

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

FOR THE YEAR ENDED 31ST DECEMBER 2022

		GROUP		CECB	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	Note		Restated		Restated
Revenue	9	8,637,928,334	10,764,945,256	4,495,657,876	6,070,358,396
Cost of Sales	10	(7,513,664,938)	(9,217,700,680)	(4,038,496,551)	(5,409,764,379)
Gross Profit		1,124,263,396	1,547,244,576	457,161,325	660,594,017
Other Income	11	317,964,655	76,943,918	228,154,490	116,258,385
Administration Expenses		(1,374,735,755)	(1,379,582,400)	(602,861,755)	(681,485,059)
Selling and Distribution Expenses		(433,889,642)	(227,998,916)	(390,454,796)	(217,674,376)
Results from Operating Activities		(366,397,345)	16,607,177	(308,000,735)	(122,307,033)
Finance Income		701,916,821	304,566,882	381,000,502	175,841,764
Finance Cost		(11,586,797)	(17,749,366)	(3,604,800)	(5,031,999)
Net Finance Income	12	690,330,024	286,817,516	377,395,702	170,809,765
Profit Before Tax		323,932,679	303,424,693	69,394,967	48,502,732
Income Tax Expense	14	(164,891,451)	(53,643,363)	(70,987,105)	(9,338,204)
Profit/(Loss) for the Year		159,041,228	249,781,330	(1,592,139)	39,164,528
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurement of Defined Benefit Liability	24	34,169,991	7,821,466	32,589,792	12,856,238
Related Tax	25	(52,094,863)	28,604,353	(52,094,863)	28,604,353
Other Comprehensive Income for the Year, Net of Tax		(17,924,872)	36,425,819	(19,505,071)	41,460,591
Total Comprehensive Income for the Year, Net of Tax		141,116,356	286,207,150	(21,097,209)	80,625,119

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 2022		GROUP		CECB	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
		Restated		Restated	
Assets	Note				
Non-Current Assets					
Property, Plant and Equipment	15	3,451,217,545	3,559,944,053	2,839,569,171	2,982,804,753
Right-of-use Assets	16	69,212,972	71,943,960	55,579,570	57,796,383
Intangible Assets	17	6,637,975	9,005,593	6,637,976	9,005,594
Investments	18	296,196,148	46,040,967	306,196,168	56,040,987
Amount Due from Related Parties	21		-	1,538,066,675	1,431,239,453
Total Non-Current Assets		3,823,264,639	3,686,934,573	4,746,049,561	4,536,887,170
Current Assets					
Inventories	19	1,003,136,649	1,038,295,881	21,573,121	11,271,578
Work in progress	19	64,675,522	35,198,733	-	-
Trade and Other Receivables	20	10,957,535,070	11,034,818,611	9,442,577,370	9,683,219,443
Short term Investments	18	5,754,441,609	5,503,658,320	3,008,256,843	3,167,309,884
Cash and Cash Equivalents	22	928,177,351	1,058,033,180	274,971,325	406,837,411
Total Current Assets		18,707,966,202	18,670,004,725	12,747,378,660	13,268,638,316
Total Assets		22,531,230,841	22,356,939,298	17,493,428,220	17,805,525,486
Equity and Liabilities					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve	28	92,439,233	92,439,233	92,439,233	92,439,233
Revaluation Reserve		711,168,864	711,168,864	516,618,300	516,618,300
Retained Earnings		6,918,150,698	6,777,034,330	5,896,505,525	5,917,602,731
Total Equity		7,722,258,795	7,581,142,428	6,506,063,057	6,527,160,264
Non-Current Liabilities					
Lease Creditors	23	2,968,736	2,831,243	2,968,736	2,831,243
Employee Benefit Liabilities	24	169,789,433	217,265,979	141,652,950	188,056,503
Deferred Tax	25	54,752,719	36,680,687	40,487,190	20,275,357
Discount Received	18	11,907,048		11,907,048	
Total Non-Current Liabilities		239,417,937	256,777,909	197,015,925	211,163,102
Current Liabilities					
Trade and Other Payables	26	13,795,176,795	13,836,300,469	10,067,385,595	10,401,415,573
Income Tax Payables	27	774,148,929	682,500,764	722,735,259	665,568,818
Lease Creditors	23	228,384	217,728	228,384	217,728
Total Current Liabilities		14,569,554,110	14,519,018,961	10,790,349,238	11,067,202,119
Total Liabilities		14,808,972,046	14,775,796,870	10,987,365,163	11,278,365,221
Total Equity and Liabilities		22,531,230,841	22,356,939,298	17,493,428,220	17,805,525,485

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.

D.Mabopitiya
DEPUTY GENERAL MANAGER (FINANCE)

Eng. S.A.U.D.C.Siriwardana
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. A. Galketiya
CHAIRMAN

Eng. G.D.A. Piyathilake
DIRECTOR

8th March 2023
 Colombo

CENTRAL ENGINEERING CONSULTANCY BUREAU
STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2022	GROUP		CECB	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
		Restated		Restated
Cash Flows from Operating Activities				
Profit Before Tax	323,932,679	491,886,923	69,394,967	48,502,732
Adjustments for:				
Depreciation on Property, Plant and Equipments	333,651,452	319,372,158	163,799,681	154,713,571
Amortisation of Leased Hold Property	2,730,989	2,730,988	2,216,813	2,216,813
Amortisation of Intangible Assets	2,367,619	2,013,537	2,367,619	2,013,537
Provision for Bad and Doubtful Debts	31,763,440	346,906,730	8,656,741	339,289,130
Reversal of Bad and Doubtful Debts	(23,099,484)	(141,002,260)	(23,099,484)	(141,002,260)
Provision / (Reversal) for Gratuity	44,955,521	39,652,404	36,770,172	32,564,563
Net Finance Income	(690,330,024)	(286,817,516)	(377,395,702)	(170,809,765)
Previous Period Adjustments	-	1,505,876	-	-
(Profit) / Loss on disposal of Property, Plant and Equipments	211,502	(2,993,447)	63,310	(4,788,101)
Operating Profit before Working Capital Changes	26,183,692	773,255,393	(117,225,888)	262,700,220
(Increase)/Decrease in Inventories	35,159,232	(298,006,672)	(10,301,543)	5,803,406
(Increase)/Decrease in Work In Progress	(29,476,789)	69,892,607	-	-
(Increase)/Decrease in Trade and Other Receivables	68,619,585	211,023,666	255,084,816	90,965,434
(Increase)/Decrease in Amounts Due from Related Companies	-	-	(106,827,222)	221,306,031
Increase/(Decrease) in Trade and Other Payables	(41,123,674)	(376,237,755)	(334,029,979)	(859,947,273)
Cash Generated from Operating Activities	59,362,047	379,927,240	(313,299,815)	(279,172,183)
Interest paid	(11,586,797)	(17,749,366)	(3,604,800)	(5,031,999)
Tax paid	(107,266,116)	(114,605,999)	(45,703,694)	(66,041,360)
Gratuity paid	(58,262,076)	(35,697,680)	(50,583,933)	(33,608,560)
Net Cash Flows from Operating Activities	(117,752,942)	211,874,195	(413,192,243)	(383,854,101)
Cash Flows from Investing Activities				
Investment in Property Plant and Equipment	(216,409,345)	(165,077,068)	(20,658,441)	(15,405,436)
Investment in Capital Work in Progress	(16,152,680)	(1,749,524)	-	(1,474,449)
Investment in Leased Hold Property	-	-	-	-
Investment in Intangible Assets	-	(4,308,000)	-	(4,308,000)
Sales Proceed on Disposal of Property Plant and Equipment	7,425,590	6,940,227	31,040	5,084,326
Investment / Disposal of Long Term Deposit	(250,155,181)	11,611,806	(250,155,181)	11,611,806
Investment / Disposal of Short Term Deposit	(250,783,289)	139,553,130	159,053,041	184,691,854
Interest Income	701,916,821	304,566,882	381,000,502	175,841,764
Discount received of Investment on long term treasury bond	11,907,048	-	11,907,048	-
Net Cash Flows from Investing Activities	(12,251,036)	291,537,454	281,178,008	356,041,865
Cash Flows from Financing Activities				
Payment of Finance Lease Liabilities	148,149	132,275	148,149	132,275
Net Cash from Financing Activities	148,149	132,275	148,149	132,275
Net Increase/(Decrease) in Cash and Cash Equivalents	(129,855,829)	315,081,695	(131,866,085)	(27,679,957)
Cash and Cash Equivalent at the beginning	1,058,033,180	742,951,485	406,837,411	434,517,368
Cash and Cash Equivalent at the end (Note 22)	928,177,351	1,058,033,180	274,971,326	406,837,411

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 2022

	CECB				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2020	500,000	92,439,233	516,618,300	6,607,602,081	7,217,159,613
Correction of errors relating to previous years (Note 1)	-	-	-	(770,624,468)	(770,624,468)
Restated Balance as at 01st January 2021	500,000	92,439,233	516,618,300	5,836,977,613	6,446,535,145
Restated Net Profit For the Year	-	-	-	39,164,527	39,164,527
Other Comprehensive Income for the year, net of tax	-	-	-	41,460,591	41,460,591
Restated Balance as at 31st December 2021	500,000	92,439,233	516,618,300	5,917,602,731	6,527,160,264
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

	GROUP				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2020	500,000	92,439,233	711,168,864	7,259,945,772	8,064,053,869
Correction of errors relating to previous years (Note 1)	-	-	-	(770,624,468)	(770,624,468)
Restated Balance as at 01st January 2021	500,000	92,439,233	711,168,864	6,489,321,304	7,293,429,401
Restated Net Profit For the Year	-	-	-	249,781,330	249,781,330
Other Comprehensive Income for the year, net of tax	-	-	-	36,425,819	36,425,819
Prior Year Adjustment - Note 2	-	-	-	1,505,876	1,505,876
Restated Balance as at 31st December 2021	500,000	92,439,233	711,168,864	6,777,034,330	7,581,142,427
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

Note 1 -Correction of errors relating to previous years

Specific provision has been made on bad and doubtful debts for long outstanding trade receivables which may not be recoverable. The provision is based on after full assessment of each and every receivable balance and incorporated in the financial statement by way of prior period adjustment in 2020 and 2021 financial statements with restated figures.

Note 2 - Prior year adjustment

Previous years income tax liability changes were adjusted to retained earnings.

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

FOR THE YEAR ENDED 31ST DECEMBER 2022

	GROUP		CECB	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
		Restated		Restated
9 Revenue				
Construction Revenue	6,907,547,417	8,663,484,841	2,747,893,232	3,947,261,232
Consultancy Revenue	1,730,380,917	2,094,868,158	1,747,764,644	2,116,504,906
Agri Produce Revenue	-	6,592,257	-	6,592,257
	8,637,928,334	10,764,945,256	4,495,657,876	6,070,358,396
10 Cost of sales				
Construction Cost	5,943,954,537	7,547,543,286	2,465,582,973	3,736,624,945
Consultancy Cost	1,569,710,402	1,662,080,320	1,572,913,577	1,665,062,361
Agri Produce Cost	-	8,077,073	-	8,077,073
	7,513,664,939	9,217,700,680	4,038,496,551	5,409,764,379
11 Other Income				
Miscellaneous Revenue	152,711,267	56,872,261	83,595,238	36,595,031
Hiring Income	100,139,707	53,378,763	12,137,500	20,158,295
Gain on Disposal of property plant & equipm	(117,152)	2,993,447	31,040	4,788,101
Reimbursable costs			30,648,552	30,468,939
Foreign exchange gain/(loss)	78,642,677	5,537,274	78,642,677	5,537,274
Bad Debt Provision Reversal	23,099,484	18,710,745	23,099,484	18,710,745
Loss on Asphalt/Crusher Plant	(36,595,421)	(60,753,937)	-	-
Commission Income	84,093	205,364	-	-
	317,964,655	76,943,918	228,154,490	116,258,385
12 Net Finance Income				
Finance Income				
Interest Income	701,916,821	304,566,882	381,000,502	175,841,764
	701,916,821	304,566,882	381,000,502	175,841,764
Finance Cost				
Finance Cost	(11,586,797)	(17,749,366)	(3,604,800)	(5,031,999)
	690,330,024	286,817,516	377,395,702	170,809,765

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

FOR THE YEAR ENDED 31ST DECEMBER 2022

		GROUP		CECB	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
14	Income Tax				
14.1	Current Tax Expense	198,914,282	131,104,507	102,870,135	85,717,220
	Deferred Tax Provision	(34,022,831)	(77,461,144)	(31,883,030)	(76,379,016)
	Adjustment for Prior Years	-	-	-	-
		164,891,451	53,643,363	70,987,105	9,338,204
14.2	Reconciliation of Accounting Profit to Taxable Profit				
	Income Tax Charge at				
	Income Tax @ 14%	-	46,122,247	-	734,960
	Income Tax @ 24%	93,626,758	84,982,260	45,720,060	84,982,260
	Income Tax @ 30%	105,287,523	-	57,150,075	-
	Current Income Tax Expenses	198,914,282	131,104,507	102,870,135	85,717,220

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.
Cost												
Balance as at 1st January 2022	2,206,500,000	844,742,539	66,094,485	126,449,422	70,848,570	228,533,728	1,709,753	140,697,939	489,348,330	1,955,253	14,778,996	4,191,659,015
Adjustment to opening balances	-	-	-	-	-	-	-	-	10,733,929	-	-	10,733,929
Balance as at 01.01.2022 (Restated)	2,206,500,000	844,742,539	66,094,485	126,449,422	70,848,570	228,533,728	1,709,753	140,697,939	500,082,259	1,955,253	14,778,996	4,202,392,944
Additions during the year	-	-	1,505,675	4,270,878	1,790,034	-	-	12,690,954	-	400,900	-	20,658,441
Disposals / Write off during the year	-	-	(1,209,300)	(1,714,400)	(557,907)	(861,610)	-	(1,379,106)	-	(89,133)	-	(5,811,455)
Balance as at 31st December 2022	2,206,500,000	844,742,539	66,390,861	129,005,900	72,080,698	227,672,118	1,709,753	152,009,787	500,082,259	2,267,020	14,778,996	4,217,239,930
Accumulated Depreciation												
Balance as at 1st January 2022	-	559,457,860	51,396,442	114,390,786	57,992,276	195,586,226	1,700,205	123,020,504	103,560,425	1,749,541	-	1,208,854,265
Adjustment to opening balances	-	-	-	-	-	-	-	-	10,733,929	-	-	10,733,929
Balance as at 01.01.2022 (Restated)	-	559,457,860	51,396,442	114,390,786	57,992,276	195,586,226	1,700,205	123,020,504	114,294,353	1,749,541	-	1,219,588,194
Charge for the year	-	61,119,730	3,718,385	5,339,347	4,148,093	29,700,952	9,547	9,000,014	50,649,988	113,616	-	163,799,671
Disposals during the year	-	-	(1,209,300)	(1,714,400)	(509,052)	(861,610)	-	(1,379,106)	-	(43,638)	-	(5,717,106)
Balance as at 31st December 2022	-	620,577,590	53,905,528	118,015,733	61,631,317	224,425,568	1,709,752	130,641,411	164,944,341	1,819,518	-	1,377,670,759
Net Book Value												
Balance as 31st December 2021	2,206,500,000	285,284,679	14,698,043	12,058,635	12,856,294	32,947,502	9,547	17,677,435	385,787,906	205,712	14,778,996	2,982,804,750
Balance as at 31st December 2022	2,206,500,000	224,164,948	12,485,333	10,990,166	10,449,381	3,246,550	(0)	21,368,376	335,137,918	447,502	14,778,996	2,839,569,170

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

The cost of fully depreciated assets which are still in use of the Bureau amounting to Rs. 374,293,172/- (Rs.295,813,575/- in 2021)												
<u>As at 31.12.2021</u>												
Fully depreciated	-	-	31,824,294	75,282,790	29,664,373	62,430,114	1,608,418	91,112,047	2,676,329	1,215,210	-	295,813,575
Depreciating		844,742,539	34,270,191	51,166,632	41,184,197	166,103,614	101,335	49,087,354	487,170,540	740,043	14,778,996	1,689,345,440
<u>As at 31.12.2022</u>												
Fully depreciated		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
Depreciating		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	1,635,948,220

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

FOR THE YEAR ENDED 31ST DECEMBER

15 PROPERTY PLANT AND EQUIPMENT

Group												
	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.
Cost												
Balance as at 1st January 2022	2,214,915,147	909,060,297	106,019,494	694,641,856	127,509,655	589,239,362	56,694,629	222,944,274	682,941,497	2,478,758	42,880,687	5,649,325,656
Adjustment to opening balances	-	-	-	-	-	-	-	-	10,733,929	-	-	10,733,929
Balance as at 01.01.2022 (Restated)	2,214,915,147	909,060,297	106,019,494	694,641,856	127,509,655	589,239,362	56,694,629	222,944,274	693,675,426	2,478,758	42,880,687	5,660,059,585
Additions during the year	-	32,703,295	2,386,784	114,416,793	6,159,175	42,628,702	(0)	17,553,386	0	561,210	16,152,680	232,562,025
Disposals during the year	-	(10,069,269)	(2,326,546)	(10,021,448)	(2,655,300)	(11,522,078)	-	(3,000,791)	-	(100,804)	-	(39,696,236)
Balance as at 31st December 2022	2,214,915,147	931,694,323	106,079,733	799,037,200	131,013,530	620,345,986	56,694,629	237,496,869	693,675,426	2,939,163	59,033,367	5,852,925,374
Accumulated Depreciation												
Balance as at 1st January 2022	-	601,409,528	74,472,067	480,040,363	93,002,009	496,748,347	38,154,577	182,283,464	121,280,642	1,990,608	-	2,089,381,606
Adjustment to opening Balance	-	-	-	-	-	-	-	-	10,733,929	-	-	10,733,929
Balance as at 01.01.2022 (Restated)	-	601,409,528	74,472,067	480,040,363	93,002,009	496,748,347	38,154,577	182,283,464	132,014,570	1,990,608	-	2,100,115,534
Charge for the year	-	74,505,193	7,961,646	91,976,478	10,569,644	59,271,757	4,175,551	17,776,048	67,218,780	196,338	-	333,651,435
Disposals during the year	-	(8,307,147)	(1,693,941)	(5,984,908)	(2,079,839)	(14,112,376)	-	(2,821,096)	-	(59,837)	-	(32,059,145)
Balance as at 31st December 2022	-	667,607,574	80,739,772	566,031,933	101,491,814	544,907,728	42,330,128	197,238,415	199,233,350	2,127,109	-	2,401,707,824
Net Book Value												
Balance as 31st December 2021	2,214,915,147	307,650,769	31,547,427	214,601,492	34,507,646	92,491,015	18,540,051	40,660,810	561,660,856	488,150	42,880,687	3,559,944,052
Balance as at 31st December 2022	2,214,915,147	264,086,749	25,339,961	233,005,267	29,521,716	75,438,259	14,364,500	40,258,453	494,442,076	812,055	59,033,367	3,451,217,550

Capital work in progress includes the cost of internally developed software in the subsidiary (Central Engineering Services (Pvt) Ltd).

	Group	CECB		
	As at 31.12.2021	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
Internal Developed Software				
Balance at the beginning of the year	23,638,848	23,638,848	11,743,134	11,743,134
Cost incurred during the year	-	-	-	-
	23,638,848	23,638,848	11,743,134	11,743,134
Land/Building Construction				
Balance at the beginning of the year	19,241,838	17,492,314	3,035,861	1,561,412
Capitalized during the year	-	-	-	-
Cost incurred during the year	16,152,680	1,749,524	-	1,474,449
	35,394,518	19,241,838	3,035,861	3,035,861
	59,033,366	42,880,686	14,778,995	14,778,995

AS AT 31ST DECEMBER 2022

	GROUP		CECB	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
	Restated		Restated	
16 Right-of-use Assets				
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	71,943,960	74,674,948	57,796,383	60,013,196
Acquisition during the year	-	-	-	-
Reversal of Valuation	-	-	-	-
Amortization	(2,730,989)	(2,730,988)	(2,216,813)	(2,216,813)
At end of the year	69,212,972	71,943,960	55,579,570	57,796,383
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 Road, Battaramulla	0A-2R-20.00P	30 Years from 04.09.2018	53,430,066	55,510,969
Plan No 582	(Lot nos 7,8 & 9)	30 Years	13,633,401	14,147,577
New Town Ratnapura	60P	From 08.07.2019		
Ampara District Jayawardenapura Village Ha .1012			1,773,759	1,884,619
Plan No 484	(Deed 280006)	30 Years		
Kanthale (A:1,R:1,P:11.93)		30 years from 2008	375,745	400,795
			69,212,971	71,943,960
			55,579,570	57,796,383
17 Intangible Assets				
Cost/ Revaluation				
At 1st January	13,125,028	8,817,028	13,125,028	8,817,028
Addition	-	4,308,000	-	4,308,000
At 31st December	13,125,028	13,125,028	13,125,028	13,125,028
Amortization and Impairment				
At 1st January	(4,119,434)	(2,105,897)	(4,119,434)	(2,105,897)
Amortization	(2,367,619)	(2,013,537)	(2,367,619)	(2,013,537)
At 31st December	(6,487,053)	(4,119,434)	(6,487,053)	(4,119,434)
Carrying Value				
As at 31st December 2021	9,005,594	6,711,130	9,005,594	6,711,131
As at 31st December 2022	6,637,975	9,005,594	6,637,976	9,005,594
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)	296,196,148	46,040,967	306,196,168	56,040,987
Short term investment (Note 18.2)	5,754,441,609	5,503,658,320	3,008,256,843	3,167,309,884
	6,050,637,757	5,549,699,287	3,314,453,011	3,223,350,872
18.1 Long term investment				
Loans and receivable financial assets				
Investment in Fixed Deposit	294,196,148	44,040,967	294,196,148	44,040,967
Available for sale financial assets				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	296,196,148	46,040,967	296,196,148	46,040,967
CECB has been received a long term treasury bond against trade receivable amount of Rs 235,086,151.82 receivable from Ministry of Defence. The Bond to be matured on 15 th January 2025 and classified as long term investment in the financial statements.				
The valuation of the bond has been calculated based on future cash flows and shown at amortised cost in financial statements. The premium of Rs 11,907,048.18 is shown under non current liability which is to be recognized in the income statement over the life time of the bond.				
Investment in subsidiary (Unquoted)				
Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	296,196,148	46,040,967	306,196,168	56,040,987
18.2 Short term investment				
Short term investments	5,754,441,609	5,503,658,320	3,008,256,843	3,167,309,884
18.2 Short term investment				
	5,754,441,609	5,503,658,320	3,008,256,843	3,167,309,884
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 1,262,688.61 in 2022 and Rs. 1,653,154 in 2021) have been charged in the income statement.)				
As at reporting date Fixed Deposits amounting to Rs. 479 Mn & Rs 1,024 Mn have been pledged by CECB and CESL respectively as securities against bank guarantee facilities obtained from banks.				

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

AS AT 31ST DECEMBER 2022

	GROUP		CECB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
		Restated		Restated
19 Inventories				
Inventories	985,859,745	1,030,550,136	4,296,217	3,525,833
Biological Assets (Work in Progress-Agriculture)	17,276,904	7,745,745	17,276,904	7,745,745
	<u>1,003,136,649</u>	<u>1,038,295,881</u>	<u>21,573,121</u>	<u>11,271,578</u>
Work in Progress	<u>64,675,522</u>	<u>35,198,733</u>		
20 Trade and Other Receivables				
Trade Receivables (Note 20.1)	10,595,293,146	10,536,790,963	5,911,152,341	6,288,214,512
Other Receivables (Note 20.2)	85,619,703	82,894,635	69,572,810	45,629,462
Deposits, Prepayments and Advances (Note 20.3)	276,622,221	415,133,013	3,461,852,219	3,349,375,469
	<u>10,957,535,070</u>	<u>11,034,818,611</u>	<u>9,442,577,370</u>	<u>9,683,219,443</u>
20.1 Trade Receivables				
Debtors	7,501,625,071	7,451,049,876	5,296,029,702	5,630,413,222
Due from customers	2,093,865,898	2,176,612,288	472,778,224	680,392,142
Retention receivables	3,615,572,511	3,730,555,048	2,613,849,964	2,680,084,033
Less - Provision for Impairment (Note 20.1.1)	(2,615,770,334)	(2,821,426,250)	(2,471,505,549)	(2,702,674,886)
	<u>10,595,293,146</u>	<u>10,536,790,963</u>	<u>5,911,152,341</u>	<u>6,288,214,512</u>
20.1.1 Provision for Impairment				
Balance at the beginning of the year	2,151,446,492	2,093,538,322	2,032,695,128	1,982,404,558
Impairment loss recognized	-	247,998,317	-	247,998,317
Amounts written off	(1,288,122)	(85,066,122)	(1,288,122)	(85,066,122)
Reversal of bad debt provision	(193,162,488)	(141,002,260)	(193,162,488)	(141,002,260)
Provision for Bad Debt - Specific Provision	31,763,440	35,978,236	8,656,741	28,360,636
Balance at the end of the year	<u>1,968,759,322</u>	<u>2,151,446,492</u>	<u>1,846,901,260</u>	<u>2,032,695,128</u>
20.1.1.2 Retention receivables				
Balance at the beginning	669,979,758	607,224,329	669,979,758	607,224,329
Impairment loss recognized	2,406,724	62,930,177		62,930,177
Amounts written off	(45,375,469)	(174,749)	(45,375,469)	(174,749)
	<u>627,011,012</u>	<u>669,979,758</u>	<u>624,604,289</u>	<u>669,979,758</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.				
20.2 Other Receivables				
Staff Loans	33,569,156	28,747,519	28,384,156	24,706,771
Prepaid Staff Cost	8,089,687	2,012,819	6,875,097	1,745,120
Sundry Debtors	43,115,431	51,288,869	34,609,986	19,474,002
WHT Receivable	845,428	845,428	(296,431)	(296,431)
	<u>85,619,703</u>	<u>82,894,635</u>	<u>69,572,810</u>	<u>45,629,462</u>
20.3 Deposits, Prepayments and Advances				
Deposits	25,300,914	24,233,791	9,617,337	9,256,990
Mobilization Advance paid	160,814,983	202,273,129	3,446,621,999	3,332,332,584
Advances	87,442,613	173,957,225	3,862,887	3,679,544
Prepayments	3,063,710	14,668,868	1,749,998	4,106,351
	<u>276,622,221</u>	<u>415,133,013</u>	<u>3,461,852,219</u>	<u>3,349,375,469</u>
21 Amount Due from Related Party Companies				
Central Engineering Services (Private) Limited			1,538,066,675	1,431,239,453
			<u>1,538,066,675</u>	<u>1,431,239,453</u>

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

AS AT 31ST DECEMBER 2022

	GROUP		CECB	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
	Restated		Restated	
22 Cash and Cash Equivalents				
Favorable Balances				
Cash in hand and at bank	835,790,172	851,492,894	271,152,492	386,421,987
Bank Imprest	269,607	269,607	269,607	269,607
Cheque in Transit	92,117,572	206,270,680	3,549,226	20,145,817
Cash and Cash Equivalents for the Cash Flow Purpose	928,177,351	1,058,033,180	274,971,325	406,837,411
23 Lease Creditors				
Balance as at 1st January	3,048,972	2,916,696	3,048,972	2,916,696
Interest Expense	365,877	350,004	365,877	350,003
Payments made during the year	(217,728)	(217,728)	(217,728)	(217,728)
Balance as at 31st December	3,197,121	3,048,972	3,197,121	3,048,971
Amount payable within one year	228,384	217,728	228,384	217,728
Amount payable after one year	2,968,736	2,831,243	2,968,736	2,831,243
	3,197,120	3,048,971	3,197,120	3,048,971
24 Employee Benefits				
Balance as at 1st January	217,265,979	221,132,721	188,056,503	201,956,738
Provision for the year	44,955,521	39,652,404	36,770,172	32,564,563
(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	(34,169,991)	(7,821,466)	(32,589,792)	(12,856,238)
Payment made during the year	(58,262,076)	(35,697,680)	(50,583,933)	(33,608,560)
Balance as at 31st December	169,789,433	217,265,979	141,652,950	188,056,503
a) The Employee benefit obligation of CECB as at 31 st December 2022 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 st December 2022 of CECB Rs 141.6 Mn and Group is Rs.169.7 Mn.				
b) Key assumptions used in the computation includes the following;				
Rate of Discount	18%	11.60%	18%	11.60%
Employee Turnover Factor	5%	0.02% -0.07%	5%	0.02% -0.07%
Retirement Age	60 Years	60-61 Years	60 Years	60-61 Years
c) Expenses recognised immediately in the statement of Comprehensive Income				
Interest Cost	25,027,596	18,796,282	21,814,554	17,166,323
Current Service Cost	19,927,925	20,856,122	14,955,618	15,398,240
Net Actuarial Gain/(Loss) recognised immediately	(34,169,991)	(7,821,466)	(32,589,792)	(12,856,238)
Provision for the year	10,785,530	31,830,938	4,180,380	19,708,325

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

AS AT 31ST DECEMBER 2022

	GROUP		CECB	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
	Restated		Restated	
25 Deferred Tax Assets/Liabilities				
Balance at the beginning of the year	36,680,687	142,746,184	20,275,357	125,258,726
Expense for the year recognized in profit/loss	(34,022,831)	(77,461,144)	(31,883,030)	(76,379,016)
Expense for the year recognized in OCI	52,094,863	(28,604,353)	52,094,863	(28,604,353)
Balance at the end of the year	54,752,719	36,680,687	40,487,190	20,275,357
			40,487,189	
26 Trade and Other Payables				
Trade Payables (Note 26.1)	13,300,708,148	13,330,317,411	9,783,225,115	10,028,271,656
Other Payables (Note 26.2)	494,468,647	505,983,060	284,160,480	373,143,917
	13,795,176,795	13,836,300,469	10,067,385,595	10,401,415,573
26.1 Trade Payables				
Creditors	2,015,988,538	2,489,927,255	2,055,009,217	2,309,342,507
Due to Customers	4,853,761,235	4,232,597,030	1,609,352,156	1,726,512,266
Mobilization & Other Advances	5,514,827,233	5,695,912,659	3,926,412,019	3,786,138,167
Retention Payables to Contractors	916,131,142	911,880,467	2,192,451,723	2,206,278,716
	13,300,708,148	13,330,317,411	9,783,225,115	10,028,271,656
26.2 Other Payables				
Unpaid salaries	28,696,377	23,870,788	-	-
Sundry Creditors	135,075,235	142,322,175	107,486,719	114,167,137
Refundable Deposits	808,595	1,237,460	808,595	1,237,460
Accrued Expenses	137,090,020	210,247,190	105,538,912	173,108,928
PAYE Tax	7,484,431	7,432,675	3,434,907	3,384,351
Other Taxes	185,313,989	120,872,772	66,891,347	81,246,041
	494,468,647	505,983,060	284,160,480	373,143,917
27 Income Tax Payables				
Balance at the beginning of the year	682,500,764	666,002,256	665,568,818	645,892,958
Income tax for the year	189,517,542	131,104,507	102,870,135	85,717,220
Provision in respect of the last year	9,396,740	(1,505,876)	-	-
Payments made during the year	(107,266,116)	(113,100,123)	(45,703,694)	(66,041,360)
Balance at the end of the year	774,148,929	682,500,764	722,735,259	665,568,818

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 independent 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 Independent 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.

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

AS AT 31ST DECEMBER 2022

29.0 Related Party Transactions

29.1 Transaction with Subsidiaries

- a) Eng. A. Galketiya is the Chairman of both parent (CECB) and subsidiary (CESL). 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. G.R.A.S Gunathilake	General Manager	Director
Eng. S.A.U.D.C.Siriwardana	Addl General Manager (Water Resource & Planning)	Director
Mr. D. Mabopitiya	Deputy General Manager (Finance)	Director

b) Nature of the Transactions	Amount	
	2022 Rs.	2021 Rs.
Sub Construction Costs	2,172,590,838	3,580,440,857
Hiring	13,076,256	25,676,779
Reimbursement of Salary over head	30,648,552	30,468,939
Consultancy services	23,243,480	28,106,733
Other Miscellaneous Services	12,825,077	11,819,458

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	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Compensation paid to Key Management Personnel				
Salaries and other Employment Benefits	2,922,875	2,473,570	1,764,887	1,697,500

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

AS AT 31ST DECEMBER 2022

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

Case No. 03 1564/13 District Court of Colombo

Eng. W.K.P.I. Rodrigo filed a defamation case and claiming Rs. 500,000,000.00 as compensation. CECB has taken objection *inter alia* to amount claiming is excessive. (Case was dismissed on 24.08.2022)

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. But the works were done by CESL.) Again case was referred to Nawalapitiya District Court to hear.

Case No. 08 M/15141/17 District Court of 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.

CL 65 -District Court of Badulla

Mr. Athula Bandara Rathnayake claiming Rupees 750,000/- as damages for injuries caused to him and his family members and damages caused to his motor bicycle by the accident.

However Sri Lanka Insurance has undertaken the liability of the case on 19.03.2021.
(The case was settled on 26.08.2022)

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.

SPL 33 District Court of Theldeniya

Mr. D.M. Somarathna Dissanayake filed against CECB & 2 Others to obtain injunction *inter alia* to praying others.

(According to the journal entries dated 29.03.2022, the Court has decided to proceed the case only against 1st Defendant, Medadumbara Pradeshiya Sabha)

23/Ku/26/2020 Labour Tribunal Kurunegala

Ms. K.M. Chintha Priyadarshani Karunaratne filed against CECB and CESL claiming reinstatement or back wages for the last date of contract period.

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/M/26/23/2021 Labour Tribunal of Matara

Mr. P.L.U.S. Gunawardena filed against CECB claiming compensation for his sudden termination and gratuity or reinstatement with back wages.
(The case was settled on 14.02.2022)

DSP 198/2021 District Court of Colombo

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

(Transferred to Commercial High Court on 21.11.2022, the Case No. of Commercial High Court is CHC/321/22 MR will be called on 15.02.2022)

LT 03/92/2021 Labour Tribunal, Kandy

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

CHC/IP/04/2022 Commercial High Court of Colombo

Green Tech Consultants (Pvt) Ltd., has filed the case against CECB & another claiming design rights.
The case was settled on 02.06.2022.

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

AS AT 31ST DECEMBER 2022

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)

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

37505/M District Court of Rathnapura

Bureau has filed a case against Mr. Munasinghe Patabendige Ranjith and Ceylindoo 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/-.

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

FOR THE YEAR ENDED 31ST DECEMBER 2022

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**

ANNEXTURE 09.

	2022	2021	Variation
Income			
Consultancy Fees	1,730,380,917	2,094,868,158	(364,487,240)
Construction Revenue	6,907,547,417	8,663,484,841	(1,755,937,424)
Agri Produce Revenue	-	6,592,257	(6,592,257)
Other Income	317,964,655	76,943,918	241,020,738
Finance Income	701,916,821	304,566,882	397,349,938
	9,657,809,811	11,146,456,056	(1,488,646,245)
Expenditure			
Construction Cost	5,943,954,537	7,547,543,286	(1,603,588,750)
Consultancy Cost	1,569,710,402	1,662,080,320	(92,369,919)
Agri Produce Cost	-	8,077,073	(8,077,073)
Administration Expenses	1,374,735,755	1,379,582,400	(4,846,645)
Selling & Distribution Expenses	433,889,642	39,536,687	394,352,956
Financial Expenses	11,586,797	17,749,366	(6,162,570)
	9,333,877,132	10,654,569,132	(1,320,692,001)
Surplus of income over Exp: (Before Tax)	323,932,679	491,886,923	(167,954,245)