

# Annual Report 2013



**Central Engineering Consultancy Bureau**

Ministry of Mahaweli Deleopment & Environment

No 415, Baudhaloka Mawatha, Colombo 07, Sri Lanka

[www.cecb.lk](http://www.cecb.lk)

# CONTENTS

<b>About Us</b>	<b>01</b>
<b>Financial Highlights</b>	<b>03</b>
<b>Board of Directors</b>	<b>04</b>
<b>Management Team of CECB</b>	<b>06</b>
<b>Director's Report</b>	<b>07</b>
<b>Audit Committee Report</b>	<b>08</b>
<b>Corporate Information and Accounting Policies</b>	<b>10</b>
<b>Financial Statements</b>	
<b>Statement of Comprehensive Income</b>	<b>23</b>
<b>Statement of Financial Position</b>	<b>24</b>
<b>Cash Flow Statement</b>	<b>25</b>
<b>Statement of Changes in Equity</b>	<b>26</b>
<b>Notes to the Financial Statement</b>	<b>27</b>
<b>Report to be submitted with accounts in terms of section 13 (6) of the Finance Act no: 38 of 1971</b>	<b>37</b>
<b>Auditor General's Report</b>	<b>50</b>
<b>Performance of the year</b>	<b>60</b>
<b>Central Engineering Services (Pvt) Ltd – CESL</b>	<b>70</b>

# ENGINEERING BETTER SRI LANKA

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

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

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

# INSPIRED TO GO BEYOND

## Vision

*“To be a world Class Engineering Organization”*

## Mission

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

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

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

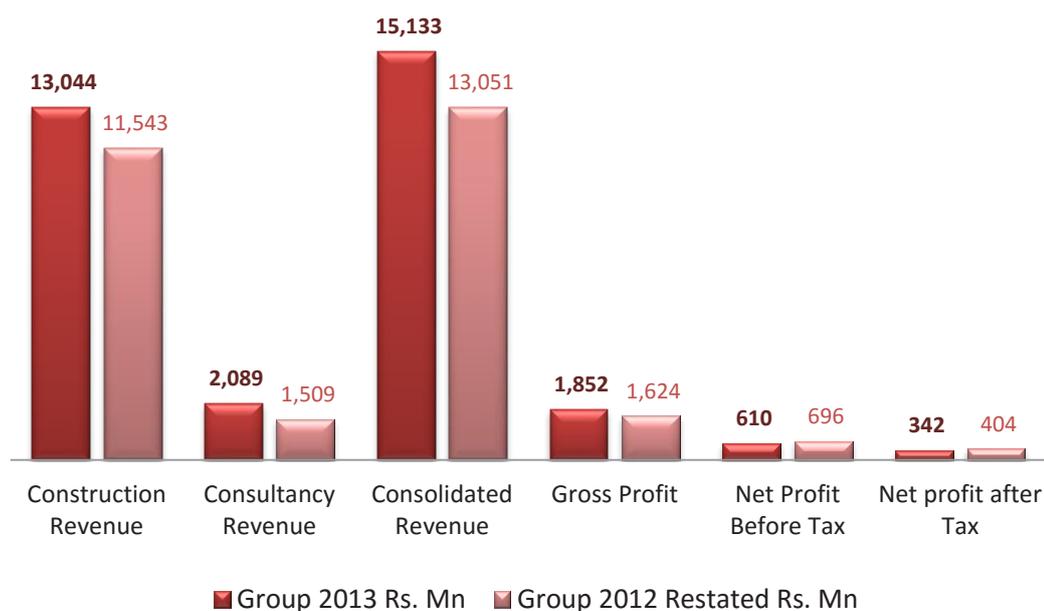
Fortunately, those indelible marks – ingenious engineering feats – of that distant time are still with us, not as some lifeless artifact, but as something that runs through our veins..... Feeding us.... And breathing very life to our souls. And that sprouts inspiration in the men and women we have chosen.

At CECB, we give wings to such inspiration.

## FINANCIAL HIGHLIGHTS

	Group		CECB	
	2013	2012	2013	2012
	Rs.Mn	Restated Rs.Mn	Rs.Mn	Restated Rs.Mn
Construction Revenue	13,044	11,543	13,042	11,543
Consultancy Revenue	2,089	1,509	2,089	1,509
Consolidated Revenue	15,133	13,051	15,131	13,051
Gross Profit	1,852	1,624	1,717	1,560
Net Profit Before Tax	610	696	585	682
Net profit after Tax	342	404	328	396
Total Assets	19,356	16,821	16,179	14,430
Contributed Capital	0.50	0.50	0.50	0.50
Total Equity	4,122	3,780	4,098	3,770
Total Equity Equilibrium	19,356	16,821	16,179	14,430
Current Assets	15,950	13,535	13,002	11,332
Current Liabilities	15,022	12,776	11,876	10,419

### FINANCIAL HIGHLIGHTS OF GROUP





**Eng. Nihal Rupasinghe**  
**Chairman**

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

Joined Faculty of Engineering, Uni-versity of Peradeniya as Instructor in 1980. Joined Central Engineering Consul-tancy Bureau in 1981. Appointed as Chief Resident Engineer in 1989 to 1996. Func-tioned as Project Manager, CECB 1997 to 1998. Appointed as Additional General Manager (Engineer-ing Procurement and Construction) to manage the Said Division. Appointed as Chairman/CECB in 2005.



**Eng. M.A.P. Hemachandra**  
**Working Director**

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

Functioned as the Chairman B.C.C. Lanka Ltd, Chairman/ Managing Director in Colombo Sack Makers Ltd. and State Pharmaceuticals Manu-facturing Corporation of Sri Lanka. Appointed as the Working Director of the Central Engineering Consultancy Bureau in June 2010.



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

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 a Director. He is also a Director of State Pharmaceuticals Corporation and State Pharmaceuticals Manufacturing Corporation since 2010.



**Eng. Ranjith Premasiri**  
**Director**

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 since 2003. Presently working as General Manager, Road Development Authority. Appointed as Director of Central Engineering Consultancy Bureau in year 2010.

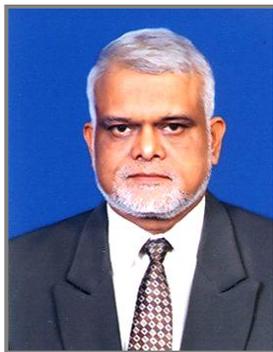


**Eng. S.S. Ediriwera**

**Director**

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)



**Mr. H.M. Ajith Chandra**

**Director**

B.Com (Sp.) USJ. PGDMgt (PIM), MBA (PIM) SLAcS, APFA (Fellow), AAT (Associate)

30 years of experience in Sri Lanka Accountants' service. Contributed a lot to the Public Financial Management fields as an Accountant of the Department of National Planning and Apex Training organization of the government, SLIDA, Project Accountant and Finance Manager of World Bank and Asian Development Bank funded projects, Director Finance and Administration of Public Enterprises Reforms Commission, Chief Accountant of the Leading Ministries, Director Revenue, Director Foreign Aid Management and Additional Director General of Foreign Aid Management, Public Debt, Finance and Administration of the Department of Treasury Operations of Ministry of Finance and Planning. Appointed as a Director of Central Engineering Consultancy Bureau since year 2012.



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

**Director**

MBBS (Col.)

Medical Officer at Ragama Rehabilitation Hospital since 2010

Appointed as a Director of Central Engineering Consultancy Bureau in August 2010.

## MANAGEMENT TEAM

Eng. N. Rupasinghe	Chairman
Eng. S.S. Ediriweera	Executive Director
Eng. K.L.S. Sahabandu	General Manager
Eng. M.A.C. Perera	Corp.Addl.GM ( C ) / AGM (Project)
Eng. G.D.A. Piyatilake	Corp.Addl.GM ( EPC ) / AGM (EPC-WP 1)
Eng. L.P.G. Silva	Addl.GM (EPC-WP 2)
Eng. S.P.P Nanayakkara	Addl.GM (EPC-South)
Eng. A. Galketiya	Addl.GM (EPC-Uva & Sabaragamuwa)
Eng. H.M. Nandasena	Addl.GM (EPC-Central)
Eng. D.R. Mithra	Addl.GM (EPC-North Central)
Eng. G.R.A.S. Gunathilake	Addl.GM (EPC-East)
Eng. (Ms.) H.M.S. Rupasinghe	Addl.GM (EPC-Support Service)
Eng. R.M.W. Rathnayake	Cover up Duties/ Addl.GM (EPC-North)
Eng. P.M.P.C. Gunatilleke	Cover up Duties/ Addl.GM (EPC-South East)
Eng. H.R.W.K. Hendeniya	DGM (Gampaha)
Eng. W.E.P Ranjan Kumara	DGM (Sabaragamuwa)
Eng. S.B.A.D. Semasinghe	DGM (Monaragala)
Eng. R.N. Perera	Addl.GM (Special Project – 03)
Eng. W.A. Ariyathillake	Addl.GM (Northern Roads)
Eng. T.D. Wickermarathne	Addl.GM (Water Resource)
Eng. K.L.S.R. Sahabandu	A/Addl.GM (DRD)
Eng. P.C. Jinasena	Addl.GM (Highways, Airport Design & Training)
Eng. G.A.D.L.J. Senevirathne	Addl.GM (E & M)
Eng. M. Navaz	A/Addl.GM (Special Projects – 01)
Arch. W.K. Lalith Hewage	Addl.GM (Architect)
Ms. Liyanage Devika	DGM (QS)
Eng. S.T. Devarajan	Addl.GM (Special Project – 02)
Mr. J.M.B. Jayaweera	Chief Internal Auditor
Ms. S.H.H.C.U. Senanayake	Legal Officer/ Secretary to the Board
Mr. J.W. Rathnayake	Consultant, Human Resource
Mr. U.N.B. Mawathagama	Finance Manager

## ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2013

### Legal Status

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

### Role of the Board of Directors

The Board comprises of seven Board members, inclusive of the Chairman of Central Engineering Consultancy Bureau.

Members of the Board of Directors as follows;

- Eng. Nihal Rupasinghe - Chairman
- Eng. M.A.P. Hemachandra - Working Director
- Mr. S.M.N.L. Senanayake - Director
- Eng. Ranjith Premasiri - Director
- Mr. H.M. Ajith Chandra - Director
- Eng. S.S. Ediriweera - Director
- Dr. M.H.M.U.P. Herath - Director

### Meetings & Attendance

The Board met in 12 occasions to the Financial Year 2013 and the attendance of the Board of Directors were as follows.

Name	Position	2013											
		24 <sup>th</sup> Jan	28 <sup>th</sup> Feb	29 <sup>th</sup> Mar	15 <sup>th</sup> May	21 <sup>st</sup> May	26 <sup>th</sup> June	18 <sup>th</sup> July	30 <sup>th</sup> Aug	27 <sup>th</sup> Sept	28 <sup>th</sup> Oct	07 <sup>th</sup> Dec	27 <sup>th</sup> Dec
Eng. Nihal Rupasinghe	Chairman	√	√	√	√	√	√	√	√	√	√	√	√
Eng. M.A.P. Hemachandra	Working Director	√	√	√	√	√	√	√	√	√	√	√	√
Mr. S.M.N.L. Senanayake	Director	√	√	√	√	√	-	√	√	√	√	√	√
Eng. Ranjith Premasiri	Director	-	-	√	-	-	-	-	-	-	-	-	-
Mr. H.M. Ajith Chandra	Director	√	√	√	√	√	√	√	√	√	√	√	√
Eng. S.S. Ediriweera	Director	√	√	√	√	√	√	√	√	√	√	√	√
Dr. M.H.M.U.P. Herath	Director	√	√	√	√	√	√	√	√	√	√	√	√

## Role of the Audit Committee

The Audit Committee is conducted according to the Public Enterprise Guidelines of the Ministry of Finance and Planning. As per the Guidelines, the Audit Committee should review the Internal Controls and performance to ensure that the procedures are followed as per the regulated rules and procedures.

The Key elements of the role of the Audit Committee is set out as follows

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

## Composition of the Audit Committee

The Committee comprises of three Non-Executive Board Members, inclusive of a treasury representative who chairs the committee.

Members of the Audit Committee are as Follows

Mr.H.M.Ajith Chandra	Chairman of the Committee
Mr.S.M.N.L. Senanayake	Director
Dr. M.H.M.U.N.P. Herath	Director

## Meeting & Attendance

The Committee met in 9 occasions to discuss matters related to the Financial Year 2013 and the attendance of the Audit Committee were as follows

Name	2013									
	21 <sup>st</sup> Jan	13 <sup>t</sup> Feb	04 <sup>th</sup> Apr	09 <sup>th</sup> May	27 <sup>th</sup> June	29 <sup>th</sup> Jul	13 <sup>t</sup> Sept	01 <sup>st</sup> Nov	04 <sup>th</sup> Dec	
Mr. H.M.Ajith Chandra	√	√	√	√	√	√	√	√	√	
Mr.S.M.N.L. Senanayake	√	√	√	√	-	√	√	√	√	
Dr. M.H.M.U.N.P. Herath	√	√	√	√	√	√	√	√	√	

In addition to the Committee members, Auditor General Representative, General Manager, Chief Internal Auditor, Internal Auditor, Secretary to the Committee, and Special Invitees were attended the Meeting as and when necessary.

## Activities

The Committee performed following task in relation to the financial year 2013.

1. Reviewed the adequacy of the operational controls of the Bureau.
2. Reviewed the Compliance of the Statutory Requirement of the Bureau.

## Support to the Committee

The Committee received information and support from the Management in enabling the Audit Committee to fulfill their requirement.

## External Auditors

The Audit Committee accepts the declaration of the External Auditors in relation to the operational and financial matters of CECB.

## Conclusion

The Audit Committee is satisfied that the Bureau's Accounting Policies and Operational Controls provide reasonable assurance that the affairs of the Bureau are managed according to the Bureau policies.

Mr. H.M.Ajith Chandra  
Chairman – Audit Committee

## 1. CORPORATE INFORMATION

### 1.1 Domicile and Legal Form

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

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31<sup>st</sup> December 2013 comprises the Bureau and its subsidiaries (together referred to as the "Group").

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

### 1.2 Principal Activities and Nature of Operations

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

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

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

### 2.2 Basis of Measurement

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

- Financial assets and Financial Liabilities that have been measured at fair value
- Fair value of Property Plant and Equipment are recognised as deemed cost on the transition date.

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.2 Basis of Measurement (Continued)

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

### 2.3 Functional and Presentation Currency

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

### 2.4 Use of Estimates and Judgments

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

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

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

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

Critical accounting estimate/ judgment	Note No	Page No
Contract revenue, cost and percentage of completion	09	28

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

Critical accounting estimate/ judgment	Note No	Page No
Property, plant and equipment	15	30
Employee Benefits	22	33
Deferred Tax Liabilities	14	29

## 2 BASIS OF PREPARATION (CONTINUED)

### 2.5 Changing in Accounting Policies

#### a) Defined Benefit Obligation

The Company adopted LKAS 19 Employee Benefits (revised in 2011) with effect from 1 January 2013 in accordance with the transitional provisions in the standard. As a result of the change the Company now measure its Define Benefit Obligation at present value. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

#### (a) Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group also takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any Non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### (b) Subsidiaries

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of Consolidation (Continued)

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

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

#### 3.2 Foreign Currency Transactions

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

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

#### 3.3 Financial assets and financial liabilities

##### (a) Non-derivative financial assets

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

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIE (CONTINUED)

#### 3.3 Financial assets and financial liabilities (Continued)

##### (i) Loans and receivables

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

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

##### (ii) Cash and cash equivalents

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

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

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

#### (b) Non-derivative financial liabilities

Other financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.3 Financial assets and financial liabilities (Continued)

##### Ordinary Share Capital

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

#### 3.4 Impairment

##### 3.4.1 Non-derivative Financial assets

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

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

##### 3.4.2 Financial assets

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Impairment (Continued)

##### 3.4.3 Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. For the purpose of impairment testing, assets are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

#### 3.5 Property, Plant and Equipment

##### 3.5.1 Recognition and Measurement

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Property, Plant and Equipment (Continued)

##### 3.5.1 Recognition and Measurement (Continued)

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

##### 3.5.2 Leased Assets

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

##### 3.5.3 Subsequent Costs

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

##### 3.5.4 De-recognition

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

##### 3.5.5 Depreciation

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Property, Plant and Equipment (Continued)

##### 3.5.5 Depreciation (Continued)

The estimated useful lives are as follows:

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

##### 3.5.6 Capital Work in Progress

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

#### 3.6 Inventories

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

##### 3.6.1 Work in Progress

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. Construction contracts in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payable in the statement of financial position.

#### 3.7 Employee benefits

##### (a) Defined contribution plans

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Employee benefits (Continued)

##### **Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund**

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

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

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

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

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

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

#### 3.8 Provisions

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

#### 3.9 Statement of Comprehensive Income

##### 3.9.1 Revenue

##### **(a) Construction Contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Statement of Comprehensive Income (Continued)

##### 3.9.1 Revenue (Continued)

###### (a) Construction Contracts (Continued)

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

###### (b) Consultancy Services

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

##### 3.9.2 Interest Income

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

##### 3.9.2 Dividend Income

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

##### 3.9.3 Other Income

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

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

##### 3.9.4 Expenditure Recognition

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

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

###### (b) Other Expenses

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9.5 Taxation

##### (a) Current Taxes

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

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

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

##### (b) Deferred Taxes

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

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

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

### 4 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

## **5 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

### **(i) SLFRS 10 Consolidated Financial Statements, SLFRS 11 Joint Arrangements, SLFRS 12 Disclosure of Interests in Other Entities**

SLFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under SLFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting. SLFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. SLFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

### **(iii) SLFRS 13 Fair Value Measurement**

SLFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout SLFRS. Subject to limited exceptions, SLFRS 13 is applied when fair value measurements or disclosures are required or permitted by other SLFRSs. The Group is currently reviewing its methodologies in determining fair values.

**CENTRAL ENGINEERING CONSULTANCY BUREAU**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST DECEMBER**

	Note	GROUP		CECB	
		2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
Revenue	9	15,132,718,158	13,051,404,569	15,131,164,037	13,051,404,569
Cost of Sales	10	(13,280,839,809)	(11,427,073,880)	(13,414,329,871)	(11,491,305,532)
<b>Gross Profit</b>		<b>1,851,878,349</b>	1,624,330,689	<b>1,716,834,166</b>	1,560,099,037
Other Income	11	153,445,158	394,515,789	144,727,925	378,235,199
Administration Expenses		(1,255,752,763)	(1,183,162,649)	(1,151,711,425)	(1,118,904,881)
Selling and Distribution Expenses		(335,210,717)	(316,855,524)	(321,479,322)	(316,855,524)
<b>Results from Operating Activities</b>		<b>414,360,027</b>	518,828,305	<b>388,371,344</b>	502,573,831
Finance Income		217,808,170	201,368,165	213,907,634	199,625,758
Finance Cost		(22,154,752)	(24,343,420)	(17,532,829)	(20,123,026)
<b>Net Finance Income</b>	12	<b>195,653,418</b>	177,024,745	<b>196,374,805</b>	179,502,732
<b>Profit Before Income Tax</b>		<b>610,013,445</b>	695,853,050	<b>584,746,149</b>	682,076,563
Income Tax Expense	14	(267,791,716)	(291,677,345)	(256,524,029)	(285,794,064)
<b>Profit/(Loss) for the Year</b>		<b>342,221,729</b>	404,175,705	<b>328,222,120</b>	396,282,499
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Other Comprehensive Income for the Year</b>		-	-	-	-
<b>Total Comprehensive Income for the Year</b>		<b>342,221,729</b>	404,175,705	<b>328,222,120</b>	396,282,499

*Figures in brackets indicates deductions.*

The Notes to the Financial Statements set out on pages 11 to 36 form an integral part of these Financial Statements.

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

**AS AT 31ST DECEMBER**

	Note	GROUP		CECB	
		2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,367,596,865	3,217,787,244	3,139,021,834	3,029,322,086
Investments	16	38,326,397	68,114,301	38,326,417	68,114,321
<b>Total Non-Current Assets</b>		<b>3,405,923,262</b>	<b>3,285,901,545</b>	<b>3,177,348,251</b>	<b>3,097,436,407</b>
<b>Current Assets</b>					
Inventories	17	746,822,316	667,283,290	414,331,509	473,612,890
Trade and Other Receivables	18	13,034,273,723	10,760,043,614	9,465,446,814	8,586,558,801
Short term Investments	16	1,769,259,420	1,572,852,406	1,728,581,897	1,572,852,406
Cash and Cash Equivalents	20	399,435,851	534,761,471	310,353,679	464,311,326
Inter company current accounts	19	-	-	1,083,035,301	234,753,626
<b>Total Current Assets</b>		<b>15,949,791,310</b>	<b>13,534,940,781</b>	<b>13,001,749,200</b>	<b>11,332,089,049</b>
<b>Total Assets</b>		<b>19,355,714,572</b>	<b>16,820,842,326</b>	<b>16,179,097,451</b>	<b>14,429,525,456</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve		3,028,000	3,028,000	3,028,000	3,028,000
Retained Earning		4,118,718,249	3,776,496,520	4,094,906,732	3,766,684,612
<b>Total Equity</b>		<b>4,122,246,249</b>	<b>3,780,024,520</b>	<b>4,098,434,732</b>	<b>3,770,212,612</b>
<b>Non-Current Liabilities</b>					
Lease Creditors	21	7,199,960	35,565,671	604,418	11,624,193
Retirement Benefit Obligation	22	204,004,898	228,787,990	204,004,898	228,787,990
Deferred Tax		228,141	76,387	-	-
<b>Total Non-Current Liabilities</b>		<b>211,432,999</b>	<b>264,430,048</b>	<b>204,609,316</b>	<b>240,412,183</b>
<b>Current Liabilities</b>					
Trade and Other Payables	23	14,451,694,061	12,328,575,900	11,333,291,954	10,019,342,795
Income Tax Payables	24	546,972,887	382,092,902	531,111,429	374,116,600
Lease Creditors	21	23,368,376	36,544,774	11,650,020	18,740,207
Inter base current accounts		-	6,701,059	-	6,701,059
Inter company current accounts		-	22,473,123	-	-
Bank Overdraft	20	-	-	-	-
<b>Total Current Liabilities</b>		<b>15,022,035,324</b>	<b>12,776,387,758</b>	<b>11,876,053,403</b>	<b>10,418,900,661</b>
<b>Total Liabilities</b>		<b>15,233,468,323</b>	<b>13,040,817,806</b>	<b>12,080,662,719</b>	<b>10,659,312,844</b>
<b>Total Equity and Liabilities</b>		<b>19,355,714,572</b>	<b>16,820,842,326</b>	<b>16,179,097,451</b>	<b>14,429,525,456</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 11 to 36 form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared in compliance with generally accepted accounting policies.



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

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

Approved and signed for and on behalf of the Board ;



Eng. G.D.A. Piyathilake  
**CHAIRMAN**



M.R.G. Ranatunga  
**DIRECTOR**

25<sup>th</sup> March 2015  
 Colombo

# CENTRAL ENGINEERING CONSULTANCY BUREAU

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	610,013,445	695,853,050	584,746,149	682,076,563
<b>Adjustments for:</b>				
Depreciation on Property, Plant and Equipments	361,096,067	270,948,236	281,658,637	215,955,094
Provision for Bad and Doubtful Debts	270,826,569	222,377,469	270,826,569	222,377,469
Provision / (Reversal) for Gratuity	(1,331,068)	54,909,537	(1,331,068)	54,909,537
Net Finance Income	(195,653,418)	(177,024,745)	(196,374,805)	(179,502,732)
Previous Period Adjustments	-	96,622,595	-	96,622,595
(Profit) / Loss on disposal of Property, Plant and Equipments	1,319,392	15,299,893	1,319,391	15,299,894
Exchange Loss on fixed deposits	(3,128,784)	263,795	(3,128,784)	263,795
<b>Operating Profit before Working Capital Changes</b>	<b>1,043,142,203</b>	<b>1,179,249,830</b>	<b>937,716,089</b>	<b>1,108,002,214</b>
(Increase)/Decrease in Inventories	(79,539,026)	(389,073,402)	59,281,381	(196,379,502)
(Increase)/Decrease in Trade and Other Receivables	(2,545,056,677)	(1,690,145,382)	(1,149,714,582)	(1,885,657,240)
Increase/(Decrease) in Trade and Other Payables	2,123,118,161	1,747,658,019	1,313,949,159	1,898,649,422
Increase/(Decrease) in Amounts Due to Related Companies	(22,473,123)	22,473,123	(848,281,675)	(242,159,723)
Increase in Inter Base current accounts	(6,701,059)	6,701,059	(6,701,059)	6,701,059
<b>Cash Generated from Operating Activities</b>	<b>512,490,478</b>	<b>876,863,247</b>	<b>306,249,313</b>	<b>689,156,230</b>
Interest paid	(22,154,752)	(24,343,420)	(17,532,829)	(20,123,026)
Tax paid	(102,759,977)	(362,130,829)	(99,529,200)	(362,130,825)
Gratuity paid	(23,452,024)	(29,125,990)	(23,452,024)	(29,125,990)
<b>Net Cash Flows from Operating Activities</b>	<b>364,123,725</b>	<b>461,263,008</b>	<b>165,735,260</b>	<b>277,776,389</b>
<b>Cash Flows from Investing Activities</b>				
Investment in Property Plant and Equipment	(510,223,850)	(671,479,463)	(390,676,547)	(481,810,606)
Investment in Capital Work in Progress	(2,001,230)	(137,493,498)	(2,001,230)	(137,493,498)
Investment / Disposal of Long Term Deposit	29,787,904	(3,657,674)	29,787,904	(3,657,674)
Investment / Disposal of Short Term Deposit	(193,278,230)	134,477,766	(152,600,707)	134,477,766
Interest Income	217,808,170	201,368,165	213,907,634	199,625,758
<b>Net Cash Flows from Investing Activities</b>	<b>(457,907,236)</b>	<b>(476,784,705)</b>	<b>(301,582,945)</b>	<b>(288,858,254)</b>
<b>Cash Flows from Financing Activities</b>				
Payment of Finance Lease Liabilities	(41,542,109)	(15,569,700)	(18,109,962)	(4,028,559)
<b>Net Cash from Financing Activities</b>	<b>(41,542,109)</b>	<b>(15,569,700)</b>	<b>(18,109,962)</b>	<b>(4,028,559)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(135,325,620)	(31,091,396)	(153,957,647)	(15,110,424)
Cash and Cash Equivalent at the beginning	534,761,471	565,852,867	464,311,326	479,421,750
<b>Cash and Cash Equivalent at the end (Note 20)</b>	<b>399,435,851</b>	<b>534,761,471</b>	<b>310,353,679</b>	<b>464,311,326</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 11 to 36 form an integral part of these Financial

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31ST DECEMBER

	CECB			
	Contributed Capital	Capital Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01<sup>st</sup> January 2012</b>	500,000	12,697,551	3,245,900,524	3,259,098,075
Correction of an error related to previous years (Note A)	-	-	18,209,443	18,209,443
<b>Restated Balance as at 01<sup>st</sup> January 2012</b>	500,000	12,697,551	3,264,109,967	3,277,307,518
Restated Profit For the Year (Note 29)	-	-	396,282,499	396,282,499
Prior Period Adjustments in 2012	-	-	96,622,595	96,622,595
Transfers of Capital Reserves	-	(9,669,551)	9,669,551	-
<b>Balance as at 31<sup>st</sup> December 2012</b>	500,000	3,028,000	3,766,684,612	3,770,212,612
<b>Balance as at 01<sup>st</sup> January 2013</b>	500,000	3,028,000	3,766,684,612	3,770,212,612
Net Profit For the Year	-	-	328,222,120	328,222,120
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31<sup>st</sup> December 2013</b>	500,000	3,028,000	4,094,906,732	4,098,434,732

	GROUP			
	Contributed Capital	Capital Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01<sup>st</sup> January 2012</b>	500,000	12,697,551	3,247,819,226	3,261,016,777
Correction of an error related to previous years (Note A)	-	-	18,209,443	18,209,443
<b>Balance as at 01<sup>st</sup> January 2012</b>	500,000	12,697,551	3,266,028,669	3,279,226,220
Restated Profit For the Year (Note 29)	-	-	404,175,705	404,175,705
Other Comprehensive Income	-	-	-	-
Prior Period Adjustments in 2012	-	-	96,622,595	96,622,595
Transfers of Capital Reserves	-	(9,669,551)	9,669,551	-
<b>Balance as at 31<sup>st</sup> December 2012</b>	500,000	3,028,000	3,776,496,520	3,780,024,520
<b>Balance as at 01<sup>st</sup> January 2013</b>	500,000	3,028,000	3,776,496,520	3,780,024,520
Net Profit For the Year	-	-	342,221,729	342,221,729
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31<sup>st</sup> December 2013</b>	500,000	3,028,000	4,118,718,249	4,122,246,249

The Notes to the Financial Statements set out on pages 11 to 36 form an integral part of these Financial Statements.

**Note A : Correction of an error related to previous years**

Revenue estimated for completed projects during the year 2011 has been overstated due to error occurred in the revenue calculation , this error affected to the construction revenue and amount due from customer by amounting to 18,209,454

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER

NOTE	GROUP		CECB	
	2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>9 Revenue</b>				
Construction Revenue	<b>13,043,575,541</b>	11,542,700,246	<b>13,042,021,420</b>	11,542,700,246
Consultancy Revenue	<b>2,089,142,617</b>	1,508,704,323	<b>2,089,142,617</b>	1,508,704,323
	<b>15,132,718,158</b>	13,051,404,569	<b>15,131,164,037</b>	13,051,404,569
<b>10 Cost of sales</b>				
Construction Cost	<b>11,838,271,644</b>	10,390,504,534	<b>11,971,761,706</b>	10,454,736,186
Consultancy Cost	<b>1,442,568,165</b>	1,036,569,346	<b>1,442,568,165</b>	1,036,569,346
	<b>13,280,839,809</b>	11,427,073,880	<b>13,414,329,871</b>	11,491,305,532
<b>11 Other Income</b>				
Miscellaneous Revenue	<b>124,032,076</b>	101,860,400	<b>116,987,292</b>	89,669,539
Hiring Income	<b>9,055,671</b>	141,365,778	<b>7,383,222</b>	141,365,778
Reimbursable costs	<b>23,486,195</b>	107,819,931	<b>23,486,195</b>	103,730,202
Sundry Income	-	43,733,475	-	43,733,475
Exchange Gain or loss	<b>(3,128,784)</b>	(263,795)	<b>(3,128,784)</b>	(263,795)
	<b>153,445,158</b>	394,515,789	<b>144,727,925</b>	378,235,199
<b>12 Net Finance Income</b>				
<b>Finance Income</b>				
Interest Income	<b>217,808,170</b>	201,368,165	<b>213,907,634</b>	199,625,758
	<b>217,808,170</b>	201,368,165	<b>213,907,634</b>	199,625,758
<b>Finance Cost</b>				
Finance Cost	<b>(22,154,752)</b>	(24,343,420)	<b>(17,532,829)</b>	(20,123,026)
	<b>(22,154,752)</b>	(24,343,420)	<b>(17,532,829)</b>	(20,123,026)
<b>Net Finance Income</b>	<b>195,653,418</b>	177,024,745	<b>196,374,805</b>	179,502,732

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER

NOTE	GROUP		CECB	
	2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>14 Income Tax</b>				
14.1 Current Tax Expense (Note 14.2)	<b>267,791,716</b>	259,871,110	<b>256,524,029</b>	254,002,864
Deferred Tax Provision	-	15,033	-	
Adjustment for Prior Years	-	31,791,202	-	31,791,200
	<b>267,791,716</b>	291,677,345	<b>256,524,029</b>	285,794,064
<b>14.2 Reconciliation of Accounting Profit to Taxable Profit</b>				
Accounting Profit before Income Tax Expense	<b>610,013,445</b>	695,853,050	<b>584,746,149</b>	682,076,563
Aggregate Disallowed Items	<b>353,679,750</b>	478,211,906	<b>272,014,299</b>	435,290,369
Aggregate Allowable Items	<b>770,417,459</b>	197,493,732	<b>187,287,575</b>	172,961,541
Total Statutory Income	<b>710,259,396</b>	679,772,285	<b>654,244,127</b>	654,330,215
Exempted Income	-		-	
Taxable Income	<b>710,259,396</b>	679,772,285	<b>654,244,127</b>	654,330,215
Tax on Construction Income @ 12%	<b>45,890,669</b>	47,719,522	44,428,270	46,989,034
Tax on Other Income @ 28%	<b>91,794,397</b>	78,709,138	79,522,392	73,571,380
Dividend Tax	<b>130,106,650</b>	133,442,450	132,573,366	133,442,450
Current Income Tax Expenses	<b>267,791,716</b>	259,871,110	<b>256,524,029</b>	254,002,864

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2013

**15 PROPERTY PLANT AND EQUIPMENT**

15.1 CECB

	Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>												
Balance as at 1 <sup>st</sup> January 2012	1,689,236,867	412,386,979	33,959,294	94,137,998	32,741,217	86,678,173	5,020,089	68,775,990	263,416,411	1,546,759	144,685,278	2,832,585,056
Additions during the year	12,500,000	136,801,539	14,880,930	66,409,259	11,669,222	119,738,505	7,448,519	17,117,396	92,892,444	456,925	137,493,498	617,408,237
Disposals / Write off during the year	-	-	(8,642,544)	(22,348,530)	(7,853,182)	(1,917,576)	(347,713)	(13,751,461)	(4,658,975)	(288,762)	-	(59,808,743)
Balance as at 31 <sup>st</sup> December 2012	1,701,736,867	549,188,518	40,197,680	138,198,727	36,557,256	204,499,103	12,120,896	72,141,925	351,649,880	1,714,922	282,178,776	3,390,184,550
Balance as at 1 <sup>st</sup> January 2013	1,701,736,867	549,188,518	40,197,680	138,198,727	36,557,256	204,499,103	12,120,896	72,141,925	351,649,880	1,714,922	282,178,776	3,390,184,550
Additions during the year	-	262,452,602	12,365,599	27,654,165	12,839,867	270,845,319	260,000	27,133,524	28,820,125	78,928	2,001,230	644,451,359
Disposals / Write off during the year	-	-	(360,020)	(39,940)	(335,174)	-	-	(122,626)	(1,871,243)	(509,658)	(251,773,582)	(255,012,245)
<b>Balance as at 31<sup>st</sup> December 2013</b>	<b>1,701,736,867</b>	<b>811,641,120</b>	<b>52,203,260</b>	<b>165,812,952</b>	<b>49,061,949</b>	<b>475,344,422</b>	<b>12,380,896</b>	<b>99,152,822</b>	<b>378,598,761</b>	<b>1,284,192</b>	<b>32,406,423</b>	<b>3,779,623,664</b>
<b>Accumulated Depreciation</b>												
Balance as at 1 <sup>st</sup> January 2012	-	30,655,119	8,577,232	30,973,610	10,737,203	19,123,088	1,213,381	21,978,570	65,834,271	323,746	-	189,416,221
Charge for the year	-	40,326,669	5,311,713	27,803,273	5,438,480	32,798,163	2,377,145	14,698,487	86,995,935	205,229	-	215,955,094
Disposals during the year	-	-	(5,627,687)	(14,791,596)	(6,651,070)	(860,702)	(347,713)	(12,517,471)	(3,585,636)	(126,976)	-	(44,508,850)
Balance as at 31 <sup>st</sup> December 2012	-	70,981,788	8,261,258	43,985,287	9,524,613	51,060,549	3,242,812	24,159,586	149,244,570	401,999	-	360,862,464
Balance as at 1 <sup>st</sup> January 2013	-	70,981,788	8,261,258	43,985,287	9,524,613	51,060,549	3,242,812	24,159,586	149,244,570	401,999	-	360,862,464
Charge for the year	-	40,366,763	5,974,329	36,454,983	6,626,787	82,893,274	2,464,653	17,593,551	89,065,461	218,838	-	281,658,637
Disposals during the year	-	-	(112,141)	(6,443)	(127,964)	(10,869)	-	(70,056)	(1,409,761)	(182,039)	-	(1,919,272)
<b>Balance as at 31<sup>st</sup> December 2013</b>	<b>-</b>	<b>111,348,550</b>	<b>14,123,446</b>	<b>80,433,827</b>	<b>16,023,436</b>	<b>133,942,954</b>	<b>5,707,465</b>	<b>41,683,081</b>	<b>236,900,270</b>	<b>438,798</b>	<b>-</b>	<b>640,601,829</b>
<b>Net Book Value</b>												
Balance as at 1 <sup>st</sup> January 2013	1,701,736,867	478,206,730	31,936,422	94,213,440	27,032,643	153,438,553	8,878,084	47,982,339	202,405,310	1,312,923	282,178,776	3,029,322,086
<b>Balance as at 31<sup>st</sup> December 2013</b>	<b>1,701,736,867</b>	<b>700,292,570</b>	<b>38,079,814</b>	<b>85,379,125</b>	<b>33,038,513</b>	<b>341,401,467</b>	<b>6,673,431</b>	<b>57,469,741</b>	<b>141,698,491</b>	<b>845,394</b>	<b>32,406,423</b>	<b>3,139,021,834</b>

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2013

**15 PROPERTY PLANT AND EQUIPMENT**  
**15.2 GROUP**

	Land	Buildings	Furniture & Fittings	Construction Instrument	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>												
Balance as at 1 <sup>st</sup> January 2012	1,689,236,867	412,386,979	34,654,647	94,176,898	33,495,140	88,529,795	5,020,089	69,832,690	286,647,818	1,546,759	144,685,278	2,860,212,961
Additions during the year	12,500,000	166,935,142	15,901,134	74,410,357	13,065,097	140,043,921	7,615,185	18,761,186	252,638,649	456,925	137,493,499	839,821,095
Disposals / Write off during the year	-	-	(8,642,544)	(22,348,530)	(7,853,182)	(1,917,576)	(347,713)	(13,751,461)	(4,658,975)	(288,762)	-	(59,808,743)
Balance as at 31 <sup>st</sup> December 2012	1,701,736,867	579,322,121	41,913,238	146,238,725	38,707,054	226,656,141	12,287,562	74,842,415	534,627,491	1,714,922	282,178,776	3,640,225,312
Balance as at 1 <sup>st</sup> January 2013	1,701,736,867	579,322,121	41,913,238	146,238,725	38,707,054	226,656,141	12,287,562	74,842,415	534,627,491	1,714,922	282,178,776	3,640,225,312
Additions during the year	8,415,147	271,919,179	15,241,460	40,622,341	16,233,666	277,185,891	4,326,800	32,358,704	95,615,318	78,928	2,001,230	763,998,662
Disposals / Write off during the year	-	-	(360,020)	(39,940)	(335,174)	-	-	(122,626)	(1,871,243)	(509,658)	(251,773,582)	(255,012,245)
<b>Balance as at 31<sup>st</sup> December 2013</b>	<b>1,710,152,014</b>	<b>851,241,300</b>	<b>56,794,678</b>	<b>186,821,126</b>	<b>54,605,545</b>	<b>503,842,032</b>	<b>16,614,362</b>	<b>107,078,492</b>	<b>628,371,566</b>	<b>1,284,192</b>	<b>32,406,423</b>	<b>4,149,211,730</b>
<b>Accumulated Depreciation</b>												
Balance as at 1 <sup>st</sup> January 2012	-	30,655,119	8,664,151	30,982,640	10,834,201	19,493,413	1,213,381	22,189,910	71,642,122	323,746	-	195,998,683
Charge for the year	-	42,586,689	5,526,160	29,247,871	5,763,316	37,229,571	2,410,478	15,238,585	132,740,337	205,229	-	270,948,236
Disposals during the year	-	-	(5,627,687)	(14,791,596)	(6,651,070)	(860,702)	(347,713)	(12,517,471)	(3,585,636)	(126,976)	-	(44,508,850)
Balance as at 31 <sup>st</sup> December 2012	-	73,241,808	8,562,624	45,438,915	9,946,448	55,862,282	3,276,146	24,911,024	200,796,824	401,999	-	422,438,069
Balance as at 1 <sup>st</sup> January 2013	-	73,241,808	8,562,624	45,438,915	9,946,448	55,862,282	3,276,146	24,911,024	200,796,824	401,999	-	422,438,069
Charge for the year	-	43,229,660	6,548,255	40,950,203	7,245,767	88,592,795	3,623,202	19,178,685	151,508,662	218,838	-	361,096,067
Disposals during the year	-	-	(112,141)	(6,443)	(127,964)	(10,869)	-	(70,056)	(1,409,761)	(182,039)	-	(1,919,272)
<b>Balance as at 31<sup>st</sup> December 2013</b>	<b>-</b>	<b>116,471,468</b>	<b>14,998,738</b>	<b>86,382,675</b>	<b>17,064,250</b>	<b>144,444,208</b>	<b>6,899,347</b>	<b>44,019,653</b>	<b>350,895,725</b>	<b>438,798</b>	<b>-</b>	<b>781,614,864</b>
<b>Net Book Value</b>												
Balance as at 1 <sup>st</sup> January 2013	1,701,736,867	506,080,313	33,350,614	100,799,810	28,760,607	170,793,859	9,011,416	49,931,391	333,830,667	1,312,923	282,178,776	3,217,787,244
Balance as at 31 <sup>st</sup> December 2013	1,710,152,014	734,769,832	41,795,940	100,438,451	37,541,295	359,397,823	9,715,015	63,058,839	277,475,840	845,394	32,406,423	3,367,596,865

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER**

NOTE NO		GROUP		CECB	
		2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>16</b>	<b>Investments</b>				
	Long term investment (Note 16.1)	38,326,397	68,114,301	38,326,417	68,114,321
	Short term investment (Note 16.2)	1,769,259,420	1,572,852,406	1,728,581,897	1,572,852,406
		<u>1,807,585,817</u>	<u>1,640,966,707</u>	<u>1,766,908,314</u>	<u>1,640,966,727</u>
<b>16.1</b>	<b>Long term investment</b>				
	<b>Loans and receivable financial assets</b>				
	Investment in Fixed Deposit	36,326,397	66,114,301	36,326,397	66,114,301
	<b>Available for sale financial assets</b>				
	Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
		<u>38,326,397</u>	<u>68,114,301</u>	<u>38,326,397</u>	<u>68,114,301</u>
	<b>Investment in subsidiary (Unquoted)</b>				
	Central Engineering Services (Private) Limited	-	-	20	20
		<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
		<u>38,326,397</u>	<u>68,114,301</u>	<u>38,326,417</u>	<u>68,114,321</u>
<b>16.2</b>	<b>Short term investment</b>				
	Repo	249,575,176	-	249,575,176	-
	Short term investments	1,519,684,244	1,572,852,406	1,479,006,721	1,572,852,406
		<u>1,769,259,420</u>	<u>1,572,852,406</u>	<u>1,728,581,897</u>	<u>1,572,852,406</u>
<b>17</b>	<b>Inventories</b>				
	Inventories	4,463,632	94,197,005	1,717,673	-
	Work in Progress	742,358,684	573,086,285	412,613,836	473,612,890
		<u>746,822,316</u>	<u>667,283,290</u>	<u>414,331,509</u>	<u>473,612,890</u>
<b>18</b>	<b>Trade and Other Receivables</b>				
	Trade Receivables (Note 18.1)	11,987,057,414	9,451,783,300	8,431,588,535	7,369,549,568
	Other Receivables (Note 18.2)	73,888,534	98,103,575	72,028,982	93,019,352
	Deposits, Prepayments and Advances (Note 18.3)	973,327,775	1,210,156,739	961,829,297	1,123,989,881
		<u>13,034,273,723</u>	<u>10,760,043,614</u>	<u>9,465,446,814</u>	<u>8,586,558,801</u>
<b>18.1</b>	<b>Trade Receivables</b>				
	Debtors	8,678,703,483	6,449,261,056	6,163,233,556	5,131,312,236
	Due from customers	1,621,329,837	2,032,777,542	1,073,170,531	1,357,100,354
	Retention receivables	2,512,560,140	1,524,454,179	2,020,720,494	1,435,846,455
	Less - Provision for Impairment (Note 18.1.1)	(825,536,046)	(554,709,477)	(825,536,046)	(554,709,477)
		<u>11,987,057,414</u>	<u>9,451,783,300</u>	<u>8,431,588,535</u>	<u>7,369,549,568</u>
<b>18.1.1</b>	<b>Provision for Impairment</b>				
	Trade Receivable	825,536,046	554,709,477	825,536,046	554,709,477
		<u>825,536,046</u>	<u>554,709,477</u>	<u>825,536,046</u>	<u>554,709,477</u>
<b>18.1.1.1</b>	<b>Trade Receivable</b>				
	Balance at the beginning	554,709,477	446,875,114	554,709,477	446,875,114
	Impairment loss recognised	270,826,569	256,904,814	270,826,569	256,904,814
	Amounts written off	-	(114,543,106)	-	(114,543,106)
	Balance at the end	-	(34,527,346)	-	(34,527,346)
		<u>825,536,046</u>	<u>554,709,477</u>	<u>825,536,046</u>	<u>554,709,477</u>
<b>18.2</b>	<b>Other Receivables</b>				
	Staff Loans	47,408,231	46,866,413	47,408,231	46,366,413
	Prepaid Staff Cost	6,131,394	6,560,208	6,131,394	6,560,208
	General Suspense	(1,675)	(320,414)	(1,675)	-
	Sundry Debtors	19,378,557	42,241,359	17,519,005	37,943,045
	WHT Receivable	972,027	2,756,009	972,027	2,149,686
		<u>73,888,534</u>	<u>98,103,575</u>	<u>72,028,982</u>	<u>93,019,352</u>
<b>18.3</b>	<b>Deposits, Prepayments and Advances</b>				
	Deposits	7,469,980	19,668,343	7,330,820	15,568,343
	Advances	958,880,130	1,176,474,225	948,159,088	1,102,158,038
	Prepayments	6,977,665	14,014,171	6,339,389	6,263,500
		<u>973,327,775</u>	<u>1,210,156,739</u>	<u>961,829,297</u>	<u>1,123,989,881</u>
<b>19</b>	<b>Amount Due from Related Party Companies</b>				
	Central Engineering Services (Private) Limited	-	-	1,083,035,301	234,753,626
		<u>-</u>	<u>-</u>	<u>1,083,035,301</u>	<u>234,753,626</u>

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER**

NOTE	GROUP		CECB	
	2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>20</b>	<b>Cash and Cash Equivalents</b>			
	<b>Favorable Balances</b>			
Cash in hand and at bank	395,979,023	528,870,657	306,896,851	462,019,676
Bank Impress	269,607	60,000	269,607	60,000
Cash in Transit	3,187,221	5,830,814	3,187,221	2,231,650
	<b>399,435,851</b>	<b>534,761,471</b>	<b>310,353,679</b>	<b>464,311,326</b>
	<b>Unfavorable Balances</b>			
Bank Overdraft	-	-	-	-
Flow Purpose	<b>399,435,851</b>	<b>534,761,471</b>	<b>310,353,679</b>	<b>464,311,326</b>
<b>21</b>	<b>Lease Creditors</b>			
Amount payable within one year	23,368,376	36,544,774	11,650,020	18,740,207
Amount payable after one year	7,199,960	35,565,671	604,418	11,624,193
	<b>30,568,336</b>	<b>72,110,445</b>	<b>12,254,438</b>	<b>30,364,400</b>
<b>22</b>	<b>Retirement Benefit Obligation</b>			
Balance as at 1 <sup>st</sup> January	228,787,990	203,004,443	228,787,990	203,004,443
Provision / (Reversal) or the year	(1,331,068)	54,909,537	(1,331,068)	54,909,537
	227,456,922	257,913,980	227,456,922	257,913,980
Payment made during the year	(23,452,024)	(29,125,990)	(23,452,024)	(29,125,990)
<b>Balance as at 31<sup>st</sup> December</b>	<b>204,004,898</b>	<b>228,787,990</b>	<b>204,004,898</b>	<b>228,787,990</b>

a) The Group has adopted LKAS 19- Employee Benefits, which was applied prospectively for the Financial Statements beginning on or after 1<sup>st</sup> January 2013 (i.e. applicable for financial year ended 2013). As such, comparative figures have not been adjusted.

b) The retirement benefit obligation of CECB and the Group as at 31<sup>st</sup> December 2013 are based on the actuarial valuation carried out by professionally qualified firms of actuaries Messers. Actuarial and Management Consultants (Pvt) Limited. Accordingly, the unfunded present value of defined benefit obligations as at 31<sup>st</sup> December 2013 of CECB and Group is Rs. 204 million.

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

Rate of Discount	10%
Salary Incremental Rates	12%
Employee Turnover Factor	0.01% - 0.15%
Retirement Age	60 Years

d) Interest cost, current service cost, actuarial Gain/(Loss) cannot be estimated as this is the first year of the actuarial valuation of the gratuity liability.

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER**

NOTE	GROUP		CECB	
	2013 Rs.	2012 Rs. Restated	2013 Rs.	2012 Rs. Restated
<b>23 Trade and Other Payables</b>				
Trade Payables (Note 24.1)	12,648,867,766	10,926,391,737	10,857,531,858	9,033,249,017
Other Payables (Note 24.2)	1,802,826,295	1,402,184,163	475,760,096	986,093,778
	<b>14,451,694,061</b>	<b>12,328,575,900</b>	<b>11,333,291,954</b>	<b>10,019,342,795</b>
<b>23.1 Trade Payables</b>				
Creditors	3,768,792,440	951,095,780	3,768,792,440	756,638,966
Due to Customers	3,973,030,147	4,699,511,763	2,743,356,823	3,793,118,525
Mobilization & Other Advances	4,209,970,258	4,833,237,386	3,657,367,563	4,041,787,838
Retention Payables to Contractors	697,074,921	442,546,808	688,015,032	441,703,688
	<b>12,648,867,766</b>	<b>10,926,391,737</b>	<b>10,857,531,858</b>	<b>9,033,249,017</b>
<b>23.2 Other Payables</b>				
Other Advance	915,677	2,194,902	915,678	2,194,903
Unpaid salaries	7,417,852	-	7,417,852	-
Sundry Creditors	29,408,835	303,832,483	26,721,535	204,744,811
Refundable Deposits	375,532	228,700	375,532	105,000
Accrued Expenses	1,578,059,935	976,607,953	308,058,001	702,123,702
Provision for VAT	-	-	-	-
PAYE tax	2,203,247	8,174,708	2,203,247	8,174,708
Withholding Tax Provisions	-	5,598,635	-	5,073,635
Other Taxes	184,445,217	105,546,782	130,068,251	63,677,019
	<b>1,802,826,295</b>	<b>1,402,184,163</b>	<b>475,760,096</b>	<b>986,093,778</b>
<b>24 Income Tax Payables</b>				
Balance at the beginning of the year	382,092,902	452,561,417	374,116,600	450,453,362
Income tax for the year	267,791,716	259,871,110	256,524,029	254,002,864
Provision in respect of the last year	-	31,791,200	-	31,791,200
Payments made during the year	(94,859,808)	(362,130,826)	(92,000,000)	(362,130,826)
With holding tax	(8,051,923)	-	(7,529,200)	-
Balance at the end of the year	<b>546,972,887</b>	<b>382,092,902</b>	<b>531,111,429</b>	<b>374,116,600</b>

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31ST DECEMBER 2013**

**25 Related Party Transactions**

**CECB**

**25.1 Transaction with Subsidiaries**

**(a) Central Engineering Services (Private) Limited**

Mr. Nihal Rupasinghe is the chairman of the both parent (CECB) and subsidiary (CESL) of the group and Mr. M.A.P. Hemachandra, Mr.S.M.N.L. Senanayake, Mr. S.S. Ediriweera who were Directors of CECB as at 31<sup>st</sup> December 2013, were also Directors CESL. The Company has carried out transactions with CECB during the year, and the details were as follows,

Further, Mr. G.D.A Piyathilaka and Mr. K.L.S. Sahabandu are key management personal of CECB and also directors of CESL

Nature of the Transactions	Amount	
	2013	2012
	Rs.	Rs.
Sub Construction Costs	(5,155,549,499)	(3,935,925,846)
Vehicle Hiring Expenses	(25,688,266)	(8,887,483)
Bitumen Purchases on behalf of CESL	319,671,931	252,577,976
Payment received for bitumen Purchases	(48,004,236)	(46,473,865)
Machine Hiring Income	1,672,449	100,481,421
Salary payment reimbursement	55,739,420	
Fund transfer	6,368,258	108,624,689
Lab testing income	2,070,545	
Consultancy fee cost	(500,000)	
Construction expenditure reimbursement	320,245,239	
Vehicle Maintenance income		658,474

**25.2 Terms and conditions of transactions with related parties**

The Income from related party and expenditure incurred or purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This note should be read in conjunction with Note No. 19 and 26 to these Financial Statements.

**Transactions with Key Management Personnel**

LKAS 26 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) as key management personnel of the Company/Group have been classified as Key Management Personnel.

	CECB		GROUP	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
<b>Compensation paid to Key Management Personnel</b>				
Salaries and other Employment Benefits	<u>4,004,901</u>	<u>4,004,901</u>	<u>5,360,901.00</u>	<u>5,360,901.00</u>

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2013

**26 Commitments and contingencies**

**GROUP**

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

**26.1 Contingencies**

**Legal case filed against the Company**

Case No	Description	Present status
MR/ 8748 District Court of Matale	H.D.R.S. Diddeniya & A. J. A. P. Indrasiri are demanding Rs. 8,000,000.00 for the damages occurred their house which situated near Dambulla – Kandalama road. The investigation has revealed that the damages had not been occurred due to the constructions of road.	The Matter is still pending
296/ Damages District Court of Ampara	C. Samantha Nanda Silva is claiming Rs. 2,500,000.00 for the accident caused to death of his son by CECB Vehicle.	The Matter is still pending
155/Damages District Court of Kaduwela	Foreign Bureau has claimed to pay Rs. 1,664,677.00 stating that their Power Generator was damaged by construction materials which were fallen down from CECB constructions site. As such materials were not used by CECB for construction works. CECB is contesting the case.	The Matter is still pending
956/M District Court of Welimada	Sundara Raj Warun Kumar and Suppaiya Asari Sundara Raj has claimed Rs. 1,000,000/- as compensation for the damages caused by the accident.	The Matter is still pending
524/Damages District Court of Kaduwela	M.I.S. Yomal Perera has claimed Rs. 10,000,000/- from CECB as compensation for the damages caused by accident.	The Matter is still pending
Resolution by Adjudicator Construction of 172m High Self – Supporting Steel Broadcast Tower at Kokavil	IGTL Solution Lanka has claimed Rs. 64,312,623.00 for the increased cost of erection & painting of the tower. CECB is contesting the case stating that according to the contract entered with IGTL, no provision to entertain additional claims as the contract was awarded on fixed lump sum.	The Matter is still pending
370/M District Court of Mallakam	Sinnarasa Sivarasa (Widow) Hamsawadeni & Six Others are claiming Rs. 70,000,000.00 from CECB for the death of her husband caused by negligence of CECB.	The Matter is still pending
1564/13 District Court of Colombo	Eng. W.k.P.I. Rodrigo filed a defamation case and claiming Rs. 500,000,000.00 as compensation.	The Matter is still pending
1820/13 DMR District Court of Colombo	Tuan Wamsa Caseem is claiming Rs. 1,000,000.00 as Labour Cost from CECB.	The Matter is still pending

**CENTRAL ENGINEERING CONSULTANCY BUREAU**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31ST DECEMBER 2013

27 Comparative Information in the CECB Financial Statements have been restated as follows:

Statement of Comprehensive Income

		2012	Group	Change	2012	CECB	Change
		Restated	2012		Restated	2012	
		Rs.	Published	Rs.	Rs.	Published	Rs.
			Rs.			Rs.	
<b><u>Other Income</u></b>				-			
Hiring Income	Note A, B	141,365,778	4,258,960	137,106,818	141,365,778	4,258,960	137,106,818
<b>Total Impact for 2012</b>				<b>137,106,818</b>			<b>137,106,818</b>
<b>Restated Profit for the year</b>		<b>404,175,705</b>	<b>266,991,682</b>	<b>137,184,023</b>	<b>396,282,499</b>	<b>259,098,476</b>	<b>137,184,023</b>

**Note A**

CECB account for hiring income which was receivable from CESL as at 31st December 2012

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1.	Balance Sheet			
1.1	Verification of the existence of physical assets (Land, Buildings, Plant & Machinery, Stores etc.)			
1	Was a physical verification of all the physical assets carried out as at date of the Balance Sheet?	Yes	-	All Assets are verified
2	Where no physical verification was carried out as at the date of the Balance Sheet, were the assets verified on a staggered or continuous basis?	-	-	Some were done on a staggered basis
3	Are schedules showing book quantities, physically verified quantities, variations, action taken with regard to variations in respect of the verifications carried out available for audit examination?	Yes	-	Wherever, verifications were completed
4	Give a summary of the position with regard to physical verification as shown in Annex 1, which is duly completed and submitted herewith	-	-	Refer Annex 1
1.2	Confirmation of money assets (bank balances, petty cash balances, debtors, advances, deposits, investments etc.)			
1	Were custodians required to confirm the balances of the money assets as at the Balance Sheet date?	Yes	-	
2	If no confirmations were called for as at the Balance Sheet date, were confirmations called for as at any other date during the year?	-	-	Not Applicable
3	Are the confirmations received available for audit examination?	Yes	-	Requested confirmations to be directly forwarded to Auditors

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1.3	Confirmation of liabilities ( all liabilities including capital and current liabilities )			
1	Were letters sent out calling for confirmation of liabilities as at the Balance Sheet date?	Yes	-	
2	If no confirmation were called for as at the Balance Sheet date, were confirmations called for as at any other date during the year?	-	-	Not Applicable
3	Are the confirmations received available for audit examination?	Yes	-	Requested confirmations to be directly forwarded to Auditors
1.4	Legal position with regard to assets and liabilities			
1	Are all the assets shown in the Balance Sheet owned by the Corporation?	Yes	-	
2	If the legal position with regard to the ownership of any assets shown on the Balance Sheet is not clear, give particulars of such assets in a separate schedule. A schedule is annexed.	-	-	Not Applicable
3	Does legal liability exist in respect of each liability shown in the Balance Sheet?	Yes	-	
4	If the legal position with regard to any liability is not clear, give particulars of such liability in a separate schedule. A schedule is annexed.	-	-	Not Applicable
5	Are there any assets or liabilities legally determined but which have not been disclosed in the Balance Sheet? If so, give particulars of such assets and liabilities in a separate schedule. The schedule is annexed.	No		Not Applicable

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1.5 Valuation of Assets			
1 Statements showing particulars of the valuation of fixed assets, stocks, etc, should be prepared in the form shown in Annex 2. The relevant statements are submitted herewith.	-	-	Schedules of Assets & Stocks are available. Details could be provided at the time of Audit.
2 Has there been any change in the basis of valuation of any type of asset during the year as compared to the basis adopted during the previous year?	No	-	
3 If there has been any such change in the basis of valuation of assets, particulars of such assets and changes should be given in the form shown in Annex 3. Annex 3 duly completed is annexed.	-	-	Not Applicable
4 In the valuation of any assets have the following charges been included? (a) Financing Charges; (b) FEECs	-	-	Not Applicable
5 In the valuation of any asset, has any indirect cost been charged on the basis of any apportionment?	-	No	
6 Where the value of any asset has been estimated, give particulars of such assets, the basis of estimating and the reasons there for in a separate schedule. Such schedule is annexed.	-	-	Not Applicable
7 Is the work in progress determined on the basis of works certified?	Yes	-	
8 Has any advance payment to contractors been treated as work in progress without work certificates?	-	No	
9 Are all the retention moneys due to contractors shown separately under liabilities?	Yes	-	

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1.6	Valuation and computations of liabilities and provisions			
	Has there been any change on the basis of computation or valuation of any liabilities or provisions including provisions for depreciation, bad debts, obsolescence, etc., during the year as compared to the basis adopted in the previous year?	-	No	
	Give particulars of such liabilities, provisions and the changes in the basis of computation and valuation in the form shown in Annex 4. Annex 4 duly completed is submitted herewith.	-	-	Not Applicable
1.7	Trial Balance			
	If the Trial Balance has not been agreed, what is the difference?			Agreed
1.8	Control Accounts			
	Give in the form shown in Annex 5 particulars of control accounts maintained and the difference, if any, between the control accounts balances and the detailed subsidiary ledger balances. The form duly			Schedule Annexed
1.9	Bank Reconciliation			
	Has the Bank Reconciliation as at the date of the Balance Sheet been prepared?	Yes		
	Have all debits and credits made direct by the Bank been incorporated in the Cash Book in arriving at the Cash Book Balance shown in the reconciliation?	Yes		
	Are there payments which are outstanding for six months or more awaiting debit by the Bank?		No	
	Are there any credits outstanding more than one week recorded in the Cash Book but not credited by the Bank?		No	
	Give particulars of the debits and credits referred to in 2 above in a separate schedule.	-	-	Not Applicable

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1.10 Suspense Accounts			
1 Are there any debit accounts or credit accounts appearing in the Balance Sheet which accommodate unidentified items and which await reconciliation and clearing?	No	-	
2 Give particulars of such accounts in the form shown in Annex 5. Annex 5 duly completed and submitted herewith.			Annexed
2 Trading, Manufacturing, Profit and Loss Accounts			
2.1 Basis of Accounting			
1 Are the revenues and incomes treated on accrual basis?	Yes	-	
2 Are all expenditures treated on an accrual basis?	Yes	-	
3 Where any item of income or expenditure is not accounted for on an accrual basis, give particulars of such items and reasons for such procedure in a separate schedule. The schedule is annexed.	-	-	Not Applicable
4 Where a change in the basis of accounting has occurred give particulars of such changes and the effect of such changes on the financial results of the year in the Form shown in Annex 8	-	-	Not Applicable
2.2 Matching the revenue with expenditure			
1 Have all expenses incurred in the earning of revenue been charged against revenue?	Yes	-	
2 Has any item of expenditure been omitted?	No	-	
3 Has any item of revenue been omitted?	No	-	
4 If any item of revenue or expenditure had been omitted give particulars of such items and the reasons therefor in a separate schedule.	-	-	Not Applicable

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
2.3	Exceptional Items			
1	Are there any items of revenue of a non-recurring nature or which are unusual or exceptional?	-	No	
	What is the total of such items?	-	-	Not Applicable
2	Are there any items of expenditure of a non-recurring nature or which are unusual or exceptional?	-	No	
	What is the total of such items?	-	-	Not Applicable
3	What would be the profit or loss for the year under review exclusive of the exceptional items referred to above?	-	-	Not Applicable
2.4	Estimates and Appointments			
1	Has any item of revenue or expenditure or any part thereof been brought into account on an estimated basis?	-	No	
2	Does any item of revenue or expenditure include transfers from other accounts on any basis of apportionment?	-	No	
3	Where any estimates or apportionments have arisen, give particulars of such estimates and apportionments, the reason for estimating and apportioning and the basis of estimating and apportioning in a separate schedule.	-	-	Not Applicable
2.5	Capital and Revenue Expenditure			
1	Does expenditure charged against income include any items, the benefit of which may extend beyond the period of the accounts?	No	-	
2	Has any expenditure which are directly associated with stocks, stores or fixed assets including financial charges, charged separately in the Profit and Loss Account without being included in the cost of the assets concerned?	No	-	
3	Has interest, rebates, discounts and financial charges relating to acquisition of fixed assets been brought to account in the Profit and Loss Account?	No	-	

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
2.6	Variations in Profit and Loss Items			
	Give particulars of the variations in items shown in the Profit and Loss Accounts as compared to the previous year in the Form shown in Annex 9. Annex 9 duly completed is submitted herewith.			
1		-	-	Schedule Annexed
2.7	Appropriations			
	Have the appropriations of profits up to the previous Balance Sheet date been approved in accordance with the provisions of the Finance Act. No. 38 of 1971?			
1		-	-	Not Applicable
	Are the proposed appropriations of the current year's profits approved in accordance with the provisions of the Finance Act No. 38 of 1971?			
2		-	-	Not Applicable
	Has Application been made to the Ministry in charge for the necessary approval of appropriations of surpluses in accordance with the provisions of the Finance Act. No. 38 of 1971?			
3		-	-	Not Applicable
	Have all compulsory contributions to the Consolidated Fund been charged in arriving at the net surplus available for appropriations?			
4		Yes	-	
2.8	Variations compared to Budget			
	Explain all the major variations between the items in the accounts for the current period with those of the budget in the form shown in Annex 10.			
1				Our Organisation is undertaking Consultancy and Turn-Key Projects in the open market. Getting the work depends on the availability and competition in the market. As such, preparation of a realistic budget is not possible.
	Explain the variations between budgeted output volume and actual output volume in the form shown in Annex 10.			
2				

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
3 Procedures			
3.1 Have written instructions or manuals been prepared in respect of the following subjects?			
(a) Purchasing	Yes		
(b) Sales	-		Not Applicable
(c) Receipts	Yes		
(d) Payments	Yes		
(e) Inventory Control	Yes		
(f) Budgeting	Yes		
(g) Capital Expenditure Control	Yes		
(h) Security and Maintenance of Assets	Yes		
(I) Pay-Rolls	Yes		
(j) Foreign Exchange Allocations	-		Not Applicable
(k) FEECs	-		Not Applicable
3.2 Have control accounts been maintained in the general ledger in respect of the following?			
(a) Fixed Assets	Yes		
(b) Stocks	Yes		
(c) Trade Debtors			Individual debtor accounts are maintained
(d) Employee Debtors	Yes		
(e) Trade Creditors			Individual debtor accounts are maintained
(f) Deposits receivable	Yes		
(g) Deposits payable	Yes		
(h) Others (with details)	Yes		
3.3 Has an internal audit been in operation?	Yes	-	

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
3.4 Is there numerical control on all important documents supporting original entries in the accounts such as purchase orders, payment vouchers, sales invoices, cash receipts, goods receipts, goods issue orders, etc.?	Yes	-	
4 Compliance with laws, regulations, etc.			
1 Have all income tax returns required to be rendered been rendered?	Yes		
2 Is payment of Income tax in arrears?	Yes		
3 Have all amounts due in respect of Value Added Tax been paid promptly?	Yes		
4 Have any fines been imposed for non-payment of Inland Revenue taxes?	Yes	-	
5 Have provisions of the Shop and Office Employees' Act been complied with?	Yes	-	Wherever applicable
6 In entering into contracts involving foreign exchange, has the necessary approvals been obtained from the Central Bank, Exchange Control, Ministry of Planning and other authorities?	Yes	-	
7 Are there any Board decisions which have not been implemented?		No	
8 Are there any Directives from the Cabinet, the Ministry or the Treasury which have not been complied with?		No	
9 Are all the provisions in Finance Act, No. 38 of 1971, being complied with? Indicate the numbers of the sections.		-	
5 Losses			
1 Details of losses detected and experienced during the year should be given in the form shown in Annex 11.			Not Applicable

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
6 Idle Resources			
1 Is there any plant, machinery or equipment which is ready for operation but not in operation?	-	No	
2 Is there any plant, machinery or equipment which is under utilized?	-	No	
3 Are there any surplus, redundant or obsolete assets awaiting disposal?	-	No	
4 Are there any item of plant, machinery, etc., awaiting installation?	-	No	
5 Particulars of idle resources should be given in the form shown in Annex 12. The form duly completed is submitted herewith.			Not Applicable
7 Commitments and Contracts			
1 Were contracts entered into in respect of which any Director or the Corporation had any interest? If so, did the Directors declare their interest?	-	No	Such contracts
1A Were there any related party transactions?			Bureau has been a subscriber (1 share @ Rs 10/-) to the Memorandum & Articles of Association of Central Engineering Services (Pvt) Ltd., which has not commenced business up to date.
2 Were any contracts entered into with foreign suppliers or buyers?	-	No	
3 Were any contracts awarded to parties other than the lowest in case of a purchase or highest in case of a sale?	-	No	
4 In evaluating the contracts, were the following factors taken into consideration?			
(a) Foreign Exchanges costs;			Not Applicable
(b) Credit terms			Not Applicable
5 Were there any contracts for purchases or capital expenditure in respect of which the final cost of the work done exceeded the value of the original contract?	-	No	

## CENTRAL ENGINEERING CONSULTANCY BUREAU

### REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
6			
Was any additional work awarded to any contractor or supplier after the award of the original contract without calling for tenders or quotations? If so, what is the value of the work awarded?	-	No	
7			
Were there any contracts in respect of which the date of completion had to be extended beyond the originally agreed date?	-	No	
8			
Were there any contracts which were abandoned by the contractor?	-	No	
9			
Were there any contracts awarded to any party without calling for quotations or tenders?	-	No	
10			
Were there any contractors or suppliers who defaulted the terms of the contract?	-	No	
11			
Did any disputes arise with any contractor during the period under review?	-	No	
12			
Were there any contracts awarded to any party without calling for quotations or tenders?	-	No	
13			
Are there any penalties or fines recoverable from contractors, suppliers and buyer?	-	No	
14			
Particulars of the contracts awarded during the year should be given in the form shown in Annex 13.	-	-	Not Applicable
8			
Project in Progress			
1			
Particulars with regard to capital projects in progress should be given in the form shown in Annex 14.	-	No	
9			
Write - Offs			
1			
Are any amounts written off during the year in respect of the following?			
(a) Debtors for sales	-	Yes	
(b) Debts due from employees	-	No	
(c) Debts due from contractors and Suppliers	-	No	
(d) Debts due from other parties	-	No	
Give particulars of amounts written-off in the form shown in Annex 15. The form duly completed is submitted herewith.	-	-	

**CENTRAL ENGINEERING CONSULTANCY BUREAU**

**REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)**

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
10 Information to Board			
1 Is regular information submitted to the Board in respect of the following?			
(a) Inventories of all classes on stocks	-	-	Yearly
(b) Debtors,	-	-	Monthly
(c) Capital projects,	-	-	Not Applicable
Cost statements and Profit and Loss			
(d) Accounts relating to manufacture, services and sales	-	-	Quarterly
(e) Variations of actuals against budget,	-	-	Quarterly
(f) Cash Forecasts	-	-	Quarterly
What other information is submitted regularly to the Board?			
Give particulars of the information regularly submitted to the Board in the form shown in Annex 16. The form duly completed is submitted herewith	Yes		Schedule Annexed

Information to be shown in the Annexures should be tabulated under the following headings in columnar form:

**ANNEX 1**

- |  |   |                   |
|--|---|-------------------|
| <ul style="list-style-type: none"> <li>1. Class of asset</li> <li>2. Type of asset</li> <li>3. Type of verification</li> <li>4. Proportion of total assets verified</li> <li>5. Value of Shortages</li> <li>6. Value of Excesses</li> <li>7. Shortages adjusted in books</li> <li>8. Excesses adjusted in books</li> <li>9. Shortages awaiting adjustment Balance Sheet date</li> <li>10. Excesses awaiting adjustment Balance Sheet date</li> </ul> | } | It Could be given |
|--|---|-------------------|

**CENTRAL ENGINEERING CONSULTANCY BUREAU**

**REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13 (6) OF THE FINANCE ACT NO: 38 OF 1971 (CONTINUED)**

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
<b>ANNEX 2</b>			
1. Asset description			It Could be given
2. Elements of cost distinguishing between direct costs and apportioned costs			Cost of purchase
<b>ANNEX 3</b>			
1. Description of liability and provision			} Not Applicable
2. Description of original basis valuation or computation			
3. Value on original basis			
4. Description of new basis of valuation computation			
5. Value on new basis			
6. Effect of change on assets			
7. Effect of change on assets			
8. Effect of change on other liabilities and reserves			



**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

H/F/CECB/01/13/07

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

12 November 2015

The Chairman,  
Central Engineering Consultancy Bureau

**Report of the Auditor General on the Financial Statements of the Central Engineering Consultancy Bureau (CECB) and the Consolidated Financial Statements of the CECB and its Subsidiary for the year ended 31 December 2013 in terms of Section 14(2) (c) of the Finance Act, No.38 of 1971.**

The audit of financial statements of the Central Engineering Consultancy Bureau (CECB) and the consolidated financial statements of the CECB and its Subsidiary (Central Engineering Services Limited - CESL) for the year ended 31 December 2013 comprising the statements of financial position as at 31 December 2013 and the statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 29 (2) of the State Industrial Corporation Act, No. 49 of 1957. My comments and observations which I consider should be published with the annual report of the Bureau in terms of Section 14(2)(c) of the Finance Act, appear in this report. The financial statements of the Subsidiary were audited by a firm of Chartered Accountants in public practice appointed by the Board of Directors of the respective Subsidiary. A detailed report in terms of Section 13(7) (a) of the Finance Act will be issued to the Chairman of the Bureau in due course.

**1:2 Management's Responsibility for the Financial Statements**

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

**1:3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to



obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinion.

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

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

### 2. **Financial Statements**

#### 2.1 **Qualified Opinions**

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

In my opinion, except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the consolidated financial statements give a true and fair view of the financial position of the Central Engineering Consultancy Bureau and its Subsidiary as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

##### (b) **Qualified Opinion–CECB**

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Central Engineering Consultancy Bureau as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 2.2 Comments on Group's Financial Statements

The following observations are made.

- (a) The following intercompany transactions disclosed in the individual financial statements as at 31 December 2013 had not been tallied each other and as a result the accuracy of those transactions and their impact to the individual and group financial statements could not be ensured in Audit.

Item	Amount as per the Financial Statements of the Subsidiary	Amount as per the Financial Statements of the CECB	Difference
	Rs.	Rs.	Rs.
Construction Revenue/ (Expenditure)	5,142,391,103	(5,155,549,499)	13,158,396
Income / (Expenditure) for Hiring of Vehicles	25,588,266	(25,688,266)	100,000
Building Rent Income/ (Expenditure)	(132,000)	-	(132,000)
Fund Transfer to the CESL from the CECB	-	6,368,258	6,368,258
Construction Expenditure Reimbursable / Payable	-	320,545,239	320,545,239
Consultancy Fee	-	500,000	500,000

- (b) According to the computation done by the audit, based on the information disclosed in the financial statements of the CESL in respect of related party transactions, the following overstatements in the Group financial statements were observed.

Item in the Financial Statements	Balance as per computation done by Audit	Balance as per the Group Financial Statements	Amount Overstated
	Rs.	Rs.	Rs.
Mobilization Advance Payable	3,657,367,563	4,209,970,258	552,602,695
Mobilization Advance Receivable	406,277,435	958,880,130	556,130,666

Retention Money Receivable	2,020,720,494	2,512,560,140	491,839,646
Retention Money Payable	196,175,386	697,074,921	500,899,535
Debtors	6,164,693,501	8,678,703,483	2,514,009,982
Creditors	2,519,573,670	3,768,792,440	1,249,208,770

## 2.3 Comments on Financial Statements of the CECB

### 2.3.1 Sri Lanka Accounting Standards (LKAS)

The following observations are made.

- (a) **Sri Lanka Accounting Standards (LKAS 01) – Presentation of financial statements** - A sum of Rs.1,356,000 paid by the CESL to the key personnel of the CECB had not been disclosed under the related party transactions in the financial statements.
- (b) **Sri Lanka Accounting Standards (LKAS 24) – Related Parties and Related Party Transactions**, The involvement of the management of the CECB in the operational activities of the Subsidiary i.e. The Deputy General Manager (Finance) of the CECB functioned as a Finance Manager of the Subsidiary and the Additional General Managers of the Base Offices of the CECB functioned as the Operational Managers of the Base Offices of the Subsidiary had not been disclosed in the financial statements for the year under review.

### 2.3.2 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs.1,073,170,531 due from customer account balance shown in the financial statements as at 31 December 2013 had been understated by Rs.63,942,627 due to setting off a credit balance of the Project bearing No. D 1512 at Kandy Base Office.
- (b) The Ministry of Economic Development had granted machineries and equipment valued at Rs.3,601 million to the Bureau in 2012 to expedite the road construction projects undertaken by the Bureau. However, the Ministry had recovered a sum of Rs.250 million from the contract payments due to the Bureau in this regard. Moreover, without carrying out any professional valuation of those assets and ignoring the grant portion of Rs.3,351 million, the Bureau had accounted them at Rs.250 million.

- (c) Adjusted contract sum of two construction completed projects bearing Nos. 1481 and 1496 had not been taken into accounts in ascertaining the contract revenue of the year 2013 and as a result, the construction revenue shown in the financial statements had been overstated by Rs.658,567.
- (d) The tax portion included in the mobilization advance balance relating to the consultancy fees had not been accounted separately and as a result, the Value Added Tax (VAT) and Nation Building Tax (NBT) payables and mobilization advance received shown in the financial statements as at 31 December 2013 had been understated and overstated by Rs.2,346,603, Rs.1,091,208 and Rs.3,437,811 respectively.
- (e) Four invoices relating to the Projects bearing Nos. C 990, 991, 993 and 921 issued in 2013 had not been brought to the accounts and as a result, the debtor balance and contract revenue shown in the financial statements had been understated by Rs.9,384,637.
- (f) According to the client certified bills, the retention money balance of the Project bearing No. 1597 was Rs.6,011,979. Nevertheless, according to the financial statements it was shown as Rs.1,602,337. Hence, the retention money balance and due from customer account balance shown in the financial statements as at 31 December 2013 had been understated and overstated by Rs.4,409,642 respectively.
- (g) The goods valued at Rs.5,276,430 received in 2013 had not been brought to the financial statements of the year under review.
- (h) The cash and cash equivalents amounting to Rs.18,972,443 shown in the financial statements had been included in the Deposit Advances of Rs.1,399,843 as well.
- (i) According to the financial statements, the retention money receivable balances relating to nine Projects of the Badulla Base Office as at 31 December 2013 was totaling Rs.9,217,282. However, according to the certified bills, it was Rs.245,266,449. Hence, the retention money receivable balance shown in the financial statements as at 31 December 2013 had been understated by Rs.236,049,167.
- (j) The Bureau had not considered the amounts in payment certificates / certified bills in ascertaining the year end debtor balances relating to six Projects and as a result, the debtor balances shown in the financial statements as at 31 December 2013 had been overstated by a net amount of Rs.20,766,409.
- (k) An aggregate amount of Rs.321,793 in respect of two cheques issued in 2012 which were not presented to the Bank up to end of the year 2013 had remained in the accounts without being adjusted. As such the both cash balances and trade and other payables shown in financial statements had been understated by similar amount.

- (l) The fees charged by the Consultancy Division to the Construction Division of the Bureau for the year 2013 amounting to Rs.85,374,137 had not been eliminated when preparing the consolidated financial statements and as such, both consultancy fees and the construction cost shown in the financial statements as at 31 December 2013 had been overstated by Rs.85,374,137.
- (m) There was no any contract variation in respect of the Projects bearing Nos. 1397 and 1540 as at 31 December 2013. However, a contingency provision for Rs.10,980,249 had been made in the accounts in computation of the profit of those projects for the year 2013 based on the completion percentage method. As a result, the revenue shown in the financial statements had been overstated by Rs.4,888,575.
- (n) Mobilization advance and retention money receivable balances shown under current assets in the financial statements in respect of Katubedda Base Office had been overstated and understated by of Rs.30,707,363 and Rs.240,482 respectively due to not taking the balance in the certified bills of the respective Projects.
- (o) According to the approval granted by the Standard Technical Committee, the contract sum of the Project No. 1339 was Rs.22,786,975. Whereas, according to the financial statements it was Rs.23,524,219. Accordingly, the revenue had been overstated by Rs.737,244. Further, when comparing the revenue and the total cost of Rs.24,359,361, the loss sustained to the Bureau from that Project for year 2013 was Rs.1,572,786.
- (p) Impairment assessment had not been done for the trade debtors and retention money receivable balances aggregating Rs.400,024,049 remained outstanding for more than five years as at 31 December 2013 at the Base Offices other than Sabaragamuwa and Battaramulla.

### 2.3.3 Unidentified Differences

The following items shown in the cash flow statements of the Group and the Bureau for the year under review had been differ from the figures used for profit calculations.

Description	Amount as per Cash Flow Statement	Amount as per Income Statement	Difference
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Bad and Doughtful Debtors	270,826,569	314,363,617	43,537,048
Loss on Disposal of PPE	1,319,392	18,907	1,300,485

**2.3.4 Accounts Receivable and Payable**

The following observations are made.

- (a) Debtor balance of Rs.3,213,047 in relation to the Projects bearing Nos. D 542, 609, 210 and 566 had remained outstanding for more than five years as at 31 December 2013. It was further observed that, those balances had been remained as at March 2015 without being taken any recovery action.
- (b) The outstanding debtor balance of Rs.415,769,642 remained unrecovered in the financial statements over a period of more than four years as at 31 December 2013 without being taken any recovery action.
- (c) Even though 16 Projects implemented by Badulla and North Central Base Offices had been fully completed as at 31 December 2013, the dues from and dues to customer account balances of Rs.68,229,420 and Rs.12,306,686 respectively had been appeared under those projects in the financial statements of the year 2013 without being cleared.

**2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.**

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

<u>Reference to Laws, Rules, etc.</u>	<u>Non-compliance</u>
(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 submitted along with the financial statements to the Auditor General.
(b) Public Enterprises Department Circular No. 95 of 04 June 1994	Various allowances such as, retaining allowance, personal allowance, and professional allowance had been paid to the permanent and contract base employees of the Bureau without the approval of the General Treasury. Total amount so paid in 2013 was Rs 26,323,659.

### 3. Financial Review

#### 3.1 Financial Results

According to the financial statements presented, the operations of the CECB and the Group for the year under review had resulted a pre-tax net profit of Rs.584,746,149 and Rs.610,013,445 respectively as compared with the corresponding pre-tax net profit of Rs.682,076,563 and Rs. 695,853,050 respectively for the preceding year, thus indicating a deterioration of Rs.97,330,414 and Rs.85,839,605 or 14.27 and 12.34 per cent respectively in the financial results. The increase of operating expenditure by Rs. 90,945,307 in the year 2013 as compared with the preceding year was the main reason attributed for this deterioration.

#### 3.2 Analytical Financial Review

The following observations are made.

- (a) The CECB had earned a pre – tax net profit of Rs.584 million during the year under review by utilizing its staff strength of 1,471 and total assets base of Rs.16,179 million Further, the profit is represented 3.6 per cent of the total assets of the Bureau.
- (b) When analyzing segmental profit of the Bureau, the Construction Division and Consultancy Division represented 118.6 per cent and 55.5 per cent profit margin respectively while representing 74.1 per cent negative profit margin from other sources. The abnormal increase in Construction Divisions' profit emerged due to not applying the cost identification for calculation of profit as per LKAS 11 which mean not absorbing of indirect expenditure to relevant construction projects such as depreciation, staff cost, overtime, incentive for staff and Head office charges.
- (c) Operating profit margin and net profit margin of the year under review was 2.56 per cent and 2.17 per cent respectively and as compared with the previous year, these profit margins had been decreased by 1.29 per cent and 0.86 per cent respectively.

#### 3.3.1 Performance Review

The Consultancy Division of the CECB had been fully equipped with all necessary physical and human resources to serve the Nation in all types of engineering consultancies. However, at present CECB had mainly focused on construction works rather than consultancy in contrary to the objectives of establishing the Bureau.

The Chairman of the Bureau states in this regard as follows.

*The reason why CECB had to get involved in construction was since early 1990's was the lack of Consultancy work to sustain the staff it had inherited at the end of Mahaweli era.*



5. **Budgetary Control**

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

6. **Systems and Controls**

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

- (a) Assets Management
- (b) Inventory Control and Stock Management
- (c) Procurement of Construction Material
- (d) Fund Management
- (e) Invoicing of Contract Revenue
- (f) Control over Debtors and Receivables
- (g) Control over Creditors, Advances and Payables
- (h) Performance Evaluation
- (i) Contract Administration
- (j) Investment and Control over Subsidiary
- (k) Human Resources Management



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

## BACKGROUND OF CECB

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

The Bureau was at the forefront of some of the largest development projects in Sri Lanka and is the premier consultancy organization in Sri Lanka with a wide range of expertise in different engineering disciplines. CECB served as one of the key institutions in the implementation of the Mahaweli Project (Cascade development of the largest river in Sri Lanka). In the implementation of these multi billion Rupee projects, the Bureau was associated with several international consultants and had developed strong engineering competence and expertise through these associations. The Bureau was responsible for the design and supervision of all project related infrastructure (access roads, bridges, buildings and water supply) associated with the major hydropower and Irrigation projects. Socio economic aspects (resettlement, community development) and environmental studies were an integral part of all these major projects.



## CECB - At a Glance

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

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

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

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

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

Post-war development partner with government

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

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

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

Since 2005 CECB has been shown constant growth of turnover and market share. The LMD is a one of pioneer business magazine, which has been the source of current business issues, management ideas and provide information on performance of both state own enterprises and private sector companies. LMD has been listing best 20 success state own enterprises every year based on financial and physical performance. CECB has been listed at 12th positions among the best 20 SOE's for the year ended 2011/12.

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

# HIGHLIGHTS OF THE YEAR 2013

## NOTABLE ACHIEVEMENTS FOR THE YEAR

The Central Engineering Consultancy Bureau won the prestigious **Excellence in Engineering Award - 2013** for its outstanding achievements in Engineering Services. This annual Excellence in Engineering Awards by the Institution of Engineers Sri Lanka (IESL), the premier professional body of Engineers in Sri Lanka, recognizes individuals and organizations that excel in the national engineering sector.



Eng. K.L.S.Sahabandu, the General Manager of Central Engineering Consultancy Bureau receiving the award from Hon. Minister of Economic Development Basil Rajapaksa at Cinnamon Grand on 24<sup>th</sup> September 2013.

## CONSTRUCTION PROJECTS

- The Central Engineering Consultancy Bureau won the prestigious **GREEN Construction Excellence Award – 2013** for its outstanding achievements in designing and constructing the new CECB Head Office- Phase II, “Mahaweli Wing” at the Head Office complex Premises of the Bureau at Colombo-7.



CECB Head Office- Phase II



- New Facility Building and Renovation of Existing Directors Building at Janakala Kendraya Premises, Battaramulla Related to CHOGM 2013.

This project, the total cost of which is Rs.185 million, was successfully completed within two months.

- Proposed Multi-Storied Building for Banking Studies Centre for Central Bank - Rajagiriya

This project worth of Rs.145 million was successfully secured through competitive bidding with private sector.



- Building Complex for Pre-Clinical Departments, Library, Canteen & Teaching Facilities, Stage II-Works up to 1st floor Slab Level (Excluding Auditorium) for faculty of Medicine, University of Colombo.

This project worth of Rs.810 million was successfully secured through competitive bidding with private sector.

- Construction of District Hospital, Hambantota

This contract was successfully secured through competitive bidding with private sector companies and the construction work on the Ten Storied Hospital Building at Hambantota is now in progress. The total contract sum is Rs.1,399 million.



**Construction of District Hospital,  
Hambantota**

## CONSULTANCY PROJECTS

- 'ICTAD Best Consultancy Award' received for the Sethsiripaya – Stage II Project.

**Sethsiripaya Stage II Administrative Complex at Battaramulla**

**Won the Excellence Award in 2013**



**Project cost: LKR 3,960million**

- Northern Roads Rehabilitation Project

This project covers rehabilitation of 11 nos. of A and B classed roads in the Northern Region of the island including well known Kandy – Jaffna (A009) Road from Anuradhapura upwards. By the end of year 2013 the five contract packages recorded 100% physical completion and this is well ahead of the scheduled completion target (of about 80%). The rest of the roads in the project also being progressed well.



**Kandy – Jaffna (A009) Road**

**91.5% of the Chinese Government funded Northern Roads Rehabilitation Project was completed well ahead of the scheduled target of 86% by the end of year 2013.**

- Reconstruction of Northern Railway Lines

- Medawachchiya-Madhu Road Railway Line** - Completed on 14.05.2013.
- Omanthai – Pallai Railway Line** - 100% completed.
- Pallai – KKS Railway Line** – 60% Completed. Railway line up to Jaffna will be completed before April 2014.
- Madhu- Thalaimannar Railway Line** – 75% completed.
- Signalling and Telecommunication Project** – 75% completed

**The total construction value of work done under the above project is about Rs.64 billion at the end of year 2013.**



**Omanthai – Pallai Railway Line**



**Medawachchiya-Madhu Road  
Railway Line**



**Madhu- Thalaimannar Railway Line**

## MAJOR PROJECTS WHICH ARE SUCCESSFULLY COMPLETED IN THE YEAR 2013

### CONSTRUCTION PROJECTS

- Design & Construction of Office and Laboratory Complex for Government Analyst's Department at Battaramulla  
Total Contract Value of this project is Rs. 1043 million
- University of Sabaragamuwa, Belihul Oya  
Construction of Faculty of Applied Science Building, Geoscience Building, Students Hostel and Sports Ground successfully completed at a total cost of Rs.633 million.



**University of Sabaragamuwa**



**Office and Laboratory Complex for Government  
Analyst's Department at Battaramulla**

### CONSULTANCY PROJECTS

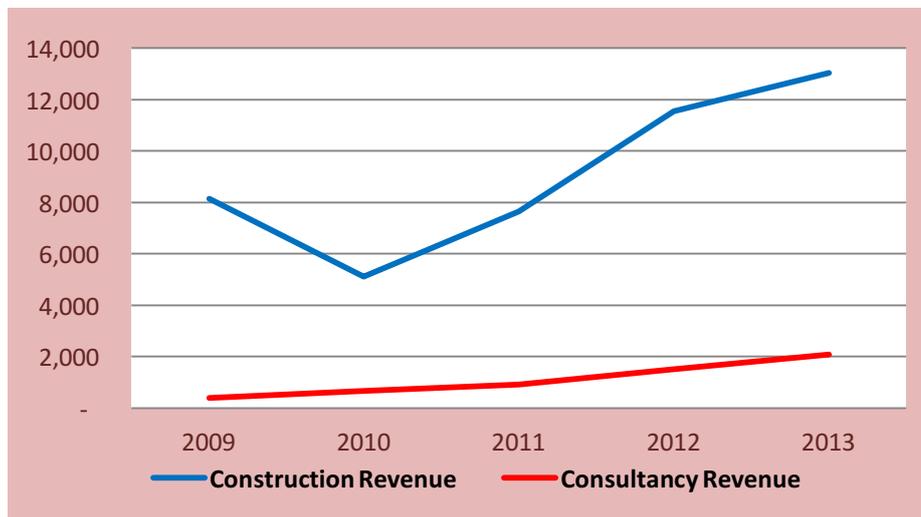
- Renovation of Grand Stand and Mini Pavilion at Race Course, Colombo-07.



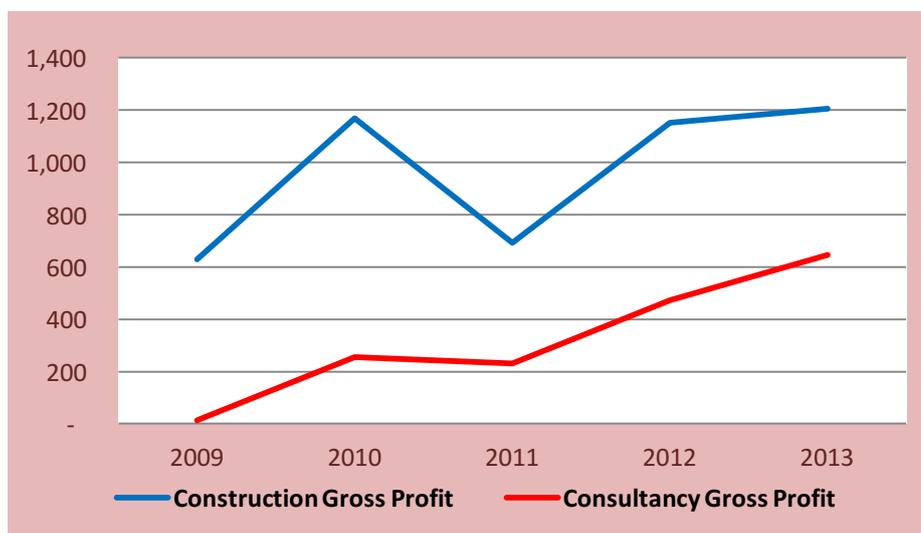
## CECB FINANCIAL PERFORMANCE

Since its inception, CECB has grown and expanded to become the largest Engineering Consultancy establishment in Sri Lanka. Its main area of interest was Engineering Consultancy which contributes about 80% to its turnover until 1994. However, with the commencement of Construction Division (EPC Division) a rapid increment of turnover was observed in the past few years. Presently the contribution to turnover from the EPC has reached to 95% level and the operations have been expanded up to the level of Consultancy Division.

Revenue Variation



Profit Variation



# GLOBAL AND LOCAL PRESENCE

## CECB Worldwide Projects



## CECB Regional & Project Offices

- Base Offices
- Project Offices



## SPECIALIZED AREAS & SERVICES

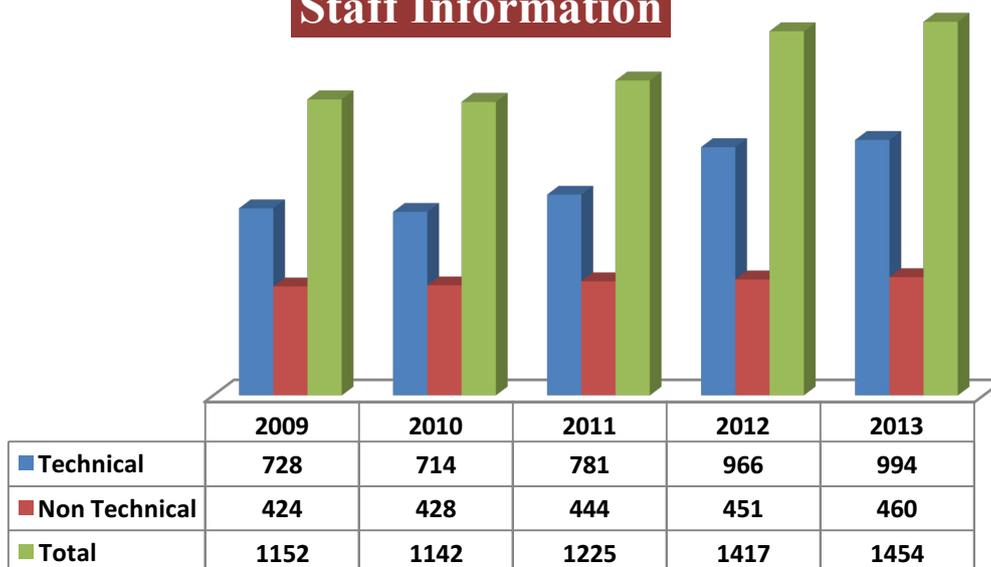
- Building Services
- Hospital Development
- Architectural Services
- Structural Designs
- Quantity Surveying
- Roads and Bridges
- Railway Works
- Port/ Coastal Works
- Airport Development
- Water Supply and Drainage
- Hydro Power and Energy
- Power Transmission and Distribution
- Water Resource Development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

## HUMAN RESOURCES

To provide a 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 such as:

- Civil Engineers
- Electrical Engineers
- Mechanical Engineers
- Architects
- Quantity Surveyors
- IT Professionals
- Finance Professionals
- Technical Assistants
- Cad Draughtsman etc.

## Staff Information



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

## OUR STRATEGY:

Support CECB to achieve their goal & 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 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 Incorporate as a Limited company on 16<sup>th</sup> December 2003 under the companies Act No.17 of 1982 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 incidental there to 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:



### **Eng. Nihal Rupasinghe**

BSc. (Hons), PG Dip. (Hy-dro power) Norway, C. Eng., MIE (SL), MICE (London), Licd. Surveyor, Managing Director of the CESL.



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

F.I.E.D. (SL), M.I.E.E., M.I. Prod. E, Director of the CESL.



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

Bsc.Dip. Mgt.,FCA, He is a Chartered Accountant, of the Tudor V. Perera & Company (Chartered Accounts) 103 1/3, De Mel Mawatha, Chanthanam Street, Colombo 01, Director of the CESL



### **Eng. S.S. Ediriweera**

BSc. Eng MIE (SL), C. Eng. Executive Director of the CESL.



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

BSc.Eng.(Hons), MSc.Eng, PGDip.(Hyd). Msc. (Struct. Eng.), C.Eng (Econ), MIE(SL),MICE(London), M Cons E(SL), MSSE (SL), Director of the CESL



### **Eng. B.W.N Rupasinghe**

BSc.Eng., MSc.Eng, PGDip.,(Econ),MA(ECON), MIE(SL),MIEE,M Cons E(SL) Director of the CESL.



### **Eng. G.D.A. Piyathilake**

Bsc. Eng., PG Dip. (Const. Mgt.), PG Dip. (Norway), C. Eng., MIE (SL), MASCE, Director of the CESL.