

# **Annual Report**

2014

**National Design Centre**

## Lessons Learnt and Best Practices

“It is in no way a waste of time to look at the past inquisitively”

“It is in no way a waste of time to look at the past inquisitively”

It is very important to have an awareness on previous actions and experience received in order to achieve success and future growth. Such retrospection gives opportunity to gain an understanding on the lessons learnt and identify best actions that brought quality results.

We will find the best design solutions for the handicrafts maker, who is our client, while providing more facilities for risk identification and mitigation process, identifying and enhancing our strengths, and enhancing productivity.





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## **Guiding Principles**

### **Vision:-**

Making the handicrafts sector a more vibrant sector through development of products and introduction of creative designs

### **Mission:-**

Introducing market oriented creative designs through promotion, development, capacity building, dissemination and mainstreaming

### **Core Values**

- ✓ **We are accountable.**
- ✓ **We are honest and transparent.**
- ✓ **We believe in competence and collaborative efforts.**
- ✓ **We are inspired to use new technology and inspiration.**
- ✓ **We believe in providing a good customer service.**

## **Institutional Objectives:-**

- To develop handicrafts turned out by craftsmen and to introduce new designs in keeping with the trends in local as well as international markets
- To introduce proper techniques and methods of preparing raw materials with a view to enhancing production capacity and presenting handicrafts with a good finish.
- To provide craftsmen with advanced technical, technological and design development training support aiming at a better growth in the handicrafts sector through enhancement of incomes.
- To provide handicraftsmen with facilities to use new techniques and to make available common facility services in order to provide common facilities.
- To introduce more efficient, innovative manufacturing methods for handicraft products.
- To supply information necessary for handicraftsmen, sellers and those involved in the handicrafts sector through publications, seminars, workshops and library facilities.
- To provide design consultancy services at the request of state and non-state organizations.
- To enhance design making skills and conduct vocational education programmes.

## Incorporation Act and Registration

The National Design Centre, which was incorporated under the National Crafts Council and Allied Institutions Act No. 35 of 1982, is a state service institution established for the development of the local handicraft industry by taking handicraftsmen beyond the tradition for advancement of the nation's handicraft industry. It is operating under the Ministry of Traditional Industries and Small Enterprise Development at present.

## Organization

The National Design Centre, following its Vision and Mission, continuously seeks to fulfill its institutional objectives for the advancement of the local handicraft sector. It is committed to uplifting the economic status of the local handicraftsmen. It operates through the Head Office located at No. 10, De Mel Road, Katubedda, Moratuwa and implements various activities with the support of the branch office located in Kalapuraya in Naththarampotha, Kundasale which covers the Central Province. National College of Designs, which operates as an educational institution trains new designers through certificate and diploma courses. It is situated at the Head Office premises and provides youth possessing creative talents with the opportunity of obtaining vocational knowledge ranging from local to international level.

In addition, the brass, lacquer and leather based workshop and common facility centre situated in Nattarampotha provides handicraftsmen with ongoing services.

The National Design Centre, in its fulfilment of objectives through its Mission Vision, implements its activities according to an Action Plan with support from the Branch Office located in Naththarampotha and direction from the Head Office. In addition to this, the guidance of the Ministry of Traditional Industries and Small Enterprise Development and the support of organisations which handle similar subjects, Provincial Councils, Government and non-governmental organisations, private sector organisations engaged in handicraft industries, craftsmen and other institutions continuously link with us in executing the above objectives of the institution.

The head office is assigned with the responsibility of dealing with important matters relating to the main objectives such as administration, finance, sales promotion, design development, design education, technology development as well as research and development, common facilities centre and library facilities as well. The branch office in Naththarampotha also deals with the same activities except the operation of administration, finance and sales promotion.

<b>Head Office-</b> No. 10 De Mel Road, Katubedda, Moratuwa.			<b>Common Facilities Centre&amp; Workshop</b>	
<b>TP Nos.</b>	Chairman	011-2607114	Kalapuraya, Naththarampotha	
	Director	011-2626345	Kundasale	
General 011-2607814«» Fax 011-2607111			TP No. 081-2420038	
E-mail «» <a href="mailto:slndcrisep@yahoo.com">slndcrisep@yahoo.com</a> / <a href="mailto:info@slndc.gov.lk">info@slndc.gov.lk</a>				

## Management

### Board of Directors

Mr.	D. W. Marshal Janatha	- Chairman, National Design Centre
Mr.	BuddhiKeerthisena	- Member
Mr.	S. Sri Chandran	- Member
Mrs.	AnomaLafir	- Member
Mr.	SudathAbeysekara	- Member
Mrs.	Sujatha Weerakoon	- Member
Mr.	Chinthana de Silva	- Member
Mr.	Anil Koswatta	- Member
Mr.	TharakaDevapriyaa	- Member
Mrs.	V. Jegarajasingham	- Instructor

## Senior Management

Mr.	D. W. Marshal Janatha	- Chairman, National Design Centre
Mr.	M.A.S.S.K. Chandrasri	- Director, National Design Centre
Mr.	Damian de Silva	- Deputy Director (Design Development), National Design Centre [on contrat basis with effect from 1 July 2014]
Ms.	J.W.I. Jayamini	- Deputy Director/Assistent Director(Admin), [on contract basis with effect from 1 August 2014]
Mr.	J.A.A.R.C. Gunarathne	- Deputy Director (Research – Mechanical)
Mr.	A.A. Gamini	- Assistant Director (Design Education & Training)
Mrs.	BhadraniRanaweera	- Accountant
Mr.	P.K. Wijesinghe	- Assistant Director (Naththarampotha)

### Bankers

Bank of Ceylon, Katubedda  
People's Bank, Katubedda

### Auditors

Auditor General  
Auditor General's Department

## Message from the Chairman

The National Design Centre, which was incorporated by the National Crafts Council and Allied Institutions Act No. 35 of 1982 and operating since 1983, is a national institute capable of delivering a splendid service to lift the handicraftsmen from the grassroots to international levels.

The service rendered by the National Design Centre in the year 2014 in keeping with its Vision and Mission is admirable.

The year 2014 marks 31 years of operation of the National Design Centre and this institution functions through funding from the Treasury.

It is significant to note that the income earned by the National Design Centre during the year through providing consultancy services, educational programmes and training courses among other services necessary for the promotion of micro and small scale industries has grown as against the previous year.

I wish to mention with gratitude the support and guidance given by the Board of Directors and the assistance and commitment on the part of the Management, Staff and other stakeholders in achieving the goals of the National Design Centre during the year under review.

The Centre operates with policy decision making vested in the Board of Directors who appoints necessary committees as occasion warrants in keeping with good governance practices and has been achieving its objectives through the handicraftsmen upliftment programmes conducted through foreign funded projects. It must be stated at this juncture that these programmes aimed at strengthening rural economy are a huge backing in enhancing the economic condition of the grassroots.

I take this opportunity to extend my sincere appreciation to the Board of Directors, management and the staff, who shoulder this valuable exercise in order to contribute effectively towards upliftment of the rural economy.

Marshal Janatha

Chairman

National Design Centre

## Message from the Director

I consider the opportunity to review the performance and to present the Annual Report of the National Design Centre for the year 2014 a great privilege. It is right to state that the National Design Centre has taken some progressive measures in line with the Key Objectives of the Centre and parallel to the National Development Plans these years.

It is evident that the conducive environment created by the establishment of peace and security in the country has become a great strength for the achievement of economic growth. The correctly adapted fiscal and financial policies provide the boost necessary to enhance the economy continuously and in this context it is important to focus special attention on the nation's small and medium scale industrial sectors.

The National Design Centre, which performs a foremost role in uplifting the handicraftsmen and thereby elevating the rural economy, has been taking measures for the implementation of development projects necessary for the development of the rural handicraftsman.

The National Design Centre has prepared its manpower plan according to statutory requirements, in keeping with the organizations Mission and essential organizational requirements.

I make this an opportunity to express my sincere gratitude to Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development, Hon. Weerakumara Dissanayake, Deputy Minister, and Mr. Sivagnanasothy, Secretary to the Ministry, who provided the guidance and support necessary for enhancement of the rural handicrafts industry and the staff of the National Design Centre for their commitment.

M.A.S.S.K. Chandrasiri

Director

National Design Centre





Organizational Structure

Financial Performance

Development Activities

Development Programmes

Product Exhibitions

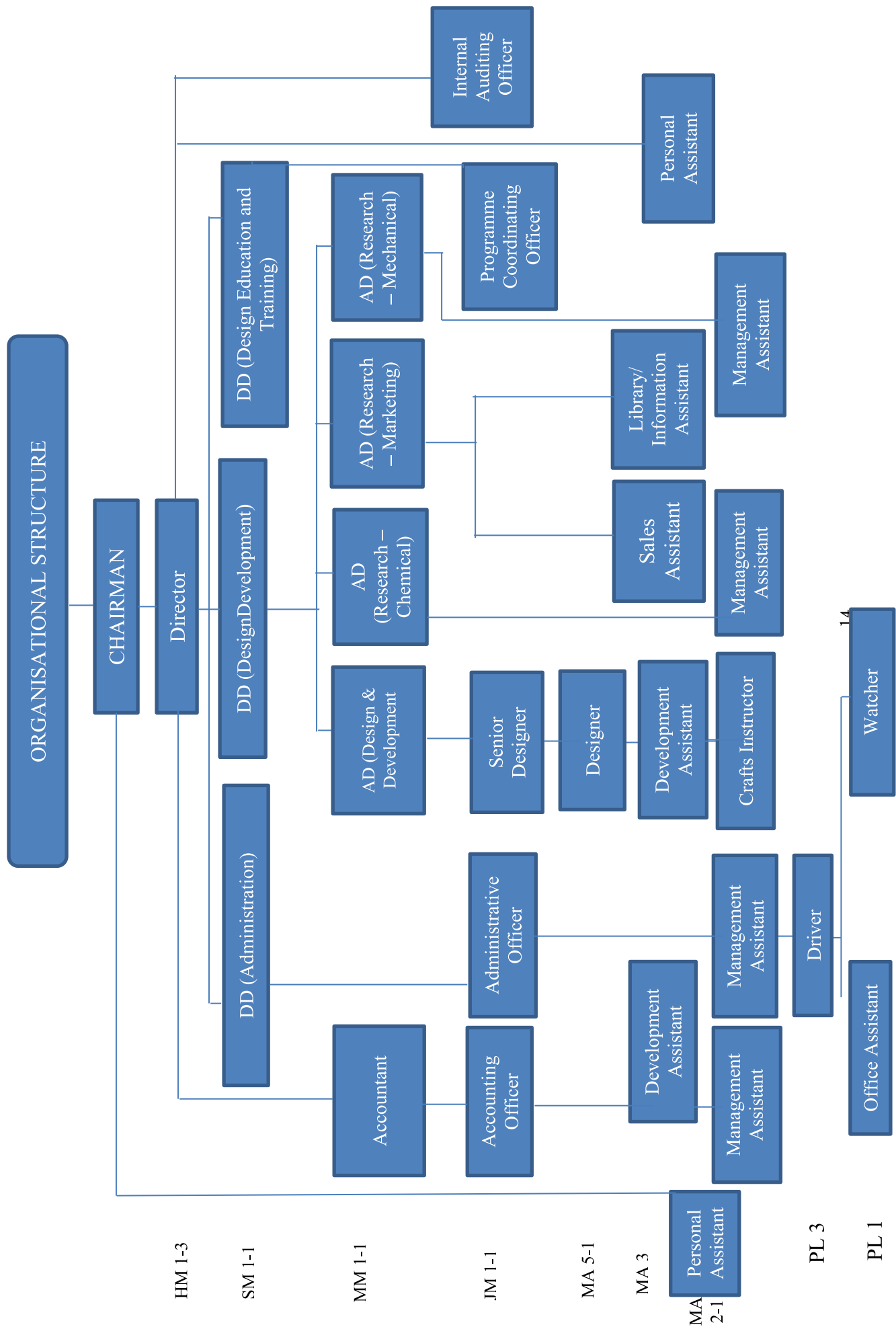
Consultancy Services



Educational Services

Physical Progress

Creation of New handicrafts

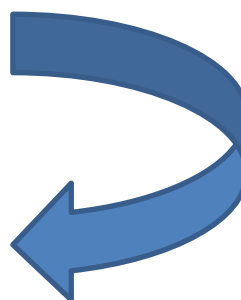


## Human Resources

Designation	Service Category	Approved	Existing	Vacant	Superior
Director	HM	01	01	-	<b>Chairman</b>
Deputy Director (Design Development & Research)	MM 1-1	01	01 (Contract)	01	<b>Director</b>
Deputy Director (Design Education and Development)	MM 1-1	01	-	01	
Assistant Director /Deputy Director (Administration)	MM 1-1	01	01 (Contract)	01	
Assistant Director (Design Development)	MM 1-1	01	-	01	
Assistant Director (Research and Mechanical)	MM 1-1	01	01	-	
Assistant Director (Research and Marketing)	MM 1-1	01	-	01	
Assistant Director (Research and Chemical)	MM 1-1	01	-	01	
Accountant	MM 1-1	01	01	-	
Administrative Officer	JM 1-1	01	01	-	
Accounting Officer	JM 1-1	01	01	-	
Auditing Officer	JM 1-1	01	-	01	
Senior Designer	JM 1-1	04	05	-	
Designer	MA 5-1	09	04	01 (Contract)	
Programme Coordinator	MA 5-1	01	-	01	
Marketing Assistant	MA 3	01	-	01	
Library and Information Assistant	MA 3	01	-	01	
Development Assistant	MA 3	01	-	01	
Personal Assistant	MA 2-1	03	02	01	
Management Assistant	MA 1-1	10	14	Excess - 4	
Crafts Instructor	MA 1-1	32	20	12	
Training Assistant	PL 1-1	01	01	-	
Driver	PL 3	06	06	-	
Office Assistant	PL 1-1	17	09	08	
Watcher	PL 1-1	04	07	Excess - 3	
<b>Personal to Holder</b>					
Assistant Director	JM 1-1		02		
Training Assistant	PL 1		01		

## Consultancy and Overall Supervision

Chairman		
Designation	Approved	Existing
Director	01	01



## Direction

Designation	Approved	Existing	Vacant
Deputy Director	02	--	02
Deputy Director / Assistant Director (administration)	01	--	01
Assistant Director (Mechanical)	01	--	--
Assistant Director (Design Development)	01	--	01
Assistant Director - Research (Marketing)	01	--	01
Assistant Director - Research (Chemical)	01	--	01
Accountant	01	--	--



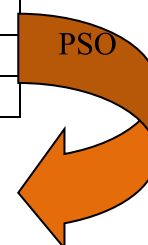
## Persons Directly Involved in the Development Process

Designation	Approved	Existing	Vacant
Deputy Director (Design Development)	01	01 (Contract)	01
Deputy Director/ Assistant Director (Administration)	01	01 (Contract)	01
Assistant Director – Research (Mechanical)	01	01	-
Senior Designer	04	05	-
Designer	09	08	01 (Contract)
Sales Assistant	01	01	-
Crafts Instructor	32	20	12
Training Assistant	--	03	

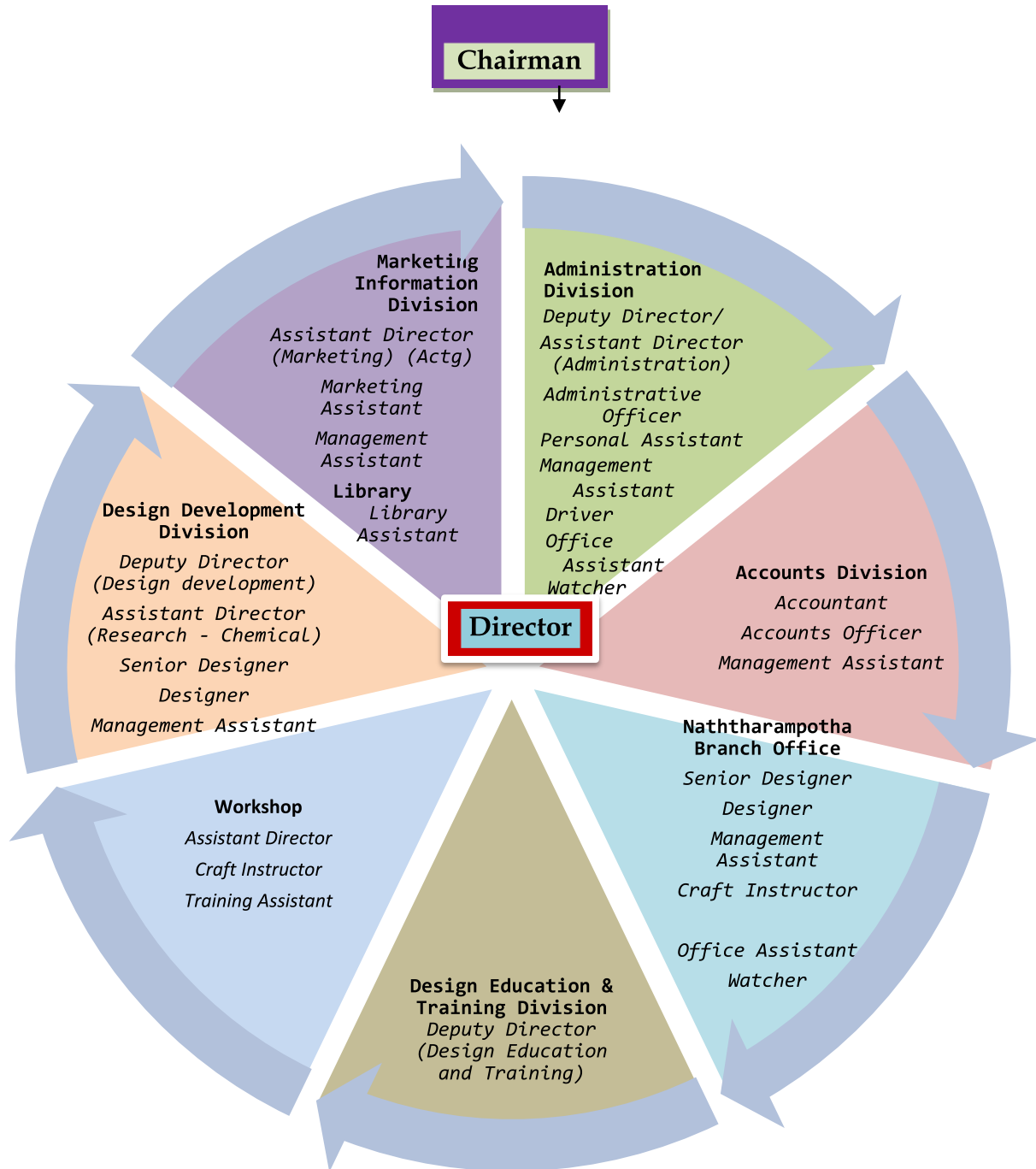


## Persons Indirectly Involved in the Development Process

Designation	Approved	Existing	Vacant
Assistant Director - Research (Mechanical)	01	01	
Accountant	01	01	
Administrative Officer	01	01	
Internal Auditor	01	--	01
Accounting Officer	01	01	
Programme Coordinating Officer	01	--	01
Development Assistant	03	02	01
Library / Information Assistant	01	--	01
Personal Assistant	02	02	
Management Assistant	10	13	
Driver	06	04	02
Office Assistant	17	09	08
Watcher	04	07	



# Organizational Hierarchy



## **Financial Performance**

The National Design Centre, which operates as a service provision agency, falls under the State and Statutory Boards category and the funds necessary for its operations are supplied from the Treasury.

The following graph shows data on the Budget approved for the year 2014 and on capital and recurrent allocations received from the Treasury.

### **Capital Allocations**



### **Recurrent Allocations**





Consultancy service takes a prominent place among the services provided by the National Design Centre. Fees charged for consultancy services, course fees charged for Diploma in Designing, and financing from design development and training programmes

sponsored by state institutions and NGOs as well as allocations received for projects make up the funds of the National Design Centre. As such, the funds used for the operation of the National Design Centre are as follows:

- |     |                                    |       |
|-----|------------------------------------|-------|
| (1) | National Design Centre Fund        | (NDC) |
| (2) | Staff Loan Fund                    | (SLC) |
| (3) | Design Consultancy Services Fund   | (DCF) |
| (4) | Marketing Research Fund            | (TMF) |
| (5) | Design Education and Training Fund | (DET) |

## Development Activities 2014

### Planning & Development of New Creations

Planning, introduction and development of new products is a prominent task of the National Design Centre. It is essential to fulfill the important tasks of strengthening the rural handicraftsman and to streamlining handicraftsmen for uplifting the rural economy by introducing timely products targeting local and international markets.

Local raw materials are used for this purpose. The National Design Centre always acts as an untiring guide for the handicraftsmen to move beyond traditional products.

The National Design Centre performs the creation of new designs for all types of handicrafts in the handicrafts industry. Handicrafts based on reed and fibre, red clay, coir, bamboo, rattan and cane, fabric,

timber, lacquer, brass and leather and jewellery take prominence among them.

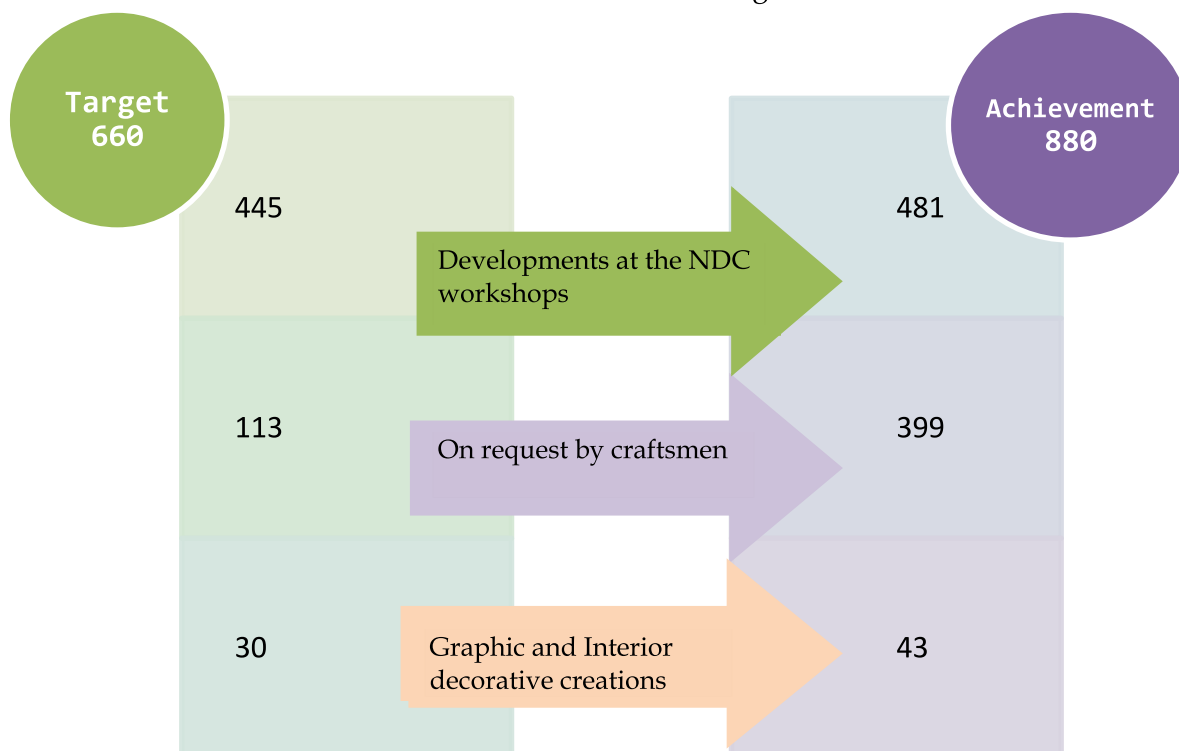
The number of new creations planned for designing at Workshops of the National Design Centre:

Target -	547
Achievement -	481

The number of new creations designed on the request of handicraftsmen:

Target -	113
Achievement -	399

As such, a target of 660 new creations had been planned in the year 2014. The Design Division at the Head Office and the Naththaranpotha Branch Office achieved production of 880 new creations. In addition, under advisory services and on request of external institutions, 30 graphic and interior decoration creation had been targeted while the Design Division has worked to design 104 creations.



### Turning New Creations into Prototypes

Creations selected from amongst the new design concepts are developed as prototypes by the factories located in Moratuwa and Naththarampotha. Steps are taken to manufacture through external craftsmen the products that cannot be manufactured in the workshop. As such, the annual target had been planned as 325 at the workshop and 45 through external craftsmen totalling 370.

However, the Workshops of the National Design Centre had the capacity to turn all new creations into prototypes, therefore there was no need to involve external handicraftsmen in the year 2014.

#### Turning new Creations into Prototypes:

Target - 370  
Achievement - 423

Under this move, 190 brass, lacquer and leather based creations were converted to prototypes at the Naththarampotha workshop and 233 creations associated with rush and reed, fibre, red clay, coir, bamboo, cane, cloth (fabric) and timber and were turned to prototypes at the Moratuwa Workshop.

As such, it was possible to launch 423 new product prototypes for the handicrafts sector in the year 2014.

Steps will be taken to introduce these prototypes to craftsmen at the development programmes conducted by the National Design Centre and through the craftsmen's training programmes conducted through Provincial Councils, the Export Development Board, the National Crafts Council and other state agencies and NGOs and to direct them to manufacture new products. Also, steps have been taken to introduce these new creations to the market largely through product exhibitions and trade fairs, through craftsmen who come to the National Design Centre to obtain services, through training programmes for craftsmen conducted by Provincial Councils, the Export Development Board, the National Crafts Council and other state agencies and NGOs through exhibitions and trade fairs organized for new creations and through the Handicrafts Board of Sri Lanka.

#### Converting new creations into prototypes at workshop



## **Launching Souvenirs through New Handicraft Creations**

Compared to last year, the field of handicrafts has grown more vibrant through the development of products and the introduction of new creative designs. The National Design Centre has performed a significant amount of work in the handicrafts sector for the purpose of placing, specially the rural economic sector at the foremost place through the national development programme. Attention will be focused on exploring new ways to translate the quantitative increase in tourist arrivals, which has resulted in massive development in the tourism industry of this country, into improvement of the living conditions of local craftsmen. Souvenirs and gift items produced targeting tourists will take a prominent place in this regard.

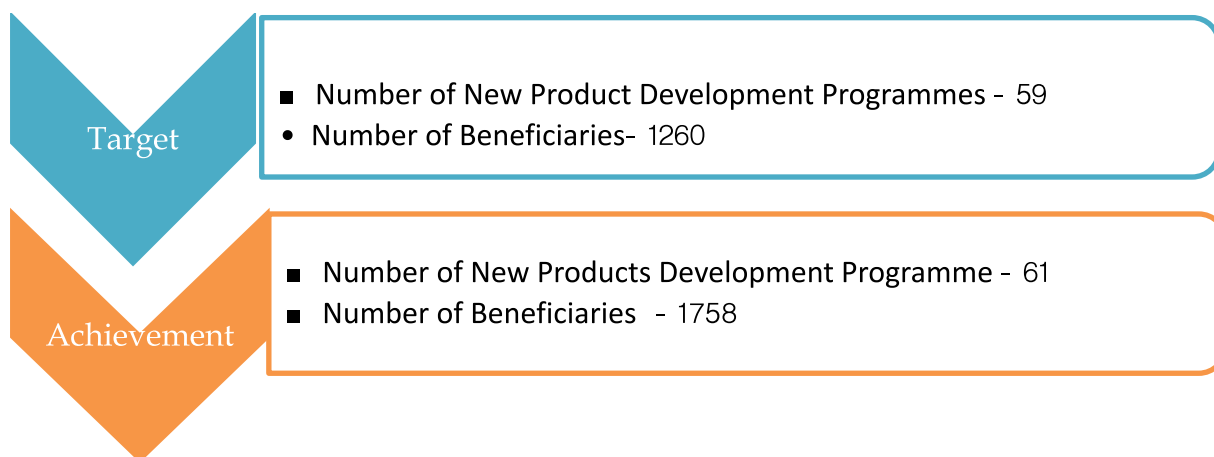
Therefore, the National Design Centre has proactively launched new products focusing on souvenirs and gift items that exude local identity and has introduced such products to the handicraftsmen. As such, the National Design Centre has worked to create 22 souvenirs and gift items representing local styles depicting places of interest such as the the Temple of the Sacred Tooth in Kandy, House of Parliament, and Anuradhapura ancient Kingdom and those depicting such objects as elephants in various postures.

## **Programmes for the Development of New Creations**

The National Design Centre, which functions continuously identifying new market trends, creates new products that suit the market and capable of creating a demand in the market and works to introduce them to the market through handicraftsmen.

In this context, the National Design Centre implements its development programmes with a proper consciousness about its mission that should be undertaken in the field of handicrafts as envisioned in the Mahinda Chintana Vision for the Future. At the same time, the DiviNeguma Programme is a gigantic development programme that was initiated by the Ministry of Economic Development to cover the whole island to give financial contributions and also open an effective pathway for working people. In addition, the Traditional Handicrafts Villages Development Programme that was inaugurated this year is also a productive programme launched for the good of the handicrafts sector.

The National Design Centre has been able to implement awareness programmes on new creations and product development training programmes covering various Provinces, making its contribution to all these development programmes under the guidance and direction of the Ministry of Traditional Industries and Small Enterprise Development as follows:



## **New Creations Development Programme**

59 new creations development programmes were targeted for 1260 beneficiaries using capital provision. Under this programme, action was taken to provide services to 1758 beneficiaries by implementing 61 new creation development programmes on request by various state agencies and non-governmental organizations.

## **Traditional Handicraft Villages Development Programme 2014**

Under this project launched by the Ministry of Traditional Industries and Small Enterprise Development, a provision of 14 million rupees was allocated for the year 2014 to the National Design Centre and action was taken to conduct new creations development training programmes, for the following 11 villages and direct handicraftsmen to the market.

### **Training Programme – 2014 (Under the Action Plan)**

	<b>Nature of the programme</b>	<b>Sector</b>	<b>Venue</b>	<b>Date of commencement and number of days</b>	<b>Coordinating institution</b>	<b>Financial Contribution</b>	<b>Number of beneficiaries</b>	<b>Number of designs Introduced</b>	<b>Officer in charge</b>
1	Awareness programme and practical programme for school children	Various	Kurunegala	January 27	NDC	NDC	61 174	--	
2	Awareness programme	Cane	Small industries department- Batticaloa	February 03	Industries department- Batticaloa	NDC	40	--	W.M;Piyarathna- A.D. (Design Dev)
3	Awareness programme	Cane	Dambagalla community centre - Monaragala	February 05	NCC	NDC	12	--	W.M;Piyarathna- A.D. (Design Dev)
4	New Technology training programme	Textile - Curtain	NDC- Katubedda	March 05 02 days	NDC	NDC	14	12	Thamara Damayanthi A.D. (Design .Dev.)
5	New designs and technology training programme	Cane	CFC - Monaragala	March 26 03 days	NCC	NDC	16	09	W.M;Piyarathna- A.D. (Design Dev)
6	New designs training programme	Coir	Kalutara- Beruwala- Aluthgama- Kaluwamodara	March 25 04 days	Widatha- Beruwala	NDC	07	10	Channa Perera – Designer
7	New designs training programme	Leather based	Kandy - Nattarampotha		NDC	NDC	13		P.K.Wijesinghe A.D. (Nattarampotha)
8	New designs training programme	Coir	Anuradahapura - Rajanganaya	May 30 04 days	Rajanagnaya D.S.	NDC	20	10	Channa Perera – Designer
9	Awareness programme and advanced technology programme	Rush and Reed	Colombo – Padukka Arukwatta	June 23 04 days	NCC	NDC	27	10	Somalatha Gamlath A.D. (Design Dev)

	<b>Nature of the programme</b>	<b>Sector</b>	<b>Venue</b>	<b>Date of commencement and number of days</b>	<b>Coordinating institution</b>	<b>Financial contribution</b>	<b>Number of beneficiaries</b>	<b>Number of designs Introduced</b>	<b>Officer in charge</b>
10	New design training programme and advanced technology programme	Wood based	Anuradapura - Galnewa	June 16 05 days	Galnewa D.S.	NDC	15	28	Bernard Manathunga (A.D) (Design Dev)
11	New designs training programme	Textile – soft toys	Anuradapura- Nachchiyaduwa	June 25 02 days	Nachchiyaduwa – D.S	NDC	30	03	Thamara Damayanthi A.D. (Design .Dev.)
12	New designs training programme	Ornamental Jewelleries	Kandy - Nattarampotha	June 23 04 days	NDC	NDC	21	05	P.K.Wijesinghe A.D. (Nattarampotha)
13	New designs and New technology training programme	Coir	Puttalam - Madampe	July 28 04 days	Madampe D.S.	NDC	18	14	Bernard Manathunga (A.D) (Design Dev)
14	New designs training programme	Textile – soft toys	Ratnapura- Eheliyagoda - Panawala	July 21 03 days	NCC	NDC	20	03	Thamara Damayanthi A.D. (Design .Dev.)
15	New designs training programme	Paper Pulp	Anuradhapura	July 18 03 days	NCC	NDC	25	14	Wijitha Bandara(A.D) (Design Dev)
16	Awareness and new designs introduction programme	Jewelleries (Gold and Silver)	Kegalle - Theldeniya	July 24 01 day	Theldeniya D.S.	NDC	06	09	Thusini Wijerathna – Designer
17	New designs training programme (for new comers)	Hand made paper - Basic	Kandy – Kundasale, Nattarampotha	July 30 03 days	NDC	NDC	20	05	P.K.Wijesinghe A.D. (Nattarampotha)
18	New designs training programme	Wood based	Anuradhpura- Madhya Nuwargam Palatha- Katukeliyawa	August 12 02 days	D.S.	NDC	17	21	Bernard Manathunga (A.D) (Design Dev)
19	New designs training programme	Bamboo	Rathnapura - Yatiyanthota	August 02 03 days	NCC	NDC	23	06	W.M.Piyarathna- A.D. (Design Dev)
20	Awareness programme	Cane	Trincomalee- Sampur- Eachchilampattu	August 04 01 day	Industries department	NDC	16	----	W.M;Piyarathna- A.D. (Design Dev)

	<b>Nature of the programme</b>	<b>Sector</b>	<b>Venue</b>	<b>Date of commencement and number of days</b>	<b>Coordinating institution</b>	<b>Financial contribution</b>	<b>Number of beneficiaries</b>	<b>Number of designs Introduced</b>	<b>Officer in charge</b>
21	New designs and New technology training programme	Cane	Batticaloa - Eravur	August 22 02 days	Department of industries	NDC	36	05	W.M.Piyarathna-A.D. (Design Dev)
22	New designs and New technology training programme	Sea Shells	Trincomalee - Kinniya	August 02 03 days	NCC	NDC	22	18	Wijitha Bandara(A.D) (Design Dev)
23	New designs training programme	Textile bag	Kandy - Nattarampotha	September 03 03 days	NDC	NDC	20	03	P.K.Wijesinghe A.D. (Nattarampotha)
24	New designs training programme	Textile	Matara- Devinuwara	October 29 05 days	NCC	NDC	22	04	Thamara Damayanthi A.D. (Design .Dev.)
25	New designs training programme	Paper pulp	Anuradhapura	October 16 03 days	NCC	NDC	22	06	Wijitha Bandara(A.D) (Design Dev)
26	New designs and New advanced technology training programme	Jewellery	Colombo – Kaduwela, Ranala	October 25 03 days	D.S. and Samurdhi	NDC	34	35	Thusini Wijerathna – Designer
27	New designs and New advanced technology training programme	Batik	Nuwaraeliya - Kotmale	October 03 10 days	NDC Nattarampotha	NDC	27	05	P.K.Wijesinghe A.D. (Nattarampotha)
28	Awareness programme and new designs training programme	Indikola/Palmyrah	Kalutara - Remunugoda	October 30 03 days	NDC	NDC	27		Somalatha Gamlath A.D. (Design Dev)
29	New designs and New advanced technology training programme	Jewellery	Badulla	December 06 03 days	Soranathota D.S.	NDC	36	20	Thusini Wijerathna – Designer
30	New technology training programme	Bamboo	Galle	November 28 05 days	Baddegama	NDC	20		W.M;Piyarathna-A.D. (Design Dev)
31	New designs and New advanced technology training programme	Wood based	Badulla - Passara	December 12 02 days	Passara	NDC	18	35	Bernard Manathunga (A.D) (Design Dev)
32	New designs and Advanced technology training programme TOT	Coir	Mathara - Madiha	December 09 03 days	Department of industries ( S.P.)	NDC	12	10	Channa Perera – Designer



	<b>Nature of the programme</b>	<b>Sector</b>	<b>Venue</b>	<b>Date of commencement and number of days</b>	<b>Coordinating institution</b>	<b>Financial contribution</b>	<b>Number of beneficiaries</b>	<b>Number of designs Introduced</b>	<b>Officer in charge</b>
33	New designs and New advanced technology training programme	Bamboo	Rathnapura - Yatiyanthota	December 02 02 days	Yatiyanthota	NDC	15	11	W.M.Piyarathna-A.D. (Design Dev)
34	New designs and Advanced technology training programme	Cane	Ampara - Uhana	December 11 03 days	Forest Department office	NDC	15	15	W.M.Piyarathna-A.D. (Design Dev)
35	New designs training programme	Bamboo	Matale - Kaudupelella	December 10 03 days	NDC Nattarmpotha	NDC	12	03	W.M.Piyarathna-A.D. (Design Dev)
36	New technology training programme	Screen printing	Matale	December 22 03 days	NDC Nattarmpotha	NDC	21		P.K.Wijesinghe A.D. (Nattarmpotha)

	Nature of the programme	Special Notes	Sector	Venue	Date of commencement and number of days	Coordinating institution	Financial contribution	Number of beneficiaries	Number of designs Introduced	Officer in charge
37	New designs training programme	T.C.V.D. programme 2012/2013	Mask	Kalutara – Horana, Batuwita	February 01	NDC	Ministry	52	20	Wijitha Bandara(A.D) (Design Dev)
38	Awareness programme	Under the leadership of the Secretary of the ministry	Mask	Ambalangoda-D.S	April 29	Ambalangoda-D.S	NDC			
39	New technology training programme	On request	Bamboo	Kandy - Watakuruwa	April 29 02 days	Department of industries	Department of industries	40		W.M.Piyarathna-A.D. (Design Dev)
40	New designs training programme	On request	Bamboo	Kandy - Watakuruwa	July 22 03 days	Department of industries	Department of industries	12	05	W.M.Piyarathna-A.D. (Design Dev)
41	Training programme	On the request of NGO	Rush and	Mullaithivu-Thunukkai	May 25	NGO	NGO-Oxfarm	24	11	Somalatha Gamlath A.D. (Design Dev)
42	New designs training programme	Under designs development programme	Textile - Batik	Jaffna - Chankanai	June 02 03 days	Ministry	NDC	35	06	Thamara Damayanthi A.D. (Design .Dev.)
43	New designs training programme	On the request of crftsmen	Textile – soft toys	Anuradhapura	June 20 02 days	NCC	NDC	08	02	Thamara Damayanthi A.D. (Design .Dev.)
44	New technology training programme	On request	Bamboo and wood	Matara Akuressa	July 18 01 day	Jet Golden Institution	NDC and Jet Golden Institution	29	---	W.M.Piyarathna-A.D. (Design Dev)
45	New designs training programme (Advanced)	On request	Palmyrah leaf	Jaffna – Palmyrah development board	August 06 03 days	Palmyrah development board	Palmyrah development board	30	10	Somalatha Gamlath A.D. (Design Dev)
46	New technology training programme	On request	Usage of machine	Kandy - Udadumbara	August 21	--	--	15	--	P.K.Wijesinghe A.D. (Nattarampotha)

	Nature of the programme	Special Notes	Sector	Venue	Date of commencement and number of days	Coordinating institution	Financial contribution	Number of beneficiaries	Number of designs Introduced	Officer in charge
47	New designs training programme	Children development fund	Leather based	Trincomalee	August 16 03 days	Children development foundation	Children development fund	13	05	P.K.Wijesinghe A.D. (Nattarampotha)
48	New designs training programme	Children development fund	Textile	Trincomalee	August 16 03 days	Children development foundation	Children development fund	15	05	Thamara Damayanthi A.D. (Design .Dev.)
49	New designs training programme	Children development fund	Coconut shell based	Trincomalee	August 16 03 days	Children development foundation	Children development fund	15	03	Thusini Wijerathna – Designer
50	New designs training programme		Rexine bags	Industrial development board - Matale	September 05 days	NDC	NDC	29	07	P.K.Wijesinghe A.D. (Nattarampotha)
51	Awareness programme	GIZ	Coir	Hambanthota - Tangalle	September 05	GIZ	GIZ	5	----	Channa Perera – Designer
52	New technology training programme	On request	Bamboo	Kandy - Watakuruwa	September 04 02 days	Department of industries - Central	Department of industries - Central	22	04	W.M.Piyarathna-A.D. (Design Dev)
53	New designs training programme	On request	Textile – Beeralu Renda	Colombo - Borella	October 11	NCC	NDC	10	02	Thamara Damayanthi A.D. (Design .Dev.)
54	New technology training programme	On request	Bamboo	Gampaha - Negombo	October 03 01 days	D.S. and Vidatha	D.S. and Vidatha	15	--	W.M.Piyarathna-A.D. (Design Dev)
55	Awareness programme	NGO	Palmyrah and Gallehe	Batticaloa	October 13 04 days	NGO	NGO-Oxfarm	49	--	Somalatha Gamlath A.D. (Design Dev)
56	New designs training programme	On request	Textile	Kandy - Kundasale	November 12 02 days	NDC	NDC	24	--	P.K.Wijesinghe A.D. (Nattarampotha)
57	New designs training programme	On request - NGO	Textile	Kilinochchi	November 03 05 days	NGO	NGO	19	05	P.K.Wijesinghe A.D. (Nattarampotha)

58	New designs training programme	On request - NGO	Textile	Kilinochchi	November 17 05 days	NGO	NGO	20	06	P.K.Wijesinghe A.D. (Nattarampotha)
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	<b>Nature of the programme</b>	<b>Special Notes</b>	<b>Sector</b>	<b>Venue</b>	<b>Date of commencement and number of days</b>	<b>Coordinating institution</b>	<b>Financial contribution</b>	<b>Number of beneficiaries</b>	<b>Number of designs Introduced</b>	<b>Officer in charge</b>
59	New designs training programme	On request	Textile – Beeralu Renda	Colombo	December 02 days	--	NDC	19	04	Thamara Damayanthi A.D. (Design .Dev.)
60	Awareness programme – New technology	On request	--	Kandy	November 12 02 days	Nattarampotha	Jana thakshana institution	28	--	P.K.Wijesinghe A.D. (Nattarampotha)
61	New designs and New advanced technology training programme	On request - IDB	Coir	Kalutara - Pothupitiya	December 17 02 days	IDB	IDB	13	10	Channa Perera – Designer

## Training programme – 2014 – Carried out on request and under Non Governmental Organization

	Nature of the programme	Special Notes	Sector	Venue	Date of commencement and number of days	Coordinating institution	Financial contribution	Number of beneficiaries	Number of designs Introduced	Officer in charge
1	New designs introduction programme	TCVD programme 2012/2013	Mask	Kalutara Horana-Batuvita	February 01	NDC	Ministry	52	20	Wijitha Bandara(A.D) (Design Dev)
2	Awareness programme	Under the chairmanship of the Secretary of the ministry	Mask	Ambalangoda – D.S.	April 29	Ambalangoda – D.S.	NDC			
3	New technology training programme	TOT	Bamboo based	Kandy – Watakuruwa Woodwork training centre	April 29 02 days	NCC	NDC	40		W.M.Piyarathna-A.D. (Design Dev)
	Training programme	On the request of NGO	Rush and reed	Mullaithivu - Thunukkai	May 25	NGO	NGO - Oxfarm	24	11	Somalatha Gamlath A.D. (Design Dev)
4	New designs training programme	On the request of craftsmen	Textile- Soft toys	Anuradhapura	June 20 02 days	NCC	NDC	8	2	Thamara Damayanthi A.D. (Design .Dev.)
5	New designs training programme	Under the design development programme	Textile - Batik	Jaffna - Chankanai	June 02 03 days	Ministry	NDC	35	6	Thamara Damayanthi A.D. (Design .Dev.)
6	Training programme	On the request of NGO	Rush and reed – Gallehe mats	Mullaithivu - Thunukkai	July 29 03 days	NGO - Oxfarm	NGO - Oxfarm	18	14	Somalatha Gamlath A.D. (Design Dev)

3	Awareness programme	Shilpa	General	Colombo – Kaduwela D.S.	March 14	NCC	NCC	160		Wijitha Bandara(A.D) (Design Dev)
4	Awareness programme	Shilpa	General	Vavuniya	March 25			127		
5	Awareness programme	Shilpa	General	Mullaithivu	March 26			87		
6	Awareness programme	Shilpa	General	Mannar	March 27			163		
7	Awareness programme	Shilpa	General	Jaffna	March 28			182		

10	Awareness programme	Shilpa		Trincomalee Batticaloa Ampara Kalutara, Gampaha	May 20,21,22	NCC	NCC			
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Handicrafts Villages Development Programme			
District	DSD		
Jaffna	Allarai	Coir	0.88
Polonnaruwa	Manampitiya	Cane and	1.06
Matara	Kiyaduwa	Bamboo and rattan	1.05
Kandy	Thalagune	Dumbara patterns	0.65
Kurunegala	Galatharaya	Palm leaves	0.30

Entrepreneurs Villages Development Programme		National Crafts Council
Kurunegala	Nugawela- Ihalakalalpitiya	Palm leaves
NuwaraEliya	Ginigathhena	Textiles
Matale	Maussagolla	Lacquer

In addition, the National Design Centre was assigned the task of introducing new creations to the handicraftsmen of the following villages scheduled for development by the Industrial

Development Board and the National Crafts Council under this project, which we performed as follows:

District	Village	Handicrafts Speciality
Kalutara	Remunagoda	Date palm leaves
Matara	Dondra	Bobin lacing
Kegalle	Deraniyagala	Wood craft
Colombo	Kaduwela	Red clay
Matara	Dikwella	Red clay
Gampaha	Minuwangoda	Red clay
Kurunegala	Udubaddawa	Red clay

Under this programme, action was taken to develop 07 handicraft villages in the years 2012/2013. Out of these 07 villages, workshops were conducted for craftsmen of the following 06 villages and they were given implements and certificates at opening ceremonies held in 2014:

	Handicraft speciality	District	Divisional Secretariat	Village
01	Laquer	Matale	Raththota	PahalaHapuvida
02	Wood	Galle	BopePoddala	BopePoddala
04	Masks	Kalutara	Horana	Bandarawatta, mawugama (Batuwita)
05	Parasols	Matale	Yatawatta	Unaweruwa
06	Jewellery	Kandy	PahalHewaheta	Neelawela
07	Musical instruments	Kandy	Udunuwara	Kuragala

## **Introducing New Creations to the Handicrafts Sector**

The National Design Centre had planned to introduce 500 new creations within the year 2014 and ended the year achieving 622.

### **Implementing Programmes to introduce New Creations in Collaboration with Non-Governmental Organizations**

**New Creations Development and Market Links Building Programme Conducted by the National Design Centre for Handicraftsmen in the Northern Province and the North-Eastern Provincial Council**

The National Design Centre at the request of and allocations from various NGOs had taken action to uplift the living conditions of handicraftsmen in provinces such as the Northern, the North-Eastern and Southern Provinces.

This year the National Design Centre in collaboration with OXFAM, has undertaken to give handicraftsmen training on new creations by implementing the New Creations Development Programme associated with Gallehe mats of Thunukkayi village in the Mullathivu District.

In addition, opportunity was given to these handicraftsmen to sell their products at the New Creations Exhibition held at the

Bandaranaike International Memorial Conference Hall.

At the same time it was possible to conduct New Creation Development Programmes associated with leather, textiles and coconut shells in the Trincomalee District under the provisions from Child Development Fund.

### **‘Beyond Tradition’ New Creation Handicrafts Exhibition**

Side by side with the ‘ShilpaUdana 2014’ National Handicrafts Exhibition, the ‘New Creations Handicraft Industry Exhibition’ was held at the Sirimavo Bandaranaike Exhibition Centre from 28<sup>th</sup> to 31<sup>st</sup> August 2014 in order to showcase new creations of the National Design Centre. More than 400 new creations were exhibited, introducing these new products to handicraftsmen and building market links.

Opportunity was given to sell newly created products introduced by the National Design Centre and produced by handicraftsmen by providing 06 handicraftsmen/ women’s organizations trade stalls thereby launching a market promotion programme.

At the same time, the creations handbook including selected creations was printed and distributed among the handicraftsmen, buyers and parties interested in the sector to inform of new creations, which gave the opportunity to promote newly created handicraft products among people.

## Consultancy Services through the National Design Centre

### Coordination of Design Consultancy Services

Institution Requesting Services	Activity
National Crafts Council	Crafting awards and gifts for SHILPA 2014
Galle Heritage Foundation	Creation of Expressionist paintings and sculpture
Ministry of Culture and Arts	Crafting District Deshanethroo Championship/Runner-up Dancing, Music and Painting Awards
Ministry of Culture and Arts	Creating Public Servants Talent Show Short Drama Awards
State Pharmaceuticals Corporation	Crafting awards for Suppliers' Awards Ceremony 2014 – Gold, Silver and Bronze Medals
State Pharmaceuticals Corporation	Production of Recycled Hand Tissue Boxes
Palmyra Development Board	Interior Decoration

### SHILPA 2014 Exhibition

This exhibition, was organized by the National Crafts Council under the consultancy of the Ministry of Traditional Industries and Small Enterprise Development. Under the pre-exhibition duties the National Design Centre made its contribution in respect of awareness programmes conducted for handicraftsmen and provided consultancy on new creations. In addition, the “New Creations” exhibition, which was conducted to launch new creations of the National Design Centre, was also conducted side by side with the SHILPA 2014 Exhibition.

### **DeyataKirula National Exhibition**

During the ten days in which this exhibition was held under the Ministry of Traditional Industries and Small Enterprise Development, an exhibition stall was maintained to bring to limelight the new creations of the National Design Centre and awareness was raised for those interested in handicrafts while consultancy services were provided.

In addition, a programme was implemented to introduce new creation concepts to schoolchildren in the Kurunegala District. These school children, were directed to produce new creations targeting this exhibition. 200 students were included in this process and new creations from among the ones they produced were exhibited with a competitive element and prizes and certificates were handed out for winning entries at the exhibition premises.

### **Exhibition Stalls on New Creations at other Exhibitions**

National Design Centre raised awareness of the handicrafts industry in visitors to the following exhibitions by running trade stalls during:

**\* International Youth Conference - 2014:**  
This was organized by the Ministry of Youth Affairs and Skills Development

**\* Southern International Trade Exhibition:**  
This was organized by the CDC Events & Travels (Pvt) Limited.

**SMEDEX - 2014 Trade Exhibition:**  
This had been organized by the



Industrial Development Board of Sri Lanka.

**WasanthaMela (Springtide Festival):**

This had been organized by the Mahayayawatta Thrift and Credit Transaction Co-operative Society in Nawinna.

**Intrade Expo – 2014:** This had been Organized by the Chamber of Commerce of Sri Lanka.

**Market Research Programme**

The Marketing Division and the Design Division of the National Design Centre implemented a 3-day marketing research programme in Colombo area. A practical experiment was conducted through this programme on the market trend of new creations created by the Design Division.

**Providing Library Services and Information**

Steps were taken to develop the library by purchasing books through the capital allocations provided for the libraries situated in the Katubedda Head Office premises and the Naththarampotha branch office. Library and information services were provided to 111 handicraftsmen and enthusiasts and also images of creations needed by them were photocopied from books for them.

New books worth Rs. 292,000.00 were purchased in the year under review to increase the library collection.

**Design Education and Training Activities**

**Sri Lanka National Institute for Design**

**National Diploma in Design 2014-2015(Weekend Course)**

70 students joined the above course during the year under review.

**National Diploma in Design (2013-2014 Weekend Course)**

28 students attended the above course during the year under review.

**Website of the National Design Centre**

The website of the National Design Centre was launched in 2012. During the year, it recorded 2055 log-ins. Action has been taken to introduce 167 new handicraft creations designed by the National Design Centre by posting in the website.

**Services by the National Design Centre**

In the year 2014, the National Design Centre has provided services to 3,440 individuals, which included conducting new creations awareness and practical training programmes, providing orders and sales opportunities, information on market, craftsmen and the field, practical training at the workshop of the Centre, common facilities, designs including graphic designs on request and library services, and carrying out sales promotion and market research programmes.

In addition, target of 1,000 university students and schoolchildren interested in or studying the handicrafts sector was set for providing services including theoretical and practical for their projects and awareness activities or information was provided for other parties. This expectation was surpassed by more than 11 times with 11,123 persons receiving these services.

## National Design Centre

### Physical Progress as at 31 December 2014

	Project / Programme / Activities	Physical Progress	
		Target	Achievement
<b>1</b>	<b>New Creations Planning and Development</b>		
1.1	Number of new creations planned	690	880
1.2	Number of new samples developed	370	423
1.2.1	Number of initial samples completed at the workshop in Moratuwa		233
1.2.2	Number of initial samples completed at the workshop in Naththarampotha		190
1.3	Number of creations produced through external craftsmen on the need of the Centre	45	--
<b>2</b>	<b>New creations development training programmes</b>		
2.1	Number of programmes	59	61
2.2	Number of beneficiaries	1260	1758
2.3	Handicraftsmen Villages Development Programme		
2.4	Number of villages developed (new creation development, providing workshops and directing to market)	11	19
2.5	Number of beneficiaries	599	718
2.6	Number of new creations introduced	500	622
<b>3</b>	<b>Programmes on Interior Designing</b>	5	8
3.1	Higher National Diploma in Design	25	199
3.2	National Diploma in Design	40	70
<b>4</b>	<b>Market Promotion Programmes for New Creations</b>		

4.1	Exhibitionsfor Newly CreatedHandicrafts	01	01
4.2	Participation at Exhibitions conducted under special features/ sponsored by Provincial Councils	06	06
<b>5</b>	<b>Information, market opportunities and research and development programmes</b>		
5.1	Research on technology of using raw materials	04	--
5.2	Providing marketing opportunities	40	119
5.3	Providing information pertaining to marketing and the sector	80	94
5.4	Providing library facilities	360	111
<b>6</b>	<b>Design consultancy services</b>		
6.1	Providing design consultancy services to government and private institutions	12	07

**SEVERAL HANDICRAFT PRODUCTS MADE IN THE YEAR 2014**



**BRASS PRODUCTS**



## JEWELRY PRODUCTS



LACQUER PRODUCTS





RED CLAY PRODUCTS



**RUSH & REED PRODUCTS**



**CANE & BAMBOO PRODUCTS**





TEXTILE PRODUCTS

# **Financial Statements 2014**

## **NATIONAL DESIGN CENTRE**

**(MINISTRY OF TRADITIONAL INDUSTRIES AND SMALL ENTERPRISE DEVELOPMENT)**

**No. 10, De Mel Road  
Katubedda , Moratuwa**

**National Design Centre**  
**Statement of Financial Position as at 31st December 2014**

	Note	31.12.2014 Rs.	31.12.2013 Rs.
<b><u>ASSETS</u></b>			
<b>NON CURRENT ASSETS</b>			
Property Plant Equipment	1	48,453,597.91	41,755,263.10
Other Financial Assets		-	22,450.00
		<b>48,453,597.91</b>	<b>41,777,713.10</b>
Other Intangibal Assets			
<b><u>CURRENT ASSETS</u></b>			
Closing Stock	2	3,343,585.09	3,073,062.20
Trade & Other receivable	3	7,719,427.99	6,529,163.23
Prepayments	4	331,530.29	389,825.06
<u>Cash &amp; Cash Equivalent</u>	5	17,526,795.68	5,636,279.68
		<b>28,921,339.05</b>	<b>15,628,330.17</b>
<b>TOTAL ASSETS</b>		<b>77,374,936.96</b>	<b>57,406,043.27</b>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	6	952,836.80	506,883.50
Cash received as an advance for UNDP Programme	7	8,567,999.98	662,764.67
Accrued Expenses	8	2,582,102.18	1,079,982.89
	9	12,102,938.96	2,249,631.06
Provision for Gratuity		20,079,606.14	16,876,146.50
<b>TOTAL LIABILITIES</b>		<b>32,182,545.10</b>	<b>19,125,777.56</b>
<b>TOTAL NET ASSETS</b>		<b>45,192,391.86</b>	<b>38,280,265.71</b>
<b>NET ASSETS/EQUITY</b>			
<b><u>DEFERRED REVENUE INCOME</u></b>			
Capital Grant		46,389,643.60	35,792,400.00
<u>Less</u>			
Provision for Deferrd Depreciation			
Current Year	10	5,701,354.71	6,370,043.84
<u>Less</u>		40,688,288.89	29,422,356.16
Deferred Expences		7,373,664.61	3,182,712.56
		33,314,624.28	26,239,643.60
Revaluation Reserve		2,655,138.71	2,655,138.71
Accoumulated Profit	11	9,222,628.09	9,385,483.40
Difference in Current A/C Balances			
<b>TOTAL NET ASSETS/EQUITY</b>		<b>45,192,391.08</b>	<b>38,280,265.71</b>

**Financial Position**

The accounting policies and notes to the financial statements form page No.6 to 20 form an intergral part of these Financial Statements.

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B.R Ranaweera (Accountant)

The Directors are responsible for the fair presentation & preparation of Financila Statements signed for and on behalf of the Board meeting held on 21.05.2015

.....

Sunil Gunawardana  
Chairman

.....

M.A.A.S.K Chandrasiri  
Director

.....

Board Director

**National Design Centre**  
**Statement of Financial Performance for the year ended 31st December 2014**

	Note	2014 Rs.	2013 Rs.
<b>OPERATING INCOME</b>			
Treasury Grant - Recurrent	12	45,879,600.00	41,706,200.00
Ministry Grant - Village Progr,		12,903,266.19	
Other Income	13	5,363,944.52	6,968,180.20
		<u>64,146,810.71</u>	<u>48,674,380.20</u>
<b>OPPERATING EXPENSES</b>			
Personal Emmoluments	14	35,059,449.98	30,281,650.42
Travelling Expenses	15	576,494.80	646,137.94
Supplies	16	1,018,103.43	743,122.96
Maintenace	17	1,831,084.82	763,481.75
Contractual Services	18	7,146,979.66	8,707,011.66
Depreciation	19	5,701,354.71	6,381,720.86
Gratuity	20	3,653,765.64	2,532,230.21
Traditional Handicraft Village Prag,		13,239,238.04	
Other Expences	21	1,784,547.78	1,831,639.12
		<u>70,011,018.86</u>	<u>51,886,994.92</u>
<b>SURPLUS/DEFICIT FROM OPERATING ACTIVITIES</b>		<b>(5,864,208.15)</b>	<b>(3,212,614.72)</b>
<b>Add</b>			
Capital Grant For Capacity Building		2,389,473.38	2172637.47
Development activities 2502-11		1,299,065.30	
Suniour & Gift Item		1,028,767.24	
New Design Exhibition		2,656,358.69	
Deferred Income		5,701,354.71	6,370,043.84
		<u>13,075,019.32</u>	<u>8542681.31</u>
<b>Less</b>			
Deferred Expences		7,373,664.61	2172637.47
		<u>5,701,354.71</u>	<u>6370043.84</u>
<b>SURPLUS / DEFICIT For the Year</b>		<b>(162,853.44)</b>	<b>3,157,429.12</b>

**Indirect Method Statement of Cash Flow**  
**Statement of Cash Flow for year ended 31.12.2014**

	2014		2013	
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flow from Operating Activities</b>				
Surplus/Deficit from Ordinary Activities	(5,864,208.15)		(3,212,614.72)	
(+) Prior year adjustments			2,079,966.44	
(-) Prior year adjustments		(5,864,208.15)	(2,230,699.64)	
Non Cash Movements				(3,363,347.92)
Depreciation	5,701,354.71		6,381,720.86	
Gratuity	3,653,765.64		2,532,230.21	
(Increase) / Decrease in Work in Progress				
(Increase) / Decrease in Closing Stock	(270,522.89)		(324,888.07)	
(Increase) / Decrease in Trade & Other Receivables	(1,190,264.76)		3,335,979.87	
(Increase) / Decrease prepayment	58,294.77		(112,899.77)	
Increase / (Decrease) in Trade & Other Payables	445,953.30		(2,533,910.44)	
Advance received for UNDP Project	7,905,235.31		(3,729,141.09)	
Gratuity Payments	(450,306.00)		(951,585.34)	
Increase / (Decrease) in Accrued Expenses	1,502,119.29	17,355,629.37	(1,939,428.80)	2,658,077.43
Net Cash flow from operating activities		11,491,421.22		(705,270.49)
<b>Cash Flow from Investing Activities</b>				
Purchase of Building(Improvements)	(1,013,393.06)			
Purchase of Plant & Machinery	(593,915.00)		(211,028.40)	
Purchase of Furniture	(436,496.30)		(201,076.00)	
Purchase of Office Equipment	(388,387.16)		(32,555.00)	
Purchase of Tools	(11,426.00)		(79,996.14)	
Purchase of Library Books	(292,743.00)		(175,733.60)	
Purchase of Computer & other Equipment	(1,513,330.00)		(650,122.00)	
Purchase of Vehicles			(1,003,408.85)	
Development activities 2502-11	(1,299,065.30)			
Sunior & Gift Item	(1,028,767.24)			
New Design Exhibition	(2,656,358.69)			
Capacity Building	(2,389,473.38)		(2,172,637.47)	
Other Assets Disposal	22,450.00	(11,600,905.13)		
Net Cash Flow from Investing Activities				(4,526,557.46)
<b>Cash Flow from Financing Activities</b>				
Capital Grant from Treasury	12,000,000.00		4,990,000.00	
Net Cash flow from financing activities		12,000,000.00		4,990,000.00
Net Increase/ decrease in Cash & Cash Equivalent		11,890,516.09		(241,827.95)
Cash & Cash Equivalent at the beginning of the year		5,636,279.68		5,878,107.81
Cash & Cash Equivalent at the end of the year		17,526,795.68		5,636,279.68

**Statement of Changes in Equity for the year ended 31.12.2014**

	Capital Grant Rs.	Accumulated Reserve Rs	Revaluation Reserve Rs.	Total Rs.
Balance as at 01.01.2014	26,239,643.59	9,385,482.13	2,655,138.71	38,280,264.43
Changes in Accounting Policy				
Fondamental Error				
Deferred Expences	(7,373,664.61)			(7,373,664.61)
Provision for Deferrd Depreciation	(5,701,354.71)			(5,701,354.71)
Revaluation Reserve				
Treasury Grant - cash	12,000,000.00			12,000,000.00
assets	8,150,000.00			8,150,000.00
Statement of Financial Performance				
Currency TRanslation Differences				
Surplus /Deficit for the period		(162,853.44)		(162,853.44)
Balance as at 31.12.2014	33,314,624.27	9,222,628.69	2,655,138.71	45,192,391.67

**National Design Centre**  
**Accounting Policies for the year 2014**

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

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%

Depreciation has not been provided for the Assets that have been purchased during the current year.

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 a 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. Machinery, Tools and Equipment of the Common Facility Centre have been revalued at its market value.

08. 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

**1. Property Plant & Equipment**

	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Compiuter</b>	<b>Office Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Tools &amp; Equipment</b>	<b>Library Books</b>	<b>Total</b>
<b>Cost</b>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Balance as at 01.01.2014	19,478,991.55	4,561,411.58	21,894,563.07	7,836,845.84	10,190,996.04	4,700,483.51	775,022.14	1,973,703.49	71,412,017.22
Disposals for the year									
Revalue for the year									
Additions during the year	1,013,393.06	593,915.00	8,150,000.00	1,513,330.00	388,387.16	436,496.30	11,426.00	292,743.00	12,399,690.52
Balance as at 31.12.2014	20,492,384.61	5,155,326.58	30,044,563.07	9,350,175.84	10,579,383.20	5,136,979.81	786,448.14	2,266,446.49	83,811,707.74
<b>Depreciation</b>									
Balance as at 01.01.2014	8,043,493.88	2,233,938.45	5,721,459.64	3,598,783.63	7,029,985.06	2,035,813.49	635,595.23	357,685.74	29,656,755.12
Disposals									
Revalue for the year									
Charges for the year	571,774.89	349,120.97	3,234,620.69	847,612.44	316,101.10	266,467.00	34,856.73	80,800.89	5,701,354.71
Balance as at 31.12.2014	8,615,268.77	2,583,059.42	8,956,080.33	4,446,396.07	7,346,086.16	2,302,280.49	670,451.96	438,486.63	35,358,109.83
<b>Net Book Value</b>									
Balance as at 01.01.2014	11,435,497.67	2,327,473.13	16,173,103.43	4,238,062.21	3,161,010.98	2,664,670.02	139,426.91	1,616,017.75	41,755,262.10
Balance as at 31.12.2014	11,877,115.84	2,572,267.16	21,088,482.74	4,903,779.77	3,233,297.04	2,834,699.32	115,996.18	1,827,959.86	48,453,597.91



**Note 02 - Closing Stock**

	31-12-2014	31-12-2013
	Rs.	Rs.
Raw Materials	237,630.39	165,510.03
Finished Goods	2,325,480.36	2,218,791.08
Stationary	715,294.34	444,958.57
Chemicals		47,074.52
Plant container stock		-
Raw Materials - Capacity Building		126,593.00
Finished Goods - UNDP Project		70,135.00
DCF Stock	65,180.00	
	3,343,585.09	3,073,062.20

**Note 03 - Trade & Other Receivables**

	31-12-2014	31-12-2013
	Rs.	Rs.
Traditional Village Program		84,927.28
Advance on cash	58,388.33	8,424.67
Advance on Cheque	47,833.86	5,496.18
Advance for Deposits	26,241.09	-
Receivable Cash	94,329.87	1,016.00
Deposits		
Telephone Deposit	11,950.00	11,950.00
Fuel Deposits	10,000.00	10,000.00
Newspaper Deposit	300.00	300.00
Cylinder Deposit	3,000.00	3,000.00
Other Deposit	77,600.00	77,600.00
Electricity Deposit	20,000.00	20,000.00
<b>Design Education Account</b>		
Class Fees Receivable	639,250.00	658,750.00
<b>Design Consultancy Account</b>		
Sri Lanka Handicraft Development Board		380,530.00
Sri Lanka Pharmaceuticals Manufacturing Corporation		25,000.00
Advances	256,000.00	289,905.43
Ministry of Cultural Affairs	6,000.00	-
Ministry of Rural Industries & Self Employment Promotion		385,592.00
Security Deposit	235,000.00	-
Galle Heritage Foundation	1,560,000.00	-
<b>Staff Loan Account</b>		
Distress Loan	4,592,414.84	4,433,649.84
Festival Advance	69,850.00	94,530.00
Special Advance		7,811.83
Bicycle Loan	11,270.00	30,680.00
	7,719,427.99	6,529,163.23

**Note 04 - Prepayments**

	31-12-2014	31-12-2013
	Rs.	Rs.
Insurance	273,490.14	268,444.70
Contractual Services	36,849.36	22,289.00
Licence	21,190.79	35,324.10
Rent & Hire Charges		63,767.26
	331,530.29	389,825.06

**Note 05 - Cash & Cash Equivalent**

	31-12-2014	31-12-2013
	Rs.	Rs.
National Design Centre Account - Head Office	2,958,213.46	2,621,776.25
		662,764.67
National Design Centre Account Natharampothe	59,526.46	16,408.96
Design Consultancy Account	2,319,970.56	1,396,301.55
Cash in Transit for UNDP Project	9,713,543.48	
Design Education Account	2,137,604.73	656,686.37
Staff Loan Account	337,936.99	282,341.88
	17,526,795.68	5,636,279.68

**Note 06. - Trade & Other Payables**

	31-12-2014	31-12-2013
	Rs.	Rs.
Audit Fees Payable	345,000.00	290,398.00
Suspense A/C		985.50
<b>Design Education Account</b>		-
Course Fees Received in Advance		136,000.00
<b>Design Consultancy Account</b>		
Deposits	202,250.00	-
Palmyrah Development Board	310,006.80	-
Sri Lanka Handicraft Development Board	95,580.00	
Sarath		79,500.00
	952,836.80	506,883.50

**Note 7 - Cash Received as an Advance for UNDP Programme**

(Special [roject on technical capacity development and monitoring support for selected dhandicraft producer groups in Batticaloe, Mannar and Vavunia Districts where UNDP serves s implementing partner)

	31-12-2014	31-12-2013
	Rs.	Rs.
Amount Received	8,567,999.98	1,407,500.00
Eexpenses		744,735.33
Balance in account to complete the project	8,567,999.98	662,764.67

**Note 08 - Accrued Expenses**

	31-12-2014	31-12-2013
	Rs.	Rs
Common Facility Center		15,757.65
Telephone	69,623.76	55,476.24
Electricity	28,968.89	41,097.16
News paper	4,110.00	4,110.00
EPF Payable	330,497.50	254,509.23
ETF Payabal	82,624.29	63,627.50
Water	5,414.33	15,349.24
Capacity Building	24,661.92	10,406.00
New Design Exhibition	3,200.00	97,361.68
Over Time	123,397.26	107,545.78
Travelling	40,617.00	26,325.50
Printing of Annual Report		4,323.50
Craft training		5,462.50
Meeting with Clients	6,612.00	-
Transport & Hire Charges	28,387.10	27,500.00
Other allowances	39,209.68	24,750.00
Traditional Industries Village Progra.	4,395.00	4,534.09
Maintance of Building	29,723.97	-
Suniour & Gift Item	25,319.48	
Employee motivation Program		62,500.00
Office Equipment Maintanance		11,000.00
Petty Cash & Miscellaneous		11,712.00
<b>Design Education Account</b>		
Lecture Fees	75,805.00	58,000.00
Allowance	23,000.00	18,875.00
<b>Design Consultancy Account</b>		-
Pass Asian Pvt. Ltd	1,634,500.00	-
Travelling Allowance	535.00	
Amila Rathnasooriya		8,750.00
Allowance Payable on design development program		131,057.75
Overtime		19,952.07
Staff Loan Account	1,500.00	
	2,582,102.18	1,079,982.89

**Note 10 - Deferrrd Depreciation****Deferred Revenue Income**

	Rs	Rs
<u>Capital Grant</u>		
Previous Years	26,239,643.60	30,802,400.00
Current Year	20,150,000.00	4,990,000.00
	46,389,643.60	35,792,400.00
<u>Less</u>		
Capital Grant For Capacity Building	2,389,473.38	2,154,993.97
Development activities 2502-11	1,299,065.30	
Suniour & Gift Item	1,028,767.24	
New Design Exhibition	2,656,358.69	
Deferrrd Income	7,373,664.61	2,154,993.97
	39,015,978.99	33,637,406.03
<u>Less</u>		
Deferrrd Depreciation	5,701,354.71	6,370,043.84
Deferrrd Revenue Income	33,314,624.28	27,267,362.19



Capital Grrant 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 2014

Note No.10

Gratuity Provision as at 31.12.2014

	Emp. Name	Date Joined	Completed Years as at 31/12/2014	Salary		Gratuity Provision as at 31.12.2014 (6) =( 3) x (5)
	1		3	4	5	
1	T. Asoka Thirimanna	26/09/1983	31	31,254.00	15,627.00	484,437.00
2	S.K Wimalasiri	10/06/1985	29	33,180.00	16,590.00	481,110.00
3	U.L Wickramarathna	10/06/1985	29	33,180.00	16,590.00	481,110.00
4	P.G. Gnanathilaka	10/06/1985	28	32,164.71	16,082.36	450,305.94
5	P. Dharmasena	24/06/1985	29	30,108.00	15,054.00	436,566.00
6	M. Hettiarachchi	27/09/1985	29	39,960.00	19,980.00	579,420.00
7	M.S Nalini	25/10/1985	29	33,180.00	16,590.00	481,110.00
8	G. Vithana	01/11/1985	29	40,178.00	20,089.00	582,581.00
9	Manel Bulathgama	06/12/1985	29	39,858.00	19,929.00	577,941.00
10	D. Dharmasiri	10/06/1986	25	28,616.00	14,308.00	357,700.00
11	D.P.G Hemachandra	02/06/1986	28	28,144.50	14,072.25	394,023.00
12	K.L.A Premalatha	22/09/1986	28	30,780.00	15,390.00	430,920.00
13	U.G.G. Amarathunga	26/10/1986	28	29,160.00	14,580.00	408,240.00
14	T.N Karunaratna	21/11/1986	28	31,632.00	15,816.00	442,848.00
15	H.M.A.U Shantha	08/12/1986	28	36,658.00	18,329.00	513,212.00
16	G.W. Ramyalatha	16/03/1987	27	31,650.00	15,825.00	427,275.00
17	I.R. Piyathilaka	17/06/1987	27	31,632.00	15,816.00	427,032.00
18	A.A Gamini	01/09/1987	27	48,390.00	24,195.00	653,265.00
19	D.J. Pieris	11/11/1987	27	40,918.00	20,459.00	552,393.00
20	M.A Somalatha	01/03/1988	26	46,410.00	23,205.00	603,330.00
21	W.A.P.K Wijesingha	01/08/1988	26	47,730.00	23,865.00	620,490.00
22	Palitha Pushpakumara	15/04/1988	26	29,700.00	14,850.00	386,100.00
23	W.A. Kulathilaka	01/06/1988	26	29,160.00	14,580.00	379,080.00
24	K.P.J. Perera	14/02/1989	25	29,334.00	14,667.00	366,675.00
25	B.K.K Perera	28/06/1989	25	29,130.00	14,565.00	364,125.00
26	Manel Rajapaksa	02/10/1989	25	36,578.00	18,289.00	457,225.00
27	U.A.LS.K. Jayathissa	01/01/1990	24	29,160.00	14,580.00	349,920.00
28	R.A.P Udayangani	20/02/1990	24	34,034.00	17,017.00	408,408.00
29	K.K.S.De Silva	15/08/1991	23	34,866.00	17,433.00	400,959.00
30	M.K Mahinda	01/07/1992	22	31,410.00	15,705.00	345,510.00
31	G.A.G Silva	22/03/1993	21	29,088.00	14,544.00	305,424.00
32	L.A Kularathna	05/04/1993	21	29,088.00	14,544.00	305,424.00
33	H.B.T Damayanthi	03/01/1994	20	43,110.00	21,555.00	431,100.00
34	B.K.A Rodrigo	15/06/1994	20	28,812.00	14,406.00	288,120.00
35	A.M.T.K Alagiyawanna	02/05/1996	18	28,144.00	14,072.00	253,296.00
36	B. Manathunga	03/06/1996	18	45,090.00	22,545.00	405,810.00
37	J.A.A.R.C Gunarathna	01/07/1996	18	48,372.00	24,186.00	435,348.00
38	D.M.A. Chandima	15/07/1996	18	30546.00	15,273.00	274,914.00
39	M.A.R.U. Gunarathna	16/07/1998	16	29,904.00	14,952.00	239,232.00
40	Susil Wijethunga	01/09/1998	16	27,615.50	13,807.75	220,924.00
41	W.M. Piyarathna	04/01/1999	15	38934.00	19,467.00	292,005.00
42	R.M. Vijitha Bandara	01/06/1999	15	38,058.00	19,029.00	285,435.00
43	S.S Weerasuriya	01/02/2000	14	29,646.00	14,823.00	207,522.00
44	H.T. Dinesh Silva	01/02/2000	14	29,791.00	14,895.50	208,537.00
45	C.K.Kalansooriya	01/02/2000	14	30,020.00	15,010.00	210,140.00
46	P.B. Piyawathi	01/02/2000	14	27,851.25	13,925.63	194,958.75
47	N.D.H Mohotti	01/02/2000	14	26,799.00	13,399.50	187,593.00
48	K.R. Kumara	01/02/2000	14	27,247.50	13,623.75	190,732.50
49	Prashantha Kirthichandra	13/12/2000	14	33,936.00	16,968.00	237,552.00

50	P. C. J. De Silva	15/08/2005	9	35,868.00	17,934.00	161,406.00
51	G.C.N. Perera	15/08/2005	9	33,372.00	16,686.00	150,174.00
52	V.G.B.D. Weeranayaka	15/08/2005	9	31,842.00	15,921.00	143,289.00
53	S.W.Vijithani	25/10/2005	9	31,842.00	15,921.00	143,289.00
54	B. R. Ranaweera	15/02/2006	8	42,366.00	21,183.00	169,464.00
55	R. M .Gamini Rathnayaka	12/12/2007	7	26,097.50	13,048.75	91,341.25
56	J . Anil Wijesuriya	01/01//2008	7	26,097.50	13,048.75	91,341.25
57	I. A. kleetas Asanga	15/02/2008	6	27,684.50	13,842.25	83,053.50
58	M. T. T. Jayawardana	15/02/2008	6	27,348.19	13,674.10	82,044.57
59	T. C. Wijerathna	03/03/2008	6	33,842.00	16,921.00	101,526.00
60	M. A. D. P. Kithsiri	15/07/2008	6	27,351.00	13,675.50	82,053.00
61	M. T. R. Fanandu	01/09/2008	6	26,097.50	13,048.75	78,292.50
62	N.G.K Indika		5	28,146.25	14,073.13	70,365.63
63	W.D.L.Sri Sugath Rathnayaka		5	25,957.70	12,978.85	64,894.25
						20,529,912.14
	Less:					
	<u>Gratuity Payments</u>					
1	P.G. Gnanathilaka	10/06/1985	28	32,164.71	16,082.36	450,305.94
						450,305.94
	Total Gratuity					20,079,606.20
*	D. Dharmasiri - nopay	3Year				

**Note 11 - Accumulated Profit**

	31-12-2014	31-12-2013
	Rs.	Rs.
B/F Accumulated Profit	9,385,482.13	6,379,355.89
(+) Prior year Adjustment		2,079,398.03
(-) Prior year Adjustment		(2,230,699.64)
	9,385,482.13	6,228,054.28
Surplus/ Deficit for the Year	(162,853.44)	3,157,429.12
C/F Accumulated Profit	9,222,628.69	9,385,483.40

**Note 12****Treasury Grant Recurrent**

	2014	2013
	Rs.	Rs.
January	3,700,000.00	3,150,000.00
February	3,495,000.00	3,440,000.00
March	3,635,000.00	3,100,000.00
April	3,500,000.00	3,000,000.00
May	3,300,000.00	2,800,000.00
June	3,500,000.00	3,400,000.00
July	3,700,000.00	2,526,000.00
August	3,945,000.00	3,800,000.00
September	3,800,000.00	3,267,550.00
October	3,727,000.00	3,222,550.00
November	4,137,000.00	3,853,550.00
December	5,440,600.00	6,146,550.00
	45,879,600.00	41,706,200.00

**Treasury Grant Capital**

	2014	2013
	Rs.	Rs.
<b>Treasury Grant cash</b>	12,000,000.00	4,990,000.00
<b>Treasury Grant Vehicle</b>	8,150,000.00	
	20,150,000.00	4,990,000.00

**Note 13****Other Income**

	Note	31-12-2014 Rs	31-12-2013 Rs
Training Programmers Income		124,113.00	999,822.00
Levy on Private use of vehicles		8,800.00	9,600.00
Recovery on No Pay		66,492.97	86,392.95
Received insurance claim		(31,881.01)	(23,823.92)
Miscellaneous		425,899.24	377,012.00
Profit & Loss (Sub note 01)	13.1	182,566.89	265,012.79
Government Contribution		6,600.00	
UNDP Programmer income Stage - 1	13.2		1,879,759.32
Grant from Ministry			100,000.00
<b>Design Education Account</b>			
Design College Fees 2014-2015		2,130,000.00	-
Design College Fees 2011-2013			185,500.00
Design College Fees 2011-2013 Weekend Course			150,000.00
Design College Fees 2013-2014		510,000.00	1,028,000.00
Application Fees		23,000.00	8,200.00
<b>Design Consultancy income</b>			
Design Consultancy Income		1,016,247.32	409,087.16
Laksala Project		81,231.86	197,005.18
Plant container Income	13.3		(8,924.28)
Divi Neguma Programme			1,119,867.00
Sundry Income		257,705.00	
Opening Stock		30,955.34	
Consultancy Income on Training Programmer		339,813.80	
<b>Staff Loan Account Income</b>			
Interest Income		192,400.11	185,670.00
		<b>5,363,944.52</b>	<b>6,968,180.20</b>

**Sub Note 13.1****National Design Centre****Statement of Profit & Loss Account for the Year end 31.12. 2014**

	Note	31-12-2014 Rs	31-12-2013 Rs
Income (sales)		381,986.26	449,444.75
Cost of Sales (Note 1.1)	13.1.1	209,266.37	202,369.96
Gross Profit		172,719.89	247,074.79
Common facility center income		9,847.00	17,938.00
Total Profit		<b>182,566.89</b>	<b>265,012.79</b>

**Note13- 1-1 - Cost of sale**

	31-12-2014	31-12-2013
	Rs	Rs
<u>Raw Material</u>		
Opening Stock (1st January 2014)	165,510.03	170,825.88
Purchases	317,941.01	264,917.97
	483,451.04	435,743.85
<u>Less</u>		
Closing Stock 31st December 2014	237,630.39	165,510.03
	245,820.65	270,233.82
<u>Material Consumed</u>		
<u>Finished Good</u>		
Opening Stock 1st January 2014	2,288,926.08	2,150,927.22
Material Consumed	2,534,746.73	2,421,161.04
Purchases	-	
	2,534,746.73	2,421,161.04
<u>Less</u>		
Closing Stock 31December 2014	2,325,480.36	2,218,791.08
	209,266.37	202,369.96
<b>Cost of Sales</b>	<b>209,266.37</b>	<b>202,369.96</b>

**Note 14****Personal Emoluments**

	31-12.2014	31 . 12. 2013
	Rs	Rs.
Salaries & Wages	29,266,354.54	24,829,811.99
EPF	3,437,776.55	2,944,572.17
ETF	859,444.22	736,157.71
Over time	1,083,734.18	1,184,780.41
Other Allowances	412,140.49	586,328.14
	35,059,449.98	30,281,650.42

**Note 15****Travelling Expenses**

	31-12.2014	31 . 12. 2013
	Rs	Rs.
Domestic	438,511.80	366,785.44
Foreign	137,983.00	279,352.50
	576,494.80	646,137.94

**Note 16****Supplies**

	31-12.2014	31 . 12. 2013
	Rs	Rs.
Stationery & Office Requisites	539,973.43	334,860.96
Fuel Expenses	390,667.00	334,220.00
Uniforms	86,470.00	70,146.00
Medical	993.00	3,896.00
	1,018,103.43	743,122.96



**Note 17****Maintanance**

	31-12.2014 Rs	31 . 12. 2013 Rs.
Vehicle maintainance	1,155,138.98	357,643.80
Building maintainance	443,010.30	172,586.45
Plant & Machinery	36,404.00	9,575.00
Office Equipment	196,531.54	223,676.50
	<b>1,831,084.82</b>	<b>763,481.75</b>

**Note 18****Contractual Services**

	31-12.2014 Rs	31 . 12. 2013 Rs.
Transport & Hire charges	683,309.60	747,639.00
Telephone charges	601,313.40	494,583.20
Postage	39,023.00	46,468.00
Electricity & water	1,015,412.11	908,295.40
Rates & Taxes	63,767.26	67,230.00
Craft training		621,371.60
New Design Exhibition & Young Design Exhibition		2,166,616.51
Other Exhibition	410,153.03	199,308.12
Pest Control Service	36,560.00	715.00
Market Promotion	7,695.00	130,930.50
Prajasancharaka Gammana Vadasatahana	33,795.00	-
UNDP Programme -11	303,758.93	-
Staff Training	70,407.00	60,120.00
Audit fee	578,538.50	190,848.00
Legal fees	31,000.00	8,400.00
Sanitary & Cleaning	99,964.20	93,517.00
Advertisement	391,829.20	-
Petty Cash & miscellaneous	118,370.50	84,679.00
Bank Charges	16,115.00	19,755.00
News Paper	40,855.00	34,395.00
Contractual services (Service Agreement)	56,115.32	94,402.55
Insurance	568,547.87	335,350.82
Vehicle Licence	92,373.31	97,144.18
Semi lacxcery tax		20,000.00
Printing Annual Reports	35,062.00	235,380.00
Meetings with clients	408,692.20	255,203.00
Fuel Allovances	781,153.00	994,858.26
Board Director fee	18,000.00	18,000.00
Board Member Fee	169,000.00	90,000.00
Audit & Manegemet m. g. t.	98,000.00	68,000.00
Design Catalogue		140,224.00
Interview	28,412.00	53,394.00
Training Programmer &Exibition on Dayatakirula	174,354.52	406,243.52
Traditionla Industries Village programs		-
Web Hosting Charges		23,940.00
Board of Survey Expences	152,952.71	
Other asstets disposal	22,450.00	
	<b>7,146,979.66</b>	<b>8,707,011.66</b>

**Note 19**

## Depreciation

	31-12.2014 Rs	31 . 12. 2013 Rs.
Building	571,774.89	601,868.30
Machinery	349,120.97	373,490.25
Office Equipment	316,101.10	347,606.21
Furniture & Fittings	266,467.00	273,732.67
Tools	34,856.73	19,810.26
Library Books	80,800.89	75,804.43
Computer	847,612.44	896,985.10
Vehicle	3,234,620.69	3,792,423.64
	5,701,354.71	6,381,720.86

**Note 20**

## Traditional Handcraft Village Programmes

	31-12-2014 Rs	31 . 12. 2013 Rs.
Development Handicraft Village-Pottery	5,780,486.27	
Development Handicraft Village-THVP	4,142,984.27	
Development Handicraft Village-IDB	495,955.91	
Development Handicraft Village-NCC	443,992.53	
Development Handicraft Village-WEP	1,344,787.11	
Traditional Handcraft Village Programmes	1,031,031.95	
	13,239,238.04	

**Note 21**

## Other Expenses

	31-12-2014 Rs	31 . 12. 2013 Rs.
<b>Design Education Account</b>		
Education Activity	1,084,511.64	653,945.02
Other	3,000.00	29,932.01
<b>Design Consultancy Account</b>		
Divi Neguma Programme		1,119,258.59
Sundry Expenses	233,427.88	28,503.50
Bad Debts	385,592.00	
<b>National Design Center Account</b>		
Chemicals	47,074.52	
<b>Staff Loan Account</b>		
Bad Debts	30,941.83	
	1,784,547.87	1,831,639.12



# විගණකාධිපති දෙපාර්තමේන්තුව

## கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

### AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය  
எனது இல.  
My No. }

TC1/A/NDC/1/14/01

ඔබේ අංකය  
உமது இல.  
Your No. }

දිනය  
திகதி  
Date }

2015 දෙසැම්බර් 21 දින

04.01.2016

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ජාතික මෝස්තර මධ්‍යස්ථානය.

ජාතික මෝස්තර මධ්‍යස්ථානයේ 2014 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන  
පිළිබඳව 1971 අංක 38 දරන මුදල් පනතේ 14(2)(සී) වගන්තිය ප්‍රකාර විගණකාධිපති වාර්තාව

මාගේ සමාංක හා 2015 සැප්තැම්බර් 16 දිනැති ලිපියට යොමුවේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

එච්.එම්.ගාමිණී විජේසිංහ

විගණකාධිපති

පිටපත් :-

1. ලේකම් - කර්මාන්ත හා වාණිජ අමාත්‍යාංශය
2. ලේකම් - මුදල් අමාත්‍යාංශය





**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

TC1/A/NDC/1/14/01

ඔබේ අංකය  
உமது இல.  
Your No.

}

දිනය  
திகதி  
Date

}

16 September 2015

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 2014 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 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 84(3) of the Affiliated National Crafts Councils 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 12 June 2014.

## 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 Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.



### 1.3 Auditor's Responsibility

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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 consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 audit opinion.

### 1.4 Basis for Qualified Opinion

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

## 2. Financial Statements

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### 2.1 Qualified Opinion

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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 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 2.2 Comments on Financial Statements

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#### 2.2.1 Sri Lanka Public Sector Accounting Standards

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Even though according to the Sri Lanka Public Sector Accounting Standards No.07, an asset should be depreciated since the date on which it had become usable condition, provisions for depreciation on property, plant and equipment amounting to Rs.12,399,690 purchased in the year under review and used by the Centre had not been made.

#### 2.2.2 Unreconciled Control Accounts

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A difference of Rs.11,106,485 was observed as the value of 7 fixed assets accounts amounting to Rs.52,212,838 according to the Board of Survey Reports but according to the financial statements for the year under review the cost of those assets amounted to Rs. 63,319,323 and the reasons for the difference were not made available for audit.

## 2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations,  
etc.,

Non-compliance

Financial Regulations of the  
Democratic Socialist Republic of Sri  
Lanka

(a) Financial Regulations 371(2)

Even though, a sub-impresst should be settled immediately after the completion of the purpose for which it is granted, the advances totaling of Rs.135,215 granted in 11 instances had been settled after the delays from 2 months to 8 months.

(b) Financial Regulations 396

Action in terms of the Financial Regulation had not been taken in respect of a cheque valued at Rs.50,000 issued but not realized and lapsed for more than 6 months.

## 3. Financial Review

### 3.1 Financial Results

According to the financial statements presented for the year under review, the financial result of the Centre had been a deficit of Rs.162,853 as against the surplus of Rs.3,157,429 for the preceding year; thus indicating a deterioration of Rs.3,320,282 in the financial result. Even though the increase of the recurrent grants received from the Government as compared with the preceding year by 10 per cent, increase of personal emoluments by Rs.4,777,800 and maintenance expenditure by Rs.1,067,604 had been the main reasons for the deterioration of the financial results.

#### 4. Operating Review

##### 4.1 Performance

The following observations are made.

- (a) The Centre has 10 designers and each designer had been given a target of making at least 05 designs per month. Out of the 690 designs completed during the year under review, 547 had been issued to the workshop while 113 had been issued to external designers. However, a methodology had not been introduced to take follow up action in connection with the implementation of programmes to popularize the designs among the craftsmen. As such, the measurement of the extent of productivity accruing to the country from the new designs had become problematic.

##### (b) Physical Progress

Out of the total 05 programmes targeted in the Annual Action Plan, the expected targets of 04 programmes had not been achieved by the Centre. Details are given below.

Programme/Activity	Target Expected in the year 2014	Target Achieved as at 31 December 2014	Percentage of the Progress Achieved
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	Units	Units	
<u>(i) Training of Designers and Improving the Capacity Building</u>			
Diploma Course in Higher National Designs	25	0	0



(ii) Promotion of Market Facilities  
for New Designs

New Designs Trade Exhibitions	02	01	50
Number of New Designs Presented	600	400	66
Number of Beneficiaries	75	36	48
Number of New Designs Introduced for the Design Museum	20	-	0

(iii) Information, Follow-up actions,  
Researches and Development

Raw Materials and Substitute Projects	04	-	0
Market Inspection Programmes	02	01	50

(iv) Consultancy Services

Number of Beneficiaries	360	111	31
Obtained Library Facilities			
Services connected with Number of Designs	12	07	58

**4.2 Management Inefficiencies**

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The following observations are made.

- Action had not been taken to acquire and account the land where the Centre is operated and the land at Nattarampotha .
- In the examination of bank reconciliation, relating to a bank account the sum of Rs.21,000 deposited in the year 2002 had not credited to the Bank up to the date of audit and the follow up action had not been made for the recovery of this money.

### 4.3 Internal Audit

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Even though, an Internal Audit Branch which is functioned with one female officer and the concurrence of the Auditor General had not been obtained for the Internal Audit Plan of the year under review and the internal audit reports had not been furnished to the Auditor General.

### 4.4 Personnel Administration

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Approved cadre and the actual cadre of the Centre had been 102 and 85 respectively whereas 03 excess staff and 20 vacancies existed in the staff. Three non-substitute employees not belonging to the new approved cadre had been deployed in service.

## 5. Accountability and Good Governance

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### 5.1 Presentation of Financial Statements

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Draft financial statements of the year under review had been furnished to audit on 31 March 2015 and the revised financial statements had been furnished back to audit on 12 June 2015.

### 5.2 Action Plan

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Even though an Action Plan had been prepared for the year under review the Centre had failed to implement several targeted training programmes during the year under review. Nevertheless, a number of traditional village projects not included in the Action Plan, had been executed with the assistance of the Line Ministry.

### 5.3 Budgetary Control

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Variances ranging from 22 per cent to 121 per cent 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 financial control.

### 6. Systems and Controls

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Deficiencies in systems and controls 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) Fixed Assets
- (c) Financial Control

W.P.C Wickramaratne,

Acting Auditor General