Rs. 1,610,369.89	Rs. 47,229,191.40
Disposals for the year								(6,047.00)		(6,047.00)
Revalue for the year		1,268,328.46					62,182.00			1,330,510
Additions during the year	204,485.09	441,046.72	16,516,374.22	1,801,058.00	461,700.20	833,852.30	58,325.00		187,600.00	20,504,441.53
Balance as at 31.12.2012	19,478,991.55	4,288,201.18	20,891,154.22	7,186,723.84	10,158,441.04	4,499,406.67	757,208.00	-	1,797,969.89	69,058,096.39
<b>Depreciation</b>										
Balance as at 31.12.2011	6,818,842.35	1,498,879.70	1,317,600.00	2,030,831.71	6,346,816.41	1,550,583.67	608,812.97	6,047.00	211,960.09	20,390,373.90
Disposals								(6,047.00)		(6,047.00)
Revalue for the year		137,394.56					62,182.00			199,576.56
Charges for the year	622,783.20	161,991.94	611,436.00	670,966.82	334,992.44	211,497.15	6,972.00		69,920.45	2,690,560.00
Balance as at 31.12.2012	7,441,625.55	1,798,266.20	1,929,036.00	2,701,798.53	6,681,808.85	1,762,080.82	677,966.97	-	281,880.54	23,274,463.46
<b>Net Book Value</b>										
Balance as at 31.12.2011	12,455,664.11	1,079,946.30	3,057,180.00	3,354,834.13	3,349,924.43	2,114,970.70	27,888.03		1,398,409.80	26,838,817.50
Balance as at 31.12.2012	12,037,366.00	2,489,934.98	18,962,118.22	4,484,925.31	3,476,632.19	2,737,325.85	79,241.03		1,516,089.35	45,783,632.93

**Note 02 - Other Intangible Assets**

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
Balance B/F as at 01.01.2012	2,020,150.19	3,030,225.28	4,040,300.37
Less : Deferred Revenue Expenditure as for the year	1,010,075.09	1,010,075.09	1,010,075.09
Balance C/F as at 31.12.2011	1,010,075.09	2,020,150.19	3,030,225.28

**Note 03 - Closing Stock**

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
Raw Matirials	170,825.88	42,688.10	131,924.71
Finished Goods	2,150,927.22	1,966,634.15	1,696,256.08
Stationary	234,846.51	134,175.77	282,358.50
Chemicals	47,074.52	47,074.52	47,074.52
Plant container stock	144,500.00	325000.00	-
	2,748,174.13	2,708,480.61	2,157,613.81

**Note 04 - Trade & Other Receivables**

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
Staff loan on NDC	13,720.00	13,720.00	13,720.00
Other Advances	440,268.10	427,666.10	427,666.10
Advances from Other Agancies	57,492.26	282,492.26	282,492.26
Suspense A/C	22,079.41	22,079.41	18,458.58
Advance on Fuel	-	4,489.94	4,489.94
Advance on Foreign Travel	-	113,568.88	113,568.88
Raw Material Advance	-	38,425.00	38,425.00
Advance on cash	35,857.47	31,365.22	33,959.08
Advance on Cheque	113,673.10	93,566.79	598,039.50
Receivable Deposit	-	9,728.00	9,728.00
H.B Suhath Rohana	8,780.35	61,280.35	-
Other Debtors	155,712.00	-	-
Receivable Cash	387,816.00	-	-
Export Development Board	-	-	3,115.00
Sale of Old Items	-	-	250.00
Ministry of Foreign Affairs	-	-	900.00
U.K Upali	-	-	100.00
Lakpahana	-	-	90.00
Debtors on new design	-	-	1,984.00
W.I.D.S. Wickramasekara	-	-	4,572.00
Government Treasury Workshop	-	-	185,558.00
Debtors on Treasury workshop	-	-	15,800.00
Other Debtors	-	-	2,796.00
Vehicle Service Advance	-	-	341.75
"Petty Cas Advance	-	-	9,061.00
Advance in Goods & Services	-	-	150.00
Settlement of water bills	-	-	2,020.35
Receivable Cash	-	-	27,224.50
Thousand Village Programme	-	-	13,785.00
Deposits	-	-	-
Telephone Deposit	11,950.00	11,950.00	11,950.00
Fuel Dposits	10,000.00	10,000.00	10,000.00
Newspaper Deposit	300.00	300.00	300.00
Cylinder Deposit	3,000.00	3,000.00	3,000.00
Other Deposit	77,600.00	77,600.00	77,600.00
Electricity Deposit	20,000.00	20,000.00	20,000.00
SLC Dharmarathna	-	240,000.00	-
<b>Design Education Account</b>	-	-	-
Refundable Class Fees	-	5,000.00	5,000.00
Suspense A/C	-	10,000.00	10,000.00
Advance	-	(10.00)	(10.00)
Class Fees Receivable	618,250.00	432,122.00	536,186.00
Design Consultancy Account	-	-	-
Cultural Department	-	(4,306.00)	(4,306.00)
Other Debtors	-	375,903.00	375,903.00

Deposits	-	2,706.25	2,706.25
Advances	39,905.48	166,276.05	36,478.00
Ministry of Rural Economy	-	1,500.00	1,500.00
Industrial Development Board	559,050.00	559,050.00	559,050.00
Ministry of Rural Industries & Self Employment Promotion	1,261,092.00	1,855,099.73	312,292.00
Ministry of Economic Development(Chicken Coops)	506,063.38	99,732.50	-
Inland Revenue (WHT Receivable)	-	9,042.00	9,042.00
Peshakarma	508,648.65	508,648.65	508,648.05
District secretariat	650,513.74	-	-
<b>Staff Loan Account</b>	-	-	-
Distress Loan	4,243,024.33	4,040,674.00	4,071,304.00
Festival Advance	98,535.00	94,130.00	99,630.00
Special Advance	11,061.83	11,061.83	11,061.83
Bicycle Loan	10,750.00	(17,670.00)	(9,170.00)
<b>Common Facility Center Account</b>	-	-	-
Advances	-	81,028.00	69,640.00
Debtors	-	63,647.00	63,647.00
<b>Test Marketing Account</b>	-	-	-
Advances	-	15,324.00	15,324.00
Other Debtors	-	94,565.00	94,565.00
Debtors	-	(2,500.00)	(2,500.00)
	9,865,143.10	9,862,255.96	8,697,136.07

#### Note 05 - Prepayments

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
Insurance	155,939.46	50,659.17	36,442.78
Contractual Services	64,417.55	47,947.20	42,771.43
Licence	56,568.28	8,331.75	5,165.20
Rent & Hire Charges	-	72,000.00	-
	276,925.29	178,938.12	84,379.41

#### Note 06 - Cash & Cash Equivalent

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
National Design Centre Account - Head Office for UNDP Project	621,692.69 4,391,905.76	3,324,595.72 -	6,724,103.86 -
National Design Centre Account Natharampotha	152,163.60	2,379.82	19,692.42
Design Consultancy Account	410,967.97	34,234.30	1,623,046.70
Design Education Account	3,095.40	84,147.65	67,092.38
Staff Loan Account	298,282.39	374,529.90	213,367.92
Common Facility Account	-	99,574.88	43,715.28
Test Marketing Account	-	39,210.86	39,210.86
	5,878,107.81	3,958,673.13	8,730,229.42

**Note 07 - Trade & Other Payables**

	31-12-2012	31-12-2011	01-01-2011
	Rs.	Rs.	Rs.
Audit Fees Payable	814,586.00	814,586.60	814,586.60
Other Creditors	-	893,947.00	893,947.00
Suspense A/C	456,382.11	456,382.11	456,382.11
Cancelled Cheques	-	78,574.25	63,822.25
Fuel Advance	-	1,000.00	1,000.00
Industrial development Board	160,819.50	160,819.50	160,819.50
Prajasancharaka gammana	155,165.69	158,165.69	450,124.71
Election duty payable	-	-	8,142.50
Salaries Payable	-	-	1,926.62
Welfare payable	-	-	75.00
Donation	-	-	424.51
Tender Deposit	-	-	25,750.00
Training Programme Advance	-	-	155,000.00
Ministry of Rural Economy Advance	-	-	200,000.00
Suspense A/C	-	-	(21,681.97)
Spectrum Deposit	-	-	20,000.00
<b>Design Education Account</b>	-	-	-
Refundable Advance	-	983.00	983.00
Thousand Village Programme	175,278.64	175,278.64	175,278.64
Course Fees Received in Advance	-	94,628.00	81,694.00
Young Designers Exhibiion	-	25,272.91	25,272.91
<b>Design Consultancy Account</b>	-	-	-
Other Creditors	-	718,216.00	718,216.00
Advances with Other Organizations	-	114,938.00	114,938.00
Kajugama Project	-	55,325.29	55,325.29
Vistrart Grphics	-	5,750.00	5,750.00
Advance Over Settlement	-	1,500.00	1,500.00
Intect 2003 EDB Advance	-	62,740.00	62,740.00
Moratuwa Municipal Council	-	31,880.00	31,880.00
Ministry of Cultural Affairs	56,500.00	56,500.00	56,500.00
Ministry of Enterprise Development	-	210,316.66	210,316.66
A.D.K. Muthumina	-	10,985.00	10,985.00
Diploma Course Fees	-	36,609.00	36,609.00
Deposits	12,650.00	58,187.50	12,650.00
Refundable Deposit	50,000.00	50,000.00	-
Lanka Craft Council	-	33,000.00	33,000.00
R.I. Piyathilaka	297,412.00	121,300.00	-
Manjula	782,500.00	-	-
Sarath	79,500.00	-	-
<b>Staff Loan Account</b>	-	-	-
Spectacle Loan	-	5,000.00	5,000.00
Vehicle Loan	-	1,200.00	1,200.00
Payable	-	-	6.00
<b>Test Marketing Account</b>	-	-	-
Small and Rural Industries Ministry	-	36,519.92	36,519.92
	3,040,793.94	4,469,605.07	4,906,683.25

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

(Special Project for Technical Development and Market Linkage support for selected weaver producer groups in Nothem Province)

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
Amount Received	4,807,000.00	-	-
Expenses	415,094.24	-	-
Balance in account to complete the project	4,391,905.76	-	-

**Note 09 - Accured Expenses**

	31-12-2012 Rs	31-12-2011 Rs.	01-01-2011 Rs.
Other Suppliyes	8,000.00	-	-
Common Facility Center	47,743.33	-	-
Telephone	42,725.07	37,621.16	53,572.06
Electricity	34,218.85	23,381.41	24,778.15
Maintance of Buildings	-	6,850.70	7,829.60
Training Programmer Income	1,560.00	-	-
Advertisment	97,104.00	-	-
News paper	2,080.00	1,800.00	1,730.00
EPF Payable	280,951.41	144,501.96	157,086.60
ETF Payabal	70,237.83	50,536.54	51,383.55
Water	13,897.68	8,327.94	8,689.52
Tax & Rates	-	6,318.88	6,318.88
Service Agreement	-	133.47	-
Rent & Hire Charges	83,387.00	-	-
New Design Exhibition	1,088,902.76	229,515.84	18,500.00
Over Time	120,552.52	74,490.99	88,931.84
Travelling	19,068.50	12,875.00	25,858.00
Printing of Annual Report	9,090.00	-	140,000.00
Craft training	32,557.41	17,504.63	-
Other Exhibition	-	6,845.40	-
Transport	2,900.00	-	-
Other allowances	49,959.68	42,055.39	12,414.78
New Design Showroom	-	16,441.89	-
UNDP Programmer	12,280.64	-	-
Traditional Industries Village Progra.	492.50	-	-
Office Equipment maintenance	-	-	9,738.96
Audit Fees Payable	-	-	8,152.60
Rent & Hire charges	-	-	32,258.06
Priasnacharaka Gammama	-	-	25,444.75
<b>Design Eduction Account</b>	-	-	-
Lecture Fees	159,580.00	208,065.00	89,780.00
Allowance	3,000.00	-	3,300.00
<b>Design Consultancy Account</b>	-	-	-
Tasma Travels Pvt Ltd	-	65,455.26	-
Travelling Allowance	6,283.52	2,936.50	-
Overtime	-	1,729.12	-
Supervision Allowance(Plant Containers)	-	37,500.00	-
Other	-	368.00	-
R.S.P Embroidery	15,000.00	-	-
Vistrart Graphic	126,500.00	126,500.00	126,500.00
D.P. Wickramaarachdhi and Company	590,900.99	590,900.99	590,900.99
WHT payable	-	-	10,514.38
Arts & Craft Exports	-	-	28,756.64
Balance B/F	100,438.00	100,438.00	100,438.00
Common Facility Account	-	44,535.00	48,135.00
	3,019,411.69	1,857,629.07	1,671,012.36

Note No.10

Gratuity Provision as at 31.12.2012

	Emp. Name	Date Joined	Completed Years as at 31/12/2012	Salary	1/2	Gratuity Provision as at 31.12.2012 (6) = (3) x (5)
	1	2	3	4	5	
1	T. Asoka Thirimanna	26/09/1983	29	25,083.75	12,541.88	363,714.38
2	S.K Wimalasiri	10/6/1985	27	26,009.50	13,004.75	351,128.25
3	U.L Wickramarathna	10/6/1985	27	26,009.50	13,004.75	351,128.25
4	P.G. Gnanathilaka	10/6/1985	27	25,423.00	12,711.50	343,210.50
5	P. Dharmasena	24/06/1985	27	23,767.00	11,883.50	320,854.50
6	M. Hettiarachchi	27/09/1985	27	32,473.00	16,236.50	438,385.50
7	M.S Naini	25/10/1985	27	26,009.50	13,004.75	351,128.25
8	G.D Premasili	25/10/1985	27	24,319.00	12,159.50	328,306.50
9	G. Vithana	1/11/1985	27	33,287.50	16,643.75	449,381.25
10	H.A. Premalatha	1/11/1985	27	23,951.00	11,975.50	323,338.50
11	Manel Bulathgama	6/12/1985	27	32,967.50	16,483.75	445,061.25
12	D. Dharmasiri	10/6/1986	24	22,586.25	11,293.13	271,035.00
13	D.P.G Hemachandra	2/6/1986	26	22,611.25	11,305.63	293,946.25
14	K.L.A Premalatha	22/09/1986	26	24,347.75	12,173.88	316,520.75
15	R.M. Abeyrajapaksa	24/09/1986	26	23,767.00	11,883.50	308,971.00
16	U.G.G. Amarathunga	26/10/1986	26	23,111.50	11,555.75	300,449.50
17	T.N Karunaratna	21/11/1986	26	25,593.00	12,796.50	332,709.00
18	H.M.A.U Shantha	8/12/1986	26	29,639.50	14,819.75	385,313.50
19	G.W. Ranyalatha	16/03/1987	25	25,055.50	12,527.75	313,193.75
20	I.R. Piyathilaka	17/06/1987	25	25,423.00	12,711.50	317,787.50
21	A.A Gamini	1/9/1987	25	40,608.75	20,304.38	507,609.38
22	D.J. Pieris	11/11/1987	25	33,787.50	16,893.75	422,343.75
23	M.A Somalatha	1/3/1988	24	38,711.25	19,355.63	464,535.00
24	W.A.P.K Wijesingha	1/8/1988	24	39,976.25	19,988.13	479,715.00
25	Palitha Pushpakumara	15/04/1988	24	23,445.00	11,722.50	281,340.00
26	W.A. Kulathilaka	1/6/1988	24	23,111.50	11,555.75	277,338.00
27	K.P.J. Perera	14/02/1989	23	23,278.25	11,639.13	267,699.88
28	B.K.K Perera	28/06/1989	23	23,082.75	11,541.38	265,451.63
29	Manel Rajapaksa	2/10/1989	23	29,607.50	14,803.75	340,486.25
30	U.A.L.S.K. Jayathissa	1/1/1990	22	23,116.50	11,558.25	254,281.50
31	R.A.P Udayangani	20/02/1990	22	27,543.50	13,771.75	302,978.50
32	K.K.S.De Silva	15/08/1991	21	27,775.50	13,887.75	291,642.75
33	M.K Mahinda	1/7/1992	20	25,055.50	12,527.75	250,555.00
34	G.A.G Silva	22/03/1993	19	22,944.75	11,472.38	217,975.13
35	L.A Kularathna	5/4/1993	19	22,865.00	11,432.50	217,217.50
36	H.B.T Damayanthi	3/1/1994	18	35,548.75	17,774.38	319,938.75
37	B.K.A Rodrigo	15/06/1994	18	22,843.25	11,421.63	205,589.25
38	A.M.T.K Alagiyawanna	2/5/1996	16	22,145.50	11,072.75	177,164.00
39	B. Manathunga	3/6/1996	16	37,446.25	18,723.13	299,570.00
40	J.A.A.R.C Gunarathna	1/7/1996	16	39,508.75	19,754.38	316,070.00
41	D.M.A. Chandima	15/07/1996	16	24257.00	12,128.50	194,056.00
42	M.A.R.U. Gunarathna	16/07/1998	14	23,767.00	11,883.50	166,369.00
43	Susil Wijethunga	1/9/1998	14	21,547.50	10,773.75	150,832.50
44	D.R. Kotuwagedara	4/1/1999	13	28963.50	14,476.75	188,197.75
45	W.M. Piyarathna	4/1/1999	13	31,972.25	15,986.13	207,819.63

46	Asitha Kusaladarma	4/1/1999	11	28,805.00	14,402.50	158,427.50
47	R.M. Vijitha Bandara	1/6/1999	13	31,142.75	15,571.38	202,427.88
48	S.S Weerasuriya	1/2/2000	12	23,526.00	11,763.00	141,156.00
49	H.T. Dinesh Silva	1/2/2000	12	23,671.00	11,835.50	142,026.00
50	B. Suhath Rohana	1/2/2000	12	22,634.75	11,317.38	135,808.50
51	C.K.Kalansooriya	1/2/2000	12	23,866.50	11,933.25	143,199.00
52	P.B. Piyawathi	1/2/2000	12	21,547.50	10,773.75	129,285.00
53	N.D.H.Mohotti	1/2/2000	12	21,099.00	10,549.50	126,594.00
54	K.R. Kumara	1/2/2000	12	21,248.50	10,624.25	127,491.00
55	Prashantha Kirthichandra	13/12/2000	12	27,355.00	13,677.50	164,130.00
56	P. C. J. De Silva	15/08/2005	7	25,520.75	12,760.38	89,322.63
57	G.C.N. Perera	15/08/2005	7	26,585.75	13,292.88	93,050.13
58	V.G.B.D. Weeranayaka	15/08/2005	7	25,520.75	12,760.38	89,322.63
59	S.W.Vijithani	25/10/2005	7	25,520.75	12,760.38	89,322.63
60	B. R. Ranaweera	15/02/2006	6	31,972.25	15,986.13	95,916.75
61	R. M. Gamini Rathnayaka	12/12/2006	5	20,511.50	10,255.75	51,278.75
						15,951,097.88
	<u>Gratuity Payments</u>					
1	Asitha Kusaladarma	4/1/1999	11	28,805.00	14,402.50	158,427.50
2	R.M. Abeyrajapaksa	24/09/1986	26	23,767.00	11,883.50	308,971.00
3	D.R. Kotuwegedara	4/1/1999	13	28953.50	14,476.75	188,197.75
						655,596.25
						15,295,501.63

\* D. Dharmasiri - nopay 3Year

**Note 11 - Deferrd Dpriciation****Deferred Revenue Income**

	Rs	Rs	Rs
Capital Grant			
Previous Years	15,390,046.88	15,444,309.25	13,097,611.43
Current Year	19,300,000.00	3,270,000.00	5,500,000.00
	34,690,046.88	18,714,309.25	18,597,611.43
Less			
Deferrd Depriation	(2,877,571.04)	(2,314,187.28)	(2,143,227.09)
Deferrd Revenue Income	31,812,475.84	16,400,121.97	16,454,384.34

Capital Grant given by Treasury has been disclosed as deferred income in the Balance Sheet and it has been recognised as income based on depreciation rates on 2012

**Note 12 - Accumulated Profit**

	31-12-2012 Rs.	31-12-2011 Rs.	01-01-2011 Rs.
B/F Accumulated Profit	8,865,075.95	9,868,437.03	7,470,346.30
(+) Prior year Adjustment	1,752,115.98	508,297.23	143,704.64
(-) Prior year Adjustment	(601,723.81)	(589,099.31)	(130,775.00)
Surplus/ Deficit for the Year	(3,636,112.23)	(922,559.00)	2,385,161.09
C/F Accumulated Profit	6,379,355.89	8,865,075.95	9,868,437.03

**Note 13****Treasury Grant Recurrent**

	2012 Rs.	2011 Rs.	2010 Rs.
January	2,690,000.00	2,200,000.00	2,200,000.00
February	2,950,000.00	3,115,000.00	3,000,000.00
March	2,890,000.00	3,100,000.00	3,000,000.00
April	2,190,000.00	3,000,000.00	2,200,000.00
May	3,570,000.00	3,470,000.00	2,800,000.00
June	3,190,000.00	3,070,000.00	2,100,000.00
July	3,100,000.00	3,080,000.00	3,500,000.00
August	2,440,000.00	3,080,000.00	2,800,000.00
September	2,714,000.00	2,780,000.00	2,100,000.00
October	3,711,000.00	2,900,000.00	2,500,000.00
November	2,220,000.00	2,000,000.00	3,050,000.00
December	4,693,000.00	4,826,000.00	5,665,000.00
	36,358,000.00	36,621,000.00	34,915,000.00

**Treasury Grant Capital**

	2012 Rs.	2011 Rs.	2010
Treasury Grant cash	3,150,000.00	3,270,000.00	5,500,000.00
Treasury Grant Vehicle	16,150,000.00	-	-
	19,300,000.00	3,270,000.00	5,500,000.00

**Note 14****Other Income**

	Note	31-12-2012 Rs	31-12-2011 Rs	31-12-2010 Rs
Training Progammrs Income		527,644.00	44,146.49	45,799.00
Levy on Private use of vehicles		9,000.00	8,585.48	9,446.78
Recovery on No Pay		173,152.92	127,972.19	121,646.79
Telephone Usage		277.08	-	7,020.82
Received insurance claim		26,292.51	-	-
Miscelleneous		165,394.50	357,734.10	486,250.50
Profit & Loss (Sub note 01)	14.1	97,410.44	206,307.24	(30,050.86)
Recovery of Administration cost		-	72,429.75	181,236.76
Government Countribution		-	840.00	6,120.00
Grant from Ministry		381,800.00	-	-
<b>Design Education Account</b>		-	-	-
Design College Fees 2008-2010		-	-	222,000.00
Design College Registration Fees 2010-2012		-	-	34,000.00
Design College Registration Fees 2011-2013		6,000.00	39,000.00	-
Design College Fees 2010-2012		41,880.00	236,314.00	216,992.00
Design College Fees 2011-2013		312,000.00	107,000.00	-
Design College Registration Fees 2011-2013Weekend course		20,000.00	40,000.00	-
Design College Fees 2011-2013Weekend Course		270,000.00	50,000.00	-
<b>Design Consultancy income</b>				
Design Consultancy Income		175,138.40	184,143.64	442,521.23
Plant container Income	14.2	(331,060.52)	89,851.85	-
Divi Nrguma Exhibition & Training Programe		2,161,169.06	913,276.71	-
Chiken Coops		(76,145.50)	-	-
<b>Staff Loan Account</b>				
Interest Income		174,572.82	166,176.43	157,926.61
<b>Common Facility Centre Account</b>				
Service Charges		-	9,993.00	13,156.00
Training Programe income		-	72,553.85	-
Gross Profit		-	15,071.30	6,165.20
		4,134,525.71	2,741,396.03	1,920,230.83

**Sub Note 14.1****National Design Centre****Statement of Profit & Loss Account for the Year end 31.12. 2012**

	Note	31-12-2012 Rs	31-12-2011 Rs	31-12-2010 Rs
Income (sales)		304,518.71	83,126.00	75,408.20
Cost of Sales (Note1.1)	14.1.1	231,264.27	123,181.24	(105,459.06)
Gross Profit		73,254.44	-	(30,050.86)
Common facility center income		24,156.00	-	-
Total Profit		97,410.44	206,307.24	(30,050.86)

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

		31-12-2012 Rs	31-12-2011 Rs	31-12-2010 Rs
<u>Raw Material</u>	-			
Opening Stock (1st January 2012)		131,595.67	43,695.36	42,575.85
Purchases		350,787.05	218,063.69	271,056.85
		482,382.72	261,759.05	313,632.70
<u>Less</u>	-			
Closing Stock 31st December 2012		170,825.88	42,688.10	43,695.36
Material Consumed		311,556.84	219,070.95	269,937.34
<u>Finished Good</u>	-			
Opening Stock 1st January 2010		2,070,634.65	1,602,656.96	1,438,178.68
Material Consumed		311,556.84	219,070.95	269,937.34
Purchases			21,725.00	
		2,382,191.49	1,843,452.91	1,708,116.02
<u>Less</u>	-			
Closing Stock 31December 2011		2,150,927.22	1,966,634.15	1,602,656.96
Cost of Sales		231,264.27	123,181.24)	105,459.06

**Sub Note 14.2****Plant Container Income**

	31.12.2012 Rs.	31.12.2011 Rs.	31.12.2010 Rs.
Income	1,590,320.00	3,254,680.00	-
Less: Cost of Plant containers sold			
Opening stock	325,000.00	-	-
Production cost	1,705,700.00	3,283,800.00	-
Less: Closing Cost	144,500.00	325,000.00	-
Cost of Sales	1,886,200.00	2,958,800.00	-
Gross Income	(295,880.00)	295,880.00	-
Less Other Expenses	35,180.52	206,028.15	-
	<u>(331,060.52)</u>	<u>89,851.85</u>	-

**Note 15****Personal Emoluments**

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Salaries & Wages	23,124,169.20	22,002,665.25	21,663,401.47
Pension Fund	-	62,245.52	101,115.00
EPF	2,392,408.91	1,815,177.96	1,900,991.79
ETF	689,369.91	633,590.10	626,198.16
Over time	1,071,400.31	973,160.09	976,587.94
Other Allowances	611,215.50	204,487.12	102,738.38
	27,888,563.83	25,691,326.04	25,371,032.74

**Note 16****Travelling Expenses**

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Domestic	330,513.73	439,076.00	401,090.91
Foreign	207,177.15	8,000.00	-
	537,690.88	447,076.00	401,090.91

**Note 17****Supplies**

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Stationery & Office Requisites	562,736.11	608,495.43	502,499.51
Fuel Expenses	260,399.25	258,112.75	254,748.50
Uniforms	71,568.00	53,358.00	46,170.00
Medical	7,149.00	7,389.00	2,755.50
	901,852.36	927,355.18	806,173.51

**Note 18****Maintenance**

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Vehicle maintenance	364,529.01	554,094.98	507,327.30
Building maintenance	32,525.00	61,294.20	48,147.44
Plant & Machinery	16,784.00	21,959.92	39,294.00
Office Equipment	333,955.19	91,297.98	212,406.19
	747,793.20	728,647.08	807,174.93

**Note 19****Contractual Services**

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Transport & Hire charges	619,557.50	339,293.68	470,707.38
Telephone charges	460,329.10	414,166.00	440,022.63
Postage	38,071.00	36,526.00	38,270.00
Electricity & water	753,874.30	636,577.80	592,084.73
Rates & Taxes	-	3,976.55	4,184.00
Reserch Programmer for Raw Material	50,000.00	-	-
Craft training	1,147,241.56	1,327,297.07	963,377.48
New Design Exhibition	1,824,160.51	2,961,113.76	-
Young Design Exhibition	39,110.00	169,380.00	-
Other Exhibition	350,197.31	371,217.77	714,205.39
Design Awareness Programme	-	-	277,599.88
Market Promotion	38,394.00	-	-
Craft Directry	18,537.50	-	-
Developing Web site	165,324.50	-	-
Design Showroom	957,836.21	792,555.14	-
Yalpanam Festival & Trade Fair	543,939.88	-	-
Staff Training	112,824.50	29,950.00	51,425.00
Audit fee	164,976.00	-	160,000.00
Legal fees	7,000.00	96,150.00	70,687.00
Sanitary & Cleaning	65,204.87	50,516.60	58,811.75
Advertisement	165,200.00	114,105.60	68,200.00
Petty Cash & miscellaneous	126,191.98	161,832.50	89,219.70
Bank Charges	12,910.00	14,433.67	14,932.76
Traslation	17,115.50	-	-
News Paper	33,270.00	32,095.00	30,825.00
Contractual services (Service Agreement)	97,259.06	88,269.46	115,468.45
Insurance	194,621.99	72,067.73	76,549.63
Vehicle Licence	24,701.84	14,618.45	11,909.40
Semi laccery tax	40,876.63	-	-
Printing Annual Reports	199,123.00	49,158.00	140,000.00
Meetings with clients	260,240.00	202,569.95	224,764.25
Fuel Allovances	404,689.65	372,967.68	435,172.62
Board Director fee	16,500.00	10,500.00	18,000.00
Board Member Fee	170,000.00	97,000.00	32,000.00
Audit & Manegemet m. g. t.	79,000.00	75,000.00	-
Compensation	-	246,150.00	-
Certificate Award Serammany-Jafna	-	348,258.00	-
TOT Programme	-	30,265.00	-
Traditiona industris village programms	6,216.23	-	-
	9,204,494.62	9,158,011.41	5,098,417.05

**Note 20**

## Depreciation

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
Building	622,783.20	567,970.64	593,482.80
Machinery	361,568.50	124,355.52	146,300.61
Office Equipment	334,992.44	340,506.05	336,789.57
Furniture & Fittings	211,497.15	90,255.03	98,579.99
Tools	6,972.00	3,289.06	3,050.66
Library Books	69,920.45	52,031.73	54,114.37
Computer	670,966.82	558,356.53	452,852.16
Vehicle	611,436.00	585,600.00	732,000.00
	2,890,136.56	2,322,364.56	2,417,170.16

**Note 21**

## Other Expenses

	31 . 12. 2012 Rs.	31 . 12. 2011 Rs.	31 . 12. 2010 Rs.
<b>Design Education Account</b>			
Education Activity	390,066.75	565,388.53	549,848.01
Other	14,624.00	6,900.00	9,600.00
<b>Design Consultancy Account</b>			
Divi Neguma Exhibition & Training Programe	2,161,169.28	913,276.71	-
Other Expenses	1,500.00	34,475.38	6,112.77
<b>Common Facility Center Account</b>			
Training Programe Expenses	-	12,720.00	-
Damaged Stock	-	14,418.95	-
<b>Staff Loan Account</b>			
Bank Charges	-	1,388.45	2,335.75
	2,567,360.03	1,548,568.02	567,896.53



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



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எனது இல } TC/A/NDC/FA/2012  
My No }

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உமது இல } Your No. }

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திகதி } 26 March 2014  
Date }

The Chairman,  
National Design Center



**Report of the Auditor General on the Financial Statements of the National Design Center for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act. No. 38 of 1971.**

With reference to my letter of even number dated 04 January 2014 on the above subject.

- The English version of the above mentioned report is sent herewith.

H.A.S. Samaraweera  
Auditor General

- Copy to :
- Secretary, Ministry of Traditional industries and Small Enterprise Development
  - Secretary, Ministry of Finance & Planning

*Handwritten:* 26/04/14

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**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය }  
எனது இல } TC/A/NDC/FA/2012  
My No. }

ඔබේ අංකය }  
உமது இல }  
Your No }

දිනය }  
திகதி } 04 January 2014  
Date }

The Chairman  
National Design Centre

Report of the Auditor General on the Financial Statements of the National Design Centre for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act No. 38 of 1971.

The audit of Financial Statements of the National Design Centre for the year ended 31 December 2012 comprising the statements of the financial position as at 31 December 2012 and the comprehensive income statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 84(3) of the Affiliation of National Crafts Council Act, No. 35 of 1982. My comments and observations which I consider should be published with the Annual Report of the Centre in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Centre on 15 August 2013.

1:2 Management's Responsibility for the Financial Statements

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

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இல. 306/72, பொல்துவ வீதி,  
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1:3 Auditor's Responsibility  
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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1:4 Basis for Qualified Audit Opinion  
-----

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

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the National Design Centre as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2:2:1 Unreconciled Control Accounts

The balance of the Staff Loan Fund Account of the Centre as at 31 December 2012 according to the Individual Loans Account amounted to Rs.4,365,469 whereas according to the Registers of Individual Loans the balance amounted to Rs.4,316,590. As such a difference of Rs.48,879 was observed.

2:2:2 Suspense Accounts

The balance of the Suspense Account shown under the Trade and Other Receipts Account of the Centre amounting to Rs.22,079 and the balance of the Suspense Account shown under the Trade and Other Payments Account amounting to Rs.456,382 had been brought forward over a period of 05 years without taking action to identify and reconcile them.

2:2:3 Accounts Receivable and Payable

The following observations are made.

- (a) Action had not been taken for the settlement of the accrued expenses old between 02 years and 05 years and older than 05 years according to the age analysis amounting to Rs.590,901 and Rs.226,938 respectively.

- (b) According to the financial statements presented by the Centre the balance of the Trade and Other Receivables Accounts as at the end of the year under review totalled Rs.9,843,064 and out of that a sum of Rs.1,271,743 had been balances older than 05 years.
- (c) The balances of the Trade and Other Payables Accounts of the Centre as at the end of the year under review amounted to Rs.2,584,412 and out of that a sum of Rs.935,037 had been balances older than 05 years.

#### 2:2:4 Lack of Evidence for Audit

-----

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

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Fixed Assets	26,821,575	(i) Register of Fixed Assets (ii) Board of Survey Reports (iii) Title Deeds
(b) Debtors	5,622,119	Confirmation of Balances
(c) Creditors	3,040,794	Confirmation of Balances

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

-----

The non-compliances observed during the course of audit are given below.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
-----	-----
(a) Treasury Circular No. 1A1/2002/02 of 28 November 2002	A Register for Computers, Computer Accessories and Software had not been maintained.

- (b) Public Enterprises Circular No. PED/12 of 02 June 2003  
Section 6.5.1

Even though the financial statements and the draft Annual Report for the year under review should have been presented to the Auditor General within 60 days after the close of the financial year, only the financial statements had been presented on 26 April 2013.

3. Financial Review  
-----

3:1 Financial Results  
-----

According to the financial statements presented for the year under review, the overall working of the Centre after taking into account the Government grant of Rs.36,358,000 received for recurrent expenditure had resulted in a net deficit of Rs.3,636,112 as compared with the corresponding deficit of Rs.922,194 after taking into account the Grant of Rs.36,621,000 received from the Government for that year. As such a further deterioration of Rs.2,713,918 in the financial results was observed. Had the Government grants been excluded the operating deficit for the year under review would have been Rs.39,994,112 and the net deficit of the preceding year would have been Rs.37,543,194.

The increase of the personal emoluments by Rs.2,197,237 or 8.5 per cent and the other expenditure by Rs.1,018,792 or 65 per cent as compared with the preceding year had been the main reason for the deterioration of the financial results.

4. Operating Review  
-----

4:1 Performance  
-----

The following observations are made.

- (a) The number of designs and inventions produced by the Moratuwa and Nattarampotha Project by 31 December of the year under review had been 672 and out of that 381 had been handed over to the Workshop. The products handed

over included 205 products needed for the craftsmen and 86 graphic designs. The new designs and inventions of the preceding year had been 679 and 321 design samples and as compared with that the new designs and the inventions of the year under review had decreased by 1 per cent. An adequate course of action had been launched with the National Crafts Council to bring all these for use by the craftsmen. There were 10 designers with the Centre and a target of a minimum number of 05 designs per month had been set for each designer. Three designers had failed to reach that target. Nevertheless, a methodology to ascertain the number of designs popularized among the craftsmen and the number of designs which had been favoured by the craftsmen had not been identified for follow up. As such the number of designs out of those produced had been effectively successful is open to question.

- (b) Out of the programmes targeted in the Action Plan, 03 programmes had not been executed while the progress of the balance two programmes had been 20 per cent and 40 per cent. Details appear below.

Activities	Expected Target for the year 2012	Targets Achieved as at 31 December 2012	Percentage of Achievement
-----			
Recurrent Activities			
-----			
Training of Trainers			
-----			
Number of New Design Training Programmes	10	02	20
Number of Participants	150	29	19
-----			
Training for Development of Designs and Providing Technology			
-----			
Diploma in Higher National Designs	60	0	0
Intermediate Diploma in National Designs	30	0	0

Providing Marketing Facilities for New Designs			
-----			
Number of Handicrafts Products Prepared for Exhibition	385	0	0
Number of Handicrafts Craftsmen Participated	300	0	0
Number of General Public Participated	6,000	0	0
Number of Meetings of Buyers and Sellers	01	0	0
Number of Beneficiaries	50	0	0
Number of Display Centres Based on Tourists	02	0	0
Supply of Designs Market Facilities	30	12	40

- (c) The training programmes targeted for holding under 09 sections within the period according to the Action Plan for the year 2012 had not been held as planned.

#### 4:2 Management Inefficiencies

##### ----- New Showroom - Battaramulla -----

Even though popularisation of new designs through the new showroom of the Centre had been a main objective according to the Action Plan, and objective could not be achieved as the showroom had been closed down in the year under review.

- (a) The new showroom commenced in the year 2011 had been closed down in August 2012. As such the sum of Rs.602,716 comprising Rs.240,000 at the rate of Rs.80,000 being the rent from August to October 2012, security expenses amounting to Rs.324,612 and the other expenses amounting to Rs.38,104 as well as the sum of Rs.2,280,911 spent in the year 2011 on the preliminary work of the showroom had become fruitless expenditure.

- (b) Inventory goods valued at Rs.998,400 purchased from a private institution in September 2011 and installed in the showroom had been kept in different places in the Head Office and those goods remained idle up to 03 October 2013.
- (c) A stock of 338 samples valued at Rs.250,024 sent by the Nattarampotha Office in April 2012 for dispatch to the showroom had been kept in different places in the Head Office and a part of those goods had been lying idle in the Head Office up to 31 December 2012.

#### 4:3 Idle and Underutilised Assets

---

The following observations are made.

- (a) The showroom, the building of 1,018 square feet valued at Rs.1.1 million together with machinery constructed by the Central Provincial Department of Small Industries and transferred to the Centre remained idle without being utilized for any purpose.
- (b) The Centre together with the Sri Lanka Tourism Development Authority had constructed a Common Facilities Center and a Rest in the Nattarampotha Kalapura Village and purchased the machinery for that at a cost of Rs.68,470,615 and handed over to a Crafts Society. But that remained idle over a period of 03 years.
- (c) Even though a sum of Rs.1,008,576 had been paid for the construction of the car park, sports ground and the side wall of the Common Facilities Centre of the Kalapura Village, that land had been lying idle without being used for any purpose. Even though a period of 03 years had elapsed after the break down of about 20 feet of the side wall constructed near the sports ground and the car park, that had not been repaired.
- (d) The machinery of the Leather Goods Section of the Common Facilities Centre valued at Rs.,5 million had been lying idle for about 02 years as an Instructor had not been appointed.
- (e) The officer in charge of the laboratory of the Nattarampotha Branch had proceeded abroad at the beginning of the year 2010 and that officer had not taken action to handover the inventory goods. According to the entries in the stock books, 79 inventory goods valued at Rs.145,089 and 48 chemicals valued at Rs.47,074 had been lying idle since the beginning the year 2010.

#### 4:4 Staff Administration

-----

The particulars of the staff of the Centre for the year 2012 are given below.

Category of Employees	Approved	Actual	Vacancies
Executive level	01	01	--
Middle level	18	09	09
Secondary level	39	24	15
Primary level	46	35	11
	-----	-----	-----
	104	69	35
	=====	=====	=====

Action had not been taken to fill 09 vacancies in the middle level and 15 vacancies in the secondary level.

#### 5. Accountability and Good Governance

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##### 5:1 Action Plan

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Even though the Centre had prepared an Action Plan for the year under review, it had failed to achieve the expected objectives. Certain training programmes had not executed at all.

##### 5:2 Procurement Plan

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Even though the Centre had prepared and presented a Procurement Plan for the year 2012 that had not been prepared based on the Action Plan of the Centre in terms of the National Budget Circular.

### 5:3 Budgetary Control

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Significant variances were observed between the budgeted and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

### 5:4 Internal Audit

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Even though Internal Audit Programmes had been prepared for the year 2012, the internal audit had not been done according to the programmes.

## 6. Systems and Controls

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Deficiencies in systems and control observed during the course of audit were brought to the notice of the Chairman of the Centre from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Balances Receivable and Payable
- (c) Assets Control
- (d) Budgetary Control
- (e) Conduct of Training Programmes

H.A.S. Samaraweera  
Auditor General