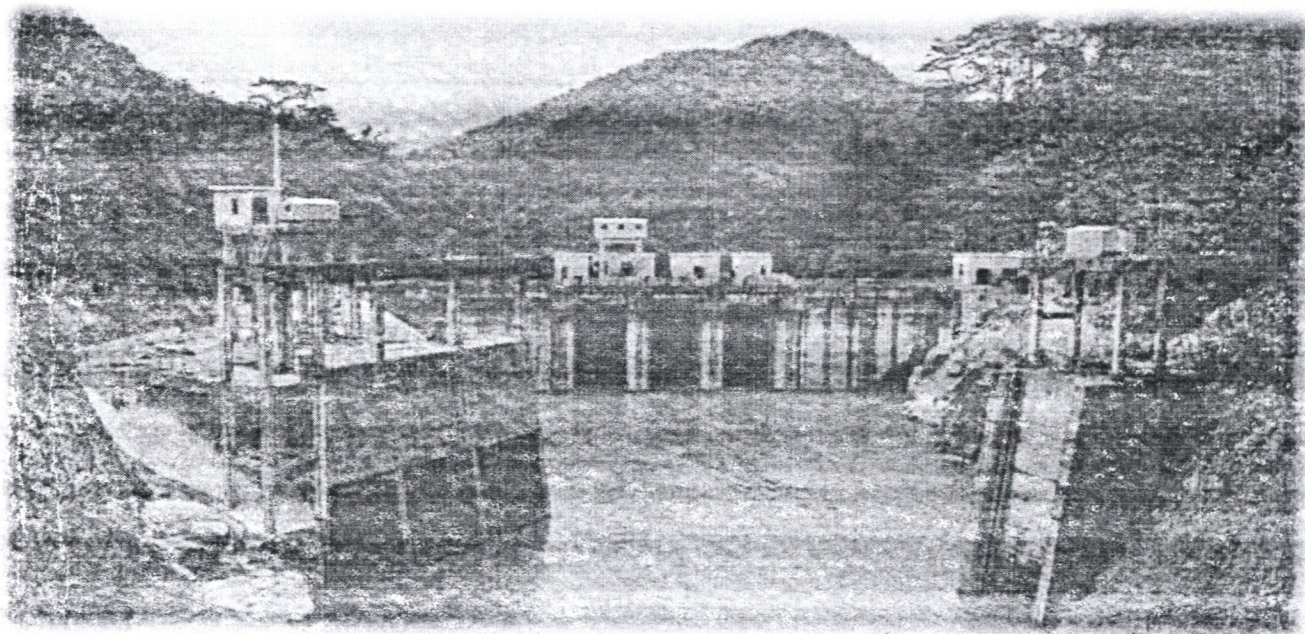


# FINANCIAL STATEMENTS 2023



**CENTRAL ENGINEERING CONSULTANCY BUREAU**

Ministry of Irrigation

No 415, Bauddhaloka Mawatha, Colombo 07, Sri Lanka

[www.cecb.lk](http://www.cecb.lk)



# FINANCIAL STATEMENTS 2023

## CENTRAL ENGINEERING CONSULTANCY BUREAU

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**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Note	GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Revenue</b>	<b>9</b>	<b>9,890,496,483</b>	<b>8,637,928,334</b>	<b>5,503,254,616</b>	<b>4,495,657,876</b>
Cost of Sales	10	(9,041,339,729)	(7,513,664,938)	(5,279,523,650)	(4,038,496,551)
<b>Gross Profit</b>		<b>849,156,754</b>	<b>1,124,263,396</b>	<b>223,730,966</b>	<b>457,161,325</b>
Other Income	11	112,617,905	239,321,980	209,100,877	149,511,814
Administration Expenses		(1,475,078,166)	(1,374,735,755)	(577,795,010)	(602,861,755)
Selling and Distribution Expenses		(15,566,671)	(433,889,642)	(606,845)	(390,454,796)
<b>Results from Operating Activities</b>		<b>(528,870,178)</b>	<b>(445,040,021)</b>	<b>(145,570,011)</b>	<b>(386,643,411)</b>
Finance Income		1,598,124,215	780,559,497	896,766,120	459,643,178
Finance Cost		(19,009,910)	(11,586,797)	(3,650,202)	(3,604,800)
<b>Net Finance Income</b>	<b>12</b>	<b>1,579,114,305</b>	<b>768,972,700</b>	<b>893,115,918</b>	<b>456,038,378</b>
<b>Profit Before Tax</b>		<b>1,050,244,127</b>	<b>323,932,679</b>	<b>747,545,907</b>	<b>69,394,967</b>
Income Tax Expense	14	(351,112,951)	(164,891,451)	(232,682,618)	(70,987,105)
<b>Profit/(Loss) for the Year</b>		<b>699,131,176</b>	<b>159,041,229</b>	<b>514,863,289</b>	<b>(1,592,138)</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of Defined Benefit Liability	24	(136,607,436)	34,169,991	(121,778,932)	32,589,792
Revaluation of Non Current Assets	28	-	-	-	-
Related Tax	25	(15,498,549)	(52,094,863)	(15,498,549)	(52,094,863)
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>(152,105,985)</b>	<b>(17,924,872)</b>	<b>(137,277,481)</b>	<b>(19,505,071)</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>547,025,191</b>	<b>141,116,358</b>	<b>377,585,808</b>	<b>(21,097,209)</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 32 form an integral part of these Financial Statements.





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2023	Note	GROUP		CECB	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,249,938,971	3,451,217,545	2,778,447,375	2,839,569,171
Right-of-use Assets	16	66,481,983	69,212,972	53,362,757	55,579,570
Intangible Assets	17	4,298,802	6,637,974	4,298,802	6,637,976
Investments	18	707,732,402	296,196,148	572,409,484	306,196,168
Amount Due from Related Parties	21	-	-	1,545,964,905	1,538,066,675
<b>Total Non-Current Assets</b>		<b>4,028,452,154</b>	<b>3,823,264,639</b>	<b>4,954,483,324</b>	<b>4,746,049,561</b>
<b>Current Assets</b>					
Inventories	19	834,134,941	1,003,136,649	25,200,147	21,573,121
Work in progress	19	116,073,806	64,675,522	-	-
Trade and Other Receivables	20	8,999,583,397	10,960,643,631	8,780,923,851	9,445,685,931
Short term Investments	18	7,458,978,011	5,754,441,609	3,495,296,737	3,008,256,843
Cash and Cash Equivalents	22	2,810,811,208	928,177,351	571,683,245	274,971,325
<b>Total Current Assets</b>		<b>20,219,581,362</b>	<b>18,711,074,763</b>	<b>12,873,103,980</b>	<b>12,750,487,221</b>
<b>Total Assets</b>		<b>24,248,033,519</b>	<b>22,534,339,402</b>	<b>17,827,587,307</b>	<b>17,496,536,781</b>
<b>Equity and Liabilities</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve	28	197,939,233	92,439,233	197,939,233	92,439,233
Revaluation Reserve		666,888,864	711,168,864	516,618,300	516,618,300
Retained Earnings		7,478,525,975	6,918,150,698	6,271,063,057	5,896,505,525
<b>Total Equity</b>		<b>8,343,854,072</b>	<b>7,722,258,795</b>	<b>6,986,120,590</b>	<b>6,506,063,057</b>
<b>Non-Current Liabilities</b>					
Lease Creditors	23	2,980,115	2,968,736	2,980,115	2,968,736
Employee Benefit Liabilities	24	309,402,590	169,789,433	267,510,804	141,652,950
Deferred Tax	25	55,536,475	54,752,719	22,919,800	40,487,189
Discount Received	18	-	11,907,048	-	11,907,048
<b>Total Non-Current Liabilities</b>		<b>367,919,179</b>	<b>239,417,937</b>	<b>293,410,719</b>	<b>197,015,925</b>
<b>Current Liabilities</b>					
Trade and Other Payables	26	14,766,312,372	13,798,285,356	9,823,370,664	10,070,494,156
Income Tax Payables	27	769,575,620	774,148,929	724,313,059	722,735,259
Lease Creditors	23	372,276	228,384	372,276	228,384
<b>Total Current Liabilities</b>		<b>15,536,260,268</b>	<b>14,572,662,671</b>	<b>10,548,055,999</b>	<b>10,793,457,799</b>
<b>Total Liabilities</b>		<b>15,904,179,448</b>	<b>14,812,080,607</b>	<b>10,841,466,718</b>	<b>10,990,473,724</b>
<b>Total Equity and Liabilities</b>		<b>24,248,033,519</b>	<b>22,534,339,402</b>	<b>17,827,587,307</b>	<b>17,496,536,781</b>


Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 32 form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS s and SLFRS s) issued by the Institute of Chartered Accountants of Sri Lanka.


  
B.V.A.R.M. De Silva

A/DEPUTY GENERAL MANAGER (FINANCE)

  
Eng. S.A.U.D.C. Siriwardhana  
GENERAL MANAGER

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board :

  
Eng. B.A.S.S. Perera  
CHAIRMAN

  
Eng. G.D.A. Piyathilake  
DIRECTOR

28<sup>th</sup> February 2024  
Colombo





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**STATEMENT OF CASH FLOW**

FOR THE YEAR ENDED 31ST DECEMBER 2023	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	1,050,244,127	323,932,679	747,545,907	69,394,967
<b>Adjustments for:</b>				
Depreciation on Property, Plant and Equipments	305,082,146	333,651,452	164,213,346	163,799,681
Amortisation of Leased Hold Property	2,730,989	2,730,989	2,216,813	2,216,813
Amortisation of Intangible Assets	2,339,173	2,367,619	2,339,173	2,367,619
Provision for Bad and Doubtful Debts	236,489	31,763,440	236,489	8,656,741
Reversal of Bad and Doubtful Debts	(69,256,678)	(23,099,484)	(69,256,678)	(23,099,484)
Provision / (Reversal) for Gratuity	45,031,075	44,955,521	36,115,039	36,770,172
Net Finance Income	(1,579,114,305)	(690,330,024)	(893,115,918)	(377,395,702)
(Profit) / Loss on disposal of Property, Plant and Equipments	33,895,979	211,502	-	63,310
<b>Operating Profit before Working Capital Changes</b>	<b>(208,811,005)</b>	<b>26,183,692</b>	<b>(9,705,830)</b>	<b>(117,225,888)</b>
(Increase)/Decrease in Inventories	169,001,708	35,159,232	(3,627,027)	(10,301,543)
(Increase)/Decrease in Work In Progress	(51,398,284)	(29,476,789)	-	-
(Increase)/Decrease in Trade and Other Receivables	2,030,080,424	65,511,024	733,782,270	251,976,255
(Increase)/Decrease in Amounts Due from Related Companies			(7,898,230)	(106,827,222)
Increase/(Decrease) in Trade and Other Payables	968,026,982	(38,015,113)	(247,123,529)	(330,921,418)
<b>Cash Generated from Operating Activities</b>	<b>2,906,899,828</b>	<b>59,362,047</b>	<b>465,427,655</b>	<b>(313,299,815)</b>
Interest paid	(19,009,910)	(11,586,797)	(3,650,202)	(3,604,800)
Tax paid	(370,401,054)	(107,266,116)	(264,170,758)	(45,703,694)
Gratuity paid	(42,025,355)	(58,262,076)	(32,036,117)	(50,583,933)
<b>Net Cash Flows from Operating Activities</b>	<b>2,475,463,510</b>	<b>(117,752,942)</b>	<b>165,570,578</b>	<b>(413,192,243)</b>
<b>Cash Flows from Investing Activities</b>				
Investment in Property Plant and Equipment	(48,679,274)	(216,409,345)	(619,791)	(20,658,441)
Investment in Capital Work in Progress	(20,456,854)	(16,152,680)	-	-
Sales Proceed on Disposal of Property Plant and Equipment	6,006,693	7,425,590	-	31,040
Investment / Disposal of Long Term Deposit	(411,536,254)	(250,155,181)	(266,213,316)	(250,155,181)
Investment / Disposal of Short Term Deposit	(1,704,536,402)	(250,783,289)	(487,039,894)	159,053,041
Interest Income	1,598,124,215	701,916,821	896,766,120	381,000,502
Discount received of Investment on long term treasury bond	(11,907,048)	11,907,048	(11,907,048)	11,907,048
<b>Net Cash Flows from Investing Activities</b>	<b>(592,984,924)</b>	<b>(12,251,036)</b>	<b>130,986,071</b>	<b>281,178,008</b>
<b>Cash Flows from Financing Activities</b>				
Payment of Finance Lease Liabilities	155,271	148,149	155,271	148,149
<b>Net Cash from Financing Activities</b>	<b>155,271</b>	<b>148,149</b>	<b>155,271</b>	<b>148,149</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,882,633,857	(129,855,829)	296,711,920	(131,866,085)
Cash and Cash Equivalent at the beginning	928,177,351	1,058,033,180	274,971,325	406,837,411
<b>Cash and Cash Equivalent at the end (Note 22)</b>	<b>2,810,811,208</b>	<b>928,177,351</b>	<b>571,683,245</b>	<b>274,971,326</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 32 form an integral part of these Financial Statements.







## CENTRAL ENGINEERING CONSULTANCY BUREAU

## STATEMENT OF CHANGES IN EQUITY - CECB

FOR THE YEAR ENDED 31ST DECEMBER 2023

	CECB				
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2022	500,000	92,439,233	516,618,300	5,917,602,731	6,527,160,264
Net Profit For the Year	-	-	-	(1,592,139)	(1,592,139)
Other Comprehensive Income for the year, net of tax	-	-	-	(19,505,071)	(19,505,071)
Balance as at 31st December 2022	500,000	92,439,233	516,618,300	5,896,505,522	6,506,063,054
Net Profit For the Year	-	-	-	514,863,289	514,863,289
Correction between revaluation reserves and retained ear	-	-	-	(137,277,481)	(137,277,481)
Prior Year Adjustment Note 1	-	105,500,000	-	(3,028,274)	102,471,726
Balance as at 31st December 2023	500,000	197,939,233	516,618,300	6,271,063,056	6,986,120,589

	GROUP				
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2022	500,000	92,439,233	711,168,864	6,777,034,330	7,581,142,427
Profit For the Year	-	-	-	159,041,240	159,041,240
Other Comprehensive Income for the year, net of tax	-	-	-	(17,924,872)	(17,924,872)
Balance as at 31st December 2022	500,000	92,439,233	711,168,864	6,918,150,698	7,722,258,795
Net Profit For the Year	-	-	-	699,131,178	699,131,178
Other Comprehensive Income for the year, net of tax	-	-	-	(152,105,985)	(152,105,985)
Prior Year Adjustment Note 1	-	105,500,000	-	(3,028,274)	102,471,726
Prior Year Adjustment Note 2	-	-	-	(27,901,643)	(27,901,643)
Prior Year Adjustment Note 3	-	-	(44,280,000)	44,280,000	-
Balance as at 31st December 2023	500,000	197,939,233	666,888,864	7,478,525,975	8,343,854,072

## Prior Period Adjustments

- Note 1 Recognition of Assets transferred from CESL  
 Note 2 Correction of error recording Asset and Depreciation  
 Note 3 Reversal of Revaluation Reserve of Disposed Motor Vehicles.





**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**1. CORPORATE INFORMATION**

**1.1 Domicile and Legal Form**

Central Engineering Consultancy Bureau is a State Corporation established under the provisions of the State Industrial Corporations Act no. 49 of 1957 and domiciled in Sri Lanka. The Bureau's registered office and the principal place of business are located at No.415, Baudhaloka Mawatha, Colombo 07.

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2021 comprises the Bureau and its subsidiaries (together referred to as the "Group").

The Financial Statements of all Companies in the Bureau have a common financial year which ends on December 31st.

**1.2 Principal Activities and Nature of Operations**

Central Engineering Consultancy Bureau is primarily involved in the business of construction, consultancy and any engineering related activities.

Central Engineering Service (Private) Limited (CESL) is a fully owned subsidiary of CECB engage in the business of undertaking and executing Design-Build, Turnkey and other types of construction work in the field of civil, electrical and mechanical engineering and all aspects connected therewith or ancillary or incidental thereto on its own or as a member of joint venture or a member of a consortium in Sri Lanka or elsewhere.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

The financial statements of the Bureau and the Group comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the cash flow statement, together with the accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Financial Statements of the subsidiary are prepared in compliance with the Accounting policies of the Bureau unless stated otherwise.

**2.2 Basis of Measurement**

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of Financial Position.

- Financial Assets and Financial Liabilities that have been measured at fair value (LKAS -39)
- Property Plant and Equipment are stated at fair value. (LKAS -16)
- Employee benefit liability recognized based on actuarial valuation (LKAS-19)

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

The Bureau's Directors have made an assessment of the Bureau's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business.

## **2.3 Functional and Presentation Currency**

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Bureau's functional and presentation currency.

## **2.4 Significant Accounting Judgments, Estimates & Assumptions**

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS) requires the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses and disclosure of contingent liabilities. Actual results may differ from these estimates.

The Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from the other sources.

The Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Critical accounting estimate/ judgment	Note No	Page No
Contract revenue, cost and percentage of completion	09	21

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

Critical accounting estimate/ judgment	Note No	Page No
Property, plant and equipment	15	23-24
Employee Benefits	22	27
Deferred Tax Liabilities	23	28

## **3 SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Basis of Consolidation**

#### **(a) Business Consolidation**

The group's financial statements comprise consolidation of the financial statements of the bureau, its subsidiaries in terms of the Sri Lanka Accounting Standards SLFRS 10- "Consolidated Financial Statements"





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**  
**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Basis of Consolidation (Continued)**

**(b) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Financial Statements of Subsidiaries are included in the consolidated Financial Statements from the date that control commences, until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

**(c) Transactions eliminated on consolidation**

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**3.2 Current versus non-current classification**

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities including deferred tax liabilities as non-current.

**3.3 Foreign Currency Transactions**

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Foreign exchange differences arising on translation of foreign exchange transactions are recognized as a profit or loss in the statement of Comprehensive Income.

**3.4 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Bureau estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bureau estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.





**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.5 Statement of cash flows**

The Statement Cash Flow has been prepared using the “indirect method” in accordance with Sri Lanka Accounting Standard LKAS 7 – “Statement of Cash Flows”. Cash and cash equivalent

comprise cash in hand, cash at bank and short-term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flow and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**3.6 Sri Lanka Accounting Standards (SLFRSs/ LKASs) Issued But Not Yet Effective**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

**3.7 Financial Instruments**

**3.7.1 Financial Assets and Financial Liabilities**

**(a) Initial Recognition and Measurement**

The Bureau recognizes a financial asset or a financial liability in its statement of financial position when the entity becomes party to the contractual provisions of the instrument.



### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Financial Instruments (Continued)

##### 3.7.1 Financial Assets and Financial Liabilities

Bureau initially measures its financial assets at fair value. In case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, are added to the cost of financial asset.

Bureau initially measures its financial liabilities at fair value. In case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities, are deducted from carrying value.

Trade receivables are initially measured at transaction price as stated in SLFRS 15.

##### (b) Classification of Financial Assets

- (i) Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on
- The company's business model for managing the financial assets and
  - The contractual cash flow characteristics of the financial assets

- (ii) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

- (iii) Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through OCI if both of following conditions are met.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

- (iv) Financial assets measured at fair value through profit or loss

A financial asset is measured at Fair value through profit or loss unless it is measured at amortized cost or fair value through OCI in accordance with paragraph (ii) and (iii) above.

##### (c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Commitments to provide a loan at a below-market interest rate.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Financial Instruments (Continued)**

**3.7.1 Financial Assets and Financial Liabilities**

**(d) Reclassification**

- (i) Financial assets are reclassified when and only when the company changes its business model for managing financial assets.

If the company reclassifies financial assets, Such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

- (ii) Financial liabilities are not reclassified

**(e) Amortised cost Measurement**

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value of financial assets

**(f) Impairment**

The company recognizes a loss allowances for expected credit losses on a financial asset.

Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions, loss allowances at an amount equal to the lifetime expected credit losses is made.

Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions, loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

**(g) Derecognition of Financial Assets**

The company derecognises a financial assets when:

- The contractual rights to the cash flows from the financial asset expire, or
- It transfers the financial asset and the transfer qualifies for derecognition.

**(h) Derecognition of Financial Liabilities**

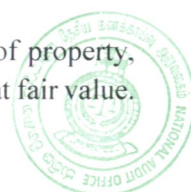
A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

**3.8 Property, Plant and Equipment**

**3.8.1 Recognition and Measurement**

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value.





**3.8 Property, Plant and Equipment (Continued)**

**3.8.1 Recognition and Measurement (Continued)**

The Group applies cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

When an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is de-recognised.

**3.8.2 Freehold Assets**

The cost of an item of property, plant and equipment comprise of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of Self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for it intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Purchased software that is integrated to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major component) of property, plant and equipment.

**3.8.3 Leasehold Assets**

Leases in terms of which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured and capitalized at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Property, Plant and Equipment (Continued)**

**3.8.4 Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied. Within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**3.8.5 De-recognition**

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in profit or loss.

**3.8.6 Depreciation**

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation of an asset begins when it is available for use where as depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Group that is classified as held for sale) and the date that the asset is derecognised. Depreciation is not charged on Freehold Land and Capital Work in Progress.

The estimated useful lives are as follows:

Asset Category	Useful Lives(years)
Freehold Building	13-14
Office Equipment and Furniture and Fittings	5-8
Construction Instruments and Equipment	4-5
Motor Vehicles	4-10
Plant & Machinery	5
Containers	5
Computers	5
Library Books	8

The residual value and the useful life of an asset shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors.





**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Property, Plant and Equipment (Continued)**

**3.8.7 Capital Work in Progress**

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to Property, Plant and Equipment.

**3.9 Leasehold Property**

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and stated at valuation, are amortised on a straight line basis over the remaining lease term. The impairment loss if any is recognised in the Statement of Profit or Loss.

**3.10 Intangible Assets**

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or other services, rental to others or for administrative purposes. An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

**(i) Computer software**

Computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any ac Amortisation

**(ii) Amortisation**

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised on a straight line basis in the Income Statement from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. cumulated impairment losses.

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de- recognised.

**(iii) De-recognition**

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11 Inventories**

Inventories are valued at lower of cost and net realizable value. Cost is determined on the weighted average cost basis and includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

**3.12 Biological Assets**

Biological assets consist of perennial and annual crops relating to Agri Engineering Business which are measured at fair value less cost to sell, with any change therein recognized in profit or loss. In the instances where fair value cannot be measured reliably biological assets are carried at cost less accumulated amortization.

Gain or loss arising in initial recognition of biological assets at fair value less cost to sell and from a change in fair value is included in profit or loss for the period in which it arises.

**3.13 Work in Progress**

Work in Progress represent the cost incurred in respect of unbilled work done as at the end of the year. It is measured at the amount of expenditure incurred from the last date of billing (or Valuation) upto the end of the financial year. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

**3.14 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. Where credit is extended beyond normal credit terms, trade receivables are measured at amortized cost using the effective interest rate method. Other receivables that are not financial assets measured at the cost.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, impairment loss is recognized immediately in the statement of comprehensive income.

The Company assesses at the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

**3.15 Employee benefits**

**(a) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which contributions are made in to a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**  
**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.15 Employee benefits (Continued)**

**(a) Defined contribution plans (Continued)**

**Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund**

All employees who are eligible for Employees Provident Fund contribution and Employees Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively

**(b) Defined Benefit Plan - Gratuity**

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee

Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

The Group expects to carry out actuarial valuation at least once in every three years.

The gratuity liability is valued using the Projected Unit Credit (PUC) method considering the assumptions required to arrive at the present value of defined benefit obligation.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

**3.16 Provisions**

Provisions are recognized if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions and liabilities are recognized in the Statement of Financial Position. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the liability. Unwinding of discount is recognized as finance cost.

Capital commitments and contingencies

Capital commitments and contingent liabilities of group are disclosed in respective note 30 to the Financial Statements.

**3.17 Statement of Profit or Loss and Other Comprehensive Income**

**3.17.1 Revenue**

**(a) Construction Revenue**

Construction revenue is recognized in the statement of profit or loss in proportion to the stage of completion of the contract (based on input method) in accordance with SLFRS 15-Revenue from contracts with customers.





CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023  
3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**3.17 Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**3.17.1 Revenue (Continued)**

**(a) Construction Revenue (Continued)**

Under input method, revenue is recognized on the basis of the group's input to the satisfaction of performance obligation relative to the total expected inputs (Estimated Cost) to the satisfaction of that performance obligation.

For projects pending STC approval, the contract revenue is recognized only to the extent of 90% of initial amount of revenue agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they

will result in revenue and can be measured reliably. Contract revenue is revised to the STC approved contract revenue approval once is received from STC. For other contracts the contract price includes initial amount agreed in the contract plus any variations in the contract work.

**(b) Consultancy Services**

Revenue from consultancy services is recognized according to nature, scope, value and duration of the consultancy contracts in the following manner.

- **Stage of Completion Method**

Revenue from consultancy services is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to survey of work performed.

- **Invoice Method**

Revenue from consultancy services for which stage of completion of a contract cannot be reliably determined is recognized by invoice Method.

- **Collection Method**

Revenue from "Maintenance Requests" projects is recognized on Cash Collection Method

**3.17.2 Interest Income**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Comprehensive Income.

**3.17.3 Dividend Income**

Dividend income is accounted when the shareholders' right to receive payment is established.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.17 Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**3.17.4 Other Income**

Profits or losses from disposal of property, plant and equipments recognized having deducted from proceeds on disposal, the carrying value of the assets and the related expenses.

Foreign currency gains and losses are reported on a net basis.

**3.17.5 Expenditure Recognition**

**(a) Construction and consultancy Cost**

Contract expenses are recognised as incurred unless they create an asset related to future Contract activity. Expected losses are recognized as an expense when it is probable that the total cost pertaining to construction contracts will exceed its revenue.

**(b) Other Expenses**

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

**3.17.6 Taxation**

**(a) Current Taxes**

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in the respective notes to the Financial Statements.

**(b) Deferred Tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;





**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.17 Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**3.17.6 Taxation (Continued)**

**(b ) Deferred Tax (Continued)**

- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

**4 ORDINARY SHARE CAPITAL**

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.

**5 GOING CONCERN**

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

The impact of COVID-19 pandemic on the business/ operations of the Bureau and Group

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the global economy. In Sri Lanka, several guidelines and instructions were issued by the government and health authorities which are strictly followed by the Bureau.

However, the management is of the view that the Bureau and its group is able to maintain a satisfactory liquidity position to safeguard the interest of all stakeholders. Accordingly, the management concluded that the Bureau has adequate resources to continue as a going concern, and is continuously monitoring and assessing the impact of COVID-19 pandemic, on the financial performance, financial position and cash flows of the Bureau and the Group.

**6 RELATED PARTY TRANSACTIONS**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged. The relevant details are disclosed in the Note 29 to the Financial Statements.



**CENTRAL ENGINEERING CONSULTANCY BUREAU  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**7 CASH FLOW STATEMENT**

The Cash Flow Statement has been prepared using the indirect method in accordance with Sri Lanka Accounting Standard LKAS 7 – Statement of Cash Flows.

**8 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Events after the reporting period are those events favourable and unfavourable that occurs between the end of the reporting period and the date when the Financial Statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER 2023**

	GROUP		CECB	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>9 Revenue</b>				
Construction Revenue	8,407,458,589	6,907,547,417	4,008,968,630	2,747,893,232
Consultancy Revenue	1,483,037,894	1,730,380,917	1,494,285,985	1,747,764,644
	<u>9,890,496,483</u>	<u>8,637,928,334</u>	<u>5,503,254,616</u>	<u>4,495,657,876</u>
<b>10 Cost of sales</b>				
Construction Cost	7,695,948,906	5,943,272,436	3,933,142,666	2,464,900,872
Consultancy Cost	1,345,390,824	1,570,392,503	1,346,380,984	1,573,595,678
	<u>9,041,339,730</u>	<u>7,513,664,938</u>	<u>5,279,523,650</u>	<u>4,038,496,551</u>
<b>11 Other Income</b>				
Miscellaneous Revenue	65,339,773	152,711,267	57,187,128	83,595,238
Hiring Income	29,336,429	100,139,707	55,038,500	12,137,500
Gain on Disposal of property plant & equipm	(33,895,979)	(117,152)	-	31,040
Reimbursable costs			27,618,571	30,648,552
Bad Debt Provision Reversal	69,256,678	23,099,484	69,256,678	23,099,484
Loss on Asphalt/Crusher Plant	(18,959,901)	(36,595,421)	-	-
Commission Income	1,540,908	84,093	-	-
	<u>112,617,905</u>	<u>239,321,980</u>	<u>209,100,877</u>	<u>149,511,814</u>
<b>12 Net Finance Income</b>				
<b>Finance Income</b>				
Interest Income	1,617,198,965	701,916,821	915,840,870	381,000,502
Foreign exchange gain/(loss)	(19,074,750)	78,642,677	(19,074,750)	78,642,677
	<u>1,598,124,215</u>	<u>780,559,497</u>	<u>896,766,120</u>	<u>459,643,178</u>
<b>Finance Cost</b>				
Interest Expenses	(19,009,910)	(11,586,797)	(3,650,202)	(3,604,800)
	<u>(19,009,910)</u>	<u>(11,586,797)</u>	<u>(3,650,202)</u>	<u>(3,604,800)</u>
<b>Net Finance Income</b>	<u>1,579,114,305</u>	<u>690,330,024</u>	<u>893,115,918</u>	<u>377,395,702</u>



**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER 2023**

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>14 Income Tax</b>				
<b>14.1</b> Current Tax Expense	386,321,731	198,914,282	265,748,558	102,870,135
Deferred Tax Provision	(14,714,794)	(34,022,831)	(33,065,940)	(31,883,030)
Adjustment for Prior Years	(20,493,987)	-	-	-
	<b>351,112,951</b>	<b>164,891,451</b>	<b>232,682,618</b>	<b>70,987,105</b>
<b>14.2 Reconciliation of Accounting Profit to Taxable Profit</b>				
Income Tax Charge at				
Income Tax @ 14%	-	-	-	-
Income Tax @ 24%	47,906,698	93,626,758	-	45,720,060
Income Tax @ 30%	313,886,006	105,287,523	265,748,558	57,150,075
Current Income Tax Expenses	<b>361,792,704</b>	<b>198,914,282</b>	<b>265,748,558</b>	<b>102,870,135</b>



## FOR THE YEAR ENDED 31ST DECEMBER

## 15 PROPERTY PLANT AND EQUIPMENT

## 15 CECB

	Land		Buildings		Furniture & Fittings		Construction Instrument & Equipment		Office Equipment		Plant & Machinery		Containers		Computers		Motor Vehicles		Library Books		Capital Work In Progress		Total	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
<b>Cost</b>																								
Balance as at 1st January 2023	2,206,500,000		844,742,539		66,390,861		129,005,900		72,080,696		227,672,119		1,709,753		152,009,787		500,082,259		2,267,020		14,778,996		4,217,239,928	
Adjustment to opening balances	-		-		-		-		-		-		-		-		-		-		-		105,500,000	
<b>Balance as at 01.01.2023</b>	<b>2,206,500,000</b>		<b>844,742,539</b>		<b>66,390,861</b>		<b>129,005,900</b>		<b>72,080,696</b>		<b>227,672,119</b>		<b>1,709,753</b>		<b>152,009,787</b>		<b>605,582,259</b>		<b>2,267,020</b>		<b>14,778,996</b>		<b>4,322,739,928</b>	
Additions during the year	-		-		37,147		395,854		159,240		-		-		19,500		-		8,050		-		619,791	
Transfer from Other Units	-		-		29,697		-		-		-		-		-		33,750,000		-		-		33,779,697	
Transfer to Other Units	-		-		(29,697)		-		-		-		-		-		(33,750,000)		-		-		(33,779,697)	
<b>Balance as at 31st December 2023</b>	<b>2,206,500,000</b>		<b>844,742,539</b>		<b>66,428,008</b>		<b>129,401,754</b>		<b>72,239,936</b>		<b>227,672,119</b>		<b>1,709,753</b>		<b>152,029,287</b>		<b>605,582,259</b>		<b>2,275,070</b>		<b>14,778,996</b>		<b>4,323,359,719</b>	
<b>Accumulated Depreciation</b>																								
Balance as at 1st January 2023	-		658,292,767		53,905,529		118,015,734		61,631,318		186,710,392		1,709,752		130,641,411		164,944,341		1,819,518		-		1,377,670,762	
Adjustment to opening balances	-		-		-		-		-		-		-		-		3,028,274		-		-		3,028,274	
<b>Balance as at 01.01.2023</b>	<b>-</b>		<b>658,292,767</b>		<b>53,905,529</b>		<b>118,015,734</b>		<b>61,631,318</b>		<b>186,710,392</b>		<b>1,709,752</b>		<b>130,641,411</b>		<b>167,972,615</b>		<b>1,819,518</b>		<b>-</b>		<b>1,380,699,036</b>	
Charge for the year	-		61,099,879		3,021,441		4,398,056		3,427,755		27,653,874		-		7,405,645		57,118,052		88,642		-		164,213,346	
Transfer from Other Units	-		-		16,272		-		-		-		-		-		16,539,000		-		-		16,555,272	
Transfer to Other Units	-		-		(16,272)		-		-		-		-		-		(16,539,000)		-		-		(16,555,272)	
<b>Balance as at 31st December 2023</b>	<b>-</b>		<b>719,392,646</b>		<b>56,926,969</b>		<b>122,413,791</b>		<b>65,059,073</b>		<b>214,364,266</b>		<b>1,709,752</b>		<b>138,047,056</b>		<b>225,090,667</b>		<b>1,908,160</b>		<b>-</b>		<b>1,544,912,381</b>	

## Net Book Value

Balance as 31st December 2022	2,206,500,000	186,449,772	12,485,332	10,990,165	10,449,378	40,961,727	1	21,368,375	335,137,918	447,502	14,778,996	2,839,569,166
<b>Balance as at 31st December 2023</b>	<b>2,206,500,000</b>	<b>125,349,893</b>	<b>9,501,038</b>	<b>6,987,963</b>	<b>7,180,863</b>	<b>13,307,852</b>	<b>0</b>	<b>13,982,230</b>	<b>380,491,591</b>	<b>366,910</b>	<b>14,778,996</b>	<b>2,778,447,338</b>

\* Capital work in progress includes the cost of internally developed software &amp; the improvement cost of leased hold land

The cost of fully depreciated assets which are still in use of the Bureau amounting to Rs. 417,588,196/- (Rs.374,791,710/- in 2022)												
As at 31.12.2022	-	3,900,197	35,525,644	89,572,366	35,450,007	87,412,969	1,709,753	106,370,198	13,510,258	1,340,318	-	374,791,710
Fully depreciated	-	840,842,342	30,865,217	39,433,533	36,630,690	140,259,149	-	45,639,589	486,572,001	926,702	14,778,996	1,635,948,219
Depreciating	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.12.2023	-	3,900,197	36,343,258	87,017,233	32,881,273	126,874,506	1,709,753	113,693,864	13,510,258	1,657,855	14,778,996	417,588,196
Fully depreciated	-	840,842,342	30,084,750	42,384,520	39,358,663	100,797,613	0	38,335,423	592,072,001	617,215	-	1,699,271,523
Depreciating	-	-	-	-	-	-	-	-	-	-	-	-



## Group

	Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress *	Bearer Plants	Consumable Biological Assets - Animals	Total
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2023	2,214,915,147	931,694,323	106,079,733	799,037,200	131,013,529	620,345,987	56,694,629	237,496,868	693,675,426	2,939,163	59,033,367	-	-	5,852,925,372
Adjustment to opening balances	-	-	-	-	-	-	-	-	105,500,000	-	-	-	-	105,500,000
<b>Balance as at 01.01.2023</b>	<b>2,214,915,147</b>	<b>931,694,323</b>	<b>106,079,733</b>	<b>799,037,200</b>	<b>131,013,529</b>	<b>620,345,987</b>	<b>56,694,629</b>	<b>237,496,868</b>	<b>799,175,426</b>	<b>2,939,163</b>	<b>59,033,367</b>	<b>-</b>	<b>-</b>	<b>5,958,425,372</b>
Additions during the year	-	11,248,510	2,043,853	5,520,599	3,209,682	2,895,142	88,000	3,374,925	-	14,900	20,456,854	2,263,903	18,019,759	69,136,128
Disposals during the year	-	-	(713,204)	(5,357,413)	(1,618,132)	(1,911,887)	(110,000)	(1,697,912)	(44,280,000)	-	-	-	-	(15,688,548)
<b>Balance as at 31st December 2023</b>	<b>2,214,915,147</b>	<b>942,942,833</b>	<b>107,410,382</b>	<b>773,452,471</b>	<b>132,605,079</b>	<b>621,329,242</b>	<b>56,672,629</b>	<b>239,173,881</b>	<b>754,895,426</b>	<b>2,954,063</b>	<b>79,490,221</b>	<b>2,263,903</b>	<b>18,019,759</b>	<b>5,946,125,036</b>
<b>Accumulated Depreciation</b>														
Balance as at 1st January 2023	-	705,322,751	80,739,774	566,031,934	101,491,815	507,192,552	42,330,128	197,238,415	199,233,350	2,127,108	-	-	-	2,401,707,827
Adjustment to opening Balance	-	-	-	-	-	-	-	-	3,028,274	-	-	-	-	3,028,274
<b>Balance as at 01.01.2023</b>	<b>-</b>	<b>705,322,751</b>	<b>80,739,774</b>	<b>566,031,934</b>	<b>101,491,815</b>	<b>507,192,552</b>	<b>42,330,128</b>	<b>197,238,415</b>	<b>202,261,624</b>	<b>2,127,108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,404,736,101</b>
Charge for the year	-	68,939,063	6,942,585	78,728,944	8,262,752	50,096,361	3,334,164	16,136,419	72,465,342	176,515	-	-	-	305,082,146
Disposals during the year	-	-	(454,614)	(4,097,784)	-	-	(22,000)	(1,617,478)	(9,594,000)	-	-	-	-	(15,785,876)
<b>Balance as at 31st December 2023</b>	<b>-</b>	<b>774,261,814</b>	<b>87,227,744</b>	<b>642,816,829</b>	<b>109,754,567</b>	<b>557,288,912</b>	<b>45,642,292</b>	<b>211,757,356</b>	<b>265,132,967</b>	<b>2,303,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,696,186,105</b>
<b>Net Book Value</b>														
Balance as 31st December 2022	2,214,915,147	226,371,573	25,339,959	233,005,266	29,521,714	113,153,435	14,364,501	40,258,453	494,442,076	812,055	59,033,367	-	-	3,451,217,546
<b>Balance as at 31st December 2023</b>	<b>2,214,915,147</b>	<b>168,681,020</b>	<b>20,182,637</b>	<b>130,635,642</b>	<b>22,850,511</b>	<b>64,040,330</b>	<b>11,030,337</b>	<b>27,416,525</b>	<b>489,762,459</b>	<b>650,440</b>	<b>79,490,221</b>	<b>2,263,903</b>	<b>18,019,759</b>	<b>3,249,938,931</b>
Capital work in progress includes the cost of internally developed software in the subsidiary (Central Engineering Services (Pvt) Ltd).														
<b>Group</b>														
<b>CECB</b>														
Internal Developed Software	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
Balance at the beginning of the year	23,638,848	23,638,848	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134	11,743,134
Cost incurred during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>23,638,848</b>	<b>23,638,848</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>	<b>11,743,134</b>
Land/Building Construction	35,394,519	19,241,838	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862
Balance at the beginning of the year	20,456,854	16,152,680	-	-	-	-	-	-	-	-	-	-	-	-
Capitalized during the year	55,851,373	35,394,519	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862	3,035,862
Cost incurred during the year	79,490,221	59,033,367	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996	14,778,996





AS AT 31ST DECEMBER 2023

	GROUP		CECB	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
<b>16 Right-of-use Assets</b>				
Prepaid Lease rental paid to acquire land use right are amortized over the lease term in accordance with pattern benefits provided. Lease Hold Property comprising of land use rights and stated at valuation are amortized on a Straight line basis over the remaining lease term. The impairment loss if any is recognized in the statement of Profit or Loss.				
At Beginning of the year	69,212,972	71,943,960	55,579,570	57,796,383
Acquisition during the year	-	-	-	-
Reversal of Valuation	-	-	-	-
Amortization	(2,730,989)	(2,730,989)	(2,216,813)	(2,216,813)
At end of the year	66,481,983	69,212,972	53,362,757	55,579,570

Lease hold property is the land which use to construct WP 01 base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 4th September 2018 and is being amortized on a straight line basis over a period of 30 year which commence from 4th September 2018. (CECB)

The Lease hold lands situated in No 10, Sri Rathana Mawatha, Ampara and Priyantha Mawatha, Kanthale on a 30 years long term lease agreement entered with the Land Commissioner General's Department. Which Commenced from year 2009 and are being amortized on a straight line basis over a period of 30 years which commence from 2019. (CECB)

Lease hold property is the land which use to construct Sabaragamuwa base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 08th July 2019 and is being amortised on a straight line basis over a period of 30 year which commence from 08th July 2019. (CESL)

**16.1 Details of Right-of-use Assets**

Property	Land Extent (in areas)	Lease Period				
Land at Parliament	0A-2R-20.00P	30 Years from				
Road, Battaramulla		04.09.2018	53,430,066	53,430,066	53,430,066	53,430,066
Plan No 582	(Lot nos 7,8 & 9)	30 Years	13,119,226	13,633,401		
New Town Ratnapura	60P	From 08.07.2019				
Ampara District Jayawardenapura Village Ha	.1012		1,773,759	1,773,759	1,773,759	1,773,759
Plan No 484	(Deed 280006)	30 Years				
Kanthale	(A:1,R:1,P:11.93)	30 years from 2008	375,745	375,745	375,745	375,745
			68,698,796	69,212,971	55,579,570	55,579,570

**17 Intangible Assets**

<b>Cost/ Revaluation</b>				
At 1st Janaury	13,125,028	13,125,028	13,125,028	13,125,028
Addition	-	-	-	-
At 31st December	13,125,028	13,125,028	13,125,028	13,125,028
<b>Amortization and Impairment</b>				
At 1st Janaury	(6,487,053)	(4,119,434)	(6,487,053)	(4,119,434)
Amortization	(2,339,173)	(2,367,619)	(2,339,173)	(2,367,619)
At 31st December	(8,826,226)	(6,487,053)	(8,826,227)	(6,487,053)
<b>Carrying Value</b>				
As at 31st December 2022	6,637,975	9,005,594	6,637,976	9,005,594
As at 31st December 2023	4,298,802	6,637,975	4,298,802	6,637,976

Intangible Asset mainly consist of Transport Modelling ,Air Quality software and Architecture Engineering Construction Collection IC Commercial (Auto Desk) Software purchased from DHI (India) Water & Environment (Pvt) Ltd,Lakes Environmental consultants INC and Bloomberg Solutions (Pvt) Ltd respectively.

**18 Investments**

Long term investment (Note 18.1)	707,732,402	296,196,148	572,409,484	306,196,168
Short term investment (Note 18.2)	7,458,978,011	5,754,441,609	3,495,296,737	3,008,256,843
	8,166,710,412	6,050,637,757	4,067,706,221	3,314,453,011

**18.1 Long term investment**

<b>Loans and receivable financial assets</b>				
Investment in Treasury Bonds/Fixed Deposit	705,732,402	294,196,148	560,409,464	294,196,148
<b>Available for sale financial assets</b>				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	707,732,402	296,196,148	562,409,464	296,196,148

CECB has been received a long term treasury bond against trade receivable amount of Rs 235,086,151.82 and Rs 52,333,695.07 from Ministry of Defence. The Bonds are to be matured on 15<sup>th</sup> January 2025 and 15th September 2027 and classified as long term investment in the financial statements. CESL has been received a long term treasury bond against trade receivable amount of Rs 148,015,856.66 from Ministry of Urban Development & Housing. The Bonds is to be matured on 15th September 2027

The valuation of the bond has been calculated based on future cash flows and shown at amortised cost in financial statements.

**Investment in subsidiary (Unquoted)**

Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	-	-	10,000,020	10,000,020
	707,732,402	296,196,148	572,409,484	306,196,168

**18.2 Short term investment**

Repo	-	-	-	-
Short term investments	7,458,978,011	5,754,441,609	3,495,296,737	3,008,256,843
<b>18.2 Short term investment</b>	7,458,978,011	5,754,441,609	3,495,296,737	3,008,256,843

**Fixed Deposits pledged as security**

Fixed deposit amounting to Rs. 25Mn held at Bank of Ceylon has been pledged against individual loan facilities granted to CECB employees by Bank of Ceylon under concessionary personal loan scheme . Out of total interest paid by employees 40% on interest cost is subsidized by CECB through the interest income earned on deposit pledged against the loan facilities and such expenses (Rs 803,458 in 2023 and Rs. 1,653,154 in 2022) have been charged in the income statement.)

As at reporting date Fixed Deposits amounting to Rs. 486 Mn & Rs 937 Mn have been pledged by CECB and CESL respectively as securities against bank gurantee facilities obtained from banks.



**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>19 Inventories</b>				
Inventories	816,024,180	985,859,745	7,923,244	4,296,217
Biological Assets (Work in Progress-Agriculture)	18,110,762	17,276,904	17,276,904	17,276,904
Disposal of Material	-	-	-	-
	<u>834,134,941</u>	<u>1,003,136,649</u>	<u>25,200,147</u>	<u>21,573,121</u>
<b>Work in Progress</b>	<u>116,073,806</u>	<u>64,675,522</u>		
<b>20 Trade and Other Receivables</b>				
Trade Receivables (Note 20.1)	7,909,461,678	10,598,401,707	5,251,282,012	5,914,260,902
Other Receivables (Note 20.2)	73,565,376	85,619,703	44,675,949	69,572,810
Deposits, Prepayments and Advances (Note 20.3)	1,016,556,343	276,622,221	3,484,965,890	3,461,852,219
	<u>8,999,583,397</u>	<u>10,960,643,631</u>	<u>8,780,923,851</u>	<u>9,445,685,931</u>
<b>20.1 Trade Receivables</b>				
Debtors	5,591,918,175	7,501,625,071	4,549,283,929	5,296,029,702
Due from customers	1,365,171,810	2,096,974,459	489,786,190	475,886,785
Retention receivables	3,498,933,621	3,615,572,511	2,614,509,037	2,613,849,964
Less - Provision for Impairment (Note 20.1.1)	(2,546,561,929)	(2,615,770,334)	(2,402,297,144)	(2,471,505,549)
	<u>7,909,461,678</u>	<u>10,598,401,707</u>	<u>5,251,282,012</u>	<u>5,914,260,902</u>
<b>20.1.1 Provision for Impairment</b>				
Balance at the beginning of the year	1,988,759,322	2,151,446,492	1,846,901,259	2,032,695,128
Impairment loss recognized	-	-	-	-
Amounts written off	(188,216)	(1,288,122)	(188,216)	(1,288,122)
Reversal of bad debt provision	(63,228,284)	(193,162,488)	(63,228,284)	(193,162,488)
Provision for Bad Debt - Specific Provision	236,489	31,763,440	236,489	8,656,741
Balance at the end of the year	<u>1,925,579,311</u>	<u>1,988,759,322</u>	<u>1,783,721,250</u>	<u>1,846,901,259</u>
<b>20.1.1.2 Retention receivables</b>				
Balance at the beginning	627,011,012	669,979,758	624,604,289	669,979,758
Impairment loss recognized	-	2,406,724	-	1
Amounts written off	(6,028,395)	(45,375,469)	(6,028,395)	(45,375,469)
	<u>620,982,617</u>	<u>627,011,012</u>	<u>618,575,894</u>	<u>624,604,289</u>
The Group assesses whether there is any objective evidence that trade receivables have been impaired at the reporting date. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.				
<b>20.2 Other Receivables</b>				
Staff Loans	27,559,070	33,569,156	23,548,641	28,384,156
Prepaid Staff Cost	6,185,844	8,089,687	5,462,559	6,875,097
Sundry Debtors	34,284,397	43,115,431	12,598,607	34,609,986
WHT Receivable	5,536,064	845,428	3,066,141	(296,431)
	<u>73,565,376</u>	<u>85,619,703</u>	<u>44,675,949</u>	<u>69,572,810</u>
<b>20.3 Deposits, Prepayments and Advances</b>				
Deposits	85,824,123	25,300,914	8,395,641	9,617,337
Mobilization Advance paid	800,651,423	160,814,983	3,469,585,696	3,446,621,999
Advances	127,323,503	87,442,613	4,837,634	3,862,887
Prepayments	2,757,295	3,063,710	2,146,920	1,749,998
	<u>1,016,556,343</u>	<u>276,622,221</u>	<u>3,484,965,890</u>	<u>3,461,852,220</u>
<b>21 Amount Due from Related Party Companies</b>				
Central Engineering Services (Private) Limited			1,545,964,905	1,538,066,675
			<u>1,545,964,905</u>	<u>1,538,066,675</u>





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>22 Cash and Cash Equivalents</b>				
<b>Favorable Balances</b>				
Cash in hand and at bank	2,806,692,674	835,790,172	567,564,712	271,152,492
Bank Imprest	269,607	269,607	269,607	269,607
Cheque in Transit	3,848,926	92,117,572	3,848,926	3,549,226
	<u>2,810,811,208</u>	<u>928,177,350</u>	<u>571,683,245</u>	<u>274,971,324</u>
Cash and Cash Equivalents for the Cash Flow Purpose	<u>2,810,811,208</u>	<u>928,177,350</u>	<u>571,683,245</u>	<u>274,971,324</u>
<b>23 Lease Creditors</b>				
Balance as at 1st January	3,197,121	3,048,972	3,197,121	3,048,972
Additions	-	-	-	-
Interest Expense	383,009	365,877	383,009	365,877
Payments made during the year	(217,728)	(217,728)	(217,728)	(217,728)
Balance as at 31st December	<u>3,362,402</u>	<u>3,197,121</u>	<u>3,362,402</u>	<u>3,197,121</u>
Amount payable within one year	372,276	228,384	372,276	228,384
Amount payable after one year	2,980,115	2,968,736	2,980,115	2,968,736
	<u>3,352,391</u>	<u>3,197,120</u>	<u>3,352,391</u>	<u>3,197,120</u>
<b>24 Employee Benefits</b>				
Balance as at 1st January	169,789,433	217,265,979	141,652,950	188,056,503
Provision for the year	45,031,075	44,955,521	36,115,039	36,770,172
(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	136,607,436	(34,169,991)	121,778,932	(32,589,792)
Payment made during the year	(42,025,355)	(58,262,076)	(32,036,117)	(50,583,933)
Balance as at 31st December	<u>309,402,590</u>	<u>169,789,433</u>	<u>267,510,804</u>	<u>141,652,950</u>
a) The Employee benefit obligation of CECB as at 31 <sup>st</sup> December 2023 are based on the actuarial valuation carried out by professionally qualified firms of actuaries Messers. Actuarial and Management Consultants (Pvt) Limited. Accordingly, the unfunded present value of defined benefit obligations as at 31 <sup>st</sup> December 2023 of CECB Rs 267.5 Mn and Group is Rs.309.4 Mn.				
b) Key assumptions used in the computation includes the following:				
Rate of Discount	13%	18%	13%	18%
Employee Turnover Factor	7%	5%	7%	5%
Retirement Age	60 Years	60 Years	60 Years	60 Years
c) Expenses recognised immediately in the statement of Comprehensive Income				
Interest Cost	30,562,098	25,027,596	25,497,531	21,814,554
Current Service Cost	14,468,977	19,927,925	10,617,508	14,955,618
Net Actuarial Gain/(Loss) recognised immediately	136,607,436	(34,169,991)	121,778,932	(32,589,792)
Provision for the year	<u>181,638,511</u>	<u>10,785,530</u>	<u>157,893,971</u>	<u>4,180,380</u>



**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>25 Deferred Tax Assets/Liabilities</b>				
Balance at the beginning of the year	54,752,719	36,680,687	40,487,189	20,275,357
Expense for the year recognized in profit/loss	(14,714,794)	(34,022,831)	(33,065,940)	(31,883,030)
Expense for the year recognized in OCI	15,498,549	52,094,863	15,498,549	52,094,863
Balance at the end of the year	55,536,474	54,752,719	22,919,800	40,487,189
<b>26 Trade and Other Payables</b>				
Trade Payables (Note 26.1)	14,069,481,793	13,307,301,743	9,468,473,641	9,789,818,710
Other Payables (Note 26.2)	696,830,579	490,983,613	354,897,023	280,675,446
	14,766,312,372	13,798,285,356	9,823,370,664	10,070,494,156
<b>26.1 Trade Payables</b>				
Creditors	2,171,082,859	2,022,582,133	1,874,153,607	2,061,602,812
Due to Customers	5,690,807,253	4,853,761,235	1,501,895,088	1,609,352,156
Mobilization & Other Advances	5,251,586,214	5,514,827,233	3,824,580,539	3,926,412,019
Retention Payables to Contractors	956,005,467	916,131,142	2,267,844,406	2,192,451,723
	14,069,481,793	13,307,301,744	9,468,473,641	9,789,818,710
<b>26.2 Other Payables</b>				
Unpaid salaries	16,417,267	28,696,377	-	-
Sundry Creditors	197,075,781	135,075,235	172,690,509	107,486,719
Refundable Deposits	38,287	808,595	38,287	808,595
Accrued Expenses	109,734,408	137,090,020	88,684,314	105,538,912
PAYE Tax	11,477,669	7,484,431	7,416,906	3,434,907
Withholding Tax Provisions	1,325,943	-	-	-
Other Taxes	360,761,225	181,828,955	86,067,006	63,406,313
	696,830,579	490,983,613	354,897,023	280,675,446
<b>27 Income Tax Payables</b>				
Balance at the beginning of the year	774,148,929	682,500,764	722,735,259	665,568,818
Income tax for the year	386,321,731	189,517,542	265,748,558	102,870,135
Provision in respect of the last year	(20,493,987)	9,396,740	-	-
Payments made during the year	(317,886,328)	(107,266,116)	(239,273,088)	(45,703,694)
Withholding Tax	(52,514,726)	-	(24,897,670)	-
Balance at the end of the year	769,575,620	774,148,929	724,313,059	722,735,259

**28 Capital Reserve**

Vehicles were revalued in 1995 and the result of such revaluation was incorporated in the financial statements under the Capital Reserve.

Plant & Machinery were valued by M/s Upali Doranagama Associates (Pvt)Ltd,an independant Chartered Valuer as at 31.12.2018 and the book values were written up to corresponded with the valuation.

Motor vehicles were revalued by Professional Independant Chartered Valuers as at 31.12.2019 and the book values were written up to corresponded with the valuation.

PPE amounting to Rs. 4,162,233.00 were taken into books at current market value in the year 2020.

PPE amounting to Rs. 105,500,000.00 were taken into books at current market value in the year 2023.





**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

**29.0 Related Party Transactions**

**29.1 Transaction with Subsidiaries**

- a) Eng. A. Galketiya was the Chairman of both parent (CECB) and subsidiary (CESL) up to 10.08.2023 and Eng B.A.S.S Perera is the Chairman of both parent (CECB) and subsidiary (CESL) from 11.08.2023 . The Company has carried out transactions with CECB during the year and the details were as follows,

Further key management personnel of CECB and also Directors of CESL are as follows

Name	Designation	
	CECB	CESL
Eng. S.A.U.D.C.Siriwardana	General Manager	Director
Eng.Aravinda Kalugaldeniya	Addl General Manager (Design 1 & Design 3)	Director

b) Nature of the Transactions	Amount	
	2023 Rs.	2022 Rs.
Sub Construction Costs	2,455,588,222	2,172,590,838
Hiring	48,239,295	13,076,256
Reimbursement of Salary over head	27,618,571	30,648,552
Consultancy services	16,916,334	23,243,480
Other Miscellaneous Services	12,664,139	12,825,077

**29.2 Terms and conditions of transactions with related parties**

The Income from related party and expenditure incurred or purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This note should be read in conjunction with Note No. 19 to these Financial Statements.

**Transactions with Key Management Personnel**

LKAS 24 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) as key management personnel of the CECB/Group have been classified as Key Management Personnel.

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Compensation paid to Key Management Personnel</b>				
Salaries and other Employment Benefits	3,940,405	2,922,875	2,537,242	1,764,887



**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

**30.0 Commitments and contingencies**

There were no material Commitments and Contingent liabilities in CECB / Group as at the reporting date except below.

CECB has requested 150 Acres land from Ministry of Mahaweli to carry out Agricultural activities in Rambakanoya division in Ampara District on long term lease and this has not yet been finalised.

**30.1 Contingencies**

**a) Legal cases filed against CECB**

**MR 609/14 District Court of Nawalapitiya**

The District Court, Nawalapitiya Case No. MR 609/14, was dismissed on 2017.05.17 and case was appealed in Provincial Appellate High Court of the Central Province.

(Ms. A.D.K. Pitiyekumbura has filed to claim Rs. 3,000,000.00 against CECB and two others. But the works were done by CESL.)

Again case was referred to Nawalapitiya District Court to hear.

**M/15141/17 District Court Embilipitiya**

Ms. G. Chandima Sujeewani Abeywickrama (wife of Mr. H.M. Saman Indika Hennayake) & Rusadhu Vidunitha Hennayake (Minor – Son of Mr. H.M. Saman Indika Hennayake) claiming Rs. 11,000,000/- as damages for death of Mr. H.M. Saman Indika Hennayake.

**1/Add/19/2014 Labour Tribunal, Colombo**

Eng. W.K.P.I. Rodrigo filed against CECB challenging his termination, mainly claiming Rs. 60,000,000/-, 50% of salary retention from his service termination and gratuity.

The case was filed in 2014 and dismissed by the LT. Thereafter Eng. Rodrigo appealed to the High Court and the Supreme Court. The Supreme Court has directed LT to rehear the case and the LT was noticed to hear on 18.08.2021.

**CA Writ Application No. 273/2019, Court of Appeal**

Super Neat Technology (Pvt) Ltd. has filed against CECB and 7 Others for obtain Writ of Certiorari, Writ of Prohibition and Writ of Mandamus. No specific claim prayed against CECB.

**CA Writ Application No. 153/2019 ,Court of Appeal**

Super Commercial Complex Traders & 10 Others have filed against CECB and 12 Others to obtain Writ of Certiorari and Writ of Prohibition, restraining outstanding rate of amended monthly rent for the stalls of Nawalapitiya Super Commercial Complex inter alia other claims. No specific claim prayed against CECB.

**27/Anu/2601/2021 ,Labour Tribunal ,Anuradhapura**

Mr. W.M.U.S.B. Wijesundara filed against CECB claiming compensation considering until his retirement or reinstatement with back wages.

**LT 03/92/2021 ,Labour Tribunal, Kandy**

R.M. Rasika Sandamali Kumari has filed the case against CECB & CESL claiming reinstatement and compensation.

**CHC 321/2022 MR ,Commercial High Court**

Green Tech Consultants (Pvt) Ltd., has filed the case against CECB & another to obtain injunction inter alia to praying others.

**LT 08/51/2023,Labour Tribunal, Colombo**

Mr. R.A.M. Rajitha Ranaweera has filed the case against CECB claiming reinstatement with back wages and compensation.

**LT 08/52/2023 ,Labour Tribunal, Colombo**

Mr. K.N. Madhushanka de Silva has filed the case against CECB claiming reinstatement with back wages and compensation.

**LT 03/85/2023,Labour Tribunal, Kandy**

Mr. W.G.P. Aruna Jayawardhana has filed the case against CECB claiming reinstatement with back wages, compensation, gratuity and service certificate.

**LT 03/93/2023,Labour Tribunal, Kandy**

Ms. K.U.U.S.K. Chandrasiri has filed the case against CECB claiming compensation.

**LT 01/68/2023,Labour Tribunal, Colombo**

Mr. S.J.H.M. Eranga Lochana Bandara has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/69/2023,Labour Tribunal, Colombo**

Ms. H.H.S. Shashikala Jayathilake has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/70/2023,Labour Tribunal, Colombo**

Ms. R.G.U. Narmada Kumari has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/71/2023 Labour Tribunal, Colombo**

Ms. A.N. Anuradha Sirimevan has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/72/2023 Labour Tribunal, Colombo**

Ms. Menaka Wathsala Weerasekera has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/73/2023 Labour Tribunal, Colombo**

Ms. M.T. Chathurani Peiris has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/74/2023 Labour Tribunal, Colombo**

Mr. B.E. Priyankara Fernando has filed the case against CECB claiming reinstatement, salary arrears and compensation.

**LT 01/75/2023 Labour Tribunal, Colombo**

Mr. H. K.S. Pradeep Priyadarshana has filed the case against CECB claiming reinstatement, salary arrears and compensation.



**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**AS AT 31ST DECEMBER 2023**

**30.1 Contingencies**

**b) Legal cases filed by CECB**

**Arbitration between CECB & Soar Technology**

The Bureau has referred Arbitration claiming sum of Rs. 3,485,343/22 for Generator from Soar Technology (Pvt) Ltd.,

The Arbitrator was resigned for the personnel grounds.

Settlement was entered between the parties for installment payments, total amounting to Rs.

1,178,288/36 with the approval of the Board of Directors. One installment of Rs. 235,000/00 paid on 11.07.2022

**DMR 2677/16 - District Court of Colombo**

Bureau has filed a case against Eng. (Ms.) K.G.S. Sandamali regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 257,326.67

**DMR 1719/18 - District Court of Colombo**

Bureau has filed a case against Eng. (Ms.) W.C.B. Wickramaratna regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 515,520/-.

**DMR 2201/19 & DMR 2202/19 - District Court of Colombo**

Bureau has filed a case against Eng. M.L.D. Jayaranjan regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 2,025,284/05. Eng. M.L.D. Jayaranjan settled his dues by installment and completed on 09.08.2023

**37505/M District Court of Rathnapura**

Bureau has filed a case against Mr. Munasinghe Patabendige Ranjith and Ceylinco General Insurance Ltd. regards to claim accident damages of Rs. 800,000/- caused to the Bureau vehicle.

**CHC 494/2021 ARB Commercial High Court**

CECB has filed the case against Star Construction (Pvt) Ltd., to appoint Arbitrator to recover dues of Rupees 2,240,726/98 payable by Star Constructions (Pvt) Ltd., to CECB.

**DMR 4176/21 District Court of Colombo**

Bureau has filed the case against Mr. O.E.H. Fonseka regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 958,703/83.

**DMR 4377/21 District Court of Colombo**

Bureau has filed the case against Ms. A.V.G.S. Sandamini regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 781,953/-

**DMR (SC) 51/2023 Small Claim Court, Colombo**

Bureau has filed the case against Mr. W.A.Y.S. Fernando regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 665,714/64





## **CENTRAL ENGINEERING CONSULTANCY BUREAU**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31ST DECEMBER 2023**

##### **31 Financial risk management**

###### **overview**

The group has exposure to the following risk arising from financial instruments

Credit risk

Liquidity risk

Market risk

The note presents information about the Group's exposure to each of the above risk, the Group's risk management objectives, policies and processes for measuring and managing risk and the Group's management of capital.

###### **Risk management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Audit and Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Management Committee.

##### **31.1 Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers .

##### **31.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses .

##### **31.3 Market risk**

Market risk is the risk that fair value of future cash flows of financial instruments will fluctuate because of changes in market price. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprise the following types of risks.

###### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

###### **Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities related to foreign operations.



# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>1. Balance Sheet</b>				
<b>1.1 Verification of the existence of physical assets (Land, Buildings, Plant &amp; Machinery, Stores etc.)</b>				
1	Was a physical verification of all the physical assets carried out as at date of the Balance Sheet?	Yes	-	All Assets are verified
2	Where no physical verification was carried out as at the date of the Balance Sheet, were the assets verified on a staggered or continuous basis?	-	-	All Assets are verified
3	Are schedules showing book quantities, physically verified quantities, variations, action taken with regard to variation in respect of the verifications carried out available for audit examination?	Yes	-	Wherever, verifications were completed
4	Give a summary of the position with regard to physical verification as shown in Annex 1, which is duly completed and submitted herewith	-	-	Refer Annex 1
<b>1.2 Confirmation of money assets (bank balances, petty cash balances, debtors, advances, deposits, investments etc.)</b>				
1	Were custodians required to confirm the balances of the money assets as at the Balance Sheet date?	Yes	-	
2	If no confirmations were called for as at the Balance Sheet date, were confirmations called for as at any other date during the year?	-	-	Not Applicable
3	Are the confirmations received available for audit examination?	Yes	-	Requested confirmations to be directly forwarded to Auditors
<b>1.3 Confirmation of liabilities ( all liabilities including capital and current liabilities )</b>				
1	Were letters sent out calling for confirmation of liabilities as at the Balance Sheet date?	Yes	-	
2	If no confirmation were called for as at the Balance Sheet date, were confirmations called for as at any other date during the year?	-	-	Not Applicable
3	Are the confirmations received available for audit examination?	Yes	-	Requested confirmations to be directly forwarded to Auditors
<b>1.4 Legal position with regard to assets and liabilities</b>				
1	Are all the assets shown in the Balance Sheet owned by the Corporation?	Yes	-	
2	If the legal position with regard to the ownership of any assets shown on the Balance Sheet is not clear, give particulars of such assets in a separate schedule. A schedule is annexed.	-	-	Not Applicable
3	Does legal liability exist in respect of each liability shown in the Balance Sheet?	Yes	-	



# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
4	If the legal position with regard to any liability is not clear, give particulars of such liability in a separate schedule. A schedule is annexed.	-	-	Not Applicable
5	Are there any assets or liabilities legally determined but which have not been disclosed in the Balance Sheet? If so, give particulars of such assets and liabilities in a separate schedule. The schedule is annexed.		No	Not Applicable
<b>1.5 Valuation of Assets</b>				
1	Statements showing particulars of the valuation of fixed assets, stocks, etc, should be prepared in the form shown in Annex 2. The relevant statements are submitted herewith.	-	-	Schedules of Assets & Stocks are available. Details could be provided at the time of Audit.
2	Has there been any change in the basis of valuation of any type of asset during the year as compared to the basis adopted during the previous year?	-	No	
3	If there has been any such change in the basis of valuation of assets, particulars of such assets and changes should be given in the form shown in Annex 3. Annex 3 duly completed is annexed.	-	-	Not Applicable
4	In the valuation of any assets have the following charges been included? (a) Financing Charges; (b) FEECs	-	-	Not Applicable
5	In the valuation of any asset, has any indirect cost been charged on the basis of any apportionment?	-	No	
6	Where the value of any asset has been estimated, give particulars of such assets, the basis of estimating and the reasons there for in a separate schedule. Such schedule is annexed.	-	-	Not Applicable
7	Is the work in progress determined on the basis of works certified?	Yes	-	
8	Has any advance payment to contractors been treated as work in progress without work certificates?	-	No	
9	Are all the retention moneys due to contractors shown separately under liabilities?	Yes	-	

### 1.6 Valuation and computations of liabilities and provisions

1	Has there been any change on the basis of computation or valuation of any liabilities or provisions including provisions for depreciation, bad debts, obsolescence, etc., during the year as compared to the basis adopted in the previous year?	-	No	
2	Give particulars of such liabilities, provisions and the changes in the basis of computation and valuation in the form shown in Annex 4. Annex 4 duly completed is submitted herewith.	-	-	Not Applicable





# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>1.7 Trial Balance</b>				
1	If the Trial Balance has not been agreed, what is the difference?			Agreed
<b>1.8 Control Accounts</b>				
1	Give in the form shown in Annex 5 particulars of control accounts maintained and the difference, if any, between the control accounts balances and the detailed subsidiary ledger balances. The form duly completed is annexed.		No	
<b>1.9 Bank Reconciliation</b>				
1	Has the Bank Reconciliation as at the date of the Balance Sheet been prepared?	Yes		
2	Have all debits and credits made direct by the Bank been incorporated in the Cash Book in arriving at the Cash Book Balance shown in the reconciliation?	Yes		
3	Are there payments which are outstanding for six months or more awaiting debit by the Bank?		No	
4	Are there any credits outstanding more than one week recorded in the Cash Book but not credited by the Bank?		No	
5	Give particulars of the debits and credits referred to in 2 above in a separate schedule. The Schedule is submitted herewith.	-	-	Not Applicable
<b>1.10 Suspense Accounts</b>				
1	Are there any debit accounts or credit accounts appearing in the Balance Sheet which accommodate unidentified items and which await reconciliation and clearing?	No	-	
2	Give particulars of such accounts in the form shown in Annex 5. Annex 5 duly completed and submitted herewith.			Not Applicable
<b>2 Trading, Manufacturing, Profit and Loss Accounts</b>				
<b>2.1 Basis of Accounting</b>				
1	Are the revenues and incomes treated on accrual basis?	Yes	-	
2	Are all expenditures treated on an accrual basis?	Yes	-	
3	Where any item of income or expenditure is not accounted for on an accrual basis, give particulars of such items and reasons for such procedure in a separate schedule. The schedule is annexed.	-	-	Not Applicable
4	Where a change in the basis of accounting has occurred give particulars of such changes and the effect of such changes on the financial results of the year in the Form shown in Annex 8	-	-	Not Applicable



# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>2.2</b>	<b>Matching the revenue with expenditure</b>			
1	Have all expenses incurred in the earning of revenue been charged against revenue?	Yes	-	
2	Has any item of expenditure been omitted?	-	No	
3	Has any item of revenue been omitted?	-	No	
4	If any item of revenue or expenditure had been omitted give particulars of such items and the reasons therefor in a separate schedule.	-	-	Not Applicable
<b>2.3</b>	<b>Exceptional Items</b>			
1	Are there any items of revenue of a non-recurring nature or which are unusual or exceptional?	-	No	
	What is the total of such items?			Not Applicable
2	Are there any items of expenditure of a non-recurring nature or which are unusual or exceptional?	-	No	
	What is the total of such items?			Not Applicable
3	What would be the profit or loss for the year under review exclusive of the exceptional items referred to above?	-	-	Not Applicable
<b>2.4</b>	<b>Estimates and Apportionments</b>			
1	Has any item of revenue or expenditure or any part there of been brought into account on an estimated basis?	-	No	
2	Does any item of revenue or expenditure include transfers from other accounts on any basis of apportionment?	-	No	
3	Where any estimates or apportionments have arisen, give particulars of such estimates and apportionments, the reason for estimating and apportioning and the basis of estimating and apportioning in a separate schedule.	-	-	Not Applicable
<b>2.5</b>	<b>Capital and Revenue Expenditure</b>			
1	Does expenditure charged against income include any items, the benefit of which may extend beyond the period of the accounts?	-	No	
2	Has any expenditure which are directly associated with stocks, stores or fixed assets including financial charges, charged separately in the Profit and Loss Account without being included in the cost of the assets concerned?	-	No	
3	Has interest, rebates, discounts and financial charges relating to acquisition of fixed assets been brought to account in the Profit and Loss Account?	-	No	
<b>2.6</b>	<b>Variations in Profit and Loss Items</b>			
	Give particulars of the variations in items shown in the Profit and Loss Accounts as compared to the previous year in the Form shown in Annex 9. Annex 9 duly completed is submitted herewith.	-	-	Schedule Annexed



# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>2.7</b>	<b>Appropriations</b>			
1	Have the appropriations of profits up to the previous Balance Sheet date been approved in accordance with the provisions of the Finance Act. No. 38 of 1971?	-	-	Not Applicable
2	Are the proposed appropriations of the current year's profits approved in accordance with the provisions of the Finance Act No. 38 of 1971?	-	-	Not Applicable
3	Has Application been made to the Ministry in charge for the necessary approval of appropriations of surpluses in accordance with the provisions of the Finance Act. No. 38 of 1971?	-	-	Not Applicable
4	Have all compulsory contributions to the Consolidated Fund been charged in arriving at the net surplus available for appropriations?	Yes	-	

### 2.8 Variations compared to Budget

- 1 Explain all the major variations between the items in the accounts for the current period with those of the budget in the form shown in Annex 10.
- 2 Explain the variations between budgeted output volume and actual output volume in the form shown in Annex 10.

Our Organisation is undertaking Consultancy and Turn-Key Projects in the open market. Getting the work depends on the availability and competition in the market. As such, preparation of a realistic budget is not possible.

### 3 Procedures

#### 3.1 Have written instructions or manuals been prepared in respect of the following subjects?

(a) Purchasing	Yes	
(b) Sales	-	Not Applicable
(c) Receipts	Yes	
(d) Payments	Yes	
(e) Inventory Control	Yes	
(f) Budgeting	Yes	
(g) Capital Expenditure Control	Yes	
(h) Security and Maintenance of Assets	Yes	
(I) Pay-Rolls	Yes	
(j) Foreign Exchange Allocations	-	Not Applicable
(k) FEECs	-	Not Applicable





# CENTRAL ENGINEERING CONSULTANCY BUREAU

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		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>3.2</b>	<b>Have control accounts been maintained in the general ledger in respect of the following?</b>			
	(a) Fixed Assets	Yes		
	(b) Stocks	Yes		
	(c) Trade Debtors			Individual debtor accounts are maintained
	(d) Employee Debtors	Yes		
	(e) Trade Creditors			Individual debtor accounts are maintained
	(f) Deposits receivable	Yes		
	(g) Deposits payable	Yes		
	(h) Others (with details)	Yes		
<b>3.3</b>	<b>Has an internal audit been in operation?</b>	Yes	-	
<b>3.4</b>	<b>Is there numerical control on all important documents supporting original entries in the accounts such as purchase orders, payment vouchers, sales invoices, cash receipts, goods receipts, goods issue orders, etc.?</b>	Yes	-	
<b>4</b>	<b>Compliance with laws, regulations, etc.</b>			
	1 Have all income tax returns required to be rendered been rendered?	Yes		
	2 Is payment of Income tax in arrears?	Yes		
	3 Have all amounts due in respect of Value Added Tax been paid promptly?	Yes		
	4 Have any fines been imposed for non-payment of Inland Revenue taxes?		No	
	5 Have provisions of the Shop and Office Employees' Act been complied with?	Yes	-	Wherever applicable
	6 In entering into contracts involving foreign exchange, has the necessary approvals been obtained from the Central Bank, Exchange Control, Ministry of Planning and other authorities?	Yes	-	
	7 Are there any Board decisions which have not been implemented?		No	
	8 Are there any Directives from the Cabinet, the Ministry or the Treasury which have not been complied with?		No	
	9 Are all the provisions in Finance Act, No. 38 of 1971, being complied with? Indicate the numbers of the sections.		-	
<b>5</b>	<b>Losses</b>			
	1 Details of losses detected and experienced during the year should be given in the form shown in Annex 11.			Not Applicable



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		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>6</b>	<b>Idle Resources</b>			
1	Is there any plant, machinery or equipment which is ready for operation but not in operation?	-	No	
2	Is there any plant, machinery or equipment which is under utilized?	-	No	
3	Are there any surplus, redundant or obsolete assets awaiting disposal?	-	No	
4	Are there any item of plant, machinery, etc., awaiting installation?	-	No	
5	Particulars of idle resources should be given in the form shown in Annex 12. The form duly completed is submitted herewith.	-	-	Not Applicable
<b>7</b>	<b>Commitments and Contracts</b>			
1	Were contracts entered into in respect of which any Director or the Corporation had any interest? If so, did the Directors declare their interest?	-	No	Such contracts
1 A	Were there any related party transactions?			Bureau has been a subscriber (100,000 shares @ Rs 100/- and 02 Shares @ 10/-) to the Central Engineering Services (Pvt) Ltd., which is performed his business commencing the year 2011.
2	Were any contracts entered into with foreign suppliers or buyers?	-	No	
3	Were any contracts awarded to parties other than the lowest in case of a purchase or highest in case of a sale?	-	No	
4	In evaluating the contracts, were the following factors taken into consideration?			
	(a) Foreign Exchanges costs;			Not Applicable
	(b) Credit terms			Not Applicable
5	Were there any contracts for purchases or capital expenditure in respect of which the final cost of the work done exceeded the value of the original contract?	-	No	
6	Was any additional work awarded to any contractor or supplier after the award of the original contract without calling for tenders or quotations? If so, what is the value of the work awarded?	-	No	
7	Were there any contracts in respect of which the date of completion had to be extended beyond the originally agreed date?	-	No	
8	Were there any contracts which were abandoned by the contractor?	-	No	
9	Were there any contracts awarded to any party without calling for quotations or tenders?	-	No	
10	Were there any contractors or suppliers who defaulted the terms of the contract?	-	No	



# CENTRAL ENGINEERING CONSULTANCY BUREAU

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		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
11	Did any disputes arise with any contractor during the period under review?	-	No	
12	Were there any contracts awarded to any party without calling for quotations or tenders?	-	No	
13	Are there any penalties or fines recoverable from contractors, suppliers and buyer?	-	No	
14	Particulars of the contracts awarded during the year should be given in the form shown in Annex 13.	-	No	Submitted with Accounts
<b>8</b>	<b>Project in Progress</b>			
1	Particulars with regard to capital projects in progress should be given in the form shown in Annex 14.	-	No	
<b>9</b>	<b>Write - Offs</b>			
1	Are any amounts written off during the year in respect of the following?			
	(a) Debtors for sales	-	No	
	(b) Debts due from employees	-	No	
	(c) Debts due from contractors and Suppliers	-	No	
	(d) Debts due from other parties	-	No	
	Give particulars of amounts written-off in the form shown in Annex 15. The form duly completed is submitted herewith.			
<b>10</b>	<b>Information to Board</b>			
1	Is regular information submitted to the Board in respect of the following?			
	(a) Inventories of all classes on stocks	-	-	Yearly
	(b) Debtors	-	-	Quarterly
	(c) Capital projects	-	-	Not Applicable
	(d) Cost statements and Profit and Loss Accounts relating to manufacture, services and sales	-	-	Yearly
	(e) Variations of actuals against budget	-	-	Half Yearly
	(f) Cash Forecasts	-	-	Monthly
	What other information is submitted regularly to the Board?			
	Give particulars of the information regularly submitted to the Board in the form shown in Annex 16.	Yes		Schedule Annexed



Information to be shown in the Annexures should be tabulated under the following headings in columnar form:



# CENTRAL ENGINEERING CONSULTANCY BUREAU

## REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

Yes   No   Any other short answer

### ANNEX 1

1. Class of asset
2. Type of asset
3. Type of verification
4. Proportion of total assets verified
5. Value of Shortages
6. Value of Excesses
7. Shortages adjusted in books
8. Excesses adjusted in books
9. Shortages awaiting adjustment Balance Sheet date
10. Excesses awaiting adjustment Balance Sheet date

It Could be given at the time of Audit

### ANNEX 2

1. Asset description
2. Elements of cost distinguishing between direct costs and apportioned costs

It Could be given at the time of Audit

### ANNEX 3

1. Description of liability and provision
2. Description of original basis valuation or computation
3. Value on original basis
4. Description of new basis of valuation computation
5. Value on new basis
6. Effect of change on assets
7. Effect of change on assets
8. Effect of change on other liabilities and reserves

Not Applicable





CENTRAL ENGINEERING CONSULTANCY BUREAU

REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE  
FINANCE ACT NO: 38 OF 1971

ANNEXTURE 09.

	2023	2022	Variation
<b>Income</b>			
Consultancy Fees	1,483,037,894	1,730,380,917	(247,343,023)
Construction Revenue	8,407,458,589	6,907,547,417	1,499,911,171
Other Income	112,617,905	239,321,980	(126,704,075)
Finance Income	1,598,124,215	780,559,497	817,564,717
	<b>11,601,238,603</b>	<b>9,657,809,812</b>	<b>1,943,428,791</b>
<b>Expenditure</b>			
Construction Cost	7,695,948,906	5,943,272,436	1,752,676,470
Consultancy Cost	1,345,390,824	1,570,392,503	(225,001,679)
Administration Expenses	1,475,078,166	1,374,735,755	100,342,411
Selling & Distribution Expenses	15,566,671	433,889,642	(418,322,971)
Financial Expenses	19,009,910	11,586,797	7,423,113
	<b>10,550,994,476</b>	<b>9,333,877,132</b>	<b>1,217,117,344</b>
<b>Surplus of income over Exp: (Before Tax)</b>	<b>1,050,244,127</b>	<b>323,932,680</b>	<b>726,311,447</b>









ජාතික විගණන කාර්යාලය  
தேசிய கணக்காய்வு அலுவலகம்  
NATIONAL AUDIT OFFICE



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல.  
My No.

CAE/B/CECB/02/FS/2023/01

දිනය  
திகதி  
Date

July 2024

Chairman  
Central Engineering Consultancy Bureau

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Central Engineering Consultancy Bureau and its subsidiary for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

## 1. Financial Statements

### 1.1 Qualified Opinion

The audit of the financial statements of the Central Engineering Consultancy Bureau (“the Bureau”) and its subsidiary (“the Group”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements of the Bureau and the Group give a true and fair view of the financial position of the Bureau and the Group as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 1.2 Basis for Qualified Opinion

### 1.2.1 Central Engineering Services (Private) Limited

The Qualified Opinion on the financial statements of the Central Engineering Services (Private) Limited for the year ended 31 December 2023 had been expressed by me based on the following observations.

- (a) In terms of Section 51 of Sri Lanka Accounting Standards 16, the useful economic life of the of property, plant and equipment with the written down value of Rs.378.08 million was not reviewed annually.
- (b) The financial statements had been prepared without being eliminated the internal transactions aggregating Rs. 159.9 million incurred between the sub-units of the Bases and between the Bases. Further, an amount of Rs. 56.78 earned from the internal transactions between the Base Offices had been included in the annual income as well as expenditure of the Company.
- (c) The differences amounting to Rs.12.71 million, Rs. 52.77 million, Rs.13.30 million and Rs. 16.45 million were observed as compared to balances of Rs.1,299.37 million, Rs.2,080.10 million, with no value and Rs.3,466.37 million shown by the parent organization i.e. the Central Engineering Consultants Bureau (CECB) and the corresponding balances of Rs 1,286.66 million, Rs 2,027.33 million, Rs 13.30 million and Rs 3,449.91 million shown in the financial statements of the Company with regard to trade debtors, retention receivables, sundry debtors, mobilization advances respectively.
- (d) The value as on 31 December 2023 of the chicks purchased under the Rambakan Oya Project, which should be shown under Biological Assets, was shown under Property, Plant and Equipment at a cost of Rs 18.02 million contrary to paragraph 12 of Sri Lanka Accounting Standard 41.



## 1.2.2 Central Engineering Consultancy Bureau

- (a) The process of proper coding of fixed assets of the Bureau as enable to conduct annual verification of assets has not been completed by 31 December 31 and accordingly a centralized fixed asset register has not been prepared. Hence, the physical existence of the property, plant and equipment worth Rs.4,308.58 million shown in the financial statements could not be unsatisfactory ascertained in audit.
- (b) In contrary to paragraphs 27 and 28 of Sri Lanka Accounting Standards – 01, the Bureau had presented the balance of VAT receivable or payable in the financial statements on a cash basis.
- (c) Detailed information for outstanding retention balances of Rs.53.48 million and Rs.18.32 million totalling Rs.35.16 million in respect of Battaramulla and South Base Offices of Engineering Procurement Construction (EPC) Division was not submitted to the audit. Therefore, the existence and accuracy of those balances as at 31 December 2023 could not be verified in audit.
- (d) Treasury Bonds of Rs.246.99 million maturing on 15 June 2025 received by the Bureau in the year 2022 were not recognized at fair value in the relevant year in accordance with the Sri Lanka Financial Reporting Standards 09 - Financial Instruments. Further, the said accounting error was not retrospectively adjusted and recognized in the accounts even in the year under review as per paragraph 42 of Sri Lanka Accounting Standards (LKAS) – 08.
- (e) Biological assets of Rs. 17.28 million belonging to the mixed agriculture project implemented by the Bureau were presented in the inventory of the financial statement as at 31 December 2023. However, the land and capital cost of Rs. 11.26 million and equipment worth of Rs. 0.17 million were also included in that value.
- (f) Trade receivables, retention receivables, sundry debtors and mobilization advances amounting to Rs.1,286.66 million, Rs.2,027.33 million, Rs.13.30 million and Rs.3,449.91 million respectively were identified as receivables to the Subsidiary from the Bureau. While the Bureau has identified only Rs.1,299.37 million, Rs.2,080.10 million, Rs.0.00 and Rs.3,466.37 million respectively as the balances to be paid to the Subsidiary. Hence, the differences of Rs.12.71 million, Rs. .52.77 million, Rs.13.30 million and Rs.16.45 million, were observed between those receivable and payable balances.

(g) Non-submission of files and other written evidence for audit.

Item	Value (Rs.)	Evidence not submitted
i. Trade Receivable Balance of WP-2 Base Office as on 31.12.2023	55.01 million	Project information or other written evidence related to debtor balances of Rs.55.01 million related to 13 projects at Javatta Base Office and 08 projects at Katubedda Base Office
ii. Retention money related to projects in Javatta and Katubedda Base Offices	7.16 million	Schedules relating to withholding balances
iii. Damages incurred in respect of 6 motor accidents as per Finance Regulations - 104(3), (4).	1.93 million	files related to vehicle accidents of the Bureau and information about the insurance claims received for the same

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 Other information included in the Group's 2023 Annual Report.

The other information comprises the information included in the 2023 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider

whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

#### **1.4 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 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 Group'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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

#### **1.5 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 scepticism 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 internal control of the Bureau and the Group.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Bureau as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year [except the audit matters of 1.2 (a), (b), (h) described in the basis for Qualified Opinion section of my report] as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Bureau has any direct or indirect interest in any contract entered into by the Bureau which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Bureau has not complied with any applicable written law, general and special directions issued by the governing body of the Bureau as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 *except for*;

### ***Reference to law/Direction***

### ***Description***

- (a) Public Enterprises Circular No. 01/2021 dated 16 November 2021 with regard to Guidelines on Corporate Governance and Operational Manual for State-Owned Enterprises.

- |  |  |
|--|--|
| <p>(i) Guidelines<br/>         Paragraph 2.3</p>               | <p>An action plan setting out in logical order and including the strategies for specific activities and actions to be completed to achieve the objectives of the Bureau was not prepared for the year under review.</p>  |
| <p>(ii) Operational Manual<br/>         Paragraph 3.2. (i)</p> | <p>A recruitment and promotion scheme for the middle management level and senior management level of the Bureau was not prepared and approved according to Management Service Circular No. 30 so far.</p>  |
| <p>(iii) Operational Manual<br/>         Paragraph 6.8</p>     | <p>The Ministries and other government institutions should not use the resources of public enterprises to carry out their functions. However, the land located at T.B. Jaya Mawatha (Dali Road) with an extend of 02 rood and 24.5 perches which was purchased by the Bureau for Rs. 03 million in the year 1990 with a present value of Rs.575 million had been given for the parking facilities to the Head Office of the Ministry of Irrigation at free of charge until now without being used for any fruitful economic purpose.</p> |
- 
- |   |  |
|---|--|
| <p>(b) Public Enterprises Circular No. PED/1/2015 of 25 May 2015<br/>         4.1 and 4.2</p> | <p>Instead of using the pool vehicles for group transport, individuals were using them to go to and from the office, but the distance travelled could not be ascertained due to the fact that the running charts were not maintained properly.</p> |
|---|--|
- 
- 2.2.3 to state that the Bureau has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;
- 2.2.4 to state that the resources of the Bureau had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018



## 2.3 Other Matters

- (a) A loss of Rs. 145.57 million had reported from overall operations of the Bureau in the year ending 31 December 2023.
- (b) An overall operating loss of Rs.54.86 million had reported from 07 sub-divisions out of 14 sub-divisions of the Engineering Procurement Construction (EPC) Division in the year under review and out of 22 cost centres in the Consultancy Divisions, 14 cost centres had reported an operating loss of Rs.305.49 million.
- (c) Eight (08) cost centres of the Consultancy Division had not generate adequate revenue even to cover the cost of sales for the year under review, and a total gross loss of Rs.142.30 million had been reported in the year under review.
- (d) No operations had been carried out by the International Division during the year under review and this Division had not generated any revenue during the period from 2021 to 31 December 2023.
- (e) The balance of Rs.1, 545.96 million receivable from the Subsidiary as at 31 December 2023 had not been recovered yet and the updated agreements had not been maintained with regard to these transactions. It was observed that this balance is increasing due to carry out further transactions and not taking fruitful action to settle this balance.
- (f) The total debtor balances as at the end of the year under review was Rs.4, 549.28 million, and the debtor balances between 3-5 years and more than 5 years in the Engineering Procurement Construction (EPC) division were Rs.246.91 million and Rs.1, 280.47 million respectively and the debtor balances between 3-5 years and more than 5 years in the Consulting Division were Rs.270.49 million and Rs.356.55 million respectively. Accordingly, it was observed that the Bureau had not taken actions to recover the outstanding debtor balances on timely manner.
- (g) The total creditor balance at the end of the year under review was Rs.1, 874.15 million and the creditor balances between 3-5 years and more than 5 years in the Engineering Procurement Construction (EPC) division were Rs.219.18 million and Rs.767.84 million respectively and the creditor balances between 3-5 years and more than 5 years in the Consulting Division were Rs.2.92 million and Rs.39.04 million respectively. Accordingly, it was observed that the Bureau had not taken action to settle the outstanding creditor balances on timely manner.

- (h) In terms of Section 7 (2) of the Default Taxes (Special Provisions) Act No. 16 of 2010, the Bureau had not settled the defaulted income tax, PAYE tax and other taxes for the period of 1996 to 2007 amounting to Rs. 49.59 and fines thereof to the Inland Revenue Department.
- (i) Out of 15 official residences belonging to the Bureau located at Sarana Road, Colombo 07, five (05) official residences are being utilized by the outsiders without making any payment and there is no approved procedure at the Bureau for providing these official residences to the outsiders. Further, the Bureau had not entered into with the agreements with the outside parties for providing these official residences.
- (j) A land with an extent of 150 acres belonging to Sri Lanka Mahaweli Authority located in Pollebedda Mahaweli Division, Rambakanoya Mahaweli Zone, Ampara District had been given to the Bureau for a mixed agricultural project. However the Bureau had not taken any actions so far to enter into a formal lease agreement to acquire the land on a long-term lease basis. Further, this agricultural project is being maintained by the Central Engineering Services Private Ltd, from the year 2023 and no proper actions had been taken for handed over this land to the above company.

W.P.C. Wickramaratne  
Auditor General