

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION
AS AT 31ST OF DECEMBER 2022

DRAFT

		31.12.2022 (Rs.)	31.12.2021 (Rs.)
	Note	without NEMO	without NEMO
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	9	7,709,190,897	7,722,259,099
Intangible Assets	10	514,025	181,753
Investments in shares	11	3,336,000	4,104,000
Deferred Taxation	12	-	-
Other Financial Assets Including Derivatives	15	6,860,620	4,681,470
		<u>7,719,901,542</u>	<u>7,731,226,322</u>
Current Assets			
Inventories	13	712,371,446	579,430,035
Trade and other Receivables	14	6,492,047,239	5,928,583,517
Other Financial Assets Including Derivatives	15	1,310,762,630	1,197,426,620
Cash and Cash Equivalents	16	505,936,993	422,090,398
		<u>9,021,118,308</u>	<u>8,127,530,571</u>
Total Assets		<u>16,741,019,849</u>	<u>15,858,756,893</u>
EQUITY AND LIABILITIES			
Stated Capital	17	705,500,000	298,000,000
Capital Accretion Reserve		27,738,806	27,738,806
Revaluation Reserve		7,279,082,412	7,279,082,412
General Reserve		3,602,690	3,602,690
Retained Earnings		(6,757,930,870)	(5,817,443,043)
Total Equity		<u>1,257,993,038</u>	<u>1,790,980,866</u>
Non-Current Liabilities			
Interest Bearing Borrowings	18	2,513,943,820	2,130,790,000
Employee Benefit	19	393,068,686	424,728,754
Other Financial Liabilities including derivatives	20	-	-
		<u>2,907,012,506</u>	<u>2,555,518,754</u>
Current Liabilities			
Interest Bearing Borrowings	18	353,846,180	130,433,889
Trade and Other Payables	21	8,458,058,721	7,185,821,154
Other Financial Liabilities including derivatives	20	3,630,664,676	3,797,398,818
Income Tax Payable	22	10,562,149	10,562,149
Bank Overdraft	16	122,882,579	388,041,264
		<u>12,576,014,305</u>	<u>11,512,257,273</u>
Total Equity, Liabilities		<u>16,741,019,849</u>	<u>15,858,756,893</u>

Draft Unaudited Financial Statements

These Financial Statement are prepared in compliance with the Sri Lanka Accounting Standards.

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Deputy General Manager (Finance)

Directors certificate in terms of Public Enterprises Circular No PED 45.The Accounting Statements , the Accounting Policies and Explanatory Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and Signed on their behalf.

.....
Chairman

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Director

**STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST OF DECEMBER 2022**

DRAFT

		2022 (Year) (Rs.)	2021 (Year) (Rs.)
	Note	without NEMO	without NEMO
Revenue	4	2,667,725,080	2,932,138,285
Cost of Sales		(2,770,937,517)	(3,489,587,569)
Gross Profit		<u>(103,212,437)</u>	<u>(557,449,284)</u>
Other Income	5	25,258,255	23,171,773
Administrative Expenses		(303,895,232)	(326,406,575)
Net Finance Income/ (Expense)	6	(557,183,316)	(219,997,412)
Profit before Tax	7	<u>(939,032,730)</u>	<u>(1,080,681,497)</u>
Income Tax Expense	8	-	(516,501,437)
Profit for the period		<u><u>(939,032,730)</u></u>	<u><u>(1,597,182,934)</u></u>
Other comprehensive income			
Actuarial Gain/ (Losses) on Defined Benefit Plans		-	18,970,429
Fair Value Change of Available for sale Financial Instruments		(768,000)	(108,000)
Surplus on Revaluation of property, Plant and Equipments			
Other comprehensive income for the period, net of tax		<u>(768,000)</u>	<u>18,862,429</u>
Total comprehensive income for the period		<u><u>(939,800,730)</u></u>	<u><u>(1,578,320,505)</u></u>

Draft Unaudited Financial Statements

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.

STATE ENGINEERING CORPORATION OF SRI LANKA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	Stated Capital	Capital Accretion Reserve	Revaluation Reserve	General Reserve	E&M Capital	Available For Sale Reserve	Retained Earnings	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Balance as at 01st January 2021	70,000,000	27,738,806	7,279,082,412	3,602,690	-	-	(4,234,926,578)	3,145,497,330
Profit for the Year							(1,597,182,934)	(1,597,182,934)
Reversal of accrued provision							(4,195,960)	(4,195,960)
Capital Contributed by Government	228,000,000							228,000,000
Other comprehensive Income -Fair value changes							(108,000)	(108,000)
Other comprehensive Income -Actuarial Gain/(Loss)							18,970,429	18,970,429
Total other comprehensive income for the period	-		-	-	-	-	-	242,666,469
Balance as at 31.12.2021	298,000,000	27,738,806	7,279,082,412	3,602,690	-	-	(5,817,443,043)	1,790,980,865
Profit for the Period							(939,032,730)	(939,032,730)
Reversal of Other Income							(687,097)	
Other Comprehensive Income -Actuarial Loss	-	-	-	-	-	-	-	-
Other Comprehensive Income -Fair Value Changes	-	-	-	-	-	-	(768,000)	(768,000)
Capital Contributed by Government	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the period	-	-	-	-	-	-	(768,000)	(768,000)
Balance as at 31st of December 2022	298,000,000	27,738,806	7,279,082,412	3,602,690	-	-	(6,757,930,870)	850,493,038

(Figures in brackets indicate deductions)

STATE ENGINEERING CORPORATION OF SRI LANKA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

O.K

	31.12.2022 (Rs.)	31.12.2021 (Rs.)
	without NEMO	without NEMO
Cash Flow from Operating Activities		
Profit Before Tax	(939,032,730)	(1,080,681,497)
Adjustments for,		
Depreciation of Property, Plant and Equipment	21,132,683	24,225,034
Amortization of Intangible assets	40,000	18,246
Provision/(Reversal) for Accrued Expenses and Other Provisions	-	(4,195,959)
Provision for Retirement Benefit Obligations	-	60,651,899
Provision/(Reversal) for Trade Debtors	(687,091)	-
Provision for/(Reversal) of Obsolete Stocks	3,752,891	3,679,957
Interest Income	(18,605,774)	(6,110,661)
Interest Expenses	562,534,130	197,906,777
Operating Profit Before Working Capital Changes	(370,865,891)	(804,506,204)
(Increase)/Decrease in Inventory	(131,567,570)	(130,679,528)
(Increase)/Decrease in Trade and Other Receivables	(568,590,462)	(543,665,146)
(Increase)/Decrease in Other Current Financial Assets	(115,515,160)	146,814,861
Increase/(Decrease) in Other Current Financial Liabilities	(166,734,142)	886,882,699
Increase/(Decrease) Trade and Other Payables	1,272,237,567	628,357,313
Cash Generated from/(used in) Operating Activities	(81,035,659)	183,203,994
Interest Paid	(562,534,130)	(197,906,777)
Gratuity Paid	(31,660,068)	(52,014,099)
Income Tax Paid	-	-
Net Cash Generated from/(used in) Operating Activities	(675,229,854)	(66,716,882)
Cash Flow from Investing Activities		
Purchases of Property, Plant and Equipment	(8,064,482)	(14,134,842)
Purchases of Intangible Assets	(372,272)	(200,000)
Interest Received	18,605,774	6,110,661
Net Cash Generated from/(used in) Investing Activities	10,169,022	(8,224,181)
Cash Flow from Financing Activities		
Proceeds from long term borrowings	637,000,000	-
Repayment of Loan	(30,433,889)	-
Cash Contributed by Treasury for Capital	407,500,000	228,000,000
Grant Received	-	-
Net Cash Generated from/(used in) Financing Activities	1,014,066,111	228,000,000
Net Increase/(Decrease) in Cash and Cash Equivalents during the period	349,005,279	153,058,943
Cash and Cash Equivalents at the beginning of the period	34,049,135	(119,009,807)
Cash and Cash Equivalents at the end of the period	383,054,414	34,049,135

The Accounting Policies and Explanatory Notes form an integral part of these Financial Statements.
(Figures in brackets indicate deductions.)

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	31.12.2022 (Rs.)	31.12.2021 (Rs.)
	without NEMO	without NEMO
4 REVENUE		
Buildings and Other Construction	1,315,825,931	1,612,200,084
Road Construction	677,668,632	597,601,680
Mechanical and Electrical Income	79,315,636	111,445,669
Consultancy and Architectural Services	412,986,617	338,089,747
Sale of Construction Related Material	171,243,981	248,541,603
Hiring Income	10,684,284	24,259,502
	<u>2,667,725,080</u>	<u>2,932,138,285</u>
5 OTHER INCOME		
Rent income	18,825,898	11,418,062
Reversal of Stock Over Provisions	1,190	198,805
Tender Fees	1,579,537	-
Scrap Sale	118,364	-
Registration Fee Income	1,264,799	4,224,801
Miscellaneous Income	3,468,467	7,330,106
	<u>25,258,255</u>	<u>23,171,773</u>
6 NET FINANCE INCOME /(EXPENSE)		
Finance Income		
Interest Income on Fixed Deposits	17,489,174	4,883,511
Interest on Saving Deposits	1,005,181	958,780
Interest on REPO	-	180,124
Interest income on Staff Loan	111,419	88,246
	<u>18,605,774</u>	<u>6,110,661</u>
Finance Cost		
Interest on Loans	447,055,890	161,488,463
Bank Charges & Commission	13,254,960	28,201,296
Interest on Bank Overdrafts	115,478,240	36,418,314
	<u>575,789,090</u>	<u>226,108,073</u>
Net Finance Income /(Expense)	<u>(557,183,316)</u>	<u>(219,997,412)</u>

Draft Unaudited Financial Statements

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	31.12.2022 (Rs.)	31.12.2021 (Rs.)
	without NEMO	without NEMO
7 PROFIT BEFORE TAX		
<i>Is stated after charging all expenses including the following,</i>		
Directors Remuneration	192,233	316,239
Professional Charges	706,653	1,098,650
Legal expenses	1,418,353	2,294,975
Donations	100,000	228,082
Depreciation on Property Plant & Equipment	12,802,490	24,249,269
Amortization of Intangible Assets	40,000	18,247
Written off or Provision for/ (Reversal of)		
- Bad and Doubtful Debts	-	
- Obsolete and Slow Moving Stocks	-	3,673,627
- Bad and Doubtful Debts	-	46,776,966
Staff Related Cost		
- Salaries ,Wages and other expenses	216,895,992	1,752,996,815
- Defined Benefit Plan Cost - Gratuity	-	-
- Defined Contribution EPF	18,402,176	135,397,059
ETF	4,000,809	35,087,103
8 INCOME TAX EXPENSE		
On the Current years Profit (Note 8.2)	-	-
Under/ (over) Provision in previous year	-	-
Deferred Taxation (Note 12)	-	(516,501,437)
Tax expense on Total Comprehensive Income	<u>-</u>	<u>(516,501,437)</u>

8.1 Taxation on Profits

Under the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto, the Company is liable for income tax at the concessionary rate of 12% on construction income and 28% on other income

SEC has been incurring lost during past few years of operation. Therefore there is no taxable profit during past few years. Accordingly income tax provision did not make for the books accounts in year 2020.

	31.12.2022 (Rs)	31.12.2021 (Rs)
8.2 Reconciliation between current tax expense and the accounting profit		
Accounting Profit before Tax	(939,032,730)	(1,080,681,497)
Disallowable Expenses for Taxation		289,368,286
Allowable Expenses for Taxation		(365,441,392)
Tax Loss of Business Income	<u>(939,032,730)</u>	<u>(1,156,754,603)</u>
Taxable Income	-	-
Tax Loss brought forward		6,643,846,878
Tax Loss incurred during the year		1,156,754,602
Tax Loss	<u>-</u>	<u>7,800,601,480</u>
Tax Loss claimed during the year		(29,083,630)
Tax Loss Carried Forward	<u>-</u>	<u>7,771,517,850</u>
Tax at the Rate of 12%	-	-
Tax at the Rate of 28%	-	-

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

9. PROPERTY, PLANT AND EQUIPMENT

COST	FREEHOLD								Total
	Land	Building	Plant, Machinery & Equipments	Computers	Motor Vehicles	Office Equipments	Furniture & Fittings	Capital work in Progress	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Balance as at 01st January 2022	6,759,050,000	505,694,149	850,808,859	1,806,760	120,781,800	72,392,670	32,509,390	548,606,859	8,981,650,487
Additions during the period	-	-	2,213,259	4,460,000	-	803,803	587,419	-	8,064,482
Transfer of Assets									-
Disposals during the period									-
Balance as at 31st of December 2022	6,759,050,000	505,694,149	853,022,118	96,266,760	120,781,800	73,196,473	33,096,810	548,606,859	8,989,714,969
ACCUMULATED DEPRECIATION									
Balance as at 01st January 2022	-	109,380,025	846,307,093	86,176,515	120,515,987	68,558,485	28,453,284	-	1,259,391,389
Charge for the period	-	12,642,354	2,000,187	2,940,560	265,802	2,001,381	1,282,400	-	21,132,683
Transfer of Depreciation									-
Disposals									-
Balance as at 31st of December 2022	-	122,022,379	848,307,280	89,117,075	120,781,800	70,559,865	29,735,684	-	1,280,524,072
IMPAIRMENT									
Balance as at 01st January 2022	-	-	-	-	-	-	-	-	-
Charge/(Reversal) for the period	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2022	-	-	-	-	-	-	-	-	-
Balance as at 31st of December 2022	-	-	-	-	-	-	-	-	-
CARRYING AMOUNT									
Balance as at 31st of December 2022	6,759,050,000	383,671,770	4,714,837	7,149,685	0	2,636,608	3,361,126	548,606,859	7,709,190,897
As at 31st of December 2021	6,759,050,000	396,314,123	4,501,765	5,630,246	265,813	3,834,185	4,056,108	548,606,859	7,722,259,099

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

		31.12.2022 (Rs.)	31.12.2021 (Rs.)		
		without NEMO	without NEMO		
10. INTANGIBLE ASSETS					
Cost					
Balance at the beginning of the year		4,043,921	3,843,921		
Additions during the period		372,272	200,000		
Balance at the end of the period		<u>4,416,193</u>	<u>4,043,921</u>		
Amortization					
Balance at the beginning of the year		(3,862,167)	(3,843,921)		
Charge during the period		(40,000)	(18,246)		
Balance at the end of the period		<u>(3,902,167)</u>	<u>(3,862,167)</u>		
Carrying Amount		<u>514,025</u>	<u>181,753</u>		
11. INVESTMENT IN SHARES	No of Shares	31.12.2022 (Rs.)	31.12.2021 (Rs.)		
HDFC Bank	120,000	4,104,000	4,212,000		
Adjustment for fair value of investments		(768,000)	(108,000)		
Carrying amount		<u>3,336,000</u>	<u>4,104,000</u>		
12. DEFERRED TAXATION		31.12.2022 (Rs.)	31.12.2021 (Rs.)		
12.1 Movement in deferred tax					
Balance at the beginning of the year		-	516,501,437		
(Provision) /Reversal during the period		-	(516,501,437)		
Balance at the end of the Period		<u>-</u>	<u>-</u>		
12.2 Composition of Deferred Tax		31.12.2022	31.12.2021		
		Temporary Difference (Rs.)	Temporary Difference (Rs.)		
		Tax effect on Temporary Difference (Rs.)	Tax effect on Temporary Difference (Rs.)		
Temporary Difference on PPE		346,591,951	41,591,034		
Temporary Difference on Gratuity Provision		(16,509,185)	(1,981,102)		
Temporary Difference on Stock Provision		(3,679,957)	(441,595)		
Temporary Difference on Tax Losses		(326,402,809)	(39,168,337)		
		<u>-</u>	<u>-</u>		
12.3 Movement in Tax Effect of Temporary Differences					
	As at 31.12.2022 (Rs.)	Recognized in Income Statement (Rs.)	As at 31st December 2021 (Rs.)	Recognized in income Statement (Rs.)	As at 31st December 2020 (Rs.)
Deferred tax on PPE			41,591,034	6,214,475	47,805,509
Deferred tax on Gratuity Provision			(1,981,102)	(11,970,195)	(13,951,297)
Deferred tax on Stock general Provision			(441,595)	(488,899)	(930,494)
Temporary Difference on Tax Losses			(39,168,337)	(510,256,818)	(549,425,155)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(516,501,437)</u>	<u>(516,501,437)</u>

Draft Unaudited Financial Statements

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	31.12.2022 (Rs.)	31.12.2021 (Rs.)
	without NEMO	without NEMO
13. INVENTORIES		
Raw Materials	509,408,913	383,512,552
Finished Goods	239,165,836	233,494,628
	<u>748,574,750</u>	<u>617,007,180</u>
Less: Provision for Impairment (Note:13.1)	(36,203,304)	(32,450,413)
Provision for Stock Loss	-	(5,126,733)
	<u>712,371,446</u>	<u>579,430,035</u>
13.1 Movement in Provision for Impairment		
Balance at the beginning of the year	32,450,413	28,770,456
Provision/(Reversal) made during the period	3,752,891	3,679,957
Balance at the end of the period	<u>36,203,304</u>	<u>32,450,413</u>
14. TRADE AND OTHER RECEIVABLES		
Trade Receivables	2,437,330,049	2,435,581,873
Less: GST/VAT	(932,362,064)	(909,633,545)
Provision for impairment (14.1)	(775,087,346)	(730,981,830)
	<u>729,880,638</u>	<u>794,966,498</u>
Amount Due from Customers	3,873,950,533	3,292,185,798
Deposits , Prepayments and advances	987,440,419	1,103,928,086
Withholding Tax receivables	3,590,125	3,590,125
Other Receivables	897,185,524	733,913,010
	<u>6,492,047,239</u>	<u>5,928,583,517</u>
14.1 Movement in Provision for Impairment		
Balance at the beginning of the year	730,981,830	684,204,865
Provision/(Reversal) made during the period	44,105,516	46,776,965
Balance at the end of the period	<u>775,087,346</u>	<u>730,981,830</u>
Impairment provision was reviewed and identified debtors to be impaired for the year ended 31st December 2021, which include all the impaired debtors recognized in 2021.		
15. Other Financial Assets Including Derivatives		
Non Current		
Loans given to employees	6,860,620	4,681,470
	<u>6,860,620</u>	<u>4,681,470</u>
Current		
Retention and T C Receivable	1,309,594,575	1,196,332,193
Loans given to employees	1,168,055	1,094,428
	<u>1,310,762,630</u>	<u>1,197,426,620</u>
	<u>1,317,623,250</u>	<u>1,202,108,090</u>

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	O.K	
	31.12.2022 (Rs.)	31.12.2021 (Rs.)
	without NEMO	without NEMO
15.1. Loans given to employees		
Balance at the beginning of the year	5,775,898	6,511,553
Loans Granted during the period	3,700,000	500,000
Loans Recovered during the period	(1,447,223)	(1,235,655)
Balance at the end of the period	<u>8,028,675</u>	<u>5,775,898</u>
Non Current	<u>6,860,620</u>	<u>4,681,470</u>
Current	<u>1,168,055</u>	<u>1,094,428</u>
<p>The Corporation provides loans to employees and charged interest at 7,500/= per 100,000/= irrespective of loan repayment period.</p>		
16. CASH AND CASH EQUIVALENTS	31.12.2022 (Rs.)	31.12.2021 (Rs.)
16.1 Favorable Balances		
Fixed Deposits	139,076,094	136,700,072
Saving/Call Deposits	33,265,297	31,745,463
Cash at Bank	295,153,455	215,820,971
Cash in Hand	38,442,147	37,823,891
	<u>505,936,993</u>	<u>422,090,398</u>
16.2 Unfavorable Balances		
Bank Overdraft	(122,882,579)	(388,041,264)
<i>Cash and Cash Equivalents for the purpose of the Cash Flow Statement</i>	<u>383,054,414</u>	<u>34,049,135</u>
17. STATED CAPITAL		
Issued and Fully paid		
At the beginning of the year	298,000,000	70,000,000
Capital Contributed by Government	407,500,000	228,000,000
At the end of the period	<u>705,500,000</u>	<u>298,000,000</u>
18. INTEREST BEARING BORROWINGS		
Payable after one year		
Treasury Loan	30,800,000	30,800,000
Term Loan	2,483,143,820	2,099,990,000
Finance Lease Obligations	-	-
	<u>2,513,943,820</u>	<u>2,130,790,000</u>
Payable within one year		
Bill Discounting	100,000,000	100,000,000
Term Loan	253,846,180	30,433,889
Finance Lease Obligations	-	-
	<u>353,846,180</u>	<u>130,433,889</u>

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	31.12.2022 (Rs.)	31.12.2021 (Rs.)	
	without NEMO	without NEMO	
18.1 Details of Securities and Repayment			
Lender	- Peoples Bank		
Approved Facility	- -		
Facility Obtained	- -		
Securities Pledged	- -		
Interest Rate	- -		
Repayments	- -		
18.2 Details of Securities and Repayment			
Lender	- -		
Approved Facility	- -		
Facility Obtained	- -		
Interest Rate	- -		
18 Term Loan			
	Bank of Ceylon	Peoples Bank	Total
Balance at the beginning of the year	2,099,990,000	30,433,889	2,130,423,889
Obtained During the period	-	637,000,000	637,000,000
Repayment during the period	-	(30,433,889)	(30,433,889)
Balance at the End of the period	<u>2,099,990,000</u>	<u>637,000,000</u>	<u>2,736,990,000</u>
Loan Payable within One Year	253,846,180	-	253,846,180
Loan Payable after One Year	1,846,143,820	637,000,000	2,483,143,820
19. EMPLOYEE BENEFIT			
	31.12.2022 (Rs.)	31.12.2021 (Rs.)	
Balance at the beginning of the year	424,728,754	435,061,383	
Provision made in Profit and Loss Account	-	60,651,899	
Payments made during the period	(31,660,068)	(52,014,099)	
Actuarial (Gain) / Loss recognized in Other Comprehensive Income	-	(18,970,429)	
Recognition of Adjustment in other comprehensive Income	-	-	
Balance at the end of the period	<u>393,068,686</u>	<u>424,728,754</u>	
An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2021 by professional actuaries, Actuarial & Management Consultants (Pvt) Limited.			
The valuation method used by the Actuaries to value the Retirement Benefit Obligation is the "Projected Unit Credit Method". The method recommended by the LKAS 19 - 'Employee Benefits'			
The Key Assumptions used by Actuary include the following:			
	31.12.2022 (Rs.)	31.12.2021 (Rs.)	
Discount Rate		8.00% p.a	
Expected Annual Rate of Salary Increment		1.30% p.a	
Staff Turnover Rate			
Permanent Staff		4.00%	
Contract Staff		25.00%	
Wages Staff		20.00%	
Retiring Age (Year)		60 years	

**STATE ENGINEERING CORPORATION OF SRI LANKA
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FOR THE YEAR ENDED 31ST OF DECEMBER 2022**

19.1 The amount recognised in the Balance Sheet are as follows

	31.12.2022	31.12.2021
	(Rs.)	(Rs.)
	without NEMO	without NEMO
Present value of unfunded obligations	393,068,686	424,728,754
Present value of funded obligations	-	-
Total present value of obligations	<u>393,068,686</u>	<u>424,728,754</u>
Fair value of plan assets	-	-
Present value of net obligations	<u>393,068,686</u>	<u>424,728,754</u>
Unrecognised net actuarial gains/ (losses)	-	-
Recognised liability for defined benefit obligations	<u>393,068,686</u>	<u>424,728,754</u>

19.2 Movement in the present value of defined benefit obligations

Liability for defined benefit obligations as at 1st January	424,728,754	435,061,383
Actuarial (gains)/ losses	-	(18,970,429)
Benefit paid by the plan	(31,660,068)	(52,014,099)
Current service costs		25,846,988
Interest Cost		34,804,911
Liability for defined benefit obligations	<u>393,068,686</u>	<u>424,728,754</u>

20. Other Financial Liabilities Including Derivatives

Non Current

Deferred Income	-	-
	<u>-</u>	<u>-</u>

Current

Deferred Income	-	-
Mobilisation Advance	3,630,664,676	3,797,398,818
	<u>3,630,664,676</u>	<u>3,797,398,818</u>

20.1 Deferred Income

Balance at the beginning of the year	-	-
Grant Received during the period	-	-
Amortization during the period	-	-
Balance at the end of the period	<u>-</u>	<u>-</u>
Payable within one year	<u>-</u>	<u>-</u>
Payable after one year	<u>-</u>	<u>-</u>

21. TRADE AND OTHER PAYABLES

Trade Payables	533,140,844	539,579,428
Subcontract Payables	1,509,805,111	1,501,611,140
Labour Contract Advances Payable	50,592,100	50,592,100
Accrued Expenses and Other Provisions	3,166,204,316	2,432,255,249
Amount Due to Customer	1,710,948,954	1,306,355,723
VAT Payable	1,285,950,350	1,154,040,893
ESC Payable	97,754,395	97,754,395
Other Taxes Payable	103,662,651	103,632,211
	<u>8,458,058,721</u>	<u>7,185,821,154</u>

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OF DECEMBER 2022

	31.12.2022	31.12.2021
	(Rs.)	(Rs.)
22. INCOME TAX PAYABLE		
Balance at the beginning of the year	10,562,149	10,562,149
Provision for Income Tax on current year's profits		
Under/(Over) provision of Income Tax in respect of prior years		
Unrecorded W H T	-	-
Tax paid during the year		
- Income Tax	-	
- Withholding Tax	-	
- Other	-	
Balance at the end of the year	<u>10,562,149</u>	<u>10,562,149</u>
23. PRIOR YEAR ADJUSTMENT		
Identified the amounts to be paid to Access Projects (Pvt) Ltd in 2021 and corrected the reversal entry for the year 2020. Financial Statement has been restated as follows;		
	31.12.2021	
	(Rs.)	
TRADE DEBTORS		
Trade Debtors		
Trade Debtors - previously reported	2,435,581,873	
Adjustments in Trade Debtors	687,091	
Trade Debtors as restated	<u>2,436,268,964</u>	
CHANGES IN EQUITY		
Retained Earnings		
Retained Earnings as previously reported	(5,817,443,043)	
Other Income as restated	(687,091)	
Retained Earnings as restated	<u>(5,818,130,134)</u>	

STATE ENGINEERING CORPORATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST OF DECEMBER 2022

SEGMENT INFORMATION

	Construction		Construction Component		Road and Bridges		M&E		S P U		Consultancy		Total	
	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.	31.12.2022 Rs.	2021 Rs.
Segment Gross Revenue	1,104,621,960	1,001,647,420	409,758,006	877,768,062	461,531,293	329,844,406	199,645,511	324,215,921	257,148,404	267,757,274	412,986,617	342,396,967	2,845,691,790	3,143,630,160
Less: Inter Segment Revenue	-	-	(33,065,730)	(22,980,012)	-	-	(103,885,450)	(84,204,643)	(41,011,065)	-	-	(4,307,220)	(177,962,246)	(211,491,875)
Segment Net Revenue	1,104,621,960	1,001,647,420	376,692,275	854,788,050	461,531,293	329,844,406	95,760,061	140,011,388	216,137,339	267,757,274	412,986,617	338,089,747	2,667,729,544	2,932,138,285
Segment Cost of Sales	(1,040,027,292)	(1,154,206,123)	(488,314,302)	(986,617,013)	(359,637,544)	(306,324,629)	(166,321,116)	(246,272,292)	(220,601,591)	(240,995,763)	-	-	(2,275,301,845)	(2,934,415,820)
Segment Operation Profit	64,594,669	(152,558,703)	(111,622,026)	(131,828,963)	101,893,749	23,519,777	(70,961,056)	(106,260,904)	(4,464,252)	26,761,511	412,986,617	338,089,747	392,427,699	(2,277,535)
Less: Segment Overhead	(34,959,341)	(114,355,530)	(82,226,142)	(63,913,383)	(19,586,826)	(30,192,485)	(21,711,430)	(47,840,291)	(22,552,562)	(11,862,879)	(314,603,836)	(287,097,001)	(495,640,136)	(555,171,749)
Segment Gross Profit	29,635,328	(266,914,233)	(193,848,168)	(195,742,346)	82,306,923	(6,672,708)	(92,672,486)	(154,101,195)	(27,016,815)	14,898,632	98,382,781	50,992,746	(103,212,437)	(557,449,284)
Other Income	5,617,139	5,611,461	4,259,261	4,937,594	1,973,589	982,421	3,015,916	3,090,258	1,728,670	639,003	8,663,680	7,911,037	25,258,254	23,171,774
Administrative Expenses	(72,934,856)	(78,337,578)	(45,584,285)	(48,960,986)	(24,311,479)	(26,112,526)	(33,428,475)	(35,904,723)	(21,272,666)	(22,848,460)	(106,363,331)	(114,242,301)	(303,895,232)	(326,406,573)
Net Finance Income/(Expenses)	(258,265,946)	(99,590,664)	(129,366,751)	(68,026,066)	(31,595,707)	(3,222,405)	(57,878,713)	(25,345,326)	(5,621,634)	(79,559)	(74,454,566)	(23,733,393)	(557,183,316)	(219,997,413)
Profit before Tax	(295,948,335)	(439,231,014)	(364,539,943)	(307,791,804)	28,373,186	(34,935,397)	(180,963,759)	(212,260,987)	(52,182,445)	(7,390,383)	(73,771,436)	(79,071,910)	(939,032,732)	(1,080,681,496)
Income Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	(516,501,437)
Profit for the Year	(295,948,335)	(439,231,014)	(364,539,943)	(307,791,804)	28,373,186	(34,935,397)	(180,963,759)	(212,260,987)	(52,182,445)	(7,390,383)	(73,771,436)	(79,071,910)	(939,032,732)	(1,597,182,933)
Other Comprehensive Income														18,970,429
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value Change	-	-	-	-	-	-	-	-	-	-	-	-	(768,000)	(108,000)
Total Comprehensive Income for the Year	(295,948,335)	(439,231,014)	(364,539,943)	(307,791,804)	28,373,186	(34,935,397)	(180,963,759)	(212,260,987)	(52,182,445)	(7,390,383)	(73,771,436)	(79,071,910)	(939,800,732)	(1,578,320,504)