Ceylon German Technical Training Institute - 2025
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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ceylon German Technical Training Institute for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the institute as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Institute is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Institute.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements.

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the Following:

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Institute and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Institute has complied with applicable written law, or other general or special directions issued by the governing body of the Institute;

- Whether the Institute has performed according to its powers, functions and duties; and

- Whether the resources of the institute had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on preparation of the Financial Statements

1.5.1 Accounting Deficiencies

	Audit Issue	Management Comment	Recommendation
(a)	Since the provision for depreciation of Rs.11, 345,101 had been made in the year under review for the computers and equipment with a cost of Rs.45,380,405 fully depreciated, the deficit of the institute had been overstated in the year under review and the value of the assets had been understated by same amount.	It is informed that the step will be taken to rectify it.	The computers and equipment fully depreciated should be properly identified.
(b)	The value of 04 vehicles donated by an external institute had not been assessed and mentioned in the financial statements and the assets with a value of Rs. 31,699,295 received as donations in had not been mentioned in the financial statements.	It had been informed to the Government Valuation Department to assess the value.	The vehicles received as donations should be immediately accounted.
(c)	The deficit of the institute in the year under review had been understated by same amounts due to not accounting of the depreciation of Rs.117, 237,556 and Rs.1, 618,009 in relation to the buildings and the training equipment in the year under review.	It will be rectified in the submission of the final accounts in the year 2026.	The depreciation should be accurately accounted.

1.6 Non-compliance with laws, rules, regulations and management decisions

	Reference to laws, rules regulations	Non-compliance	Management Comment	Recommendation
(a)	Operational Manual for the State-Owned Enterprises introduced by the Public Enterprises Circular No.01/2021 dated 16 November 2021			
(i)	Paragraph 2.3	Even though the administration and finance manuals with regard to the institute should be prepared and get approved from the Board of Directors, no action had been taken by institute accordingly.	The administrative methodology of the institute had been prepared presently and it is due to be presented the draft to the governing board.	The administrative and finance methodology pertaining to the institute should be prepared or an acceptable methodology should be formulated.
(ii)	Paragraph 6.7	Though the annual asset verification should be carried out related to the fixed assets and stocks and the board of survey reports should be submitted to the audit, no action had been taken accordingly.	The relevant action will be taken by officers appointed to the board of survey for the year 2025.	The verification of goods should be annually carried out.

2. Financial Review
2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.124, 712,957 and the corresponding deficit in the preceding year amounted to Rs.143, 548,449.Therefore, an improvement amounting to Rs. 18,835,492 of the financial result was observed. The reasons for the improvement are increase of government grants, part-time course fee income and other income.

2.2 Trend Analysis of major Income and Expenditure Items

Analysis of major income and expenditure items of the year under review compared with the preceding year is as follows.

	Year 2025 (Rs.)	Year 2024 (Rs.)	Difference Advantageous/ (Disadvantageous) (Rs.)	Percent age %
Income				
Government grants	720,561,250	606,485,208	114,076,042	18.81
Donations	2,789,646	19,805,810	(17,016,164)	(85.92)
Operating income	333,508,338	280,835,811	52,672,527	18.76
Expenditure				
Personal emoluments	367,140,493	322,452,362	(44,688,131)	(13.86)
Part-time course expenditure	190,604,687	186,196,787	(4,407,900)	(2.37)
Other operating expenditure	623,827,012	542,026,132	(81,800,880)	(15.09)

The operating expenditure compared with the operating income of the institute had trebled and the continuous deficit of the financial result had caused for this condition subsequent to receipt of the government grants.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue	Management Comment	Recommendation
(a)	Even though it had been mentioned that 05 lands in extent of 29 acres and 0.35029 hectares enjoyed by institute belong to Sri Lanka Transport Board and Department of Railways, no action had been taken to take over the legal ownership of such lands.	Some discussions had been held with the relevant institutions in relation to take over the lands and currently, the actions are being taken to take over such lands to the institute.	The legal ownership of these lands should be taken over.
(b)	Though the hostel located in Atthidiya area had been reserved for the students, 54 persons in the staff had accommodated. In that hostel. However, a written agreement had not been entered into with its staff and it had not been charged for the usage of water and electricity in the hostel.	It will be informed to immediately take action to obtain the approval in relation to charges to be made from the members of staff of institute.	It should be held responsible to take action fulfill the objectives of the construction of hostel.

(c)	Rs.219.52 million had been incurred for the construction activities of 03 storied hostel of Killinochchi Sri Lanka German Traning Institute (SLGTI) of Ceylon German Industrial Training Institute planned to be completed by 31 August 2021 after commencement in 2020, the construction work of first and second floors of the hostel had not been completed so far.	The steps had been taken to commence the construction activities under monitoring of the army with an objective of the completion of the construction activities.	The speedy solutions should be provided by the administration for the fulfillment of the facilities of students.

3.2 Idle or Under Utilized Property, Plant and Equipment

Audit Issue	Management Comment	Recommendation
It was observed that Director/Principal official residence belonging to institute had not been used by any officer or not taken for any purpose since the beginning of 2020 and a sum of Rs.4,602,327 paid as security fees of this official residence from 2020 to 2025 had become an idle expense.	It had been planned to renovate the official residence and it was able to protect the valuable assets stored through providing the security to said house.	The action should be taken to utilize the idle assets.

3.3 Defects in Contract Administration

Audit Issue	Management Comment	Recommendation
Even though a sum of Rs.8, 915,853 had been provided to Puttalam District Secretariat on 03 December 2025 for the construction and maintenance activities of Anamaduwa Regional Branch, said construction activities had not been carried out even up to the date of this report.	Puttalam District Secretariat had agreed to complete the relevant task after starting the procurement activities within 2026.	The institute should take measures to immediately carry out the construction activities.