



**CENTRAL  
ENGINEERING  
CONSULTANCY  
BUREAU**



**ANNUAL REPORT**

**2014**

# **ANNUAL REPORT**

# **2014**

CENTRAL ENGINEERING CONSULTANCY BUREAU



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# 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.

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

That inspiration comes with a history – a history that has left indelible marks numerous on the face of this country from over two millennia ago: a history that flourished when the developed world of today was hardly awake. Fortunately, those indelible marks – ingenious engineering feats – of that distant time are still with us, not as some lifeless artifact, but as something that runs through our veins.... Feeding us.... And breathing very life to our souls. And that sprouts inspiration in the men and women we have chosen.

At CECB, we give wings to such inspiration.



# A MESSAGE FROM THE CHAIRMAN



On behalf of the Board of Directors, it is my privilege to present the Annual Report and the consolidated financial statements of CECB for the year 2014. In the national macroeconomics, the construction sector GNP which was Rs.282 billion in 2013 shows an appreciable growth of about 20% as per the provisional results released for 2014. Bulk of the sector investment is shown to be in buildings, water supply and drainage and particularly for highways constructed under the National Road Master Plan. The construction boom has naturally attracted several private sector players and I am happy to state the commendable competitive performances achieved by CECB as a state sector engineering organization.

The construction revenue for the year 2014 was Rs.11billion compared with Rs.13 billion in 2013, while consultancy revenue increased by 2% from Rs.2.089 billion in 2013 to Rs.2.128 billion in year 2014. While the construction gross profit showed modest decrease of 5.3% from Rs1.2 billion in 2013 to Rs.1.1 billion in year 2014, the Consultancy gross profit appreciated by 19.5% from Rs 646 million in year 2013 to Rs.772 million in year 2014. The construction industry suffers from rising raw-materials costs, skilled labour costs as well as increases in cost of electricity and fuels which adversely affected the CECB construction performances.

The Government in pursuance of its infrastructure development policy has taken steps to encourage private sector participation with competitive bidding process. Thus CECB is gearing itself for a share of commercial operations through participation in the open market competitive bidding for projects. In this context, CECB has taken the bold step to reactivate Central Engineering Services (Pvt) Ltd (CESL) as the commercially oriented construction arm of CECB for effective market positioning.

I am happy that as in previous years, CECB continues to be a major contributor to national development through development of social and economic infrastructures and through revenue remittances to the Government of Sri Lanka. During the year 2014, CECB remitted to the Inland Revenue Department a total Rs.479 million in cumulative taxes, levy's and dividends.

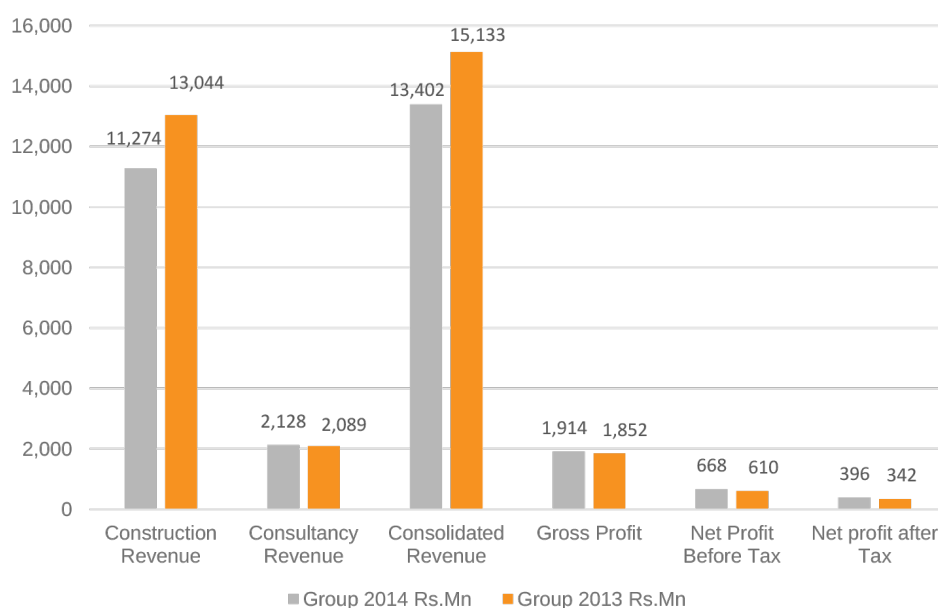
On behalf of the Board, I also take this opportunity to thank the management and staff of CECB for their continuing dedication to achieving the CECB objectives. The results we have achieved are due to the hard work and commitment of the entire CECB team throughout Sri Lanka who richly deserve our appreciations.

**Chairman**  
**Eng. N.Rupasinghe**

# FINANCIAL HIGHLIGHTS

	Group		CECB	
	2014 Rs.Mn	2013 Rs.Mn	2014 Rs.Mn	2013 Rs.Mn
Construction Revenue	11,274	13,044	11,127	13,042
Consultancy Revenue	2,128	2,089	2,132	2,089
Consolidated Revenue	13,402	15,133	13,260	15,131
Gross Profit	1,914	1,852	1,603	1,717
Net Profit Before Tax	668	610	536	585
Net profit after Tax	396	342	293	328
Total Assets	15,951	19,351	17,027	16,174.36
Contributed Capital	0.5	0.5	0.5	0.5
Total Equity	4,514	4,118	4,387	4,094
Total Equity Equilibrium	15,951	19,351	17,027	16,174
Current Assets	12,618	15,950	14,087	13,002
Current Liabilities	1,248	15,022	12,459	11,876

Financial Highlights of Group

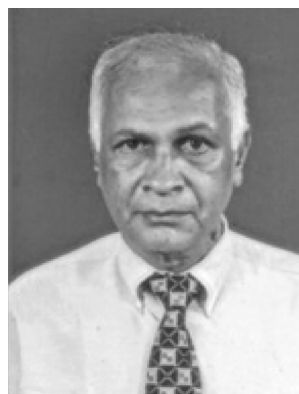


# BOARD OF DIRECTORS



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

Joined Faculty of Engineering, University of Peradeniya as Instructor in 1980. Joined Central Engineering Consultancy Bureau in 1981. Appointed as Chief Resident Engineer in 1989 to 1996. Functioned as Project Manager, CECB 1997 to 1998. Appointed as Additional General Manager (Engineering Procurement and Construction) to manage the 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 Manufacturing 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.(Con-  
 struction 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. Ediriweera**  
**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.U.P. 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

<b>Eng. N. Rupasinghe</b>	Chairman
<b>Eng. K.L.S. Sahabandu</b>	General Manager
<b>Eng. T.D. Wickramarathne</b>	Corp.Addl.GM ( C ) / AGM (Water Resource)
<b>Eng. G.D.A. Piyatilake</b>	Corp.Addl.GM ( EPC ) / AGM (EPC-WP 1)
<b>Eng. L.P.G. Silva</b>	A/Addl.GM (EPC-WP 2)
<b>Eng. S.P.P Nanayakkara</b>	Addl.GM (EPC-South)
<b>Eng. A. Galketiya</b>	Addl.GM (EPC-Uva)
<b>Eng. H.M. Nandasena</b>	Addl.GM (EPC-Central)
<b>Eng. D.R. Mithra</b>	Addl.GM (EPC-North Central)
<b>Eng. G.R.A.S. Gunathilake</b>	Addl.GM (EPC-East)
<b>Eng. (Ms.) H.M.S. Rupasinghe</b>	Addl.GM (EPC-Support Service)
<b>Eng. R.M.W. Rathnayake</b>	Addl.GM (EPC-North)
<b>Eng. P.M.P.C. Gunatileke</b>	Addl.GM (EPC-South East)
<b>Eng. W.E.P Ranjan Kumara</b>	Addl.GM (Sabaragamuwa)
<b>Eng. H.R.W.K. Heendeniya</b>	DGM (Gampaha)
<b>Eng. S.B.A.D. Semasinghe</b>	DGM (Monaragala)
<b>Eng.W.A. Ariyathilake</b>	Addl.GM (Northern Roads)
<b>Eng. (Ms) A.A.P. Adikari</b>	A/Addl.GM (Design 02)
<b>Eng. N.R. Perera</b>	A/Addl.GM (Design 03)
<b>Eng. K.L.S.R. Sahabandu</b>	A/Addl.GM (Design 01)
<b>Eng. A.A. Viraj Dias</b>	A/Addl.GM (NRM&LS)
<b>Eng. P.C. Jinasena</b>	Addl.GM (DHQC)
<b>Eng. G.A.D.L.J. Senevirathne</b>	Addl.GM (E & M)
<b>Eng. T.G.D.T. Dharmawardana</b>	Addl.GM (Projects)
<b>Eng. I.R.P. Gunathilake</b>	A/Addl.GM (Special Projects – 01)
<b>Eng. S.T. Devarajan</b>	Addl.GM (Special Project – 02)
<b>Arch. W.K. Lalith Hewage</b>	Addl.GM (Architect)
<b>Ms. Liyanage Devika</b>	DGM (QS)
<b>Mr. J.M.B. Jayaweera</b>	Chief Internal Auditor
<b>Ms. S.H.H.C.U. Senanayake</b>	Legal Officer/ Secretary to the Board
<b>Mr. J.W. Rathnayake</b>	Consultant, Human Resource
<b>Mr. U.N.B. Mawathagama</b>	DGM (Finance)

# DIRECTORS REPORT

## ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2014

### Legal Status

The Central Engineering Consultancy Bureau (CECB) was established on 10th April 1973 to provide multi-disciplinary consultancy services for water resources development projects. It is a statutory body established under the State industrial 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 13 occasions to the Financial Year 2014 and the attendance of the Board of Directors was as follows.

Name	Position	2014												
		30 <sup>th</sup>	28 <sup>th</sup>	27 <sup>th</sup>	24 <sup>th</sup>	29 <sup>th</sup>	26 <sup>th</sup>	08 <sup>th</sup>	31 <sup>st</sup>	28 <sup>th</sup>	25 <sup>th</sup>	29 <sup>th</sup>	27 <sup>th</sup>	29 <sup>th</sup>
		Jan	Feb	Mar	April	May	June	July	July	Aug	Sept	Oct	Nov	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	√	√	√	√	√	√	√	√	√	√	√	√	

# AUDIT COMMITTEE REPORT

## 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 chair 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.P. Herath	Director

## Meeting & Attendance

The Committee met in 12 occasions to discuss matters related to the Financial Year 2014 and the attendance of the Audit Committee was as follows

Name	2014											
	27 <sup>th</sup> Jan	25 <sup>th</sup> Feb	25 <sup>th</sup> Mar	29 <sup>th</sup> Apr	27 <sup>th</sup> May	19 <sup>th</sup> June	28 <sup>th</sup> July	28 <sup>th</sup> Aug	22 <sup>nd</sup> Sept	27 <sup>th</sup> Oct	25 <sup>th</sup> Nov	23 <sup>rd</sup> Dec
Mr. H.M.Ajith Chandra	√	√	√	√	√	√	√	√	√	√	√	√
Mr.S.M.N.L. Senanayake	√	√	√	√	√	√	√	√	√	√	√	√
Dr. M.H.M.U.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 attended the Meeting as and when necessary.

## Activities

1. The Committee performed following task in relation to the financial year 2014.
2. Reviewed the adequacy of the operational controls of the Bureau.
3. Reviewed the Compliance of the Statutory Requirement of the Bureau
4. Reviewed the recommendation of the Audited Financial Statements of the Bureau
5. Reviewed the CECB performance in the Sri Lankan Construction Industry.

## 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**



# CORPORATE INFORMATION AND ACCOUNTING POLICIES

## 1. CORPORATE INFORMATION

### 1.1 Domicile and Legal Form

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

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2014 comprises the Bureau and its subsidiaries (together referred to as the "Group").

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

### 1.2 Principal Activities and Nature of Operations

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

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

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

### 2.2 Basis of Measurement

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

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

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

## 2.3 Functional and Presentation Currency

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

## 2.4 Use of Estimates and Judgments

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

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

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

Information about critical 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	23

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	25/26
Employee Benefits	22	28
Deferred Tax Liabilities	23	29

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Consolidation

#### (a) Subsidiaries

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

#### (b) Transactions eliminated on consolidation

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

## 3.2 Foreign Currency Transactions

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

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

## 3.3 Financial assets and financial liabilities

### (a) Non-derivative financial assets

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

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

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

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

#### (i) Loans and receivables

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

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

#### (ii) Cash and cash equivalents

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

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

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

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

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

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

The Group classifies non-derivative financial liabilities in to the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost. Other financial liabilities comprise: loans and borrowings, trade and other payables.

### **Ordinary Share Capital**

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

## **3.4 Impairment**

### **3.4.1 Non-derivative Financial assets**

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

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

### **3.4.2 Financial assets**

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

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

### **3.4.3 Non-financial assets**

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

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

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

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

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

### **3.5 Property, Plant and Equipment**

#### **3.5.6 Recognition and Measurement**

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

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

#### **3.5.2 Leased Assets**

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

#### **3.5.3 Subsequent Costs**

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

#### **3.5.4 De-recognition**

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



### 3.5.5 Depreciation

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

The estimated useful lives are as follows:

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

### 3.5.6 Capital Work in Progress

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

## 3.6 Inventories

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

### 3.6.1 Work in Progress

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

### **3.7 Employee benefits**

#### **(a) Defined contribution plans**

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

Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund

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

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

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

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

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

However, according to the Payment of Gratuity Act No. 12 of 1972, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

### **3.8 Provisions**

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

### **3.9 Statement of Comprehensive Income**

#### **3.9.1 Revenue**

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

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

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

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

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

### 3.9.2 Interest Income

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

### 3.9.3 Dividend Income

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

### 3.9.4 Other Income

Profits or losses from disposal of property, plant and equipments recognized having deducted from proceeds on disposal, the carrying value of the assets and the related expenses. Foreign currency gains and losses are reported on a net basis.

### 3.9.5 Expenditure Recognition

#### (a) Construction and consultancy Cost

Contract expenses are 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.

### 3.9.6 Taxation

#### (a) Current Taxes

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

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

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

#### (b) Deferred Tax

Deferred tax is 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 Cash Flow Statement

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

## 5 Events Occurring After the Reporting Period

Events after the reporting period are those events 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.

## 6 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.

**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.

## 7 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.

## 8 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 – “Revenue from Contracts with Customers” establishes a comprehensive framework for determining whether, how much and when revenue recognition guidance LKAS 18 Revenue, LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting period beginning on or after 1st January 2017, with early adoption permitted. The group is assessing the potential impact on its Consolidated Financial Statements resulting from the above standards.

# CENTRAL ENGINEERING CONSULTANCY BUREAU

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	Note	GROUP		CECB	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>Revenue</b>	9	13,401,582,667	15,132,718,158	13,259,699,366	15,131,164,037
Cost of Sales	10	(11,487,873,150)	(13,280,839,809)	(11,656,600,792)	(13,414,329,871)
<b>Gross Profit</b>		1,913,709,517	1,851,878,349	1,603,098,574	1,716,834,166
Other Income	11	147,476,316	153,445,158	169,674,146	144,727,925
Administration Expenses		(1,205,398,792)	(1,255,752,763)	(1,049,860,082)	(1,151,711,425)
Selling and Distribution Expenses		(314,175,035)	(335,210,717)	(314,175,035)	(321,479,322)
<b>Results from Operating Activities</b>		541,612,007	414,360,027	408,737,604	388,371,344
Finance Income		154,451,475	217,808,170	145,235,138	213,907,634
Finance Cost		(27,890,447)	(22,154,752)	(17,589,492)	(17,532,829)
<b>Net Finance Income</b>	12	126,561,028	195,653,418	127,645,646	196,374,805
<b>Profit Before Income Tax</b>		668,173,035	610,013,445	536,383,250	584,746,149
Income Tax Expense	14	(271,949,391)	(267,791,716)	(243,267,389)	(256,524,029)
<b>Profit for the Year</b>		396,223,644	342,221,729	293,115,861	328,222,120
<b>Other Comprehensive Income for the Year</b>		-	-	-	-
<b>Total Comprehensive Income for the Year</b>		396,223,644	342,221,729	293,115,861	328,222,120

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 10 to 32 form an integral part of these Financial Statements.



## STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER


	Note	GROUP		CECB	
		2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
			Restated	Restated	
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	15	3,298,246,727	3,362,855,558	2,896,020,996	3,134,280,527
Investments	16	34,521,663	38,326,397	44,521,683	38,326,417
<b>Total Non-Current Assets</b>		<b>3,332,768,390</b>	<b>3,401,181,955</b>	<b>2,940,542,679</b>	<b>3,172,606,944</b>
<b>Current Assets</b>					
Inventories	17	661,739,053	746,822,316	320,879,617	414,331,509
Trade and Other Receivables	18	8,582,269,470	13,034,273,723	9,581,357,319	9,465,446,814
Short term Investments	16	2,753,124,096	1,769,259,420	2,457,313,968	1,728,581,897
Cash and Cash Equivalents	20	620,947,793	399,435,851	449,363,357	310,353,679
Inter company current account	19	-	-	1,278,026,970	1,083,035,301
<b>Total Current Assets</b>		<b>12,618,080,412</b>	<b>15,949,791,310</b>	<b>14,086,941,231</b>	<b>13,001,749,200</b>
<b>Total Assets</b>		<b>15,950,848,802</b>	<b>19,350,973,265</b>	<b>17,027,483,910</b>	<b>16,174,356,144</b>
<b>Equity and Liabilities</b>					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve		3,028,000	3,028,000	3,028,000	3,028,000
Retained Earning		4,510,200,586	4,113,976,942	4,383,281,286	4,090,165,425
<b>Total Equity</b>		<b>4,513,728,586</b>	<b>4,117,504,942</b>	<b>4,386,809,286</b>	<b>4,093,693,425</b>
<b>Non-Current Liabilities</b>					
Lease Creditors	21	888,699	7,199,960	-	604,418
Retirement Benefit Obligation	22	182,165,317	204,004,898	182,165,317	204,004,898
Deferred Tax	23	6,477,006	228,141	-	-
<b>Total Non-Current Liabilities</b>		<b>189,531,022</b>	<b>211,432,999</b>	<b>182,165,317</b>	<b>204,609,316</b>
<b>Current Liabilities</b>					
Trade and Other Payables	24	10,501,754,299	14,451,694,061	11,740,884,403	11,333,291,954
Income Tax Payables	25	737,897,410	546,972,887	717,039,064	531,111,429
Lease Creditors	21	7,937,483	23,368,376	585,840	11,650,020
Inter base current accounts		-	-	-	-
Inter company current accounts		-	-	-	-
Bank Overdraft	20	-	-	-	-
<b>Total Current Liabilities</b>		<b>11,247,589,194</b>	<b>15,022,035,324</b>	<b>12,458,509,307</b>	<b>11,876,053,403</b>
<b>Total Liabilities</b>		<b>11,437,120,216</b>	<b>15,233,468,323</b>	<b>12,640,674,624</b>	<b>12,080,662,719</b>
<b>Total Equity and Liabilities</b>		<b>15,950,848,802</b>	<b>19,350,973,265</b>	<b>17,027,483,910</b>	<b>16,174,356,144</b>

The Notes to the Financial Statements set out on pages 10 to 32 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. Piyatilake  
 CHAIRMAN

  
 M.R.G. Ranatunga  
 DIRECTOR



## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER	GROUP		CECB	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flows from Operating Activities</b>				
Profit Before Tax	668,173,035	610,013,445	536,383,250	584,746,149
<b>Adjustments for:</b>				
Depreciation on Property, Plant and Equipments	431,739,029	361,096,067	328,077,547	281,658,637
Provision for Bad and Doubtful Debts	308,872,386	270,826,569	308,872,386	270,826,569
Reversal of Bad and Doubtful Debts	(52,969,199)	-	(52,969,199)	-
Provision / (Reversal) for Gratuity	15,117,495	(1,331,068)	15,117,495	(1,331,068)
Net Finance Income	(126,561,028)	(195,653,418)	(127,645,644)	(196,374,805)
(Profit) / Loss on disposal of Property, Plant and Equipments	728,679	1,319,392	728,680	1,319,391
Exchange Gain/(Loss)	-	(3,128,784)	-	(3,128,784)
<b>Operating Profit before Working Capital Changes</b>	<b>1,245,100,396</b>	<b>1,043,142,203</b>	<b>1,008,564,515</b>	<b>937,716,089</b>
(Increase)/Decrease in Inventories	85,083,263	(79,539,026)	93,451,892	59,281,381
(Increase)/Decrease in Trade and Other Receivables	4,196,101,066	(2,545,056,677)	(371,813,692)	(1,149,714,582)
Increase/(Decrease) in Trade and Other Payables	(3,949,939,762)	2,123,118,161	407,592,449	1,313,949,159
Increase/(Decrease) in Amounts Due to Related Companies	-	(22,473,123)	(194,991,669)	(848,281,675)
Increase in Inter Base current accounts	-	(6,701,059)	-	(6,701,059)
<b>Cash Generated from Operating Activities</b>	<b>1,576,344,962</b>	<b>512,490,479</b>	<b>942,803,495</b>	<b>306,249,313</b>
Interest paid	(27,890,447)	(22,154,752)	(17,589,494)	(17,532,829)
Tax paid	(74,775,998)	(102,759,977)	(57,339,754)	(99,529,200)
Gratuity paid	(36,957,075)	(23,452,024)	(36,957,075)	(23,452,024)
<b>Net Cash Flows from Operating Activities</b>	<b>1,436,721,443</b>	<b>364,123,725</b>	<b>830,917,173</b>	<b>165,735,260</b>
<b>Cash Flows / (Used in) Investing Activities</b>				
Investment in Property Plant and Equipment	(365,286,891)	(510,223,850)	(90,546,698)	(390,676,547)
Investment in Capital Work in Progress	(2,571,990)	(2,001,230)	-	(2,001,230)
Investment / Disposal of Long Term Deposit	3,804,734	29,787,904	(6,195,266)	29,787,904
Investment / Disposal of Short Term Deposit	(983,864,676)	(193,278,230)	(728,732,071)	(152,600,707)
Interest Income	154,451,475	217,808,170	145,235,138	213,907,634
<b>Net Cash Flows / (Used in) Investing Activities</b>	<b>(1,193,467,347)</b>	<b>(457,907,236)</b>	<b>(680,238,897)</b>	<b>(301,582,945)</b>
<b>Cash Flows / (Used in) Financing Activities</b>				
Payment of Finance Lease Liabilities	(21,742,154)	(41,542,109)	(11,668,598)	(18,109,962)
<b>Net Cash / (Used in) Financing Activities</b>	<b>(21,742,154)</b>	<b>(41,542,109)</b>	<b>(11,668,598)</b>	<b>(18,109,962)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	221,511,942	(135,325,620)	139,009,678	(153,957,647)
Cash and Cash Equivalent at the beginning	399,435,851	534,761,471	310,353,679	464,311,326
<b>Cash and Cash Equivalent at the end (Note 20)</b>	<b>620,947,793</b>	<b>399,435,851</b>	<b>449,363,357</b>	<b>310,353,679</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 10 to 32 form an integral part of these Financial Statements.

## 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 01st January 2013</b>	500,000	3,028,000	3,766,684,612	3,770,212,612
Correction of an error related to previous years (Note)	-	-	(4,741,307)	(4,741,307)
<b>Restated Balance as at 01st January 2013</b>	500,000	3,028,000	3,761,943,305	3,765,471,305
Restated Profit For the Year	-	-	328,222,120	328,222,120
<b>Balance as at 31st December 2013</b>	500,000	3,028,000	4,090,165,425	4,093,693,425
<b>Balance as at 01st January 2014</b>	500,000	3,028,000	4,090,165,425	4,093,693,425
Net Profit For the Year	-	-	293,115,861	293,115,861
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31st December 2014</b>	500,000	3,028,000	4,383,281,286	4,386,809,286

	GROUP			
	Contributed Capital	Capital Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01st January 2013</b>	500,000	3,028,000	3,776,496,520	3,780,024,520
Correction of an error related to previous years (Note)	-	-	(4,741,307)	(4,741,307)
<b>Balance as at 01st January 2013</b>	500,000	3,028,000	3,771,755,213	3,775,283,213
Restated Profit For the Year	-	-	342,221,729	342,221,729
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31st December 2013</b>	500,000	3,028,000	4,113,976,942	4,117,504,942
<b>Balance as at 01st January 2014</b>	500,000	3,028,000	4,113,976,942	4,117,504,942
Net Profit For the Year	-	-	396,223,644	396,223,644
Other Comprehensive Income	-	-	-	-
<b>Balance as at 31st December 2014</b>	500,000	3,028,000	4,510,200,586	4,513,728,586

The Notes to the Financial Statements set out on pages 10 to 32 form an integral part of these Financial Statements.

### Note : Correction of an error related to previous years

It was erroneously omitted to transfer Capital Working Progress amount of Rs . 4,741,307/- to Retained Earnings on Revalued building at the date of transition to SLFRS .And thereby total non current assets were overstated by that amount.Correction has been made through the retained earnings and the capital working progress balance as at 01.01.2013 after adjustment the corrected Capital Work In Progress is Rs. 27,665,116/-

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER**

	GROUP		CECB	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
<b>9 Revenue</b>				
Construction Revenue	<b>11,273,975,233</b>	13,043,575,541	<b>11,127,444,260</b>	13,042,021,420
Consultancy Revenue	<b>2,127,607,435</b>	2,089,142,617	<b>2,132,255,106</b>	2,089,142,617
	<b>13,401,582,667</b>	15,132,718,158	<b>13,259,699,366</b>	15,131,164,037
<b>10 Cost of sales</b>				
Construction Cost	<b>10,132,060,118</b>	11,838,271,644	<b>10,284,412,205</b>	11,971,761,706
Consultancy Cost	<b>1,355,813,032</b>	1,442,568,165	<b>1,372,188,587</b>	1,442,568,165
	<b>11,487,873,150</b>	13,280,839,809	<b>11,656,600,792</b>	13,414,329,871
<b>11 Other Income</b>				
Miscellaneous Revenue	<b>75,739,607</b>	124,032,076	<b>86,954,644</b>	116,987,292
Hiring Income	<b>5,611,316</b>	9,055,671	-	7,383,222
Reimbursable costs	<b>11,400,998</b>	23,486,195	<b>29,730,614</b>	23,486,195
Foreign gain or loss	<b>19,689</b>	-	<b>19,689</b>	-
Bad Debt Provision Reversal	<b>52,969,199</b>	-	<b>52,969,199</b>	-
Commission Income	<b>1,735,507</b>	(3,128,784)	-	(3,128,784)
	<b>147,476,316</b>	153,445,158	<b>169,674,146</b>	144,727,925
<b>12 Net Finance Income</b>				
<b>Finance Income</b>				
Interest Income	<b>154,451,475</b>	217,808,170	<b>145,235,138</b>	213,907,634
	<b>154,451,475</b>	217,808,170	<b>145,235,138</b>	213,907,634
<b>Finance Cost</b>				
Interest Expenses	<b>(27,890,447)</b>	(22,154,752)	<b>(17,589,494)</b>	(17,532,829)
	<b>(27,890,447)</b>	(22,154,752)	<b>(17,589,494)</b>	(17,532,829)
<b>Net Finance Income</b>	<b>126,561,028</b>	195,653,418	<b>127,645,644</b>	196,374,805

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER

	GROUP		CECB		
	2014	2013	2014	2013	
	Rs.	Rs.	Rs.	Rs.	
<b>14</b>	<b>Income Tax</b>				
<b>14.1</b>	Current Tax Expense (Note 14.2)	265,700,526	267,791,716	243,267,389	256,524,029
	Deferred Tax Provision	6,248,865	-	-	-
	Adjustment for Prior Years	-	-	-	-
		<b>271,949,391</b>	<b>267,791,716</b>	<b>243,267,389</b>	<b>256,524,029</b>
<b>14.2</b>	<b>Reconciliation of Accounting Profit to Taxable Profit</b>				
	Tax on Construction Income @ 12%	55,814,491	45,890,669	27,132,489	44,428,270
	Tax on Other Income @ 28%	101,282,089	91,794,397	101,282,089	79,522,392
	Dividend Tax	114,852,811	130,106,650	114,852,811	132,573,366
	Current Income Tax Expenses	<b>271,949,391</b>	<b>267,791,716</b>	<b>243,267,389</b>	<b>256,524,029</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**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 1st January 2014	1,701,736,867	811,641,120	52,203,259	165,812,952	49,061,949	475,344,422	12,380,896	99,152,823	378,598,762	1,284,192	27,665,116	3,774,882,358
Additions during the year	-	7,135,277	5,375,270	33,716,920	12,089,387	8,907,277	-	20,114,142	3,013,250	195,176	-	90,546,698
Disposals / Write off during the year	-	-	-	(24,200)	(120,999)	(996,779)	-	(337,465)	-	-	-	(1,479,442)
<b>Balance as at 31st December 2014</b>	<b>1,701,736,867</b>	<b>818,776,397</b>	<b>57,578,529</b>	<b>199,505,672</b>	<b>61,030,337</b>	<b>483,254,920</b>	<b>12,380,896</b>	<b>118,929,500</b>	<b>381,612,012</b>	<b>1,479,368</b>	<b>27,665,116</b>	<b>3,863,949,614</b>
<b>Accumulated Depreciation</b>												
Balance as at 1st January 2014	-	111,348,550	14,123,446	80,433,827	16,023,436	133,942,954	5,707,467	41,683,081	236,900,270	438,798	-	640,601,829
Charge for the year	-	60,368,100	6,684,396	37,948,270	8,165,656	96,536,757	2,465,640	21,751,556	93,988,035	169,138	-	328,077,547
Disposals during the year	-	-	-	(24,200)	(65,427)	(434,756)	-	(226,380)	-	-	-	(750,763)
<b>Balance as at 31st December 2014</b>	<b>-</b>	<b>171,716,650</b>	<b>20,807,842</b>	<b>118,357,898</b>	<b>24,123,665</b>	<b>230,044,954</b>	<b>8,173,107</b>	<b>63,208,256</b>	<b>330,888,305</b>	<b>607,936</b>	<b>-</b>	<b>967,928,617</b>
<b>Net Book Value</b>												
Balance as at 31st December 2013	1,701,736,867	700,292,570	38,079,813	85,379,125	33,038,513	341,401,468	6,673,427	57,469,742	141,698,492	845,394	27,665,116	3,134,280,527
<b>Balance as at 31st December 2014</b>	<b>1,701,736,867</b>	<b>647,059,747</b>	<b>36,770,686</b>	<b>81,147,775</b>	<b>36,906,672</b>	<b>253,209,966</b>	<b>4,207,789</b>	<b>55,721,243</b>	<b>50,723,707</b>	<b>871,432</b>	<b>27,665,116</b>	<b>2,896,020,996</b>

Note : Correction of an error related to previous years

It was erroneously omitted to transfer Capital Working Progress amount of Rs. 4,741,307/- to Retained Earnings on Revalued building at the date of transition to SLFRS. And thereby total non current assets were overstated by that amount. Correction has been made through the retained earnings and the capital working progress balance as at 01.01.2013 after adjustment the corrected Capital Work In Progress is Rs. 27,665,116/-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014

### 15 PROPERTY PLANT AND EQUIPMENT

#### 15.2 Group

	Land	Buildings	Furniture & Fittings	Construction Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Capital Work In Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>												
Balance as at 1st January 2014	1,710,152,014	851,241,297	56,794,678	186,821,126	54,605,546	503,842,032	16,614,362	107,078,493	628,371,566	1,284,192	27,665,116	4,144,470,422
Additions during the year	-	17,067,415	9,781,654	82,999,313	16,214,169	134,495,699	6,195,000	27,508,188	70,830,276	195,176	2,571,990	367,858,881
Disposals / Write off during the year	-	-	-	(24,200)	(120,999)	(996,779)	-	(337,465)	-	-	-	(1,479,442)
<b>Balance as at 31st December 2014</b>	<b>1,710,152,014</b>	<b>868,308,713</b>	<b>66,576,332</b>	<b>269,796,240</b>	<b>70,698,716</b>	<b>637,340,952</b>	<b>22,809,362</b>	<b>134,249,216</b>	<b>699,201,842</b>	<b>1,479,368</b>	<b>30,237,106</b>	<b>4,510,849,861</b>
<b>Accumulated Depreciation</b>												
Balance as at 1st January 2014	-	116,471,468	14,998,738	86,382,675	17,064,251	144,444,208	6,899,348	44,019,653	350,895,725	438,798	-	781,614,864
Charge for the year	-	64,036,585	7,486,281	47,430,486	9,374,284	113,074,190	3,795,038	23,822,474	162,550,552	169,138	-	431,739,029
Disposals during the year	-	-	-	(24,200)	(65,427)	(434,756)	-	(226,380)	-	-	-	(750,763)
<b>Balance as at 31st December 2014</b>	<b>-</b>	<b>180,508,053</b>	<b>22,485,019</b>	<b>133,788,961</b>	<b>26,373,109</b>	<b>257,083,642</b>	<b>10,694,386</b>	<b>67,615,747</b>	<b>513,446,277</b>	<b>607,936</b>	<b>-</b>	<b>1,212,603,130</b>
<b>Net Book Value</b>												
Balance as at 31st December 2013	1,710,152,014	734,769,829	41,795,940	100,438,451	37,541,295	359,397,824	9,715,014	63,058,840	277,475,841	845,394	27,665,116	3,362,855,558
<b>Balance as at 31st December 2014</b>	<b>1,710,152,014</b>	<b>687,800,660</b>	<b>44,091,313</b>	<b>136,007,278</b>	<b>44,325,607</b>	<b>380,257,311</b>	<b>12,114,976</b>	<b>66,633,469</b>	<b>185,755,565</b>	<b>871,432</b>	<b>30,237,106</b>	<b>3,298,246,728</b>

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

It was erroneously omitted to transfer Capital Working Progress amount of Rs . 4,741,307/- to Retained Earnings on Revalued building at the date of transition to SLFRS .And thereby total non current assets were overstated by that amount.Corrected has been made through the retained earnings and the capital working progress balance as at 01.01.2013 after adjustment the corrected Capital Work In Progress is Rs. 27,665,116/-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31ST DECEMBER

	GROUP		CECB	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>16 Investments</b>				
Long term investment (Note 16.1)	34,521,663	38,326,397	44,521,683	38,326,417
Short term investment (Note 16.2)	2,753,124,096	1,769,259,420	2,457,313,968	1,728,581,897
	<b>2,787,645,759</b>	<b>1,807,585,817</b>	<b>2,501,835,652</b>	<b>1,766,908,314</b>
<b>16.1 Long term investment</b>				
<b>Loans and receivable financial assets</b>				
Investment in Fixed Deposit	32,521,663	36,326,397	32,521,663	36,326,397
<b>Available for sale financial assets</b>				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	<b>34,521,663</b>	<b>38,326,397</b>	<b>34,521,663</b>	<b>38,326,397</b>
<b>Investment in subsidiary (Unquoted)</b>				
Central Engineering Services (Private) Limited	-	-	10,000,020	20
	-	-	10,000,020	20
	<b>34,521,663</b>	<b>38,326,397</b>	<b>44,521,683</b>	<b>38,326,417</b>
<b>16.2 Short term investment</b>				
Repo	354,379,710	249,575,176	354,379,710	249,575,176
Short term investments	2,398,744,386	1,519,684,244	2,102,934,258	1,479,006,721
	<b>2,753,124,096</b>	<b>1,769,259,420</b>	<b>2,457,313,968</b>	<b>1,728,581,897</b>
<b>17 Inventories</b>	<b>661,739,053</b>	<b>746,822,316</b>	<b>320,879,617</b>	<b>414,331,509</b>
<b>18 Trade and Other Receivables</b>				
Trade Receivables (Note 18.1)	8,340,680,497	11,987,057,414	7,674,627,115	8,431,588,535
Other Receivables (Note 18.2)	79,214,999	73,888,534	78,865,817	72,028,982
Deposits, Prepayments and Advances (Note 18.3)	162,373,973	973,327,775	1,827,864,387	961,829,297
	<b>8,582,269,470</b>	<b>13,034,273,723</b>	<b>9,581,357,319</b>	<b>9,465,446,814</b>
<b>18.1 Trade Receivables</b>				
Debtors	4,851,494,259	8,678,703,483	4,813,303,421	6,163,233,556
Due from customers	1,938,653,785	1,621,329,837	1,311,573,698	1,073,170,531
Retention receivables	2,631,971,685	2,512,560,140	2,631,189,228	2,020,720,494
Less - Provision for Impairment (Note 18.1.1)	<b>(1,081,439,232)</b>	<b>(825,536,046)</b>	<b>(1,081,439,232)</b>	<b>(825,536,046)</b>
	<b>8,340,680,497</b>	<b>11,987,057,414</b>	<b>7,674,627,115</b>	<b>8,431,588,535</b>
<b>18.1.1 Provision for Impairment</b>				
Trade Receivable	898,819,253	690,777,672	898,819,253	690,777,672
Retention receivables	182,619,979	134,758,374	182,619,979	134,758,374
	<b>1,081,439,232</b>	<b>825,536,046</b>	<b>1,081,439,232</b>	<b>825,536,046</b>
<b>18.1.1.1 Provision for Impairment</b>				
Balance at the beginning	825,536,046	554,709,477	825,536,046	554,709,477
Impairment loss recognised	308,872,387	270,826,569	308,872,387	270,826,569
Amounts written off/reversal	<b>(52,969,201)</b>	-	<b>(52,969,199)</b>	-
	<b>1,081,439,232</b>	<b>825,536,046</b>	<b>1,081,439,234</b>	<b>825,536,046</b>
<b>18.2 Other Receivables</b>				
Staff Loans	45,044,790	47,408,231	45,044,790	47,408,231
Prepaid Staff Cost	4,175,840	6,131,394	4,175,840	6,131,394
General Suspense	(30,530)	(1,675)	(30,530)	(1,675)
Sundry Debtors	15,751,205	19,378,557	15,402,022	17,519,005
WHT Receivable	14,273,695		14,273,695	
Printing Income Receivable	-	972,027	-	972,027
	<b>79,214,999</b>	<b>73,888,534</b>	<b>78,865,817</b>	<b>72,028,982</b>
<b>18.3 Deposits, Prepayments and Advances</b>				
Deposits	8,655,238	7,469,980	7,264,484	7,330,820
Advances	141,059,312	958,880,130	1,811,978,144	948,159,088
Prepayments	12,659,423	6,977,665	8,621,759	6,339,389
	<b>162,373,973</b>	<b>973,327,775</b>	<b>1,827,864,387</b>	<b>961,829,297</b>
<b>19.0 Amount Due from Related Party Companies</b>				
Central Engineering Services (Private) Limited	-	-	1,278,026,970	1,083,035,301
	-	-	<b>1,278,026,970</b>	<b>1,083,035,301</b>

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

**FOR THE YEAR ENDED 31ST DECEMBER**

	GROUP		CECB	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>20 Cash and Cash Equivalents</b>				
<b>Favorable Balances</b>				
Cash in hand and at bank	587,965,939	395,979,023	445,494,154	306,896,851
Bank Imprest	269,607	269,607	269,607	269,607
Cash in Transit	32,712,246	3,187,221	3,599,596	3,187,221
	<b>620,947,793</b>	<b>399,435,851</b>	<b>449,363,357</b>	<b>310,353,679</b>
<b>Unfavorable Balances</b>				
Bank Overdraft	-	-	-	-
Cash and Cash Equivalents for the Cash Flow Purpose	<b>620,947,793</b>	<b>399,435,851</b>	<b>449,363,357</b>	<b>310,353,679</b>
<b>21 Lease Creditors</b>				
Amount payable within one year	7,937,483	23,368,376	585,840	11,650,020
Amount payable after one year	888,699	7,199,960	-	604,418
	<b>8,826,181</b>	<b>30,568,336</b>	<b>585,840</b>	<b>12,254,438</b>
<b>22 Retirement Benefit Obligation</b>				
Balance as at 1st January	204,004,897	228,787,990	204,004,897	228,787,990
Provision / (Reversal) or the year	15,117,495	(1,331,068)	15,117,495	(1,331,068)
	219,122,392	227,456,922	219,122,392	227,456,922
Payment made during the year	(36,957,075)	(23,452,024)	(36,957,075)	(23,452,024)
<b>Balance as at 31st December</b>	<b>182,165,317</b>	<b>204,004,898</b>	<b>182,165,317</b>	<b>204,004,898</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  
a) 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 2014 of CECB and Group is Rs.182 million.

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

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

c) Expenses on Defined Benefit Plan

Interest Cost	20,400,490	-
Current Service Cost	14,766,050	15,900,342
Net Actuarial Gain/(Loss) recognised immidietly	(20,049,045)	(17,231,411)
Expenses recognised immidietly in the statement of Comprehensive Income	15,117,495	(1,331,069)

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

**FOR THE YEAR ENDED 31ST DECEMBER**

	GROUP		CECB	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>23 Deferred Tax</b>				
Balance at the beginning of the year	228,141	76,388		
Provision during the year	6,248,865	151,753		
Balance at the end of the year	<u>6,477,006</u>	<u>228,141</u>	-	-
<b>24 Trade and Other Payables</b>				
Trade Payables (Note 24.1)	9,737,696,372	12,648,867,766	11,151,130,052	10,857,531,858
Other Payables (Note 24.2)	764,057,927	1,802,826,295	589,754,351	475,760,096
	<u>10,501,754,299</u>	<u>14,451,694,061</u>	<u>11,740,884,403</u>	<u>11,333,291,954</u>
<b>24.1 Trade Payables</b>				
Creditors	2,752,035,300	3,768,792,440	4,671,202,415	3,768,792,440
Due to Customers	3,092,010,112	3,973,030,147	2,015,533,738	2,743,356,823
Mobilization & Other Advances	3,514,139,617	4,209,970,258	3,479,785,137	3,657,367,563
Retention Payables to Contractors	379,511,343	697,074,921	984,608,762	688,015,032
	<u>9,737,696,372</u>	<u>12,648,867,766</u>	<u>11,151,130,052</u>	<u>10,857,531,858</u>
<b>24.2 Other Payables</b>				
Other Advance	-	915,677	-	915,678
Unpaid salaries	(566,477)	7,417,852	(566,477)	7,417,852
Sundry Creditors	54,070,619	29,408,835	49,609,241	26,721,535
Refundable Deposits	384,244	375,532	384,244	375,532
Accrued Expenses	422,192,055	1,578,059,935	346,132,364	308,058,001
Provision for VAT	-	-	-	-
PAYE tax	4,888,684	2,203,247	4,798,783	2,203,247
Cancelled Cheque	4,927,410	-	2,754,693	-
EPF/ETF Control	(35,848)	-	(35,848)	-
Withholding Tax Provisions	-	-	-	-
Other Taxes	278,197,239	184,445,217	186,677,350	130,068,251
	<u>764,057,927</u>	<u>1,802,826,295</u>	<u>589,754,351</u>	<u>475,760,096</u>
<b>25 Income Tax Payables</b>				
Balance at the beginning of the year	546,972,887	382,092,902	531,111,429	374,116,600
Income tax for the year	265,700,526	267,791,716	243,267,389	256,524,029
Provision in respect of the last year	-	-	-	-
Payments made during the year	(65,704,199)	(94,859,808)	(48,842,740)	(92,000,000)
Withholding Tax	(9,071,804)	(8,051,923)	(8,497,014)	(7,529,200)
Balance at the end of the year	<u>737,897,410</u>	<u>546,972,887</u>	<u>717,039,064</u>	<u>531,111,429</u>







## CENTRAL ENGINEERING CONSULTANCY BUREAU

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2014

#### 27.0 Related Party Transactions

##### CECB

#### 27.1 Transaction with Subsidiaries

(a) Central Engineering Services (Private) Limited

Mr. Nihal Rupasinghe is the chairman of both parent (CECB) and subsidiary (CESL) 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 2014, 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 Piyatilaka and Mr. K.L.S. Sahabandu are key management personal of CECB and also Directors of CESL

And from the year 2015 Board of Directors have been changed as follows

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

Nature of the Transactions	Amount	
	2014 Rs.	2013 Rs.
Sub Construction Costs	4,810,727,985	5,155,549,499
Vehicle Hiring Expenses	30,216,137	25,688,266
Machinery Hiring Expenses	9,947,459	-
Bitumen Purchases on behalf of CESL	-	319,671,931
Machine Hiring Income	22,133,220	1,672,449
Salary Payment reimbursement	59,609,960	55,739,420
Fund Transfer		6,368,258
Work Shop Income	1,777,419	
Lab Testing Income	7,370,466	2,070,545
Sale of Asphalt	1,289,746	

#### 27.2 Terms and conditions of transactions with related parties

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

##### Transactions with Key Management Personnel

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

	GROUP		CECB	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>Compensation paid to Key Management Personnel</b>				
Salaries and other Employment Benefits	4,882,609	5,360,901	3,364,109	4,004,901

## 28 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

### 28.1 Contingencies

#### Legal case filed against the Bureau

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
32246/5 Magistrate Court Of Colombo	Claiming Rs. 212,109.90 as EPF For Assignment Period.	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

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

		Yes	No	Any other short Answer
<b>1.</b>	<b>Balance Sheet</b>			
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?	-	-	All Assets are verified
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
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

## CENTRAL ENGINEERING CONSULTANCY BUREAU

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

	Yes	No	Any other short Answer
<b>1.4 Legal position with regard to assets and liabilities</b>			
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?	No		Not Applicable
If so, give particulars of such assets and liabilities in a separate schedule. The schedule is annexed.			
<b>1.5 Valuation of Assets</b>			
1 Statements showing particulars of the valuation of fixed assets, stocks, etc, should be prepared in the form shown in Annex2. 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?		-	
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	

# CENTRAL ENGINEERING CONSULTANCY BUREAU

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

	Yes	No	Any other short Answer
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	-	
1.6 Valuation and computations of liabilities and provisions			
1 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	
2 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			
1 If the Trial Balance has not been agreed, what is the difference?			Agreed
1.8 Control Accounts			
1 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 completed is annexed.			Schedule Annexed
1.9 Bank Reconciliation			
1 Has the Bank Reconciliation as at the date of the Balance Sheet been prepared?	Yes		
2 Have all debits and credits made direct by the Bank been incorporated in the CashBook in arriving at the Cash Book Balance shown in the reconciliation?	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

	Yes	No	Any other short Answer
3 Are there payments which are outstanding for six months or more awaiting debit by the Bank?		No	
4 Are there any credits outstanding more than one week recorded in the Cash Book but not credited by the Bank?		No	
5 Give particulars of the debits and credits referred to in 2 above in a separate schedule.	-	-	Not Applicable
<b>1.10 Suspense Accounts</b>			
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.			Not Applicable
<b>2 Trading, Manufacturing, Profit and Loss Accounts</b>			
<b>2.1 Basis of Accounting</b>			
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
<b>2.2 Matching the revenue with expenditure</b>			
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

		Yes	No	Any other short Answer
<b>2.3 Exceptional Items</b>				
1	Are there any items of revenue of a non-recurring nature or which are unusual or exceptional? What is the total of such items?	-	No	
		-	-	Not Applicable
2	Are there any items of expenditure of a non-recurring nature or which are unusual or exceptional? What is the total of such items?	-	No	
		-	-	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
<b>2.4 Estimates and Apportionments</b>				
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
<b>2.5 Capital and Revenue Expenditure</b>				
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

		Yes	No	Any other short Answer
2.6	Variations in Profit and Loss Items			
1	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.	-		Schedule Annexed
2.7	Appropriations			
1	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?	-		Not Applicable
2	Are the proposed appropriations of the current year's profits approved in accordance with the provisions of the Finance Act No. 38 of 1971?	-		Not Applicable
3	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?	-		Not Applicable
4	Have all compulsory contributions to the Consolidated Fund been charged in arriving at the net surplus available for appropriations?	Yes		
2.8	Variations compared to Budget			
1	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.	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.		
2	Explain the variations between budgeted output volume and actual output volume in the form shown in Annex 10.			
3	<b>Procedures</b>			
3.1	Have written instructions or manuals been prepared in respect of the following subjects?			
	(a) Purchasing	Yes		Not Applicable
	(b) Sales	-		
	(c) Receipts	Yes		
	(d) Payments	Yes		
	(e) Inventory Control	Yes		
	(f) Budgeting	Yes		
	(g) Capital Expenditure Control	Yes		Not Applicable
	(h) Security and Maintenance of Assets	Yes		
	(l) Pay-Rolls	Yes		
	(j) Foreign Exchange Allocations	-		
	(k) FEECs	-		

# CENTRAL ENGINEERING CONSULTANCY BUREAU

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

		Yes	No	Any other short Answer
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 creditor 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	-	
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	-	
<b>4</b>	<b>Compliance with laws, regulations, etc.</b>			
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	-	
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	-	Wherever applicable
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.		-	

# CENTRAL ENGINEERING CONSULTANCY BUREAU

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

		Yes	No	Any other short Answer
<b>5</b>	<b>Losses</b>			
1	Details of losses detected and experienced during the year should be given in the form shown in Annex 11.			Not Applicable
<b>6</b>	<b>Idle Resources</b>			
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
<b>7</b>	<b>Commitments and Contracts</b>			
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 (100,000 shares @ Rs 100/-and 02 Shares @ 10/-) to the Central Engineering Services (Pvt) Ltd., which is performed his business commencing the year 2011.
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

	Yes	No	Any other short Answer
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
<b>8 Project in Progress</b>			
1 Particulars with regard to capital projects in progress should be given in the form shown in Annex 14.	-	No	
<b>9 Write - Offs</b>			
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

		Yes	No	Any other short Answer
<b>10</b>	<b>Information to Board</b>			
1	Is regular information submitted to the Board in respect of the following?			
	(a) Inventories of all classes on stocks	-	-	Yearly
	(b) Debtors,	-	-	Quarterly
	(c) Capital projects,	-	-	Not Applicable
	(d) Cost statements and Profit and Loss Accounts relating to manufacture, services and sales	-	-	Yearly
	(e) Variations of actuals against budget,	-	-	Half Yearly
	(f) Cash Forecasts	-	-	Monthly
	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:			
<b>ANNEX 1</b>				
1.	Class of asset	}		It Could be given at the time of Audit
2.	Type of asset			
3.	Type of verification			
4.	Proportion of total assets verified			
5.	Value of Shortages			
6.	Value of Excesses			
7.	Shortages adjusted in books			
8.	Excesses adjusted in books			
9.	Shortages awaiting adjustment Balance Sheet date			
10.	Excesses awaiting adjustment Balance Sheet date			

# CENTRAL ENGINEERING CONSULTANCY BUREAU

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

	Yes	No	Any other short Answer
<b>ANNEX 2</b>			
1. Asset description	}		It Could be given at the time of Audit
2. Elements of cost distinguishing between direct costs and apportioned costs			
<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			

**CENTRAL ENGINEERING CONSULTANCY BUREAU  
REPORT TO BE SUBMITTED WITH ACCOUNTS IN TERMS OF SECTION 13(6)  
OF THE FINANCE ACT NO 38 OF 1971**

	2014	2013	Variation
<b>Income</b>			
Consultancy Fees	2,127,607,435	2,089,142,617	38,464,818
Construction revenue	11,273,975,233	13,043,575,541	(1,769,600,308)
Other Income	147,476,316	153,445,158	(5,968,842)
Finance income	154,451,475	217,808,170	(63,356,695)
	<b>13,703,510,459</b>	<b>15,503,971,486</b>	<b>(1,800,461,027)</b>
<b>Expenditure</b>			
Construction Cost	10,132,060,118	11,838,271,644	(1,706,211,526)
Consultancy Cost	1,355,813,032	1,442,568,165	(86,755,133)
Administration Expenses	1,205,398,792	1,255,752,763	(50,353,971)
Selling & Distribution Expenses	314,175,035	335,210,717	(21,035,682)
Financial Expenses	27,890,447	22,154,752	5,735,695
	<b>13,035,337,424</b>	<b>14,893,958,041</b>	<b>(1,858,620,617)</b>
<b>Surplus of income over expenditure (Before tax)</b>	<b>668,173,035</b>	<b>610,013,445</b>	<b>58,159,590</b>



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



මගේ අංකය  
எனது இல. } EN/B/CECB/FA/2014  
My No. }

මගේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி } 16 November 2016  
Date }

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 2014 in terms of Section 14(2) (c) of the Finance Act, No.38 of 1971.**

The audit of financial statements of the Central Engineering Consultancy Bureau (CECB) and the consolidated financial statements of the CECB and its Subsidiary for the year ended 31 December 2014 comprising the statements of financial position as at 31 December 2014 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, . - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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### 1:3 Auditors' Responsibility

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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

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





## 2. Financial Statements

### 2.1 Opinion

#### (a) Qualified Opinion – Group

In my opinion except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the consolidated financial statements give a true and fair view of the financial position of the Central Engineering Consultancy Bureau and its Subsidiary as at 31 December 2014 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 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting.

### 2.2 Comments on Group Financial Statements

The following observations are made.

- (a) The auditors of the Central Engineering Services Limited (CESL), the Subsidiary of the CECB, had expressed a qualified opinion on the financial statements for the year under review based on the following matters.

#### (i) Construction Revenue

Contract agreements in respect of several construction contracts entered by the Subsidiary with the Central Engineering Consultancy Bureau (CECB) were not provided for audit. Hence, it could not verify the accuracy of contract value amounting to Rs. 8,860,283,658. Accordingly, it was unable to state that the construction revenue from CECB amounting Rs. 860,857,496 is fairly stated in the financial statements.





(ii) **Property, Plant and Equipment and Inventories**  
-----

The Subsidiary has neither made any adjustments for discrepancies identified at the annual physical verification of fixed assets and stocks nor made any provisions for fixed assets and stocks which are not in usable conditions. Accordingly, this is a deviation from Sri Lanka Accounting Standards: LKAS 36: Impairment and Sri Lanka Accounting Standards: LKAS 02: Inventories.

Further, the Subsidiary has not carried out annual physical verifications at Head Office, Common Base and four Projects' sites at Ampara base, covering total assets costing Rs. 180,724,757.

Also, differences were revealed between the detailed and summarized stock reports generated from the stores management system and it was observed that the general ledger balances of fixed assets could not be traced directly to the balances of the stores management system.

Accordingly, I am unable to satisfy my selves as to the existence, accuracy, valuation and completeness of Property Plant & Equipment and Inventories stated in the financial statements.

**2.3 Comments on Financial Statements of the Bureau (CECB)**  
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**2.3.1 Comply with Sri Lanka Accounting Standards (LKAS)**  
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The following observations are made.

(a) **LKAS 11-Construction Contract**  
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The CECB had identified the number of construction contract as a single contract in contrary to the provisions in the standard, even though the separate proposals have been submitted for each contract and there was a possibility to identify the cost and revenue of each asset separately.



(b) **LKAS 24 – Related Parties and Related Party Transactions**

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Involvement of the management of the CECB in operational activities of the Subsidiary i.e. the Deputy General Manager (Finance) of the CECB employing as a Finance Manager of the Subsidiary and the Additional General Managers of the Base Offices of the CECB employing as operational managers of the Base Offices of the Subsidiary had not been disclosed in the financial statements.

**2.3.2 Accounting Deficiencies**

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The following observations are made.

- (a) There was no any contract variation in respect of Project Numbers D1752 and D1459 as at 31 December 2014. However, a sum of Rs.29,725,756 had been taken into account as provision for contingencies in computation of the profit of those Projects for the year 2014 based on the percentage of completion method. As a result, the revenue for the year under review had been overstated by Rs.18,001,315.
- (b) Cash received from the sale of redundant stock items at Gampaha base office was amounting to Rs.248,180 while the book value of those items was Rs. 147,650. However, the above difference had not been adjusted in the financial statements for the year under review.
- (c) The contract amount for the construction of official residencies for the use of staff attach to the High Commissioner of Sri Lanka in London was Rs. 794,805,809. According to payment certificate submitted by the CECB during the year under review certified works and cash received were Rs. 762,904,603 and Rs. 543,902,642 respectively. However, debtor balance of Rs.109,261,571 and the balance due to customer of Rs.4,652,095 had not been shown in the financial statements of the International Division. Hence, debtor balance and balance due to customer had been understated by these amounts.
- (d) A sum of Rs.1, 048,954 paid for goods received during the year 2014 had not been deducted from creditor balance. As such the creditor balance for the year under review had been overstated by that amount.



- (e) The receivable and payable balances of Rs.4,086,494 and Rs. 210,597 respectively relating to fully completed construction contracts had been shown in the financial statements without being cleared those balances.
- (f) Adjusted contract value of Rs. 701,343,919 relating to fully completed nine projects had not been taken into accounts in ascertaining the contract revenue of the year under review. As a result, the construction revenue shown in the financial statements had been understated by Rs.93,795,134.

**2.3.3 Accounts Receivable and Payable**

Debtor balances of the Engineering Procurement Contract Division and Consultancy Division amounting to Rs. Rs.59,128,609 and Rs.77,089,879 respectively had remained outstanding for more than five years as at 31 December 2014 and those balances had not been recorded even as at 31 March 2016.

**2.3.4 Lack of Evidence for Audit**

The Base Offices of the CECB had not maintained a register for retention money by showing the amounts payable to the sub-contractors and a schedule for retention money of Rs.20,888,711 payable to sub-contractors as at the end of the year under review had not been submitted to audit. Therefore, the accuracy and reliability of retention money payable shown in the financial statements could not be ascertained in audit.

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

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

Reference to Laws, Rules, Regulations etc.	Non-compliance
(a) Section 14(1) of the Finance Act, No.38 of 1971	A copy of the Draft Annual Report for the year under review had not been submitted to the Auditor General.





- |     |  |   |
|-----|--|---|
| (b) | Public Enterprises Circular No. 95 of 04 June 1994   | Various allowances such as retaining allowances, personal allowances, and professional allowances had been paid to the permanent and contract employees of the CECB without the approval of the General Treasury. Total amount of such allowances paid in the year under review was Rs.228,806,607. |
| (c) | Guideline 4:2:1 of the Government Procurement Guidelines - 2006  | A Master Procurement Plan for the year under review had not been prepared.  |
| (d) | Department of Management Audit Circular No: DMA/2002/(2) dated 28 November 2002 and Financial Regulation 802 (1) | Assets register had not been maintained by the Northern Road Division and International Division of the CECB with adequate details.   |
| (e) | Financial Regulation - 135   | Preparation, authorization and certification of payment vouchers had been done by the same officer of the International Division.   |

**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 in a pre –tax net profit of Rs.536,383,250 and Rs.668,173,035 respectively as compared with the corresponding pre-tax net profit of Rs.584,746,149 and Rs.610,013,445 respectively for the preceding year, thus indicating a deterioration of Rs.48,362,899 and an improvement of Rs.58,159,590 respectively in the financial results. Decrease of the construction revenue as compare with the previous year was the main reason attributed for the deterioration in the financial statements of the CECB.



### 3.2 Analytical Financial Review

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The following observations are made.

- (a) The CECB had earned a pre- tax net profit of Rs.536,383,250 during the year under review by utilizing its staff strength of 1,620 employees and total assets base of Rs.17,027,483,910. Thus, the profit represented 3.15 per cent of the total assets of the CECB.
- (b) Revenue of the Construction Division had decreased from Rs.13,042,021,420 to Rs.11,127,444,260 in 2014 representing 14.6 per cent decrease as compared with the preceding year.
- (c) Operating profit margin and net profit margin of the year under review were 3.08 per cent and 2.21 per cent respectively as compared with the previous year. Hence, the profit margins had increased by only 0.25 per cent and 0.05 per cent respectively.

## 4. Operating Review

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### 4.1 Performance

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Even though the CECB was constituted in 1973, mainly to undertake consultancy works to fulfill national needs in Sri Lanka and the CECB Consultancy Division equipped with all needed physical and human resources to serve the nation with all types of engineering consultancies. However, at present the CECB had mainly focused on construction works rather than involving in consultancy works.

Out of the operating revenue of the Bureau for the year 2014, only 15.8 per cent had been earned on providing consultancy and the balance had been earned from construction works. There are number of state owned institutions to undertake construction works such as State Development and Construction Corporation, State Engineering Corporation, Building Department etc. But consultancy works are undertaken only by the CECB and State Engineering Corporation. Thus, the CECB had not strategically focused on engineering consultancy which has been the mandated task assigned at the inception of the Bureau,



because the business turnover and the volume of works seems to be higher in construction works. The higher trend of dependency on construction works rather than engineering consultancy, the CECB would probably loss the strategic and unique opportunity given by the mandate to outperform in the area of engineering consultancy which is in the national interest. Therefore, CECB need to be more focused on engineering consultancy works by maximum utilization of its experts in this field in order to achieve the main objectives of the CECB.

#### 4.2 Transactions of Contentious Nature

The following observations are made.

- (a) As reported in my previous year audit reports, out of assets valued at Rs. 3,601 million received to the CECB from the Ministry of Economic Development as capital grant to carry out the road projects in 2012. A sum of Rs. 250 million had been recovered by the Ministry of Economic Development from the contract payments made in 2013. Moreover, without carrying out any professional valuation of those assets and ignoring the grant portion of Rs.3,351 million, the CECB had accounted only Rs.250 million as an asset.
- (b) The CECB pays Nation Building Tax (NBT) and Value Added Tax (VAT) on cash basis in contrary to the provision in the Nation Building Tax Act No. 09 of 2009 and Value Added Tax Act No. 14 of 2002.
- (c) The Board of Directors of the Bureau had approved number of incentive schemes and incentive payments to its staff without getting prior approval from the General Treasury. Total amount of such incentives paid in 2014 was Rs.101,116,669.
- (d) Out of 90 per cent of the construction contracts undertaken by the CECB had been sub-contracted to its Subsidiary i.e. Central Engineering Services Limited- CESL without allowing them to get contracts through competitive bidding, which is the main purpose in establishment of that Company.

It was further observed that the above works had been carried out by the Subsidiary by using human, physical and other resources belonging to the CECB i.e. preparation of BOQs, estimates and invoices for both organizations are done by the same personnel of the CECB.





#### 4.3 Irregular Transactions

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The following observations are made.

- (a) Value Added Tax (VAT) aggregating Rs.9,992,930 had been paid by the CECB to 40 contractors without examining the validity of VAT registration numbers and VAT invoices at the time of the payments were made. Subsequently it was found that VAT numbers and names indicated by the contractors were inactive.
  
- (c) Even though a debtor balance of Rs.169,932,979 relating to consultancy services provided for construction of Defense Head Quarters at Akuragoda had been shown in the financial statements as at the end of the year 2014, the agreement with the Ministry of Defense had been entered only on 18 September 2015 at a contract price of Rs.1,556,900,395. It was further observed that the CECB had provide the consultancy services for this construction since the year 2012.

#### 4.4 Identified Losses

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The following observations are made.

- (a) The contract value of the Project bearing No. 1235 approved by the Standard Technical Committee on 23 July 2013 was Rs.115, 428,867. However, the actual cost incurred for that project was Rs.133,100,436 and out of that a sum of Rs. 126,908,006 only had been received from the client. Hence, the loss sustained to the CECB on this project was Rs. 6,192,430.
  
- (b) Loss of Rs. 42,473,362 had been incurred during the year under review in respect of 51 construction contract works undertaken by the Bureau due to improper accounting and poor contract administration.



#### 4.5 Human Resources Management

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The approved and the actual cadre of the Bureau as at 31 December 2014 was 1,620 and 1,369 respectively. Accordingly 251 vacancies therein were in approved cadre in all types of employee categories. Taking adequate action to fill these vacant posts was not observed in audit.

### 5. Accountability and Good Governance

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#### 5.1 Corporate Plan

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Even a Corporate Plan for the period 2014-2016 had been prepared an adequate attention had not been made for the following salient features in accordance with the Public Enterprise Circular No. PED 12 of 02 June 2003.

- i. The current resources available to the Bureau under following categories had not been included.
  - Land and Building
  - Technical Know-how
  - Construction and operating facilities
- ii. A review of the preceding three years' operating result had not been embedded.
- iii. Responsibility of achieving the goals and targets within the planned period had not been fixed.
- iv. No strategies, especially, for construction and consultancy operations had been formulated.
- v. The Plan had not been approved by the Board of Directors and circulated to the relevant authorities 15 days before the commencement of the financial year.
- vi. The Plan had not been revised annually as a rolling plan.



## 5.2 Budgetary Control

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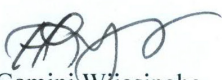
Significant variances were observed between the budget and actual figures thus indicating that the budget had not been made use of as an effective instrument of management control.

## 6. Systems and Controls

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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                      | Asset received from the Ministry of Economic Development for the road projects had not been fairly valued and brought to the financial statements as at end of the year under review. |
| (b) Inventory Control and Stock Management | Inventory and stock at site as at the end of the year under review had not been brought to the financial statements.  |
| (c) Invoicing                              | The value of actual works of the construction contracts had not been brought to the financial statements.   |
| (d) Debtors and Receivables                | Corporation had not taken any action to recover the balances of debtor and receivable.  |
| (e) Accounting                             | Some transections had not been properly accounted   |

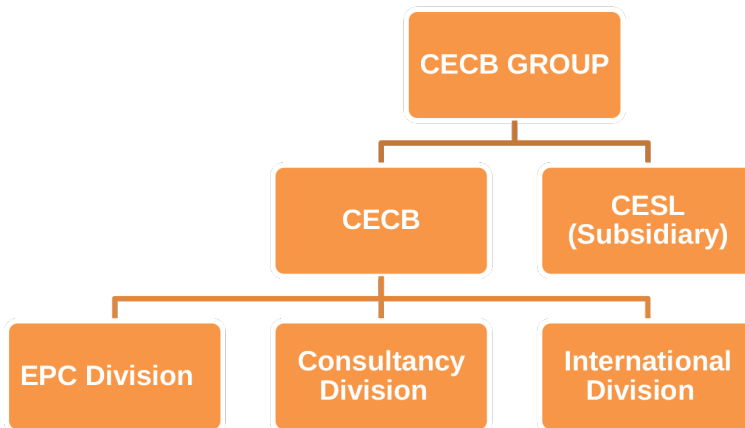
  
H.M. Gamini Wijesinghe  
Auditor General



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 MAIN DIVISIONS



# A BRIEF

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

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

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

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

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

Post-war development partner with government

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

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

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

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

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

## HIGHLIGHTS OF THE YEAR 2014

### Achievements up to the end of December 2014 - Consultancy Division

#### ◆ Northern Roads Rehabilitation Project (NRRP)

Package/Description	Contract Sum LKR	% Physical Progress	Remarks
Kandy – Jaffna Road (A009) between Galkulama and 230km post	9,592,082,089.00	100	Project Completed before the target
Kandy – Jaffna Road (A009) between 230km post and Jaffna	9,532,917,911.00	100	Project Completed before the target
Navatkuli – Karaitivu – Mannar Road (A032)	6,532,500,000.00	100	Project Completed before the target
Puttlam – Marichchikade – Mannar Road	9,887,500,000.00	98.3	Project in progress
AB16, AB18, AB20 & AB32 Roads in Jaffna	10,185,000,000.00	100	Project Completed before the target
Paranthan – Mulativu Road (A035)	5,700,000,000.00	100	Project Completed before the target
Mulativu – Kokilai – Pulmudai Road (B297)	5,777,446,236.00	100	Project Completed before the target
Oddusudan – Nedunkerny Road (B334) & Mulativu – Puliyankulam Road (B296)	5,741,303,764.00	100	Project Completed before the target
<b>Overall NRRP</b>	<b>62,948,750,000.00</b>		

◆ Mulativu – Kokilai – Pulmudai Road (B297)



◆ AB16, AB18, AB20 & AB32 Roads in Jaffna

◆ Paranthan – Mulativu Road (A035)





◆ Local Bank Funded Roads Rehabilitation Project (LBFP)

Package/Description	Contract Sum LKR	% Physical Progress	Remarks
Nagoda - Neboda & Awithtawa - Lewanduva Roads	3,199,475,266.71	54	Project in progress
Naula – Elahera – Pallegama - Hettipola & Hasalaka - Handungamuwa Roads	3,223,310,033.55	12	Project in progress
Haputhale – Boralanda – Keppetipola Road	2,445,441,396.83	32	Project in progress
Bodagama – Hambegamuwa - Kalthota Road	3,915,946,330.81	70	Project in progress
<b>Overall LBFP</b>	<b>12,784,173,027.90</b>		



◆ Working Progress on Nagoda – Neboda & Awithtawa – Lewanduva Roads



◆ Reconstruction of Northern Railway Lines



Pallai to Kankasanthurai

Package/Description	Total Cost of the Works LKR Billions	% Physical Progress
Medawachchiya to Madhu Road	10.6	100
Omanthai to Pallai	24.0	100
Madhu Road to Thalaimannar	19.5	95.0
Pallai to Kankasanthurai	19.4	95.0
Signaling and Telecommunication Project	11.2	88.0



Medawachchiya to Madhu



Madhu Road to Thalaimannar



Structural view of Defence Headquarters

◆ **Defence Headquarters Complex (DHQC) at Akuregoda.**

Central Engineering Consultancy Bureau is responsible for the provision of engineering, quantity surveying and construction management services for this massive project, the total cost of which is Rs.77 billion. The project is progressing well toward achieving its targets. Physical progress achieved at the end of 2014 is 35%.



Work in progress of Defence Headquarters



◆ **Matara – Katharagama Railway Extension Project.**

Matara – Beliatta Sector: 52.0% completed.  
The total cost of works is Rs.36 Billion.



◆ **Construction of Housing Project at Sirimavo Bandaranayake Mawatha, Colombo 14 Extension Project.**

The total cost of this project is Rs. 1,350 Million and successfully completed.

◆ **Mahindodaya Technological Laboratory Project**

- Under Phase I of this programme 405 laboratories have been completed out of 407.
- Under Phase II of this programme 363 laboratories have been completed out of 414.



## Achievements in the year 2014 - International Division



- ◆ Design & Construction of Sri Lankan High Commissioner's Residence in London, No.35, Avenue Road, St. Johns Wood, London.



Rear view of the Building

Client : Ministry External Affairs, Sri Lanka  
Date of Commenced : 10th June 2009  
Date of Completion : 01st September 2014  
Project Cost : Rs. 794,805,809.23  
The total floor area : 800 square meters

## Achievements up to the end of December 2014 - EPC Division



### ◆ Construction of District General Hospital, Hambantota

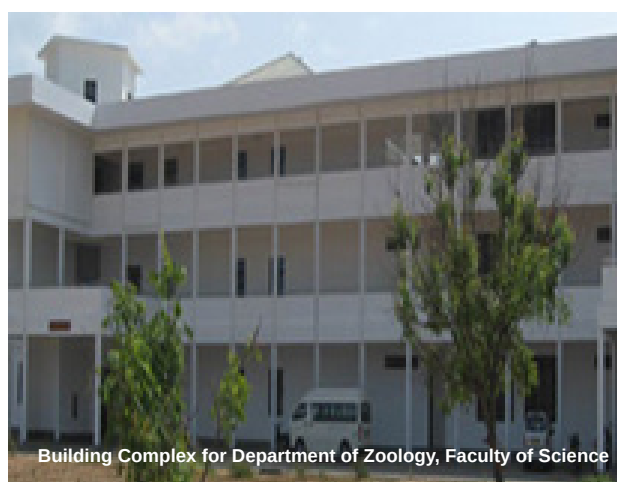
The contract for the construction of this ten storied 850 bed hospital was successfully secured through competitive bidding with private sector companies. The total project cost is Rs.1, 654 million. The project is progressing well toward achieving its targets. The physical progress achieved at the end of July 2014 is 70%.



### ◆ Construction of Academic Buildings for the Eastern University, Sri Lanka at Chenkalady, Batticaloa

Successfully completed the construction of following building complexes. The total cost of construction is Rs. 376 million.

- Construction of Building Complex for the Library.
- Construction of Building Complex for the Faculty of Arts & Culture.
- Construction of Building Complex for the Department of Zoology, Faculty of Science.







◆ **Design and Construction of Bridge Across Huluganga in Panvila Pradeshiya Sabha Division, Central Province**

Successfully completed the construction of above bridge at a total cost of Rs. 34 million.

◆ **Construction of Toll Gates and Toll Office Building at Weligama Interchange for Southern Expressway, South Section**

Total cost of this project is Rs. 275 million. This project was completed within five months.



Toll Gates



Toll Office Building

◆ **Construction of Four Storied Ward Complex for General Hospital, Polonnaruwa**

Successfully completed the construction of this Rs.350 million project.



◆ **Construction of Sports Complex at Digana**

Successfully completed the construction of above sports complex comprising a playground, a swimming pool and a pavilion, at a total cost of Rs.206 million.



Playground



Swimming pool



Pavilion

◆ Construction of Police Station in Jaffna



The total cost of this project is Rs.263 Million and achieved physical progress is 79%.

Successfully completed the construction of this project. Total cost of renovation is Rs. 128 Million



◆ Construction of Railway Station in Jaffna



# RECENT AWARDS

The Central Engineering Consultancy Bureau (CECB) was awarded the “World Centre of Excellence on Landslide Disaster Reduction 2014-2017” under the theme of “Model Policy Frameworks, Standards, & Guidelines” by the Global Promotion Committee of the International Consortium of Landslide at China National Convention Centre.

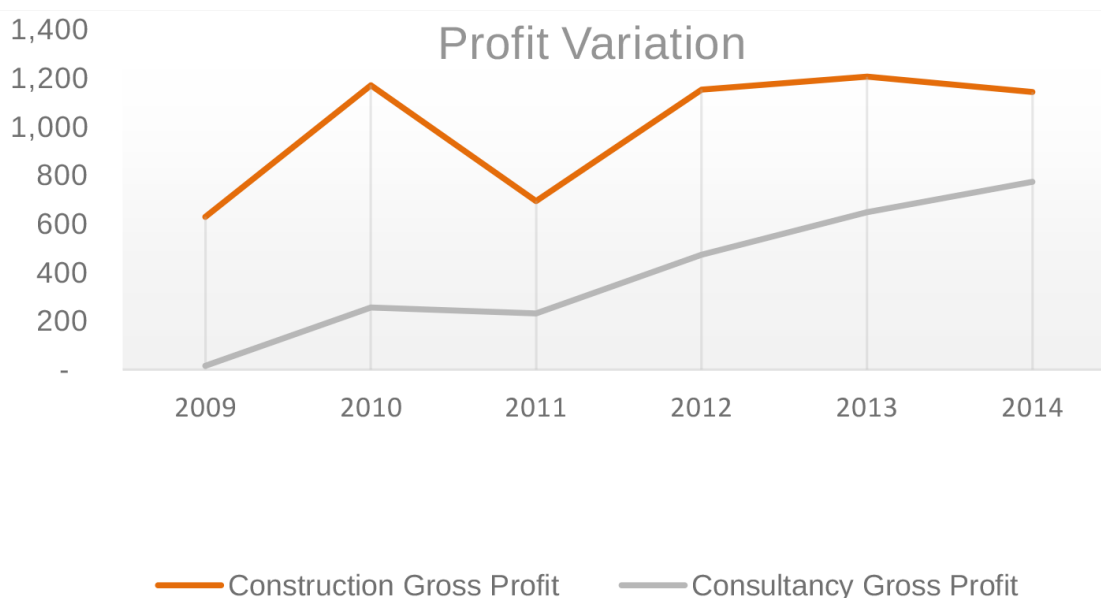
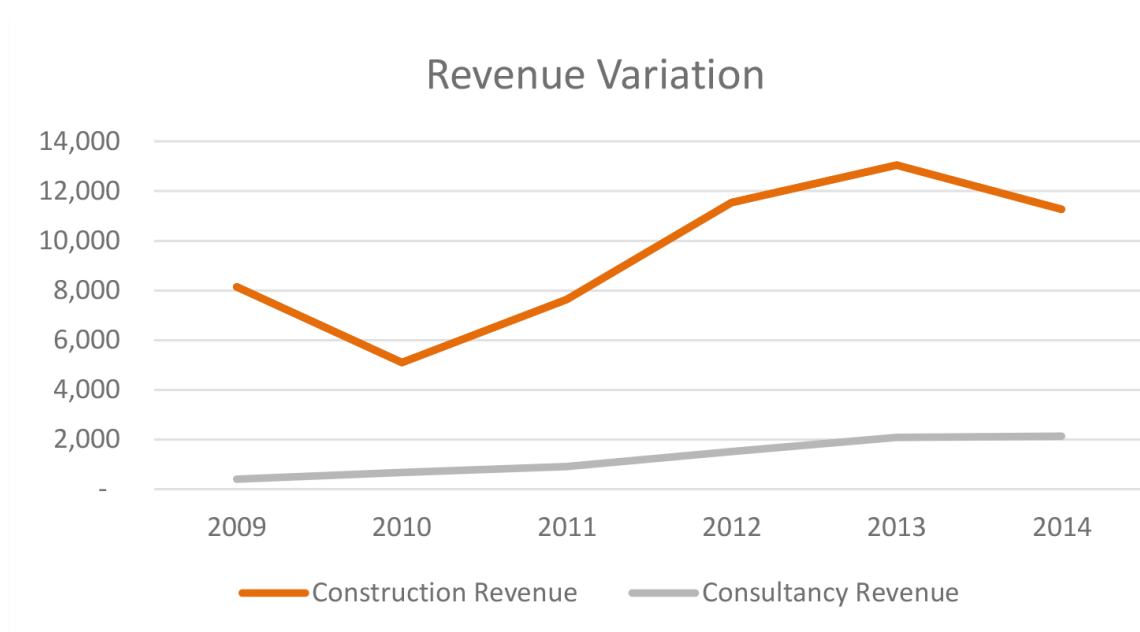
The Central Engineering Consultancy Bureau was awarded the prestigious Excellence in Engineering Award in August 2014, by the Institute of Engineers of Sri Lanka (IESL) for its outstanding achievements in Consultancy Services.



## CECB FINANCIAL PERFORMANCE

Operations of the CECB and the group for the year under review had resulted a before tax profit of Rs.536,383,250 and Rs.668,173,035 respectively as compared with the corresponding before tax profit Rs.584,746,149 and Rs.610,013,445 respectively for the preceding year. Group has increased its profit by 15%. But CECB profit has reduced by 8% due to all construction works assigned to CECB fully owned subsidiary of CESL.

CECB has earned net profit of Rs.536 million (before tax) during the year 2014 by utilizing its staff strength 1369 and total assets value of Rs.17,027 million. Further, the profit is represented 3% of the total assets of the Bureau.



# GLOBAL AND LOCAL PRESENCE

## CECB Worldwide Projects



## CECB Regional & Project Offices

- Base Offices
- Project Offices





# SPECIALIZED AREAS & SERVICES

Building Services

Hospital Development

Architectural Services

Structural Designs

Quantity Surveying

Roads and Bridges

Railway Works

Port/ Coastal Works

Airport Development

Water Supply and Drainage

Hydro Power and Energy

Power Transmission and Distribution

Water Resource Development

Technical Audit / Dam Safety

Electrical & Mechanical Work

Land Surveying

Information Technology (IT)

Environmental Studies

Project Management

Geo-technical Investigation & Laboratory Services





# HUMAN RESOURCE

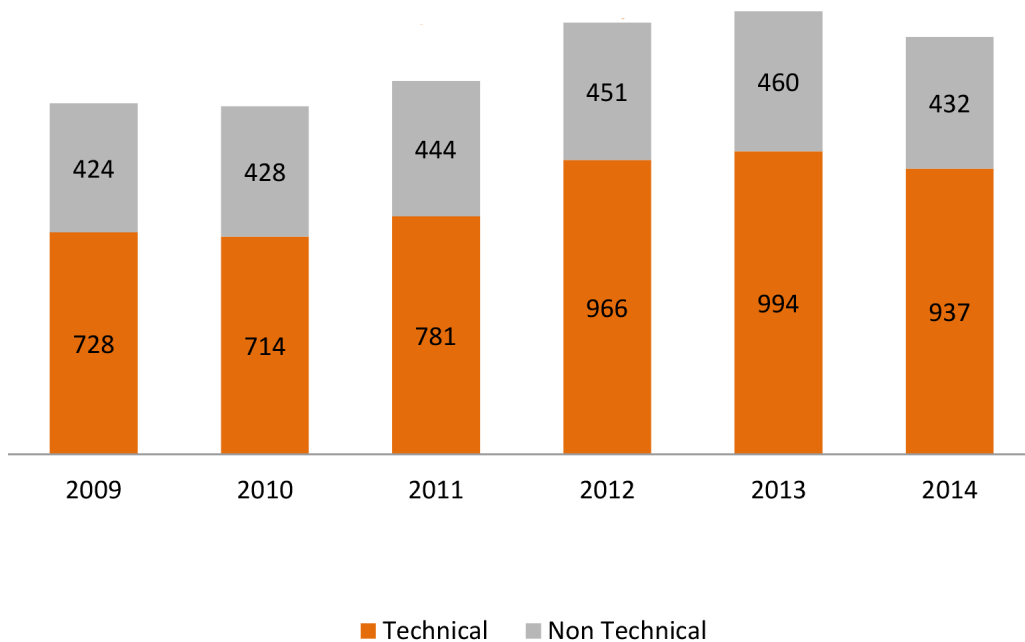
CECB has been handling large scale of construction projects, consultancy services and other related services across the island as well as internationally with a team of highly skilled, motivated and talented human resource base that consists of multi-disciplinary professionals and Technical staff representing various disciplines. Such as:

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

The HR team of CECB comprises of two major groups, namely, the technical staff and non-technical Staff. The technical staff strength of CECB is currently over 937 and non-technical staff strength is 432.

CECB acquiring excellence in construction and consultancy technology through experienced and energetic workforce by becoming the number one among public sector engineering organization in the year 2014 also.

## Staff Information



# CENTRAL ENGINEERING SERVICES (PVT) LTD

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

CESL became actively operational at the beginning of 2011 to make use of the opportunity created by the high demand for construction services as a result of the boom during this period. CESL took up the challenges which the industry offered, gaining construction management and technical exposure, as well as its project management knowhow by working alongside CECB.

The Core business of CESL is centered on the construction of buildings, roads, bridges, water supply & drainage schemes and urban infrastructure. The company is also involved in the production of concrete and asphalt for its projects.

CESL construction serves customers in the public sector as well as the private sector. The range of construction extends from education and healthcare facilities to office buildings, residential buildings, industrial facilities, playgrounds, swimming pools and water supply and drainage schemes.



## VISION

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



## MISSION

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

◆ 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

**Chairman**

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



Eng. S.S. Ediriweera

**Executive Director of the CESL**

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



Eng. G.D.A. Piyatilake

**Director**

Bsc. Eng., PG Dip. (Const. Mgt.), PG Dip. (Norway), C. Eng., MIE (SL), MASCE



Eng. M.A.P. Hemachandra

**Director**

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



Eng. K.L.S. Sahabandu

**Director**

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



Eng. T. D. Wicramaratne

**Director**

B.A.(Hons.), M.Eng. (Hydrology) MICE (London), FIE(SL), C.Eng.



Mr. S.M.N.L. Senanayake

**Director**

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



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