



ශ්‍රේවන කටයුතු හා නිපුණතා සංවර්ධන අමාත්‍යාංශය
இளைஞர் அலுவல்கள் மற்றும் திறன்கள் அபிவிருத்தி அமைச்சு
Ministry of Youth Affairs & Skills Development



ලංකා - ජර්මන් කාර්මික අභ්‍යාස ආයතනය

இலங்கை - ஜேர்மன் தொழில்நுட்ப பயிற்சி நிறுவகம்

Ceylon - German Technical Training Institute

වාර්ෂික වාර්තාව

ஆண்டு அறிக்கை

ANNUAL REPORT

2010

නො. 582, ගාලු පාර (ගල්කිස්ස), මොරටුව.

இல.582, காலி வீதி, கல்கிசை.

No.582, Galle Road (Mount Lavinia), Moratuwa.

Report of the Director / Principal Ceylon – German Technical Training Institute – 2010

Ceylon – German Technical Training Institute is a leading pioneer vocational and training institution in the creation highly skilled persons in the motor mechanic and allied fields in Sri Lanka. The Institute was established as the "Lanka German Training School" in the year 1959 in the premises of the Werahera Central Workshop of the then Ceylon Transport Board in accordance with an agreement entered into between the Federal Republic of Germany and the Government of Ceylon. The primary objective of this Institute established with a group of 60 apprentices at its inception was the creation of a skilled work force of mechanic for the maintenance and repair of the new Mercedes Bens buses manufactured in Germany imported to this country since the establishment of the Ceylon Transport Board in the year 1958 by nationalizing the Private Bus Companies. In addition, the apprentices who received training in this Institute had the opportunity of securing jobs in other local institutions as well as in foreign countries.

The need for trained technicians increased parallel to the increase in the bus fleet of the Ceylon Transport Board. In order to fulfill that need, the Institute was shifted to the present premises in the year 1974 as the "Ceylon – German Technical Training Institute" with the facilities for the younger generation of Lanka to be engrossed in technical education. At present the Institute conducts 09 full time courses in motor mechanics and other fields and enrolls about 350 annually to follow these courses.

Action was taken to enroll 344 new apprentices for this year. There is a very heavy demand for the full-time courses but 32 short term courses, evening classes and weekend classes were conducted for the benefit of the students who were not successful for the full-time courses and the students completing school education as well as the improvement of the knowledge of those employed in this vocation. Action was taken to enroll 2,427 students for these courses.

Celebration of C.G.T.T.I. 50th anniversary ceremony eminently was a great achievement for us in 2010. A new three storied building was opened on 15 February 2010 concurrently with the 50th Anniversary Celebration of the Institute to accommodate the Accountant's Office, Works Engineer's Section and the Electronic and Computer Laboratory. The purpose this was to shift the above Divisions conducted in the classrooms to the new building with a view to providing adequate classroom accommodation to the increasing number of apprentices. The Crank Shaft Grinding Machine made available to the Engine Section made it possible to conduct its training activities and the production work with enhanced efficiency and high Standard. Modern TIG Welding Machines, MIG / MAG Welding Machines made available to the Welding Section made it possible for the mechanics in Welding with a heavy demand in the job market to follow an enhanced course. The supply of a Truck Tyre Changer to the successfully completed Chassis Section provided the opportunity to the apprentices to train on new methodologies needed by the industry.

Two members of the academic staff were sent under the foreign training scheme to the Gewerbliche Schedule Metzinger Institute in Germany for 02 weeks training. It was possible to send 05 members of the academic staff under the foreign training scheme for training for 01 week at the Ashok Leyland Company in Chennai, India.

It was possible to conduct all the training courses of the Institute at a high level in conformity with the labour requirements of the local and foreign job markets through the supply of new technological equipment and providing training in new technology to the staff in the creation of a highly skilled labour force. Thus our Institute has earned the goodwill both local and foreign. Most of the students who had followed the training courses have been able to secure employment in foreign countries. Our sole objective is to carry this tradition forward into the future.

Gamini S. Manchanayake
Director / Principal
Ceylon German Technical Training Institute.

C.G.T.T.I. ADVISORY COMMITTEE 2010

(01) Prof. P.A. de Silva	Emeritus Professor, Department of Mechanical Engineering – University of Moratuwa.	Chairman
(02) Mrs. T.M.L.C. Senarathne	Add. Secretary(Skills Development) Ministry of Youth Affairs and Skills Development	Member
(03) Dr. T.A. Piyasiri	Director General, Tertiary & Vocational Education Commission	Member
(04) Dr. S.P.W. Jayasiwardena	Engineer	Member
(05) Mr. D. Wijesiriwardena	Asst. Secretary(Bank), General Treasury	Member
(06) Mr. Padman Wanniarachchi	General Manager(Technical) United Motors	Member
(07) Mr. Kapila Kumara Ranasinghe	Director – A.A.T.	Member
(08) Mr. Ramyachandra Gunasekara	Attorney at Law	Member
(09) Mr. Gamini S. Manchanayake	Director / Principal – C.G.T.T.I.	Member

Ceylon-German Technical Training Institute

Introduction

The Ceylon – German Technical Training Institute (CGTTI) is the foremost institute in Sri Lanka for the training of skilled technicians in the field of Automobile Engineering and allied trades. The institute was originally established in 1959 at the premises of the central workshop of the Sri Lanka Transport Board at Werahera. This was a result of an agreement entered into between the government of Federal Republic of Germany and Sri Lanka in 1958 to supply training assistance in the maintenance of the bus fleet, which belonged to the Sri Lanka Transport Board.

The Institute was shifted to Moratuwa in 1974 and re-named as the Ceylon-German Technical Training Institute. It was originally set up and managed by a German Director and his German staff until February 29, 1976. Then its management was handed over to Sri Lanka, under a Director / Principal and local Staff. The CGTTI was administered under Sri Lanka Transport Board until April 2004. In 2004 this institute was handed over to Ministry of Skills Development Vocational and Technical Education. From November 2005 CGTTI was handed over to Ministry of Skills Development and Public Enterprise Reforms. In February 2007, CGTTI was handed over to the Presidential Secretariat. In October 19, 2007, the CGTTI was handed over to the Ministry of Transport. As from 2010, the CGTTI comes under the purview of the Ministry of Youth Affairs & Skills Development.

Our Vision

To become the best Automotive training institute in South Asia.

Our Mission

Systematically develop the technology related to Automotive and other technical trades and to provide training to students to be appropriately equipped to perform at the highest level of competence and thereby maintain high standards as the centre of excellence for training in the automotive sector of Sri Lanka.

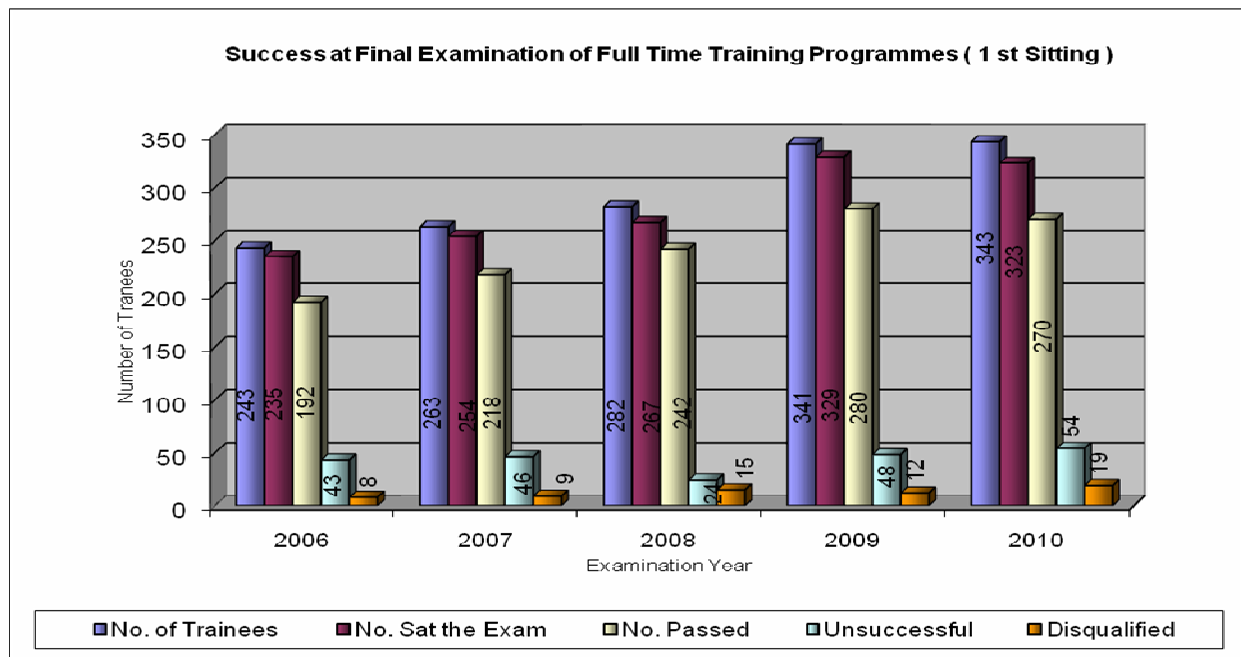
Full Time Training Courses conducted at CGTTI

Presently 09 full time Technical Training Courses are being conducted in Automobile and allied Trades. Annually approximately 350 trainees are recruited to follow these courses.

Course	Duration of Course	No of trainees		
		2008 (2007 Batch)	2009 (2008 Batch)	2010 (2009 Batch)
Automobile trade	04 years	99	100	100
Millwright trade	04 years	41	40	38
Power Electrical trade	03 ½ years	37	40	38
Air conditioning & Refrigeration trade	03 ½ years	34	34	32
Tool Machinery trade	03 ½ years	23	24	22
Auto Electrical trade	03 years	24	24	24
Diesel Mechanic trade	03 years	13	15	14
Welding trade	03 years	23	25	22
Motor Vehicle Body Repair & Painting (Borella Branch)	03 years	15	11	15

* Note- 341 trainees were recruited for Basic Training to the Basic section in November, 2010.

Progress of Final Examination (from 2006 to 2010)



* In the above chart, the trainees who sat the final examination and those who were successful and others who left mid way are shown. Provision is also made for the unsuccessful trainees to complete their training during the following years.

Part- Time Training Programmes (Evening/Weekend)

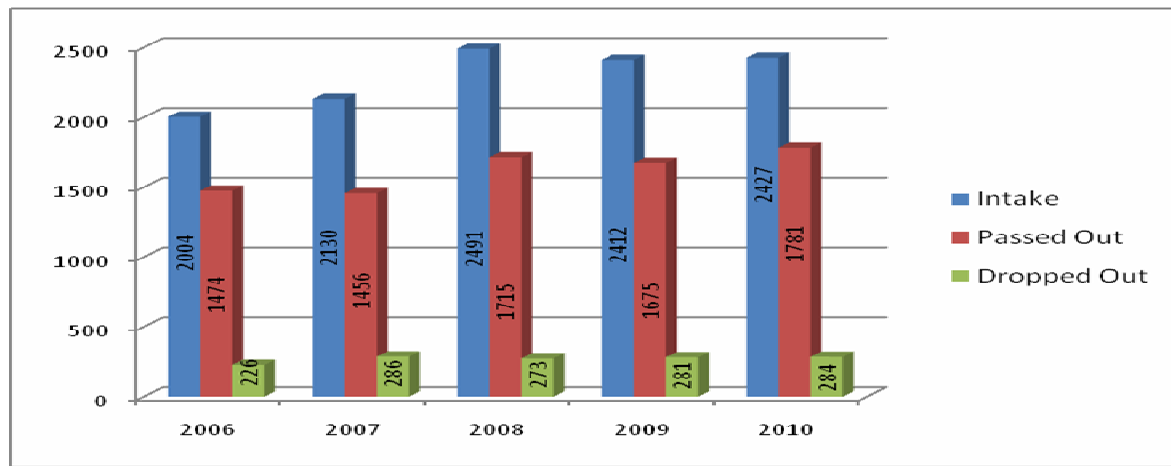
The Part-Time Training Scheme functions as an additional training activity for private sector employees and school leavers at the institute after normal working hours. Thirty two short- term courses are conducted during evenings and weekends under this scheme. Fees are levied from the participants. Funds required to meet the expenses are earned from the course fees levied from these Part Time trainees.

Trades of Part-Time Training Programmes

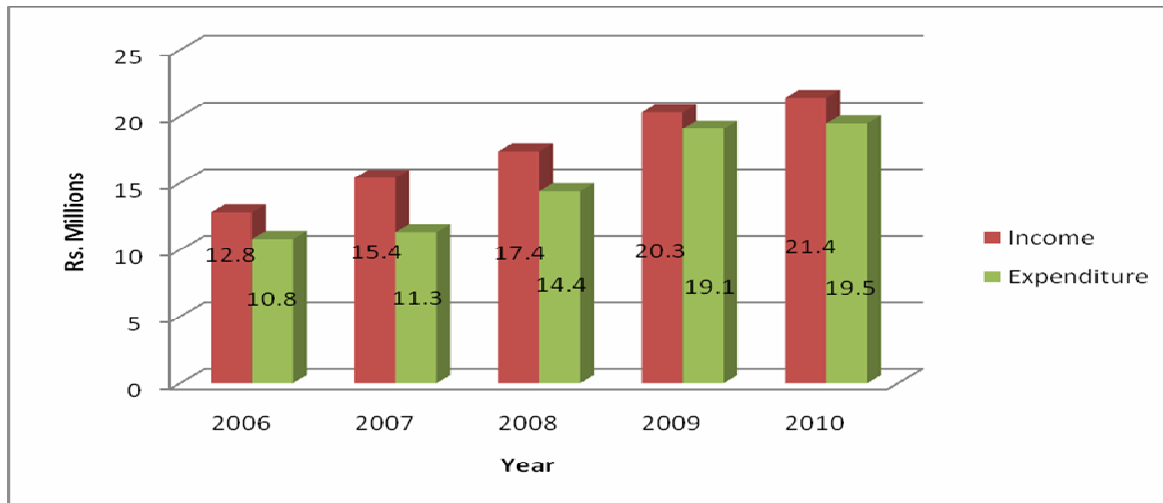
- ❖ Preliminary Training course
- ❖ Automobile Courses
- ❖ Power Electrical Courses
- ❖ Tool Machinery
- ❖ Air Conditioning & Refrigeration
- ❖ Welding Courses
- ❖ Electronics
- ❖ Draughtsmanship
- ❖ Auto Electrical
- ❖ Machinery Maintenance & Repairing

(For additional information on our programmes please visit our website www.cgtti.slt.lk)

Progress on Part-Time Training Programmes

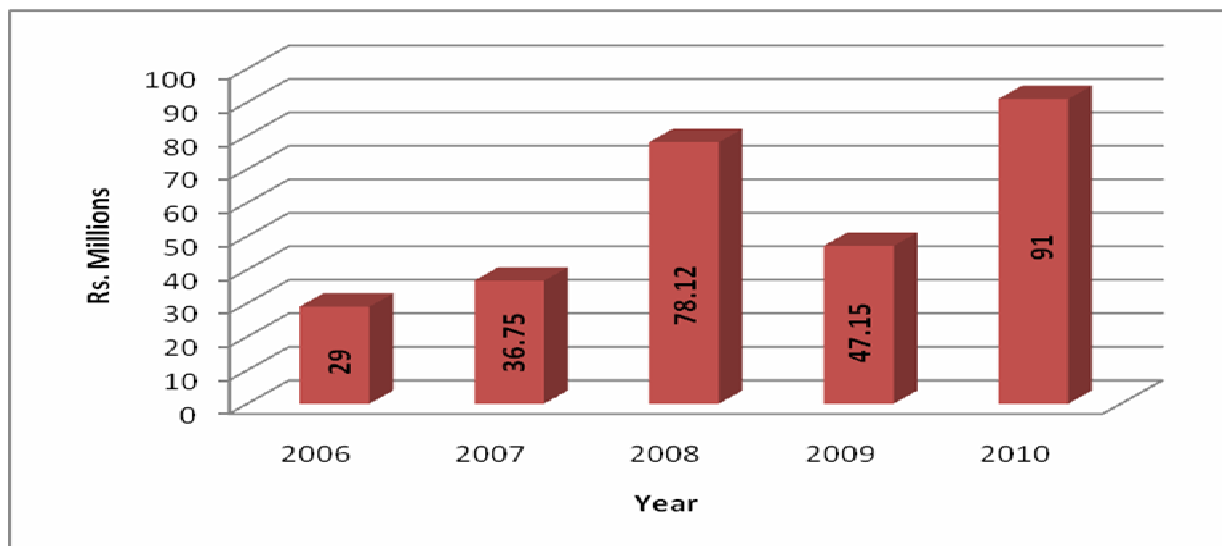


Financial Progress on Part- Time Training Programme



Progress on Development Projects

Capital Expenditure on Technical Education





Physical & Financial Progress of CGTTI – Year 2010

✂ *Construction of the three storied Building for CGTTI*

State Development and Construction Corporation (SD & CC) has commenced Construction work of the new three storied building in 2008 at a cost of approximately Rs.70 million to accommodate the Works Engineers Office, Accounts Office, Drawing office and Electronic & Computer Laboratories. This building was ceremonially inaugurated on 15th February 2010 by Hon. Prime Minister and Hon. Minister of Transport.



✂ Waterman Engineering Company has commenced Construction work of the new three storied building for Air Conditioning & Refrigeration Section to enhancing training capacity at a cost of approximately Rs.60 million. The Institute has already spent Rs. 18 million on this project up to December, 2010.



Proposed Ref. and Air Conditioning Building



Construction Work is in progress

- ✘ Provided new Crank shaft Grinding Machine to upgrade the training Infrastructure and to develop the quality of work in production in the Engine Section at a cost of Rs. 19 million.



- ✘ Provided Truck Tyre Changer to upgrade the production capacity & skills demand of the industry for Chassis Section, at a cost of Rs. 1.5 million.



- ✘ Provided Combination Test Bench to upgrade the quality of training & production work of Auto Electrical Section at a cost of Rs. 2.3 million.



- ✎ Provided TIG Welding Machines & MIG/MAG Welding Machines in order to meet the growing demand for trained and competent welding technicians in the industrial sector at a cost of Rs. 1.6 million.



Human Resource Development

Year 2010

- ✎ 03 academic staff members have participated on training at Gewerbliche Schedule Metzingen Institute (GSM), Germany for 02 weeks.
- ✎ 05 Academic staff members have participated training in Chennai, India for 01 week.

Ceylon – German Technical Training Institute
Medium Term Measures – 2010

- Action is been taken to achieve Diploma level for Automobile trades with the assistance of TVEC and the guidance of Ministry of Youth Affairs and Skills Development.
- It is planned to enroll 350 trainees for full time training courses to CGTTI per annum.
- It is planned to enroll 60 trainees for CGTTI – Borella Branch to full time training courses to per annum.
- It is planned to enroll 2864 participates for 32 part time training courses per annum.
- Introduction of short term Part Time Courses to suit local and foreign labour markets.
 - Advanced Industrial Automation Course
 - Mould Making & Injection Moulding Course
 - Advance Course in CNC / Mill Operator
 - Advanced CAD / CAM Training Course
 - Hydraulic with PLC Course

Provide training inland & abroad on updated modern technology to our staff members and provide updated Machinery & Equipments to conduct our training programmes at the highest level to meet the requirements of local & foreign job market.

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
Balance Sheet as at 31st December 2010

DESCRIPTION	NOTE	2010 Rs	2010 Rs	2009 Rs	2009 Rs
ASSETS					
Non Current Assets					
Property, Plant & Equipment	2	881,020,806		840,970,094	
Investment	8	<u>19,134,147</u>		<u>16,932,984</u>	
Other Financial Assets					
			900,154,953		857,903,078
Current Assets					
Current Accounts -Borella		55,947,389		46,747,389	
Current account MTTC		950,000		950,000	
Current Accounts -EWPT		10,787,153		10,004,335	
Non Movement Stocks		6,279,189		22,012,214	
Debtors	3	2,024,078		1,625,214	
Inland Revenue A/C		1,080,661		1,080,661	
Deposit	4	202,000		202,000	
Advance A/C	5	1,027,170		1,018,900	
Current Accounts -S.L.C.T.B	7	1,133,529		1,155,529	
Income Receivable	26	87,300		3,500	
Stationery & Paints Stocks	29	550,651		587,674	
Advance for Fixed Assets	30	5,406,327		4,525,182	
Cash & Cash Equivalents	6	<u>41,306,967</u>		16,215,165	
			<u>126,782,414</u>		<u>106,127,763</u>
TOTAL ASSETS			1,026,937,367		964,030,841
LIABILITIES					
Current Liabilities					
Current Accounts -EWPT		10,787,154		10,004,335	
Current Account CGTTI		950,000		950,000	
Current Accounts -Borella V.T.I		55,947,389		46,747,389	
Payables	28	-		22,000	

Accrued Expenses	9	6,026,998		4,967,050	
Loans	10	220,655		227,668	
Refundable Deposits Part time Course fees (2011)	11	40,000		181,000	
		4,020,000		1,600,000	
Creditors	27	<u>198,405</u>	78,190,601	<u>3,468,000</u>	68,167,442
Non Current Liabilities					
Deferred Income	13	216,933,644		153,650,593	
Gratuity payable		61,367,122		34,565,531	
Refundable Deposit over 5 years		403,200		403,200	
			<u>278,703,966</u>		<u>188,619,324</u>
TOTAL LIABILITIES			356,894,567		256,786,766
			<u>670,042,800</u>		<u>707,244,075</u>
NET ASSETS / EQUITY					
Accumulated Fund		845,275,098		838,405,854	
Capital Reserve		4,407,578		4,407,578	
Translation Reserve	14	<u>(179,639,876)</u>		<u>(135,569,357)</u>	
			<u>670,042,800</u>		<u>707,244,075</u>

Signed for and on behalf of the Ceylon German Technical Training Institute.

.....
Director / Principal
C.G.T.T.I
G.S. Manchanayaka.

.....
Accountant
C.G.T.T.I
J.D.Y.B Jayasinghe

- 1.C.G.T.T.I.- Ceylon German Technical Training Institute
2. Borella V.T.I.- Borella Vocational Training Institute
3. E.W.P.T. -Evening & Weekend Part time Courses

CEYLON - GERMAN TECHNICAL TRAINING INSTITUTE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31 st DECEMBER 2010

DESCRIPTION	NOTE	2010 Rs.	2009 Rs.
OPERATION REVENUE			
Recurrent Treasury Grant	12	110,500,000	100,500,000
Other Income	15	7,430,838	7,351,245
Part time Income	1	4,474,230	5,091,576
Transfer from Differed income	13	27,716,949	18,616,949
Production Net income	16	1,940,295	2,223,867
TOTAL INCOME		152,062,312	133,783,637
OPERATING EXPENSES			
Personnel Emoluments	17	106,333,456	73,232,394
Traveling	18	99,687	330,004
Trainees Allowances	19	12,704,007	5,704,460
Contractual Service	20	9,079,432	8,624,772
Supplies & Consumable Used	21	4,273,641	4,473,675
Maintenance Expenses	22	6,644,024	6,226,203
Depreciation	2	26,932,227	22,308,919
Other Recurrent Expenses	23	14,406,248	10,152,687
Training Materials	24	2,325,014	3,369,202
Finance Cost	25	259,356	144,320
TOTAL OPERATING EXPENSES		183,057,092	134,566,636
Surplus/(Deficit) from operating activities		(30,994,780)	(782,999)
Net surplus/(deficit) before extra ordinary items		(30,994,780)	(782,999)
Net surplus/(deficit) from Sales of non movement Stocks(31)		(13,583,739)	
Net surplus/(deficit) for the period.		(44,578,519)	(782,999)
Prior Year Adjustment(Bank Charges)	32	508,000	
Net surplus/(deficit) After prior year adjustment		(44,070,519)	(782,999)

CEYLON - GERMAN TECHNICAL TRAINING INSTITUTE
CASH FLOWS STATEMENT
YEAR ENDED 31st DECEMBER 2010

Note	2010(Rs.)	2009(Rs.)
Cash Flows From Operating Activities		
Surplus (Deficit)from Operating Activities	(44,578,519)	(782,999)
Prior Year adjustment	508,000	
	(44,070,519)	(782,999)
Gain/losses on sale of vehicle		
Non Cash Movements		
Depreciation	26,932,227	22,308,919
Gratuity Provision	35,039,286	3,076,429
Transfer of Property, Plant & Equipment		
	17,900,994	24,602,349
Increase/ decrease in payables	(22,000)	
Increase/ decrease in Accrued Expenses	1,059,948	413,918
Increase/ decrease in Current Liabilities	(997,608)	1,282,173
Gratuity payments	(8,237,695)	(8,674,085)
Increase/ decrease in Current Assets	14,382,946	(2,913,769)
Increase/decrease in stocks	37,023	85,113
Investment activities		
Acquisition of fixed Assets	(60,113,694)	(40,747,403)
Deferred Income	(27,716,949)	(18,616,949)
Net cash flow from operating Activities	(63,707,035)	(44,568,653)
Cash flow from financing Activities		
Increase / decrease Investments	(2,201,163)	(2,133,870)
Reserves/Capital grant	91,000,000	47,150,000
Refundable deposits over 5 years		
Net cash flow from financing Activities	25,091,802	447,477
Cash & Cash equivalents at beginning of the period.	16,215,165	15,767,688
Cash & Cash equivalents at end of the period.	41,306,967	16,215,165

**CEYLON- GERMAN TECHNICAL
TRAINING INSTITUTE
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31st
DECEMBER 2010**

	Accumulated Fund	Revaluation reserve Deffred income	Translation reserve	Capital Reserve	Total
Opening Balance 01.01.2010	838,405,854	153,650,593	(135,569,357)	4,407,578	860,894,668
Provision for the Depreciation	6,869,244				6,869,244
Net Surplus / (Deficit) For the Period			(44,070,519)		(44,070,519)
Capital grant Treasury		91,000,000			91,000,000
	845,275,098	244,650,593	(179,639,876)	4,407,578	914,693,393
Less:					-
Transfer to finance performance A\C		(27,716,949)			(27,716,949)
Balance as at 31.12.2010	845,275,098	216,933,644	(179,639,876)	4,407,578	886,976,444

Note: 01

**CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
PART TIME COURSES
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2010**

	Rs	Rs
	2010	2009
Income		
interview fees	437,300	1,267,220
Course fees	21,903,730	19,217,817
Interest on treasury bills-E.W.P.T	548,072	699,883
Miscellaneous Income	70,565	61,626
Fixed deposit interest- E.W.P.T	1,146,322	1,507,099
Total income	24,105,989	22,753,645
Expenditure		
Part time & other allowances	18,219,394	16,371,020
Entertainments	5,346	8,901
Stationery	653,937	428,616
Postage & Telegrams	157,241	153,914
Bank Charges	35,005	19,210
Advertisements	73,648	219,488
Stamp duty	75	250
Training materials	252,502	264,516
Risk allowances	1,341	2,304
Miscellaneous expenses	36,270	12,250
Total Expenditure	19,434,759	17,480,469
Surplus/Deficit Before bonus	4,671,230	5,273,176
Less: Bonus	(197,000)	(181,600)
Surplus/Deficit	4,474,230	5,091,576

Note -02

Property, Plant and Equipments	Land		Building		Construction building		Vehicle		Machinery		Furniture & fittings		Office equipment		TOTAL
	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	CGTTI	BORE.	
Cost															
Balance as at 01.01.2010	694,180,000		286,078,134	2,202,486	43,943,947		44,858,782	515,000	166,108,666	5,469,106	17,963,225	676,668	24,737,242	206,820	1,286,940,066
Additions			4,279,685		32,865,734				2,207,310	10,797,300	6,296,476		3,664,940	2,250	60,113,665
Disposals															
Balance as at 31.12.2010	694,180,000	-	290,357,819	2,202,486	76,809,681	-	44,858,782	515,000	168,315,966	16,266,406	24,259,701	676,668	28,402,182	209,070	1,347,053,761
Depreciation															
Balance as at 01.01.2010			283,678,462	333,905			32,626,890	515,000	106,005,460	1,336,626	10,564,650	493,118	10,277,522	138,339	445,969,972
Accumulated fund			(6,869,244)												(6,869,244)
Charge for the year			1,675,089	220,249			6,635,945		9,749,241	1,281,139	1,303,725	24,402	6,014,576	27,861	26,932,227
Depreciation for disposal															-
Balance as at 31.12.2010	-	-	278,484,307	554,154	-	-	39,262,835	515,000	115,754,701	2,617,765	11,868,375	517,520	16,292,098	166,200	466,032,955
Written down value															
As at 31.12.2010	694,180,000	-	11,873,512	1,648,332	76,809,681	-	5,595,947	-	52,561,265	13,648,641	12,391,326	159,148	12,110,084	42,870	881,020,806

Note-03					Rs	Rs
Debtors Accounts					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Other Debtors		2,024,078			2,024,078	1,625,214
Total		2,024,078			2,024,078	1,625,214

Note-04					2010	2009
Deposit					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fuel (Security-Co-op. Society Moratuwa)		200,000			200,000	200,000
Electricity (Official Bungalow - Dehiwala)				2,000	2,000	2,000
Total		200,000		2000	202,000	202,000

Note-05					2010	2009
Advance					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Festival Advance		116,050	12,900		128,950	143,900
Special Advance		586,500		288,000	874,500	847,500
Trainees Advance / bank A/C					-	11,820
ICDL Exam					-	15,680
Salary						
Advance/4048/Tr.Insurace		20,570	3,150		23,720	
Total		723,120	16,050	288,000	1,027,170	1,018,900

Note-06					2010	2009
Cash & Cash Equivalent					TOTAL	TOTAL
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Return money Order				2,400	2,400	2,400
Cash/Bank Balance		27,687,293	350,852	11,363,483	39,401,628	13,496,058
Bank Balance(production)		3,862			3,862	640,597
Bank -MTTC		1,899,077			1,899,077	2,076,110
Total		29,590,232	350,852	11,365,883	41,306,967	16,215,165

Note-07

Current A/C S.L.C.T.B					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
S.L.C.T.B.Current A/C		480,268	653,261		1,133,529	1,155,529
Total		480,268	653,261		1,133,529	1,155,529

Note-08

Investment					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fixed Deposit- E.W.P.T				13,228,392	13,228,392	11,603,588
Treasury Bills-E.W.P.T.				5,644,146	5,644,146	5,096,074
Fixed Deposit- D.P.T		261,609			261,609	233,322
Total		261,609		18,872,538	19,134,147	16,932,984

Note-09

Accrued Expenses					Rs 2010	Rs 2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salary Payable /4093		1,251,273	68,010		1,319,283	993,313
E.T.F Payable		227,396	60,725		288,121	290,400
E.P.F Payable		931,301	70,883		1,002,184	1,006,912
Unclaimed Salary Balance					-	
ICDL Exam Recovery		16,000	8,000		24,000	3,360
Sri Lanka Insurance		4,088			4,088	2,483
Union Payable		8,035	865		8,900	8,605
Welfare –Society -CGTTI		18,557	1,600		20,157	39,257
Sports		22,864	2,193		25,057	21,184
Welfare –Society -Trainees		35,036			35,036	34,346
Insurance payables-Trainees		33,075			33,075	33,530
Book Loan			15,450		15,450	
Pension fund payable		9,836			9,836	9,836
Stamp Duty			1,275		1,275	
4080/1 Accrued Expenses		1,370,087	38,695		1,408,782	1,090,661
Tax		367,171	16,716		383,887	531,449
PT Allowances				1,234,632	1,234,632	885,479
Risk allowances					-	
4048/5012 Payable		15,268	967		16,235	16,235
Bonus payable				197,000	197,000	
Total		4,309,987	285,379	1,431,632	6,026,998	4,967,050

Note-10

Loans(Third Party)					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
P.F.Loan-7075 (S.L.C.T.B)					-	
Bank Loans (Third party)		85,039	10,233		95,272	96,319
P.F.Loan-7070(S.L.C.T.B)		123,151	2,232		125,383	131,349
Total		208,190	12,465		220,655	227,668

Note-11

Refundable Deposit					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Canteen		10,000			10,000	20,000
Tender		20,000			20,000	147,000
Security Tender Deposit					-	4,000
Employee Deposit		10,000			10,000	10,000
Student deposit					-	
Technical Tender Deposit					-	
Total		40,000	-	-	40,000	181,000

Note-12

Treasury A/C	Rs.	Rs.
	2010	2009
Capital Grant	91,000,000	47,150,000
Recurrent Grant	110,500,000	100,500,000
Total Grant	201,500,000	147,650,000
Less:- Deffered Income	91,000,000	47,150,000
Performance A/C	110,500,000	100,500,000

Note-13	2010			2009
Capital reserve	Debit	Credit	Total	Total
Opening balance		4,407,578		4,407,578
Balance				
	-	4,407,578	4,407,578	4,407,578
Deferred Income				
Opening balance		153,650,593		125,117,542
Received from Treasury Account		91,000,000		47,150,000
10% Transfer to P & L Account	27,716,949			(18,616,949)
Total	27,716,949	244,650,593	216,933,644	153,650,593

Note-14	2010		2009
Translation Reserve		Credit	Credit
Opening balance		(135,569,357)	(134,786,358)
Prior Year Adjustment Net Surplus (Deficit) for the period		(44,070,519)	(782,999)
		(179,639,876)	(135,569,357)

Accumulated Fund	2010		2009
Opening balance		838,405,854	838,405,854
Provision for depreciation		6,869,244	
		845,275,098	838,405,854

Note-15

Other income				Rs	Rs
				2010	2009
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination income	674,966			674,966	716,740
Traveling pass	19,241	2,160		21,401	46,376
Miscellaneous Income	240,572	1,900		242,472	251,675
Insurance Commission	72			72	78
Trade Test Fees	144,100			144,100	84,550
Fitness Charges	102,107			102,107	134,993
Special course fees	3,574,603			3,574,603	3,466,799
English course recovery	85,530			85,530	265,595
Canteen Rent	42,000			42,000	42,000
Auditorium Income				-	34,500
Admission fees	511,500			511,500	489,000
Ground fees				-	
Income from MTTC	1,674,000			1,674,000	1,715,050
Registration for Suppliers				-	
Tender Fees	253,000			253,000	
FD interest	28,287			28,287	25,889
Milk centre	76,800			76,800	78,000
Total	7,426,778	4,060	-	7,430,838	7,351,245

Note-16

Production Unit				2010	2009
	C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Production income Private	1,847,391	102,355		1,949,746	2,609,441
Production income SLTB	889,000			889,000	1,706,103
Less :Production Materials	(435,244)	(114,482)		(549,726)	(1,006,695)
Production materials				-	(142,187)
Incentive	(348,725)			(348,725)	(942,795)
Total	1,952,422	(12,127)	-	1,940,295	2,223,867

Note-17

Personal Emoluments					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries & Wages	17A	60,987,593	5,272,409	-	66,260,002	66,109,399
Allowances	17B	3,612,617	26,800		3,639,417	3,102,971
Gratuity		35,039,286			35,039,286	3,076,429
Over Time		1,377,727	17,024		1,394,751	943,595
Total		101,017,223	5,316,233	-	106,333,456	73,232,394

Note-17A

Salaries & Wages					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries		38,450,607	3,386,328		41,836,935	43,299,729
Additional Allowances(COL)		12,534,126	1,049,387		13,583,513	11,666,048
Contract Salaries		1,636,918	104,380		1,741,298	2,354,292
Contract Additional Allowances		400,673	46,762		447,435	247,976
P.F. Board contribution		6,379,153	548,442		6,927,595	6,836,590
ETF		1,586,116	137,110		1,723,226	1,704,764
TOTAL		60,987,593	5,272,409	-	66,260,002	66,109,399

Note-17B

Allowances					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Band Training Allowances		206,550			206,550	210,550
Risk Allowances		1,364			1,364	4,818
Trade test					-	
Fitness charges		28,650			28,650	41,050
English Teachers Allowances		294,000	21,700		315,700	293,250
Cash/ Assets verification Allowances					-	
Special Allowances		537,111	5,100		542,211	199,012
Board of Governors Allowances		175,000			175,000	
Attendance Allowances Technical staff only		1,001,800			1,001,800	1,036,630
Special Course /MTTC allowance		1,368,142			1,368,142	1,317,661
Total		3,612,617	26,800	-	3,639,417	3,102,971

Note-18

Traveling					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Traveling Expenses		95,662	4,025		99,687	102,240
Traveling (Foreign)					-	227,764
Total		95,662	4,025	-	99,687	330,004

Note-19

Trainees Allowance & Staff Training					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Trainees Allowances		11,833,068			11,833,068	5,294,310
Teacher /Staff Training		479,790			479,790	410,150
Foreign Training		391,149			391,149	
Total		12,704,007	-	-	12,704,007	5,704,460

Note-20

Contractual Service					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Electricity & Water Expenses	20A	5,035,979	203,428	-	5,239,407	5,077,509
Postage & Telecommunication	20B	536,712	38,439	-	575,151	542,009
Security Expenses		2,078,193	1,186,681		3,264,874	3,005,254
Total		7,650,884	1,428,548	-	9,079,432	8,624,772

Note-20A

Electricity & Water Expenses					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Electricity & Water Official Bungalow		4,104,751	203,428		4,308,179	3,961,973
MTTC Electricity & water		931,228			931,228	1,115,536
Total		5,035,979	203,428	-	5,239,407	5,077,509

Note-20B

Postage & Telecommunication					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Postage & Telecommunication		411,006	38,439		449,445	491,132
Official Bungalow/ mobile Phone					-	1,163
MTTC Telephone		125,706			125,706	49,714
Total		536,712	38,439	-	575,151	542,009

Note-21

Supplies & Consumable Used					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Stationary		630,039	11,642		641,681	856,520
Fuel Expenses		3,595,760	2,900		3,598,660	3,540,478
Sports items					-	
Fuel – Aralaganwila / Weeraketiya					-	
Fuel Expenses MTTC					-	
MTTC Stationery		33,300			33,300	76,677
Total		4,259,099	14,542	-	4,273,641	4,473,675

Note-22

Maintenance Expenses					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
					-	
Furniture & Office equipments		236,734			236,734	340,539
Vehicle Maintenance		1,266,305	3,450		1,269,755	1,424,000
Civil Maintenance		2,409,370	21,815		2,431,185	2,913,375
Official Bungalow Maintenance		72,894			72,894	83,457
Work shop equipment Maintenance		2,476,297	116,150		2,592,447	1,438,696
Work shop equipment Maint. MTTC		32,149			32,149	12,354
Garden maintenance		8,860			8,860	13,782
Total		6,502,609	141,415	-	6,644,024	6,226,203

Note-23

Other Recurrent Expenses					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Miscellaneous Expenses	23A	1,770,631	23,696	-	1,794,327	1,849,218
Welfare Expenses	23B	312,227	147,493	-	459,720	710,025
Verification Exp					-	30,000
50th Anniversary Exhibition		2,859,074	9,174		2,868,248	
MTTC Incentive					-	
Exhibition Expenses		603,914			603,914	1,300,697
Scholarship					-	271,321
Audit & Accounts Translate		88,737			88,737	40,000
Tender Expenses		68,250			68,250	
Annual Report		125,000			125,000	125,000
Taxes	23C	8,286,316	-	-	8,286,316	5,665,997
Insurance	23D	105,856	5,880	-	111,736	160,429
Total		14,220,005	186,243	-	14,406,248	10,152,687

Note-23A

Miscellaneous Expenses					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination Expenses		745,390			745,390	761,878
Sports					-	
News papers		34,350	9,120		43,470	59,925
Exgratia payments		78,005			78,005	129,600
Entertainment		166,391	14,576		180,967	192,753
Entertainment MTTC					-	
Legal fees					-	
Other Miscellaneous		435,199			435,199	316,241
Airport Charges					-	
Staff Uniforms		94,600			94,600	
Paper Advertisement		212,696			212,696	342,821
Seminar Expenses		4,000			4,000	46,000
Total		1,770,631	23,696	-	1,794,327	1,849,218

Note-23B					Rs	Rs
Welfare Expenses					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Welfare Expenses		181,833	9,985		191,818	203,358
Medical Bills		130,394	137,508		267,902	506,667
Total		312,227	147,493	-	459,720	710,025

Note-23C						
Taxes					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Official Bungalow					-	
5% with holding Tax					-	
Custom duty & BTT		130,496			130,496	167,224
MTTC stamp duty		25			25	
VAT Receivable		8,155,795			8,155,795	5,498,773
Stamp duty					-	
Total		8,286,316	-	-	8,286,316	5,665,997

Note-23D						
Insurance					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Insurance (Money in Transit)		19,503	5,880		25,383	31,154
Vehicle		86,353			86,353	129,275
Total		105,856	5,880	-	111,736	160,429

Note-24						
Training Materials					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Training Materials		2,206,204	118,810		2,325,014	3,369,202
Total		2,206,204	118,810	-	2,325,014	3,369,202

Note-25						
Finance Cost					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Bank Charges		236,105	23,251		259,356	141,320
Bank Charges Production					-	
MTTC Bank Charges					-	3,000
Total		236,105	23,251	-	259,356	144,320

Note-26 income receivable

					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Canteen rent		10500			10,500	
Milk bar Rent		76800			76,800	
		87,300	-	-	87,300	-

Note-27

Fixed Asset Creditors					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
API Machinery					-	3,468,000
United Tractor Pvt Ltd		91,200			91,200	
Macro Auto tec Pvt Ltd			107,205		107,205	
Total		91,200	107,205	-	198,405	3,468,000

Note-28

Payables					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Creditors					-	22,000
Total		-	-	-	-	22,000

Note-29

Stocks					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Stationery					-	
Paints			550,651		550,651	587,674
Total		-	550,651	-	550,651	587,674

Note-30

Advance for Fixed Assets					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Macro Auto tech (Pvt) Ltd					-	3,239,190
Nitmo (Pvt) Ltd					-	1,285,992
Diesel & Motor Engineering Ltd		5,115,927			5,115,927	
United Tractor Equipment (Pvt) Ltd		290,400			290,400	
Total		5,406,327	-	-	5,406,327	4,525,182

Note-31

Sales of Non Movement Stocks					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Sales Value		2,149,286			2,149,286	
Book Value		(15,733,025)			(15,733,025)	
Total		(13,583,739)	-	-	(13,583,739)	-

Note-32

Prior Year adjustment					2010	2009
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Bank Charges		(24,800)			(24,800)	
Fixed deposit interest				532,800	532,800	
Total		(24,800)	-	532,800	508,000	-

1. General Policies

Basis of Preparation

The Balance Sheet Statements of Income changes in equity and Cash flows together with Accounting policies and notes of C.G.T.T.I. as at 31st Dec. 2010 and for the year then ended comply with Sri Lanka Accounting Standard.

These Financial statements presented in Sri Lankan Rupees. .

Foreign Currency Transaction

All transaction involving foreign exchange was converted to Sri Lankan Rupees at the rate of exchange prevailing at the time of transaction in this financial statement.

Event Occurring subsequent to the balance sheet

All material events occurring after the balance sheet date have considered in the financial statement.

2. Assets and base of their valuation.

The C.G.T.T.I. was functioning as an S.L.C.T.B. Training Institute and was converted to a statutory body under the Ministry of Skills Development Vocational and Technical Education with effect from 28th April 2004. (As per the special Gazette Notification.) Assets including vehicles owned by the C.G.T.T.I. were valued according to instructions given by Board of Governors. .

Depreciation is provided from month of purchased. The annual rates of depreciation generally used by institute are as follows.

	Per annum
Buildings	10%
Vehicles	25%
Machinery	12.5 %
Furniture & Fittings	10%
Office equipments	25%

Assets classified as current assets on the balance sheet are those which are expected to be realized in cash during the normal operating cycle or within one year from the balance sheet date which ever is shorter.

3. Liabilities and Provisions

3.1 All known liabilities have been accounted in preparing the financial statement and Adequate provision has been made for liabilities which are known to exist.

3.2 Retirement Gratuity

Provision is made in the financial statements for retiring Gratuity which may fully Due for payment, under the payment of gratuity act no 12 of 1983 in accordance with Sri Lanka Accounting Standard No 16. Retirement benefit costs for all employees who Have completed more than five year of continuous Service with the C.G.T.T.I.

3.3 Deferred Income

Capital Grant received under the Treasury funds are treated as deferred income and amortized 10% per year.

**CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
 TRAINEES INSURANCE SCHEME
 TRAIL BALANCE AS AT 31.12.2010**

	Dr	Cr
Accumulated fund		3,854,395
Premium income		224,330
Interest income		335,674
Fixed Deposit	3,018,645	
Bank Balance	1,395,734	
Insurance Claims		
Bank Charges	20	
	4,414,399	4,414,399

**CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
 TRAINEES INSURANCE SCHEME
 Income Expenditure Account Year ended 31.12.2010**

	2010	2009
Income		
Premium income	224,330	307,500
Interest Income	335,674	337,206
Total Income	560,004	644,706
Expenses	20	15,400
Total Expenses	20	15,400
Surplus	559,984	629,306

TRAINEES INSURANCE SCHEME
Balance Sheet as at 31.12.2010

Assets	2010	2009
Fixed Assets		
Fixed Deposit	3,018,645	2,710,447
Current Assets		
Bank Balance	1,395,734	1,143,948
Total Assets	4,414,379	3,854,395
Liabilities		
Accumulated Fund	3,854,395	3,225,089
Add; Surplus	559,984	629,306
Total Liabilities	4,414,379	3,854,395

.....
 Dir. Principal
 CGTTI

.....
 Accountant
 CGTTI

3. Ceylon German Technical Training Institute

The audit of financial statements of the Ceylon German Technical Training Institute for the year ended 31 December 2010 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. My comments and observations on the above financial statements appear below.

3:2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion.

3:4 Financial Statements

3:4:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Ceylon German Technical Training Institute had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 3:4:2 of this report the financial statements have been prepared in accordance with Generally Accepted Accounting Principles give a true and fair view of the Ceylon German Technical Training Institute as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

3:4:2 Comments on Financial Statements

(a) Presentation of Financial Statements

According to the provisions of the Public Finance Circular No.PF/PE/21 of 24 May 2002, the financial statements should be presented for audit before the expiry of 60 days from the close of the year of accounts. Nevertheless, the financial statements had been presented after a delay of 110 days, that was only on 20 June 2011.

(b) Sri Lanka Accounting Standards

Assets costing Rs.305, 623,128 with a carrying value of zero as at 31 December 2010 had not been revalued and brought to account in terms of Sri Lanka Accounting Standard No.18.

(c) Accounting Deficiencies

The following observations are made.

- (i) Even though the office equipment valued at Rs.545,886 purchased in the year 2005 should have been fully depreciated by the year 2009 through depreciating them at 25 per cent in accordance with the accounting policy adopted by the Institute, a provision of Rs.136,471 for depreciation had been made for the year 2010 as well. In addition, a balance of Rs.136, 471 was available even as at 31 December 2010.
- (ii) An unreconciled difference of Rs. 1,846,062 existed between the balance of stocks appearing in the financial statements as at 31 December 2010 and the balance of stocks confirmed by the Supplies Officer.
- (iii) Even though final financial statements had been presented after rectifying the non-reconciliations with the ledger amounting to Rs.3,838,589 an overstatement of investment income by Rs.187,846 and the credit balances of assets accounts amounting to Rs.1,736,976 detected in audit at an examination of the draft financial statements, the possibility of further such accounting deficiencies cannot be released.

3:4:3 Accounts Receivable and Payable

- (a) A sum of Rs.1,080,661 recovered as 20 per cent and Withholding Tax on the fixed deposits maintained with the National Savings Bank for the years 1985 to 1990 had been shown as a balance receivable in the final accounts. Nevertheless, the Department of Inland Revenue had rejected the refund of that money.
- (b) A sum of Rs.403,200 recovered as refundable deposits in the 1980 decade from the students had been shown as refundable long terms deposits in the accounts without making refunds and crediting to income any further balance remaining.
- (c) Two current amount balances amounting to Rs.950,000 shown in the financial statements as a liability of the Ceylon German Technical Training Institute and as an asset of the Modern Technology Training Centre which is a Branch of the Institute had been dormant even prior to the year 2007. Action had not been taken in the year under review to settle them.

3:4:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following observations are made.

Reference to Laws, Rules Regulations and Management Decisions	Value	Non-compliance
(a) Acts	Rs.	
Section 26(a) of the Value Added Tax (Amendment) Act, No.14 of 2007	389,112	Instead of recovering 33 1/3 per cent of the Value Added Tax amounting to Rs.389,112 on two contracts payments and remitting to the Commissioner General of Inland Revenue, the full amount had been paid to the contractor.
(b) Financial Regulations		
(i) Financial Regulations 110	-	A Register of Damage and Losses had not been maintained.
(ii) Financial Regulation 371(a)	70,000	A petty cash imprest of Rs.70,000 had been maintained without the approval of the Treasury.
(iii) Financial Regulations 371(2)(b)	177,500	Even though ad hoc imprests exceeding Rs.20,000 should not be paid, there were instances of payment of ad hoc sub-imprests amounting to Rs. 32,500, Rs.120,000 and Rs.25,000.
(iv) Financial Regulations 757	-	An Annual Board of Survey for the year 2010 had not been conducted.
(c) Establishments Code		
(i) Chapter V Sub-section 5.3.1	241,776	Even though the Director/Principal of the Institute had occupied the official quarters of the Institute since June 2004 the rent of official quarters at 10 per cent of the salary up to December 2010 amounting to Rs.241,726 had not been recovered.
(ii) Chapter V Sub-section 5.8	92,067	The charges for water and electricity had not been recovered from the officer who occupied the official quarters. The cost of water and electricity of the official quarters from the year 2008 to September

2010 amounting to Rs.92,067 had been paid by the Training Institute.

(d) Circular Instructions

Public Enterprises Circular
No.PED/12 of 02 June 2003

- (i) Section 5.1 - A Corporate Plan including the year 2010 had not been prepared.
- (ii) Section 5.2.4 - Even though the draft budget should be presented to the Board of Directors for approval 03 months before the commencement of the financial year, the draft budget for the year 2010 had been submitted to the Board of Directors in September 2010. There was no evidence to support that it was approved by the Board of Directors.
- (iii) Section 5.2.5 - Even though the approved budget should have been furnished to the Auditor General 15 days before the commencement of the financial year, it had not been furnished even by 10 July 2011.

3.5 Financial and Operating Review

3.5.1 Financial Review

(a) Financial Results

According to the financial statements presented, the operations of the Training Institute for the year under review had resulted in a net deficit of Rs.44,348,614 as compared with the corresponding net deficit of Rs.782,999 for the preceding year, thus indicating a deterioration of the financial result for the year under review by a sum of Rs.43,565,619.

(b) Analysis of Financial Results

The adverse variance resulting from the loss of Rs.13,583,739 from the sale of obsolete stocks and the increase of the provision for gratuity for the year by Rs.31,907,212 as compared with the preceding year had been the reasons for the deterioration in the financial statements.

3.5.2 Operating Review

(a) Performance

The performance of the Institute as at 31 December 2010 as compared with the performance for the year 2008 and 2009 is given below.

(i) Head Office Rathmalana

a. Full-time Courses

The number of courses conducted in the years 2008, 2009 and 2010 had been 09. Out of the 2,335, 2033 and 1,922 applications received from students respectively 364,334 and 341 students respectively had been recruited for the courses. Nevertheless the number of students who quitted the courses halfway had been 30,20 and 14 respectively. Out of the 267,329 and 316 students who sat the examinations after completing the courses, 25, 49 and 51 students respectively had failed the examinations.

b. Part-time Courses

The recruitment of students for the part-time courses in the years 2008, 2009 and 2010 had been 2,491, 2,412 and 2,427 respectively. Out of those 273,281 and 283 students respectively had quitted the courses halfway. The percentage of students quitted the courses had been 11 per cent approximately.

(ii) Borella Branch

Only 01 course had been conducted in each of the years 2009 and 2010 and 15 and 18 students respectively had been recruited for the courses out of that 12 and 09 students respectively had quitted the courses halfway.

The following observations are made.

- A gradual decrease in the number of students applying for full-time courses is indicated.
- Even though the Branch at Borella has accommodation for training of about 100 students, the number of students who had completed the courses in the years 2009 and 2010 had been 12 and 09 respectively.

(b) Management Weaknesses

A formal Scheme of Recruitment and Promotion in terms of the Management Services Circular No.30 of 22 September 2006 had not been prepared and approval obtained. As such the salary increments had been deprived to 34 offices and 07 of them had been retired due to reaching the age of retirement.

(c) Transactions of Contentious Nature

The following observations are made.

- (i) Despite the painting of all the buildings and equipment of the Training Institute in early 2010 a sum of Rs.96,356 had been spent on painting the buildings again in the year.
- (ii) Even though 40 litres of paint costing Rs.34,159 had been purchased on 18 October 2010 for repairing a class room of about 1,000 square feet that work had not been done even by 14 December 2010, the date of audit. The purchase of weather shield paint recommended for the outside walls in addition to the purchase of 40 litres of paint for painting the inside walls of the class room of about 1,000 square feet had become a contentious issue to audit.

(d) Idle and underutilized Assets

A stock of paint with the present value of Rs.102,039 of which the particulars of purchase could not be obtained, had been stored in the office of the Works Engineer without being used.

(e) Irregular Personnel Management

The following observations are made.

- (i) Contrary to the Management Circular No.28 of 10 April 2006 and without the recommendation of the Secretary to the Ministry or the approval of the Department of Management Services, 36 employees had been recruited on contract basis during the years 2006 to 2008. The Principal of the Institute, who is not the appointing authority, had taken steps by the year 2009 to confirm all those employees in their appointments.
- (ii) Salaries had been paid to an officer recruited from January 2008 to a post of Internal Examiner of Accounts not conforming to the Niyangoda Report considered as the Scheme of Recruitment from June 2003 and not included in its Salary Structure approved in September 2008.
- (iii) An officer who had not satisfied the qualification in accordance with the Niyangoda Report had been given the post of Staff Assistant Grade IV with effect from April 2004.

- (iv) The Assistant Personnel Manager had been attached to the Works Engineer's Office from December 2009 without assigning any duties said to have been on the results of a disciplinary inquiry conducted by the Ministry of Transport and had been paid salaries and allowances amounting to Rs.213,960 by November 2010. None of the evidence in support of the disciplinary inquiry conducted by the Ministry of Transport was made available to audit.

(f) Budgetary Control

A reconciliation of the budgeted amounts and the actual amounts for the year 2010 revealed that the utilization of the budgeted expenditure under the following 04 Objects ranged between 44 per cent to 134 per cent. Thus it was observed that the budget had not been made use of as an effective instrument of financial control.

Category of Expenditure	Expenditure for the year 2010			Utilization on the Budgeted Provisions %
	Budgeted	Actual	Variance	
	Rs. Millions	Rs. Millions	Rs. Millions	
Personal Emoluments	79.50	106.28	(26.78)	134
Supplies	9.10	4.27	4.83	47
Services	20.60	9.08	11.52	44
Acquisition of Machinery and Equipment	74.40	13.00	61.40	17

3:6 Systems and Controls

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

- (a) Accounting
- (b) Assets
- (c) Internal Audit
- (d) Budget
- (e) Purchase of Supplies and Services
- (f) Recruitment and Promotions
- (g) Payment of Ad hoc Sub-imprest.

Reply to the Audit Report

- 03. Ceylon German Technical Training Institute
- 3.2 Responsibility of the Management for Financial Statements
- 3:3 Scope of Audit and Basis of Opinion
- 3:4 Financial Statements
- 3:4:1 Opinion
- 3:4:2 Comments on Financial Statements

(a) Presentation of Financial Statements

The Chief Accountant of the Institute retired on 21 September 2010 on reaching the age of retirement. The salary scale specified for the post of Accountant Grade III A is JM-1-1 and the initial salary amounts to Rs.25,55.00. It was difficult to recruit a qualified Accountant for that salary. As such Senior Grade Accountant attended to the duties of both posts. The presentation of the final accounts was delayed due to the heavy work load of the Accountant attending to the duties of both posts and delay in the book keeping work relating to the preparation of accounts. The delay in presentation of financial statements is admitted and action was taken to present the financial statements for year 2011 on 30 March 2012.

(b) Sri Lanka Accounting Standards

The decision for the revaluation of lands and buildings has been taken and action will be taken to present the accounts for the year 2012 by including the revalued amounts.

(c) Accounting Deficiencies

* The office equipment had been purchased in the year 2005. But those were not depreciated for two years and the depreciation was commenced in the year 2008. As such the assets will be fully depreciated in the year 2011.

- * The balance of the stock of spare parts furnished by the Supplies Officer included a stock of spare parts supplied by the SLTB. Such spare parts are for use in carrying out repairs to the motor vehicles of the SLTB. As such the stock of spare parts not belonging to the Institute was not included in the accounts.
- * The ledger accounts have been corrected based on the Journal Entries included in the preparation of final accounts.

3:4:3 Accounts Receivable and Payable

- (a) The Withholding Tax deducted by the Bank from the interest received on fixed deposits has been disclosed in the accounts as a receivable from the Department of Inland Revenue. Even though requests made to the Department of Inland Revenue to refund the Withholding Tax, that Department has informed, that the Withholding Tax cannot be refunded. This amount appears in the accounts as the Withholding Tax had not been written off from the accounts in the respective years. The approval of the Advisory Board has been obtained for the write off of this amount and action will be taken to write off the amounts and submit the accounts for the year 2012. The Audit and Management Committee of the Institute as well had decided at its meeting that this amount should be eliminated from the books.
- (b) The deposits not claimed even after the publication of a newspaper notice were credited to the income of the Institute in the year 2011.
- (c) Settled in the year 2011.

3:4:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

- (a) Acts
-

According to the Value Added Tax (Amendment) Act of 2007, the full amount of the Value Added Tax should not be paid to the supplier and 1/3 out of that should be deducted and remitted to the Department of Inland Revenue and 2/3 should be paid to the Supplier. This amendment is not applicable to all payments of Value Added Tax and wherever applicable action was taken for the recovery of 1/3 of the Value Added Tax and remit to the Department of Inland Revenue.

Even though the circular instructions required the recovery of 1/3 of the Value Added tax and remit to the Department of Inland Revenue, there were difficulties in identifying the

transactions for which the tax has to be remitted. Nevertheless, this requirement had been removed by the Budget Proposals of the year 2010 and that Act is not in operation at present.

Even though these transitions, as pointed out by the audit, fell under the service contracts on services, 1/3 of the tax could not be recovered and the payments to the customer had been made with the full amount of the Value Added Tax. The supplier has submitted a letter of confirmation that the full amount of the Value Added Tax including in said 1/3 was paid to the Department of Inland Revenue. As such the Department of Inland Revenue has received the full amount of the tax.

(b) Financial Regulations (F.R.)

* Financial Regulation 110

It is correct that a Register of Damage and Loses was not maintained. Nevertheless, a Register of Damage and Losses is maintained at present.

* Financial Regulation 371(a)

The approval of the Advisory Board of the Institution has been obtained for the maintenance of the petty cash imprest. That has been forwarded with the recommendation of the Secretary to the Ministry to the Director General of National Budget for approval.

* Financial Regulation 371(2)(b). The advance of Rs.32,500.00 was granted for the preparation of commemorative plaques for the officers who had completed over 25 years of service for awarding at the 50th year celebration of the Institute. Settlement was made based on the bills received after the receipt of goods.

The advance of Rs.120,000.00 was paid for carrying out repairs to a wash room and lavatory of the Institute. As His Excellency the President was scheduled to attend the 50th year celebrations the Presidential Security Division pointed that the place was unclean and lacking security. As such it had to be modernized in a short period. An advance had to be paid to commence the modernization and settlement was done after the completion of the work. The advance of Rs.25,000.00 was granted to meet the expenses of the bus used for a 04 day educational tour of the

apprentices. As it was a 04 day tour and Rs.20,000.00 was not adequate and as such an advance of Rs.25,000.00 had to be paid. The expenditure thereon amounted to Rs.24,640.00 and the settlement was made on the bills produced. Action is taken at present to limit advances to Rs.20,000.00

* Financial Regulation 757

The Board of Survey for the year 2010 was delayed. As such the Board of Survey for the years 2010 and 2011 were conducted at the end of the year 2011.

(c) Establishments Code

Chapter – Sub – Section 5.3.1

- (i) The official quarters belonging to the Ceylon German Technical Training Institution situated at No. 30, Peiris Road, Mount Lavinia is the official quarters of the Officers holding the Post of Director / Principal of this Institute. This Institute was under the control of a German Director/ Principal up to the year 1988 and according to the agreement, the German Principal had to be provided with official quarters, transport facilities and other privileges free of charge. Subsequent to the transfer of administration of the Institute from the German Director / Principal to the Sri Lankan Director/ Principal, all the privileges enjoyed by the German Director/ Principal up to that time were entitled to the Sri Lankan Directors/ Principals as well. As such, the present Director/ Principal enjoys those privileges since the date of appointment to that posts.

The private house of the present Principal is situated in the Kurunegala area and it is not practical to travel for duty from Kurunegala. According to the nature of his duties he has to be in office for long hours and he has to represent the Institute at various meetings and celebrations. The office hours of the Institute are from 0730 to 1530 hours and due to the nature of duties, he has to remain in office for more than 02 hours after 1530 hours without any allowance for such additional work. As such in occupation of the official quarters maintained for the Director/ Principal is essential.

A request had been made to the Ministry of Public Administration to grant approval for the occupation of in official quarters without payment of rent and the Ministry of Public Administration has informed that the approval of the Cabinet of Ministers should be obtained. Action is being taken to submit a Cabinet Paper.

(ii) Subsection 5.8

No recoveries for the bills for electricity and water were made up to date from the Principals who occupied the official quarters.

It is presumed that the course of action to be followed in accordance with the Chapter of the Establishments Code on government quarters refers only to the official quarters constructed by the Government.

(This official quarters was constructed with the money earned by the Institute and no provisions whatsoever have been obtained up to date for the maintenance of the quarters. This Institute maintained its administration functions under the purview of the Presidential Secretariat and several Ministries and any instructions relating to the application of provision of the Establishments Code were not made at any time during that period.)

(d) Circular Provisions

Paragraph 5.1

The Ceylon German Technical Training Institute was relieved of its administration by the SLTB in the year 2004 and the administration of the Institute since then had been under the purview of several Ministries up to the year 2010. During that period the Institute had not have a Board of Directors very often while only the Advisory Board was function. The matters relating to studies and administration was transferred from the Ministry of Transport to the Ministry of Youth Affairs and Skills Development in the year 2010. Under those circumstances, the Corporate Plan could not be prepared. A new Corporate Plan for the year 2011 has been prepared under the new Ministry.

Paragraph 5.2.4

The annual budget for the year 2010 was presented in July of that year while temporary budgets were presented for January to April and May to July. The annual budget was prepared the July 2010 and as an Advisory Board (Board of Control) was not available during that period (June to August) it was not presented at the time of preparation of the draft budget.

Paragraph 5.2.5

A budget was not presented before the commencement of the year 2010 and the budget was presented in July 2010. As such it was not possible to present the budget before the commencement of the financial year. The failure to present a copy of the budget approval in July 2010 was an error and action was taken to present a copy to the Auditor General subsequently. Action was taken to issue instructions to the Accountant and action will be taken to present copies of the budget to the Auditor General on the due dates as specified.

3:5 Financial and Operating Review

3:5:1 Financial Review

(a) Financial Result

(b) Analysis of Financial Result

A stock of spare parts had been made available from the workshop at Werahera of the SLTB free of charge to this Institute and that stock was brought to account as stocks of this Institute at the value appearing in the records of the Werahera Workshop. As these spare parts are those not in use at present, those were not used by the Institute. The unused stocks were pointed out by the Government auditors as well. The Depots of the SLTB were informed to takeover the spare parts free of charge if necessary. The Depots also have taken over several items. Subsequently with the approval of the Ministry, the Government Factory was asked to take over the spare parts. That institution also did not take over the stock and with the approval of the Ministry action was taken to dispose of the stocks by tender. As the stocks were sold according to the weight and the loss incurred due to non-receipt of the book value was shown in the accounts.

As action was taken during the year to rectify the provision made for gratuity, a sum of Rs.35,039,286.00 had to be provided for gratuity. This is only an allocation made in the accounts and does not represent a financial expenditure. This is also shown in the accounts as a loss.

3:5:2 Operating Review

(a) Performance

Head Office – Ratmalana

(b) Full-time Course

In the latter part of April each year (after the issue of results of the General Certificate of Education (Ordinary Level) Examination, the notices for recruitment for the full-time courses are published in all three languages (Sinhala/ Tamil/ English) in the Government Gazette, the newspapers and the Web Site of the Institute. In addition, publicity is given by posters and banners as well. Awareness is made through the Divisional Secretariats and schools as well. In addition, the general public is made aware through exhibition such as Deyata Kirula.

All these methods are used to cover all areas of the Island with a view to obtaining the maximum number of applications.

The decrease in the number of applications for the courses in the 03 years pointed out in the audit query is admitted. It is proposed to take further action with a view to preventing such situations.

Borella Branch

- * The courses on painting of vehicle bodies and the Welding craft are conducted at the Borella Branch. Students were attached to those courses on the results of the examination held at the end of the first year and on the preferences of the students.
- * Action was taken from the year 2010 to recruit student direct to the Borella Branch and it was possible to recruit 31 students. With the introduction of the course on electrical system of motor vehicles to the Borella Branch, the number of students recruited has increased to 60.
- * Action had been taken for the construction of a new three storeyed building for the Borella Branch and action will be taken to further increase the number of students recruited for that Branch.

(b) Management Weaknesses

According to the increase of salaries of officers for the year 2006 in terms of the instructions of Management Services Circular No. 30, it was not possible to grant the annual increments to certain categories of officers. As the inability to grant salary increments to the staff is a matter causing unrest among the staff, the matter was discussed with the Salaries and Cadre Commission and according to the letter No. NSCC/02/01/05/10/02 dated 23 May 2008 of the Commission, the salary increments

could not be granted until the finalization of all matters relating to the Schemes of Recruitment. (As copy of that letter was furnished to the Auditor General) The copies of the draft Scheme of Recruitment had been forwarded to the Department of Management Services for approval. Action in terms of the Management Services Circulars No. 30(i) and No. 30 (ii) effective from 01 January 2009 had been taken to grant the salary increments of the officer whose salary increments had been stopped.

(c) Transactions of Contentious Nature

(i) Even though the building had been painted for the 50th Anniversary Celebrations, the Works Engineer has reported that based on the written applications made by the Divisional Heads after the receipt of instructions by them to paint the areas and the equipment required for the festival for the enrollment of the new apprentices were approved by the Chief Engineer (Production and Maintenance) and that the Works Engineer had placed orders on Form 49 and the paints and equipment received under Form 39 were distributed to those Divisions.

(ii) The paint needed for class room No. 15 were purchased on 18 October 2010. The Deputy Director/ Vice Principal had issued instructions to stop painting as the Inventories Exhibition was scheduled for 23 and 24 February 2011 as it would need repainting after the close of the exhibition. Only 10 litres of paint had been purchased for that class room and not 40 litres of paint.

According to the instructions issued to the Works Engineer to remove the trees in the land adjoining the rear side of the canteen and construct a parking area for the motor vehicles of the staff, 30 litres of paint was purchased on 16 October 2011 to paint the boundary wall. The painting had been stopped temporarily due to the heavy rains.

(d) Idle and Underutilized Assets

It was the practice of the then Engineer to keep the paint purchased on requests made by the respective Divisions in the Works Engineer's Office. The Engineer has reported that the balance paints remaining from the paints purchased for other purpose was kept in safe custody for use of the Institute as and when required. The stock of 40 liters of paint referred to in 08(b) above is also included in this stock.

The Senior Assistant Officers of the Institute who carried out an investigation into this matter reported that no financial or material fraud had taken place in the purchase and use of those paints.

(e) Irregular Personnel Management

All administration matters of that Institute up to the year 2004 were done under the Sri Lanka Transport Board. According to the cadre estimate for the year 2011 the total cadre of the Institute was 391. Subsequently according to the Niyangoda Recruitment Procedure approved by the Board of Directors the total cadre of the Institute amounted to 268. According to the estimated cadre prepared after holding discussions between all Heads of Divisions and the Trade Union with regard to the current cadre requirements it is expected to manage the Institute with a cadre of 250.

The primary and important role of the Institute is the recruitment of apprentices for full-time courses on motor mechanics and allied courses, train them by a qualified staff and produce fully skilled mechanics annually. In addition to that a large number of mechanics are produced annually through the part-time courses.

The undeniable factor needed for the continual, proper and efficient maintenance of this services is the creation of a staff with experience and skills well suited for the purposes.

As such the post of Internal Auditor was created as provided for in the new salaries structure approved by the Department of Management Services on the recommendations of the Salaries and Cadre Commission.

(iii.) It has been pointed out that the post of Staff Assistant Grade IV has been granted to a female officer who had not satisfied the necessary qualifications in accordance with the Niyangoda Report. According to the Niyangoda Report the qualification required for the post are a University Degree and 03 years experience in the related field or the General Certificate of Education (Advanced Level) pass in 03 Subjects with 08 years experience in the related field or the General Certificate of Education (Ordinary Level) pass in 06 subjects in one sitting with a credit pass in English and ten years experience in the related field. Mrs. P.H.K. de Silva who had passed the General Certificate in Education (Ordinary Level) 1977 with passes in 06 subjects in one sitting with two credit passes had been transferred to this Institute by letter dated 09 April 2004 of the Personnel Manager, Regional Division of Colombo South of the Sri Lanka Transport Board. According to the letter dated 09 April 2004 of the Personnel Manager, Sri Lanka Transport Board, she was appointed to the post of Administrative Officer (Covering) and by letter dated 23 November 2004 of the Acting Personnel Manager, SLTB, she was appointed and confirmed in the post of Staff Assistant with effect from 09 April 2004.

(iv.) As a result of the employee unrest on 03 December 2009, Mrs.H.D.C.Damayanthi who functioned as the Personnel Manager of the Institute was temporarily transferred to the Works Engineer's Division and the Ministry of Transport

conducted an investigation in to the matter. The Officer was transferred back to the former station and functioned in the post of Assistant Personnel Manager. The administration had to take decisions without adversely affecting the primary objectives of the Institute during the short period the institute was brought under the purview of several Ministries and in all such instances, decisions were taken in accordance with the methodologies followed by the Institute in the past and without leaving opportunities for creating unrest among the employees of the Institute and based on the advice given by the respective line Ministries. It is also pointed out that the management has to be responsible for any adverse effects on the primary Objectives of the Institute from any failure to take such timely decisions. It should also pointed out that explanations with regard to the actions taken in a manner to minimizing conflicts with staff and avoiding possibility of fraud and corruption were made at the meeting of the Committee on Public Enterprises of Parliament.

In confirmation of contract employees who had completed 180 days of service, with the approval the Board of Directors when vacancies were created due to retirements of officers, vacation of post and officers proceeding abroad for employment, is a practice followed throughout.

The Management which paid attention to the regular request made by their employees recruited on contract basis, the requests made by the Heads of Divisions and the Trade Unions as well as the legal problems and employee unrest caused by Long Term Contract employment, felt need to make those employees permanent. The management action in this connection was taken in good faith to ensure the uninterrupted maintenance of the training activities of the Institute. Such actions had not, under any circumstances, exceeded the approved cadre estimates of the Institute.

- (v.) During the period the Institute was functioning under in Sri Lanka Transport Board, the Internal Audit of the SLTB conducted the internal audit of the Institute and the Institute had only a post of Internal Examiner of Accounts. In view of the need for an Internal Auditor, action was taken to create a post of Internal Auditor.

(b.) Budgetary Controls

The allocation made by the budget for personal emoluments amounted to Rs.79.50 million. Even though the expenditure thereunder is stated as Rs.106.28 million that included the provision of Rs.34.98 million made for gratuity. Even though the provision for the gratuity for all employees should be made in the accounts, requests for money made to the General Treasury should include only the funds requirements for the payment due to be made for the actual retirements and resignations during the respective years. As such the gratuities paid during the year amounted to Rs.8.23 million. Therefore, the actual

payments made as personal emoluments in the year amounted to Rs.79.53 million. As such, there is no difference between the allocations made in the budget and the actual expenditure.

3. Systems and Controls

Instructions have been issued to the officers concerned to pay special attention to the matters pointed out by the audit.

Gamini S. Manchanayaka
Director/Principal
Ceylon German Technical Training Institute