Annual Report

2016

National Design Centre

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Guiding principles

Vision

Creating the handicraft sector in a more productive economic field by introducing creative and innovative designs.

Mission:-

Introducing market-based creative designs through the promotion, development, capacity building, promotion and mainstreaming.

Objectives of the Institutional

- Developing handicrafts that is currently being manufactured by traders and introducing new designs to the present and future markets of both domestic and export markets.
- Introducing techniques to develop appropriate techniques and raw materials to increase the production capacity and produce high quality handicrafts.
- Provide advanced training, technical and design development assistance to the craftsmen with a view to achieving a better growth in the handicraft sector through the increase of income.
- Provide facilities for craftsmen to use new techniques and provide common facilities and provide common facilities.
- Introduce more efficient, innovative methods for handicrafts.
- Conduct publications, seminars, workshops and library facilities to handicraftsmen, traders and handicraftsmen involved in the field of handicrafts.
- Provide design consultancy services at the request of government and non government organizations.
- Develop creative skills and conduct professional education programs.

Core Values

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

Institutions Act and Regitrations

National Design Center, which was established in 1983 under the National Crafts Councils Act No 35 of 1982, beyond the local handicrafts industry, was established beyond the tradition and was based on the progress of the handicraft industry.

Organization

The National Design Center, the National Design Center, is always in the process of achieving its objectives for the progress of the entire handicraft industry**.** Here is a craftsman working in collaboration with the branch established in Nanthambapotha in Kandy, Central Province, headed by the head office located at 10, De Mel Road, Moratuwa, Katubadda, Moratuwa and Central Province.

In addition, the National Comprehensive School, which is the center for invention creation through the Diploma Courses, has been established at the Head Office premises. The youth of this country have created creative talents from the national level to the international level.

The Nattarampotha branch office also provides an uninterrupted service to the sassy industry by the established Brass, Leather, Leather and General Service Centers.

The National Design Center focuses mainly on the implementation of its mission through its head office with the head office and the support of the branch office with the support of the Action Plan.

In addition, the guidance of the Ministry of Traditional Industries and Small Enterprise Development, other sister institutions as well as volunteer organizations volunteers from various state and non-governmental organizations related to the provincial and industrial sectors.

All functions related to administration of all financial, marketing, marketing, design, fashion, education, technical development, research and development, common facilities and library services.

(i)	Head Office	-	No. 10, De Mel Road, Katubedda, Moratuwa
	Telephone/Fax No.	-	011-2607114 – Chairman
			011-2626345 – Director
			011-2607814 – Common
	Fax		011-2607111
	E-Mail		slndcrisep@yahoo.com / info@slndc.gov.lk
(ii)	Naththarampotha Project Office and workshop	-	Kalapuraya, Naththarampotha
	Telephone No. /Fax	-	081-2420038

Corporate Management

Board of Directors

Dr. K.M. Taufik	Chairman (to 23.01.2016)
Mr. A.l.M.Milhan	Chairman (Since 01.04.2016)
Mr. S.H.B. Karunarathna	Member (Since 08.03.2016)
M.M. Abdul Kadar	Member (Since 01.04.2016)
Miss. Heshani Bogollagama	Member (Since 08.01.2016)
Dr. S.M. Mohamed Ismail	Member (Since 08.01.2016)
Mrs. Indira Malwaththa	Member (Since 10.02.2016)
Mrs. W.A.D. Danstan	Member/ TreasuryAgent
Mr. P.G. Rathnayaka	Advisor (Since 05.01.2016)

Senior Management

Mr. Milan Lathif	- Chairman
Mr. M.A.S.S.K.Chandrasiri	- Director
Mr. A.D.De Silva	- Deputy Director (Design) (Contract Basis)
Mrs. P.A.W.Jayamini	- Deputy/Assistant Director (Admin) (Contract Basis) upto 01.08.2016
Mr. J.A.A.R.C.Gunarathna	- Assistant Director - Research (Mechanical) Upto 26.09.2016
Mr. A.A. Gamini	- Assistant Director (Design EducationTtraining)
Mr. P.K. Wejesinghe	- Assistant Director (Naththarampotha)
Mrs. B.R.Ranaweera	- Accountant

Bankers	**Audit**
Bank of Ceylon- Katubedda	Government Auditor
Peoples Bank -Katubedda	Auditor General's Department

Chairman's message.

The National Design Center, which was established in 1983 by the National Craft Council Act No 35 of 1982 and established since 1983, established a national handicraft center in Sri Lanka, which can be used to raise the traditional handler from grassroots level to the international arena.

The service rendered by the National Design Center in 2016 will be commendable with vision and mission.

The year 2016 marks the 33-year existence of the National Design Center, and is a service provider and is funded through funds allocated from the Treasury.

Significantly, the Center's income earned through the conduct of consultancy services, conducting conduction training programs and conducting courses through other services required to promote Small and Medium Scale Industries has increased relative to the previous year.

I am gratefully recalling the support and commitment provided by the Board of Directors for the achievement of the organizational targets during the year under review, the support and commitment provided by the stakeholders, management, staff and other stakeholders.

It is not an exaggeration to say that the rural crafts sector has gained great awakening today through the guidance of Hon. Rishad Bathiudeen, Minister of Industry and Commerce.

Milhan Lathif
Chaiman
National Design Centre.

Director's message.

I am delighted to be here to review the work of the National Design Center in 2016 and issue a message for the annual report. Comparing to other years, there has been a notable increase in financial and material progress this year. This year, it has been able to implement several development programs in line with its original objectives and national development plans.

I am delighted to receive a favorable audit opinion from the Institute for several years and I will sincerely thank the employees of all the Accounts and all the other segments that have dedicated themselves to this endeavor.

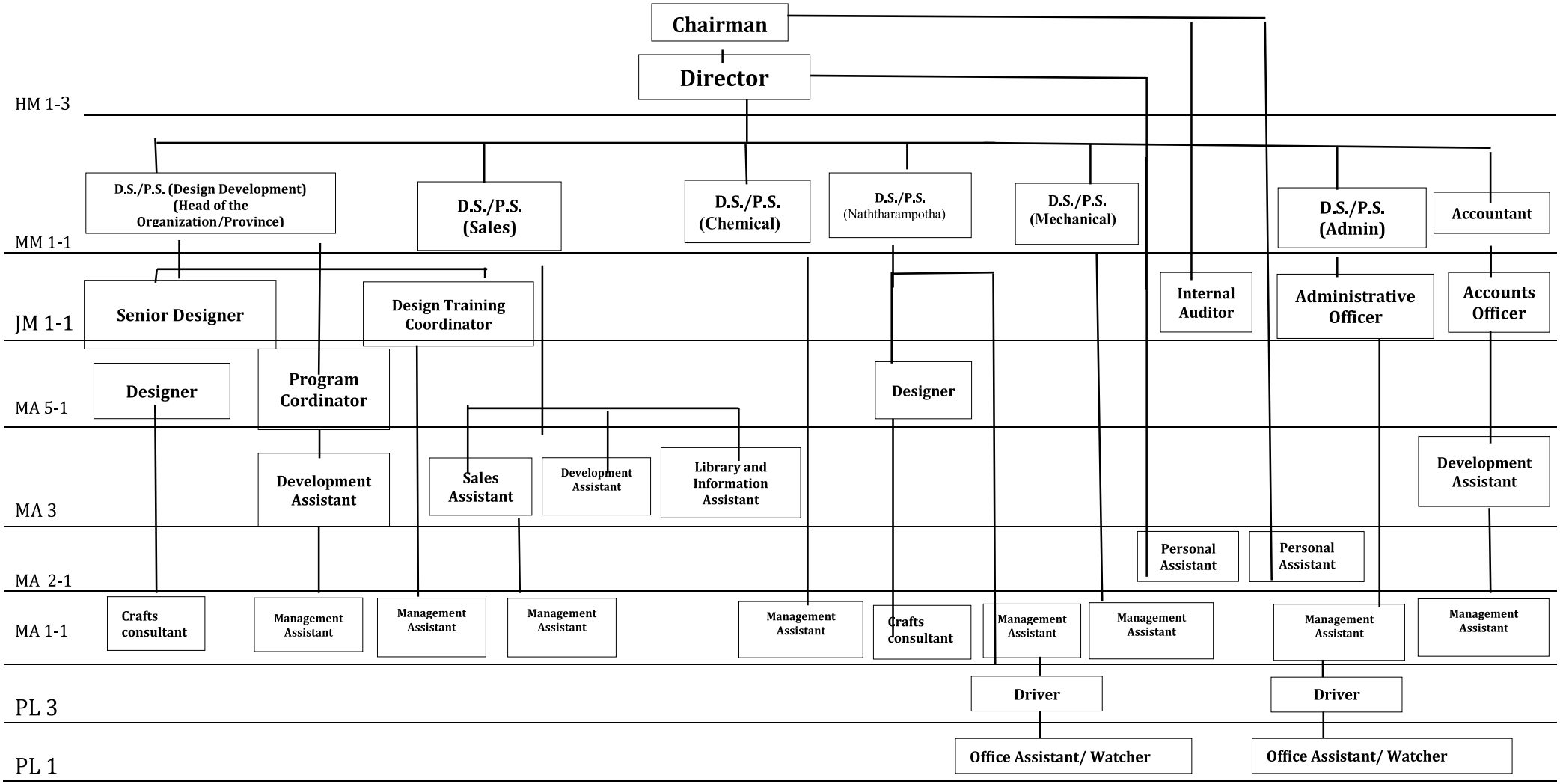
It is clear that the favorable environment in ensuring peace and security in the country has become a staggering effort to achieve economic growth. Properly developed fiscal and monetary policies provide the uninterrupted development of the country's economy and in this situation, particular attention has to be paid to the local small and medium scale industry.

The National Design Center, which plays a pivotal role in uplifting the handicraftsmen and the upliftment of the rural economy, takes center stage to implement the development needs of the rural handler.

Guidance and guidance for uplifting the rural heritage by implementing local raw materials and Hon. Rishad Bathiudeen, Minister of Industry and Commerce for the Leadership, Hon. Deputy Minister Hon. Champika Premadasa and Secretary to the Ministry, Mr. TMKB. I sincerely thank Mr. Tennakoon and the whole staff of our Ministry.

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

Organization Structure



Human Resource

Destination	Service category	Approved	Present	Vacancies	Supervising Officer
Director	HM 1-3	01	01	-	Chairman
Deputy Director (Design De velopmend and research)	MM 1-1	01	01 (Contract)	-	Director
Deputy Director (Design Education and training)	MM 1-1	01	01	-	Director
Assistant Director/ Deputy Director (Admin.)	MM 1-1	01	01 (upto 01.08.2016)		Director
Assistant Director/ Deputy Director (Design and Development)	MM 1-1	06	-	06	
Assistant Director/ Deputy Director (Mechanical)	MM 1-1	01	01 (upto 26.09.2016)	-	Director
Assistant Director/ Deputy Director (Marketing)	MM 1-1	01	-	01	Director
Assistant Director/ Deputy Director (Chemical)	MM 1-1	01	-	01	Director
Accountant	MM 1-1	01	01	-	Director
Administrative Officer	JM 1-1	01	01	-	
Acconts Officer	JM 1-1	01	01	-	
Audit Officer	JM 1-1	01	-	01	
Senior designer	JM 1-1	04	05	-	
Design Training Cordinator	JM 1-1	01	-	01	
Designer	MA 5-1	09	09	-	
Program Cordinator	MA 5-1	01	-	01	
Sales Assistant	MA 3	01	-	01	
Library and Information Assistant	MA 3	01	-	01	
Development Assistant	MA 3	03	02	01	
Personal Assistant	MA 2-1	02	02	02	

Management Assistant	MA 1-1	13	14	-	
Craft Consultant	MA 1-1	32	19	13	
Driver	PL 3	06	07	-	
Office Assistant	PL 1-1	17	10	07	
Watcher	PL 1-1	04	07	-	
Personal to Holder					
Assistant Director (Naththarampotha)	JM 1-1	01	01	-	
Assiatant Director (Design Education and Training)	JM 1-1	01	01	-	
Training Assistant	PL - 1	01	01	-	

Organizational Hierarchy



Figure 1

Financial Performance

The National Design Center, which mainly serves as a service provider, enters into state and statutory boards and the necessary funds are provided from the Treasury.

The data and information on Capital and Recurrent Allocations from the approved budget and the Treasury in 2013 are given below.

Capital allocation	**2015**	**2016**
Allocations	Rs.15,000,000.00	Rs. 18,000,000.00
Release funds	Rs.13,442,000.00	Rs. 17,870,000.00
Recurrent Provision	**2015**	**2016**
Allocations	Rs. 52,665,000.00	Rs.. 56,000,000.00
Release funds	Rs. 51, 466, 000.00	Rs. 54,753,000.00

The counseling service is a special place among the services provided by the National Service Center, and the fee charged for consulting services, as well as the fees charged for the installation program of Diplomatic Diplomatic Courses, sponsored by the Government and the Non-Governmental Organizations.

New design development and training programs, as well as grants for projects will be added to the National Design Center fund.

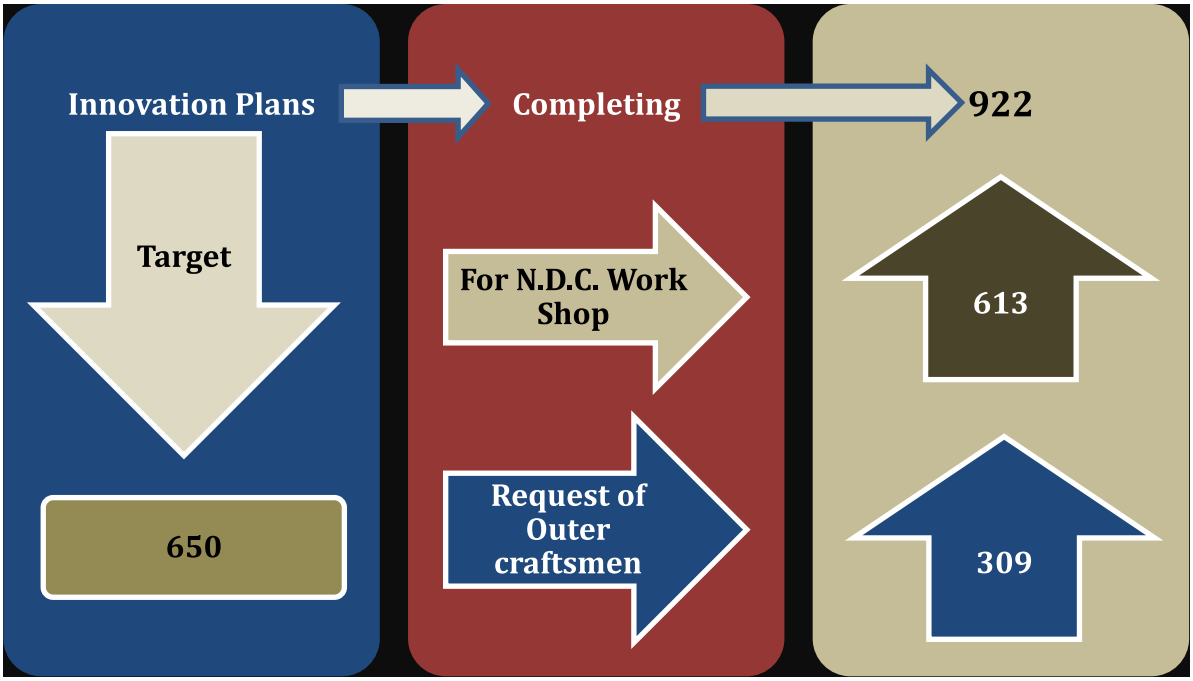
1. National Design Center (NDC)
2. Employee Loan Fund (SLF)
3. Design Consultations Fund (DCF)
4. Design Education and Training Fund (DET)

Development Activities - 2016

Planning and development of Innovations

The National Design Center focuses on the objectives of the handicraft industry designs for the local handicrafts industry as well as novel designs for the local and foreign market. They are handled by the handicraftsmen in several programs, with an intermediate component of selected designs selected by the National Design Centers. In addition, the design and the development sector have been continuous the part of the planned design introduce the handicraftsmen on the request of handicraftsmen.

During this year, it was targeted to plan 650 innovations mainly from designing branch of head office and 992 innovations from Naththarampotha Branch Office. In the workshop of National Design Center to make the innovations prototype 613 innovations were introduced and action has been taken to introduce to the balance 309 innovations to the articles.



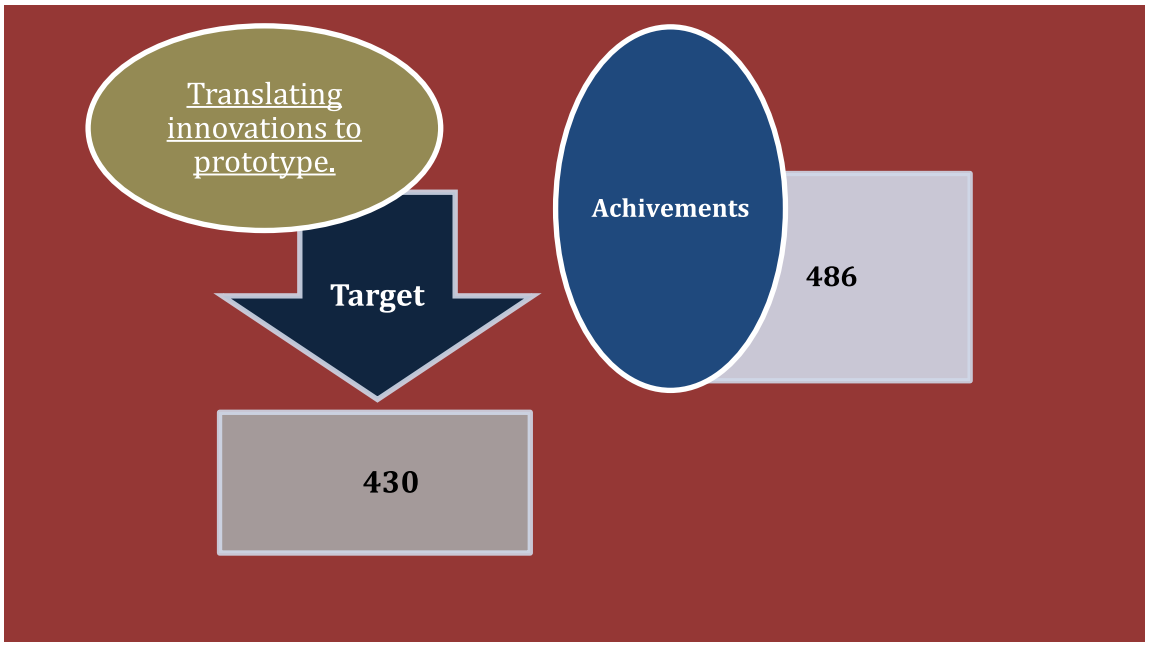
In addition, at the request of consultants and outer organizations, 50 graphics and interior decoration designs were targeted at designing and designing graphic and interior design designs for the needs of the line ministry and other agencies.

Translating innovations to prototype

Selected designs of the planed innovations will be prototyped through the workshop at the Moratuwa and Naththaranpotha office premises. The designs for leather, brass and Laksha, which are designed for the production of flooring and thread, red clay, coir, bamboo and rattan, textiles, wood and jewelry, become a prototyped.

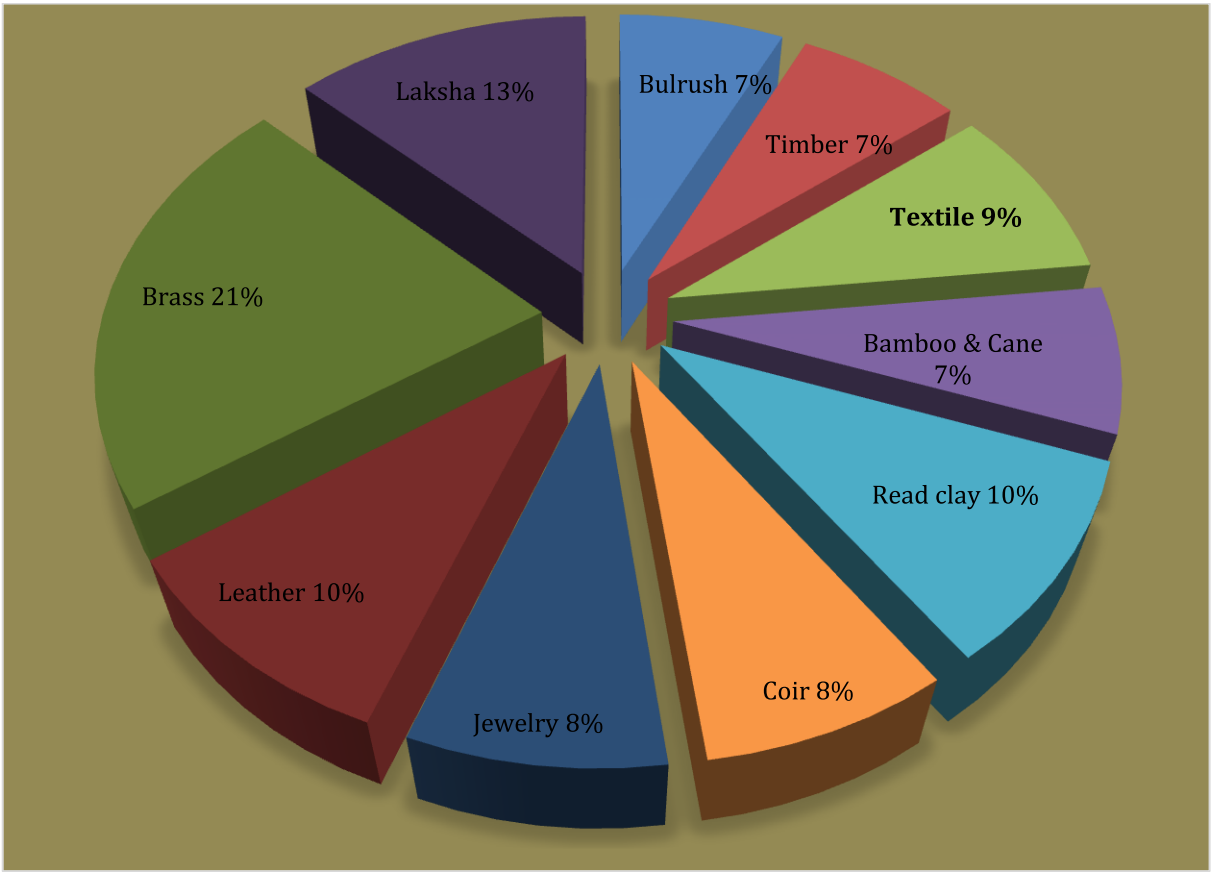
These prototypes are designed by the National Styling Center to create new design development training programs island-wide, designing training programs for the national designer center, government and non-government organizations and visiting National Design Centers Artists, Provincial Councils, Export Development Board, National Crafts Councils.

Under the new design concepts in National Design Centers, the National Design Center will carry out 486 designs for the year 2016 through various fields.



In this occasion, 271 entries have been made into the National Design Center of Moratuwa, the work has been done to make 2015 inventions in Naththarampotha National Design Centers. Accordingly, the prototype of the new designs comprised in each of the handicrafts sections of the Nattarampotha National Design Centers Workshop are as follows.

New design structures



Launching of commemorative creations using handicrafts innovations.

The National Design Center is promoting innovative local products through local handicrafts, both locally and overseas. It also focuses on the development of commemorative events preserving the identity of the home using the local raw materials.
Accordingly, 35 commemorative items were created to create 30 commemorative works this year.

Innovations Development Practical Training Programs.

- **Programs organized by the National Design Center under the Action Plan.**

Rs. 2,800 million was allocated for the development of inventions through the approved capital allocation. Targeted to this training was the awareness program, initial training programs, 14 advanced training programs and 280 new training courses for new beneficiaries.
Conducting 17 Practical Practices in Selected Designed Areas across the country, 504 people were introduced with innovative designs, novel technologies and innovative designs for the market.

New design development programs carried out under the Action Plan.

	Program	Field	Place	No. of dates	Number of beneficiaries
1.	Innovations Development Training Program	Textiles	Trincomalee – Uppuweli	03	43
2.	Innovations and new technical training program	Textiles	Kandy	03	72
3.	Innovations Development Training Program	Textiles-Handloom Bags	Kandy	03	30
4.	Innovations Development Training Program	Textiles	Ampara	05	34
5.	Awareness programme	Bamboo & Cane	Kegalla-Yatiyanthota	01	14
				03	
	Innovations Development Training Program			02	
6.	Innovations Development Training Program	Cane	Gampaha-Negambo	03	18
7.	Awareness program	Bulrush & Fiber	Galle- Bentota	01	27
	Innovations Development Training Program			05	
	Innovations Development Advanced Training Program			05	
8.	Innovations Development Training Program	Textiles	Baticlaw-Palamunei	05	36
9.	Innovations and new technical training program	Coir	Hambantota-Tangalle	02	05
10.	Innovations Development Training Program	Flax	Nuwara Eliya-Hanguranketha	05	30
11.	Innovation and innovative technological advanced training program	Timber	Kegalla-Pitihuma	05	23

12.	Innovation and innovative technological advanced training program	Shoes	Kandy	03	32
13.	New technological advanced training program	Brass	Gampaha	06	30
14.	Awareness Innovations Development program	Textile patch-work	Nuwara Eliya-Hanguranketha	03	34
15.	Innovation and innovative technological advanced training program	Timber	Rathnapura	04	25
16.	Innovations Development Training Program	Coconut shell	Galle	05	19
17.	Innovations Development Training Program	Red Clay	Badulla	05	32

- **Programs implemented on requests made by various institutions.**

Program	Field	District/ Village/ Place	Number of beneficiaries	Starting date and number of days held	Requesting institution
New Technology Program - Resource Contribution	Fiber Glass	Kandy	22	March 29 Date 03	Mahaweli Authority - Ceylon Industrial Development Board
Innovations Development Training Program	Textiles	Jaffna-Thelippalei	23	April 18 Date 05	Swiss Labor
Basic Technological Program	Fiber Glass and Rubber	Mulathiu-Welioya	14	April 08 Date 03	Ceylon Industrial Development Board
Innovations Development Training Program	Rexene Bags	Jaffna-Thelippalei	13	April 18 Date 05	Swiss Labor
Innovations Development Program	Kirindi Seeds	Badulla-Dambana	32	June 15 Date 03	Women Development Foundation
Innovations Development Training	Red Clay	Kurunegala	15	August 16	Divisional Secretary's

Program - 2nd Stage		Udaragama		Date 05	Office
New Technological Program	Handloom	Kandy	14	August 02Date 03	
Innovations Development Training Program	Thalakola	Kegalla-Menikkadawara	20	September 27 Date 03	Ceylon Industrial Development Board
Ceylon Industrial Development Board	Coconut Shells	Galle	16		
Innovations and new technological Development Program	Flax	Mathale	28	Date 03	

- In the districts of Mannar, Ampara and Puttlam through projects and projects launched under the grant and grant from UDP, non-governmental organization UDDP. In the field of handicrafts, introducing new designs for newcomers to newcomers in the field of crafts and introducing new technical know-how, advanced training programs are carried out in the following manner. In addition, arrangements were made to provide the necessary equipment and machines to the beneficiaries.

	Program	Field	Time	District/ Village/ Place	No. of beneficiaries
01	Innovations Development Training Program	Tailoring	May	Mannar-Murukan	21
02	Innovations Development Training Program	Textiles	January	Ampara	18
03	Innovations Development Training Program	Lather/ Rexene Bags	January	Ampara	28
04	Innovations Development Training Program	Thalkola	February	Ampara	28
05	Innovations Development Training Program	Coir	February	Ampara-Navidanweli	23
06	Innovations Development Training Program	Textiles	February	Ampara-Dambana	32
07	Innovations Development Training Program	Red Clay	February	Ampara- Uhana	22
08	Innovations Development Training Program	Screen Printing	February	Ampara- Uhana	35
09	Innovations Development Training Program	Textiles	March	Ampara	34
10	Innovations Development Training Program	Thalkola	March	Ampara-Lunugala	21

11	Innovations Development Training Program	Coir	March	Ampara-Vinayagampuram	22
12	Innovations Development Training Program	Textiles	March	Ampara-Damana-Galmaduwa	38
13	Innovations Development Training Program	Red Clay	March	Ampara-Maligathenna	24
14	Innovations Development Training Program	Coconut Shells	March	Ampara-Navidanweli	28
15	Innovations Development Training Program	Screen Printing	March	Ampara-Pothuwil	35
16	Innovations Development Training Program	Red Clay	March	Ampara-Akkarapaththu	25
17	Innovations Development Training Program	Palmyra	April	Ampara-Navidanweli	18
18	Innovations Development Training Program	Textiles	May	Baticlaw-Palamune	36
19	Innovations Development Training Program	Textiles	May	Baticlaw	33
20	Innovations Development Training Program	Coconut Shells	May	Ampara-Pothuwil	20
21	Innovations Advanced Training Program	Thalkola	June	Baticlaw	30
22	Innovations Development Training Program	Tailoring	June	Baticlaw	33
23	Innovations Development Advanced Training Program	Red Clay	June	Baticlaw	23
24	Innovations Development Advanced Training Program	Coir	June	Baticlaw	25
25	Innovations Development Advanced Training Program	Red Clay	August	Baticlaw	23
26	Innovations Development Advanced Training Program	Red Clay	August	Baticlaw	15
27	Advanced Design Training Program	Cane	August	Baticlaw	08
28	Innovations Development Advanced Training Program	Coconut shells	August	Baticlaw	17
29	Innovations Development	Textiles-Lightweigh	August	Baticlaw-	27

	Training Program	t toys		Welachchenai	
30	Innovations Development Training Program	Ornaments	August	Baticlaw	35
31	Innovations Development Training Program	Handloom Textiles	September	Baticlaw-Ariyampathi	09
32	Innovations Development Advanced Training Program	Red Clay	September	Baticlaw-Wawunathiu	23
33	Innovations Development Advanced Training Program	Red Clay	September	Baticlaw- Wakare	17
34	Innovations Development Training Program	Textiles	November	Puththalama	33
35	Innovations Development Training Program	Coconut Shells	November	Puththalama	30

Entrepreneurial Village and Women Entrepreneurship Development Programme

The Ministry of Industry and Commerce for the above program has paid Rs. 4 million will be given to the National Design Center, through which selected women will be given priority in the following selected villages, inventions and new technical knowledge, By providing services such as providing necessary equipment and selling opportunities, 151 handicraftsmen were established in those villages.

District	Divisional Secretary's Division	Village	Handicraft Field	No. of beneficiaries
Monaragala	Medagama	Senapathiya	Cane	35
Mannarama	Mannarama	Nadukuda	Thalkola	28
Trincomalee	Muthur	Sadinagar	Red Clay	35
Trincomalee	Muthur	Periyapalamei	Textiles	31
Matara	Dewinuawara	Midellamura	Coir	22

Introducing innovations to the handicraft sector

Designing new designs for the market in the field of eco-tourism is a major function of the National Design Center, and the National Design Center is working towards a variety of new designs that are designed to be a sophisticated professional. Under the Action Plan, under the provisions of the Non-Governmental Organizations, the new designs introduced under the invitations to be made by the state and non-government organizations as well as at the Institute's Institutions and through the trainees and the request of the craftsmen.

Accordingly, action has been taken to introduce a total of 572 new inventions aimed at introducing 390 new inventions designed by the National Design Center in 2016.

Handicrafts Innovation Development Programme

While designing new designs designed by the National Design Center in a variety of ways to handicraftsmen, the craftsmen who have selected the craftsmen to produce such creations and put in place a suitable program to introduce them to the market.

The design of the novel designs is the key element of this program, the selection of optimum design plans and the production of high quality craftsmen, in this way they were introduced to the Yugayata Nimaum-2016 they manufactured through the era of inventing the innovative creative handloom industry.

The National Design Center has taken steps to connect 135 handicraft entrepreneurs from various parts of the country to the field of crop processing, through this program, for the circulation of circulation, new inventions have made it possible to achieve economic growth through the purchase of new inventions, which expanded their market share.

Market relations.

New designs created by the National Design Center to manufacture orders and handouts through the Lanka Handicraft Industrial and other Handicraft outlets through production outsourcers and client handheld traders and manufacturing development programs.

Marketing research programmes

It was targeted at 04 marketing research programs in this year to observe new designs that are suitable for the market created by the National Design Center.

Accordingly, a showroom was opened in the National Design Center at the Thummulla sales center of the Sri Lanka Handicraft Board, The event was organized by the National Trade Exhibition and the National Design Center in Batticaloa and was conducted by the yugayata Nimaum New Design Exhibition in Kandy and made two Marketing Research Programs.

Through this, the Sales and Marketing Division of the National Design Center has taken steps to study how customers focus on innovation. Through this, the Sales and Marketing Division of the National Design Center has taken steps to study how customers focus on innovation.

Yugayata Nimeum -2016 Exhibition of innovative Creative Industries.

The National Design Center created in the year 2016 and designed to present the novel designs that suit the traditions introduced to the field of medicine, organized by Yugayata Nimeum-2016, the newest creative and solely an Indian manufacturing and marketing fair will be held from December 27 to 30 at this year in Kandy- Kandy City Center.

Through this, over 300 new inventions were launched in various industries, The National Design Center was able to sell innovative products manufactured by traders through this new product development program in a variety of retailers. He sale point is Rs. By getting a revenue of 2.1, it was possible for solicitors to get a higher price through them.

Co-ordinate with the National Crafts Council.

Shilpa 2016 National Exhibition.

In addition, during the following exhibitions, the exhibition was staged to inform the audience about institutional issues and the field of hairdressing industry.

- Jaffa International Trade Fair- The exhibition was held in Jaffna from 29th to 31st January with a new stall and a sales outlet.
- Colombo Shopping Festival- 2016- The exhibition which was held from 8th to 12th April at the Bandaranayke Memorial International Conference Hall was held at the BMICH. It was able to sell inventories of 0.113 inventions.
- Business Fair- 2016- The exhibition organized by the University of Sri Jayewardenepura was held from 15th to 15th May with a showroom and a sales outlet.
- U.N.D.P. The Batticaloa International Trade Exhibition organized by the Institute was held from September 30 to October 02, with all its graphic and interior decoration products. We also participated in innovative design training programs conducted by the UNDP project through the handing over of 100 trades to 100 craftsmen who obtained inventions and new technical know-how.

Providing library services and information.

At the head office premises at Katubedda and the library at the Naththarampotha branch office, Purchase new books worth Rs. Million 0.212 and increase the collection of the library and develop the library.

This library with a collection of special and weak books related to the Solar Energy industry has been established through the National Colleges of Education, the University of Kelaniya and the National Colleges of Cultural Degree, In addition to this, it was also possible to provide

library services, information and library services for those interested in handicraft industry and field related activities.

Function of Educational Sector.

Sri Lanka National Complementary College.

Through the National Design Center, the National Complementary Diploma Course and the National Complementary Diploma Course will enable them to unleash theoretical and practical knowledge in the field and release them as professional designers to the society.

This course will give you the opportunity to start your own business with the theoretical and practical knowledge obtained both locally and overseas.

The above courses are conducted as a weekly course and the number of students who completed these courses this year is as follows.

12 students participated in this year's Higher National Diploma course on Home Improvement (2016) (weekend).

74 students were recruited on the Advanced National Diploma Course on Home Filling (2016) (weekends), and the course of study was started in January 2016 and was completed in early 2017.

Providing services from the National Design Center.

In addition to the beneficiaries who receive services from the National Design Center under the action plan under the request of other organizations or under the provisions of the Non-Governmental Organizations in the year 2016, providing orders and marketing opportunities, information on the market, craftsmen, information on the field, Providing common facilities for training, inviting institutions / designs on designs Theoretical and Practical Knowledge for projects in the field of handicrafts, for local and foreign universities and students who are interested in and studied the crafts field.

Consultancy services.

The National Design Center provides consultancy services to the needs of both government and private entities. It provides graphic design, home decoration, inventions and new technical programs.

Accordingly, the National Design Center has earned an income of Millian Rs. 2.891 this year through advisory services.

National Design Center
Physical Result as at 31 December 2016

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Developing new inventions that can match the industry and add value.**	Designing new products for the field of agriculture.	No. of New Design	650	922	130
Allocated amount- **Million Rs. 2.640**	Providing office equipment for the head office and Naththarampotha design division.				

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Transformation of planned innovations into basic samples**	Provide materials for the hospitals	No. of New Design	430	486	81
Allocated amount- **Million Rs. 2.632**	Office equipments, repairs, improvements, and general public facilities for grocery stores.				
	Make new design templates.				

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Innovations Development Training Program**	Organizing novel designs and new practical training programs on the capital allocation under the Action Plan.	No. of programs	14	17	82
		No. of beneficiaries	280	504	
Allocated amount- **Million Rs. 2.975**	Introduced innovations to inventors	The number of innovations introduced	390	572	
	Staff training	Number of trainees	10	32	

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Production Development Program**	Introducing new designs to selected artists.	The no. of distinguished designs	30	35	114
Allocated amount- **Million Rs. 2.500**	Providing office equipment for the head office and Naththarampotha design division.	Number of inventions in inventories	50	265	

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Number of research programs**	Organize sales research programs	Number of research research programs	04	02	--
Allocated amount- **Million Rs. 0.313**	Produced new inventions via these craftsmen	The value of the new inventions introduced into the market	120	300	
		The value of the new inventions introduced into the market	Rs. Million 5	Rs. Million 2.6	
		Number of craftsmen engaged in the market	200	166	

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **New design exhibitions**	Organizing New Design Exhibitions.	The number of new exhibitions	02	02	103
Allocated amount- **Million Rs. 5.000**	Inauguration of new Shilpa exhibitions	The number of inventions displayed	330	300	
	Participation in exhibitions organized by other organizations	Number of exhibitions attended	04	04	

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Conduct research and development programs**	Research and development activities for replacements and new processes for raw materials	No. of research and development programs	02	01- Operating condition	10
Allocated amount- **Million Rs. 4.00**	Development and operational data under the raw materials, processes, designs and marketing potential				

Project/ Program	Main Activities	Criteria	Output Target	Completions	Results of finance (%)
Project- **Library facilities and information**	Provide library facilities and information	Providing library facilities- No. of beneficiaries	200	119	76
Allocated amount- **Million Rs. 0.280**	Purchase new books for the library				
	Upgrading the National Design Center Website	Providing information and assistance	100	117	

Project/ Program	Main Activities	Criteria	Output Target	Completions
Project- **New design and new technology implemented under the provision of NGOs and various other organizations.**	Non -Governmental Organizations Provide novel designs and new training programs in selected districts.	No. of programs	36	45
Allocated amount- **External Grants**		No. of beneficiaries	720	994

Project/ Program	Main Activities	Criteria	Output Target	Completions
Project- **Home Interoperation National Diploma and Higher National Diploma**	Holding National Diploma and Higher National Diploma courses.	Number of students attending Higher National Diploma in Home Improvement	30	--
		Holding National Diploma courses in interior decorating.	60	58
Allocated amount- **On earnings**		Income Rs. Million	4	3.5

Project/ Program	Main Activities	Criteria	Output Target	Completions
Project- **Fashion consulting services**	Provide design consultancy services at public and private sector request.	Number of model consulting services provided	10	02
		Value Rs. Million	2	2.891
Allocated amount- **On earnings**		Number of interior and interior decoration designs	50	65



Bamboo & Cane



Brass



Coir



Jewellery



Lacquer



Leather



Red Clay



Palmyrah



Textile



Wood



Bamboo & Cane



Brass



Coir



Jewellery



Lacquer



Leather



Red Clay



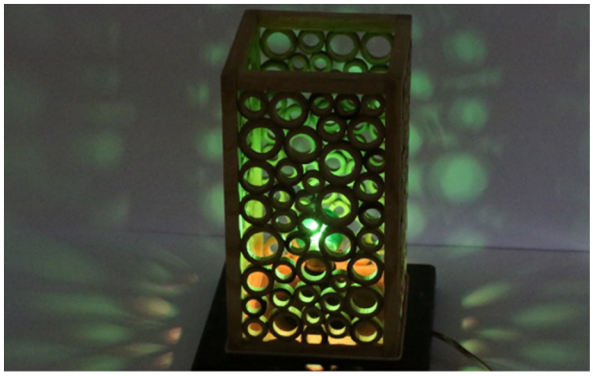
Palmyrah



Textile



Wood



Bamboo & Cane



Brass



Coir



Jewellery



Lacquer



Leather



Red Clay



Palmyrah



Textile



Wood






































EXHIBITION
2016
27 | 28 | 29 | 30
DECEMBER
2016
27 | 28 | 29 | 30























Financial Statements 2016

National Design Caentre

(Minitry of Industry and Commerce)

No 10, De Mel Road,

Katubedda, Moratuwa.

National Design Centre
Statement of Financial Position as at 31st December 2016

	Note	31.12.2016 Rs.	31.12.2015 Rs.
ASSETS			
NON CURRENT ASSETS			
Property Plant & Equipment	1	57,421,324.98	55,586,518.19
		57,421,324.98	55,586,518.19
CURRENT ASSETS			
Closing Stock	2	5,736,721.59	5,069,118.23
Trade & Other Receivables	3	3,776,526.91	2,424,973.46
Staff Loans	3.1	6,940,209.52	5,814,221.71
Prepayments	4	493,810.49	568,657.65
Cash & Cash Equivalent	5	24,223,242.88	38,447,642.01
		41,170,511.39	52,324,613.06
TOTAL ASSETS		98,591,836.37	107,911,131.25
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	6	1,433,249.30	1,388,767.30
Cash received as an advance for UNDP Programme	7	9,021,332.00	24,539,770.00
Accrued Expenses	8	2,037,338.28	2,660,785.29
		12,491,919.58	28,589,322.59
Provision for Gratuity	9	26,026,606.50	25,666,386.88
TOTAL LIABILITIES		38,518,526.08	54,255,709.47
TOTAL NET ASSETS		**60,073,310.29**	**53,655,421.78**

NET ASSETS/EQUITY

DEFERRED REVENUE INCOME

Capital Grant		56,976,002.50	57,010,983.24
Less			
Provision for Deferrd Depriciation			
Current Year	10	8,321,948.33	7,307,307.87
Less		48,654,054.17	49,703,675.37
Deferred Expenses		12,262,333.00	10,598,005.87
		36,391,721.17	39,105,669.50
Revaluation Reserve		6,578,345.91	2,655,138.71
Accoumulated Profit	11	17,103,243.21	11,894,613.57
TOTAL NET ASSETS/EQUITY		**60,073,310.29**	**53,655,421.78**

The accounting policies on pages 10 to 11 and Notes on pages 12 to 23 form an integral part of these Financial Statements.

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

B.R Ranaweera	M.A A.S.K Chandrasiri	Milhan Latiff	M.M. Abdul Cader
Accountant	Director	Chairman	Board Member
14 .08 .2017	. .2017	….. .2017	…… .2017

National Design Centre
Statement of Financial Performance for the year ended 31st December 2016

	Note	2016 Rs.	2015 Rs.
OPERATING INCOME			
Treasury Grant - Recurrent	12	54,753,300.00	51,466,000.00
Treasury Grant - Development Activities		12,262,333.00	10,598,005.87
Grant for - Enterprise Village & Women Entepreniership Program		4,427,636.03	-
Other Income	13	20,812,676.06	23,087,031.02
		92,255,945.09	85,151,036.89
OPPERATING EXPENSES			
Personal Emmoluments	14	47,941,248.38	46,465,175.68
Travelling Expenses	15	561,070.53	281,173.75
Supplies	16	1,107,527.57	766,609.15
Maintenance	17	1,446,443.92	1,275,708.57
Contractual Services	18	5,596,856.66	4,728,508.30
Depreciation	19	8,321,948.33	7,307,307.87
Gratuity		1,476,137.62	5,586,780.74
Development Expenses	20	8,289,070.03	7,338,400.48
Expenses on Enterprise Village & Women Entrepreneurship Program	21	4,476,935.54	
Other Expenses	22	16,152,025.20	16,065,741.99
		95,369,263.78	89,815,406.53
SURPLUS / DEFICIT FROM OPERATING ACTIVITIES		(3,113,318.69)	(4,664,369.64)
Add			
Deferrd Income		8,321,948.33	7,307,307.87
		8,321,948.33	7,307,307.87
SURPLUS / DEFICIT FOR THE YEAR		**5,208,629.64**	**2,642,938.23**

National Design Centre
(Indirect Method)
Statement of Cash Flow for year ended 31.12.2016

	2016		2015	
	Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities				
Surplus/Deficit from Ordinary Activities	(3,113,318.69)		(4,664,369.64)	
(+) Prior year adjustments	-		44,167.92	
(-) Prior year adjustments	-	(3,113,318.69)	(4,262.31)	(4,624,464.03)
Non Cash Movements				
Depreciation	8,321,948.33		7,307,307.87	
Gratuity	1,476,137.62		5,586,780.74	
(Increase) / Decrease in Closing Stock	(667,603.36)		(1,725,533.14)	
(Increase) / Decrease in Trade & Other Receivables	(1,351,553.45)		(519,767.18)	
(Increase) / Decrease in Staff Loan	(1,125,987.81)			
(Increase) / Decrease prepayment	74,847.16		(237,127.36)	
Increase / (Decrease) in Trade & Other Payables	44,482.00		435,930.50	
Advance received for UNDP Project	(15,518,438.00)		15,971,770.02	
Gratuity Payments	(1,115,918.00)			
Increase /(Decrease) in Accrued Expenses	(623,447.01)	(10,485,532.52)	78,683.11	26,898,044.56
Net Cash flow from operating activities		(13,598,851.21)		22,273,580.53
Cash Flow from Investing Activities				
Purchase of Building(improvements to building)	(1,119,174.20)		(966,427.69)	
Purchase of Plant & Machinary	(936,308.00)		(183,350.00)	
Purchase of Furniture	(2,305,498.12)		(563,493.63)	
Purchase of Office Equipment	(312,113.30)		(762,474.88)	
Purchase of Tools	(43,485.00)		(111,910.00)	
Purchase of Library Books	(195,093.30)		(294,709.95)	
Purchase of Computer & other Equipment	(1,085,076.00)		(1,314,362.00)	
Purchase of Vehicle	(236,800.00)			
Net Cash Flow from Investing Activities		(6,233,547.92)		(4,196,728.15)
Cash Flow from Financing Activities				
Capital Grant from Treasury	5,608,000.00		2,843,994.13	
Net Cash flow from financing activities		5,608,000.00		2,843,994.13
Net Increase/ decrease in Cash & Cash Equivalent		(14,224,399.13)		20,920,846.51
Cash & Cash Equivalent at the beginning of the year		38,447,642.01		17,526,795.68
Cash & Cash Equivalent at the end of the year		24,223,242.88		38,447,642.01

Statement of Changes in Equity for the year ended 31.12.2016

	Capital Grant Rs.	Accumulated Reserve Rs	Revaluation Reserve Rs.	Total Rs.
Balance as at 01.01.2016	39,105,669.50	11,894,613.57	2,655,138.71	53,655,421.78
Deferred Expences	(12,262,333.00)			(12,262,333.00)
Provision for Deferrd Depriciation	(8,321,948.33)			(8,321,948.33)
Revaluation Reserve			3,923,207.20	3,923,207.20
Treasury Grant - cash	17,870,333.00			17,870,333.00
Surplus /Deficit for the period		5,208,629.64		5,208,629.64
Balance as at 31.12.2016	36,391,721.17	17,103,243.21	6,578,345.91	60,073,310.29

National Design Centre
Accounting Policies for the year 2016

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%

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. Revaluation of Motor vehicles

Vehicles are revalued as at 31.12.2016

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

09. Legal cases to be disclosed

Institute had executed contract for landscaping services in 2009 following tender procedures for a sum of Rs. 580,000/- . The payment for the contract has been suspended since the contractor was unable to complete agreed works within the given time frame to the satisfaction of the institute. Contractor has now filed a case regarding this matter and requested compensation for the nonpayment of contractual sum.

Institute is on the view that certain payment to be made for the work completed. This amount has been estimated as Rs. 502,082.56. However the final decision has not been reached yet.

1. Property Plant & Equipment

	Note	Buildings	Machinery	Vehicles	Compiuter	Office Equipment	Furniture & Fittings	Tools & Equipment	Library Books	Total
Cost		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Balance as at 01.01.2016		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
Additions during the year		1,119,174.20	936,308.00	236,800.00	1,085,076.00	312,113.30	2,305,498.12	43,485.00	195,093.30	6,233,547.92
Cost of revalued assets	1.1			(40,514,863.07)						(40,514,863.07)
Revalued amount	1.2			25,600,000.00						25,600,000.00
Balance as at 31.12.2016	*	22,577,986.50	6,274,984.58	25,610,000.00	11,749,613.84	11,653,971.38	8,005,971.56	941,843.14	2,756,249.74	89,570,620.74
Depreciation										
Balance as at 01.01.2016		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
Charges for the year		612,897.13	366,525.16	5,373,958.08	1,100,381.30	374,663.34	338,136.56	51,694.97	103,691.79	8,321,948.33
Depn. On revalued assets	1.3			(18,838,070.27)						(18,838,070.27)
Depn on revalued assets										
Balance as at 31.12.2016		9,848,727.69	3,340,768.66	7,147.14	6,577,294.42	8,069,494.71	2,907,472.72	762,001.83	636,388.59	32,149,295.76
Net Book Value										
Balance as at 01.01.2016		12,222,981.74	2,364,433.08	26,816,803.74	5,187,624.72	3,647,026.71	3,131,137.28	188,051.28	2,028,459.64	55,586,518.19
Balance as at 31.12.2016		12,729,258.81	2,934,215.92	25,602,852.86	5,172,319.42	3,584,476.67	5,098,498.84	179,841.31	2,119,861.15	57,421,324.98

Note 1.1

Vehicle No.	cost Rs
LG 2517 Single Cab	1,188,100.00
253-4929 Double cab	1,852,874.00
HM 7693 Car	1,859,589.07
YR 0177 Three Wheeler	373,440.00
PE 0011 Double Cab	7,777,320.00
PE2875 Double Cab	8,885,200.00
KX -8260 Car	8,195,000.00
PH-0069 Van	10,243,500.00
WZ-3555 Motor Bicycle	139,840.00
127-0624 Motor Bicycle	10,000.00
	40,524,863.07
Less : Motor Bicycle unused, not yet disposed	(10,000.00)
	40,514,863.07

Note1.2

Vehicle No.	Revalued value Rs
LG 2517 Single Cab	650,000.00
253-4929 Double cab	1,600,000.00
HM 7693 Car	1,700,000.00
YR 0177 Three Wheeler	370,000.00
PE 0011 Double Cab	5,800,000.00
PE2875 Double Cab	5,800,000.00
KX -8260 Car	5,200,000.00
PH-0069 Van	4,400,000.00
WZ-3555 Motor Bicycle	80,000.00
127-0624 Motor Bicycle	-
Motor Bicycle unused, not yet disposed	
	25,600,000.00

Note 1.3

As at 01.01.2016	
	13,471,259.33
Charge for 2016	
	5,373,958.08
for 127 -0624 Motor bicycle	(7,147.14)
	18,838,070.27

Note 02 - Closing Stock

`	31-12-2016 Rs.	31-12-2015 Rs.
Raw Matirials	526,238.36	224,106.96
Finished Goods	4,348,606.08	3,850,075.84
Stationary	839,652.15	972,710.43
DCF Stock	22,225.00	22,225.00
	5,736,721.59	5,069,118.23

Note 03 - Trade & Other Receivables

	31-12-2016 Rs.	31-12-2015 Rs.
Advance for fuel	200,000.00	200,000.00
Advance on cash	35,763.22	11,616.22
Advance on Cheque	40,000.00	4,000.00
Advance for Deposits	4,400.00	-
Receivable Cash	246,932.36	63,514.75
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	6,500.00
Other Deposit	77,600.00	77,600.00
Electricity Deposit	20,000.00	20,000.00
Design Education Account		
Class Fees Receivable	1,144,000.00	694,500.00
Advance	-	48,696.16
Design Consultancy Account		
Sri Lanka Handicraft Development Board	1,049,560.00	450,520.00
Sri Lanaka Pharmaceuticals Manufacturing Corporation		
Advances	629,521.33	311,056.33
National Craft Council	-	264,720.00
Galle Heritage Foundation	200,000.00	200,000.00
Welfare Association	100,000.00	50,000.00
	3,776,526.91	2,424,973.46

Note 3.1Staff Loans

	31-12-2016 Rs.	31-12-2015 Rs.
Distress Loan	6,925,359.52	5,784,038.35
Festival Advance	14,850.00	24,850.00
Bicycle Loan	-	5,333.36
	6,940,209.52	10,664,168.63

10,716,736.43

Note 04 - Prepayments

	31-12-2016 Rs.	31-12-2015 Rs.
Insurance	353,439.40	397,984.73
Contractual Services	19,633.14	64,895.69
Licence	36,970.69	25,777.23
Rent & Hire Charges	83,767.26	80,000.00
	493,810.49	568,657.65

Note 05 - Cash & Cash Equivalent

	31-12-2016 Rs.	31-12-2015 Rs.
National Design Centre Account - A/c No 407273	2,140,216.17	2,279,694.15
National Design Centre Account Natharampotha	16,142.44	84,721.35
Design Consultancy Account - A/c No 407326	16,664,431.87	33,470,235.46
Design Education Account A/c 313-1001-4-3657050	4,841,832.32	2,203,680.98
Staff Loan Account A/c 407325	560,620.08	409,310.07
	24,223,242.88	38,447,642.01

Note 06 - Trade & Other Payables

	31-12-2016 Rs.	31-12-2015 Rs.
Audit Fees Payable	555,000.00	525,000.00
Security Deposits	58,842.50	28,657.50
Design Education Account		
Course Fees Received in Advance	-	-
Design Consultancy Account		
Security Deposits	25,400.00	41,103.00
Palmyrah Development Board	310,006.80	310,006.80
Oxfam cash received in advance	484,000.00	484,000.00
	1,433,249.30	1,388,767.30

Note 7 - 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)

	31-12-2016 Rs.	31-12-2015 Rs.
Amount Received	24,539,770.00	39,430,869.96
Work Complited	(15,518,438.00)	14,891,099.96
Balance in account to complete the project	9,021,332.00	24,539,770.00

Note 08 - Accured Expenses

	31-12-2016 Rs.	31-12-2015 Rs.
Fuel	8,845.35	24,939.00
Telephone	56,415.12	77,962.51
Electricity	34,878.94	35,717.59
News paper	6,760.00	5,790.00
EPF Payable	393,384.64	403,850.50
ETF Payable	98,321.02	100,962.62
Water	25,963.67	25,405.18
Capacity Building	970.00	-
New Design Exhibition	663,592.56	606,666.06
Over Time	89,324.46	104,851.62
Travelling	26,282.50	9,505.75
Salaries & wages	276,753.83	290,959.26
Design Development	12,896.00	179,516.85
Meeting with Clients	-	6,035.00
Transport & Hire Charges	30,000.00	27,812.90
Other allowances	25,741.94	26,459.68
Transport	1,300.00	-
Creation New Design	5,505.75	-
Other Exibition	-	106,410.81
Maintanance of Vehicle	-	9,400.00
Clening Charges	1,500.00	2,000.00
Advertisement	68,827.50	-
Design Education Account		
Lecture Fees	39,075.00	4,930.00
Design Consultancy Account		
Pass Asian Pvt. Ltd	171,000.00	171,000.00
Lakdiva Engravers	-	411,030.00
Allowance Payable on design Development Program	-	29,579.96
	2,037,338.28	2,660,785.29

Note No.09

Gratuity Provision as at 31.12.2016

	Emp. Name	Date Joined	Completed Years as at 31/12/2016	Salary		Gratuity Provision as at 31.12.2016
	1		3	4	5	(6) =(3) x (5)
1	T. Asoka Thirimanna	26/09/1983	33	38,638.00	19,319.00	637,527.00
2	S.K Wimalasiri	1985-10-06	31	40,948.00	20,474.00	634,694.00
3	U.L Wickramarathna	1985-10-06	31	40,948.00	20,474.00	634,694.00
4	P. Dharmasena	24/06/1985	31	37,684.00	18,842.00	584,102.00
5	M. Hettiarachchi	27/09/1985	31	48,280.00	24,140.00	748,340.00
6	M.S Nalini	25/10/1985	31	40,948.00	20,474.00	634,694.00
7	G. Vithana	1985-01-11	31	48,002.00	24,001.00	744,031.00
8	Manel Bulathgama	1985-06-12	31	47,630.00	23,815.00	738,265.00
9	D. Dharmasiri	1986-10-06	27	35,956.00	17,978.00	485,406.00
10	D.P.G Hemachandra	1986-02-06	30	35,145.00	17,572.50	527,175.00
11	K.L.A Premalatha	22/09/1986	30	38,164.00	19,082.00	572,460.00
12	U.G.G. Amarathunga	26/10/1986	30	36,526.00	18,263.00	547,890.00
13	T.N Karunaratna	21/11/1986	30	39,040.00	19,520.00	585,600.00
14	H.M.A.U Shantha	1986-08-12	30	44,558.00	22,279.00	668,370.00
15	G.W. Ramyalatha	16/03/1987	29	39,566.00	19,783.00	573,707.00
16	I.R. Piyathilaka	17/06/1987	29	39,040.00	19,520.00	566,080.00
17	A.A Gamini	1987-01-09	29	56,710.00	28,355.00	822,295.00
18	D.J. Pieris	1987-11-11	29	48,756.00	24,378.00	706,962.00
19	M.A Somalatha	1988-01-03	28	54,730.00	27,365.00	766,220.00
20	W.A.P.K Wijesingha	1988-01-08	28	56,050.00	28,025.00	784,700.00
21	Palitha Pushpakumara	15/04/1988	28	37,108.00	18,554.00	519,512.00
22	W.A. Kulathilaka	1988-01-06	28	36,526.00	18,263.00	511,364.00
23	K.P.J. Perera	14/02/1989	27	36,718.00	18,359.00	495,693.00
24	B.K.K Perera	28/06/1989	27	36,478.00	18,239.00	492,453.00
25	Manel Rajapaksa	1989-02-10	27	43,962.00	21,981.00	593,487.00
26	U.A.LS.K. Jayathissa	1990-01-01	26	36,526.00	18,263.00	474,838.00

27	R.A.P Udayangani	20/02/1990	26	41,870.00	20,935.00	544,310.00
28	K.K.S.De Silva	15/08/1991	25	42,634.00	21,317.00	532,925.00
29	M.K Mahinda	1992-01-07	24	39,178.00	19,589.00	470,136.00
30	G.A.G Silva	22/03/1993	23	36,496.00	18,248.00	419,704.00
31	L.A Kularathna	1993-05-04	23	36,496.00	18,248.00	419,704.00
32	H.B.T Damayanthi	1994-03-01	22	51,437.00	25,718.50	565,807.00
33	B.K.A Rodrigo	15/06/1994	22	36,160.00	18,080.00	397,760.00
34	A.M.T.K Alagiyawanna	1996-02-05	20	35,478.00	17,739.00	354,780.00
35	B. Manathunga	1996-03-06	20	53,410.00	26,705.00	534,100.00
36	J.A.A.R.C Gunarathna	1996-01-07	20	56,254.00	28,127.00	562,540.00
37	D.M.A. Chandima	15/07/1996	20	38,122.00	19,061.00	381,220.00
38	M.A.R.U. Gunarathna	16/07/1998	18	37,396.00	18,698.00	336,564.00
39	Susil Wijethunga	1998-01-09	18	34,949.00	17,474.50	314,541.00
40	W.M. Piyarathna	1999-04-01	17	46,810.00	23,405.00	397,885.00
41	R.M. Vijitha Bandara	1999-01-06	17	45,934.00	22,967.00	390,439.00
42	S.S Weerasuriya	2000-01-02	16	37,054.00	18,527.00	296,432.00
43	H.T. Dinesh Silva	2000-01-02	16	37,260.00	18,630.00	298,080.00
44	C.K.Kalansooriya	2000-01-02	16	37,464.00	18,732.00	299,712.00
45	P.B. Piyawathi	2000-01-02	16	35,185.00	17,592.50	281,480.00
46	N.D.H Mohotti	2000-01-02	16	33,799.00	16,899.50	270,392.00
47	K.R. Kumara	2000-01-02	16	34,547.00	17,273.50	276,376.00
48	Prashantha Kirthichandra	13/12/2000	16	41,716.00	20,858.00	333,728.00
49	P. C. J. De Silva	15/08/2005	11	43,744.00	21,872.00	240,592.00
50	G.C.N. Perera	15/08/2005	11	41,140.00	20,570.00	226,270.00
51	V.G.B.D. Weeranayaka	15/08/2005	11	39,358.00	19,679.00	216,469.00
52	S.W.Vijithani	25/10/2005	11	39,358.00	19,679.00	216,469.00
53	B. R. Ranaweera	15/02/2006	10	50,962.00	25,481.00	254,810.00
54	R. M .Gamini Rathnayaka	2007-12-12	9	33,374.00	16,687.00	150,183.00
55	J . Anil Wijesuriya	01/01//2008	9	33,374.00	16,687.00	150,183.00
56	I. A. kleetas Asanga	15/02/2008	8	35,018.00	17,509.00	140,072.00

57	M. T. T. Jayawardana	15/02/2008	8	34,685.00	17,342.50	138,740.00
58	T. C. Wijerathna	2008-03-03	8	41,678.00	20,839.00	166,712.00
59	M. A. D. P. Kithsiri	15/07/2008	8	34,685.00	17,342.50	138,740.00
60	M. T. R. Fanandu	2008-01-09	8	33,374.00	16,687.00	133,496.00
61	N.G.K Indika	2009-06-08	7	35,511.00	17,755.50	124,288.50
62	W.D.L.Sri S. Rathnayaka	2009-11-04	7	33,236.00	16,618.00	116,326.00
						27,142,524.50
	Less: Gratuity Payments					
1	K.L.A. Premalatha	22/09/1986	30	38,164.00	19,082.00	553,378.00
2	J.A.A.R.C.Gunarathna	1996-01-07	20	56,254.00	28,127.00	562,540.00
						1,115,918.00
	Total Gratuuity					26,026,606.50
*	D. Dharmasiri - nopay	3Year				

Note 10 - Deferrd Depriciation **Deferred Revenue Income**	31-12-2016 Rs.	31-12-2015 Rs.
Capital Grant		
Previous Years	39,105,669.50	33,325,483.24
Current Year	17,870,333.00	23,685,500.00
	56,976,002.50	57,010,983.24
Less		
Capacity Bulding	2,963,000.00	-
Development Activities	9,299,333.00	-
	12,262,333.00	10,598,005.87
	44,713,669.50	46,412,977.37
Less		
Deferred Depriciation	8,321,948.33	7,307,307.87
	36,391,721.17	39,105,669.50

Capital Grrant 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 2016

Note 11 Accumulated Profit

	31-12-2016 Rs.	31-12-2015 Rs.
B/F Accumulated Profit	11,894,613.57	9,222,628.69
(+) Prior Year Adjustment	-	33,308.96
(-) Prior Year Adjustment	-	(4,262.31)
	11,894,613.57	9,251,675.34
Surplus/ Deficit for the Year	5,208,629.64	2,642,938.23
C/F Accumulated Profit	17,103,243.21	11,894,613.57

Note 12

Treasury Grant Recurrent

	31-12-2016	31-12-2015
	Rs.	Rs.
January	4,596,000.00	3,000,000.00
February	4,590,000.00	4,563,000.00
March	4,198,000.00	4,300,000.00
April	4,538,000.00	4,330,000.00
May	4,206,000.00	4,315,000.00
June	4,500,000.00	3,750,000.00
July	4,572,000.00	4,344,000.00
August	5,000,000.00	4,500,000.00
September	5,025,000.00	4,543,000.00
October	4,425,000.00	4,465,000.00
November	4,400,000.00	4,428,000.00
December	4,703,300.00	4,928,000.00
	54,753,300.00	51,466,000.00

Treasury Grant Capital

	31-12-2016	31-12-2015
	Rs.	Rs.
Treasury Grant for Assets	5,608,000.00	13,442,000.00
Development Activities	12,262,333.00	
Treasury Grant Vehicle		10,243,500.00
	17,870,333.00	23,685,500.00

Note 13

Other Income

	Note	31-12-2016 Rs.	31-12-2015 Rs.
National Design Centre			
Training Progammrs Income		-	69,694.45
Levy on Private use of vehicles		9,100.00	5,652.68
Recovery on No Pay		28,279.91	40,922.92
Received insurance claim		17,868.35	(35,491.91)
Miscellaneous		105,218.22	518,863.68
Profit & Loss (Sub note 01)	13.1	(357,037.03)	464,797.16
Government Contrybiutin		1,800.00	-
Design Education Account			
Design College Fees 2014-2015		20,000.00	980,000.00
Application Fees		-	48,000.00
2016 Higher National Diploma Course fee		4,071,500.00	498,000.00
Convocation fees		-	102,500.00
Design Consultancy income			
Design Consultancy Income		-	420,690.00
Laksala Project		455,510.79	16,573.29
UNDP income	13.3	15,518,438.00	14,891,099.96
OXFAM income		-	4,794,868.00
Sundy Income		75,000.00	21,250.00
Other Sales		12,800.00	-
Consultancy Income on Training Programmmer		576,900.00	-
Consultancy income on other training		-	35,651.00
Staff Loan Account Income			
Interest Income		277,297.82	213,959.79
		20,812,676.06	23,087,031.02

Sub Note 13.1

National Design Centre

Statement of Profit & Loss Account for the Year end 31.12. 2016

	Note	31-12-2016 Rs.	31-12-2015 Rs.
Income (sales)		2,523,250.31	2,249,068.94
Cost of Sales (Note1.1)	13.1.1	2,853,746.34	1,714,284.68
Gross Profit		(330,496.03)	534,784.26
less- Unusabal Finish Goods		(41,948.00)	(84,553.60)
Common facility center income		15,407.00	14,566.50
Total Profit		(357,037.03)	464,797.16

Note13- 1-1 - Cost of sale

Raw Material	-	31-12-2016 Rs.	31-12-2015 Rs.
Opening Stock (1st January 2016)		224,106.96	237,630.39
Purchases (Cost of Creation New Design at Work shop)		888,563.03	618,241.26
		1,112,669.99	855,871.65
Less	-		
Closing Stock 31st December 2016		526,238.36	224,106.96
Material Consumed		586,431.63	631,764.69
Finished Good	-		
Opening Stock 1st January 2016		3,850,075.84	2,325,480.36
Material Consumed		4,436,507.47	2,957,245.05
Purchases Under Design Development Programme)		2,807,792.95	2,691,669.07
		7,244,300.42	5,648,914.12
Less	-		
Closing Stock 31December 2016		4,390,554.08	3,934,629.44
Cost of Sales		2,853,746.34	1,714,284.68

Note 14

Personal Emoluments

	31-12-2016 Rs.	31-12-2015 Rs.
Salaries & Wages	40,707,346.65	39,308,838.93
EPF	4,789,775.64	4,680,600.43
ETF	1,197,419.03	1,169,696.11
Over time	921,259.97	919,147.37
Other Allowances	325,447.09	386,892.84
	47,941,248.38	46,465,175.68

Note 15

Travelling Expenses

	31-12-2016 Rs.	31-12-2015 Rs.
Domestic	301,220.53	281,173.75
Foreign	259,850.00	-
	561,070.53	281,173.75

Note 16

Supplies

	31-12-2016 Rs.	31-12-2015 Rs.
Stationery & Office Requisits	613,037.98	185,651.46
Fuel Expenses	394,060.43	489,957.69
Uniforms	88,000.00	88,000.00
Medical	5,884.16	3,000.00
Other Supplies	6,545.00	-
	1,107,527.57	766,609.15

Note 17

Maintanance

	31-12-2016 Rs.	31-12-2015 Rs.
Vehicle maintenance	1,214,935.89	876,289.79
Building maintenance	58,422.00	136,009.50
Plant & Machinery	16,906.01	28,581.00
Office Equipment	156,180.02	234,828.28
	1,446,443.92	1,275,708.57

Note 18

Contractual Services

	31-12-2016 Rs.	31-12-2015 Rs.
Transport & Hire charges	696,580.00	640,842.15
Telephone charges	756,420.93	591,932.55
Postage	39,617.50	31,151.00
Electricity & water	1,019,123.50	982,470.34
Rates & Taxes	80,000.00	88,371.68
Pest Control Service	-	350.00
Test Marketing & Market Promotion	-	11,075.00
Staff Training	-	3,600.00
Audit fee	223,890.00	180,000.00
Legal fees	25,000.00	-
Sanitary & Cleaning	136,092.84	129,163.84
Advertisement	68,827.50	-
Petty Cash & miscelleneous	127,775.81	247,237.90
Bank Charges	17,995.00	17,190.00
News Paper	56,160.00	49,785.00
Contractual services (Service Agreement)	85,405.19	81,334.71
Insurance	709,069.57	544,941.21
Vehicle Licence	66,651.54	70,698.56
Printing Annual Reports	150,332.00	139,953.50
Meetings with clients	336,516.00	323,769.95
Fuel Allovances	409,500.00	360,410.40
Board Director fee	18,000.00	18,000.00
Board Member Fee	156,700.00	20,000.00
Audit & Manegemet m. g. t.	118,560.95	16,400.00
Web Hosting Charges	-	13,000.00
Board of Survey Expences	298,638.33	166,830.51
	5,596,856.66	4,728,508.30

Note 19

Depreciation

	31-12-2016 Rs.	31-12-2015 Rs.
Building	612,897.13	620,561.79
Machinery	366,525.16	391,184.08
Office Equipment	374,663.34	348,745.21
Furniture & Fittings	338,136.56	267,055.67
Tools	51,694.97	39,854.90
Library Books	103,691.79	94,210.17
Computer	1,100,381.30	1,030,517.05
Vehicle	5,373,958.08	4,515,179.00
	8,321,948.33	7,307,307.87

Note 20

Development Activities

	31-12-2016 Rs.	31-12-2015 Rs.
Awareness / Training / ToT Programmes	2,166,331.58	2,935,124.65
Staff Training	178,104.00	-
Cost of Creation New Design		
Cost of Prototypes Samples & Gift Item		
Design Development Programmer		
Shilpa Exhibition	552,029.00	
New Design Exhibition	4,663,838.55	3,936,523.83
Exhibition In Collaboration With Other Insitiution	728,766.90	
Market Promotion		
Research Programmes For Raw Material Processing	-	274,510.00
Test Marketing & Market Serveys		
Web Design	-	192,242.00
	8,289,070.03	7,338,400.48

Note 21		
Expenses on Enterprise Village & Women Enterprenership Program		
		31.12.2016
		Rs.
Mannar Nadukudda Palmyrah		728,750.00
Tricomalee Periyapalamei Textile		731,012.00
Trincomalee Sadinagar Pottery		974,240.00
Monaragala Madagama Cane		974,673.00
Matara Middelamura Coir		669,750.54
Kegalle Molagoda Pottery		
Mannar Pethalaei Redclay		398,510.00
Naravilkulam Palmyrah		
		4,476,935.54

Note 22

Other Expenses

	31-12-2016 Rs.	31-12-2015 Rs.
Design Education Account		
Education Activity	1,051,493.66	1,349,691.00
Other	35,196.16	14,911.59
Design Consultancy Account		
UNDP Project	12,714,957.38	10,191,415.52
OXFAM Project		4,413,344.39
Other Training Expenses	221,235.70	
Sundy Expenses	217,228.62	88,479.65
Bad Debts		6,000.00
Foreign Travel Expenses	1,911,913.68	
National Design Center Account		
Chemicals		
Staff Loan Account		
Bad Debts		1,899.84
	16,152,025.20	16,065,741.99

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No. } ටීසීඑම්/ඒ/එන්ඩීසී/39/2016/ එෆ්ඒ

මබේ අංකය / உமது இல. / Your No. }

දිනය / திகதி / Date } 2017 දෙසැම්බර් 4 දින

NATIONAL DESIGN CENTRE
08 DEC 2017



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ජාතික මෝස්තර මධ්‍යස්ථානය.

ජාතික මෝස්තර මධ්‍යස්ථානයේ 2016 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 2017 සැප්තැම්බර් 30 දිනැති ලිපියට යොමුවේ.

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

ඩබ්ලිව්. ප්‍රේමනන්ද
අතිරේක විගණකාධිපති
විගණකාධිපති වෙනුවට

පිටපත් - 1. ලේකම්, කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය
2. ලේකම්, මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 oaggov@sltnet.lk www.auditorgeneral.gov.lk

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය எனது இல. My No. TCM/A/NDC/39/2016/FA

ඔබේ අංකය உமது இல. Your No.

දිනය திகதி Date 30 September 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 2016 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 2016 comprising the statement of financial position as at 31 December 2016 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 13(7) (a) of the Finance Act was issued to the Chairman on 08 September 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

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

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
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(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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Centre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the National Design Centre as at 31 December 2016 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 Unexplained Differences

The following observations are made.

(a) Even though the total value of 08 fixed asset accounts amounted to Rs.89,570,620 according to the financial statements of the Centre, that value was Rs.71,126,825 according to the Schedules thus indicating a difference of Rs.18,443,795.

(b) The balance of unsettled advances as at 31 December 2016 amounted to Rs.909,685 according to the financial statements and that balance was Rs.410,577 according to the Advances Schedule thus indicating a difference of Rs.499,108.

2.2.2 Lack of Evidence for Audit

According to the financial statements, Gazette Notifications of the Government or Deeds of lands had not been made available as at 31 December 2016 to Audit in confirming the legal ownership of the land at Katubedda to the total value of Rs.12,729,258 on which the Head Office functions and the land at Naththarampotha on which the Project Office is located.

2.3 Accounts Receivable and Payable

The following observations are made.

(a) The trade and other receivable balance totalling Rs.3,776,526 comprised of loan balances from 1 year to 2 years, from 2 to 3 years and 3 years and above totalling Rs.911,688, Rs.266,116 and Rs.234,255 respectively as at the end of the year under review and steps had not been taken to recover these outstanding loan balances.

(b) The trade and other payable balance totalling Rs.1,433,249 comprised of balances below one year and from 1 year to 2 years totalling Rs.255,585 and Rs.1,177,664 respectively as at the end of the year under review and steps had not been taken to settle these balances.

2.4 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
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka	
(i) Section 13.4 of chapter II	An officer fully qualified for holding such a post should be appointed for acting in a vacant post. However, contrary to that, the Assistant Accountant of the Centre had been appointed for acting in the post of Director (Marketing/Information) from the year 2009 to the end of the year under review without paying acting allowances.
(ii) Section 12.2.6 of Chapter VII	In the payment of acting salary, payments totalling Rs.49,851 had been made to three officers in the year 2016 for acting in 03 posts without obtaining approval of the Secretary to the Ministry.
(b) Public Finance Circular No.3/2015 of 14 July 2015	Even though Ad hoc imprests should be settled immediately after completion of the purpose for which it is granted, advances

totalling Rs.217,565 granted in 07 instances from January to June 2016 from the Design Consultancy Account, had not been settled up to 31 December 2016.

2.5 Transactions not supported by Adequate Authority

The following observations are made.

(a) Incentive totalling Rs.1,245,000 had been paid to the employees by the Centre in the year 2016 by making use of the sum remaining from the money received for the contribution of labour in the implementation of the United Nations Development Programme. No formal Incentive Payment Scheme had been prepared thereon and the payments had been made solely on the majority will of the Board of Directors without obtaining approval of the Department of Management Services.

(b) A sum of Rs.1,000,000 remaining from the money through the programmes implemented together with Non-Governmental Organizations, had been transferred from the Design Consultancy Account to the Employees' Loan Account without the prior approval of the Board of Directors.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Centre for the year under review had been a surplus of Rs.5,208,630 as compared with the corresponding surplus of Rs.2,642,938 for the preceding year, thus indicating an improvement of Rs.2,565,692 in the financial result of the year under review as compared with the preceding year. The increase in recurrent grants by Rs.3,287,300 and the decrease in expenditure on gratuity by Rs.4,110,643 in the year under review as compared with the preceding year had been the main reason for the above improvement.

An analysis of the financial results of the year under review and preceding years revealed a financial deficit in the years 2011, 2012 and 2014 and a surplus in the years 2015 and 2016. Nevertheless, in re-adjusting the employees remuneration, Government tax and depreciation on non-current assets to the financial result, the contribution of the Centre amounted to Rs.27,228,335 for the year 2012 and it had gradually increased to Rs.61,471,826 in the year under review.

3.2 Analytical Financial Review

The following observations are made.

(a) The current ratio of the Centre which stood at 1.83 in the year 2015, had increased to 3.29 by 79.78 per cent by the year 2016. The decrease in the total current liabilities by Rs.16,097,403 in the year 2016 as compared with the year 2015 had been the main reason for this situation.

(b) The increase in expenditure relating to 07 Objects had been ranging from 30 per cent to 230 per cent in the year under review as compared with the preceding year.

4. Operating Review

4.1 Performance

The following observations are made.

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

- Undertake designs for small industries and research in respect of materials used for the production of handicrafts.

- Market development both in Sri Lanka and abroad for handicrafts and 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 in respect of the standard of materials, maintain an information bank and impose and collect charges on services rendered and enter into agreements with similar institutions.

The following observations are made in respect of performing the above functions.

(i) Action had not been taken to perform functions such as issue of certificates as prescribed in respect of the quality and standard of materials and maintaining an information bank on designs and market trends.

(ii) Among the powers and functions of the Centre, the function of market development abroad for handicrafts had been assigned and action had not been taken in the year 2016 for market development of handicrafts abroad.

(b) The following matters were observed in the examination of the Action Plan relating to the year under review.

(i) Even though 04 marketing research programmes had been targeted to be implemented, only 02 market research programmes had been implemented during the year. As such, only a progress of 50 per cent could be achieved.

(ii) Two research programmes associated with raw materials and processes and awarding Diploma Certificates by training 30 students under the Higher National Diploma in Interior Design had been targeted in the year under review. However, action had not been taken in the year under review to achieve any of these targets.

(iii) Even though 10 clients had been targeted to be attracted under attracting new clients, according to physical progress reports, only two clients had been attracted. As such, the level of physical progress was 20 per cent.

(iv) According to the Action Plan, 10 programmes had been targeted to be implemented in the year under review on advising craftsmen in respect of production and development of handicrafts. Nevertheless, according to physical progress reports, only 02 programmes had been implemented during the year. As such, only a progress of 20 per cent had been achieved.

(c) The number of training programmes had continuously increased from the year 2012 to the year 2014 and the number of training programmes had decreased by 11 training programmes representing 13.75 per cent in the year 2015 as compared with the year 2014 and by 07 training programmes representing 10.14 per cent in the year 2016 as compared with the year 2015.

(d) The number of exhibitions for which the Centre had contributed during the five preceding years had been increasing and decreasing from the year 2012 to the year 2016 and it had decreased by 12. 5 per cent in the year 2016 as compared with the year 2015.

4.2 Management Activities

The following observations are made.

(a) Even though an income totalling Rs.2,100,595 had been earned from the sale of products at the "Yugayata Nimawum" exhibition in the year under review, the total expenditure incurred thereon amounted to Rs.4,657,790 and as such, the expenditure over the income was Rs.2,557,195.

(b) The loan balance amounting to Rs.450,520 receivable from the Handicrafts Board as at 31 December 2015 had increased to Rs.1,049,560 by Rs.599,040 as at 31 December 2016 and the Management had not taken steps to recover those loans.

(c) A sum of Rs.9,021,332 out of the amount received from the United Nations Development Programme had remained dormant in a Bank Current Account from 28 September 2015 without been made use of for an effective purpose.

(d) According to Reports on Boards of Survey of the Centre, a shortage of stocks and an excess of stocks totalling Rs. 94,506 and Rs.25,576 existed respectively as at 31 December 2016. Action had not been taken to enter this excess of stocks in the Stock Records which had been identified according to Survey Reports and to recover the shortage of stock from responsible officers.

(e) Action had not been taken to identify and settle sundry advances totalling Rs.909,685 as at 31 December 2016.

(f) The class fees receivable as at 31 December 2016 totalled Rs.1,144,000. This receivable balance comprised of the class fees totalling Rs.441,000 receivable from the year 2006 up to the year 2015 and the class fees receivable in the year 2016 amounted to Rs.703,000. Even though the class fees receivable for the year 2016 had increased by 64.7 per cent as compared with the year 2015, action had not been taken to recover those amounts.

4.3 Staff Administration

The approved cadre and the actual cadre of the Centre stood at 109 and 83 respectively. As such, 26 vacancies including 12 posts in Senior Level existed in the entire cadre. There had been delays in functions such as administrative problems, internal control, segregation of work, internal examination and internal audit due to the dearth of staff.

4.4 Procurement and Contract Process

The following observations are made.

(a) A payment totalling Rs.1,196,000 had been made in the year 2016 to purchase 23 electric potter's wheels for providing red clay to the craftsmen. A written agreement had not been entered into in terms of Section 8.9.1 (b) of the Procurement Guidelines No.08 of 25 January 2006 before making these payments.

(b) In terms of Section 1.3.2 of the Government Procurement Guidelines, the procurement activity had been carried out without calling for quotations from several institutions for the purpose of valuation of motor vehicles.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the Draft Annual Report along with the financial statements should be presented to the Auditor General within 60 days of closure of the financial year in terms of Section 6.5.1 of Public Enterprises Circular No. PED/12 of 02 June 2003, the financial statements of the Centre for the year 2016 had been presented to Audit on 21 June 2017 with a delay of 03 months.

5.2 Action Plan

In terms of Section 3(a) of Public Finance Circular No.01/2014 of 17 February 2014, the updated details on the organizational structure of the Centre, the approved cadre and the staff serving at present had not been included in the Action Plan of the Centre.

5.3 Internal Audit

An officer had been appointed on the basis of covering of duty for the post of Internal Auditor of the Centre and action had not been taken to recruit a permanent officer for that post.

5.4 Budgetary Control

The following observations are made.

(a) Variances ranging from 12 per cent to 24 per cent were observed between the budgeted and actual expenditure in respect of 04 Objects in the year 2016.

(b) Provisions had not been made in the Budget relating to 04 Objects totalling Rs.15,065,335 and 02 Objects totalling Rs.1,086,690 in the Design Consultancy Account and the Design Education Account respectively.

5.5 Tabling of Annual Reports

In terms of Section 6.5.3 of Public Enterprises Circular No. PED/12 of 02 June 2003, the Annual Reports should be tabled in Parliament in three languages along with the audited accounts within 150 days after the closure of the financial year. Nevertheless, the Annual Reports for the years 2014 and 2015 had not been tabled even up to July 2017.

6. Systems and Controls

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 and existence of unsettled balances in the preparation of Bank Reconciliation Statements.
(b) Accounting	In the preparation of financial statements for the year under review, 772 Journal entries had been entered without preparing Journal vouchers.

(c)	Fixed Assets Control	Non-maintenance of Registers of Fixed Assets in an updated manner and delays in the appointment and conduct of Board of Surveys.
(d)	Internal Audit	Lack of internal control systems, non-issuance of internal circulars and non-implementation of effective internal audit.
(e)	Staff Management	Engaging employees on contract basis for the permanent posts over long periods and the delay in filling the vacancies in permanent posts.
(f)	Maintenance of Books and Registers	Non-maintenance of a Register of Fixed Assets.

H.M.Gamini Wijesinghe
Auditor General

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General