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இலங்கை அரச பொறியியற் கூட்டுத்தாபனம்
State Engineering Corporation of Sri Lanka



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வருடாந்த அறிக்கை
Annual Report

2018

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State Engineering Corporation of Sri Lanka



Annual Report 2018

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Corporate Administration Report

The State Engineering Corporation of Sri Lanka is a state corporation established under the provisions of the State Industrial Corporations Act, No. 49 of 1957. The registered office and the principal place of business of the Corporation is situated at No. 130, W.A.D. Ramanayake Mawatha, Colombo 02. The financial statements of the State Engineering Corporation of Sri Lanka constitute to end as at 31 December 2018 and it has been recognized as a common financial year ending on the 31st of December along with the National Equipment of Machinery Organization as well, which is one of the Corporation's projects.

The main activities and nature of operations of the State Engineering Corporation are primarily construction, manufacturing of building components, mechanical and electrical engineering works and consultancy tasks as specified in the Gazette Notification dated 28.03.2008 published by the or foreign company and the have been identified as the following activities.

- I. the investigation, planning, designing and construction of building, civil engineering and other engineering projects in Sri Lanka or abroad, owned by any party, either independently or in collaboration with any local or foreign company and the acquisition and holding of shares, in any such company ;
- II. the provision of consultancy and management services in all fields of engineering in Sri Lanka or abroad, to any party, either independently or in collaboration with any local or foreign company ;
- III. to undertake property development either independently or in collaboration with any local or foreign company and the acquisition and holding of shares, in any such company ;
- IV. the manufacture and sale in Sri Lanka or abroad of any ready mix concrete, reinforced concrete and prestressed concrete products ;
- V. the manufacture, sale, import, and export of construction materials, machinery and equipment required for engineering projects / undertakings ;
- VI. the training of engineers and technical personnel required the purposes referred to in Paragraphs (i), (ii), (iii), (iv) and (v) above ;
- VII. the carrying out of research into construction materials, methods and techniques utilized for the purposes referred to in Paragraphs (i), (ii), (iii) and (iv) above.

The National Equipment and Machinery Organization is a special unit operating under the State Engineering Corporation and it was assigned to the Corporation by the decision of the Cabinet of Ministers in 2016, with the aim of assisting the development of infrastructure facilities in the rural areas of the island whilst operating as a separate unit under the State Engineering Corporation by providing heavy machinery for rent and engaging in related activities and businesses in connection with it.

Engineers to the Nation

Vision

To be the leading Engineering Enterprise

Mission

To be a provider of innovative and integrated engineering solutions through excellent consultancy, construction, manufacturing and project management services, supported by research and development, delighting the client, with the active participation of a competent and motivated work force within a prosperous enterprise and thereby contributing to the national development.

Our Goals

- ◆ To achieve highest levels of technical standards and professionalism.
- ◆ To be a commercially focused, financially viable and self-sustainable government enterprise.
- ◆ To diversify business activities of the Corporation.
- ◆ To develop and promote the use of domestic technology and local materials.
- ◆ To be the leading partner in National Development Programmes.
- ◆ To improve the management and human resources of the Corporation

Core Values

- ◆ Clients' Satisfaction
- ◆ Integrity
- ◆ Social Obligation
- ◆ Employee Satisfaction
- ◆ Safety
- ◆ Quality

Board of Directors - 2017



Dr. T. A. G. Gunasekara
Chairman
(From 08.09.2016 to December 2019)



Mr. P. J. M. Pelpola
Vice Chairman
(From 09.05.2015 to December 2019)



Mr. Sarath G. Jayathilake
Working Director
(From 09.02.2015 to December 2019)



Mrs. P. A. L. Nonis
Director
(From 01.01.2016 to May 2018)



Mr. Palitha Walpola
Director
(From 09.02.2015 to December 2019)



Mr. B.K.R. Balasuriya
Director (Treasury Representative)
(From 08.08.2017 to September 2018)



Mrs. B. G. Irangani
Director
(From 28.08.2017 to December 2019)



Mr. Darshana Wijesiriwardhana
Director (Treasury Representative)
(From 08.08.2017 to September 2018)



Mrs. I. Wickramanayake Alexander
Secretary to the Board

Corporate Management

- Mr. D. T. Rajasekaran - General Manager
- Mr. A. A. Piyadasa - Additional General Manager
- Mrs. P. D. Karawita - Deputy General Manager - Constructions
- Mr. K. E. H. A. Ranasinghe - Deputy General Manager - Consultancy
- Mr. M. H. Senaweera - Deputy General Manger - Finance
- Mr. H. A. S. V. Hathurusinghe - Deputy General Manger - Human Resources and
Administration
- Mr. A. P. Thennakoon - Acting Deputy General Manager - Construction
Component
- Mr. A. P. K. Manamperi - Acting Deputy General Manager - Mechanical and
Electrical / Roads and Bridges
- Mr. K.A.S. Shantha - Deputy General Manger

Senior Management

Mr. P. M. A. Karunasingha	- Manager (Finance)
Mr. A. P. K. Manamperi	- Manager (Constructions)
Mr. T. Vijayakumar	- Manager (Constructions)
Mr. V. Murugesu	- Manager (Constructions)
Mr. M.E.C. Pinto	- Manager (Constructions)
Mr. A. R. L. Wijebandara	- Manager (Construction Components) (Covering up duties)
Mrs. N. J. Jayakodi	- Chief Engineer (Designs)
Mr. D. N. A. Galappaththi	- Chief Quantity Surveyor
Miss N. A. B. R. Alwis	- Chief Architect
Mr. P. Kuruwita	- Chief Internal Auditor
Mr. E. S. S. De Silva	- Chief Security Officer
Mrs. H. B. R. S. S. Basnayaka	- Legal Officer
Mr. K. G. D. C. G. Priyadarshana	- Legal Officer
Mr. N. J. A. P. Jayasooriya	- Assistant Manager (Systems)
Mr. Gamini Makolage	- Assistant Manager (Human Resources)
Mr. N. T. Gunasekara	- Assistant Manager (Human Resources)
Mr. K. D. S. Priyadarshana	- Assistant Manager (Human Resources)
Mr. A. M. S. T. B. Alahakoon	- Acting Manager (Constructions)
Mr. C. A. S. Hettiarachchi	- Acting Manager (Construction Components)
Miss L. S. T. Liyanage	- Acting Manager (Human Resources / Training and Development)
Mr. M. K. N. Jayasekara	- Acting Manager (Information Technology)
Mrs. P. S. D. Rajini	- Acting Chief Engineer (Contracts and Planning)
Mr. T. B. Jayalal	- Acting Chief Supplies Officer

Chairman's Review



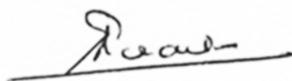
Dr. T. A. G. Gunasekara
Chairman
(Term of office from 08.09.2016)

I am pleased and honoured to being able to provide the necessary leadership for the activities of the financial year of 2018 and being able to present the consolidated financial statements of the financial year under review as the Chairman of the State Engineering Corporation of Sri Lanka and I presume it as one of the major steps in the success we achieved.

Even in the midst of adverse situation emerged in the financial market affecting the construction industry, the State Engineering Corporation prevailing upon as one of the largest clients providing construction work, consultancy services, prestressed products and mechanical and electrical engineering services, continued to be able to lead the way to success and maintain a positive outlook, operating through cooperation with Ministries, Government Institutions and Provincial Councils.

During this financial year, the projects of Sri Jayewardenepura Nursing Building and Horana Base Hospital were able to be implemented as outstanding projects and the main building of the Civil Aviation Authority and at the same time, the Wattala Court Complex were also brought to successful completion. It can be considered an achievement of the Corporation to be able to stay within a manageable position concerning the cost of employees of its staff strength of nearly two thousand and five hundred.

I hope that we will be able to launch huge projects in the future as well by overcoming the existing problems and I would like to take this opportunity to thank all the members of the board of directors, the senior management, especially all staff personnel from the lower level to the higher levels for their dedication and leadership.

A handwritten signature in black ink, appearing to read 'Dr. T. A. G. Gunasekara', written over a horizontal line.

Dr. T. A. G. Gunasekara
Chairman

Report of the Directors



Mrs. P. A. L. Nonis
Executive Director

In order to improve the financial status of the State Engineering Corporation and create a positive image among our valued clients, many small-scale projects and the projects that have consumed a long-run were completed and handed over to the respective customers.

Few of such projects were as shown below :

1. Construction project of Nawinna Ayurvedic Corporation Building
2. Construction project of Wattala Court Complex
3. Construction project of Pallekelle Prison Complex
4. Construction project of Kandy Rajawatta Vehicle Park

Also, through continuous discussions with clients and consultancy firms, arrangements were made to collect the money due for a long time and not to charge or waive protracted fees.

Employee satisfaction of the entire staff is very important for the continuity of the Corporation's activities as well as the projects. In order to fulfill that requirement, an appeal committee was appointed subject to the approval of the Board of Directors to look into the existing anomalies regarding employee salaries/salary increments and promotions. Following the discussions in this regard with all the relevant parties on the common grievances pointed out by the respective trade unions and the problems presented by the employees, the report of the committee was issued giving solutions to a large number of issues of the employees.

For the betterment of the institution, the board of directors has always strived to work with dedication and to get large-scale projects as well as to collect monies in arrears by continuously communicating with higher officials at the Ministry level as well as at the corporate level to solve related problems.

I would like to add my best of wishes to the State Engineering Corporation, the leader in the construction industry, to be able to overcome the existing problems and march forward to go on a long journey.

A handwritten signature in blue ink, appearing to read 'A.L. Nonis', written over a horizontal line.

Eng. P. A. L. Nonis
Executive Director
State Engineering Corporation of Sri Lanka

Report of the Financial and Operational Analysis

Turnover and Profit

The Corporation, during the financial year ended as at 31.12.2018 has recorded a turnover of Rs. 3,278 million.

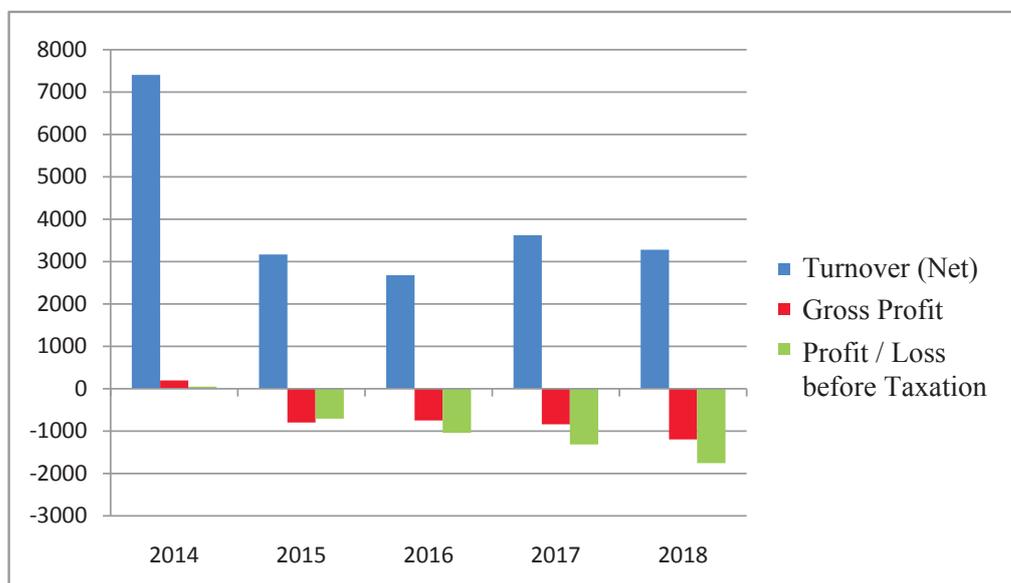


Table I - (Comparative Turnover and Profit of the Corporation (2014 – 2018))

Rs. Mn.

	2014	2015	2016	2017	2018
Turnover (Net)	7,403	3168	2681	3623	3278
Gross Profit	195	(799)	(748)	(839)	(1194)
Profit / (Loss) before tax	148	46.6	(708)	(1040)	(1316)
	46.6	(708)	(1040)	(1316)	(1757)

Division	Turnover		Projects awarded
	2017	2018	2018
Construction	1447	1530	2020
Construction Components	999	1086	285
Mechanical and Electrical	120	108	-
Consultancy	279	172	104
Roads and Bridges	85	78	-
Equipment and Machinery	691	302	

Construction Division

It shows that the Construction Division, during the financial year 2018, has recorded a turnover of Rs. 1597 million and went on to succumb to a net loss of Rs. 658 million.

Turnover and Net Operating Profit / (Loss)

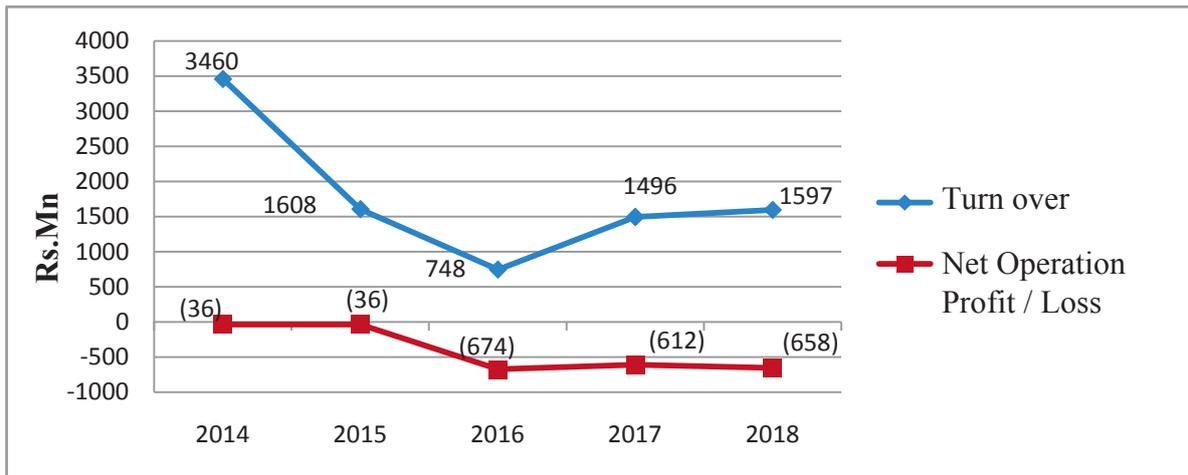


Table II – Turnover and Net Operating Profit / (Loss) of the Construction Division (2014 – 2018)

In its performance during the year –

- Value of projects awarded - Rs. 2020 Mn.
- Value of projects completed - Rs. 2914 Mn.
- Value of projects commenced - Rs. 1598 Mn.

Construction Components Division

This division earned a turnover of Rs. 1132 million and met with a net loss of Rs. 213 million during the financial year 2018.

Turnover and Net Operating Profit / (Loss)

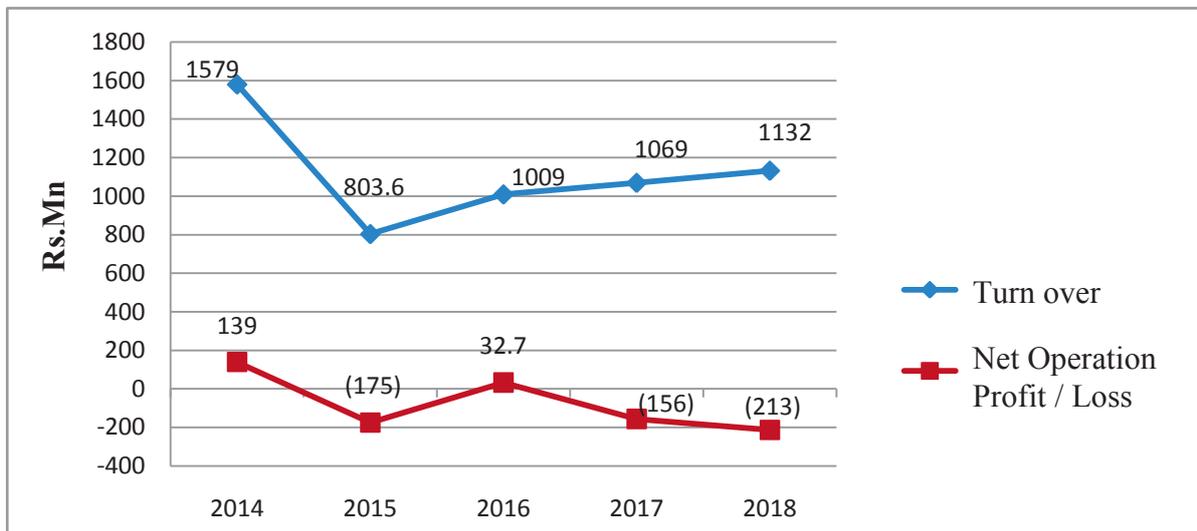


Table III - Turnover and Net Operating Profit / (Loss) of the Construction Components Division (2014 – 2018)

In its performance during the year –

- Value of projects awarded - Rs. 285 Mn.
- Value of projects completed - Rs. 320 Mn.

Mechanical and Electrical Division

This division earned a turnover of Rs. 259.7 million suffered a net loss of Rs. 181 million during the financial year 2018.

Turnover and Net Operating Profit / (Loss)

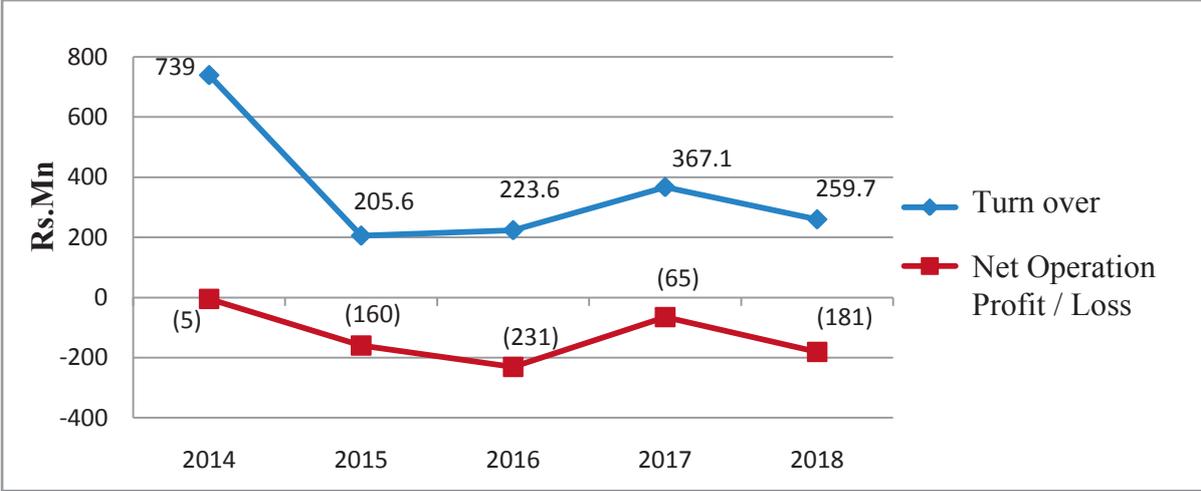


Table IV - Turnover and Net Operating Profit / (Loss) of the Mechanical and Electrical Division (2014 – 2018)

Consultancy Division

The Consultancy Division recorded its income as a sum amounting to Rs.191.8 million whilst succumbing to a net loss of Rs.196.6 million during the year.

Turnover and Net Operating Profit / (Loss)

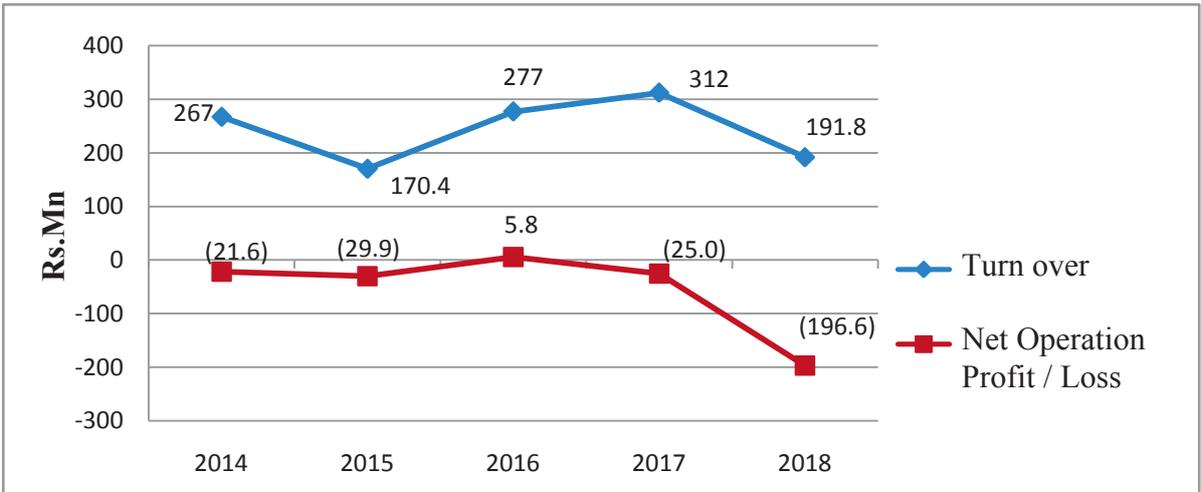


Table V - Turnover and Net Operating Profit / (Loss) of the Consultancy Division (2014 – 2018)

Roads and Bridges Division

The Roads and Bridges Division could muster only an income of Rs. 78 million in 2018 as against Rs. 85 million it earned in 2017 suffering setback in a net loss of Rs. 87 million during the financial year of 2018.

Turnover and Net Operating Profit / (Loss)

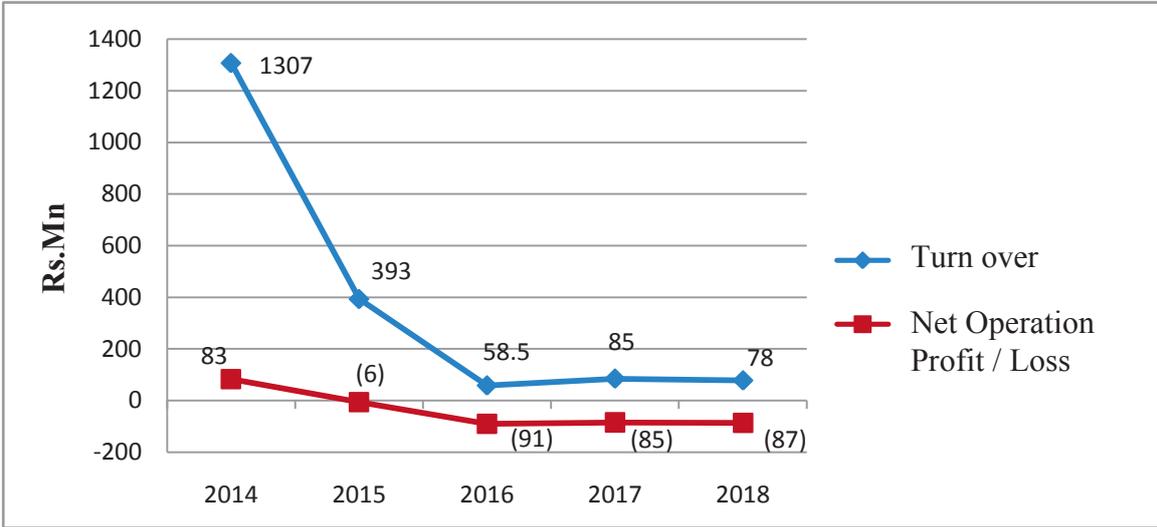


Table VI - Turnover and Net Operating Profit / (Loss) of the Roads and Bridges Division (2014 – 2018)

National Equipment and Machinery Division

The NEMO Division earned an income of Rs. 302 million in 2018 and it is a decline of Rs. 389 million as against the previous year. The resultant net loss registered was Rs. 419 million.

Turnover and Net Operating Profit / (Loss)

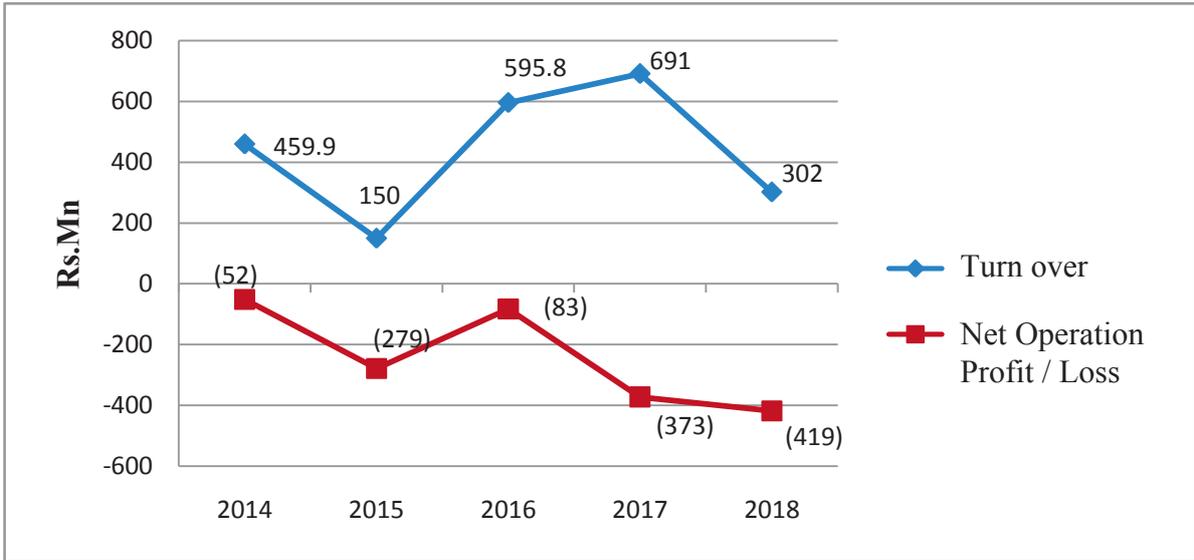


Table VII - Turnover and Net Operating Profit / (Loss) of the NEMO Division (2014 – 2018)

Cash Flow

A cash flow of Rs. 4800 million was possible during the year 2018. '

Cash collection of the Corporation

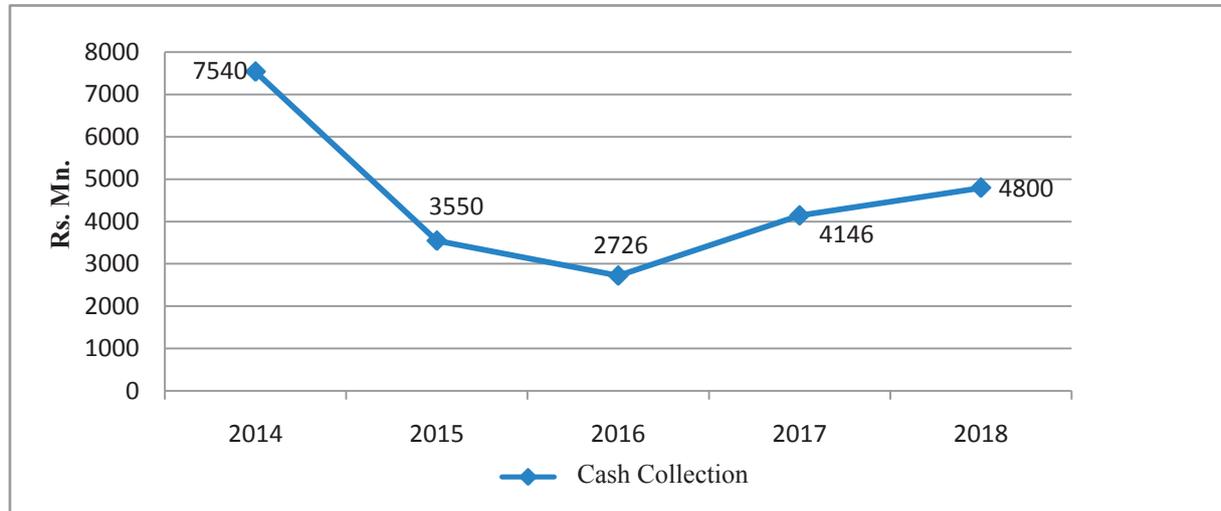


Table VIII - Cash Flows

Assets

The total assets of the Corporation during the year 2018 compared to 2017 suffered a setback of Rs. 248 million which was an erosion of 2%. However, the Corporation's current assets could still reflect an increase up to Rs. 7356 million in 2018 which figure is in excess of Rs. 7350 million in the year 2017.

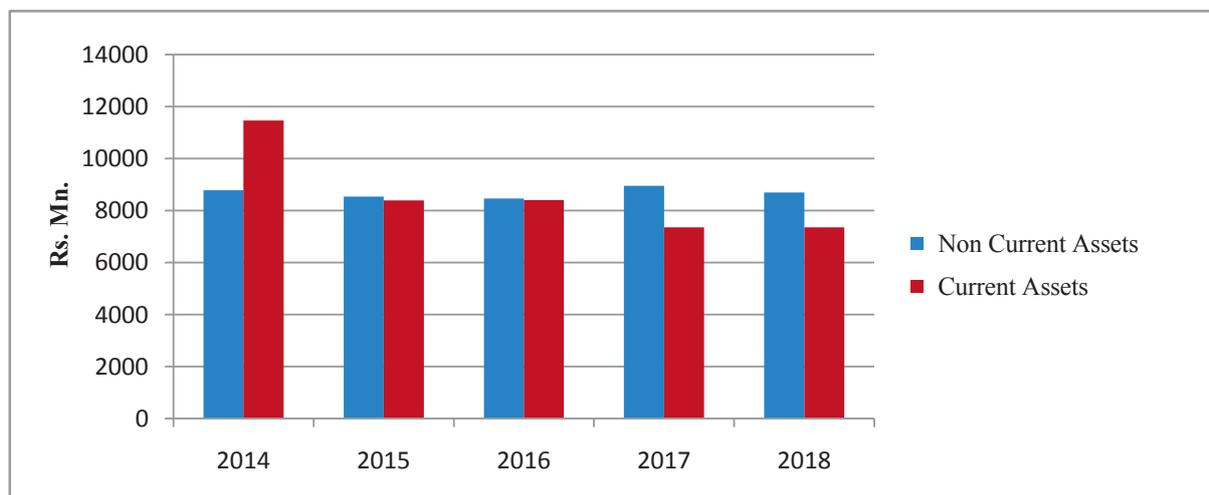


Table IX – Status of Assets

	2014	2015	2016	2017	2018
Non Current Assets	8783	8535	8462	8946	8692
Current Assets	11464	8395	8407	7350	7356

Other Income

	2014 (Rs. 000)	2015 (Rs. 000)	2016 (Rs. 000)	2017 (Rs. 000)	2018 (Rs. 000)
Rent	8,875	12,975	10,441	9,704	10,225
Sales of fixed assets (Unserviceable assets)	4,469	-	-	-	-
Other	-	-	-	-	-
(Excluding provisions - 2004)	-	-	-	-	-
Reversal of stock over provision	-	1,258	1,239	45	180
Reversal of bad debt provision (over provision)	130,538	-	-	-	-
Reversal of other provision	-	-	-	-	-
Amortization of grants	147,131	397,130	222,130	147,130	113,787
Registration fee income	8,193	3,477	3,350	4,883	4,787
Miscellaneous income	217	11,595	7,403	13,159	9,410
	299,423	426,437	244,566	174,921	138,389

Report of the Audit Committee – 2018

❖ Membership of the Committee

- Mr. Darshana Wijesiriwardana (Executive Director) - **Committee Member**
Senior Assistant Secretary, Ministry of Finance and Mass Media
- Mrs. B. G. Irangani (Non-Executive Director) - **Committee Member**
BCom (Special)
Chief Accountant
Ministry of Housing and Construction and Social Welfare
- Mrs. P.A.L. Nonis (Director) - **Committee Member**
BSc. Eng. (Hon), M. Eng. Sc. (NSW), C. Eng. MIE (SL)
Executive Director - State Engineering Corporation of Sri Lanka

❖ Main Activities

Major tasks carried out by the Committee during the year 2018 :

- Evaluation and review of the Audit Reports issued by the Internal Audit Section as per the Audit Plan and making recommendations on correct action regarding the deficiencies in the internal operations structure pointed out in such reports after recognizing them ;
- Analyzing the Auditor General's reports and monitoring the progress of the furnishing of answers thereto ;
- Reviewing of the implementation of the recommendations made by the Committee on Public Enterprises and monitoring of its progress ;
- Making follow-up inquiries on the implementations of the decisions made at the Audit and Management Committee meetings of the Corporation ;
- Making out high-risk areas and ordering the audit of such areas as instructed by the Chief Internal Auditor ;
- Reviewing the finalization of work of the statements of accounts of the National Equipment and Machinery Organization for the year 2016 and the measures on its shortcomings ;

❖ Audit and Management Committee Meetings

Two meetings were held during the year 2018 and all the meetings were attended by the General Manager, Deputy General Manager (Finance) and Chief Internal Auditor of the Line Ministry on the invitation of the Committee.

Minutes of the meetings are presented to the Board of Directors and the important issues were brought up and discussed at the Board meetings.

For and on behalf of the Audit Committee,



**Secretary
Audit and Management Committee
State Engineering Corporation of Sri Lanka**



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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உமது இல. }
Your No. }

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திகதி }
Date }

05 May 2022

The Chairman

State Engineering Corporation of Sri Lanka

Report of the Auditor General on the Financial Statements and other legal and regulatory requirement of the State Engineering Corporation of Sri Lanka for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No.19 of 2018

The English version of the above mentioned report is sent here with.

W.P.C. Wickramaratne

Auditor General

Copies to -

1. The Secretary, State Ministry of Rural Housing and Construction & Building material Industries Promotion
2. The Secretary, Ministry of Finance



අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

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ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

CAE/C/SEC/01/2018/01/36

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

05 May 2022

The Chairman
State Engineering Corporation

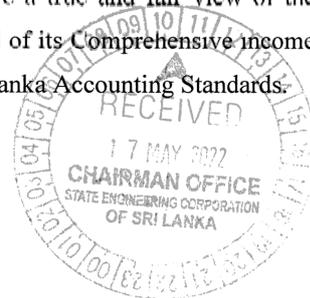
Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the State Engineering Corporation for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No.19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the State Engineering Corporation ("Corporation") for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of Comprehensive Income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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, expect for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 December 2018, and of its Comprehensive income and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.

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1.2 Basis for Qualified Opinion

(a) LKAS - 01, Presentation of Financial Statements

According to Paragraph No.32 of the Standard, the assets and liabilities, and income and expenditure should not be off set against each other unless required or permitted otherwise by the Sri Lanka Financial Reporting Standards. However, the debit balances in the trade payables, mobilization advance received accounts, sub-contractor's payables and accrued accounts had been offset against the credit balances of those accounts. Hence, the credit balances of such accounts had been understated by Rs.39,293,994, Rs.183,873,754, Rs.155,061,389 and Rs.349,822,732 respectively.

(b) LKAS - 16, Property, Plant and Equipment

Fully depreciated machinery and equipment, furniture and fittings, motor vehicles, computer hardware and office equipment costing to Rs.830,124,061 , Rs.5,646,691 , Rs.102,931,800 , Rs.57,910,500 and Rs.45,827,272 respectively are being continuously used by the corporation without reassessing the useful economic lifetime of those assets and accounted them accordingly as per the provisions in section 51 of LKAS 16 – Property, Plant and Equipment.

(c) LKAS–37, Provisions, Contingent Liabilities and Contingent Assets

No provisions had been made in the Financial Statements in respect of surcharges totaling to Rs.131,946,654 and Rs.13,924,025 imposed by the Department of Inland Revenue on unpaid Value Added Tax for the year 2010 to 2017 and NBT for the year 2016 to 2017 respectively.



- (d) Since there were unusual credit balances of Rs.229,625,808 , Rs.20,855,040 , Rs.11,498,462 , Rs.37,250,161, Rs.180,856,217 , Rs.120,100,693 and Rs.97,774,902 in the ledger account of cheque with order advance, special cash advance, advance for services, labour sub contract advances, contract labour imprest, retention receivable and TC receivable balance respectively as at the end of the year under review, those accounts as at that date had been understated by similar amounts.
- (e) The stock value at Ekala site was understated by Rs.2,488,994 due to a computation error.
- (f) Impairment of debtors had been overstated by Rs.1,260,672 due to computation errors as at end of the year under review.
- (g) The depreciation of office equipment in National Equipment and Machinery Organization (NEMO) had been understated by Rs.1,607,245 due to computation error.
- (h) Even though, the land and building valued at Rs.110.2 million shown in the financial statements had not belonged to the NEMO, accumulated depreciation of the building amounting to Rs.5,010,817 and depreciation of Rs.889,909 for the year had been shown in the financial statements for the year under review.
- (i) A difference of Rs.70,979,175 was observed between the inter-group balance shown in the financial statements of the corporation and NEMO.



- (j) A difference of Rs.116,257,437 was observed between the receivable balance from Sri Lanka Railway as per the financial statements and balance confirmation received from Sri Lanka Railway as at 31 December 2018 and actions were not taken to rectify the balance .
- (k) Audit was not provided with the requested supporting documents for the following balances. Therefore, it was unable to ensure the accuracy and validity of such balances.

Item of Account	Value	Evidence not made available
-----	-----	-----
	Rs.	
(i) Revenue of NEMO - Building and Other Construction	203,587,785	Project details in profit calculation of NEMO
(ii) Inventory - NEMO	6,781,778	Stock verification sheets
(iii) Advance for services - NEMO	1,282,100	Detail Schedule and Age Analysis
(iv) Trade Receivable - NEMO	828,779,897	Debtor Confirmation, Detail Schedule and Age Analysis
(v) Labour Sub Control Advancc - NEMO	18,217,056	Detail Schedule and Age Analysis



(vi)	Labour Sub Control Advance (Credit Balance) - NEMO	3,632,800	Detail Schedule and Age Analysis
(vii)	Trade Payable - NEMO	262,741,890	Detail Schedule and Age Analysis
(viii)	Sundry Creditors - NEMO	45,479,048	Age Analysis
(ix)	Sub contract payable - NEMO	23,949,662	Detail Schedule and Age Analysis
(x)	Other tax payable - NEMO	1,851,592	Detail Schedule
(xi)	Income Tax Expenses - NEMO	110,859,971	Payment Vouchers and Tax Calculation

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 Corporation 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.

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 The 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 paragraph, 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 Corporation 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 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 Corporation has any direct or indirect interest in any contract entered into by the Corporation 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 Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the Corporation as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;



Reference to Laws, Rules Regulations and Management Decisions etc.	Description
(a) Value Added Tax Act No.14 of 2002	Action had not been taken to remit the Value Added Tax totaling to Rs.748,045,632 as at 31 December 2018.
(b) Nation Building Tax Act No. 09 of 2009	Action had not been taken to remit the Nation Building Tax totaling to Rs.72,066,045 as at 31 December 2018.
(c) Section 2(c) of the Circular, No. 121/1979 of 20 December 1979 issued by then Chairman of the Corporation.	Once the advances are given by way of cheques together with orders, such advances should be settled within a period of 30 days. However, such advances totaling Rs.256,635,937 had remained unsettled over 3 years at the Corporation. Further, cheque together with order advance balances given over one year amounting to Rs.20,085,988 had remained unsettled at NEMO as at 31 December 2018.
(d) Section 4 of the Circular, No. 122/1979 of 20 December 1979 issued by then Chairman of the Corporation.	Once the cash advances are given for supply of service or goods, such advances should be settled within a period of 14 days. However, over 3 years special cash advance balances of Rs.14,263,413 had remained unsettled as at 31 December 2018. Further, special cash advance balances given over one year amounting to Rs.8,653,621 had remained unsettled at NEMO as at 31 December 2018.



- (e) Treasury Circular No. 842 of 10 December 1978 The register of fixed assets had not been maintained in NEMO as per requirement of the Treasury Circular.

2.2.3 to state that the corporation 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 corporation 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.

3. Other Audit Observations

(a) Accounts Receivable and Payables

- (i) The retention receivable balance of Rs.505,892,674 had remained for over 05 years without being recovered.
- (ii) Trade debtors amounting to Rs.1,243,824,377 had remained unrecovered for more than 03 years and it is 46 percent of the total debtor balance.
- (iii) The pre-payment balance of Rs.5,968,160 had remained over 05 years at service division without being settled.
- (iv) The balance of foreign purchases control account amounting to Rs.13,734,094 had remained without being recovered at Service Division since the year 2012.



- (v) The labour sub control advances of Rs.11,568,973 had remained over 05 years without being settled.
- (vi) The contract labour imprest of Rs.156,390,311 had remained over 05 years without being settled.
- (vii) The mobilization advance totaling Rs.433,417,409 received from the clients had remained over 5 years and action had not been taken to settle those balances as at 31 December 2018.
- (viii) The Income tax balances totaling to Rs.10,562,150 had remained without being remitted to the Inland Revenue Department since year 2013 to 2017.
- (ix) Out of the creditors balance amounting to Rs.513,102,944 , a sum of Rs.210,067,402 had remained over 05 years.
- (x) Out of the subcontract payables amounting to Rs.1,440,237,909 , a sum of Rs.905,118,517 had remained over 05 years.
- (xi) An unidentified deposit balance of Rs.1,328,763 relating to the period from 2012 to 2015 had remained in the Financial Statements of NEMO.
- (xii) A difference of Rs.18,825,652 was observed between the hiring income of NEMO in the financial statement for the year under review and hiring income schedule submitted to the audit.

(b) Operating inefficiencies

- (i) Forty two projects valued at Rs.6,816,376,809 implemented by the Construction Division had incurred losses amounting to Rs.508,324,458



in the year under review, and its total accumulated loss as at 31 December 2018 was Rs.996,917,817.

- (ii) Seven projects valued at Rs.327,438,891 implemented by the Construction Component Division had sustained losses amounting to Rs.30,402,903 in year under review, and its total accumulated loss as at 31 December 2018 was Rs.72,049,447.
- (iii) Four projects valued at Rs.74,262,513 implemented by the Mechanical & Electrical Division had incurred losses amounting to Rs.1,263,361 in year under review, and its total accumulated loss as at 31 December 2018 was Rs.11,250,528.
- (iv) A Number of 1320 concrete slippers costing to Rs.8,383,000 rejected by the Department of Railway due to lack of quality, had remained in the stock for over 05 years.
- (v) Twenty five projects valued at Rs.554,510,917 implemented by the NEMO had incurred losses amounting to Rs.67,798,319 in year under review.

(c) Working capital management

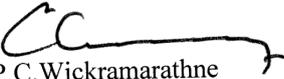
- (i) The Corporation had obtained a bank overdraft of Rs.45,430,869 in excess of the approved facility as at 31 December 2018.
- (ii) Out of the finance cost, 34 per cent represented the cost of interest on bank overdrafts amounting to Rs.96,826,390.
- (iii) The interest on bank loans had increased by Rs.83,317,612 or 93.8 per cent as compared with the preceding year as at 31 December 2018.



As the Interest Bearing Borrowings had increased by Rs. 1,498,719,820 or 248 per cent as against the preceding year, the financial position will further weaken in case of the corporation failing to earn sufficient profit through the projects in the future.

(d) Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003, the annual financial statements and the annual performance draft report should be furnished to the Auditor General within 60 days from the close of the year of accounts. Nevertheless, financial statements pertaining to the year under review had been furnished to the Auditor General on 28 July 2021, after a delay of 735 days.

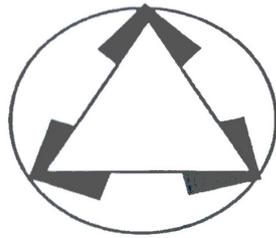

W.P.C. Wickramaratne
Auditor General

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28 JUL 2021

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STATE ENGINEERING CORPORATION
OF SRI LANKA



AMALGAMATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 2018



**STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2018.**

		2018 (Rs.)	2017 (Rs.)
	Note		
Revenue	4	3,278,555,466	3,623,607,372
Cost of Sales		(4,472,833,991)	(4,463,461,081)
Gross Profit		<u>(1,194,278,525)</u>	<u>(839,853,709)</u>
Other Income	5	138,389,556	174,921,742
Administrative Expenses		(443,417,858)	(454,152,555)
Net Finance Income/ (Expense)	6	(258,285,571)	(197,457,199)
Profit before Tax	7	<u>(1,757,592,398)</u>	<u>(1,316,541,721)</u>
Income Tax Expense	8	(98,223,356)	703,827,638
Profit for the period		<u><u>(1,855,815,754)</u></u>	<u><u>(612,714,083)</u></u>
Other comprehensive income			
Actuarial Gain/ (Losses) on Defined Benefit Plans		(1,588,292)	(57,474,366)
Fair Value Change of Available for sale Financial Instruments		(804,000)	(1,740,000)
Surplus on Revaluation of property, Plant and Equipments			
Other comprehensive income for the period, net of tax		<u>(2,392,292)</u>	<u>(59,214,366)</u>
Total comprehensive income for the period		<u><u>(1,858,208,046)</u></u>	<u><u>(671,928,449)</u></u>

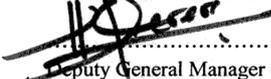
The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)



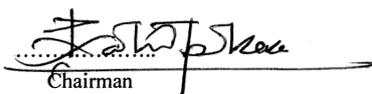
STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
ASAT 31ST DECEMBER 2018.

		31.12.2018 (Rs.)	31.12.2017 (Rs.)
	Note		Restated
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	7,920,400,710	8,072,470,535
Intangible Assets	10	23,345	303,458
Investments in shares	11	3,120,000	3,924,000
Deferred Taxation	12	762,246,266	860,467,834
Other Financial Assets Including Derivatives	15	6,480,565	8,037,518
		<u>8,692,270,886</u>	<u>8,945,203,344</u>
Current Assets			
Inventories	13	480,200,440	516,316,531
Trade and other Receivables	14	5,267,786,918	5,522,557,373
Other Financial Assets Including Derivatives	15	1,041,767,500	966,787,593
Cash and Cash Equivalents	16	566,839,296	345,135,487
		<u>7,356,594,154</u>	<u>7,350,796,984</u>
Total Assets		<u>16,048,865,040</u>	<u>16,296,000,328</u>
EQUITY AND LIABILITIES			
Stated Capital	17	70,000,000	70,000,000
Capital Accretion Reserve		27,738,806	27,738,806
Revaluation Reserve		7,484,472,989	7,484,472,989
E&M Capital		(167,291,864)	(167,291,864)
General Reserve		3,602,690	3,602,690
Retained Earnings		(3,383,482,244)	(1,525,274,199)
Total Equity		<u>4,035,040,377</u>	<u>5,893,248,422</u>
Non-Current Liabilities			
Interest Bearing Borrowings	18	2,101,800,000	603,080,180
Employee Benefit	19	310,032,375	286,312,136
Other Financial Liabilities including derivatives	20	-	-
		<u>2,411,832,375</u>	<u>889,392,316</u>
Current Liabilities			
Interest Bearing Borrowings	18	154,332,096	200,387,694
Trade and other Payables	21	6,674,908,044	6,520,952,829
Other Financial Liabilities including derivatives	20	2,412,183,921	1,991,336,136
Income Tax Payable	22	10,564,395	30,669,058
Bank Overdraft	16	350,003,832	770,013,876
		<u>9,601,992,288</u>	<u>9,513,359,593</u>
Total Equity, Liabilities		<u>16,048,865,040</u>	<u>16,296,000,331</u>

These Financial Statement are prepared in compliance with the Sri Lanka Accounting Standards.


 Deputy General Manager (Finance)

Directors certificate in terms of Public Enterprises Circular No PED 45. The Accounting Statements, the Accounting policies and Explanatory Notes Form an intergral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and Signed on their behalf.


 Chairman


 Director



STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018.

	Stated Capital (Rs.)	Capital Accretion Reserve (Rs.)	Revaluation Reserve (Rs.)	General Reserve (Rs.)	E&M Capital (Rs.)	Available For Sale Reserve (Rs.)	Retained Earnings (Rs.)	Total (Rs.)
Balance as at 01st January 2017	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(327,461,928)	7,091,060,692
Profit for the Period							(671,928,449)	(671,928,449)
Balance as at 31.12.2017 as previously reported	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(999,390,377)	6,419,132,244
Restatement								
Adjustment on Trade and other Payables							(1,186,750)	(1,186,750)
E P F & E T F arrears							(461,733,423)	(461,733,423)
Penalty for E P F & E T F							(62,963,648)	(62,963,648)
Balance as at 31.12.2017 as restated	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(1,525,274,198)	5,893,248,423
Profit for the year							(1,855,815,754)	(1,855,815,754)
Other comprehensive Income -Actuarial Loss							(1,588,292)	(1,588,292)
Other comprehensive Income -Fair value changes							(804,000)	(804,000)
Total other comprehensive income for the period							(2,392,292)	(2,392,292)
Balance as at 31st December 2018	70,000,000	27,738,806	7,484,472,989	3,602,690	(167,291,865)	-	(3,383,482,244)	4,035,040,377

(Figures in brackets indicate deductions)



**STATE ENGINEERING CORPORATION OF SRI LANKA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2018**

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Cash Flow from Operating Activities		
Profit Before Tax	(1,757,592,398)	(1,316,541,721)
Adjustments for,		
Depreciation of Property, Plant and Equipment	164,200,486	263,477,721
Impairment/write off of Property, Plant and Equipment		
Amortization of Intangible assets	280,113	768,775
Dismantalling of Assets (Galapatha)	-	-
Provision for Retirement Benefit Obligations	44,233,101	37,711,324
Provision/(reversal) for Bad and Doubtful Debts	258,226,245	10,753,526
Provision for/(Reversal) of Obsolete Stocks	3,957,438	2,206,383
Provision /(reversal) of Income Tax	(20,106,452)	
Provision for Stock loss	-	5,126,733
Amortization of Grant	(113,787,343)	(147,130,778)
Interest Income	(22,380,911)	(23,766,908)
Interest Expenses	269,576,560	221,224,107
Operating Profit Before Working Capital Changes	(1,173,393,161)	(946,170,838)
(Increase)/Decrease in Inventory	32,158,648	34,397,783
(Increase)/Decrease in Trade and Other Receivables	(3,455,790)	792,319,785
(Increase)/Decrease in Other Current Financial Assets	(73,422,954)	439,684,696
Increase/(Decrease) in Other Current Financial Liabilities	534,635,133	(95,372,734)
Increase/(Decrease) Trade and Other Payables	153,955,216	(63,178,816)
Cash Generated from/(used in) Operating Activities	(529,522,907)	161,679,874
Interest Paid	(269,576,560)	(221,224,107)
Gratuity Paid	(22,101,153)	(36,438,154)
Income Tax Paid	-	(4,650,454)
Net Cash Generated from/(used in) Operating Activities	(821,200,620)	(100,632,841)
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	(12,130,660)	(29,684,477)
Down Payment of Lease	-	(5,355,000)
Interest Received	22,380,911	23,766,908
Net Cash Generated from/(used in) Investing Activities	10,250,251	(11,272,569)
Cash Flow from Financing Activities		
Preceeds from long term borrowings	2,071,000,000	100,000,000
Repayment of Lease	(4,186,776)	(3,976,128)
Repayment of Loan	(614,149,003)	(35,850,998)
Grant Received	-	-
Net Cash Generated from/(used in) Financing Activities	1,452,664,221	60,172,874
Net Increase/(Decrease) in Cash and Cash Equivalents during the period	641,713,852	(51,732,535)
Cash and Cash Equivalents at the beginning of the period	(424,878,389)	(373,145,854)
Cash and Cash Equivalents at the end of the period	216,835,465	(424,878,389)

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)



**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2018.**

1. GENERAL

1.1. Reporting Entity

State Engineering Corporation of Sri Lanka was established under the State Industrial Corporation Act No.49 of 1957 on the 01st January 1962 and function under the Ministry of Construction & Engineering Service. The registered office of the State Engineering Corporation of Sri Lanka is located at No. 130, W.A.D. Ramanayake Mawatha, Colombo 02.

1.2. Principal Activities and Nature of Operations

State Engineering Corporations is primarily involved in the business of Construction Activities and provides services in civil engineering construction, mechanical and electrical engineering, architectural and engineering consultancy services, manufacture of pre-cast components and building materials for civil engineering projects.

2. Summary of Significant Accounting Policies

2.1. Statement of Compliance

The financial statements of the Corporation 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 (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

The Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 26.07.2021.

2.2. Basis of Measurement

The 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
- Employee benefit liability recognized based on Project Unit Credit Method (LKAS 19)
- Property, Plant and Equipments and Motor Vehicles are stated at revalued amounts



**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2018.**

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

2.3. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Corporation’s functional currency and all values are rounded to the nearest rupees.

2.4. Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements unless otherwise stated.

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

In preparing the Financial Statements of the Corporation, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured at historical cost are translated at



**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2018.**

the rates prevailing on the date of transaction. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

3.2. Assets and the bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Corporation's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Corporation intends to hold beyond a period of one year from the reporting date.

3.2.1. Property, Plant & Equipment

3.2.1.1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

3.2.1.2. Owned Assets

The cost of an item of property, plant and equipment comprise 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 labor, 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.

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



**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST DECEMBER 2018.**

3.2.1.3. Leased Assets

Leases in terms of which the Corporation 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. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement. Other leases are operating leases which are not recognized in the Corporation's Statement of Financial Position.

3.2.1.4. 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 company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.2.1.5. Derecognition

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

3.2.1.6. Revaluation

Revaluation is performed on freehold Land and Building by professionally qualified valuers using the open market value at least once in every three years. The valuation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.



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3.2.1.7. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Buildings	40	2.5%
Plant & Machinery	05	20%
Furniture and fixtures	10	10%
Motor vehicles	05	20%
Office Equipments	05	20%
Computers	05	20%

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 and the date that the asset is derecognised.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.



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3.2.2. 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.

3.2.3. Intangible Assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

3.2.3.1. Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

3.2.3.2. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.2.3.3. Amortisation

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:



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Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Software	05	20%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2.4. Inventories

Inventories are stated at the lower of cost and net realizable value, after making due allowance for obsolete and slow moving items. The cost of inventories is comprised all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition.

Inventory movement is reviewed at the end of reporting period by an expert to assess the recoverability of inventory and the items that are identified as irrecoverable are written off during the year.

3.2.5. Work in Progress

Contractual costs incurred for future work are recognized as an asset when it is probable that they will be recovered and such costs are classified as work in progress. Variation and claims are recognized in contract revenue only when it is probable that the customer will approve the variation or claim and the amount of revenue can be reliably measured. Until recognize in revenue cost incurred for variation and claims are classified as work in progress.

3.2.6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits, and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.



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3.2.7. Impairment of Non Financial Assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Corporation makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s value in use and its fair value less cost to sale 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 group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets 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 pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expenses categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets’ recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot ‘exceed’ the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

3.3. Financial Instruments

3.3.1 Financial Assets

3.3.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial assets at initial recognition.



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All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

The Corporation financial assets include cash and cash equivalent, short term deposits, trade and other receivables, loans and quoted equity instruments.

3.3.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

3.3.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Corporation that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss

are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

The Corporation evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Corporation may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset.

3.3.1.4 Held to maturity financial assets

If the Corporation has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to



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initial recognition, Held to Maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

3.3.1.5 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

3.3.1.6 Available for Sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

The Corporation evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Corporation is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Corporation may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet

the definition of loans and receivables and the Corporation has the intention and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.



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For a financial asset reclassified out of the available-for sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3.3.1.7 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial

Assets) is derecognised when:

- The rights to receive cash flows from the asset have expired,
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an

obligation to pay the received cash flows in full without material delay to a third party under a ‘passthrough’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Corporation’s continuing involvement in it. In that case, the Corporation also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

3.3.1.8 Impairment of Financial Assets

The corporation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a



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result of one or more events that has occurred. After the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3.1.9 Financial Assets Carried at Amortised Cost

For financial assets carried at amortized cost, the Corporation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest

income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.



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3.3.2 Financial Liabilities

3.3.2.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Corporation determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Corporation financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.3.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

3.3.2.3 Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in

the near term. This category includes derivative financial instruments entered into by the Group that

are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated

embedded derivatives are also classified as held-for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the profit or loss. The Corporation has not designated any financial liabilities upon initial recognition as at fair value through profit or loss



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3.3.2.4 Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

3.3.2.5 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement

3.3.2.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation.

3.3.2.7 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.



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For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation Models

An analysis of fair values of financial instruments and further details as to how they are measured are

provided in Note no 23.

3.4. Post Employment Benefits

3.4.1. Defined Benefit Plan

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, using the projected unit credit (PUC) method. The gratuity liability is not externally funded, nor actuarially valued. 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.

3.4.2. Defined Contribution Plans – Employees' Provident Fund and Employee Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed

contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

3.5. Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Corporation has a present obligation (legal or constructive)



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as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable

3.6. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match to the costs, that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the Corporation receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

3.7. Statement of Comprehensive Income

3.7.1. Revenue

Revenue represents the amounts derived from the provision of services and sale of goods, which fall within the Corporation ordinary activities net of trade discounts and turnover related taxes.

3.7.1.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Corporation. The following specific criteria are used for the purpose of recognition of revenue.



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3.7.1.1.1. Construction Contract

When the outcome of a contract can be estimated reliably, revenue is recognized by reference to the Stage of Completion of the Contracting activity as at the reporting date (Percentage-of-Completion Method). When the outcome of a contract cannot be estimated reliably, revenue is recognized to the extent of cost incurred that are likely to be recoverable. When it is probable that total cost will exceed total revenue, the expected loss is recognized as an expense immediately.

The Stage of Completion is measured by reference to the proportion that, costs incurred for work performed to date bear to the estimated total costs.

3.7.1.1.2. Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the

Consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer with the Corporation retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

3.7.1.1.3. Rendering of services

Revenue from services rendered is recognized in the Statement of Comprehensive Income once all significant performance obligations have been provided.

3.7.1.1.4. 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.

Income from scrap sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.



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3.7.1.1.5. Interest Income

For all financial instruments measured at amortized 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 income statement.

3.7.2. Expenditure Recognition

3.7.2.1. Construction Contracts

Contract Expenses are recognized as incurred unless they create an asset to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

3.7.2.2. 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

For the purpose of presentation of Statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the Corporation performance, hence such presentation method is adopted.

3.7.2.3. Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of Property, Plant and Equipments which are capitalized as part of the cost of those assets during the period of construction or development.



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3.7.3. Taxation

3.7.3.1. 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 in accordance with the provisions of the Inland Revenue Act.

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

3.7.3.2. Deferred Taxation

Deferred taxation is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



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3.8. Related Party Transaction

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 or not.

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

3.9. Event Occurring After The Reporting Period

Events after the reporting period are those events favorable and unfavorable 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.

3.10. Segmental Reporting

The Segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment), or in providing Products or Services within a particular Economic Environment (Geographical Segment), which is subject to risks and returns that are different from those of the Segments. Segment Information is presented in respect of the Corporation's Business and Geographical Segments. The Corporation's Primary Format for segment reporting is based on business Segments.

The Business segments are determined based on the Corporation's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Corporation are located mainly in Sri Lanka. Consequently, the economic environment in which the Corporation operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided.

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



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3.11. Cash Flow

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the ‘Indirect Method’.

1.1. Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

1.2. New Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements. These include;

These include following standards which will be effective from 1st January 2017;

- (a) SLFRS 09 – This stranded becomes effective for annual periods beginning on or after 1st January 2018. The adoption of SLFRS 9 will have an impact on the classification and measurement of the Corporation’s financial instruments.
- (b) SLFRS 15 – Revenue from contracts with Customers SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized which replaces the existing revenue recognition guidance including LKAS 11 – “Construction Contracts”. The adoption of SLFRS 15 is effective for annual periods beginning on or after 1st January 2018, with early adoption permitted. The corporation will adopt this stranded when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statement.

The Corporation is currently in the process of evaluating the potential effect of these standards on its financial statements and the impacts of the adoption of these standards have not been quantified as at the balance sheet date.



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	31.12.2018 (Rs.)	31.12.2017 (Rs.)
4 REVENUE		
Buildings and other Construction	2,228,686,937	2,524,365,236
Road Construction	97,820,240	96,436,339
Mechanical and Electrical Income	71,020,425	106,000,098
Consultancy and Architectural Services	185,684,649	279,778,474
Sale of Construction Related Material	607,991,885	502,584,905
Hiring Income	87,351,330	114,442,320
	<u>3,278,555,466</u>	<u>3,623,607,372</u>
5 OTHER INCOME		
Rent income	10,225,263	9,703,641
Reversal of Stock over provisos	179,906	44,703
Reversal of other provision	-	-
Amortization of Grants	113,787,343	147,130,778
Registration fee income	4,786,875	4,883,252
Miscellaneous Income	9,410,169	13,159,368
	<u>138,389,556</u>	<u>174,921,742</u>
6 NET FINANCE INCOME /(EXPENSE)		
Finance Income		
Interest Income on Fixed Deposits	20,320,888	19,660,536
Interest on Saving Deposits	1,617,067	2,073,015
Interest Income on Repurchase Agreements	-	261,264
Interest income on Staff Loan	442,956	755,651
Foreign Exchange Gain	-	1,016,442
	<u>22,380,911</u>	<u>23,766,908</u>
Finance Cost		
Interest on loans	172,134,154	88,816,542
Bank Charges & Commission	10,860,994	25,244,486
Interest on Finance Lease Obligations	844,944	1,474,902
Interest on Bank Overdrafts	96,826,390	105,688,177
	<u>280,666,482</u>	<u>221,224,107</u>
Net Finance Income /(Expense)	<u>(258,285,571)</u>	<u>(197,457,199)</u>



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9. PROPERTY, PLANT AND EQUIPMENT

COST	FREEHOLD					LEASEHOLD					Total
	Land	Building	Plant, Machinery & Equipments	Computers	Motor Vehicles	Office Equipments	Furniture & Fittings	Plant, Machinery & Equipments	Motor Vehicles	Capital work in Progress	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2018 (as previously reported)	6,838,665,000	541,290,499	972,881,945	88,532,291	191,917,309	78,343,495	42,718,523	-	17,850,000	541,523,297	9,313,722,359
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Restatement of Assets	-	-	-	-	-	-	-	-	-	(981,107)	(981,107)
Balance as at 31.12.2017 as restated	6,838,665,000	541,290,499	972,881,945	88,532,291	191,917,309	78,343,495	42,718,523	-	17,850,000	540,542,189	9,312,741,251
Additions during the period	-	-	4,323,749	2,985,950	941,840	3,232,497	646,624	-	-	-	12,130,660
Disposals during the period	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	6,838,665,000	541,290,499	977,205,694	91,518,241	192,859,149	81,575,992	43,365,147	-	17,850,000	540,542,189	9,324,871,912
ACCUMULATED DEPRECIATION											
Balance as at 01st January 2018	-	62,931,518	841,124,901	79,953,959	160,107,491	61,156,350	31,692,208	-	3,304,288	-	1,240,270,716
Charge for the period	-	13,532,263	110,796,476	4,502,583	23,876,557	5,318,267	2,604,340	-	3,570,000	-	164,200,486
Revaluation Adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	-	76,463,782	951,921,377	84,456,542	183,984,048	66,474,617	34,296,548	-	6,874,288	-	1,404,471,202
IMPAIRMENT											
Balance as at 01st January 2018	-	-	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the period	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	-	-	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the year	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st December 2018	-	-	-	-	-	-	-	-	-	-	-
CARRYING AMOUNT											
Balance as at 31st December 2018	6,838,665,000	464,826,718	25,284,317	7,061,699	8,875,101	15,101,375	9,068,598	-	10,975,712	540,542,189	7,920,400,710
As at 31st December 2017 as restated	6,759,050,000	446,883,539	112,856,726	4,383,749	6,079,556	10,651,958	10,606,937	-	14,545,712	540,542,190	7,905,600,367



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	31.12.2018 (Rs.)	31.12.2017 (Rs.)			
	with out NEMO	with out NEMO			
10. INTANGIBLE ASSETS					
Cost					
Balance at the beginning of the year	3,843,921	3,843,921			
Additions during the period	-	-			
Balance at the end of the period	<u>3,843,921</u>	<u>3,843,921</u>			
Amortization					
Balance at the beginning of the year	(3,540,463)	(2,771,688)			
Charge during the period	(280,113)	(768,775)			
Balance at the end of the period	<u>(3,820,576)</u>	<u>(3,540,463)</u>			
Carrying Amount	<u>23,345</u>	<u>303,458</u>			
11. INVESTMENT IN SHARES	No of Shares	31.12.2018 (Rs.)	31.12.2017 (Rs.)		
HDFC Bank	120,000	3,924,000	5,664,000		
Adjustment for fair value of investments		(804,000)	(1,740,000)		
Carrying amount		<u>3,120,000</u>	<u>3,924,000</u>		
12. DEFERRED TAXATION		31.12.2018 (Rs.)	31.12.2017 (Rs.)		
12.1 Movement in deferred tax					
Balance at the beginning of the year		860,467,834	151,989,557		
(Provision) /Reversal during the period		(98,221,567)	708,478,277		
Balance at the end of the Period		<u>762,246,267</u>	<u>860,467,834</u>		
12.2 Composition of deferred tax	31.12.2018	2017			
	Temporary difference (Rs.)	Tax effect on temporary difference (Rs.)	Temporary difference (Rs.)	Tax effect on temporary difference (Rs.)	
Temporary Difference on PPE	(246,540,677)	(16,176,936)	(223,705,640)	(62,637,579)	
Temporary difference on Gratuity Provision	148,044,946	9,387,173	142,167,911	39,807,015	
Temporary Difference on Stock Provision	15,662,723	576,272	12,348,461	3,457,569	
Temporary Difference on Tax Losses	4,602,140,166	768,459,757	3,142,288,678	879,840,830	
	<u>4,519,307,158</u>	<u>762,246,266</u>	<u>3,073,099,410</u>	<u>860,467,834</u>	
12.3 Movement in tax effect of temporary differences	As at 31ST December 2018 (Rs.)	Recognized in income statement (Rs.)	As at 31st December 2017 (Rs.)	Recognized in income statement (Rs.)	As at 31st December 2016 (Rs.)
Deferred tax on PPE	(16,176,936)	46,460,643	(62,637,579)	(9,567,722)	(53,069,857)
Deferred tax on Gratuity Provision	9,387,173	(30,419,842)	39,807,015	25,821,455	13,985,560
Deferred tax on Stock general Provision	576,272	(2,881,296)	3,457,569	1,715,398	1,742,171
Temporary Difference on Tax Losses	768,459,757	(111,381,073)	879,840,830	690,509,146	189,331,684
	<u>762,246,266</u>	<u>(98,221,568)</u>	<u>860,467,835</u>	<u>708,478,277</u>	<u>151,989,558</u>

Since the Corporation's income is liable for income tax ,the deferred tax is arrived at by applying the income tax rates 12% applicable for the local income received in local currency.



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	31.12.2018 (Rs.) 12MONTH with out NEMO	31.12.2017 (Rs.) 12 MONTHS with out NEMO
13. INVENTORIES		
Raw Materials	268,806,962	305,321,857
Finished Goods	<u>250,149,183</u>	<u>245,149,766</u>
	518,956,145	550,471,623
Less: Provision for Impairment (Note:13.1)	(33,628,972)	(29,028,358)
Provision for Stock Loss	<u>(5,126,733)</u>	<u>(5,126,733)</u>
	<u>480,200,440</u>	<u>516,316,532</u>
13.1 Movement in Provision for Impairment		
Balance at the beginning of the year	29,028,358	17,319,239
Provision/(Reversal) made during the period	4,600,614	11,709,119
Balance at the end of the period	<u>33,628,972</u>	<u>29,028,358</u>
14. TRADE AND OTHER RECEIVABLES		
Trade Receivables	3,517,061,630	3,176,933,801
Less: GST/VAT	(899,140,208)	(886,178,455)
Provision for impairment (14.1)	<u>(653,136,385)</u>	<u>(394,910,140)</u>
	1,964,785,037	1,895,845,206
Amount Due from Customers	2,074,807,364	2,361,877,200
Deposits , Prepayments and advances	1,122,170,094	1,084,403,230
Withholding Tax receivables	2,159,048	51,987,558
Inter Company Current Account with NEMO	70,979,176	64,546,894
Other Receivables	<u>32,886,199</u>	<u>63,897,285</u>
	<u>5,267,786,918</u>	<u>5,522,557,373</u>
14.1 Movement in Provision for Impairment		
Balance at the beginning of the year	394,910,140	384,156,614
Provision/(Reversal) made during the period	<u>258,226,245</u>	<u>10,753,526</u>
Balance at the end of the period	<u>653,136,385</u>	<u>394,910,140</u>
Impairment provision was revealed and identified debtors to be impaired for the year ended 31st December 2017, Which include all the impaired debtors recognized in 2017.		
15. Other Financial Assets Including Derivatives		
Non Current		
Loans given to employees	<u>6,480,565</u>	<u>8,037,518</u>
	6,480,565	8,037,518
Current		
Retention and T C Receivable	1,036,700,809	960,660,895
Loans given to employees	<u>5,066,691</u>	<u>6,126,698</u>
	<u>1,041,767,500</u>	<u>966,787,593</u>
	<u>1,048,248,065</u>	<u>974,825,111</u>



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	31.12.2018 (Rs.)	31.12.2017 (Rs.)
	with out NEMO	with out NEMO
15.1. Loans given to employees		
Balance at the beginning of the year	14,164,216	21,759,522
Loans Granted during the period	3,000,000	2,400,000
Loans Recovered during the period	<u>(5,616,960)</u>	<u>(9,995,306)</u>
Balance at the end of the period	<u>11,547,256</u>	<u>14,164,216</u>
Non Current	<u>6,480,565</u>	<u>8,037,518</u>
Current	<u>5,066,691</u>	<u>6,126,698</u>

The Corporation Provides Loans to employees and charged interest 7,500/= per 100,000/=irrespective of loan repayment period.

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
16. CASH AND CASH EQUIVALENTS		
16.1 Favourable Balances		
Fixed Deposits	211,643,562	192,212,979
Saving/Call Deposits	29,833,332	46,389,201
Cash at Bank	311,231,403	90,557,486
Cash in Hand	<u>14,130,999</u>	<u>15,975,821</u>
	<u>566,839,296</u>	<u>345,135,487</u>
16.2 Unfavorable Balances		
Bank Overdraft	<u>(350,003,832)</u>	<u>(770,013,876)</u>
<i>Cash and Cash Equivalents for the purpose of the Cash Flow Statement</i>	<u>216,835,464</u>	<u>(424,878,389)</u>

17. STATED CAPITAL		
Issued and Fully paid		
At the beginning of the year	70,000,000	70,000,000
Issue during the period	-	-
At the end of the period	<u>70,000,000</u>	<u>70,000,000</u>

18. INTEREST BEARING BORROWINGS		
Payable after one year		
Treasury Loan	30,800,000	30,800,000
Term Loan	2,071,000,000	567,948,084
Finance Lease Obligations	0.00	4,332,096
	<u>2,101,800,000</u>	<u>603,080,180</u>
Payable within one year		
Bill Discounting	100,000,000	100,000,000
Term Loan	50,000,000	96,200,918
Finance Lease Obligations	4,332,096	4,186,776
	<u>154,332,096</u>	<u>200,387,694</u>



STATE ENGINEERING CORPORATION OF SRI LANKA
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	31.12.2018 (Rs.)	31.12.2017 (Rs.)		
	with out NEMO	with out NEMO		
18.1 Details of Securities and Repayment				
Lender	- Peoples Bank			
Approved Facility	- Bill Discounting Facility up to 100M			
Facility Obtained	- 100M			
Securities Pledged	- 8 Acres 02 Roods 19.47p deficted as lot no 1& 2 in plan no 3237 dated 17.06.2015 nade by Mr I,A,Wijethilaka,LS			
Interest Rate	-16% P.A			
Repayments	-120 Days			
18.2 Details of Securities and Repayment				
Lender	- Bank of Ceylon			
Approved Facility	- Bill Discounting Facility up to 250M			
Facility Obtained	- 0			
Interest Rate	-AWPLR + 4%			
Repayments	-6 months			
18.3 Finance Lease Obligations	31.12.2018 (Rs.)	31.12.2017 (Rs.)		
Balance at the beginning of the year	9,644,130	15,095,160		
Less: Payments made during the period	<u>(5,031,720)</u>	<u>(5,451,030)</u>		
Gross Lease Obligation at the end of the period	4,612,410	9,644,130		
Less: Interest in Suspense	<u>(280,314)</u>	<u>(1,125,258)</u>		
Net Finance Lease Obligations	4,332,096	8,518,872		
Payable within one year	<u>4,332,096</u>	<u>4,186,776</u>		
Payable after one year	<u>(0)</u>	<u>4,332,096</u>		
18.4 Term Loan	Bank of Ceylon	Peoples Bank	H D F C	Total
Balance at the beginning of the year	580,815,670	83,333,333		664,149,003
Obtained During the period	2,020,000,000	-	51,000,000	2,071,000,000
Repayment during the period	<u>(580,815,670)</u>	<u>(33,333,333)</u>		<u>(614,149,003)</u>
Balance at the End of the period	2,020,000,000	50,000,000	51,000,000	2,121,000,000
Loan Payable within One Year	-	33,340,000		33,340,000
Loan Payable after One Year	2,020,000,000	16,660,000	51,000,000	2,087,660,000
19. EMPLOYEE BENEFIT	31.12.2018 (Rs.)	31.12.2017 (Rs.)		
Balance at the beginning of the year	286,312,135	227,564,599		
Provision made in profit and Loss Account	44,233,101	37,711,324		
Payments made during the period	<u>(22,101,153)</u>	<u>(36,438,154)</u>		
Actuarial (gain) / loss recognized in Other Comprehensive Income	1,588,292	57,474,366		
Balance at the end of the period	<u>310,032,375</u>	<u>286,312,135</u>		
An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2017 by professional actuaries-M/S Piyal Goonathilaka.				
The valuation method used by the Actuaries to value the Retirement Benefit Obligation is the "Projected Unit Credit Method". The method recommended by the LKAS 19 - 'Employee Benefits'				
The Key Assumptions used by Actuary include the following				
	31.12.2018 (Rs.)	31.12.2017 (Rs.)		
Discount Rate	12%	10.06%		
Expected annual Rate of Salary Increment	1.30%	1.30%		
Staff Turnover Factor (Ranging based on Age Group)	0.0%-1.08%	0.0%-1.08%		
Retiring Age (Years)	60 years	60 years		
Plan is not pre-Funded				
The Corporation will Continue as a Going Concern				



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19.1 The amount recognised in the Balance Sheet are as follows

	31.12.2018 (Rs.) with out NEMO	31.12.2017 (Rs.) with out NEMO
Present value of unfunded obligations	310,032,375	286,312,135
Present value of funded obligations	-	-
Total present value of obligations	<u>310,032,375</u>	<u>286,312,135</u>
Fair value of plan assets	-	-
Present value of net obligations	<u>310,032,375</u>	<u>286,312,135</u>
Unrecognised net actuarial gains/ (losses)	-	-
Recognised liability for defined benefit obligations	<u>310,032,375</u>	<u>286,312,135</u>

19.2 Movement in the present value of defined benefit obligations

Liability for defined benefit obligations as at 1st January	286,312,135	227,564,599
Actuarial (gains)/ losses	1,588,292	57,474,366
Benefit paid by the plan	(22,101,153)	(36,438,154)
Current service costs	22,680,555	12,679,220
Interest Cost	21,552,546	25,032,105
Liability for defined benefit obligations as at 31st December	<u>310,032,375</u>	<u>286,312,136</u>

20. Other Financial Liabilities Including Derivatives

Non Current

Deferred Income

-	-
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Current

Deferred Income

-	113,787,349
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Mobilisation Advance

2,412,183,921	1,877,548,788
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<u>2,412,183,921</u>	<u>1,991,336,137</u>
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20.1 Deferred Income

Balance at the beginning of the year	113,787,349	260,918,127
Grant Received during the period	-	-
Amortization during the period	(113,787,349)	(147,130,778)
Balance at the end of the period	<u>-</u>	<u>113,787,349</u>
Payable within one year	<u>-</u>	<u>113,787,349</u>
Payable after one year	<u>-</u>	<u>-</u>

21. TRADE AND OTHER PAYABLES

		Restated
Trade Payables	821,471,914	853,324,212
Subcontract Payables	1,545,322,609	1,617,735,806
labour contract advances Payable	49,743,094	48,795,170
Accrued Expenses and Other Provisions	1,503,054,303	1,439,230,813
Amount Due to Customer	1,715,106,870	1,548,412,726
VAT Payable	898,294,674	696,794,032
ESC Payable	67,996,943	67,996,943
Inter Group Current Account	-	203,292,178
Other taxes Payable	73,917,637	45,370,948
	<u>6,674,908,044</u>	<u>6,520,952,829</u>



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	31.12.2018 (Rs.)	31.12.2017 (Rs.)
	with out NEMO	with out NEMO
22. INCOME TAX PAYABLE		
Balance at the beginning of the year	30,669,058	30,668,873
Provision for Income Tax on current year's profits	1,789	4,650,639
Under/(Over) provision of Income Tax in respect of prior years	(20,106,452)	-
Tax paid during the year		
- Income Tax		-
- Withholding Tax	-	(4,650,454)
Balance at the end of the year	10,564,395	30,669,058

23. FINANCIAL INSTRUMENTS

23.1 Financial Instruments - Statement of Financial Position (SOFP)

The Financial Instruments recognise in the Statement of Financial Position are as follows:

Financial Assets	Note		
Fair value through profit and loss			
SOFP Line Item:			
Other financial assets including derivatives - Non Current		-	-
Other financial assets including derivatives - Current		-	-
Total		-	-
Held-to-maturity			
SOFP Line Item:			
Cash and cash equivalents	16	211,643,562	192,212,979
Total		211,643,562	192,212,979
Loans and receivables			
SOFP Line Item:			
Other financial assets including derivatives - Non Current	15	6,480,565	8,037,518
Trade and other receivables	14	5,267,786,918	5,522,557,373
Cash and cash equivalents	16	355,195,734	152,922,508
Other financial assets including derivatives - Current	15	1,041,767,500	966,787,593
Total		6,671,230,717	6,650,304,992
Available-for-sale			
SOFP Line Item:			
Other Investments	11	3,120,000	3,924,000
Total		3,120,000	3,924,000
		6,885,994,279	6,846,441,971
Financial Liabilities			
Fair value through profit and loss			
SOFP Line Item:			
Other financial liabilities including derivatives - Non Current		-	-
Other financial liabilities including derivatives - Current		-	-
Total		-	-



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23 FINANCIAL INSTRUMENTS, (Cont..)

Other Financial Liabilities

SOPF Line Item:

Interest Bearing borrowings- Non Current	18	2,101,800,000	603,080,180
Other financial liabilities including derivatives - Non Current	20	-	-
Interest Bearing borrowings- Current	18	154,332,096	200,387,694
Trade and other Payables	21	6,674,908,044	6,520,952,829
Other financial liabilities including derivatives - Current	20	2,412,183,921	1,991,336,137
Income Tax payable	22	10,564,395	30,669,058
Bank Overdrafts	16	350,003,832	770,013,876
Total		<u>11,703,792,288</u>	<u>10,116,439,773</u>
		<u>11,703,792,288</u>	<u>10,116,439,773</u>

23.2 Financial Risk Management

The corporation has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk (including currency risk and interest rate risk)

23.2.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

23.2.1. Trade Receivables

Customer credit risk is managed by each business unit subject to the Corporation's established policy, procedures and control relating to customer credit risk management

The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The Corporation evaluates the concentration of risk with respect to trade receivables as low, as most of its customers are government organization.

	Note	31.12.2018	31.12.2017
		(Rs.)	(Rs.)
Trade Receivables		<u>3,517,061,630</u>	<u>3,176,933,801</u>
		<u>3,517,061,630</u>	<u>3,176,933,801</u>

The aging of Trade & Other Receivables at the reporting date was;

	Gross	Impairment	Gross	Impairment
	31.12.2018	31.12.2018	31.12.2017	31.12.2017
Past due 0-365 days	1,136,358,098	-	1,149,239,995	-
More than one year	<u>2,380,703,532</u>	<u>653,136,385</u>	<u>2,027,693,806</u>	<u>394,910,140</u>
	<u>3,517,061,630</u>	<u>653,136,385</u>	<u>3,176,933,801</u>	<u>394,910,140</u>

Based on historic default rates, the Corporation believes that, apart from the above, no impairment allowance is necessary in respect of Trade Receivables



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23.2.1. Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Finance department in accordance with Corporation Finance management policy

The Corporation holds Short term Deposits and Cash and cash equivalents of Rs.559,127,576/- at 31st December 2018 (2017 - Rs. 338,422,268/-) which represents its maximum credit exposure on these assets

23 FINANCIAL INSTRUMENTS,(Cont..)

23.2.1. Cash and Cash Equivalents (Cont..)

As at 31st December 2018, Rs.310,273,988/- (2017-Rs.89,612,317/-) of the Favourable balance of bank and financial institution was rated "A+" or better for the corporation

Fitch rating Company	31.12.2018		2017	
	(Rs.)	%	(Rs.)	%
AA				
A	-	-	-	-
AA				
+	302,058,946	97%	84,564,485	93%
AA	-	-	-	-
AA				
-	7,292,281	2%	4,112,825	5%
A	-	-	-	-
BB				
B+	-	-	-	-
	<u>309,351,227</u>	<u>99%</u>	<u>88,677,310</u>	<u>98%</u>
Oth ers	1,880,176	1%	1,880,176	2%
	<u>311,231,403</u>	<u>100%</u>	<u>90,557,486</u>	<u>100%</u>

23.2.2 Liquidity Risk

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

To measure and mitigate liquidity risk, Corporation closely monitor its net operating cash flow, maintained a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at 31st December 2018	Carrying amount	Less than one year	More than one year
Non-derivative financial liabilities			
Interest bearing borrowings	2,256,132,096	154,332,096	2,101,800,000
Income tax payable	10,564,395	10,564,395	-
Bank Overdrafts	350,003,832	350,003,832	-
Total	<u>2,616,700,323</u>	<u>514,900,323</u>	<u>2,101,800,000</u>

23.2.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.



**STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2018**

Market risk comprise of the following types of risk:

- I. Interest rate risk
- II. Currency risk
- III. Commodity price risk
- IV. Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

23 FINANCIAL INSTRUMENTS,(Cont..)

Interest Rate Risk

At the reporting date the interest rate profile of the corporation's interest bearing financial instruments was;

	31.12.2018 (Rs.)	31.12.2017 (Rs.)
Fixed rate instruments		
Financial assets	14%	11%
Financial liabilities	18.50%	18.50%
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Currency risk

The Corporation is exposed to currency risk on sales, purchases, borrowings and investments that are denominated in a currency other than the functional currency which is Sri Lankan Rupees.

This risk is minimised by hedging naturally by a matching sales and purchases or matching assets and liabilities of the same currency and amounts. Where feasible, contracts are executed on a basket of currencies,minimising the potential risks.

The principal exchange rates used by the Corporation for conversion of foreign currency balances and transactions, for the year ended 31.12.2018 are as follows

	Average	Closing Rate	
		buying	Selling
US Dollars	182.71	180.72	184.70

23.2.4 Capital management

The primary objective of the Corporation's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its

The Corporation manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

	31.12.2018	2017
Debt to Equity Ratio	298%	129%
Debt Ratio	75%	61%



STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2018

24. CONTINGENT LIABILITIES

24.1 On behalf of State Engineering Corporation, banks have given Bank Guarantees to the Corporation's customers amounting to Rs.1,005.2 Mn /- as at 31st December 2018.

Bank	Letter of Credit (Rs.)	Performance , Advance & Bid bonds (Rs.)	Total (Rs.)
Peoples Bank	25,700,000	979,566,042	1,005,266,042
	25,700,000	979,566,042	1,005,266,042

24.2 Following legal cases are pending as at 31st December 2018.

1. Case No:CHC/537/2016/MR

M/S Eagle Wings Security and Investigation (Pvt) Limited has Filed the case in high court against State Engineering Corporation of sri lanka as non payment of service charges under case no CHC/537/2016/MR. Currently SEC has recorded Rs.21,063,471.31 is certified outstanding in our Financial Statement ,where as Eagle Wings demand Rs.37,472,181.25 is in the court case,which will be reconciled and finalized in the court case.

24.3 Pending Tax Issues

Assessment which have been received to SEC in different time in relation to V.A.T,N.B.T,E.S.C. was appended in appropriate way. Mostly appeals were coursed as non payment of on return taxes on due days. Therefore SEC has established it's appeals with the reason of delay in payments. Satisfaction to the CGIR and with the verbal instruction of tax authorities as installment basis payments are continued while payment of on return taxes with the confidence of waive off penalties as mention at the discussion .Therefore no probable liability for the penalties ,that would be need to adjusted in the Financial Statement.

Value Added Tax

Assessment Date	Assessment No.	Period	Amount
22.07.2014	7193608	13033	10,208,867
22.07.2014	7193609	13061	15,166,361
22.07.2014	7193610	13092	2,707,166
26.05.2014	7178019	13093	11,819,016
18.06.2014	7184680	13121	9,979,885
18.06.2014	7184683	13122	4,033,742
18.06.2014	7184887	14032	3,468,913
25.02.2015	7249842	14033	3,256,139
25.02.2015	7249843	14061	8,911,790
25.02.2015	7249844	14062	1,843,102
25.02.2015	7249845	14063	2,101,947
25.02.2015	7249846	14092	1,541,272
25.02.2015	7249847	14093	2,262,816
14.10.2015	7284212	14120	18,406,103
14.10.2015	7284213	15030	9,909,512
15.12.2015	7308323	15060	4,669,377
30.11.2016	7361098	15120	7,462,725
14.11.2018	700161001	1610	12,682,861
			130,431,594
Economic Service Charges			2,598,573
Nation Building Tax			162,788
National security Levy			1,970,599
Save the Nation Contribution			88,852
Turnover Tax			7,238,665
			142,491,071



STATE ENGINEERING CORPORATION OF SRI LANKA
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AS AT 31ST DECEMBER 2018

25. CAPITAL COMMITMENTS

There was no contracted capital expenditure approved by the Board of Directors at the end 31st December 2015.

26. RELATED PARTY DISCLOSURES

26.1 TRANSACTIONS WITH KEY MANAGERIAL PERSONNEL

According to Sri Lanka Accounting Standards 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 Chief Executive Officer of the Corporation who are in the very next level to the Board of Directors have been classified as Key Management Personnel of the Corporation

(i) Loans to the Directors

No loans have been granted to the Directors of the Corporation

(ii) Key Management Personnel Compensation

	2018	2017
	Rs.	Rs.
Directors Remuneration	880,784	485,000
	880,784	485,000

26.2 Transactions with Related Companies

	Relationship	2018	2017
		Rs.	Rs.
Ocean view Development Company	Affiliate	-	-

26.3 Other Transactions with Key Management Personnel

There were no other transactions with key Managerial Personnel other than those disclosed in Note 26 to these Financial Statements.

27. PRIOR YEAR ADJUSTMENT

Trade and other payables

27.1 Rs.150,000/- paid to Informatics (Pvt) Limited but this amount not accrued in the Financial Statement. As a result of this accounting error, this amount reflect under creditors as debit balance. Therefore this accounting error have been corrected by restating the Financial Statement.

Trade payables as previously reported	540,234,948
Adjustment on Trade payable accounts	150,000
Trade payables as restated	<u>540,384,948</u>

Changes in Equity

Retained Earning

Retain Earnings as previously reported	(324,963,278)
Adjustment on Trade payables account	(150,000)
Retain Earnings as restated	<u>(325,113,278)</u>



STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST DECEMBER 2018

27.2 Rs.36,750/- paid to Mr D.K.Abayanayake but this amount not accrued in the Financial Statement. As a result of this accounting error, this amount reflect under creditors as debit balance .Therefore this accounting error have been corrected by restating the Financial Statement.

Trade payables as prviously reported	Restatement 27.1	540,384,948
Adjustment on Trade payable accounts		36,750
		<u>540,421,698</u>

Changes in Equity

Retained Earning

Retain Earnings as previously reported	Restatement 27.1	(325,113,278)
Adjustment on Trade payables account		(36,750)
Retain Earnings as restated		<u>(325,150,028)</u>

27.3 Rs.1,000,0000/- paid to Hemnette Aluminium Extrusionco but this amount not accrued in the Financial Statement. As a result of this accounting error, this amount reflect under creditors as debit balance .Therefore this accounting erroe have been corrected by restating the Financial Statement.

Trade payables as prviously reported	Restatement 27.2	540,421,698
Adjustment on Trade payable accounts		1,000,000
Trade payablr as restated		<u>541,421,698</u>

Changes in Equity

Retained Earning

Retain Earnings as previously reported	Restatement 27.2	(325,150,028)
Adjustment on Trade payables account		(1,000,000)
Retain Earnings as restated		<u>(326,150,028)</u>

27.4 E P F and E T F authorities has informrd to SEC that contribution has not been calculated for cost of living allowance since 2016. Sec has requested from tressury approve the government grant for pay this liability but as a balance sheet date, cabinet has not approved this grant and liabilited accounted. As a result of this accounting error, Financial Statement has been restated.

Trade and Other Payables

Accrued Expenses and Other Provisions

Accrued Expenses and Other Provisions as previously Reported		784,804,348
Adjustment on E P F payables		307,822,282
Adjustment on E T F payables		41,975,766
Adjustment penalty and surchrge Payables		174,899,023
Accrued expenses and other provisions as restated		<u>1,309,501,419</u>

Changes in Equity

Retained Earning

Retain Earnings as previously reported	Restatement 27.3	(326,150,028)
Adjustment on accrued Expenses and other provisions		(524,697,071)
Retain Earnings as restated		<u>(850,847,099)</u>

27.5 Property, Plant and Equipment

Capital Working Progress

This capital nature Expendeture has been charged to the wip account in two times and restated Capital working progress as follows

Capital work in progress as previously reported		541,523,297
Adjustment on capital work in progress		(981,107)
Capital work in progress as restated		<u>540,542,189</u>

Trade and other payables

Accrued expenses and other provisions

Accrued expenses and other provisions after restatement 27.4		1,309,501,419
Adjustment on accrued expense and other provisions		(981,107)
Accrued expenses and other provisions as restated		<u>1,308,520,312</u>



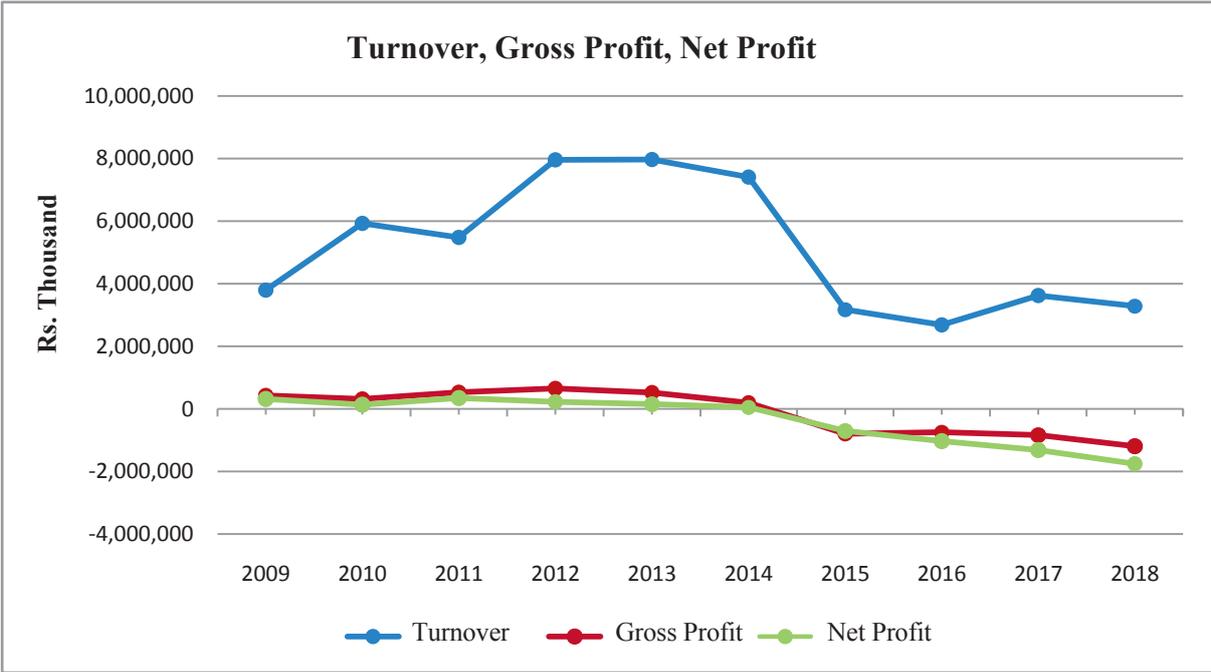
STATE ENGINEERING CORPORATION OF SRI LANKA NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2018

30. SEGMENT INFORMATION

	Construction		Construction Component		Road & Bridges		Mechanical & Electrical		NEMO		Consultancy		Total	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Segment Gross Revenue	1,597,148,874	1,496,182,592	1,132,125,774	1,069,681,387	78,573,567	85,028,742	259,772,448	367,142,943	302,559,760	691,365,740	191,881,378	312,134,691	3,562,061,800	4,021,538,094
Less: Inter segment Revenue	(66,760,569)	(48,639,353)	(45,674,973)	(70,501,189)	-	-	(151,686,896)	(246,431,964)	-	-	(19,383,876)	(32,356,217)	(283,506,334)	(397,928,723)
Segment Net Revenue	1,530,388,285	1,447,543,239	1,086,450,801	999,180,198	78,573,567	85,028,742	108,085,552	120,710,979	302,559,760	691,365,740	172,497,502	279,778,474	3,278,555,466	3,623,607,371
Segment Cost of Sales	(1,771,318,859)	(1,806,294,438)	(1,072,884,366)	(1,013,401,519)	(70,570,442)	(85,986,519)	(190,830,833)	(118,766,251)	(578,835,651)	(905,030,461)	(224,777,061)	(181,551,446)	(3,884,440,151)	(3,929,479,188)
Segment Operation Profit	(240,930,574)	(358,751,198)	13,566,435	(14,221,321)	8,003,125	(957,777)	(82,745,281)	1,944,728	(276,275,891)	(213,664,721)	172,497,502	279,778,474	(405,884,686)	(305,871,817)
Less: Segment Overhead	(253,868,841)	(106,121,750)	(120,329,482)	(55,026,264)	(125,653,242)	(161,292,869)	(63,765,213)	(29,989,564)	-	-	(224,777,061)	(181,551,446)	(788,393,840)	(533,981,893)
Segment Gross Profit	(494,799,415)	(464,872,948)	(106,763,047)	(69,247,585)	(117,650,117)	(162,250,646)	(146,510,494)	(28,044,836)	(276,275,891)	(213,664,721)	(62,279,559)	98,227,028	(1,194,278,525)	(839,853,710)
Other Income	7,614,381	6,413,758.00	4,431,002	11,090,000	117,351,825	149,993,149.00	1,664,402	1,333,146.00	385,347	483,530.00	6,942,600	5,618,162.00	138,389,556	174,921,744
Administrative Expenses	(108,020,201)	(102,180,300.00)	(57,385,733)	(54,283,284)	(50,634,469)	(47,897,016.00)	(23,629,419)	(22,351,941.00)	(105,854,729.00)	(134,899,118.00)	(97,893,307)	(92,600,897.00)	(443,417,858)	(454,152,555)
Net Finance Income/(Exps)	(63,718,260)	(50,969,057)	(53,599,227)	(43,886,133)	(36,569,853)	(24,896,215)	(13,004,054)	(15,893,513)	(37,971,594)	(25,137,174)	(53,422,594)	(36,675,107)	(259,285,571)	(197,457,199)
Profit before Tax	(658,923,495)	(611,608,548)	(213,317,005)	(156,327,002)	(87,502,614)	(85,060,728)	(181,479,566)	(64,957,144)	(419,716,857)	(373,157,483)	(196,652,860)	(25,430,814)	(1,757,592,398)	(1,316,541,720)
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	(1,789)	(4,650,639)
Deferred Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	(98,221,567)	708,478,277
Profit for the Year	(658,923,495)	(611,608,548)	(213,317,005)	(156,327,002)	(87,502,614)	(85,060,728)	(181,479,566)	(64,957,144)	(419,716,857)	(373,157,483)	(196,652,860)	(25,430,814)	(1,855,815,754)	(612,714,083)
Other Comprehensive Income	(1,484,452)	-	(660,348)	-	(108,308)	-	(480,522)	-	1,611,520	-	(466,181)	-	(1,588,292)	(57,474,368)
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Change	-	-	-	-	-	-	-	-	-	-	-	-	(804,000)	(1,740,000)
Total Comprehensive Income for the Year	(660,407,947)	(611,608,548)	(213,977,353)	(156,327,002)	(87,610,922)	(85,060,728)	(181,960,087)	(64,957,144)	(418,105,337)	(371,546,963)	(197,119,041)	(25,430,814)	(1,855,208,046)	(671,928,449)

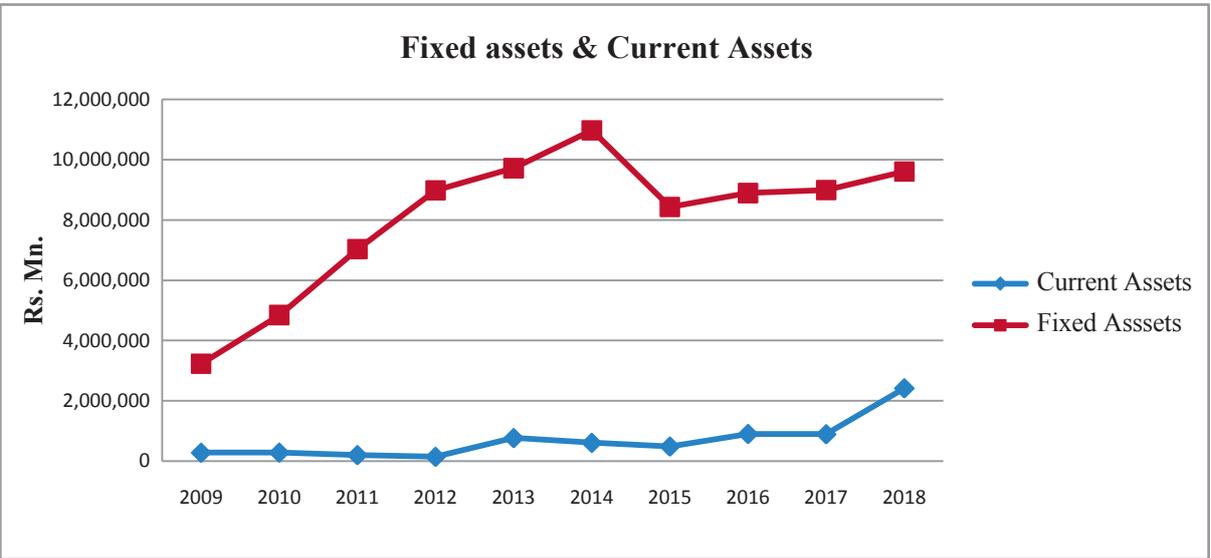


Turnover, Gross Profit, Net Profit, Fixed Assets and Current Assets and Liabilities of the Financial Year

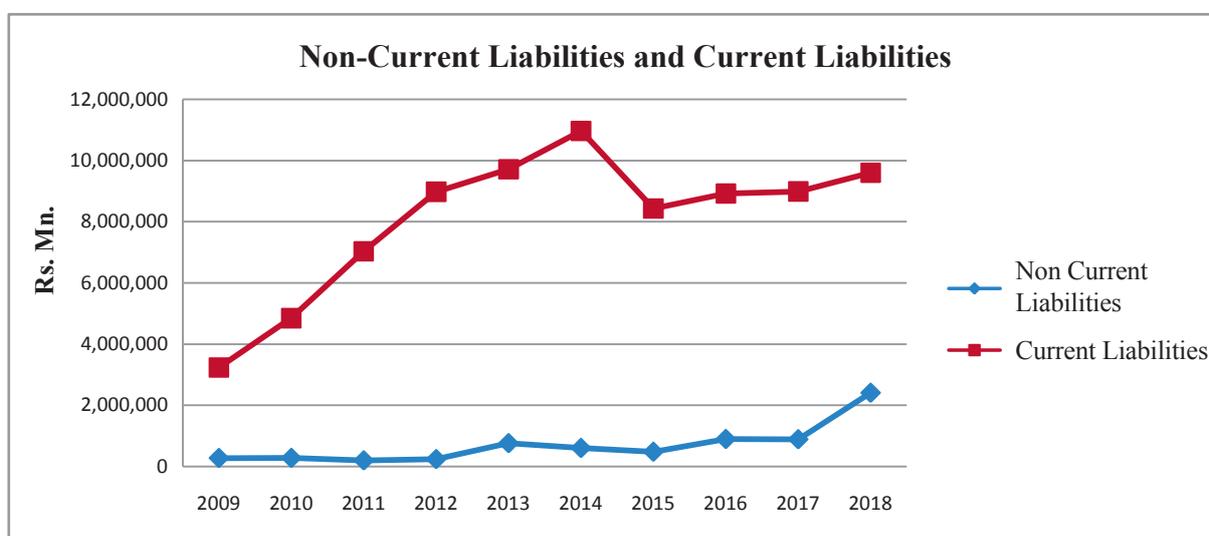


(Rs. Thousand)

Year	Turnover	Gross Profit	Net Profit
2009	3,794,483	431,888	313,065
2010	5,921,760	320,180	133,063
2011	5,473,848	527,089	347,776
2012	7,951,205	653,919	225,908
2013	7,965,731	522,549	148,572
2014	7,403,418	195,346	46,605
2015	3,168,016	(799,394)	(708,835)
2016	2,680,642	(747,945)	(1,030,112)
2017	3,623,607	(839,853)	(1,316,541)
2018	3,278,555	(1,194,278)	(1,757,592)



Year	Fixed Assets	Current Assets
2009	120,053	3,807,933
2010	162,787	5,447,793
2011	275,263	7,703,216
2012	7,969,297	9,865,016
2013	8,612,565	10,431,031
2014	8,783,804	11,457,568
2015	8,541,607	8,292,241
2016	8,462,242	8,449,985
2017	8,946,184	7,350,796
2018	8,692,270	7,356,594



Year	Non-Current Liabilities	Current Liabilities
2009	275,325	3,231,397
2010	278,718	4,844,511
2011	197,177	7,028,146
2012	238,743	8,977,585
2013	761,215	9,713,843
2014	604,026	10,967,149
2015	480,487	8,429,181
2016	897,151	8,924,015
2017	889,392	8,988,456
2018	2,411,832	9,601,992

Construction Division

Key Members of the Managementa

Deputy General Manager (Constructions)	- Eng. (Mrs.) P. D. Karawita
Manager (Constructions)	- Eng. A. P. K. Manamperi
Manager (Constructions)	- Eng. A. M .S. T. B. Alahakoon
Manager (Constructions)	- Eng. M.E.C. Pinto
Manager (Constructions)	- Eng. V. Murugesu
Manager (Constructions)	- Eng. T. Wijayakumar
Accountant (Constructions)	- Mr. H. K. Bandula Yodheeshwara
Accountant (Constructions)	- Ms. K. W. M. L. D. Keerthirathna

Progress Review of the Construction Division

Following Managers extended their utmost cooperation towards the completion of the relevant projects during the year 2018.

Name	Value of the Projects completed (Rs. Mn.)
Manager - Eng. A. P. K. Manamperi	64.10
Manager - Eng. A. M. S. T. B. Alahakoon	599.48
Manager - Eng. V. Murugesu	1446.42
Manager - Eng. T. Wijayakumar	803.36
	<u><u>2913.36</u></u>

Particulars of the major projects undertaken during the year 2018 are as given below :

1. Designing the building complex to establish a students service centre at Colombo University and its construction - Contract Value Rs. Mn. 381.49
2. Construction of the Courts Complex in Teldeniya - Contract Value Rs. Mn. 239.67
3. Construction of the official residences of Pallekelle Prison Complex and carrying out of the preliminary work of it - Contract Value Rs. Mn. 734.3
4. Construction of the Courts Complex in Pugoda - Contract Value Rs. Mn. 421.54

Greenhouse Building in Gampaha Botanical Garden



Civil Aviation Authority Building



Projects completed during the year 2018

Srl. No	Project No.	Name of the Project	Value of the Contract (Rs. Mn.)
01	1808	Construction of the Proposed Sports Complex - Kilinochchi	224,823,193.38
02	2097	Design and construction of the office buildings at Gampaha Botanical Garden	21,344,486.00
03	2164	Construction of the 200m athletics track for Tholangamuwa Central College	41,558,544.18
04	2223	Construction of the trading shops in Malimbada	53,850,000.00
05	2237	Construction of the Weekly Fair (Satipola) in Kumbalgama	10,857,171.45
06	2256	Construction and completion of the proposed head office building for the Sri Lanka Civil Aviation Authority	803,369,987.65
07	2273	Construction of the 4 storey warehouse complex for the Sri Lanka Ayurvedic Pharmaceutical Corporation in Nawinna	57,486,915.82
08	2279	Widening of the ground with retaining wall for Tholangamuwa Central College	24,606,135.84
09	2288	Construction of the Courts Complex in Wattala – Stage I	148,295,418.76
10	2302	Restructuring of the Golden Canopy at Sri Dalada Maligawa in Kandy	44,897,725.00
11	2159	Construction of the Prison Complex in Pallekelle	128,525,218.70
12	1892	Construction of 5 buildings comprising 5 storeys in Angoda Hospital premises	1,167,000,000.00
13	2289	Construction of the proposed building complex for the Technical Studies Department of the Faculty of Applied Science in Rajarata University	135,105,772.81
14	2263	Construction of a proposed three-storied building for official Medical Quarters at Pimbura Base Hospital	52,315,047.35
Total Value			2,914,035,566.94

Projects awarded during the year 2018

Srl. No	Project No.	Name of the Project	Value of the Contract (Rs. Mn.)
01	2324	Renovation of the rainwater drains by laying cement bricks in the premises of Sri Lanka Ayurveda Pharmaceutical Corporation	5,876,596.00
02	2325	Design and construction of the building complex for the establishment of a student service center at the University of Colombo	381,495,103.39
03	2327	Design and construction of the proposed shopping complex in Bandaragama. - Stage 3	52,684,835.44
04	2328	Construction of the balance work of the building of out-patient department, emergency care department and the administration building of Meeghathenna District Hospital and construction of the lavatory complex	21,130,434.78
05	2330	Construction of the office of the Payagala Wadugoda Medical Officer of Health (MOH Office)	73,155,264.00
06	2334	Construction of the New Court Complex in Wattala, Stage 3	18,061,024.00
07	2335	Renovation work of the District Magistrate Court in Chilaw	52,125,000.00
08	2336	Construction of the Courts Complex in Teldeniya	239,675,000.00
09	2337	Renovation work of the Commercial High Court in Alutkade Courts Complex	20,176,785.80
10	2338	Carrying out of the preliminary work of the official residences of Pallekelle New Prison Complex	734,302,651.34
11	2341	Construction of the Courts Complex in Pugoda	421,545,500.00
Total Value			2,020,228,194.75

Projects commenced during the year 2018

Srl. No	Project No.	Name of the Project	Value of the Contract (Rs. Mn.)
01	2324	Renovation of the rainwater drains by laying cement bricks in the premises of Sri Lanka Ayurveda Pharmaceutical Corporation.	5,876,596.00
02	2325	Design and construction of the building complex for the establishment of a student service center at the University of Colombo	381,495,103.39
03	2327	Design and construction of the proposed shopping complex in Bandaragama. - Stage 3	52,684,835.44
04	2328	Construction of the balance work of the building of out-patient department, emergency care department and the administration building of Meeghathenna District Hospital and construction of the lavatory complex	21,130,434.78
05	2330	Construction of the office of the Payagala Wadugoda Medical Officer of Health (MOH Office)	73,155,264.00
06	2334	Construction of the New Court Complex in Wattala, Stage 3	18,061,024.00
07	2335	Renovation work of the District Magistrate Court in Chilaw	52,125,000.00
08	2336	Construction of the Courts Complex in Teldeniya	239,675,000.00
09	2337	Renovation work of the Commercial High Court in Alutkade Courts Complex	20,176,785.80
10	2338	Carrying out of the preliminary work of the official residences of Pallekelle New Prison Complex	734,302,651.34
Total Value			1,598,682,694.75

Construction Component Division

Key members of the Management

Deputy General Manager	- Mr. A. P. Tennakoon
Manager	- Mr. C. A. S. Hettiarachchi
Manager	- Mr. A. R. L. Wijebandara
Accountant	- Mr. K. B. G. H. N. Kariyawasam
Senior Project Manager (Horana)	- Mr. K. R. A. Leelarathna
Senior Project Manager (Kalubowila)	- Mr. K. P. P. M. Jayasiri
Works Manager (Ekala)	- Mr. J. P. L. M. Jayasingha
Works Manager (Ratmalana)	- Mr. D. S. C. Ariyasiri
Project Manager (Sleeper Yard, Dematagoda)	- Mr. M. M. S. P. Rajasingha
Works Manager (Dankotuwa)	- Mr. K. R. T. Madushan
Assistant Works Manager (Ekala)	- Mr. J. D. V. Prasanna
Assistant Works Manager (Ekala)	- Mr. R. B. P. U. Jayawardhana
Residential Agent (Lunugamwehera)	- Mr. G. N. W. Kaluthota
Residential Agent (Lunawa)	- Mr. L. W. S. M. Liyanawaduge
Asst. Residential Agent (Kalubowila)	- Mr. R. M. J. R. Ratnayaka
Assist. Residential Agent (Kalubowila)	- Mr. H. M. S. Herath
Project Manager (Tharapuram)	- Mr. S. Moraleeswaran

Progress Review

The Construction Component Division registered a turnover of Rs. 1180 million during the year 2017 and the net loss incurred was Rs. 185 million. In comparison to the year 2017, the current year has shown a growth of Rs. 110 million in the turnover whilst registering a decrease in the loss concerned. However, it does not reflect that much of a satisfactory state of affairs compared to the relevant budgeted data.

As in the previous year, even amidst the other work sites were in a situation of loss apart from Dematagoda and Welikanda work sites, a profit of Rs. 27.6 million could still be earned through the projects. During the year 2018 too, as in the year 2017, the lack of sufficient orders and large-scale new projects was the main reason for the decline in turnover and losses whilst the slowing down caused in the construction industry throughout the country has also been attributable to this situation.

Due to having to bear higher costs for employee wages and salaries and overtime allowances, opportunities to invest money generated in the projects have been made prohibitive. Also, in view of the fact that the obtainment of loans and the resultant involvement of huge cost in the payments of interest thereon, the funds meant to be spent for the projects have to be disbursed over such expenditure instead. These reasons, as a whole, have contributed to a severe impact on the losses of the Construction Component Division.

Projects completed during the year 2018

Purchaser	Name of the project	Value of the project Rs. Mn.
Ministry of Health in Polonnaruwa	District Hospital	138.4
Ministry of Foreign Affairs	Circuit Bungalow in Kataragama	126.9
The project to construct the Boundary Wall of the Lak Wijaya Power Station in Norochchole	Construction of the Boundary Wall	54.6
Full Total		319.09

Projects awarded during the year 2018

Purchaser	Name of the project	Value of the project Rs. Mn.
Ministry of Megapolis and Western Development	Construction and Development Project of Dompe Fair - Stage 2	68.05
Ministry of Industries and Commerce	Project to construct the Proposed Community Hall - Tharapuram in Mannar District	217.39
Full Total		285.44

Lunawa Housing Scheme

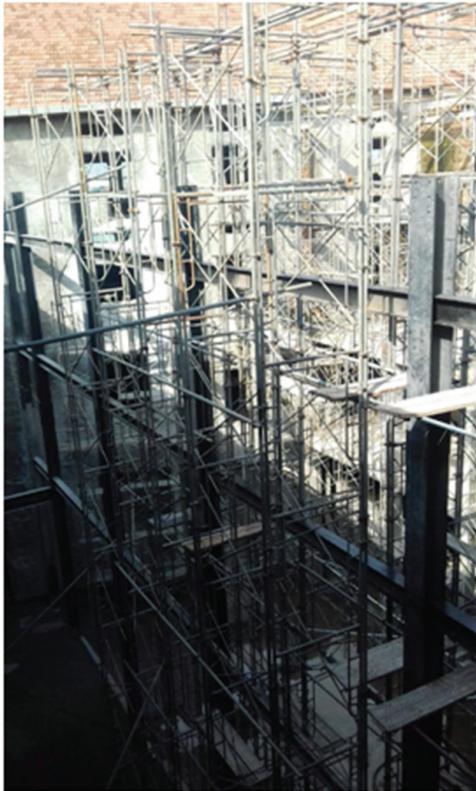


Mechanical and Electrical Division

Key Members of the Management

Mr. H. G. K. Manamperi	- Deputy General Manager (Mech. & Electrical)
Mr. E. M. D. Ekanayaka	- Engineer (Mechanical)
Mr. Sanjaya Dharmasena	- Assistant Works Manager (Ratmalana site)
Mr. K. N. S. Karunaratna	- Assistant Works Manager (Ekala site)
Mr. A. S. B. Wickrama	- Assistant Works Manager (Peliyagoda site)
Mr. Imantha Jayaratna	- Engineer (Mechanical)
Mr. E. K. C. S. Maduranga	- Engineer (Mechanical)
Mr. K. G. R. Pushpakumara	- Engineer (Mechanical)
Mr. A. D. G. Kumara	- Engineer (Mechanical)
Mr. M. K. S. Damitha	- Engineer (Electrical)
Mrs. T. S. Apsara Rohan	- Accountant

Gafur Building



Progress Review

The annual turnover and gross loss of the Mechanical and Electrical Division in 2018 are Rs. 259,772,448.00 and Rs. 82,745,281.00 respectively. The net loss of this Division for the year is Rs.168,887,999.00. Internal construction projects and maintenance projects were attributable to this situation in the main.

Also, the work sites inclusive of the maintenance contracts are the Customs, Sugathadasa Stadium Complex, University of Technology in Moratuwa and the Treasury construction site and the operations of the ongoing internal construction projects.

Major Activities of the Mechanical and Electrical Division

- Fabrication of steel structures and installation at the respective work sites and, maintenance of mechanical and electrical works of such sites
- Fire protection and detection
- Installation of the security camera system
- Provision and maintenance of heavy machinery and equipment associated with the construction industry on rent
- Maintenance of building facilities
- Works of water supply and drainage
- Production of dolomite fertilizer, slaked lime and potty
- Provision of piping systems
- Works of Roofing and covering

During the current year, it was able to conclude the following projects.

Purchaser	Name of the Project	Value (Rs. Mn.)
Urban Development Authority	Reconstruction Site of the Gafoor Building in Colombo Fort (2143)	108.00
Condominium Management Authority	Water pipe laying worksite at Ferguson Road (2235)	31.12
Ministry of Finance	Reconstruction Site of the 2nd floor of the Fisheries Corporation Building (2282)	12.43
National Aquatic Research Agency	Design and construction of a center for observing and monitoring the sea level at Mirissa	2.42

During the current year, it was able to conclude the following social care projects.

Name of the Project and Description	Cost	Date of Handover	Beneficiary
Development of the Playground at Modarawila, Panadura	28,084,710.25	27.02.2018	People using the Playground at Modarawila

Consultancy Division

Key Members of the Management

Mr. Hyacinth Ranasingha	- Deputy General Manager
Mrs. N. J. Jayakody	- Chief Engineer (Designs)
Mrs. N. A. B. Rangika Alwis	- Chief Architect
Mr. D. N. A. Galappaththi	- Chief Quantity Surveyor
Mr. W. A. C. L. Seram	- Chief Engineer (Electrical)
Mrs. B. L. K. Dayani	- Accountant
Mr. W. P. S. Sudarshana	- Senior Architect
Mrs. V. P. C. Samarasingha	- Senior Architect
Mrs. S. K. Ramadasa	- Senior Architect
Mr. J. C. Kannangara	- Senior Engineer
Mr. W. Hemachandra	- Senior Engineer
Mr. M. Thirikumaran	- Senior Engineer
Mrs. A. W. D. I. Priyani	- Senior Engineer
Mrs. Udeni Thalagalarachchi	- Senior Quantity Surveyor

Major Activities

Construction related engineering works and provision of infrastructure related consultancy services.

Projects that were awarded for Consultancy Services during the year 2018

Srl. No.	Date	Project No.	Project	Employer
01	26 January 2018	[2018-03]	Proposed Dutch Museum Conservation Project - Pettah	Department of National Museums
02	26 January 2018	[2018 - 04]	Design and the provision of Consultancy Services for the College of Construction Machine Operators	Construction Industry Development Authority
03	26 January 2018	[2018 - 04 - 01]	Proposed Office Building for the College of Construction Machine Operators - Construction Industry Development Authority	Construction Industry Development Authority
04	January 26, 2018	[2018 - 04 - 02]	Proposed Office Building for the College of Construction Machine Operators - Construction Industry Development Authority	Construction Industry Development Authority

Srl. No.	Date	Project No.	Project	Employer
05	03 June 2018	[2018 - 04 - 03]	Renovation project of the existing Galkulama office building - Construction Industry Development Authority	Construction Industry Development Authority
06	18 January 2018	[2018 - 06]	Proposed Project to extend the Science and Technology Building of the Open University of Sri Lanka	Open University of Sri Lanka
07	08 February 2018	[2018 - 09]	Proposed Vavuniya City Development (Pola) Project - Ministry of Megapolis and Western Development	Ministry of Megapolis and Western Development
08	08 February 2018	[2018 - 10]	Proposed Ahungalla Town Development Project - Ministry of Megapolis and Western Development	Ministry of Megapolis and Western Development
09	08 February 2018	[2018 - 11]	Proposed Vanathavilluwa Town Development Project - Ministry of Megapolis and Western Development	Department of Examinations of Sri Lanka
10	09 February 2018	[2018 - 12]	Projects under the Department of Examinations of Sri Lanka	Department of Examinations of Sri Lanka
11	09 February 2018	[2018 - 12 - 01]	Proposed project to enlarge the existing packing rooms of the Department of Sri Lanka Examinations - Pelawatta, Battaramulla.	Department of Examinations of Sri Lanka
12	09 February 2018	[2018 - 12 - 02]	Project to construct the proposed office building between the B and E buildings of the Sri Lanka Examinations Department	Department of Examinations of Sri Lanka
13	09 February 2018	[2018 - 12 - 03]	Project to construct the examination hall in the empty space between the rooftop of the building E and the rooftop of the building H of the Sri Lanka Examinations Department	Department of Examinations of Sri Lanka
14	08 February 2018	[2018 - 13]	Proposed Minuwangoda Public Market Construction Project - Ministry of Megapolis and Western Development	Ministry of Megapolis and Western Development
15	08 February 2018	[2018 - 14]	Proposed Batticaloa Bus Stand Construction Project - Ministry of Megapolis and Western Development	Ministry of Megapolis and Western Development

Srl. No.	Date	Project No.	Project	Employer
16	08 February 2018	[2018 - 15]	Proposed Moratuwa City Development Project - Ministry of Megapolis and Western Development	Ministry of Megapolis and Western Development
17	08 February 2018	[2018-16]	Proposed Katubedda Market Construction Project - Ministry of Metropolis and Western Development	Ministry of Megapolis and Western Development
18	08 February 2018	[2018-17]	Proposed Mannar Bus Stand Construction Project - Ministry of Metropolis and Western Development	Ministry of Megapolis and Western Development
19	08 January 2018	[2018-18]	Project for the Construction of the proposed Two Storey Laboratory Building Complex of the Coconut Research Institute - Bandirippwa, Lunuwila	Coconut Research Institute
20	07 February 2018	[2018-20]	Design and construction project of the proposed rainwater harvesting system at the main factory premises of the Sri Lanka Ayurvedic Drugs Corporation	Sri Lanka Ayurvedic Drugs Corporation
21	21 January 2018	[2018-22]	Werahera Motor Traffic Department's proposed Container Record Room Construction Project	Department of Motor Traffic
22	22 January 2018	[2018-23]	Navinna Sri Lanka Ayurvedic Drugs Corporation's Proposed Main Roof Restoration (Stage I) and Rest of the Work (Stage II) Project	Sri Lanka Ayurvedic Drugs Corporation
23	08 March 2018	[2018-25]	Construction of the proposed building complex for the establishment of the Students Service Center of the University of Colombo	Ministry of Higher Education and Highways
24	22 March 2018	[2018-29]	Proposed internal works project of the Department of Registrar of Companies, Colombo 10.	Department of Registrar of Companies
25	11 April 2018	[2018-31]	Bandaragama Proposed Market Construction Project (Stage III)	Ministry of Megapolis and Western Development
26	25 April 2018	[2018-32]	Proposed Vipula Mandiraya Renovation Project of the Ocean University of Sri Lanka (Phase III)	Ocean University of Sri Lanka

Srl. No.	Date	Project No.	Project	Employer
26	03 May 2018	[2018-34]	Hambantota, Koholankala National Housing Development Authority's proposed housing development project	National Housing Development Authority
27	02 May 2018	[2018-35]	Wekanda Housing Scheme Redevelopment Project	National Housing Development Authority
28	08 May 2018	[2018-36]	Moratuwa, Rawatawatta, Usavi Watta Housing Restablishment Programme	National Housing Development Authority
29	03 April 2018	[2018-39]	Residential Supervision of 115 Housing Units in Torrington Mawatha, Colombo of the Urban Regeneration Project	Urban Development Authority
30	03 April 2018	[2018-40]	Engineering design review of the 115 housing units on Torrington Mawatha	Urban Development Authority
31	17 May 2018	[2018-41]	Identification of facilities in dilapidated condition at the existing bus terminal on Bastian Mawatha	National Transport Commission
32	May 25, 2018	[2018-44]	Proposed Multipurpose Building of the Building Materials Corporation at Sangaraja Mawatha, Colombo 12.	Building Materials Corporation
33	24 May 2018	[2018-49]	Proposed Coconut Oil Processing Plant of the Sri Lanka Ayurvedic Drugs Corporation	Sri Lanka Ayurvedic Drugs Corporation
34	11 June 2018	[2018-51]	Proposed additions to the existing court complex in Wattala – Stage II	Ministry of Justice and Prison Reforms
35	15 June 2018	[2018-52]	Matara, Paraviduwa Proposed New Bridge	
36	28 March 2018	[2018-53]	Proposed External Works at the premises of the Sri Lanka Ayurvedic Drugs Corporation	Ministry of Health, Nutrition and Indigenous Medicine
37	09 July 2018	[2018-54]	Consultancy services for the proposed new office layout and the furniture design of the Central Bank of Sri Lanka	Central Bank of Sri Lanka

Srl. No.	Date	Project No.	Project	Employer
38	07 July 2018	[2018-55]	The project to construct an accommodation provision building for the nursing faculty of the Base Hospital in Mulleriyawa, Colombo.	Ministry of Health, Nutrition and Indigenous Medicine
39	14 May 2018	[2018-56]	Review of the Engineering Plans of the Anuradhapura National Housing Development Authority's Proposed Housing Project	National Housing Development Authority
40	19 June 2018	[2018-57]	Renovation Project of the proposed non-judicial officers training center at Pelawatta, Battaramulla.	Ministry of Justice and Prison Reforms
41	13 June 2018	[2018-58]	Proposed renovation project for the existing Commercial High Court in Colombo 12.	Ministry of Justice and Prison Reforms
42	02 July 2018	[2018-59]	Consultancy services for 03 additional storeys proposed for the existing building and the external and internal renovation works - Stage II of the proposed 9 storey extension for the existing building in the Fisheries Ministry premises, Colombo 10.	Ministry of Fisheries and Aquatic Resources Development
43	02 July 2018	[2018-60]	Consultancy services for 03 additional storeys proposed for the existing building and the external and internal renovation works - Stage III – Drivers facilities and other services of the proposed additional four storey for the existing building in the Fisheries Ministry premises, Colombo 10.	Ministry of Fisheries and Aquatic Resources Development
44	02 July 2018	[2018-61]	Consultancy services for 03 additional storeys proposed for the existing building and the external and internal renovation works - Stage IV – Landscaping and outer works of the proposed additional 3 storeys for the existing building in the Fisheries Ministry premises, Colombo 10.	Ministry of Fisheries and Aquatic Resources Development

Srl. No.	Date	Project No.	Project	Employer
45	05 June 2018	[2018-62]	Entrance Modernization Project of the Export Processing Zones and Industrial Parks of the Sri Lanka Board of Investment in Katunayake.	Board of Investment of Sri Lanka
46	05 June 2018	[2018-63]	Entrance Modernization Project of the Export Processing Zones and Industrial Parks of the Sri Lanka Board of Investment in Biyagama.	Board of Investment of Sri Lanka
47	05 June 2018	[2018-64]	Entrance Modernization Project of the Export Processing Zones and Industrial Parks of the Sri Lanka Board of Investment in Koggala	Board of Investment of Sri Lanka
48	24 July 2018	[2018-65]	Entrance Modernization Project of the Export Processing Zones and Industrial Parks of the Sri Lanka Board of Investment in Seethawaka	Board of Investment of Sri Lanka
49	24 July 2018	[2018-67]	Proposed Library Building of the Cooperative Development Department - Tharapuram, Mannar	Department of Cooperative Development
50	24 July 2018	[2018-68]	Proposed Sports Pavilion Building and Running Track of the Cooperative Development Department - Tharapuram, Mannar	Department of Cooperative Development
51	23 July 2018	[2018-69]	Proposed Indoor Sports Stadium of the Cooperative Development Department - Mannar	Department of Cooperative Development
52	23 July 2018	[2018-70]	Proposed two storey building for the Pre-Processing Section at the main industrial hall premises of the Sri Lanka Ayurvedic Drugs Corporation in Navinna	Sri Lanka Ayurvedic Drugs Corporation
53	16 June 2018	[2018-75]	Other Civil Works of the Main Stores of the Medical Supplies Division in Colombo 10. Main Warehouse	Medical Supplies Division
54	23 July 2018	[2018-76]	Proposed renovation project of the new building of the Ministry of Justice	Ministry of Justice and Prison Reforms
55	09 August 2018	[2018-77]	Proposed renovation project of the new building of the Ministry of Industry and Commerce	Ministry of Industry and Commerce

Srl. No.	Date	Project No.	Project	Employer
56	10 August 2018	[2018-78]	Proposed Pre-School new building of the Ministry of Industry and Commerce	Ministry of Industry and Commerce
57	10 August 2018	[2018-79]	Proposed Sports Stadium of the Ministry of Industry and Commerce (Phase I)	Ministry of Industry and Commerce
58	10 August 2018	[2018-80]	Proposed Sports Stadium of the Ministry of Industry and Commerce (Phase II)	Ministry of Industry and Commerce
59	18 July 2018	[2018-81]	Proposed new Police Station in Kankesanthur	Police Headquarters
60	19 July 2018	[2018-82]	Proposed Official Married Quarters of the Police Station in Kalutara - North	Police Headquarters
61	09 August 2018	[2018-83]	Proposed renovation project of the Training Division of the Department of Cooperative Development at Union Place	Department of Cooperative Development
62	04 September 2018	[2018-87]	Proposed housing development project of the Urban Development Authority in Tangalle, Hambantota.	Urban Development Authority
63	25 September 2018	[2018-88]	Proposed housing project of the Urban Development Authority under the Colombo City Regeneration Project – Kalinga Mawatha.	Urban Development Authority
64	24 August 2018	[2018-90]	Proposed Courts Complex project under the Ministry of Justice and Prison Reforms at Pugoda	Ministry of Justice and Prison Reforms
65	04 September 2018	[2018-91]	Proposed renovation project of the Juvenile Court at Battaramulla of the Ministry of Justice and Prison Reforms	Ministry of Justice and Prison Reforms
66	29 September 2018	[2018-92]	Project for the proposed improvement of the existing office building of the Sri Lanka Accounting and Auditing Standards Board - Kollupitiya	Sri Lanka Accounting and Auditing Standards Board
67	03 September 2018	[2018-93]	Proposed Renovation Project of the Stores Building No. 05 of the Ceylon Fertilizer Corporation's Main Warehouse in Hunupitiya	Ceylon Fertilizer Corporation Limited

Srl. No.	Date	Project No.	Project	Employer
68	21 September 2018	[2018-94]	Project to renovate the proposed official residencies of the Ministry of Industry and Commerce	Ministry of Industry and Commerce
69	12 September 2018	[2018-95]	Proposed platform building at the Bandaranaike International Conference Hall for the Conference on International Trade in Endangered Species facing extinction	
70	20 September 2018	[2018-98]	Proposed Renovation Project of the Public Trustee Head Office Building of the Ministry of Justice and Prison Reforms	Ministry of Justice and Prison Reforms
71	30 October 2018	[2018-104]	Proposed renovation project of the Regional Center Office Building in Negombo	Ocean University of Sri Lanka
72	30 October 2018	[2018-105]	Proposed renovation project of a roof on the existing building of the University of Ruhuna	University of Ruhuna
73	20 August 2018	[2018-106]	Proposed renovation project of the Training Center of the Cooperative Development Department	Department of Cooperative Development
74	28 September 2018	[2018-107]	Construction of the guardroom and the gate proposed for National Transport Commission in Narahenpita	National Transport Commission
75	05 November 2018	[2018-112]	Proposed fire safety arrangements in the premises of the Department of National Budget and the Department of External Resources	Department of National Budget
76	23 January 2018	[2018-114]	Construction of the proposed water tank of the Sri Lanka Police Special Task Force in Biyanwala, Gonahena.	Police Special Task Force
77	23 January 2018	[2018-114A]	Proposed renovation project of Building No. 01 of the National Transport Commission	National Transport Commission
78	23 January 2018	[2018-115]	Proposed extension of the existing VMS building of the Department of Fisheries and Aquatic Resources, Colombo 10 (Stage II)	Department of Fisheries and Aquatic Resources

Srl. No.	Date	Project No.	Project	Employer
79	23 January 2018	[2018-116]	Project for Construction of Proposed three storey building at Central Post Exchange Premises of the Department of Posts	Government Factory
80	23 January 2018	[2018-117]	Proposed Elakandawatta Estate Development Project of the Sri Lanka Police Department - Horana	Police Headquarters
81	23 January 2018	[2018-117-01]	Proposed Elakandawatta Estate Facility Development Project for the Cultural Division of the Sri Lanka Police Department - Horana	
82	23 January 2018	[2018-117-02]	Proposed Wellness Resort for the Sri Lanka Police Department at Elakandawatta, Horana - Sri Lanka Police, Horana.	
83	23 January 2018	[2018-117-03]	The project to provide facilities for the artillery section under the proposed development project for the Sri Lanka Police in Elakandawatte, Horana.	
84	23 January 2018	[2018-117-04]	The project to provide facilities for the Western Band Division under the proposed development project for the Sri Lanka Police in Horana Elakandawatta.	
85	23 January 2018	[2018-118]	The Proposed renovation project of the glasses of the entrance building of the Department of Census and Statistics	Department of Census and Statistics
86	23 January 2018	[2018-119]	Proposed Renovation Project of the Officer's Mess at Police Headquarters, Keppetipola Mawatha, Colombo 05.	Police Headquarters
87	23 January 2018	[2018-120]	Review of the Engineering Plans of the Housing Project at 601 Garden, Cyril C. Perera Mawatha.	Urban Development Authority
88	23 January 2018	[2018-121]	Residential review of the Engineering Plans of the Housing Project at 601 Garden, Cyril C. Perera Mawatha.	Urban Development Authority

Srl. No.	Date	Project No.	Project	Employer
89	23 January 2018	[2018-122]	Proposed three storey pre-processing school building construction project of the Ministry of Industry and Commerce	Ministry of Industry and Commerce
90	23 January 2018	[2018-123]	Lovamahapaya Pohoyage Restoration Project for the Central Cultural Fund.	Central Cultural Fund

Projects completed and handed over during the year 2018

Srl. No.	ProjectNo.	Name of the Project	Value of the construction (Rs. Mn.)	Consultancy Fees (Rs.)
01	2016-21	Training Hall and Dining Hall Building of the Sri Lanka Catering Limited in Katunayake	40,650,000.00	2,032,500.00
02	2017 - 22	Proposed Hostel Building (Stage II) of the University of Fine Arts in Dehiwala	15,153,871.75	909,232.31
		Wattala Courts Complex Stage I and II	174,873,873.00	10,492,432.38
			128,114,778.00	7,688,886.68
03	2011- 85	Construction of the Proposed Multipurpose Building (Type A) at the Main Entrance of Rajarata University	12,752,475.00	765,028.50
04	2013-25	Proposed Orchid Greenhouse at the Botanical Garden of Gampaha		
05	2017-53 / 2015/11	Proposed internal development works and the interior work to replace the international section of the City Branch Building at Chatham Street, Colombo.	9,574,681.00	430,860.65
06	2017-21-01	Renovation of the auditorium and the tea making area in the Head Office	3,572,882.00	250,101.74
07	2017-21-02	Refurbishment of the dormitory at the Head Office.	8,046,371.00	563,245.97
08	2017-28	Roof renovation, main entrance and perimeter wall renovation and the landscaping work of the JICA Regional Center Building in Tangalle		

Srl. No.	ProjectNo.	Name of the Project	Value of the construction (Rs. Mn.)	Consultancy Fees (Rs.)
09	2014-47-04	Proposed Trading Building - Kumbalgama		
10	2016-10	Proposed Bus Stand - Medirigiriya	17,189,707.00	1,031,382.42
11	2011-85	Construction of the Proposed Multipurpose Building (Type B) at the Main Entrance of Rajarata University	12,312,000.00	738,720.00
12	2011-125	Construction of the Sri Lanka Ayurvedic Drugs Corporation's four storey warehouse complex - Navinna		
13	2016-68	Construction of the two storey extension to the existing library building of the Wellamadama Ruhunu University, Matara.	104,252,400.00	4,691,358.00
14	2013-45-47	The proposed maternity clinic building at Behenella in the Deraniyagala Constituency, Kegalle District.		
15	2014-38	Construction of the sports pavilion hall at George Rajapaksa playground in Weerakatiya		
16	2017-39	Renovation of the building No. 03 of the National Transport Commission	8,002,515.00	480,150.90

Proposed container record room for Werahera Motor Transport Department



Roads and Bridges Division

Key Members of the Management

Mr. A. P. K. Manamperi	-	Deputy General Manager (Roads and Bridges)
Mr. D. D. D. T. Stephen	-	Engineer (Civil)
Mr. T. H.N.G. de Silva	-	Engineer (Civil)
Mrs. A. Pragas	-	Quantity Surveyor
Mrs. T. S. Apsara Rohan	-	Accountant

Major Activities

Execution of the contract work involving the construction and reconstruction of bridges and roads and the contracts of the office.

Progress Review

The projects of carpet laying work of the provincial roads under the three districts of Ratnapura, Galle and Matale were carried out by the Special Operations Division during the mid part of the year 2011. It was subsequently renamed as the Roads and Bridges Division with effect from the 1st of March 2017.

The Division's total turnover of the year 2018 has been recorded as Rs. 78.57 million. Furthermore, the carpet laying work of the road within the Godagama Industrial Town as at the end of the year 2018 was 95% and its completed value amounted to Rs. 47.78 million. The safari worksite has seen its completion of work up to 90% and its completed value stood as Rs. 51.58 million

National Equipment and Machinery Organization

Marking the commencement of work in the year 2016, with the aim of meeting the needs of the machinery for regional development projects, it diversified its income sources by expanding its role to engage in machinery-related construction works as well as small and medium scale construction works. Due to this state of roles, the construction of roads and buildings has shown diversified sources of income.

Even though the overall turnover showed a sharp decline compared to the previous year, the road construction sector showed a growth rate of 69% as against the year 2017 where its reported turnover was Rs. 11.4 million. In order to achieve such situation, the direct rental income from the machinery owned by the organization made a substantial contribution though the income recorded was of a lower value of Rs. 26 million or 24% in comparison to previous year.

During the year, through the addition of 100 projects to the construction work portfolio of the National Equipment and Machinery Organization, the number of its projects in progress totaled up to 291 and its value amounted to Rs. 4670 million as reported by the accounts as of 31 December 2018.

The total collection recorded during the year 2018 was Rs.708.3 million, which showed a growth of 6% compared to the previous year. However, the value of such collections was made up of a sum amounting to Rs. 351 million through the sources of external financing. Such formation of an extent in external financing was in consequence of the defrayal of an overall expenditure that amounted to Rs. 799 million during the year, as revealed by the analysis of the detailed account of the expenditure.

In the face of the severe unprofitable situation brought about by the decline of the total turnover, the increase in the value to be collected from the trade debtors as well as the increased liabilities to be settled up with the suppliers are of an ominous indication of the burden caused in the future in meeting with such dire circumstances through heightened external financing.

Human Resource and Administration Division

The staff strength of the Corporation as at the end of the year 2018 was 2530. Of it, 1860 members were in the permanent cadre whilst 197 personnel were employed on contract basis. Number of casual employees is 473

02. Accordingly, the manner as to how the staff of the Corporation has been detailed in comparison to the past two years is shown in the Table below. The casual employees have not been included in it.

	2018		2017		2016	
	Permanent	Contract	Permanent	Contract	Permanent	Contract
Chairman / Vice Chairman	-	02	-	02	-	02
Working Director	-	01	-	01	-	01
Executive Director	-	01	-	01	-	-
General Manager	01	-	01	-	01	-
Additional General Manager	-	01	-	01	-	01
Deputy General Manager (Constructions)	02	-	02	-	02	-
Deputy General Manager (Con. Comp.)	-	-	-	-	-	-
Deputy General Manager (Mech. & Elect.)	-	-	-	-	-	-
Deputy General Manager (Consultancy)	01	-	01	-	01	-
Deputy General Manager (R. D. B.)	-	01	-	01	-	01
Deputy General Manager (Finance)	-	01	-	01	-	01
Deputy General Manager (S. O. D.)	-	-	-	-	-	-
Deputy General Manager (E & M)	-	-	-	-	-	-
Manager (Finance)	01	-	1	-	01	-
Manager (Construction)	03	01	03	-	03	-
Manager (Construction Component)	01	-	01			
Chief Engineer (Designs)	01	-	01		01	-
Chief Engineer (Electrical)	-	-	-	-	-	-
Chief Engineer (Mechanical)	-	-	-	-	-	-
Chief Estimator	-	-	-	-	-	-
Senior Engineer (Civil)	10	-	10	-	07	-
Engineer (Information Technology)	-	-	-	-	-	-
Engineer (Civil / Mech. / Elect.)	61	31	69	25	84	25
Architect	22	01	20	-	23	-
Quantity Surveyor	18	15	16	02	18	01
Accountant	08	-	08	-	08	-
Administrative Officer	06	01	06	01	03	01
Other officers	30	07	32	08	15	10
Senior Superintendent (Civil / Mech. / Elect.)	13	-	13	-	09	-

Superintendent (Civil / Mech. / Elect.)	52	81	51	58	32	62
Draughtsman / Asst. Quantity Surveyor	57	18	61	17	77	26
Foreman (Civil / Mech. / Elect.) / Supervisor	69	19	68	13	66	27
Clerical and Parallel Grades	326	03	332	04	357	03
Security Employees	130	11	131	12	138	14
Semi Skilled Employees	92	-	57	-	98	-
Skilled Employees	579	02	583	02	586	02
Unskilled Employees	377	-	435	-	436	-
Sub Total	1860	197	1902	149	1966	177
Grand Total	2057		2051		2143	

03. A motivational programmes were conducted for the benefit of all employees serving in the Corporation inviting them to the auditorium of the office by groups with a view to bringing about an attitudinal development in them.
04. Action was taken to grant promotions and the work in that regard has been completed to a greater extent.
05. Training opportunities were increased for the students studying in the technical institutes in comparison to previous years.
06. Action has been taken to add yet another part of the interim allowance to the basic salary of the employees during this year as well.
07. Enjoyable and quality musical programmes were organized for the purpose of boosting the healthy mental state of the employees of the Corporation.
08. Mutual soft ball cricket tournaments were organized in order to uplift the goodwill and the sportsmanship between Head Office and Worksites.
09. Events like Vasantha Udanaya and Employee Get-together were arranged in order to celebrate the Sinhala and Hindu New Year meant for all employee categories of the Corporation.
10. The welfare library was inaugurated with a view to augment the reading habit of the employees of the Corporation.
11. A First aid unit which is an integral need of the Head Office was established and a first aid team was set up for their wellness and safety whilst giving them necessary training on the subject.
12. A personal loan scheme was implemented under a concessionary interest rate of interest with the patronage of the National Savings Bank by the intervention of the Welfare Society.
13. The Welfare Sales Outlet under the sustenance of the Welfare Society Fund was reestablished.

14. Staff strength of the Corporation as at the 31st of December 2018 is given below.

Permanent	- 1860
Contract	- 197
Casual	- 473
Total	<u>- 2530</u>

15. Human Resources and the Staff of the Administration Division are as stated below

- i. Deputy General Manager (Human Resources and Administration)
- ii. Manager (Human Resources / Training and Development)
- iii. Assistant Human Resources Manager
- iv. Legal Officer
- v. Administrative Officer
- vi. Secretary's Assistant
- vii. Management Assistant
- viii. Book Binder / Record Keeper
- ix. Messenger
- x. Lift Operator
- xi. Karyala Karya Sahayaka (KKS)
- xii. Skilled and Unskilled employees

Accordingly, there is a staff comprising 55 employees in the Human Resources and Administration Division.

Internal Audit Division

Key members of the Management

M.S.C. Perera USP - Chief Internal Auditor
Major General (Retired)

Internal Audit Report

The internal audit plan approved by the Board of Directors has been submitted to the Chief Internal Auditor of the Ministry and the Auditor General during the year under review.

The Chief Internal Auditor has submitted 50 audit reports to the management during the year 2018. The summarized copies of these audit reports have been sent to the Audit and Management Committee on quarterly basis.

Pre Audit Examination

Pre audit examinations into the matters such as final payments payable to employees (194), gratuity payable to employees (80), no claim certificates (109), release of final payments to sub contractors (126) and sub contract procurement procedure (65) have been carried out.

The Internal Audit Officers during the year under review were in attendance of the 22 board meetings on the orders of rejected goods, 17 events of the final audit duties of the worksites and 236 events of the bid opening.

Finance Division

Deputy General Manager (Finance)	- Mr. M. H. Senaweera
Manager (Finance)	- Mr. P. M. A. Karunasingha
Accountant (Payments)	- Mrs. T. Nayanadarshani
Accountant (Financial Accounts)	- Mrs. S. A. M. A. B. J. K. Senarathna
Accountant (Salaries / Wages)	- Mrs. Nilupa Dilsara
Accountant (Constructions)	- Mr. Bandula Yodheeswara
Accountant (Construction Component)	- Mr. K. B. G. H. N. Kariyawasam
Accountant (Mechanical & Electrical)	- Mrs. T. S. Apsara Rohan
Accountant (Consultancy)	- Mrs. B. L. K. Dayani
Accountant (Roads & Bridges)	- Mrs. T. S. Apsara Rohan

The Financial Accounts Division, steering its financial administration by way of a structure constituting 95 members of the total staff and another ten related personnel linked to identifying and processing a decentralized data system, continues to maintain under its control the computerized data system that can present day-to-day information and data required by the management within the prescribed timelines relying on the internal monitoring methods.

The Division, in order to carry out the Corporation's routine and updated information related to the financial operations and accounts as well as to fulfill its statutory requirements, is constantly focused on releasing the annual financial statements on the due dates. In the execution of that task, the Division continues to strive in an effort to reduce the existing delays in the consolidated financial statements by constantly providing the necessary professional guidance to ensure the up-to-date upkeep of the overall financial and operational tasks of the National Equipment and Machinery Organization that has been affiliated with the Corporation on a decision of the Cabinet of Ministers.

In view of the inadequacy of the Corporation's overall cash collections related to its earnings, it is to be noted that the Finance Division, with the full knowledge of the Board of Directors, continued to be in the forefront to carry on with a special effort to recover overdue debts effectively in order to realizing the goal of bringing the existing overdue debtor balances promptly to their liquidation state for the sake of the management's needs of taking care of the entire supply network and the whole lot of staff of the Corporation.

It is to be further noted that the Finance Division was in a position to be able to register a growth in the net cash and cash equivalents to an extent of Rs. 641.7 million during this year by being capable of completing a drive of boosting the Corporation's income generation during the latter part of the year towards fulfilling the wish of the management in order to shouldering a rejuvenation programme of the existing projects with a view to restoring the deferred payments on the contract bills and supply networks to some distance mainly due to the downturn of the construction related industry in the public sector after the year of 2015.



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ENGINEERS TO THE NATION