



# ANNUAL REPORT 2015

CENTRAL ENGINEERING CONSULTANCY BUREAU



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# ENGINEERING BETTER SRI LANKA

As the acclaimed business icon for national engineering consultancy and construction excellence in Sri Lanka and Overseas, CECB spans 42 long years of solid engineering performances as a state owned, commercially successful self-financing entity. Our engineering roots entrenched firmly in the massive multipurpose Mahaweli Development infrastructure project has since then been extended and grown to add engineering expertise to the development of diversified array of social and economic infrastructures in Sri Lanka and overseas.

Our integrated strengths and capabilities covers – Dams, Tunnels, Hydropower

Engineering (Sri Lanka/ Eastern Africa), Irrigation, Water Supply/Sanitation & Environmental Engineering, Highways, Bridges, Rail Roads, Airports, High-Rises, Buildings & Urban infrastructure, University Campuses, Laboratories, Health Care, Coastal & Marine, Defense infrastructure, Sri Lankan High Commissions overseas to name a few. Our range of expertise further covers environmental studies, natural resources management, socio-economic aspects of resettlement, community development, ICT networks etc. Truly we are the one stop shop for all engineering design, consultancy and construction needs.

We have continuously met our national obligations towards the post conflict era changes and aspirations of our people. As we near our golden jubilee, our position is among the strongest in the industry. CECB with its trained multidisciplinary expertise and advanced engineering capabilities will redouble its efforts to face the future national challenges in protecting environment while creating attractive public and private infrastructures and utilities.



## VISION

*To be a world Class Engineering Organization*

*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*



## MISSION

The CECB – Central Engineering Consultancy Bureau. The Foremost Consultancy Organization in Sri Lanka today: multi disciplinary in function, futuristic in approach and, above all, gifted with a team of inspired professionals yearning to go forward.

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

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

At CECB, we give wings to such inspiration.

# A MESSAGE FROM THE CHAIRMAN

It is my pleasure and privilege to present the Annual Report and Consolidated Accounts of Central Engineering Consultancy Bureau (CECB) for the financial year 2015. In presenting my first annual statement as Chairman, let me first express my gratitude to H.E. President for giving me this great honour of appointing me as Chairman of this prestigious engineering consultancy and construction organization in Sri Lanka and in which I have proudly served as an engineer for over last 35 years in various capacities. I also wish to take this opportunity to place on record our sincere appreciations to our outgoing Chairman, Eng. Nihal Rupasinghe who was a tower of strength and inspiration to our organization and who has been elevated to the position to the Secretary to our line Ministry of Mahaweli Development & Environment.

Let us review our performances noting the macroeconomic and other challenges posed and the efforts taken by the Board and the Management team to record a commendable performance. The Central Bank Annual Report 2015 records a Sri Lankan economy growth rate of 7.0% in nominal terms in 2015. However, the construction sector growth slowed down by 0.9% in 2015 against the 6.6% growth rate recorded in 2014. This slowdown was attributed due to lack of largescale projects during this period. Naturally, CECB being the lead consultant for number of large-scale infrastructure projects in the country, this macroeconomic slowdown correspondingly affected our financial performances. Our Group revenue which was Rs.13.4billion in 2014 decreased by 14.9% to Rs.11.4billion in 2015. Notwithstanding this slowdown, CECB was able to maintain its growth momentum in the Roads and Railway Construction sector, and the Building Sector through effective cost efficiencies in our administrative, sales and distribution costs and thus realizing pretax profit increase of 4.3% from Rs.684.2million in 2014 to Rs.713.6million in 2015. As a state-owned enterprise, we stringently adhere and comply with all regulatory requirements. A total Rs.287.4million was remitted as cumulative taxes and other levies to the Government. Renewed efforts were taken to enhance governance and accountability issues through setting of strong controls and monitoring mechanisms that are continually assessed for improvement with Board directions.

Looking into the future, CECB is fully equipped and geared for a share of commercial operations to sustain financial growth thorough participation in the open market competitive bidding for engineering projects. Central Engineering Services (Pvt) Ltd (CESL) as the commercially oriented construction arm of CECB has been market positioned for effective participation. As for consultancy, CECB leads the market with its multi-disciplinary value engineering reputation built over the last forty years.

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



**Eng. G. D. A. Piyatilake**

B.Sc.(Eng),  
PG Dip (Const.Mgt),  
PG Dip, (Port & Coastal) Norway,  
MIE(SL) C.Eng.MASCE

**Chairman**

# A MESSAGE FROM THE GENERAL MANAGER

The year under review saw CECB facing new changes and challenges both in its internal and external operating environments. While we welcomed our new Chairman Eng. G.D.A.Piyatilake, we wished the best of best to Eng. Nihal Rupasinghe who left his position of Chairman, CECB to take up higher responsibilities as Secretary, of our line Ministry. Year 2015 also saw a more formalized separation of the CECB and its construction arm CESL as two separate corporate entities to enhance operational and management efficiencies for strategic positioning in the national engineering market. Externally the change in government brought in added emphasis towards good governance.

Consequently, as a dynamic organization, CECB strategically refocused to meet the challenges and strengthen its position as the lead engineering consultancy organization in the Country. Central Bank reported a Construction sector slowdown in year 2015 attributed to a slump in large scale engineering projects. However, we were able to face the challenges positively to continue the momentum in securing high value engineering consultancy and construction projects of national importance. The Consultancy Division maintained a healthy revenue growth and realized Rs.1.98billion in year 2015. As expected the construction revenue declined by 22% to realize Rs. 8.73billion during the same period. Looking forward, our strategy will be to focus on growth in consultancy sectors where our prime competencies and experiences lie.

As a self-earning SOE, the Bureau continued to make exceptional contributions to national economy through its value engineering consultancies for development of nationally important infrastructure such as Kaluganga, Moragahakanda, Uma oya, Broadlanda etc. While meeting all our regulatory commitments fully and the Bureau continued to generate employment for significant number of engineers and other professionals in the country.

CECB is reputed and recognized for its diverse portfolio of multi-disciplinary expertise and unmatched competencies in varied engineering fields with our highly trained and qualified professionals and support staff. Hence, we recognize staff training, skill development as a continuing knowledge update process. During 2015, CECB invested Rs.4.5million in providing Post Graduate training placements to 19 staff members while Rs.3.32million was used to support outdoor skill development programmes. We will continue to invest in developing and upgrading their skills while ensuring opportunities for personal growth in their career with CECB. The Bureau also contributed to national engineering education through providing Industrial training placements for 436 students from 10 universities and 07 Technical/Vocational training institutions free of charge. As part of our social obligations, Rs.1.5million worth modifications to the Cardiology operation theatre at Lady Ridgeway Hospital was undertaken as CSR initiative.

Let me end this note by acknowledging cooperation received from Chairman, senior management and all staff members in providing leadership to CECB to advance its respected and reputed niche in the engineering industry in Sri Lanka. It is noteworthy that year 2015 was a fruitful year. We were able to achieve our targets, and we are positively looking forward to accomplishing our future goals in the coming years.



**Eng. K.L.S. Sahabandu**

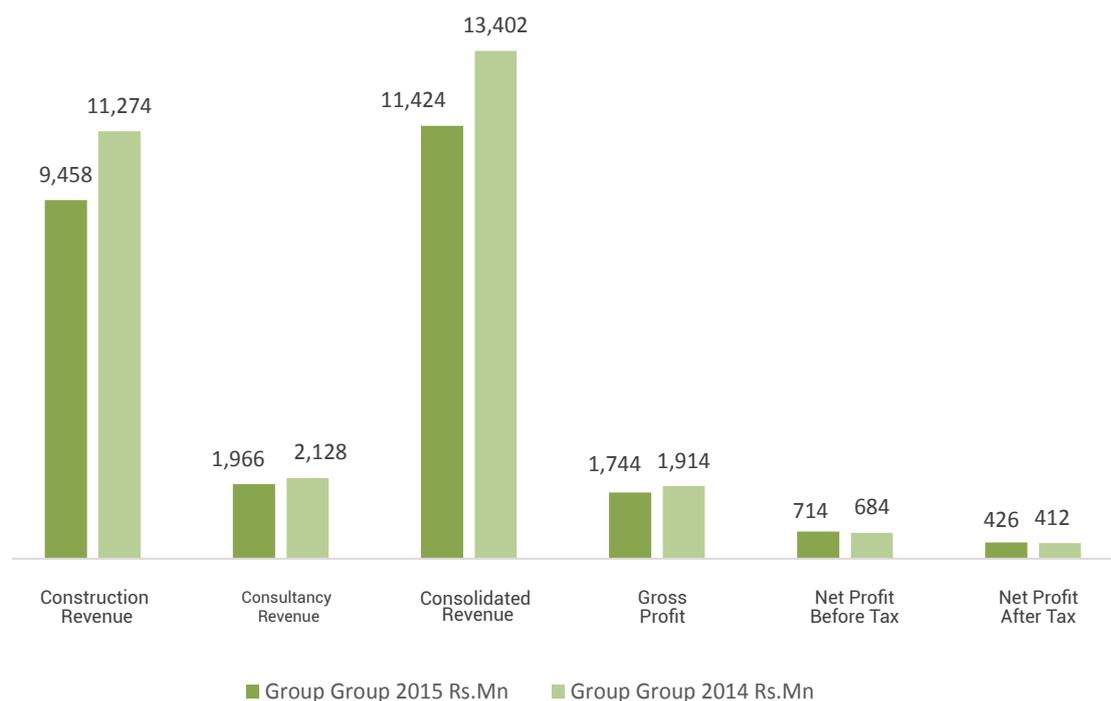
Bsc.Eng (Hons),  
PG Dip (Hyd), MSc.(Struct.),CEng,  
MICE (London),MIE (SL),  
M.Cons E(SL), FSSE (SL)

**General Manager**

## FINANCIAL HIGHLIGHTS

	Group		CECB	
	2015	2014	2015	2014
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Construction Revenue	9,458	11,274	8,734	11,127
Consultancy Revenue	1,966	2,128	1,976	2,132
Consolidated Revenue	11,424	13,402	10,710	13,260
Gross Profit	1,744	1,914	1,262	1,603
Net Profit Before tax	714	684	596	552
Net profit after tax	426	412	345	309
Total assets	16,804	15,951	16,607	17,027
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	4,956	4,530	4,748	4,403
Total Equity Equilibrium	16,804	15,951	16,607	17,027
Current Assets	13,676	12,618	13,876	14,087
Current Liabilities	11,653	11,232	11,683	12,442

## FINANCIAL HIGHLIGHTS OF GROUP



## BOARD OF DIRECTORS



### Eng. G. D. A. Piyatilake

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

#### Chairman

Appointed as the Chairman of the Board in 2015. Functions concurrently as Chairman of the Central Engineering Services (PVT) Ltd, the construction engineering arm of CECB. Since 2010 provided direct support to the Board in its deliberations as Corporate Additional General Manager (EPC). Possess over 34 years of wide experience in engineering and management all of which gained in CECB in various capacities and starting his career as Resident Engineer in Victoria Hydropower Project in 1983 and gaining progressive responsibilities and promotions over the years as Project Engineer (1995), Project Team Leader(1996), Deputy General Manger (2005) and as Additional General Manager in 2010. He brings to the Board his specialized knowledge and wide expertise of the Civil Engineering field gained in managing diverse projects he had undertaken in his long career.



### Mr. M.R.G. Ranathunge

LL.B (Sri Lanka), Attorney-at-Law, Notary Public, Company Secretary, Actg. Magistrate.

#### Working Director

Appointed to the Board as Working Director in 2015. Previously served as Working Director, CECB during 2007 to 2010. Concurrently serves as Director, Central Engineering Services (PVT) Ltd. Presently carrying out duties as Director, Department of Health, Director, Ministry of Defence and as Secretary, Rakhna Lanka (Pvt) Ltd. Previously held the posts of Director, Water Resources Board and Director of Fertilizer Corporation. Earlier served as Zonal Vice President of the North Central Province, Bar Association of Sri Lanka.



### Eng. N. Rupasinghe

BSc.Eng.(Hons),PG Dip. (Hydropower)Norway, C.Eng.,MIE (SL), MICE (London), Licd. Surveyor

#### Director

Appointed to the Board as Director in 2015. Holds nationally important development responsibilities as Secretary, Ministry of Megapolis and Western Development from 2015. Served as Chairman CECB from 2005 to 2014. Possess over 34 years of extensive engineering and management experience in the Bureau having joined CECB as Civil Engineer in 1981 and served as Civil Engineer, Resident Engineer, Chief Resident Engineer, Project Manager, Additional General Manager and General Manager. Pioneered establishment of the Engineering Procurement and Construction (EPC) Division as the Project Manager (Infrastructure Construction) and as Additional General Manager (EPC).



### Eng. H.B. Jayasekara

BSc.(Eng.), C.Eng., MICE(UK), FIE(SL)

#### Director

Appointed to the Board as Director in 2015. Has earlier functioned as Chairman, CECB from 2000 to 2004. Extensive experiences in engineering and management gained nationally and overseas. Worked at State Engineering Corporation of Sri Lanka as Design Engineer (1965 to 1967), Resident Engineer (1967-1968) and Resident Construction Manager (1970 to 1972). Joined Central Engineering Consultancy Bureau as a Chief Project Engineer (1977), promoted as Deputy General Manager (1978 – 1985), as Additional General Manager Water Resources Planning (1986 – 1995) and elevated as General Manager, CECB (1995 to 1996). Served overseas in the Forestry Commission, Head Office, U.K (1968 to 1970) and as Deputy Section Engineer, Kent Country Council, UK (1972 to 1977).



### Mr. S.M.N.L. Senanayake

BSc., Dip. Mgt., FCA, Chartered Accountant.

#### Director

Reappointed to the Board as Director in 2015, having functioned as Director, CECB since 2004. Functions as Company Secretary, Central Engineering Services (PVT) Ltd.. Possess extensive finance management and accounting experiences. Functions as Director, Corporate Vision (Pvt) Ltd., since 1988 and as Director, Financial Consultants and Allied Services (Pvt) Ltd since 1994.



### Mr. P.B.S.C. Nonis

B.Sc. (Bus:Ad) SP.Hons – University of Sri Jayawardenapura, MPA – Flinders University Australia, LICA – ICASL

#### Director

Appointed in 2015 as Director representing General Treasury in the CECB Board and functions as the current Chairman of the Audit & Management Committee of CECB. Holds the substantive post of Director, Ministry of Finance and Department of Public Finance. Possess diverse and extensive Sri Lanka Administrative Service (SLAS) experiences. Started SLAS career in the Ministry of Fisheries and Aquatic Resources as Assistant Secretary (1998) and Ministry of Finance and Planning as Assistant Director, Department of Fiscal Policy & Economic Affairs (2002), Deputy Director of Department of Trade Tariff and Investment Policy (2009) and Director, Department of Fiscal Policy (2009) appointed as a Director of Customs in 2011 and as Additional Secretary (Procurement), Ministry of Petroleum Industries in 2014. Has served as Career Guidance Specialist, Ministry of Youth and Skills Development Skills Sector Development Program in 2014.

# MANAGEMENT TEAM

**Eng. G.D.A. Piyatilake**  
Chairman

**Eng. K.L.S. Sahabandu**  
General Manager

**Eng. S.P.P Nanayakkara**  
Corp.Addl.GM ( EPC)

**Eng. T.D. Wickramarathna**  
Corp.Addl.GM ( C ) / AGM (Water Resources)

**Eng. G.D.A.Piyatilake**  
Addl.GM (EPC-WP 1)

**Eng. S.P.P Nanayakkara**  
Addl.GM (EPC-South)

**Eng. H.M. Nandasena**  
Addl.GM (EPC-Central)

**Eng. D.R. Mithra**  
Addl.GM (EPC-North Central)

**Eng. A. Galketiya**  
Addl.GM (Special Project – 02)

**Eng. G.R.A.S. Gunathilake**  
Addl.GM (EPC-East)

**Eng. (Ms.) H.M.S. Rupasinghe**  
Addl.GM (EPC-Support Service)

**Eng.W.A. Ariyathilake**  
Addl.GM (Northern Roads)

**Eng. K.L.S.R. Sahabandu**  
A/Addl.GM (Design 01)

**Eng. P.C. Jinasena**  
Addl.GM (DHQC)

**Eng. G.A.D.L.J. Senevirathne**  
Addl.GM (E & M)

**Eng. U.S.Karunarathna**  
Addl.GM (EPC-WP 2)

**Eng. (Ms) A.A.P. Adikari**  
A/Addl.GM (Design 02)

**Eng. T.G.D.T. Dharmawardana**  
A/Addl.GM (Projects)

**Arch. W.K. Lalith Hewage**  
Addl.GM (Architect)

**Eng. I.R.P. Gunathilake**  
A/Addl.GM (Special Projects – 01)

**Eng. P.M.P.C. Gunatilleke**  
A/Addl.GM (EPC-South East)

**Eng. S.A.U.D.C.Siriwardhana**  
A/Addl.GM (Water Resources)

**Eng. W.E.P Ranjan Kumara**  
A/Addl.GM (Sabaragamuwa)

**Eng. M.N.Gunasena**  
A/Addl.GM (Uva)

**Eng. A.Pushparajah**  
A/Addl.GM (EPC-North)

**Eng. H.R.W.K. Hendeniya**  
DGM (Gampaha)

**Eng. S.S.A.Kalugaldeniya**  
A/Addl.GM (Design 03)

**Eng. A.A. Viraj Dias**  
A/Addl.GM (NRM&LS)

**Ms. LiyanageDevika**  
DGM (C&QS)

**Eng. (Ms.) A.C.Jayathilake**  
A/DGM (IT)

**Mr. J.M.B. Jayaweera**  
Chief Internal Auditor

**Ms. S.H.H.C.U. Senanayake**  
Legal Officer/ Secretary to the Board

**Mr. J.W. Rathnayake**  
Consultant, Human Resource

**Mr. U.N.B. Mawathagama**  
DGM (Finance)

# DIRECTORS REPORT

## ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2015

### 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 mandated 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 future growth.
- e. Ascertain that finances needed to meet goals and objectives are generated or obtained on a timely basis without interruptions, for the smooth functioning of the enterprise.
- f. Ensure proper accountability by maintaining adequate records and books of Accounts.
- g. Ensure that an effective risk management system is in place, to insulate the enterprise against disruptions, setbacks etc.

### Oversight role

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

For this purpose the responsibility of the Board will:

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

## Composition

The Board comprises of Six (06) Board members, inclusive of the Chairman of Central Engineering Consultancy Bureau. Members of the Board of Directors as follows;

- Eng. G.D.A. Piyatilake **Chairman**
- Mr. M.R.G. Ranathunga **Working Director**
- Eng. N. Rupasinghe **Director**
- Mr. S.M.N.L. Senanayake **Director**
- Eng. H.B. Jayasekara **Director**
- Mr. P.B.S.C. Nonis **Director**

## Meetings & Attendance

The Board met in 14 occasions to the Financial Year 2015 and the attendance of the Board of Directors was as follows.

Name	Position	2015													
		12th Feb	26th Mar	29th April	29th May	03rd June	30th June	27th July	13th Aug	31st Aug	30th Sept	29th Oct	26th Nov	04th Dec	30th Dec
<i>Eng. G.D.A. Piyatilake</i>	<i>Chairman</i>	√	√	√	√	√	√	√	√	√	√	√	√	√	√
<i>Mr. M.R.G. Ranathunga</i>	<i>Working Director</i>	√	√	√	√	-	√	-	√	-	√	√	√	-	√
<i>Eng. N. Rupasinghe</i>	<i>Director</i>	√	√	√	√	√	√	√	√	√	√	√	√	√	√
<i>Mr. S.M.N.L. Senanayake</i>	<i>Director</i>	√	-	√	√	√	√	√	√	-	√	√	√	√	√
<i>Eng. H.B. Jayasekara</i>	<i>Director</i>	√	√	-	√	√	√	√	-	-	√	√	√	√	√
<i>Mr. P.B.S.C. Nonis</i>	<i>Director</i>	-	√	√	√	√	√	√	√	√	√	√	√	√	√



# AUDIT COMMITTEE REPORT

As per the Public Enterprises Circular No. PED 55, 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.

## Terms of Reference

The 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 following objectives in discharging its responsibilities as per Terms of Reference and the requirements of the Government.

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

- |                           |  |
|---------------------------|--|
| • Mr. P.B.S.C. Nonis      | <b>Director /Chairman of the Committee</b> |
| • Mr. S.M.N.L. Senanayake | <b>Director</b>                            |
| • Eng. H.B. Jayasekara    | <b>Director</b>                            |

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

Ms. S.H.H.C.U. Senanayake, Board Secretary functions as the Secretary to the Audit Committee and Mr. J.M.B. Jayaweera, Chief Internal Auditor functions as the Convener to the Audit Committee.

## Meetings and Attendance

The Audit Committee met on five occasions during the financial year 2015 and their attendances are as follows:

Name	2015				
	7th Apr	14th May	15th July	21st Oct	10th Dec
Mr. P.B.S.C. Nonis	√	√	√	√	√
Mr.S.M.N.L.Senanayake	√	√	√	√	√
Eng. H.B.Jayasekara	√	-	√	-	√



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

## Compliance

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

## External Audit

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

### Mr. P.B.S.C. Nonis

#### Chairman - Audit and 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 2015 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 (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Financial Statements of the subsidiary is 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
- Fair value of Property Plant and Equipment are recognised as deemed cost on the transition date.

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 (Rs.), which is the Bureau's functional currency.

## 2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs) 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. Actual results may differ from these estimates.

The Estimates and associated assumption 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 recognized 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	28

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	29/30
Employee Benefits	22	32
Deferred Tax Liabilities	23	33

## 2.5 Change in Accounting Policies

### (a) Defined Benefit Obligation

The Company adopted LKAS 19 Employee Benefits measure its Define Benefit Obligation at present value. The defined benefit obligation is calculated annually by independent actuaries using Project 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

#### (a) 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.

#### (b) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised 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 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.

## 3.3 Financial assets and financial liabilities

### (a) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts intends either to settle on a net basis or realize the assets and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

#### (i) Loans and receivables

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

Loans and receivable comprise cash and cash equivalents, investment in debenture and trade and other receivables, including related party receivables.

#### (ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for sale and that are not classified as any of the other financial assets. The Group's investments in equity securities are classified as available-for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. However investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured therefore the equity instruments are measured at cost.

## (b) Non-derivative financial liabilities

The group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contracted obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities in to the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost.

Other financial liabilities comprise: loans and borrowings, trade and other payables.

## 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.

## 3.4 Impairment

### 3.4.1 Non-derivative Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

### 3.4.2 Financial assets

The Group considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are as assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reserved through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

### 3.4.3 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 risk specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.5 Property, Plant and Equipment

### 3.5.1 Recognition and Measurement

Property, Plant and Equipment are stated at cost/revaluation less accumulated depreciation and accumulated impairment losses. The Group elected to apply the optional exemption of SLFRS 1 First Time adoption of Sri Lanka Accounting Standards (SLFRS) to use the fair value as deemed cost at the date of transition for certain items of property, plant and equipments.(Note 15).

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment.

### 3.5.2 Leased 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.

### 3.5.3 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.

### 3.5.4 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 within other income in profit or loss.

### 3.5.5 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 whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Group that is classified as held for sale) and the date that the asset is derecognised. Depreciation is not charged on Freehold Land and Capital Work in Progress.

The estimated useful lives are as follows:

Asset Category	Useful Lives
Freehold Building	13.33 Years
Office Equipment and Furniture and Fittings	8 Years
Construction Instruments and Equipment	4-5 years
Motor Vehicles	4 years
Plant & Machinery	5 years
Containers	5 years
Computers	5 years
Library Books	8 years

### 3.5.6 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.

## 3.6 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.

### 3.6.1 Work in Progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. 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. Construction contracts in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payable in the statement of financial position.

## 3.7 Employee benefits

### (a) Defined contribution plans

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

### (a) Defined contribution plans (Continued...)

#### **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 Project 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.

## **3.8 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.

## **3.9 Statement of Comprehensive Income**

### **3.9.1 Revenue**

#### (a) Construction Contracts

Contract revenue includes the initial amount 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. As soon as the outcome of a construction Contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed with reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

#### (b) Consultancy Services

The Group generates revenues from consultancy service related to construction work. Revenue from consultancy services is recognised in profit or loss in proportion to the stage of the transaction at the reporting date. The stage of completion is assessed with reference to survey of work performed.

### **3.9.2 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.

### 3.9.3 Dividend Income

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

### 3.9.4 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.

### 3.9.5 Expenditure Recognition

#### (a) Construction and consultancy Cost

Contract expenses are recognized 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.

### 3.9.6 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 recognized 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 recognized for:

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

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

#### 4. 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.

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

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

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

#### 6. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The standards and interpretations that are issued not yet effective up to date of issuance of the company financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

##### (i) SLFRS 09 - Financial Instruments

SLFRS 9 as issued reflects the replacement of LKAS 39 applies to the classification and measurement of financial assets and liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after 01 January 2018. The adoption of SLFRS 9 will have an impact on the classification and measurement of the Company's and Group's financial instruments.

##### (ii) SLFRS 15 revenue from Contract with Customers

SLFRS – 15 establishes a comprehensive framework for determining whether, how much and when revenue recognized. It replaces the existing revenue recognition guidance including LKAS 18 "Revenue", LKAS 11 "Construction Contracts". The adoption of SLFRS 15 is effective for annual periods beginning on or after 1st January 2018, with early adoption permitted.

The group will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at date of publication of these Financial Statements.





# FINANCIAL STATEMENTS

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31ST DECEMBER

	Note	GROUP		CECB	
		2015 Rs.	2014 Rs. Restated	2015 Rs.	2014 Rs. Restated
Revenue	9	11,423,636,967	13,401,582,667	10,710,472,734	13,259,699,366
Cost of Sales	10	(9,679,902,097)	(11,487,873,150)	(9,448,860,733)	(11,656,600,792)
<b>Gross Profit</b>		<b>1,743,734,870</b>	<b>1,913,709,517</b>	<b>1,261,612,002</b>	<b>1,603,098,574</b>
Other Income	11	168,515,920	147,476,316	173,393,789	169,674,146
Administration Expenses		(1,128,975,590)	(1,189,348,793)	(759,749,098)	(1,033,810,083)
Selling and Distribution Expenses		(222,249,855)	(314,175,035)	(220,503,209)	(314,175,035)
<b>Results from Operating Activities</b>		<b>561,025,344</b>	<b>557,662,005</b>	<b>454,753,483</b>	<b>424,787,602</b>
Finance Income		168,766,491	154,451,475	150,007,977	145,235,138
Finance Cost		(16,207,048)	(27,890,447)	(8,789,218)	(17,589,492)
<b>Net Finance Income</b>	12	<b>152,559,443</b>	<b>126,561,028</b>	<b>141,218,758</b>	<b>127,645,646</b>
<b>Profit Before Income Tax</b>		<b>713,584,787</b>	<b>684,223,033</b>	<b>595,972,241</b>	<b>552,433,247</b>
Income Tax Expense	14	(287,358,436)	(271,949,391)	(250,935,705)	(243,267,389)
<b>Profit/(Loss) for the Year</b>		<b>426,226,351</b>	<b>412,273,642</b>	<b>345,036,536</b>	<b>309,165,858</b>
<b>Other Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Year</b>		<b>426,226,351</b>	<b>412,273,642</b>	<b>345,036,536</b>	<b>309,165,858</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 28 to 35 form an integral part of these Financial Statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER	GROUP	GROUP		CECB	
		2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
<b>Assets</b>	<b>Note</b>				
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,088,678,195	3,298,246,727	2,686,829,682	2,896,020,996
Investments	16	39,477,863	34,521,663	44,253,587	44,521,683
<b>Total Non-Current Assets</b>		<b>3,128,156,058</b>	<b>3,332,768,390</b>	<b>2,731,083,269</b>	<b>2,940,542,679</b>
<b>Current Assets</b>					
Inventories	17	594,682,065	661,739,053	92,491,334	320,879,617
Trade and Other Receivables	18	8,937,778,990	8,582,269,469	9,443,009,085	9,581,357,319
Short term Investments	16	3,341,850,862	2,753,124,096	2,570,978,949	2,457,313,968
Cash and Cash Equivalents	20	801,392,970	620,947,793	622,427,835	449,363,357
Inter company current accounts	19	-	-	1,147,466,029	1,278,026,970
<b>Total Current Assets</b>		<b>13,675,704,887</b>	<b>12,618,080,411</b>	<b>13,876,373,232</b>	<b>14,086,941,231</b>
<b>Total Assets</b>		<b>16,803,860,945</b>	<b>15,950,848,801</b>	<b>16,607,456,501</b>	<b>17,027,483,910</b>
<b>Equity and Liabilities</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve		3,028,000	3,028,000	3,028,000	3,028,000
Retained Earning		4,952,476,935	4,526,250,584	4,744,367,819	4,399,331,283
<b>Total Equity</b>		<b>4,956,004,935</b>	<b>4,529,778,584</b>	<b>4,747,895,819</b>	<b>4,402,859,283</b>
<b>Non-Current Liabilities</b>					
Lease Creditors	21	-	888,699	-	-
Employee Benefits	22	177,457,833	182,165,317	176,438,911	182,165,317
Deferred Tax	23	17,617,814	6,477,006	-	-
<b>Total Non-Current Liabilities</b>		<b>195,075,647</b>	<b>189,531,022</b>	<b>176,438,911</b>	<b>182,165,317</b>
<b>Current Liabilities</b>					
Trade and Other Payables	24	10,877,454,823	10,485,704,301	10,931,756,058	11,724,834,406
Income Tax Payables	25	774,441,714	737,897,410	751,365,710	717,039,064
Lease Creditors	21	883,827	7,937,483	-	585,840
Inter base current accounts					
Inter company current accounts	26				
Bank Overdraft	20				
<b>Total Current Liabilities</b>		<b>11,652,780,363</b>	<b>11,231,539,196</b>	<b>11,683,121,770</b>	<b>12,442,459,310</b>
<b>Total Liabilities</b>		<b>11,847,856,010</b>	<b>11,421,070,218</b>	<b>11,859,560,681</b>	<b>12,624,624,627</b>
<b>Total Equity and Liabilities</b>		<b>16,803,860,945</b>	<b>15,950,848,801</b>	<b>16,607,456,501</b>	<b>17,027,483,910</b>

Figures in brackets indicates deductions.

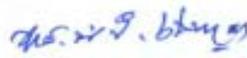
The Notes to the Financial Statements set out on pages 28 to 35 form an integral part of these Financial Statements.

  
U.N.B. Mawathagama  
DEPUTY GENERAL MANAGER (FINANCE)

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. G.D.A. Piyatilake  
CHAIRMAN

  
M.R.G. Ranatunga  
DIRECTOR

26 January 2017  
Colombo

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	713,584,787	684,223,033	595,972,241	552,433,247
<i>Adjustments for:</i>				
Depreciation on Property, Plant and Equipments	427,194,180	431,739,029	270,578,458	328,077,547
Provision for Bad and Doubtful Debts	243,149,506	308,872,386	239,395,936	308,872,386
Reversal of Bad and Doubtful Debts	(67,849,238)	(52,969,199)	(66,248,516)	(52,969,199)
Provision / (Reversal) for Gratuity	19,492,872	15,117,495	18,473,950	15,117,495
Net Finance Income	(152,559,447)	(126,561,028)	(141,218,758)	(127,645,645)
(Profit) / Loss on disposal of Property, Plant and Equipments	(913,314)	728,679	(993,769)	728,680
<b>Operating Profit before Working Capital Changes</b>	<b>1,182,099,347</b>	<b>1,261,150,395</b>	<b>915,959,542</b>	<b>1,024,614,512</b>
(Increase)/Decrease in Inventories	67,056,988	85,083,263	228,388,283	93,451,892
(Increase)/Decrease in Trade and Other Receivables	(530,809,789)	4,196,101,067	(34,799,186)	(371,813,692)
Increase/(Decrease) in Trade and Other Payables	391,750,522	(3,965,989,760)	(793,078,348)	391,542,452
Increase/(Decrease) in Amounts Due to Related Companies	-	-	130,560,941	(194,991,669)
<b>Cash Generated from Operating Activities</b>	<b>1,110,097,071</b>	<b>1,576,344,965</b>	<b>447,031,230</b>	<b>942,803,494</b>
Interest paid	(16,207,044)	(27,890,447)	(8,789,218)	(17,589,493)
Tax paid	(239,673,323)	(74,775,998)	(216,609,058)	(57,339,754)
Gratuity paid	(24,200,356)	(36,957,075)	(24,200,356)	(36,957,075)
<b>Net Cash Flows from Operating Activities</b>	<b>830,016,348</b>	<b>1,436,721,444</b>	<b>197,432,598</b>	<b>830,917,172</b>
<b>Cash Flows from Investing Activities</b>				
Investment in Property Plant and Equipment	(234,793,003)	(365,286,891)	(61,687,770)	(90,546,698)
Investment in Capital Work in Progress	(1,000,000)	(2,571,990)	-	-
Sales Proceed on Disposal of Property Plant and Equipment	19,080,663	-	1,294,397	-
Investment / Disposal of Long Term Deposit	(4,956,200)	3,804,734	268,097	(6,195,266)
Investment / Disposal of Short Term Deposit	(588,726,766)	(983,864,676)	(113,664,981)	(728,732,071)
Interest Income	168,766,491	154,451,475	150,007,977	145,235,138
<b>Net Cash Flows from Investing Activities</b>	<b>(641,628,816)</b>	<b>(1,193,467,346)</b>	<b>(23,782,280)</b>	<b>(680,238,897)</b>
<b>Cash Flows from Financing Activities</b>				
Payment of Finance Lease Liabilities	(7,942,355)	(21,742,155)	(585,840)	(11,668,598)
<b>Net Cash from Financing Activities</b>	<b>(7,942,355)</b>	<b>(21,742,155)</b>	<b>(585,840)</b>	<b>(11,668,598)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	180,445,177	221,511,942	173,064,478	139,009,678
Cash and Cash Equivalent at the beginning	620,947,793	399,435,851	449,363,357	310,353,679
<b>Cash and Cash Equivalent at the end (Note 20)</b>	<b>801,392,970</b>	<b>620,947,793</b>	<b>622,427,835</b>	<b>449,363,357</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 28 to 35 form an integral part of these Financial Statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER	CECB			
	Contributed Capital Rs.	Capital Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2014	500,000	3,028,000	4,090,165,425	4,093,693,425
Restated Net Profit For the Year	-		309,165,858	309,165,858
Other Comprehensive Income			-	-
<b>Balance as at 31st December 2014</b>	<b>500,000</b>	<b>3,028,000</b>	<b>4,399,331,283</b>	<b>4,402,859,283</b>
Balance as at 01st January 2015	<b>500,000</b>	<b>3,028,000</b>	<b>4,399,331,283</b>	<b>4,402,859,283</b>
Net Profit For the Year	-	-	345,036,536	345,036,536
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31st December 2015</b>	<b>500,000</b>	<b>3,028,000</b>	<b>4,744,367,819</b>	<b>4,747,895,819</b>

FOR THE YEAR ENDED 31ST DECEMBER	GROUP			
	Contributed Capital Rs.	Capital Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2014	500,000	3,028,000	4,113,976,942	4,117,504,942
Restated Profit For the Year			412,273,642	412,273,642
Other Comprehensive Income			-	-
<b>Balance as at 31st December 2014</b>	<b>500,000</b>	<b>3,028,000</b>	<b>4,526,250,584</b>	<b>4,529,778,584</b>
Balance as at 01st January 2015	<b>500,000</b>	<b>3,028,000</b>	<b>4,526,250,584</b>	<b>4,529,778,584</b>
Net Profit For the Year	-	-	426,226,351	426,226,351
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31st December 2015</b>	<b>500,000</b>	<b>3,028,000</b>	<b>4,952,476,935</b>	<b>4,956,004,935</b>

The Notes to the Financial Statements set out on pages 28 to 35 form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>9 Revenue</b>				
Construction Revenue	<b>9,457,853,907</b>	11,273,975,233	<b>8,734,403,246</b>	11,127,444,260
Consultancy Revenue	<b>1,965,783,059</b>	2,127,607,434	<b>1,976,069,488</b>	2,132,255,106
	<b>11,423,636,967</b>	13,401,582,667	<b>10,710,472,734</b>	13,259,699,366
<b>10 Cost of sales</b>				
Construction Cost	<b>8,332,292,766</b>	10,132,060,118	<b>8,078,502,315</b>	10,284,412,205
Consultancy Cost	<b>1,347,609,331</b>	1,355,813,032	<b>1,370,358,418</b>	1,372,188,587
	<b>9,679,902,097</b>	11,487,873,150	<b>9,448,860,733</b>	11,656,600,792
<b>11 Other Income</b>				
Miscellaneous Revenue	<b>77,168,913</b>	75,739,607	<b>54,141,541</b>	86,954,644
Hiring Income	<b>12,136,776</b>	5,611,316	<b>4,348,474</b>	
Gain on Disposal of Non C/A	<b>1,047,791</b>		<b>1,047,791</b>	
Reimbursable costs	<b>9,399,663</b>	11,400,998	<b>46,693,928</b>	29,730,614
Foreign gain or loss	<b>913,540</b>	19,689	<b>913,540</b>	19,689
Bad Debt Provision Reversal	<b>67,849,238</b>	52,969,199	<b>66,248,516</b>	52,969,199
Commission Income	-	1,735,507	-	
	<b>168,515,920</b>	147,476,316	<b>173,393,789</b>	169,674,146
<b>12 Net Finance Income</b>				
<b>Finance Income</b>				
Interest Income	<b>168,766,491</b>	154,451,475	<b>150,007,977</b>	145,235,138
	<b>168,766,491</b>	154,451,475	<b>150,007,977</b>	145,235,138
<b>Finance Cost</b>	<b>(16,207,044)</b>	(27,890,447)	<b>(8,789,218)</b>	(17,589,492)
<b>Net Finance Income</b>	<b>152,559,447</b>	126,561,028	<b>141,218,758</b>	127,645,646
<b>14 Income Tax</b>				
<b>14.1 Current Tax Expense</b>	<b>276,217,628</b>	265,700,526	<b>250,935,705</b>	243,267,389
Deferred Tax Provision	<b>11,140,808</b>	6,248,865	-	-
	<b>287,358,436</b>	271,949,391	<b>250,935,705</b>	243,267,389
<b>14.2 Reconciliation of Accounting Profit to Taxable Profit</b>				
Tax on Construction Income @ 12%	<b>63,597,714</b>	55,814,491	<b>27,174,983</b>	27,132,489
Tax on Other Income @ 28%	<b>105,876,473</b>	101,282,089	<b>105,876,473</b>	101,282,089
Dividend Tax	<b>117,884,249</b>	114,852,811	<b>117,884,249</b>	114,852,811
Current Income Tax Expenses	<b>287,358,436</b>	271,949,391	<b>250,935,705</b>	243,267,389

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 15. Property Plant &amp; Equipment

## 15.1 CECB

FOR THE YEAR ENDED 31ST DECEMBER		Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>													
Balance as at 1st January 2015		1,701,736,867	818,776,397	57,578,529	199,505,672	61,030,337	491,588,587	12,380,896	118,929,500	381,612,012	1,479,368	19,331,449	3,863,949,614
Additions during the year		-	-	6,460,825	17,504,658	8,273,302	12,468,132	-	13,557,179	3,170,000	253,673	-	61,687,770
Disposals / Write off during the year		-	-	(84,977)	(36,846)	(216,333)	(347,189)	-	(678,286)	-	-	-	(1,343,631)
<b>Balance as at 31st December 2015</b>		<b>1,701,736,867</b>	<b>818,776,397</b>	<b>63,974,376</b>	<b>216,973,485</b>	<b>69,087,306</b>	<b>503,709,530</b>	<b>12,380,896</b>	<b>131,808,393</b>	<b>384,782,012</b>	<b>1,733,041</b>	<b>19,331,449</b>	<b>3,924,293,752</b>
<b>Accumulated Depreciation</b>													
Balance as at 1st January 2015		-	171,716,650	20,807,842	118,357,898	24,123,665	230,044,954	8,173,107	63,208,256	330,888,305	607,936	-	967,928,613
Charge for the year		-	66,101,019	8,416,072	39,513,574	9,601,341	85,835,062	2,476,179	24,784,632	33,651,382	199,197	-	270,578,458
Disposals during the year		-	-	(32,489)	(29,477)	(152,760)	(277,751)	-	(550,527)	-	-	-	(1,043,003)
<b>Balance as at 31st December 2015</b>		<b>-</b>	<b>237,817,669</b>	<b>29,191,425</b>	<b>157,841,995</b>	<b>33,572,246</b>	<b>315,602,265</b>	<b>10,649,286</b>	<b>87,442,361</b>	<b>364,539,687</b>	<b>807,133</b>	<b>-</b>	<b>1,237,464,072</b>
<b>Net Book Value</b>													
Balance as at 1st January 2015		1,701,736,867	647,059,747	36,770,687	81,147,774	36,906,672	261,543,633	4,207,787	55,721,244	50,723,707	871,432	19,331,449	2,896,020,994
<b>Balance as at 31st December 2015</b>		<b>1,701,736,867</b>	<b>580,958,728</b>	<b>34,782,951</b>	<b>59,131,489</b>	<b>35,515,060</b>	<b>188,107,265</b>	<b>1,731,610</b>	<b>44,366,032</b>	<b>20,242,325</b>	<b>925,908</b>	<b>19,331,449</b>	<b>2,686,829,682</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15. Property Plant & Equipment

#### 15.2 Group

FOR THE YEAR ENDED 31ST DECEMBER 2015		Land		Buildings		Furniture & Fittings		Construction Instrument & Equipment		Office Equipment		Plant & Machinery		Containers		Computers		Motor Vehicles		Library Books		Capital Work In Progress		Total			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cost																											
Balance as at 1st January 2015			1,710,152,014	868,308,713	66,576,332	269,796,240	70,698,716	637,340,952	22,809,362	134,249,216	699,201,842	1,479,368	30,237,106	4,510,849,861													
Additions during the year		-	-	2,839,187	10,641,436	48,848,974	13,128,530	63,867,583	-	21,914,581	73,217,089	335,623	1,000,000	235,793,003													
Disposals / Write off during the year		-	-	-	(64,977)	(36,846)	(216,333)	(24,662,189)	-	(678,286)	-	-	(786,276)	(26,444,907)													
<b>Balance as at 31st December 2015</b>			<b>1,710,152,014</b>	<b>871,147,900</b>	<b>77,152,791</b>	<b>318,608,368</b>	<b>83,610,913</b>	<b>676,546,346</b>	<b>22,809,362</b>	<b>155,485,511</b>	<b>772,418,931</b>	<b>1,814,991</b>	<b>30,450,830</b>	<b>4,720,197,957</b>													
Accumulated Depreciation																											
Balance as at 1st January 2015		-	-	180,508,053	22,485,019	133,788,961	26,373,109	257,083,642	10,694,386	67,615,747	513,446,277	607,936	-	1,212,603,130													
Charge for the year		-	-	69,904,618	9,803,563	61,282,448	11,592,409	119,497,200	4,561,872	28,939,477	121,408,010	204,584	-	427,194,180													
Disposals during the year		-	-	-	(32,489)	(29,477)	(152,760)	(7,512,296)	-	(550,527)	-	-	-	(8,277,548)													
<b>Balance as at 31st December 2015</b>			<b>-</b>	<b>250,412,671</b>	<b>32,256,093</b>	<b>195,041,932</b>	<b>37,812,757</b>	<b>369,068,546</b>	<b>15,256,258</b>	<b>96,004,697</b>	<b>634,854,287</b>	<b>812,520</b>	<b>-</b>	<b>1,631,519,762</b>													
Net Book Value																											
Balance as at 1st January 2015			1,710,152,014	687,800,660	44,091,313	136,007,279	44,325,607	380,257,310	12,114,976	66,633,469	185,755,565	871,432	30,237,106	3,298,246,731													
<b>Balance as at 31st December 2015</b>			<b>1,710,152,014</b>	<b>620,735,229</b>	<b>44,896,698</b>	<b>123,566,436</b>	<b>45,798,155</b>	<b>307,477,800</b>	<b>7,553,104</b>	<b>59,480,814</b>	<b>137,564,645</b>	<b>1,002,472</b>	<b>30,450,830</b>	<b>3,088,678,195</b>													

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
<b>16 Investments</b>				
Long term investment (Note 16.1)	39,477,863	34,521,663	44,253,587	44,521,683
Short term investment (Note 16.2)	3,341,850,862	2,753,124,096	2,570,978,949	2,457,313,968
	<b>3,381,328,725</b>	<b>2,787,645,759</b>	<b>2,615,232,536</b>	<b>2,501,835,652</b>
<b>16.1 Long term investment</b>				
<b>Loans and receivable financial assets</b>				
Investment in Fixed Deposit	37,477,863	32,521,663	32,253,567	32,521,663
<b>Available for sale financial assets</b>				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	<b>39,477,863</b>	<b>34,521,663</b>	<b>34,253,567</b>	<b>34,521,663</b>
<b>Investment in subsidiary (Unquoted)</b>				
Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	<b>-</b>	<b>-</b>	<b>10,000,020</b>	<b>10,000,020</b>
	<b>39,477,863</b>	<b>34,521,663</b>	<b>44,253,587</b>	<b>44,521,683</b>
<b>16.2 Short term investment</b>				
Repo	23,060,945	354,379,710	23,060,945	354,379,710
Short term investments	3,318,789,917	2,398,744,386	2,547,918,004	2,102,934,258
	<b>3,341,850,862</b>	<b>2,753,124,096</b>	<b>2,570,978,949</b>	<b>2,457,313,968</b>
<b>17 Inventories</b>	<b>572,953,193</b>	<b>661,739,053</b>	<b>92,491,334</b>	<b>320,879,617</b>
<b>18 Trade and Other Receivables</b>				
Trade Receivables (Note 18.1)	8,752,260,696	8,340,680,497	7,477,102,671	7,674,627,115
Other Receivables (Note 18.2)	62,188,982	79,214,999	55,085,186	78,865,817
Deposits, Prepayments and Advances (Note 18.3)	123,329,312	162,373,973	1,910,821,229	1,827,864,387
	<b>8,937,778,990</b>	<b>8,582,269,469</b>	<b>9,443,009,085</b>	<b>9,581,357,319</b>
<b>18.1 Trade Receivables</b>				
Debtors	4,910,809,866	4,851,494,259	4,918,751,788	4,813,303,421
Due from customers	2,323,950,223	1,938,653,785	1,061,164,764	1,311,573,698
Retention receivables	2,738,974,863	2,631,971,685	2,710,616,323	2,631,189,228
Less - Provision for Impairment (Note 18.1.1)	(1,221,474,256)	(1,081,439,232)	(1,213,430,205)	(1,081,439,232)
	<b>8,752,260,696</b>	<b>8,340,680,497</b>	<b>7,477,102,671</b>	<b>7,674,627,115</b>
<b>18.1.1.1 Provision for Impairment</b>				
Balance at the beginning	1,085,729,714	825,536,046	1,081,439,232	825,536,046
Impairment loss recognised	220,641,109	308,872,385	216,887,539	308,872,385
Amounts written off/reversal	(84,896,566)	(52,969,199)	(84,896,566)	(52,969,199)
Balance at the end	<b>1,221,474,257</b>	<b>1,081,439,232</b>	<b>1,213,430,205</b>	<b>1,081,439,232</b>
<b>18.2 Other Receivables</b>				
Staff Loans	38,553,373	45,044,790	38,073,373	45,044,790
Prepaid Staff Cost	2,757,468	4,175,840	2,757,468	4,175,840
General Suspense	(41,901)	(30,530)	(23,151)	(30,530)
Sundry Debtors	20,123,687	15,751,205	13,481,141	15,402,022
WHT Receivable	796,355	14,273,695	796,355	14,273,695
	<b>62,188,982</b>	<b>79,214,999</b>	<b>55,085,186</b>	<b>78,865,817</b>
<b>18.3 Deposits, Prepayments and Advances</b>				
Deposits	12,725,152	8,655,238	9,180,234	7,264,484
Advances	95,901,885	141,059,312	1,892,868,464	1,811,978,144
Prepayments	14,702,275	12,659,423	8,772,530	8,621,759
	<b>123,329,312</b>	<b>162,373,973</b>	<b>1,910,821,229</b>	<b>1,827,864,387</b>
<b>19 Amount Due from Related Party Companies</b>				
Central Engineering Services (Private) Limited	-	-	1,147,466,029	1,278,026,970
	<b>-</b>	<b>-</b>	<b>1,147,466,029</b>	<b>1,278,026,970</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>20 Cash and Cash Equivalents</b>				
<b>Favorable Balances</b>				
Cash in hand and at bank	753,815,916	587,965,939	594,670,819	445,494,154
Bank Imprest	269,607	269,607	269,607	269,607
Cash in Transit	47,307,448	32,712,246	27,487,409	3,599,596
	<b>801,392,971</b>	<b>620,947,792</b>	<b>622,427,835</b>	<b>449,363,357</b>
<b>Unfavorable Balances</b>				
Bank Overdraft	-	-	-	-
Cash and Cash Equivalents for the Cash Flow Purpose	<b>801,392,971</b>	<b>620,947,792</b>	<b>622,427,835</b>	<b>449,363,357</b>
<b>21 Lease Creditors</b>				
Amount payable within one year	883,827	7,937,483	-	585,840
Amount payable after one year	-	888,699	-	-
	<b>883,827</b>	<b>8,826,182</b>	<b>-</b>	<b>585,840</b>
<b>22 Employee Benefits</b>				
Balance as at 1st January	182,165,317	204,004,897	182,165,317	204,004,897
Provision for the year	19,492,872	15,117,495	18,473,950	15,117,495
	<b>201,658,189</b>	<b>219,122,392</b>	<b>200,639,267</b>	<b>219,122,392</b>
Payment made during the year	(24,200,356)	(36,957,075)	(24,200,356)	(36,957,075)
<b>Balance as at 31st December</b>	<b>177,457,833</b>	<b>182,165,317</b>	<b>176,438,911</b>	<b>182,165,317</b>

a) The Employee benefit obligation of CECB as at 31<sup>st</sup> December 2015 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 31<sup>st</sup> December 2015 of CECB and Group is Rs.176 million.

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

Rate of Discount	10%	10%
Employee Turnover Factor	0.01% - 0.18%	0.01% - 0.15%
Retirement Age	60 Years	60 Years

c) Expenses on Defined Benefit Plan

Interest Cost	18,216,532	20,400,490
Current Service Cost	14,184,516	14,766,050
Net Actuarial Gain/(Loss) recognised immediately	(13,927,098)	(20,049,045)
Expenses recognised immediately in the statement of Comprehensive Income	<b>18,473,950</b>	15,117,495

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>23 Deferred Tax</b>				
Balance at the beginning of the year	6,477,006	228,141		
Provision during the year	11,140,808	6,248,865		
Balance at the end of the year	17,617,813	6,477,006		
<b>24 Trade and Other Payables</b>				
Trade Payables (Note 24.1)	10,278,486,607	9,737,696,372	10,540,694,377	11,151,130,052
Other Payables (Note 24.2)	598,968,216	748,007,929	391,061,682	573,704,353
	10,877,454,823	10,485,704,301	10,931,756,058	11,724,834,405
<b>24.1 Trade Payables</b>				
Creditors	3,694,215,992	2,752,035,300	3,476,350,036	4,671,202,415
Due to Customers	2,721,236,946	3,092,010,112	2,582,909,025	2,015,533,738
Mobilization & Other Advances	3,494,653,710	3,514,139,617	3,296,111,961	3,479,785,137
Retention Payables to Contractors	368,379,960	379,511,343	1,185,323,355	984,608,762
	10,278,486,607	9,737,696,372	10,540,694,377	11,151,130,052
<b>24.2 Other Payables</b>				
Unpaid salaries	673,958	(566,477)	266,255	(566,477)
Sundry Creditors	64,065,064	54,070,619	53,838,660	49,609,241
Refundable Deposits	382,670	384,244	382,670	384,244
Accrued Expenses	336,573,012	406,106,210	257,565,814	330,046,519
Provision for VAT	-	-	-	-
PAYE tax	5,864,442	4,888,684	5,675,798	4,798,783
Cancelled Cheque	-	4,927,410	-	2,754,693
Other Taxes	191,409,071	278,197,239	73,332,485	186,677,350
	598,968,216	748,007,929	391,061,682	573,704,353
<b>25 Income Tax Payables</b>				
Balance at the beginning of the year	737,897,410	546,972,887	717,039,064	531,111,429
Income tax for the year	276,217,628	265,700,526	250,935,705	243,267,389
Provision in respect of the last year	-	-	-	-
Payments made during the year	(233,458,346)	(65,704,199)	(211,600,000)	(48,842,740)
Withholding Tax	(6,214,977)	(9,071,804)	(5,009,058)	(8,497,014)
Balance at the end of the year	774,441,714	737,897,410	751,365,710	717,039,064

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2015

### 27 Related Party Transactions

#### 27.1 Transaction with Subsidiaries

a) Eng.G.D.A.Piyatilake is the chairman of both parent (CECB) and subsidiary (CESL) of the group and Mr.M.R.G.Ranatunga, Mr.S.M.N.L. Senanayake, Eng. H.B.Jayasekara who were Directors of CECB as at 31 December 2015, were also Directors of CESL. The Company has carried out transactions with CECB during the year, and the details were as follows,

From the year 2015 Board of Directors were changed as follows

Name	Designation	
	CECB	CESL
Eng.G.D.A.Piyatilake	Chairman	Chairman
Mr.M.R.G.Ranatunga	Working Director	Director
Eng.N.Rupasinghe	Director	Director
Mr.S.M.N.L.Senanayake	Director	Director

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

Name	Designation	
	CECB	CESL
Eng.K.L.S.Sahabandu	General Manager	Director
Eng.T.D.Wickramaratne	Corporate Addl General Manager (Consul)	Director
Eng.S.P.P.Nanayakkara	Corporate Addl General Manager (EPC)	Director/CEO
Eng.A.Galketiya	Addl General Manager	Director
Mr.U.N.B.Mawathagama	Deputy General Manager (Finance)	Director

b) Nature of the Transactions	Amount	
	2015 Rs.	2014 Rs.
Sub Construction Costs	5,833,113,570	4,810,727,985
Vehicle Hiring Expenses	39,406,657	30,216,137
Machine Hiring Expense	-	9,947,459
Machine Hiring Income	-	22,133,220
Workshop Income	1,270,314	1,777,419
Sale of Asphalt	-	1,289,746
Lab Testing Income	2,096,151	7,370,466

#### 27.2 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 26 '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.

Compensation paid to Key Management Personnel	GROUP		CECB	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Salaries and other Employment Benefits	2,811,789	2,890,468	1,371,968	1,371,968

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

### 28 Commitments and contingencies

There were no material Commitments and Contingent liabilities in CECB or its Group as at the reporting date, Except for the following

#### 28.1 Contingencies

##### Legal case filed against CECB

Case No	Description	Present status
MR/ 8748 District Court of Matale	H.D.R.S. Diddeniya & A. J. A. P. Indrasiri are demanding Rs. 8,000,000/- for the damages occurred their house which situated near Dambulla – Kandalama road. The investigation has revealed that the damages had not been occurred due to the constructions of road.	The Matter is still pending
296/ Damages District Court of Ampara	C. Samantha Nanda Silva is claiming Rs. 2,500,000/- for the accident caused to death of his son by CECB Vehicle.	The Matter is still pending
District Court of Kaduwela 155/Damages	Foreign Bureau has claimed to pay Rs. 1,664,677/- stating that their Power Generator was damaged by construction materials which were fallen down from CECB constructions site. As such materials were not used by CECB for construction works. CECB is contesting the case.	The Matter is still pending
District Court of Welimada 956/M	Sundara Raj Warun Kumar and Suppaiya Asari Sundara Raj has claimed Rs. 1,000,000/- as compensation for the damages caused by the accident.	The Matter is still pending
524/Damages District Court of Kaduwela	M.I.S. Yomal Perera has claimed Rs. 10,000,000/- from CECB as compensation for the damages caused by accident.	The Matter is still pending
Resolution by Adjudicator Construction of 172m High Self – Supporting Steel Broadcast Tower at Kokavil	IGTL Solution Lanka has claimed Rs. 64,312,623/- for the increased cost of erection & painting of the tower. CECB is contesting the case stating that according to the contract entered with IGTL, no provision to entertain additional claims as the contract was awarded on fixed lump sum.	The Matter is still pending
District Court of Mallakam 370/M	Sinnarasa Sivarasa (Widow) Hamsawadeni & Six Others are claiming Rs. 70,000,000/-from CECB for the death of her husband caused by negligence of CECB.	The Matter is still pending
Magistrate Court Of Colombo 32246/5	Claiming Rs. 212,110/- as EPF For Assignment Period.	The Matter is still pending
District Court of Colombo 1564/13	Eng. W.k.P.I. Rodrigo filed a defamation case and claiming Rs. 500,000,000/- as compensation.	The Matter is still pending
District Court of Colombo 1820/13 DMR	Tuan Wamsa Caseem is claiming Rs. 1,000,000/- as Labour Cost from CECB.	The Matter is still pending
1286/L Magistrate Court Of Hambanthota	Labour Commissioner has filed this case against CECB to Claim Rs 1,374,354/- as EPF for Cost of Living Allowance.	The Matter is still pending
609/14 DMR District Court of Colombo	Ms A.D.K Pitiyekumbara had Filed to claim Rs.30,000,000/- against CECB .But the works were done by CESL	The Matter is still pending



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

CEN/B/CECB/FA/2015

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

18 May 2017

The Chairman,  
Central Engineering Consultancy Bureau

**Report of the Auditor General on the Financial Statements of the Central Engineering Consultancy Bureau (CECB) and the Consolidated Financial Statements of the CECB and its Subsidiary for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971.**

The audit of financial statements of the Central Engineering Consultancy Bureau (CECB) and the consolidated financial statements of the CECB and its Subsidiary for the year ended 31 December 2015 comprising the statements of financial position as at 31 December 2015 and the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 (2) of the State Industrial Corporation Act, No. 49 of 1957. My comments and observations which I consider should be published with the annual report of the CECB in terms of Section 14(2) (c) of the Finance Act appear in this report.

**1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with





International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CECB's preparation and fair presentation of the financial statements 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 CECB's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **1.4 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraphs 2.2 and 2.3 of this report.

### **2. Financial Statements**

#### **2.1 Audit Opinion**

##### **(a) Qualified Opinion – Group**

In my opinion except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the consolidated financial statements give a true and fair view of the financial position of the Central Engineering Consultancy Bureau and its Subsidiary as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.



### (b) **Qualified Opinion – CECB**

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Central Engineering Consultancy Bureau as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 2.2 **Comments on Group Financial Statements**

A suspense account balance of Rs. 41,901 had been shown in the group financial statements for the year under review 2015 without being identified and adjusted in the accounts.

## 2.3 **Comments on Financial Statements of the CECB**

### 2.3.1 **Accounting Deficiencies**

The following observations are made.

- (a) The CECB had not considered the amounts in payment certificates / certified bills in ascertaining the year end debtor balances relating to 09 Projects and as a result, the real position of the debtor balances of those Projects had been understated and overstated by Rs. 15,944,859 and Rs. 17,021,023 respectively in the financial statements for the year under review.
- (b) Unrecovered mobilization advances aggregating Rs. 285,307,117 had remained in the accounts in relation to 48 Projects of the Construction Division which had been fully completed as at 31 December 2015. This balance was abnormal in its nature because the mobilization advance had been fully recovered before the project arrived at 90 per cent completion stage as per the Section 03 of Conditions of Contract, Clause No.14.2 (b) of Standard Bidding Document No. ICTAD/SBD/02 issued by the Institute for Construction Training and Development.
- (c) Adjusted contract sum of Rs.1,807,996,165 in relation to fully completed six construction projects bearing No. D1726, D1691, D1721, D1758, D884 and D1597 had not been taken into accounts in ascertaining the contract revenue of the year under



review. As a result, the construction revenue shown in the financial statements had been understated by Rs. 83,009,985.

- (d) Mobilization advance balance of Rs. 2,162,929 and Rs. 5,356,240 had been fully recovered according to the invoice No.31 and No. 27 of the project bearing No.871 and the consultancy project bearing No.C-880 respectively. However, these amounts had been shown as receivables in the financial statements as at 31 December 2015. Hence, the mobilizations advance receivables shown in the financial statements had been overstated by that amounts. Further, the mobilization advance of Rs. 3,641,916 relating to invoice No.29 had been taken twice to the financial statements for the year under review. Therefore, the debtor balance shown in the financial statements had been overstated by Rs. 3,641,916.
- (e) As reported in my previous year audit reports, assets valued at Rs. 3,601 million had been received to the CECB from then Ministry of Economic Development as capital grant to carry out the road projects in the year 2012. However, a sum of Rs.250 million had been recovered by then Ministry of Economic Development from the contract payments payable to the CECB in 2013. Moreover, without carrying out any professional valuation of those assets and ignoring the grant of Rs. 3,351 million, the CECB had accounted them at a value of Rs.250 million.
- (f) Three invoices valued at Rs 5,367,016 and consultancy income of Rs. 1,221,047 in relating to consultancy project bearing No-C-880 and No- C-1189 respectively had not been taken to the financial statements of the year 2015.
- (g) In ascertaining the debtor balance of the consultancy projects, the invoice value of Rs.144,463,477 had been considered instead of being taken the certified bills value of Rs.128,049,658 and as such, the debtor balance shown in the financial statements had been overstated by Rs. 16,413,819.
- (h) Seven vehicles shown under the fixed assets in the financial statements of a Base Office as at the end of the year 2015 had been again shown in the financial statements of another Base Office. Therefore, the accuracy of the fixed assets balance shown in the financial statements for the year 2015 could not be related upon in the audit.



### 2.3.2 Unexplained Differences

A difference of Rs. 2,002,841 between the stock balance of the Jawatta Base Office shown in the financial statements for the year under review and the physical stock verification balance of that office was observed in audit.

### 2.3.3 Accounts Receivable and Payable

The following observations are made.

- (a) Construction Division debtor balance of Rs. 528,611,508 with respect of 202 Projects of 11 Base Offices had remained outstanding for more than four years as at 31 December 2015 without being recovered. It was further observed that those balances had remained outstanding even as at 30 October 2016 without being taken any recovery action.
- (b) Outstanding debtor balance of Rs. 34,287,514 relating to 51 projects had remained unrecovered as per the Consultancy Division's financial statements over a period of more than four years as at 31 December 2015 and those balance had not been recovered even as at 31 May 2016.
- (c) Unsettled Mobilization advances aggregating Rs, 1,188,982 in relation to fully completed four consultancy projects of Water Resources Unit had remained for more than 5 years in the financial statements as at 31 December 2015.

### 2.3.4 Lack of Evidence for Audit

The following observations are made.

- (a) Age analysis with regard to retention money receivables, deposits, advances and pre payments aggregating Rs. 4,621,437,551 had not been submitted to audit. Therefore, the reliability of these balances could not be ascertained in audit.
- (b) Retention money payable to sub-contractors amounting to Rs. 1,185,323,365 had been taken to the financial statements for the year 2015. Nevertheless, the Base Offices had not been maintained a register for this purpose by showing the amounts payable to the







## 4.2 Management Weaknesses

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The contribution to the Employee Provident Fund (EPF) and Employee Trust Fund (ETF) had been calculated by the CECB without taking the cost of living allowances for the period of 2006-2011. Therefore, a sum of Rs. 79,520,536 had been additionally paid by the CECB as a portion of employee contribution including the 50 per cent surcharge during the year under review.

## 4.3 Transactions of Contentious Nature

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The following observations are made.

- (a) The CECB pays Nation Building Tax (NBT) and Value Added Tax (VAT) on cash basis. However, the CECB had not received approval to pay NBT and VAT on cash basis yet from the Commissioner General of Inland Revenue as per the provisions in the Nation Building Tax Act, No. 09 of 2009 and Value Added Tax Act, No. 14 of 2002.
- (b) The CECB had paid cash advances to the Central Engineering Services Private Limited (CESL) in view of purchase of vehicles for the utilization of Base Offices of the CECB. Subsequently, the CESL had purchased the vehicles and rented out to the CECB by utilizing these advances. The above cash advances to be settled by the CESL from the hiring income receivable from the CECB within five years with 10 per cent management fee added to the hiring charges. Further, the ownership of these vehicles at the end of five years had remained under the CESL.

## 4.4 Irregular Transactions

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Value Added Tax (VAT) aggregating Rs. 3,956,356 had been paid by the CECB to 22 contractors without examining the validity of VAT registration numbers and VAT invoices at the time of the payments were made. Subsequently it was found that the VAT numbers and names indicated by the contractors were inactive.



#### 4.5 Identified Losses

The following observations are made.

- (a) Loss of Rs. 158,737,294 had been incurred by the CECB during the year under review in respect of 31 construction contract works undertaken due to poor performance in contract administration.
- (b) The contract value of the Project bearing No.1353 approved by the Standard Technical Committee was Rs. 27,112,744. However, the actual cost incurred for that project was Rs. 37,523,409. Hence, the loss sustained to the CECB on that project was Rs.10,410,665.

#### 4.6 Human Resources Management

The approved and actual cadre of the CECB as at 31 December 2015 was 1,350 and 1,471 respectively. As the recruitments had been done by exceeding the approved cadre in all employee categories by 121, a proper cadre management was not observed.

#### 4.7 Underutilization of Funds

The following observations are made.

- (a) A sum of Rs. 80,325,947 had remained in a bank current account for more than two months as at 31 December 2015 which was opened for a Broad Land Project under the water resources unit without being utilized for any purpose.
- (b) Even though the consultancy service for Maldives Tsunami Construction Project for Harbor Rehabilitation had been fully completed in July 2014, a current account balance of Rs. 8,047,501 (MVR 856,016.91) had remained in a bank without any return to the CECB.



## 5. Accountability and Good Governance

### 5.1 Budgetary Control

Significant variances were observed between the budgeted and actual figures, thus indicating that the budget had not been made use as an effective instrument of management control.

## 6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the CECB from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems or Controls	Observations
(a) Accounts Payable and Receivable	Balances of payable and receivable had remained for more than four years without confirming by the respective parties.
(c) Inventory Control and Stock Management	Inventory and stock at sites as at the balance sheet date had not been brought to the financial statements.
(d) Invoicing	Actual work done relating to the construction contracts had not been taken to the financial statements.

H.M. Gamini Wijesinghe  
Auditor General

# COMPARATIVE FINANCIAL STATEMENTS

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### STATEMENT OF COMPREHENSIVE INCOME

#### FOR THE YEAR ENDED 31ST DECEMBER

	2015		2014		2013		2012		2011	
	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.	GROUP Rs.	CECB Rs.
Revenue	11,423,636,967	10,710,472,734	13,401,582,667	13,259,699,366	15,132,718,158	15,131,164,037	13,051,404,569	13,051,404,569	8,550,176,848	8,550,176,848
Cost of Sales	(9,679,902,097)	(9,448,860,733)	(11,487,873,150)	(11,656,600,792)	(13,280,839,809)	(13,414,329,871)	(11,427,073,880)	(11,491,305,532)	(7,592,905,377)	(7,626,512,721)
<b>Gross Profit</b>	<b>1,743,734,870</b>	<b>1,261,612,002</b>	<b>1,913,709,517</b>	<b>1,603,098,574</b>	<b>1,851,878,349</b>	<b>1,716,834,166</b>	<b>1,624,330,689</b>	<b>1,560,099,037</b>	<b>957,271,471</b>	<b>923,664,127</b>
Other Income	168,515,920	173,393,789	147,476,316	169,674,146	153,445,158	144,727,925	394,515,789	378,235,199	291,500,170	289,825,801
Administration Costs	(1,128,975,590)	(759,749,098)	(1,189,348,793)	(1,033,810,083)	(1,255,752,763)	(1,151,711,425)	(1,183,162,649)	(1,118,904,881)	(951,787,024)	(921,391,793)
Selling & Distribution Expenses	(222,249,855)	(220,503,209)	(314,175,035)	(314,175,035)	(335,210,717)	(321,479,322)	(316,855,524)	(316,855,524)	(84,396,410)	(84,396,410)
<b>Results from Operating Activities</b>	<b>561,025,344</b>	<b>454,753,483</b>	<b>557,662,005</b>	<b>424,787,602</b>	<b>414,360,027</b>	<b>388,371,344</b>	<b>518,828,305</b>	<b>502,573,831</b>	<b>212,588,207</b>	<b>207,701,724</b>
Finance Income	168,766,491	150,007,977	154,451,475	145,235,138	217,808,170	213,907,634	201,368,165	199,625,758	114,975,754	114,939,272
Financial Charges	(16,207,048)	(8,789,218)	(27,890,447)	(17,589,492)	(22,154,752)	(17,532,829)	(24,343,420)	(20,123,026)	(15,444,710)	(14,609,857)
<b>Net Finance Income</b>	<b>152,559,443</b>	<b>141,218,758</b>	<b>126,561,028</b>	<b>127,645,646</b>	<b>195,653,418</b>	<b>196,374,805</b>	<b>177,024,745</b>	<b>179,502,732</b>	<b>99,531,044</b>	<b>100,329,415</b>
<b>Profit Before Income Tax</b>	<b>713,584,787</b>	<b>595,972,241</b>	<b>684,223,033</b>	<b>552,433,247</b>	<b>610,013,445</b>	<b>584,746,149</b>	<b>695,853,050</b>	<b>682,076,563</b>	<b>312,119,251</b>	<b>308,031,139</b>
Income Tax	(287,358,436)	(250,935,705)	(271,949,391)	(243,267,389)	(267,791,716)	(256,524,029)	(291,677,345)	(285,794,064)	(164,074,708)	(161,905,298)
<b>Net Profit</b>	<b>426,226,351</b>	<b>345,036,536</b>	<b>412,273,642</b>	<b>309,165,858</b>	<b>342,221,729</b>	<b>328,222,120</b>	<b>404,175,705</b>	<b>396,282,499</b>	<b>148,044,543</b>	<b>146,125,841</b>

Figures in brackets indicate deductions

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31ST DECEMBER**

	2015		2014		2013		2012		2011	
	GROUP Rs.	CECB Rs.								
<b>ASSETS</b>										
<b>Non-Current Assets</b>										
Property, Plant & Equipment	3,088,678,195	2,686,829,682	3,298,246,727	2,896,020,996	3,362,855,558	3,134,280,527	3,217,787,244	3,029,322,086	2,664,214,277	2,643,168,837
Investments	39,477,863	44,253,587	34,521,663	44,521,683	38,326,397	38,326,417	68,114,301	68,114,321	64,456,627	64,456,647
<b>Total Non Current Assets</b>	<b>3,128,156,058</b>	<b>2,731,083,269</b>	<b>3,332,768,390</b>	<b>2,940,542,679</b>	<b>3,401,181,955</b>	<b>3,172,606,944</b>	<b>3,285,901,545</b>	<b>3,097,436,407</b>	<b>2,728,670,904</b>	<b>2,707,625,484</b>
<b>Current Assets</b>										
Inventories	594,682,065	92,491,334	661,739,053	320,879,617	746,822,316	414,331,509	667,283,290	473,612,890	278,209,888	277,233,388
Trade & Other Receivables	8,937,778,990	9,443,009,085	8,582,269,469	9,581,357,319	13,034,273,723	9,465,446,814	10,760,043,614	8,586,558,801	9,277,200,225	6,908,203,554
Short Term Investments	3,341,850,862	2,570,978,949	2,753,124,096	2,457,313,968	1,769,259,420	1,728,581,897	1,572,852,406	1,572,852,406	1,707,593,967	1,707,593,967
Cash and Cash Equivalents	801,392,970	622,427,835	620,947,793	449,363,357	399,435,851	310,353,679	534,761,471	464,311,326	615,208,770	528,777,653
Inter company current accounts	-	1,147,466,029	-	1,278,026,970	-	1,083,035,301	-	234,753,626	-	-
<b>Total Current Assets</b>	<b>13,675,704,887</b>	<b>13,876,373,232</b>	<b>12,618,080,411</b>	<b>14,086,941,231</b>	<b>15,949,791,310</b>	<b>13,001,749,200</b>	<b>13,534,940,781</b>	<b>11,332,089,049</b>	<b>11,878,212,850</b>	<b>9,421,808,562</b>
<b>Total Assets</b>	<b>16,803,860,945</b>	<b>16,607,456,501</b>	<b>15,950,848,801</b>	<b>17,027,483,910</b>	<b>19,350,973,265</b>	<b>16,174,356,144</b>	<b>16,820,842,326</b>	<b>14,429,525,456</b>	<b>14,606,883,754</b>	<b>12,129,434,046</b>
<b>EQUITY AND LIABILITIES</b>										
Contributed Capital	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Capital Reserves	3,028,000	3,028,000	3,028,000	3,028,000	3,028,000	3,028,000	3,028,000	3,028,000	12,697,551	12,697,551
Retained Earning	4,952,476,935	4,744,367,819	4,526,250,584	4,399,331,283	4,113,976,942	4,090,165,425	3,776,496,520	3,766,684,612	3,247,819,226	3,245,900,524
<b>Total Equity</b>	<b>4,956,004,935</b>	<b>4,747,895,819</b>	<b>4,529,778,584</b>	<b>4,402,859,283</b>	<b>4,117,504,942</b>	<b>4,093,693,425</b>	<b>3,780,024,520</b>	<b>3,770,212,612</b>	<b>3,261,016,777</b>	<b>3,259,098,075</b>
<b>Non-Current Liabilities</b>										
Lease Creditors	-	-	888,699	-	7,199,960	604,418	35,565,671	11,624,193	49,724,339	36,288,826
Retirement Benefit Obligation	177,457,833	176,438,911	182,165,317	182,165,317	204,004,898	204,004,898	228,787,990	228,787,990	203,004,443	203,004,443
Deferred Tax	17,617,814	-	6,477,006	-	228,141	-	76,387	-	61,355	-
<b>Total Non Current Liabilities</b>	<b>195,075,647</b>	<b>176,438,911</b>	<b>189,531,022</b>	<b>182,165,317</b>	<b>211,432,999</b>	<b>204,609,316</b>	<b>264,430,048</b>	<b>240,412,183</b>	<b>252,790,137</b>	<b>239,293,269</b>
<b>Current Liabilities</b>										
Trade & Other Payables	10,877,454,823	10,931,756,058	10,485,704,301	11,724,834,406	14,451,694,061	11,333,291,954	12,328,575,900	10,019,342,795	10,684,051,848	8,123,827,340
Income Tax Payables	774,441,715	751,365,710	737,897,410	717,039,064	546,972,887	531,111,429	382,092,902	374,116,600	452,561,417	450,453,362
Lease Creditors	883,827	-	7,937,483	585,840	23,368,376	11,660,020	36,544,774	18,740,207	7,107,672	-
Inter base Current Accounts	-	-	-	-	-	-	6,701,059	6,701,059	-	-
Inter company current accounts	-	-	-	-	-	-	22,473,123	-	-	7,406,097
Bank Overdrafts	-	-	-	-	-	-	-	-	49,355,903	49,355,903
<b>Total Current Liabilities</b>	<b>11,652,780,363</b>	<b>11,683,121,770</b>	<b>11,231,539,196</b>	<b>12,442,459,310</b>	<b>15,022,035,324</b>	<b>11,876,053,403</b>	<b>12,776,387,758</b>	<b>10,418,900,661</b>	<b>11,093,076,840</b>	<b>8,631,042,702</b>
<b>Total Liabilities</b>	<b>11,847,856,010</b>	<b>11,859,560,681</b>	<b>11,421,070,218</b>	<b>12,624,624,627</b>	<b>15,233,468,323</b>	<b>12,080,662,719</b>	<b>13,040,817,806</b>	<b>10,659,312,844</b>	<b>11,345,866,977</b>	<b>8,870,335,971</b>
<b>Total Equity and Liabilities</b>	<b>16,803,860,945</b>	<b>16,607,456,501</b>	<b>15,950,848,801</b>	<b>17,027,483,910</b>	<b>19,350,973,265</b>	<b>16,174,356,144</b>	<b>16,820,842,326</b>	<b>14,429,525,456</b>	<b>14,606,883,754</b>	<b>12,129,434,046</b>

Figures in brackets indicate deductions

# BACKGROUND OF CECB

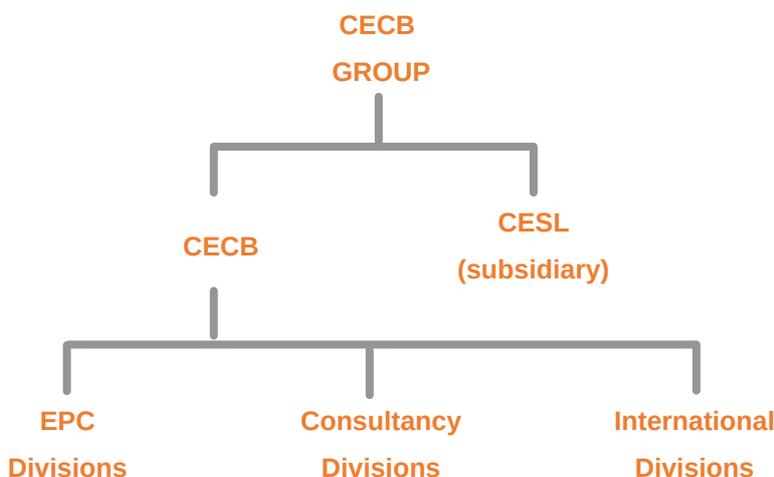
Central Engineering Consultancy Bureau (CECB) was established on 12th April 1973 to provide multi-disciplinary engineering consultancy services for water resources development projects. It is a statutory body established under the State Industrial Corporations Act No.49 of 1957.

The Bureau was at the forefront of some of the largest development projects in Sri Lanka and is the premier consultancy or-

ganization in Sri Lanka with a wide range of expertise in different engineering disciplines. CECB served as one of the key institutions in the implementation of the Mahaweli Project (Cascade development of the largest river in Sri Lanka). In the implementation of these multi billion Rupee projects, the Bureau was associated with several international consultants and had developed strong engineering competence and expertise through these associations.

The Bureau was responsible for the design and supervision of all project related infrastructure (access roads, bridges, buildings and water supply) associated with the major hydropower and Irrigation projects. Socio economic aspects (resettlement, community development) and environmental studies were an integral part of all these major projects.

## CECB MAIN DIVISIONS



CECB Head Office  
415, Baudhaloka Mawatha,  
Colombo 07

## A BRIEF

Established in 1973 to provide engineering consultancy services. Contribute to major infrastructure development projects. Contributed to projects like, Victoria, Kothmale, Randenigala, Rantembe, Maduruoya, Canyon, Bowathenna, Samanalawewa, Kukule ganga and Kothmale dams.

Self-finance from its origin has operated successfully and contributed to the government revenues.

Skilled, Experienced and highly motivated workforce, Over 450 Engineers,  
Over 50 Architectures and Over 500 Technical officers.

Expanded to construction sector (EPC) in 1995. Involved in construction of Building, Roads Free Trade Zone, Economic Centers, Hospitals, Industrial Parks etc.

Operation with twelve regional offices located throughout the country  
Digana, Anuradhapura, Galle, Rathnapura, Badulla, Kantale, Ampara,  
Jawatta, Battaramulla, Gampaha, Maharagama & Jaffna.

Post-war development partner with government

- Uthuru Wasanthaya
- Northern road rehabilitation project
- Nagenahira Nawodaya
- Conflict Affected Region Emergency Project (CARE)

Entered into the international market in 2007 such as Maldives, India, Myanmar, United Kingdom, Tanzania, Rwanda, East Africa Region etc.

Listing best 20 success state own enterprises (SOE) which were shown favorable financial performance.

Since 2005 CECB has been shown constant growth of turnover and market share. The LMD is a one of pioneer business magazine, which has been the source of current business issues, management ideas and provide information on performance of both state own enterprises and private sector companies.

LMD has been listing best 20 success state own enterprises every year based on financial and physical performance. CECB has been listed at 12th positions among the best 20 SOE's for the year ended 2011/12.

CECB streamline their construction sector by establishing the fully owned subsidiary of CESL (Central Engineering Services (Pvt) Ltd) in 2011. Now CESL is functioning as a construction arm of CECB.

# HIGHLIGHTS OF THE YEAR 2015

## Achievements up to the end of December 2015 - Consultancy Division

### Local Bank Funded Roads Rehabilitation Project (LBFP)

Package/Description	Total Value of the Project - LKR	Physical Progress %	Remarks
Nagoda - Neboda & Awithtawa - Lewanduva Roads Naula-Elahera-Pallegama- Hettipola & Hasalaka Handungamuwa Roads Haputhale - Boralanda - Keppetipola Road Bodagama - Hambegamuwa-Kalthota Road	12,784,173,027.90	82	Project in progress



LOCAL BANK FUNDED ROADS REHABILITATION PROJECT

### Extension of Southern Expressway

Package/Description: Matara to Beliatta and Mattala to Hambantota

Total Value of the Project - LKR: 255,280,000,000.00

Physical Progress %: 8.34

Remarks: Project in progress



### Matara – Katharagama Railway Extension Project

Package/Description: Matara – Beliatta Sector

Total Value of the Project - LKR: 36 Billion

Physical Progress %: 71% completed

Remarks: Project in progress



### Defence Headquarters Complex (DHQC) at Akuregoda

Total Value of the Project - LKR : 77 Billion

Physical Progress % : 77 % completed Remarks: Project in progress. And Central Engineering Consultancy Bureau is responsible for the provision of engineering, quantity surveying and construction management services.

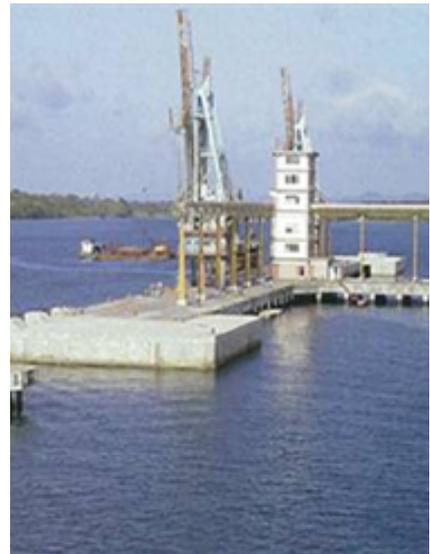


### Design of a Jetty at Naval Dockyard, Trincomalee.

Total Value of the Project - LKR: 1000 Million

Physical Progress %: 40% completed

Remarks: Project in progress.



### Kaluganga Head Works Development Project

The total cost of this project is Rs. 12,723 Million. The progress achieved is 15% at the end of 2015.



### Broadland Hydropower Project

CECB is responsible for the review of design and supervision of construction of this project. The total cost of this project is Rs. 11,480 Million. The progress achieved is 6%.



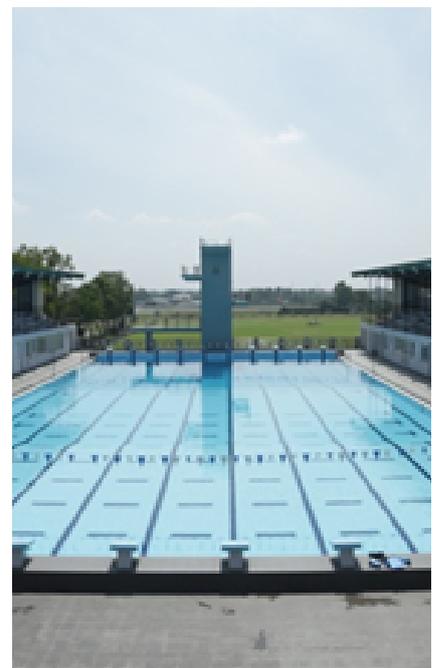
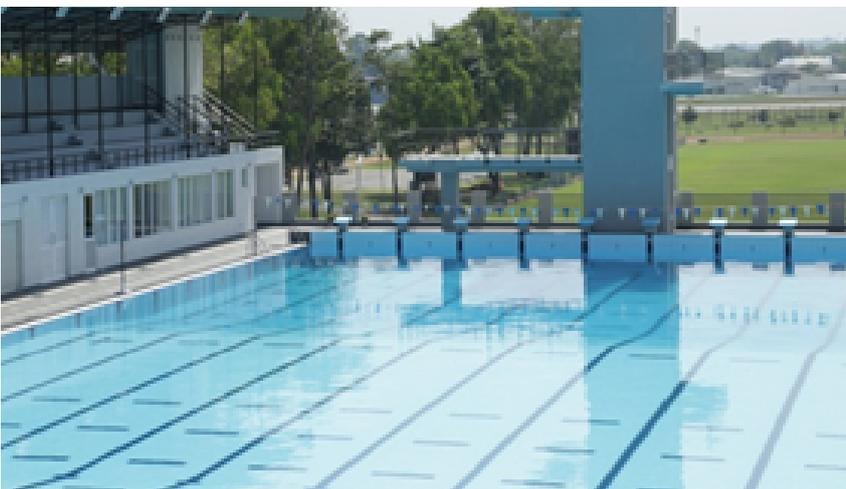
### Construction of AVIC Residential Project, Colombo 3

CECB is responsible for technical support from the design office for review of the documents and resident supervision of this Rs.25 Billion project. Progress achieved is 25%. The client is Avic Hotels Lanka Ltd.



### Construction of Swimming Pool at Air Force Base, Ratmalana

The project consists of a 50 m long 25 m wide (10 channel) swimming pool with diving facilities to international standards with a view to hold swimming meets and water polo events. The total cost of the project is Rs. 192 Million. This project was successfully completed.



## Achievements up to the end of December 2015 - Consultancy Division

### Construction of General Hospital, Hambantota

Package/Description: Ten storied 850 bed hospital

Total Value of the Project - LKR: 1, 654 Million

Physical Progress %: 95% completed

Remarks: Project in progress.



### Construction of Academic Buildings for the Faculty of Graduate Studies for Sir John Kotalawela Defense University, Ratmalana

Total Value of the Project - LKR: 690 Million

Physical Progress %: 100% completed

Remarks: Project in progress.



### Design and Construction of Ten Storied Dental Hospital Building, Colombo

Progress achieved is 99%. The total cost is Rs. 624 Million.



### Construction of Morana Reservoir

Progress achieved is 31%. The total cost of this project is Rs.1008 Million.



### Construction of Office Building for Regional Support Centre (Western- South), National Water Supply and Drainage Board at Ratmalana

Total cost of this project is Rs. 338 Million. This project was completed successfully.



### Design and Construction of National Environmental Secretariat at Battaramulla – A Green Building Project

The total cost of this project is Rs. 1126 Million. Progress achieved is 22%.



# RECENT AWARDS

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*Award for “Excellence in Engineering” for Organizations for year 2015 – Merit Certificate awarded by the ‘Institution of Engineers, Sri Lanka’ for consultancy services*

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## CECB FINANCIAL PERFORMANCE

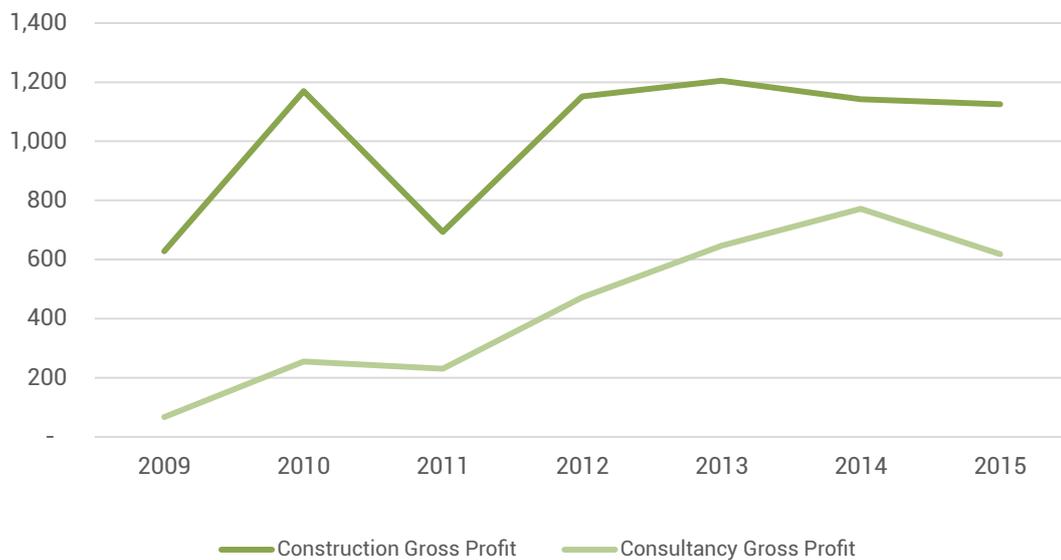
Operations of the CECB and the Group for the year under review had resulted a before tax profit of Rs.595,972,241 and Rs.713,584,787 respectively as compared with the corresponding before tax restated profit Rs.552,433,247 and Rs.684,223,033 respectively for the preceding year. Group has increased its profit by 4%, and CECB profit has increased by 7%.

CECB has earned net profit of Rs.595 million (before tax) during the year 2015 by utilizing its staff strength 1347 and total assets value of Rs.16,607 million. Further, the profit is represented 4% of the total assets of the Bureau.

### Revenue Variation



### Profit Variation



# GLOBAL AND LOCAL PRESENCE

## CECB Worldwide Projects



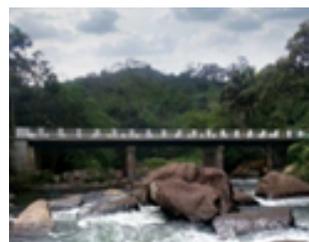
## CECB Regional & Project Offices

-  Base Offices
-  Project Offices



## SPECIALIZED AREAS & SERVICES

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



# HUMAN RESOURCE

## CECB Human Capital

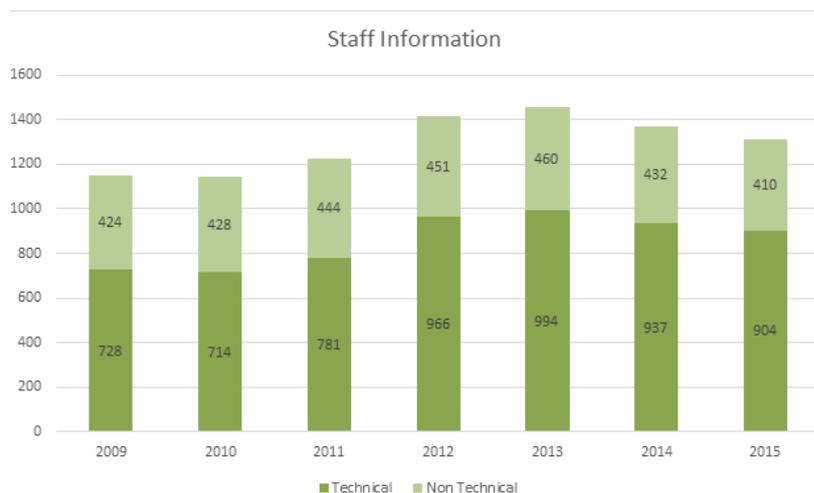
Central Engineering Consultancy Bureau (CECB), also referred to as the "Bureau" creates value for its employees principally by providing an illimitable place of work as part of highly inspired teams together with people who are encouraged to "grow themselves". CECB has always recognized that its total human capital is its most valuable asset, and has worked to ensure that despite the diverse nature and demand of the construction industry in which it operates its HR policy outlines, governance structures, systems and procedures have been formulated to support employee productivity goals and create value for its workforce.

## Our Human Resource force

All human resources activities within the CECB coordinated centrally with the HR Unit of the organization to ensure uniformity in policy framework and application of policies.

With a total of 1,073 professional and other employees in CECB, every base office shows excellent rates of employee development and retention; facts which stand as evidence to the success of the Bureau's wider HR policies. A majority of employees are male (76%) while 26 % are female, participating in many disciplines in the following professions and specialties.

- Civil / Mechanical / Electrical/ Environmental / System Engineering etc
- Architects
- Quantity Surveyors
- IT Professionals
- Legal Professionals
- HR Professionals
- Accountants
- Technical & Non-technical Assistants
- Draughtsman



## Recruitment Policy

CECB has long been recognized as a great place to start careers due to the many opportunities available for grow the through opportunities for promotion, remuneration and other benefits and a robust training and development programme. The Bureau focuses on recruitment of young qualified professionals and other levels of staff for our business needs and ensures that sufficient training is provided to enable development of outstanding performance.

All recruitments are made strictly as per the Management Services Department guidelines and all employees categorized under five levels, viz Primary, Management Assistant, Junior Manager, Middle Manager and Higher Manager.

## HR Policy

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.

## Training & Development

CECB is continuously committed to provide relevant training and development avenues to all categories of its employees. Training & Development will further strengthen the Bureau's systematic approach towards training of its human resources by assisting employees to perform their duties through acquisition of new knowledge, skills and attitudes, and their enhancement, which in turn would further enhance the Bureau's performance and reputation as an industry leader.

In order to fulfill the above vital aspirations CECB provides its employees the opportunity to follow diverse programmes such as Master's and Post Graduate, Foreign Training, Diplomas, Continuing Professional Development Courses, Certificate Courses, Lectures/Seminars, Workshops, Field visits, Professional Reviews, In-house knowledge sharing programmes (presentations) and In-house Training programmes organized by the CECB Training Unit.

The Training unit carries out periodic surveys and identifies available external and internal training opportunities in the form of courses of study and research, conferences, seminars, presentations and workshops. Based on the Training Need Analysis, the Training unit guides employees towards such external/internal training. CECB facilitates its professional staff in acquiring Master's Degrees, Post Graduate Diplomas and Short course, Certificates, locally as well as internationally for which the Bureau provides financial sponsorship.

## Employee Engagement

The Bureau contributes financially for social activities organized by the employees of the CECB. Therefore activities such as religious activities, sports activities, entertainment and welfare activities etc. are conducted at the head office as well as in the base offices with the participation of the Bureau employees. The employees of the Bureau have freedom of association and consequently we have many active trade unions and Welfare Society that represent their members in matters relating to their employment and welfare.

## Employee Benefits

The Bureau provides a sound package of benefits that are applicable throughout the CECB, and comprise medical insurance including hospitalization coverage, reimbursement of unutilized medical leave, statutory maternity leave, reimbursement of professional subscriptions, death benefit etc.. All employees are mandatorily enrolled in to membership of the EPF and ETF in accordance with statutory requirements. Employees are assured of gratuity payment as well as performance based and annual bonus schemes.



# CENTRAL ENGINEERING SERVICES (PVT) LTD (CESL)



## VISION

*To be the unique model for the construction industry in Sri Lanka*

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

## MISSION



Central Engineering Services (Pvt) Ltd (CESL) is a fully owned subsidiary of the Central Engineering Consultancy Bureau (CECB) incorporated as a limited liability company on 16th December 2003 under the Companies Act No: 17 of 1982 and re registered on November 2009 under the Companies Act No 07 of 2007.

CESL actively operate in the construction industry at the beginning of 2011 to make use of the opportunity created by the high demand for construction services as a result of the boom during this period. CESL took up the challenges which the industry offered, gaining construction management and technical exposure, as well as its project management know how by working alongside CECB. The Core business of CESL is centered on the construction of Buildings,

Roads, Bridges, Irrigation Structures, and Other service sectors. The company is also involved in the production of concrete and asphalt for its projects.

CESL serves customers in the public sector as well as the private sector. CESL earned the trust of hundreds of government organizations, business leaders, and administrators by meeting time targets, in all types of institutional construction projects. Early entry into the industry as consultants by CECB way back in 1973, taught us many lessons that presently act a source of motivation. Also the construction experience under the umbrella of CECB creates a sustainable business environment.

## BOARD OF DIRECTORS



Eng. G. D. A. Piyatilake

**Chairman**

B.Sc.(Eng), PG Dip (Const.Mgt),  
PG Dip (Ports & Coastal) Norway, MIE(SL), C.Eng, MASCE



Eng. N. Rupasinghe

**Director**

BSc.Eng (Hons), PG.Dip (Hydropower) Norway.,  
C Eng., MIE(SL), MICE (UK)., Ltd Surveyor



Mr. M.R.G. Ranathunge

**Director**

LLB (Sri Lanka), Attorney-at-Law, Notary Public., Actg. Magistrate



Eng. K.L.S. Sahabandu

**Director**

BSc.Eng (Hons), PG Dip (Hyd), MSc.(Struct.), CEng, MICE (London),MIE(SL),  
M.Cons E(SL), FSSE (SL)



Mr. S.M.N.L. Senanayake

**Director**

BSc. Dip Mgt, FCA



Eng. S.P.P Nanayakkara

**Director / CEO**

Bsc.Eng, C Eng, MICE (UK), MIE (SL)



Eng. T.D Wikramarathna

**Director**

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



Eng. A. Galketiya

**Director**

BSc.Eng, C Eng, MIE (SL)



Mr. U.N.B Mawathagama

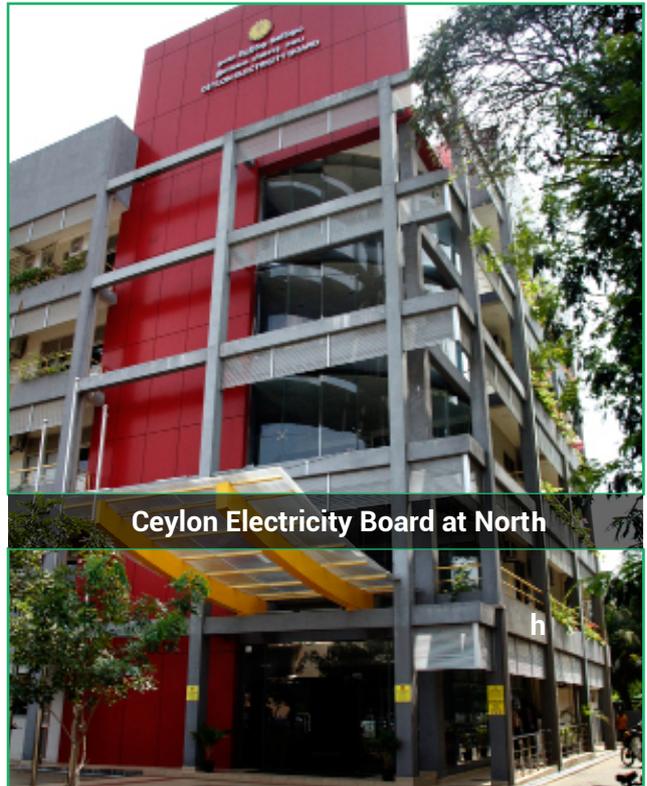
**Director**

CBA (ICASL), Dip in Acct, SAT

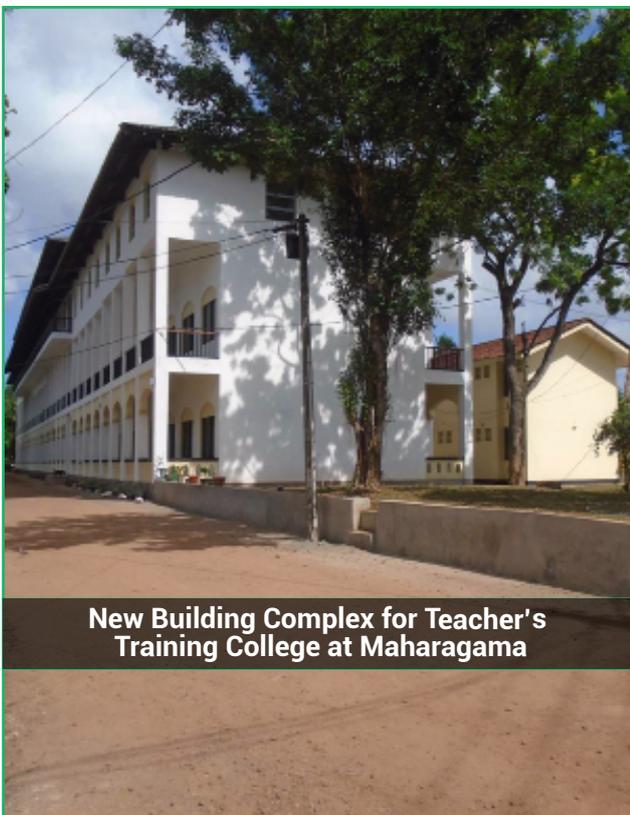
# SOME OF THE PROJECTS COMPLETED BY CESL



**Faculty of Graduate Studies Building at Kotelawala Defence University**



**Ceylon Electricity Board at North**



**New Building Complex for Teacher's Training College at Maharagama**



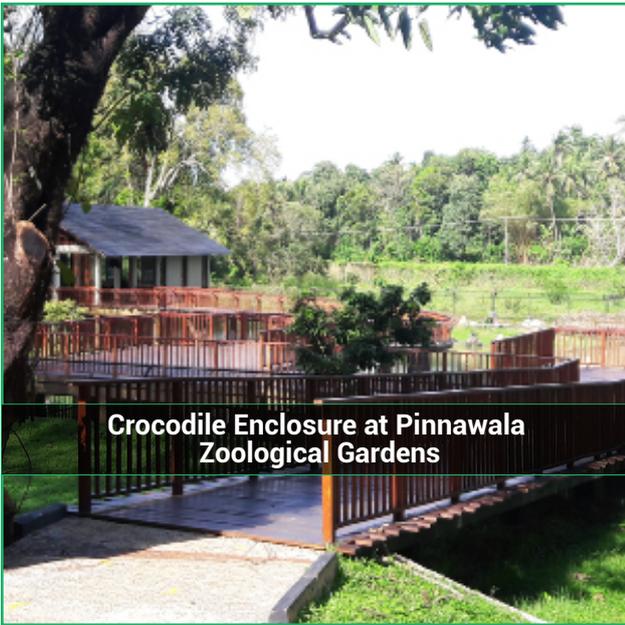
**District General Hospital at Hambantota**



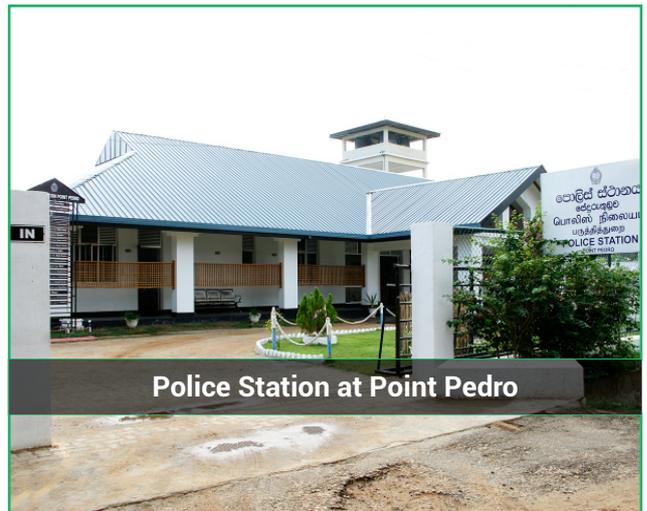
Police Station at Jaffna



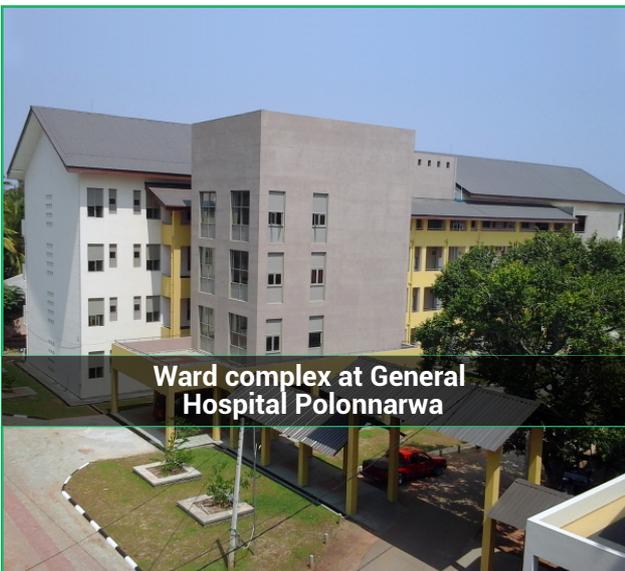
Beddagana Bio Diversity



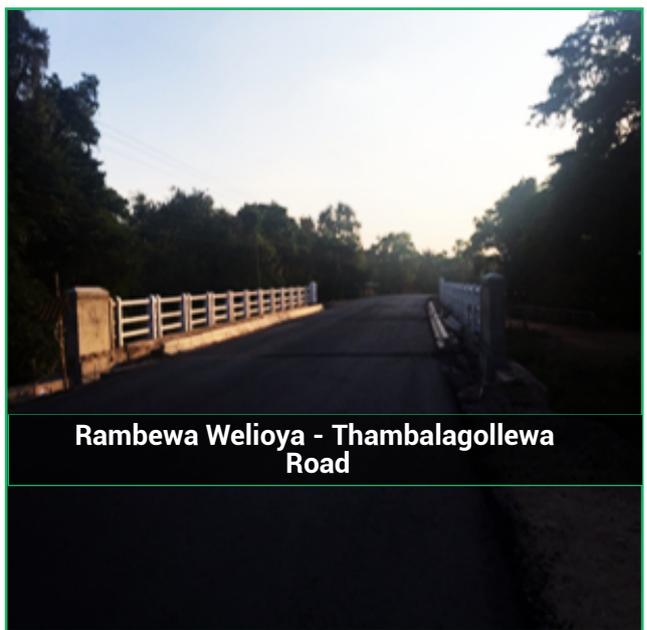
Crocodile Enclosure at Pinnawala Zoological Gardens



Police Station at Point Pedro



Ward complex at General Hospital Polonnarwa



Rambewa Welioya - Thambalagollewa Road