

வார்கீக வார்கால லா ங்லுலு சூகாலலல
ஆண்டறிககையும கணக்குக் கூற்றும்
ANNUAL REPORT & STATEMENT OF ACCOUNTS

2018



சூகலல லுலுலல லுலுலுலல
தேசலய வடலவலலப்பு நலலயல
National Design Centre

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Guiding principles

Mission

Design development and
by introducing innovative designs
Handicraft field
most active to be an economic field.

Vision

Promotion, development
Building capacities
Promote and
adaptation to the main stream
based on the market.

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Institution Objectives

- Development of handicrafts currently manufactured by craftsmen and introducing new products to the present and future market trends of the local as well as export market.
- Introducing proper techniques and raw material preparation methods to increase production capacity and produce high quality handicrafts.
- To increase the income by enhancing the productivity of the handicrafts sector, to provide high tech, technical and design development assistance to the artists.
- Provision of facilities for craftsmen to use new techniques and provision of common facilities for common facilities.
- Introducing the most efficient, innovative methods for sustainable agriculture.
- Publications, seminars, workshops and libraries providing information to handicraftsmen, traders and handicraftsmen in the field of handicrafts.
- Providing design consultancy services to government and non-government organizations.
- Developing design skills and conducting vocational education programs.

Core values

- ✓ We are responsible for our responsibilities
- ✓ Honest and transparent
- ✓ Trust in the skills and unity efforts
- ✓ We are trying to use the new technology and preference
- ✓ We believe that good customer service is provided

Institutions Act and Registrations

Established in 1983 under the National Crafts Council and Allied Institutions Act No. 35 of 1982, the National Design Center is a Government Institution which provides services to the handicraftsmen for the betterment of the local handicraft industry. Commerce, Resettlement of Long-Term and the Ministry of Co-operative Development and Vocational Training and Skills Development is functioning under the Ministry.

Organization

The **National Design Center** is constantly in the process of achieving the full potential of the entire handicraft industry. The Moratuwa Katubedda, De Mel and covering the head office is located at No. 10, led the Central Province and Kandy, Kalapura, Nattarampotha established branch office in cooperation with various activities is committed to planting handicraft artist.

In addition, the National Comprehensive School, which is a center for invention creation through the Diploma Courses, has been established at the Head Office

premises and youths who are capable of being able to create creative talents from national level to international level.

In addition, the Brotherhood, Personnel, Leather Works and Common Facilities Center at Nattarampotha Branch Office provides a conservative service to the Traders.

The National Design Center focuses on its vision and mission through the implementation of its objectives and with the support of the branch office with the support of the Head Office. In addition, the representation of the Ministry of Industry and Commerce, other sister institutions, as well as the provincial councils and the handicapped sector, the various public and non-governmental organizations involved in voluntary organizations, handicraftsmen and other external agencies are always involved in achieving the above objectives.

All functions related to administration, finance, marketing, fashion development, fashion education, technical development and research and development, provision of common facilities and library services are done through the main office of the main office. All other activities except financial and marketing promotion are being implemented Compliance office will also be fulfilled.

- (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) Nattarampotha Project - Kalapuraya, Naththarampotha
 - Office and work phone number / fax - 081-2420038

Board of Directors

1. Mr. A.L.M. Milhan - Chairman
2. Mr. M.M. Abdul Kadar - Member
3. Mrs. Indira Malwaththa - Member
4. Dr. S.M. Mohamed Ismail - Member (to June 2018)
5. Miss. Heshani Bogollagama - Member
6. Mrs. W.K.D. Danston - Member/ Treasury Agent (to 30.08.2018)
7. Mrs. M.A.C.N. Senevirathna - Since 31.08.2018
8. Mr. P.P. Rathnayaka - Consultant
9. Mrs. I.S. Pattiyagamage - Agent of the Ministry since 08.03.2018

Senior management

| | |
|----------------------------------|---|
| Mr. Milhan Lathif | - Chairman |
| Mr. M.A.S.S.K. Chandrasiri | - Director |
| Mr. Somalatha Gamlath | - Asst. Director (Design Development) Western Province/ Section Head |
| Mr. P.K. Wijesinghe | - Asst. Director (Design Development) Central Province |
| Mr. B. Manathunga | - Asst. Director (Design Development) North Ce. and North We. Province |
| Mrs. Thamara Damayanthi | - Asst. Director (Design Development) Uva and Sabaragamuwa Province |
| Mr. W.M. Piyarathna | - Asst. Director (Design Development) Southern Province |
| Mr. Vijitha Bandara | - Asst. Director (Design Development) North and East Province |
| Mrs. B.R. Ranaweera | - Accountant |
| Mr. K. Prashantha Keerthichandra | - Senior Accounts Officer |
| Mr. N.G.K. Indika | - Assistant Director (Sales) |
| Mrs. P.K.N. Asangika | - Assistant Director (Control) |
| Mrs. B.A.N.N. Bamunusinghe | - Assistant Director (Chemical) |
| Mr. S.K.R.S. Kumara | - Asst. Director (Mechanical) Contract |

Bankers

Lanka Bank, Katubedda
Peoples Bank, Katubedda

Audit

Auditor General
Department of Auditor General

Chairman's Message

Established in 1983 by the National Crafts Council and the affiliated Institutions Act No. 35 of 1982, the National Design Center is a national institution which can do a great job of elevating the traditional handicraftsman from the ground up to the international level.

The service rendered by the National Design Center in 2018, in line with the vision and mission, is commendable.

This 2018 marks the 35th anniversary of the National Design Center and it is a service provider and operates with funds allocated from the Treasury.

The reserve income earned by the Center through consultancy services, academic training and courses, among other services required to promote Small and Medium Scale Industries, has grown significantly over the last year.

I gratefully recall the support and guidance of the Board of Directors and the support and commitment of all stakeholders, including management, staff in achieving the Corporate Goals for the year under review.

It is no exaggeration to say that the field of rural handicrafts is today under the guidance of Hon. Rishad Badiurdeen, Minister of Industry and Commerce.

I take this opportunity to extend my sincere thanks to the Board of Directors and the entire staff of the Institute for their contribution towards the upliftment of the rural economy.

Milhan Lathif
Chairman
National Design Centre

Director's Message

I am delighted to be able to review the performance of the National Design Center for 2018 and issue a message for the Annual Report. This year has seen a significant improvement in financial and physical progress as compared to other years. A number of development programs have been implemented this year in line with the company's core objectives and national development plans.

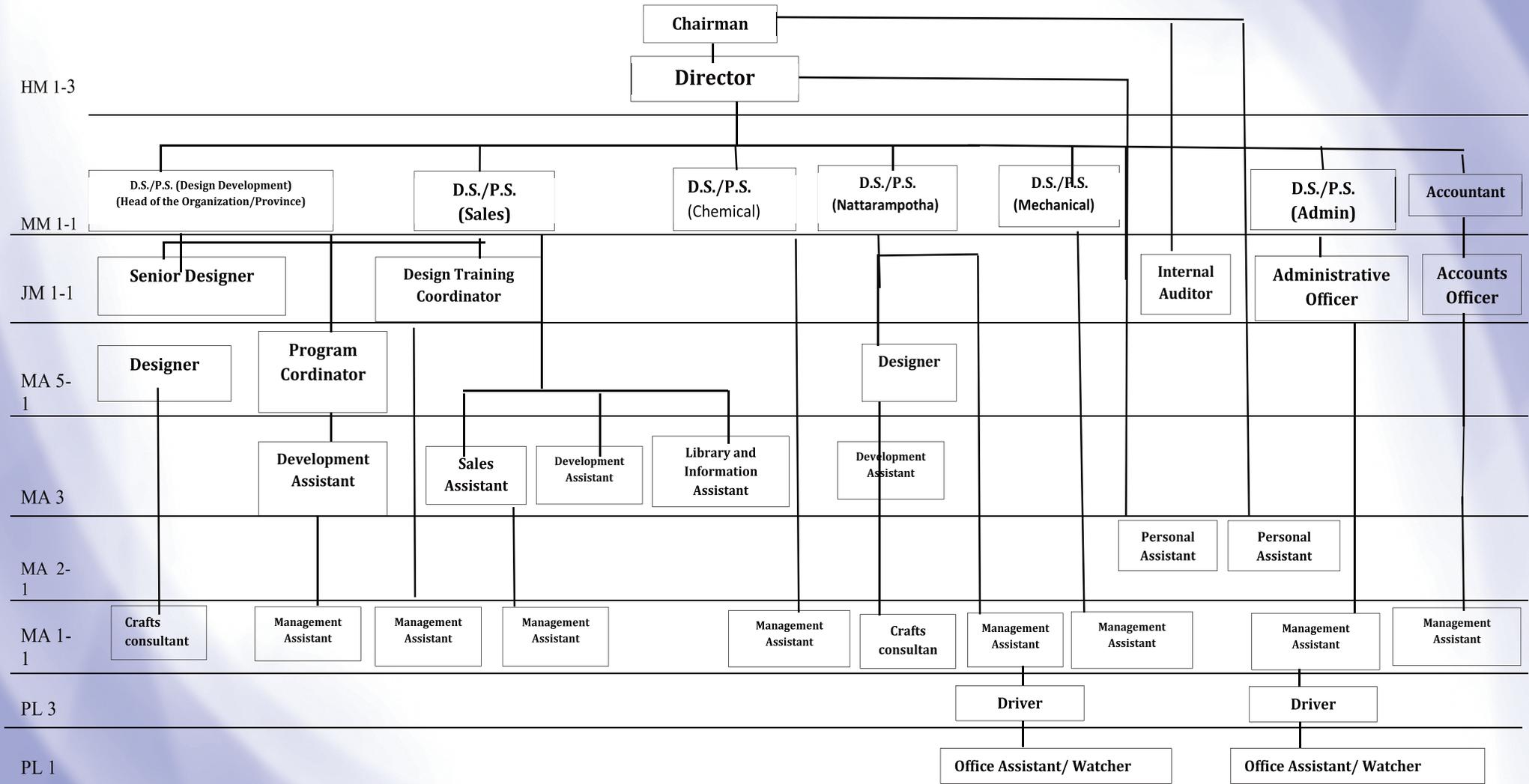
It is clear that the favorable climate of peace and security in the country has contributed to economic growth. Properly formulated fiscal and financial policies will provide the necessary stimulus for the continued growth of the country's economy and in this context, special attention should be given to the local Small and Medium Industries sector.

Handicraft Industrial uplift and the rural economy Up for leading role in the National Design Center output period conducted annually by the National Design Center was taking measures for the development of rural handicrafts Industrial Handicrafts Exhibition in the Bandaranaike Memorial International Conference Hall (BMICH) successfully held 2018 .

I would like to express my sincere gratitude to Secretary of the Ministry Ranjith Asoka and the entire staff of the Ministry for providing the necessary guidance and leadership to the National Design Center for the upliftment of the rural handicrafts which value local ingredients.

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

Organizational structure



Human Resource

| Designation | Service category | Approved | Current | Vacancies |
|---|------------------|----------|-------------------|-----------|
| Director | HM 1-3 | 01 | 01 | - |
| Assistant Director /Deputy Director (Design development) | MM 1-1 | 06 | 06 | - |
| Assistant Director /Deputy Director (Admin) | MM 1-1 | 01 | 01 | |
| Assistant Director /Deputy Director (Mechanical) | MM 1-1 | 01 | 01 | - |
| Assistant Director /Deputy Director (Marketing) | MM 1-1 | 01 | 01 | - |
| Assistant Director /Deputy Director (Chemical) | MM 1-1 | 01 | 01 | - |
| Accountant | MM 1-1 | 01 | 01 | - |
| Senior Accounts Officer | MM 1-1 | 01 | 01 | |
| Administration Officer | JM 1-1 | 01 | 01 | - |
| Accounts Officer | JM 1-1 | 02 | 02 | - |
| Auditor | JM 1-1 | 01 | - | - |
| Senior designer | JM 1-1 | 04 | 01 | 03 |
| Designing Training Coordinating Officer | JM 1-1 | 01 | 01 | - |
| Designer | MA 5-1 | 09 | 06 | 03 |
| Program coordination | MA 5-1 | 01 | 01 | |
| Marketing Assistant | MA 3 | 01 | - | 01 |
| Library and Information Assistant | MA 3 | 01 | 01 | - |
| Development Assistant | MA 3 | 03 | 01 | 02 |
| Private Assistant | MA 2-1 | 02 | 01 | 01 |
| Assistant Manager | MA 1-1 | 13 | 11 | 02 |
| Crafts consultant | MA 1-1 | 32 | 21 | 11 |
| Driver | PL 3 | 06 | 04 02 contract | - |
| Office Assistant | PL 1-1 | 17 | 14 | 03 |
| Watcher | PL 1-1 | 04 | 06 | - |
| Training Assistant | PL - 1 | 01 | 01 | - |

The National Design Center is primarily provided by the Treasury, a statutory board that provides services.

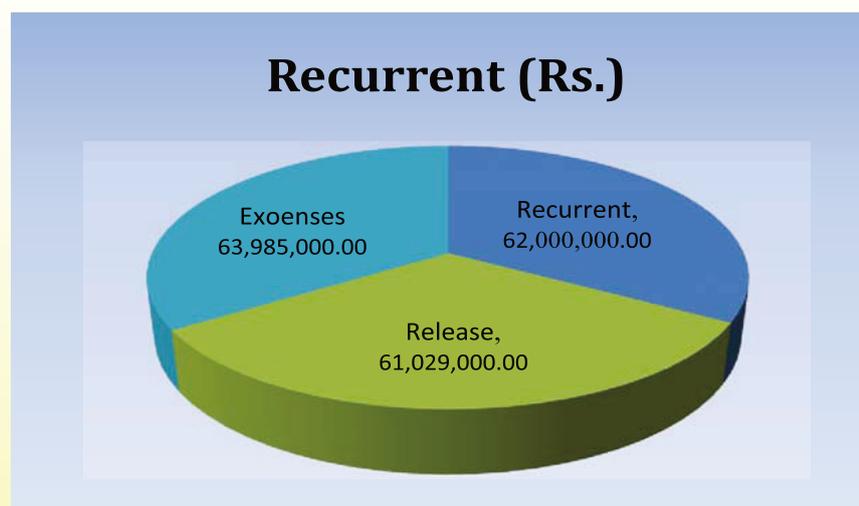
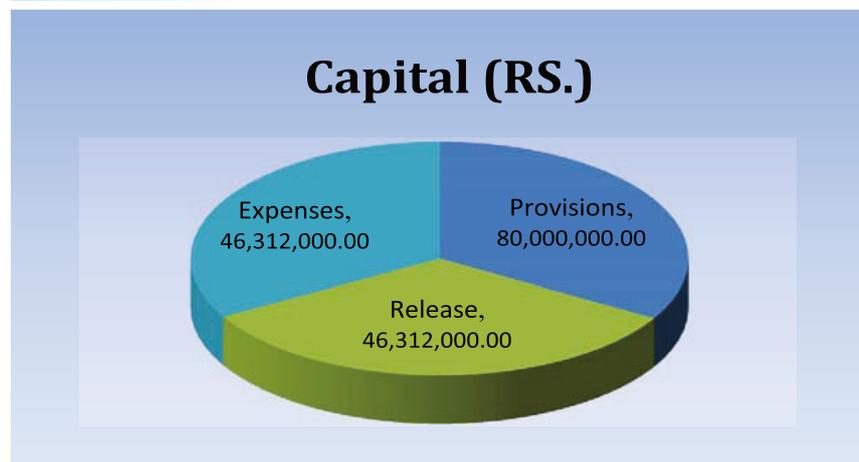
According to the budget estimates for 2018, the following financial provisions were made.

In addition to the Treasury allocations, charges for consultancy services carried out by the institute and new design development training programs sponsored by NGOs will be made to the Design Consultancy Services Account and

Charges from Diploma and Higher Diploma students are also available in the Design Education and Training Account.

A Staff Employee Loan Account is maintained as a revolving fund for staff credit facilities.

2018



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

Development Activities - 2018

New design Creation and development

The National Design Center focuses on its objectives, designing innovative products suitable for the handicrafts industry, both local and international, and introducing them to various handicraft programs. Basic samples in the workplace will be taken to. In addition, the Design and Development Division has continued to introduce some of the planned designs to craftsmen at their request.

This year, it was targeted to design 680 new designs and 835 new designs were achieved by the Head Office Design Division and the Nattarampotha Branch Office. The National Design Center has introduced 579 new designs in the workshop. In addition, under the product development program, 256 new creations were planned and introduced directly to the outside craftsmen at the request of the outsiders.

The Design Section has taken steps to provide innovative designs to the National Design Workshop for each handicraft sector as follows.

| Handicrafts Section | For National Design Center Workshop |
|--|-------------------------------------|
| Head Office | |
| Reed and Fiber Section | 52 |
| Timber Section | 76 |
| Textile Section | 61 |
| Bomboo and Cane Section | 70 |
| Red Clay Section | 51 |
| Coir Section | 60 |
| Jewelry Section | 58 |
| | |
| Leather Section | 39 |
| Brass Section | 61 |
| Lac Section | 51 |
| | 579 |
| New craftsmanship based on the demand and demand of outside craftsmen | 256 |


835

At the request of consultancy services and outside agencies, the company was targeted to design 50 graphic and home interiors. The Design and Development Division has taken steps to design 87 graphic and home interiors to meet the requirements of the line ministry and other requests.

Converting into prototypes.

Selected creations from the new design notes will be prototyped through the workshops located in the office premises of Moratuwa and Nattarampotha. The Nattarampotha workshop is designed to be a masterpiece for the leather, brass and lacquer sectors and will be based in the fields of cotton and fiber, red clay, coir, bamboo and cane, textile, wood and jewelry. Workspace prototypes in the workplace.

The National Design Center has designed and developed various handicraft sectors across the country through NGOs and NGOs. Programs being carried out through Provincial Councils, Export Development Board, National Crafts Council, Ceylon Industrial Development Board, Innovative Exhibitions, Sales Fairs and Handicrafts Board of Sri Lanka.

The National Design Center aims to create 420 new design prototypes in various sectors in 2018, with the National Design Center working towards achieving 507 new design prototypes in 2018.

Steps were taken to introduce new designs to the National Design Center Store for each of the following areas.

| Handicraft Section | Number of basic samples |
|-----------------------------|-------------------------|
| Head Office | |
| Rush & Reed Section | 29 |
| Wood Section | 66 |
| Textile Section | 42 |
| Bomboo and Cane Section | 47 |
| Red Clay Section | 43 |
| | |
| Jewelry Section | 38 |
| Nattarampotha Office | |
| Leather Section | 34 |
| Brass Section | 87 |
| Lacquer Section | 59 |

327 innovations have been prototyped at the National Design Center Workshop in Moratuwa. 180 workshops have been prototyped in the workshop.

Launching of souvenirs from handicrafts innovations

The National Design Center is working to promote local handicrafts in the local and international markets through innovations. The National Design Center is also focusing on developing souvenirs using local ingredients and preserving local identity.

Innovative Development Practical Training Programs

➤ Programs organized by the National Design Center under the Action Plan.

Through the approved capital allocation for this year, Rs. 2.500 was allocated for invention development programs, and 30 additional practical training workshops for introducing new creations including awareness programs, basic training programs, advanced training programs, consultancy programs and utilization of external funds and requests. It was targeted to provide training to 600 beneficiaries.

Accordingly, 34 practical training programs were launched in selected areas across the country to provide 823 beneficiaries with the latest innovations, technologies and innovations in the market.

Innovative development programs carried out by the capital allocation under the action plan

| | The nature of the program | Handicraft industry | Start date and number of days held | District, Divisional Secretariat And places held | No. of Craftsmen |
|----|--|---------------------|------------------------------------|--|------------------|
| 01 | Awareness Program | Rush & Reed | 19 January 01 Day | Gampaha- Daraluwa | 29 |
| | New Technology Basic Training Program - Step 02 | Rush & Reed | 16 February 03 Days | Gampaha- Daraluwa | 25 |
| | New Technology Advanced Training Program - Step 03 | Rush & Reed | 24 March 02 days | Gampaha- Daraluwa | 25 |
| 02 | Awareness Program | Bamboo | 26 January 01 Day | Kegalle- Yatiyantota | 15 |
| | Awareness & Equipment Distribution Program | Bamboo | 03 May 01 Day | Kegalle- Yatiyantota | 42 |
| | New Technical Training Program - Phase 2 | Bamboo | 06 August 02 days | Kegalle- Yatiyantota | 15 |

| | | | | | |
|----|---|--------------------|------------------------|---------------------------------------|----|
| 03 | New Technology and Advanced Training Program - Step I | Handloom | 26 February 03 Days | Kandy- Nattarampota | 32 |
| 04 | New Technology Training Program | Screen Printing | 14 February 03 Days | Kandy- Nattarampota | 25 |
| 05 | Awareness Program | Coir | 02 February 01 Days | Kurunegala, Ganewaththa | 29 |
| | New Technology Basic Training Program | Coir | 12 March 05 Days | Kurunegala, Ganewaththa | 18 |
| 06 | Innovation and Awareness Program | Bamboo | 06 March 01 Days | Galle, Baddegama, Ginemellagaha | 24 |
| | Innovation and Technology Training Program – Step II | Bamboo | 10 June 03 Days | Galle, Baddegama, Ginemellagaha | 20 |
| 07 | Innovation Training Program | Soft toys | 17 March 04 days | Moratuwa- Kaldemulla | 30 |
| 08 | Innovation Training Program | Textile related | 03 April 03 Days | Kegalle- Warakapola | 30 |
| 09 | Basic Training Program on Innovation and Technology | Bamboo | May 30-01 June | Kandy- Kundasale | 17 |
| 10 | Inventions and Technology Basic Training Program | Handloom bags | 05 June 03 Days | Kandy- Kundasale | 27 |
| 11 | Inventions and Technical Advanced Training Program | The banana bark | 18 June 05 Days | Kegalle- Rambukkana- Ashokagama | 24 |
| 12 | Innovation Training Program - Basic | Wood | 03 July 05 Days | Puththalama- Chilaw | 22 |
| 13 | New Technology Training Program | Brass | 24 July 04 Days | Kandy- Pilimathalawa | 27 |
| 14 | New Technology Training Program | Red Clay | August | Udaragama | 30 |
| 15 | New Technology Training Program | Screen Printing | August | | 33 |
| 16 | New Technology Training Program | Flax | 07 Sep. 04 Days | Nuwara Eliya- Hanguranketha | 41 |
| 17 | Innovation Training Program | Soft toys | Sep. | | 26 |
| 18 | Innovation Training Program | Cane & Bamboo | 10 Sep. 03 Days | Gampaha- Negambo- Thalahena | 15 |
| 19 | Innovation Training Program | Curtains | 22 Sep. 03 Days | Moratuwa- Kaldemulla | 19 |
| 20 | Innovation Basic training program | Red Clay | 09 Oct. 03 Days | Anuradhapura- Mihinthale | 35 |
| | Innovation Advanced Training Program | | 4 Dec. 02 Days | Elapupankulama | 41 |
| 21 | Awareness Program | Coconut shells | 11 Oct. 01 Day | Anuradhapuraya | |
| | Innovation Training Programme | | 19 Oct. 05 Days | | 29 |

| | | | | | |
|----|--|----------------|--------------------|-------------------|----|
| 22 | Innovation & New Technology Training Program | Foot wear | 29 Oct. 04 Days | Kandy | 25 |
| 23 | Innovation Training Programme | Coconut shells | 14 Nov. 03 Days | Moratuwa | 13 |
| 24 | Innovation Training Programme | Dry maize | Dec. 03 Days | Kandy- Galagedara | 15 |

➤ **Conducting new creative training programs on request and grants from government and non governmental organizations**

222 beneficiaries were trained by conducting basic training programs, advanced training programs and providing technical know-how and innovations relevant to the handicraft industry and the youth group in the field of industry.

| | The nature of the program | Handicraft Section | Start date and number of days held | District | No. of craftsman | Institution who made the financial contribution | Number of new designs introduced |
|----|--|--------------------|------------------------------------|---|------------------|---|----------------------------------|
| 01 | Inventions and New Technology Basic Training Program | Wood | 24 January 03 days | Kurunegala | 12 | Industrial Development Board | |
| 02 | New Technology Advanced Training Program – Step 03 | Palmyra leaves | 01 March 04 days | Wawuniyawa | 30 | U.N.D.P. | |
| 03 | Innovation Training Program | Red Clay | 21 April 01 day | Colombo Dompe Kalukondayawa | 10 | D.S. Office- Dompe | 10 |
| 04 | Basic Training Program on Innovation and Technology | Handloom Bags | 11 June 03 days | Kandy Kundasale | 29 | Reda. | |
| 05 | New Technical Training Program | Fiberglass | 04 June 02days | Mathale Pallemola | 30 | D.S. Office- Pallepola | |
| 06 | Innovation Training Program | Coir | 29 July | Galle- dodanduwa | 10 | Department of Provincial Industries | 06 |
| 07 | Inventions and Technology Basic Training Program | Handloom bags | 17 July 03 days | Rathnapura- Lakshapana- Polpitiya | 25 | Reda. | 06 |

| | | | | | | | |
|----|---|-----------------------|--------------------|------------------------|----|---|----|
| 08 | New Technology Basic Training Program | Fiber and Rubber Mold | 10 July 03 days | Kandy-Kundasale-Digana | 20 | Ceylon Industrial Development Board, Mahaweli Authority | 10 |
| 09 | New Technical Training Program | Screen printing | Sep. | Mathale. | 33 | Central Bank | |
| 10 | Basic Training Program on Innovation and Technology | Handloom cloth bags | 10 OCT. | Mathale | 25 | Regional Entrepreneurship Institution | 6 |

Projects implemented and contributed by the National Design Center

Enterprise Villages and Women Entrepreneurship Development Program - 2018

The National Design Center conducted the new design development workshops in the above project implemented by the National Crafts Council under the funds of the Ministry of Industry and Commerce in 2018.

Accordingly, the National Crafts Council conducted training programs for introducing new creativity and technology to six handicraft villages selected by the National Crafts Council. 0.3 million for each village and Rs. 1.8 million was allocated to the National Design Center through the National Crafts Council. Through this, 256 handicraftsmen were benefited by the National Design Center to benefit from innovative development and technology training programs.

| District | Village | Handicraft Section | Expenses Rs. M. | Beneficiaries |
|----------------|-------------------------|--------------------|-----------------|---------------|
| Anuradhapuraya | Lulnewa | Red Clay | 0.300 | 42 |
| Kegalla | Ballapana | Red Clay | 0.300 | 35 |
| Gampaha | Waragoda | Red Clay | 0.300 | 35 |
| Matara | Mangala samaraweerapura | Cockle | 0.300 | 38 |
| Ampara | Ugana | Red Clay | 0.300 | 35 |
| Monaragala | Senapathiya | Cane | 0.300 | 71 |

Introducing innovations in the field of handicrafts

One of the main functions of the National Design Center is to design new products that are suitable for the market in the field of handicrafts. Introducing innovative innovations under the Action Plan, NGO funding, government and non-governmental organizations (NGOs), training programs and internships The National Design Center is introducing new designs to the handicrafts industry through innovative designs that are on demand and on demand.

Accordingly, in the year 2018, 531 new designs have been introduced by the National Design Center with the aim of introducing 470 new designs.

Handicrafts New Product Development Program

The product development program is being implemented by the National Design Center annually to coincide with the “Yugayata Nimeum” New Design Creative Handicrafts Exhibition. The program was implemented in 2018 as well.

Accordingly, the National Design Center is introducing new designs to the handicrafts industry through this product development program which introduces talented craftsmen across the country.

Similarly, the National Design Center provides the knowledge and knowledge necessary to create these creations, while the designers are constantly monitoring the creations.

These handicrafts are designed to meet the needs of the market and the quality of the handicrafts is presented by the National Design Center at the annual 'Yugayata Nimeum' innovative creative handicrafts exhibition. Compiled by the Center has been.

Accordingly, 70 craftsmen covering all fields of handicrafts will be involved in the product development program of the year 2018. The revenue generated from the sale of their inventions at the 'Yugayata Nimeum' exhibition was Rs. 1.2 million.

Developing market links for handicrafts.

The following activities were carried out in the year 2018, under the brand relationship building for the new designs by the National Design Center.

1. Introduce these inventions to the Sri Lanka Handicrafts Board and order the products received by the handicraftsmen.
2. Introducing new creations to the private sector firms in the field of handicrafts marketing and directing them to incoming craftsmen and building market relationships.

3. Provide market opportunities for craftsmen through product development program and build market relationships with the available order makers in line with the annual "Yugayata Nimeum" exhibition.

Accordingly, under the Action Plan for the year 2018, the company aims to create market relationships for 100 craftsmen and under this, it will be able to build market relationships for 103 craftsmen.

Test Marketing Programs

The National Design Center conducts marketing research programs for the handicrafts industry through the sales department and provides insights into the design section, and the design department focuses on this data when it comes to design.

These marketing research programs are designed to guide marketers to innovate to suit their market needs.

A marketing research program on the demand for handicrafts products for the home interior decoration of the year 2018 was held at the Bandaranaike Memorial International Conference Hall (BMICH), Colombo from 6th to 9th July 2018 with the presentation of new designs for the product "Home & You".

Similarly, the National Design Center conducted a sales research program on innovative products covering all the handicrafts sectors by presenting these creations at the 'Yugayata Nimeum' New Creative Handicrafts Exhibition from 13th to 16th December 2018.

Yugayata Nimeum - 2018 New Design Handicrafts Exhibition

Annual "Yugayata Nimeum" 2018 New Creative Handicrafts Exhibition organized by the National Design Center was held from 13th to 16th December 2018 at the Nuga Sevana premises of the BMICH.

The National Design Center unveiled more than 350 new designs to introduce the handicrafts industry, along with the exhibition, the exhibition also included the sale of new creations by 70 craftsmen involved in the product development program.

The 'Yugayata Nimeum' 2018 New Creative Handicrafts Exhibition, held annually by the National Design Center, aims to achieve the following objectives.

- Introducing new handicrafts by local handicraftsmen
- The National Design Center launches new crafts for the handicrafts industry
- Strengthening Handicrafts Supply Chain to build relationships between handicraftsmen and handicrafts buyers.

This annual "Yugayama Nimeum" new creative handicrafts exhibition presents new creations in the fields of red clay, wood, Rush & Reed, coir, brass, lacquer, leather, jewelery, bamboo and cane and textile and souvenir creations.

Collaboration with the National Crafts Council

Shilpa 2018 National Exhibition

The National Design Center has been instrumental in providing the National Design Center with the contribution of the National Design Center for all the workshops to educate the handicraftsmen at district level under the pre-work activities of the above exhibition organized by the National Crafts Council.

Contributing to exhibitions organized by other institutions

Exhibitions organized by government and non-governmental organizations and private organizations are requested throughout the year to contribute to the National Design Center. As a state agency, the National Design Center is responsible for contributing to the exhibitions that are compulsory and selecting exhibitions that are important to the company and the handicraft industry, among other requests.

Accordingly, the National Design Center has contributed to the following exhibitions during the year 2018.

1. Buddha Rashmi Vesak Exhibition held at Temple Trees from 29th April to 02nd May with historical value including Almighty thero.
2. Exhibition held at Moneragala from August 29-31, organized by the Ministry of Finance

Provide library services and information

Through Capital Allocation for the Library at the Katubedda Head Office and the Nattarampotha Branch Office, new books worth Rupes 0.101 million have been purchased this year and arrangements have been made to increase the library collection and develop the library.

With a collection of specialized and rare books related to the field of handicrafts, this library is a great resource for students of Diploma Courses conducted by the National Design Center, as well as

university students engaged in the field of handicrafts. interest Required Library Services for kvannan, information books and filings necessary design work was carried out in this photo copy services are through.

Functions of the Education Sector

Sri Lanka National College of Design

Through the National Design Center of Sri Lanka, the National Diploma in Design and Diploma in National Heritage and the National Diploma in Design, the young and theoretical and practical knowledge of the field is introduced and released to the society.

Through these courses, theoretical and practical knowledge can be used to start self-employment ventures and create local and foreign employment opportunities.

The above courses are conducted as weekend courses and two courses were conducted this year. Students enrolled in the course are as follows.

- National Diploma in Interior Design - 2017-2018 (Weekend) After completing the course, final examinations were conducted. 64 students participated in this program.
- Higher National Diploma in Interior Design 2018-2019 (Weekend) The academic activities of this course commenced towards the end of 2018 and 34 students were enrolled for it.

Conducting Motivational Development Programs for National Design Center Staff - 2018

We have a motivational development program including leadership training, positive attitude development to enhance team spirit, teamwork and teamwork among all staff with the objective of providing the guidance and guidance to fulfill the services and responsibilities of the country effectively and efficiently. We planned to do.

Accordingly, this program was conducted on 20th July 2018 for all staff at Sarvodaya Training Institute, Bandaragama.

Services provided by the National Design Center

In addition to the beneficiaries who received services from the National Design Center under the Action Plan, other organizations and NGOs in the year 2018, providing order and marketing opportunities, providing information about the market, handicraftsmen, industry and providing practical training in the company's workshop. Provide public amenities, visit the institute / provide designs on request Provide students with a hands-on experience in the field of handicrafts and provide local and foreign universities and school students with hands-on experience in the field of handicrafts. Students and teachers National Design Center is to provide services for the benefit of people in 1873 to provide services under the services holding awareness programs.

Design Consultancy Services

The National Design Center provides professional design consultancy services in the following areas.

- Create concepts for design
- Interior Design
- Exhibition related design (internal and external)
- Souvenirs, memorials and souvenirs
- Graphic Design

Accordingly, the following consultancy services were provided by the National Design Center on the request of Government and other institutions in the year 2018.

1. Construction and construction of the exhibition stall booked by the Ceylon Handicrafts Board at the Buddharashmi Vesak Exhibition at Temple Trees, which has historical value including the Almighty.
2. Internal design and decoration work of National Crafts Council exhibition held at BMICH.
3. Designing of interior design of the exhibition premises at the Katunayake Airport, which has been allocated to the Ceylon Handicrafts Board.
4. V-2025 - Establishment of the stall belonging to the Ministry of Industry and Commerce at Enterprise Sri Lanka - Monaragala Exhibition

Allocation of funds for the new building of the National Design Center

80 million has been approved by the Decentralized Budget for the removal of the old building at the National Design Center premises at Katubedda, Moratuwa, 60 million. Was allocated for its construction in 2018. The foundation stone was laid by the Secretary to the Ministry of Industry and Commerce Ranjith Asoka on 4th May 2018.

National Design Center Summary Annual Performance Report - 2018

| 1. | Project | Designing new products | | | | |
|----|--|--|--|----------------------|---------------------------|-----------|
| | Expected Output | Provision Rs. M. | Performance criteria | Annual target | Progress | |
| | | | | | Physical | Financial |
| | Increasing access to innovation | 4'120 | Number of new design plans | 680 | 835 | 3.193 |
| | | | Number of base sources prepared | 420 | 507 | |
| | | | Number of innovations introduced to handicraftsmen | 470 | 531 | |
| | | | Staff training | 110 | 110 | |
| 2. | Project | Construction of New Building belonging to Workshop & Design Chemistry | | | | |
| | Upgrading services to the National Design Handicrafts Industry | 60.000 | Number of buildings | 01 | Construct ion work on 80% | 31.628 |
| 3. | Project | Providing innovations and new technical knowledge | | | | |
| | Increase the knowledge and skills of handicraftsmen by introducing new innovations and new technology. | 3.920 | Number of training programs conducted | 30 | 34 | 3.131 |
| | | | Number of requests for training | 07 | 10 | |
| | | | Number of persons attending the workshop | 50 | 83 | |
| | | | No. of Craftsmen Trained | 600 | 823 | |
| 4. | Project | Introduction of replacement raw materials and Research and development Programmes | | | | |
| | Upgrading the knowledge and skills of handicraftsmen | 2.160 | Number of innovations introduced | 03 | 02 (01 are in operation) | 0.627 |
| 5. | Project | Promoting new handicrafts products and adapting them to the main stream | | | | |
| | Increasing access to new markets | 9.800 | Market-driven innovations | 250 | 286 | 7.807 |
| | | | Number of Market Links (Craftsmen) | 100 | 103 | |
| | | | Number of New Exhibitions | Main-01 Other -05 | Main-01 Other -02 | |

| | | | | | | |
|--|---|---|---|----------------------|---------------------------------------|------------------|
| | Capital Allocation - Total | 80.000 | | | | 46.386 |
| | Expected Output | Provision Rs. M. | Performance criteria | Annual target | Progress | |
| | Project | | | | Physical | Financial |
| | Project | Conducting Diploma Programs through National College of Design | | | | |
| | To enhance the skills and knowledge of new designs for home interior decorations and products | Provisions earned | Number of Students Enrolled For Diploma Course | 70 | The 2017 course is currently underway | |
| | | | Number of students who have completed the Diploma | 60 | 63 | |
| | | | Number of students completing Advanced Diploma | 40 | 34 | |
| | | | Number of students completing Advanced Diploma | 30 | In progress | |
| | Project | Design Consultancy Services | | | | |
| | Provide better service at the request of employers | Under external provisions | Number of advisory services provided | 03 | 04 | |

New Designs - 2018

Textiles



Red Clay



Coir



New Designs - 2018

Wood



Rush & Reed



Bamboo & Cane



New Designs - 2018

Brass



Jewellery



Lacquer



Leather



“YUGAYATA NIMAVUM” New Design Craft Exhibition 2018 at BMICH, Colombo



Training Programs - 2018



Financial Statement 2018

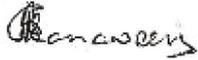
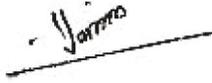
National Design Centre
Statement of Financial Position as at 31st December 2018

| | Note | 31.12.2018 Rs. | 31.12.2017 Rs. |
|--|------|-----------------------|----------------------|
| <u>ASSETS</u> | | | |
| NON CURRENT ASSETS | | | |
| Property Plant & Equipment | 1 | 68,938,678.95 | 53,984,062.04 |
| | | <u>68,938,678.95</u> | <u>53,984,062.04</u> |
| CURRENT ASSETS | | | |
| Closing Stock | 2 | 6,141,102.25 | 6,922,938.26 |
| Trade & Other Receivables | 3 | 16,500,577.78 | 7,996,367.31 |
| Staff Loans | 4 | 11,204,694.38 | 8,252,070.22 |
| Prepayments | 5 | 362,183.82 | 446,481.68 |
| Cash & Cash Equivalent | 6 | 17,714,350.23 | 21,932,982.19 |
| | | <u>51,922,908.46</u> | <u>45,550,839.66</u> |
| TOTAL ASSETS | | <u>120,861,587.41</u> | <u>99,534,901.70</u> |
| <u>LIABILITIES</u> | | | |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 7 | 5,040,774.72 | 968,664.30 |
| Cash received as an advance for UNDP Program | 8 | 4,634,144.05 | 7,352,810.00 |
| Accrued Expenses | 9 | 1,706,655.07 | 1,890,132.73 |
| | | <u>11,381,573.84</u> | <u>10,211,607.03</u> |
| Provision for Gratuity | 10 | 25,036,671.00 | 24,790,020.50 |
| TOTAL LIABILITIES | | <u>36,418,244.84</u> | <u>35,001,627.53</u> |
| TOTAL NET ASSETS | | <u>84,443,342.57</u> | <u>64,533,274.17</u> |
| NET ASSETS/EQUITY | | | |
| <u>DEFERRED INCOME</u> | | | |
| Capital Grant | | 79,492,290.03 | 53,285,721.17 |
| <u>Less</u> | | | |
| Provision for Deferred Depreciation | | | |
| Current Year | 11.1 | <u>7,337,317.89</u> | <u>8,385,431.14</u> |

| | | | |
|--------------------------------|------|-----------------------------|-----------------------------|
| <u>Less</u> | | 72,154,972.14 | 44,900,290.03 |
| Deferred Expenses | 11.2 | <u>12,062,543.19</u> | <u>11,720,000.00</u> |
| | | 60,092,428.95 | 33,180,290.03 |
| Revaluation Reserve | | 6,578,345.91 | 6,578,345.91 |
| Accumulated Profit | 12 | <u>17,772,567.71</u> | <u>24,774,638.23</u> |
| TOTAL NET ASSETS/EQUITY | | <u>84,443,342.57</u> | <u>64,533,274.17</u> |

The accounting policies on page 10-11 and notes from page 12 to 25 form an integral part of these Financial Statements

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

| | | | |
|--|--|--|--|
|  |  |  |  |
| | | | |
| B.R. Ranaweera | M.A. A.S.K. Chandrasiri | Milhan Latiff | M.M. Abdul Cader |
| Accountant | Director | Chairman | Board Member |
| 24.02.2019 | 25.02.2019 | 25.02.2019 | 25.02.2019 |

National Design Centre
Statement of Financial Performance for the year ended 31st December 2018

| | Note | 2018 Rs. | 2017 Rs. |
|---|------|------------------------------|----------------------------|
| OPERATING INCOME | | | |
| Treasury Grant - Recurrent | 13 | 61,029,188.00 | 58,023,332.00 |
| Treasury Grant - Capital for Development Activities | | 12,062,543.19 | 11,720,000.00 |
| Grant from Ministry for Development Activities | | 13,514,451.28 | 12,422,059.01 |
| Grant from National Craft Council for Development Activities | | 1,527,335.81 | - |
| Other Income | 14 | 5,165,465.16 | 20,784,596.52 |
| | | <u>93,298,983.44</u> | <u>102,949,987.53</u> |
| OPERATING EXPENSES | | | |
| Personal Emoluments | 15 | 51,135,231.18 | 47,805,665.75 |
| Travelling Expenses | 16 | 248,483.37 | 753,952.06 |
| Supplies | 17 | 1,077,432.46 | 962,770.61 |
| Maintenance | 18 | 2,414,594.23 | 1,981,631.57 |
| Contractual Services | 19 | 7,575,706.63 | 6,337,756.09 |
| Depreciation | 20 | 7,337,317.89 | 8,385,431.14 |
| Gratuity | | 2,536,868.50 | 1,685,095.00 |
| Development Expenses | 21 | 11,188,773.24 | 10,268,351.52 |
| Development of Enterprises Village & Women Entrepreneurship programme | 22 | 15,029,606.62 | 12,684,113.50 |
| Other Expenses | 23 | 7,011,542.81 | 12,799,256.35 |
| | | <u>105,555,556.93</u> | <u>103,664,023.59</u> |
| SURPLUS/DEFICIT FROM OPERATING ACTIVITIES | | (12,256,573.49) | (714,036.06) |
| Disposal of Building | | <u>(2,082,814.92)</u> | <u>-</u> |
| | | (14,339,388.41) | (714,036.06) |
| Add | | | |
| Deferred Income | | 7,337,317.89 | 8,385,431.14 |
| SURPLUS / (DEFICIT) FOR THE YEAR | | <u>(7,002,070.52)</u> | <u>7,671,395.08</u> |

Indirect Method Statement of Cash Flow
National Design Centre
Statement of Cash Flow for year ended 31.12.2018

| | 2018 | | 2017 | |
|--|-----------------|-----------------|----------------|----------------|
| | Rs. | Rs. | Rs. | Rs. |
| Cash Flow from Operating Activities | | | | |
| Surplus/Deficit from Ordinary Activities | (12,256,573.49) | | (714,036.06) | |
| (+) Prior year adjustments | - | | - | |
| (-) Prior year adjustments | - | (12,256,573.49) | - | (714,036.06) |
| Non Cash Movements | | | | |
| Depreciation | 7,497,901.42 | | 8,443,305.55 | |
| Depreciation Adjustment last year | (15,930.00) | | - | |
| Gratuity | 2,536,868.50 | | 1,685,095.00 | |
| (Increase) / Decrease in Closing Stock | 781,836.01 | | (1,186,216.67) | |
| (Increase) / Decrease in Trade & Other Receivables | (8,504,210.47) | | (4,219,840.40) | |
| (Increase) / Decrease in Staff Loan Receivables | (2,952,624.16) | | (1,311,860.70) | |
| (Increase) / Decrease prepayment | 84,297.86 | | 47,328.81 | |
| Increase / (Decrease) in Trade & Other Payables | 4,072,110.42 | | (464,584.91) | |
| Advance received for UNDP Project | (2,718,665.95) | | (1,668,522.00) | |
| Gratuity Payments | (2,290,218.00) | | (2,921,681.00) | |
| Increase / (Decrease) in Accrued Expenses | (183,477.66) | (1,692,112.03) | (147,206.12) | (1,744,182.44) |
| Net Cash flow from operating activities | | (13,948,685.52) | | (2,458,218.50) |
| Cash Flow from Investing Activities | | | | |
| Purchase of Building(improvements to building) | (821,245.00) | | (1,035,667.00) | |
| Expenditure on new Building | (21,238,936.86) | | (496,850.00) | |
| Being transfer for Building A/c to WIP | 945,360.00 | | - | |
| Purchase of Plant & Machinery | (127,962.50) | | (170,111.21) | |
| Purchase of Furniture | (2,074,061.87) | | (285,821.60) | |
| Purchase of Office Equipment | (409,684.00) | | (177,428.50) | |

| | | |
|---|-------------------|----------------|
| Purchase of Tools | (174,375.00) | (304,264.30) |
| Purchase of Library Books | (110,943.02) | (2,535,900.00) |
| Purchase of Computer & other Equipment | (1,013,305.00) | - |
| Receipts from Disposal of Buildings | <u>505,750.00</u> | <u>-</u> |
| Net Cash Flow from Investing Activities | (24,519,403.25) | (5,006,042.61) |
| Cash Flow from Financing Activities | | |
| Capital Grant from Treasury | 34,249,456.81 | 5,174,000.00 |
| Net Cash flow from financing activities | 34,249,456.81 | 5,174,000.00 |
| Net Increase/ decrease in Cash & Cash Equivalent | (4,218,631.96) | (2,290,261.11) |
| Cash & Cash Equivalent at the beginning of the year | 21,932,982.19 | 24,223,242.88 |
| Cash & Cash Equivalent at the end of the year | 17,714,350.23 | 21,932,982.19 |

National Design Centre

Accounting Policies for the year 2018

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 first in first out (FIFO) basis.

06. Post Balance Sheet Events

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

07. Value of the land where head office building and the project office building is located has not been included in the financial statements since the ownership has not been transferred to the institution from the Department of Small Industries

08. 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.

09. Provision for gratuity has been provided for employees who have completed five years of service in the institute.
10. A part of the old building located at head office premises has been demolished during the year 2018 in order to construct a new building.
11. Construction of two storied building for National Design Centre has been commenced on March 2018 at the Head Office premises in Moratuwa. Total Estimated cost for the project is Rs. 80 Million

1. Property Plant & Equipment

| | Buildings | WIP | Machinery | Vehicles | Computer | Office Equipment | Furniture & Fittings | Tools & Equipment | Library Books | Total |
|---------------------------|----------------|---------------|--------------|---------------|---------------|------------------|----------------------|-------------------|---------------|----------------|
| | Rs. | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | | Rs. |
| Cost | | | | | | | | | | |
| Balance as at 01.01.2018 | 23,613,653.50 | | 6,771,834.58 | 25,610,000.00 | 14,285,513.84 | 11,939,792.98 | 8,176,082.77 | 1,119,271.64 | 3,060,514.04 | 94,576,663.35 |
| Adjustment for 2017 | (945,360.00) | | | | | | | | | (945,360.00) |
| Disposals for the year | (4,006,964.56) | | | | | | | | | (4,006,964.56) |
| Revalue for the year | | | | | | | | | | |
| Additions during the year | 821,245.00 | 21,238,936.86 | 127,962.50 | | 1,013,305.00 | 409,684.00 | 2,074,061.87 | 174,375.00 | 110,943.02 | 25,970,513.25 |
| Balance as at 31.12.2018 | 19,482,573.94 | 21,238,936.86 | 6,899,797.08 | 25,610,000.00 | 15,298,818.84 | 12,349,476.98 | 10,250,144.64 | 1,293,646.64 | 3,171,457.06 | 115,594,852.04 |
| Depreciation | | | | | | | | | | |
| Balance as at 01.01.2018 | 10,501,771.07 | | 3,812,887.32 | 5,127,717.71 | 7,724,393.71 | 8,435,199.45 | 3,422,699.26 | 821,747.85 | 746,184.94 | 40,592,601.31 |
| Adjustment for 2017 | (15,930.00) | | | | | | | | | (15,930.00) |
| Disposals | (1,418,399.64) | | | | | | | | | (1,418,399.64) |
| Revalue for the year | | | | | | | | | | |
| Charges for the year | 463,310.29 | | 450,745.75 | 4,096,456.45 | 1,346,605.75 | 358,011.46 | 583,278.84 | 82,593.78 | 116,899.10 | 7,497,901.42 |
| Balance as at 31.12.2018 | 9,530,751.72 | - | 4,263,633.07 | 9,224,174.16 | 9,070,999.46 | 8,793,210.91 | 4,005,978.10 | 904,341.63 | 863,084.04 | 46,656,173.09 |
| Net Book Value | | | | | | | | | | |
| Balance as at 01.01.2018 | 13,111,882.43 | | 2,958,947.26 | 20,482,282.29 | 6,561,120.13 | 3,504,593.53 | 4,753,383.51 | 297,523.79 | 2,314,329.10 | 53,984,062.04 |
| Balance as at 31.12.2018 | 9,951,822.22 | 21,238,936.86 | 2,636,164.01 | 16,385,825.84 | 6,227,819.38 | 3,556,266.07 | 6,244,166.54 | 389,305.01 | 2,308,373.02 | 68,938,678.95 |

Note 02 - Closing Stock

| | | 31-12-2018 | 31-12-2017 |
|----------------|-----|--------------|--------------|
| | | Rs. | Rs. |
| Raw Materials | | 635,761.31 | 785,919.88 |
| Finished Goods | 2.1 | 4,733,569.09 | 5,399,000.51 |
| Stationary | | 755,251.85 | 696,752.87 |
| DCF Stock | 2.2 | 16,520.00 | 41,265.00 |
| | | 6,141,102.25 | 6,922,938.26 |

Note 2.1 - Finished Goods

| | 31-12-2018 | 31-12-2017 |
|--|--------------|--------------|
| | Rs. | Rs. |
| Finished Goods as per Board of Survey Report | 4,947,794.09 | 5,488,575.48 |
| Less : Excess /(Shortage) Adjustment | (55,066.00) | 3,365.00 |
| Unusable Finished Goods | (159,159.00) | (92,939.97) |
| | 4,733,569.09 | 5,399,000.51 |

Note 2.2 - Finished Goods

| | 31-12-2018 | 31-12-2017 |
|----------------------|------------|------------|
| | Rs. | Rs. |
| Stock at Head Office | 13,200.00 | 22,225.00 |
| Consignment Stock | 3,320.00 | 19,040.00 |
| | 16,520.00 | 41,265.00 |

Note 03 - Trade and Other Receivables

| | | 31-12-2018 Rs. | 31-12-2017 Rs. |
|---|-----|-------------------|-------------------|
| Advance on cash | | 15,228.22 | 59,138.22 |
| Advance on Cheque | | - | 40,000.00 |
| Advance for Deposits | | 8,894.55 | 103,115.55 |
| Receivable Cash | 3.1 | 1,096,184.82 | 4,445,342.54 |
| Advance - Penthouse Pvt Ltd | | 12,996,656.34 | - |
| Advance Central Engineering Consultancy Beauru <u>Deposits</u> | | 221,452.85 | - |
| 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 |
| Fuel Deposit Lanka IOC | | 200,000.00 | - |
| Design Education Account | | | |
| Class Fees Receivable | | 377,500.00 | 561,000.00 |
| Deposits On Building Rent | | 510,000.00 | 510,000.00 |
| Design Consultancy Account | | | |
| Sri Lanka Handicraft Development Board | | 561,045.00 | 984,555.00 |
| Barefoot | | 26,400.00 | 26,200.00 |
| Advances | | 296,666.00 | 335,666.00 |
| Defense Service Command Staff college | | - | 550,000.00 |
| Performance Bond | | - | 55,000.00 |
| Galle Heritage Foundation | | - | 200,000.00 |
| Gandhara | | 64,200.00 | - |
| | | 16,500,577.78 | 7,996,367.31 |

Note 03.1 - Receivable Cash

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| National Craft Council | 787,306.28 | 343,319.23 |
| BMICH (For Hall Booking) | 182,398.10 | - |
| Sales For Staff Members samples & Scrap Items) | 126,480.44 | - |
| Ministry of Industry and Commerce | - | 4,102,023.31 |
| | 1,096,184.82 | 4,445,342.54 |
| | | |

Note 04 -Staff Loans

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|-------------------------|-------------------|-------------------|
| Distress Loan | 11,033,594.38 | 8,009,796.22 |
| Festival Advance | 23,600.00 | 14,850.00 |
| Special Advance (Flood) | 142,140.00 | 227,424.00 |
| Bicycle Loan | 5,360.00 | - |
| | 11,204,694.38 | 8,252,070.22 |
| | | |

Note 05 - Prepayments

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------|-------------------|-------------------|
| Insurance | 257,509.43 | 250,039.52 |
| Contractual Services | 59,490.63 | 41,135.40 |
| Licence | 33,368.76 | 33,368.76 |
| Postage | 11,815.00 | - |
| fuel | - | 121,938.00 |
| | 362,183.82 | 446,481.68 |
| | | |

Note 06 - Cash & Cash Equivalent

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| National Design Centre Account - A/c No 407273 | 619,991.09 | 2,780,511.47 |
| National Design Centre Account Natharampothe | 15,817.77 | 31,778.00 |
| Design Consultancy Account - A/c No 407326 | 11,835,233.00 | 12,062,068.31 |
| Design Education Account A/c | 4,214,914.86 | 6,479,526.43 |
| Staff Loan Account A/c 407325 | 1,028,393.51 | 579,097.98 |
| | 17,714,350.23 | 21,932,982.19 |

Note 07 - Trade & Other Payables

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| Audit Fees Payable | 1,544,725.00 | 630,000.00 |
| Deposits (Procons Pvt Ltd & Seylak Properties) | 45,358.00 | 28,657.50 |
| Industrial Development Board | 492,660.00 | - |
| Penthouse Pvt Ltd. For Building | 488,723.61 | - |
| Cancelled Cheques | 7,750.00 | - |
| Retention Money Penthouse Pvt Ltd. | 1,395,145.30 | - |
| Retention Money Sakura Project & Interiors | 57,288.00 | - |
| Retention Money U.G Wimasiri | 14,094.00 | - |
| Retention Money U.G Gunarathna | 10,750.00 | - |
| Retention Money Telesonic Lanka | 4,030.00 | - |
| Refundable Tender Deposit Design Education Account | 5,500.00 | - |
| Security Deposit | 29,302.00 | - |
| Class Fees Received in Advance | 555,000.00 | - |
| Telesonic Lanka Ltd | 32,387.51 | - |
| Dynamic Fabricators | 30,535.75 | - |

| | | |
|-----------------------------------|--------------|------------|
| Design World Pvt Ltd. | 17,393.75 | - |
| Stamp Duty Payable | 125.00 | - |
| Design Consultancy Account | | |
| Palmyrah Development Board | 310,006.80 | 310,006.80 |
| | 5,040,774.72 | 968,664.30 |
| | | |

Note 8 - Cash Received as an Advance for UNDP Programme

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

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| Amount Received | 7,352,810.00 | 20,903,767.04 |
| Work Completed | (2,718,665.95) | 13,550,957.04 |
| Balance in account to complete the project | 4,634,144.05 | 7,352,810.00 |
| | | |

Note 09 - Accrued Expenses

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|-----------------------|-------------------|-------------------|
| Fuel | 17,624.45 | 10,384.30 |
| Telephone | 108,882.92 | 66,376.87 |
| Electricity | 35,268.18 | 30,912.73 |
| News paper | 7,750.00 | 3,410.00 |
| EPF Payable | 406,591.15 | 417,495.16 |
| ETF Payable | 101,647.78 | 104,373.79 |
| Water | 26,805.02 | 10,529.37 |
| New Design Exhibition | 364,540.76 | 197,857.34 |
| Over Time | 61,180.74 | 63,853.68 |
| Travelling | 13,610.75 | 3,858.00 |
| Salaries & wages | 271,060.76 | 278,330.10 |
| Design Development | 32,330.00 | - |

| | | |
|---|--------------|--------------|
| Security Charges | - | 47,506.50 |
| Cost of Prototype samples and gift items | 2,685.66 | - |
| Other allowances | 8,000.00 | - |
| Payable for goods on consignment basis | 43,850.00 | - |
| Building Maintenance (Jayantha Enterprises) | | 227,810.00 |
| Other Exhibition | 8,650.40 | 11,188.03 |
| Advertisement | | 43,470.00 |
| Cleaning Charges | 2,500.00 | 500.00 |
| Staff Training | 25,000.00 | - |
| Printing of annual reports | 28,107.50 | - |
| Design Education Account | | |
| Lecture Fees | 64,000.00 | 76,350.00 |
| Overtime | - | 3,665.00 |
| Allowance | - | 11,500.00 |
| Rent | 74,010.48 | 73,666.66 |
| Telephone | 628.97 | - |
| Electricity | 1,929.55 | - |
| Design Consultancy Account | | |
| Pass Asian Pvt. Ltd | - | 171,000.00 |
| W.S Jayanika | - | 26,750.00 |
| Overtime | - | 3,845.20 |
| UNDP Allowance | - | 5,500.00 |
| | 1,706,655.07 | 1,890,132.73 |
| | | |

Note No.10

| | Employee Name 1 | Date Joined | Completed Years as at 31/12/2018 3 | Salary 4 | 5 | Gratuity Provision as at 31.12.2018 (6) = (3) x (5) |
|----|----------------------|-------------|---|-------------|-----------|--|
| 1 | T. Asoka Thirimanna | 26/09/1983 | 35 | 39,022.00 | 19,511.00 | 682,885.00 |
| 2 | U.L Wickramarathna | 10/6/1985 | 33 | 41,716.00 | 20,858.00 | 688,314.00 |
| 3 | P. Dharmasena | 24/06/1985 | 33 | 38,260.00 | 19,130.00 | 631,290.00 |
| 4 | M.S Nalini | 25/10/1985 | 33 | 41,716.00 | 20,858.00 | 688,314.00 |
| 5 | G. Vithana | 1/11/1985 | 33 | 50,555.00 | 25,277.50 | 834,157.50 |
| 6 | Manel Bulathgama | 6/12/1985 | 33 | 49,448.00 | 24,724.00 | 815,892.00 |
| 7 | D. Dharmasiri | 10/6/1986 | 32 | 36,304.00 | 18,152.00 | 580,864.00 |
| 8 | U.G.G. Amarathunga | 26/10/1986 | 26 | 36,910.00 | 18,455.00 | 479,830.00 |
| 9 | T.N Karunaratna | 21/11/1986 | 31 | 39,244.00 | 19,622.00 | 608,282.00 |
| 10 | H.M.A.U Shantha | 8/12/1986 | 32 | 44,788.00 | 22,394.00 | 716,608.00 |
| 11 | G.W. Ramyalatha | 16/03/1987 | 31 | 39,796.00 | 19,898.00 | 616,838.00 |
| 12 | I.R. Piyathilaka | 17/06/1987 | 30 | 39,448.00 | 19,724.00 | 591,720.00 |
| 13 | D.J. Pieris | 11/11/1987 | 31 | 50,555.00 | 25,277.50 | 783,602.50 |
| 14 | M.A Somalatha | 1/3/1988 | 30 | 62,186.00 | 31,093.00 | 932,790.00 |
| 15 | W.A.P.K Wijesingha | 1/8/1988 | 30 | 63,305.00 | 31,652.50 | 949,575.00 |
| 16 | Palitha Pushpakumara | 15/04/1988 | 30 | 37,684.00 | 18,842.00 | 565,260.00 |
| 17 | W.A. Kulathilaka | 1/6/1988 | 30 | 36,910.00 | 18,455.00 | 553,650.00 |
| 18 | K.P.J. Perera | 14/02/1989 | 29 | 37,102.00 | 18,551.00 | 537,979.00 |
| 19 | B.K.K Perera | 28/06/1989 | 29 | 36,826.00 | 18,413.00 | 533,977.00 |
| 20 | Manel Rajapaksa | 2/10/1989 | 29 | 44,644.00 | 22,322.00 | 647,338.00 |
| 21 | U.A.LS.K. Jayathissa | 1/1/1990 | 28 | 36,910.00 | 18,455.00 | 516,740.00 |
| 22 | R.A.P Udayangani | 20/02/1990 | 27 | 41,716.00 | 20,858.00 | 563,166.00 |
| 23 | K.K.S.De Silva | 15/08/1991 | 27 | 43,248.00 | 21,624.00 | 583,848.00 |
| 24 | M.K Mahinda | 1/7/1992 | 26 | 39,796.00 | 19,898.00 | 517,348.00 |
| 25 | G.A.G Silva | 22/03/1993 | 25 | 36,904.00 | 18,452.00 | 461,300.00 |
| 26 | L.A Kularathna | 5/4/1993 | 25 | 36,904.00 | 18,452.00 | 461,300.00 |
| 27 | H.B.T Damayanthi | 3/1/1994 | 24 | 57,710.00 | 28,855.00 | 692,520.00 |
| 28 | B.K.A Rodrigo | 15/06/1994 | 24 | 36,526.00 | 18,263.00 | 438,312.00 |

| | | | | | | |
|----|--------------------------|-------------|----|-----------|-----------|------------|
| 29 | A.M.T.K Alagiyawanna | 2/5/1996 | 22 | 35,812.00 | 17,906.00 | 393,932.00 |
| 30 | B. Manathunga | 3/6/1996 | 22 | 58,829.00 | 29,414.50 | 647,119.00 |
| 31 | D.M.A. Chandima | 15/07/1996 | 22 | 38,548.00 | 19,274.00 | 424,028.00 |
| 32 | M.A.R.U. Gunarathna | 16/07/1998 | 20 | 37,972.00 | 18,986.00 | 379,720.00 |
| 33 | Susil Wijethunga | 1/9/1998 | 20 | 35,283.00 | 17,641.50 | 352,830.00 |
| 34 | W.M. Piyarathna | 4/1/1999 | 19 | 51,052.00 | 25,526.00 | 484,994.00 |
| 35 | R.M. Vijitha Bandara | 1/6/1999 | 19 | 51,052.00 | 25,526.00 | 484,994.00 |
| 36 | S.S Weerasuriya | 1/2/2000 | 18 | 37,396.00 | 18,698.00 | 336,564.00 |
| 37 | H.T. Dinesh Silva | 1/2/2000 | 18 | 37,396.00 | 18,698.00 | 336,564.00 |
| 38 | C.K.Kalansooriya | 1/2/2000 | 18 | 37,684.00 | 18,842.00 | 339,156.00 |
| 39 | P.B. Piyawathi | 1/2/2000 | 17 | 35,352.00 | 17,676.00 | 300,492.00 |
| 40 | N.D.H Mohotti | 1/2/2000 | 18 | 33,949.00 | 16,974.50 | 305,541.00 |
| 41 | K.R. Kumara | 1/2/2000 | 18 | 34,846.00 | 17,423.00 | 313,614.00 |
| 42 | Prashantha Kirthichandra | 13/12/2000 | 18 | 51,052.00 | 25,526.00 | 459,468.00 |
| 43 | P. C. J. De Silva | 15/08/2005 | 13 | 44,182.00 | 22,091.00 | 287,183.00 |
| 44 | G.C.N. Perera | 15/08/2005 | 13 | 42,868.00 | 21,434.00 | 278,642.00 |
| 45 | V.G.B.D. Weeranayaka | 15/08/2005 | 13 | 42,430.00 | 21,215.00 | 275,795.00 |
| 46 | S.W.Vijithani | 25/10/2005 | 13 | 39,874.00 | 19,937.00 | 259,181.00 |
| 47 | B. R. Ranaweera | 15/02/2006 | 12 | 54,353.00 | 27,176.50 | 326,118.00 |
| 48 | R. M .Gamini Rathnayaka | 12/12/2007 | 11 | 33,650.00 | 16,825.00 | 185,075.00 |
| 49 | J . Anil Wijesuriya | 01/01//2008 | 11 | 33,650.00 | 16,825.00 | 185,075.00 |
| 50 | I. A. kleetas Asanga | 15/02/2008 | 10 | 35,352.00 | 17,676.00 | 176,760.00 |
| 51 | T. C. Wijerathna | 3/3/2008 | 10 | 41,140.00 | 20,570.00 | 205,700.00 |
| 52 | M. A. D. P. Kithsiri | 15/07/2008 | 10 | 34,851.00 | 17,425.50 | 174,255.00 |
| 53 | M. T. R. Fanandu | 1/9/2008 | 10 | 33,650.00 | 16,825.00 | 168,250.00 |
| 54 | N.G.K Indika | 6/8/2009 | 9 | 51,052.00 | 25,526.00 | 229,734.00 |
| 55 | W.D.L.S. S. Rathnayaka | 11/4/2009 | 9 | 34,184.00 | 17,092.00 | 153,828.00 |
| 56 | M.A.S.S.K. Chandrasiri | 16/02/2012 | 6 | 87,429.00 | 43,714.50 | 262,287.00 |
| 57 | H.M. S..D. Herath | 3/6/2013 | 5 | 39,988.00 | 19,994.00 | 99,970.00 |
| 58 | M. L.U. Edirisinghe | 1/7/2013 | 5 | 39,604.00 | 19,802.00 | 99,010.00 |
| 59 | P.L. Gamage | 3/6/2013 | 5 | 39,988.00 | 19,994.00 | 99,970.00 |
| 60 | S.A.S.C. Perera | 1/7/2013 | 5 | 39,604.00 | 19,802.00 | 99,010.00 |
| 61 | A. M. T. I Adikari | 1/7/2013 | 5 | 39,604.00 | 19,802.00 | 99,010.00 |
| 6 | R.M Sarath Ranasinghe | 25/07/2013 | 5 | 34,685.00 | 17,342.50 | 86,712.50 |
| 63 | W. K. Isuru Indika | 1/7/2013 | 5 | 34,685.00 | 17,342.50 | 86,712.50 |
| 64 | W.G.D.Anurada | 15/07/2013 | 5 | 34,685.00 | 17,342.50 | 86,712.50 |

| | | | | | | |
|----|--------------------------|------------|----|-----------|-----------|---------------|
| 65 | Champika Gunasekara | 25/07/2013 | 5 | 34,851.00 | 17,425.50 | 87,127.50 |
| 66 | R. M. Amith Kumara | 25/07/2013 | 5 | 32,822.00 | 16,411.00 | 82,055.00 |
| | - | | | | | 27,326,889.00 |
| | Less: | | | | | |
| | <u>Gratuity Payments</u> | | | | | |
| 1 | P.B Piyawathi | 1/2/2000 | 17 | 35,352.00 | 17,676.00 | 300,492.00 |
| 2 | I.R. Piyathilaka | 17/06/1987 | 30 | 39,448.00 | 19,724.00 | 591,720.00 |
| 3 | T.N. Karunarathna | 21/11/1986 | 31 | 39,244.00 | 19,622.00 | 608,282.00 |
| 4 | R.A.P. Udayangani | 20/02/1990 | 28 | 41,716.00 | 20,858.00 | 584,024.00 |
| 5 | T. C. Wijerathna | 3/3/2008 | 10 | 41,140.00 | 20,570.00 | 205,700.00 |
| | | | | | | 2,290,218.00 |
| | Total Gratuity | | | | | 25,036,671.00 |

Note 11 - Deferred Depreciation

| | | 31-12-2018 Rs. | 31-12-2017 Rs. |
|---------------------------------------|------|-------------------|-------------------|
| Deferred Revenue Income | | | |
| <u>Capital Grant</u> | | | |
| Previous Years | | 33,180,290.03 | 36,391,721.17 |
| Current Year | | 46,312,000.00 | 16,894,000.00 |
| | | 79,492,290.03 | 53,285,721.17 |
| <u>Less</u> | | | |
| Total Development Activities Expenses | 11.2 | (12,062,543.19) | (11,720,000.00) |
| | | 67,429,746.84 | 41,565,721.17 |
| <u>Less</u> | | | |
| Deferred Depreciation | 11.1 | (7,337,317.89) | (8,385,431.14) |
| Deferred Revenue Income | | 60,092,428.95 | 33,180,290.03 |
| | | | |

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 2018

Note 11.1 Deferred depreciation

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------|-------------------|-------------------|
| Building | 458,120.29 | 647,580.22 |
| Machinery | 450,745.75 | 472,118.66 |
| Office Equipment | 354,082.92 | 364,038.43 |
| Furniture & Fittings | 432,255.72 | 464,714.16 |
| Tools | 82,593.78 | 59,746.02 |
| Library Books | 116,457.23 | 109,563.79 |
| Computer | 1,346,605.75 | 1,147,099.29 |
| Vehicle | 4,096,456.45 | 5,120,570.57 |
| | 7,337,317.89 | 8,385,431.14 |

Note 11.2 Total Development Activities Expenses

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|---|----------------------|----------------------|
| Awareness / Training / TOT Programmes | 2,204,107.80 | 1,827,926.35 |
| Staff Training | 452,640.60 | 238,135.00 |
| Product Development | 222,531.07 | 1,044,943.54 |
| New Design Exhibition | 5,586,452.99 | 5,812,141.94 |
| Exhibition In Collaboration With Other Institutions | 785,468.23 | 990,822.40 |
| Participating in International Trade Fairs | 956,776.35 | 1,180,110.71 |
| Monitoring & Evaluation of Projects & Programmes | 96,970.19 | 65,215.09 |
| Research Programmes For Raw Material / Process technology | 367,931.01 | 34,510.00 |
| Test Marketing & Market Surveys | 120,545.00 | 119,490.03 |
| Web Design | 395,350.00 | - |
| Raw Material Purchases | 873,769.95 | 406,704.94 |
| | 12,062,543.19 | 11,720,000.00 |

Note 12 - Accumulated Profit

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|-------------------------------|-------------------|-------------------|
| B/F Accumulated Profit | 24,774,638.23 | 17,103,243.15 |
| (+) prior Year adjustment | - | - |
| (-) prior Year adjustment | - | - |
| | 24,774,638.23 | 17,103,243.15 |
| Surplus/ Deficit for the Year | (7,002,070.52) | 7,671,395.08 |
| C/F Accumulated Profit | 17,772,567.71 | 24,774,638.23 |

Note 13 - Treasury Grant Recurrent

| | 31-12-2018 | 31-12-2017 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| January | 4,374,750.00 | 4,485,000.00 |
| February | 5,273,250.00 | 4,285,000.00 |
| March | 4,787,000.00 | 4,916,666.00 |
| April | 4,864,000.00 | 4,780,000.00 |
| May | 4,416,437.00 | 4,310,000.00 |
| June | 6,514,917.00 | 4,916,000.00 |
| July | 4,166,000.00 | 4,679,583.00 |
| August | 5,749,834.00 | 4,916,666.00 |
| September | 6,106,917.00 | 4,916,666.00 |
| October | 5,239,000.00 | 5,277,583.00 |
| November | 4,281,000.00 | 5,435,000.00 |
| December | 5,256,083.00 | 5,105,168.00 |
| | 61,029,188.00 | 58,023,332.00 |
| Treasury Grant Capital | | |
| | 31-12-2018 | 31-12-2017 |
| | Rs. | Rs. |
| Treasury Grant For Assets | 34,249,456.81 | 5,174,000.00 |
| Treasury Grant For Development Activities | 12,062,543.19 | 11,720,000.00 |
| | 46,312,000.00 | 16,894,000.00 |
| | | |

Note 14 - Other Income

| | Note | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------------------|------|-------------------|-------------------|
| Levy on Private use of vehicles | | 6,000.00 | 6,600.00 |
| Received insurance claim | | (2,409.25) | - |
| Miscellaneous | | 143,211.86 | 153,250.75 |
| Profit & Loss (Sub note 01) | 14.1 | (232,983.59) | 524,565.13 |
| Government Contributon | | 27,297.00 | 8,700.00 |
| Scarp Sales | | 95,153.50 | - |
| Design Education Account | | | |
| NDID 2017-2018 Course fees | | 1,578,000.00 | 2,507,500.00 |
| HND 2018-2020 Course Fees | | 502,500.00 | - |
| Application Fees | | - | 54,000.00 |
| Convocation Fee | | - | 244,800.00 |
| Design Consultancy income | | | |
| Design Consultancy Income | | (447,900.00) | 555,000.00 |
| Laksala Project | 14.2 | 88,250.00 | 75,865.00 |
| UNDP income | | 2,718,665.95 | 13,550,957.04 |
| OXFAM income | | - | 2,622,000.00 |
| Other Sales | 14.3 | 278,300.00 | 129,820.00 |
| Consignment Income | | 9,460.00 | 21,200.00 |
| Staff Loan Account Income | | | |
| Interest Income | | 401,919.69 | 330,338.60 |
| | | 5,165,465.16 | 20,784,596.52 |
| | | | |

Sub Note 14.1
National Design Centre
Statement of Profit & Loss Account for the Year end 31.12. 2018

| | Note | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--------------------------------|--------|-------------------|-------------------|
| Income (sales) | | 2,104,127.35 | 1,256,235.50 |
| Cost of Sales (Note1.1) | 14.1.1 | 2,182,615.94 | 652,731.40 |
| Gross Profit | | (78,488.59) | 603,504.10 |
| less- Unusable Finishing Goods | | (159,159.00) | (92,939.97) |
| Common facility center income | | 4,664.00 | 14,001.00 |
| Total Profit | | (232,983.59) | 524,565.13 |

Note14- 1-1 - Cost of sale

| | | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------------------|---|-------------------|-------------------|
| <u>Raw Material</u> | - | | |
| Opening Stock (1st January 2018) | | 785,919.88 | 526,238.36 |
| Purchases | | 873,769.95 | 406,704.94 |
| | | 1,659,689.83 | 932,943.30 |
| <u>Less</u> | - | | |
| Closing Stock 31st December 2018 | | (635,761.31) | (785,919.88) |
| Material Consumed | | 1,023,928.52 | 147,023.42 |
| <u>Finished Good</u> | - | | |
| Opening Stock 1st January 2018 | | 5,399,000.51 | 4,348,606.08 |
| Material Consumed | | 6,422,929.03 | 4,495,629.50 |
| Purchases | | 652,415.00 | 1,649,042.38 |
| | | 7,075,344.03 | 6,144,671.88 |
| <u>Less</u> | - | | |
| Closing Stock 31December 2018 | | 4,892,728.09 | 5,491,940.48 |
| Cost of Sales | | 2,182,615.94 | 652,731.40 |

Sub Note 14.2 - Laksala Project

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|------------------------|-------------------|-------------------|
| Laksala Sales Income | 439,920.00 | 409,711.00 |
| Laksala Sales Expenses | (351,670.00) | (333,846.00) |
| | 88,250.00 | 75,865.00 |
| | | |

Sub Note 14.3 - Other Sales

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|------------|-------------------|-------------------|
| Lakpahana | 129,100.00 | |
| Home & You | 11,400.00 | |
| LakArcade | 28,000.00 | |
| Gandhara | 109,800.00 | |
| | 278,300.00 | |
| | | |

Note 15 - Personal Emoluments

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|-------------------------------|-------------------|-------------------|
| Salaries & Wages | 41,982,690.14 | 40,683,407.72 |
| EPF | 4,994,437.23 | 4,763,255.96 |
| ETF | 1,248,560.79 | 1,197,901.43 |
| Over time | 1,048,283.02 | 899,210.06 |
| Other Allowances | 93,000.00 | 261,890.58 |
| Chairmans Allowance | 1,168,260.00 | - |
| Directors Transport Allowance | 600,000.00 | - |
| | 51,135,231.18 | 47,805,665.75 |
| | | |

Note 16 - Travelling Expenses

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------|-------------------|-------------------|
| Domestic | 248,483.37 | 247,891.25 |
| Foreign | - | 506,060.81 |
| | 248,483.37 | 753,952.06 |

Note 17 - Supplies

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--------------------------------|-------------------|-------------------|
| Stationery & Office Requisites | 487,443.17 | 392,905.93 |
| Fuel Expenses | 484,837.29 | 472,567.93 |
| Uniforms | 88,000.00 | 84,000.00 |
| Medical | 4,883.00 | 1,972.00 |
| Other Supplies | 12,269.00 | 11,324.75 |
| | 1,077,432.46 | 962,770.61 |

Note 18 - Maintenance

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------|-------------------|-------------------|
| Vehicle maintenance | 1,393,060.33 | 1,220,932.13 |
| Building maintenance | 552,703.50 | 504,385.00 |
| Plant & Machinery | 30,244.00 | 83,283.00 |
| Office Equipment | 438,586.40 | 173,031.44 |
| | 2,414,594.23 | 1,981,631.57 |

Note 19 - Contractual Services

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| Transport & Hire charges | 4,119.00 | 628,814.28 |
| Telephone charges | 969,098.50 | 830,626.18 |
| Postage | 32,212.00 | 31,539.00 |
| Electricity & water | 1,097,998.09 | 966,821.48 |
| Rates & Taxes | 84,185.84 | 99,633.14 |
| Audit fee | 1,744,770.00 | 279,585.00 |
| Legal fees | 20,000.00 | - |
| Pest Control Services | 43,000.00 | 32,000.00 |
| Advertisement | 282,313.25 | 384,560.00 |
| Petty Cash & miscellaneous | 182,635.46 | 141,008.18 |
| Bank Charges | 14,515.00 | 15,887.00 |
| Sanitary & Cleaning | 153,566.24 | 154,685.00 |
| News Paper | 57,000.00 | 75,525.00 |
| Contractual services (Service Agreement) | 112,240.75 | 125,573.96 |
| Insurance | 466,228.81 | 618,983.37 |
| Vehicle License | 73,175.00 | 80,306.93 |
| Meetings with clients | 375,572.85 | 362,039.60 |
| Printing Annual Reports | 555,667.50 | 65,822.50 |
| Fuel Allowances | 236,700.00 | 449,280.00 |
| Stamp Duty | 1,325.00 | - |
| Board Secretary fee | 18,000.00 | 18,000.00 |
| Board Member Fee | 258,000.00 | 230,000.00 |
| Audit & Management Committee Member fee | 156,000.00 | 150,000.00 |
| Interview Expenses | 9,470.00 | 134,254.75 |
| Security Charges | 329,353.40 | 188,442.45 |
| Web Hosting Charges | - | 17,000.00 |
| Board of Survey Expenses | 298,559.94 | 257,368.27 |
| | 7,575,706.63 | 6,337,756.09 |

Note 20 - Depreciation

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|----------------------|-------------------|-------------------|
| Building | 458,120.29 | 647,580.22 |
| Machinery | 450,745.75 | 472,118.66 |
| Office Equipment | 354,082.92 | 364,038.43 |
| Furniture & Fittings | 432,255.72 | 464,714.16 |
| Tools | 82,593.78 | 59,746.02 |
| Library Books | 116,457.23 | 109,563.79 |
| Computer | 1,346,605.75 | 1,147,099.29 |
| Vehicle | 4,096,456.45 | 5,120,570.57 |
| | 7,337,317.89 | 8,385,431.14 |

Note 21 - Development Activities

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--|-------------------|-------------------|
| Awareness / Training / TOT Programmes | 2,204,107.80 | 1,827,926.35 |
| Staff Training | 452,640.60 | 238,135.00 |
| Product Development | 222,531.07 | - |
| New Design Exhibition | 5,586,452.99 | 5,812,141.94 |
| Exhibition In Collaboration With Other Initiations | 785,468.23 | 990,822.40 |
| Participating in International Trade Fair | 956,776.35 | 1,180,110.71 |
| Monitoring & Evaluation of Project & Progrmme | 96,970.19 | 65,215.09 |
| Research Programmes For Raw Material Process technology | 367,931.01 | 34,510.00 |
| Test Marketing & Market Surveys | 120,545.00 | 119,490.03 |
| Web Design | 395,350.00 | - |
| | 11,188,773.24 | 10,268,351.52 |

Note 22**Enterprise Development Program & Living Hood Development Program**

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|---|-------------------|-------------------|
| Diviyata Udanaya -Paduvasnuwara | 132,385.28 | |
| Livelihood Development Program | | |
| - Kegalle Ambepussa | 1,325,490.00 | |
| -Distribution of Tools &Equipment | 12,056,576.00 | |
| - Kegalle Ballapana | 311,328.79 | |
| - Anuradapura Lulnewa | 204,431.00 | |
| Enterprise Development Program | | |
| -Monaragala Madagama | 259,255.74 | |
| - Mathara Kirinda | 281,451.90 | |
| .-Village | 58,882.91 | |
| .-Ampara | 30,899.00 | |
| .-Kalaniya Waragoda | 168,906.00 | |
| Enterprise Development Program | | |
| Enterprise Development Program -Yakkalavila | | 374,264.07 |
| Enterprise Development Program -Galle | | 709,609.30 |
| Enterprise Development Program - Nugawela | | 390,844.25 |
| Enterprise Development Program - Mannar | | 542,233.00 |
| Enterprise Development Program - Kegalle | | 561,166.13 |
| Enterprise Development Program - Kirimatiyana | | 416,355.90 |
| Enterprise Development Program - Alokagama | | 125,326.00 |
| Living Hood Development Program | | |
| Living Hood Development Program-Kegalle | | 2,410,176.24 |
| Living Hood Development Program -Mannar | | 3,384,886.77 |
| Living Hood Development Program -Vavuniya | | 2,414,976.78 |
| | | 1,354,275.06 |
| | 15,029,606.62 | 12,684,113.50 |

Note 23 - Other Expenses

| | Note | 31-12-2018 Rs. | 31-12-2017 Rs. |
|-----------------------------------|------|-------------------|-------------------|
| Design Education Account | | | |
| Education Activity | 23.1 | 1,184,873.23 | 1,129,294.96 |
| Building Rent | | 1,020,268.81 | 73,666.67 |
| Other | | 77,711.19 | 164,751.33 |
| Electricity | | 40,517.60 | - |
| Telephone | | 4,948.66 | - |
| Stamp Duty | | 125.00 | - |
| Bad Debts | | 200,000.00 | - |
| Depreciation | | 106,568.19 | - |
| Design Consultancy Account | | | |
| UNDP Project | 23.2 | 2,718,665.95 | 8,560,074.54 |
| OXFAM Project | | - | 1,274,402.90 |
| Other Sales Expenses | 23.3 | 259,999.00 | 105,310.00 |
| Foreign Travel | | | 535,021.00 |
| Other Expenses | | 35,894.84 | 26,301.94 |
| Staff Motivational Program | | | 872,558.60 |
| Staff Incentive Allowance | | 1,260,000.00 | - |
| Stamp Duty | | 50.00 | - |
| Bad Debts | | 29,000.00 | - |
| Obsolete Stock | | 18,905.00 | - |
| Depreciation | | 54,015.34 | 57,874.41 |
| | | 7,011,542.81 | 12,799,256.35 |

Note 23.1 - Education Activity

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|--------------------------------|-------------------|-------------------|
| NDID 2016 Course expenses | - | 164,340.00 |
| NDID 2017-2018 Course Expenses | 1,039,692.03 | 361,637.90 |
| Certificate Awarding Ceremony | - | 603,317.06 |
| HND 2018-2020 Course Expenses | 145,181.20 | - |
| | 1,184,873.23 | 1,129,294.96 |

Note 23.2 - UNDP Project

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|---|-------------------|-------------------|
| Baticaloe | - | 37,842.62 |
| Putlam | - | 1,106,846.01 |
| Monaragala | - | 618,711.50 |
| Digamadulla | - | 262,433.13 |
| Equipment | - | 3,943,490.00 |
| BMICH | - | 207,621.32 |
| Mannar | - | 134,891.00 |
| Anuradhapura | - | 443,532.00 |
| Secretary | - | 189,999.98 |
| Vehicle Maintanance | - | 132,114.30 |
| Staff Allowance | - | 1,185,000.00 |
| Last Year Advance settlements | - | 184,165.00 |
| Monitoring | - | 62,580.00 |
| Ot/Bata | - | 50,847.68 |
| UNDP Palmyrah Training Program Vavuniya | 275,804.87 | - |
| UNDP Supply of Equipment Vavuniya | 442,600.00 | - |
| UNDP Supply of Equipment Anuradhapura | 38,142.60 | - |
| UNDP Supply of Equipment Mannar | 184,120.00 | - |
| UNDP Supply of Equipment Putlam | 938,902.46 | - |
| UNDP Progress Monitoring | 830,746.02 | - |
| UNDP Market Linkage and Trade Fairs | 8,350.00 | - |
| | 2,718,665.95 | 8,560,074.54 |

Note 23.3 - Other Sales Expenses

| | 31-12-2018 Rs. | 31-12-2017 Rs. |
|------------|-------------------|-------------------|
| Lakpahana | 133,320.00 | |
| Home & You | 4,050.00 | |
| LakArcade | 24,050.00 | |
| Gandhara | 98,579.00 | |
| | 259,999.00 | |

Reports of Auditor General

Chairman
National Design Centre

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

1. Financial Statements

1.1. Qualified Opinion

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

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

1.2. Basis for Qualified Opinion

(a) Letters substantiating trade and other receivable balances of the Centre of which the accumulated value as at 31st December 2018 was Rs. 15,734,958 and trade and other payable balances of which the accumulated value as at that date were not submitted for the audit.

(b) Although the total value of 08 Fixed Assets Accounts was Rs. 94,355,913 according to the Financial Statements of the Centre, its total value according to the Asset Schedules was Rs. 76,116,899, resulting in an un-reconciled discrepancy of Rs. 18,239,014.

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

1.3. Responsibilities of the Management and the Parties who Control with regard to Financial Statements

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

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

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

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

1.4. Auditor's Responsibility pertaining to the Audit

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

The audit was conducted by me with professional conviction and professional ambivalence. Further,

- Obtaining of evidence adequate and appropriate to avoid risks caused by frauds or errors by planning opportune audit procedures in identifying and assessing the risks of quantitative false statements that could occur in Financial Statements due to frauds or errors was the basis of my audit opinion. The impact of a fraud is stronger than the quantitative misstatements while collusion, forgery, deliberate omission or bypassing internal controls all lead to frauds.

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

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

2. Report on Other Legal and Regulatory Requirements

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

- According to the requirements in section 12 (a) of the National Audit Act No. 19 of 2018: the fact that I have obtained all the information and explanations necessary for my audit and as evident from my examination the Centre has maintained proper financial reports, apart from the effect of the matters stated in the section 'Basis for Qualified Opinion' in my Report.
- According to the requirement stated in section 6 (1) (d) (III) of the National Audit Act No. 19 of 2018: the Financial Statements of the Centre correspond with
- According to the requirement stated in section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018: the recommendations made by me in the last year have been included in the Financial Statements presented.

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

- That a member of the governing body does not have a relationship direct or otherwise extraneous to the ordinary business state in respect of an agreement pertaining to the Centre, as per the requirement stated in Section 12 (d) of the National Audit Act No. 19 of 2018.
- That action has been taken in a manner inconsistent with any applicable written law or other general or specific directions issued by the governing body of the Centre as per the requirement stated in Section 12 (e) of the National Audit Act No. 19 of 2018, except for the following observations:

Reference to Laws/ Rules/ Direction

Description

Financial Regulation 128 (1) (b) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Although payments should be made after inspecting the relevant documents, recommending and approving, payments totalling Rs. 17,047,940 had been made for the second bill without first certifying the first bill of quantities, total summary and main summary.

Section 5 of reference 8.12 of the Procurement Guidelines No. 08 dated 25th January 2006

Steps had not been taken to inform the Commissioner General of Inland Revenue with a copy to the Auditor General regarding the payment of VAT totalling Rs. 3,256,772 when paying VAT in respect of the construction of the Head Office Building.

- That action has been taken in a manner inconsistent with the powers, functions and roles of the Centre as per the requirement stated in Section 12 (f) of the National Audit Act No. 19 of 2018, except for the following observations:

Powers Functions and Roles

Observations

(a) Section 82 (a) of part iv of the National Craft Council and Allied Institutions Act No. 35 of 1982

Although plans had been made to conduct 03 researches after making allocations amounting to Rs. 1,160,000 during the year under review for carrying out researches on substitution of rare raw materials and on new production processes, only the work pertaining to colouring of red clay-based goods had been conducted spending Rs. 536,000 while the 02

other researches had not been conducted.

- | | | |
|-----|--|--|
| (b) | Section 82 (b) of part iv of the National Craft Council and Allied Institutions Act No. 35 of 1982 | Under the promotion of handicrafts and developing local and foreign markets for handicraft products, 07 activities had been planned for implementation during the year under review spending Rs. 10,400,000. However 05 of the activities had been completed successfully and it was not possible to check the financial and physical progress of the 02 remaining activities as their physical and financial progress had not been reported to Audit Division despite spending money for implementing the two activities concerned. |
| (c) | Section 82 (f) of part iv of the National Craft Council and Allied Institutions Act No. 35 of 1982 | The Centre had failed to implement the activity of issuing standard certificates for raw materials even till 31 st December 2018. |

- That the resources of the Centre had not been procured and used in a frugal, efficient and effective manner within the timeframe and in compliance with relevant laws and rules as per the requirement stated in Section 12 (g) of the National Audit Act No. 19 of 2018.

- (a) Although the entity should complete the land acquisition activities before requesting the appointment of the Procurement Committee as per Section 2.3.1 (b) of National Procurement Guidelines No. 08 dated 25th January 2018, the Centre had paid a sum totaling Rs. 30,913,819 as at 31st December 2018 for constructing a building without acquiring the land.
- (b) Although the Letter of Acceptance should be issued within 05 weeks from the completion of the bidding as per Section 4.2.3 of the above-mentioned Guidelines,, the Centre had expended a duration of 03 months for issuing that letter.
- (c) Although an agreement should be made and signed in respect of a contract for goods or services in excess of Rs. 500,000 as per Section 8.91 of the above-mentioned Guidelines, the Centre had not entered into such a written agreement for purchasing 304 sewing machines paying a total for Rs. 12,056,576 and even handed the machines over to Divisional Secretariats in the months of May and June without making entries in store documents.
- (d) When making payment for the second bill above referred to, it had been paid without preparing, inspection and certification by officers of the consultancy firm with regard to the variation document pertaining to the variation value of Rs. 506,417.

- (e) Although plans had been made for training 477 craftsmen using allocations amounting to Rs. 2,700,000 from new invention and skills development training programmes under the Enterprise Village Development and Women Entrepreneur Development Programme, the physical progress of this project remained at 54% as training was provided only for 256 craftsmen spending a total of Rs. 1,500,000.
- (f) Sums ranging from Rs. 17,508,753 to Rs. 11,835,233 out of the funds received for two foreign funded projects from Oxfam and the UNDP remained under-utilized in a bank current account without being utilized for any productive purpose throughout the year under review due to lack of pre-planning in respect of project expenditure.
- (g) It was observed that the sum of Rs. 235,000 spent for 2,500 catalogs for the exhibition styled Yugayata Nimavum conducted by the Centre in the year 2018 was an uneconomic expenditure because action was not taken to get it in print and distribute it among craftsmen, invitees and the general public before the end of the exhibition.

3. Other Audit Observations

- (a) An officer had been recruited for the Internal Audit Division in November 2017 and he had resigned on 07 December 2018. Staff had not been assigned to that Division and the Accounts Officer had been appointed on acting basis with effect from 21 January 2018 until permanent recruitment is done to the post of Internal Auditor. For these reasons, the internal audit function had not been performed as planned during the year under review.
- (b) The Centre had credited the money received when implementing the project under the UNDP to a current account. Using the financial allocations that were left in this current account, the Centre had paid its employees a total of Rs. 5,731,750 as incentives in the years between 2013 and 2018 without obtaining the approval of the Department of Management Services and the General Treasury.

W.P.C. Wickramarathna
Auditor General