

# ANNUAL REPORT 2020



Ministry of Irrigation



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CENTRAL ENGINEERING CONSULTANCY BUREAU  
Ministry of Irrigation  
No 415, Baudhaloka Mawatha, Colombo 07, Sri Lanka  
[www.cecb.lk](http://www.cecb.lk)

# CENTRAL ENGINEERING CONSULTANCY BUREAU ANNUAL REPORT 2020



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CENTRAL ENGINEERING CONSULTANCY BUREAU

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# INSPIRED TO GO **BEYOND**

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

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

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

At CECB, we give wings to such inspiration.



## OUR PHILOSOPHY

### “ VISION

To be a World  
Class Engineering  
Organization ”

### “ MISSION

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





## Chairman's Message

It is my privilege to present the Annual Report and Consolidated Accounts of Central Engineering Consultancy Bureau (CECB) for the financial year 2020.

During the year, the Sri Lankan economy contracted by 3.6% in real terms in a year-on-year basis affected by a pandemic driven slowdown. The pandemic health related guidelines severely affected all economic activities requiring physical engagement with construction sector impacted by 13.2% contraction. The vulnerability Sri Lankan Rupee against the US Dollar continued to have a negative effect on imported building materials. Yet I am pleased to note that CECB performance has remained creditable even under the slowed down business environment and lower construction business volumes experienced.

Notwithstanding this slowdown in the construction industry, CECB was able to achieve a Group revenue of Rs.9.8 billion compared to the Rs.13.1 billion realized in 2019 and realized a net profit of Rs.206 million in 2020 arising mainly from the reduction in revenue as well as increase cost of sales. As a state-owned enterprise, we stringently adhere and comply with all regulatory requirements. A total Rs.125.3 million was remitted as cumulative taxes and other levies to the Government. Renewed efforts were taken to enhance governance and accountability issues through setting of strong controls and monitoring mechanisms that are continually assessed for improvement with Board directions.

The Government, its Ministries and Departments continue to remain the largest clients for CECB consultancy and construction services in developing national infrastructure that serve as essential value chain input to other national productive sectors for ensuring inclusive economic growth.

However, the long delays experienced in settlement from the Government projects added to the financial constraints and affected CECB growth momentum. CECB continues to be a market forerunner in the engineering consultancy in Sri Lanka and I believe that CECB is fully equipped and geared to support the national development drive.

In conclusion, let me express my gratitude to Eng. US. Karunaratne, who was the Chairman during the period under review and his fellow Board Members for their valuable leadership. Special thanks to Eng. GRAS. Gunathilake, General Manager for his support, and to the senior management for their dedication and above all to our staff who are our greatest asset.

Chairman  
B. Sc. (Eng.), M. Eng. Sc. (Const. Mgt), C. Eng.



## General Manager's Message

It is my pleasure to send this message for the Annual Report 2020.

The year under review faced a challenging macro-economic environment consequent to the disruptions arising from the two waves of COVID 19 pandemic spread, as well as the parliamentary elections held in August 2020. However, CECEB was able to maintain a group revenue of Rs.9.8 billion with construction and consultancy sectors contributing Rs.7.8 billion and Rs.2.0 billion respectively. Despite the 25% decrease in group revenue compared to year 2019, CECEB achieved a commendable operating profit of Rs.331 million in year 2020.

CECEB continued to make exceptional contributions to national economy during the year through its value engineering consultancies for development of nationally important socioeconomic infrastructure such as Central and Southern Expressways, Matara – Beliatte Rail extension, Colombo Port City Development project, Multidisciplinary Water Resources projects such as Uma Oya and Broadland etc.

Investments in human capital forms the key factor for development of our institution and to retain growth over the years in a challenging market environment. Even during 2020, CECEB invested a total of Rs.2.8 million for fulfilling the in-house, postgraduate, professional review training including foreign training requirements of CECEB Staff.

We will continue to invest in developing and upgrading their skills while ensuring opportunities for personal growth in their CECEB career. CECEB also contributed to national engineering education through providing Industrial Training placements for 76 interns from state universities and Technical/Vocational training institutions.

As the leading engineering consultancy organization in the country, CECEB actively contributes to the development of national standards and specifications and quality assurance mechanisms for engineering sector in association with Sri Lanka Standards Institute (SLSI) and Construction Industry Development Authority (CIDA).

Let me end this note by thanking all our valuable clients for their continued confidence and support in partnering our growth and success. I also thank the Board of Directors, Senior Management, and all staff members for their dedication and valuable contributions to CECEB to advance its respected and reputed niche in the engineering industry in Sri Lanka.

It is noteworthy even with the unsettled conditions in the country, we were able to achieve our targets, and we are positively looking forward to accomplishing our future goals in the coming years.

Eng. GRAS. Gunathilake  
General Manager  
B.Sc.Eng.(Hons),M.Sc.(Hydropower)Norway,  
M.Sc.(Struct.)Srilanka, MIE(SL), C.Eng., MSSE(SL)

## FINANCIAL HIGHLIGHTS

	Group		CECB	
	2020 Rs.Mn	2019 Rs.Mn	2020 Rs.Mn	2019 Rs.Mn
Construction Revenue	7,781	10,747	4,124	5,128
Consultancy Revenue	1,966	2,404	2,008	2,420
Consolidated Revenue	9,747	13,151	6,132	7,548
Gross Profit	1,164	1,386	498	577
Net Profit Before tax	331	547	261	340
Net profit after tax	206	345	147	204
Total Comprehensive Income for the Year	424	652	172	511
Total assets	22,992	22,994	18,951	19,637
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	7,270	6,842	6,423	62,247
Total Equity Equilibrium	22,992	22,994	18,951	19,637
Current Assets	19,640	19,612	14,547	16,718
Current Liabilities	15,358	15,770	12,201	13,063

## FINANCIAL HIGHLIGHTS GROUP



## FINANCIAL HIGHLIGHTS Cont...



## BOARD OF DIRECTORS



Appointed as Chairman of the Board in December, 2019. Functions concurrently as Chairman of the Central Engineering Services (PVT) Ltd, the construction Engineering arm of CECB. Graduated in the field of Civil Engineering from the University of Moratuwa, in 1991. Fellow of the Institution of Engineers, Sri Lanka, member of the Society of Structural Engineers, Sri Lanka, and member of the Association of Consulting Engineers Sri Lanka. He is also an International Professional Engineer (Sri Lanka). Functioned as the Chief Executive Officer (CEO) of Central Engineering Services (Pvt) Ltd (CESL), the construction arm of the Central Engineering Consultancy Bureau (CECB). In addition he is the Manager (Training, Research & Development) in CESL. Further, he worked as Additional General Manager for (EPC Works - Western Province) in CECB. Started his career as Site Engineer working for Quay project at Trincomalee Naval Base, under the direct supervision of Dr. Kulasinghe. He has gained experience in many infrastructure projects, working in various capacities, over the last 25 years.

Eng. U.S. Karunaratne | Chairman  
BSc. Eng. (Hons), C.Eng. FIE (SL), MConsE (SL), MSSE (SL), IntPE (SL)

Anura Dissanayake, Secretary to the Prime Minister of Sri Lanka who joined the Sri Lanka Administrative Service in 1990. During his illustrative administrative service career of over 30 years, he has held many responsible positions including the Secretary to Ministry of Education, Ministry of Mahaweli Development and Environment, Ministry of Higher Education, Technology and Innovation and the Ministry of Irrigation.

Apart from public service, Anura Dissanayake had served the UN System for nearly 05 years performing number of contractual assignments in the World Bank, Asian Development Bank, UNICEF and IFAD in addition to his 05 year marketing professional experience in the Corporate Sector.

Anura Dissanayake holds a BSc (Management) degree from the University of Sri Jayawardanapura, Sri Lanka and obtained Post Graduate Qualifications from University of Washington, U.S.A. He is a recipient of many prestigious awards including Fulbright / Hubert H. Humphrey Fellowship in 2001/2002, Most Outstanding Young Persons of Sri Lanka Award in 2000, Presidential Citation for Efficient Commitment in 1999, National Award for Best Public Sector Performance Improvement Plan in 1995, Asian Youth Federation Annual Travel Award in 1985 and American Field Service Youth Exchange Fellowship in 1981/82.

Mr. Anura Dissanayake | Director  
BSc. (Business Administration), MPA (Public Policy)





Appointed as Director representing Treasury in the CECB Board in January, 2020 and as the Chairman of the Audit and Management Committee. B.K.R. Balasuriya is a Class I officer of Sri Lanka Accountants' Service (SLAccs). Has 30 years of work experience in the public sector. He joined the Sri Lanka Accountants' Service in 1992 and served in various positions in the Divisional Secretariats and the Postal Department as the Chief Accountant. Before he assumed the duties of his current position as the Chief Financial officer of the Ministry of Finance, he worked in the General Treasury in the capacity of Director of Department of Treasury Operations and also serving as a member on the Board of the State Engineering Corporation, Sri Lanka Broadcasting Corporation (SLBC), Sri Lanka Standards Institute (SLSI) and Paddy Marketing Board. He has a B.Com (Special) (Hons.) Degree from the University of Sri Jayawardenepura, Sri Lanka and MA (Economics) Degree from University of Kelaniya, Sri Lanka. He is also a member of Chartered Institute of Public Finance and Accountancy (CIPFA) as a part of his professional career.

Mr. B.K.R. Balasuriya | Director

Appointed to the Board as a Director in January 2020. Functioning as a Member of the Audit & Management Committee of CECB. He is a Director of Consulting Engineers and Architects Associated (Pvt) Ltd and involved in consultancy work including reviewing concept designs and Monitoring of Construction Supervision Contracts undertaken by the company. Concurrently functioning as a member of the Board of Management of CIDA, member of Interim Management Committee of NBRO and the President of the Association of Consulting Engineers Sri Lanka. Has 21 years of extensive Engineering and Management experience in various local and foreign Projects in the capacities of Team Leader, Principal Engineer, Senior Design Engineer and Civil Engineer in Countries such as Sri Lanka, UAE, Saudi Arabia, Qatar and Algeria.



Eng. Anura Gamage | Director  
B.Sc. Eng., PG Dip (Highway & Traffic Eng.), C.Eng. MIESL, M Cons. E. (SL)



Appointed to the Board as a Director in January, 2020 and concurrently serves as the Chairman of K.W.S. De Silva & Sons Company. Previous contributions include as Chairman of Gramodaya Mandalaya (1986 – 1987), Coordination Secretary of Youth Front – Bentara Elpitiya Electorate (2001), Secretary of Trade Union, Galle District (2002 – 2005), Deputy Minister's Staff – Ministry of Water and Drainage (2005-2009)

Mr. Kumudu Kellapatha | Director  
B.Com. JP



Appointed to the Board as a Director in January, 2020. Functions as a Member of the Audit & Management Committee of CECB. Graduated in 2005 University of Peradeniya in Electrical and Electronics Engineering, Followed Masters in Electrical Installation in 2012 in University of Moratuwa, PMP qualified Project Manager, Chartered Engineer of Institute of Engineers Sri Lanka with Washington Accord. Member of IEEE (Institute of Electrical and Electronics Engineers), Member of IESL, Member of LABSE (Lanka Association of Building Services Eng.) and Member of OPA (Organization of Professional Associations).

Started career as a Project Engineer in Shin Nippon Lanka for Sri Lankan Airport Project (2005-2007); Project Coordinator in Dubai Mall Project (2007-2009); Asst. Project Manager in Qatar Airport Project (2009-2010); Project Manager in DIMO Power Solutions (2010-2015); Sr. Deputy General Manager in Abans Engineering - MEP Division (2015-2019).

Currently serving as an External Consultant for Project Management, Design Management and Project Financing for MEP (Mechanical, Electrical & Plumbing) Projects in Sri Lanka and overseas.

Eng. Nalin Sanjaya De Silva | Director  
BSc. Eng (Hons), CEng, MIESL, PMP, MIEEE (PES), MLABSE

Appointed to the Board as a Director in January, 2020. Concurrently serves as Director Operations, General Administration at Asiri Central Hospital and has over 25 years' experience out of which over 13years at senior management level in the telecommunications industry. He was the Head of Business Development at Hutchison Telecommunications Lanka (Pvt) Ltd. Further, held the position of Executive Director / CEO of Tritel Services (Pvt) Ltd and Tritel Technologies (Pvt) Ltd and Chairman of Sinhaputhra Finance PLC Kandy. Additionally served as a Board Member of Jaya Container Terminals Ltd in January 2019.

Mr. Nihal Rathnayake | Director



Eng. E.P.U.S. Karunaratne  
Chairman

Eng. G.R.A.S. Gunathilake  
General Manager

Eng. A. Galketiya  
Corporate AGM (EPC)  
AGM (Special Projects2)/AGM (International)

Eng. G.R.A.S. Gunathilake  
Corporate AGM (Consultancy)  
AGM (Consultancy East)

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

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

Eng. S. Wijesinghe  
AGM (Projects)

Eng. G.A.D.L.J. Seneviratne  
AGM (Mechanical)

Eng. S.W. Jayawardana  
AGM (Design-1)

Eng. (Mrs.) A.A.P. Adikari  
AGM (Design-2)/AGM(DHQC)

Arch. H.W. Lalith Kumara  
AGM (Architectural)

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

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

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

Eng. W.E.P. Ranjan Kumara  
AGM (EPC-Sabaragamuwa)

Eng. S.A.U.D.C. Siriwardana  
AGM (Water Resources Planning)

Eng. A. Pushparajah  
AGM (EPC-North)

Eng. S.S.A. Kalugaldeniya  
AGM (Design-3)

Eng. J.A.D.R.S. Kumara  
AGM (EPC-NCP)

Eng. J.D. Sunil  
AGM (EPC Southern Province)

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

Eng. S.B.A.D. Semasinghe  
AGM (EPC-Polonnaruwa)

Eng. H.M.T.N. DHANAWARDHANE  
AGM (EPC- WP2)

Eng. T.N. Thewarapperuma  
AGM (Electrical)

Eng. W.T.D.P. Pathmendra  
DGM (C&QS)

Mr. D. Mabopitiya  
Finance Manager

Eng. A.C. Jayathilake  
DGM (IT)

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

Mrs. S.H.H.C.U. Senanayake  
Senior Legal Officer

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

# DIRECTORS REPORT

## ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2020

### Legal Status

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

### Responsibilities of the Board of Directors

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

### Best Practices

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

### Leadership Role

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

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

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

### Oversight role

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

For this purpose the responsibility of the Board will:

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

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

Members of the Board of Directors as follows;

Eng. U.S. Karunaratne	-	Chairman
Mr. Anura Dissanayake	-	Director
Mr. B.K.R.Balasooriya	-	Director
Eng. A. Gamage	-	Director
Eng. N.S. De Silva	-	Director
Mr. K. Kellapatha	-	Director
Mr. N. Rathnayake	-	Director

The Board met in 11 occasions to the Financial Year 2020 and the attendance of the Board of Directors was as follows.

Name	Position	2020											
		30 <sup>th</sup> Jan	25 <sup>th</sup> Feb	23 <sup>rd</sup> April	18 <sup>th</sup> May	23 <sup>rd</sup> June	28 <sup>th</sup> July	02 <sup>nd</sup> Aug	29 <sup>th</sup> Sept	28 <sup>th</sup> Oct	04 <sup>th</sup> Dec	22 <sup>nd</sup> Dec	
Eng. U.S.Karunaratne	Chairman	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anura Dissanayake	Director											✓	✓
Mr. B.K.R.Balasuriya	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. Anura Gamage	Director	✓	✓	✓	✓	✓	ab	✓	✓	✓	✓	✓	✓
Eng. Nalin Sanjaya De Silva	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kumudu Kellapatha	Director		ab	ab	ab	✓	✓	✓	✓	✓	✓	✓	ab
Mr. Nihal Rathnayake	Director		✓	✓	✓	✓	✓	✓	✓	✓	ab	ab	✓

## COMPOSITION OF THE BOARD OF DIRECTORS

# AUDIT AND MANAGEMENT COMMITTEE REPORT

The Audit and Management Committee is governed by the specific Terms of Reference (TOR) set out by the Board of Directors in terms of the Public Enterprises Circular No. PED 55. The Committee focuses on the objectives in discharging its responsibilities as per Terms of Reference and the requirements of the Government. The Audit Committee has the responsibility of assisting the Board in the task of overseeing to ensure that financial reporting is done in compliance with relevant Sri Lanka Accounting Standards and other applicable legal requirements.

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

Determination of the responsibilities of the Internal Audit Unit and review of the annual audit plans, Review and evaluate internal control systems for all activities of the entity, Review performance at regular intervals for cost effectiveness and to eliminate wasteful expenditure etc., Liaise with external auditors and follow up on Auditor General's/ External auditors Management Letters, Ascertain, whether statutes, regulations, rules and circulars are complied with, Review financial statements to ensure compliance with Accounting Standards, Review internal audit/external audit reports, Management Letters for remedial action, Review implementation of recommendations/ directives of the Committee on Public Enterprises, Prepare report on the findings of the Committee for inclusion in the Annual Report,

Address relevant issues concerning the subsidiaries of the enterprise, if any, on a regular basis.

### Composition

According to the provisions of Public Enterprises Circular No. PED 55, the Audit Committee of Bureau comprises of three (03) Non- Executive Board members, inclusive of Treasury Representative who chairs the committee

The Present Members of the Audit Committee are as follows:

- **Chairman of the Committee** - Mr. B.K.R. Balasooriya
- **Director** - Eng. Anura Gamage
- **Director** - Eng. Nalin Sanjaya De Silva

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

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

## Meetings and Attendance

The Audit Committee met on three occasions during the financial year 2020 despite the Covid-19 Pandemic prevailing in the country. The attendances of the committee members were as follows:

Name	2020		
	26 <sup>th</sup> Feb	3 <sup>rd</sup> July	27 <sup>th</sup> Oct
Mr. B.K.R. Balasooriya Chairman of the Committee	✓	✓	✓
Eng. Anura Gamage Director	✓	ab	✓
Eng.Nalin Sanjaya De Silva	✓	✓	✓

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

## Compliance

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

## External Audit

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

Mr. B.K.R. Balasooriya  
Chairman – Audit & Management Committee

## CORPORATE INFORMATION AND ACCOUNTING POLICIES

### 1. CORPORATE INFORMATION

#### 1.1 Domicile and Legal Form

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

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2020 comprises the Bureau and its subsidiaries (together referred to as the "Group").

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

#### 1.2 Principal Activities and Nature of Operations

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

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

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

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

#### 2.2 Basis of Measurement

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

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

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

#### 2.3 Functional and Presentation Currency

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

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

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

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

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

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

Critical accounting estimate/ judgment	Note No	Page No
Contract revenue, cost and percentage of completion	09	31

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

Critical accounting estimate/ judgment	Note No	Page No
Property, plant and equipment	15	33 - 34
Employee Benefits	24	37
Deferred Tax Liabilities	25	38

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Consolidation

##### (a) Business Consolidation

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

##### (b) Subsidiaries

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

##### (c) Transactions eliminated on consolidation

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

#### 3.2 Current versus non-current classification

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

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle.
  - Held primarily for the purpose of trading.
  - Expected to be realised within twelve months after the reporting period;
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle.
  - It is held primarily for the purpose of trading.
  - It is due to be settled within twelve months after the reporting period;
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

# COMPOSITION OF THE BOARD OF DIRECTORS

## 3.3 Foreign Currency Transactions

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

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

## 3.4 Impairment of non-financial assets

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

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

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

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

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

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

## 3.5 Statement of cash flows

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

comprise cash in hand, cash at bank and short-term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value. Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flow and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

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

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

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company Financial Statements are disclosed below.

# COMPOSITION OF THE BOARD OF DIRECTORS

The Group intends to adopt these standards, if applicable, when they become effective.

## SLFRS 16 – Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short term. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies SLFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

None of these new standards and interpretations is expected to have a material effect on the Financial Statements of the Group. Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

## 3.7 Financial Instruments

### 3.7.1 Financial Assets and Financial Liabilities

#### (a) Initial Recognition and Measurement

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

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

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

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

#### (b) Classification of Financial Assets

(i) Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on

- The company's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial assets

#### (ii) Financial Assets measured at Amortized cost

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

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

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

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

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

# COMPOSITION OF THE BOARD OF DIRECTORS

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

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

(c) Classification of Financial liabilities

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

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

(d) Reclassification

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

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

(ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

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

(f) Impairment

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

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

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

(g) Derecognition of Financial Assets

The company derecognises a financial assets when:

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

(h) Derecognition of Financial Liabilities

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

## 3.8 Property, Plant and Equipment

### 3.8.1 Recognition and Measurement

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

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. The Group applies cost model to property, plant and equipment except for land and buildings and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

When an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss.

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

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

### 3.8.2 Freehold Assets

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

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

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

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

### 3.8.3 Leasehold Assets

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

### 3.8.4 Subsequent Costs

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

### 3.8.5 De-recognition

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

### 3.8.6 Depreciation

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

The estimated useful lives are as follows:

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

# COMPOSITION OF THE BOARD OF DIRECTORS

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

## 3.8.7 Capital Work in Progress

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

## 3.9 Lease hold Property

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

## 3.10 Intangible Assets

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

### (a) Computer software

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

### (b) Amortisation

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible

asset may be impaired. Intangible assets are amortised on a straight line basis in the Income Statement from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. cumulative impairment losses. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de-recognised.

### (c) De-recognition

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

## 3.11 Inventories

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

## 3.12 Biological Assets

Biological assets consist of perennial and annual crops relating to Agri Engineering Business which are measured at fair value less cost to sell, with any change therein recognized in profit or loss. In the instances where fair value cannot be measured reliably biological assets are carried at cost less accumulated amortization. Gain or loss arising in initial recognition of biological assets at fair value less cost to sell and from a change in fair value is included in profit or loss for the period in which it arises.

## 3.13 Work in Progress

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

## 3.14 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of

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business. Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. Where credit is extended beyond normal credit terms, trade receivables are measured at amortized cost using the effective interest rate method. Other receivables that are not financial assets measured at the cost.

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

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

## 3.15 Employee benefits

### (a) Defined contribution plans

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

Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund

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

### (b) Defined Benefit Plan - Gratuity

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

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

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

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

## 3.16 Provisions

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

Capital commitments and contingencies

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

## 3.17 Statement of Comprehensive Income

### 3.17.1 Revenue

#### (a) Construction Revenue

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

Under input method, revenue is recognized on the basis of

# COMPOSITION OF THE BOARD OF DIRECTORS

the group's input to the satisfaction of performance obligation relative to the total expected inputs (Estimated Cost) to the satisfaction of that performance obligation.

For projects pending STC approval, the contract revenue is recognized only to the extent of 90% of initial amount of revenue agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue is revised to the STC approved contract revenue approval once is received from STC. For other contracts the contract price includes initial amount agreed in the contract plus any variations in the contract work.

## (b) Consultancy Services

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

- **Stage of Completion Method**  
Revenue from consultancy services is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to survey of work performed.
- **Invoice Method**  
Revenue from consultancy services for which stage of completion of a contract cannot be reliably determined is recognized by invoice Method.
- **Collection Method**  
Revenue from "Maintenance Requests" projects is recognized on Cash Collection Method

## 3.17.2 Interest Income

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

## 3.17.3 Dividend Income

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

## 3.17.4 Other Income

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

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

## 3.17.5 Expenditure Recognition

### (a) Construction and consultancy Cost

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

### (b) Other Expenses

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

## 3.17.6 Taxation

### (a) Current Taxes

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

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

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

#### (b) Deferred Tax

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

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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

#### 4. ORDINARY SHARE CAPITAL

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

#### 5. GOING CONCERN

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

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

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread

uncertainty in the global economy. In Sri Lanka, several guidelines and instructions were issued by the government and health authorities which are strictly followed by the Bureau.

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

#### 6. RELATED PARTY TRANSACTIONS

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

#### 7. CASH FLOW STATEMENT

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

#### 8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

# FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2020		GROUP		CECB	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
	<b>Note</b>				
<b>Revenue</b>	<b>9</b>	<b>9,747,362,699</b>	13,150,718,975	<b>6,131,839,853</b>	7,548,165,387
Cost of Sales	<b>10</b>	<b>(8,582,940,839)</b>	(11,764,257,425)	<b>(5,633,697,101)</b>	(6,971,370,106)
<b>Gross Profit</b>		<b>1,164,421,860</b>	1,386,461,550	<b>498,142,752</b>	576,795,281
Other Income	<b>11</b>	<b>146,847,310</b>	202,839,680	<b>161,989,858</b>	170,110,297
Administration Expenses		<b>(1,370,465,658)</b>	(1,451,346,051)	<b>(657,009,722)</b>	(668,489,960)
Selling and Distribution Expenses		<b>(600,352)</b>	(52,706,532)	<b>(468,627)</b>	(48,715,865)
<b>Results from Operating Activities</b>		<b>(59,796,841)</b>	85,248,647	<b>2,654,262</b>	29,699,752
Finance Income		<b>411,215,478</b>	506,143,480	<b>263,172,677</b>	314,400,265
Finance Cost		<b>(20,016,867)</b>	(44,602,963)	<b>(4,824,411)</b>	(4,162,901)
<b>Net Finance Income</b>	<b>12</b>	<b>391,198,611</b>	461,540,517	<b>258,348,266</b>	310,237,364
<b>Profit Before Tax</b>		<b>331,401,771</b>	546,789,164	<b>261,002,527</b>	<b>339,937,117</b>
Income Tax Expense	<b>14</b>	<b>(125,304,608)</b>	(201,424,594)	<b>(114,052,502)</b>	(136,038,213)
<b>Profit for the Year</b>		<b>206,097,163</b>	<b>345,364,570</b>	<b>146,950,025</b>	<b>203,898,903</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of Defined Benefit Liability	<b>24</b>	<b>(30,398,335)</b>	(7,369,310)	<b>(28,729,415)</b>	(7,009,403)
Revaluation of Non Current Assets	<b>28</b>	<b>194,550,564</b>	483,930,941	-	483,930,941
Related Tax	<b>25</b>	<b>53,780,253</b>	(169,776,684)	<b>53,780,253</b>	(169,776,684)
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>217,932,482</b>	306,784,948	<b>25,050,838</b>	307,144,855
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>424,029,645</b>	<b>652,149,518</b>	<b>172,000,862</b>	<b>511,043,758</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 05 to 31 form an integral part of these Financial Statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2020		GROUP		CECB	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Assets</b>	<b>Note</b>				
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,215,359,078	3,231,130,105	2,619,857,347	2,773,136,175
Lease Hold Asset	16	72,253,624	87,598,676	57,591,872	72,422,750
Intangible Assets	17	6,711,130	7,642,750	6,711,130	7,642,750
Investments	18	57,652,773	55,216,573	67,652,793	65,216,593
Amount Due from Related Parties	21		-	1,652,545,484	1,600,196,674
<b>Total Non-Current Assets</b>		<b>3,351,976,605</b>	3,381,588,105	<b>4,404,358,626</b>	4,518,614,944
<b>Current Assets</b>					
Inventories	19	740,289,209	737,855,759	17,074,984	10,741,039
Work in progress	19	105,091,340	79,938,521	-	-
Trade and Other Receivables	20	12,408,132,470	13,357,590,460	10,743,096,216	11,741,494,084
Short term Investments	18	5,643,211,450	4,868,452,606	3,352,001,738	3,108,471,017
Cash and Cash Equivalents	22	742,951,485	568,539,381	434,517,368	257,291,253
<b>Total Current Assets</b>		<b>19,639,675,954</b>	19,612,376,729	<b>14,546,690,306</b>	15,117,997,392
<b>Total Assets</b>		<b>22,991,652,560</b>	22,993,964,834	<b>18,951,048,931</b>	19,636,612,336
<b>Equity and Liabilities</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve	28	92,439,233	88,277,000	92,439,233	88,277,000
Revaluation Reserve		712,618,864	518,068,300	518,068,300	518,068,300
Retained Earnings		6,464,329,390	6,234,940,310	5,811,985,697	5,640,074,835
<b>Total Equity</b>		<b>7,269,887,488</b>	6,841,785,609	<b>6,422,993,230</b>	6,246,920,134
<b>Non-Current Liabilities</b>					
Employee Benefit Liabilities	24	221,132,721	180,974,438	201,956,738	167,903,375
Deferred Tax	25	142,626,770	200,932,489	125,139,312	159,166,864
<b>Total Non-Current Liabilities</b>		<b>363,759,491</b>	381,906,927	<b>327,096,050</b>	327,070,239
<b>Current Liabilities</b>					
Trade and Other Payables	26	14,440,100,481	14,888,563,947	11,303,163,849	12,190,521,650
Income Tax Payables	27	917,905,100	881,708,352	897,795,802	872,100,313
<b>Total Current Liabilities</b>		<b>15,358,005,581</b>	15,770,272,298	<b>12,200,959,651</b>	13,062,621,963
<b>Total Liabilities</b>		<b>15,721,765,072</b>	16,152,179,226	<b>12,528,055,701</b>	13,389,692,201
<b>Total Equity and Liabilities</b>		<b>22,991,652,560</b>	22,993,964,834	<b>18,951,048,931</b>	19,636,612,336

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 05 to 32 form an integral part of these Financial Statements.

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



**D. Maboptiya**  
DEPUTY GENERAL MANAGER (FINANCE)



**Eng. G. R. A. S. Gunathilake**  
GENERAL MANAGER

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

Approved and signed for and on behalf of the Board;



**Eng. Ivan De Silva**  
CHAIRMAN



**Eng. N. S. DeSilva**  
DIRECTOR

31st March 2022  
Colombo

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2020

	CECB				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st January 2019</b>	500,000	3,028,000	119,386,358	5,675,860,567	5,798,774,925
Net Profit For the Year				203,898,904	203,898,904
Other Comprehensive Income for the year, net of tax		85,249,000	398,681,942	(176,786,087)	307,144,855
Prior Year Adjustment				(62,898,549)	(62,898,549)
<b>Balance as at 31st December 2019</b>	<b>500,000</b>	<b>88,277,000</b>	<b>518,068,300</b>	<b>5,640,074,835</b>	<b>6,246,920,134</b>
<b>Balance as at 01st January 2020</b>	500,000	88,277,000	518,068,300	5,640,074,835	6,246,920,134
Net Profit For the Year				146,950,025	146,950,025
Other Comprehensive Income for the year, net of tax		4,162,233	-	25,050,838	29,213,071
Prior Year Adjustment				(90,000)	(90,000)
<b>Balance as at 31st December 2020</b>	<b>500,000</b>	<b>92,439,233</b>	<b>518,068,300</b>	<b>5,811,985,697</b>	<b>6,422,993,230</b>

	GROUP				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st January 2019</b>	500,000	3,028,000	119,386,358	6,086,973,711	6,209,888,069
Profit For the Year				345,364,570	345,364,570
Other Comprehensive Income for the year, net of tax		85,249,000	398,681,942	(177,145,994)	306,784,948
Prior Year Adjustment				(20,251,978)	(20,251,978)
<b>Balance as at 31st December 2019</b>	<b>500,000</b>	<b>88,277,000</b>	<b>518,068,300</b>	<b>6,234,940,310</b>	<b>6,841,785,610</b>
<b>Balance as at 01st January 2020</b>	<b>500,000</b>	<b>88,277,000</b>	<b>518,068,300</b>	<b>6,234,940,310</b>	<b>6,841,785,610</b>
Profit For the Year				206,097,163	206,097,163
Other Comprehensive Income for the year, net of tax		4,162,233	194,550,564	23,381,918	222,094,715
Prior Year Adjustment				(90,000)	(90,000)
<b>Balance as at 31st December 2020</b>	<b>500,000</b>	<b>92,439,233</b>	<b>712,618,864</b>	<b>6,464,329,390</b>	<b>7,269,887,488</b>

The Notes to the Financial Statements set out on pages 5 to 31 form an integral part of these Financial Statements.

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2020

	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	331,401,771	546,789,164	261,002,527	339,937,117
<b>Adjustments for:</b>				
Depreciation on Property, Plant and Equipments	321,815,173	289,533,080	173,623,223	131,799,788
Amortisation of Leased Hold Property	2,595,052	2,774,830	2,080,878	2,525,490
Amortisation of Intangible Assets	931,619	931,619	931,619	931,619
Provision for Bad and Doubtful Debts	-	60,479,303	-	60,479,303
Reversal of Bad and Doubtful Debts	(51,810,040)	(168,618,526)	(51,810,040)	(168,618,526)
Provision / (Reversal) for Gratuity	42,622,792	43,696,847	36,872,951	38,747,565
Net Finance Income	(391,198,611)	(461,540,517)	(258,348,266)	(310,237,364)
Previous Period Adjustments	(90,000)	(62,898,549)	(90,000)	(62,898,549)
(Profit) / Loss on disposal of Property, Plant and Equipments	(21,118,910)	(35,247,146)	(21,922,683)	(35,094,259)
<b>Operating Profit before Working Capital Changes</b>	<b>235,148,845</b>	<b>215,900,107</b>	<b>142,340,210</b>	<b>(2,427,816)</b>
(Increase)/Decrease in Inventories	(2,433,450)	18,175,743	(6,333,945)	(13,972)
(Increase)/Decrease in Work In Progress	(25,152,819)	378,408,163	-	-
(Increase)/Decrease in Trade and Other Receivables	1,001,268,041	(1,157,244,478)	1,050,207,906	(148,057,328)
(Increase)/Decrease in Amounts Due from Related Companies	-	-	(52,348,809)	(11,324,955)
Increase/(Decrease) in Trade and Other Payables	(448,463,466)	(20,897,232)	(887,357,801)	(289,102,114)
<b>Cash Generated from Operating Activities</b>	<b>760,367,154</b>	<b>(565,657,694)</b>	<b>246,507,561</b>	<b>(450,926,186)</b>
Interest paid	(20,016,867)	(44,602,963)	(4,824,411)	(4,162,901)
Tax paid	(93,633,326)	(247,658,753)	(68,604,312)	(175,924,111)
Gratuity paid	(32,862,844)	(46,961,290)	(31,549,003)	(46,195,314)
<b>Net Cash Flows from Operating Activities</b>	<b>613,854,116</b>	<b>(904,880,701)</b>	<b>141,529,839</b>	<b>(677,208,508)</b>
<b>Cash Flows from Investing Activities</b>				
Investment in Property Plant and Equipment	(107,251,082)	(188,166,176)	(10,570,195)	(32,515,012)
Investment in Capital Work in Progress	(6,925,301)	(10,823,871)	(6,925,301)	(5,493,650)
Investment in Leased Hold Property	12,750,000	(15,425,266)	12,750,000	-
Sales Proceed on Disposal of Property Plant and Equipment	27,963,935	40,785,567	23,236,016	39,971,308
Investment / Disposal of Long Term Deposit	(2,436,200)	(2,581,873)	(2,436,200)	(2,581,873)
Investment / Disposal of Short Term Deposit	(774,758,844)	308,147,852	(243,530,721)	83,023,508
Interest Income	411,215,478	506,143,480	263,172,677	314,400,265
<b>Net Cash Flows from Investing Activities</b>	<b>(439,442,012)</b>	<b>638,079,713</b>	<b>35,696,276</b>	<b>396,804,547</b>
<b>Cash Flows from Financing Activities</b>				
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	174,412,104	(266,800,988)	177,226,115	(280,403,961)
Cash and Cash Equivalent at the beginning	568,539,381	835,340,369	257,291,253	537,695,214
<b>Cash and Cash Equivalent at the end (Note 22)</b>	<b>742,951,485</b>	<b>568,539,381</b>	<b>434,517,368</b>	<b>257,291,253</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 05 to 31 form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2020	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>9 Revenue</b>				
Construction Revenue	<b>7,780,864,338</b>	10,746,508,980	<b>4,124,050,423</b>	5,128,317,093
Consultancy Revenue	<b>1,966,498,361</b>	2,404,209,995	<b>2,007,789,429</b>	2,419,848,294
	<b>9,747,362,699</b>	13,150,718,975	<b>6,131,839,853</b>	7,548,165,387
<b>10 Cost of sales</b>				
Construction Cost	<b>6,929,616,189</b>	9,754,052,324	<b>3,979,101,085</b>	4,949,824,168
Consultancy Cost	<b>1,653,324,649</b>	2,010,205,100	<b>1,654,596,015</b>	2,021,545,938
	<b>8,582,940,839</b>	11,764,257,425	<b>5,633,697,101</b>	6,971,370,106
<b>11 Other Income</b>				
Miscellaneous Revenue	<b>51,255,096</b>	95,679,051	<b>21,960,349</b>	39,825,850
Hiring Income	<b>20,115,513</b>	29,542,067	<b>32,524,117</b>	23,066,009
Gain on Disposal of Non Current Assets	<b>21,131,610</b>	35,513,901	<b>21,935,383</b>	35,361,015
Reimbursable costs	-	-	<b>32,614,884</b>	31,688,710
Foreign exchange gain/(loss)	<b>1,145,085</b>	(274,274)	<b>1,145,085</b>	(274,274)
Bad Debt Provision Reversal	<b>51,810,040</b>	40,442,987	<b>51,810,040</b>	40,442,987
Commission Income	<b>1,389,966</b>	1,935,949	-	-
	<b>146,847,310</b>	202,839,680	<b>161,989,858</b>	170,110,297
<b>12 Net Finance Income</b>				
<b>Finance Income</b>				
Interest Income	<b>411,215,478</b>	506,143,480	<b>263,172,677</b>	314,400,265
	<b>411,215,478</b>	506,143,480	<b>263,172,677</b>	314,400,265
<b>Finance Cost</b>				
Interest Expenses	<b>(20,016,867)</b>	(44,602,963)	<b>(4,824,411)</b>	(4,162,901)
<b>Finance Cost</b>	<b>(20,016,867)</b>	(44,602,963)	<b>(4,824,411)</b>	(4,162,901)
<b>Net Finance Income</b>	<b>391,198,611</b>	461,540,517	<b>258,348,266</b>	<b>310,237,364</b>
<b>14 Income Tax</b>				
<b>14.1 Current Tax Expense</b>				
Current Tax Expense	129,830,074	177,156,306	94,299,802	121,373,406
Deferred Tax Provision	(4,525,466)	24,268,287	19,752,701	14,664,807
	<b>125,304,608</b>	<b>201,424,593</b>	<b>114,052,502</b>	<b>136,038,213</b>
<b>14.2 Reconciliation of Accounting Profit to Taxable Profit</b>				
Income Tax Charge at				
Income Tax @ 14%	-	-	-	-
Income Tax @ 24%	129,830,074	-	94,299,802	-
Income Tax @ 28%	-	177,156,306	-	121,373,406
Current Income Tax Expenses	<b>129,830,074</b>	<b>177,156,306</b>	<b>94,299,802</b>	<b>121,373,406</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31ST DECEMBER 2020****PROPERTY PLANT AND EQUIPMENT  
CECB**

	Land	Buildings	Furniture & Fittings	Construction & Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>												
Balance as at 1st January 2020	1,707,886,445	856,234,930	66,893,388	171,601,654	72,059,390	235,785,352	1,709,753	144,235,638	504,493,787	1,949,503	6,379,246	3,769,229,086
Additions during the year	-	1,506,308	1,606,737	223,750	1,860,716	409,999	-	4,962,685	-	-	6,925,301	17,495,496
Disposals / Write off during the year	-	-	(4,907,734)	(39,595,439)	(3,376,801)	(11,723,076)	-	(12,268,833)	(5,945,457)	-	-	(77,817,340)
Derecognition	-	-	-	(2,551,433)	-	-	-	(27,000)	(9,900,000)	-	-	(12,478,433)
Revaluation Gain	-	-	1,826,567	1,065,400	485,817	728,450	-	56,000	-	-	-	4,162,233
<b>Balance as at 31st December 2020</b>	<b>1,707,886,445</b>	<b>857,741,238</b>	<b>65,418,957</b>	<b>130,743,932</b>	<b>71,029,122</b>	<b>225,200,725</b>	<b>1,709,753</b>	<b>136,958,490</b>	<b>488,648,330</b>	<b>1,949,503</b>	<b>13,304,547</b>	<b>3,700,591,042</b>
<b>Accumulated Depreciation</b>												
Balance as at 1st January 2020	-	447,284,283	46,583,642	147,928,981	51,609,894	163,425,501	1,700,205	116,669,286	19,321,777	1,569,344	-	996,092,912
Charge for the year	-	64,770,204	4,970,437	8,385,764	5,774,797	28,583,525	-	10,575,855	50,469,530	93,113	-	173,623,223
Disposals during the year	-	-	(3,962,512)	(39,451,909)	(3,304,405)	(11,723,076)	-	(12,262,025)	(5,945,457)	-	-	(76,649,384)
Derecognition	-	-	-	(2,423,011)	-	-	-	(10,045)	(9,900,000)	-	-	(12,333,056)
<b>Balance as at 31st December 2020</b>	<b>-</b>	<b>512,054,486</b>	<b>47,591,567</b>	<b>114,439,825</b>	<b>54,080,285</b>	<b>180,285,950</b>	<b>1,700,205</b>	<b>114,973,070</b>	<b>53,945,850</b>	<b>1,662,457</b>	<b>-</b>	<b>1,080,733,695</b>
<b>Net Book Value</b>												
Balance as at 31st December 2019	1,707,886,445	408,950,648	20,309,746	23,672,673	20,449,496	72,359,851	9,547	27,566,352	485,172,010	380,160	6,379,246	2,773,136,174
<b>Balance as at 31st December 2020</b>	<b>1,707,886,445</b>	<b>345,686,752</b>	<b>17,827,390</b>	<b>16,304,107</b>	<b>16,948,836</b>	<b>44,914,775</b>	<b>9,547</b>	<b>21,985,420</b>	<b>434,702,480</b>	<b>287,046</b>	<b>13,304,547</b>	<b>2,619,857,347</b>

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

The cost of fully depreciated assets which are still in use of the Bureau amounting to Rs. 269,243,803/- (Rs.277,925,772/- in 2019)

As at 31.12.2019	-	-	16,984,209	86,816,316	22,336,997	64,774,105	1,348,418	76,790,059	7,672,548	1,203,120	-	277,925,772
Fully depreciated	-	-	16,984,209	86,816,316	22,336,997	64,774,105	1,348,418	76,790,059	7,672,548	1,203,120	-	277,925,772
Depreciating	1,707,886,445	856,234,930	49,909,179	84,785,338	49,722,393	171,011,247	361,335	67,445,579	496,821,239	746,383	6,379,246	3,491,303,314
As at 31.12.2020	-	-	20,399,132	91,870,095	23,431,032	42,649,024	1,608,418	86,548,641	1,762,813	974,648	-	269,243,803
Fully depreciated	-	-	20,399,132	91,870,095	23,431,032	42,649,024	1,608,418	86,548,641	1,762,813	974,648	-	269,243,803
Depreciating	1,707,886,445	857,741,238	45,019,825	38,873,837	47,598,090	182,551,701	101,335	50,409,849	486,885,517	974,855	13,304,547	3,431,347,239

Figures in brackets indicates deductions.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31ST DECEMBER 2020

### 15 PROPERTY PLANT AND EQUIPMENT GROUP

	Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress *	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>												
Balance as at 1st January 2020	1,716,301,592	904,225,084	103,127,624	597,146,467	121,965,406	562,904,209	53,967,130	212,139,992	831,148,563	2,419,892	38,016,082	5,143,362,042
Additions during the year	-	17,833,913	5,098,572	37,452,692	7,104,358	26,092,861	1,235,500	12,415,172	-	18,016	6,925,301	114,176,382
Disposals during the year	-	-	(5,188,059)	(43,231,314)	(3,823,138)	(14,284,465)	-	(13,590,858)	(44,531,743)	-	(3,810,220)	(128,459,797)
Derecognition	-	-	-	(2,551,433)	-	(4,375,000)	-	(27,000)	(293,684,323)	-	-	(300,637,756)
Revaluation Gain	-	-	1,826,567	1,065,400	485,817	5,078,450	-	56,000	190,350,000	-	-	198,862,233
<b>Balance as at 31st December 2020</b>	<b>1,716,301,592</b>	<b>922,058,997</b>	<b>104,864,703</b>	<b>589,881,811</b>	<b>125,732,443</b>	<b>575,416,055</b>	<b>55,202,629</b>	<b>210,993,305</b>	<b>683,282,498</b>	<b>2,437,908</b>	<b>41,131,163</b>	<b>5,027,303,104</b>
<b>Accumulated Depreciation</b>												
Balance as at 1st January 2020	-	479,727,807	61,225,009	367,869,696	74,932,515	402,916,304	25,001,390	157,080,846	341,789,627	1,688,751	-	1,912,231,945
Charge for the year	-	69,454,516	9,760,562	80,257,294	12,628,577	68,138,567	6,677,292	21,246,948	53,497,864	153,554	-	321,815,173
Disposals during the year	-	-	(4,105,279)	(42,274,777)	(3,570,415)	(13,831,172)	-	(13,534,351)	(44,444,154)	-	-	(121,760,148)
Derecognition	-	-	-	(2,423,011)	-	(4,375,000)	-	(10,045)	(293,534,887)	-	-	(300,342,943)
<b>Balance as at 31st December 2020</b>	<b>-</b>	<b>549,182,323</b>	<b>66,880,291</b>	<b>403,429,202</b>	<b>83,990,677</b>	<b>452,848,699</b>	<b>31,678,682</b>	<b>164,783,397</b>	<b>57,308,451</b>	<b>1,842,305</b>	<b>-</b>	<b>1,811,944,026</b>

### Net Book Value

Balance as at 31st December 2019	1,716,301,592	424,497,278	41,902,616	229,276,770	47,032,891	159,987,905	28,965,739	55,059,146	489,358,936	731,142	38,016,082	3,231,130,098
<b>Balance as at 31st December 2020</b>	<b>1,716,301,592</b>	<b>372,876,674</b>	<b>37,984,412</b>	<b>186,452,608</b>	<b>41,741,766</b>	<b>122,567,356</b>	<b>23,523,947</b>	<b>46,209,908</b>	<b>625,974,047</b>	<b>595,603</b>	<b>41,131,163</b>	<b>3,215,359,078</b>

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

### Capital Work in Progress \*

Figures in brackets indicates deductions.

	Group	CECB
	As at 31.12.2020	As at 31.12.2020
Internal Developed Software		
Balance at the beginning of the year	17,395,714	10,875,714
Cost incurred during the year	6,243,134	5,500,000
	<b>23,638,848</b>	<b>11,743,134</b>
Land/Building Construction		
Balance at the beginning of the year	20,620,368	16,316,498
Capitalized during the year	(3,810,220)	-
Cost incurred during the year	682,166	4,303,870
	17,492,314	20,620,368
	41,131,163	38,016,082
		13,304,547
		6,379,246

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.

### 16 Lease Hold Assets

Prepaid Lease rental paid to acquire land use right are amortized over the lease term in accordance with pattern benefits provided. Lease Hold Property Comprising of land use rights and stated at valuation are amortized on a Straight line basis over the remaining lease term. The impairment lose if any is recognized in the statement of Profit or Loss.

At Beginning of the year	87,598,676	74,948,240	72,422,750	74,948,240
Acquisition during the year	-	15,425,266	-	-
Reversal of Valuation	(12,750,000)		(12,750,000)	-
Amortization	(2,595,052)	(2,774,830)	(2,080,878)	(2,525,490)
At end of the year	72,253,624	87,598,676	57,591,872	72,422,750

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

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

### 16.1 Details of Leasehold Property

Property	Land Extent (in areas)	Lease Period				
Land at Parliament Road, Battaramulla	0A-2R-20.00P	30 Years from 04.09.2018	57,591,872	72,422,750	57,591,872	72,422,750
Plan No 582	(Lot nos 7,8 & 9)	30 Years	14,661,752	15,175,926		
New Town Ratnapura	60P	From 08.07.2019				
			72,253,624	87,598,676	57,591,872	72,422,750

### 17 Intangible Assets

#### Cost/ Revaluation

At 1 January	8,817,028	8,817,028	8,817,028	8,817,028
Addition	-	-	-	-
At 31st December	8,817,028	8,817,028	8,817,028	8,817,028

#### Amortization and Impairment

At 1 January	(1,174,278)	(242,659)	(1,174,278)	(242,659)
Amortization	(931,619)	(931,619)	(931,619)	(931,619)
At 31st December	(2,105,897)	(1,174,278)	(2,105,897)	(1,174,278)

At 31st December 2019	7,642,750	8,574,369	7,642,750	8,574,369
Carrying Value 2020	6,711,130	7,642,750	6,711,130	7,642,750

Intangible Asset mainly consist of Transport Modelling and Air Quality software purchased from DHI (India) Water & Environment (Pvt) Ltd and Lakes Environmental consultants INC respectively.

### 18 Investments

Long term investment (Note 18.1)	57,652,773	55,216,573	67,652,793	65,216,593
Short term investment (Note 18.2)	5,643,211,450	4,868,452,606	3,352,001,738	3,108,471,017
	5,700,864,223	4,145,652,796	3,419,654,531	3,173,687,610

### 18.1 Long term investment

#### Loans and receivable financial assets

Investment in Fixed Deposit	55,652,773	53,216,573	55,652,773	53,216,573
-----------------------------	------------	------------	------------	------------

#### Available for sale financial assets

Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	57,652,773	55,216,573	57,652,773	55,216,573

#### Investment in subsidiary (Unquoted)

Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	-	-	10,000,020	10,000,020
	57,652,773	55,216,573	67,652,793	65,216,593

### 18.2 Short term investment

Fixed deposit amounting to Rs. 25Mn held at Bank of Ceylon has been pledged against individual loan facilities granted to CECB employees by Bank of Ceylon under concessory personal loan scheme. Out of total interest paid by employees 40% on interest cost is subsidized by CECB through the interest income earned on deposit pledged against the loan facilities and such expenses (Rs 1,861,036 in 2020 and Rs. 568,218 in 2019) have been charged in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>19 Inventories</b>				
Inventories	739,791,186	737,855,759	17,074,984	10,741,039
Disposal of Material	498,018	-	-	-
	<b>740,289,209</b>	<b>737,855,759</b>	<b>17,074,984</b>	<b>10,741,039</b>
<b>Work in Progress</b>	105,091,340	79,938,521		
Opening Balance	79,938,521	458,346,684	-	-
Reversal of PY adjustment	(79,938,521)	(458,346,684)	-	-
WIP for the current year	105,091,340	79,938,521	-	-
Closing Balance	105,091,340	79,938,521	-	-
<b>20 Trade and Other Receivables</b>				
Trade Receivables (Note 20.1)	11,256,638,019	13,045,056,055	7,380,531,142	8,036,511,830
Other Receivables (Note 20.2)	87,653,881	106,558,848	53,597,467	64,226,056
Deposits, Prepayments and Advances (Note 20.3)	1,063,840,570	205,975,557	3,308,967,608	3,640,756,199
	<b>12,408,132,470</b>	<b>13,357,590,460</b>	<b>10,743,096,216</b>	<b>11,741,494,084</b>
<b>20.1 Trade Receivables</b>				
Debtors	7,626,745,123	8,236,360,915	5,977,305,595	6,522,955,552
Due from customers	2,150,379,800	3,259,458,339	551,327,371	750,839,794
Retention receivables	3,421,125,867	3,547,318,703	2,682,377,182	2,649,664,622
Less - Provision for Impairment (Note 20.1.1)	(1,941,612,771)	(1,998,081,902)	(1,830,479,007)	(1,886,948,138)
	<b>11,256,638,019</b>	<b>13,045,056,055</b>	<b>7,380,531,142</b>	<b>8,036,511,830</b>
<b>20.1.1 Provision for Impairment</b>				
Balance at the beginning of the year	1,998,081,902	2,106,221,124	1,886,948,138	1,995,087,360
Impairment loss recognized	-	60,479,303	-	60,479,303
Amounts written off/reversal	(56,469,131)	(168,618,526)	(56,469,131)	(168,618,526)
Balance at the end of the year	<b>1,941,612,771</b>	<b>1,998,081,902</b>	<b>1,830,479,006</b>	<b>1,886,948,138</b>
<b>20.2 Other Receivables</b>				
Staff Loans	35,245,330	43,541,543	30,806,402	36,535,260
Prepaid Staff Cost	3,708,360	8,825,134	2,769,525	7,971,569
Sundry Debtors	47,220,665	52,485,200	19,683,873	19,108,879
WHT Receivable	1,479,526	1,706,971	337,666	610,348
	<b>87,653,881</b>	<b>106,558,848</b>	<b>53,597,467</b>	<b>64,226,056</b>
<b>20.3 Deposits, Prepayments and Advances</b>				
Deposits	24,149,311	22,740,118	9,720,806	9,522,243
Mobilization Advance paid	949,362,816	51,353,366	3,288,546,751	3,612,914,692
Advances	77,926,320	111,659,705	8,154,083	12,175,784
Prepayments	12,402,123	20,222,368	2,545,968	6,143,479
	<b>1,063,840,570</b>	<b>205,975,557</b>	<b>3,308,967,608</b>	<b>3,640,756,199</b>
<b>21 Amount Due from Related Party Companies</b>				
Central Engineering Services (Private) Limited	-	-	1,652,545,484	1,600,196,674
	-	-	1,652,545,484	1,600,196,674

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>22 Cash and Cash Equivalents</b>				
<b>Favorable Balances</b>				
Cash in hand and at bank	732,633,822	548,095,308	425,196,722	237,476,737
Bank Imprest	269,607	269,607	269,607	269,607
Cash in Transit	10,048,056	20,174,467	9,051,039	19,544,909
Cash and Cash Equivalents for the Cash Flow Purpose	742,951,485	568,539,381	434,517,368	257,291,253
<b>24 Employee Benefits</b>				
Balance as at 1st January	180,974,438	176,869,571	167,903,375	168,341,721
Provision for the year	42,622,792	43,696,847	36,872,951	38,747,565
(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	30,398,335	7,369,310	28,729,415	7,009,403
Payment made during the year	(32,862,844)	(46,961,290)	(31,549,003)	(46,195,314)
<b>Balance as at 31st December</b>	<b>221,132,721</b>	<b>180,974,438</b>	<b>201,956,738</b>	<b>167,903,375</b>

a) The Employee benefit obligation of CECB as at 31st December 2020 are based on the actuarial valuation carried out by professionally qualified firms of actuaries Messers. Actuarial and Management Consultants (Pvt) Limited. Accordingly, the unfunded present value of defined benefit obligations as at 31st December 2020 of CECB Rs 202 Mn and Group is Rs.221 Mn.

b) Key assumptions used in the computation includes the following;

Rate of Discount	8.5%	12%	8.5%	12%
Employee Turnover Factor	0.00% -0.09%	0.01% - 0.12%	0.00% -0.09%	0.01% - 0.12%
Retirement Age	60-61 Years	60-61 Years	60-61 Years	60-61 Years

c) Expenses recognised immediately in the statement of Comprehensive Income

Interest Cost	21,651,577	21,181,710	20,148,405	20,201,007
Current Service Cost	20,971,216	22,515,137	16,724,547	18,546,558
Net Actuarial Gain/(Loss) recognised immediately	30,398,335	7,369,310	28,729,415	7,009,403
Provision for the year	73,021,128	51,066,157	65,602,367	45,756,968

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>25 Deferred Tax Assets/Liabilities</b>				
Balance at the beginning of the year	<b>200,932,489</b>	6,887,518	<b>159,166,864</b>	(25,274,627)
Expense for the year recognized in profit/loss	<b>19,752,701</b>	14,664,807	<b>19,752,701</b>	14,664,807
Expense for the year recognized in OCI	<b>(78,058,420)</b>	179,380,164	<b>(53,780,253)</b>	169,776,684
Balance at the end of the year	<b>142,626,770</b>	200,932,489	<b>125,139,312</b>	159,166,864
<b>26 Trade and Other Payables</b>				
Trade Payables (Note 26.1)	<b>13,900,725,324</b>	14,519,688,129	10,878,652,102	11,835,971,128
Other Payables (Note 26.2)	<b>539,375,158</b>	368,875,820	424,511,747	354,550,525
	<b>14,440,100,481</b>	14,888,563,947	<b>11,303,163,849</b>	12,190,521,650
<b>26.1 Trade Payables</b>				
Creditors	<b>3,206,025,390</b>	3,325,748,161	<b>3,293,252,913</b>	3,171,549,812
Due to Customers	<b>3,670,319,023</b>	4,762,605,106	<b>1,740,987,404</b>	2,472,863,509
Mobilization & Other Advances	<b>6,110,794,480</b>	5,365,363,489	<b>3,690,250,884</b>	4,110,824,598
Retention Payables to Contractors	<b>913,586,430</b>	1,065,971,373	<b>2,154,160,901</b>	2,080,733,209
	<b>13,900,725,324</b>	14,519,688,129	<b>10,878,652,102</b>	11,835,971,128
<b>26.2 Other Payables</b>				
Other Advance	<b>1,315,813</b>	-	-	-
Unpaid salaries	<b>32,989,141</b>	19,036,084	<b>28,442</b>	28,442
Sundry Creditors	<b>147,956,623</b>	72,930,282	<b>120,758,215</b>	51,553,063
Refundable Deposits	<b>2,004,835</b>	1,171,162	<b>2,004,835</b>	1,171,162
Accrued Expenses	<b>195,887,315</b>	229,280,289	<b>163,698,998</b>	184,556,438
PAYE Tax	<b>7,410,444</b>	9,885,023	<b>3,364,179</b>	5,535,174
Other Taxes	<b>151,810,987</b>	36,572,980	<b>134,657,077</b>	111,706,247
	<b>539,375,158</b>	368,875,820	<b>424,511,747</b>	354,550,525
<b>27 Income Tax Payables</b>				
Balance at the beginning of the year	<b>881,708,352</b>	974,665,375	<b>872,100,313</b>	926,651,017
Income tax for the year	<b>129,830,074</b>	177,156,306	<b>94,299,802</b>	121,373,406
Provision in respect of the last year	<b>133,005</b>	(22,454,577)	-	-
Payments made during the year	<b>(93,766,331)</b>	(224,779,186)	<b>(68,604,312)</b>	(162,161,313)
Withholding Tax	-	(22,879,567)	-	(13,762,798)
Balance at the end of the year	<b>917,905,100</b>	881,708,352	<b>897,795,802</b>	872,100,313
<b>28 Capital Reserve</b>				

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020

### 29.0 Related Party Transactions

#### 29.1 Transaction with Subsidiaries

- a) Eng.U.S.Karunaratna is the Chairman of both parent (CECB) and subsidiary (CESL) of the group is also Director of CESL. The Company has carried out transactions with CECB during the year and the details were as follows,

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

Name	Designation	
	CECB	CESL
Eng. G.R.A.S Gunathilake	General Manager	Director
Eng. S.A.U.D.C.Sirwardana	Addl General Manager (Water Resource & Planning)	Director
Mr. D. Mabopitiya	Deputy General Manager (Finance)	Director

b)

Nature of the Transactions	Amount	
	2020 Rs.	2019 Rs.
Sub Construction Costs	3,025,302,674	4,827,626,026
Hiring	32,578,467	31,801,386
Reimbursement of Salary over head	32,614,884	31,071,924
Consultancy services	57,093,185	42,925,667
Other Miscellaneous Services	16,816,139	11,419,671

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

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

#### Transactions with Key Management Personnel

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

	GROUP		CECB	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
<b>Compensation paid to Key Management Personnel</b>				
Salaries and other Employment Benefits	2,905,000	2,692,250	1,897,500	1,440,000

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

AS AT 31ST DECEMBER 2020

### **30.0 Commitments and contingencies**

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

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

### **30.1 Contingencies**

#### **a) Legal cases filed against CECB**

##### **Case No. 03 1564/13 District Court of Colombo**

Eng. W.K.P.I. Rodrigo filed a defamation case and claiming Rs. 500,000,000.00 as compensation. CECB has taken objection inter alia to amount claiming is excessive.

##### **Case No. 07 HCCA/FA/98/2017 Civil Appellate High Court holden at Kandy**

The District Court, Nawalapitiya Case No. MR 609/14, was dismissed on 2017.05.17 and case was appealed in Provincial Appellate High Court of the Central Province.  
(Ms. A.D.K. Pitiyekumbara has filed to claim Rs. 3,000,000.00 against CECB. But the works were done by CESL.)  
Again case was referred to Nawalapitiya District Court to hear.

##### **Case No. 08 M/15141/17 District Court of Embilipitiya**

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

##### **CL 65 -District Court of Badulla**

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

#### **b) Legal cases filed by CECB**

##### **Arbitration between CECB & Soar Technology**

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

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

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

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

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

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

Bureau has filed a case against Eng. M.L.D. Jayaranjan regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 2,025,284/05

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2020

### 31.0 Financial risk management

#### overview

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

Credit risk

Liquidity risk

Market risk

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

#### Risk management Framework

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

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

#### 31.1 Credit risk

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

#### 31.2 Liquidity risk

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

#### 31.3 Market risk

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

Market risk comprise the following types of risks.

#### Interest rate risk

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

#### Foreign exchange risk

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



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**தேசிய கணக்காய்வு அலுவலகம்**  
**NATIONAL AUDIT OFFICE**



මගේ අංකය } CAE/B/CECB/02/FA/2020/03  
 எனது இல. }  
 My No. }

ඔබේ අංකය }  
 உமது இல. }  
 Your No. }

රිටය } 29 December 2021  
 திகதி }  
 Date }

The Chairman  
 Central Engineering Consultancy Bureau

**Report of the Auditor General on the Consolidated Financial Statements and Other Legal and Regulatory Requirements of the Central Engineering Consultancy Bureau and its Subsidiary for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

The above mentioned report together with audited financial statements is sent herewith.

  
 W.P.C. Wickramaratne  
**Auditor General**

- Copies to:
1. The Secretary, Ministry of Irrigation
  2. The Secretary, Ministry of Finance



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல. } CAE/B/CECB/02/FA/2020/03  
My No. }

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி } 29 December 2021  
Date }

Chairman  
Central Engineering Consultancy Bureau

Report of the Auditor General on the Consolidated Financial Statements and Other Legal and Regulatory Requirements of the Central Engineering Consultancy Bureau and its Subsidiary for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

#### I. Financial Statements

##### 1.1 Qualified Opinion

The audit of the financial statements of the Central Engineering Consultancy Bureau ("the Bureau") and the Consolidated Financial Statement of the Bureau and its Subsidiary ("the Group") for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including 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, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying Financial Statements of the Bureau and the Group give a true and fair view of the financial position of the Bureau and the Group as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අං. 38/75, අර්ථනිරුපණ, පරිපාලන, ස්ථානය

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## 1.2 Basis for Qualified Opinion

### 1.2.1 Central Engineering Services (Private) Limited - (the Subsidiary)

The Qualified Opinion on the financial statements of the Subsidiary i.e. Central Engineering Services (Private) Limited for the year ended 31 December 2020 had been expressed by me based on the following observations.

- (a) Credit balances of debtors and debit balances of mobilization advances aggregating Rs.44.46 million and Rs. 34.69 million respectively had been offset against the debit and credit balances of such accounts in 30 instances in contrary to paragraph 32 of Sri Lanka Accounting Standard (LKAS) 1 - Presentation of Financial Statements. As a result, the current assets and current liabilities had been understated by similar amounts.

In the meantime, Credit balances aggregating Rs. 1.64 million included to the unsettled advance payment schedule of Anuradhapura Base Office of the Company had been offset against the debit balances of that account due to incorrect entries made when purchase of goods by exceeding the advances obtained. As a result, the current assets and liabilities in the financial statements had been understated by same amount.

- (b) The Company has pledged most of its short term investments against the bank guarantees obtained by way of bid bonds, advance bonds, and performance bonds etc. when undertake the construction works from the clients. However, the Company had failed to value and disclose such pledged amount at the reporting date in the financial statements as per the provisions in paragraph 14 of SLFRS 07 – Financial Instruments: Disclosure and paragraph 37(a) of LKAS 39- Financial Instruments: Recognition and Measurement. According to the information made available for audit, the values of said bank guarantees obtained as at 08 September 2021 was Rs. 954.85 million.
- (c) An accurate and timely coding system is essential for property, plant and equipment (PPE) in order to ensure that entire PPE have been accounted, adequately safeguarded and to detect missing items. However, the Company had not properly coded its fixed assets and those codes were not included to the fixed asset register as enable to identify the value of the PPE costing Rs. 1,298.18 million shown in the Financial Statements are corrected and carry out the annual asset verification accordingly.

- (d) According to the note No. 2.3.6 of the financial statements, it was stated that the Company reviews annually the estimated useful lives of PPE based on the factors such as business plan and strategies, expected level of usage and future development. However, fully depreciated assets approximately costing Rs.301.68 million are being continuously used by the Company without reassessing the useful economical lifetime of those assets as per the provisions in paragraph 51 of LKAS 16 – Property, Plant and Equipment and rectifying the estimation error and showing the accurate carrying value in the financial statements as per the LKAS 8.
- (e) According to the available information, it was revealed that the Company has entered into a long-term lease agreement with the Urban Development Authority (UDA) during the previous year in order to obtain a land located in Rathnapura District for an amount of Rs.15.42 million. Although the Company has shown this amount as leasehold land, the Company had not completed signing process of the lease agreement even up to the date of this report.
- (f) It was revealed that the Polonnaruwa Base of the Company had computed their depreciation by overstating Rs. 1.01 million. Hence, the profit for the year under review had been understated by that amount.
- (g) A sum of Rs. 3.74 million was shown as accrual since 2017 as per the schedule prepared by the Central Base of the Company and this amount to be paid to a third party with regard to change of filters in vehicles used for road projects. However, supporting documents for the above payable were not made available for audit. Therefore, it could not be ensure the accuracy and reliability of this payable.
- (h) A difference of Rs. 161.38 million was observed between the amounts payable (retention and trade payables) shown by the mother company i.e. Central Engineering Consultancy Bureau (CECB) and the corresponding amount shown by the Company as receivable from the CECB in their financial statements for the year under review.
- (i) The Company has recognized NBT amounting to Rs.1.12 million relating to the previous period as expenditure of the year 2020. Hence, the profit for the year had been understated while overstating the retained earnings by said amount.

### 1.2.2 Central Engineering Consultancy Bureau – (The Parent)

- (a) **LKAS 16 – Property, Plant and Equipment** – Action had not been taken to reassess the useful economic life of the fully depreciated assets costing Rs. 269.24 million which are continuously used by the Bureau. Further, these assets had not been accounted with accordance to the provisions in Section 51 of the LKAS 16. Further, the useful life of the assets belong to Bureau had not reviewed at least at each financial year end and, had not accounted for as a change in an accounting estimate in accordance with LKAS 08 even though it is stated in the Significant Accounting Policy 3.8.6, that the Bureau reviews the estimated useful lives of assets at least at each financial year end.
- (b) The Bureau had not properly coded its fixed assets costing Rs. 3,700,591,042 and those codes were not included to the fixed asset registers maintained at the EPC and Consultancy Division. Therefore, it was unable to identify those assets in the annual asset verification since the existences of those assets were doubtful. Further, an accurate and timely coding system is essential for property, plant & equipment (PPE) in order to ensure that entire PPE accounted for accurately, safeguard and missing items are detected.
- (c) The Bureau had computed the depreciation for furniture and fittings, construction instruments and equipment, office equipment, plant and machinery, containers, computers etc. based on the values shown in the general ledgers without being considered the actual existence of those assets as per the assets verification conducted by each Base of the Bureau. Further, the Bureau had not maintained a centralized assets register to ensure the existence of the assets which shown in the general ledger of the Bureau. Hence, the accuracy of the cost of such assets to the value of Rs. 646,315,029 shown in the financial statements and depreciation made thereon Rs. 58,383,489 for the year under review could not be reliably ascertained in audit.
- (d) **Paragraph 14 of SLFRS 07 – Financial Instruments: Disclosure and paragraph 37(a) of LKAS 39- Financial Instruments: Recognition and Measurement** - The Bureau has pledged its investments worth Rs. 200,225,207 against the bank guarantees obtained by way of bid bonds, advance bonds, retention bonds and performance bonds etc. when undertake the construction works from the clients. However, the Bureau had failed to disclose such pledged amount at the reporting date in the financial statements as per the provisions in the Standards.

- (e) Sums aggregating Rs. 60.16 million relating to 19 items of accounts belongs to 12 Base Offices of the Bureau were stated as unidentified in the schedules prepared as at 31 December 2020. Out of these 19 items, 09 items to the value of 13.73 million was reported as unidentified for more than five years. The Bureau had not taken fruitful action to identify and clear these account items even up to the date of this report.
- (f) It was observed that 04 items of assets and liabilities amounted to Rs. 8,711,447 and 17,651,275 respectively were continuously included in the Bureau's financial statements as Building Services although there is no Division or Base Office by that name is operated at present. In addition, the difference between the above assets and liabilities amounting to Rs. 8,939,828 was shown as capital erosion instead of being properly adjusted.
- (g) Although the Subsidiary of the Bureau had shown a sum of Rs. 5.1 million to be receivable from the Bureau, this amount had not been shown as payable in the financial statements of the Bureau as at the end of the year under review.
- (h) It was observed that a cost incurred on piling works of construction of the Bureau's Head Office building amounting to Rs. 10,503,223 had been included in the total debtor balances as at 31 December 2020 without being capitalized and another unidentified amount of Rs. 971,365 had also been erroneously included in the debtor balance of the Bureau. As a result, the debtor balance of the Bureau as at the end of the year under review aggregating Rs. 5,977 million had been overstated by Rs.11,474,588.
- (i) According to the financial statements of the DHQC Advisory Division of the Bureau as at 31 December 2020, the debtor balance was amounting to 48,698,299 and the provision for impairment thereof was Rs.55,464,739. Accordingly, a sum of Rs. 6,766,440 had been made as provision for impairment by exceeding the debtor balances as at the end of the year under review.
- (j) The balances totalled to Rs. 92,880,628 shown as amounts due from Subsidiary (Central Engineering Services Private Ltd.) had not been eliminated when preparing the Group's financial statements and instead it had been added to the total debtor balances of the Group. In addition to that, a sum Rs. 46,401,148 to be eliminated from the group accounts was also not eliminated when papering the Group's accounts. As a result, the Group's debtor balance had been overstated by Rs. 232,162,404.

- (k) According to the SLFRS 15 – Revenue from Contracts with Customers, the revenue is identified according to the works completion stage of the Construction Contracts and there is a possibility for due from or due to the customer when bills have been issued in excess or less than the works completion. But this balance should be cleared after identification of 100 per cent revenue from the Construction Contracts. However, even after fully identified the revenue from Construction Contracts, sums aggregating Rs. 297,528,112 and Rs. 359,002,617 have been still shown as due from customers and due to customers respectively in the financial statements as at 31 December 2020. Out of those due to customers and due from customers, amounting to Rs. 195,696,219 and Rs. 145,816,913 respectively had remained un-cleared from the accounts for over 05 years as at 31 December 2020. Further, so far no effective actions were taken in this regard even though this matter had been pointed out in my previous years audit reports.
- (l) A difference of Rs. 29,028,235 was observed in 19 instances between the value added tax control account balances included in the financial statements prepared by each Bases and Consultancy Divisions of the Bureau as at 31 December 2020 and the schedules prepared by those Bases and Divisions as at that date. Accordingly, the value-added tax payable had been overstated by similar amount in the financial statements. However, out of the above differences only Rs.8,927,514 or 23 per cent had been removed from the accounts even up to 30 September 2021.

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

### 1.3 Other information included in the Bureau's 2020 Annual Report.

The other information comprises the information included in the Bureau's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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



In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Bureau's 2020 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

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

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

In preparing the financial statements, management is responsible for assessing the Bureau'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 Bureau or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bureau 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 Bureau.

#### 1.5 Auditor's Responsibilities for the Audit of the Financial Statements

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

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau'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 Bureau'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 Bureau 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 National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

2.1.1 Except for the effect 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 Bureau as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

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

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for; 1.2.2 (a), (c), (e), (k) and (l), 2.2.2 (a), (b), (c)(i) and (ii), (d), 2.3 (a), (b), (c), (f), (g), (i), (j), (k), (l), (n), (o) and (q)(i).

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

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

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

### Reference to Laws/Direction

### Description

(a) Financial Regulation 371 of the Government of the Democratic Socialist Republic of Sri Lanka as amended by Public Finance Circular No. 3/2015 dated 14 July 2015 and Delegation of Financial Authority of the Bureau.

Although the advances should be settled immediately after the completion of the purpose for which it is granted or the end of the financial year, such advances given for various purposes aggregating Rs. 4,178,158 and 1,463,688 had not been settled for over 03 years and 05 years respectively at the reporting date.

(b) Sections 11 of the Finance Act, No. 38 of 1971 and Public Enterprises Circular No. 02/2018 of 14 November 2018.

A sum of Rs. 3,419,654,531 had been invested in short term and long term investment sources such as call deposits and fixed deposits etc. without obtaining the required approvals from the Finance Minister with the concurrence of the line Minister.

(c) Public Enterprises Circular No. PED/12 of 02 June 2003 on Public Enterprises Guidelines for Good Governance.

i. Paragraph 9.2 (e) and (f)

In the event of creation of a new cadre and in instances where there is excess the cadre, the Bureau should seeks the approval or consult from/with the Department of Public Enterprises, General Treasury. However, in contrary to that, 25 officers had been recruited during the year under review by creating 03 new post to the approved cadre. Further, 182 officers had been recruited for 09 post by exceeding the approved cadre.

ii. Paragraph 9.3.1

Although there should have an approved Scheme of Recruitments and Promotions in the Bureau, such scheme had not prepared and approved for the post in middle and top level management. In this regard, the management have informed to audit that after obtaining the approval for the revised cadre of the Bureau, a revised Recruitment and Promotion Scheme for MM level to HM level will be submitted to the Department of Management Services. However, it was observed that no action had been taken in this regard even as at 30 September 2021.

iii. Paragraph 9.14

Even though there should be a Manual of Procedure providing rules and regulations on all matters relating to management of human resources, the Bureau did not have such approved manual for the smooth and effective administration of human resources of the Bureau.



(d) Section 03 of the Public Administration Circular No. 30/2016 of 29 December 2016.

The consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000 Km or after carrying out a major repaired to the engine whichever occurs first. However, the Bureau had conducted this test during the period from 2016 to 2020 only for 12 vehicles out of 331 vehicles of the Company.

2.2.3 to state that the Bureau has not performed according to its powers, functions and duties as per the requirement in 12 (g) of the National Audit Act, No. 19 of 2018;

2.2.4 to state that the resources of the Bureau had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018;

### 2.3 Other Matters

(a) The Bureau had earned a net interest income of Rs.258,348,266 on its short-term and long term investment of Rs. 3,419,654,531 invested in Repo, fund account and fixed deposits etc. as at the end of the year under review. This net interest income represents 98.98 per cent of the profit before tax of Rs. 261,002,527 for the year under review.

(b) Nine (09) Base Offices of the Bureau in the EPC Division had sustained the operating loss of Rs.93,092,128 in the year 2020 and out of those Base Offices, 05 Base Offices had reported the operating losses since the year 2018 onwards and 03 Base Offices had reported the operating losses since the year 2017. In addition to that, 13 Consulting Divisions of the Bureau had sustained the operating loss of Rs.351,934,685 in the year 2020 and out of those Consultancy Divisions, 03 Divisions had reported the operating losses since the year 2018.

In order to minimize these losses, I would like to point out that the management should focus on identifying the various business diversifications related to construction industry and making maximum use of the existing human and physical resources of the Bureau.

- (c) Out of the completed construction projects in the Bureau's Construction Division by the year 2020, 10 construction works were sustained the gross loss of Rs. 134,509,922.
- (d) According to the information provided to the audit regarding the International Division functioning under the Bureau, No construction revenue was recorded in the year 2020 since there is no construction project was carried out during this year. However, the construction cost of Rs. 2,206,864 was stated in the financial statements related to that Division. Meanwhile, this value was also not mentioned in the previous year's financial statements under the accounts payable. Thus, incurring only construction costs without any ongoing construction project or certified detail bills, the reliability and accuracy of the above construction cost is doubtful in audit.
- (e) Due to the utilization of the resources of the Bureau by its Subsidiary, a sum of Rs.1,652,545,484 had to be recovered from the Subsidiary as at 31 December 2020 and it was stated as dues from related party in the Bureau's Financial Statements. This amount is increasing exponentially from year to year and it was Rs.1,147,466,029 as at 31 December 2015. It was further observed that the management had not taken any effective action to clear this balance from the accounts after considering the available alternatives. Details are below.
- (f) According to the financial statements for the year 2020, the income tax balance payable by the Bureau is Rs. 897,795,802. Out of which Rs. 152,446,819 and Rs.700,484,023 were the balances remained unsettled for over 05 years and 03 years respectively. No action has been taken so far to remit this balance to the Commissioner General of Inland Revenue or to take appropriate action in consultation with the Commissioner General of Inland Revenue.
- (g) The trade debtor balance as at 31 December 2020 as per the financial statements was Rs. 5,977,305,595 and out of which Rs. 2,674,662,841 and Rs. 1,449,987,960 were remained unrecovered for over 3 years and 5 years respectively. Although immediate action should have been taken to ascertain whether these balances were recoverable or not, effective steps had not been taken to do so. It was further observed that, there is a significant delay in respect of payment for progressive bills by the clients. Hence, the management of the Bureau should find a permanent solution with regard to delays of payments in near future.
- (h) The total debtor balance of the EPC Division of the Bureau is Rs. 4,290,523,157 and out of that Rs. 2,628,620,342 or only 61 per cent are the debtor balances

related to projects which are being carried out or completed on the recommendations of the Standard Technical Committee (STC). Although it was stated that the delay in obtaining the approval from the STC had affected the collection of those debtor balances, the Bureau had failed to provide the reasons for the recovery of remaining outstanding debtor balances to the audit.

- (i) Although in completion of 90 per cent of the construction projects the mobilization advances received on a construction project have to be settled in full, such mobilization advances received with regard to 13 completed projects amounting to Rs. 32,942,162 still in the accounts as at 30 November 2021 without being settled. In addition to the above, a debit balance of Rs. 811,714 was shown by the Polannaruwa Base of the Bureau in their mobilization advances received account.
- (j) No action had been taken to recover the retention money with regard to completed or suspended construction projects amounted Rs. 894,598,087 and Rs. 543,001,855 which were remained unrecovered for more than 03 years and 05 years respectively as at 31st December 2020.  
Out of the above balances only Rs. 15,498,200 had been recovered during the period of 01 January to 30 November 2021.
- (k) The Bureau had failed to take fruitful actions to recover the course fees amounting to Rs.7,157,098 from 9 officers who breached the bond agreements entered into with the Bureau and those have gone abroad on no-pay leave during the period of 2007 to 2018.
- (l) The creditors amounting to Rs.218,474,698 and Rs. 647,016,183 retention payables amounting to Rs.521,142,737 and Rs. 403,493,350 had remained unsettled between 3 to 5 years and over five years respectively as at 31 December 2020. Further, accrued expenses amounting to Rs.11,881,461 had also remind outstanding for over one year without being settled as at that date.
- (m) Out of 331 vehicles belongs to the Bureau, only 239 vehicles had been issued fuel for the year 2020 and 44 vehicles of them were trailers and bowsers. As a result, it was observed that the remaining 48 vehicles were not being utilized for any purpose. In addition to that, two of them had been repaired for more than a year and the ownership of one vehicle had not been confirmed.

In the meantime, most of the vehicles had met with accidents in 60 instances during the period from 01 January 2019 to 31 July 2021 and insurance claims with regard to only 57 vehicle accidents have been forwarded to the respective

insurance company. However, the details such as number of vehicles met with accidents, value of insurance claims recovered, cost of repairs etc. had not been provided for audit, while no inquiries had been instituted to ascertain causes for losses and against the persons responsible for these losses. Further, preliminary reports and final reports with regard to investigation of vehicle accidents had not been submitted to Auditor General.

- (n) According to the Procurement Plan prepared for the year 2020, the estimated value of items to be expected to purchase was Rs. 283,677,950. However, the value of actual items purchased during the year 2020 was amounted to Rs. 10,570,195 only. That represent only 3.73 per cent of the estimated value. Thus, it was observed that the Procurement Plan had not been prepared and implemented on a rational basis.
- (o) According to the Action Plan and the Progress Report for the year 2020 presented to audit, no progress was reported with regard to 33 targeted activities to the estimated value of Rs. 27,700,000 belongs to 05 Divisions of the Bureau. This situation has badly affected to the overall performance of the Bureau.
- (p) The Board had taken a decision on 23 June 2020, to implement an Agriculture Engineering Sector Investment Project at Rambankanoya in Ampara District. Accordingly, a sum of Rs. 70 million had been allocated from the Bureau's fund in order to implement this project. The following observations are made in this connection.
  - i. It was decided to obtain a land with an extent of 150 Acres from the Mahawali Authority on 30 years lease basis to carry out this project. However, the Bureau had failed to finalize this matter even up to the date of this report.
  - ii. According to the separate financial statements presented for this project, a sum of Rs. 6,878,623 was spent for the implementation activities by 31 December 2020. Nevertheless, this was not shown as Biological Assets (WIP – Agriculture) or the other investments as per the Notice published in the Government Gazette No. 884 dated 11 August 1995, instead it had been shown as an inventory item in the financial statements of the Bureau.
  - iii. The audit could not rule out the possibility of further escalation of the human-elephant conflict situation, which has now become a serious problem in the country, as the physical audit found that this area was inhabited by elephants.
  - iv. According to the Bureau's officials, approximately 60 acres of maize and 15 acres of undu were cultivated in the above land area. However, the audit did



not provide any confirmation to confirm the actual extent of the above cultivated area. Hence, there is a possibility for being carried out the cultivation in a larger area than reported.

- v. There was no suitable building for storage of harvested maize in the field or in the Ampara work site belonging to the Bureau. It was further observed that the harvested maize was stored in a building under construction and the Bureau had not taken steps to store it so that it could be safely preserved and sold at a higher price.
- vi. The people of the area have staged protests and agitations on several occasions regarding the cultivation in this area and have also resorted to legal action. Therefore, it is observed that there is uncertainty regarding this project.

(q) The Bureau had maintained 78 bank current accounts in licenced commercial banks and the bank balances in those current accounts as at 31 December 2020 was Rs. 425,196,722. The following observations were revealed in operations of these bank accounts.

- i. Although the bank balances amounting to Rs. 3,310,974 was allowed to be idled in 11 bank current accounts for the period ranging 1 to 2 years, the attention of the management had not paid to closed down these dormant bank accounts even up to the date of this report by reviewing half yearly to justify the need for continuously with the bank accounts as per Section 8.4 of the Public Enterprises Circular number PED 12 dated 02 June 2003
- ii. Different of Rs.325,260 was observed between the bank balance shown in the books of accounts and the bank confirmation with regard to a current account (3100210036359) maintain at the Peoples bank.

  
 W.P.C. Wickramaratne  
 Auditor General

## COMPARATIVE FINANCIAL STATEMENTS

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER

	2016		2017		2018		2019		2020	
	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.
Revenue	11,674,570,503	10,333,280,821	15,209,624,006	13,195,637,498	14,273,155,936	9,667,271,046	13,150,718,975	7,548,165,387	9,747,362,699	6,131,839,853
Cost of Sales	(9,853,816,338)	(9,179,818,923)	(13,312,355,493)	(12,075,714,656)	(12,408,766,802)	(8,620,274,575)	(11,764,257,425)	(6,971,370,106)	(8,582,940,839)	(5,633,697,101)
<b>Gross Profit</b>	<b>1,820,754,165</b>	<b>1,153,461,898</b>	<b>1,897,268,513</b>	<b>1,119,922,842</b>	<b>1,864,389,134</b>	<b>1,046,996,471</b>	<b>1,386,461,550</b>	<b>576,795,281</b>	<b>1,164,421,860</b>	<b>498,142,752</b>
Other Income	218,971,425	272,930,388	134,210,273	179,759,198	194,774,284	156,941,619	202,839,680	170,110,297	146,847,310	161,989,858
Administration Costs	(1,151,207,809)	(601,403,438)	(1,395,814,503)	(718,018,736)	(1,474,518,729)	(689,012,073)	(1,451,346,051)	(668,489,960)	(1,370,465,658)	(657,009,722)
Selling & Distribution Expenses	(222,937,513)	(213,573,602)	(140,237,585)	(131,766,570)	(282,120,820)	(279,559,063)	(52,706,532)	(48,715,865)	(600,352)	(468,627)
<b>Results from Operating Activities</b>	<b>665,580,269</b>	<b>611,415,245</b>	<b>495,426,698</b>	<b>449,896,734</b>	<b>302,523,870</b>	<b>235,366,954</b>	<b>85,248,647</b>	<b>29,699,753</b>	<b>(59,796,840)</b>	<b>2,654,261</b>
Finance Income	282,598,968	210,668,182	445,958,333	316,507,931	453,739,544	303,565,802	506,143,480	314,400,265	411,215,478	263,172,677
Financial Charges	(22,135,246)	(6,263,475)	(26,342,723)	(9,753,126)	(56,980,423)	(12,740,273)	(44,602,963)	(4,162,901)	(20,016,867)	(4,824,411)
<b>Net Finance Income</b>	<b>260,463,722</b>	<b>204,404,707</b>	<b>419,615,611</b>	<b>306,754,804</b>	<b>396,759,121</b>	<b>290,825,529</b>	<b>461,540,517</b>	<b>310,237,364</b>	<b>391,198,611</b>	<b>258,348,266</b>
<b>Profit Before Income Tax</b>	<b>926,043,990</b>	<b>815,819,952</b>	<b>915,042,308</b>	<b>756,651,538</b>	<b>699,282,990</b>	<b>526,192,483</b>	<b>546,789,164</b>	<b>339,937,117</b>	<b>331,401,771</b>	<b>261,002,527</b>
Income Tax	(401,823,227)	(376,156,549)	(392,859,134)	(355,346,282)	(173,485,949)	(121,848,247)	(201,424,594)	(136,038,213)	(125,304,608)	(114,052,502)
<b>Net Profit For The Year</b>	<b>524,220,763</b>	<b>439,663,403</b>	<b>522,183,174</b>	<b>401,305,256</b>	<b>525,797,041</b>	<b>404,344,237</b>	<b>345,364,570</b>	<b>203,898,904</b>	<b>206,097,163</b>	<b>146,950,025</b>
Other Comprehensive Income	20,297,204	20,282,110	(6,529,540)	(5,919,064)	105,985,482	106,668,588	<b>306,787,948</b>	<b>307,144,855</b>	<b>217,932,482</b>	<b>25,050,838</b>
<b>Total Comprehensive Income for the Year</b>	<b>544,517,967</b>	<b>459,945,513</b>	<b>515,653,634</b>	<b>395,386,192</b>	<b>631,782,523</b>	<b>511,012,824</b>	<b>652,152,518</b>	<b>511,043,759</b>	<b>424,029,645</b>	<b>172,000,863</b>

Figures in brackets indicates deductions.

## COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER

	2016		2017		2018		2019		2020	
	GROUP Rs.	CECB Rs.								
<b>ASSETS</b>										
<b>Non-Current Assets</b>										
Property, Plant and Equipment	2,905,911,035	2,509,023,699	2,852,702,138	2,372,710,383	2,823,088,623	2,387,873,408	3,231,130,105	2,773,136,175	3,215,359,078	2,619,857,347
Lease Hold Asset	-	-	-	-	74,948,240	74,948,240	87,598,676	72,422,750	72,253,624	57,591,872
Intangible Assets	-	-	-	-	8,574,369	8,574,369	7,642,750	7,642,750	6,711,130	6,711,130
Investments	38,489,824	46,957,402	51,117,849	61,117,869	52,634,700	62,634,720	55,216,573	65,216,593	57,652,773	67,652,793
Differed Tax	-	-	-	-	-	25,274,627	-	-	-	-
<b>Total Non Current Assets</b>	<b>2,944,400,859</b>	<b>2,555,981,101</b>	<b>2,903,819,986</b>	<b>2,433,828,252</b>	<b>2,959,245,932</b>	<b>2,559,305,364</b>	<b>3,381,588,105</b>	<b>2,918,418,269</b>	<b>3,351,976,605</b>	<b>2,751,813,142</b>
<b>Current Assets</b>										
Inventories	785,057,154	16,857,933	832,849,205	10,638,501	756,031,502	10,727,067	737,855,759	10,741,039	740,289,209	17,074,984
Working progress	-	-	-	-	458,346,685	-	79,938,521	-	105,091,340	-
Trade & Other Receivables	11,485,838,621	11,013,443,138	14,779,002,414	14,400,921,345	12,092,206,764	11,485,297,537	13,357,590,461	11,741,494,084	12,408,132,470	10,743,096,216
Short Term Investments	4,081,356,846	3,035,639,354	4,094,534,947	2,983,463,922	5,176,600,458	3,191,494,525	4,868,452,606	3,108,471,017	5,643,211,450	3,352,001,738
Cash and Cash Equivalents	648,439,480	440,730,586	691,640,433	461,781,166	865,760,048	537,695,214	568,539,381	257,291,253	742,951,485	434,517,368
Inter company current accounts	-	1,371,069,905	-	1,565,621,738	-	1,588,871,719	-	1,600,196,674	-	1,652,545,484
<b>Total Current Assets</b>	<b>17,000,692,101</b>	<b>15,877,740,916</b>	<b>20,398,026,999</b>	<b>19,422,426,671</b>	<b>19,348,945,457</b>	<b>16,814,086,063</b>	<b>19,612,376,729</b>	<b>16,718,194,067</b>	<b>19,639,675,954</b>	<b>16,199,235,790</b>
<b>Total Assets</b>	<b>19,945,092,960</b>	<b>18,433,722,017</b>	<b>23,301,846,985</b>	<b>21,856,254,923</b>	<b>22,308,191,389</b>	<b>19,373,391,428</b>	<b>22,993,964,834</b>	<b>19,636,612,336</b>	<b>22,991,652,560</b>	<b>18,951,048,932</b>
<b>EQUITY AND LIABILITIES</b>										
Contributed Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital Reserves	3,028,000	3,028,000	3,028,000	3,028,000	122,414,358	122,414,357	606,345,300	606,345,300	805,058,097	610,507,533
Retained Earning	5,496,994,903	5,204,313,332	6,012,648,538	5,599,699,524	6,086,973,711	5,675,860,567	6,234,940,310	5,640,074,835	6,464,329,390	5,811,985,697
<b>Total Equity</b>	<b>5,500,522,903</b>	<b>5,207,841,332</b>	<b>6,016,176,538</b>	<b>5,603,227,524</b>	<b>6,209,888,069</b>	<b>5,798,774,925</b>	<b>6,841,785,609</b>	<b>6,246,920,134</b>	<b>7,269,887,488</b>	<b>6,422,993,230</b>
<b>Non-Current Liabilities</b>										
Lease Creditors	-	-	-	-	-	-	-	-	-	-
Retirement Benefit Obligation	158,063,895	156,587,664	165,820,347	161,242,343	176,869,571	168,341,721	180,974,438	167,903,375	221,132,721	201,956,738
Deferred Tax	21,820,955	-	22,581,183	-	6,887,518	-	200,932,489	159,166,864	142,626,770	125,139,312
<b>Total Non Current Liabilities</b>	<b>179,884,851</b>	<b>156,587,664</b>	<b>188,401,530</b>	<b>161,242,343</b>	<b>183,757,088</b>	<b>166,341,721</b>	<b>381,906,927</b>	<b>327,070,239</b>	<b>363,759,491</b>	<b>327,096,050</b>
<b>Current Liabilities</b>										
Trade & Other Payables	13,293,081,842	12,120,903,654	16,124,875,069	15,156,893,565	14,909,461,179	12,479,623,765	14,888,563,947	12,190,521,650	14,440,100,481	11,303,163,849
Income Tax Payables	971,603,364	948,389,368	972,393,849	934,891,491	974,665,375	926,651,017	881,708,352	872,100,313	917,905,100	897,795,802
Lease Creditors	-	-	-	-	-	-	-	-	-	-
Bank Overdrafts	-	-	-	-	30,419,679	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>14,264,685,206</b>	<b>13,069,293,022</b>	<b>17,097,268,918</b>	<b>16,091,785,056</b>	<b>15,914,546,232</b>	<b>13,406,274,781</b>	<b>15,770,272,298</b>	<b>13,062,621,963</b>	<b>15,358,005,581</b>	<b>12,200,959,651</b>
<b>Total Liabilities</b>	<b>14,444,570,057</b>	<b>13,225,880,686</b>	<b>17,285,670,447</b>	<b>16,253,027,399</b>	<b>16,098,303,321</b>	<b>13,574,616,502</b>	<b>16,152,179,226</b>	<b>13,389,692,201</b>	<b>15,721,765,072</b>	<b>12,528,055,701</b>
<b>Total Equity and Liabilities</b>	<b>19,945,092,960</b>	<b>18,433,722,017</b>	<b>23,301,846,985</b>	<b>21,856,254,923</b>	<b>22,308,191,389</b>	<b>19,373,391,428</b>	<b>22,993,964,834</b>	<b>19,636,612,336</b>	<b>22,991,652,560</b>	<b>18,951,048,931</b>

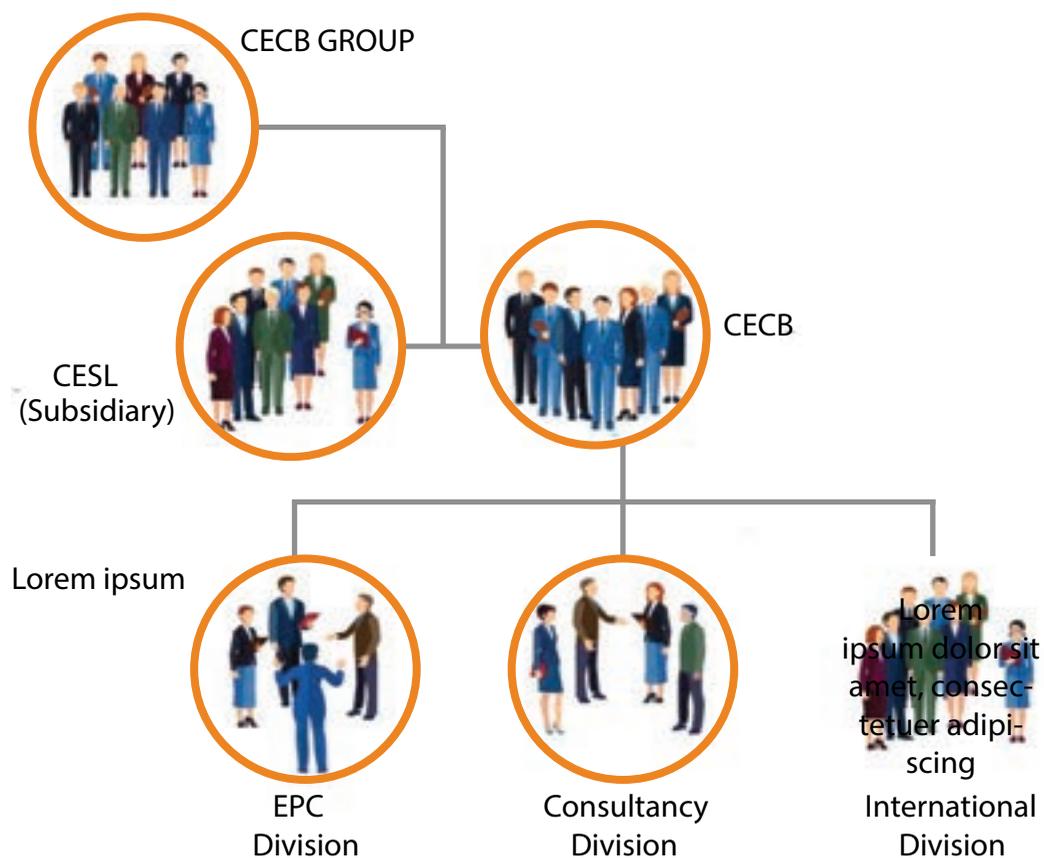
Figures in brackets indicates deductions.

## PERFORMANCE OF CECB

### THE JOURNEY SO FAR

- Our Journey began in the year 1973 as a specialist for Water Resource and Hydro Power projects.
- We diversified into the construction consultancy sector after concluding of mahaweli accelerated program.
- The wings of CECB were further expanded beyond the borders to deliver overseas projects, giving international exposure to the human capital.
- In the year 2016 CECB made a strategic decision to exit from the Construction business and transferred the same to its fully owned subsidiary, Central Engineering Services (Pvt) Ltd (CESL).
- Today,CECB functions as a fully-fledged Engineering Consultancy and related services provider to both public and private sector clients.

## MAIN DIVISIONS



## ACHIEVEMENTS UP TO THE END OF DECEMBER 2020

Number of new consultancy projects  
Undertaken in the year 2020 - 102

Total value of consultancy services

LKR **1,338** Million

Number of new consultancy projects  
completed in the year 2020 - 197

Total value of consultancy services

LKR **624** Million

### WATER RESOURCES DEVELOPMENT PROJECTS

#### UMA OYA MULTI PURPOSE PROJECT

Total Project Cost: LKR 71,400 Mn



#### BROADLANDS HYDROPOWER PROJECT

Total Project Cost: LKR Mn.16, 000



## BUILDING PROJECTS

### DEFENCE HEADQUARTERS COMPLEX PROJECT

Total Project Cost: LKR 55,000 Mn.



### HEAD OFFICE BUILDING FOR MINISTRY OF HEALTH

Total Project Cost: LKR 5,979 Mn.



### MANNING MARKET RELOCATION

Total Project Cost: LKR 4,260 Mn.



### NANOTECHNOLOGY CENTRE OF THE NANO-TECHNOLOGY & SCIENCE PARK

Total Project Cost: LKR 1,400 Mn.



### ATTORNEY GENERAL'S DEPARTMENT BUILDING, COLOMBO 12

Total Project Cost: LKR 1075 Mn.



### 5 STOREYED BUILDING FOR COURT COMPLEX RATNAPURA

Total Project Cost: LKR 1,800 Mn.



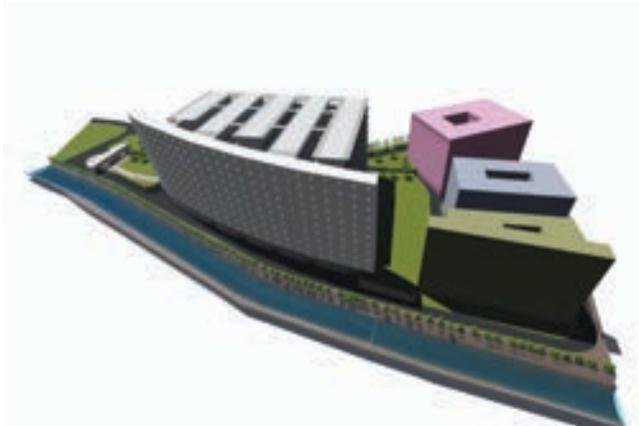
### NEW 17 STORIED OFFICE BUILDING AND FOUR WORKSHOPS FOR THE SRI LANKA PORTS AUTHORITY (SLPA).

Total Project Cost: LKR 4,274 Mn.



### SUPERIOR COURTS COMPLEX AT COLOMBO 12

Total Project Cost: LKR 14,600.00 Mn.



### BRIDGES, HIGHWAYS & RAILWAYS

#### MATARA- BELIATTA RAILWAY EXTENSION PROJECT

Total Project Cost: LKR 40 Bn.



## EXTENSION OF SOUTHERN EXPRESSWAY PROJECT

Total Project Cost: LKR 255,280 Mn.



## CENTRAL EXPRESSWAY PROJECT

Total Project Cost : LKR 137,340 Mn.



## DEVELOPMENT PROJECT

### DEVELOPMENT INFRASTRUCTURE & LANDSCAPE WORKS

Cost: LKR 144,542 Mn.



## PRE-FEASIBILITY AND FEASIBILITY STUDIES

### FEASIBILITY STUDY FOR WEE OYA RESERVOIR

Value of Consultancy Services: LKR 50.41 Mn.



## ELECTRICAL INFRASTRUCTURE DEVELOPMENT

### DESIGN, SUPPLY, INSTALLATION & COMMISSIONING OF GRID CONNECTED SOLAR POWER

### SYSTEMS WITH NET METERING & LIGHTNING PROTECTION FOR NSB BRANCHES (PHASE-3)

Value of Consultancy Services: LKR 4.80 Mn.



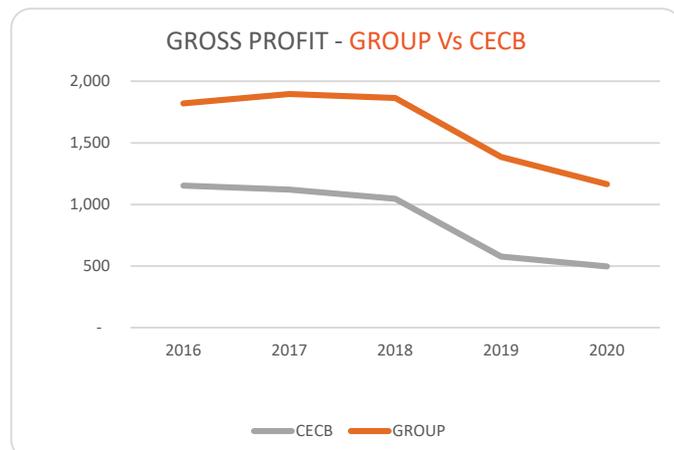
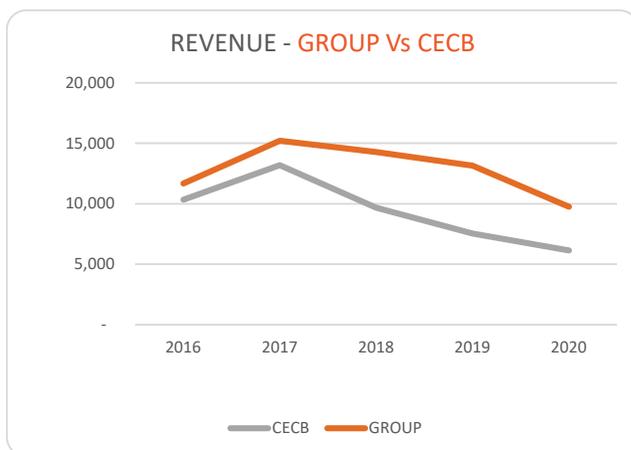
## CECB FINANCIAL PERFORMANCE

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

The CECB Group Revenue of the year 2020 was Rs.9.75 billion reflecting a 26% decrease over the previous year Revenue. CECB Revenue Comparing with the previous year decreased by 18.76% and Gross Profit reduced by 13.69% mainly due to economic recession arose with the Covid 19 pandemic.

Operations of the CECB and the Group for the year 2020 had resulted after tax profit of Rs. 147 Million and Rs. 206 million respectively as compared with the corresponding year after tax profit Rs. 204 million and Rs. 345 million respectively for the preceding year. Total assets value of the Bureau Rs. 18,951 million and profit is represented 0.77% of the Total Assets of the Bureau.

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



## SPECIALIZED AREAS & SERVICES



- Building Services
- Hospital Development
- Architectural Services
- Structural Designs
- Quantity Surveying
- Roads and Bridges
- Railway Works
- Port/ Coastal Works
- Airport Development
- Water Supply & Drainage
- Hydro Power and Energy
- Power Transmission and Distribution
- Water Resource Development
- Technical Audit / Dam Safety
- Electrical & Mechanical Work
- Land Surveying
- Information Technology (IT)
- Environmental Studies
- Project Management
- Geo-technical Investigation & Laboratory Services

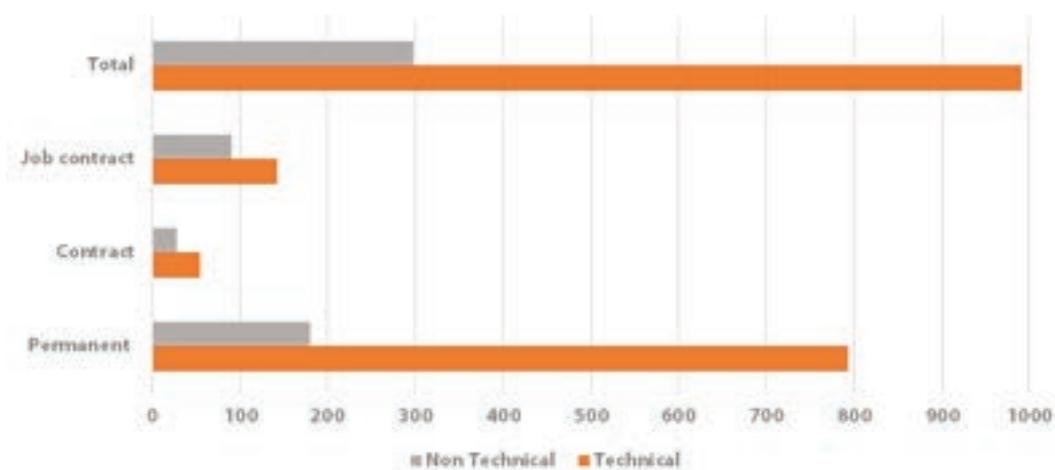


## HUMAN RESOURCE

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

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

## WORKFORCE 2020



	Permanent	Contract	Job Contract	Total
■ Technical	794	55	142	991
■ Non - Technical	180	27	91	298

Total Workforce in 2020 – 1289 Employees.

In 2019, bureau had total of 1360 employees and compared to last year there is a decrease by 5.2%.

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

# CENTRAL ENGINEERING SERVICES (PVT) LTD.

**“ Central Engineering Services (Pvt) Ltd. (CESL) is a fully owned subsidiary of the Central Engineering Consultancy Bureau (CECB), incorporated as a Limited Liability Company in December 2003, under the Companies Act No. 17 of 1982 and re-registered in November 2009 under the Companies Act No. 7 of 2007. ”**

CESL became actively operational at the beginning of 2011, to make use of the opportunity created by the high demand for construction services, as a result of the construction boom during this period. CESL took up the challenges which the industry offered, gaining construction management and technical exposure, as well as its project management know how by working alongside CECB. The Core business of CESL is centered on the construction of Buildings, Roads, Bridges, Irrigation Structures and other Special Projects. The company is also involved in the production of concrete and asphalt for its projects.

CESL construction serves clients in the public sector as well as the private sector. CESL has earned the trust of Government officials, business leaders and administrators by meeting time targets, again on all types of institutional construction projects. Our early entry into the industry as Consultants, under the CECB umbrella, way back in 1973, has taught us many lessons, that presently act as a source of motivation. Also the construction experience obtained under the EPC division of CECB has created a sustainable business environment.

# OUR PHILOSOPHY

## “ VISION

To be the unique model for the construction industry in Sri Lanka. ”

## “ MISSION

Acquiring excellence in construction technology and process innovation with a highly motivated, trained staff whose contribution is adequately recognized. ”

## Corporate Goals

- ✦ Integrated and Transparent Management System for all Functional Areas.
- ✦ Establish a unique Quality, Environment, Health and Safety System.
- ✦ To maintain adequate working capital by diversified investments.
- ✦ To have the best Human Resource base in the construction industry.
- ✦ Effective management of CESL assets as an independent profit making entity.
- ✦ Introduce system improvement methodology using modern technologies to optimize construction cost.
- ✦ To maintain adequate work in hand and develop organizational sustainability.

## BOARD OF DIRECTORS



### Eng. U. S. Karunaratne - Chairman

BSc.Eng. (Hons), C.Eng., FIE (SL), MConsE (SL), MSSE (SL), IntPE (SL)

### Eng. T. D. Wickramarathna - Director

BSc.Eng. (Hons), M.Eng. PG.Dip. (Hydrology), MICE (UK), FIE (SL), C.Eng.



### Eng. A. Galketiya - Director

BSc.Eng., C.Eng., MIE (SL)

### Eng. G. R. A. S. Gunathilake - Director

BSc.Eng. (Hons), MSc. (Hydropower), MSc. (Struct), C.Eng., MIE (SL), MSSE (SL)



### Eng. K. H. Nalin Sanjaya De Silva - Director

BSc.Eng. (Hons), C.Eng., MIE (SL), PMP, MIEEEE (PES), MLABSE

### Eng. S. A. U. D. C. Siriwardhana - Director

BSc.Eng. (Hons), MSc. (Hydraulic Eng.), C.Eng., MIE (SL), M Cons.E (SL), M SLNCOLD (SL), Registered Structural Engineer (SL)



### Mr. D. Mabopitiya - Director

ACA (SL) Chartered Accountant

## Some of the Projects Completed by CESL

- Specialized Pediatric Ward Complex at District General Hospital, Ampara



• Court Complex at Matara



• District/ Magistrates Court at Mullaitivu



• Court Complex at Polonnaruwa



• Accident Service, Theatre Complex, ICU and Wards at North Colombo Teaching Hospital - Ragama (Stage III)



• New Bus Station at Piliyandala



• Accident and Emergency Treatment Unit at District General Hospital Polonnaruwa



• Accident and Emergency Treatment Unit, General Hospital, Kalutara Stage (I & II)



### Head Office

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#### Battaramulla

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#### Galle

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#### Badulla

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#### Ampara

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#### Kanthale

Priyantha Mawatha, Kanthale.  
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#### Polonnaruwa

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#### Jaffna

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Fax : 021 2283850  
Email: ceslnorth@gmail.com