

# ANNUAL REPORT

2021



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



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## INSPIRED TO GO BEYOND

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

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

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

at CECB,

we give wings to such inspiration.

## OUR PHILOSOPHY

### “ VISION

To be a World  
Class Engineering  
Organization ”

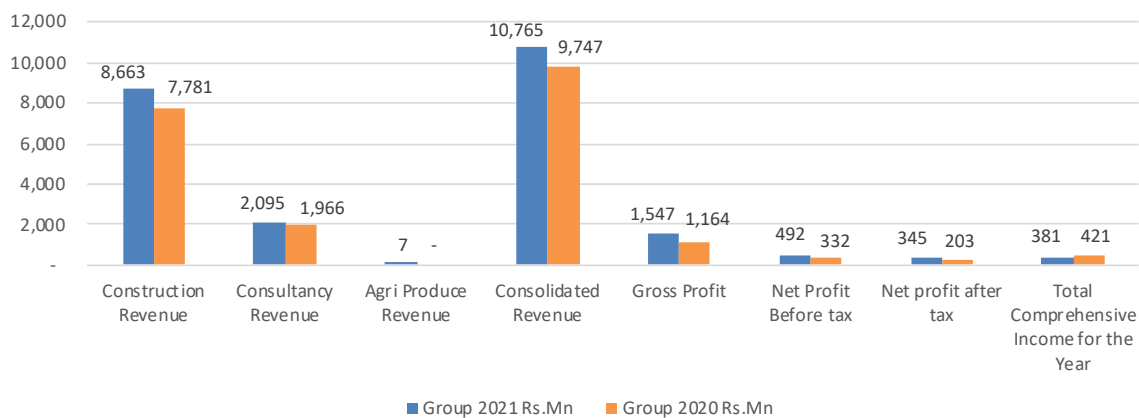
### “ MISSION

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

## FINANCIAL HIGHLIGHTS

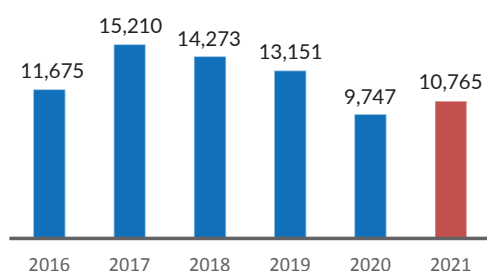
	Group		CECB	
	2021	2020	2021	2020
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Construction Revenue	8,663	7,781	3,947	4,124
Consultancy Revenue	2,095	1,966	2,117	2,008
Agri Produce Revenue	7	-	7	-
Consolidated Revenue	10,765	9,747	6,070	6,132
Gross Profit	1,547	1,164	661	498
Net Profit Before Tax	492	332	237	261
Net profit After Tax	345	203	134	144
Total Comprehensive Income for the Year	381	421	176	169
Total Assets	23,316	23,309	18,765	19,455
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	8,447	8,064	7,393	7,217
Total Equity Equilibrium	23,316	23,309	18,765	19,455
Current Assets	19,629	19,454	14,228	14,547
Current Liabilities	14,543	14,879	11,091	11,907

## FINANCIAL HIGHLIGHTS GROUP

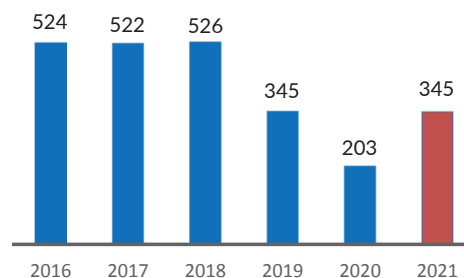


## FINANCIAL HIGHLIGHTS CONT...

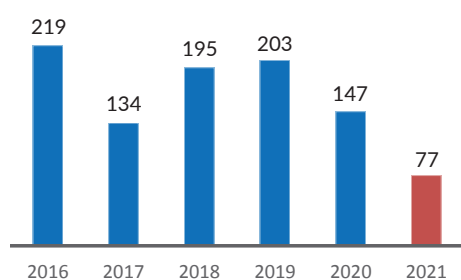
Revenue (Rs.Mn)



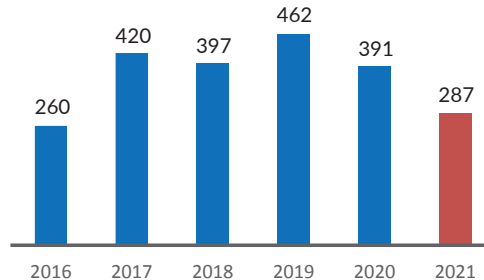
Net Profit (Rs.Mn)



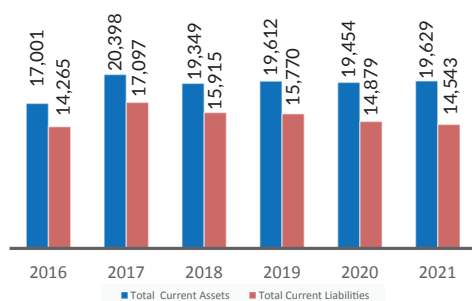
Other Income (Rs.Mn)



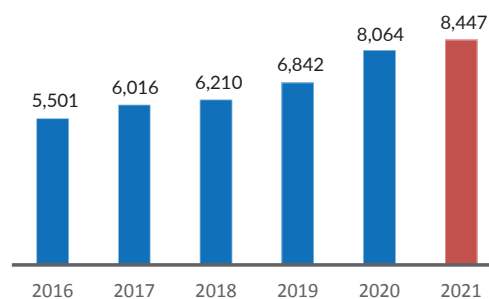
Net Finance Income (Rs.Mn)



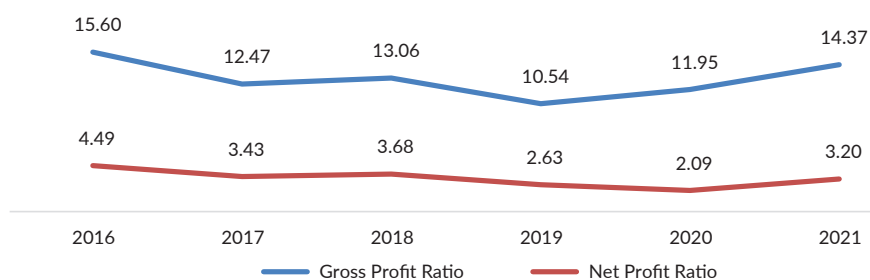
Current Assets &amp; Current Liabilities (Rs.Mn)



Total Equity (Rs.Mn)



Profitability Ratios





## 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)

Appointed as Chairman of the Board from 24.02.2021. Functions concurrently as the Chairman of the Central Engineering Consultancy Bureau, the parent organization of CESL.

Eng. Ivan De Silva has obtained BSc degree from University of Peradeniya in 1979, and M. Eng. Sc degree from the University of New South Wales, Australia in 1993. He has started his career in Irrigation Department as an Irrigation Engineer in 1976, and he has worked in various parts of the country in different positions until he left Sri Lanka at the end of 1997, after serving as the Deputy Director of Irrigation, Polonnaruwa Range from 1993-1997.

He has worked in New Zealand from 1998 until 2005. In mid 2006, he has appointed as Director General, Mahaweli Authority of Sri Lanka and served in this position until he appointed to the post of Secretary to the Ministry of Irrigation and Water Resources Management. He worked in the position of Secretary until end 2014. Eng. Ivan De Silva has again joined Auckland Transport in New Zealand in 2016 as an investigation and Design Engineer and worked in this institution until end of 2019. Presently he is working as the Secretary to the State Ministry of Tank, Reservoirs and Irrigation Development Related to Rural Paddy Fields.



### Eng. K. W. Ivan De Silva | Chairman

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

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**

M.A. (Econ), B.Com. (Sp.Hons), CPFA

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. 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 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. Concurrently serves as Director Operations, General Administration at Asiri Central Hospital and has over 25 years' experience out of which over 13 years 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**



Master of Science in Town and Country Planning  
*University of Moratuwa, Sri Lanka*

Master of Regional Planning  
*University of Kelaniya, Sri Lanka*

Post Graduate Diploma in Urban Management  
*Erasmus University, Netherland*

Bachelor of Science in Estate Management and Valuation  
*University of Sri Jayawardenepura, Sri Lanka*

**Plnr. N. P. K. Ranaweera | Director**

## MANAGEMENT TEAM

**Eng. K.W. Ivan De Silva**  
*Chairman*

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

**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. J.J. Jayasinghe**  
*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. N.K. De Silva**  
*AGM (Justice & Prisons Works)*

**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. N.R. Pothuwila**  
*AGM (EPC-NC&N)*

**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.R.W.K. Heendeniya**  
*AGM (EPC-WP1)*

**Eng. T.N. Thewarapperuma**  
*AGM (Electrical)*

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

**Eng. J.A.D.R.S. KUMARA**  
*AGM (Management)*

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

**Mr. D. Mabopitiya**  
*DGM (Finance)*

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

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

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

## DIRECTORS REPORT

### ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2021

#### Legal Status

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

#### Responsibilities of the Board of Directors

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

#### Best Practices

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

#### Leadership Role

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

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

returns and benefits to its shareholders and other stakeholders.

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

#### Oversight role

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

For this purpose the responsibility of the Board will:

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

## COMPOSITION OF THE BOARD OF DIRECTORS

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

Members of the Board of Directors as follows;

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

## MEETINGS & ATTENDANCE

The Board met in 10 occasions to the Financial Year 2021 and the attendance of the Board of Directors was as follows.

Name	Position	2021									
		26th Jan	23rd Feb	05th Mar	30th Mar	24th May	06th July	09th Sept	28th Oct	30th Nov	28th Dec
Eng. U.S.Karunaratne	Chairman	✓									
Eng. Ivan De Silva	Chairman		✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anura Dissanayake	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. B.K.R.Balasuriya	Director	✓	✓	✓	ab	✓	✓	✓	✓	✓	✓
Eng. Anura Gamage	Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. Nalin Sanjaya De Silva	Director	✓	✓	✓	✓	ab	✓	ab	✓	✓	ab
Mr. Kumudu Kellapatha	Director	✓	ab	ab	✓	✓	✓	✓	ab	✓	✓
Mr. Nihal Rathnayake	Director	✓	✓	ab							
Mr. Prasad Ranaweera	Director						✓	ab	ab	✓	✓

## 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 and the Guidelines on Corporate Governance for state owned enterprises effective from 17th November 2021. The Committee focuses on the objectives in discharging its responsibilities as per Terms of Reference and the requirements of the Government. The Audit Committee has the responsibility of assisting the Board in the task of overseeing to ensure that financial reporting is done in compliance with relevant Sri Lanka Accounting Standards and other applicable legal requirements.

Further the committee should assist the Board to ensure that all relevant rules, regulations and Circulars issued by the Government and complied through continuous reviewing, monitoring, making recommendations to the Board on non- compliance. The Audit Committee should review the Internal/External Audit Reports, Management Letters, COPE recommendations, and help the Board to take remedial actions. Further it should assist the Board to introduce and implement adequate internal control system. The Committee shall meet at least once in three months and report its recommendations to the Board of Directors soon thereafter, along with the minutes of the meeting, to facilitate taking corrective measures. The Terms of Reference of the Audit Committee is 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 and the Guidelines on Corporate Governance for state owned enterprises effective from 17th November 2021, the Audit Committee of Bureau comprises of three (03) Non- Executive Board members, inclusive of Treasury Representative who chairs the committee

The Present Members of the Audit Committee are as follows:

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

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 for the meetings of the year 2021 despite the Covid-19 Pandemic prevailing in the country. The attendances of the committee members were as follows:

Name	2021		
	23rd Mar	30th July	10th Jan - 22
Mr. B.K.R. Balasooriya	✓	✓	✓
Eng. Anura Gamage	✓	✓	✓
Eng. Nalin Sanjaya De Silva	ab	ab	ab

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

AS AT 31ST DECEMBER 2021

### 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	21

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Consolidation

##### (a) Business Consolidation

The group’s financial statements comprise consolidation of the financial statements of the bureau, its subsidiaries in terms of the SriLanka Accounting Standards SLFRS 10-“Consolidated Financial Statements”

##### (b) Subsidiaries

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

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

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

#### 3.2 Current versus non-current classification

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

An asset is current when it is:

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

Or

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

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

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

Or

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

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

### 3.3 Foreign Currency Transactions

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

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

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

### 3.4 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of

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

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

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

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

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

### 3.5 Statement of cash flows

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

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

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

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

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

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

### 3.7 Financial Instruments

#### 3.7.1 Financial Assets and Financial Liabilities

##### (a) Initial Recognition and Measurement

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

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

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

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

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

**(c) Classification of Financial liabilities**

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

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

**(d) Reclassification**

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

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

(ii) Financial liabilities are not reclassified

**(e) Amortised cost Measurement**

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

**(f) Impairment**

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

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

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

**(g) Derecognition of Financial Assets**

The company derecognises a financial assets when:

- The contractual rights to the cash flows from the financial asset expire, or

- It transfers the financial asset and the transfer qualifies for derecognition.

**(h) Derecognition of Financial Liabilities**

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

**3.8 Property, Plant and Equipment****3.8.1 Recognition and Measurement**

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

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

The Group applies cost model to property, plant and equipment 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. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive

income reduces the amount accumulated in equity under the heading of revaluation surplus.

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

### 3.8.2 Freehold Assets

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

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

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

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

### 3.8.3 Leasehold Assets

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

### 3.8.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured

reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### 3.8.5 De-recognition

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

### 3.8.6 Depreciation

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

Asset Category	Useful Lives (years)
Freehold Building	13-14
Office Equipment and Furniture and Fittings	05-08
Construction Instruments and Equipment	04-05
Motor Vehicles	04-10
Plant & Machinery	05
Containers	05
Computers	05
Library Books	08



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

### 3.8.7 Capital Work in Progress

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

### 3.9 Leasehold Property

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

### 3.10 Intangible Assets

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

#### (i) Computer software

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

#### (ii) Amortisation

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

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

#### (iii) De-recognition

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

### 3.11 Inventories

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

### 3.12 Biological Assets

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

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

### 3.13 Work in Progress

Work in Progress represent the cost incurred in resect of unbilled work done as at the end of the year. It is measured at the amont of expenditure incurred from the last date of billing (or Valuation) upto the end of the financial year. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads

incurred in the Group's contract activities based on normal operating capacity.

### 3.14 Trade receivables

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

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

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

### 3.15 Employee benefits

#### (a) Defined contribution plans

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

Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund

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

Fund respectively

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

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

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

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

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

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

### 3.16 Provisions

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

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

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

#### 3.17.1 Revenue

##### (a) Construction Revenue

Construction revenue is recognized in the statement of profit or loss in proportion to the



stage of completion of the contract (based on input method) in accordance with SLFRS 15-Revenue from contracts with customers.

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

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

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

#### **(b) Consultancy Services**

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

- Stage of Completion Method

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

- Invoice Method

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

- Collection Method

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

### **3.17.2 Interest Income**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where

appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Comprehensive Income.

### **3.17.3 Dividend Income**

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

### **3.17.4 Other Income**

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

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

### **3.17.5 Expenditure Recognition**

#### **(a) Construction and consultancy Cost**

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

#### **(b) Other Expenses**

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

### **3.17.6 Taxation**

#### **(a) Current Taxes**

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

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

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

#### **(b) Deferred Tax**

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

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

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

#### **4 ORDINARY SHARE CAPITAL**

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

#### **5 GOING CONCERN**

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

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

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the global economy. In Sri Lanka, several guidelines and

instructions were issued by the government and health authorities which are strictly followed by the Bureau.

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

#### **6 RELATED PARTY TRANSACTIONS**

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

#### **7 CASH FLOW STATEMENT**

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

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

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

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

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2021	Note	GROUP		CECB	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
			Restated		Restated
Revenue	9	10,764,945,256	9,747,362,699	6,070,358,396	6,131,839,853
Cost of Sales	10	(9,217,700,680)	(8,582,940,839)	(5,409,764,379)	(5,633,697,101)
<b>Gross Profit</b>		<b>1,547,244,576</b>	<b>1,164,421,859</b>	<b>660,594,017</b>	<b>498,142,752</b>
Other Income	11	76,943,918	146,847,310	116,258,385	161,989,858
Administration Expenses		(1,379,582,400)	(1,369,989,913)	(681,485,059)	(656,533,976)
Selling and Distribution Expenses		(39,536,687)	(600,352)	(29,212,147)	(468,627)
<b>Results from Operating Activities</b>		<b>205,069,407</b>	<b>(59,321,096)</b>	<b>66,155,195</b>	<b>3,130,007</b>
Finance Income		304,566,882	411,215,478	175,841,764	263,172,677
Finance Cost		(17,749,366)	(20,134,970)	(5,031,999)	(4,942,514)
<b>Net Finance Income</b>	12	<b>286,817,516</b>	<b>391,080,508</b>	<b>170,809,765</b>	<b>258,230,162</b>
<b>Profit Before Tax</b>		<b>491,886,923</b>	<b>331,759,412</b>	<b>236,964,960</b>	<b>261,360,170</b>
Income Tax Expense	14	(147,216,123)	(128,440,689)	(102,910,964)	(117,188,584)
<b>Profit for the Year</b>		<b>344,670,800</b>	<b>203,318,724</b>	<b>134,053,997</b>	<b>144,171,586</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of Defined Benefit Liability	24	7,821,466	(30,398,335)	12,856,238	(28,729,415)
Revaluation of Non Current Assets	28	-	194,550,564	-	-
Related Tax	25	28,604,353	53,780,253	28,604,353	53,780,253
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>36,425,819</b>	<b>217,932,482</b>	<b>41,460,591</b>	<b>25,050,838</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>381,096,619</b>	<b>421,251,206</b>	<b>175,514,588</b>	<b>169,222,424</b>

Figures in brackets indicates deductions.

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

## STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

		GROUP		CECB	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
<b>Assets</b>	Note	Restated		Restated	
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,559,944,053	3,716,436,400	2,982,804,751	3,120,934,669
Right-of-use Assets	16	71,943,960	74,674,948	57,796,383	60,013,196
Intangible Assets	17	9,005,593	6,711,130	9,005,594	6,711,130
Investments	18	46,040,967	57,652,773	56,040,987	67,652,793
Amount Due from Related Parties	21	0.00	-	1,431,239,453	1,652,545,484
<b>Total Non-Current Assets</b>		<b>3,686,934,573</b>	<b>3,855,475,251</b>	<b>4,536,887,168</b>	<b>4,907,857,272</b>
<b>Current Assets</b>					
Inventories	19	1,038,295,881	740,289,209	11,271,578	17,074,984
Work in progress	19	35,198,733	105,091,340	-	-
Trade and Other Receivables	20	11,993,905,308	12,222,371,215	10,642,306,142	10,743,096,216
Short term Investments	18	5,503,658,320	5,643,211,450	3,167,309,884	3,352,001,738
Cash and Cash Equivalents	22	1,058,033,180	742,951,485	406,837,410	434,517,368
<b>Total Current Assets</b>		<b>19,629,091,422</b>	<b>19,453,914,699</b>	<b>14,227,725,014</b>	<b>14,546,690,306</b>
<b>Total Assets</b>		<b>23,316,025,995</b>	<b>23,309,389,950</b>	<b>18,764,612,182</b>	<b>19,454,547,578</b>
<b>Equity and Liabilities</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve	28	92,439,233	92,439,233	92,439,233	92,439,233
Revaluation Reserve		711,168,864	711,168,864	516,618,300	516,618,300
Retained Earnings		7,642,548,267	7,259,945,772	6,783,116,668	6,607,602,081
<b>Total Equity</b>		<b>8,446,656,364</b>	<b>8,064,053,870</b>	<b>7,392,674,201</b>	<b>7,217,159,613</b>
<b>Non-Current Liabilities</b>					
Lease Creditors	23	2,831,243	2,698,968	2,831,243	2,698,968
Employee Benefit Liabilities	24	217,265,979	221,132,721	188,056,503	201,956,738
Deferred Tax	25	106,686,409	142,746,184	90,281,078	125,258,726
<b>Total Non-Current Liabilities</b>		<b>326,783,631</b>	<b>366,577,873</b>	<b>281,168,824</b>	<b>329,914,432</b>
<b>Current Liabilities</b>					
Trade and Other Payables	26	13,836,300,469	14,212,538,224	10,401,415,572	11,261,362,849
Income Tax Payables	27	706,067,802	666,002,256	689,135,857	645,892,958
Lease Creditors	23	217,728	217,728	217,728	217,728
<b>Total Current Liabilities</b>		<b>14,542,585,999</b>	<b>14,878,758,207</b>	<b>11,090,769,157</b>	<b>11,907,473,533</b>
<b>Total Liabilities</b>		<b>14,869,369,630</b>	<b>15,245,336,080</b>	<b>11,371,937,981</b>	<b>12,237,387,965</b>
<b>Total Equity and Liabilities</b>		<b>23,316,025,995</b>	<b>23,309,389,950</b>	<b>18,764,612,182</b>	<b>19,454,547,578</b>

Figures in brackets indicates deductions.

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


D. Mabopitiya  
DEPUTY GENERAL MANAGER (FINANCE)

Eng. G.R.A.S. Gunathilake  
GENERAL MANAGERThe 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  
31 March 2022  
Colombo

Eng. N.S. De Silva  
DIRECTOR

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2021

	GROUP		CECB	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
	Restated		Restated	
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	491,886,923	331,759,412	236,964,960	261,360,170
<b>Adjustments for:</b>				
Depreciation on Property, Plant and Equipments	319,372,158	321,203,518	154,713,571	173,011,568
Amortisation of Leased Hold Property	2,730,988	2,730,962	2,216,813	2,216,788
Amortisation of Intangible Assets	2,013,537	931,619	2,013,537	931,619
Provision for Bad and Doubtful Debts	35,978,236	-	28,360,636	-
Reversal of Bad and Doubtful Debts	(18,710,745)	(51,810,040)	(18,710,745)	(51,810,040)
Provision / (Reversal) for Gratuity	39,652,404	42,622,792	32,564,563	36,872,951
Net Finance Income	(286,817,516)	(391,080,508)	(170,809,765)	(258,230,162)
Previous Period Adjustments	1,505,876	(90,000)	-	(90,000)
(Profit) / Loss on disposal of Property, Plant and Equipments	(2,993,447)	(21,118,910)	(4,788,101)	(21,922,683)
<b>Operating Profit before Working Capital Changes</b>	<b>584,618,414</b>	<b>235,148,845</b>	<b>262,525,472</b>	<b>142,340,212</b>
(Increase)/Decrease in Inventories	(298,006,672)	(2,433,450)	5,803,406	(6,333,945)
(Increase)/Decrease in Work In Progress	69,892,607	(25,152,819)	-	-
(Increase)/Decrease in Trade and Other Receivables	211,198,416	1,001,268,044	91,140,183	1,050,207,908
(Increase)/Decrease in Amounts Due from Related Companies	(0)	(0)	221,306,031	(52,348,809)
Increase/(Decrease) in Trade and Other Payables	(376,237,755)	(448,463,466)	(859,947,276)	(887,357,801)
<b>Cash Generated from Operating Activities</b>	<b>191,465,014</b>	<b>760,367,153</b>	<b>(279,172,183)</b>	<b>246,507,565</b>
Interest paid	(17,749,366)	(20,134,970)	(5,031,999)	(4,942,514)
Tax paid	(114,605,999)	(93,633,326)	(66,041,360)	(68,604,312)
Gratuity paid	(35,697,680)	(32,862,844)	(33,608,560)	(31,549,003)
<b>Net Cash Flows from Operating Activities</b>	<b>23,411,968</b>	<b>613,736,013</b>	<b>(383,854,098)</b>	<b>141,411,736</b>
<b>Cash Flows from Investing Activities</b>				
Investment in Property Plant and Equipment	(165,077,068)	(107,251,082)	(15,405,436)	(10,570,195)
Investment in Capital Work in Progress	(1,749,524)	(6,925,301)	(1,474,449)	(6,925,301)
Investment in Leased Hold Property	-	12,750,000	-	12,750,000
Investment in Intangible Assets	(4,308,000)	-	(4,308,000)	-
Sales Proceed on Disposal of Property Plant and Equipment	6,940,227	27,963,935	5,084,326	23,236,016
Investment / Disposal of Long Term Deposit	11,611,806	(2,436,200)	11,611,806	(2,436,200)
Investment / Disposal of Short Term Deposit	139,553,130	(774,758,844)	184,691,854	(243,530,721)
Interest Income	304,566,882	411,215,478	175,841,764	263,172,677
<b>Net Cash Flows from Investing Activities</b>	<b>291,537,453</b>	<b>(439,442,012)</b>	<b>356,041,864</b>	<b>35,696,276</b>
<b>Cash Flows from Financing Activities</b>				
Payment of Finance Lease Liabilities	132,275	118,103	132,275	118,103
<b>Net Cash from Financing Activities</b>	<b>132,275</b>	<b>118,103</b>	<b>132,275</b>	<b>118,103</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	315,081,695	174,412,104	(27,679,959)	177,226,115
Cash and Cash Equivalent at the beginning	742,951,485	568,539,381	434,517,368	257,291,253
<b>Cash and Cash Equivalent at the end (Note 22)</b>	<b>1,058,033,180</b>	<b>742,951,485</b>	<b>406,837,409</b>	<b>434,517,368</b>

Figures in brackets indicates deductions.

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

## STATEMENT OF CHANGES IN EQUITY - CECB

	CECB				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st January 2020</b>	500,000	88,277,000	518,068,300	5,640,074,835	6,246,920,134
Correction of errors relating to previous years (Note 1)	-	-	(1,450,000)	798,394,822	796,944,822
<b>Restated balance as at 01st January 2020</b>	500,000	88,277,000	516,618,300	6,438,469,656	7,043,864,956
Restated Net Profit For the Year	-	-	-	144,171,587	144,171,587
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>516,618,300</b>	<b>6,607,602,081</b>	<b>7,217,159,613</b>
<b>Balance as at 01st January 2021</b>	500,000	92,439,233	516,618,300	6,607,602,081	7,217,159,613
Net Profit For the Year	-	-	-	134,053,996	134,053,996
Other Comprehensive Income for the year, net of tax	-	-	-	41,460,591	41,460,591
<b>Balance as at 31st December 2021</b>	<b>500,000</b>	<b>92,439,233</b>	<b>516,618,300</b>	<b>6,783,116,668</b>	<b>7,392,674,201</b>

	GROUP				
	Contributed Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st January 2020</b>	500,000	88,277,000	518,068,300	6,234,940,308	6,841,785,607
Correction of errors relating to previous years (Note 1)	-	-	(1,450,000)	798,394,822	796,944,822
<b>Restated balance as at 01st January 2020</b>	500,000	88,277,000	516,618,300	7,033,335,130	7,638,730,429
Restated Net Profit For the Year	-	-	-	203,318,725	203,318,725
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>711,168,864</b>	<b>7,259,945,772</b>	<b>8,064,053,869</b>
<b>Balance as at 01st January 2021</b>	500,000	92,439,233	711,168,864	7,259,945,772	8,064,053,869
Profit For the Year	-	-	-	344,670,800	344,670,800
Other Comprehensive Income for the year, net of tax	-	-	-	36,425,819	36,425,819
Prior Year Adjustment - Note 2	-	-	-	1,505,876	1,505,876
<b>Balance as at 31st December 2021</b>	<b>500,000</b>	<b>92,439,233</b>	<b>711,168,864</b>	<b>7,642,548,267</b>	<b>8,446,656,364</b>

**Note 1 - Correction of errors relating to previous years**

Over provision of Income Tax of Rs. 254.9 Mn has been adjusted inline with Inland Revenue Department assessment and tax returns submitted.

Correction of over/under provision of VAT liability of Rs. 41.8 Mn

Lease hold land erroneously recorded under PPE, correctly recognized under Right-of-use assets Rs. 45.2 Mn

Correction of net book value of buildings at Central and North Central bases as per the valuation report and write-off of the cost of demolished buildings Rs. 4 Mn

Derecognition of land value and dismantle of steel building in East base Rs. 26.3 Mn.

Correction of classification error between revaluation reserves and retained earnings Rs 1.4 Mn.

**Note 2 - Prior year adjustment**

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

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021	GROUP		CECB	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
	Restated		Restated	
<b>9 Revenue</b>				
Construction Revenue	8,663,484,841	7,780,864,338	3,947,261,232	4,124,050,423
Consultancy Revenue	2,094,868,158	1,966,498,361	2,116,504,906	2,007,789,429
Agri Produce Revenue	6,592,257	-	6,592,257	-
	10,764,945,256	9,747,362,699	6,070,358,396	6,131,839,853
<b>10 Cost of sales</b>				
Construction Cost	7,547,543,286	6,929,616,189	3,736,624,945	3,979,101,085
Consultancy Cost	1,662,080,320	1,653,324,649	1,665,062,361	1,654,596,015
Agri Produce Cost	8,077,073	-	8,077,073	-
	9,217,700,680	8,582,940,839	5,409,764,379	5,633,697,101
<b>11 Other Income</b>				
Miscellaneous Revenue	56,872,261	68,060,520	36,595,031	21,960,349
Hiring Income	53,378,763	20,115,513	20,158,295	32,524,117
Gain on Disposal of property plant & equipment	2,993,447	21,131,610	4,788,101	21,935,383
Reimbursable costs	(0.00)		30,468,939	32,614,884
Foreign exchange gain/(loss)	5,537,274	1,145,085	5,537,274	1,145,085
Bad Debt Provision Reversal	18,710,745	51,810,040	18,710,745	51,810,040
Loss on Asphalt/Crusher Plant	(60,753,937)	(16,805,424)	-	-
Commission Income	205,364	1,389,966	-	-
	76,943,918	146,847,310	116,258,385	161,989,858
<b>12 Net Finance Income</b>				
Finance Income				
Interest Income	304,566,882	411,215,478	175,841,764	263,172,677
	304,566,882	411,215,478	175,841,764	263,172,677
<b>13 Finance Cost</b>	(17,749,366)	(20,134,970)	(5,031,999)	(4,942,514)
<b>Net Finance Income</b>	286,817,516	391,080,508	170,809,765	258,230,162
<b>14 Income Tax Charge at</b>				
Income Tax @ 14%	46,050,480	-	663,193	-
Income Tax @ 24%	108,621,065	132,846,742	108,621,065	97,316,470
Income Tax @ 28%	-	-	-	-
<b>Current Income Tax Expenses</b>	154,671,545	132,846,742	109,284,258	97,316,470

## 15 PROPERTY PLANT AND EQUIPMENT

AS AT 31ST DECEMBER 2021	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.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>																								
Balance as at 1st January 2021	1,707,886,445	857,741,238			65,381,455	130,743,932	130,743,932		71,066,623	225,200,725		1,709,753	136,459,952		489,846,869		1,949,503	13,304,547					3,701,291,042	
Adjustment to opening balances	498,613,555	(12,998,700)																					485,614,855	
Balance as at 01.01.2021 (restated)	2,206,500,000	844,742,539			65,381,455	130,743,932	130,743,932		71,066,623	225,200,725		1,709,753	136,459,952		489,846,869		1,949,503	13,304,547					4,186,905,897	
Additions during the year	-	-			1,425,984	1,279,176	1,279,176		1,332,457	6,122,000		-	5,240,069		-		5,750	1,474,449					16,879,885	
Disposals / Write off during the year	-	-			(712,954)	(5,573,686)	(5,573,686)		(1,550,510)	(2,788,997)		-	(1,500,621)		-		-	-					(12,126,767)	
<b>Balance as at 31st December 2021</b>	2,206,500,000	844,742,539			66,094,485	126,449,422	126,449,422		70,848,570	228,533,728		1,709,753	140,199,401		489,846,869		1,955,253	14,778,996					4,191,659,015	
<b>Accumulated Depreciation</b>																								
Balance as at 1st January 2021	-	512,054,486			47,586,881	114,439,818	114,439,818		54,080,201	180,285,950		1,700,205	114,479,305		55,144,399		1,662,457						1,081,433,702	
Adjustment to opening balances	-	(15,462,467)																					(15,462,467)	
Balance as at 01.01.2021 (restated)	-	496,592,019			47,586,881	114,439,818	114,439,818		54,080,201	180,285,950		1,700,205	114,479,305		55,144,399		1,662,457						1,065,971,235	
Charge for the year	-	62,865,840			4,444,060	5,492,137	5,492,137		5,281,696	18,089,273		-	9,538,917		48,914,564		87,084						154,713,571	
Disposals during the year	-	-			(634,499)	(5,541,169)	(5,541,169)		(1,369,621)	(2,788,997)		-	(1,496,256)		-		-	-					(11,830,542)	
<b>Balance as at 31st December 2021</b>	-	559,457,860			51,396,442	114,390,786	114,390,786		57,992,276	195,586,226		1,700,205	122,521,966		104,058,963		1,749,541						1,208,854,264	
<b>Net Book Value</b>																								
Balance as 31st December 2020	2,206,500,000	348,150,519			17,794,574	16,304,113	16,304,113		16,986,422	44,914,775		9,547	21,980,647		434,702,470		287,046	13,304,547					3,120,934,662	
<b>Balance as at 31st December 2021</b>	2,206,500,000	285,284,679			14,698,044	12,058,636	12,058,636		12,856,294	32,947,502		9,547	17,677,435		385,787,906		205,713	14,778,996					2,982,804,751	

\* 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. 295,813,575/- (Rs.269,243,803/- in 2020)

As at 31.12.2020																								
Fully depreciated	-	-			20,399,132	91,870,095	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	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	
As at 31.12.2021																								
Fully depreciated					31,824,294	75,282,790	75,282,790		29,664,373	62,430,114		1,608,418	91,112,047		2,676,329		1,215,210						295,813,575	
Depreciating	2,206,500,000	844,742,539			34,270,191	51,166,632	51,166,632		41,184,197	166,103,614		101,335	49,087,354		487,170,540		740,043	14,778,996					3,895,845,440	



## 15 PROPERTY PLANT AND EQUIPMENT

AS AT 31ST DECEMBER 2021	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.	
<b>Cost</b>												
Balance as at 1st January 2021	1,716,301,592	922,058,997	104,864,703	589,881,811	125,732,443	575,416,055	55,202,629	210,494,768	683,781,036	2,437,908	41,131,163	5,027,303,104
Adjustment to opening balances	498,613,555	(12,998,700)										485,614,855
<b>Balance as at 01.01.2021(restated)</b>	<b>2,214,915,147</b>	<b>909,060,297</b>	<b>104,864,703</b>	<b>589,881,811</b>	<b>25,732,443</b>	<b>575,416,055</b>	<b>55,202,629</b>	<b>210,494,768</b>	<b>683,781,036</b>	<b>2,437,908</b>	<b>41,131,163</b>	<b>5,512,917,960</b>
Additions during the year	-	-	3,004,715	118,495,717	5,486,339	21,605,643	1,492,000	14,951,803	-	40,850	1,749,524	166,826,591
Disposals during the year	-	-	(1,849,924)	(13,735,671)	(3,709,127)	(7,782,336)	-	(3,000,835)	(341,000)	-	-	(30,418,894)
<b>Balance as at 31st December 2021</b>	<b>2,214,915,147</b>	<b>909,060,297</b>	<b>106,019,494</b>	<b>694,641,856</b>	<b>127,509,655</b>	<b>589,239,362</b>	<b>56,694,629</b>	<b>222,445,736</b>	<b>683,440,036</b>	<b>2,478,758</b>	<b>42,880,687</b>	<b>5,649,325,657</b>
<b>Accumulated Depreciation</b>												
Balance as at 1st January 2021	-	549,182,323	66,880,291	403,429,202	83,990,678	452,848,699	31,678,682	164,284,859	57,806,989	1,842,305	-	1,811,944,028
Adjustment to opening Balance		(15,462,467)										(15,462,467)
<b>Balance as at 01.01.2021(restated)</b>	<b>-</b>	<b>533,719,856</b>	<b>66,880,291</b>	<b>403,429,202</b>	<b>83,990,678</b>	<b>452,848,699</b>	<b>31,678,682</b>	<b>164,284,859</b>	<b>57,806,989</b>	<b>1,842,305</b>	<b>-</b>	<b>1,796,481,561</b>
Charge for the year	-	67,689,672	8,814,727	88,723,794	11,956,823	51,195,154	6,475,895	20,354,998	64,012,792	148,303	-	319,372,158
Disposals during the year	-	-	(1,222,952)	(12,112,634)	(2,945,492)	(7,295,506)	-	(2,854,931)	(40,601)	-	-	(26,472,114)
<b>Balance as at 31st December 2021</b>	<b>-</b>	<b>601,409,528</b>	<b>74,472,067</b>	<b>480,040,363</b>	<b>93,002,009</b>	<b>496,748,347</b>	<b>38,154,577</b>	<b>181,784,926</b>	<b>121,779,180</b>	<b>1,990,607</b>	<b>-</b>	<b>2,089,381,605</b>
<b>Net Book Value</b>												
Balance as 31st December 2020	2,214,915,147	375,340,441	37,984,412	186,452,608	41,741,765	122,567,356	23,523,947	46,209,909	625,974,047	595,603	41,131,163	3,716,436,400
<b>Balance as at 31st December 2021</b>	<b>2,214,915,147</b>	<b>307,650,769</b>	<b>31,547,427</b>	<b>214,601,493</b>	<b>34,507,646</b>	<b>92,491,014</b>	<b>18,540,052</b>	<b>40,660,810</b>	<b>561,660,856</b>	<b>488,151</b>	<b>42,880,687</b>	<b>3,559,944,053</b>
Capital work in progress includes the cost of internally developed software in the subsidiary (Central Engineering Services (Pvt) Ltd).												
				CECB								
				Group	As at 31.12.2021	As at 31.12.2020	As at 31.12.2021	As at 31.12.2020				
Internal Developed Software												
Balance at the beginning of the year				23,638,848	17,395,714	11,743,134	5,500,000					
Cost incurred during the year				-	6,243,134	6,243,134						
				<b>23,638,848</b>	<b>23,638,848</b>	<b>11,743,134</b>	<b>11,743,134</b>					
Land/Building Construction												
Balance at the beginning of the year				17,492,314	20,620,368	1,561,412	879,246					
Capitalized during the year				1,749,524	682,166	1,474,449	682,166					
Cost incurred during the year				19,241,838	17,492,314	3,035,861	1,561,412					
				<b>42,880,686</b>	<b>41,131,162</b>	<b>14,778,995</b>	<b>13,304,546</b>					

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2021	GROUP		CECB	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
		Restated		Restated
<b>16 Right-of-use Assets</b>				
Prepaid Lease rental paid to acquire land use right are amortized over the lease term in accordance with pattern benefits provided. Lease Hold Property Comprising of land use rights and stated at valuation are amortized on a Straight line basis over the remaining lease term. The impairment loss if any is recognized in the statement of Profit or Loss.				
At Beginning of the year	74,674,948	90,155,910	60,013,196	74,979,984
Acquisition during the year	-	-	-	-
Reversal of Valuation	-	(12,750,000)	-	(12,750,000)
Amortization	(2,730,988)	(2,730,962)	(2,216,813)	(2,216,788)
At end of the year	71,943,960	74,674,948	57,796,383	60,013,196
Lease hold property is the land which use to construct WP 01 base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 4th September 2018 and is being amortized on a straight line basis over a period of 30 year which commence from 4th September 2018. (CECB)				
The Lease hold lands situated in No 10, Sri Rathana Mawatha, Ampara and Priyantha Mawatha, Kanthale on a 30 years long term lease agreement entered with the Land Commissioner General's Department. Which Commenced from year 2009 and are being amortized on a straight line basis over a period of 30 years which commence from 2019. (CECB)				
Lease hold property is the land which use to construct Sabaragamuwa base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 08th July 2019 and is being amortised on a straight line basis over a period of 30 year which commence from 08th July 2019. (CESL)				
<b>16.1 Details of Right-of-use Assets</b>				
<b>Property</b>	<b>Land Extent (in areas)</b>	<b>Lease Period</b>		
Land at Parliament	0A-2R-20.00P	30 Years from	55,510,969	57,591,872
Road, Battaramulla		04.09.2018		
Plan No 582	(Lot nos 7,8 & 9)	30 Years	14,147,577	14,661,752
New Town Ratnapura	60P	From 08.07.2019		
Ampara District Jayawardenapura Village		Ha.1012	1,884,619	1,995,479
Plan No 484	(Deed 280006)	30 Years		
Kanthale	(A:1,R:1,P:11.93)	30 years from 2008	400,795	425,845
			71,943,960	74,674,949
			57,796,383	60,013,196
<b>17 Intangible Assets</b>				
<b>Cost/ Revaluation</b>				
At 1st January	8,817,028	8,817,028	8,817,028	8,817,028
Addition	4,308,000	-	4,308,000	-
At 31st December	13,125,028	8,817,028	13,125,028	8,817,028
<b>Amortization and Impairment</b>				
At 1st January	(2,105,897)	(1,174,278)	(2,105,897)	(1,174,278)
Amortization	(2,013,537)	(931,619)	(2,013,537)	(931,619)
At 31st December	(4,119,434)	(2,105,897)	(4,119,434)	(2,105,897)
<b>Carrying Value</b>				
As at 31st December 2020	6,711,130	7,642,750	6,711,130	7,642,750
As at 31st December 2021	9,005,593	6,711,130	9,005,594	6,711,130
Intangible Asset mainly consist of Transport Modelling ,Air Quality software and Architecture Engineering Construction Collection IC Commercial (Auto Desk) Software purchased from DHI (India) Water & Environment (Pvt) Ltd,Lakes Environmental consultants INC and Bloomberg Solutions (Pvt) Ltd respectively.				
<b>18 Investments</b>				
Long term investment (Note 18.1)	46,040,967	57,652,773	56,040,987	67,652,793
Short term investment (Note 18.2)	5,503,658,320	5,643,211,450	3,167,309,884	3,352,001,738
	5,549,699,287	4,145,652,796	3,223,350,872	3,419,654,531
<b>18.1 Long term investment</b>				
Loans and receivable financial assets				
Investment in Fixed Deposit	44,040,967	55,652,773	44,040,967	55,652,773
Available for sale financial assets				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	46,040,967	57,652,773	46,040,967	57,652,773
Investment in subsidiary (Unquoted)				
Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	-	-	10,000,020	10,000,020
	46,040,967	57,652,773	56,040,987	67,652,793
<b>18.2 Short term investment</b>	5,503,658,320	5,643,211,450	3,167,309,884	3,352,001,738
<b>Fixed Deposits pledged as security</b>				
Fixed deposit amounting to Rs. 25Mn held at Bank of Ceylon has been pledged against individual loan facilities granted to CECB employees by Bank of Ceylon under concessionary personal loan scheme . Out of total interest paid by employees 40% on interest cost is subsidized by CECB through the interest income earned on deposit pledged against the loan facilities and such expenses (Rs 1,653,154 in 2021 and Rs. 2,009,806 in 2020) have been charged in the income statement.				
As at reporting date Fixed Deposits amounting to Rs. 460 Mn & Rs 1,040 Mn have been pledged by CECB and CESL respectively as securities against bank guarantee facilities obtained from banks.				

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2021	GROUP		CECB	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
	Restated		Restated	
<b>19 Inventories</b>				
Inventories	1,030,550,136	732,912,564	3,525,833	10,196,361
Biological Assets (Work in Progress-Agriculture)	7,745,745	6,878,623	7,745,745	6,878,623
Disposal of Material	-	498,018	-	-
	<b>1,038,295,881</b>	<b>740,289,209</b>	<b>11,271,578</b>	<b>17,074,984</b>
<b>Work in Progress</b>	<b>35,198,733</b>	<b>105,091,340</b>		
Opening Balance	105,091,340	79,938,521	-	-
Reversal of PY adjustment	(105,091,340)	(79,938,521)	-	-
WIP for the current year	35,198,733	105,091,340	-	-
Closing Balance	<b>35,198,733</b>	<b>105,091,340</b>	-	-
<b>20 Trade and Other Receivables</b>				
Trade Receivables (Note 20.1)	11,495,877,661	11,070,876,764	7,247,301,211	7,380,531,142
Other Receivables (Note 20.2)	82,894,635	87,653,881	45,629,461	53,597,467
Deposits, Prepayments and Advances (Note 20.3)	415,133,013	1,063,840,570	3,349,375,470	3,308,967,608
	<b>11,993,905,308</b>	<b>12,222,371,215</b>	<b>10,642,306,142</b>	<b>10,743,096,216</b>
<b>20.1 Trade Receivables</b>				
Debtors	7,451,049,876	7,429,509,280	5,630,413,222	5,965,831,007
Due from customers	2,176,612,288	2,150,379,800	680,392,142	551,327,371
Retention receivables	3,730,555,048	3,421,125,867	2,680,084,033	2,682,377,182
Less - Provision for Impairment (Note 20.1.1)	(1,862,339,552)	(1,930,138,183)	(1,743,588,187)	(1,819,004,419)
	<b>11,495,877,661</b>	<b>11,070,876,764</b>	<b>7,247,301,211</b>	<b>7,380,531,142</b>
<b>20.1.1 Provision for Impairment</b>				
Balance at the beginning of the year	1,930,138,183	1,986,607,314	1,819,004,419	1,875,473,550
Amounts written off	(85,066,122)	(56,469,131)	(85,066,122)	(56,469,131)
Reversal of bad debt provision	(18,710,745)		(18,710,745)	
Provision for Bad Debt - Specific Provision	35,978,236	-	28,360,636	-
Balance at the end of the year	<b>1,862,339,552</b>	<b>1,930,138,183</b>	<b>1,743,588,187</b>	<b>1,819,004,419</b>
The Group assesses whether there is any objective evidence that trade receivables have been impaired at the reporting date. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.				
<b>20.2 Other Receivables</b>				
Staff Loans	28,747,519	35,245,330	24,706,771	30,806,402
Prepaid Staff Cost	2,012,819	3,708,360	1,745,120	2,769,525
Sundry Debtors	51,288,869	47,220,665	19,474,002	19,683,873
WHT Receivable	845,428	1,479,526	(296,431)	337,666
	<b>82,894,635</b>	<b>87,653,881</b>	<b>45,629,461</b>	<b>53,597,467</b>
<b>20.3 Deposits, Prepayments and Advances</b>				
Deposits	24,233,791	24,149,311	9,256,990	9,720,806
Mobilization Advance paid	202,273,129	949,362,816	3,332,332,584	3,288,546,751
Advances	173,957,225	77,926,320	3,679,544	8,154,083
Prepayments	14,668,868	12,402,123	4,106,351	2,545,968
	<b>415,133,013</b>	<b>1,063,840,570</b>	<b>3,349,375,470</b>	<b>3,308,967,608</b>
<b>21 Amount Due from Related Party Companies</b>				
Central Engineering Services (Private) Limited		-	<b>1,431,239,453</b>	<b>1,652,545,484</b>
		-	<b>1,431,239,453</b>	<b>1,652,545,484</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2021	GROUP		CECB		
	2021	2020	2021	2020	
	Rs.	Rs.	Rs.	Rs.	
		Restated		Restated	
22	Cash and Cash Equivalents				
	Favorable Balances				
	Cash in hand and at bank	851,492,894	732,633,822	386,421,987	425,196,722
	Bank Imprest	269,607	269,607	269,607	269,607
	Cheque in Transit	206,270,680	10,048,056	20,145,817	9,051,039
	Cash and Cash Equivalents for the Cash Flow Purpose	1,058,033,180	742,951,485	406,837,411	434,517,368
23	Lease Creditors				
	Balance as at 1st January	2,916,696	2,798,593	2,916,696	2,798,593
	Interest Expense	350,004	335,831	350,004	335,831
	Payments made during the year	(217,728)	(217,728)	(217,728)	(217,728)
	Balance as at 31st December	3,048,972	2,916,696	3,048,972	2,916,696
	Amount payable within one year	217,728	217,728	217,728	217,728
	Amount payable after one year	2,831,243	2,698,968	2,831,243	2,698,968
		3,048,971	2,916,696	3,048,971	2,916,696
24	Employee Benefits				
	Balance as at 1st January	221,132,721	180,974,438	201,956,738	167,903,375
	Provision for the year	39,652,404	42,622,792	32,564,563	36,872,951
	(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	(7,821,466)	30,398,335	(12,856,238)	28,729,415
	Payment made during the year	(35,697,680)	(32,862,844)	(33,608,560)	(31,549,003)
	Balance as at 31st December	217,265,979	221,132,721	188,056,503	201,956,738
The Employee benefit obligation of CECB as at 31st December 2021 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 2021 of CECB Rs 188 Mn and Group is Rs.217 Mn.					
a)					
b)	Key assumptions used in the computation includes the following;				
	Rate of Discount	11.60%	8.5%	11.60%	8.5%
	Employee Turnover Factor	0.02% -0.07%	0.00% -0.09%	0.02% -0.07%	0.00% -0.09%
	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	18,796,282	21,651,577	17,166,323	20,148,405
	Current Service Cost	20,856,122	20,971,216	15,398,240	16,724,547
	Net Actuarial Gain/(Loss) recognised immediately	(7,821,466)	30,398,335	(12,856,238)	28,729,415
	Provision for the year	31,830,938	73,021,128	19,708,325	65,602,367

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2021	GROUP		CECB	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
		Restated		Restated
<b>25 Deferred Tax Assets/Liabilities</b>				
Balance at the beginning of the year	142,746,184	200,932,489	125,258,726	159,166,864
Expense for the year recognized in profit/loss	(7,455,422)	19,872,115	(6,373,294)	19,872,115
Expense for the year recognized in OCI	(28,604,353)	(78,058,420)	(28,604,353)	(53,780,253)
Balance at the end of the year	<b>106,686,409</b>	<b>142,746,184</b>	<b>90,281,078</b>	<b>125,258,726</b>
<b>26 Trade and Other Payables</b>				
Trade Payables (Note 26.1)	13,330,317,411	13,714,964,068	10,028,271,656	10,878,652,102
Other Payables (Note 26.2)	505,983,060	497,574,158	373,143,917	382,710,746
	<b>13,836,300,469</b>	<b>14,212,538,224</b>	<b>10,401,415,572</b>	<b>11,261,362,849</b>
<b>26.1 Trade Payables</b>				
Creditors	2,489,927,255	3,020,264,134	2,309,342,507	3,293,252,913
Due to Customers	4,232,597,030	3,670,319,023	1,726,512,266	1,740,987,404
Mobilization & Other Advances	5,695,912,659	6,110,794,480	3,786,138,167	3,690,250,884
Retention Payables to Contractors	911,880,467	913,586,430	2,206,278,716	2,154,160,901
	<b>13,330,317,411</b>	<b>13,714,964,068</b>	<b>10,028,271,656</b>	<b>10,878,652,102</b>
<b>26.2 Other Payables</b>				
Unpaid salaries	23,870,788	32,989,141	-	28,442
Sundry Creditors	142,322,175	147,956,623	114,167,137	120,758,215
Refundable Deposits	1,237,460	2,004,835	1,237,460	2,004,835
Accrued Expenses	210,247,190	197,203,128	173,108,928	163,698,998
PAYE Tax	7,432,675	7,410,444	3,384,351	3,364,179
Other Taxes	120,872,772	110,009,986	81,246,041	92,856,076
	<b>505,983,060</b>	<b>497,574,158</b>	<b>373,143,917</b>	<b>382,710,746</b>
<b>27 Income Tax Payables</b>				
Balance at the beginning of the year	666,002,256	881,708,352	645,892,958	872,100,313
Income tax for the year	154,671,545	132,846,741	109,284,258	97,316,469
Provision in respect of the last year	(1,505,876)	(254,786,507)	-	(254,919,512)
Payments made during the year	(113,100,123)	(93,766,331)	(66,041,360)	(68,604,312)
Balance at the end of the year	<b>706,067,802</b>	<b>666,002,256</b>	<b>689,135,857</b>	<b>645,892,958</b>

**28 Capital Reserve**

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2021

### 29.0 Related Party Transactions

#### 29.1 Transaction with Subsidiaries

- a) Eng. Ivan De Silva is the Chairman of both parent (CECB) and subsidiary (CESL). The Company has carried out transactions with CECB during the year and the details were as follows,

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

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

b) Nature of the Transactions	Amount	
	2021	2020
	Rs.	Rs.
Sub Construction Costs	3,580,440,857	3,025,302,674
Hiring	25,676,779	32,578,467
Reimbursement of Salary over head	30,468,939	31,751,701
Consultancy services	28,106,733	57,093,185
Other Miscellaneous Services	11,819,458	16,816,139

#### 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	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Compensation paid to Key Management Personnel				
Salaries and other Employment Benefits	2,473,570	2,905,000	1,697,500	1,897,500

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2021

#### 30.0 Commitments and contingencies

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

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

#### 30.1 Contingencies

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

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

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

##### Case 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. Pitiyekumbura has filed to claim Rs. 3,000,000.00 against CECB. But the works were done by CESL.) Again case was referred to Nawalapitiya District Court to hear.”

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

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

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

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

However Sri Lanka Insurance has undertaken the liability of the case on 19.03.2021.

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

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

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

##### CA Writ Application No.273/2019 Court of Appeal

Super Neat Technology (Pvt) Ltd. has filed against CECB and 7 Others for obtain Writ of Certiorari, Writ of Prohibition and Writ of Mandamus.

No specific claim prayed against CECB.

**SPL 33 District Court of Theldeniya**

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

**23/Ku/26/2020 Labour Tribunal Kurunegala**

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

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

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

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

Mr. P.L.U.S. Gunawardena filed against CECB claiming compensation for his sudden termination and gratuity or reinstatement with back wages.

**DSP 198/2021 District Court of Colombo**

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

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

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

***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

**37505/M District Court of Rathnapura**

Bureau has filed a case against Mr. Munasinghe Patabendige Ranjith and Ceylinco General Insurance Ltd. regards to claim accident damages of Rs. 800.000/- caused to the Bureau vehicle.

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

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



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

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

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

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

**31 Financial risk management****overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

**Risk management Framework**

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

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

**31.1 Credit risk**

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

**31.2 Liquidity risk**

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

**31.3 Market risk**

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

Market risk comprise the following types of risks.

***Interest rate risk***

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

***Foreign exchange risk***

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



**ජාතික විගණන කාර්යාලය**  
**தேசிய கணக்காய்வு அலுவலகம்**  
**NATIONAL AUDIT OFFICE**



මගේ අංකය  
எனது இல.  
My No.

} CAE/B/CECB/02/FA/2020/03

ඔබේ අංකය  
உமது இல.  
Your No.

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දිනය  
திகதி  
Date

} 29 දෙසැම්බර් 2021

CAE/B/CECB/02/FA/2021/07

Chairman

Central Engineering Consultancy Bureau

**Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Central Engineering Consultancy Bureau and its subsidiary for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

## 1. Financial Statements

### 1.1 Qualified Opinion

The audit of the financial statements of the Central Engineering Consultancy Bureau ("the Bureau") and its subsidiary ("the Group") for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

## 1.2 Basis for Qualified Opinion

### 1.2.1 Central Engineering Consultancy Bureau - (the Parent)

- (a) Paragraph 14 of SLFRS 07 – Financial Instruments: Disclosure and Paragraph 37(a) of LKAS 39- Financial Instruments: Recognition and Measurement – As per the financial statements of the Bureau, the value of the fixed deposits pledged as collateral against bank guarantees was Rs.460 million while as per the schedule submitted by the Bureau, it was Rs. 398.19 million. Thus, a difference of Rs.61.80 million was observed between these two figures.

Further, according to the direct confirmation obtained from the Bank of Ceylon it was reported that a sum of Rs.62,712,505 had been outstanding as Letter of Guaranties as at 31 December 2021. However, this amount had not been recognized in the financial statements for the year under review.

- (b) The fully depreciated assets approximately costing Rs. 295,813,575 as at 31 December 2021 are being continuously used by the Bureau for last several years without reassessing the useful economic lifetime of those assets as per the provisions in paragraph 51 of LKAS – 16 Property, Plant and Equipment by rectifying the estimation error and showing accurate carrying value in the financial statements as per the LKAS – 08 and the Significant Accounting Policy 3.8.6 of the Bureau. Therefore, the carrying amounts of those assets had not reflected the fair value as at the end of the reporting period.
- (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.635,790,612 shown in the financial statements and accumulated depreciation made thereon Rs. 545,337,442 for the year under review could not be reliably ascertained in audit.
- (d) Twenty (20) unidentified Balances with regard to 05 items of accounts aggregating Rs.139,079,791 were observed during the audit examination carried out on the detailed schedules and financial statements submitted by 15 Base Offices of the Bureau.

Out of the above 20 items, 07 items worth Rs.17,252,052 were the unidentified balances which pointed out in the previous year's audit reports.

- (e) According to the consolidated financial statements presented, the total eliminated amounts with regard to 04 account items (mobilization advance receivable, retention payable, trade debtor and trade creditor) were totalled Rs.7,041,261,926. However, it was revealed in audit that these eliminated items had been understated by Rs.47,766,826 in the consolidated financial statements for the year 2021 due to difficulty in identifying the correct balances by the Bureau.
- (f) When comparing the financial statements of the Bureau along with the financial statements of its Subsidiary, the differences of Rs.199,685,696 were observed between the corresponding payable and receivable balances shown in relation to 03 items of account.

Meanwhile, The debtor balances of Rs.9,298,487 reported by the Bureau as receivable from its Subsidiary was not included in the creditor balance of the Subsidiary. On the other hand, the creditor balances of Rs.26,481,152 reported by the Subsidiary as payable to the Bureau was not included in the debtor schedule of the Bureau. The reasons for these omissions had not been explained to audit.

- (g) Two (02) credit balances aggregating Rs.34,168,033 were included in the due from customers balance of Rs. 625,042,274 shown as at the end of the year under review (relating to Badulla Base Office of the Bureau), and as such the amount due from customers as at 31 December 2021 had been understated by that amount.
- (h) Differences totalling Rs.1,337,861 were observed between the values of 03 payable and receivable items included in the financial statements and the related schedules.
- (i) A debit balance of Rs.811,714 was shown by the Polonnaruwa Base of the Bureau in their mobilization advances received account. Hence, the mobilization advances received account had been understated by that amount.
- (j) The total debtor balances as at 31 December 2021 was Rs. 5,630.41 million and the audit observed that there was a huge uncertainty with regard to the physical existence and the accuracy of the debtor balances aggregating Rs. 2,280.37 million included in the above debtor balances due to receipt of only 09 debtor's confirmation worth Rs.7.75 million even up to the date of this report, prevailing long outstanding unidentified and unchanged debtor balances, and even not satisfied alternative methods to verify the availability of the above debtor balances since the changes of government ministries (i.e. main debtors of the Bureau) in time to time.

Further, the adequate provision for impairment had not been made in the financial statements after performing the actuarial valuation in order to ensure the fair presentation of debtor balances.

#### 1.2.2 Preparation of Consolidated Financial Statements

The Qualified Opinion on the financial statements of the Subsidiary i.e. Central Engineering Services (Private) Limited for the year ended 31 December 2021 had been expressed by me based on the following observations.

- (a) Credit balances of debtors and debit balances of mobilization advances aggregating Rs.183.04 million and Rs. 38.04 million respectively had been offset against the debit and credit balances of such accounts in 36 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.
- (b) Although the confirmations were called from the debtors worth Rs. 3,553.87 million as at 31 December 2021, no confirmation was received to audit even up to the date of this report. Further, according to the information made available for audit it was confirmed that the certified bills for the debtors approximately amounting to Rs. 1,200 million only available as at the reporting period. In the meantime, the Chief Operating Engineer of the Anuradapura Base Office of the Company had reported that the no records had been maintained at the Anuradapura Base Office in respect of debtors' balances of Rs.550 million. However, it was also included in the financial statements of the Company as at the reporting date. In view of the above, the audit was unable to ascertain the existence and the accuracy of the debtor balances of Rs. 3,553.87 million shown in the statement of financial position as at 31 December 2021.
- (c) According to Note. 2.3.6 to the financial statements, it was stated that the Company reviews the estimated useful lives of Property, Plant and Equipment (PPE) annually. However, fully depreciated assets approximately costing Rs.429.78 million representing 30 per cent of the total assets 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 – Accounting Policies, Changes in Accounting Estimates and Errors.
- (d) Differences aggregating Rs. 20.65 million was observed between the balances shown in the

financial statements and the corresponding schedules in respect of written down value of Property, Plant and Equipment (PPE) and Amount due to Related Company.

- (e) The opening Works-in-Progress (WIP) amounting to Rs. 105,091,340 shown under the inventory of the Company had been reversed during the year under review as completed and billed amount in the year 2021. However, it was observed that an amount of Rs.24,833,281 included thereof had not been completed and billed even up to the end of the year under review, and as such the disclosure made in Note 2.6 to the financial statements is totally incorrect.
- (f) A detailed schedule or any acceptable supporting documents for the amount payable to the parent company aggregating Rs.21.97 million with regard to two Base Offices (Anuradhapura and Polonnaruwa) of the Company had not been provided for audit.
- (g) During the test audit inspection carried out with regard to physical inventory verification conducted in 03 project sites and Battaramulla (WP-1 Base) main stores, it was revealed that there were stock shortages of Rs.11.77 million and stock excess of Rs.1.5 million as at 31 December 2021. Meanwhile, the fixed assets items costing to Rs. 1,042,413 was also included to the inventories of WP-1 Base of the Company. However, the Company had not made adjustments to the inventory to rectify the above matters including other material shortcomings reported by the stock verification committees. Further, the Company had not properly coded its inventory items and those codes were not included to the ERP system as enable to identify and carry out the annual inventory verification accordingly.

In view of the above, the accuracy of the inventory amounting to Rs. 1,027.02 million shown as at 31 December 2021 could not be ascertained in audit.

- (h) The Company had recognized sums aggregating Rs.1,653,804,990 and Rs.2,078,338,828 as trade receivable and retention receivable respectively from its parent company and recognized sums aggregating to Rs. 3,345,272,654 as mobilization advance payable to the parent company as at 31 December 2021. However, the parent company had shown those corresponding amounts as Rs.1,643,727,470, Rs.2,010,467,225 and Rs.3,320,415,563 respectively in its financial statements for the year ended 31 December 2021. Hence, the differences of Rs.10,077,520, Rs.67,872,603 and Rs. 24,857,091 were observed with regards to above 03 balances. Nevertheless, no reason for the above differences had been submitted to audit.
- (i) Internal transactions between the sub-units of the Bases should be eliminated when preparing the Company's financial statements. However, the balances of Rs.116,860,830 and Rs. 2,596,405 had been included in the Company's creditors and debtors schedules as payable and receivable respectively from the Company itself without being so eliminated.
- (j) According to the statements of financial position, the cash in transit as at 31 December 2021 was Rs. 186,124,863 and the Company has informed to audit that this amount consists 06 cheques issued by the parent Company (i.e Central Engineering Consultancy Bureau) on 31 December 2021 in order to settle the outstanding debtor balances as at 31 December 2021. However, the actual value of those 06 cheques issued was Rs.197,852,894. Hence, a difference of Rs. 11,748,930 was observed between the value of the cheques issued by the parent company and the amount recognized in the accounts. Further, these cheques were deposited during the month of January 2021.

Meanwhile, a further difference of Rs. 20,900 was observed between the amounts shown in the detailed schedule and in the financial statements with regard to above cash in transit balance as at the reporting date.

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

### 1.3 Other information included in the Group’s 2021 Annual Report.

The other information comprises the information included in the 2021 Annual Report but does not include the financial statements and my auditor’s report thereon, which is expected to be made available to me after the date of this auditor’s report. Management is responsible for the other information.

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bureau and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

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

Reference to law/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. 1,699,093 and Rs. 1,024,217 had not been settled for over 03 years and 05 years respectively at the reporting date
(b) Public Enterprises Circular No. PED/12 of 02 June 2003 on Public Enterprises Guidelines for Good Governance, and Guidelines on Corporate Governance for State Owned Enterprises.	





(i) Paragraph 6.5.3	The Annual Report of the Bureau for the year 2019 and 2020 had not been tabled in Parliament even up to the date of this report.
(ii) 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, 24 officers had been excessively recruited during the year under review by creating 03 new posts to the approved cadre. Further, 151 officers had been recruited for 10 post by exceeding the approved cadre.
(iv) Paragraph 9.14	<p>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 July 2022.</p> <p>In the meantime, the contract period of 252 officers recruited on contract basis in time to time during the period of 2005 – 2019 had been continuously extended in 2227 instances up to the year under review without being recruited them on permanent basis after obtaining the concurrence of the Department of Management Services.</p>
(c) Assets Management Circular Nos. 01/2017 of 28 June 2017 and No. 01/2017(1) of 03 January 2020	The information such as year of construction, value of the buildings, number of employees belonging to each categories, electricity cost, details of utilized buildings and details of rendered out or sublet buildings etc. had not been submitted to the Comptroller General as requested even up to 30 June 2022.

## 2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

**2.1.1** *Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been*

kept by the Bureau as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

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

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

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

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

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

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

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

- According to the Procurement Plan prepared for the year 2021, the estimated value of items to be expected to purchase was Rs. 424,519,369. However, the value of actual items purchased during the year 2021 was amounted to Rs. 293,264,520 only and its represent only 69.08 per cent of the total estimated value. Thus, it was observed that the Procurement Plan had not been prepared and implemented on a rational basis.

## **2.3 Other Matters**

(a) Eight (08) Base Offices which belonging to the Engineering Procurement Construction (EPC) Division of the Bureau had sustained the total operating loss of Rs.72,435,372 in the year 2021 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, 06 Consulting Divisions of the Bureau had sustained the total operating loss of Rs.93,140,717 in the year 2021 and out of those, 03 Divisions had reported the continues operating losses since the year 2017.

(b) According to the construction revenue recognition statements provided for audit, 19 construction

projects had been completed with the total loss of Rs. 146,791,423 by the end of the year 2021.

- (c) Although the 06 bank balances amounting to Rs. 1,355,214 was allowed to be idled in 06 bank current accounts for the period ranging 1 to 2 years, the attention of the management had not paid to close down these dormant bank accounts even up to 30 April 2022 by reviewing half yearly to justify the need for continuously with the bank accounts.
- (d) The Bureau had earned a net interest income of Rs. 170,809,765 on its short-term and long-term investments of Rs. 3,223,350,872 which invested in Repo, fund account and fixed deposits etc. as at the end of the year under review. This net interest income represents 72.08 per cent of the profit before tax of Rs.236,964,960 for the year under review. In the meantime, the Bureau had not paid its attention to utilize these excess money in order to fulfil the main objectives and purposes of the Bureau.
- (e) Due to the subcontracting of all construction projects to its Subsidiary, the Bureau is currently engaged only in consulting activities. Therefore, it was questioned to audit that approximately 1,094 employees, including 395 engineers, were employed to earn only consulting income. Further, in the year 2012 i.e. before the establishment of the Subsidiary company, the Bureau was earned Rs.23.58 million and Rs.8.97 million income (both construction and consultancy income) for one engineer and one employee respectively. However, these income had reduced to Rs.6.29 million and Rs.2.27 million by the year 2021 i.e. after the establishment of the Subsidiary during the year 2012.
- (f) Twelve (12) construction projects worth Rs.2,671,554,919 were assigned to the Subsidiary in the year 2021 and out of which 3 projects worth Rs. 519,926,517 were abandoned without being completed due to various reasons.
- (g) According to the statements of financial position as at 31 December 2021, the total debtor balance is Rs. 5,630.41 million and out of which Rs. 2,734.61 million and Rs. 1,871.93 million had remained outstanding for more than 03 years and 05 years respectively. Meanwhile, the Bureau had failed to recover the Construction Division's (EPC) debtor balance of Rs.1,621.69 million which has remained outstanding for more than 07 years even after establishment of the Subsidiary for carryout the Construction activities, and the Bureau was able to recover only Rs.869.45 million out of the above total long outstanding debtor balances during the period of January 2021 to March 2022.
- (h) According to the Guideline 5.4.4 (iii) of the Procurement Guidelines, the mobilization advances received shall be fully settled before the project works that reached to 90 per cent complete level. Nevertheless, such advances received amounting to Rs.76.6 million with regard to 19 fully completed construction projects had remained in the accounts as at 31 December 2021 without being settled. Meanwhile, the mobilization advances amounting to Rs. 104.07 million and Rs.155.59 million received related to 06 not commenced projects and 09 abundant projects respectively are withheld with the Bureau without taking proper action to get settled them.

It was further observed that the total mobilization advances payable as at 31 December 2021 was Rs. 3,786.14 million and this amount was received from the government and semi government organization during the past several years to carryout various construction works. However, out of that, a sum of Rs.1,194.01 million so received is being continuously utilized by the Bureau for over 03 years without being settled to the particular government agencies even as at 31 May 2022.

- (i) No action had been taken to recover the retention money with regard to completed or suspended construction projects amounted Rs.324.53 million and Rs.497.64 million which were remained unrecovered between 03 to 05 years and more than 05 years respectively as at 31 December 2021.

Furthermore, out of the retention money amounting to Rs.2,661.13 million that was shown as receivable as at 01 January 2021 by the EPC Division of the Bureau, a sum of Rs.1,501.02 million had remained unchanged as at the end of the reporting period without being recovered.

- (j) According to the financial statements for the year 2021, the balances of due from customers and due to customers as at 31 December 2021 were amounting to Rs.625,042,274 and Rs.1,278,670,257 respectively. However, once the projects works undertaken by the Bureau is completed there should not be the due from customers or due to customers. In contrary that, the balances of Rs.540,460,962 and Rs.972,361,851 relating to 160 completed projects were shown as due from customers and due to customers respectively without take proper actions to clear these account balances. It was further observed that this issue has been arisen mainly due to not having proper and timely billing system in the Bureau.
- (k) Creditors and retention payables as at 31 December 2021 were amounting to Rs.2,309.34 million and Rs.2,206.28 million respectively. According to the age analysis provided for audit, the creditors amounting to Rs.603.14 million and retention payables amounting to Rs.305.12 million shown under current liabilities had remained in the accounts for more than 05 years without being settled or cleared.
- (l) The Bureau had failed to take fruitful actions to recover the course fees amounting to Rs.8,660,406 which recoverable from 10 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 2021.
- (m) The Bureau was shown a balance of Rs.1,431.24 million as receivable from its Subsidiary as at 31 December 2021 and this amount included the vehicle hiring charges, temporary loans, value of fixed assets and stock etc. which released to the Subsidiary in time to time. It was further noted that this balance continuously increased year by year without being taken fruitful action to recover this balance. In addition to that a capital contribution of Rs.10 million was given to the Subsidiary during the year 2011 in order to commence the business operation of the Subsidiary. Nevertheless, no return on these investments had been obtained from the Subsidiary since its inception.
- (n) The Bureau has an official quarters complex consisting of 15 housing units located at Sarana Road, Colombo 07 and the value of the land on which the said housing complex is located is Rs.960 million and the building value was stated as Rs.60.4 million in the accounts. The following observations were revealed during the course of audit examination conducted in this regard.
- It was observed that out of the above 15 quarters, 03 quarters have been allocated to three members of Parliament during the years 2004 and 2015 and another 02 quarters were provided for the use of Director of Sri Lanka Mahaweli Authority and then Secretary to the line ministry without being entered into any rental or lease agreement with those parties. Meanwhile, no rental for an official quarter allocated to the Director of Sri Lanka Mahaweli Authority had been recovered since January 2011 to date.
  - The report of the Chief Valuer had not been obtained before fixing the rent for the above quarters.
  - It was revealed that the electricity and water charges amounting to Rs.12,056,803 and Rs.1,778,722 respectively for an official quarter allocated to a member of Parliament had remained in arrears as at 31 May 2022. It is further observed that if the relevant resident fails to pay the outstanding bills in the future, the Bureau will be bound to take the final responsibility for the arrears.
  - Although this official quarters complex is located in a centre with high economic value, the total rental income earned by the Bureau in the years 2020 and 2021 is only Rs.1,803,878 and Rs.1,966,976 respectively. When compared this total rental income with the total asset value, its represent only 0.2 per cent of the total asset value. Therefore, the attention of the Bureau has not focused on making the best use of this property which has greater economic value.
- (o) According to the financial statements for the year 2021, the income tax payable by the Bureau is Rs. 689,135,858. Out of which Rs. 316,937,620 and Rs.510,213,118 were the balances remained

unsettled for over 05 years and 03 years respectively. No action had 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.

- (p) According to the Action Plan and the Progress Report submitted for the year 2021, no progress was reported with regard to 26 targeted activities to the estimated value of Rs.29,750,000 assigned to 05 Divisions of the Bureau. This situation has badly affected to the overall performance of the Bureau.
- (q) A Strategic Plan for the period of 2021 – 2025 and 2022 – 2026 had not been prepared and submitted to audit as per the paragraph 2.3 of the Guidelines on Corporate Governance for State Owned Enterprises in order to ensure that clearly defined Key Performance Indicators (KPIs) are in place and continuously review the execution of that plan and take corrective measures wherever necessary, so as to achieve the set objectives.
- (r) The Bureau had not properly coded its fixed assets and those codes were not included to the fixed asset register as enable to identify the physical existence of the property, plant and equipment (PPE) costing Rs. 4,191.66 million shown in the Financial Statements and carry out the annual asset verification accordingly.



W.P.C. Wickramaratne

Auditor General

COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME  
AS AT 31ST DECEMBER 2021

AS AT 31ST DECEMBER	2017			2018			2019			2020			2021		
	GROUP	CECB		GROUP	CECB		GROUP	CECB		GROUP	CECB		GROUP	CECB	
	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	
Revenue	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		10,764,945,256	6,070,358,395	
Cost of Sales	(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)	(5,633,697,100)		(9,217,700,680)	(5,409,764,379)	
Gross Profit	1,897,268,513	1,119,922,842		1,864,389,134	1,046,996,471		1,386,461,550	576,795,281		1,164,421,860	498,142,752		1,547,244,576	660,594,017	
Other Income	134,210,273	179,759,198		194,774,284	156,941,619		202,839,680	170,110,297		146,847,310	161,989,858		76,943,918	116,258,385	
Administration Costs	(1,395,814,503)	(718,018,736)		(1,474,518,729)	(689,012,073)		(1,451,346,051)	(668,489,960)		(1,369,989,913)	(656,533,976)		(1,379,582,400)	(681,485,059)	
Selling & Distribution Expenses	(140,237,585)	(131,766,570)		(282,120,820)	(279,559,063)		(52,706,532)	(48,715,865)		(600,352)	(468,627)		(39,536,687)	(29,212,147)	
Results from Operating Activities	495,426,698	449,896,734		302,523,870	235,366,954		85,248,647	29,699,753		(59,321,096)	3,130,007		205,069,407	66,155,195	
Finance income	445,958,333	316,507,931		453,739,544	303,565,802		506,143,480	314,400,265		411,215,478	263,172,677		304,566,882	175,841,764	
Financial Charges	(26,342,723)	(9,753,126)		(56,980,423)	(12,740,273)		(44,602,963)	(4,162,901)		(20,134,970)	(4,942,514)		(17,749,366)	(5,031,999)	
Net Finance Income	419,615,611	306,754,804		396,759,121	290,825,529		461,540,517	310,237,364		391,080,508	258,230,163		286,817,516	170,809,765	
Profit Before Income Tax	915,042,308	756,651,538		699,282,990	526,192,483		546,789,164	339,937,117		331,759,412	261,360,170		491,886,923	236,964,960	
Income Tax	(392,859,134)	(355,346,282)		(173,485,949)	(121,848,247)		(201,424,594)	(136,038,213)		(128,440,689)	(117,188,584)		(147,216,123)	(102,910,964)	
Net Profit For The Year	522,183,174	401,305,256		525,797,041	404,344,237		345,364,570	203,898,904		203,318,724	144,171,586		344,670,800	134,053,997	
Other Comprehensive Income	(6,529,540)	(5,919,064)		105,985,482	106,668,588		306,787,948	307,144,855		217,932,482	25,050,838		36,425,819	41,460,591	
Total Comprehensive Income for the Year	515,653,634	395,386,192		631,782,523	511,012,824		652,152,518	511,043,759		421,251,206	169,222,424		381,096,619	175,514,588	

## COMPARATIVE FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

AS AT 31ST DECEMBER	2017			2018			2019			2020			2021		
	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.
<b>ASSETS</b>															
<b>Non-Current Assets</b>															
Property, Plant and Equipment	2,852,702,138	2,372,710,383	2,823,088,623	2,387,873,408	3,231,130,105	2,773,136,175	3,716,436,400	3,120,934,669	3,559,944,053	2,982,804,751					
Lease Hold Asset	-	-	74,948,240	74,948,240	87,598,676	72,422,750	74,674,948	60,013,196	71,943,960	57,796,383					
Intangible Assets	-	-	8,574,369	8,574,369	7,642,750	7,642,750	6,711,130	6,711,131	9,005,593	9,005,594					
Investments	51,117,849	61,117,869	52,634,700	62,634,720	55,216,573	65,216,593	57,652,773	67,652,793	46,040,967	56,040,987					
Differed Tax	-	-	-	25,274,627	-	-	-	-	-	-					
<b>Total Non Current Assets</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>3,855,475,251</b>	<b>3,255,311,789</b>	<b>3,686,934,573</b>	<b>3,105,647,716</b>					
<b>Current Assets</b>															
Inventories	832,849,205	10,638,501	756,031,502	10,727,067	737,855,759	10,741,039	740,289,209	17,074,984	1,038,295,881	11,271,578					
Working progress	-	-	458,346,685	-	79,938,521	-	105,091,340	-	35,198,733	-					
Trade & Other Receivables	14,779,002,414	14,400,921,345	12,092,206,764	11,485,297,537	13,357,590,461	11,741,494,084	12,222,371,215	10,743,096,216	11,993,905,308	10,642,306,140					
Short Term Investments	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	5,503,658,320	3,167,309,884					
Cash and Cash Equivalents	691,640,433	461,781,166	865,760,048	537,695,214	568,539,381	257,291,253	742,951,485	434,517,368	1,058,033,180	406,837,411					
Inter company current accounts	-	1,565,621,738	-	1,588,871,719	-	1,600,196,674	-	1,652,545,484	-	1,431,239,453					
<b>Total Current Assets</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>19,453,914,699</b>	<b>16,199,235,789</b>	<b>19,629,091,422</b>	<b>15,658,964,466</b>					
<b>Total Assets</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>23,309,389,950</b>	<b>19,454,547,579</b>	<b>23,316,025,995</b>	<b>18,764,612,181</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	122,414,358	122,414,357	606,345,300	606,345,300	803,608,097	609,057,533	803,608,097	609,057,533					
Retained Earning	6,012,648,538	5,599,699,524	6,086,973,711	5,675,860,567	6,234,940,310	5,640,074,835	7,259,945,772	6,607,602,081	7,642,548,267	6,783,116,668					
<b>Total Equity</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>8,064,053,870</b>	<b>7,217,159,614</b>	<b>8,446,656,364</b>	<b>7,392,674,201</b>					
<b>Non-Current Liabilities</b>															
Lease Creditors	-	-	-	-	-	-	2,698,968	2,698,968	2,831,243	2,831,243					
Retirement Benefit Obligation	165,820,347	161,242,343	176,869,571	168,341,721	180,974,438	167,903,375	221,132,721	201,956,738	217,265,979	188,056,503					
Deferred Tax	22,581,183	-	6,887,518	-	200,932,489	159,166,864	142,746,184	125,258,726	106,686,409	90,281,079					
<b>Total Non Current Liabilities</b>	<b>188,401,530</b>	<b>161,242,343</b>	<b>193,757,088</b>	<b>168,341,721</b>	<b>381,906,927</b>	<b>327,070,239</b>	<b>366,577,873</b>	<b>329,914,432</b>	<b>326,783,631</b>	<b>281,168,825</b>					
<b>Current Liabilities</b>															
Trade & Other Payables	16,124,875,069	15,156,893,565	14,909,461,179	12,479,623,765	14,888,563,947	12,190,521,650	14,212,538,224	11,261,362,847	13,836,300,469	10,401,415,573					
Income Tax Payables	972,393,849	934,891,491	974,665,375	926,651,017	881,708,352	872,100,313	666,002,256	645,892,958	706,067,802	689,135,856					
Lease Creditors	-	-	-	-	-	-	217,728	217,728	217,728	217,728					
Bank Overdrafts	-	-	30,419,679	-	-	-	-	-	-	-					
<b>Total Current Liabilities</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>14,878,758,207</b>	<b>11,907,473,533</b>	<b>14,542,585,999</b>	<b>11,090,769,157</b>					
<b>Total Liabilities</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>15,245,336,080</b>	<b>12,237,387,965</b>	<b>14,869,369,630</b>	<b>11,371,937,982</b>					
<b>Total Equity and Liabilities</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>23,309,389,950</b>	<b>19,454,547,579</b>	<b>23,316,025,995</b>	<b>18,764,612,183</b>					



## PERFORMENCES OF CECB

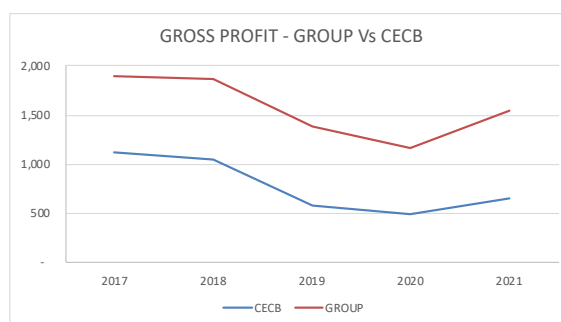
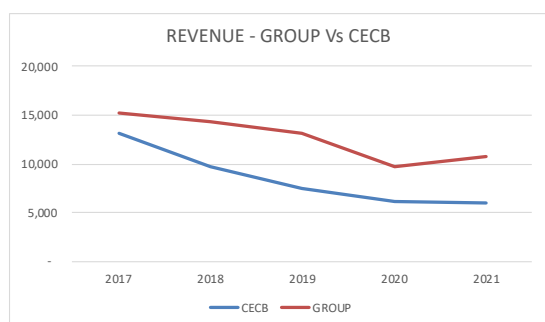
### CECB FINACIAL PERFORMANCE

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 Engeeneering 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 2021 was Rs.10.76 billion reflecting a 10% decrease over the previous year Revenue. CECB Revenue Comparing with the previous year showing a marginal decrease and Gross Profit has improved by 32.59% mainly due to increase in consultancy business revenue compared to previous year.

Operations of the CECB and the Group for the year 2021 had resulted after tax profit of Rs. 134 Million and Rs. 345 million respectively as compared with the corresponding year after tax profit Rs. 144 million and Rs. 203 million respectively for the preceding year. Total assets value of the Bureau Rs. 18,765 million and profit is represented 0.71% of the Total Assets of the Bureau.

The Operatinal and financial performances achieved hence are all the more creditable considering the institutional contrains 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 enterprices.



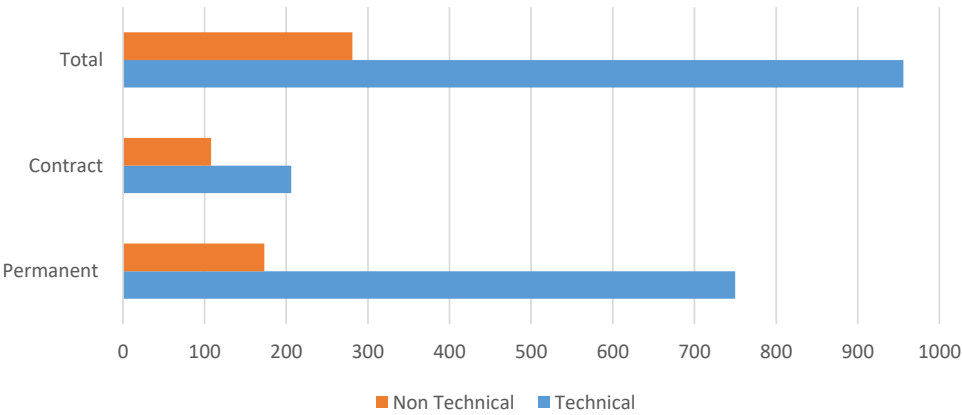


HUMAN RESOURCE

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 2021



	Permanent	Contract	Total
•Technical	750	206	956
•Non - Technical	173	108	281

TOTAL WORKFORCE IN 2021 – 1237 EMPLOYEES.

In 2020, bureau had total of 1289 employees and compared to last year there is a decrease by 4 %.

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.

