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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

2011

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 – 2011

This Institute has got more than 50 years of proud history of heritage. Although the primary objective of this Institute at its inception was the creation of a skilled work force of mechanic for the Ceylon Transport Board presently it is the foremost institute in Sri Lanka for the training of skilled technicians in the field of Automobile and allied trades.

The apprentices who received training in this Institute had the opportunity of securing jobs in local institutions as well as in foreign countries and get the great opportunity to contribute foreign currency to the Sri Lankan Economy.

In the year 2011 a group of 351 apprentices were enrolled to the parent institute and 31 apprentices were enrolled to the Borella Branch. Further during this year Institute succeeded by introducing Diploma in Automobile Technology as a new course and enrolled a batch of 45 apprentices in the first batch. During 2011 a batch of 2699 apprentices were enrolled for short term courses conducted by this Institute. In addition to the above courses there were more than 400 participants participated in the day time special courses, seminars and workshops conducted by the Institute during 2011.

A new three storied building was declared opened by Hon Minister Dalas Alahapperuma Minister of Youth Affairs & Skills Development Ministry enabled to conduct the Air conditioning & Refrigeration course in a high standard. This enables to increase the number of apprentices participated to this course and also the apprentices had the opportunity to facilitate the laboratory with modern technology.

It was able to give a wide knowledge in spare parts of the modern motor vehicle and their functions by introducing Sensors and software of CAN Protocol Programming Diagnostic for the LN Soft Simulation Model to enhance the Automobile Technology course. By Providing Vertical Horning Machine, Cylinder Head Valve Sheet Cutting Machine for the Engine Section enables to upgrade training Programmes and the production work with enhanced efficiency and high standard. An Industrial Automation Laboratory was established for the Power Electrical Section to enhance their training. We were also able to refurbish and modernize the existing conference room.

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 and our sole objective is to carry this tradition forward into the future.

Shantha B. Karunarathne
Director / Principal
Ceylon German Technical Training Institute.

Ceylon German Technical Training Institute

Advisory Committee - 2011

	Name	Designation	
01	Emeritus Professor P.A. de Silva	Emeritus Professor, Department of Mechanical Engineering, University of Moratuwa.	Chairman
02	Dr. T.A. Piyasiri	Director General, Tertiary and Vocational Education Commission.	Member
03	Mr. D.A.P.Senevirathna	Chief Executive Officer, Sri Lanka Central Transport Board	Member
04	Mr. D.Wijesiriwardena	Assistant Secretary (Bank), General Treasury	Member
05	Mr. Padman Wanniarachchi	General Manager, United Motors Lanka PLC	Member
06	Mr. Kapila Kumara Ranasinghe	Director, Association of Accounting Technicians of Sri Lanka	Member
07	Mr. Ramyachandra Gunasekara	Attorney- at- Law	Member
08	Mr. Gamini S. Manchanayake	Director /Principal, Ceylon German Technical Training Institute	Member
09	Dr. S.P.W.Jayasiriwardena	General Manager (Workshops), Auto Miraj Group of Companies	Member
10	Mr. W.A. Jayawickrama	Additional Secretary (Administration & Finance), Ministry of Youth Affairs and Skills Development	Member

Ceylon-German Technical Training Institute(CGTTI)-2011

1. *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 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 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.

Vision- To become the best Automotive training institute in South Asia.

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.

2. <u>Establishment functions</u>

1. Main objective of our institute is to produce skilled persons required locally and internationally.
2. Conducts Full Time Training Courses in Automobile Mechanics and other allied Trades.
3. Conducting Part Time weekend and evening courses for school leavers and employed persons to enhance their mechanical and technical knowledge.
4. Offer variety of customer oriented technical services, repairing of Vehicles and technical support for domestic home appliances and industrial sector.
5. According to the request of the industry, arrange to conduct day time special Courses in Automobile Mechanics and other allied Trades.

3. *Staff*

Category		No. of Staff
1. Senior Management		- 08
2. Academic Staff	- Permanent	- 140
	- Contract	- 02
3. Non-academic Staff	- Officers	- 12
	- Clerical and allied	- 14
	- Technicians	- 02
	- Driver	- 03
	- Labour and allied	- 22
	- Contract Employees	- 09
Total		**212**

4. *Full time Courses Training Conducted by the Institute*

Presently 09 full time Technical Training Courses are being conducted relating to Automobile and other Trades and annually 410 trainees are recruited to study these courses.

Course	Course Duration	No. of Trainees		
		2009 (2008Batch)	2010 (2009 Batch)	2011 (2010Batch)
Automobile trade	04 Years	100	100	101
Millwright trade	04 Years	40	38	42
Power Electrical trade	03 ½ Years	40	38	42
Air conditioning & Refrigeration trade	03 ½ Years	34	32	41
Tool Machinery trade	03 ½ Years	24	22	22
Auto Electrical trade	03 Years	24	24	22
Diesel Mechanic trade	03 Years	15	14	14
Welding trade	03 Years	25	22	23
Motor vehicle Body repair & Painting(Borella Branch)	03 Years	11	15	19
Auto electrical trade (Borella Branch)	03Years			12

351 trainees for Moratuwa& 31 trainees for Borella Branch were recruited for full time Training courses in 2011. There after at the trade selection test examinations held after one year of basic training based on marks obtained the trainees were detailed to follow the courses given above for year 2012 October.

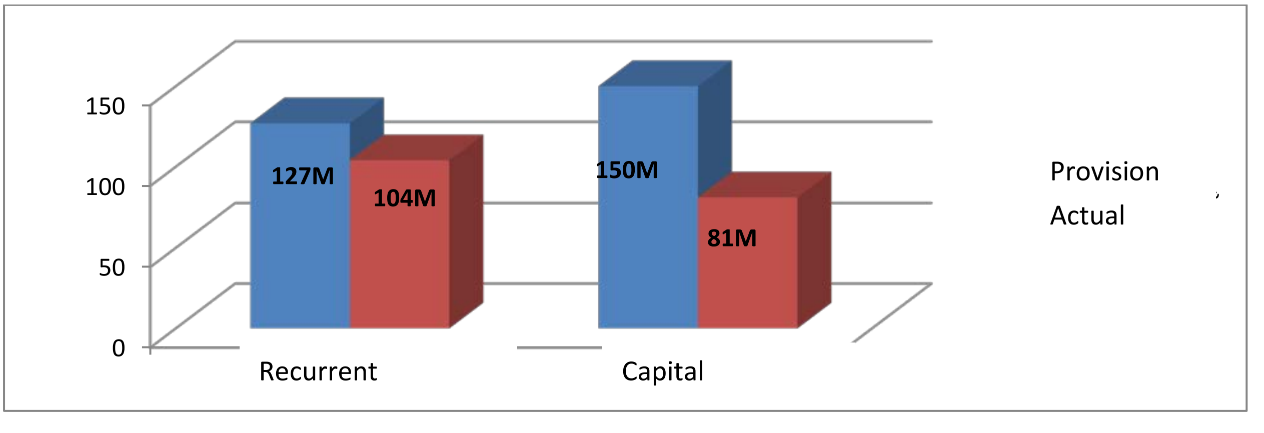
5.*Part- Time Training Programmes(Evening/Weekend)*

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.

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

Financial Progress of CGTTI – Year 2011

For the year 2011 the annual allocated amount for recurrent expenditure was Rs.127 million while for capital expenditure it was Rs.150 million. Up to end of December 2011, the recurrent expenditure incurred by the Institute is Rs.104 million while capital expenditure spent is Rs.81 million.



7. Achievement

- Year 2010/2011 is the International Year of Youth. To commemorate this event ,Ministry of Youth Affairs and Skills Development has planned a number of programs for the benefit of the youth of Sri Lanka. The Ceylon German Technical Training institute and the Department of Technical Education and Training organized this innovative exhibition and competition in order to highlight the creative ability of youth in all Technical training institutes of Sri Lanka.

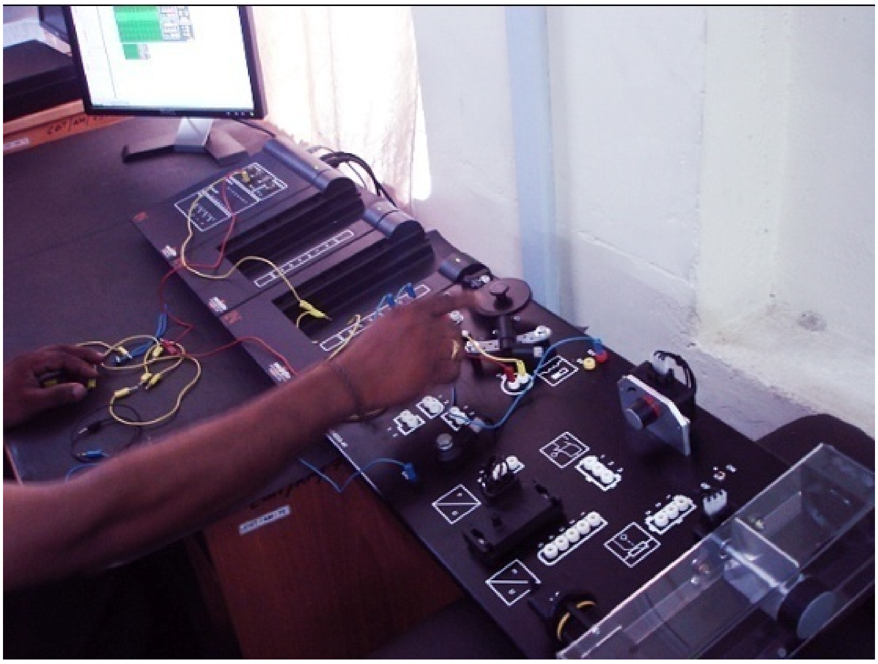
- Commenced Diploma in Automobile Technology course in May 2011. 45 trainees were enrolled for this first Batch.

- Provided Vertical Horning Machine, Cylinder Head Valve Sheet Cutting Machine for the Engine Section to upgrade training Programmes and the production work with enhanced efficiency and high standard.

Vertical Horning Machine

Cylinder Head Valve Sheet Cutting Machine

- Provided CAN Protocol Programming Diagnostic for LN Soft Simulation Model for the Automobile Section to enhance training programme.



Sensors in Motor Vehicle for LN Soft Simulation Model

- Established the Industrial Automation Laboratory for the Power Electrical Section to enhance their training.

Industrial Automation Laboratory

Industrial Sensors Drivers Accessories Kit

- Provided the Lathe Machine for the Millwright Section to enhance the training programme.

Millwright Section

- Enrolled 351new trainees in this year for Full Time Training Courses.

- New Ref & Air Conditioning Building was ceremonially inaugurated on 17th November 2011 to enhance training capacity and introduce new laboratories.

- In this year about 2699 trainees following 32 Part Time courses.

- Refurbished & modernized the existing conference room.

Ceylon German Technical Training Institute
Middle Term Planning – 2011

1. Build up a new Three storied building to fulfill the necessacity of expanding the area of the Air Conditioning and Refrigeration section to conduct the course in a high standard.

2. An Industrial Automation Laboratory was established for the Power Electrical Section to enhance their training. Thus it was possible to introduce a new short term course in Automobile Technology.

3. Enrolled 2699 Apprentices for 32 part Time Courses.

4. Usage of Modern Machinery for the Engine Section enables to upgrade training programmes and the production work with enhanced efficiency and high standard.

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

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
Balance Sheet as at 31st December 2011

DESCRIPTION	NOTE	2011 Rs	2011 Rs	2010 Rs	2010 Rs
ASSETS					
Non Current Assets					
Property, Plant & Equipment	2	930,041,252		881,020,806	
Investment	8	20,198,272		19,134,147	
Other Financial Assets					
			950,239,524		900,154,953
Current Assets					
Current Accounts -Borella		65,316,160		55,947,389	
Current account MTTC				950,000	
Current Accounts -EWPT		11,632,681		10,787,153	
Non Movement Stocks		6,279,189		6,279,189	
Debtors	3	2,407,838		2,024,078	
Inland Revenue A/C		1,080,661		1,080,661	
Deposit	4	202,000		202,000	
Advance A/C	5	1,351,032		1,027,170	
Current Accounts -S.L.C.T.B	7	1,133,529		1,133,529	
Income Receivable	26	445,259		87,300	
Stationery & Paints Stocks	29	520,651		550,651	
Advance for Fixed Assets	30	11,127,272		5,406,327	
Cash & Cash Equivalents	6	19,505,129		41,306,967	
			121,001,401		126,782,414
TOTAL ASSETS			1,071,240,925		1,026,937,367
LIABILITIES					
Current Liabilities					
Current Accounts -EWPT		11,632,681		10,787,154	
Current Account CGTTI				950,000	
Current Accounts -Borella V.T.I		65,316,160		55,947,389	
Payables	28				
Accrued Expenses	9	6,161,968		6,026,998	
Loans	10	377,513		220,655	
Refundable Deposits	11	165,000		40,000	
Part time Course fees (2011)				4,020,000	
Creditors	27	2,986,285	86,639,607	198,405	78,190,601
Non Current Liabilities					
Deferred Income	13	262,116,695		216,933,644	
Gratuity payable		65,354,973		61,367,122	
Refundable Deposit over 5 years				403,200	
			327,471,668		278,703,966

TOTAL LIABILITIES			414,111,275		356,894,567
			657,129,650		**670,042,800**
NET ASSETS / EQUITY					
Accumulated Fund		845,275,098		845,275,098	
Capital Reserve		4,407,578		4,407,578	
Translation Reserve	14	(192,553,026)		(179,639,876)	
			657,129,650		**670,042,800**

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

………………………….. ……………………………….

Director / Principal
C.G.T.T.I
M.D.S.B.Karunarathne

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 31ST DECEMBER 2011

DESCRIPTION	NOTE	2011	2010
OPERATION REVENUE		**Rs.**	**Rs.**
Recurrent Treasury Grant	12	104,000,000	110,500,000
Other Income	15	7,576,077	7,430,838
Part time Income	1	7,359,984	4,474,230
MTTC Course Income	1 A	(304,063)	
Transfer from Differed income	13	35,816,949	27,716,949
Production Net income	16	2,059,858	1,940,295
TOTAL INCOME		**156,508,805**	**152,062,312**
OPERATING EXPENSES			
Personnel Emoluments	17	94,629,015	118,166,524
Traveling	18	89,663	99,687
Trainees Allowances	19	2,418,860	870,939
Contractual Service	20	7,566,121	9,079,432
Supplies & Consumable Used	21	4,279,803	4,273,641
Maintenance Expenses	22	6,277,933	6,644,024
Depreciation	2	37,143,324	26,932,227
Other Recurrent Expenses	23	13,055,664	14,406,248
Training Materials	24	3,635,554	2,325,014
Finance Cost	25	232,865	259,356
TOTAL OPERATING EXPENSES		**169,328,802**	**183,057,092**
Surplus/(Deficit) from operating activities		(12,819,997)	(30,994,780)
Net surplus/(deficit) before extra ordinary items		(12,819,997)	(30,994,780)
Net surplus/(deficit) from Sales of non movement Stocks(31)			(13,583,739)
Net surplus/(deficit) for the period.		(12,819,997)	(44,578,519)
Prior Year Adjustment(Bank Charges)	32	(93,153)	508,000
Net surplus/(deficit) After prior year adjustment		**(12,913,150)**	**(44,070,519)**

CEYLON - GERMAN TECHNICAL TRAINING INSTITUTE
CASH FLOWS STATEMENT

YEAR ENDED 31st DECEMBER 2011

Note	2009(Rs.)	2010(Rs.)
Cash Flows From Operating Activities		
Surplus (Deficit)from Operating Activities	(12,819,997)	(44,578,519)
Prior Year adjustment	(93,153)	508,000
	(12,913,150)	(44,070,519)
Gain/losses on sale of vehicle		
Non Cash Movements		
Depreciation	37,143,324	26,932,227
Gratuity Provision	10,822,960	35,039,286
Transfer of Property, Plant & Equipment		
	35,053,134	17,900,994
Increase/ decrease in payables		(22,000)
Increase/ decrease in Accrued Expenses	134,970	1,059,948
Increase/ decrease in Current Liabilities	(950,262)	(997,608)
Gratuity payments	(6,835,109)	(8,237,695)
Increase/ decrease in Current Assets	(6,786,528)	14,382,946
Increase/decrease in stocks	30,000	37,023
Investment activities		
Acquisition of fixed Assets	(86,163,769)	(60,113,694)
Deferred Income	(35,816,949)	(27,716,949)
Net cash flow from operating Activities	(101,334,513)	(63,707,035)
Cash flow from financing Activities		
Increase / decrease Investments	(1,064,125)	(2,201,163)
Reserves/Capital grant	81,000,000	91,000,000
Refundable deposits over 5 years	(403,200)	
Net cash flow from financing Activities	(21,801,838)	25,091,802
Cash & Cash equivalents at beginning of the period.	41,306,967	16,215,165
Cash & Cash equivalents at end of the period.	**19,505,129**	**41,306,967**

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2011

	Accumulated Fund	Revaluation reserve Deferred income	Translation reserve	Capital Reserve	Total
Opening Balance 01.01.2011	**845,275,098**	**216,933,644**	**(179,639,876)**	**4,407,578**	**886,976,444**
Provision for the Depreciation					
Net Surplus / (Deficit) For the Period			**(12,913,150)**		**(12,913,150)**
Capital grant Treasury		81,000,000			**81,000,000**
	845,275,098	297,933,644	(192,553,026)	4,407,578	955,063,294
Less:					
Transfer to finance performance A\C		(35,816,949)			(35,816,949)
Balance as at 31.12.2011	**845,275,098**	**262,116,695**	**(192,553,026)**	**4,407,578**	**919,246,345**

Note: 01

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE

PART TIME COURSES

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2011

	Rs	Rs
Income	**2011**	**2010**
Interview fees	438,920	437,300
Course fees	25,493,840	21,903,730
Cancelled Refundable Deposit	403,200	
Interest on treasury bills-E.W.P.T	450,053	548,072
Miscellaneous Income	122,264	70,565
Fixed deposit interest- E.W.P.T	**993,244**	**1,146,322**
Total income	**27,901,521**	**24,105,989**
Expenditure		
Part time & other allowances	19,217,673	18,219,394
Refreshments	6,238	5,346
Stationery	574,772	653,937
Postage & Telegrams	111,399	157,241
Bank Charges	23,325	35,005
Advertisements	127,008	73,648
Stamp duty	900	75
Training materials	217,755	252,502
Risk allowances	1,567	1,341
Miscellaneous expenses	79,000	36,270
Total Expenditure	**20,359,637**	**19,434,759**
Surplus/Deficit Before bonus	**7,541,884**	**4,671,230**
Less: Bonus	(181,900)	(197,000)
Surplus/Deficit	**7,359,984**	**4,474,230**

Note : 01 A

CEYLON GERMAN TECHNICAL TRAINING INSTITUTE
MTTC COURSES

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2011

	Rs. 2011	Rs. 2010
Income		
Course Fees	2,156,000	
Total Income	2,156,000	
Expenditure		
Part time allowance & Incentive	920,390	
Refreshments		
Stationery	27,471	
Postage & Telegrams		
Bank charges		
Advertisements		
Stamp Duty	25	
Training materials		
Equipments Maintenance	39,238	
Civil Maintenance	61,696	
Water	3,986	
Telephone	60,648	
Electricity	1,305,556	
Miscellaneous Expenses	41,053	
Total Expenditure	**2,460,063**	
Surplus / Deficit	**(304,,063)**	

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.	CGTTI/Borella
Cost															
Balance as at 01.01.2011	694,180,000		290,357,819	2,202,486	76,809,681		44,858,782	515,000	168,315,968	16,266,406	24,259,701	676,668	28,402,182	209,070	1,347,053,763
Additions					30,348,451		690,053		50,511,868		364,486		4,248,910		86,163,768
Transfers			60,512,102		(60,512,102)										
Balance as at 31.12.2011	694,180,000	-	350,869,921	2,202,486	46,646,030		45,548,835	515,000	218,827,836	16,266,406	24,624,187	676,668	32,651,092	209,070	1,433,217,531
Depreciation															
Balance as at 01.01.2011			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
Accumulated fund															
Charge for the year			7,833,292	220,248			5,667,825		13,090,347	2,011,807	1,637,158	24,402	6,630,290	27,955	37,143,324
Depreciation for disposal															
Balance as at 31.12.2011	-	-	286,317,599	774,402			44,930,660	515,000	128,845,048	4,629,572	13,505,533	541,922	22,922,388	194,155	503,176,279
Written down value															
As at 31.12.2011	**694,180,000**	**-**	**64,552,322**	**1,428,084**	**46,646,030**		**618,175**		**89,982,788**	**11,636,834**	**11,118,654**	**134,746**	**9,728,704**	**14,915**	**930,041,252**

Note-03

Debtors Accounts					Rs 2011	Rs 2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Other Debtors		2,407,838			2,407,838	2,024,078
Total		**2,407,838**			**2,407,838**	**2,024,078**

Note-04

Deposit					2011	2010
		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**		**2,000**	**202,000**	**202,000**

Note-05

Advance					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Festival Advance		224,800	9,500		234,300	128,950
Special Advance		591,300		501,250	1,092,550	874,500
Trainees Advance / bank A/C			3,150		3,150	
ICDL Exam Salary Advance/4048/Tr.Insurance		2,532	18,500		21,032	23,720
Total		**818,632**	**31,150**	**501,250**	**1,351,032**	**1,027,170**

Note-06

Cash & Cash Equivalents					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Return money Order				2,400	2,400	2,400
Cash/Bank Balance		6,801,179	1,412,355	10,742,201	18,955,735	39,401,628
Bank Balance(production)		2,662			2,662	3,862
Bank -MTTC		544,332			544,332	1,899,077
Total		**7,348,173**	**1,412,355**	**10,744,601**	**19,505,129**	**41,306,967**

Note-07

Current A/C S.L.C.T.B					2011	2010
		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	1,133,529
Total		**480,268**	**653,261**		**1,133,529**	**1,133,529**

Note-08

Investment					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Fixed Deposit- E.W.P.T				**13,822,677**	13,822,677	13,228,392
Treasury Bills-E.W.P.T.				6,094,199	6,094,199	5,644,146
Fixed Deposit- D.P.T		281,396			281,396	261,609
Total		**281,396**		**19,916,876**	**20,198,272**	**19,134,147**

Note-09

Accrued Expenses					Rs 2011	Rs 2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salary Payable /4093		1,430,851	68,010		1,498,861	1,319,283
E.T.F Payable		222,719	63,854		286,573	288,121
E.P.F Payable		909,588	93,654		1,003,242	1,002,184
Unclaimed Salary Balance						-
ICDL Exam Recovery						24,000
Sri Lanka Insurance		4,088			4,088	4,088
Union Payable		8,055	875		8,930	8,900
Welfare –Society -CGTTI		17,357	2,300		19,657	20,157
Sports		21,135	1,908		23,043	25,057
Welfare –Society -Trainees		38,646			38,646	35,036
Insurance payables-Trainees		275			275	33,075
Book Loan		4,150	10,450		14,600	15,450
Pension fund payable		8,143			8,143	9,836
Stamp Duty						1,275
4080/1 Accrued Expenses		1,463,726	151,283		1,615,009	1,408,782
Tax		360,558	18,995		379,553	383,887
PT Allowances				1,064,180	1,064,180	1,234,632
Risk allowances						-
4048/5012 Payable		15,268			15,268	16,235
Bonus payable				181,900	181,900	197,000
Total		**4,504,559**	**411,329**	**1,246,080**	**6,161,968**	**6,026,998**

Note-10

Loans(Third Party)					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
P.F.Loan-7075 (S.L.C.T.B)					-	
Bank Loans (Third party)		256,159	13,044		269,203	95,272
P.F.Loan-7070(S.L.C.T.B)		106,078	2,232		108,310	125,383
Total		**362,237**	**15,276**		**377,513**	**220,655**

Note-11

Refundable Deposit					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Canteen		75,000			75,000	10,000
Tender		80,000			80,000	20,000
Security Tender Deposit						-
Employee Deposit		10,000			10,000	10,000
Student deposit						-
Technical Tender Deposit						-
Total		**165,000**	**-**	**-**	**165,000**	**40,000**

Note-12

Treasury A/C	Rs.	Rs.
	2011	2010
Capital Grant	81,000,000	91,000,000
Recurrent Grant	104,000,000	110,500,000
Total Grant	185,000,000	201,500,000
Less:- Deffered Income	81,000,000	91,000,000
Performance A/C	**104,000,000**	**110,500,000**

Note-13		2011		2010
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		216,933,644		153,650,593
Received from Treasury Account		81,000,000		91,000,000
10% Transfer to P & L Account	35,816,949			(27,716,949)
Total	**35,816,949**	**297,933,644**	**262,116,695**	**216,933,644**

Note-14		2011	2010	
Translation Reserve		**Credit**		**Credit**
Opening balance		(179,639,876)		(135,569,357)
Prior Year Adjustment		(93,153)		
Net Surplus (Deficit) for the period		(12,819,997)		(44,070,519)
		(192,553,026)		**(179,639,876)**

Accumulated Fund		**2011**		**2010**
Opening balance		845,275,098		838,405,854
Provision for depreciation				6,869,244
		845,275,098		**845,275,098**

Note-15

Other income					2011	2010
					Rs	Rs
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination income		745,050			745,050	674,966
Traveling pass		21,899	9,530		31,429	21,401
Miscellaneous Income		280,756	9,919		290,675	242,472
Insurance Commission		78			78	72
Trade Test Fees		723,617	2,000		725,617	144,100
Fitness Charges		103,316			103,316	102,107
Special course fees		4,891,325			4,891,325	3,574,603
English course recovery						85,530
Canteen Rent		42,000			42,000	42,000
Auditorium Income		28,500			28,500	-
Admission fees		523,500			523,500	511,500
Ground fees						-
Income from MTTC						1,674,000
Registration for Suppliers						-
Tender Fees		98,000			98,000	253,000
FD interest		19,787			19,787	28,287
Milk centre		76,800			76,800	76,800
Total		7,554,628	21,449	-	**7,576,077**	**7,430,838**

Note-16

Production Unit					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Production income Private		2,074,061	204,814		2,278,875	1,949,746
Production income SLTB		844,280			844,280	889,000
Less :Production Materials		(710,291)	(143,890)		(854,181)	(549,726)
Production materials						-
Incentive		(191,966)	(17,150)		(209,116)	(348,725)
Total		2,016,084	43,774	-	**2,059,858**	**1,940,295**

Note-17

Personal Emoluments					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries & Wages	17A	61,253,677	4,631,976	-	**65,885,653**	**66,260,002**
Allowances	17B	16,452,870	249,853		**16,702,723**	**15,472,485**
Gratuity		10,822,960			10,822,960	35,039,286
Over Time		1,192,032	25,647		1,217,679	1,394,751
Total		89,721,539	4,907,476	-	**94,629,015**	**118,166,524**

Note-17A

Salaries & Wages					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Salaries		38,707,623	3,040,226		41,747,849	41,836,935
Additional Allowances(COL)		12,820,797	918,330		13,739,127	13,583,513
Contract Salaries		1,305,377	45,606		1,350,983	1,741,298
Contract Additional Allowances		448,621	23,012		471,633	447,435
P.F. Board contribution		6,384,981	483,842		6,868,823	6,927,595
ETF		1,586,278	120,960		1,707,238	1,723,226
TOTAL		61,253,677	4,631,976		**65,885,653**	**66,260,002**

Note-17B

Allowances					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Band Training Allowances		247,250			247,250	206,550
Risk Allowances						1,364
Trade test		1,440			1,440	
Fitness charges		25,800			25,800	28,650
English Teachers Allowances		733,500	25,900		759,400	315,700
Cash/ Assets verification Allowances						
Special Allowances		127,811			127,811	542,211
Board of Governs Allowances		386,800			386,800	175,000
Attendance Allowances Technical staff only		980,112			980,112	1,001,800
Trainees Allowances		12,094,289	223,953		12,318,242	11,833,068
Special Course		1,855,868			1,855,868	1,368,142
Total		16,452,870	249,853	-	**16,702,723**	**15,472,485**

Note-18

Traveling					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
					-	
Traveling Expenses		83,975	5,688		89,663	99,687
Traveling (Foreign)					-	-
Total		83,975	5,688	-	**89,663**	**99,687**

Note-19

Staff Training					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Capacity Building Singapore Training	33	1,210,904			1,210,904	
Teacher /Staff Training		183,033			183,033	479,790
Foreign Training		956,152	68,771		1,024,923	391,149
Total		2,350,089	68,771	-	**2,418,860**	**870,939**

Note-20

Contractual Service					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Electricity & Water Expenses	20A	2,016,788	257,759	870,439	3,144,986	5,239,407
Postage & Telecommunication	20B	447,790	37,363	-	485,153	575,151
Security Expenses		2,486,592	1,449,390		3,935,982	3,264,874
Total		4,951,170	1,744,512	870,439	**7,566,121**	**9,079,432**

Note-20A

Electricity & Water Expenses					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Electricity & Water		**2,012,679**	257,759	870,439	3,140,877	4,308,179
Official Bungalow		4,109			4,109	-
MTTC Electricity & water						931,228
Total		2,016,788	257,759	870,439	**3,144,986**	**5,239,407**

Note-20B

Postage & Telecommunication					**2011**	**2010**
		C.G.T.T.I	**BORELLA**	**PART TIME**	**TOTAL**	**TOTAL**
Postage & Telecommunication		447,790	37,363		485,153	449,445
Official Bungalow/ mobile Phone						-
MTTC Telephone						125,706
Total		447,790	37,363	-	**485,153**	**575,151**

Note-21

Supplies & Consumable Used					**2011**	**2010**
		C.G.T.T.I	**BORELLA**	**PART TIME**	**TOTAL**	**TOTAL**
Stationary		833,519	15,099		848,618	641,681
Fuel Expenses		**3,426,535**	4,650		3,431,185	3,598,660
Sports items						-
Fuel – Aralaganwila / Weeraketiya						-
Fuel Expenses MTTC						-
MTTC Stationery						33,300
Total		4,260,054	19,749	-	**4,279,803**	**4,273,641**

Note-22

Maintenance Expenses					**2011**	**2010**
		C.G.T.T.I	**BORELLA**	**PART TIME**	**TOTAL**	**TOTAL**
					-	
Furniture & Office equipments		314,021			314,021	236,734
Vehicle Maintenance		1,414,662	1,270		1,415,932	1,269,755
Civil Maintenance		1,650,776	26,122		1,676,898	2,431,185
Official Bungalow Maintenance		58,661			58,661	72,894
Work shop equipment Maintenance		2,638,554	145,379		2,783,933	2,592,447
Work shop equipment Maint. MTTC						32,149
Garden maintenance		16,296	12,192		28,488	8,860
Total		6,092,970	184,963	-	**6,277,933**	**6,644,024**

Note-23

Other Recurrent Expenses					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Miscellaneous Expenses	23A	1,642,305	57,485	-	1,699,790	1,794,327
Welfare Expenses	23B	337,744	238,011	-	575,755	459,720
Verification Exp		30,000			30,000	-
50th Anniversary Exhibition		27,904			27,904	2,868,248
MTTC Incentive						-
Deyata Kirula Exhibition		382,857	3,750		386,607	
Exhibition Expenses		706,009			706,009	603,914
Scholarship						-
Audit & Accounts Translate		65,000			65,000	88,737
Tender Expenses		142,500			142,500	68,250
Annual Report		100,000			100,000	125,000
Taxes	23C	9,158,404	968	-	9,159,372	8,286,316
Insurance	23D	157,021	5,706	-	162,727	111,736
Total		12,749,744	305,920	-	**13,055,664**	**14,406,248**

Note-23A

Miscellaneous Expenses					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Examination Expenses		693,150			693,150	745,390
Sports						-
News papers		37,650	10,000		47,650	43,470
Exgratia payments		42,690			42,690	78,005
Refreshments		141,899	37,728		179,627	180,967
Entertainment MTTC						-
Legal fees						-
Other Miscellaneous		347,819	9,757		357,576	435,199
Airport Charges						-
Staff Uniforms						94,600
Paper Advertisement		379,097			379,097	212,696
Seminar Expenses						4,000
Total		1,642,305	57,485	-	**1,699,790**	**1,794,327**

Note-23B

Welfare Expenses					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Welfare Expenses		187,480	34,008		221,488	191,818
Medical Bills		150,264	204,003		354,267	267,902
Total		337,744	238,011	-	**575,755**	**459,720**

Rs Rs

Note-23C

Taxes					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Official Bungalow					-	-
5% with holding Tax					-	-
Custom duty & BTT						130,496
MTTC stamp duty						25
VAT Receivable		9,158,404	968		9,159,372	8,155,795
Stamp duty						-
Total		9,158,404	968	-	**9,159,372**	**8,286,316**

Note-23D

Insurance					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Insurance (Money in Transit)		21,602	5,706		27,308	25,383
Vehicle		135,419			135,419	86,353
Total		157,021	5,706	-	**162,727**	**111,736**

Note-24

Training Materials					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Training Materials		3,442,805	192,749		3,635,554	2,325,014
Total		3,442,805	192,749	-	**3,635,554**	**2,325,014**

Note-25

Finance Cost					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Bank Charges		214,945	16,720		231,665	259,356
Bank Charges Production		1,200			1,200	-
MTTC Bank Charges						-
Total		216,145	16,720	-	**232,865**	**259,356**

Note-26 income receivable

					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
FD Intrest				398,959	398,959	
Canteen rent		17,500			17,500	10,500
Milk bar Rent		28,800			28,800	76,800
		46,300	-	398,959	445,259	87,300

Note-27

Fixed Asset Creditors					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Swedish Trading		302,398			302,398	
Power Lanka (pvt)Ltd		211,950			211,950	
Alcobronz (pvt) Ltd		180,605			180,605	
Nikini Automation (pvt) Ltd		310,040			310,040	
API Machinery					-	
United Tractor Pvt Ltd						91,200
State Development & Cons. Company		1,894,765			1,894,765	
Three Singha Industries		16,607			16,607	
Macro Auto tec Pvt Ltd		69,920			69,920	107,205
Total		**2,986,285**		-	**2,986,285**	**198,405**

Note-28

Payables					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Creditors						22,000
Total						**22,000**

Note-29

Stocks					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Stationery						
Paints		520,651			520,651	550,651
Total		520,651			**520,651**	**550,651**

Note-30

Advance for Fixed Assets					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Metropolitan Engineering (pvt)ltd		1,808,000			1,808,000	
Abans Ltd		1,018,647			1,018,647	
Macro Auto tech (Pvt) Ltd						
Waterman Engineering (pvt)Ltd			323,825		323,825	
Diesel & Motor Engineering Ltd		7,854,000			7,854,000	5,115,927
United Tractor Equipment (Pvt) Ltd		122,800			122,800	290,400
Total		**10,803,447**	**323,825**	-	**11,127,272**	**5,406,327**

Note-31

Sales of Non Movement Stocks					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Sales Value						2,149,286
Book Value						(15,733,025)
Total			**-**	-		**(13,583,739)**

Note-32

Prior Year Adjustment					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Bank Charges						
Fixed Dposit Intrest						
Total			**-**	-		

Note-33

Capacity Building – Capital Expenses					2011	2010
		C.G.T.T.I	BORELLA	PART TIME	TOTAL	TOTAL
Training Development						
(Singapore Training)		1,210,904			1,210,904	
Total		**1,210,904**	**-**	-	**1,210,904**	

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. 2011 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 31.12.2011

	Dr	**Cr**
Accumulated fund		4,414,379
Premium income		338,475
Interest income – Prior Year		130,141
Interest income		248,881
Fixed Deposit	3,260,198	
Bank Balance	1,751,403	
Interest receivable	120,275	
Insurance Claims		
Bank Charges		
	5,131,876	5,131,876

CEYLON- GERMAN TECHNICAL TRAINING INSTITUTE
TRAINEES INSURANCE SCHEME
Income Expenditure Account Year ended 31.12.2011

	2011	**2010**
Income		
Premium income	338,475	224,330
Interest Income	248,881	335,674
Total Income	587,356	560,004
Expenses		20
Total Expenses	0	20
Surplus	**587,356**	**559,984**
Prior Year Adjustment	**130,141**	
Surplus	**717,497**	

TRAINEES INSURANCE SCHEME
Balance Sheet as at 31.12.2011

Assets	2011	2010
Fixed Assets		
Fixed Deposit	3,260,198	3,018,645
Current Assets		
Bank Balance	1,751,403	1,395,734
Interest receivable	120,275	
Total Assets	**5,131,876**	**4,414,379**
Liabilities		
Accumulated Fund	4,414,379	3,854,395
Add; Surplus	717,497	559,984
Total Liabilities	**5,131,876**	**4,414,379**

………………………..
Director/Principal
CGTTI

……………………
Accountant
CGTTI

Report of the Auditor General on the Financial statements of the Ceylon – German Technical Training Institute for year ended 31 December 2011

The Audit of Financial statement of the Ceylon German Technical Training Institute for the year ended 31 December 2011, Comprising the balance sheet as at 31 December 2011 and the income statement and cash flaw statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka. My comments and observations on these financial statements appear in this report. A detailed report for the year under review had been issued to the Principal of the institute on 14 of November 2012.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles and for such internal control as the management determines is necessary to enable the preparation of Financial Statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's responsibility

My responsibility is to express and opinion on these financial statement based on my audit. I conducted any audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments of risks of material misstatements of the financial statements whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the institution preparation and fair presentations of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing and opinion on the effectiveness of the institutions internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for qualified opinion

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

2. Financial Statements

2.1 Qualified opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Ceylon German Technical Training Institute as at 31 December 2011 and its financial performance and cash flows for the years then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

(a) Although the balance obtain after adjusting the rectification of errors through journal entries, should be equal to the balances shown in the final financial statements and unreconciled difference of Rs.903,107 in 11items of accounts had been existed.
(b) Due to non passing the correct journal entries, 13 items of accounts totalling Rs 64,127,930 posted to the leader, could not be matched with the trial balance and the final financial statements.
(c) Figures shown in the final financial statements prepared as at 31 December 2011, could not be matched with the trial balance prepared as at that date in certain instance.
(d) The value 6 motor vehicles, 1080 books and 91 items of various equipment received as donations from various countries and persons had not been computed and bought to accounts. The quantifiable value of only 55 units of these items was amounted to Rs 565,500.

2.2.3 Non - compliance with Laws, Rules, Regulations and Management Decisions

----

Instances of the follows non – compliances were observed.

Reference to Laws, Rules, Regulations etc.	Non - compliance
Acts of Parliament	
Section 26(a) of Value Added Tax Act as amended by Act No. 14 of 2007	331/3 of the Value Added Tax amounting to Rs. 101,430 to be deducted from the payments to be made to supplies contractors for the remittance to the Commissioner General of inland Ravened had not been withheld.

Circulars

(I)	Sub-paragraph 1.1.6 (V) of the Public Administration Circular No.22/99 of 08 October 1999	Without the approval of the Board of Directors and the Secretary to the Ministry, a van had been given to the Chief Engineer of the institute to travel between home and the office. He had used this vehicle for 21 months, until his retirement.
(II)	Public Enterprises Circular N0. PED/12 of 02 June 2003	
	• Sub -paragraph 9.2	The organization chart and the cadre had not been registered with the Department of public Enterprises.
	• Sub- paragraph 9.8.2	A sum of Rs.920,390 had been paid as incentives for the staff but the approval of the Department of Public Enterprises had not been obtained therefore.

3. Financial Review

The operation of the Institute for the year under review had resulted in a deficit of Rs. 13,181,942 as compared with the deficit of Rs. 44,070,519 for the preceding year. Arising a loss of Rs. 13,583,739 from sale of obsolete stock in the preceding year, decrease the provision for gratuity by Rs. 24,216,326 as compared to previous year and increase in operating income by Rs. 4,313,263 had been specially affected for favorable increase of the financial results of Rs. 30,888,577 as compared with that of the preceding year.

4. Operating Review

4.1 Performance

Performance of the Institute as at 31, December 2011, as compared with previous few years is given below.

Course	No. of Students			
	2011	2010	2009	2008
Full-time Courses				
No of courses conducted	09	09	09	09
No of students applied for courses	1848	1922	2033	2335
No of students enrolled	406	341	334	364
No of students dropped out course intermittently	09	14	20	30
No of students sat far courses at he end of the course	284	316	329	267
No of students passed	248	265	280	242
No of students failed	36	51	49	25
Part- time courses				
No of students entered	2716	2427	2412	2491
No of students completed the courses	1802	1781	1675	1715
Drop outs intermittently	469	283	281	273
Borella Branch				
Full- time courses				
No of courses conducted	02	01	01	-
No of students enrolled for courses	50	18	15	-
Drop outs intermittently	No details	06	03	-
No of students sat for examination at the end of courses	No details	09	12	-
Part- time courses				
No of courses conducted	02	-	-	-
No. of students being followed courses	64	-	-	-

The following matters were observed

(a) Number of students who apply for fulltime courses had shown a gradual decrease.

(b) Although facilities for 100 students are available in the Borella Branch, it had not been fulfilled. However, a progress was observed in the enrolment of students.

(c) Number of excess students enrolled for 06 part time courses had ranged from 38 per cent to 70 per cent. As such, if the period of practical training to be covered and the quality of courses not been deteriorated, action could have been taken to revise the number of students to be enrolled.

(d) Out of the total course income during the first half year of 2011,83 per cent had been spent for staff allowances.

4.2 Irregular Transactions

(a) The Apprentice Insurance fund had been established for the payment of compensations to apprentice students who meet accidents during the training period by recovering an annual premium of Rs. 275 from the monthly allowances of Rs. 1,000 paid to a apprentice students but the approval of the Treasury had not been obtained for this fund. Even though a balance of Rs. 1,751,403 had existed in the fund as at 31 December 2011, no accidents had occurred during the years 2010 and 2011.

(b) A sum of Rs. 20,495,318 had been invested in fixed deposits without obtaining the Treasury approval.

4.3 Management Weaknesses

There were three unsettled loan balances totalling Rs. 8,013,111 brought forward prior to the year 2005.

4.4 Uneconomic Expenditure

A sum of Rs. 50,000 had been paid to the welfare fund of the line Ministry for the 2011 Bakmaha Festival.

05. Accountability and Good Governance

Budgetary control

In considering variances between the budgeted expenditure and the actual expenditure of the year under review only 32 per cent of the budgeted expenditure in 3 expenditure items had been spent. As such it was observed that the budget had not been made use of as an effective instrument of management control.

06. System and Control

Deficiencies observed during the course of audit were referred to the attention of the Principal of the Institute from time to time. Special attention is needed in respect of the following areas of control.

(a) Accounting
(b) Budget
(c) Recruitment of employees
(d) Debtors

Appropriation Head - 156 – Report of the Auditor General on the Ministry of Youth Affairs and Skills Development and the Department and institutions under that Ministry – Year 2011

1.2 Responsibility of the Management for the Financial Statements

1.3 Auditor's Responsibility

1.4 Basis for qualified opinion

02. Financial Statements

2.1 Qualified opinion

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

(a) Action has been taken to examine and rectify the 11 accounting items shown in the accounts.

i. The transfer of course fee amounting to Rs. 11,400.00 received for the Diploma Course has been included in the stationary accounts. This will be rectified during the preparation of 2012 year accounts.

ii. The allowance of Rs. 967.00 due from 2008 had been considered as income and accounted for. A Journal entry has been entered under the Journal entry No. 252 .

iii. Special Course Fee – In the draft accounts the special fee income has been under stated by Rs. 202,408.00. Even though in the draft accounts the net income has been shown after deducting the amount paid as lecture fee for the Diploma Course, when preparing the final accounts income and expenditure has been shown separately.

iv. Accrued expenditure - An amount of Rs. 93,153.00 had been reserved for the accrued expenditure under stated in 2010 at the Borella branch. The respective journal entry and the explanations were submitted along with the reply to the draft audit report.

v. Furniture and Fitting - The erroneous accounting entries made on purchases amounting to Rs. 101,004.00 had been adjusted and accounted correctly.

vi. The erroneous accounting entries made on Purchases of Office Equipment amounting Rs. 271,044.00 had been adjusted.

vii. Journal entries had been used to show the amount accounted together with the allowance of Rs. 172,058.00 in respect of the Diploma Course and the allowance of the short term courses.

viii. Journal entries has been passed under Journal entry No. 240 for Rs. 496.00 on depreciation of machinery, Rs. 768.00 on furniture and fittings and Rs. 50,255.00 on depreciation of office equipment.

(a) When accounting the purchase of capital item, the capital account is debited and the cash book is credited. Further the capital item purchased is classified and the item classified as capital item are posted to the ledger. When posting although it is analyzed and submitted below the entries has not been posted in the journal entry books. The relevant journal entries are referred under No. 245 below.

(245)	Building	debit	315,534.00		
	Office Equipment	debit	4,177,922.00		
	Furniture	debit	364,487.00		
	Machinery	debit	54,310,156.00		
	Capital item			credit	59,168,099.00

(Purchase of capital item classified and accounted to the relevant accounts)

(ii) Miscellaneous income – A sum of Rs. 280,756.00 has been shown as miscellaneous income under Note No. 15 of the final account. This amount had been derived from some of these item of Rs. 235,476.00 shown in page 77 of the ledger, Rs. 1,300.00 shown in page 159 of the ledger, Rs.

10,980.00 shown in page 127 of the ledger, Rs. 1,000.00 shown in page 163 of the ledger and from the amount of Rs. 32,000.00 shown in page 165 of the ledger coming under the miscellaneous income.

(iii) **Stamp duty** - A sum of Rs. 1,850.00 shown as Stamp duty payable as per the ledger page No. 111 has been shown as expenditure payable in Note No. 09 of the final accounts. This amount together with the other tax payables has been shown in the Note as tax payables of Rs. 360,558.00.

(iv) **Stamp fee –** An amount of Stamp fee of Rs 13,604.00 shown in the ledger page No. 112 has been shown as Postal and communication expenditure under Note No. 20 B of the final accounts.

(v) **Apprentice Advance –** A sum of Rs. 23,750.00 collected for the Apprentice beneficiary scheme has been credited to the Apprentice Advance account instead of transferring to the Apprentice beneficiary scheme account. Hence there is a credit balance of Rs. 10,980.00 in the Apprentice Advance account. The action has been taken to adjust this balance in preparing the 2012 accounts.

(vi) **MTTC expenditure –** Action has been taken to classify to the relevant expenditure accounts from the ledger balance amounting to Rs. 4,741.00 shown as MTTC expenditure.

(vii) **MD/DT Course –** This is a course conducted by charging fee and accounted in a separate page of the ledger. When preparing the final account this amount has been added to the special course income. This has been adjusted through the Journal entry No. 251.

MD/DT Course income	debit	380,000	
Special course income	credit		380,000

(Transfer of MD/DT Course income to the Special course income account)

Other capital expenditure – Purchase of equipment amounting to Rs. 295,500.00 shown as other capital expenditure in the ledger has been shown under office equipment in the final accounts. (The journal transfer entry is given below) (Note No. 248).

Office equipment	debit	295,500	
Other capital expenditure	credit		295,500

(Transferring the amount shown as Other capital expenditure to the office equipment account)

Other acquisition – A sum of Rs. 3,380,320 shown as other acquisition in the ledger has been shown as office equipment in the final accounts. Presented under relevant journal entry No, 249.

Office equipment debit 3,380,320

Other acquisition credit 3,380,320

(Equipment purchases recorded under Other acquisition ledger accounts is transferred to office equipment account)

4048/5012 Payable expenditure – The amount of Rs.15,268.00 is shown in Note No. 9.

Translation Fee – The amount of Rs 13,830.00 shown in the ledger page No. 232 as translation fee is the due payment of previous year. Therefore this should be included in the accrued expenditure. The final account has been prepared by debiting this balance to the accrued expenditure account. Relevant journal entry is given under Entry No. 250.

Accrued expenditure debit 13,830.00

Translation Fee credit 13,830.00

(Translation Fee for the previous year is debited to the accrued expenditure account)

MTTC - Accrued expenditure - MTTC - Accrued expenditure amounting to Rs. 97,506 recorded in ledger page No 240 is shown under Note 09. This balance is shown including the other accrued expenditure under 4080 accrued expenditure.

Training Model – The preparation charges of the training model shown in ledger page No 251 has been shown under machinery equipment as a capital expenditure in the final accounts.

Relevant journal entry is given under Journal entry No. 246.

Plant and machinery debit 510,756.00

Training Model credit 510,756.00

(Transfer of training model expenditure to the plant and machinery account under capital expenditure.)

(c) Even though action has been taken to record the balances from the trial balance to the Notes submitted with the final accounts this error had been occurred due to the transaction of same nature been added together and shown in the notes to the accounts but entered separately in the ledger and the trial balance. Instruction has been given to prepare accounts by preventing this type of errors.

(d) Out of the vehicles specified 5 vehicles were from the condemned vehicles of Sri Lanka Army. During the handing over Sri Lanka Army laid the condition of using this vehicle only for the training purposes and should be returned when this cannot be used for that purposes. At present as this vehicle is condemned and not in a condition of using for training purposes necessary action is being taken to return it.

A committee has been appointed to verify the books and unvalued equipment of the organization and submit a report. Action will be taken to value the assets correctly and taken to the 2013 Annual account.

2.2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

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(a) Acts

Un retained taxes

According to Section 26(a) of the Value Added Tax (Amendment) Act of 2007, the recovery of 1/3 of the Value Added tax payable to the suppliers and contractors should be remitted to the Department of Inland Revenue. Nevertheless, action had been taken to remove requirement with effect from 2011 by the budget proposals of the year 2010 .

(b) Circular Provisions

(i) The Chief Engineer Manufacturing and Maintenance had been provided with a van since 08.06.2009 to travel to and from his residence and office and this vehicle is being used as a pool vehicle of this institution since the officer’s retirement.

(ii) 9.2 Sub Paragraph

Organization chart, cadre and procedures for recruitment and promotions had been sent to the Department of Public Enterprises for registration. (Annexure 01)

9.8.2 Sub Paragraph

Short term courses are being conducted by this institution in the evening and during weekends by charging a fee. Lecturers of this institution are engaged in this after office hours and during weekends. Visiting Lecturers also engaged in this.

The allowances are paid to these officers depending on the hours of services they render. The approval for this has been obtained from the board of governors/ advisory board.

An amount of Rs. 561,770.00 being the allowances for short term courses paid to the lecturers who have conducted short term courses of the Modern Technology and Training Division of the institution was included in the balance of Rs. 920,390 as paid allowances.

The lecturers of the institute who are engaged in special lectures during the normal duty hours can only be paid with a maximum charge of 40% of the special course lecture income. Nevertheless the lecture fee in respect of the short term courses had been calculated on 1/3 of the allowance paid for an hour. The approval has been obtained from the board of governors. The balance is considered as income of the institute.

Accordingly, an amount of Rs. 358,620 has been paid from the income of the special course lectures conducted by the officers of the Modern Technology and Training Division.

03 Financial Review

Financial Result

4. Operating Review

Performance

(a) 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 04 years pointed out in the audit query is admitted. It is proposed to take further action with a view to preventing such situations.

(b) 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 of the Ceylon German Technical Training Institute 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.

(c) Action had been taken to increase the short term courses by 10% in the year 2013. However the staff allowances was not increased.

4.2 Transactions of Contentious Nature

(a) This scheme is implemented at present with the name of Apprentice Benevolent Scheme. Accordingly under this scheme granting of benefits has been further expanded. The compensation is paid upon the request application. In the year of 2010 and 2011 there were no serious accidents caused as to claim the compensation. Advices were given and preventive measures were taken by the institute to prevent apprentice from accidents as every possible stage. Specially high risk remains during the training period of the Sections such as Power and Welding. In the other sections too the risks remain when handling machines. When considering the accidents occurred during past period fatal accidents of apprentice and lecturers were reported. These types of compensation scheme should be implemented as the occurrence of accidents cannot be specified. The approval has been obtained from the Department of Public Finance for this and action is being taken to include in the proposed Act.

(b) The request of the Department of National Budget was sought to obtain the Treasury approval in respect of fixed deposits. (Annexure 02)

4.3 Management Weaknesses

Inland Revenue Account – Rs. 1,080,661.00

This balance is the amount of With Holding Tax recovered during the period (1985 – 90) from the interest on fixed deposit of the Institute. As there is no refund of With Holding Tax the approval of the Board of Governors had been obtained to write off this balance from the books. Further this was discussed in the Audit and Management Committee Meeting. Thereafter when preparing the accounts for the year 2012 necessary action had been taken to remove Inland Revenue Account from the books.

Unutilised Assets

This stock of spare parts ware received from the SLTB. These were made available from the workshop at Werahera of the SLTB free of charge to this Institute and these spare parts are those not in use at present. There by during the past years the Depots of the SLTB were informed to take over the spare parts free of charge if necessary. The Depots also have taken over several items. A stock of unused stocks was sold out by tender.

The balance stock of spare parts remained in stores without being sold as they would be sometimes needed to repair the buses. This is not a loan balance. Hence it is the asset of the institute.

SLTB Current Account

The Ceylon German Technical Training Institute is an Institute functions under Sri Lanka Transport Board. Therefor the transaction made between the Sri Lanka Transport Board is entered in the Current Account of the Ledger. Accordingly the receipts and payments made to the Sri Lanka Transport Board Head Office is entered in this Current Account for a long period. The spare parts and the value of services exchanged between the two organizations without the intention of claiming charges were included in this account. Therefore the balance of this current account cannot be treated as a loan balance. Nevertheless a decision has been taken in the Audit and Management Committee Meeting to take action to setoff this balance after having discussion with the Sri Lanka Transport Board. Action is being taken to discuss and to setoff this balance accordingly.

4.4 Uneconomic Expenditure

When preparing the budget for the year 2011 it was estimated to utilize the revenue amounting to Rs. 14.00 Million for the recurrent expenditure. Accordingly, the revenue of the institute includes the income from courses conducted, manufacture and services provided and income from miscellaneous income. An amount of Rs. 1,050 Million was reserved under welfare expenditure of the institute through the 2011 budget.

All the officers as well as their family members of the institutions under the Ministry were invited to the New Year Celebration held during the month of April 2011 by the Ministry of Youth Affairs and Skills Development. The officers of our institute also participated in this Celebration. Therefore action was taken to contribute a sum of Rs. 50,000 from our institute to this Celebration. Hence this expenditure is stated as expenditure incurred under welfare expenditure.

05. Accountability and Good Governance

Budgetary Controls

The Accountant and the other officers had been advised to allocate only the funds required and to utilize properly the funds allocated through the Budget of the year.

06. Systems and Controls

Instructions have been issued to the officers concerned to pay special attention on the areas of the Systems and Controls. Accordingly, in connection to this action is being taken with due care .

Shantha B. Karunaratne
Director/Principal
Ceylon German Technical Training Institute