

# Inspired to go beyond

தஞ்சை  
நாழ்ப்பாணம் 62.5 km  
AFFNA  
மூலத்தீவு 52.5 km  
MULAITIVU  
RDA

ANNUAL REPORT 2011



Central Engineering Consultancy Bureau



## **CECB's Vision**

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"To be a world Class Engineering Organization"

## **CECB's Mission**

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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 use of resources for the maximum benefit to mankind.

# INSPIRED TO GO BEYOND

**T**he CECB - Central Engineering Consultancy Bureau. The Foremost consultancy in Sri Lanka today: multi - disciplinary in function, futuristic in approach and, above all, gifted with a team of inspired professionals yearning to go beyond.

That inspiration comes with a history - a history that has left indelible marks numerously on the face of this country from over two millennia ago: a history that

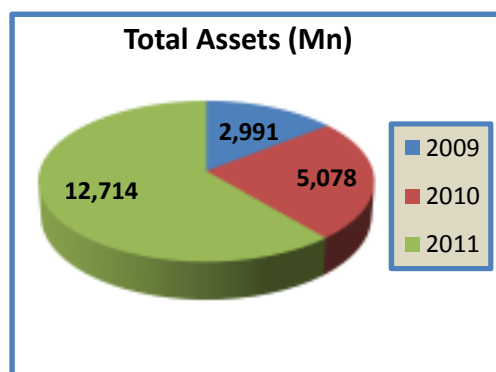
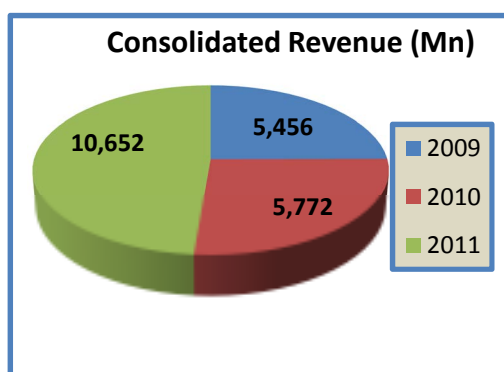
flourished when the developed world of today was hardly awake.

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

At CECB, we give wings to such inspiration.

## FINANCIAL HIGHLIGHTS

|                          | 2011   | 2010   |       |
|--------------------------|--------|--------|-------|
|                          | Group  | CECB   | CECB  |
|                          | Rs.Mn  | Rs.Mn  | Rs.Mn |
| Construction Revenue     | 9,974  | 7,663  | 5,104 |
| Consultancy Revenue      | 678    | 678    | 668   |
| Consolidated Revenue     | 10,652 | 8,341  | 5,772 |
| Gross Profit             | 977    | 942    | 1,425 |
| Net Profit Before tax    | 367    | 361    | 666   |
| Net profit after tax     | 203    | 199    | 416   |
| Total assets             | 12,714 | 10,235 | 5,078 |
| Contributed Capital      | -      | 500    | 500   |
| Total Equity             | 1,152  | 1,149  | 931   |
| Total Equity Equilibrium | 12,714 | 10,235 | 5,078 |
| Current Assets           | 11,922 | 9,464  | 4,621 |
| Current Liabilities      | 11,301 | 8,847  | 3,971 |



African Countries which are being focused for business ventures by other countries too

## **CHAIRMAN'S MESSAGE**

It is a privilege personally for being an employee of CECB for more than 30 years and being associated as the Chairman of this Bureau since December 2005. I take this opportunity to dedicate my message of gratitude on the presentation of the Annual Report 2011.

We have completed forty years of existence as an independent institution and being a hierarchy in the engineering field in this country. If not for the united services rendered by our staff we wouldn't have reached this prestigious position in this country and also extend our services to the international level.

Our management is very wealthy in making decisions and bring in practical solutions to meet the vision of the Bureau. Our Bureau has an outstanding record of achievements in all the fields of engineering. The support staff too has the same skills meeting the engineering aspects of management. This indeed is a great achievement in this organization.

The growth of business in the recent past has a silent indication with the landmark Head Office development itself. We have gone in to records in many business pages of business magazines, business talks and interviews over the media in this country. We gained a listing among the Top 20 of Sri Lanka's one of the best performing state owned enterprises by premier business magazine LMD for the last 4 years consecutively.

The International Division has been doing milestone achievements to put CECB in the world map. The Division is contributing our engineering skills to various South Asian and



Our growth has made major strides in terms of finance, engineering, architectural and other technical expertise to handle the need of solution of engineering.

Our support staffs not only limited to financial management or administration, even our minor staff have indirectly developed in to the environment of professional output. This is the kind of human resource a developing country like ours requires and I am sure our members in the staff could increase in the future to serve the country.

I wish to thank the Board of Directors and the Senior Management who have given their fullest support and cooperation to manage the affairs and operation in the Bureau.

I also extend my sincere appreciation to all our employees for their hard work and dedication their contribution has been invaluable

Eng. Nihal Rupasinghe  
Chairman



## **GENERAL MANAGER'S MESSAGE**

It is my pleasure to send this message for the Annual Report and Financial Statements for the year ended 31<sup>st</sup> March 2011.

In a global sense, while the year ended with some economic recovery, Sri Lanka enjoyed a period of political stability and economic growth. The cessation of war in the country has opened up numerous opportunities for development and the year has seen increased public and private investment on numerous fronts. The sustained 8% economic growth since 2010 has been the highest growth rate seen in the last three decades, with all major economic sectors contributing positively towards this growth.

CECB was well in position to exploit the opportunities resulting from this economic revival and had a very successful year of performance while accomplishing the planned growth projections. The Bureau continued to play the leading role as the trusted engineering service provider to the Government in rehabilitation/ reconstruction and humanitarian projects undertaken in the North. I am very happy to report that under the leadership and guidance of our Chairman, Board of Directors, support of Senior Management Staff and with the commitment of our engineers and other employees, CECB was able to face new challenges and competition to undertake mega projects in the North successfully. Work on mega engineering projects, such as the Conflict Affected Region Emergency (CARE) project funded by ADB and the A9 Northern Roads Rehabilitation Project funded by China commenced during the year. The Northern Railway and Southern Railway line extension project which are in the pipeline are expected to commence soon.

Financially, the consolidated revenue topped the Rs. 8.3 billion mark with gross profits reaching over Rs.940 million. However, the construction materials costs were higher than in previous years which caused a lowering of profits relative to year 2010.



CECB continued with heavy capital investment outlays in land, buildings, heavy machinery and vehicles with opening of regional offices in Jaffna, Kilinochchi, Hambantota and Monaragala and base offices in all northern districts to support the growth projections. The acquisition of property, plant and equipment increased by 70% over the year 2010. Thereby increasing of non-current assets value to Rs.561.6 million in year 2011. In addition, Rs.145 million was spent on capital works.

CECB was able to attract, retain and integrate into respective projects competent engineers, architects and technical staff with attractive incentives. Staff training was strengthened to enhance staff capacities, capabilities and job-enrichment. CECB Cadre approval given by the Management Services Department helped to absorb eligible staff members working on contract into the permanent cadre. Special attention was given to integrating IT into the CECB administration, management and finance systems. As advised by the Auditor General, the CECB Accounting system was adjusted for compliance with Sri Lanka Accounting Standards (SLAS) and conformity with International Financial Reporting Standards (IFRS).

In the present competitive environment, we continue with our focus on quality, profitability, sustainability and development of human resources. This year we received the ISO 9001:2008 Quality Management Certification and ICTAD recognition to continue with our emphasis on quality. CECB is ranked within the TOP 20 Institutions in the State category for the fourth year, by the prestigious business magazine LMD.

I would like to thank all our valuable clients for their continued confidence and support in partnering our growth and success. I thank all CECB staff for their unstinted support and co-operation. CECB looks forward to taking up new challenges in the future with continued support of our clients and partners.

To ensure the long term sustainability, the Bureau proposes to enter into competitive bidding locally and diversify operations overseas in Maldives, India, UK and Eastern Africa. CECB is investigating Joint Venture partnership potential, for expanding into Hydropower and Water Resources projects in Africa.

Eng. K.L.S. Sahabandu  
General Manager



## PROFILE OF THE BOARD OF DIRECTORS



**Eng. Nihal Rupasinghe**

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

Joined Faculty of Engineering, University of Peradeniya as Instructor in 1980. Joined Central Engineering Consultancy Bureau in 1981. Appointed as Chief Resident Engineer in 1989 to 1996. Functioned as Project Manager, CECB 1997 to 1998. Appointed as Additional General Manager (Engineering Procurement and Construction) to manage the EPC Division. Appointed Chairman/CECB in 2005.



**Eng. M.A.P. Hemachandra**

F.I.E.D.(SL), M.I.E.E., M.I.Prod.

Former Chairman B.C.C. Lanka Ltd., Former Chairman/ Managing Director in Colombo Sack Makers Ltd. and State Pharmaceuticals Manufacturing Corporation of Sri Lanka in June 2010. Working Director at Central Engineering Consultancy Bureau



**Mr. S.M.N.L. Senanayake**

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

Joined Corporate Vision (Pvt) Ltd., as a Director in 1988 and joined Financial Consultants and Allied Services (Pvt) Ltd., as a Director in 1994. In 2008, joined Mahaweli Cultural Foundation Trust as a Director and in 2004 joined Central Engineering Consultancy Bureau as Director. He is also a Director of State Pharmaceuticals Corporation and State Pharmaceuticals Manufacturing Corporation since 2010.



**Eng. S.S. Ediriweera**

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

Appointed as Director, Ministry of Posts and Telecommunications from 1972 to 1991. Joined Sri Lanka Telecom Services Ltd., as General Manager and appointed as Member of the Board of Directors in 1992. Attached to Associated News Papers of Ceylon Ltd., and functioned as Managing Director in 2000. He worked as Secretary in Ministry of Posts, Telecommunication and Information Technology Development and as Secretary in Ministry of Tertiary Education and Training in 2001. In 2004, retired from Public Service. Appointed as an Engineering Consultant of Media and Information and as a Board Member of Sri Lanka Rupavahini Corporation and a Board Member of Sri Lanka Broadcasting Corporation. Doubling as Advisor to the Board, ITN. In 2011 January he was appointed as Board of Director in CECB and as an Executive Director of CESL. He is a member of the production Engineers (London) and the Institution of Electrical Engineers (London)

## PROFILE OF THE BOARD OF DIRECTORS CONTINUED



**Eng. Ranjith Pemasiri**



**Dr. M.H.M.U.P. Herath**



**Mr. Wasantha Ekanayake**

BSc.Eng.(Hons),  
MIE(SL),  
MSc.(Construction Mgt.)

Joined Road Development Authority as Executive Engineer/ Resident Engineer in 1981 and in 1993 appointed as a Director Highway in Provincial Department of Highways and as a Project Director at Ministry of Home Affairs and Provincial Councils. Assumed duties as General Manager at Southern Provincial Road Development Authority in 1993. Worked as National Project Director at Ministry of Provincial Councils and Local Government from 2003. Presently working as General Manager, Road Development Authority. Appointed as Director of Central Engineering Consultancy Bureau in year 2010.

MBBS (Col.)

Medical Officer at Ragama Rehabilitation Hospital since 2010. Appointed as a Director of Central Engineering Consultancy Bureau in August 2010.

(B.A.(Hons.), Class 1 of the Sri Lanka Administrative Service.

Director General, Department of Management Audit, Treasury Representative/ Member of the Board of Directors of Central Engineering Consultancy Bureau in 2010.

## OUR TEAM

|                                       |                                       |
|---------------------------------------|---------------------------------------|
| Eng. N. Rupasinghe                    | Chairman                              |
| Eng. M. A. P. Hemachandra             | Working Director                      |
| Eng. S. S. Ediriweera                 | Executive Director                    |
| Eng. K. L. S. Sahabandu               | General Manager                       |
| Eng. M. A. C. Perera                  | Corp. Addl.GM (C) / Addl GM(Projects) |
| Eng. G. D. A. Piyathilake             | Corp Addl GM (EPC) & AGM(EPC-WP 1)    |
| Eng. L. P. G. Silva                   | Addl GM (EPC-WP 2)                    |
| Eng. R. N. Perera                     | Addl GM (Special Projects -03)        |
| Eng. S. T. Devarajan                  | Addl GM (Special Projects -02)        |
| Eng. W. A. Ariyathilleke              | Addl GM (Northern Roads)              |
| Eng. T. D. Wickermarathne             | Addl GM (Water Resources)             |
| Eng. S. P. P. Nanayakkara             | Addl GM(EPC-South)                    |
| Eng. P. C. Jinasena<br>Training)      | Addl GM (Highways, Airport Design &   |
| Eng. G. R. A. S. Gunathilake          | Addl GM(EPC-East)                     |
| Eng. G. A. D. L. J. Seneviratne       | Addl GM (E & M)                       |
| Eng. A. Galketiya                     | Addl GM(EPC-Uva & Sab)                |
| Eng. H. M. Nandasena                  | Addl GM(EPC-Central)                  |
| Eng. D. R. Mithra                     | Addl GM (EPC-North Central)           |
| Eng. (Ms). H. M. S. Rupasinghe        | Addl GM (EPC-Support Services)        |
| Eng. K. L. S. R. Sahabandu            | A/ Addl GM (DRD)                      |
| Eng. M. Navaz                         | A/ Addl GM (Special Projects -01)     |
| Arch. W. K. Lalith Hewage             | Addl GM (Architect)                   |
| Eng. R. M. W. Ratnayake               | Cover up Duties/ Addl GM (EPC-North)  |
| Eng. P. M. P. C. Gunatilleke<br>East) | Cover up Duties/ Addl GM (EPC-South   |
| Ms. Liyanage Devika                   | DGM (QS)                              |
| Mr. J.M.B. Jayaweera                  | Chief Internal Auditor                |
| Ms.S.H.H.C.U. Senanayake              | Legal Officer                         |
| Mr. J.W. Rathnayake                   | Consultant, Human Resource            |
| Mr. U.N.B. Mawathagama                | Finance Manager                       |



## **CORPORATE INFORMATION AND ACCOUNTING POLICIES**

### **(1) Corporate Information**

#### **1.1 Domicile & 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 registered office of the Corporation is located at No. 415, Bauddhaloka Mawatha, Colombo 7.

#### **1.2 Principle Activities and Nature of Operations**

During the year, the principle activity of the Bureau was to undertake, carry out, execute and perform Consultancy and Turnkey Construction Projects connected with any type of engineering or any engineering related activity.

#### **1.3 Number of Employees**

The number of employees at the end of the year was 1861 (Corresponding figure for year 2010 was 1073)

### **(2) Accounting Policies**

#### **2.1 General Policies**

##### **2.1.1 Basis of Preparation**

The Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Accounting Policies and Notes of Central Engineering Consultancy Bureau (Bureau) have been prepared in compliance with the Sri Lanka Accounting Standards issued by the Chartered Accountants of Sri Lanka Consolidated financial statements comprise the Financial Statements of the Bureau and its subsidiary as at 31<sup>st</sup> December 2011.

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

##### **2.1.2 Comparative Information**

The Accounting Policies have been consistently applied by the Bureau and are also consistent with those of the previous year.

Previous year's figures and phrases have been rearranged, wherever necessary to confirm to the current year's presentation.

2.1.3 Foreign Currency Transactions

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time, the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies are Converted to Sri Lanka Rupee equivalents using year and spot foreign exchange rates, the resulting gains and losses are accounted in the income statement.

2.1.4 Taxation

The provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No: 10 of 2006, and the subsequent amendments thereto.

2.1.5 Borrowing Costs

Borrowing Costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized in the financial statements.

2.1.6 Events occurring after the Balance Sheet Date

All material events occurring after the Balance Sheet Date have been considered and where appropriate adjustments to or disclosures have been made in the Financial Statements.

**2.2 Consolidation**

a) Subsidiary

Subsidiaries are those entities controlled by the Bureau. Control exists when Bureau has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statement of subsidiary is included in the Consolidated Financial Statements from the date that control commenced.

Investment in subsidiary is stated in the Bureau's balance sheet at cost.

| Company Name                               | Control | Directors                                                                                                                 |
|--------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------|
| Central Engineering Services (Pvt) Limited | 100%    | Mr. Nihal Rupasinghe<br>Mr. M.A.P. Hemachandra<br>Mr. S.M.N.L. Senanayake<br>Mr. B.W.N. Rupasinghe<br>Mr. S.S. Ediriweera |

b) Transactions Eliminated on Consolidation

All intra group balances, income and expenses and unrealized gains and losses and dividends resulting from intra group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases.

c) Reporting Date

The financial statements of the subsidiary are prepared for the period of six months ending 31<sup>st</sup> December, using consistent accounting policies.

d) The Consolidated Cash Flow Statement

This includes the cash flows of the Bureau and its subsidiary.

**2.2      Valuation of Assets and their Measurement Basis**

2.3.1      Property, Plant & Equipment

2.3.1.1      Cost - The Cost of Property, Plant & Equipment is the cost of purchase or construction together with any incidental expenses thereon. The Property, Plant & Equipment are recorded at cost / valuation less accumulated depreciation which is provided for on the basis specified below in 2.3.1.2

2.3.1.2      Depreciation - Depreciation has been provided for on a diminishing balance Method and following annual rates are applied for this purpose.

| Item                                                                                                  | Rate P. A |
|-------------------------------------------------------------------------------------------------------|-----------|
| 1. Motor Vehicles, Tools & Implements                                                                 | 25%       |
| 2. Plant, Machinery, Survey Instruments, Computers, Engineering, Lab & Welfare Equipments, Telephones | 20%       |
| 3. Office Equipment, Furniture & Fittings & Library Books                                             | 12.5%     |
| 4. Buildings                                                                                          | 7.5%      |

### 2.3.2 Leases

Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the Bureau and recorded in compliance with Sri Lanka Accounting Standard 19 for Leases.

The assets are included in property, plant and equipment and the capital elements of the leasing commitments are shown as obligations under Finance Leases. The assets are depreciated on a basis consistent with similar owned assets. The interest element of the lease rental is included in the income statement.

### 2.3.3 Investments

The cost of an investment is the cost of acquisition, inclusive of brokerage, duties and bank fees. Investments are classified and valued as follows:

#### a) Long Term Investments

Quoted / Unquoted investments are stated at the lower of cost or market value determined in individual investment basis.

#### b) Short Term Investments

Funds held in short term investments are stated at cost

### 2.3.4 Capital Work in Progress

Capital working progress is valued at Cost

### 2.3.5 Inventories

Inventories are valued at the lower of the cost or estimated net realizable value.

Materials at site are valued at lower of the cost or estimated net realizable value.

### 2.3.6 Trade & Other Receivables

Trade & Other Receivables are stated at the amounts they are estimated to be realized.

### 2.3.7 Cash & Cash Equivalents

Cash & Cash Equivalents are defined as cash in hand, demand deposits and short term highly liquid investments.

For the purpose of Cash Flow Statement, Cash & Cash Equivalents consist of cash in hand, demand deposits in banks, net of outstanding overdrafts.



## **2.4 Liabilities & Provisions**

### **2.4.1 Liabilities**

Liabilities classified as current liabilities in the Balance Sheet are those which fall due for payment on demand or within one year from the Balance Sheet Date.

Non-current liabilities classified are those balances that fall due for payment after one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing these Financial Statements.

### **2.4.2 Trade & Other Payables**

Trade & Other payable are stated at their cost.

### **2.4.3 Retirement Benefit Obligations**

#### **a) Defined Benefit Plan – Gratuity**

Gratuity is a defined Benefit Plan. The Bureau is liable to pay gratuity in terms of the Payment of Gratuity Act No: 12 of 1983, where the liability to an employee arises only on completion of five years of continued service.

However, the provision is calculated based on half month's salary of the last month of the financial year of service in conformity with the Sri Lanka Accounting Standard No: 16, "Retiring Benefit Cost"

#### **b) Defined Contribution Plans – Employees' Provident Fund & 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.

### **2.4.4 Capital Commitments & Contingencies**

All material capital commitments and contingent liabilities of the Bureau are disclosed in the respective Notes to the Accounts.

## **2.5 Reserves**

### **2.5.1 Capital Reserves**

This is a reserve created by Revaluing Fixed Assets

### **2.5.2 Revenue Reserves**

This is a reserve maintained for revenue.

## **2.6 Revenue and Cost Recognition**

### **2.6.1 Revenue and Cost from Construction and Consultancy Contracts**

Revenue is measured at the fair value of the consideration received or receivable in Accordance with Sri Lanka Accounting Standard No: 13 for Construction Contracts.

Revenue is recognized on the percentage of completion of a contract. Depending on the nature of the contract, the percentage of completion is determined by reference to the following methods;

- a) The proportion that contract cost incurred for work performed to date bear to the estimated total contract costs
- b) Surveys of work performed

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 income in arriving at the profit for the year.

Contract Costs include all costs that are directly related to specific contracts and indirect/other costs that are attributable to contract activity in general and can be allocated to contracts.

The asset "Amounts due from customers on uncompleted contracts", represents revenues recognized in excess of amounts billed/engineers certified value (as at balance sheet date). The liability "Amounts Due to Customers on uncompleted contracts" represents billing / engineers certified value (as at balance sheet date) in excess on revenues recognized.

### **2.6.2 Interest Income**

Interest Income is recognized on an accrual basis.

### **2.6.3 Other**

Other income is recognized on an accruals basis

## **2.7 Gains and Losses**

- 2.7.3.1.1 Net financial results on disposal of Property, Plant & Equipment is treated as other income

## **AUDIT COMMITTEE REPORT**

The Audit and Management Committee was established in the year of 2000 to strengthen management to overcome shortcomings in Accounting system, Management Control system, Financial and Audit Annual Reporting System.

In 2011 the Audit and Management Committee comprised of the following three non-executive Board members;

- Mr. Wasantha Ekanayake
  - Mr. S.M.N.L Senanayake
  - Dr. H.M.U.Herath
- 
- ❖ Representative of Auditor General's Department participated in the committee as observer.
  - ❖ Chairman and the Working Director of the Bureau spent their valuable time to participate at the meeting as invitees.

The committee had 10 meetings during the year with the Management in the CECB Head Office and following areas were taken up as directed by the Circulars and Guidelines issued to strengthen the Audit Committee.

- Responsibilities of the Internal Audit Unit
- Reviewing and evaluating internal control systems for all activities
- Review of performance / regularize cost effectiveness/ eliminate wasteful expenditure and etc
- Liaise with the external auditors and follow up on Auditor General's/ External Auditors letters
- Ascertain whether statues, regulations, rules and circulars are complied and informing of the Board on Non compliance
- Ensures that the financial statement complies with accounting standards.
- Review of internal /external Audit reports and remedial actions to be taken

## **PERFORMANCES OF THE ADMINISTRATION AND HR**

### **1. Human Resources Policy:**

The Human Resources Policy is framed to achieve the Bureau's vision "to be a World Class Engineering Organization", to fulfill the objectives as described in Corporate Plan. It comprises of the decision making and implementation process, to support establishment and administrative personnel functions, maintaining the performance of the employees up to the required standards, keeping employee relations and resource planning. The policy provides the Bureau to manage risk and maintain current trends in employment standards and legislation. Priority is given to improve the performance of the CECB through the management reforms and improvements of good governance practices with the improvement of quality of the Human Resources. The management of the Bureau successfully manages to keep the cadre requirement at "economical" level in line with the guidelines issued by the Management Services Department of the Ministry of Finance. During the year 2011 the Bureau successfully implemented its Human Resource Policy under the guidance of the Management.

The Bureau is following four C's policy; Creating, Consulting, Continuation, and Consistence when delivering their services to the stakeholders.

### **2. Man Power Planning**

Man Power Planning supports all the members of the organization in various ways. The CECB as a self financing Public Sector Organization gives priority attention to better management of resources including human factor. Planning involves problem solving and decision making system. The management prepares short term strategy and measures the achievements while the long term plans are prepared to better contribution line. The expansion keeps the stake holders interest to meet the requirements the Bureau to carry out various changes including hiring of various personnel, specialized in different fields.

#### **2.1 Cadre Position:**

The main functions of the Bureau are to provide the consultations for the development projects and handling the constructions work under BOO basis. To provide wide range of Engineering consultancy, construction and other related services, CECB has a strong Human Resource base that consists of multi-disciplinary professional and technical staff representing various disciplines.

During the year 2011, large numbers of Technical and Non-Technical employees were employed on contract and assignment basis to implement the undertaken projects successfully. Annually, the Bureau conducts survey to identify the actual requirements of the employees to report to the Board of Directors to identify the total strength of the needed Man power.

Corporate Plan for the Bureau is effective for the period of five years commencing from 2011 to 2016. HR plan was revised for the five years accordingly. Forecasted staff as per the fiscal years is as follows.

#### Forecasted Man Power Planning for the Years 2011-2016 (Corporate Plan)

| CATEGORY      | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|------|------|------|------|------|------|
| Non-Technical | 730  | 750  | 850  | 900  | 950  | 1000 |
| Technological | 390  | 390  | 400  | 400  | 425  | 450  |
| Total         | 1120 | 1140 | 1250 | 1300 | 1375 | 1450 |

The CECB currently employs large number of technical and non-technical staff on contract and assignment basis. Recently the Bureau has taken steps to hold interviews for the contract and assignment staff to consider absorbing some of qualified people into permanent positions available in key units.

During year 2011, CECB employed a total of 1861 number of employees representing 883 in permanent cadre and 978 in contract and assignment basis. The permanent cadre represented 40% of staff Grades and 60% of subordinates and other Grades. The average turnover of employees was at a low level and retirement percentage is around 10% of total cadre.

#### 4.0 **Recruitment Policy & SOR**

CECB has a strong focus on attracting, recruiting and introducing new qualified employees to the Bureau. The engineers and other qualified professionals just passed out from the universities are recruited direct to the Bureau to strengthen the human resource force of the Organization. Management gives priority to develop the 'Human Resources' unit in the Bureau to suit with the Bureau's future plans. Since 2011, the Bureau is giving proper attention to the Human Resource Development and appointed various committees to identify the grey areas in the development of Human Resource.

CECB has written Scheme of Recruitment (SOR) from its inception. Action had been taken to modify previous SOR documents in line with the present requirements of the Bureau and to suit with the Salaries and Cadre Commission and Department of Management Services guidelines. Being a semi-government organization, the Bureau is bound to obtain approval from the Department of Management Services (MSD) on the recommendation of the National Salaries and Cadre Commission (NSCC) following the MSD circular No 30/ 2006. In November 01, 2011, MSD approved a total of 1132 cadre positions under various designations. This has led to elimination of one of the limitations faced by the management as well as the employees.



## **5.0 Future outlook**

### **5.1 Quality Culture:**

Reaching optimum level of the Productivity is a key requirement of the Bureau. Therefore specialized Training unit was established under the supervision of Additional General Manager for Training. The Training Policy is focused on enhancing the staff Job skills of the Bureau. The Bureau supports, encourages and provides package of incentives to all professionals to obtain Post Graduate qualifications. Management level staffs in the Non-Technical groups are also encouraged to obtain Post Graduate or higher qualifications to suit with the Quality Standards of the Bureau. The skills and output of the supporting staff comprising 60% of the Total Cadre including clerical and allied services are improved through short term training and through integration of IT in administration functions.

One of the important factors in attracting and retaining employees is the provision of opportunity for Continued Professional Development (CPD) within the Bureau. Considering the above requirements the Bureau insists that all employees create and develop their professionalism within the organization to fulfill the quality work concept.

As knowledge based organization with creative leadership actions were taken to identify competitive human resources and employ them effectively. Most of the untrained staff are sent for training. The Bureau organizes monthly Knowledge sharing sessions to educate the staff with social, economical and political aspects.

The Bureau believes that the CECB Quality culture through extensive and intensive training as outlined in the Corporate Plan.

### **5.2 Performance e- Appraisals**

Performance appraisal system was developed in association with IT Unit to measure the employees' productivity. Due to various reasons the implementation was delayed but action has been taken to implement the appraisal system along with the New Scheme of Recruitment.

Streamlining the systems, policies and procedures are biggest challenges for the HR unit. As a dynamic organization the Bureau has decentralized its decision making process to the regional level. To strengthen this mechanism various systems and functions were introduced including the infrastructure development of the Base Offices. Accordingly implementation of Improvement of physical work environment of the Head office and the Base offices by providing IT related equipments and development of the MIS system is one of the major achievements. Accordingly the Bureau is expecting achieve the work processes improvements for maximize efficiency, effectiveness responsiveness in a client friendly manner.

Strengthening the administrative function of CECB by carrying out a Human Resource Audit and filling gaps by the year end of 2015 is the strategy followed by the Management. Annual survey on staff requirements was done during the year to find out the vacancies in the approved cadre. It also helped to identify the gaps in between the hierarchy levels. Accordingly decisions were taken to fill the gaps with the suitable qualified persons selected through the competitive examinations or interview or both during the year.

## **6.0      Welfare Facilities Provided**

In order to provide a safe and healthy working environment at all offices, the Bureau has taken steps to implement a welfare Plan for the benefit of its employees. Annually the Bureau Provided Rs.30 Million for welfare Budget which covers Medical Insurance and Expenses recovery Schemes, Employees get together, Annual Trip, sports activities, religious functions etc. The Bureau continues to support educational excellence of children by maintaining scholarship scheme for deserving students of the employees. Employees' children who successfully pass the Grade five examinations receive scholarship in collaboration of the Trade Unions, Mutual Benefit Association and the other societies. Under this scheme the students who received excellent O/L results and A/L results will receive the financial benefits. Long Term Service recognition awards (Gold Coins) were given to 72 Employees, who had completed twenty five (25) years of service in 2011.

All employees are provided with medical benefits under the reimbursable medical expenses scheme for brief illnesses, and hospitalization benefits for the members of medical Insurance scheme. Allowances Spectacles are provided.

All of the employees are entitled to receive the annual bonus declared by the Board of Management annually.

Sports activities are also encouraged by the Bureau by providing basic facilities through the welfare society. The Bureau employees won national carom tournament continuously including in year 2011, bringing the recognition to the Bureau.

### **Special Tribute to the Bureau:**

The Government honored the Bureau by appointing as "The Engineering Services Provider" especially for the Northern Development programme. CECB is proud of achievements made by our Human Resources in the national programme on post- war rehabilitation and reconstruction undertaken by the Government in the north and east.

## AUDITOR'S REPORT



preparation and fair presentation of the Financial Statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau'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 qualified audit opinion.

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

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

### **2 Financial Statements**

#### **2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 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 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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

##### **2.2.1 Sri Lanka Accounting Standards (SLAS)**

Instances of non-compliance with the Sri Lanka Accounting Standards observed in audit are given below:

##### **(a) SLAS 9 – Cash Flow Statement**

- (i) Although the cash flow of the operating activities should include the net profit and related adjustments for non- movement of cash, the cash flow statement prepared had been incorrectly presented with the prior year adjustments of Rs.18.7 Mn even it had not effect to the current year's net profit and further the cash flow from operating activities had not been fairly presented.



- (ii) According to the consolidated financial statements, additions and disposals of property, plant and equipment (PPE) amounting to Rs.313Mn and Rs.3.7 Mn respectively, but as per cash flow statement its were Rs.341 Mn and Rs.42.5 Mn respectively. These different values could not be acceptable in audit.
- (iii) A sum of Rs.97,894,195 had been shown in the cash flow statement as income tax payment during the year under review. But as per details given by the CECB it was Rs.89,682,602.

(b) SLAS 13 – Construction Contract

- (i) As required by the Standard separate ledger account had not been maintained in a construction transactions relating to each project undertaken by the CECB until the contract is completed.
- (ii) According to the schedule attached to the financial statements, number of incompleated contracts were 350 as at the balance sheet date and the aggregated cost of those contracts without identifying the recognized profit or loss was Rs.13,564,785,693. Hence significant values of asset accounts had not been disclosed in the financial statements.
- (iii) The CECB could not be able to show the value of accumulated cost relevant to the contracts in progress as at the balance sheet date due to construction cost had been directly charged to the profit and loss account. Therefore the construction cost of Rs.6,953,482,266 shown in the profit and loss account was inappropriate and could not be acceptable in audit.
- (iv) Actual projects cost was in equal with estimated cost before completing the projects. For instance the stage of completion and the resultant revenue had erroneously been calculated relating to D946 ongoing project as shown below.

| Project code | Estimated cost<br>Rs. | Actual cost<br>Rs. | Difference<br>Rs. | Progress as<br>per<br>accounts |
|--------------|-----------------------|--------------------|-------------------|--------------------------------|
| D946         | 193,290,955           | 193,046,924        | 244,031           | 100%                           |

- (v) The estimated cost of the project No D1232 was Rs.90,604,609 and the reported cumulative cost incurred was Rs.91,024,211. But when it is correctly recognized, the actual cost with the cost incurred in the prior year should be corrected as Rs.93,178,372. Therefore the profit was overstated by Rs.2,154,161.



- (vi) The amount of cost incurred for project No.1230 recorded in the schedule attached to the financial statements was Rs.29,129,224, whereas according to receipts and payments schedule it was stated as Rs.15,474,084. Hence cost incurred and profit had been overstated and understated respectively by Rs.13,655,140.
- (vii) Values given in the work sheet approved by the project engineers for each contract were accounted periodically as the amounts of work done by debiting the respective debtor accounts and crediting progress billing accounts. There were no valid invoices being supported for such accounting transaction. Test check revealed the following deficiencies with regard to identification of debtors.
- Even though invoices were issued for 16 projects amounting to Rs.2,200,030,852, it had recorded as the debit value of Rs.2,172,030,852 which was given by the engineer as per the accounting treatment made by the Southern Province. Therefore debtor value had been overstated by Rs.28,000,000 due to the incorrect identification.
  - A difference of Rs.99,212,808 had been observed between the debtor ledger balance and confirmation with regard to the project code No. D 869 due to incorrect procedure of recognizing the debit value of the debtor account in Battaramulla Base office.
- (viii) A sum of Rs.1,170,882,667 had been shown as creditors in the Financial Statements. But, in fact, they were no balances relating to creditors. These were debtors credit balances due to non-issuing of invoices but cash received and mobilization advances incorrectly being recorded under debtor account. Hence users of Financial Statements may be misled due to incorrect entries made as shown below;
- Mobilization advances of Rs.5,580,560 and Rs.18,991,491 received for the project Nos. 1371 and 1434 respectively had incorrectly been recorded under debtor accounts.
- (ix) The value had been credited and debited to the progress billing account of the CECB without source documents. Hence it was unable to satisfy in audit with the accuracy of the debit and credit balances of progress billing account amounting to Rs.867,914,098 and Rs.2,049,895,290 respectively.

- (x) A sum of Rs.84,453,062 in respect of variations and contingencies had been identified as revenue in the financial statements for the year 2011. Out of that only, Rs.27,581,739 had been approved by the clients. Therefore overstatement of revenue was Rs. 56,871,323.
- (xi) The Standard Technical Committee (STC) had reduced the contract sum of the projects Nos. 990, 863 and 1213 and the resultant loss of Rs.56,135,461 had not been adjusted in the financial statements .
- (xii) Revised contract prices were not considered in the identification of revenue. Details are given below.

| Project code | contract sum<br>Rs. | STC recommended<br>price<br>Rs. |
|--------------|---------------------|---------------------------------|
| D990         | 570,000,000         | 541,000,640                     |
| D863         | 369,459,066         | 98,569,253                      |
| D1213        | 12,964,381          | 9,118,018                       |

- (xiii) According to the final invoice the contract sum was Rs.15,748,511 but in the schedule attached to the financial statements it had been shown as Rs.8,859,721 in relation to project No.1309. Hence construction revenue and profit had been understated by Rs.6,888,789. Furthermore, a sum of Rs.2,133,529 had incorrectly been recognized as a loss in the schedule attached to the financial statements but it should be shown as a profit.
- (xiv) The project No. 878 had been completed in the year 2010 as per the completion certificate dated 29 September 2010 and it was reported in the financial statements of year 2010 as 88% completion. Although the contract sum was enhanced from Rs.972,380,185 to Rs.1,027,170,964 due to the price escalation in the year 2011 the evidence made available for the contract sum including the price escalation was Rs.986,799,720. Therefore there were no evidence for the enhanced contract sum of Rs.40,371,244.
- (xv) According to the BOQ of the project No. 1113, the contract sum should be Rs.46,927,928 whereas for the financial statements, it had been considered as Rs.56,286,294 and therefore the contract sum was overstated by Rs.9,358,366.
- (xvi) The project Nos. 1308, 1321, 1322, 1324, 1330, 1343, 1346, 1347,1348 and 1376 had been commenced during the year 2011. The

total costs incurred for the year for these projects were Rs.46,597,792 and the total cumulative cost of these projects should be Rs.46,597,792 but it had erroneously been identified according to the schedule attached to the financial statements as Rs.57,666,040. The difference of Rs.11,068,248 had been effected to the computation of stage of completion of these projects and as a result construction revenue had been overstated by Rs.11,400,001.

- (xvii) Opening balances of the 07 projects in Southern base had incorrectly been brought forward and thereby the cumulative cost had been reduced. Therefore revenue had been understated by Rs.10,696,168.

(c) **SLAS 18 – Property, Plant and Equipment**

- (i) Even though fixed assets should be depreciated from the date of purchase, contrary to such requirement, the Colombo Suburb and Southern base offices, depreciated the assets for the full year of purchase and as a result, depreciation had been overstated by Rs.1,342,844 and Rs.2,080,344 respectively during the year under review.
- (ii) Brought forward balance of Rs.40,339,693 in respect of capital work in progress had been set off against depreciation on disposal of assets. However, there was no actual disposal of capital work in progress in the year under review.

(d) **SLAS 36 – Provision for Contingent Liabilities**

The CECB had not disclosed provision for significant contingent liabilities in the financial statements, which were valued at approximately Rs.88,529,221.

### 2.2.3 Accounting Deficiencies.

Following accounting deficiencies were observed in audit.

- (a) Difference of Rs.5,196,745,457 had been observed between the schedules and financial statements with regard to the cost of construction and consultancy, revenue of construction and consultancy, and due from / to customers, retention and mobilization advances.
- (b) Unusual credit balances in the debtors accounts amounting to Rs.71,156,925 had been existed in the consultancy unit due to non-recording of invoices, coding errors and absences of invoices. As a result current assets and the consultancy revenue had been understated by the same amount.



- (c) A difference of Rs.6,624,191 had been observed between the accumulated profit balance as at 31 December 2010 of the statement of changes in equity and income and expenditure balance brought forward in the financial statements for the year 2011.

(d) Retention

-----  
Following observations are made in the test checks carried out in audit in respect of retention in the segment financial statements of Engineering Procurement and Construction unit (EPC).

- (i) Differences totaling to Rs.17,312,332 had been observed between the payment certificates and financial statements in East and Gampaha bases in relation to retention receivables.
- (ii) Retention money of Rs.517,812 received for the project No.983 in Eastern Province had been shown as outstanding.
- (iii) A differences of Rs.14,828,414 had been identified between the Financial Statements and work sheets approved by the Project manager of the Battaramulla base. Financial Statements had shown as retention receivables only for 06 projects. But according to work sheets, it was for 32 projects. However, work sheets of other projects had not been received for the audit. Hence it was unable to calculate accurately in audit how much being omitted from the Financial Statements as retention receivables.
- (iv) A sum of Rs.54,946,779 had been shown as retention receivables in the Financial Statements for the years 2010 and 2011 in Battaramulla Base office without any change which is abnormal.
- (v) Differences in retention receivables amounting to Rs.12,595,200 , Rs.6,764,460 and Rs.6,505,105 for project Nos. 869, 1340 and 1352 respectively were observed between the third party confirmations and balances shown in the Financial Statements.
- (vi) Eighty ongoing projects which had been identified as the stage of completion in the range of 10% to 100% for 07 base offices had not been shown any receivables of retention in the financial statements during the year under review.
- (vii) Retention payment of Rs.33,727,423 deducted by the clients had not been shown in Financial Statements as receivables in Southern base.

- (viii) Differences in retention receivables amounting to Rs.6,610,096 was observed between the certified bills and ledger balances as at 31 December 2011 in Southern base.

(e) Mobilization Advances

The amount of Mobilization Advances shown in the financial statements of the Engineering Procurement and Construction unit (EPC) was Rs.3,456,388,048. Following deficiencies were observed in this regard.

- (i) Differences totaling Rs.20,009,245 had been observed between the payment certificates and financial statements in East and Gampaha base offices in relation to mobilization advances.
- (ii) As per the schedule, the amount of mobilization advances were Rs.23,725,762 and Rs.2,539,056 in relation to project No.1091 and 1400 respectively. However it was shown in the final invoices as Rs.21,583,192 and Rs.1,796,634 respectively. Hence current liabilities had been overstated by Rs.2,884,992.
- (iii) Although the Mobilization advance should be recovered from every invoice of the projects up to 90% as per Section 14.2(b) of the circular No ICTAD/SBD/02 of the Institute for Construction Training And Development, 77 projects which were completed below 90% had not shown any value of mobilization advances in the financial statements.
- (iv) When mobilization advance is received, it is liable to be deducted proportionately from the invoice values up to the limit of 90% of the project value. However mobilization advance balance of Rs.74,481,028 for 29 projects undertaken by 09 base offices where the project completion had been in the range of 90% to 100% , it was shown in the financial statements without making the proper journal entries for the deduction made in the invoices.
- (v) According to the working sheet approved by the project manager of Battaramulla base office, a sum of Rs.180,892,096 had been shown as outstanding mobilization advance whereas according to the financial statements only Rs.82,036,187 was shown. Therefore the difference of Rs.98,855,909 had not been identified.



(vi) Differences totaling Rs.69,912,796 for 12 projects in the Southern base had been observed between the ledger accounts and advances recovered from certified bills.

(vii) Unusual debit balances totaling Rs.17,899,373 had been shown in the schedule of mobilization advances in East base office.

(f) Accrued Expenses

Accrued expenses of Rs.808,805,418 had been shown in the Financial Statements and following discrepancies were observed in audit in this regard.

(i) Material purchased on credit basis amounting to Rs.11,077,642 , Rs.38,510,982 and Rs.1,377,217 in Colombo Suburbs, Central Province and Katubedda base offices respectively had been recorded under accrued expenses instead of creditors, during the year under review.

(ii) Material purchased on credit basis in 2012 amounting to Rs.5,535,510 and Rs.4,118,845 had erroneously been recorded under year 2011 in Colombo Suburbs and Katubedda base offices respectively.

(g) Material at site

Material at site as at the end of the year 2011 relating to Engineering Procurement and Construction Unit (EPC) was Rs.276,618,725 and the following observations are made in this regard.

(i) Gampaha base office had verified material at 23 sites out of the total sites of 31, operated during the year. According to the verification sheets of 23 sites, the value of material at sites should be Rs.10,315,687. However the value of material at sites considered for the financial statements was only Rs.2,093,502 and it was observed that it represented only the values of 3 sites.

(ii) The value of closing stocks at the Gampaha base office had not been deducted in arriving the construction expenditure for the determination of percentage of completion. Therefore the cost and the revenue had been understated and overstated by Rs.2,093,502 and Rs.2,126,056 respectively.

(iii) Material purchased on credit basis amounting to Rs.2,151,968 had been omitted from the Financial Statements of Gampaha DGM unit. Hence creditor and profit had been understated and overstated respectively by that amount.

(h) According to the Financial Statements of Central Province of the CECB, purchase advances amounting to Rs.548,000,000 had been paid to the Central Engineering Service (Pvt) Ltd. (CESL) (subsidiary) for the work done on road projects during the year under review. Following observations are made in this regard.

(i) No any proper procedure had been followed for intercompany cash movements between parent company and subsidiary since cash payment amounting to Rs.169,396,000 was made to the subsidiary without any documentation.

(ii) Although the above advances had been paid in August 2011 it was not recovered even by 31 December 2011. Further, according to TAX invoices submitted by CESL it was shown Rs.163,000,000 only as advance received. Therefore the different values shown in parent company and subsidiary had made the confusion and the correct value of transaction could not be determined in audit.

(iii) Although the value of invoices issued by CESL for the road projects undertaken by the CECB was Rs.263,500,000 whereas, the value accounted for the road projects was Rs.205,000,000 only and thereby construction cost of such projects were understated by Rs.58,000,000 due to the fact that advances given to the subsidiary and the value of invoices issued by the subsidiary had been incorrectly accounted.

(iii) Purchase advances amounting to Rs 309,654,403 were being remained as outstanding for considerable period without proper arrangement being made either to recover or to obtain goods from the supplier.

(i) Suspense Accounts

Five suspense account balances aggregating Rs.27,548,064 had been shown in the Financial Statements without being identified and adjusted in the accounts.

(j) Income Tax

The following observations are made.

(i) Total payable amount of income tax was Rs.458,664,555 as per available information. However according to the financial statements it was shown as Rs.450,453,362. Due to this, a difference of Rs.8,211,193 had been identified.

- (ii) Penalty imposed on Income Tax, PAYE Tax, VAT and NBT by the Department of Inland Revenue amounting to Rs.141,711,492 had not been accounted for making provision or disclosed for contingent liability.

#### 2.2.4 Accounts Receivables and Payables

Following observations are made.

- (a) According to the age analysis furnished by the Construction unit, debtors amounting to Rs.304,420,640 had been outstanding for more than 3 years. Hence recoverability of such debts is doubtful due to the long period of outstanding and no provision had been made in the accounts.
- (b) Debtors amounting to Rs.96,524,549 in the Consultancy division had been outstanding for more than three years and no any provision had been made for such debtors.
- (c) According to the financial statements the debtor balance of project Nos D 1091 and D 1400 totalled Rs.49,543,825 and as per age analysis it was Rs.52,428,816. Therefore age analysis balance had increased by Rs.2,884,991 more than the debtor balance which is unrealistic.

#### 2.2.5 Lack of Evidence for Audit

The following evidences indicated against each item had not been submitted for audit.

| Item of Accounts | Value         | Evidence not made Available |
|------------------|---------------|-----------------------------|
|                  | Rs.           |                             |
| Sundry Debtors   | 13,349,857    | Confirmations               |
| Creditors        | 1,170,882,667 |                             |
| Trade Debtors    | 3,579,649,784 | Invoices and Confirmations  |

#### 2.2.6 Non-Compliance with Laws, Rules, Regulations and Management Decisions.

Instances of non-compliance observed in audit are given below,

| Reference to Laws, Rules, Regulations and Management Decisions               | Non-Compliance                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Section 14(1) of the Finance Act No. 38 of 1971                          | A copy of the draft annual report for the year under review had not been furnished to the Auditor General along with the financial statements.                                                                                                                                                                                                                                 |
| (b) Financial Regulation No. 154(6)                                          | All chief accounting officers should ensure that every assistance is given to the Auditor General and Officers authorized by him in writing for the performance of their duties and functions. Despite the instructions, proper office accommodation had not yet been facilitated in the head office of the CECB in order to ensure that a continuous audit to be carried out. |
| (c) Treasury circular No. 842 of 19 December 1978                            | Even though a Register of Fixed Assets had been maintained, it had not been prepared in accordance with the circular instructions.                                                                                                                                                                                                                                             |
| (d) Section 8.7 of the Public Enterprises Circular No PED/ 12 of 2 June 2003 | Although the PAYE Tax should be deducted from the salary of respective employees, CECB had paid the PAYE Tax amounting to Rs.17,423,977 during the three years period from 2009 to 2011.                                                                                                                                                                                       |
| (e) Public Administration Circular No. 09/2007 (i) of 17 October 2007.       | 39 retired public officers had been re-employed by the CECB without personal recommendation of the Secretary to the Line Ministry.                                                                                                                                                                                                                                             |



### **3. Financial and Operating Review**

#### **3.1 Financial Review**

##### **3.1.1 Financial Results**

According to the financial statements presented, the operations of the Bureau for the year under review had resulted in a pre-tax net profit of Rs.361,319,754 as compared with the corresponding pre-tax net profit of Rs.666,487,356 for the preceding year, thus indicating a decrease of Rs.305,167,602 in the financial results for the year under review. The reason for the decrease was all the material cost had been increased during the year under review.

##### **3.1.2 Analytical Financial Review**

Following observations are made.

- (a) The CECB had earned a pre-tax net profit of Rs.361 Mn during the year under review by utilizing its staff of 1269 members and the total assets of the Bureau valued at Rs.10,235 Mn. Thus the profit represented 3.5% of the total assets of the Bureau.
- (b) Construction Division had dominated within the CECB and it represented 85% of the total Revenue and 73% of the total profit.
- (c) Construction Division revenue had increased from Rs.5,332 Mn to Rs.7,598 Mn in the year under review which is 43% increase as compared with the preceding year.
- (d) Operating profit margin and net profit margin of 13% and 11% respectively of the year 2010 had decreased to 6% and 4% respectively in the year 2011.

#### **3.2 Performance Review**

Following observations are made.

- (a) The CECB was constituted in 1973, mainly to undertake consultancy works to fulfill national needs in Sri Lanka which evidenced that in 1995, the purposes for which the industrial undertaking had been reconstituted. According to the Act of the CECB, the first five objectives are relating to consultancy works and the CECB Consultancy Division had been equipped with all needed physical and human resources to serve the Nation with all types of engineering consultancies. However, at present the CECB had mainly focused on construction works rather than consultancy.



- (b) The CECB is organized under three divisions as Consultancy, Construction, and International. During the year 2011, 332 projects were in progress with the cumulative contract value of Rs.37,676 million. During the period of January to December 2011, 255 new projects had been commenced with the cumulative contract value of Rs.26,757 million. Out of which, 156 projects had been completed with the cumulative contract value of Rs.5,303 million during the year under review.
- (c) Out of the operating revenue of the CECB for the year 2011, only 11% had been earned on consultancy and the balance had been earned from constructions. There are number of state owned institutions to undertake construction works such as State Development and Construction Corporation (SD&CC), State Engineering Corporation (SEC), Buildings Department etc. But, consultancy works are undertaken only by the SEC other than CECB. Thus the CECB had not strategically focused on engineering consultancy which has been the mandated task assigned at the inception of the CECB because of construction work where the business turnover and the volume of work seems to be higher. The continued higher trend of dependency on construction work rather than engineering consultancy, the CECB would probably loss the strategic and unique opportunity given by the mandate in the area of Engineering Consultancy which is in the national interest. Therefore, the CECB need to be more focused on engineering consultancy work by maximum utilization of experts in this field in order to become a truly world class Sri Lankan Engineering organization.

### 3.3 Identified losses

- (a) Losses amounting to Rs.318,680,518 had been occurred during the year under review on construction works relating to 134 projects undertaken by 12 base offices of the CECB
- (b) Bank Overdraft (OD) amount of Rs.49,355,903 had been shown in the financial statements of the year 2011. OD interest of Rs.275,000 had been incurred during the year under review. It was noted that no Board approval had been obtained in this respect.

### 3.4 Management Inefficiencies

Following observations are made.

- (a) Action taken to recover the retention money had not been adequate and it was noted by reviewing the schedule of retentions, that a sum of Rs.185,128,485 had been outstanding for 259 completed projects as at the end of the year

2011. Out of which Rs.19,068,277, Rs.1,867,034 and Rs.14,637,031 had been outstanding for over one year, two years, and three years respectively.

- (b) Opportunity given to pay Economic Service Charges (ESC) based on cash basis for construction industry had not been exercised.
- (c) Even though, large numbers of computers have been used by the CECB, the accounting system has been partly computerized and it has been used only to obtain the trial balances of the base offices. The rest of the activities relating to the preparation of Financial Statements have been manually made. This may be perhaps wasting of time, difficult to ensure speed, accuracy and consistency of information. Question arise why the CECB was unable to install an integrated accounting package for the management to obtain much needed accounting information relating to variance against budgets, cost and profitability of each project etc.
- (d) Invoices had been prepared without mentioning the date of preparation, in Engineering Procurement and Construction unit (EPC).
- (e) The method of determining the estimated cost of constructions had not consistently been applied and no transparency exercised in calculating the estimated cost.
- (f) Estimated cost had not been considered as a significant in the Organization progress meetings because it had only discussed about contract sum and actual cost.
- (g) A procurement plan had not been prepared for the year 2011 and as such the procurements were not properly controlled.

### **3.5 Uneconomic Transaction**

A loss of Rs.350,327,002 had been estimated to occur on 134 projects undertaken during the year under review according to the revenue recognition statement.

### **3.7 Corporate Plan and Action Plan**

Following observations are made.

- (a) The following salient features had not been disclosed in the Corporate Plan prepared for the period 2011 to 2016 and approved by the Board on April 2011.
  - (i) Currently available resources of the CECB which are under;
    - Land and Buildings

- Production and Operating facilities
- Suppliers and vendor management system

- (ii) A review of the preceding three years' operating results.
- (iv) The managers who are clearly responsible in achieving the goals and targets stated therein.

- (b) According to the chapter of the strategy implementation of the approved Corporate Plan, it had been planned to form a new division named Finance and Administrative and to operate under the four division organization model. Further it had been decided to create new two posts of Deputy General Manager (Finance) in 2010 and Additional General Manager (Finance) in 2012. However, it was not possible to ascertain in audit whether this new division had been established or suitable recruitments were made as planned in the year 2010 and 2012.
- (c) The Action Plan stated in the Corporate Plan differs from the revised action plan submitted for 2011 and 2012 and accordingly, the plan which is really relevant to the Bureau is not known.
- (d) The Action Plan prepared separately had not addressed any actions relevant to each business operation of the Bureau and no any reference had been made to internal audit and research and development division.

### 3.8 Budgetary Control

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

#### 4. 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 by my detailed report issued in terms of Section 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

- (a) Contract Administration
- (b) Taxation
- (c) Trade Debtors
- (d) Presentation of financial statements
- (e) Settlement of Advances
- (f) Accrued Expenses
- (g) Assets Management
- (h) Computer software package for accounting purpose
- (i) Preparation of Invoices
- (j) Procurement Plan

  
H.A.S. SAMARAWEERA  
AUDITOR GENERAL

## BALANCE SHEET

|                                     |    | Group          | CECB           |               |
|-------------------------------------|----|----------------|----------------|---------------|
|                                     |    | 2011           | 2011           | 2010          |
| <b>NON CURRENT ASSETS</b>           |    |                |                |               |
| Property, Plant & Equipment         | 1  | 582,651,233    | 561,594,603    | 386,659,295   |
| Capital Works in Progress           | 2  | 144,685,178    | 144,685,278    |               |
| Investment                          | 3  | 64,456,627     | 64,456,647     | 69,796,710    |
| <b>TOTAL NON CURRENT ASSETS</b>     |    | 791,793,139    | 770,736,529    | 456,456,005   |
| <b>CURRENT ASSETS</b>               |    |                |                |               |
| Work in Progress / Material at site | 4  | 278,209,888    | 277,233,388    | 230,776,562   |
| Trade & Other Receivables           |    |                |                |               |
| Debtors                             | 5  | 5,334,051,099  | 3,579,649,784  | 1,470,451,532 |
| Dues from Customers                 |    | 1,426,715,480  | 886,368,525    | 335,937,179   |
| Retention Receivable                |    | 913,569,758    | 913,569,758    | 604,029,563   |
| Short Term Investments              | 6  | 1,709,593,967  | 1,707,593,967  | 1,491,086,629 |
| Other Current Assets                |    |                |                |               |
| Sundry Debtors                      | 7  | 14,296,632     | 13,349,857     | 45,582,508    |
| Deposit                             | 8  | 16,020,908     | 15,420,908     | 9,383,171     |
| Advances                            | 9  | 1,560,794,617  | 1,486,877,046  | 78,280,257    |
| Staff Loans                         | 10 | 51,024,587     | 51,024,587     | 21,110,427    |
| General Suspense                    | 11 | 1,774,849      | 1,774,849      | 6,002,695     |
| Cash in Transit                     | 12 | 13,342,692     | 12,076,692     |               |
| Prepayments                         | 13 | 3,126,938      | 3,051,938      | 1,332,485     |
| Bank Imprest                        |    |                |                | 404,169       |
| Cash in Hand & at Bank              | 14 | 599,866,077    | 516,700,961    | 327,388,491   |
| <b>TOTAL CURRENT ASSETS</b>         |    | 11,922,387,494 | 9,464,692,261  | 4,621,765,668 |
| <b>TOTAL ASSETS</b>                 |    | 12,714,180,633 | 10,235,428,790 | 5,078,221,673 |
| <b>EQUITY &amp; LIABILITIES</b>     |    |                |                |               |
| <b>CAPITAL &amp; RESERVE</b>        |    |                |                |               |
| Contributed Capital                 |    | 500,000        | 500,000        | 500,000       |
| Capital Reserve                     |    | 12,697,552     | 12,697,552     | 12,697,551    |
| Revenue Reserve                     |    | 1,583,947      | 1,583,947      | 1,583,947     |
| Income & Expenditure Account        |    | 916,300,905    | 916,300,905    | 538,759,284   |
| Net Adjustment                      |    | 18,714,345     | 18,714,345     | (38,621,767)  |
| Income over Expenditure 2011        |    | 203,056,499    | 199,414,456    | 416,163,388   |
| <b>TOTAL CAPITAL &amp; RESERVES</b> |    | 1,152,853,248  | 1,149,211,204  | 931,082,403   |



## **BALANCE SHEET CONTINUED**

|                                             |    | <b>Group</b>          | <b>CECB</b>           |                      |
|---------------------------------------------|----|-----------------------|-----------------------|----------------------|
|                                             |    | <b>2011</b>           | <b>2011</b>           | <b>2010</b>          |
| <b>NON CURRENT LIABILITIES</b>              |    |                       |                       |                      |
| Long Term Liabilities                       |    |                       |                       |                      |
| Leases on Vehicles                          | 15 | 56,443,488            | 35,900,303            | 3,382,044            |
| Provision for Employees Retirement Gratuity |    | 203,004,443           | 203,004,443           | 172,616,158          |
| Differed Tax                                |    | 61,355                |                       |                      |
| <b>TOTAL NON CURRENT LIABILITIES</b>        |    | <b>259,509,286</b>    | <b>238,904,745</b>    | <b>175,998,202</b>   |
| <b>CURRENT LIABILITIES</b>                  |    |                       |                       |                      |
| Dues to Customers                           |    | 2,668,802,305         | 2,218,193,918         | 605,187,286          |
| Dues to Governments                         |    |                       |                       |                      |
| Income Tax & Dividend Payable               |    | 452,561,417           | 450,453,362           | 386,442,259          |
| Provision for VAT                           |    | 70,603,584            | 22,369,832            | 104,105,894          |
| Provision for VAT – 1/3 rd                  |    | (377,859)             | (377,859)             |                      |
| Withholding Tax Provisions                  |    | (1,744,304)           | (1,744,304)           | 6,575,646            |
| Other Taxes                                 |    | 5,326,161             | 5,326,161             | 3,913,301            |
| Creditors                                   | 16 | 1,205,643,714         | 1,170,882,667         | 984,981,872          |
| Mobilization & Other Advances               |    | 5,291,218,863         | 3,766,803,149         | 1,375,728,372        |
| Other Advance                               |    | 9,929,273             | 9,929,273             |                      |
| Leases on Vehicles                          |    | -                     | -                     |                      |
| Retention Payable to Contractors            |    | 307,883,189           | 307,717,364           | 158,423,873          |
| Sundry Creditors                            | 17 | 6,276,972             | 6,276,972             | 12,778,342           |
| Refundable Deposit                          |    | 14,671                | 141,671               | 152,171              |
| Accrued Expense                             | 18 | 1,210,423,995         | 808,805,418           | 325,593,066          |
| General Suspense Account                    |    | 25,773,215            | 25,773,215            | 610,736              |
| Inter Base current accounts                 |    | -                     | -                     | (153,711)            |
| Inter Company current accounts              |    | -                     | 7,406,097             |                      |
| Bank Overdraft                              |    | 49,355,903            | 49,355,903            | 6,801,961            |
| <b>TOTAL CURRENT LIABILITIES</b>            |    | <b>11,301,818,100</b> | <b>8,847,312,840</b>  | <b>3,971,141,068</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>       |    | <b>12,714,180,633</b> | <b>10,235,428,790</b> | <b>5,078,221,673</b> |

This Financial Statement are prepared and presented in accordance with Sri Lanka Accounting Standards and generally accepted accounting principles.

U.N.B. Mawathagama

**Finance Manager**

**Signed for and behalf of the Board.**

**N. Rupasinghe**  
**Hemachandra**  
**Chairman**

**M.A.P.**

**Director**

## INCOME STATEMENT

|                                       |    | Group                | CECB                 |                      |
|---------------------------------------|----|----------------------|----------------------|----------------------|
|                                       |    | 2011                 | 2011                 | 2010                 |
| <b>REVENUE</b>                        |    |                      |                      |                      |
| Construction Revenue                  | 19 | 9,974,122,653        | 7,663,814,769        | 5,104,416,122        |
| Less – construction Cost              | 20 | 9,228,470,652        | 6,953,482,266        | 3,934,278,323        |
| <b>Construction Profit</b>            |    | <b>745,652,000</b>   | <b>710,332,502</b>   | <b>1,170,137,799</b> |
| Consultancy Revenue                   | 21 | 909,829,306          | 909,829,306          | 668,174,449          |
| Less – Consultancy Cost               | 22 | 678,030,455          | 678,030,455          | 412,806,765          |
| Consultancy Profit                    |    | 231,798,852          | 231,798,852          | 255,367,684          |
| Construction & Consultancy Profit     |    | 977,450,852          | 942,131,354          | 1,425,505,483        |
| Other Income                          | 23 | 399,315,630          | 397,604,779          | 157,982,146          |
| <b>Operating Income</b>               |    | <b>1,376,766,482</b> | <b>1,339,736,133</b> |                      |
| Less Operating Cost                   |    | -                    | -                    | -                    |
| Administration Cost                   |    |                      |                      |                      |
| Staff Cost                            | 24 | 382,153,933          | 378,768,224          | 256,776,534          |
| Depreciation                          | 25 | 130,328,711          | 123,744,368          | 79,745,529           |
| Other Operating Expenses              | 26 | 347,456,628          | 327,042,638          | 489,100,108          |
| <b>Total Operating Expenses</b>       |    | <b>859,939,273</b>   | <b>829,555,230</b>   | <b>825,622,171</b>   |
| <b>Operating Profit</b>               |    | <b>516,827,209</b>   | <b>510,180,903</b>   | <b>757,865,458</b>   |
| Less Finance Cost                     | 27 | 15,022,528           | 14,187,675           | 19,962,066           |
| <b>Net Profit Before Provisions</b>   |    | <b>501,804,681</b>   | <b>495,993,228</b>   | <b>737,903,392</b>   |
| Less Provisions                       |    |                      |                      |                      |
| Provisions for Gratuity               |    | 50,277,065           | 50,277,065           | 16,690,954           |
| Provisions for Doubtful debts         | 28 | 84,396,410           | 84,396,410           | 54,725,082           |
| <b>Net Profit Before Tax</b>          |    | <b>367,131,207</b>   | <b>361,319,754</b>   | <b>666,487,356</b>   |
| Tax Under Provision for the year 2010 |    | 25,770,935           | 25,770,935           |                      |
| Tax for the year                      |    | 138,303,773          | 136,134,363          | 250,323,968          |
| <b>Net Profit After Tax</b>           |    | <b>203,056,499</b>   | <b>199,414,456</b>   | <b>416,163,388</b>   |

## STATEMENT OF CHANGES IN EQUITY

### GROUP

|                                 | Share Capital  | Revaluation Reserve | Revenue Reserve  | Accumulated Profits  | Total                |
|---------------------------------|----------------|---------------------|------------------|----------------------|----------------------|
| Balance as at 01 January 2010   | 500,000        | 12,697,551          | 1,583,947        | 538,759,284          | 553,540,782          |
| Net Profit For the Year         |                |                     |                  | 416,163,388          | 416,163,388          |
| Previous periods Adjustment     |                |                     |                  | (38,621,767)         | (38,621,767)         |
| Balance as at 31.12.2010        | 500,000        | 12,697,551          | 1,583,947        | 916,300,905          | 931,082,403          |
| Balance as at 01 January 2011   | 500,000        | 12,697,551          | 1,583,947        | 916,300,905          | 931,082,403          |
| Net Profit For the Year         |                |                     |                  | 203,056,499          | 203,056,499          |
| Previous periods Adjustment     |                |                     |                  | 18,714,345           | 18,714,345           |
| <b>Balance as at 31.12.2011</b> | <b>500,000</b> | <b>12,697,551</b>   | <b>1,583,947</b> | <b>1,138,071,749</b> | <b>1,152,853,247</b> |

### CECB

|                                 | Share Capital  | Revaluation Reserve | Revenue Reserve  | Accumulated Profits  | Total                |
|---------------------------------|----------------|---------------------|------------------|----------------------|----------------------|
| Balance as at 01 January 2010   | 500,000        | 12,697,551          | 1,583,947        | 538,759,284          | 553,540,782          |
| Net Profit for the year         |                |                     |                  | 416,163,388          | 416,163,388          |
| Previous Periods Adjustment     |                |                     |                  | (38,621,767)         | (38,621,767)         |
| Dividends                       |                |                     |                  |                      |                      |
| Balance as at 31.12.2010        | 500,000        | 12,697,551          | 1,583,947        | 916,300,905          | 931,082,403          |
| Balance as at 01 January 2011   | 500,000        | 12,697,551          | 1,583,947        | 916,300,905          | 931,082,403          |
| Net Profit For year             |                |                     |                  | 199,414,455          | 199,414,455          |
| Previous Periods Adjustment     |                |                     |                  | 18,714,345           | 18,714,345           |
| <b>Balance as at 31.12.2011</b> | <b>500,000</b> | <b>12,697,551</b>   | <b>1,583,947</b> | <b>1,134,429,705</b> | <b>1,149,211,203</b> |

## CASH FLOW STATEMENT

|                                                                   | GROUP                | CECB                 | CECB                  |
|-------------------------------------------------------------------|----------------------|----------------------|-----------------------|
|                                                                   | 2011                 | 2011                 | 2010                  |
| Net Profit Before Taxation                                        | 367,131,207          | 361,319,754          | 666,487,356           |
| Add                                                               |                      |                      |                       |
| (1) Provisions for Depreciation                                   | 130,328,711          | 123,744,368          | 79,745,529            |
| (2) Provisions for Bad Debts                                      | 84,396,410           | 84,396,410           | 54,725,082            |
| (3) Provisions for Gratuity                                       | 50,277,065           | 50,277,065           | 16,690,654            |
| (4) Interest on Bank Leases                                       |                      |                      | -                     |
| (5) Overdraft Interest & Bank Charges                             | 15,022,528           | 14,187,675           | 19,962,066            |
| (6) Prior Year Adjustments                                        | 18,714,345           | 18,714,345           | (38,621,767)          |
|                                                                   | <b>298,739,058</b>   | <b>291,319,862</b>   | <b>132,501,864,30</b> |
| Less                                                              |                      |                      |                       |
| (1) Interest Received on Deposit                                  | (397,641,261)        | <b>(397,604,779)</b> | (109,258,521)         |
| (2) Payment of Income Tax + Withholding Tax during the year       | (97,894,195)         | <b>(97,894,196)</b>  | (4,827,035)           |
| (3) Payment of Gratuity                                           | (19,888,780)         | (19,888,780)         | (13,575,980)          |
|                                                                   | <b>(515,424,237)</b> | <b>(515,387,755)</b> | <b>(127,661,536)</b>  |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>            | <b>150,446,029</b>   | <b>137,251,861</b>   | <b>671,327,684</b>    |
| (1) Increase in Debtors                                           | (3,916,710,101)      | (2,161,362,010)      | (590,992,241)         |
| (2) Increase in Amount due from Clients                           | (1,090,778,301)      | (550,431,346)        | (335,937,179)         |
| (3) Increase in Retention Receivable                              | (309,540,195)        | (309,540,195)        | (604,029,563)         |
| (4) Increase in Inventories                                       | (47,433,326)         | (46,456,826)         | (228,623,732)         |
| (5) Decrease in Value of Work C/F                                 |                      |                      | -                     |
| (6) Decrease in Cost of Work C/ F                                 |                      |                      | -                     |
| (7) Increase in General Suspense Account Credit Balance           | 29,390,325           | 29,390,325           | (6,506,881)           |
| (8) Increase in Deposit Payable                                   | (10,500)             | (10,500)             | 90,171                |
| (9) Increase in Creditors                                         | 4,139,580,236        | 2,580,403,475        | 776,203,876           |
| (10) Increase in Amounts due to Clients                           | 2,063,615,019        | 1,613,006,632        | 605,187,286           |
| (11) Increase in Retentions Payable                               | 149,459,316          | 149,293,491          | 26,290,663            |
| (12) Increase /Decrease in Dues to Government                     | (40,787,258)         | (89,021,010)         | 33,291,549            |
| (13) Increase in Accrued Expenses                                 | 884,830,929          | 483,212,352          | 25,021,680            |
| (14) Increase in Staff Loans and Advances                         | (1,512,428,520)      | (1,438,510,949)      | (42,000,687)          |
| (15) Decrease in Prepayments                                      | (1,794,453)          | (1,719,453)          | 1,463,321             |
| (16) Increase in Deposit Receivable                               | (6,637,737)          | (6,037,737)          | (1,565,707)           |
| (17) Decrease in Bank Imprest, Cash in Transit & Current Accounts | 557,880              | 557,880              | 6,132,353             |
| (18) Increase in Amounts due to Related Companies                 | -                    | 7,406,097            | -                     |
|                                                                   | <b>341,313,313</b>   | <b>260,180,226</b>   | <b>(335,975,091)</b>  |
| <b>CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES</b>          | <b>491,759,342</b>   | <b>397,432,087</b>   | <b>335,352,593</b>    |

|                                                                | GROUP                | CECB                 |                      |
|----------------------------------------------------------------|----------------------|----------------------|----------------------|
|                                                                | 2011                 | 2011                 | 2010                 |
| <b>CASH INFLOWS/ (OUTFLOWS) FROM INVESTING ACTIVITIES</b>      |                      |                      |                      |
| (1) Acquisition of Fixed Assets                                | (368,892,654)        | (341,251,681)        | (120,049,938)        |
| (2) Disposal of Fixed Assets                                   | 42,572,006           | 42,572,006           |                      |
| (3) Increase in Work In Progress                               | (144,685,278)        | (144,685,278)        | 2,279                |
| (4) Increase in Investment                                     | 5,340,073            | 5,340,073            | (13,161,053)         |
| (5) Investment in Subsidiary                                   | 10                   | (10)                 |                      |
|                                                                | <b>(465,665,844)</b> | <b>(438,024,891)</b> | <b>(130,931,517)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |                      |                      |                      |
| (1) Loans Obtained                                             |                      |                      |                      |
| (2) Settlement of Lease                                        | 53,061,444           | 32,518,259           | (3,309,838)          |
| (3) Interest paid on Overdrafts & Bank Charge                  | (15,022,528)         | (14,187,675)         | (19,962,066)         |
| (4) Interest paid on Bank Leases                               |                      |                      | -                    |
| (5) Interest received                                          | 397,641,261          | 397,604,779          | 109,258,520          |
|                                                                | <b>435,680,178</b>   | <b>415,935,363</b>   | <b>85,986,616</b>    |
| <b>CASH FLOWS FROM INCREASE IN EQUITY &amp; RESERVES</b>       |                      |                      |                      |
| (1) Increase in Capital Reserves                               |                      |                      | -                    |
| <b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENT</b> | <b>461,773,676</b>   | <b>375,342,559</b>   | <b>290,407,692</b>   |
| Cash And Cash Equivalents At The Beginning Of The Year         | 1,811,673,159        | 1,811,673,159        | 1,521,265,466        |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>        | <b>2,273,446,835</b> | <b>2,187,015,718</b> | <b>1,811,673,158</b> |

#### ANALYSIS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

|                            | As At<br>31.12.2011  | As At<br>31.12.2011  | As At<br>31.12.2010  |
|----------------------------|----------------------|----------------------|----------------------|
|                            |                      | (Rs)                 | (Rs)                 |
| Cash at Bank               | 1,709,593,967        | 1,707,593,967        | 1,491,086,629        |
| Call Deposit & Equivalents |                      |                      |                      |
| Cash in Transit            | 13,342,692           | 12,076,692           |                      |
| Bank Current Accounts      | 599,866,078          | 516,700,961          | 327,388,490          |
| Bank Current Accounts - OD | (49,355,903)         | (49,355,903)         | (6,801,961,.00)      |
| Cash in Hand               | -                    | -                    | -                    |
| <b>NET BALANCE</b>         | <b>2,273,446,835</b> | <b>2,187,015,718</b> | <b>1,811,673,158</b> |



## **NOTES TO THE FINANCIAL STATEMENT - BALANCE SHEET NOTES**

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## NOTES TO THE BALANCE SHEET CONTINUED

|               |                                            | GROUP              | CECB               |                    |
|---------------|--------------------------------------------|--------------------|--------------------|--------------------|
|               |                                            | 2011               | 2011               | 2010               |
| INVESTMENTS   |                                            |                    |                    |                    |
|               | Gratuity Fund                              | 31,513,593.98      | 31,513,593.98      | 31,407,323.00      |
|               | B/C Permanent Fixed Deposit                | 25,719,137.01      | 25,719,137.01      | 36,389,387.00      |
| <b>NOTE 2</b> | <b>Capital Work In Progress</b>            |                    |                    | -                  |
|               | Colombo Suberbs                            | 117,956,246        | 117,956,246        | 4,648,895          |
|               | Uva & Sabaragamuwa                         | 13,049,034         | 13,049,034         |                    |
|               | Northern Province                          | 6,982,907          | 6,982,907          | 7,840,644          |
|               | Southern Province                          | 6,332,234          | 6,332,234          |                    |
|               | Northern Roads/ East 10'                   | 364,859            | 364,859            | 27,850,153         |
|               |                                            | <b>144,685,278</b> | <b>144,685,278</b> | <b>40,339,693</b>  |
| <b>NOTE 3</b> | <b>Investment</b>                          |                    |                    |                    |
|               | Gratuity Fund                              | 31,513,594         | 31,513,594         | 31,407,323         |
|               | B/C Permanent Fixed Deposits               | 25,719,137         | 25,719,137         | 36,389,387         |
|               | US Dollar - Fixed Deposit A/c              | 5,223,896          | 5,223,896          |                    |
|               | Investment in Shares                       | 2,000,000          | 2,000,000          | 2,000,000          |
|               | Investment in Subsidiary                   |                    | 20                 |                    |
|               |                                            | <b>64,456,627</b>  | <b>64,456,647</b>  | <b>69,796,710</b>  |
| <b>NOTE 4</b> | <b>Work in Progress / Material at Site</b> |                    |                    |                    |
|               | Colombo Suberbs                            | 20,325,282         | 20,325,282         | 23,895,407         |
|               | Central Province                           | 20,234,277         | 20,234,277         | 25,666,566         |
|               | Uva & Sabaragamuwa                         | 94,654,208         | 94,654,208         | 62,058,134         |
|               | East                                       | 43,939,996         | 43,939,996         | 40,631,908         |
|               | Northern Province                          | 41,748,498         | 41,748,498         | 16,029,684         |
|               | Southern Province                          | 29,898,660         | 29,898,660         | 44,181,213         |
|               | South of Colombo                           | 25,817,804         | 25,817,804         | 18,313,650         |
|               | Design Resurch & Development               | 253,783            | 253,783            |                    |
|               | Consultancy Coporate                       | 360,880            | 360,880            |                    |
|               | CESL                                       | 976,500            |                    |                    |
|               |                                            | <b>278,209,888</b> | <b>277,233,388</b> | <b>230,776,562</b> |

NOTES TO THE BALANCE SHEET CONTINUED

NOTE 5

| Debtors                                 |                      |                      |                      |
|-----------------------------------------|----------------------|----------------------|----------------------|
| CESL                                    | 2,212,867,818        |                      |                      |
| <b>AGM Colombo Suburbs</b>              |                      |                      |                      |
| Battaramulla                            | 310,575,123          | 310,575,123          | 106,723,489          |
| Maharagama                              | 114,783,638          | 114,783,638          | 49,649,227           |
| Gampaha                                 | 178,886,527          | 178,886,527          | 108,942,370          |
| <b>AGM Central Province</b>             | 16,868,542           | 16,868,542           | 85,540,723           |
| <b>AGM Uva &amp; Sabaragamuwa</b>       | -                    |                      |                      |
| Badulla                                 | 971,840,006          | 971,840,006          | 186,664,757          |
| Rathnapura                              | 160,181,148          | 160,181,148          | 79,232,323           |
| <b>AGM East</b>                         | 481,085,711          | 481,085,711          | 195,135,901          |
| <b>AGM Northern Province</b>            | 440,281,132          | 440,281,132          | 58,004,352           |
| <b>AGM Southern Province</b>            | 235,724,747          | 235,724,747          | 61,380,043           |
| <b>AGM South Of Colombo</b>             | -                    |                      |                      |
| Katubedda                               | 141,301,862          | 141,301,862          | 95,327,774           |
| Jawatta                                 | 165,289,161          | 165,289,161          | 83,620,660           |
| <b>Digana &amp; Kandy</b>               | -                    |                      |                      |
| Digana                                  | 8,766,220            | 8,766,220            | 8,766,220            |
| Kandy                                   | 3,369,223            | 3,369,223            | 3,369,223            |
| <b>AGM Building Services</b>            | 6,586,279            | 6,586,279            | 2,260                |
| <b>Consultancy</b>                      | -                    |                      | 280,613,945          |
| Design Reserch & Development            | 8,514,826            | 8,514,826            |                      |
| Electro Machanical                      | 15,333,417           | 15,333,417           |                      |
| Projects                                | 96,809,802           | 96,809,802           |                      |
| Water Resource                          | (7,499,185)          | (7,499,185)          |                      |
| Special Projects 11                     | 7,676,622            | 7,676,622            |                      |
| Highways & Airport Designs              | (877,171)            | (877,171)            |                      |
| Northern Roads                          | 147,438,407          | 147,438,407          |                      |
| Upper Kothmale                          | 34,189,716           | 34,189,716           |                      |
| Hospital Works                          | 102,327,833          | 102,327,833          |                      |
| Architectural                           | 196,127              | 196,127              |                      |
| Special Projects 111                    | 10,372,212           | 10,372,212           |                      |
| Consultancy Corporate                   | 735,250              | 735,250              |                      |
| <b>Head Office</b>                      | 7,609,723            | 7,609,723            | 39,594,110           |
| <b>International - Foreign Ministry</b> | 47,994,963           | 47,994,963           | 70,199,823           |
|                                         | <b>5,460,763,175</b> | <b>3,706,361,860</b> | <b>1,512,767,200</b> |
| <b>Less</b>                             |                      |                      |                      |
| Bad debts - Constructions               | (82,897,899)         | (82,897,899)         |                      |
| Bad debts - Consultancy                 | (43,814,177)         | (43,814,177)         | (42,315,667)         |
|                                         | <b>5,334,051,099</b> | <b>3,579,649,784</b> | <b>1,470,451,534</b> |

# NOTES TO THE BALANCE SHEET CONTINUED

## NOTE 6 Short Term Investments

|                           |                      |                      |                      |
|---------------------------|----------------------|----------------------|----------------------|
| Head Office               | 72,157,292           | 72,157,292           | 5,471,398            |
| GTS                       | 28,750               | 28,750               |                      |
| Training                  | 1,000,000            | 1,000,000            |                      |
| CECB Coporate             | 2,000,000            | 2,000,000            |                      |
| AGM Uva & Sabaragamuwa    | -                    |                      |                      |
| Badulla                   | 72,000,000           | 72,000,000           | 50,000,000           |
| Rathnapura                | 99,638,182           | 99,638,182           | 121,200,000          |
| AGM Central Province      | 60,336,960           | 60,336,960           | 54,981,733           |
| Digana & Kandy            | -                    |                      |                      |
| Digana                    | 24,727,079           | 24,727,079           | 29,297,264           |
| Kandy                     | 14,637,324           | 14,637,324           | 15,403,839           |
| AGM Northern Province     | 200,365,464          | 200,365,464          | 114,914,601          |
| AGM East                  | 142,688,333          | 142,688,333          | 197,999,492          |
| AGM Colombo Suburbs       | -                    |                      |                      |
| Battaramulla              | 258,824,015          | 258,824,015          | 321,010,261          |
| Maharagama                | 79,125,000           | 79,125,000           | 85,480,004           |
| Gampaha                   | 72,107,916           | 72,107,916           | 99,125,000           |
| AGM South Of Colombo      | -                    |                      |                      |
| Katubedda                 | 91,141,229           | 91,141,229           | 30,200,000           |
| Jawatta                   | 88,971,066           | 88,971,066           | 58,251,270           |
| AGM Southern Province     | 42,906,927           | 42,906,927           | 142,336,212          |
| AGM Building Services     | -                    |                      | 3,000,000            |
| Design & Reserch          | 1,000,000            | 1,000,000            | 7,400,000            |
| Northern Roads            | 186,330,753          | 186,330,753          | 129,515,199          |
| Permenant FD              | -                    |                      |                      |
| Design & Reserch          | 49,782,862           | 49,782,862           |                      |
| E&M                       | 400,000              | 400,000              |                      |
| Projects                  | 21,589,012           | 21,589,012           |                      |
| Water Resources           | 30,797,202           | 30,797,202           |                      |
| High Way & Airport Design | 25,245,879           | 25,245,879           |                      |
| Special Projects          | 9,000,000            | 9,000,000            |                      |
| Hospital Works            | 2,000,000            | 2,000,000            |                      |
| Special Projects III      | 157,377              | 157,377              |                      |
| Consultancy Corporate     | 30,238,392           | 30,238,392           |                      |
| Consultancy SS            | 1,500,000            | 1,500,000            |                      |
| International Division    | -                    |                      |                      |
| BOC Hydepark-Maldives     | 26,089,454           | 26,089,454           | 24,692,855           |
| BOC Hydepark-Chennai      | 807,500              | 807,500              | 807,500              |
| CESL                      | 2,000,000            |                      |                      |
|                           | <b>1,709,593,967</b> | <b>1,707,593,967</b> | <b>1,491,086,629</b> |

## NOTES TO THE BALANCE SHEET CONTINUED

### NOTE 7 Sundry Debtors

|                        |                   |                   |                   |
|------------------------|-------------------|-------------------|-------------------|
| Head Office            | -                 |                   | 286,728           |
| GTS Unit               | 168,525           | 168,525           | 1,817,904         |
| AGM Uva & Sabaragamuwa | -                 |                   |                   |
| Badulla                | 1,686,419         | 1,686,419         | 23,849,660        |
| Rathnapura             | 1,616,927         | 1,616,927         | 1,927,799         |
| AGM Central Province   | 4,631,414         | 4,631,414         | 2,976,846         |
| Digana & Kandy         | -                 | -                 |                   |
| Digana                 | -                 |                   | 571,592           |
| Kandy                  | -                 |                   | 685,658           |
| AGM Northern Province  | 361,298           | 361,298           | 2,561,976         |
| AGM East               | 115,885           | 115,885           | 115,885           |
| AGM Colombo Suburbs    | -                 |                   |                   |
| Battaramulla           | 117,723           | 117,723           | 117,723           |
| Maharagama             | 69,611            | 69,611            | 54,979            |
| Gampaha                | 85,382            | 85,382            |                   |
| AGM South Of Colombo   | -                 |                   |                   |
| Katubedda              | 257,221           | 257,221           | 578,000           |
| Jawatta                | 799,962           | 799,962           | 1,052,109         |
| AGM Southern Province  | -                 | -                 | 20,218            |
| AGM Building Services  | 1,476,539         | 1,476,539         | 1,476,539         |
| Consultancy Division   | 1,930,429         | 1,930,429         | 7,459,185         |
| International Division | 32,523            | 32,523            | 29,707            |
| CESL                   | 946,775           |                   |                   |
|                        | <b>14,296,632</b> | <b>13,349,857</b> | <b>45,582,508</b> |

### NOTE 8 Deposits

|                        |                   |                   |                  |
|------------------------|-------------------|-------------------|------------------|
| Head Office            | 519,107           | 519,107           | 584,357          |
| AGM Uva & Sabaragamuwa | -                 |                   |                  |
| Badulla                | 2,104,843         | 2,104,843         | 446,225          |
| Rathnapura             | 906,000           | 906,000           | 1,316,000        |
| AGM Central Province   | 2,252,594         | 2,252,594         | 1,239,094        |
| Digana & Kandy         | 48,768            | 48,768            | 46,768           |
| AGM Northern Province  | 1,800,000         | 1,800,000         | 125,000          |
| AGM East               | 216,920           | 216,920           | 201,920          |
| AGM Colombo Suburbs    | 1,119,072         | 1,119,072         | 814,002          |
| AGM South Of Colombo   | 250,727           | 250,727           | 237,727          |
| AGM Southern Province  | 608,378           | 608,378           | 851,311          |
| Consultancy Division   | 5,594,497         | 5,594,497         | 2,375,250        |
| International Division | -                 |                   | 1,145,516        |
| CESL                   | 600,000           |                   |                  |
|                        | <b>16,020,908</b> | <b>15,420,908</b> | <b>9,383,170</b> |



# NOTES TO THE BALANCE SHEET CONTINUED

## NOTE 9 Advances

|                        |                      |                      |                   |
|------------------------|----------------------|----------------------|-------------------|
| Head Office            | 5,319,048            | 5,319,048            | 1,948,993         |
| GTS                    | 46,068               | 46,068               |                   |
| AGM Uva & Sabaragamuwa | -                    |                      |                   |
| Badulla                | 568,734,626          | 568,734,626          |                   |
| Rathnapura             | 20,465               | 20,465               | 123,360           |
| AGM Central Province   | 531,691,729          | 531,691,729          | 4,781,858         |
| Digana & Kandy         | 255,421              | 255,421              | 245,421           |
| AGM Northern Province  | 331,432,000          | 331,432,000          | 6,210,989         |
| AGM East               | 7,258,485            | 7,258,485            | 3,135,099         |
| AGM Colombo Suburbs    | 21,494,648           | 21,494,648           | 9,994,452         |
| AGM South Of Colombo   | 225,500              | 225,500              | 24,608,511        |
| AGM Southern Province  | 4,851,586            | 4,851,586            | 11,878,160        |
| AGM Building Services  | 845,258              | 845,258              | 840,614           |
| Consultancy Division   | 2,756,431            | 2,756,431            | 6,873,202         |
| International Division | 11,945,780           | 11,945,780           | 7,639,598         |
| CESL                   | 73,917,571           |                      |                   |
|                        | <b>1,560,794,617</b> | <b>1,486,877,046</b> | <b>78,280,257</b> |

## NOTE 10 Staff Loans

|                        |                   |                   |                   |
|------------------------|-------------------|-------------------|-------------------|
| Head Office            |                   |                   |                   |
| Distress Loan          | 40,120,937        | 40,120,937        | 15,986,909        |
| Push Cycle Advance     | -                 |                   | 22,409            |
| Car Loan               | 755,575           | 755,575           | (543,917)         |
| Motor Cycle Loan       | 7,909,025         | 7,909,025         | 4,319,559         |
| Computer Loan          | 2,208,649         | 2,208,649         |                   |
| Special Salary Advance | 30,403            | 30,403            |                   |
|                        | <b>51,024,587</b> | <b>51,024,587</b> | <b>19,784,960</b> |

## NOTE 11 General Suspense

|                       |                  |                  |                  |
|-----------------------|------------------|------------------|------------------|
| Head office           | 1,249,165        | 1,249,165        |                  |
| Colombo Suburbs       | 54,979           | 54,979           |                  |
| AGM East              | 470,706          | 470,706          |                  |
| AGM Central Province  | -                |                  | 465,500          |
| AGM Northern Province | -                |                  | 5,537,195        |
|                       | <b>1,774,849</b> | <b>1,774,849</b> | <b>6,002,695</b> |

## NOTE 12 Cash In Transit

|                       |                   |                   |  |
|-----------------------|-------------------|-------------------|--|
| Head Office           | 402,539           | 402,539           |  |
| GTS                   | -                 |                   |  |
| AGM Northern Province | 553,917           | 553,917           |  |
| AGM Colombo Suburbs   | 11,000,000        | 11,000,000        |  |
| AGM Southern Province | 120,237           | 120,237           |  |
| CESL                  | 1,266,000         |                   |  |
|                       | <b>13,342,692</b> | <b>12,076,692</b> |  |

## NOTE 13 Prepayments

|                             |                  |                  |                |
|-----------------------------|------------------|------------------|----------------|
|                             | -                | -                | 404,169        |
| Head Office - Training Unit | 14,400           | 14,400           |                |
| AGM Central Province        | 868,307          | 868,307          |                |
| AGM Colombo Suburbs         | 1,439,200        | 1,439,200        |                |
| AGM Southern Province       | 618,389          | 618,389          |                |
| Consultancy Division        | 111,642          | 111,642          |                |
| CESL                        | 75,000           |                  |                |
|                             | <b>3,126,938</b> | <b>3,051,938</b> | <b>404,169</b> |

## NOTES TO THE BALANCE SHEET CONTINUED

### NOTE 14 Cash in Hand & at Bank

|                                   |                    |                    |                    |
|-----------------------------------|--------------------|--------------------|--------------------|
| Head Office                       | 43,779,748         | 43,779,748         | 16,502,384         |
| <b>AGM Colombo Suburbs</b>        |                    |                    |                    |
| Battaramulla                      | 96,980,095         | 96,980,095         | 49,342,833         |
| Maharagama                        | 9,419,316          | 9,419,316          | 925,730            |
| Gampaha                           | 32,675,969         | 32,675,969         | 7,996,760          |
| AGM Central Province              | 7,896,504          | 7,896,504          | 30,756,432         |
| <b>AGM Uva &amp; Sabaragamuwa</b> | -                  |                    |                    |
| Badulla                           | 28,148,346         | 28,148,346         | 1,797,308          |
| Rathnapura                        | 2,898,611          | 2,898,611          | 9,888,023          |
| AGM East                          | 10,426,631         | 10,426,631         | 6,117,507          |
| AGM Northern Province             | 37,721,291         | 37,721,291         | 10,589,192         |
| AGM Southern Province             | -                  |                    | 366,382            |
| AGM South Of Colombo              | -                  |                    |                    |
| Katubedda                         | 6,036,373          | 6,036,373          | 5,050,485          |
| Jawatta                           | 48,226,858         | 48,226,858         | 61,655,114         |
| Digana & Kandy                    | -                  |                    |                    |
| Digana                            | 14,587,163         | 14,587,163         | 29,282,545         |
| Kandy                             | 1,202,108          | 1,202,108          | 1,269,539          |
| AGM Building Services             | 3,542,313          | 3,542,313          | 2,037,631          |
| Consultancy Division              | 118,220,493        | 118,220,493        | 87,243,019         |
| International Division            | 54,939,140         | 54,939,140         | 6,567,587          |
| <br>CESL                          | <br>83,165,117     | <br>83,165,117     | <br>83,165,117     |
|                                   | <b>599,866,077</b> | <b>516,700,961</b> | <b>327,388,470</b> |

**NOTES TO THE FINANCIAL STATEMENT**  
**BALANCE SHEET**

|                                   | GROUP                | CECB                 |                    |
|-----------------------------------|----------------------|----------------------|--------------------|
|                                   | 2011                 | 2011                 | 2010               |
| <b>NOTE 15 Lease on Vehicles</b>  |                      |                      |                    |
| Head Office                       | 1,428,721            | 1,428,721            | 1,696,528          |
| Digana Office                     | 9,944,560            | 9,944,560            |                    |
| Consultancy Division              | 24,527,022           | 24,527,022           | 1,685,516          |
| CESL                              | 20,543,185           |                      |                    |
|                                   | <b>56,443,488</b>    | <b>35,900,303</b>    | <b>3,382,044</b>   |
| <b>NOTE 16 Creditors</b>          |                      |                      |                    |
| Head Office                       | 25,674,942           | 25,674,942           | 16,040,810         |
| <b>AGM Colombo Suburbs</b>        | -                    |                      |                    |
| Battaramulla                      | 319,680,076          | 319,680,076          | 321,378,074        |
| Maharagama                        | 0                    | 0                    | 17,999,139         |
| Gampaha                           | 30,300,723           | 30,300,723           | 5,950,294          |
| <b>AGM Uva &amp; Sabaragamuwa</b> | -                    |                      |                    |
| Badulla                           | 32,468,283           | 32,468,283           | 39,370,508         |
| Rathnapura                        | 45,958,586           | 45,958,586           | 65,351,443         |
| <b>AGM East</b>                   | 350,283,805          | 350,283,805          | 231,163,536        |
| <b>AGM Northern Province</b>      | 15,791,454           | 15,791,454           | 1,166,981          |
| <b>AGM Southern Province</b>      | 24,476,181           | 24,476,181           | 28,593,002         |
| <b>AGM South Of Colombo</b>       | -                    |                      |                    |
| Katubedda                         | -                    | -                    | 925,835            |
| Jawatta                           | 177,462,797          | 177,462,797          | 55,763,429         |
| <b>Digana &amp; Kandy</b>         | -                    |                      |                    |
| Digana                            | 82,317,035           | 82,317,035           | 59,711,319         |
| Kandy                             | -                    |                      | 11,834             |
| <b>AGM Building Services</b>      | 5,650,835            | 5,650,835            | 3,720,135          |
| Consultancy Division              | -                    |                      | 92,089,880         |
| International Division            | 60,817,948           | 60,817,948           | 45,745,654         |
| CESL                              | 34,761,047           |                      |                    |
|                                   | <b>1,205,643,714</b> | <b>1,170,882,667</b> | <b>984,981,872</b> |

**BALANCE SHEET CONTINUED**
**NOTE 17 Sundry Creditors**

|                        |                  |                  |                   |
|------------------------|------------------|------------------|-------------------|
| Head office            | -                |                  | 3,076,645         |
| HO GTS                 | 2,672            | 2,672            | 1,924             |
| AGM Uva & Sabaragamuwa | -                |                  |                   |
| Badulla                | -                | -                | 61,559            |
| Rathnapura             | -                | -                | -                 |
| AGM Central Province   | 163,090          | 163,090          | 126,142           |
| Digana & Kandy         | -                |                  |                   |
| Digana                 | 4,571,537        | 4,571,537        |                   |
| AGM Northern Province  | 495,324          | 495,324          | 306,585           |
| AGM East               | 59,522           | 59,522           | 59,522            |
| Battaramulla           | 467,375          | 467,375          | 470,778           |
| Maharagama             | -                | -                | 4,578,572         |
| Gampaha                | 10,500           | 10,500           | -                 |
| AGM South Of Colombo   | -                |                  |                   |
| Katubedda              | 114,052          | 114,052          | 1,156,836         |
| Jawatta                | -                | -                | 777,860           |
| AGM Southern Province  | 68,249           | 68,249           | 69,024            |
| AGM Building Services  | 186,815          | 186,815          | -                 |
| International Division | 137,835          | 137,835          | 137,835           |
| Consultancy Division   | -                |                  | 1,955,059         |
|                        | <b>6,276,972</b> | <b>6,276,972</b> | <b>12,778,342</b> |

**NOTE 18 Accrued Expenses**

|                        |                      |                    |                       |
|------------------------|----------------------|--------------------|-----------------------|
| Head Office            | 30,227,288           | 30,227,288         | 33,385,570            |
| GTS                    | 2,076,284            | 2,076,284          | 1,384,189             |
| EPC Coporate           | 5,216,573            | 5,216,573          |                       |
| AGM Uva & Sabaragamuwa | -                    |                    |                       |
| Badulla                | 302,967,291          | 302,967,291        |                       |
| Rathnapura             | 57,986,998           | 57,986,998         |                       |
| AGM Central Province   | 123,949,761          | 123,949,761        | 63,411,669            |
| Digana & Kandy         | -                    |                    |                       |
| Digana                 | 980,087              | 980,087            | 799,861               |
| Kandy                  | -                    | -                  | -                     |
| AGM Northern Province  | 26,321,863           | 26,321,863         | 37,373,564            |
| AGM East               | 78,808,771           | 78,808,771         | 60,278,986            |
| AGM Colombo Suburbs    | -                    |                    |                       |
| Battaramulla           | 8,217,136            | 8,217,136          | 1,223,921             |
| Maharagama             | 6,870,877            | 6,870,877          | 4,246,278             |
| Gampaha                | 21,638,654           | 21,638,654         | 4,574,240             |
| AGM South Of Colombo   | -                    |                    |                       |
| Katubedda              | 8,625,583            | 8,625,583          | 5,158,655             |
| Jawatta                | 6,298,164            | 6,298,164          | 21,686,723            |
| AGM Southern Province  | 65,443,678           | 65,443,678         | 54,402,693            |
| AGM Building Services  | 6,492,916            | 6,492,916          | 131,765               |
| Consultancy Division   | 56,683,485           | 56,683,485         | 13,843,043            |
| International          | -                    |                    | 3,659,014             |
| CESL                   | 401,618,587          | 10.00              |                       |
|                        | <b>1,210,423,995</b> | <b>808,805,418</b> | <b>305,560,169.80</b> |

## **NOTES TO THE FINANCIAL STATEMENT - INCOME STATEMENT**

|                                                       |    |
|-------------------------------------------------------|----|
| • Construction Revenue, Construction Cost             | 55 |
| • Consultancy Revenue, Consultancy Cost, Other Income | 56 |
| • Staff Cost, Depreciation, Other Operating Expenses  | 57 |
| • Finance Cost, Provisions for Bad Debts              | 58 |



## NOTES TO THE FINANCIAL STATEMENT - INCOME STATEMENT

|                |                             | GROUP                | CECB                 |                      |
|----------------|-----------------------------|----------------------|----------------------|----------------------|
|                |                             | 2011                 | 2011                 | 2010                 |
| <b>NOTE 19</b> | <b>Construction Revenue</b> |                      |                      |                      |
|                | Colombo Suberbs             | 1,134,691,400        | 1,134,691,400        | 900,408,442          |
|                | Central Province            | 839,605,449          | 839,605,449          | 527,898,792          |
|                | Uva & Sabaragamuwa          | 2,524,978,083        | 2,524,978,083        | 999,858,611          |
|                | Eastern Province            | 689,307,416          | 689,307,416          | 830,156,100          |
|                | Northern Province           | 680,728,718          | 680,728,718          | 676,754,204          |
|                | Southern Province           | 816,187,638          | 816,187,638          | 677,413,465          |
|                | South of Colombo            | 567,959,132          | 567,959,132          | 273,204,324          |
|                | Building Services           | 24,273,840           | 24,273,840           | 7,552,074            |
|                | Consultancy Unit            | 128,185,830          | 128,185,830          | -                    |
|                | Coporate Unit               | 47,145,322           | 47,145,322           | -                    |
|                | London                      | 110,409,572          | 110,409,572          |                      |
|                | Chennai                     | 51,577,557           | 51,577,557           | 211,170,110          |
|                | New Dwlhi                   | 48,764,811           | 48,764,811           |                      |
|                | CESL                        | 2,310,307,884        |                      |                      |
|                |                             | <b>9,974,122,653</b> | <b>7,663,814,769</b> | <b>5,104,416,122</b> |
| <b>NOTE 20</b> | <b>Construction Cost</b>    |                      |                      |                      |
|                | Colombo Suberbs             | 1,039,451,991        | 1,039,451,991        | 791,524,009          |
|                | Central Province            | 810,355,628          | 810,355,628          | 469,648,928          |
|                | Uva & Sabaragamuwa          | 2,364,509,391        | 2,364,509,391        | 795,903,175          |
|                | Eastern Province            | 530,751,650          | 530,751,650          | 556,955,342          |
|                | Northern Province           | 588,499,055          | 588,499,055          | 562,493,306          |
|                | Southern Province           | 755,851,084          | 755,851,084          | 563,626,263          |
|                | South of Colombo            | 534,223,536          | 534,223,536          | 213,142,998          |
|                | Building Services           | 31,581,494           | 31,581,494           | 7,274,425            |
|                | Consultancy Unit            | 119,585,018          | 119,585,018          | 72,632,230           |
|                | Coporate Unit               | 20,671,969           | 20,671,969           |                      |
|                | London                      | 86,506,542           | 86,506,542           |                      |
|                | Chennai                     | 34,223,728           | 34,223,728           | 173,111,369          |
|                | New Dwlhi                   | 37,271,182           | 37,271,182           |                      |
|                | CESL                        | 2,274,988,386        |                      |                      |
|                |                             | <b>9,228,470,652</b> | <b>6,953,482,266</b> | <b>4,206,312,045</b> |

## NOTES TO THE FINANCIAL STATEMENT - INCOME STATEMENT CONTINUED

### NOTE 21 Consultancy Revenue

|                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|
| Colombo Suberbs    | 12,793,379         | 12,793,379         | 81,554,805         |
| Central Province   | 7,102,529          | 7,102,529          | 4,838,278          |
| Uva & Sabaragamuwa | 9,484,775          | 9,484,775          | 3,768,507          |
| Eastern Province   | 31,063,786         | 31,063,786         | 7,084,082          |
| Northern Province  | 18,192,718         | 18,192,718         | 63,208,336         |
| Southern Province  | 10,088,271         | 10,088,271         | 15,819,472         |
| South of Colombo   | 3,762,611          | 3,762,611          | 9,288,596          |
| Digana             | 5,403,105          | 5,403,105          | 4,599,276          |
| Building Services  | 3,876,619          | 3,876,619          | 2,510,714          |
| Consultancy Unit   | 801,850,889        | 801,850,889        | 408,008,329        |
| GIASH              | 1,312,700          | 1,312,700          |                    |
| East Affrica       | 4,897,924          | 4,897,924          | 67,494,053         |
|                    | <b>909,829,306</b> | <b>909,829,306</b> | <b>668,174,449</b> |

### NOTE 22 Consultancy Cost

|                    |                    |                    |          |
|--------------------|--------------------|--------------------|----------|
| Colombo Suberbs    | 15,045,156         | 15,045,156         | -        |
| Central Province   | 9,432,861          | 9,432,861          | -        |
| Uva & Sabaragamuwa | 3,297,626          | 3,297,626          | -        |
| Eastern Province   | 20,648,543         | 20,648,543         | -        |
| Northern Province  | 11,681,003         | 11,681,003         | -        |
| Southern Province  | 7,816,369          | 7,816,369          | -        |
| South of Colombo   | 2,708,078          | 2,708,078          | -        |
| Consultancy Unit   | 602,438,398        | 602,438,398        | -        |
| GIASH              | 407,500            | 407,500            | -        |
| East Affrica       | 4,554,920          | 4,554,920          | -        |
|                    | <b>678,030,455</b> | <b>678,030,455</b> | <b>-</b> |

### NOTE 23 Other Income

|                    |             |             |            |
|--------------------|-------------|-------------|------------|
| Colombo Suberbs    | 36,484,508  | 36,484,508  | 24,837,346 |
| Central Province   | 47,995,215  | 47,995,215  | 20,641,677 |
| Uva & Sabaragamuwa | 17,452,894  | 17,452,894  | 9,575,941  |
| Eastern Province   | 15,696,604  | 15,696,604  | 17,522,224 |
| Northern Province  | 75,979,802  | 75,979,802  | 8,143,713  |
| Southern Province  | 6,117,895   | 6,117,895   | 15,289,669 |
| South of Colombo   | 11,661,208  | 11,661,208  | 12,736,046 |
| Digana             | 7,502,449   | 7,502,449   | 4,420,893  |
| Consultancy Unit   | 32,713,578  | 32,713,578  | 30,803,998 |
| Building Services  | 13,315      | 13,315      | 49,151     |
| Maldives           | 1,396,598   | 1,396,598   |            |
| Chennai            | 6,240       | 6,240       | 83,952     |
| Head Office        | 108,368,223 | 108,368,223 | 9,158,818  |
| GTS                | 35,391,861  | 35,391,861  |            |
| Training           | 30,000      | 30,000      |            |
| Coporate Division  | 794,389     | 794,389     |            |
| CESL               | 1,710,851   |             |            |

# NOTES TO THE FINANCIAL STATEMENT - INCOME STATEMENT CONTINUED

## NOTE 24 Staff Cost

|                       |                    |                    |                    |
|-----------------------|--------------------|--------------------|--------------------|
| Colombo Suberbs       | 23,794,637         | 23,794,637         | 55,284,291         |
| Central Province      | 19,721,030         | 19,721,030         | 29,106,061         |
| Uva & Sabaragamuwa    | 42,962,891         | 42,962,891         | 36,734,578         |
| Eastern Province      | 39,443,419         | 39,443,419         | 21,870,548         |
| Northern Province     | 24,914,097         | 24,914,097         | 39,333,319         |
| Southern Province     | 12,719,978         | 12,719,978         | 26,023,068         |
| South of Colombo      | 4,537,045          | 4,537,045          | 24,279,955         |
| Digana                | 17,236,397         | 17,236,397         | 10,116,339         |
| Building Services     | 2,157,595          | 2,157,595          | 2,634,179          |
| Consultancy Unit      | 124,568,468        | 124,568,468        | 199,847,701        |
| Internatinal Division | 9,399,585          | 9,399,585          | 4,018,871          |
| Head Office           | 43,845,866         | 43,845,866         | 34,295,532         |
| GTS                   | 13,275,373         | 13,275,373         | 10,616,054         |
| Coporate Division     | 191,843            | 191,843            |                    |
| CESL                  | 3,385,709          |                    |                    |
|                       | <b>382,153,933</b> | <b>378,768,224</b> | <b>494,160,495</b> |

## NOTE 25 Depreciation

|                       |                    |                    |                   |
|-----------------------|--------------------|--------------------|-------------------|
| Colombo Suberbs       | 13,362,498         | 13,362,498         | 9,410,613         |
| Central Province      | 10,682,899         | 10,682,899         | 5,230,225         |
| Uva & Sabaragamuwa    | 13,786,231         | 13,786,231         | 5,045,000         |
| Eastern Province      | 17,365,036         | 17,365,036         | 12,357,794        |
| Northern Province     | 18,569,628         | 18,569,628         | 14,256,952        |
| Southern Province     | 8,570,090          | 8,570,090          | 6,562,913         |
| South of Colombo      | 4,324,640          | 4,324,640          | 3,080,342         |
| Digana                | 7,777,013          | 7,777,013          | 5,716,912         |
| Building Services     |                    |                    | 45,043            |
| Consultancy Unit      | 18,160,427         | 18,160,427         | 7,686,548         |
| Internatinal Division | 561,678            | 561,678            | 644,868           |
| Head Office           | 8,049,898          | 8,049,898          | 9,576,152         |
| GTS                   | 108,218            | 108,218            | 132,167           |
| Coporate Division     | 2,426,111          | 2,426,111          |                   |
| CESL                  | 6,584,343          |                    |                   |
|                       | <b>130,328,711</b> | <b>123,744,368</b> | <b>79,745,529</b> |

## NOTE 26 Other Operating Expenses

|                       |                    |                    |                    |
|-----------------------|--------------------|--------------------|--------------------|
| Colombo Suberbs       | 15,546,985         | 15,546,985         | 52,659,892         |
| Central Province      | 15,943,384         | 15,943,384         | 29,768,937         |
| Uva & Sabaragamuwa    | 23,489,902         | 23,489,902         | 47,816,375         |
| Eastern Province      | 84,871,873         | 84,871,873         | 39,771,647         |
| Northern Province     | 58,976,899         | 58,976,899         | 59,919,436         |
| Southern Province     | 20,059,110         | 20,059,110         | 39,110,177         |
| South of Colombo      | 3,833,944          | 3,833,944          | 27,000,105         |
| Digana                | 13,256,629         | 13,256,629         | 10,247,222         |
| Building Services     | 37,033             | 37,033             | 2,778,305          |
| Internatinal Division | 17,519,770         | 17,519,770         | 78,799,377         |
| Head Office           | 43,646,957         | 43,646,957         | 44,952,420         |
| GTS                   | 23,833,636         | 23,833,636         | 23,131,168         |
| Training              | 46,810             | 46,810             |                    |
| Consultancy           |                    |                    | 144,580,007        |
| Coporate Division     | 5,979,709          | 5,979,709          | 5,158,659          |
| CESL                  | 20,413,990         |                    |                    |
|                       | <b>347,456,628</b> | <b>327,042,638</b> | <b>605,693,726</b> |

## NOTES TO THE FINANCIAL STATEMENT - INCOME STATEMENT CONTINUED

### NOTE 27 Finance Cost

|                       |                   |                   |                   |
|-----------------------|-------------------|-------------------|-------------------|
| Colombo Suberbs       | 1,443,376         | 1,443,376         | 7,692,125         |
| Central Province      | 1,497,743         | 1,497,743         | 1,130,880         |
| Uva & Sabaragamuwa    | 507,158           | 507,158           | 906,843           |
| Eastern Province      | 1,765,374         | 1,765,374         | 2,620,472         |
| Northern Province     | 192,222           | 192,222           | 1,322,243         |
| Southern Province     | 2,000,913         | 2,000,913         | 2,956,291         |
| South of Colombo      | 351,870           | 351,870           | 450,008           |
| Digana                | 154,731           | 154,731           | 564,572           |
| Building Services     | 3,250             | 3,250             | 3,759             |
| Consultancy Unit      | 1,948,591         | 1,948,591         | 587,827           |
| Internatinal Division | 3,395,649         | 3,395,649         | 832,341           |
| Head Office           | 859,359           | 859,359           | 859,313           |
| GTS                   | 23,192            | 23,192            | 35,392            |
| Training              | 20                | 20                |                   |
| Coporate Division     | 44,228            | 44,228            |                   |
| CESL                  | 834,853           |                   |                   |
|                       | <b>15,022,528</b> | <b>14,187,675</b> | <b>19,962,066</b> |

### Note 28 Provisions for Bad Debts

|                    |                  |                  |                   |
|--------------------|------------------|------------------|-------------------|
| Colombo Suberbs    | 29,945,625       | 29,945,625       |                   |
| Central Province   | 283,945          | 283,945          |                   |
| Uva & Sabaragamuwa | 10,722,212       | 10,722,212       |                   |
| East               | 30,416,368       | 30,416,368       | 37,454,380        |
| Northern Province  | 2,115,732        | 2,115,732        |                   |
| Digana             | 9,414,016        | 9,414,016        |                   |
| <b>Consultancy</b> | <b>1,498,511</b> | <b>1,498,511</b> | <b>17,270,702</b> |

# BALANCE SHEET DIVISION WISE

|                                     | HEAD OFFICE        | CONSTRUCTION         | CONSULTANCY        | INTERNATIONAL      | CECB                  |
|-------------------------------------|--------------------|----------------------|--------------------|--------------------|-----------------------|
| <b>ASSETS</b>                       |                    |                      |                    |                    |                       |
| <b>NON CURRENT ASSETS</b>           |                    |                      |                    |                    |                       |
| Property, Plant & Equipment         | 72,763,177         | 414,831,453          | 71,531,278         | 2,468,695          | 561,594,603           |
| Capital Works in Progress           |                    | 144,320,420          | 364,859            |                    | 144,685,278           |
| Investment                          | 64,456,647         |                      |                    |                    | 64,456,647            |
| <b>TOTAL NON CURRENT ASSETS</b>     | <b>137,219,824</b> | <b>559,151,873</b>   | <b>71,896,136</b>  | <b>2,468,695</b>   | <b>770,736,529</b>    |
| <b>CURRENT ASSETS</b>               |                    |                      |                    |                    |                       |
| Work in Progress / Material at Site |                    | 276,618,725          | 614,663            |                    | 277,233,388           |
| Trade & Other Receivables           |                    |                      |                    |                    | -                     |
| Debtors                             | 7,609,723          | 3,152,641,420        | 371,403,677        | 47,994,963         | 3,579,649,784         |
| Dues from Customers                 |                    | 867,914,098          | 18,454,427         |                    | 886,368,525           |
| Retention Receivable                |                    | 886,051,166          | 2,441,880          | 25,076,712         | 913,569,758           |
| Short Term Investments              | 75,186,042         | 1,247,469,495        | 358,041,476        | 26,896,954         | 1,707,593,967         |
| <b>Other Current Assets</b>         |                    |                      |                    |                    | -                     |
| Sundry Debtors                      | 168,525            | 11,218,380           | 1,930,429          | 32,523             | 13,349,857            |
| Deposits                            | 519,107            | 9,307,304            | 5,594,497          |                    | 15,420,908            |
| Advances                            | 5,365,116          | 1,466,809,717        | 2,756,431          | 11,945,780         | 1,486,877,046         |
| Staff Loans                         | 51,024,587         |                      |                    |                    | 51,024,587            |
| General Suspense                    | 1,249,165          | 525,685              |                    |                    | 1,774,849             |
| Cash in Transit                     | 402,539            | 11,674,154           |                    |                    | 12,076,692            |
| Prepayments                         | 14,400             | 2,925,896            | 111,642            |                    | 3,051,938             |
| Bank Imprests                       |                    |                      |                    |                    | -                     |
| Cash in Hand & at Bank              | 43,779,748         | 299,761,579          | 118,220,493        | 54,939,140         | 516,700,961           |
| <b>TOTAL CURRENT ASSETS</b>         | <b>185,318,953</b> | <b>8,232,917,618</b> | <b>879,569,617</b> | <b>166,886,073</b> | <b>9,464,692,261</b>  |
| <b>TOTAL ASSETS</b>                 | <b>322,538,777</b> | <b>8,792,069,491</b> | <b>951,465,753</b> | <b>169,354,768</b> | <b>10,235,428,790</b> |



**BALANCE SHEET DIVISION WISE - CONTINUED**

| <b>EQUITY &amp; LIABILITIES</b>             |                      |                      |                    |                       |
|---------------------------------------------|----------------------|----------------------|--------------------|-----------------------|
| <b>CAPITAL &amp; RESERVE</b>                |                      |                      |                    |                       |
| Contributed Capital                         | 500,000              |                      | 9,669,552          | 500,000               |
| Capital Reserve                             | 3,028,000            |                      |                    | 12,697,552            |
| Revenue Reserve                             | 1,583,947            |                      |                    | 1,583,947             |
| Income & Expenditure Account                | (810,587,965)        | 1,474,901,864        | 182,540,487        | 922,925,096           |
| Net Adjustment                              | (15,939,767)         | 28,029,920           |                    | 12,090,154            |
| Income over Expenditure 2011                | (21,550,457)         | 155,121,774          | 50,243,733         | 199,414,455           |
| <b>TOTAL CAPITAL &amp; RESERVES</b>         | <b>(842,966,241)</b> | <b>1,658,053,559</b> | <b>242,453,772</b> | <b>1,149,211,204</b>  |
| <b>NON CURRENT LIABILITIES</b>              |                      |                      |                    |                       |
| Long Term Liabilities                       |                      |                      |                    | -                     |
| Leases on Vehicles                          | 1,428,721            | 9,944,560            | 24,527,022         | 35,900,303            |
| Provision for Employees Retirement Gratuity | 203,004,443          |                      |                    | 203,004,443           |
| <b>TOTAL NON CURRENT LIABILITIES</b>        | <b>204,433,164</b>   | <b>9,944,560</b>     | <b>24,527,022</b>  | <b>238,904,745</b>    |
|                                             |                      |                      |                    | -                     |
| <b>CURRENT LIABILITIES</b>                  |                      |                      |                    |                       |
| Dues to Customers                           | 52,977,600           | 2,049,895,290        | 115,321,029        | 2,218,193,918         |
| Dues to Government                          |                      |                      |                    | -                     |
| Income Tax Payable                          |                      |                      |                    | 450,453,362           |
| Provision for VAT                           | 288,548,063          | 108,672,701          | 44,307,152         | 22,369,832            |
| Provision for VAT-1/3rd                     | 52,798,892           | (90,482,705)         | 59,918,471         | (377,859)             |
| Withholding Tax Provisions                  | (4,338,761)          | 3,053,131            | (458,673)          | (1,744,304)           |
| Other Taxes                                 | 175,244              | 5,093,128            |                    | 5,326,161             |
| Creditors                                   | 25,674,942           | 1,084,389,777        |                    | 1,170,882,667         |
| Mobilization & Other Advances               |                      | 3,456,388,048        | 320,528,933        | 3,766,803,149         |
| Other Advance                               | 205,786              | 1,782,213            | 7,941,273          | 9,929,273             |
| Retention Payable to Contractors            | 15,569               | 305,316,676          | 2,113,976          | 307,717,364           |
| Sundry Creditors                            | 2,672                | 6,136,465            |                    | 6,276,972             |
| Refundable Deposits                         | 2,000                | -                    | 139,671            | 141,671               |
| Accured Expenses                            | 37,520,154           | 714,601,779          | 56,683,485         | 808,805,418           |
| General Suspense Account                    | 3,686,380            | 22,086,835           |                    | 25,773,215            |
| Inter BASE Current Accounts                 | 503,803,304          | (609,246,095)        | 87,989,642         | 0                     |
| Inter COMPANY Accounts                      | 10                   | 17,406,087           | (10,000,000)       | 7,406,097             |
| Staff Loans                                 |                      |                      |                    | -                     |
| Bank Overdraft                              |                      | 49,355,903           |                    | 49,355,903            |
| <b>TOTAL CURRENT LIABILITIES</b>            | <b>961,071,855</b>   | <b>7,124,071,373</b> | <b>684,484,959</b> | <b>8,847,312,840</b>  |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>       | <b>322,538,777</b>   | <b>8,792,069,491</b> | <b>951,465,753</b> | <b>10,235,428,789</b> |

# INCOME STATEMENT DIVISION WISE

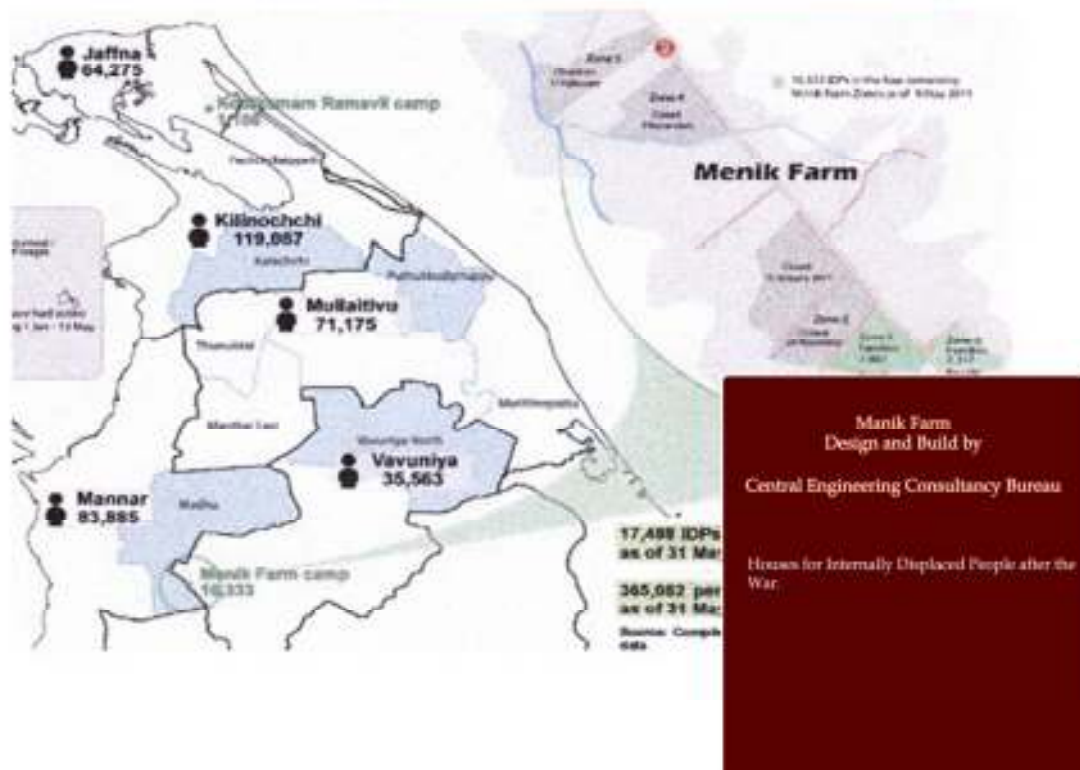
|                                              | HEAD OFFICE         | CONSTRUCTION       | CONSULTANCY        | INTERNATIONAL     | CECB                 |
|----------------------------------------------|---------------------|--------------------|--------------------|-------------------|----------------------|
| <b>REVENUE</b>                               |                     |                    |                    |                   |                      |
| Construction Revenue                         | 47,145,322          | 7,277,731,676      | 128,185,830        | 210,751,940       | 7,663,814,769        |
| Less - Construction Cost                     | 20,671,969          | 6,655,223,829      | 119,585,018        | 158,001,451       | 6,953,482,266        |
| <b>Construction Profit</b>                   | <b>26,473,353</b>   | <b>622,507,848</b> | <b>8,600,813</b>   | <b>52,750,489</b> | <b>710,332,502</b>   |
| <b>Consultancy Revenue</b>                   |                     |                    |                    |                   |                      |
| Less - Consultancy Cost                      | -                   | 101,767,794        | 801,850,889        | 6,210,624         | 909,829,306          |
| Consultancy Profit                           | -                   | 70,629,636         | 602,438,398        | 4,962,420         | 678,030,455          |
| <b>Construction &amp; Consultancy Profit</b> | <b>26,473,353</b>   | <b>31,138,157</b>  | <b>199,412,490</b> | <b>1,248,204</b>  | <b>231,798,852</b>   |
| Other Income                                 | 144,584,472         | 653,646,005        | 208,013,303        | 53,998,693        | 942,131,354          |
| <b>OPERATING INCOME</b>                      | <b>171,057,826</b>  | <b>872,549,895</b> | <b>240,726,881</b> | <b>55,401,531</b> | <b>1,339,736,133</b> |
| Less. Operating Cost                         |                     |                    |                    |                   |                      |
| Administration Cost                          |                     |                    |                    |                   |                      |
| Staff/ Admin Cost                            | 57,313,081          | 187,487,090        | 124,568,468        | 9,399,585         | 378,768,224          |
| Depreciation                                 | 10,584,227          | 94,438,036         | 18,160,427         | 561,678           | 123,744,368          |
| Other operating Expenses                     | 73,507,111          | 236,015,758        |                    | 17,519,770        | 327,042,638          |
| <b>TOTAL OPERATING EXPENSES</b>              | <b>141,404,418</b>  | <b>517,940,884</b> | <b>142,728,895</b> | <b>27,481,033</b> | <b>829,555,230</b>   |
| <b>OPERATING PROFIT</b>                      | <b>29,653,407</b>   | <b>354,609,011</b> | <b>97,997,987</b>  | <b>27,920,499</b> | <b>510,180,903</b>   |
| Less. Finance Cost                           | 926,799             | 7,916,636          | 1,948,591          | 3,395,649         | 14,187,675           |
| <b>NET PROFIT BEFORE PROVISIONS</b>          | <b>28,726,608</b>   | <b>346,692,374</b> | <b>96,049,396</b>  | <b>24,524,850</b> | <b>495,993,228</b>   |
| Less. Provisions                             |                     |                    |                    |                   |                      |
| Provisions for Gratuity                      | 50,277,065          | 82,897,899         | 1,498,511          |                   | 50,277,065           |
| Provisios for Doubtful debts                 |                     |                    |                    |                   | 84,396,410           |
| <b>NET PROFIT FOR THE YEAR BEFORE TAX</b>    | <b>(21,550,457)</b> | <b>263,794,475</b> | <b>94,550,885</b>  | <b>24,524,850</b> | <b>361,319,754</b>   |
| Tax for the year                             | -                   | 85,978,099         | 42,162,921         | 7,993,344         | 136,134,363          |
| Income Tax Under Provision For prior Year    |                     | 22,694,602         | 2,144,232          | 932,102           | 25,770,935           |
| <b>NET PROFIT FOR THE YEAR AFTER TAX</b>     | <b>(21,550,457)</b> | <b>155,121,774</b> | <b>50,243,733</b>  | <b>15,599,404</b> | <b>199,414,455</b>   |

## ACHIVEMENTS



1. ISO 9001 – 2008 Quality Management Certification
2. ICTAD Registration for Construction Work
3. SLAB Accreditation
4. “LMD (Lanka Monthly Digest) STATE 20” ranking
  - i. 13<sup>th</sup> in year 2012/2011
  - ii. 10<sup>th</sup> in year 2009/2010
  - iii. 12<sup>th</sup> in year 2008/2009, year 2007/2008 & year 2006/2007
5. Appreciation Award for Tsunami Work December 2004 – The institution of Engineers, Sri Lanka (IESL).
6. Best Engineering Services Provider – The Institute of Incorporated Engineers, Sri Lanka (INCO) – June 2010.

## HIGHLIGHTS OF THE YEAR





Kokavil Tower

Design and Build by  
Central Engineering Consultancy Bureau

The Latest structural design of 172m high  
Steel Broadcasting and Communication Tower  
in Kokavil.







The building has designed to obtain "gold star" green rating from Green Building Council of Sri Lanka (GBCSL). The building comprises with a RC frame. The total Built-up area is 2,750m<sup>2</sup>





**Janakaliya - Makkal Kalari**  
Theatre of the People  
Central Engineering Consultancy Bureau

Janakaliya is a mobile cultural theatre that uses a collapsible theatre and travels through districts with its theatre group. It provide the area with a cultural hub during its stay, using drama and theatre, with other art forms for social harmony. It implements human development activities using drama and theatre at the grass root level as well as the higher level of the society.



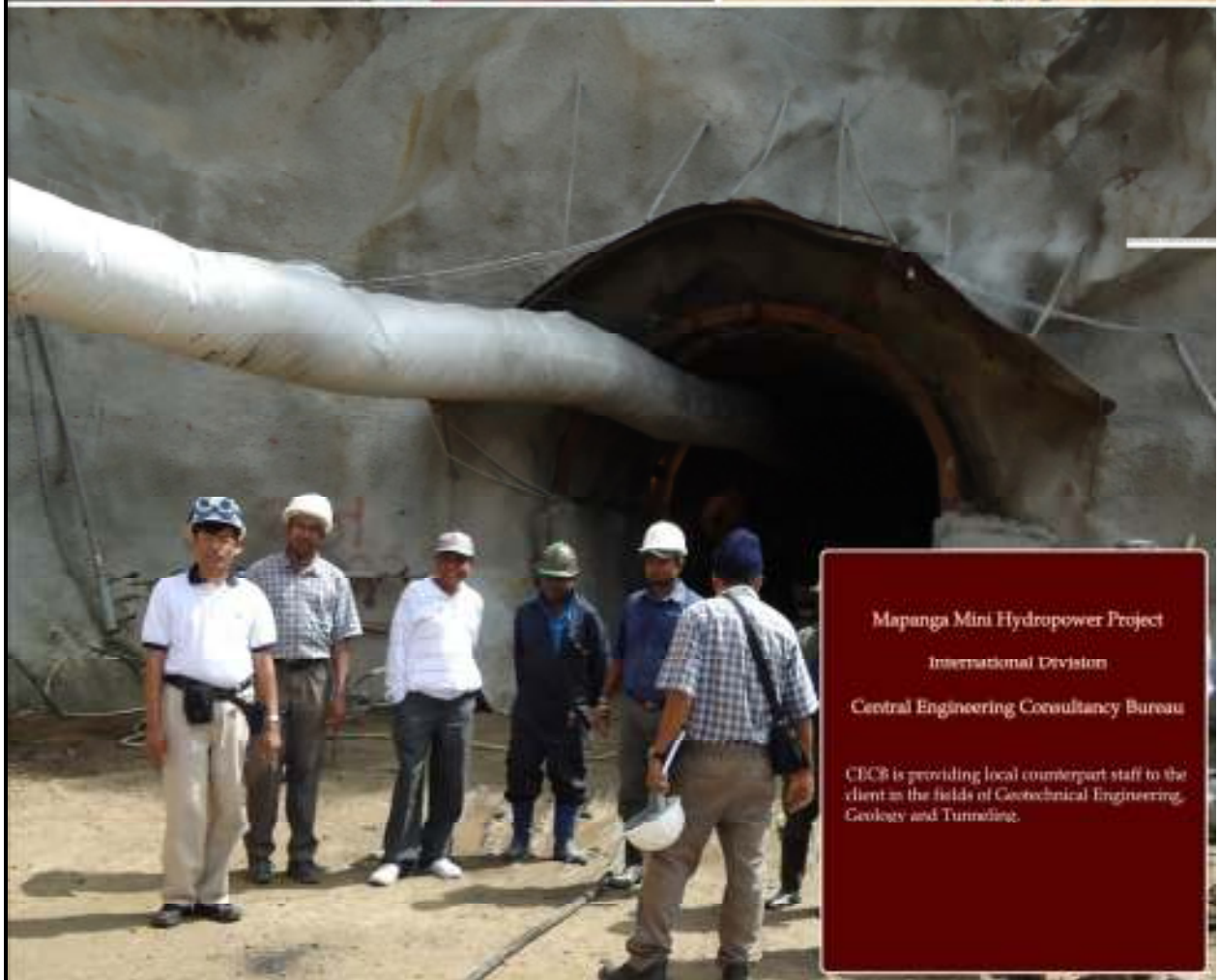
**Mihikatha Medura  
EPC Division - Battaramulla**

**Central Engineering Consultancy Bureau**

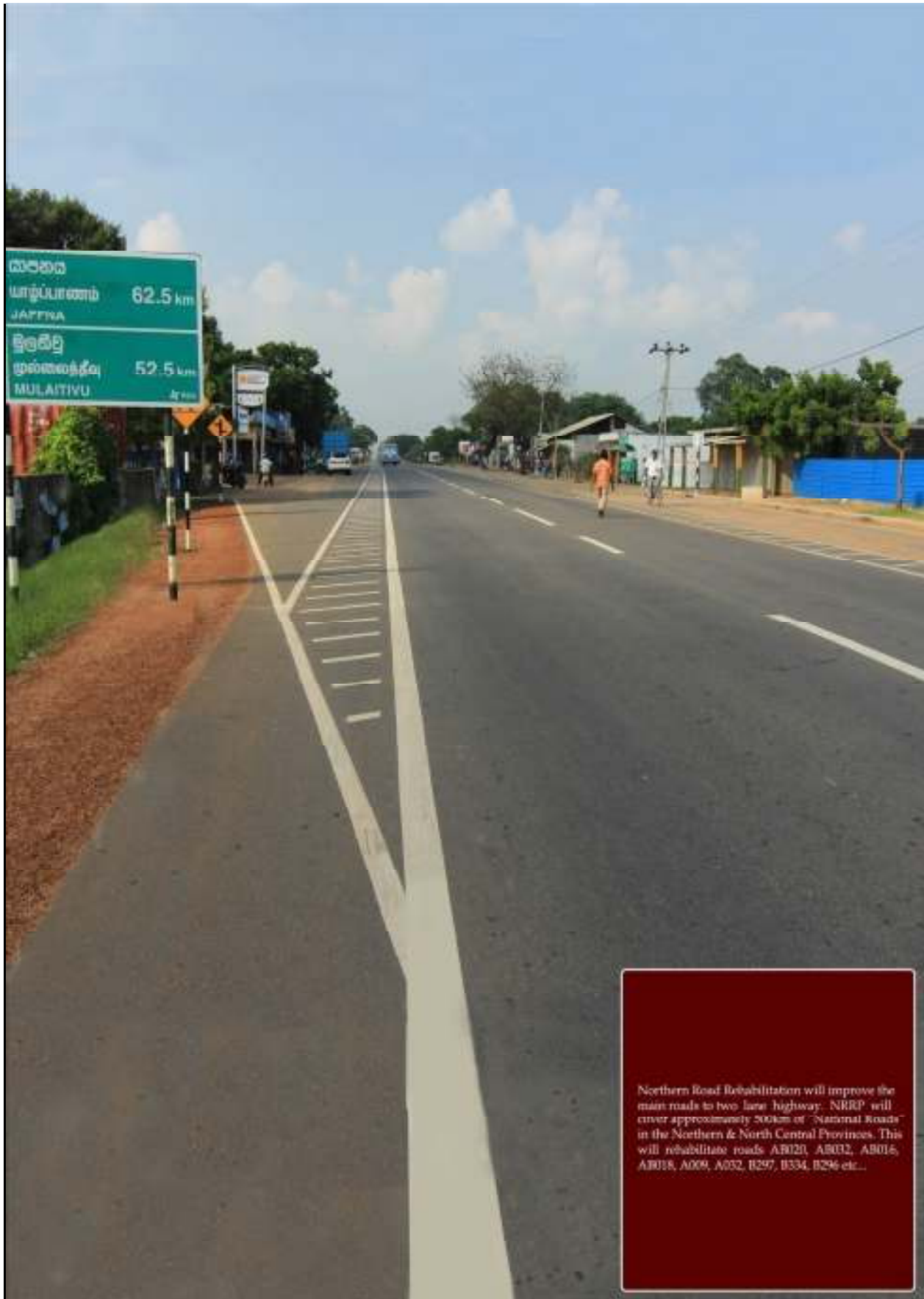
Construction of proposed building for Land Commissioner General's Department, Land Settlement Department and Ministry of Land and Land Development.

This office building of 4 stories, having a total floor area of 10,400 sqm, with basement floor area of 2,100 sqm, was constructed on a design and building basis.











## **CENTRAL ENGINEERING SERVICES (PVT) LTD. (CESL)**

**Our Strategy:** Support CECB to achieve their goals & streamline the work

### **Why we start**

In keeping with the Government policy, CECB is required to undertake Projects for Rehabilitation of Road networks on urgent basis in the districts of Monaragala, Badulla, Kandy and Anuradhapura. To expedite the works the Government has already supported CECB with machinery and equipment assistance worth Rs 4.6 billion to be used in the road reconstruction works. In order to streamline and expedite the work these works have been entrusted to CESL by CECB. Total operations of Plant & Machinery have been undertaken by CESL.

**Our Foundation:** Central Engineering Services (Private) Ltd. (CESL), a fully owned subsidiary of CECB, was Incorporated as a Limited company on 16<sup>th</sup> December 2003 under the companies Act No.17 of 198 and activities started on 2011.

### **CESL Is Focusing On Key Objectives.**

- Carry on 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.
- Carry on business as civil, electrical, mechanical, information technology and environmental engineers, and to undertake and execute contracts for planning, design, construction supervision and operation of works in such fields of engineering and all aspects connected therewith or ancillary or incidental thereto on its own or as a joint venture or a member of a consortium in Sri Lanka or elsewhere.
- Undertake project management in the fields of civil, electrical, mechanical, information technology and environmental engineering and the fields of infrastructure development and resource management, and all aspects connected therewith or ancillary or incidental thereto on its own or as a member of a joint venture or member of a consortium in Sri Lanka or elsewhere.



## CESL BOARD OF DIRECTORS



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