

# **Annual Report**

**2015**

**National Design Centre**





## Learned Lessons and gained experiences

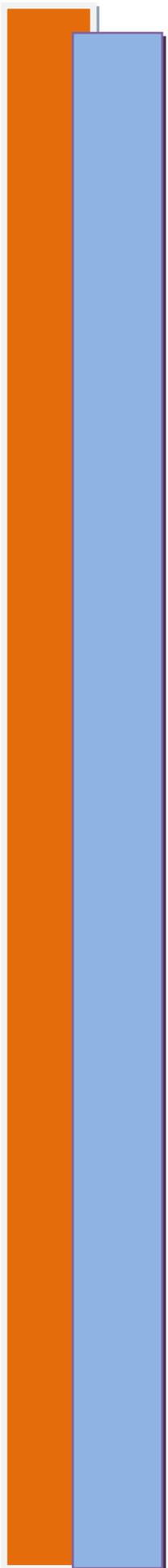
“Looking at the past inquirably is not wasting time.

The understanding of the experience gained and previous actions carried out are very important for the success and future development. There is an opportunity to understand the lessons learned and identify the best actions that brought qualitative results through such follow up activities.

We bring most productive design solutions to the craftsmen who is our client and we provide them more facilities in view of identifying the risks and minimizing actions as well based on the understanding of our strength by upgrading and improving the productivity.”







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• Mission	
•	
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## Guiding Principles

### Vision :-

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

### Mission :-

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

# Objectives

- ❖ Upgrade existing products of handicraft producers and develop and introduce new design concepts in line with the current trends in the local and export market.
- ❖ Conduct research programs with scientific and technical institutions to introduce appropriate technology to improve quality standards and production capacity in the handicraft sector
- ❖ Provide advance skills development through technical and design development training to uplift the handicraft sector and enhancing the income level 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 information and assistance to carry out make promotion to craftsmen, traders and others in the handicraft sector.
- ❖ Provide design consultancy services to public and other institutes.
- ❖ Conduct design education programs to produce design professionals

## **(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.**

## Organization

National Design Centre is situated at No. 10 De Mel Road Katubedda, Moratuwa where the workshop and National College of Design are also located within the premises of the head office. In addition to this, a project office is situated in Kalapuraya, Naththarampotha in Kandy where a brass and lacquer workshop and a common service centre is maintained. Similarly a tourist village project is carried out in this premise itself.

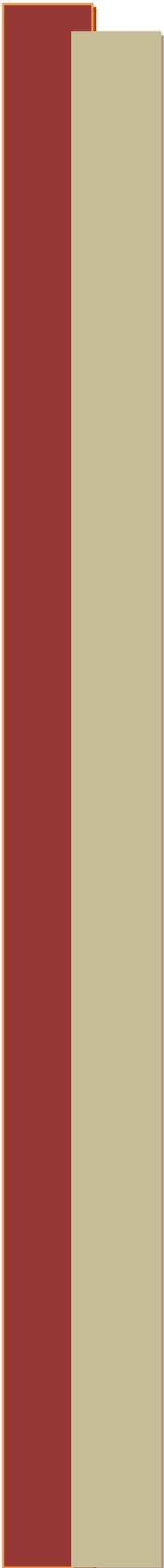
National Design Centre implements its activities in accordance with the action plan under the guidance of the head office with the support of the Naththarampotha project Office in view of executing the Vision and self employment Development and the Ministry of Traditional Industries and Small enterprises development and the support of the sister organizations, provincial councils, government and non governmental organizations and private sector organizations engaged in Handicraft Industries, craftsmen and other institutions empower us in executing the 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 , market promotion, design development, technical development , research and development, common facility centre and the library facilities as well.

i	Head Office	No. 10, De Mel Road, Katubedda, Moratuwa
	Chairman	011 2607114
	Director      Tel/Fax	011 2626345
	General	011 2607814
	Fax	011 2607111
	Email	slndcrisep@yahoo.com
ii	Naththarampotha Common Facility Centre	Kalapura, Naththarampotha
	Tele/Fax	081 2420038
	Email	<a href="mailto:slndcna@yahoo.com">slndcna@yahoo.com</a>

## Members of the Director Board

Mr. Sunil Gunawardana	-	Chairman	
			From 06.05.2015
Dr. M. K. Thoufeek	-	Chairman	
			From 15.12.2015
Mrs. G. E. Vangezel	-	Member	
			From 18.05.2015
Prof. Susiripala Malimboda	-	Member	
			From 18.05.2015
Dr. PrasannaLiyanage	-	Member	
			From 18.05.2015
Dr. Sunil Jayantha Navarathne	-	Member	
			From 18.05.2015
Ms. Chithranjalee Disanayaka	-	Member	
			From 11.06.2015
Mrs. Kokila De Alwis Representative	-	Member/	Treasury
			From 16.06.2015 to 01.11.2015
Mrs. W. K. Danstan Representative	-	Member/	Treasury
			From 02.11.2015
Mr. Buddhi Keerthisena	-	Member	
Mrs. Sujatha Weerakoon	-	Member	
Mr. Hasitha Thilakarathna	-	Member	



## **Senior Management**

Mr. Sunil Gunawardana  
Chairman - National Design Centre - From 06.05.2015 to 08.09.2015

Dr. M. K. Thoufeek  
Chairman - National Design Centre -From 15.12.2015

Mr. M.A. S. S. K Chandrasiri  
Director- National Design Centre

Mr. A.D. De Silva  
Deputy Director (Design) - National Design Centre  
(On Contract Basis w.e.f. 01.07.2014)

Mrs. J.A.W. I Jayamini  
Deputy Director/Assistant Director(Admin)- National Design Centre  
(On Contract Basis w.e.f. 01.08.2014)

Mr. J.A.A. R.C Gunarathna  
Assistant Director Research(Mechanical)

Mr. A.A. Gamini  
Assistant Director Design Education and Training

Mr. P.K Wijesingha  
Assistant Director (Naththarampotha)

Mrs. B.R Ranaweera  
Accountant

### **Bankers**

Bank of Ceylon Katubedda  
Peoples Bank Katubedda

### **Auditors**

Auditor General  
Department of Auditor General

## **Message of the Chairman**

National Design Centre which carries out its activities under the purview of the Ministry of Industry and Commerce is the one and only government organization that contributes organizing training programmes for the craftsmen who live in the villages around Sri Lanka in view of producing new designs with local raw materials and launch them to the market.

There is a qualified staff consists of designers and trained craft instructors who execute this foremost action of the institution.

The capability of improving the living standard of the displaced persons of north and east with the expansion of the services of the institution by means of conducting training programmes in 2015 through the projects conducted by UNDP and OXFAM is a significant activity.

I express my pleasure in informing the exhibition to be held in Kandy City Centre exhibition Hall launching new designs made by the institution in 2015.

I also express my gratitude to the honourable Minister, honourable Deputy Minister and the Officers of the ministry including the entire staff of the institution for the support provided me for accomplishing the task successfully.

President  
National Design Centre

## **Message of the Director**

I am very much happy to issue a message for the Annual Report in view of reviewing the Performance of the National Design Centre 2015.

Upgrading the standard of living of the craftsmen who live around Sri Lanka by means of providing them new designs and technology is the basic objective of the National Design Centre.

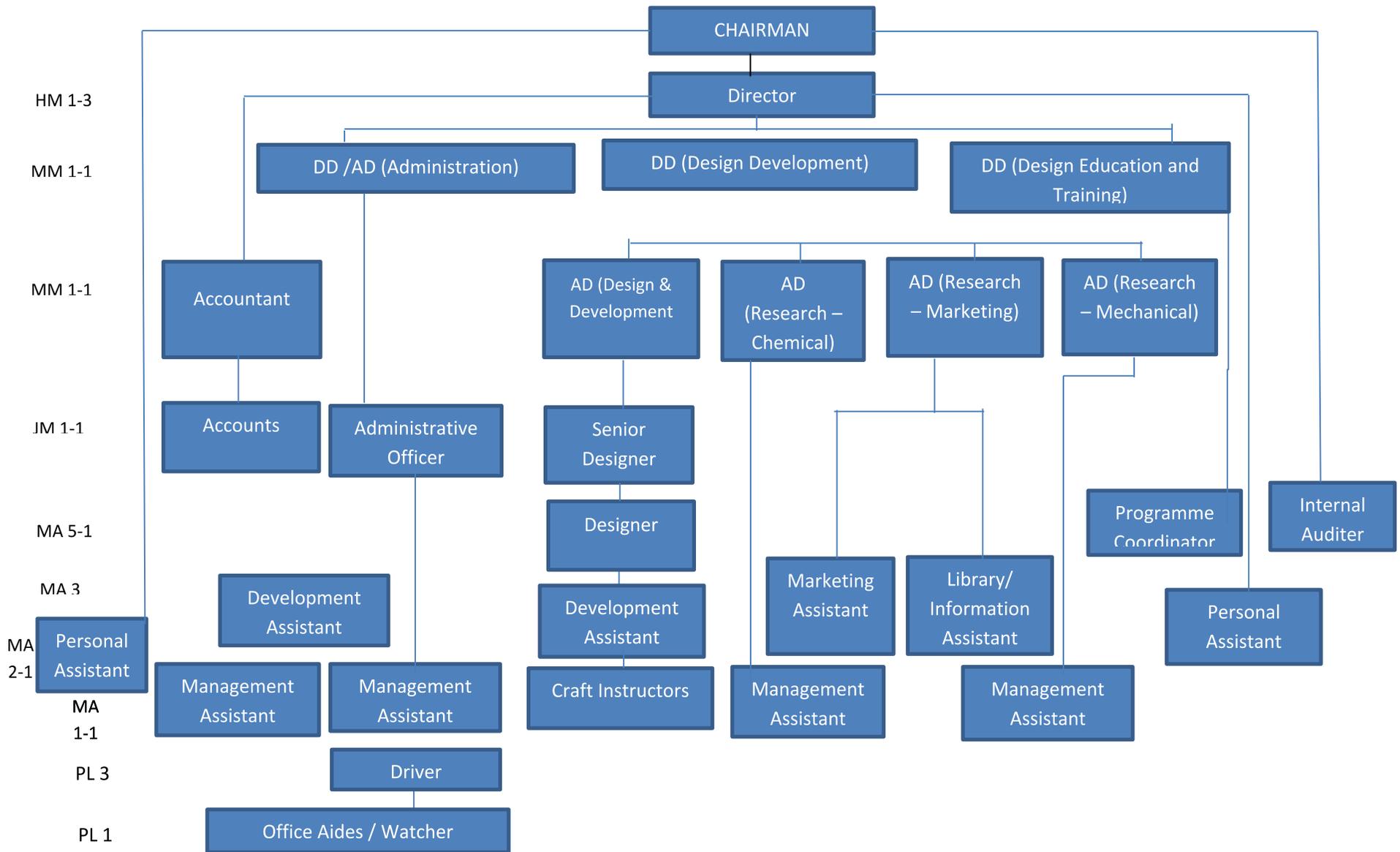
The staff of Design Development Officers including the Craft Instructors of National Design Centre carries out activities in developing new designs befitting to the local and foreign market.

An exhibition is conducted at the end of every year in order to launch new designs in the name of 'Yugayata Nimavum' at provincial level. The designs developed by the craftsmen of the island are submitted for this purpose. Most locals as well as foreigners visit to view this exhibition whereas the basic aim of this exhibition is to introduce the new designs produced by the National Design Centre for local and foreign market.

I express my heartfelt thanks to Mr.Rishard Bathiudeen, the honourable Minister of Industry and Commerce which is the line ministry of our institution, honourble Deputy Minister Champika Premadasa and Secretary Mr.T.B.Thennakoon including the staff of the ministry for taking action to provide necessary leadership and provisions in view of implementing this programme.

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

# ORGANISATIONAL STRUCTURE



## Human Resources

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

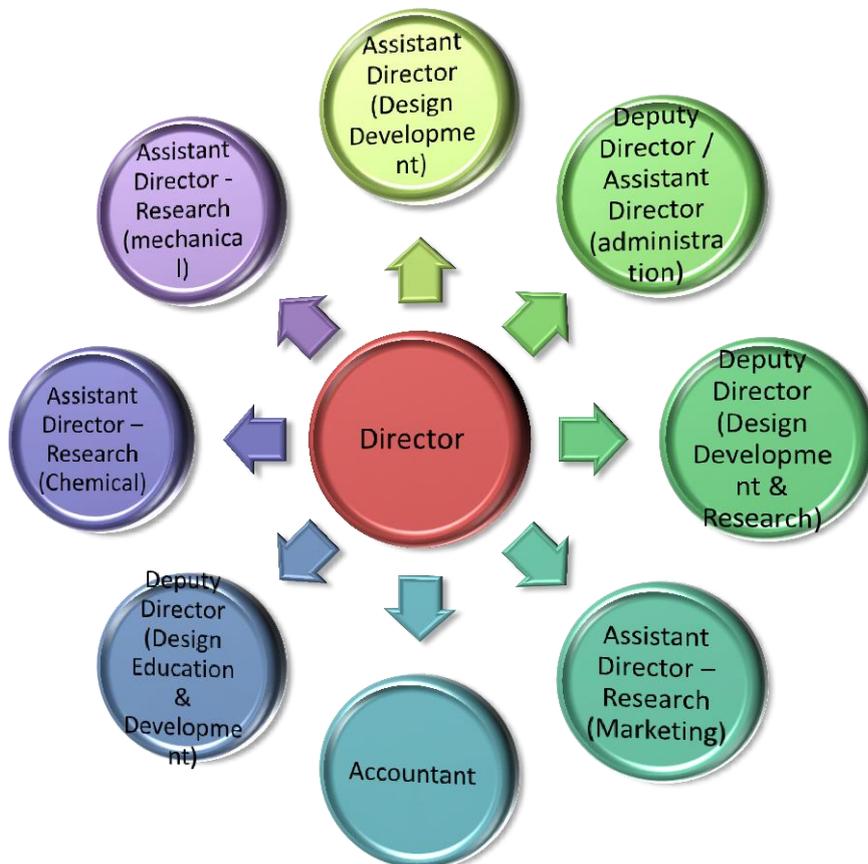
## Consultancy and Overall Supervision

Chairman		
Designation	Approved	Existing
Director	01	01



### Direction

Designation	Approved	Existing	Vacant
Deputy Director (Design Development & Research)	02	01 contact	--
Asst. director (Design Education & Training)	01	01	--
Deputy Director / Assistant Director (administration)	01	01 (Contract)	--
Assistant Director - (Research & Mechanical)	01	01	-
Assistant Director (Design Development)	01	--	01
Assistant Director (Marketing)	01	--	01
Assistant Director - (Research & Chemical)	01	--	01
Accountant	01	01	--



## Persons Directly Involved in the Development Process

Designation	Approved	Existing	Vacant
Deputy Director (Design development & Research)	01	01 Contract	01
Deputy Director - Design Education & Development)	01	01 Contract	01
Assistant Director - Research (Marketing)	01	--	01
Senior Designer	04	05	
Designer	09	07	02
Marketing Assistant	01	--	01
Crafts Instructor	32	15	17
Training Assistant	--	03	

## Persons Indirectly Involved in the Development Process

Designation	Approved	Existing	Vacant
Assistant Director - Research (Mechanical)	01	01	
Assistant Director - Research (Research & Chemical)	01	--	01
Assistant Director (Administration)	01	01 Contract	--
Accountant	01	01	
Administrative Officer	01	01	
Internal Audit Officer	01	--	01
Accounts Officer	01	01	
Programme Coordinator	01	--	01
Development Assistant	03	02	01
Library / Information Assistant	01	--	01
Personal Assistant	02	02	
Management Assistant	10	14	
Driver	06	04	02
Office Aids	17	09	08
Watcher	04	07	

# Development

## Organizational Hierarchy

**Chairman**

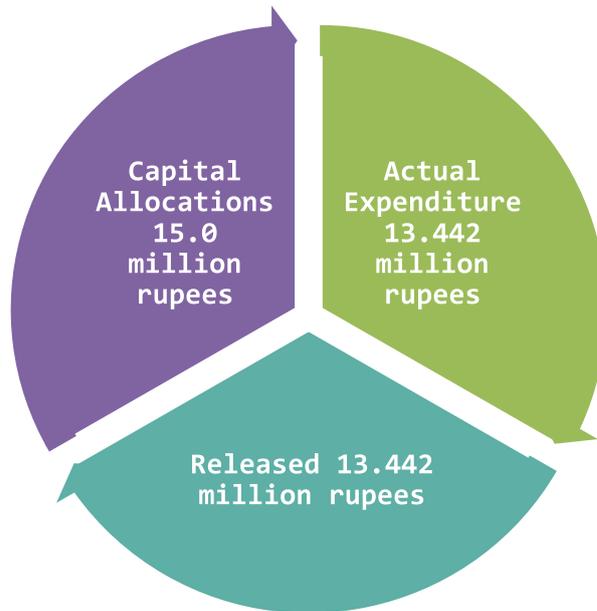


## Financial Performance

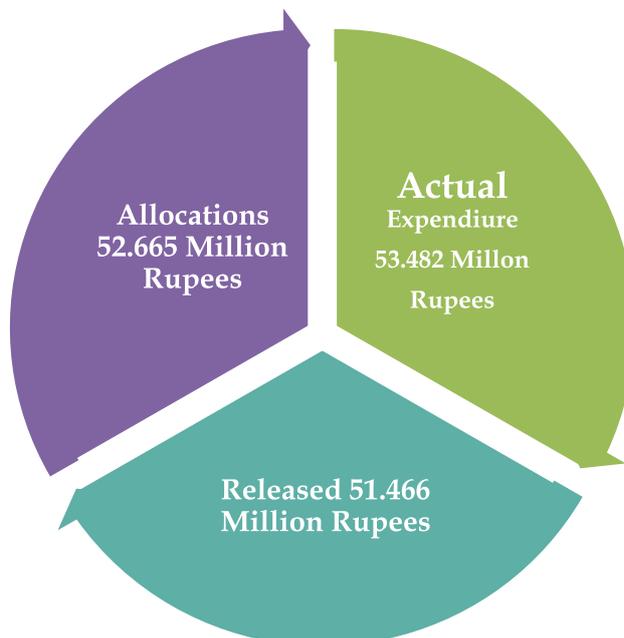
The National Design Centre, which operates as a service provision agency, falls under the state statutory boards category and the funds necessary for its operations are supplied from the Treasury.

The following graph shows data on the Budget approved for the year 2015 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:

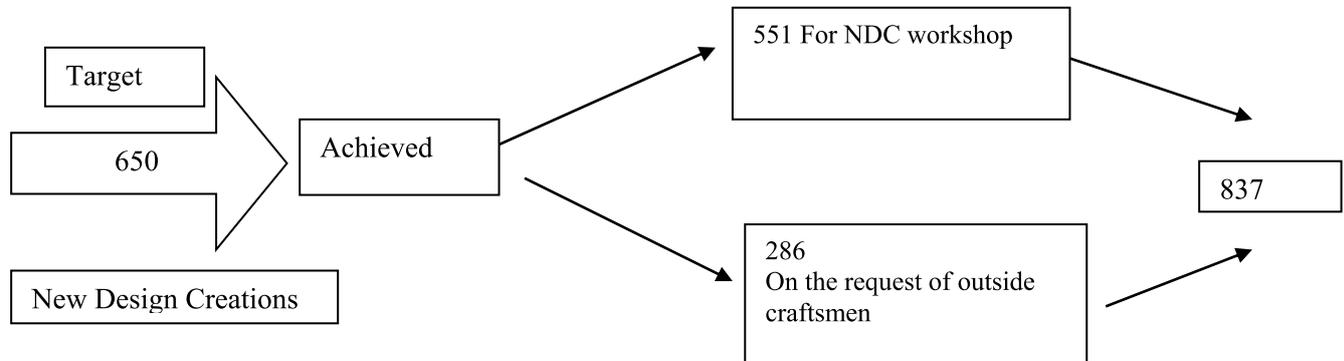
- (1) National Design Centre Account (NDC)
- (2) Staff Loan Fund (SLF)
- (3) Design Consultancy Services Fund (DCF)
- (4) Design Education and Training Fund (DET)

## Development Activities – 2015

### 01. Planning and Development of New Designs

Appropriate new designs fitting to the local and international market are created and developed by the National Design Centre workshops in accordance with the request of craftsmen with the intention of developing and introducing them to the craftsmen which is the main responsibility of the National Design Centre and they have been fulfilled as mentioned below.

Even though 650 designs had been planned to be created, 837 designs were created by the design division of the head office and Nattarampotha branch office. Out of which 551 new designs have been introduced with the intention of creating them as prototype designs from which in accordance with the decision made, the balance 286 designs were introduced to the craftsmen directly as per the request of the craftsmen.



In addition to this, it had been targeted to design 40 graphic and Interior decoration designs but the design section took action to create 52 creations on the request of consultant service and outside institutions.

Graphic designs created in order to supply to the outside institutions

Institutions /Persons that Obtained Designs	Nature of the Designs	Number of Designs
Ministry of Sports	Logo for Sports Museum	02
Kithul Development Board		02
Lakhanda - Radio	Creation of Logo	04

For a Producer Connected to Vidatha Institution	Designing of Label for an Oil Industry	01
Hasara Magazine - Periodical	Designing of First and Last Pages	02
Kumari Dharmajayanthi	Designing Logo	01
Amara graphic	Designing of wood and bronze award	04
Human Resource Management Institute	Interior decoration creation	05
Moratuwa University	Graphic designs	03
Ministry of Cultural Affairs	Designing the Sample of Prathiba 2015 Award	12
Sri Lanka Handicraft Institution	Designing of Digital Banner	03
Ministry of Cultural Affairs	Designing of Sahithya Kala Prashadini Award	02
For the Craftsmen of Batticaloa Area	Designing of T-Shirts	05
Color Craft Institution	Designing of Bags	06
	<b>Graphic Design creations</b>	<b>52</b>

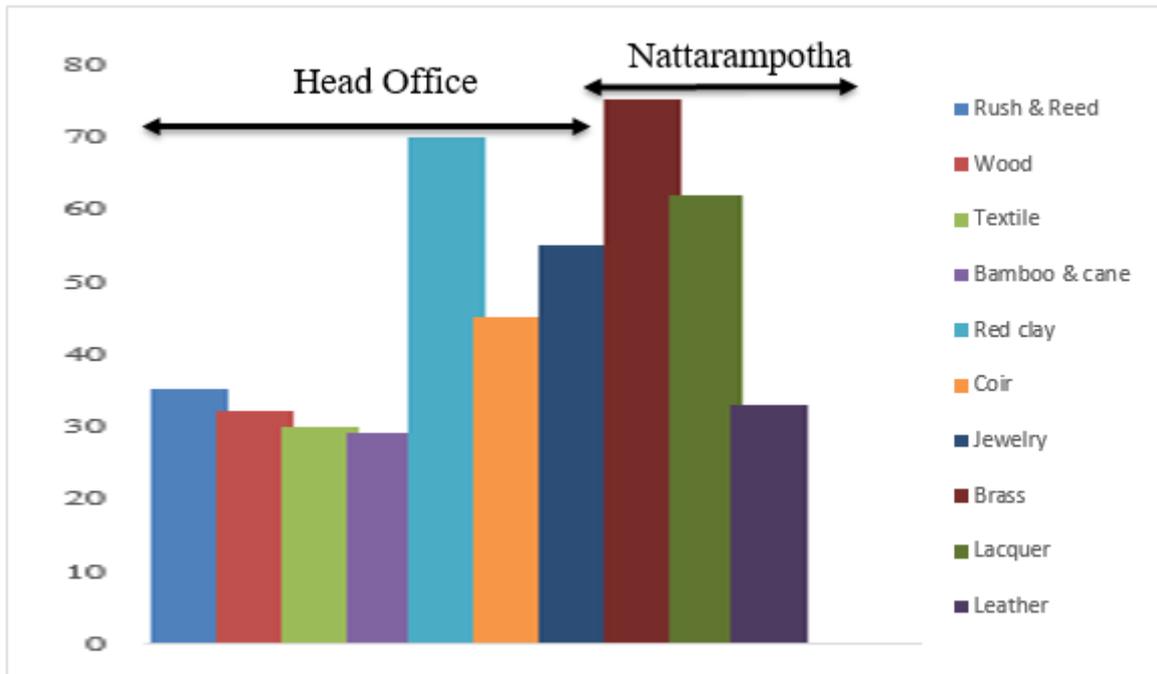
## 2. Transferring the New Designs as Prototype

Transferring of new designs into prototype created by many workshops of National Design Centre.

Transferring of New Designs into prototype	-	Target	-	390
		Achieved	-	435

The workshop of National Design Centre of Moratuwa had transferred 288 new creations into Prototype whereas National Design Centre of Nattarampotha had taken action to create 167 designs into prototype (Including 20 souvenirs).

In addition to this, number of new designs created as prototype at the Moratuwa workshop of National Design Centre and the workshop of Nattarampota of National Design Centre are seen below.



### Launching Souvenirs through Handicraft New Designs

Due to the special attention focused on environmental friendly goods and the tendency of increased tourist arrivals to Sri Lanka with the development of local tourist industry which impacted a special demand for the handicraft products. Accordingly, the local and foreign tourists are attracted towards the eco - friendly products manufactured through the Handicraft sector.

Accordingly, National Design Centre which produces new designs for the handicraft sector through local raw-materials and took action to introduce the new designs to the craftsmen produced with the use of local raw-materials in view of producing souvenirs. However, 20 souvenirs were targeted and produced in this year.

## New Designs Development Practical Training Programme

### 1. Under Action Plan

Rs. 1,065 million had been allocated for the new designs development from the Capital Provisions through which 15 programmes were conducted under the names of awareness programme, basic training programme, advanced training programme including Practical programmes to introduce the new designs with the target of training 300 beneficiaries.

	<b>Programme</b>	<b>Sector</b>	<b>Date</b>	<b>District/Village /Place</b>	<b>Number of Beneficiaries</b>	<b>Number of New Designs introduced</b>
1	New design Development programme	Red Clay	Sep 01 -03 03 days	Jaffana- Chankanai	13	13
2	Awareness programme New design Development programme	Leather	July Nov.19 03 days	Matale- Galewela	15	03
3	Consultancy service for new designs New design Development programme	Rush &Reed - Gallehe	June 30 July 18 03 days	Gampaha- Seeduwa- Damabadure	20	07
4	New designs and new technology programme	Wood based - Drum	July 10 02 days	Gampaha- Attanagalla Alawala	13	05
5	New design Development programme	Textile	July 22 02 days	Colombo - Moratuwa	10	03
6	Awareness programme Consultancy service New designs Introduction programme	Bamboo & Cane	June 19  July 29  Nov. 11	Ratnapura- Kuruwita	12	20

7	New design development programme	Red Clay	August 26 - 03 days	Matara - Weligama - Kumbalgama	21	12
8	New design development programme	Coir	July 28 - 06 days	Matara - Devinuwara - Gandara	23	15
9	New designs and new technology programme 2 <sup>nd</sup> stage	Relevant to Coconut shell	Oct. 09 - 03 days Oct 31 - 01 day	Gampaha - Jaela	17	15
10	Awareness programme New design development programme Advanced training programme	Jewelry Red Clay & various	July 02 - July - 16 02 days	Colombo - Kaduwela	31	16
11	New designs development programme Advanced finishing & introduction of new technology	Textile	Sep 16 03 days Oct 07 - 03 days	Nuwaraeliya - Kothmale	21	20
12	Identifying the craftsmen and awareness programme New design Development programme	Wood	June 24 - 02 days Aug. 27 02 days	Colombo - Moratuwa	05	10
13	Identifying the craftsmen and Awareness programme Consultancy service New designs Development programme	Wood	June 24 - 02 days Aug. 27 02 days	Colombo - Moratuwa		25
14	Consultancy programme for new designs New designs development programme Advanced finishing and introduction of technology	Textile - Beeralu	Jun. 18 02 days Jul. 16 - 05 days Sep. 18 - 03 days	Galle - Magolla	15	5
15	New designs development programme	Lacquer	Aug. 03 - 03 days	Matale - Pahalahapuwida	15	15

#### Programmes conducted on the request of the Government and Non-Governmental organizations

Programme	Sector	District/Village /Place	Number of Beneficiaries	Dates conducted	Number of new designs Introduced	Requested institutions
New designs, new finishing and new technology programme	Wood	Kegalle - Warakapola	25	March 27 02 days	21	Sri Lanka industrial Development Board
New design development programme	Leather	Kandy - Nattarampotha	05	April 27 03 days	05	On the request of a group of craftsmen
Handicraft training programme for the teachers of Wattedgama Educational zone	Handicraft made of waste item	Kandy - Wattedgama	17	July 28	10	Wattedgama Girls' School

New design and new technology programme	Brass	Kandy - Pilmathalawa	15	July 02 04 days	10	Sri Lanka Industrial Development Board
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### Programmes conducted under the provision of Non-Governmental Organisation – 2015

Introduction of new designs appropriate to the market with basic programmes conducted in view of rendering the technological awareness, advanced training programme and follow-up programmes as well conducted for the persons engaged in handicraft sector and for the young apprentice group of this sector of Hambanthota, Batticaloa, Vavuniya and Mannar districts through the project commenced on the request and provisions of the Non-Governmental organization of UNDP and OXFAM.

	Programme	Sector	Duration	District/Village/ place	Number of beneficiaries
Programmes conducted under the provisions of OXFAM institution					
1	Basic training programme Advanced training programme Follow-up programme	Palmyrah	Feb. 16-18 April 26-29 June 20 - 23	Hambanthota - Weerawila	15
2	Basic training programme Advanced training programme Follow-up programme	Coir	Feb. 16-19 March 15-19 May 25-29	Hambanthota - Tangalle	13
3	Basic training programme Advanced training programme Follow-up programme	Red Clay	Feb.10-12 May 06-10 June 17-21	Hambanthota - Keliyapura	14
4	Basic training programme Advanced training programme	Leather/Rex ine	Mar.10-12 May 26-29	Hambanthota - Seenakkuwa	05
5	Basic training programme Advanced training programme Follow-up programme	Leather/Rex ine	March 24-26 May 12-15 Sep.15-18	Batticaloa - Panama	09
6	Basic training programme Advanced training programme	Rush & Reed	March 03-05 May 26-29	Batticaloa - Urugamam	20

7	Basic training programme Advanced training programme Follow-up programme	Red Clay	March 02-04 March 24-26 May 19-21	Batticaloa -Eravur	30
8	Basic training programme Advanced training programme	Rush & Reed	March 16-18	Batticaloa - Kichchanpala Batticaloa - Olikkula	25
9	Basic training programme Advanced training programme Follow-up programme	Handloom	March 17-19 May 08-14 Aug. 10-15	Batticaloa - Ariyanpattu	10
10	Basic training programme Advanced training programme	Footwear	March 24-26 Sep. 15-18	Batticaloa - Ariyanpattu	10
11	Basic training programme Advanced training programme	Rush & Reed	March 26-29 Aug. 10-14	Batticaloa - Eravur	20
<b>Programmes conducted under the provisions of UNDP Organisation</b>					
12	Programme based on Identifying the craftsmen, collecting information and making awareness	Various sectors	Jan 26-29	Batticaloa	
13	Programme based on Identifying the craftsmen, collecting information and making awareness	Various sectors	Feb. 23-25	Mannar&Vavuniya	
14	Basic training programme	Leather/Rexine	July 27-31	Vavuniya	29
15	Basic training programme	Palmyrah	July 27-31	Batticaloa - Ariyanpathi	19
16	Basic training programme	Coconut Shell related products	July 27-31	Batticaloa	26
17	Basic training programme	Sea shell	July 27-31	Batticaloa - Vakarai	20
18	Basic training programme	Soft Toys	July 27-31	Mannar - Murunganpiti	27
19	Basic training programme	Wood - ornaments	July 20-24	Mannar - Adampan	21
20	Basic training programme	Palmyrah	July 27-31	Vavuniya	21
21	Basic training programme	Coconut Shell related products	Aug. 01-05	Batticaloa - Valaichenai	26
22	Basic training programme	Coir	Aug. 24-28	Batticaloa - Valaichenai	25
23	Basic training programme	Cane	Aug. 03-07	Batticaloa - Eravur	22
24	Basic training programme	Coir	Aug. 24-28	Batticaloa - Wakarai	25
25	Basic training programme	Palmyrah	July 27-31	Batticaloa - Chenkaladi	31
26	Basic training programme	Red Clay	Sep. 07-11	Batticaloa - Wellavalai	28

27	Basic training programme	Red Clay	Sep. 12-16	Batticaloa - Eravur	30
28	Basic training programme	Red Clay	Sep 28-Oct.02	Batticaloa - Vavunathivu	20
29	Basic training programme	Soft toys	Aug. 31- Sep.04	Mannar - Adampan	25
30	Basic training programme	Soft toys	Sep.28-Oct.02	Mannar	20
31	Basic training programme	Batik	Sep.14-18	Mannar - Murunganpiti	20
32	Basic training programme	Palmyrah	Sep 14-18	Batticaloa-Valaichenai	25
33	Basic training programme	Palmyrah	Sep. 14-18	Mannar&Vavuniya	
34	Basic training programme	Gallehe	Oct.12-16	Batticaloa Ariyampathi	29
35	Basic training programme	Palmyrah	Oct.19-23	Batticaloa - Ariyanpathi	19
36	Basic training programme	Palmyrah	Sep.28-Oct.02	Batticaloa	26
37	Basic training programme	Palmyrah	Sep.28-Oct.02	Batticaloa - Vakarai	20
38	Basic training programme	Palmyrah	Oct.26-30	Mannar - Murunganpiti	27
39	Basic training programme	Palmyrah	Oct.26-30	Mannar - Adampan	21
40	Basic training programme	Coir	Oct.05-09	Vavuniya	21
41	Basic training programme	Textile	Oct.12-16	Batticaloa - Valaichenai	26
42	Basic training programme	Cane	Sep.28-Oct.02	Batticaloa - Valaichenai	25
43	Basic training programme	Sea shell	Oct.12-16	Batticaloa - Eravur	22
44	Basic training programme	Red clay	Oct.18-20	Batticaloa - Wakarai	25
45	Basic training programme	Coir	Oct.05-09	Batticaloa - Chenkaladi	31
46	Basic training programme	Palmyrah	Nov.16-20	Batticaloa - Wellavalai	28
47	Basic training programme	Palmyrah	Nov.16-20		
48	Basic training programme	Light toys	Nov.16-20		
49	Programme based on Identifying craftsmen, collecting information and making awareness	Various sectors	Sep.22-23		
50	New designs development programme	Jute	Oct.23 - 08 days		

## 2. Traditional Handicraft Village Development Programme – 2015

Though the provisions was not allocated in the year of 2015 for the project launched by the Ministry of Traditional Industries and Enterprises Development, National Design Centre took action to develop the following 04 village opening programmes under 100 day development programme which prioritized the equipment distribution and vesting the workshops to the craftsmen developed under such project developed in the year of 2014.

<b>District</b>	<b>Village</b>	<b>Handicraft Section</b>
Matara	Kumbalgama	Red Clay
Jaffna	Allarai	Coir
Polannaruwa	Manampitiya	Cane
Matara	Kiyaduwa	Bamboo & Cane

### Introduction of New Designs to the Handicraft Sector

Creating new designs appropriate to the market is the main objective of the National Design Centre which takes action to refer such new designs created to the craftsmen in various manner. National Design Centre introduces new designs to the handicraft sector under action plan using the provisions of Non-Governmental Organization and on the request of Government and Non-governmental Organization as well through the persons who visit the institution and get trained and on the request and necessity of the craftsmen.

Accordingly, National Design Centre had targeted to introduce 390 new designs created but it actually took action to introduce 582 new designs in 2015

### New Handicraft Product Development Programme

Whilst the National Design Centre campaigned to introduce the new designs to the craftsmen in various manner, it has taken proper action to manufacture such designs through the selected craftsmen and introduce them to the market.

The basic concern of this measure is to select the best creative designs from the new designs originated and manufacture them through the craftsmen who can produce them in a classy standard. Those productions are introduced to the buyers through the Yugayata Nimavum – 2015 - New Creative Designs Exhibition.

National Design Centre took action to rope in 125 craftsmen engaged in handicraft industries from various parts of the island. They were made to focus to produce the new designs, improve economical growth through manufacturing new designs and promulgate their marketing through the orders obtained under this programme.

## **Marketing Research Programme**

08 Marketing research programmes were targeted in this year in view of observing as to research how far the new designs created by the National Design Centre is suitable to the market.

Accordingly, the Marketing and Information Division of the National Design Centre has taken action to carry out 03 Marketing Research Programmes presenting a range of selected designs of various handicraft sectors through Sri Lanka Handicraft Board - Laksala and Lakpahana institutions and carried out 05 Marketing Research Programmes in order to study the tendency of the customers in regard to each sector of the handicraft.

It was a great contribution which uplifted the economical status of the craftsmen through the sales of new creative designs for the value of Rs. 2.816 million through this programme and Yugayata Nimavum – 2015 - New Creative Designs Handicraft Exhibition.

## **Yugayata Nimavum – 2015 – Creative New Design Handicraft Exhibition**

Action was taken to conduct the Yugayata Nimavum - 2015 - Creative New Design Exhibition held on 11th, 12th, 13<sup>th</sup> of December in this year at Kandy City Centre in Kandy which was organized by the National Design Centre with the intention of exhibiting the new designs introduced to the handicraft Sector by the organization in 2015.

The National Design Centre attracted the customers through 349 creative designs developed under the New Handicraft Products Development Programme through the fair conducted concurrently with this exhibition.

## **Coordination with National Craft council**

### **Silpa 2015 National Exhibition**

The National Design Centre contributed in providing consultancy service in regard to the new designs and contributed preceding obligation in all awareness programmes conducted at district level in order to make the craftsmen aware of the new designs.

## **Participation at the Other Exhibitions**

In addition to this, the spectators were made aware of the centre and the handicraft sector by participating carrying on new design exhibition stalls during the period of exhibition held at the following exhibitions.

The National Design Centre participated in the Business Development Service & Trade Fair organized by the National Entrepreneurship Development Board held on 24<sup>th</sup>, 25<sup>th</sup> and 26<sup>th</sup> at Anuradhapura.

Participated at Ampara Digamadulla Navodaya Exhibition held on September 30<sup>th</sup> to October 04<sup>th</sup>.

Participated at the Ruhunu Ransalu - Ruhunu Craft Education Exhibition held from November 19.

Launching and sales of new designs were carried out with the participation at the exhibition held at the Grand kandy Hotel in kandy held on 19<sup>th</sup> and 20<sup>th</sup> of December.

The Galu Samaya Exhibition was held 7 days from 26<sup>th</sup> of December for which the National Design Centre contributed its participation.

### **Library Service and Procurement of Information**

The development activities of libraries situated at the head office and Nattarampotha were carried out adding books to the library with the purchase of books for the value of Rs.190,887.65 through the provisions allocated for this year.

Action was taken to carry out the service through the library which contains a large number of special and rare books which is a support for the university students who study in the field relevant to the sectors and in addition to that, the library provided library service to the craftsmen and the persons who are interested in this sector giving information and photocopy service from the relevant books in regard to the required designs.

### **Design Education and Training Activities**

The Sri Lanka National Design Institution which is the education arm of the National Design Centre conducts courses based on the main subject of Interior Design in the name of National Diploma in Interior Designs and Higher National Diploma in Interior Designs.

The Sri Lanka National Design Institution which is under the purview of National Design Centre has conducted 02 courses.

These courses have opened necessary accessibility to the young male and female students educated with theoretical and practical knowledge that paves the way for footing in the development of their efficiency in view of producing professional designers.

These courses are conducted as weekend courses and the number of students who follow these are seen below:

Higher National Diploma Course in Interior Designs (2014 - 2015). (Weekend Course). 18 students followed this course.

National Diploma Course in Interior Designs (2014 - 2015). (Weekend course). 56 students followed this course.

## **Awarding Ceremony of Diploma Certificate**

First time, Diploma and Higher Diploma Courses certificate awarding ceremony was held in view of conferring the students who followed the courses for the last few years.

This ceremony was held at the Colombo Bandaranayaka Memorial International Conference Hall on 9<sup>th</sup> of June 2015 where the female and male students were awarded their certificates as follows:

29 male and female students were awarded with Higher National Diploma Course in Interior Designs – (2014 2015) certificates,

16 male and female students were awarded with Higher National Diploma Course in Interior Designs - (2014 - 2015) certificates,

And 02 students were awarded with Higher National Diploma Course in Interior Designs - (2011 2014) certificates.

## **Service Provided by the National Design Centre**

The National Design Centre has carried out necessary action to provide service to 1957 persons in 2015 through the services such as awareness programme on new designs, providing opportunities to acquire the order and marketing, practical training sessions in the institution's workshop, providing common facilities, providing designs (including graphics) upon request/visit to the institution, providing library services, sales promotions and marketing research programmes.

In addition to this, action was taken to insemminate the required theoretical and practical knowledge needed in regard to the project based on the handicraft sector to the university students and school children who are interested in handicraft sector and provided awareness programmes to the students and teachers who visit the institution.

## National Design Centre

### Physical Progress as at 31<sup>st</sup> December 2015

Project/Programme	Main Activities	Accomplishment	Output Target	Completed	Financial Progress (%)
Project - Development of new designs suitable to the market with added values	Creation of new designs for the handicraft sector	Number of new designs	650	837	20
Rs.4.725 million	Providing office equipment to Design Development Unit				87
Duration - Annual	Converting prototype from new designs	Number of prototypes	390	435	61
New/ in progress	Number of designs of gifts and souvenir	Number of gifts and souvenirs	20	20	
Performing institution - National Design Centre	Providing machineries and equipment for handicraft development and improving the workshops				56
	Providing necessary office equipments, repairs, improvements and improvement of Nattarampotha common facilities Centre				95

Project/Programme	Main Activities	Accomplishment	Output Target	Completed	Financial Progress (%)
Project – New designs development training programme	Conducting programmes to make awareness programmes to introduce new designs, new designs training programme and Training programmes for craft instructors	Number of new designs	15	19	106
Rs.1.065 million		Numbr of beneficiaries	300	283	
Duration - Annual					
Now/in progress					
Performing institution – National Design Centre					
Project – UNDP & OXFAM projects	Training programmes conducted on the request of Government and Non-Governmental Organizations	Number of programmes	30	50	83
Rs. 16.6 million		Number of beneficiaries	600	1081	
Duration – Annual					
Nesw/in progress	Introduction of new designs to the craftsmen	Number of new designs introduced	390	582	---
<b>Project/Programme</b>	<b>Main Activities</b>	<b>Accomplishment</b>	<b>Output Target</b>	<b>Completed</b>	<b>Financial Progress (%)</b>

Project – Traditional handicraft villages development programme	Handicraft village development programme concurrently held with the 100 days National development programme	Number of programmes	08	04	104
Rs.1.735 million					
Duration – January – April 2015					
Now/in progress – In progress					
Performing institution – National Design Centre					

Project/Programme	Main Activities	Accomplishment	Output Target	Completed	Financial Progress (%)
Project – Marketing new designs  Rs. 5,450 million  Duration – Annual  New/in progress – In progress  Performing institution – National Design Centre	Introducing new designs to the market	Number of new designs	60	349	582
		The value of the new designs sold - Rs.	7	2,817	40
		Number of Marketing research programme	8	8	100
	New designs exhibition held concurrently with the Silpa National exhibition	Number of new design exhibition	1	1	112
	Participated at the exhibition organised with the support of the other institutions	Number of new design exhibition	7	7	40
	New design development programme				115
	Affiliating the craftsmen into marketing the products	Number of craftsmen	500	246	49

Project/Programme	Main Activities	Accomplishment	Output Target	Fulfilled	Financial Progress (%)
Project - Information, Follow-up and Development Rs. 2.025 million  Duration: Annual New/In progress – In progress  Performing institution - National Design Centre	Research and development activities in regard to Development activities and operational datas	Programmes for raw-materials and new activities	04	03	47
	Development and operational datas under raw-materials, activities and marketing propensity				
	Uplifting the craftsmen	Improving the craftsmen through training, technology and marketing connexity	2000	1957	
	- Developing a Computer software				
	- NDC website				68
	- Staff training				
	- Office equipment for NDC general section				100

Project/Programme	Main Activities	Accomplishment	Output Target	fulfilled	Financial Progress (%)
Project – Training, Technology and capacity building through the New Design Creation  Rs 4.4 million  Duration - Annual  New/In progress – In progress  Performing institution – National Design Centre	Organizing Diploma Courses through National Designs College	Recruitment - 2015			
		Number of students followed the Advanced National Diploma in Interior Decoration	20	18	
		Number of students followed National Diploma in Interior Decoration	60	70	
		In progress			
		Number of students followed National Diploma in Interior Decoration	70	56	
Project – Consultancy service  Duration – annual  New/In progress – In progress Performing institution – National Design Centre	Conducting consultancy service upon the request of Government and Non-Governmental Oorganization	The value of consultancy service Rs. million	5	16.6	
		Number of Graphic and Interior designs created			
			40	52	



Textiles



Red Clay



Coir



**Wood**



**Rush & Reed**



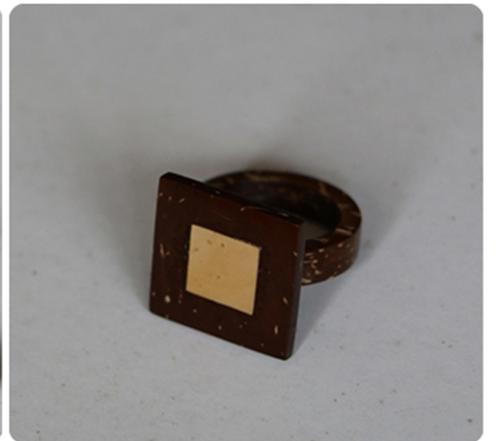
**Cane & Bamboo**



Brass



Jewellery



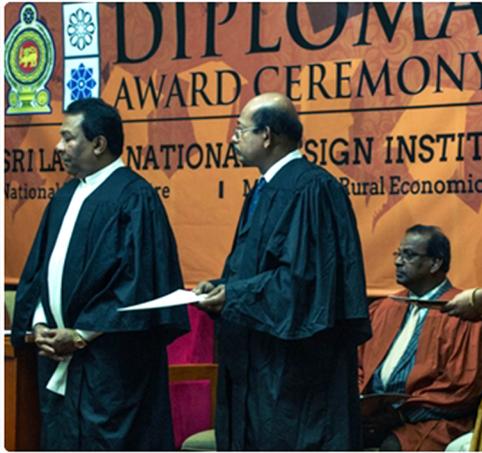
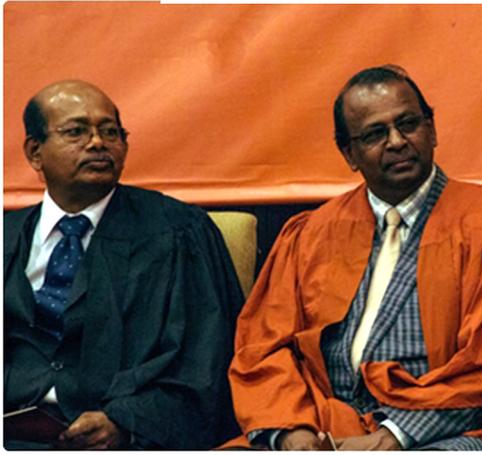
Lacquer



Leather



# SLNDI Diploma Awards Ceremony - 2015



# "YUGAYATA NIMAVUM" New Design Craft Exhibition - 2015 at Kandy City Centre



# Training Programs - 2015



# **Financial Statements 2015**

**NATIONAL DESIGN CENTRE**

(MINISTRY OF INDUSTRY AND COMMERCE)

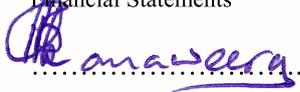
**No. 10, De Mel Road  
Katubedda , Moratuwa**

## National Design Centre

### Statement of Financial Position as at 31st December 2015

	Note	31.12.2015 Rs.	31.12.2014 Rs.
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property Plant & Equipment	<b>1</b>	55,586,518.19	48,453,597.91
		<u>55,586,518.19</u>	<u>48,453,597.91</u>
<b>CURRENT ASSETS</b>			
Closing Stock	<b>2</b>	5,069,118.23	3,343,585.09
Trade & Other Receivable	<b>3</b>	8,239,195.17	7,719,427.99
Prepayments	<b>4</b>	568,657.65	331,530.29
Cash & Cash Equivalent	<b>5</b>	38,447,642.01	17,526,795.68
		52,324,613.06	28,921,339.05
<b>TOTAL ASSETS</b>		<u>107,911,131.25</u>	<u>77,374,936.96</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	<b>6</b>	1,388,767.30	952,836.80
Cash received as an Advance for UNDP Programme	<b>7</b>	24,539,770.00	8,567,999.98
Accrued Expenses	<b>8</b>	2,660,785.29	2,582,102.18
		28,589,322.59	12,102,938.96
Provision for Gratuity	<b>9</b>	25,666,386.88	20,079,606.14
<b>TOTAL LIABILITIES</b>		54,255,709.47	32,182,545.10
<b>TOTAL NET ASSETS</b>		<u>53,655,421.78</u>	<u>45,192,391.86</u>
<b>NET ASSETS/EQUITY</b>			
<b>DEFERRED REVENUE INCOME</b>			
Capital Grant		57,010,983.24	46,389,643.60
Less			
Provision for Deferrd Depreciation			
Current Year	<b>10</b>	<u>7,307,307.87</u>	<u>5,701,354.71</u>
Less		49,703,675.37	40,688,288.89
Deferred Expenses		<u>10,598,005.87</u>	<u>7,373,664.61</u>
		39,105,669.50	33,314,624.28
Revaluation Reserve		2,655,138.71	2,655,138.71
Accumulated Profit	<b>11</b>	11,894,613.57	9,222,628.69
<b>TOTAL NET ASSETS/EQUITY</b>		<u>53,655,421.78</u>	<u>45,192,391.86</u>
Financial Position			

The accounting policies and notes to the Financial Statements from page No.6 to 21 form an integral part of these Financial Statements



**Mrs. B.R Ranaweera**  
**Accountnat**

The Directors are responsible for the fair presentation & preparation of Financial Statements signed for and on behalf of the Board meeting held on 11.08.2016



**Mr. Milhan Latiff**  
**Chairman**



**Mr. M.A.A.S.K Chandrasiri**  
**Director**



**Dr. Mohammed Ismail**  
**Board Director**

**National Design Centre**  
**Statement of Financial Performance for the year ended 31st December 2015**

	Note	2015 Rs.	2014 Rs.
<b>OPERATING INCOME</b>			
Treasury Grant - Recurrent	12	51,466,000.00	45,879,600.00
Ministry Grant - Village Program		-	12,903,266.19
Other Income	13	23,087,031.02	5,363,944.52
		<u>74,553,031.02</u>	<u>64,146,810.71</u>
<b>OPPERATING EXPENSES</b>			
Personal Emoluments	14	46,465,175.68	35,059,449.98
Travelling Expenses	15	281,173.75	576,494.80
Supplies	16	766,609.15	1,018,103.43
Maintenance	17	1,275,708.57	1,831,084.82
Contractual Services	18	4,728,508.30	7,146,979.66
Depreciation	19	7,307,307.87	5,701,354.71
Gratuity		5,586,780.74	3,653,765.64
Traditional Handicraft Village Program	20	-	13,239,238.04
Other Expenses	21	16,065,741.99	1,784,547.78
		<u>82,477,006.05</u>	<u>70,011,018.86</u>
<b>SURPLUS/DEFICIT FROM OPERATING ACTIVITIES</b>		<b>(7,923,975.03)</b>	<b>(5,864,208.15)</b>
<b>Add</b>			
Capital Grant For Capacity Building		807,403.66	2,389,473.38
Development activities (2502-1,II,III)		3,259,605.39	1,299,065.30
Souvenir & Gift Item		-	1,028,767.24
New Design Exhibition & Other Exhibitions		3,936,523.83	2,656,358.69
Traditional Handicraft Village Dev. Pro. Under 100 Days prog.		2,127,720.99	-
Research programmes for Raw material processing		274,510.00	-
Web Design		192,242.00	-
Deferrd Income		7,307,307.87	5,701,354.71
		<u>17,905,313.74</u>	<u>13,075,019.32</u>
<b>Less</b>			
Deferrd Expenses		7,338,400.48	7,373,664.61
		<u>10,566,913.26</u>	<u>5,701,354.71</u>
<b>SURPLUS / DEFICIT For the Year</b>		<b>2,642,938.23</b>	<b>(162,853.44)</b>

**Indirect Method Statement of Cash Flow**  
**National Design Centre**  
**Draft Statement of Cash Flow for year ended 31.12.2015**

	2015		2014	
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flow from Operating Activities</b>				
Surplus/Deficit from Ordinary Activities	(7,923,975.03)		(5,864,208.15)	
(+) Prior year adjustments	44,167.92		-	
(-) Prior year adjustments	(4,262.31)	(7,884,069.42)	-	(5,864,208.15)
<b>Non Cash Movements</b>				
Depreciation	7,307,307.87		5,701,354.71	
Gratuity	5,586,780.74		3,653,765.64	
(Increase) / Decrease in Closing Stock	(1,725,533.14)		(270,522.89)	
(Increase) / Decrease in Trade & Other Receivables	(519,767.18)		(1,190,264.76)	
(Increase) / Decrease Prepayment	(237,127.36)		58,294.77	
Increase / (Decrease) in Trade & Other Payables	435,930.50		445,953.30	
Advance Received for UNDP Project	15,971,770.02		7,905,235.31	
Gratuity Payments	-		(450,306.00)	
Increase / (Decrease) in Accrued Expenses	78,683.11	26,898,044.56	1,502,119.29	17,355,629.37
<b>Net Cash flow from operating activities</b>		<b>19,013,975.14</b>		<b>11,491,421.22</b>
<b>Cash Flow from Investing Activities</b>				
Cost of Building improvements to buildings	(966,427.69)		(1,013,393.06)	
Purchase of Plant & Machinery	(183,350.00)		(593,915.00)	
Purchase of Furniture	(563,493.63)		(436,496.30)	
Purchase of Office Equipment	(762,474.88)		(388,387.16)	
Purchase of Tools	(111,910.00)		(11,426.00)	
Purchase of Library Books	(294,709.95)		(292,743.00)	
Purchase of Computer & other Equipment	(1,314,362.00)		(1,513,330.00)	
Research programmes for R.M Processing	(274,510.00)		-	
Web Design	(192,242.00)		-	
Development activities 2502-11	-		(1,299,065.30)	
Souvenir & Gift Item	-		(1,028,767.24)	

New Design Exhibition & Other Exhibition	(3,936,523.83)	(2,656,358.69)	
Capacity Building	(807,403.66)	(2,389,473.38)	
Other Assets Disposal	-	22,450.00	
Traditional Handicraft Village Dev. Pro. Under 100 Days prog.	<u>(2,127,720.99)</u>	<u>-</u>	
<b>Net Cash Flow from Investing Activities</b>	<b>(11,535,128.63)</b>		<b>(11,600,905.13)</b>
Cash Flow from Financing Activities			
Capital Grant from Treasury	<u>13,442,000.00</u>	<u>12,000,000.00</u>	
<b>Net Cash flow from financing activities</b>	<b>13,442,000.00</b>		<b>12,000,000.00</b>
<b>Net Increase/ decrease in Cash &amp; Cash Equivalent</b>	<b>20,920,846.51</b>		<b>11,890,516.09</b>
<b>Cash &amp; Cash Equivalent at the beginning of the year</b>	<b>17,526,795.68</b>		<b>5,636,279.68</b>
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>38,447,642.01</b>		<b>17,526,795.68</b>

**Statement of Changes in Equity for the year ended 31.12.2015**

	Capital Grant Rs.	Accumulated Reserve Rs	Revaluation Reserve Rs.	Total Rs.
Balance as at 01.01.2015	33,314,624.28	9,222,628.69	2,655,138.71	45,192,391.68
Changes in Accounting Policy	-	(4,262.31)		(4,262.31)
Fundamental Error	10,858.96	22,450.00		33,308.96
Deferred Expenses	(10,598,005.87)	10,858.96		(10,587,146.91)
Provision for Deferrd Depreciation	(7,307,307.87)			(7,307,307.87)
Revaluation Reserve	-			-
Treasury Grant - cash	13,442,000.00			13,442,000.00
assets	10,243,500.00			10,243,500.00
Statement of Financial Performance				
Currency Translation Differences				
Surplus /Deficit for the period		2,642,938.23		2,642,938.23
Balance as at 31.12.2015	39,105,669.50	11,894,613.57	2,655,138.71	53,655,421.78

**National Design Centre**  
**Accounting Policies for the year 2015**

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

<b>1. Property Plant &amp; Equipment</b>									
	<b>Buildings</b>	<b>Machinery</b>	<b>Vehicles</b>	<b>Computer</b>	<b>Office Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Tools &amp; Equipment</b>	<b>Library Books</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Cost</b>									
Balance as at 01.01.2015	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
Disposals for the year									
Revalue for the year									
Additions during the year	966,427.69	183,350.00	10,243,500.00	1,314,362.00	762,474.88	563,493.63	111,910.00	294,709.95	14,440,228.15
Balance as at 31.12.2015	21,458,812.30	5,338,676.58	40,288,063.07	10,664,537.84	11,341,858.08	5,700,473.44	898,358.14	2,561,156.44	98,251,935.89
<b>Depreciation</b>									
Balance as at 01.01.2015	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
Disposals									
Revalue for the year									
Charges for the year	620,561.79	391,184.08	4,515,179.00	1,030,517.05	348,745.21	267,055.67	39,854.90	94,210.17	7,307,307.87
Balance as at 31.12.2015	9,235,830.56	2,974,243.50	13,471,259.33	5,476,913.12	7,694,831.37	2,569,336.16	710,306.86	532,696.80	42,665,417.70
<b>Net Book Value</b>									
<b>Balance as at 01.01.2015</b>	<b>11,877,115.84</b>	<b>2,572,267.16</b>	<b>21,088,482.74</b>	<b>4,903,779.77</b>	<b>3,233,297.04</b>	<b>2,834,699.32</b>	<b>115,996.18</b>	<b>1,827,959.86</b>	<b>48,453,597.91</b>
<b>Balance as at 31.12.2015</b>	<b>12,222,981.74</b>	<b>2,364,433.08</b>	<b>26,816,803.74</b>	<b>5,187,624.72</b>	<b>3,647,026.71</b>	<b>3,131,137.28</b>	<b>188,051.28</b>	<b>2,028,459.64</b>	<b>55,586,518.19</b>

**Note 02 - Closing Stock**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
Raw Materials	224,106.96	237,630.39
Finished Goods	3,850,075.84	2,325,480.36
Stationary	972,710.43	715,294.34
Raw Materials - Capacity Building	-	-
Finished Goods - UNDP Project	-	-
DCF Stock	22,225.00	65,180.00
	<b>5,069,118.23</b>	<b>3,343,585.09</b>

**Note 03 - Trade & Other Receivables**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
Advance for fuel	200,000.00	-
Advance on cash	11,616.22	58,388.33
Advance on Cheque	4,000.00	47,833.86
Advance for Deposits	-	26,241.09
Receivable Cash	63,514.75	94,329.87
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	6,500.00	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	694,500.00	639,250.00
Advance	48,696.16	-
<b>Design Consultancy Account</b>		
Sri Lanka Handicraft Development Board	450,520.00	-
Sri Lanka Pharmaceuticals Manufacturing Corporation	-	-
Advances		

	311,056.33	256,000.00
Ministry of Cultural Affairs		6,000.00
National Craft Council	264,720.00	-
Security Deposit	-	235,000.00
Galle Heritage Foundation	200,000.00	1,560,000.00
Welfare Association	50,000.00	-
<b>Staff Loan Account</b>		
Distress Loan	5,784,038.35	4,592,414.84
Festival Advance	24,850.00	69,850.00
Bicycle Loan	5,333.36	11,270.00
	<b>8,239,195.17</b>	<b>7,719,427.99</b>

**Note 4 - Payments**

	31-12-2015 RS	31-12-2014 RS
Insurance	397,984.73	273,490.14
Contractual Services	64,895.69	36,849.36
License	25,777.23	21,190.74
Rent & hire charges	80,000.00	
	<b>568,657.65</b>	<b>331,530.29</b>

**Note 05 - Cash & Cash Equivalent**

	31-12-2015 Rs.	31-12-2014 Rs.
National Design Centre Account - Head Office	2,279,694.15	2,958,213.46
National Design Centre Account Natharampothe	84,721.35	59,526.46
Design Consultancy Account Bank Balance	33,470,235.46	2,319,970.56
Cash in Transit	-	9,713,543.48
Design Education Account	2,203,680.98	2,137,604.73
Staff Loan Account	409,310.07	337,936.99
	<b>38,447,642.01</b>	<b>17,526,795.68</b>

**Note 06 - Trade & Other Payables**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Audit Fees Payable	525,000.00	345,000.00
Deposits	28,657.50	-
<b>Design Education Account</b>		
Course Fees Received in Advance	-	-
<b>Design Consultancy Account</b>		
Deposits	41,103.00	202,250.00
Palmyrah Development Board	-	310,006.80
Sri Lanka Handicraft Development Board	-	95,580.00
Oxfam cash received in advance	484,000.00	-
Palmyrah Development Board	310,006.80	-
	<b>1,388,767.30</b>	<b>952,836.80</b>

**Note 07 - Cash Received as an Advance for UNDP Programme**

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

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Amount Received	39,430,869.96	8,567,999.98
Work Completed	14,891,099.96	-
Balance in account to complete the project	24,539,770.00	8,567,999.98

**Note 08 - Accrued Expenses**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Fuel	24,939.00	-
Telephone	77,962.51	69,623.76
Electricity	35,717.59	28,968.89
News paper	5,790.00	4,110.00
EPF Payable		

	403,850.50	330,497.50
ETF Payable	100,962.62	82,624.29
Water	25,405.18	5,414.33
Capacity Building	-	24,661.92
New Design Exhibition	606,666.06	3,200.00
Over Time	104,851.62	123,397.26
Travelling	9,505.75	40,617.00
Salaries & Wages	290,959.26	-
Design Development	179,516.85	-
Meeting with clients	6,035.00	6,612.00
Transport & Hire Charges	27,812.90	28,387.10
Other allowances	26,459.68	39,209.68
Traditional Industries Village Progra.	-	4,395.00
Maintenance of Building	-	29,723.97
Souvenir & Gift Item	-	25,319.48
Other Exhibition	106,410.81	-
Maintenance of Vehicle	9,400.00	-
Cleaning Charges	2,000.00	-
<b>Design Education Account</b>		
Lecture Fees	4,930.00	75,805.00
Allowance	-	23,000.00
<b>Design Consultancy Account</b>		
Pass Asian Pvt. Ltd	171,000.00	1,634,500.00
Travelling Allowance	-	535.00
Lakdiva Engravers	411,030.00	-
Allowance Payable on design Development Program	29,579.96	-
Staff Loan Account -	-	1,500.00
	<b>2,660,785.29</b>	<b>2,582,102.18</b>

**Note No.09****Gratuity Provision as at 31.12.2015**

	Emp. Name	Date Joined	Completed Years as at 31/12/2015	Salary		Gratuity Provision as at 31.12.2015 (6) =( 3) x (5)
	1		3	4	5	
1	T. Asoka Thirimanna	26/09/1983	32	38,446.00	19,223.00	615,136.00
2	S.K Wimalasiri	1985-10-06	30	40,564.00	20,282.00	608,460.00
3	U.L Wickramarathna	1985-10-06	30	40,564.00	20,282.00	608,460.00
4	P. Dharmasena	24/06/1985	30	37,396.00	18,698.00	560,940.00
5	M. Hettiarachchi	27/09/1985	30	47,620.00	23,810.00	714,300.00
6	M.S Nalini	25/10/1985	30	40,564.00	20,282.00	608,460.00
7	G. Vithana	1985-01-11	30	47,562.00	23,781.00	713,430.00
8	Manel Bulathgama	1985-06-12	30	47,242.00	23,621.00	708,630.00
9	D. Dharmasiri	1986-10-06	26	35,782.75	17,891.38	465,175.75
10	D.P.G Hemachandra	1986-02-06	29	35,144.50	17,572.25	509,595.25
11	K.L.A Premalatha	22/09/1986	29	38,164.00	19,082.00	553,378.00
12	U.G.G. Amarathunga	26/10/1986	29	36,334.00	18,167.00	526,843.00
13	T.N Karunaratna	21/11/1986	29	38,836.00	19,418.00	563,122.00
14	H.M.A.U Shantha	1986-08-12	29	44,106.00	22,053.00	639,537.00
15	G.W. Ramyalatha	16/03/1987	28	39,114.00	19,557.00	547,596.00
16	I.R. Piyathilaka	17/06/1987	28	38,836.00	19,418.00	543,704.00
17	A.A Gamini	1987-01-09	28	56,050.00	28,025.00	784,700.00
18	D.J. Pieris	1987-11-11	28	48,302.00	24,151.00	676,228.00
19	M.A Somalatha	1988-01-03	27	54,070.00	27,035.00	729,945.00
20	W.A.P.K Wijesingha	1988-01-08	27	55,390.00	27,695.00	747,765.00
21	Palitha Pushpakumara	15/04/1988	27	36,904.00	18,452.00	498,204.00
22	W.A. Kulathilaka	1988-01-06	27	36,334.00	18,167.00	490,509.00
23	K.P.J. Perera	14/02/1989	26	36,526.00	18,263.00	474,838.00
24	B.K.K Perera	28/06/1989	26	36,304.00	18,152.00	471,952.00
25	Manel Rajapaksa	1989-02-10	26	43,962.00	21,981.00	571,506.00
26	U.A.LS.K. Jayathissa	1990-01-01	25	36,334.00	18,167.00	454,175.00
27	R.A.P Udayangani	20/02/1990	25	41,418.00	20,709.00	517,725.00
28	K.K.S.De Silva	15/08/1991	24	42,250.00	21,125.00	507,000.00
29	M.K Mahinda	1992-01-07	23	38,794.00	19,397.00	446,131.00
30	G.A.G Silva	22/03/1993	22	36,292.00	18,146.00	399,212.00
31	L.A Kularathna	1993-05-04	22	35,018.00	17,509.00	385,198.00
32	H.B.T Damayanthi	1994-03-01	21	50,770.00	25,385.00	533,085.00
33	B.K.A Rodrigo	15/06/1994	21	35,986.00	17,993.00	377,853.00
34	A.M.T.K Alagiyawanna	1996-02-05	19	35,311.25	17,655.63	335,456.88
35	B. Manathunga	1996-03-06	19	52,750.00	26,375.00	501,125.00
36	J.A.A.R.C Gunarathna	1996-01-07	19	55,372.00	27,686.00	526,034.00
37	D.M.A. Chandima	15/07/1996	19	37,834.00	18,917.00	359,423.00
38	M.A.R.U. Gunarathna	16/07/1998	17	37,108.00	18,554.00	315,418.00
39	Susil Wijethunga	1998-01-09	17	34,782.25	17,391.13	295,649.13
40	W.M. Piyarathna	1999-04-01	16	46,372.00	23,186.00	370,976.00

41	R.M. Vijitha Bandara	1999-01-06	16	45,496.00	22,748.00	363,968.00
42	S.S Weerasuriya	2000-01-02	15	36,850.00	18,425.00	276,375.00
43	H.T. Dinesh Silva	2000-01-02	15	36,995.00	18,497.50	277,462.50
44	C.K.Kalansooriya	2000-01-02	15	37,224.00	18,612.00	279,180.00
45	P.B. Piyawathi	2000-01-02	15	35,018.00	17,509.00	262,635.00
46	N.D.H Mohotti	2000-01-02	15	33,799.00	16,899.50	253,492.50
47	K.R. Kumara	2000-01-02	15	34,397.00	17,198.50	257,977.50
48	Prashantha Kirthichandra	13/12/2000	15	41,284.00	20,642.00	309,630.00
49	P. C. J. De Silva	15/08/2005	10	43,306.00	21,653.00	216,530.00
50	G.C.N. Perera	15/08/2005	10	40,756.00	20,378.00	203,780.00
51	V.G.B.D. Weeranayaka	15/08/2005	10	39,100.00	19,550.00	195,500.00
52	S.W.Vijithani	25/10/2005	10	39,100.00	19,550.00	195,500.00
53	B. R. Ranaweera	15/02/2006	9	49,366.00	24,683.00	222,147.00
54	R. M .Gamini Rathnayaka	2007-12-12	8	33,235.50	16,617.75	132,942.00
55	J . Anil Wijesuriya	01/01//2008	8	33,235.50	16,617.75	132,942.00
56	I. A. kleetas Asanga	15/02/2008	7	34,851.25	17,425.63	121,979.38
57	M. T. T. Jayawardana	15/02/2008	7	34,517.75	17,258.88	120,812.13
58	T. C. Wijerathna	2008-03-03	7	41,226.00	20,613.00	144,291.00
59	M. A. D. P. Kithsiri	15/07/2008	7	34,517.75	17,258.88	120,812.13
60	M. T. R. Fanandu	2008-01-09	7	33,235.00	16,617.75	116,324.25
61	N.G.K Indika	2009-06-08	6	35,313.00	17,756.50	105,939.00
62	W.D.L.Sri Sugath Rathnayaka	2009-11-04	6	33,097.50	16,548.75	99,292.50
						25,666,386.88
	Less:					
	<u>Gratuity Payments</u>					
1						
	Total Gratuity					25,666,386.88
*	D. Dharmasiri - nopay	3Year				

**Note 10 - Deferrd Depreciation**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Deferred Revenue Income</b>		
<u>Capital Grant</u>		
Previous Years	33,325,483.24	26,239,643.60
Current Year	23,685,500.00	20,150,000.00
	57,010,983.24	46,389,643.60
<u>Less</u>		
Capital Grant For Capacity Building	807,403.66	2,389,473.38
Traditional Handicraft Village Dev. Pro. Under 100 Days prog.	2,127,720.99	-
Development activities 2502-11	3,259,605.39	1,299,065.30
Souvenir & Gift Item	-	1,028,767.24
New Design Exhibition	3,936,523.83	2,656,358.69
Research progammes for R . M. P.	274,510.00	-
Web Designing	192,242.00	-
Deferred Expenditure	10,598,005.87	7,373,664.61
-	46,412,977.37	39,015,978.99
<u>Less</u>		
Deferred Depreciation	7,307,307.87	5,701,354.71
Deferred Revenue Income	39,105,669.50	33,314,624.28

Capital Grant given by Treasury has been disclosed as deferred income in the Balance Sheet and it has been recognized as income based on depreciation rates on 2015

**Note 11 - Accumulated Profit**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
B/F Accumulated Profit	9,222,628.69	9,385,482.13
(+) Prior Year Adjustment	33,308.96	-
(-) Prior Year Adjustment	(4,262.31)	-
	9,251,675.34	9,385,482.13
Surplus/ Deficit for the Year	2,642,938.23	(162,853.44)
C/F Accumulated Profit	11,894,613.57	9,222,628.69

**Note 12 - Treasury Grant Recurrent**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
January	3,000,000.00	3,700,000.00
February	4,563,000.00	3,495,000.00
March	4,300,000.00	3,635,000.00
April	4,330,000.00	3,500,000.00
May	4,315,000.00	3,300,000.00
June	3,750,000.00	3,500,000.00
July	4,344,000.00	3,700,000.00
August	4,500,000.00	3,945,000.00
September	4,543,000.00	3,800,000.00
October	4,465,000.00	3,727,000.00
November	4,428,000.00	4,137,000.00
December	4,928,000.00	5,440,600.00
	51,466,000.00	45,879,600.00

**Treasury Grant Capital**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
<b>Treasury Grant cash</b>	13,442,000.00	12,000,000.00
<b>Treasury Grant Vehicle</b>	10,243,500.00	8,150,000.00
	<u>23,685,500.00</u>	<u>20,150,000.00</u>

**Note 13 - Other Income**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
Training Program Income	69,694.45	124,113.00
Levy on Private use of vehicles	5,652.68	8,800.00
Recovery on No Pay	40,922.92	66,492.97
Received Insurance Claim	(35,491.91)	(31,881.01)
Miscellaneous	518,863.68	425,899.24
Profit & Loss (Sub note 01)	464,797.16	182,566.89
Government Contributing	-	6,600.00
<b>Design Education Account</b>		
Design College Fees 2014-2015	980,000.00	2,130,000.00
Design College Fees 2013-2014	-	510,000.00
Application Fees	48,000.00	23,000.00
Higher National Diploma Course fee	498,000.00	-
Convocation fees	102,500.00	-
<b>Design Consultancy income</b>		
Design Consultancy Income	420,690.00	1,016,247.32
Laksala Project	16,573.29	81,231.86
UNDP income	14,891,099.96	-
OXFAM income	4,794,868.00	-
Sundry Income	21,250.00	257,705.00
Opening Stock - Board of Survey-2014	-	30,955.34
Consultancy Income on Training Programmmer	-	339,813.80

Consultancy income on other training	35,651.00	-
<b>Staff Loan Account Income</b>		
Interest Income	213,959.79	192,400.11
	23,087,031.02	5,363,944.52

**Sub Note 13.1**

**National Design Centre**

**Statement of Profit & Loss Account for the Year end 31.12. 2015**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Income (sales)	2,249,068.94	381,986.26
Cost of Sales (Note1.1) 13 -1.1	1,714,284.68	209,266.37
Gross Profit	534,784.26	172,719.89
Less - Unusable Finished Goods	(84,553.60)	-
Add - Common facility center income	14,566.50	9,847.00
Total Profit	464,797.16	182,566.89

**Note13- 1.1 - Cost of sale**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
<u>Raw Material</u>		
Opening Stock (1st January 2015)	237,630.39	165,510.03
Purchases	618,241.26	317,941.01
	855,871.65	483,451.04
<u>Less</u>		
Closing Stock 31st December 2015	224,106.96	237,630.39
Material Consumed	631,764.69	245,820.65
<u>Finished Good</u>		
Opening Stock 1st January 2015	2,325,480.36	2,288,926.08
Material Consumed	2,957,245.05	2,534,746.73
Purchases	2,691,669.07	-
	5,648,914.12	2,534,746.73

<u>Less</u>		
Closing Stock 31December 2015	3,934,629.44	2,325,480.36
Cost of Sales	1,714,284.68	209,266.37

**Note 14 - Personal Emoluments**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries & Wages	39,308,838.93	29,266,354.54
EPF	4,680,600.43	3,437,776.55
ETF	1,169,696.11	859,444.22
Over time	919,147.37	1,083,734.18
Other Allowances	386,892.84	412,140.49
	46,465,175.68	35,059,449.98

**Note 15 - Travelling Expenses**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Domestic	281,173.75	438,511.80
Foreign	-	137,983.00
	281,173.75	576,494.80

**Note 16 - Supplies**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Stationery & Office Requisites	185,651.46	539,973.43
Fuel Expenses	489,957.69	390,667.00
Uniforms	88,000.00	86,470.00
Medical	3,000.00	993.00
	766,609.15	1,018,103.43

**Note 17 - Maintenance**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Vehicle Maintenance	876,289.79	1,155,138.98
Building Maintenance	136,009.50	443,010.30
Plant & Machinery	28,581.00	36,404.00
Office Equipment	234,828.28	196,531.54
	<b>1,275,708.57</b>	<b>1,831,084.82</b>

**Note 18 - Contractual Services**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Transport & Hire charges	640,842.15	683,309.60
Telephone charges	591,932.55	601,313.40
Postage	31,151.00	39,023.00
Electricity & water	982,470.34	1,015,412.11
Rates & Taxes	88,371.68	63,767.26
Other Exhibition	-	410,153.03
Pest Control Service	350.00	36,560.00
Test Marketing & Market Promotion	11,075.00	7,695.00
Prajasancharaka Gammana Program	-	33,795.00
UNDP Programme -11	-	303,758.93
Staff Training	3,600.00	70,407.00
Audit fee	180,000.00	578,538.50
Legal fees	-	31,000.00
Sanitary & Cleaning	129,163.84	99,964.20
Advertisement	-	391,829.20
Petty Cash & miscellaneous	247,237.90	118,370.50
Bank Charges	17,190.00	16,115.00
News Paper	49,785.00	40,855.00

Contractual services (Service Agreement)	81,334.71	56,115.32
Insurance	544,941.21	568,547.87
Vehicle License	70,698.56	92,373.31
Printing Annual Reports	139,953.50	35,062.00
Meetings with clients	323,769.95	408,692.20
Fuel Allowances	360,410.40	781,153.00
Board Director fee	18,000.00	18,000.00
Board Member Fee	20,000.00	169,000.00
Audit & Management Committee member fee	16,400.00	98,000.00
Interview	-	28,412.00
Training Programmer & Exhibition on Dayatakirula	-	174,354.52
Web Hosting Charges	13,000.00	-
Board of Survey Expenses	166,830.51	152,952.71
Other Assets Disposal A/C	-	22,450.00
	<b>4,728,508.30</b>	<b>7,146,979.66</b>

**Note 19 - Depreciation**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>Rs.</b>	<b>Rs.</b>
Building	620,561.79	571,774.89
Machinery	391,184.08	349,120.97
Office Equipment	348,745.21	316,101.10
Furniture & Fittings	267,055.67	266,467.00
Tools	39,854.90	34,856.73
Library Books	94,210.17	80,800.89
Computer	1,030,517.05	847,612.44
Vehicle	4,515,179.00	3,234,620.69
	<b>7,307,307.87</b>	<b>5,701,354.71</b>

**Note 20 - Traditional Handicraft Village Programmes**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
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 Handicraft Village Programmes	-	1,031,031.95
	-	<b>13,239,238.04</b>

**Note 21 - Other Expenses**

	<b>31-12-2015</b> <b>Rs.</b>	<b>31-12-2014</b> <b>Rs.</b>
<b>Design Education Account</b>		
Education Activity	1,349,691.00	1,084,511.64
Other	14,911.59	3,000.00
<b>Design Consultancy Account</b>		
UNDP Project	10,191,415.52	-
OXFAM Project	4,413,344.39	-
Sundry Expenses	88,479.65	233,427.88
Bad Debts	6,000.00	385592
<b>National Design Center Account</b>		
Chemicals	-	47074.52
<b>Staff Loan Account</b>		
Bad Debts	1,899.84	30941.83
	<b>16,065,741.99</b>	<b>1,784,547.87</b>





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



මගේ අංකය  
எனது இல.  
My No.

TCM/A/NDC/1/01/2015/FA

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

13 March 2017

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 2015 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 2015 comprising the statement of financial position as at 31 December 2015 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 issued to the Chairman of the Centre on 13 February 2017.

**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 Auditing 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 judgement, 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

### 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 2015 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

#### 2.2.1 Accounting Deficiencies

Even though the balance of the Office Equipment Account amounted to Rs.11,411,858 according to the Ledger Account as at 31 December 2015, it had been shown as Rs.11,341,858 in the financial statements. Thus, a sum of Rs.70,000 had been understated.

#### 2.2.2 Unexplained Differences

According to the financial statements of the Center, the value of 06 Assets Accounts totalled Rs.76,793,123 whereas it had been Rs.58,391,226 according to the Board of Survey Reports of the year 2015. Thus, a difference of Rs.18,401,897 existed.

#### 2.2.3 Lack of Evidence for Audit

Registers of Fixed Assets pertaining to the value of 02 Assets Accounts totalling Rs.17,561,657 shown in the financial statements of the Center and the Government Gazette Notifications or the deeds of land relating to the lands where the Head Office and the Project Office, Naththarampotha were located had not been made available to Audit.



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

Non-compliances with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliances
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(a) National Crafts Council Act, No.35 of 1982	A contract for the supply of arts and sculptures had been obtained from another institution and that contract had been awarded to a sub-contractor contrary to the objectives of the Centre according to the Act on the establishment of the Centre.
(b) Establishments Code Section 13.3 of Chapter II	An acting appointment should be made as a temporary measure only and until a substantive appointment is made and if the post continues to require the services of a full-time officer, the substantive appointment should be made without delay. Even though an officer in every respect fully qualified to perform the duties of that office should be appointed to act in a vacant post, the Assistant Accountant of the Centre had been appointed to act in the post of Director (Marketing/Information) without paying an acting allowance from the year 2009 up to the year under review.



(c) Financial Regulations of the  
Democratic Socialist  
Republic of Sri Lanka

(i) Financial Regulation 371(2) Even though a sub-imprest should be settled immediately after the completion of the purpose for which it is granted, action had not been taken even by 31 October 2016 to settle the advances totalling Rs.15,600 granted by the Design Consultancy Fund on 09 September 2015. Further, the advances totalling Rs.371,105 granted in 33 instances had been settled after the delays ranging from 01 month to 04 months.

(ii) Financial Regulation 760 Even though a shortage of stores amounting to Rs.56,975 existed according to the Board of Survey Reports, required adjustments had not been made after looking into that shortage.

(d) Government Procurement  
Guidelines of Procurement  
Agency Circular No.08 of 25  
January 2006

(i) Section 5.4.4(i) Even though a maximum advance of 20 per cent out of the contract value could be paid for the creation of a website for the National Design Center, a sum of Rs.79,420 equivalent to 50 per cent had been paid as an advance.

(ii) Section 8.9.1(a) Even though a formal agreement should be entered into in case of contracts exceeding the value of Rs.250,000 , action had not been taken accordingly.



(iii) Section 2.7.5 The Secretary of the Ministry had not taken action to appoint the Departmental Procurement Committee.

(e) Public Finance Circular Updated particulars of Organization Structure, No.01/2014 of 17 February approved cadre and actual cadre of the Centre 2014 relating to the year under review had not been Paragraph 4(a) included in the Annual Action Plan.

**3. Financial Review**  
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**3.1 Financial Results**  
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According to the financial statements presented, the financial result of the Centre for the year under review had been a surplus of Rs.2,642,938 as against the deficit of Rs.162,853 for the preceding year, thus indicating an improvement of Rs.2,805,791 in the financial result. Even though other expenditure had increased by Rs.14,281,194 in the year under review as compared with the preceding year, the increase in other income by Rs.17,723,087 had been the main reason for the above improvement in the financial result.

An analysis of the financial results of the year under review and preceding years had revealed a financial deficit in the years 2011, 2012 and 2014 and a surplus in the years 2013 and 2015. Nevertheless, in considering the employees remuneration, Government tax and depreciation on non-current assets, the contribution of the Design Centre amounting to Rs.28,032,782 for the year 2011 had gradually improved to Rs.56,415,422 in the year under review.

**3.2 Analytical Financial Review**  
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The current ratio of the Centre in the year 2014 stood at 2.38 and it had dropped to 1.83 in the year under review. The increase in liabilities from the UNDP Project by 186 per cent in the year under review as compared to the year preceding year had been the reason for this situation.



#### 4. Operating Review

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##### 4.1 Performance

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The powers and functions of the National Crafts Council established in terms of Section 82 of the National Crafts Council and Allied Institutions Act, No.1982 of 35 are given below.

- Undertake designs for small industries
- Research in respect of materials used for the production of handicrafts and designing of such handicrafts
- Market development both in Sri Lanka and abroad for handicrafts
- Effecting the production of handicrafts more efficiently
- Advise and assist the Sri Lanka Handicrafts Board and craftsmen in respect of matters relating to the production of handicrafts in the development and production of handicrafts
- Issue the certificates as prescribed in respect of the quality and standard of materials
- Maintain an information bank
- To impose and collect charges on services rendered and enter into agreements with similar institutions

The following observations are made.

- (a) Popularizing new designs among the public and the marketing of new designs through the National Showroom had been included in the activities of the Action Plan of the Centre for the year 2015. Further, the designs exhibited in the showrooms, the number of visitors and the sales income of the showroom had been shown as the performance indicators thereof. Nevertheless, action had not been taken to achieve none of these targets during the year under review.



- (b) Action had not been taken to carry out the activities that is, issuance of certificates prescribed in respect of the quality and standard of materials and maintenance of an information bank on market trends.
- (c) Two instances where the targets under each objective not achieved during the year were observed in the comparison of Action Plan and the Performance Report as at 31 December 2015 of the National Design Centre.
  - (i) Even though plans had been made to develop 08 traditional handicrafts villages concurrently with the 100 Day Programme of the Government during the year under review, only 04 programmes had been implemented by the end of 100 days.
  - (ii) Even though designs of which the sales value amounting to Rs.7,000,000 had been targeted to be introduced to the market during the year under review, only the new designs with a sales value of Rs.2,800,000 had been introduced to the market by the end of the year.
- (d) Even though the designing being one of the key functions of the Centre had increased annually from the year 2011 up to the year 2014, it had dropped by 4.88 per cent or 43 during the year under review as compared with the year 2014.

#### 4.2 Management Activities

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In terms of Section 4.2.2 of the Circular No. PED 12 of 02 June 2003 of the Department of Public Enterprises, the performance of Government institutions should be monitored and reviewed by the Board of Directors from time to time. Nevertheless, only one meeting of the Board of Directors had been held by the Centre during the year 2015.

#### **4.3 Staff Administration**

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The approved cadre of the Centre had been 109 and the actual cadre stood at 86, thus 23 vacancies existed in the staff. Delays in the efficient execution of functions relating to the segregation of work and internal control existed due to the said vacancies in the staff. Further, employees had been recruited for three substantive posts of the Centre on contract basis during the year 2015 without recruiting permanent employees.

### **5. Accountability and Good Governance**

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#### **5.1 Presentation of Financial Statements**

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Even though the Draft Annual Report and financial statements should be presented to the Auditor General within 60 days after the close of the financial year in terms of Section 6.5.1 of the Circular No. PED 12 of 02 June 2003 of the Department of Public Enterprises, the financial statements of the National Design Centre for the year 2015 had been presented to the Auditor General only on 29 August 2016 after a delay of 05 months.

#### **5.2 Internal Audit**

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Only a female officer had been appointed on covering up basis to the post of Internal Auditor of the Centre while no action had been taken to recruit a permanent officer for the said post.

#### **5.3 Audit Committee**

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Even though Audit Committee meetings should be held at least once per three months in terms of Section 7.4.1 of the Circular No. PED 12 of 02 June 2003 of the Department of Public Enterprises, only one Audit Committee meeting had been held by the National Design Centre in the year 2015.



**5.4 Budgetary Control**  
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A comparison of the budgeted expenditure and the actual expenditure revealed variances ranging from 25 per cent to 100 per cent in respect of 16 Objects, thus indicating that the budget had not been made use of as an effective instrument of management control.

**5.5 Tabling of Annual Reports**  
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In terms of Section 6.5.3 of the Circular No. PED 12 of 02 June 2003 of the Department of Public Enterprises, the audit reports should be tabled in Parliament in three languages along with the final audited accounts within 150 days after the close of the financial year. Nevertheless, tabling of the Annual Report of the year 2012 had been delayed up to 09 November 2015, while action had not been taken even by 30 September 2016 to table the Annual Reports of the years 2013 and 2014.

**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.

Areas of Systems and Controls -----	Observations -----
(a) Financial Control	Non-settlement of balances receivable and payable. Existence of unsettled balances in the preparation of Bank Reconciliations.
(b) Fixed Assets Control	Non-maintenance of Register of Fixed Assets in an updated manner. Delays in the appointment and conduct of Board of Surveys.



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|----------------------|--|
| (c) Stores Control   | Non-inventorying of the goods in stores and balance stock of exhibition sales  |
| (d) Internal Audit   | Lack of internal control systems, non-issuance of internal circulars, failure to take action to strengthen the internal audit.               |
| (e) Staff Management | Engaging employees on contract basis for the substantive posts over long periods and the failure to fill the vacancies in substantive posts. |

H.M. Gamini Wijesinghe

Auditor General