CENTRAL ENGINEERING CONSULTANCY BUREAU

ANNUAL REPORT 2022

ANNUAL REPORT

2022

CENTRAL ENGINEERING CONSULTANCY BUREAU

Ministry of Irrigation

No 415, Bauddhaloka Mawatha, Colombo 07, Sri Lanka

www.cecb.lk

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INSPIRED TO GO BEYOND

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

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

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

At CECB,

we give wings to such inspiration.

OUR PHILOSOPHY

VISION

"To be a World Class
Engineering Organization"

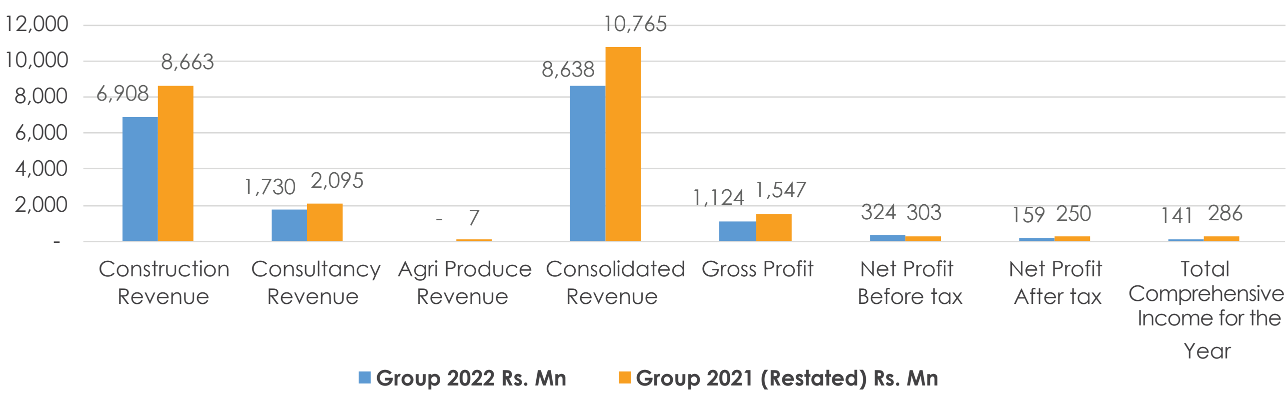
MISSION

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

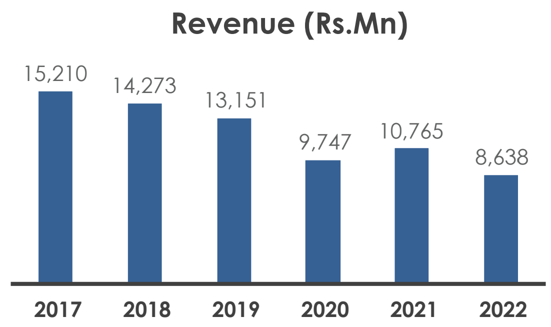
FINANCIAL HIGHLIGHTS

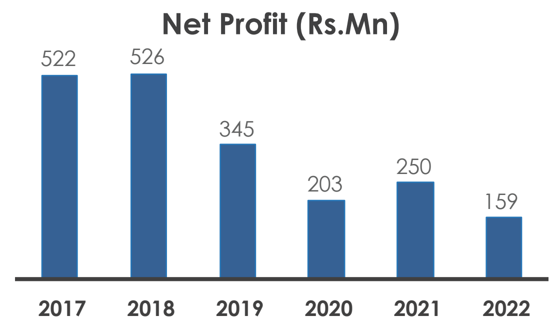
	Group		CECB	
	2022 Rs. Mn	2021 (Restated) Rs. Mn	2022 Rs. Mn	2021 (Restated) Rs. Mn
Construction Revenue	6,908	8,663	2,748	3,947
Consultancy Revenue	1,730	2,095	1,748	2,117
Agri Produce Revenue	-	7	-	7
Consolidated Revenue	8,638	10,765	4,496	6,070
Gross Profit	1,124	1,547	457	661
Net Profit Before tax	324	303	69	49
Net Profit After tax	159	250	(2)	39
Total Comprehensive Income for the Year	141	286	(21)	81
Total Assets	22,534	22,357	17,497	17,806
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	7,722	7,581	6,506	6,527
Total Equity Equilibrium	22,534	22,357	17,497	17,806
Current Assets	18,711	18,670	12,750	13,269
Current Liabilities	14,573	14,519	10,793	11,067

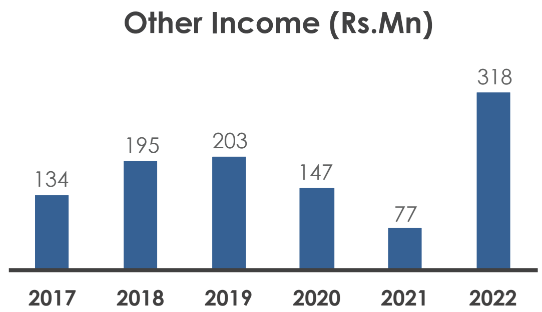
FINANCIAL HIGHLIGHTS GROUP

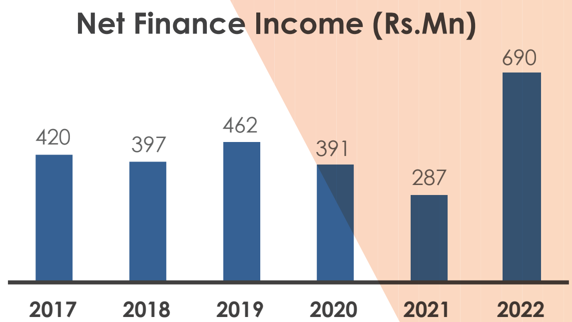


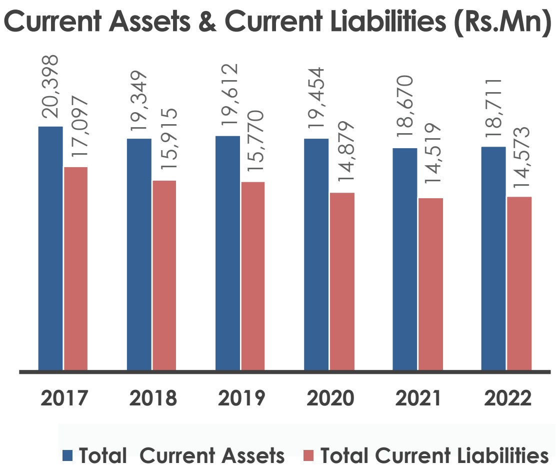
FINANCIAL HIGHLIGHTS (CONTINUED)

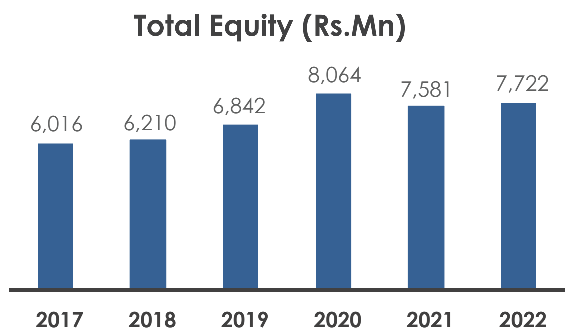


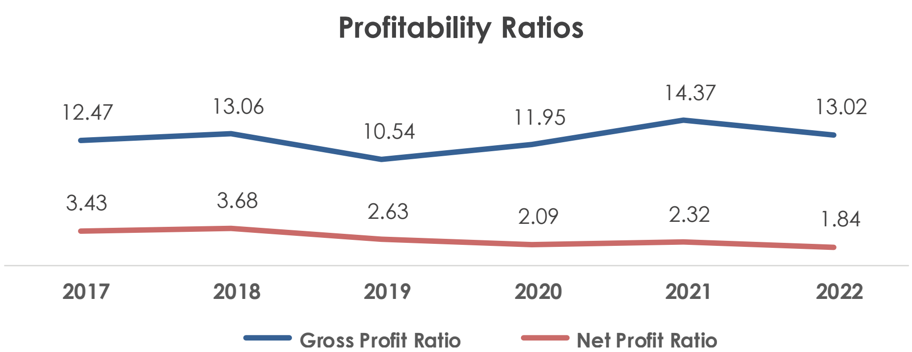












BOARD OF DIRECTORS

Eng. A. Galketiya

Chairman *(From 16.08.2022 to date)*

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

Appointed Chairman of the Board from August 16th, 2022, and concurrently serves as Chairman, Central Engineering Services (PVT) Ltd, (CESL), the construction engineering arm of CECB. He graduated from the University of Peradeniya with a degree in Civil Engineering in 1987 and a Corporate Member of the Institution of Engineers Sri Lanka and Chartered Engineer since 1991. Respected and well experienced engineering professional with over 33 years of extensive engineering and management experience and contributions to CECB. Having joined as a Trainee Engineer in 1987 and working his way up as Site Engineer, Resident Engineer, Project Manager (Infrastructure Construction), Additional General Manager (EPC–NC), Additional General Manager (International), Additional General Manager (Special Projects 02) and retired as Additional General Manager (EPC-Corporate) in year 2021. In addition to the multitude of design and construction projects undertaken nationally, he has spearheaded successful engineering projects overseas in Maldives, India, UK, Myanmar, Malaysia overseas. In addition, Eng. Galketiya pioneered the establishment and operations management of CESL as its first CEO then designated as Chief Operations Manager. Thus Eng. Galketiya brings to the Bureau his vision for overcoming challenges faced through portfolio diversifications and takeoffs on overseas ventures.

Eng. G.D.A. Piyatilake

Director

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

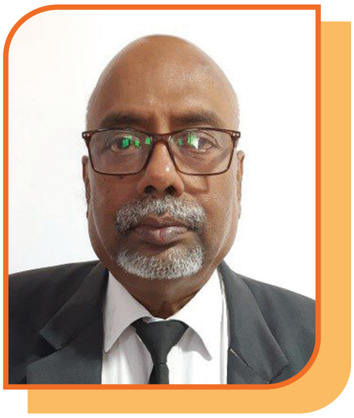
Appointed to the Board of Directors on September 9th, 2022, and concurrently serves as Director of Central Engineering Services (Pvt) Ltd. From 2010 to 2014, he has provided direct support to the Board in its deliberations as Corporate Additional General Manager (EPC). He possesses over 34 years of wide experience in engineering and management, all of which were gained in CECB in various capacities. He started his career as Resident Engineer in Victoria Hydropower Project in 1983 and quickly gained progressive responsibilities and promotions throughout his career, such as becoming Project Engineer in 1995, Project Team Leader in 1996, Deputy General Manager in 2005, and Additional General Manager in 2010. He also served as Chairman of the Board from 2015 to 2020. He brings to the Board his specialized knowledge and wide expertise in the Civil Engineering field, gained in managing diverse projects he had undertaken throughout his long career.

Dr. S.J.K.M.R.N.M. Gunathilake
Director
MBBS Sri Lanka

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

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

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



Mr. Ariyasena Gallage
Director
Bachelor of Laws Degree (LL.B)

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

Eng. W.B. Palugaswewa

Director

BSc. (C.Eng.), MSc. (Groundwater Hydrology), MSc. (Geotechnical Eng.) MIE (SL)

Appointed to the Board of Directors on September 9th, 2022. Holds a BSc. (Eng.) degree in Civil Engineering from the Faculty of Engineering, University of Peradeniya (1985), as well as postgraduate degrees including Master of Science (Ground Water Hydrology) from Flinders University of Australia (2007), and reading Master of Science (Geotechnical Engineering) from University of Peradeniya (2005). A Chartered Engineer since 1991, he possesses over 36 years of experience in engineering and management, gained nationally in various roles including Site Engineer, Design Engineer, and Resident Engineer at Central Engineering Consultancy Bureau from 1986 to 1989. He has also held several positions in the Irrigation sector, starting as an Additional Irrigation Engineer and later serving as Planning and Design Engineer (MNIRP), Monitoring and Design Engineer, Divisional Irrigation Engineer, Chief Irrigation Engineer, Addition Regional Director of Irrigation, Director of Irrigation, and Director of Irrigation (Water Management and Training) from 1989 to 2019. He has worked in several positions in the Ministry of Megapolis & Western Development, Ministry of Irrigation and the Ministry of Mahaweli, Agriculture, Irrigation and Rural Development, holding positions as Additional Secretary (Urban Development) and Additional Secretary (Irrigation Development) in 2019, and as Secretary, State Ministry of Canals and Common Infrastructure Developments in Settlements in Mahaweli Zone from 2020 to 2021. He served as Additional Secretary (Engineering) in the Ministry of Highways from 2021 to 2022, and as Additional Secretary (Irrigation & Water Resources Management).

Ms. B.N. Gamage

Director

B.Sc. (Hons), MBA, MPM

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

MANAGEMENT TEAM

Eng. A. Galkatiya
Chairman

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

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

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

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

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

Eng. S. Wijesinghe
AGM (Projects)

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

Eng. J.J. Jayasinghe
AGM (Mechanical)

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

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

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

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

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

Eng. T.N. Thewarapperuma
AGM (Electrical)

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

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

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

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

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

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

Eng. A. Pushparajah
AGM (EPC-North)

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

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

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

Mr. D. Mabopitiya
DGM (Finance)

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

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

Mrs. R. Rizwana
Chief Legal Officer

DIRECTORS REPORT

ANNUAL REPORT OF THE BOARD OF DIRECTORS - 2022

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 conductive 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. Ivan De Silva - Chairman (From 12.02.2021 to 15.07.2022)
- Eng. A. Galketiya - Chairman (From 16.08.2022 to date)
- Mr. Anura Dissanayake - Director (From 25.11.2020 to 01.06.2022)
- Mr. B.K.R. Balasooriya - Director (From 16.01.2020 to 01.03.2022)
- Eng. N.S. De Silva - Director (From 24.01.2020 to 08.09.2022)
- Mr. K. Kellapatha - Director (From 24.01.2020 to 08.09.2022)
- Mr. N.P.K. Ranaweera - Director (From 05.04.2021 to 06.09.2022)
- Eng. A. Gamage - Director (From 24.01.2020 to 08.09.2022)
- Ms. B.N. Gamage - Director (From 02.03.2022 to date)
- Eng. G.D.A. Piyatilake - Director (From 09.09.2022 to date)
- Eng. Kamal Amaraweera - Director (From 09.09.2022 to date)
- Eng. W.B. Palugaswewa - Director (From 15.09.2022 to 31.12.2022)
- Dr. S.J.K.M.R.N.M. Gunathilake - Director (From 09.09.2022 to date)
- Mr. Ariyasena Gallage - Director (From 09.09.2022 to date)

MEETINGS & ATTENDANCE

The Board met in 10 occasions to the Financial Year 2022 and the attendance of the Board of Directors was as follows.

Name	Position	2022									
		11^{th} Jan	25^{th} Feb	31^{st} March	24^{th} May	28^{th} June	22^{nd} Aug	27^{th} Sep	25^{th} Oct	29^{th} Nov	20 Dec
Eng. Ivan De Silva	Chairman	✓	✓	✓	✓	✓					
Eng. A. Galketiya	Chairman						✓	✓	✓	✓	✓
Mr. Anura Dissanayake	Director	✓	✓	✓	✓						
Mr. B.K.R. Balasuriya	Director	✓	✓								
Eng. Anura Gamage	Director	✓	✓	✓	✓	✓	✓				
Eng. Nalin Sanjaya De Silva	Director	✓	✓	✓	✓	✓	✓				
Mr. Kumudu Kellapatha	Director	ab	✓	✓	ab	ab	ab				
Mr. Prasad Ranaweera	Director	✓	ab	✓	✓	ab	ab				
Ms. B.N. Gamage	Director			✓	ab	✓	✓	✓	✓	✓	✓
Eng. G.D.A. Piyatilake	Director							✓	✓	✓	✓
Eng. Kamal Amaraweera	Director							✓	✓	✓	✓
Eng. W.B. Palugaswewa	Director							✓	✓	✓	✓
Dr. S.J.K.M.R.N.M. Gunathilake	Director							✓	✓	✓	✓
Mr. Ariyasena Gallage	Director							✓	✓	✓	✓

AUDIT AND MANAGEMENT COMMITTEE REPORT

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

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

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

COMPOSITION

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

The Present Members of the Audit Committee are as follows:

- Chairman of the Committee -
  Mr. B.K.R. Balasooriya (January 2022 - March 2022)
  Ms. B.N. Gamage (April 2022 - December 2022)
- Director - Eng. Anura Gamage (January 2022 - August 2022)
- Director - Eng. Nalin Sanjaya De Silva (January 2022 - August 2022)
- Director - Eng. G.D.A. Piyatilaka (September 2022 - December 2022)
- Director - Eng. Kamal Amaraweera (September 2022 - December 2022)

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

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

MEETINGS AND ATTENDANCE

The Audit Committee met on three occasions during the financial year 2022 and their attendances are as follows:

Name	2022/2023		
	20th Apr	11th Oct	26th Jan
Ms. B.N. Gamage - Chairman of the Committee	✓	✓	✓
Eng. G.D.A. Piyatilaka - Director	-	✓	✓
Eng. Kamal Amaraweera - Director	-	✓	✓
Eng. Anura Gamage - Director	✓	-	-
Eng. N.S. De Silva - Director	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.

Ms. B.N. Gamage
Chairman - Audit & Management Committee

CORPORATE INFORMATION AND ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Domicile and Legal Form

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

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2022 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 on 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 become party to the contractual provisions of the instrument.

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

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

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

(b) Classification of Financial Assets

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

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

(ii) Financial Assets measured at Amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

(c) Classification of Financial liabilities

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

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

(d) Reclassification

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

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

(ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

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

(f) Impairment

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

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

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

(g) Derecognition of Financial Assets

The company derecognises a financial assets when:

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

(h) Derecognition of Financial Liabilities

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

3.8 Property, Plant and Equipment

3.8.1 Recognition and Measurement

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

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

The Group applies cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

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

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

3.8.2 Freehold Assets

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

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

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

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

3.8.3 Leasehold Assets

Leases in terms of which the Group assumes substantially all the risk and rewards of ownership are classified as finance leases.

Upon initial recognition the leased asset is measured and capitalized at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3.8.4 Subsequent Costs

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

3.8.5 De-recognition

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

3.8.6 Depreciation

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

The estimated useful lives are as follows:

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

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

3.8.7 Capital Work in Progress

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

3.9 Leasehold Property

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

3.10 Intangible Assets

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

(i) Computer software

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

(ii) Amortisation

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

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 contingencies

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

3.17 Statement of Profit or Loss and Other Comprehensive Income

3.17.1 Revenue

(a) Construction Revenue

Construction revenue is recognized in the statement of profit or loss in proportion to the stage of compleation 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 propotion 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 combinationand 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 isprobable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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

4. ORDINARY SHARE CAPITAL

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

5. GOING CONCERN

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

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

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the global economy. In Sri Lanka, several guidelines and instructions were issued by the government and health authorities which are strictly followed by the Bureau.

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

6. RELATED PARTY TRANSACTIONS

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

7. CASH FLOW STATEMENT

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

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2022	Note	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
Revenue	9	**8,637,928,334**	10,764,945,256	**4,495,657,876**	6,070,358,396
Cost of Sales	10	**(7,513,664,938)**	(9,217,700,680)	**(4,038,496,551)**	(5,409,764,379)
Gross Profit		**1,124,263,396**	1,547,244,576	**457,161,325**	660,594,017
Other Income	11	**317,964,655**	76,943,918	**228,154,490**	116,258,385
Administration Expenses		**(1,374,735,755)**	(1,379,582,400)	**(602,861,755)**	(681,485,059)
Selling and Distribution Expenses		**(433,889,642)**	(227,998,916)	**(390,454,796)**	(217,674,376)
Results from Operating Activities		**(366,397,345)**	16,607,177	**(308,000,735)**	(122,307,033)
Finance Income		**701,916,821**	304,566,882	**381,000,502**	175,841,764
Finance Cost		**(11,586,797)**	(17,749,366)	**(3,604,800)**	(5,031,999)
Net Finance Income	12	**690,330,024**	286,817,516	**377,395,702**	170,809,765
Profit Before Tax		**323,932,679**	303,424,693	**69,394,967**	**48,502,732**
Income Tax Expense	14	**(164,891,451)**	(53,643,363)	**(70,987,105)**	(9,338,204)
Profit/(Loss) for the Year		**159,041,228**	**249,781,330**	**(1,592,139)**	**39,164,528**
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurement of Defined Benefit Liability	24	**34,169,991**	7,821,466	**32,589,792**	12,856,238
Related Tax	25	**(52,094,863)**	28,604,353	**(52,094,863)**	28,604,353
Other Comprehensive Income for the Year, Net of Tax		**(17,924,872)**	36,425,819	**(19,505,071)**	41,460,591
Total Comprehensive Income for the Year, Net of Tax		**141,116,356**	**286,207,150**	**(21,097,209)**	**80,625,119**

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 28 to 38 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2022	Note	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
Assets					
Non-Current Assets					
Property, Plant and Equipment	15	**3,451,217,545**	3,559,944,053	**2,839,569,171**	2,982,804,753
Right-of-use Assets	16	**69,212,972**	71,943,960	**55,579,570**	57,796,383
Intangible Assets	17	**6,637,975**	9,005,593	**6,637,976**	9,005,594
Investments	18	**296,196,148**	46,040,967	**306,196,168**	56,040,987
Amount Due from Related Parties	21	-	-	**1,538,066,675**	1,431,239,453
Total Non-Current Assets		**3,823,264,639**	3,686,934,573	**4,746,049,561**	4,536,887,170
Current Assets					
Inventories	19	**1,003,136,649**	1,038,295,881	**21,573,121**	11,271,578
Work in progress	19	**64,675,522**	35,198,733	**-**	-
Trade and Other Receivables	20	**10,960,643,631**	11,034,818,611	**9,445,685,931**	9,683,219,443
Short term Investments	18	**5,754,441,609**	5,503,658,320	**3,008,256,843**	3,167,309,884
Cash and Cash Equivalents	22	**928,177,351**	1,058,033,180	**274,971,325**	406,837,411
Total Current Assets		**18,711,074,763**	18,670,004,725	**12,750,487,221**	13,268,638,316
Total Assets		**22,534,339,402**	22,356,939,298	**17,496,536,781**	17,805,525,486
Equity and Liabilities					
Contributed Capital		**500,000**	500,000	**500,000**	500,000
Capital Reserve	28	**92,439,233**	92,439,233	**92,439,233**	92,439,233
Revaluation Reserve		**711,168,864**	711,168,864	**516,618,300**	516,618,300
Retained Earnings		**6,918,150,698**	6,777,034,330	**5,896,505,525**	5,917,602,731
Total Equity		**7,722,258,795**	7,581,142,428	**6,506,063,057**	6,527,160,264
Non-Current Liabilities					
Lease Creditors	23	**2,968,736**	2,831,243	**2,968,736**	2,831,243
Employee Benefit Liabilities	24	**169,789,433**	217,265,979	**141,652,950**	188,056,503
Deferred Tax	25	**54,752,719**	36,680,687	**40,487,190**	20,275,357
Discount Received	18	**11,907,048**		**11,907,048**	
Total Non-Current Liabilities		**239,417,937**	256,777,909	**197,015,925**	211,163,102
Current Liabilities					
Trade and Other Payables	26	**13,798,285,356**	13,836,300,469	**10,070,494,156**	10,401,415,573
Income Tax Payables	27	**774,148,929**	682,500,764	**722,735,259**	665,568,818
Lease Creditors	23	**228,384**	217,728	**228,384**	217,728
Total Current Liabilities		**14,572,662,671**	14,519,018,961	**10,793,457,799**	11,067,202,119
Total Liabilities		**14,812,080,607**	14,775,796,870	**10,990,473,724**	11,278,365,221
Total Equity and Liabilities		**22,534,339,402**	22,356,939,298	**17,496,536,781**	17,805,525,485

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 28 to 38 form an integral part of these Financial Statements.

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

D. Mabopitiya
DEPUTY GENERAL MANAGER (FINANCE)

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

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

Approved and signed for and on behalf of the Board;

Eng. A. Galketiya
CHAIRMAN

Eng. G.D.A. Piyathilake
DIRECTOR

14th March 2023
Colombo

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2022	GROUP		CECB	
	2022 Rs.	2021 Rs. Restated	2022 Rs.	2021 Rs. Restated
Cash Flows from Operating Activities				
Profit Before Tax	323,932,679	491,886,923	69,394,967	48,502,732
Adjustments for:				
Depreciation on Property, Plant and Equipments	333,651,452	319,372,158	163,799,681	154,713,571
Amortisation of Leased Hold Property	2,730,989	2,730,988	2,216,813	2,216,813
Amortisation of Intangible Assets	2,367,619	2,013,537	2,367,619	2,013,537
Provision for Bad and Doubtful Debts	31,763,440	346,906,730	8,656,741	339,289,130
Reversal of Bad and Doubtful Debts	(23,099,484)	(141,002,260)	(23,099,484)	(141,002,260)
Provision/(Reversal) for Gratuity	44,955,521	39,652,404	36,770,172	32,564,563
Net Finance Income	(690,330,024)	(286,817,516)	(377,395,702)	(170,809,765)
Previous Period Adjustments	-	1,505,876	-	
(Profit)/Loss on disposal of Property, Plant and Equipments	211,502	(2,993,447)	63,310	(4,788,101)
Operating Profit before Working Capital Changes	26,183,692	773,255,393	(117,225,888)	262,700,220
(Increase)/Decrease in Inventories	35,159,232	(298,006,672)	(10,301,543)	5,803,406
(Increase)/Decrease in Work In Progress	(29,476,789)	69,892,607	-	-
(Increase)/Decrease in Trade and Other Receivables	65,511,024	211,023,666	251,976,255	90,965,434
(Increase)/Decrease in Amounts Due from Related Companies	(0)	-	(106,827,222)	221,306,031
Increase/(Decrease) in Trade and Other Payables	(38,015,113)	(376,237,755)	(330,921,418)	(859,947,273)
Cash Generated from Operating Activities	59,362,047	379,927,240	(313,299,815)	(279,172,183)
Interest paid	(11,586,797)	(17,749,366)	(3,604,800)	(5,031,999)
Tax paid	(107,266,116)	(114,605,999)	(45,703,694)	(66,041,360)
Gratuity paid	(58,262,076)	(35,697,680)	(50,583,933)	(33,608,560)
Net Cash Flows from Operating Activities	(117,752,942)	211,874,195	(413,192,243)	(383,854,101)
Cash Flows from Investing Activities				
Investment in Property Plant and Equipment	(216,409,345)	(165,077,068)	(20,658,441)	(15,405,436)
Investment in Capital Work in Progress	(16,152,680)	(1,749,524)	-	(1,474,449)
Investment in Leased Hold Property	-	-	-	-
Investment in Intangible Assets	-	(4,308,000)	-	(4,308,000)
Sales Proceed on Disposal of Property Plant and Equipment	7,425,590	6,940,227	31,040	5,084,326
Investment/Disposal of Long Term Deposit	(250,155,181)	11,611,806	(250,155,181)	11,611,806
Investment/Disposal of Short Term Deposit	(250,783,289)	139,553,130	159,053,041	184,691,854
Interest Income	701,916,821	304,566,882	381,000,502	175,841,764
Discount received of Investment on long term treasury bond	11,907,048		11,907,048	
Net Cash Flows from Investing Activities	(12,251,036)	291,537,454	281,178,008	356,041,865
Cash Flows from Financing Activities				
Payment of Finance Lease Liabilities	148,149	132,275	148,149	132,275
Net Cash from Financing Activities	148,149	132,275	148,149	132,275
Net Increase/(Decrease) in Cash and Cash Equivalents	(129,855,829)	315,081,695	(131,866,085)	(27,679,957)
Cash and Cash Equivalent at the beginning	1,058,033,180	742,951,485	406,837,411	434,517,368
Cash and Cash Equivalent at the end (Note 22)	928,177,351	1,058,033,180	274,971,326	406,837,411

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 28 to 38 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

			CECB		
FOR THE YEAR ENDED 31ST DECEMBER 2022	**Contributed Capital**	**Capital Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 01st January 2020	**500,000**	**92,439,233**	**516,618,300**	**6,607,602,081**	**7,217,159,613**
Correction of errors relating to previous years (Note 1)	-	-		(770,624,468)	(770,624,468)
Restated Balance as at 01st January 2021	500,000	92,439,233	516,618,300	5,836,977,613	6,446,535,145
Restated Net Profit For the Year	-	-	-	39,164,527	39,164,527
Other Comprehensive Income for the year, net of tax	-	-	-	41,460,591	41,460,591
Restated Balance as at 31st December 2021	**500,000**	**92,439,233**	**516,618,300**	**5,917,602,731**	**6,527,160,264**
	-	-	-	-	-
Balance as at 01st January 2022	500,000	92,439,233	516,618,300	5,917,602,731	6,527,160,264
Net Profit For the Year	-	-	-	(1,592,139)	(1,592,139)
Other Comprehensive Income for the year, net of tax	-	-	-	(19,505,071)	(19,505,071)
Balance as at 31st December 2022	**500,000**	**92,439,233**	**516,618,300**	**5,896,505,522**	**6,506,063,054**

			GROUP		
FOR THE YEAR ENDED 31ST DECEMBER 2022	**Contributed Capital**	**Capital Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Total**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 01st January 2020	**500,000**	**92,439,233**	**711,168,864**	**7,259,945,772**	**8,064,053,869**
Correction of errors relating to previous years (Note 1)	-	-	-	(770,624,468)	(770,624,468)
Restated Balance as at 01st January 2021	500,000	92,439,233	711,168,864	6,489,321,304	7,293,429,401
Restated Net Profit For the Year	-	-	-	249,781,330	249,781,330
Other Comprehensive Income for the year, net of tax	-	-	-	36,425,819	36,425,819
Prior Year Adjustment - Note 2	-	-	-	1,505,876	1,505,876
Restated Balance as at 31st December 2021	**500,000**	**92,439,233**	**711,168,864**	**6,777,034,330**	**7,581,142,427**
Balance as at 01st January 2022	**500,000**	**92,439,233**	**711,168,864**	**6,777,034,330**	**7,581,142,427**
Profit For the Year	-	-	-	159,041,240	159,041,240
Other Comprehensive Income for the year, net of tax	-	-	-	(17,924,872)	(17,924,872)
Balance as at 31st December 2022	**500,000**	**92,439,233**	**711,168,864**	**6,918,150,698**	**7,722,258,795**

Note 1 - Prior Period Adjustment

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

Accordingly opening balances of Debtor & Retention Receivable for 2020 were restated with additional provision of Rs 415,724,988 and Rs 384,778,086 and reversal of Rs 14,251,508 and Rs15,627,096.Therefore the net impact is Rs 770,624,468.And the impact to Income statement for 2021 Debtor & Retention Receivable balance is Rs 125,706.802 and Rs 62,755,428 respectively.

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 2022		GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
9	**Revenue**				
	Construction Revenue	**6,907,547,417**	8,663,484,841	**2,747,893,232**	3,947,261,232
	Consultancy Revenue	**1,730,380,917**	2,094,868,158	**1,747,764,644**	2,116,504,906
	Agri Produce Revenue	**-**	6,592,257	**-**	6,592,257
		8,637,928,334	**10,764,945,256**	**4,495,657,876**	**6,070,358,396**
10	**Cost of sales**				
	Construction Cost	**5,943,272,436**	7,547,543,286	**2,464,900,872**	3,736,624,945
	Consultancy Cost	**1,570,392,503**	1,662,080,320	**1,573,595,678**	1,665,062,361
	Agri Produce Cost	**-**	8,077,073	**-**	8,077,073
		7,513,664,939	**9,217,700,680**	**4,038,496,551**	**5,409,764,379**
11	**Other Income**				
	Miscellaneous Revenue	**152,711,267**	56,872,261	**83,595,238**	36,595,031
	Hiring Income	**100,139,707**	53,378,763	**12,137,500**	20,158,295
	Gain on Disposal of property plant & equipment	**(117,152)**	2,993,447	**31,040**	4,788,101
	Reimbursable costs	**(0.00)**	(0)	**30,648,552**	30,468,939
	Foreign exchange gain/(loss)	**78,642,677**	5,537,274	**78,642,677**	5,537,274
	Bad Debt Provision Reversal	**23,099,484**	18,710,745	**23,099,484**	18,710,745
	Loss on Asphalt/Crusher Plant	**(36,595,421)**	(60,753,937)	**-**	-
	Commission Income	**84,093**	205,364	**-**	-
		317,964,655	**76,943,918**	**228,154,490**	**116,258,385**
12	**Net Finance Income**				
	Finance Income				
	Interest Income	**701,916,821**	304,566,882	**381,000,502**	175,841,764
		701,916,821	**304,566,882**	**381,000,502**	**175,841,764**
	Finance Cost	**(11,586,797)**	(17,749,366)	**(3,604,800)**	(5,031,999)
	Net Finance Income	**690,330,024**	**286,817,516**	**377,395,702**	**170,809,765**
14	**Income Tax**				
14.1	Current Tax Expense	**198,914,282**	131,104,507	**102,870,135**	85,717,220
	Deferred Tax Provision	**(34,022,831)**	(77,461,144)	**(31,883,030)**	(76,379,016)
		164,891,451	**53,643,363**	**70,987,105**	**9,338,204**
14.2	**Reconciliation of Accounting Profit to Taxable Profit**				
	Income Tax Charge at				
	Income Tax @ 14%	**-**	46,122,247	**-**	734,960
	Income Tax @ 24%	**93,626,758**	84,982,260	**45,720,060**	84,982,260
	Income Tax @ 30%	**105,287,523**	-	**57,150,075**	-
	Current Income Tax Expenses	**198,914,282**	**131,104,507**	**102,870,135**	**85,717,220**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

15 Property Plant and Equipment

15.1 CECB

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

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

The cost of fully depriciated assets which are still in use of the Bureau amounting to Rs. 374,293,172/- (Rs.295,813,575/- in 2021)

	Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
As at 31.12.2021												
Fully depreciated		-	31,824,294	75,282,790	29,664,373	62,430,114	1,608,418	91,112,047	2,676,329	1,215,210	-	295,813,575
Depreciating		844,742,539	34,270,191	51,166,632	41,184,197	166,103,614	101,335	49,087,354	487,170,540	740,043	14,778,996	1,689,345,440
As at 31.12.2022												
Fully depreciated		3,900,197	35,525,644	89,572,366	35,450,007	87,412,969	1,709,753	106,370,198	13,510,258	1,340,318	-	374,791,710
Depreciating		840,842,342	30,865,217	39,433,533	36,630,690	140,259,149	-	45,639,589	486,572,001	926,702	14,778,996	1,635,948,220

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2022

15 Property Plant and Equipment

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

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

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

AS AT 31ST DECEMBER 2022

	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
16 Right-of-use Assets				

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

	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
At Beginning of the year	**71,943,960**	74,674,948	**57,796,383**	60,013,196
Acquisition during the year	**-**	-	**-**	-
Reversal of Valuation	**-**	-	**-**	-
Amortization	**(2,730,989)**	(2,730,988)	**(2,216,813)**	(2,216,813)
At end of the year	**69,212,972**	**71,943,960**	**55,579,570**	**57,796,383**

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

The Lease hold lands situated in No 10, Sri Rathana Mawatha, Ampara and Priyantha Mawatha, Kanthale on a 30 years long term lease agreement entered with the Land Commissioner General's Department. Which Commenced from year 2009 and are being amortized on a straight line basis over a period of 30 years which commence from 2019. (CECB)

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

16.1 Details of Right-of-use Assets

Property	Land Extent (in areas)	Lease Period	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
Land at Parliament Road, Battaramulla	0A-2R-20.00P	30 Years from 04.09.2018	53,430,066	55,510,969	53,430,066	55,510,969
Plan No 582 New Town Ratnapura	(Lot nos 7,8 & 9) 60P	30 Years From 08.07.2019	13,633,401	14,147,577		
Ampara Distrct Jayawardenapura Village Plan No 484	(Deed 280006)	Ha .1012 30 Years	1,773,759	1,884,619	1,773,759	1,884,619
Kanthale	(A:1,R:1,P:11.93)	30 years from 2008	375,745	400,795	375,745	400,795
			69,212,971	**71,943,960**	**55,579,570**	**57,796,383**

	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
17 Intangible Assets				
Cost/ Revaluation				
At 1st Janaury	**13,125,028**	8,817,028	**13,125,028**	8,817,028
Addition	**-**	4,308,000	**-**	4,308,000
At 31st December	**13,125,028**	**13,125,028**	**13,125,028**	**13,125,028**
Amortization and Impairment				
At 1st Janaury	**(4,119,434)**	(2,105,897)	**(4,119,434)**	(2,105,897)
Amortization	**(2,367,619)**	(2,013,537)	**(2,367,619)**	(2,013,537)
At 31st December	**(6,487,053)**	**(4,119,434)**	**(6,487,053)**	**(4,119,434)**
Carrying Value				
As at 31st December 2021	**9,005,594**	6,711,130	**9,005,594**	6,711,131
As at 31st December 2022	**6,637,975**	**9,005,594**	**6,637,976**	**9,005,594**

Intangible Asset mainly consist of Transport Modelling, Air Quality software and Architecture Engineering Construction Collection IC Commercial (Auto Desk) Software purchased from DHI (India) Water & Environment (Pvt) Ltd, Lakes Environmental consultants INC and Bloomberg Solutions (Pvt) Ltd respectively.

	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
18 Investments				
Long term investment (Note 18.1)	**296,196,148**	46,040,967	**306,196,168**	56,040,987
Short term investment (Note 18.2)	**5,754,441,609**	5,503,658,320	**3,008,256,843**	3,167,309,884
	6,050,637,757	**5,549,699,287**	**3,314,453,011**	**3,223,350,872**
18.1 Long term investment				
Loans and receivable financial assets				
Investment in Fixed Deposit	**294,196,148**	44,040,967	**294,196,148**	44,040,967
Available for sale financial assets				
Investment in Shares	**2,000,000**	2,000,000	**2,000,000**	2,000,000
	296,196,148	**46,040,967**	**296,196,148**	**46,040,967**

CECB has been received a long term treasury bond against trade receivable amount of Rs 235,086,151.82 receivable from Ministry of Defence. The Bond to be matured on 15th January 2025 and classified as long term investment in the financial statements. The valuation of the bond has been calculated based on future cash flows and shown at amortised cost in financial statements. The premium of Rs 11,907,048.18 is shown under non current liability which is to be recognized in the income statement over the life time of the bond.

	GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
Investment in subsidiary (Unquoted)				
Central Engineering Services (Private) Limited	**-**	-	**10,000,020**	10,000,020
	296,196,148	**46,040,967**	**306,196,168**	**56,040,987**
18.2 Short term investment				
Short term investments	**5,754,441,609**	5,503,658,320	**3,008,256,843**	3,167,309,884
	5,754,441,609	**5,503,658,320**	**3,008,256,843**	**3,167,309,884**

Fixed Deposits pledged as security

Fixed deposit amounting to Rs. 25Mn held at Bank of Ceylon has been pledged against individual loan facilities granted to CECB employees by Bank of Ceylon under concessionary personal loan scheme . Out of total interest paid by employees 40% on interest cost is subsidized by CECB through the interest income earned on deposit pledged against the loan facilities and such expenses (Rs 1,262,688,61 in 2022 and Rs. 1,653,154 in 2021) have been charged in the income statement.)

As at reporting date Fixed Deposits amounting to Rs. 479 Mn & Rs 1,024 Mn have been pledged by CECB and CESL respectively as securities against bank gurantee facilities obtained from banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2022		GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
19	**Inventories**				
	Inventories	**985,859,745**	1,030,550,136	**4,296,217**	3,525,833
	Biological Assets (Work in Progress-Agriculture)	**17,276,904**	7,745,745	**17,276,904**	7,745,745
		1,003,136,649	**1,038,295,881**	**21,573,121**	**11,271,578**
	Work in Progress	**64,675,522**	**35,198,733**		
20	**Trade and Other Receivables**				
	Trade Receivables (Note 20.1)	**10,598,401,707**	10,536,790,963	**5,914,260,902**	6,288,214,512
	Other Receivables (Note 20.2)	**85,619,703**	82,894,635	**69,572,810**	45,629,462
	Deposits, Prepayments and Advances (Note 20.3)	**276,622,221**	415,133,013	**3,461,852,219**	3,349,375,469
		10,960,643,631	**11,034,818,611**	**9,445,685,931**	**9,683,219,443**
20.1	**Trade Receivables**				
	Debtors	**7,501,625,071**	7,451,049,876	**5,296,029,702**	5,630,413,222
	Due from customers	**2,096,974,459**	2,176,612,288	**475,886,785**	680,392,142
	Retention receivables	**3,615,572,511**	3,730,555,048	**2,613,849,964**	2,680,084,033
	Less - Provision for Impairment (Note 20.1.1)	(2,615,770,334)	(2,821,426,250)	(2,471,505,549)	(2,702,674,886)
		10,598,401,707	**10,536,790,963**	**5,914,260,902**	**6,288,214,512**
	20.1.1 Provision for Impairment				
	Balance at the beginning of the year	**2,151,446,492**	2,093,538,322	**2,032,695,128**	1,982,404,558
	Impairment loss recognized	**-**	247,998,317	**-**	247,998,317
	Amounts written off	**(1,288,122)**	(85,066,122)	**(1,288,122)**	(85,066,122)
	Reversal of bad debt provision	**(193,162,488)**	(141,002,260)	**(193,162,488)**	(141,002,260)
	Provision for Bad Debt - Specific Provision	**31,763,440**	35,978,236	**8,656,741**	28,360,636
	Balance at the end of the year	**1,988,759,322**	**2,151,446,492**	**1,846,901,260**	**2,032,695,128**
	20.1.1.2 Retention receivables				
	Balance at the beginning	**669,979,758**	607,224,329	**669,979,758**	607,224,329
	Impairment loss recognized	**2,406,724**	62,930,177	**1**	62,930,177
	Amounts written off	**(45,375,469)**	(174,749)	**(45,375,469)**	(174,749)
		627,011,012	**669,979,758**	**624,604,289**	**669,979,758**

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.

Hence total write off of Debtor and Retention Receivable for 2022 is Rs 508,789,690 & Rs 104,048,872 against exsisting provision of Debtor & Retetnion Receivable balance of Rs 190,814,482 & Rs 31,412,555 respectively.

		GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
20.2	**Other Receivables**				
	Staff Loans	**33,569,156**	28,747,519	**28,384,156**	24,706,771
	Prepaid Staff Cost	**8,089,687**	2,012,819	**6,875,097**	1,745,120
	Sundry Debtors	**43,115,431**	51,288,869	**34,609,986**	19,474,002
	WHT Receivable	**845,428**	845,428	**(296,431)**	(296,431)
		85,619,703	**82,894,635**	**69,572,810**	**45,629,462**
20.3	**Deposits, Prepayments and Advances**				
	Deposits	**25,300,914**	24,233,791	**9,617,337**	9,256,990
	Mobilization Advance paid	**160,814,983**	202,273,129	**3,446,621,999**	3,332,332,584
	Advances	**87,442,613**	173,957,225	**3,862,887**	3,679,544
	Prepayments	**3,063,710**	14,668,868	**1,749,998**	4,106,351
		276,622,221	**415,133,013**	**3,461,852,219**	**3,349,375,469**
21	**Amount Due from Related Party Companies**				
	Central Engineering Services (Private) Limited			**1,538,066,675**	1,431,239,453
				1,538,066,675	**1,431,239,453**

AS AT 31ST DECEMBER 2022		GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
22	**Cash and Cash Equivalents**				
	Favorable Balances				
	Cash in hand and at bank	**835,790,172**	851,492,894	**271,152,492**	386,421,987
	Bank Imprest	**269,607**	269,607	**269,607**	269,607
	Cheque in Transit	**92,117,572**	206,270,680	**3,549,226**	20,145,817
	Cash and Cash Equivalents for the Cash Flow Purpose	**928,177,351**	**1,058,033,180**	**274,971,325**	**406,837,411**
23	**Lease Creditors**				
	Balance as at 1st January	**3,048,972**	2,916,696	**3,048,972**	2,916,696
	Inetrest Expense	**365,877**	350,004	**365,877**	350,003
	Payments made during the year	**(217,728)**	(217,728)	**(217,728)**	(217,728)
	Balance as at 31st December	**3,197,121**	**3,048,972**	**3,197,121**	**3,048,971**
	Amount payable within one year	**228,384**	217,728	**228,384**	217,728
	Amount payable after one year	**2,968,736**	2,831,243	**2,968,736**	2,831,243
		3,197,120	**3,048,971**	**3,197,120**	**3,048,971**
24	**Employee Benefits**				
	Balance as at 1st January	**217,265,979**	221,132,721	**188,056,503**	201,956,738
	Provision for the year	**44,955,521**	39,652,404	**36,770,172**	32,564,563
	(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	**(34,169,991)**	(7,821,466)	**(32,589,792)**	(12,856,238)
	Payment made during the year	**(58,262,076)**	(35,697,680)	**(50,583,933)**	(33,608,560)
	Balance as at 31st December	**169,789,433**	**217,265,979**	**141,652,950**	**188,056,503**

a) The Employee benefit obligation of CECB as at 31st December 2022 are based on the actuarial valuation carried out by professionally qualified firms of actuaries Messers. Actuarial and Management Consultants (Pvt) Limited. Accordingly, the unfunded present value of defined benefit obligations as at 31st December 2022 of CECB Rs 141.6 Mn and Group is Rs.169.7 Mn.

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

	GROUP 2022	GROUP 2021	CECB 2022	CECB 2021
Rate of Discount	**18%**	11.60%	**18%**	11.60%
Employee Turnover Factor	**5%**	0.02%-0.07%	**5%**	0.02%-0.07%
Retirement Age	**60 Years**	60-61 Years	**60 Years**	60-61 Years

c) Expenses recognised immediately in the statement of Comprehensive Income

	GROUP 2022	GROUP 2021	CECB 2022	CECB 2021
Interest Cost	**25,027,596**	18,796,282	**21,814,554**	17,166,323
Current Service Cost	**19,927,925**	20,856,122	**14,955,618**	15,398,240
Net Actuarial Gain/(Loss) recognised immediately	**(34,169,991)**	(7,821,466)	**(32,589,792)**	(12,856,238)
Provision for the year	**10,785,530**	**31,830,938**	**4,180,380**	**19,708,325**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2022		GROUP 2022 Rs.	GROUP 2021 Rs. Restated	CECB 2022 Rs.	CECB 2021 Rs. Restated
25	**Deferred Tax Assets/Liabilities**				
	Balance at the beginning of the year	**36,680,687**	142,746,184	**20,275,357**	125,258,726
	Expense for the year recognized in profit/loss	**(34,022,831)**	(77,461,144)	**(31,883,030)**	(76,379,016)
	Expense for the year recognized in OCI	**52,094,863**	(28,604,353)	**52,094,863**	(28,604,353)
	Balance at the end of the year	**54,752,719**	36,680,687	**40,487,190**	20,275,357
26	**Trade and Other Payables**				
	Trade Payables (Note 26.1)	**13,307,301,743**	13,330,317,411	9,789,818,710	10,028,271,656
	Other Payables (Note 26.2)	**490,983,613**	505,983,060	280,675,446	373,143,917
		13,798,285,356	13,836,300,469	**10,070,494,156**	10,401,415,573
26.1	**Trade Payables**				
	Creditors	**2,022,582,133**	2,489,927,255	**2,061,602,812**	2,309,342,507
	Due to Customers	**4,853,761,235**	4,232,597,030	**1,609,352,156**	1,726,512,266
	Mobilization & Other Advances	**5,514,827,233**	5,695,912,659	**3,926,412,019**	3,786,138,167
	Retention Payables to Contractors	**916,131,142**	911,880,467	**2,192,451,723**	2,206,278,716
		13,307,301,743	13,330,317,411	**9,789,818,710**	10,028,271,656
26.2	**Other Payables**				
	Unpaid salaries	**28,696,377**	23,870,788	**-**	-
	Sundry Creditors	**135,075,235**	142,322,175	**107,486,719**	114,167,137
	Refundable Deposits	**808,595**	1,237,460	**808,595**	1,237,460
	Accrued Expenses	**137,090,020**	210,247,190	**105,538,912**	173,108,928
	PAYE Tax	**7,484,431**	7,432,675	**3,434,907**	3,384,351
	Other Taxes	**181,828,955**	120,872,772	**63,406,313**	81,246,041
		490,983,613	505,983,060	**280,675,446**	373,143,917
27	**Income Tax Payables**				
	Balance at the beginning of the year	**682,500,764**	666,002,256	**665,568,818**	645,892,958
	Income tax for the year	**189,517,542**	131,104,507	**102,870,135**	85,717,220
	Provision in respect of the last year	**9,396,740**	(1,505,876)	**-**	-
	Payments made during the year	**(107,266,116)**	(113,100,123)	**(45,703,694)**	(66,041,360)
	Balance at the end of the year	**774,148,929**	682,500,764	**722,735,259**	665,568,818

28 **Capital Reserve**

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

Plant & Machinary were valued by M/s Upali Doranegama Associates (Pvt)Ltd,an idependant Charterd 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 Charterd 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.

AS AT 31ST DECEMBER 2022

29 Related Party Transactions

29.1 Transaction with Subsidiaries

a) Eng. A. Galketiya is the Chairman of both parent (CECB) and subsidiary (CESL). The Company has carried out transactions with CECB during the year and the details were as follows;

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

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

b)

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

29.2 Terms and conditions of transactions with related parties

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

Transactions with Key Management Personnel

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2022

30 Commitments and Contingencies

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

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

30.1 Contingencies

a) Legal cases filed against CECB

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

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

- **MR 609/14 District Court of Nawalapitiya**

  The District Court, Nawalapitiya Case No. MR 609/14, was dismissed on 2017.05.17 and case was appealed in Provincial Appellate High Court of the Central Province.

  (Ms. A.D.K. Pitiyekumbara has filed to claim Rs. 3,000,000.00 against CECB. But the works were done by CESL.) Again case was refered to Nawalapitiya District Court to hear.

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

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

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

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

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

- **1/Add/19/2014 Labour Tribunal, Colombo**

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

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

- **CA Writ Application No.273/2019 Court of Appeal**

  Super Neat Technology (Pvt) Ltd. has filed against CECB and 7 Others for obtain Writ of Certiorari, Writ of Prohibition and Writ of Mandamus.
  No specific claim prayed against CECB.

- **SPL 33 District Court of Theldeniya**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31ST DECEMBER 2022

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

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

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

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

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

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

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

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

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

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

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

b) **Legal cases filed by CECB**

- **Arbitration between CECB & Soar Technology**

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

  The Arbitrator was resigned for the personnel grounds.
  (Settlement was entered between the parties for installment payments, total amounting to Rs. 1,178,288/36 with the approval of the Board of Directors)

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

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

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

  Bureau has filed a case against Eng. (Ms.) W.C.B. 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.

AS AT 31ST DECEMBER 2022

- **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.

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.

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.

Market Risk

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

Market risk comprise the following types of risks.

- **Interest Rate Risk**

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

- **Foreign Exchange Risk**

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

AUDITOR GENERAL'S REPORT

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. CAE/B/CECB/02/FA/2022/03 | ඔබේ අංකය / உமது இல. / Your No. | දිනය / திகதி / Date August 2023

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 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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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 2022 comprising the statement of financial position as at 31 December 2022 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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
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1.2 Basis for Qualified Opinion

(a) Sri Lanka Accounting Standard (LKAS) No. 01-Presentation of Financial Statements,

(i) Where an entity restates its financial statements in accordance with paragraph 40(a) of the Standard, the financial position before the restatement of the prior period shall be presented as a third step in addition to the minimum comparative financial statements required in accordance with paragraph 38(a). However, the financial position before the restatement of prior period items was not presented together with the set of restated financial statements submitted by the Bureau.

(ii) In contravention of paragraph 32 of the Standard, the debit balances in the retention moneys payable account in respect of Katubedda and Jawatta Base Offices of the Engineering Procurement Construction (EPC) Division amounting to Rs. 5.71 million and Rs. 129.81 million with regard to 4,120 and 74 instances respectively were set off against the credit balances and the net value of the retention money payable amounting to Rs.121.05 million and Rs.357.33 million respectively had been shown in the financial statements.

(b) Sri Lanka Accounting Standard 16 - Property, Plant and Equipment - In accordance with paragraph 51 of the Standard, an entity shall review residual value and the useful life of an asset 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 8. However, the Bureau and the Subsidiary had not reviewed the residual value and useful life of the assets which had a written-down value of Rs.633.07 million and Rs.558.98 million respectively at the end of the year under review. Further, the assets of Rs.374.79 million and Rs.523.57 million respectively belonging to the Bureau and the Subsidiary were fully depreciated and continued to be used but appropriate steps were not taken to correct the estimated error in those assets.

(c) Depreciation on furniture and fittings, construction equipment and fittings, office equipment, factory machinery, containers and computers, etc. had been computed by the Bureau on the values shown in the general ledger, irrespective of the actual existence of such assets, as per verification of assets conducted by each Base Office of the Bureau. Furthermore, the Bureau had not maintained a centralized fixed asset register to verify the existence of assets shown in the Bureau's general ledger. Therefore, it was not possible to ascertain the accuracy of the accumulated depreciation of Rs.590.33 million related to assets with a cost of Rs.648.87 million shown in the financial statements.

(d) Sri Lanka Financial Reporting Standard No. 09 - Financial Instruments;- Except for trade receivables within the scope of paragraph 5.1.3, at initial recognition, an entity shall measure other financial asset or financial liability at its fair value after deducting the transaction costs that are directly attributable to the acquisition of them. However, the Bureau had recognized the face value of Rs.246.99 million in the financial statements instead of the fair value of the bonds received from the Treasury for the settlement of the value of Rs.235.08 million due from the debtors.

(e) Sri Lanka Accounting Standard No. 8 – Accounting Policies, Changes in Estimates and Errors:- Paragraph 36 of the Standard requires that the effect of a change in an accounting estimate shall be adjusted prospectively by including it in profit or loss of that period or future period. However, the impairment of Rs.959.08 million made by the Bureau on behalf of the trade receivables during the year under review had been adjusted as Rs.770.62 million and Rs.188.46 million affecting the accumulated profit/loss of the years 2020 and 2021 respectively. Due to this, the profit of the year under review had been overstated by that amount and the accumulated profits of the years 2020 and 2021 had been understated by the respective amounts. Further, the basis on which these allocations were distinguished for the year 2020 and 2021 was not clarified in the audit.

Accordingly, the Bureau's accounting policy states that trade receivables are reviewed at the end of each reporting period to determine whether there is any objective evidence that such amounts are uncollectible, and that in such event an impairment loss is recognized in the statement of comprehensive income at the same time. Nevertheless, it was observed that the Bureau had not acted accordingly.

(f) According to the financial statement presented by the Bureau for the year 2022, out of debtors and retention balances, an amount of Rs.612.84 million were written off against the profit for the year under review and in that balance, a sum of Rs.380.10 million that were not made provision in previous years were also included. No actions were taken to obtain approval of the Board of Directors for this write-off as per paragraph 6.9 of the Establishment Administrative Circular No. 01/2021 dated 16 November 2021.

(g) Although the debtors and retentions amounting to Rs. 338 million related to Ampara (South East) Base Office were included in these write-offs, the relevant employers and clear and specific reasons for this write-offs were not submitted to the audit.

The total debtor balance was Rs.5,296.02 million as at 31 December 2022, and only 06 debtor balance confirmations worth Rs.4.49 million had been received even up to 15 August 2023.

(h) Detailed information for the outstanding retention balance of Rs.98.15 million in relation to Uva, Battaramulla, Central, East, Ampara and South Base Offices of Engineering Procurement Construction (EPC) Division was not submitted for audit.

Central Engineering Services (Private) Limited

(i) Internal transactions between Base Offices should be eliminated when preparing the Company's annual financial statements. However, the total balances due between the sub-units of the Bases and between the Bases was shown as Rs. 16.46 million in the statement of financial position. Further, an income Rs. 113.49 million earned internally by each Base Offices of the Company through providing assets such as vehicles and construction equipment on rental basis was also included in the annual income of the Company.

(j) In the age analysis of the accrued expenses of the Northern Base Office of the Company, a sum of Rs. 11.77 million was shown as payable to a sub-contractor for supply and installation of wooden doors and windows in project BD – 624. Nevertheless, acceptable evidence for the said expenditure was not submitted to the audit and this amount was not paid until 01 June 2023. Further, although an amount of Rs. 3.04 million had been brought forward for a long period in the accrued expenses register of the Anuradhapura Base Office, no acceptable evidence was submitted to the audit to verify the said expenses and balances.

(k) The Internal Audit was revealed that a welfare society has been formed at the Eastern Base Office by the staff members of the Company and the Parent Organization and they have been paid an amount of Rs. 152.16 million for the supply of labour and materials on sub-contract basis for the operations of the Company during the period of 4 years between 2019-2022. However, according to Sri Lanka Accounting Standard 24, no disclosure was made in the financial statements on all transactions and outstanding balances which are necessary to understand the related party nature of the transactions between the Company and the Welfare Society as well as the possible impact on the financial statements thereof. Therefore, the audit could not be ruled out the risk as to whether these transactions were transparently incurred in the ordinary course of business.

(l) Out of the balance of trade receivables amounting to Rs. 2,395.66 million due to the Company from other external parties, the confirmation letters received during the year under review for only Rs. 24.59 million or 01 percent of the total outstanding.

(m) According to Guideline 5.4.4 (iii) of the Procurement Guidelines, the mobilization advances received shall be fully settled before the project works reached to 90 per cent complete level. However, mobilization advances so received amounting to Rs.211.13 million on fully completed and 90 per cent completed construction projects of 06 Base Offices of the Company had remained in the accounts as at 31 December 2022 without being settled. Further, the reasons for non-settlement of these balances were not presented to the audit.

(n) Once the projects works undertaken by the Company are completed there should not be the due from customers or due to customers as at 31 December 2022. But, due to not taking proper action for settlement of these balances, sums of Rs.143.31 million and Rs.20.6 million were shown in the financial statements as due from customers and due to customers respectively in respect of 62 completed projects. It was further observed that the main reason for these discrepancies was not submitting bills correctly.

(o) Although, all the Value Added Tax (VAT) payments are made by the Head Office of the Company on cash basis, the accrual concept is being used for accounting of those VAT payments. As a result, a difference of Rs.12.74 million was observed between the VAT payable and receivable shown in the document submitted by the Base Offices for the month of December 2022 and those amount shown in their financial statements. The Company had not maintained a monthly reconciliation process to reconcile this discrepancy.

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 2022 Annual Report.

The other information comprises the information included in the 2022 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report . Management is responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bureau and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

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

2. Report on Other Legal and Regulatory Requirements

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

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Bureau as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

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

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year [except the audit matters of 1.2(b), (c), (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;

	Reference to law/Direction	Description
(a)	Public Enterprises Circular No. 01/2021 dated 16 November 2021 with regard to Guideline on Corporate Governance for State-Owned Enterprises - Paragraph 2.3	Although the Board of Directors should ensure that it its strategic plan is prepared to achieve its mandated objectives within a national policy framework, the corporate plan for the period of 2022 - 2026 and the action plan for the year 2022 had not been prepared with the required amendments.
(b)	Public Enterprises Circular No. 01/2021 dated 16 November 2021 with regard to Operational Manual for State-Owned Enterprises	
	(i) Paragraph 3.3	There shall be a scheme of recruitment and promotion approved by the Department of Management Services for all posts at all levels of the Bureau. However, a recruitment and promotion scheme for the middle management level and senior management level of the Bureau was not prepared and approved according to Management Service Circular No. 30.
	(ii) Paragraph 6.6	The annual report of the Bureau for the year 2021 had not been tabled in Parliament even by 30 May 2023.

	Reference to law/Direction	Description
(c)	Public Finance Circular No. 08/2019 of 17 December 2029	According to the Circular, instructions have been given to register in the electronic procurement system of the government to carry out the procurement activities of government institutions as well as for the provision of business services carried out by those government institutions. However, the Bureau was not registered in the electronic government procurement system until 30 May 2023.
(d)	Delegation of Financial Authority of the Bureau - 2022	Although the advances received were to be settled immediately after the completion of the work, the advances obtained for various purposes by the Engineering Procurement Construction (EPC) Division and Head Office Division of the Bureau amounting to Rs. 1.30 million and Rs. 1.66 million respectively had not been settled even though those advances were exceeded 03 years on the date of reporting.

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

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

2.3 Other Matters

(a) The operating loss of the Engineering Procurement Construction (EPC) Division in the years 2021 and 2022 had increased from Rs. 228.03 million to Rs. 303.11 million respectively and it was observed that it was an increase of 33 percent compared to the previous year. Further, according to the financial statement of the Engineering Procurement Construction (EPC) Division submitted for the year under review, 9 Divisions out of 14 had recorded an aggregate operating loss of Rs.358.91 million for the year ended 31 December 2022.

(b) According to the financial statements of the Consulting Division submitted for the year under review, 17 out of 22 cost centers of the Consulting Division had recorded an aggregate operating loss of Rs.378.60 million.

(c) There should not existed the Due from Customers in respect of two fully completed projects in 2015 and 2018 at the Ampara (South East) Base Office of the Engineering Procurement Construction (EPC) Division. However, due to not taking proper measures to recover a balance of Rs. 1.43 million which Due from Customers even at the end of the year under review, the balances were shown as receivable balances in the financial statements. In the meantime, a balance of Rs.1.43 million Due to Customers was observed in relation to another project in the same Base Office. Furthermore, a balance of Rs.3.89 million Due to Customers was also observed in connection with a fully completed project in the Southern Base Office.

(d) Thirteen (13) officers had entered into bond agreements with the Bureau for Rs.18.03 million between the year 2007 and the end of the year under review and by the end of the year under review, an amount of Rs.15.21 million remained unpaid to the Bureau by those officers. Furthermore, the Bureau had not taken effective steps to recover the arrears promptly in the year 2022.

(e) The land with an extent of 02 rood and 24.5 perches owned by the Bureau located at TB Jaya Mawatha (Dali Road) Colombo, which has a high economic value, worth Rs.575 million remained idle without being used for any productive economic activity even at the end of the year under review.

(f) According to the statement of financial position at the end of the year under review, the total debtor balance is Rs.5,296.02 million and according to the age analysis of those debtors, the debtor balances between 3 – 5 years and more than 5 years in the Engineering Procurement Construction (EPC) Division and the Consultancy Division were Rs. 641.47 million and Rs. 1,491.12 million respectively. It was observed that this situation has arisen due to the lack of proper internal control systems and timely collection of loan money at the Bureau.

(g) According to the Statement of Financial Position as at 31 December 2022, the total creditor balance is Rs.2,061.60 million and according to the age analysis of those creditors, the creditor balances between 3–5 years and more than 5 years in the Engineering Procurement Construction (EPC) Division and the Consultancy Division were Rs.364.90 million and Rs.670.16 million respectively and no effective measures were taken to settle these balances.

(h) According to Section 7 (2) of the Settlement of Default Taxes (Special Provisions) Act No. 16 of 2010, the Bureau had defaulted the payment of income tax, VAT and other taxes including Pay as You Earn (PAYE) tax in respect of the periods 1996 to 2007 and related penalties amounting to Rs. 82.38 million to the Department of Inland Revenue.

(i) The Bureau has the land on which the official housing complex consisting of 15 housing units located at Sarana Road, Colombo 07 and the value of that land was Rs.960 million and the building value was Rs.6.68 million as at 31 December 2022. Out of these 15 official quarters, it was observed that 05 quarters are being used by outside parties who are not officers of the Bureau and it was further observed that giving quarters to outside parties is against the existing system. House rents were not collected from two official quarters given to outside parties and the reasons for this were not disclosed. Therefore, it was observed that the attention of the Bureau was not focused on the effective utilization of these quarters.

(j) 150 acres of land in Rambakanoya Mahaweli Zone (Polle Bedda Mahaweli Division) of the Ampara District belonging to the Sri Lanka Mahaweli Authority had been provided to the Bureau for a mixed agriculture project by the letter No. DL/10/02/07 - X dated 21 August 2020 of the Director General of the Sri Lanka Mahaweli Authority and by the letter No. RPM/RO/L/CLO/PB/38 dated 19 November 2020 of the Resident Manager of the Sri Lanka Mahaweli Authority. Accordingly, the Bureau had implemented an agricultural project, but had not entered into a formal lease agreement until the date of audit on 01 June 2023 in order to formally acquire the land on a long-term lease basis.

Furthermore, although the biological assets generated through this agricultural project were presented as Rs. 17.27 million in the financial statements, the land and capital costs of Rs. 11.26 million and equipment of Rs. 0.17 million were also included in that value.

(k) The officer who was on duty as the Chief Operating Engineer during the period of 01 January to 22 June 2020 was suspended with effect from 11 January 2021 due to alleged misconduct in the Anuradhapura Base Office of the Subsidiary belonging to the Bureau during that period. Nevertheless, without completing the related investigation, the concerned officer was reinstated as an employee of this Bureau on 11 January 2021, which was the date of his suspension, by the Chairman in a letter dated 24 May 2021.

(l) Two bank accounts belonging to the Bureau with a total balance of Rs.2.40 million remained inactive in the year 2022 without transactions.

W.P.C. Wickramaratne

Auditor General

COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER	2018		2019		2020 (Restated)		2021 (Restated)		2022	
	GROUP	CECB	GROUP	CECB	GROUP	CECB	GROUP	CECB	GROUP	CECB
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	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	8,637,928,334	4,495,657,876
Cost of Sales	(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)	(7,513,664,938)	(4,038,496,551)
Gross Profit	**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**	**1,124,263,396**	**457,161,325**
Other Income	194,774,284	156,941,619	202,839,680	170,110,297	146,847,310	161,989,858	76,943,918	116,258,385	317,964,655	228,154,490
Administration Costs	(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)	(1,374,735,755)	(602,861,755)
Selling & Distribution Expenses	(282,120,820)	(279,559,063)	(52,706,532)	(48,715,865)	(600,352)	(468,627)	(227,998,916)	(217,674,376)	(433,889,642)	(390,454,796)
Results from Operating Activities	**302,523,870**	**235,366,954**	**85,248,647**	**29,699,753**	**(59,321,096)**	**3,130,007**	**16,607,177**	**(122,307,033)**	**(366,397,346)**	**(308,000,735)**
Finance income	453,739,544	303,565,802	506,143,480	314,400,265	411,215,478	263,172,677	304,566,882	175,841,764	701,916,821	381,000,502
Financial Charges	(56,980,423)	(12,740,273)	(44,602,963)	(4,162,901)	(20,134,970)	(4,942,514)	(17,749,366)	(5,031,999)	(11,586,797)	(3,604,800)
Net Finance Income	396,759,121	290,825,529	461,540,517	310,237,364	391,080,508	258,230,163	286,817,516	170,809,765	690,330,024	377,395,702
Profit Before Income Tax	**699,282,990**	**526,192,483**	**546,789,164**	**339,937,117**	**331,759,412**	**261,360,170**	**303,424,693**	**48,502,732**	**323,932,679**	**69,394,967**
Income Tax	(173,485,949)	(121,848,247)	(201,424,594)	(136,038,213)	(128,440,689)	(117,188,584)	(53,643,363)	(9,338,204)	(164,891,451)	(70,987,105)
Net Profit For The Year	**525,797,041**	**404,344,237**	**345,364,570**	**203,898,904**	**203,318,724**	**144,171,586**	**249,781,330**	**39,164,528**	**159,041,228**	**(1,592,139)**
Other Comprehensive Income	105,985,482	106,668,588	**306,787,948**	**307,144,855**	**217,932,482**	**25,050,838**	**36,425,819**	**41,460,591**	**(17,924,872)**	**(19,505,071)**
Total Comprehensive Income for the Year	**631,782,523**	**511,012,824**	**652,152,518**	**511,043,759**	**421,251,206**	**169,222,424**	**286,207,150**	**80,625,119**	**141,116,356**	**(21,097,209)**

COMPARATIVE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	2018		2019		2020 (Restated)		2021 (Restated)		2022	
	GROUP	CECB	GROUP	CECB	GROUP	CECB	GROUP	CECB	GROUP	CECB
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS										
Non-Current Assets										
Property, Plant and Equipment	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	2,982,804,753	3,451,217,545	2,839,569,171
Right-of-use Assets	74,948,240	74,948,240	87,598,676	72,422,750	74,674,948	60,013,196	71,943,960	57,796,383	69,212,972	55,579,570
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	6,637,975	6,637,976
Investments	52,634,700	62,634,720	55,216,573	65,216,593	57,652,773	67,652,793	46,040,967	56,040,987	296,196,148	306,196,168
Differed Tax	-	25,274,627	-	-	-	-	-	-	-	
Amount Due to Related Parties						1,652,545,484		1,431,239,453	-	1,538,066,675
Total Non Current Assets	**2,959,245,932**	**2,559,305,364**	**3,381,588,105**	**2,918,418,269**	**3,855,475,251**	**4,907,857,272**	**3,686,934,573**	**4,536,887,170**	**3,823,264,639**	**4,746,049,561**
Current Assets										
Inventories	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	1,003,136,649	21,573,121
Working progress	458,346,685	**-**	79,938,521	-	105,091,340	-	35,198,733	-	64,675,522	-
Trade & Other Receivables	12,092,206,764	**11,485,297,537**	13,357,590,461	11,741,494,084	12,222,371,215	10,743,096,216	11,034,818,611	9,683,219,443	10,960,643,631	9,445,685,931
Short Term Invesments	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	5,754,441,609	3,008,256,843
Cash and Cash Equivalents	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	928,177,351	274,971,326
Inter company current accounts	-	**1,588,871,719**	-	1,600,196,674	-	-	-	-	-	-
Total Current Assets	**19,348,945,457**	**16,814,086,063**	**19,612,376,729**	**16,718,194,067**	**19,453,914,699**	**14,546,690,306**	**18,670,004,725**	**13,268,638,316**	**18,711,074,763**	**12,750,487,221**
Total Assets	**22,308,191,389**	**19,373,391,428**	**22,993,964,834**	**19,636,612,336**	**23,309,389,950**	**19,454,547,579**	**22,356,939,298**	**17,805,525,486**	**22,534,339,402**	**17,496,536,781**
EQUITY AND LIABILITIES										
Contributed Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital Reserves	122,414,358	122,414,357	606,345,300	606,345,300	711,168,864	609,057,533	803,608,097	609,057,533	803,608,097	609,057,533
Retained Earning	6,086,973,711	5,675,860,567	6,234,940,310	5,640,074,835	7,259,945,772	6,607,602,081	6,777,034,330	5,917,602,731	6,918,150,698	5,896,505,525
Total Equity	**6,209,888,069**	**5,798,774,925**	**6,841,785,609**	**6,246,920,134**	**8,064,053,870**	**7,217,159,614**	**7,581,142,428**	**6,527,160,264**	**7,722,258,795**	**6,506,063,057**
Non-Current Liabilities										
Lease Creditors	-	-	-	-	2,698,968	2,698,968	2,831,243	2,831,243	2,968,736	2,968,736
Employee Benefit Liabilities	176,869,571	168,341,721	180,974,438	167,903,375	221,132,721	201,956,738	217,265,979	188,056,503	169,789,433	141,652,950
Deferred Tax	6,887,518	-	200,932,489	159,166,864	142,746,184	125,258,726	36,680,687	20,275,357	54,752,719	40,487,190
Discount Received	-	-	-	-	-	-	-	-	11,907,048	11,907,048
Total Non Current Liabilities	**183,757,088**	**168,341,721**	**381,906,927**	**327,070,239**	**366,577,873**	**329,914,432**	**256,777,909**	**211,163,102**	**239,417,937**	**197,015,925**
Current Liabilities										
Trade & Other Payables	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	13,798,285,356	10,070,494,156
Income Tax Payables	974,665,375	926,651,017	881,708,352	872,100,313	666,002,256	645,892,958	682,500,764	665,568,818	774,148,929	722,735,259
Lease Creditors	-	-	-	-	217,728	217,728	217,728	217,728	228,384	228,384
Inter base Current Accounts	-	-								
Inter company current accounts	-	-								
Bank Overdrafts	30,419,679	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**15,914,546,232**	**13,406,274,781**	**15,770,272,298**	**13,062,621,963**	**14,878,758,207**	**11,907,473,533**	**14,519,018,961**	**11,067,202,119**	**14,572,662,671**	**10,793,457,799**
Total Liabilities	**16,098,303,321**	**13,574,616,502**	**16,152,179,226**	**13,389,692,201**	**15,245,336,080**	**12,237,387,965**	**14,775,796,870**	**11,278,365,221**	**14,812,080,607**	**10,990,473,724**
Total Equity and Liabilities	**22,308,191,389**	**19,373,391,428**	**22,993,964,834**	**19,636,612,336**	**23,309,389,950**	**19,454,547,579**	**22,356,939,298**	**17,805,525,486**	**22,534,339,402**	**17,496,536,781**

FINANCIAL PERFORMANCE OF CECB

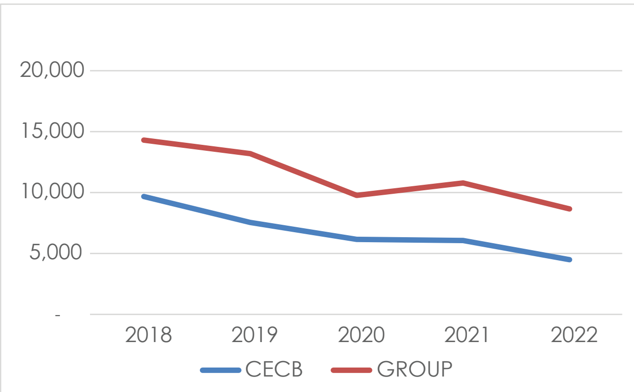
It is evident that the Bureau is becoming a change agent of the public sector in multi-disciplinary Engineering and has also been Branded as a Public Sector organization which has capability and capacity to handle any dicey situation on a fast - track basis on behalf of the Government. In other words it is the only Public Sector Engeineering Organization with a strong Human Resource base that consists of multi-discilinary professionals and Technical staff representing various Engineering disciplines. It should also be noted that our organization is trained to think ' beyond Engneering ' 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 2022 was Rs.8.6 billion reflecting a 20% decrease over the previous year Revenue. CECB Revenue Comparing with the previous year showing a decrease and Gross Profit has reduced by 31% mainly due to decrease in consultancy business revenue compared to previous year.

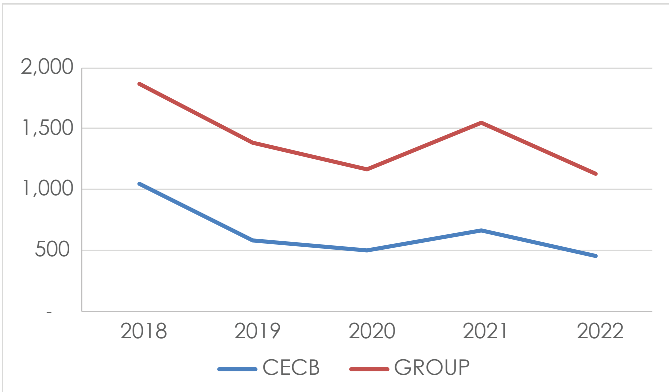
Operations of the CECB and the Group for the year 2022 had resulted beforer tax profit of Rs. 69 Million and Rs. 324 million respectively as compared with the corresponding year before tax profit Rs.49 million and Rs. 303 million respectively for the preceding year. Total assets value of the Bureau Rs. 17,496 million and profit is represented 0.40% 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.

REVENUE - GROUP Vs CECB



GROSS PROFIT - GROUP Vs CECB

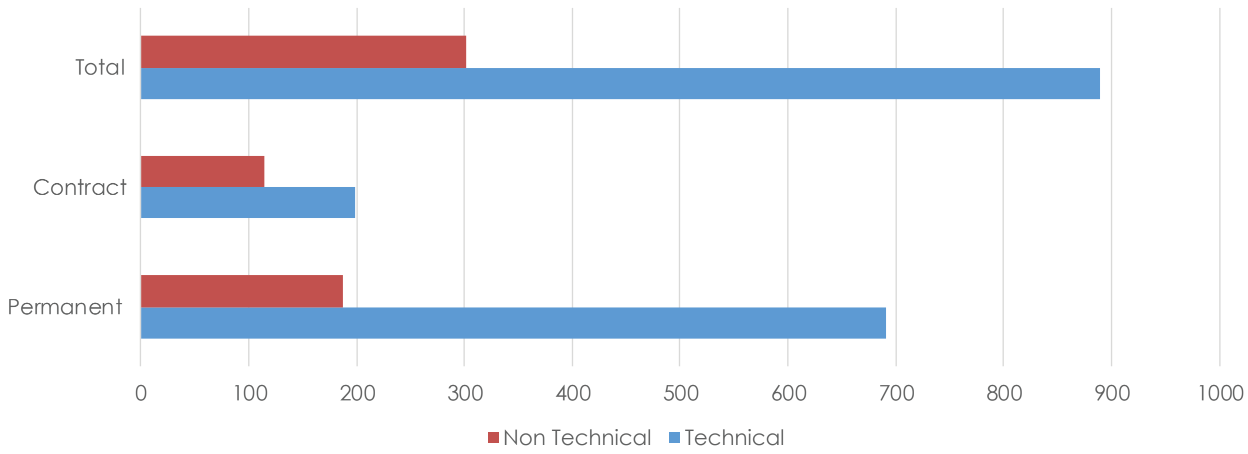


HUMAN RESOURCE

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-marking 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 2022



	Permanent	Contract	Total
• Technical	691	199	890
• Non - Technical	187	115	302

TOTAL WORKFORCE IN 2022 - 1192 EMPLOYEES

In 2021, bureau had total of 1237 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.

Ministry of Irrigation

CENTRAL ENGINEERING CONSULTANCY BUREAU

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