



CENTRAL ENGINEERING CONSULTANCY BUREAU



ANNUAL REPORT 2023



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2023



CENTRAL ENGINEERING CONSULTANCY BUREAU

Ministry of Irrigation

No 415, Bauddhaloka Mawatha, Colombo 07, Sri Lanka

www.cecb.lk

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INSPIRED TO GO BEYOND

The CECB - Central Engineering Consultancy Bureau. The foremost Engineering consultancy services provider in Sri Lanka today: Multi-Disciplinary in Function, Futuristic in approach and, above all, Gifted with a team of Inspired Professionals yearning to go beyond.

That inspiration comes with a history - A history that has left its indelible marks numerous on the face of this country from over two millennia ago. A history that flourished when the developed world of today was hardly awake.

Fortunately, those indelible marks - ingenious engineering feats - of that distant time are still with us, not as some lifeless artifact, but as something that runs through our veins... feeding us...and breathing very life to our souls. And that sprouts inspiration in the men and women we have chosen.

At CECB,

we give wings to such inspiration.



OUR PHILOSOPHY

VISION

 To be a World Class
Engineering Organization 

MISSION

 To be a World Class Engineering
Organization, acquiring excellence in
Engineering, Architecture and Quantity
Surveying, utilizing state of the art technology,
with a highly motivated, trained and skilled
workforce rewarded appropriately
for their contribution in the optimum
use of resources for the maximum
benefit to mankind 

CHAIRMAN'S MESSAGE



I am pleased to present the Annual Report of the Central Engineering Consultancy Bureau (CECB) for the financial year 2023.

The year under review saw CECB facing changes and diverse challenges both in its internal and external operating environment. Externally as Department of Census and Statistics reports, the GDP growth rate contracted to -2.3%, in real terms for Sri Lanka for the year 2023 reflecting the severeness of the economic recession experienced. Consequently, it was a very challenging year for the construction industry, suffering very low construction business volumes being affected by both supply and demand restrictions. All of which negatively impacted on government construction awards as the Government, its Ministries and Departments continue to be the largest clients for CECB consultancy and construction services.

Notwithstanding this slowdown in the construction industry, CECB was able to achieve a Group revenue of Rs.9.9billion compared to the Rs.8.6billion realized in 2022 through effective engineering management. The PBT showed an increase in value to realize Rs.1050 million in 2023 supported by reduction in selling and distribution expenses. As a state-owned enterprise, CECB adheres to and complies with all regulatory requirements.

CECB continues to be a market forerunner in the engineering consultancy in Sri Lanka and has taken innovative steps to face the market challenges. Rising to the challenge, I am happy to note, that CECB has taken the strategic shift to relevantly diversify into new business ventures in sustainable energy sectors, solar power augmentation, hydro power projects etc. as well as successfully embarking on overseas projects especially in Eastern Africa.

In conclusion, let me express my gratitude to my fellow Board Members for their valuable support and advice, special thanks to Eng. S.U.D.C. Siriwardena, General Manager for his leadership and commitment, to the senior management for their dedication and above all to our staff who are our greatest asset.

A handwritten signature in black ink, appearing to read 'B.A.S.S. Perera', written over a light orange diagonal background element.

Eng B.A.S.S Perera
CHAIRMAN

GENAREL MANAGER'S MESSAGE



I am pleased to present the Annual Report and Consolidated Accounts of Central Engineering Consultancy Bureau (CECB) for the year 2023, marking our 50 years of engineering excellence. Despite the economic challenges, we celebrated this milestone with modesty, honoring it with multireligious observances and hosting a golden jubilee research symposium themed "Bridging Borders: Exploring Global Connections". Additionally, we initiated publication of our quarterly newsletter, Vinividha.

The year 2023 remained demanding for the national construction industry, as the country slowly recovered from the severe economic recession of 2022. The construction sector faced constraints due to limited infrastructure development investment in the government budget. However, there are signs of improvement, with the industry inching towards a neutral threshold according to the Central Bank's Total Activity Index.

In response, CECB strategically realigned its focus to navigate these challenges. We revisited our priorities, consolidated strengths, and diversified into overseas markets, particularly in East Africa, as outlined in our Corporate Plan 2024 – 2028.

Despite the adversities, CECB maintained a group revenue of Rs. 9.9 billion, with consultancy and construction sectors contributing Rs. 5.5 billion and Rs. 4.4 billion respectively. Achieving a commendable operating profit of Rs. 849 million in 2023, we experienced a 15% increase in revenue compared to 2022.

Throughout the year, CECB secured significant projects for our engineering consultancy portfolio, including feasibility studies for ADB-funded Pump Storage Hydropower at Victoria, development of the Pekoe Trail, consultancy for Airport Development in South Sudan, and ongoing projects such as Defense Headquarters, Colombo Port City, and Maho-Omanthai Rail extension.

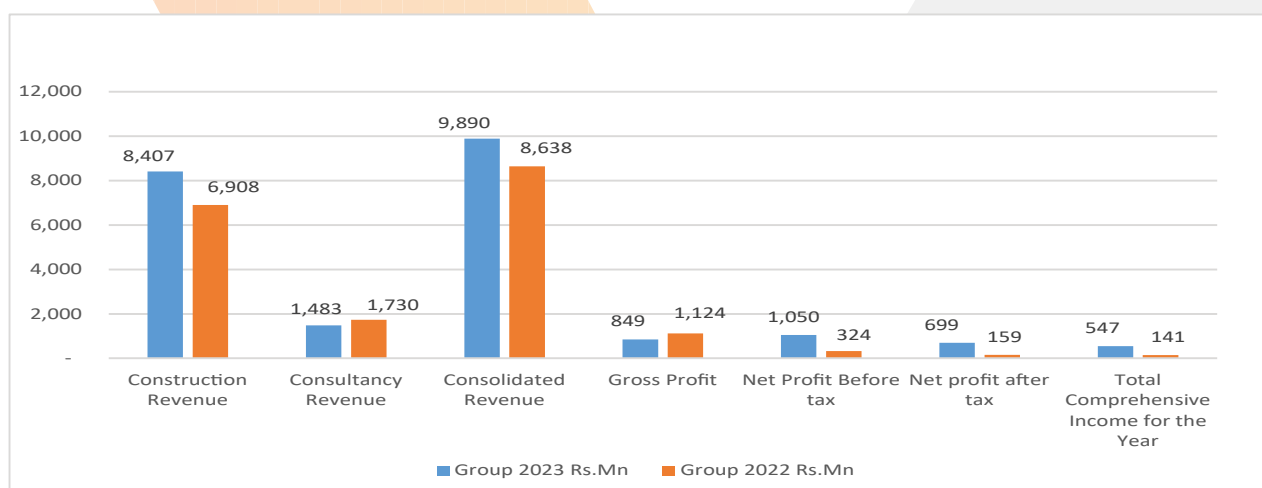
In 2023, we continued our commitment to staff development through internal and external training programs, providing industrial training placements for university students, and facilitating grade promotions for deserving staff. Despite challenges, our dedicated team upheld CECB's esteemed reputation in the engineering industry, both locally and overseas.

I extend my gratitude to former Chairman Eng. Athula Galketiya, current Chairman Eng. Sunil Perera, the Board of Directors, Senior Management, and all staff for their unwavering support. As we look ahead, we remain optimistic about overcoming challenges and achieving our future goals. With confidence, we believe Sri Lanka will reclaim its rightful place in due time.

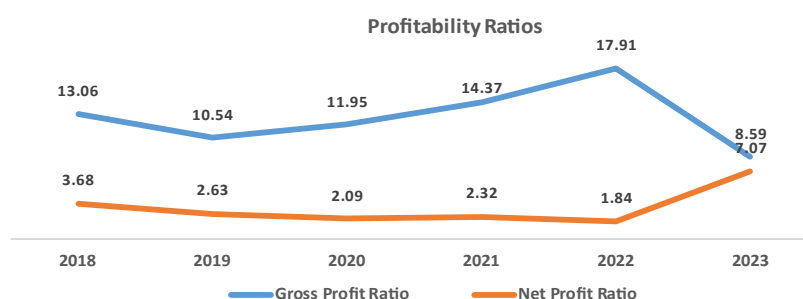
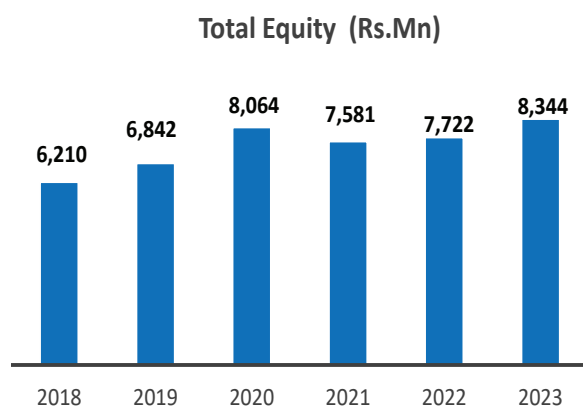
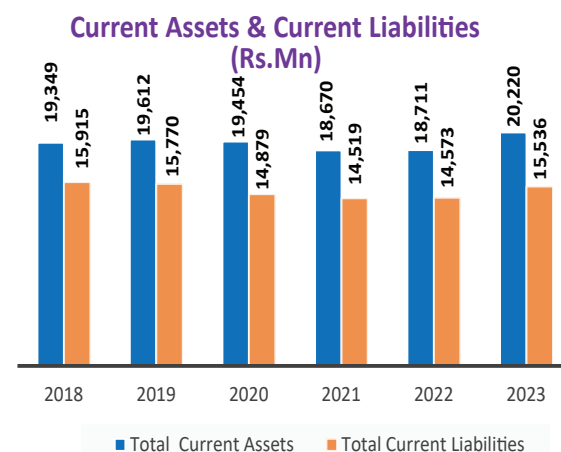
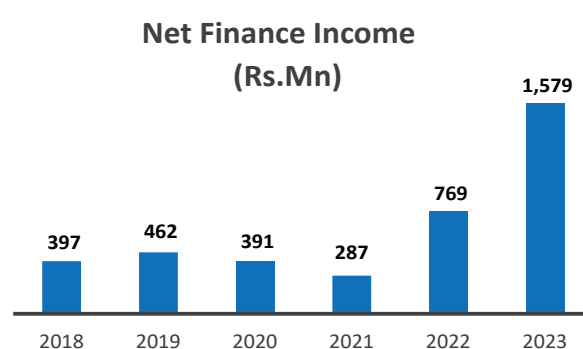
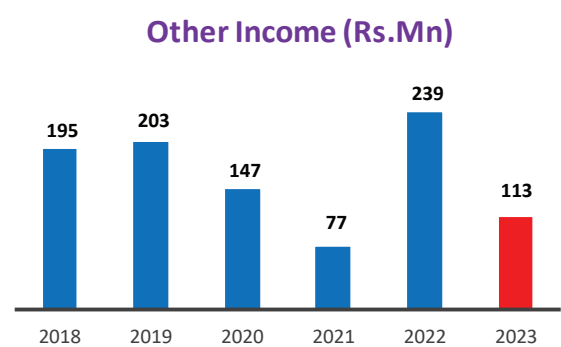
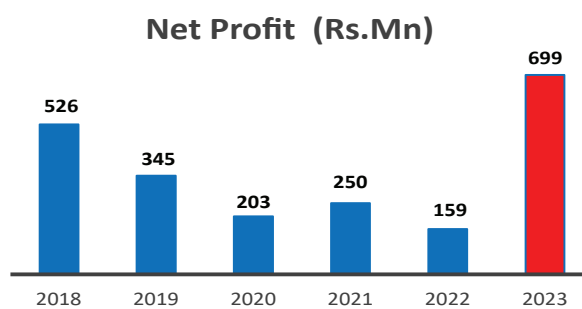
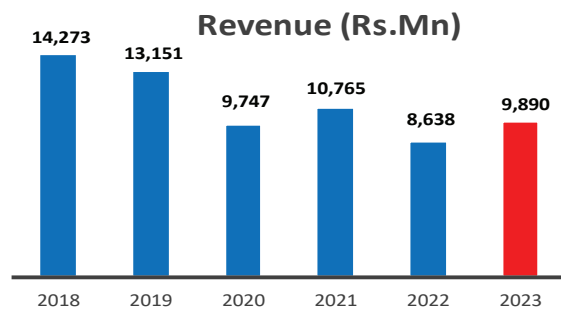

Eng. S.A.U.D.C. Siriwardhana
GENERAL MANAGER

FINANCIAL HIGHLIGHTS

	Group		CECB	
	2023	2022	2023	2022
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Construction Revenue	8,407	6,908	4,008	2,748
Consultancy Revenue	1,483	6907	1,494	1,748
Agri Produce Revenue	-	-	-	-
Consolidated Revenue	9,890	8,638	5,503	4,496
Gross Profit	849	1,124	224	457
Net Profit Before tax	1,050	324	748	69
Net Profit After tax	699	159	515	(2)
Total Comprehensive Income for the Year	547	141	378	(21)
Total Assets	22,248	22,534	17,828	17,497
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	8,344	7,722	6,986	6,506
Total Equity Equilibrium	22,248	22,534	17,828	17,497
Current Assets	20,219	18,711	12,873	12,750
Current Liabilities	15,536	14,573	10,548	10,793



FINANCIAL HIGHLIGHTS (CONTINUED)



BOARD OF DIRECTORS



Eng. B.A.S.S. Perera

Chairman (From 11.08.2023 to present)

BSc. Eng, MBA, Chartered Engineer

Appointed as Chairman of the Board from 11.09.2023. Functions concurrently as the Chairman of the Central Engineering Services (Pvt) Ltd, the construction subsidiary of CECB.

Eng. B.A.S. Sunil Perera is an academically and professionally recognized Sri Lanka Engineering Services Special Grade Professional with nearly 40 years illustrious career in providing leadership to the development of nationally important multipurpose

water resources projects, irrigation networks and associated infrastructure in Sri Lanka, contributing to national agriculture and to power generation both solar and hydropower.

He started his career as design Engineer with the Irrigation Department and rising through the hierarchy has functioned as Project Director –Deduru Oya Multipurpose Development Project (2009 – 2014); Director of Irrigation, Kurunegala (2014 -2015); Director, Major Constructions (2015 – 2017) and then moving on as Additional Secretary, Ministry of Housing and Construction (2018 – 2019); Acting Chairman of State Engineering Corporation, and Director General Mahaweli Authority of Sri Lanka (2019 – 2021). Has provided his expertise as Consultant to CECB/CAMC International (2021-2023) and to several key steering committees appointed by the Government. A strategic leader in teaming and directing subject matter specialists, and stakeholders in multifaceted construction endeavors and to innovate in managing risks to realize development objectives and goals.

Eng. G.D.A. Piyatilake

Director

BSc.Eng.Hons, PG. Dip. (Const.Mgt), PG. Dip. (Port & Coastal Eng.) Norway, MIE(SL) CEng., MASCE

Appointed to the Board of Directors on September 9th, 2022, and concurrently serves as Director of Central Engineering Services (Pvt) Ltd. From 2010 to 2014, he has provided direct support to the Board in its deliberations as Corporate Additional General Manager (EPC). He possesses over 34 years of wide experience in engineering and management, all of which were gained in CECB in various capacities. He started his

career as Resident Engineer in Victoria Hydropower Project in 1983 and quickly gained progressive responsibilities and promotions throughout his career, such as becoming Project Engineer in 1995, Project Team Leader in 1996, Deputy General Manager in 2005, and Additional General Manager in 2010. He also served as Chairman of the Board from 2015 to 2020. He brings to the Board his specialized knowledge and wide expertise in the Civil Engineering field, gained in managing diverse projects he had undertaken throughout his long career.





Dr. S.J.K.M.R.N.M. Gunathilake

Director

MBBS Sri Lanka

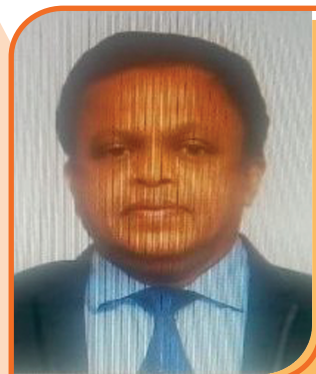
Appointed to the Board of Directors on 9th September 2022. Works concurrently as Deputy Director of DGH Polonnaruwa from 2016 to present. Possess over 25 years experiences as medical practitioner and medical administrator.

Eng. Kamal Amaraweera

Director

BSc. (Eng) Civil, CEng, MIESL, Diploma in HRM, AMCIPM

Appointed to the Board of Directors on September 9th, 2022, He works concurrently as Training Engineer at the Faculty of Engineering, Sri Lanka Institute of Information Technology (SLIIT). He graduated from the University of Moratuwa with a degree in Civil Engineering in 1991 and holds a Diploma in Human Resource Management from the Chartered Institute of Personnel Management (CIPM), of which he is a member. He possesses over 34 years of extensive engineering and management experience gained nationally, including roles as a Site Engineer, Design Engineer, Executive Engineer, Chief Engineer, Deputy Project Director, Director (Rural Bridge Construction), Director (Maintenance Management), and Acting Additional Director General (Projects), and Director General (CEO) of the Road Development Authority from 1986 to 2020. In 2021, He was CEO of the National Construction Association of Sri Lanka.



Mr. Ariyasena Gallage

Director

Bachelor of Laws Degree (LL.B)

Appointed to the Board of Directors on September 9th, 2022. Holds Bachelor of Laws degree (LL.B) and has 30 years of experience working as an Attorney-at-Law & Notary - Public (Sinhala & English). He has also worked as a Panel Lawyer for various organizations, including Bank of Ceylon, Peoples Bank, Pradeshiya Sanwardhana Bank, National Savings Bank, State Mortgage Bank, Commercial Bank, Hatton National Bank and Corporative Rural Development Bank in Polonnaruwa District, Sri Lanka Insurance Corporation, and Ceylon Electricity Board (Civil). He worked as the Chairman of the Provincial Road Development Authority in the North Central Province for over four years. Additionally, he has worked as the Managing Director of the Central Engineering Consultancy Bureau, as well as a Director of the Janatha Fertilizer Company, Employees' Trust Fund Board and the Coconut Research Institute. He is 306 (C) Lion District Senior Additional Secretary.



Eng. (Ms.) P.M. Jayadeera

Director

B.Sc. Eng.(Hons) Moratuwa, M.Eng.(water Resources Engineering & Management) Moratuwa, C.Eng., MIE(SL)

Appointed to the Board of CECB as the Ministry Representative from July 06th, 2023. Worked in NBRO in the Structural Engineering Research Centre for one year and gained experience in building designs. Joined Irrigation Department as an Irrigation Engineer in 1996 and worked at the Designs Branch and gained experience in design of irrigation Head works/ structures etc.

Worked at the Regional Director of Irrigation office at Deberawewa for 6 years and another 6 years at the Divisional Irrigation Engineer's office at Weeraketiya an engaged in irrigation infrastructure developments and water management activities. Held the position of Chief Irrigation Engineer at the same office for 2 years. Held the position of chief engineer in the Environmental studies branch at the Head office for 6 years and obtained experience in EIA/IEE works of reservoir projects and other projects too. Worked as the Director of Irrigation – Colombo Range which covers 4 districts, Colombo, Gampaha, Kalutara and Ratnapura for 4 years. After working another one year at the Head office as a Director of Irrigation – Regional development, got the special grade promotion and currently working as the Additional Secretary (Water Resources Development) in the Ministry of Irrigation from 01.01.2023.

Ms. B.N. Gamage

Director

B.Sc. (Hons), MBA, MPM

Appointed to the Board of CECB as the Treasury Representative in 2022. Concurrently serves as chairperson of the Audit and Management Committee of CECB. Being an officer belonging to the Sri Lanka Administrative Service she has worked in different institutions since 2000. Worked as an Assistant Secretary in Ministry of Agriculture from 2001 to 2007. Served the Department of Trade and Investment Policy as an Assistant Director, Deputy Director and Director during the period of 2007 to 2013. Engaged in duties at the Department National Budget in the capacity of the Director and Additional Director General from 2013 to 2021. At present serves the Department of Fiscal Policy as Additional Director General since 2021. Served as a Treasury Representative for Milco Pvt. Ltd., Geological Survey and Mine Bureau, Timber Corporation.



MANAGEMENT TEAM

Eng B.A.Sunil Perera
Chairman

Eng. S.A.U.D.C Siriwardhana
General Manager

Archd. H.W. Lalith kumara
AGM (Architectural)

Eng. S. Wijesinghe
A/AGM (Projects)

Eng. W.A.D.D. Nandamumara
AGM (Northern Roads), (WRP)

Eng. J.J.Jayasinghe
A/AGM (Mechanical)

Eng. I.R.P. Gunathilake
AGM (Special Projects-1)

Eng. R.K.C.N. Thilakasiri
A/AGM (Central Province)

Eng. N.K. De Silva
AGM (Justice & Prisons Works)

Eng. M.N. Gunasena
AGM (EPC-Central Province)

Eng. J.A.D.R.S. KUMARA
AGM (BP&PM), (A/L/WPE)

Eng. T.N. Thewarapperuma
A/ AGM (Electrical)

Eng. S.S.A. Kalugaldeniya
AGM (Design-1), (Design-3), (DHQC)

Eng. N.R. Pothuwila
A/AGM (NC&N)

Eng. P.M.P.C. Gunathilake
A/AGM (EPC-East)

Eng. J.D. Sunil
A/AGM (EPC-Southern Province)

Eng. A. Pushparajah
A/AGM (EPC-North)

Eng. W.E.P. Ranjan Kumara
A/AGM (EPC-Sabaragamuwa),
A/AGM (EPC-WP-2
)

Eng. S.B.A.D. Semasinghe
CEO(CESL), A/AGM (EPC-NC/MKDP)

Eng. H.R.W.K. Heendeniya
A/AGM (EPC-WP1)

Eng. A.A. Virajh Dias
AGM (NRM&LS)

Mr. W.T.D.P. Pathmendra
A/DGM (C&QS)

Eng. L.W.J.N.De Alwis
A/AGM (Regional-Western,
South &Sabaragamuwa)

Mrs.G.V.A.R.M De Silva
A/DGM (Finance)

Mr. L.P. Jayasundara
DGM (HR & Admin)

Mr. E.R.S. Amarasekara
Chief Internal Auditor

Mrs. R. Rizwana
A/Chief Legal Officer

DIRECTORS REPORT

ANNUAL REPORT OF THE BOARD OF DIRECTORS - 2023

Legal Status

The Central Engineering Consultancy Bureau (CECB) was established on 10th April 1973 to provide multi-disciplinary consultancy services for water resources development projects. It is a statutory body established under the State Industrial Corporation Act No. 49 of 1957.

Responsibilities of the Board of Directors

The Board should exercise its mandate rights and responsibilities with integrity and in good faith as the custodian of public resources. The Board should at all times be conscious of its onerous responsibilities, as the outcome of any decisions and actions carried out without proper planning will ultimately be borne by the public at large.

Best Practices

Best Practices in Corporate Governance advocate vigilant and well-functioning Boards that debate strategic decisions openly and constructively in the best interests of the enterprise. For this purpose dissenting views of members should also be heard. It is possible that a single dissenter could make a huge difference on a Board. "The highest performing companies have extremely contentious Boards that regard dissent as an obligation and treat no subject as undiscussable"

Leadership Role

In its leadership role, the duties of the Board should include:

- a) Determine the Mission of the enterprise and how best it could serve the interests of its shareholders and other stakeholders.
- b) Ensure that legal requirements are fulfilled and the enterprise operates in accordance with the provisions of the Incorporation Act/ Memorandum and Articles of Association.
- c) Frame policies for implementation by Management, so as to achieve optimum returns and benefits to its shareholders and other stakeholders.

- d) Review public policy objectives periodically and provide strategic direction, to formulate long - term goals and objectives for further growth.
- e) Ascertain that finances needed to meet goals and objectives are generated or obtained on a timely basis without interruptions, for the smooth functioning of the enterprise.
- f) Ensure proper accountability by maintaining adequate records and books of Accounts.
- g) Ensure that an effective risk management system is in place, to insulate the enterprise against disruptions, setbacks etc.

Oversight Role

As regards its oversight role the Board is responsible for the overall management of the enterprise and to establish effective systems of control as checks and balances with responsibility shared widely amongst Senior Managers.

For this purpose the responsibility of the Board will:

- a) Ensure that Board policies are executed in the same spirit as it was framed and in the best interest of the institution and the public at large.
- b) Monitor the activities of Management by means of Management Information reports and evaluate performance, to ensure that the enterprise is on track in its operations.
- c) If results do not match desired expectations, take remedial action without delay to ensure that goals are achieved.
- d) Appoint competent personnel as Managers and ensure that there is proper delegation and team spirit amongst the Senior Management, by providing a conducive environment to carry out their respective functions independently and in a responsible manner.
- e) Report to shareholders at Annual General Meetings/attend Committee on Public Enterprises (COPE) meetings.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board comprises of Seven (07) Board Members, inclusive of the Chairman of Central Engineering Consultancy Bureau.

Members of the Board of Directors as follows;

- Eng. A. Galketiya - Chairman (From 16.08.2022 to 10.08.2023)
- Eng. B.A.S.S.Perera - Chairman (From 11.08.2023 to date)
- Ms. B.N.Gamage - Director (From 02.03.2022 to date)
- Eng. G.D.A.Piyatilake - Director (From 09.09.2022 to date)
- Eng. Kamal Amaraweera - Director (From 09.09.2022 to date)
- Dr. S.J.K.M.R.N.M. Gunathilake - Director (From 09.09.2022 to date)
- Mr. Ariyasena Gallage - Director (From 09.09.2022 to date)
- Eng.(Ms.) P.M. Jayadeera - Director (From 06.07.2023 to date)

MEETINGS & ATTENDANCE

The Board met in 10 occasions to the Financial Year 2023 and the attendance of the Board of Directors was as follows.

Name	Position	2023													
		05th Jan	24th Jan	20th Feb	14th Mar	20th Mar	24th April	24th May	20th June	18th July	28th Aug	25th Sept	24th Oct	30th Nov	27th Dec
Eng. A. Galketiya	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Eng. B.A.S.S. Perera	Chairman										✓	✓	✓	✓	✓
Ms. B.N. Gamage	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. G.D.A.Piyatilake	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. Kamal Amaraweera	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	ab	✓	✓	✓
Dr. S.J.K.M.R.N.M. Gunathilake	Director	ab	✓	✓	✓	ab	✓	✓	✓	ab	✓	✓	✓	✓	✓
Mr. Ariyasena Gallage	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. W.B. Palugaswewa	Director	✓													
Eng.(Ms.) P.M. Jayadeera	Director									ab	✓	✓	✓	✓	✓

AUDIT AND MANAGEMENT COMMITTEE REPORT

The Audit and Management Committee is governed by the specific Terms of Reference (TOR) of the Public Enterprises Circular No. 01/2021. The Committee focuses on the objectives in discharging its responsibilities as per Terms of Reference and the requirements of the Government. The Audit Committee has the responsibility of assisting the Board in the task of overseeing to ensure that financial reporting is done in compliance with relevant Sri Lanka Accounting Standards and other applicable legal requirements.

Further the committee should assist the Board to ensure that all relevant rules, regulations and Circulars issued by the Government and complied through continuous reviewing, monitoring, making recommendations to the Board on non-compliance. The Audit Committee should review the Internal/External Audit Reports, Management Letters, COPE recommendations, and help the Board to take remedial actions. Further it should assist the Board to introduce and implement adequate internal control system. The Committee shall meet at least once in three months and report its recommendations to the Board of Directors soon thereafter, along with the minutes of the meeting, to facilitate taking corrective measures. The Terms of Reference of the Audit Committee is guided by an audit committee charter approved by the Board of Directors.

Scope of the audit committee is to review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements and understand their impact on the Financial Statements, review with management and the external auditors the results of the audit, including any difficulties encountered, review the annual Financial Statements, and consider whether they are complete and consistent with information known to committee members, and ensure that the information is presented in accordance with the appropriate accounting standards and policies, review other sections of the AR and related

regulatory filings before the release and consider the accuracy and completeness of the information, review with management and the external auditors that all matters required to be communicated to the AC have been properly communicated, review interim financial reports with management and if required with the external auditor before filing with regulators, and consider whether they are complete and consistent with the information known to committee members, review reports prepared by management and/or the independent auditor setting forth significant financial reporting issues, judgments made and key audit matters in

connection with the preparation of the Financial Statements, approve the annual internal audit plan and all major changes to the plan, ensure that there are no unjustified restrictions or limitations in the scope of the internal audit, review the internal audit activity's performance relative to its plan, review the effectiveness of the internal audit functions, consider the effectiveness of the entity's internal control system, including security and the control of information technology, monitor the effectiveness, impartiality of the internal auditors, receiving regular reports from the internal audit function and addressing relevant issues concerning the subsidiaries of the SOE, if any on a regular basis, ensure that the scope of the internal auditor through the review of internal matters, review the procurement procedure and progress of implementation of the procurement plan, review the risk management framework, identification, evaluation, and assessment of the risk profile having taken into account the legal and regulatory background, macro-economic dynamics etc.; develop and implement a risk management framework and internal control system including a risk rating mechanism; recommend strategies to mitigate the risks; examine and determine the sufficiency of the internal processes for reporting on and managing key risk areas, understand the scope of the external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with the management's responses, on a regular basis, meet with the external auditors, separately, to discuss any matters that the committee or auditors believe should be discussed privately, review the effectiveness of the system for monitoring compliance with laws and regulations, directives and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance, review the findings of any examinations by regulatory authorities, and any observations of the auditors, review the process for communicating the code of conduct to entity personnel, and for monitoring compliance therewith, obtain regular updates from management and entity legal counsel regarding compliance matters, establish a process to ensure compliance with laws and regulations relating to statutory obligations including EPF, ETF, taxes, custom duties, foreign exchange, and other levies applicable to the entity, report recommendations to the BoD soon thereafter, along with the minutes of the meeting to facilitate taking corrective measures, provide an open avenue of communication between internal audit, the external auditors, and the BoD, report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rules and regulations, review the effectiveness of the identification methodology of

related party transactions and reliability of disclosures.

Composition

According to the provisions of Public Enterprises Circular No. 01/2021, the Audit Committee of Bureau comprises of three (03) Non- Executive Board members, inclusive of Treasury Representative who chairs the committee

The Present Members of the Audit Committee are as follows:

- Chairman of the Committee – Ms. B.N Gamage (With effect from April 2022)
- Director – Eng. G.D.A Piyatilaka (With effect from September 2022)
- Director - Eng. Kamal Amaraweera (With effect from September 2022)

The Committee has a blend of experience in the commercial and public sector with financial and management expertise.

Ms. R. Rizwan Board Secretary functions as the Secretary to the Audit Committee and Mr. E.R.S. Amarasekara, Chief Internal Auditor functions as the Convener to the Audit Committee.

MEETING AND ATTENDANCE

The Audit Committee met on 4 occasions during the financial year 2023 and their attendances are as follows:

Name	2023/2024			
	10 th Apr	27 th June	11 th Oct	20 th Dec
Ms. B.N Gamage – Chairman of the Committee	√	√	√	√
Eng. G.D.A Piyatilaka - Director	√	√	√	√
Eng. Kamal Amaraweera - Director	-	√	√	√

Other Members of the Board, Senior Managers, as well as the External Auditors are invited to be present at the discussions where appropriate. The proceedings of the audit Committee are regularly reported to the Board of Directors.

COMPLIANCE

The Committee has ensured the Board to act in compliance with the relevant legislations and the regulatory requirements and to ensure that the financial statement complies with the Sri Lanka Accounting Standards. The Committee assessed the adequacy of existing controls and risk management procedures and made recommendation to the Board, for additional controls and risk mitigating strategies necessary to strengthen the existing internal control system. Further the Committee has reviewed the routine operations of the Bureau and assessed future prospects for its business operations and accordingly makes sure that the going concern assumption used in the preparation of the financial statements, is appropriate.

External Audit

The Auditor General acts as the External Auditor of the Bureau.

Ms. B.N Gamage

Chairman – Audit & Management Committee

CORPORATE INFORMATION AND ACCOUNTING POLICIES

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, Bauddhaloka Mawatha, Colombo 07.

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2023 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)

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	30

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	31-32
Employee Benefits	24	35
Deferred Tax Liabilities	25	36zzz

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"

(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.

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.

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.

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.

(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.

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.

The Group applies the re-valuation model to land and buildings. The Group has adopted a policy of revaluing assets at least once in every five years.

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 its 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.

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.

3.8.7 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.

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 into 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.

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 atleast 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.

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.

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;
- 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.

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.

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2023		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
	Note				
Revenue	9	9,890,496,483	8,637,928,334	5,503,254,616	4,495,657,876
Cost of Sales	10	(9,041,339,729)	(7,513,664,938)	(5,279,523,650)	(4,038,496,551)
Gross Profit		849,156,754	1,124,263,396	223,730,966	457,161,325
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)
Results from Operating Activities		(528,870,178)	(445,040,021)	(145,570,011)	(386,643,411)
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)
Net Finance Income	12	1,579,114,305	768,972,700	893,115,918	456,038,378
Profit Before Tax		1,050,244,127	323,932,679	747,545,907	69,394,967
Income Tax Expense	14	(351,112,951)	(164,891,451)	(232,682,618)	(70,987,105)
Profit/(Loss) for the Year		699,131,176	159,041,229	514,863,289	(1,592,138)
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurement of Defined Benefit Liability	24	(136,607,436)	34,169,991	(121,778,932)	32,589,792
Related Tax	25	(15,498,549)	(52,094,863)	(15,498,549)	(52,094,863)
Other Comprehensive Income for the Year, Net of Tax		(152,105,985)	(17,924,872)	(137,277,481)	(19,505,071)
Total Comprehensive Income for the Year, Net of Tax		547,025,191	141,116,358	377,585,808	(21,097,209)

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 30 to 40 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2023		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Note					
Assets					
Non-Current Assets					
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
Total Non-Current Assets		4,028,452,154	3,823,264,639	4,954,483,324	4,746,049,561
Current Assets					
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
Total Current Assets		20,219,581,362	18,711,074,763	12,873,103,980	12,750,487,221
Total Assets		24,248,033,519	22,534,339,402	17,827,587,307	17,496,536,781
Equity and Liabilities					
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
Total Equity		8,343,854,072	7,722,258,795	6,986,120,590	6,506,063,057
Non-Current Liabilities					
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
Total Non-Current Liabilities		367,919,179	239,417,937	293,410,719	197,015,925
Current Liabilities					
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
Total Current Liabilities		15,536,260,268	14,572,662,671	10,548,055,999	10,793,457,799
Total Liabilities		15,904,179,447	14,812,080,607	10,841,466,718	10,990,473,724
Total Equity and Liabilities		24,248,033,519	22,534,339,402	17,827,587,307	17,496,536,781

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.

G.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

28th February 2024
Colombo

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2023

	GROUP		CECB	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	1,050,244,127	323,932,679	747,545,907	69,394,967
Adjustments for:				
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
Operating Profit before Working Capital Changes	(208,811,005)	26,183,692	(9,705,830)	(117,225,888)
(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	(0)	-	(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)
Cash Generated from Operating Activities	2,906,899,828	59,362,047	465,427,655	(313,299,815)
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)
Net Cash Flows from Operating Activities	2,475,463,510	(117,752,942)	165,570,578	(413,192,243)
Cash Flows from Investing Activities				
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
Net Cash Flows from Investing Activities	(592,984,924)	(12,251,036)	130,986,071	281,178,008
Cash Flows from Financing Activities				
Payment of Finance Lease Liabilities	155,271	148,149	155,271	148,149
Net Cash from Financing Activities	155,271	148,149	155,271	148,149
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
Cash and Cash Equivalent at the end (Note 22)	2,810,811,208	928,177,351	571,683,245	274,971,326

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 30 to 40 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023	CECB				Total Rs.
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	
Balance as at 01st January 2022	500,000	92,439,233	516,618,300	5,917,602,731	6,527,160,264
Restated 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)
Restated 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 earn	-	-	-	(137,277,481)	(137,277,481)
Prior Year Adjustment Note 1	-	105,500,500	-	(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

FOR THE YEAR ENDED 31ST DECEMBER 2023	GROUP				Total Rs.
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings 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
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.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2023

		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
9 Revenue					
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
		-	-	-	-
		9,890,496,483	8,637,928,334	5,503,254,616	4,495,657,876
10 Cost of sales					
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
		-	-	-	-
		9,041,339,730	7,513,664,938	5,279,523,650	4,038,496,551
11 Other Income					
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 & equipment		(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	-	-
		112,617,905	239,321,980	209,100,877	149,511,814
12 Net Finance Income					
Finance Income					
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
		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)
Net Finance Income		1,579,114,305	690,330,024	893,115,918	377,395,702
14 Income Tax					
14.1 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)
		(20,493,987)			
Adjustment for Prior Years		351,112,951	164,891,451	232,682,618	70,987,105
14.2 Reconciliation of Accounting Profit to Taxable Profit					
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		361,792,704	198,914,282	265,748,558	102,870,135

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2023

15 Property Plant and Equipment

15.1 CECB

	Land Rs.	Buildings Rs.	Furniture & Fittings Rs.	Construction Instrument & Equipment Rs.	Office Equipment Rs.	Plant & Machinery Rs.	Containers Rs.	Computers Rs.	Motor Vehicles Rs.	Library Books Rs.	Capital Work In Progress Rs.	Total Rs.
Cost												
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	-	-	105,500,000
Balance as at 01.01.2023	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	605,582,259	2,267,020	14,778,996	4,322,739,928
Additions during the year	-	-	37,147	395,854	159,240	-	-	19,500	-	8,050	-	619,791
Disposals / Write off during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2023	2,206,500,000	844,742,539	66,428,008	129,401,754	72,239,936	227,672,119	1,709,753	152,029,287	605,582,259	2,275,070	14,778,996	4,323,359,719
Accumulated Depreciation												
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
Balance as at 01.01.2023	-	658,292,767	53,905,529	118,015,734	61,631,318	186,710,392	1,709,752	130,641,411	167,972,615	1,819,518	-	1,380,699,036
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
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2023	-	719,392,646	56,926,969	122,413,791	65,059,073	214,364,266	1,709,752	138,047,056	225,090,667	1,908,160	-	1,544,912,381
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	-	21,368,375	335,137,918	447,502	14,778,996	2,839,569,166
Balance as at 31st December 2023	2,206,500,000	125,349,893	9,501,038	6,987,963	7,180,863	13,307,852	(0)	13,982,230	380,491,591	366,910	14,778,996	2,778,447,338

* 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. 417,588,196/- (Rs.374,791,710/- in 2022)

As at 31.12.2022												
Fully depreciated	3,900,197	35,525,644	89,572,366	35,450,007	87,412,969	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	1,635,948,219		
As at 31.12.2023												
Fully depreciated	3,900,197	36,343,258	87,017,233	32,881,273	126,874,506	113,693,864	13,510,258	1,657,855	-	-	-	417,588,196
Depreciating	840,842,342	30,084,750	42,384,520	39,358,663	100,797,613	38,335,423	592,072,001	617,215	14,778,996	1,699,271,523		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2023

15 Property Plant and Equipment

15.2 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
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost														
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	237,496,668	693,675,426	2,939,163	59,033,367			5,852,925,372
Adjustment to opening balances	-	-	-	-	-	-	-	-	105,500,000					105,500,000
Balance as at 01.01.2023	2,214,915,147	931,694,323	106,079,733	799,037,200	131,013,529	620,345,987	56,694,629	237,496,668	799,175,426	2,939,163	59,033,367			5,938,425,372
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)	-	-	-	-	(55,688,548)
Balance as at 31st December 2023	2,214,915,147	942,942,833	107,410,382	773,452,471	132,605,079	621,329,242	56,672,629	239,173,881	754,895,426	2,954,063	79,490,221	2,263,903	18,019,759	5,946,125,036
Accumulated Depreciation														
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
Balance as at 01.01.2023	-	705,322,751	80,739,774	566,031,934	101,491,815	507,192,552	42,330,128	197,238,415	202,261,624	2,127,108	-	-	-	2,404,736,101
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)
Balance as at 31st December 2023	-	774,261,814	87,227,744	642,816,829	109,754,567	557,288,912	45,642,292	211,757,356	285,132,967	2,303,624	-	-	-	2,696,186,105
Net Book Value														
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
Balance as at 31st December 2023	2,214,915,147	168,681,020	20,182,637	130,635,642	22,850,511	64,040,330	11,030,337	27,416,525	489,762,459	650,440	79,490,221	2,263,903	18,019,759	3,249,938,931

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

	Group		CECB	
	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022
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	35,394,519	19,241,838	3,035,862	3,035,861
Capitalized during the year	20,456,854	16,152,680	-	-
Cost incurred during the year	55,851,373	35,394,519	3,035,862	3,035,862
	79,490,221	59,033,367	14,778,996	14,778,995

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2023

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.

	GROUP 2023 Rs.	2022 Rs.	CECB 2023 Rs.	2022 Rs.
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 Road, Battaramulla	0A-2R-20.00P	30 Years from 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

Cost/ Revaluation				
At 1st January	13,125,028	13,125,028	13,125,028	13,125,028
Addition	-	-	-	4,308,000
At 31st December	13,125,028	13,125,028	13,125,028	13,125,028
Amortization and Impairment				
At 1st January	(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)
Carrying Value				
As at 31st December 2021	6,637,975	9,005,594	6,637,976	9,005,594
As at 31st December 2022	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

Loans and receivable financial assets

Investment in Fixed Deposit	705,732,402	294,196,148	560,409,464	294,196,148
Available for sale financial assets				
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 receivable from Ministry of Defence. The Bond to be matured on 15th 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
	707,732,402	296,196,148	572,409,484	306,196,168

18.2 Short term investment

Short term investments	7,458,978,011	5,754,441,609	3,495,296,737	3,008,256,843
	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 803,4581 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. 479 Mn & Rs 1,024 Mn have been pledged by CECB and CESL respectively as securities against bank guarantee facilities obtained from banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2023

		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
19	Inventories				
	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
		834,134,941	1,003,136,649	25,200,147	21,573,121
	Work in Progress	116,073,806	64,675,522		
20	Trade and Other Receivables				
	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
		8,999,583,397	10,960,643,631	8,780,923,851	9,445,685,931
20.1	Trade Receivables				
	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)
		7,909,461,678	10,598,401,707	5,251,282,012	5,914,260,902
20.1.1	Provision for Impairment				
	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	1,925,579,311	1,988,759,322	1,783,721,250	1,846,901,259
20.1.1.2	Retention receivables				
	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)
		620,982,617	627,011,012	618,575,894	624,604,289
20.2	Other Receivables				
	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)
		73,565,376	85,619,703	44,675,949	69,572,810
20.3	Deposits, Prepayments and Advances				
	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
		1,016,556,343	276,622,221	3,484,965,890	3,461,852,220
21	Amount Due from Related Party Companies				
	Central Engineering Services (Private) Limited			1,545,964,905	1,538,066,675
				1,545,964,905	1,538,066,675

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2023

		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
22	Cash and Cash Equivalents				
	Favorable Balances				
	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
	Cash and Cash Equivalents for the Cash Flow Purpose	2,810,811,208	928,177,350	571,683,245	274,971,324
23	Lease Creditors				
	Balance as at 1st January	3,197,121	3,048,972	3,197,121	3,048,972
	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	3,362,402	3,197,121	3,362,402	3,197,121
	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
		3,352,391	3,197,120	3,352,391	3,197,120
24	Employee Benefits				
	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	309,402,590	169,789,433	267,510,804	141,652,950

a) The Employee benefit obligation of CECB as at 31st 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 31st 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	181,638,511	10,785,530	157,893,971	4,180,380

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2023		GROUP		CECB	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
25	Deferred Tax Assets/Liabilities				
	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
26	Trade and Other Payables				
	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
26.1	Trade Payables				
	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
26.2	Other Payables				
	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
27	Income Tax Payables				
	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 Doranegama 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2022

29 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,

urther 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.
Compensation paid to Key Management Personnel				
Salaries and other Employment Benefits	3,940,405	2,922,875	2,537,242	1,764,887

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.J. 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 Sirimewan 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 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

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.

AUDITOR GENERAL'S REPORT



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எனது இல.
My No.

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

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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.

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|--|---|
| (i) Guidelines
Paragraph 2.3 | 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. |
| (ii) Operational Manual
Paragraph 3.2. (i) | 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. |
| (iii) Operational Manual
Paragraph 6.8 | 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. |
| (b) Public Enterprises Circular No. PED/1/2015 of 25 May 2015
4.1 and 4.2 | 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. |

- 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

COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	2019		2020 (Restated)		2021 (Restated)		2022		2023	
	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.
Revenue	13,150,718,975	7,548,165,387	9,747,362,699	6,131,839,853	10,764,945,256	6,070,358,395	8,637,928,334	4,495,657,876	9,890,496,483	5,503,254,616
Cost of Sales	(11,764,257,425)	(6,971,370,106)	(8,582,940,839)	(5,633,697,100)	(9,217,700,680)	(5,409,764,379)	(7,513,664,938)	(4,038,496,551)	(9,041,339,729)	(5,279,523,650)
Gross Profit	1,386,461,550	576,795,281	1,164,421,860	498,142,752	1,547,244,576	660,594,017	1,124,263,396	457,161,325	849,156,754	223,730,966
Other Income	202,839,680	170,110,297	146,847,310	161,989,858	76,943,918	116,258,385	317,964,655	228,154,490	112,617,905	209,100,877
Administration Costs	(1,451,346,051)	(668,489,960)	(1,369,989,913)	(656,533,976)	(1,379,582,400)	(681,485,059)	(1,374,735,755)	(602,861,755)	(1,475,078,166)	(577,795,010)
Selling & Distribution Expenses	(52,706,532)	(48,715,865)	(600,352)	(468,627)	(227,998,916)	(217,674,376)	(433,889,642)	(390,454,796)	(15,566,671)	(606,845)
Results from Operating Activities	85,248,647	29,699,753	(59,321,096)	3,130,007	16,607,177	(122,307,033)	(366,397,346)	(308,000,735)	(528,870,178)	(145,570,011)
Finance income	506,143,480	314,400,265	411,215,478	263,172,677	304,566,882	175,841,764	701,916,821	381,000,502	1,598,124,215	896,766,120
Financial Charges	(44,602,963)	(4,162,901)	(20,134,970)	(4,942,514)	(17,749,366)	(5,031,999)	(11,586,797)	(3,604,800)	(19,009,910)	(3,650,202)
Net Finance Income	461,540,517	310,237,364	391,080,508	258,230,163	286,817,516	170,809,765	690,330,024	377,395,702	1,579,114,305	893,115,918
Profit Before Income Tax	546,789,164	339,937,117	331,759,412	261,360,170	303,424,693	48,502,732	323,932,679	69,394,967	1,050,244,127	747,545,907
Income Tax	(201,424,594)	(136,038,213)	(128,440,689)	(117,188,584)	(53,643,363)	(9,338,204)	(164,891,451)	(70,987,105)	(351,112,951)	(232,682,618)
Net Profit For The Year	345,364,570	203,898,904	203,318,724	144,171,586	249,781,330	39,164,528	159,041,228	(1,592,139)	699,131,176	514,863,289
Other Comprehensive Income	306,787,948	307,144,855	217,932,482	25,050,838	36,425,819	41,460,591	(17,924,872)	(19,505,071)	(152,105,985)	(137,277,481)
Total Comprehensive Income for the Year	652,152,518	511,043,759	421,251,206	169,222,424	286,207,150	80,625,119	141,116,356	(21,097,209)	547,025,19	377,585,80

COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	2019			2020 (Restated)			2021 (Restated)			2022			2023		
	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.
ASSETS															
Non-Current Assets															
Property, Plant and Equipment	3,231,130,105	2,773,136,175	3,716,436,400	3,120,934,669	3,120,934,669	3,559,944,053	2,982,804,753	2,839,569,171	3,451,217,545	2,839,569,171	3,249,938,971	2,778,447,375			
Right-of-use Assets	87,598,676	72,422,750	74,674,948	60,013,196	60,013,196	71,943,960	57,796,383	55,579,570	69,212,972	55,579,570	66,481,983	53,362,757			
Intangible Assets	7,642,750	7,642,750	6,711,130	6,711,131	6,711,131	9,005,593	9,005,594	6,637,976	6,637,975	6,637,976	4,298,802	4,298,802			
Investments	55,216,573	65,216,593	57,652,773	67,652,793	67,652,793	46,040,967	56,040,987	306,196,168	296,196,148	306,196,168	707,732,402	572,409,484			
Differed Tax	-	-	-	1,652,545,484	1,652,545,484	-	1,431,239,453	1,538,066,675	-	1,538,066,675	-	1545,964,905			
Amount Due to Related Parties	-	-	-	-	-	-	-	-	-	-	-	-			
Total Non Current Assets	3,381,588,105	2,918,418,269	3,855,475,251	4,907,857,272	4,907,857,272	3,686,934,573	4,536,887,170	4,746,049,561	3,823,264,639	4,746,049,561	4,028,452,154	4,954,483,324			
Current Assets															
Inventories	737,855,759	10,741,039	740,289,209	17,074,984	17,074,984	1,038,295,881	11,271,578	21,573,121	1,003,136,649	21,573,121	834,134,941	25,200,147			
Working progress	79,938,521	-	105,091,340	-	-	35,198,733	-	-	64,675,522	-	16,073,806	-			
Trade & Other Receivables	13,357,590,461	11,741,494,084	12,222,371,215	10,743,096,216	10,743,096,216	11,034,818,611	9,683,219,443	9,445,685,931	10,960,643,631	9,445,685,931	8,999,583,397	8,780,923,851			
Short Term Investments	4,868,452,606	3,108,471,017	5,643,211,450	3,352,001,738	3,352,001,738	5,503,658,320	3,167,309,884	3,008,256,843	5,754,441,609	3,008,256,843	7,458,978,011	3,495,296,737			
Cash and Cash Equivalents	568,539,381	257,291,253	742,951,485	434,517,368	434,517,368	1,058,033,180	406,837,411	274,971,326	928,177,351	274,971,326	2,810,812,008	57,1683,245			
Inter company current accounts	-	1,600,196,674	-	-	-	-	-	-	-	-	-	-			
Total Current Assets	19,612,376,729	16,718,194,067	19,453,914,699	14,546,690,306	14,546,690,306	18,670,004,725	13,268,638,316	12,750,487,221	18,711,074,763	12,750,487,221	20,219,581,362	12,873,103,980			
Total Assets	22,993,964,834	19,636,612,336	23,309,389,950	19,454,547,579	19,454,547,579	22,356,939,298	17,805,525,486	17,496,536,781	22,534,339,402	17,496,536,781	24,248,033,519	17,827,587,307			
EQUITY AND LIABILITIES															
Contributed Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000			
Capital Reserves	606,345,300	606,345,300	711,168,864	609,057,533	609,057,533	803,608,097	609,057,533	609,057,533	803,608,097	609,057,533	864,828,097	197,939,233			
Retained Earning	6,234,940,310	5,640,074,835	7,259,945,772	6,607,602,081	6,607,602,081	6,777,034,330	5,917,602,731	5,896,505,525	6,918,150,698	5,896,505,525	7,478,525,975	6,271,063,057			
Total Equity	6,841,785,609	6,246,920,134	8,064,053,870	7,217,159,614	7,217,159,614	7,581,142,428	6,527,160,264	6,506,063,057	7,722,258,795	6,506,063,057	8,343,854,072	6,986,120,590			
Non-Current Liabilities															
Lease Creditors	-	-	2,698,968	2,698,968	2,698,968	2,831,243	2,831,243	2,968,736	2,968,736	2,968,736	2,980,115	2,980,115			
Employee Benefit Liabilities	180,974,438	167,903,375	221,132,721	201,956,738	201,956,738	217,265,979	188,056,503	141,652,950	169,789,433	141,652,950	309,402,590	267,510,804			
Deferred Tax	200,932,489	159,166,864	142,746,184	125,258,726	125,258,726	36,680,687	20,275,357	40,487,190	54,752,719	40,487,190	55,536,475	22,919,800			
Discount Received	-	-	-	-	-	-	-	11,907,048	11,907,048	11,907,048	-	-			
Total Non Current Liabilities	381,906,927	327,070,239	366,577,873	329,914,432	329,914,432	256,777,909	211,163,102	197,015,925	239,417,937	197,015,925	367,919,179	293,410,719			
Current Liabilities															
Trade & Other Payables	14,888,563,947	12,190,521,650	14,212,538,224	11,261,362,847	11,261,362,847	13,836,300,469	10,401,415,573	10,070,494,156	13,798,285,356	10,070,494,156	14,766,312,372	9,823,370,664			
Income Tax Payables	881,708,352	872,100,313	666,002,256	645,892,958	645,892,958	682,500,764	665,568,818	722,735,259	774,148,929	722,735,259	769,575,620	724,313,059			
Lease Creditors	-	-	217,728	217,728	217,728	217,728	217,728	228,384	228,384	228,384	372,276	372,276			
Inter base Current Accounts	-	-	-	-	-	-	-	-	-	-	-	-			
Inter company current accounts	-	-	-	-	-	-	-	-	-	-	-	-			
Bank Overdrafts	-	-	-	-	-	-	-	-	-	-	-	-			
Total Current Liabilities	15,770,272,298	13,062,621,963	14,878,758,207	11,907,473,533	11,907,473,533	14,519,018,961	11,067,202,119	10,793,457,799	14,572,662,671	10,793,457,799	15,536,260,268	10,548,055,999			
Total Liabilities	16,152,179,226	13,389,692,201	15,245,336,080	12,237,387,965	12,237,387,965	14,775,796,870	11,278,365,221	10,990,473,724	14,812,080,607	10,990,473,724	15,904,179,448	10,841,466,718			
Total Equity and Liabilities	22,993,964,834	19,636,612,336	23,309,389,950	19,454,547,579	19,454,547,579	22,356,939,298	17,805,525,486	17,496,536,781	22,534,339,402	17,496,536,781	24,248,033,519	17,827,587,307			

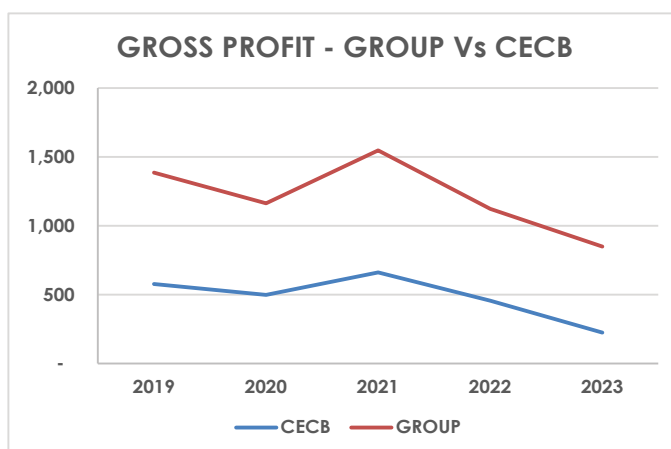
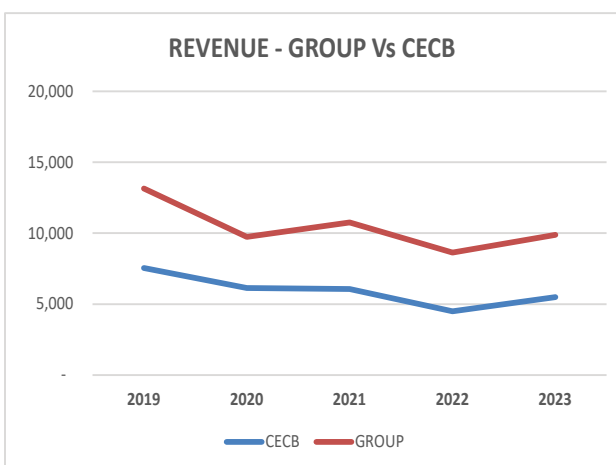
FINANCIAL PERFORMANCE OF CECB

It is evident that the Bureau is becoming a change agent of the public sector in multi-disciplinary Engineering and has also been Branded as a Public Sector organization which has capability and capacity to handle any dicey situation on a fast-track basis on behalf of the Government. In other words it is the only Public Sector Engineering Organization with a strong Human Resource base that consists of multi-disciplinary professionals and Technical staff representing various Engineering disciplines. It should also be noted that our organization is trained to think 'beyond Engineering' solutions as an organization, CECB acts as a result oriented team dedicated for the service. The team comprises of two major groups, namely, the technical / engineering staff and non-technical Staff. The staff is supported by teams of para technical, technical and secretarial staff who has a wide range of experience and skills in their respective fields.

The CECB Group Revenue of the year 2023 was Rs.9.9 billion reflecting a 14% increase over the previous year Revenue. CECB Revenue Comparing with the previous year showing an increase of 22% over the previous year Revenue.

Operations of the CECB and the Group for the year 2023 had resulted before tax profit of Rs. 748 Million and Rs. 1,050 Million respectively as compared with the corresponding year before tax profit Rs 69 Million and Rs. 324 Million respectively for the preceding year. Total assets value of the Bureau Rs. 17,828 Million and profit is represented 4% of the Total Assets of the Bureau.

The Operational and financial performances achieved hence are all the more creditable considering the institutional constraints faced by the Bureau as a self-earning state owned enterprise (SOE) with due compliance to financial and procurements guidelines and procedures governing for public enterprises.



Highlights of the year

- **Defence Head Quarters Complex (DHQC) Project, Akuregoda**

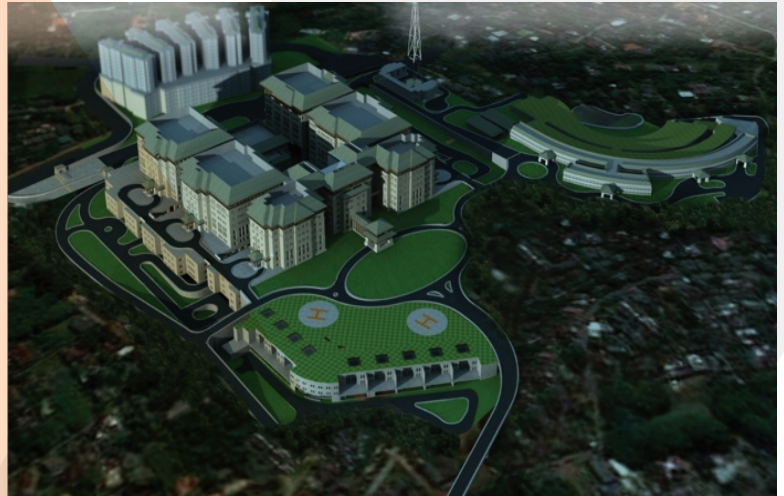
Provision Of Consultancy Services For Civil, Structural, Mechanical, Electrical, Plumbing, It, Quantity Surveyors, Cmu Support Services And Construction Supervision

Name of the Client: Ministry of Defence & Urban Development

Current Status: Ongoing

Date of Completion: December 2023

Contract Sum: LKR 2.5 Billion.



Highlights of the year

- Construction of a New 20 Storeyed Office Building and Four Workshops for the Sri Lanka Ports Authority

Name of the Client : **Road Development Authority**

Current Status : Ongoing

Date of Completion : December 2023

Contract Sum : LKR 98.16Mn



Highlights of the year

- **Consultancy Services for the Construction of Broadlands Hydropower Project on Design Build**

Name of the Client : **Ceylon Electricity Board**

Current Status : Ongoing

Date of Completion : Aug 2023

Contract Sum : LKR 1,080 Mn

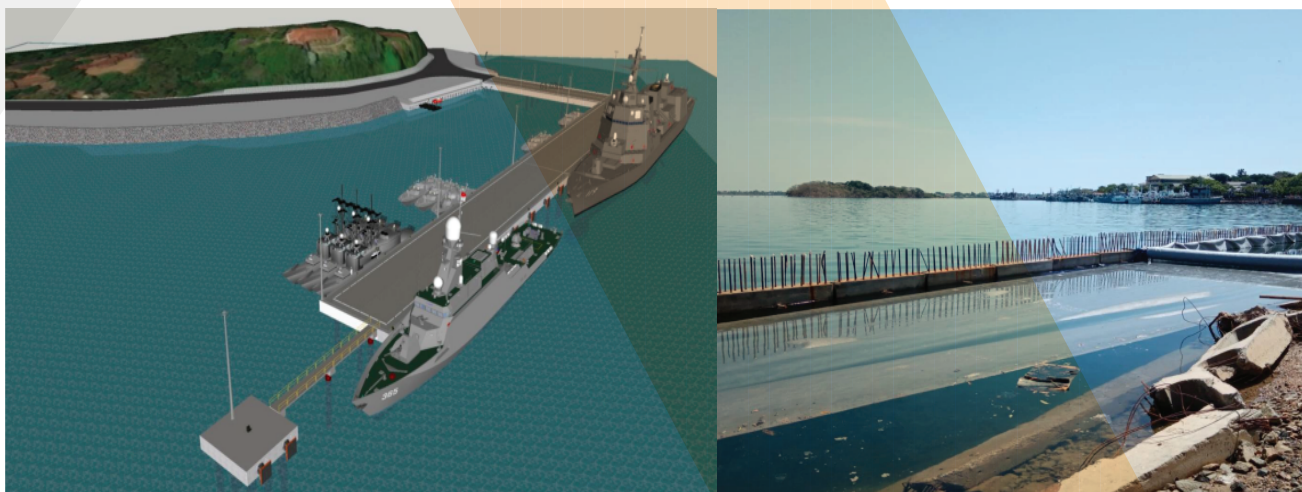


- **Re-Construction of Quay at Naval Base, Trincomalee**

Name of the Client: **Sri Lanka Navy**

Current Status: Ongoing

Contract Sum: LKR 184 Mn

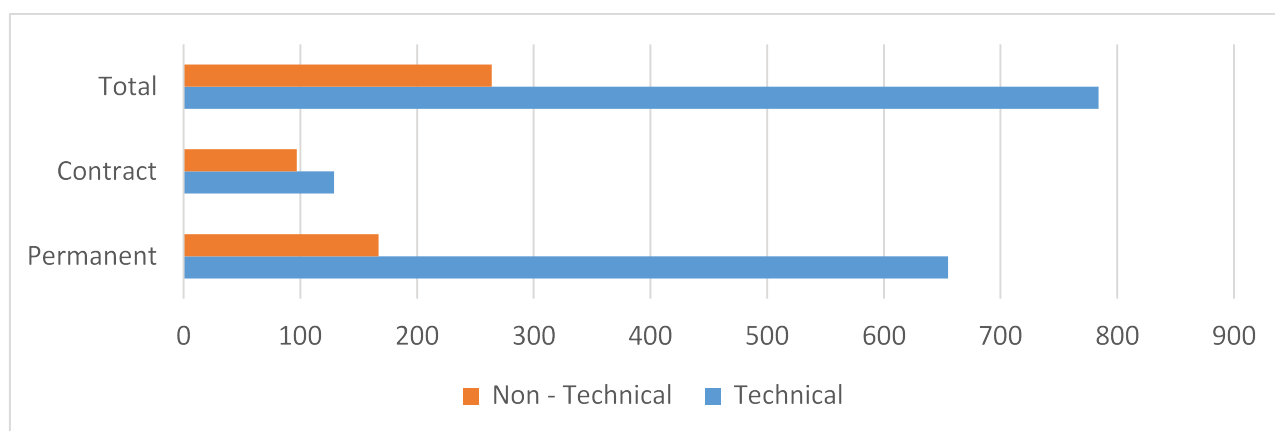


HUMAN RESOURCE

The Bureau is committed to create a workplace where the performance and behavior of our employees are governed by a strong organizational culture supported by the procedures laid down by the Management and the aligned Ministries.

The CECB culture revolve around the continues improvement of quality in all aspects and at all stages of consultancy in construction, collective decision -making friendly but firm disposition towards employees welfare and fostering and informal organizational environment. Our workplace policy enables the best people to produce their best work in a safe and healthy workplace free from discrimination and harassment, whilst redressing their grievance and providing for their welfare.

WORKFORCE 2023



	Permanent	Contract	Total
Technical	655	129	784
Non - Technical	167	97	264

Total Workforce in 2023 – 1048 Employees.

In 2022, bureau had total of 1192 employees and compared to last year there is a decrease by 12 %.

Bureau Human Resources unit is under the direct supervision of the General Manager and is responsible for all HR functions which take place in the Bureau. Employees' professional development, safety and rights are protected by protocols which are ensured via regular internal audit inspections. Formal policy frameworks are adhered to in accordance with the procedures set by the government and cover recruitment, performance appraisal based on the KPI's given by the government guidelines, grievance handling, training and development and compensation.



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