

FINANCIAL STATEMENTS 2024



CENTRAL ENGINEERING CONSULTANCY BUREAU

Ministry of Agriculture, Livestock, Lands & Irrigation
No 415, Bauddhaloka Mawatha, Colombo 07, Sri Lanka

www.cecb.lk

CENTRAL ENGINEERING CONSULTANCY BUREAU
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	GROUP		CECB	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue	9	12,330,515,017	9,890,496,483	8,933,921,313	5,503,254,616
Cost of Sales	10	(10,570,751,795)	(9,041,339,729)	(8,330,420,386)	(5,279,523,650)
Gross Profit		1,759,763,222	849,156,754	603,500,927	223,730,966
Other Income	11	150,536,834	112,617,905	183,450,324	209,100,877
Administration Expenses		(1,492,948,950)	(1,475,078,166)	(562,154,068)	(577,795,010)
Selling and Distribution Expenses		(58,563,559)	(15,566,671)	(56,571,033)	(606,845)
Results from Operating Activities		358,787,547	(528,870,178)	168,226,150	(145,570,011)
Finance Income		924,480,893	1,598,124,215	443,189,620	896,766,120
Finance Cost		(11,672,644)	(19,009,910)	(3,911,517)	(3,650,202)
Net Finance Income	12	912,808,249	1,579,114,305	439,278,103	893,115,918
Profit Before Tax		1,271,595,796	1,050,244,127	607,504,253	747,545,907
Income Tax Expense	14	(236,140,443)	(351,112,951)	(97,170,702)	(232,682,618)
Profit/(Loss) for the Year		1,035,455,353	699,131,176	510,333,551	514,863,289
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurement of Defined Benefit Liability	24	(32,958,627)	(136,607,436)	(27,472,352)	(121,778,932)
Revaluation of Non Current Assets	28	-	-	-	-
Related Tax	25	-	(15,498,549)	-	(15,498,549)
Net Exchange Differences on Translation of Foreign Operation		1,205,016			
Other Comprehensive Income for the Year, Net of Tax		(31,753,611)	(152,105,985)	(27,472,352)	(137,277,481)
Total Comprehensive Income for the Year, Net of Tax		1,003,701,742	547,025,191	482,861,199	377,585,808

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 37 form an integral part of these Financial Statements.

CENTRAL ENGINEERING CONSULTANCY BUREAU
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2024	GROUP		CECB		
	2024	2023	2024	2023	
	Rs.	Rs.	Rs.	Rs.	
Assets	Note				
Non-Current Assets					
Property, Plant and Equipment	15	3,127,869,181	3,229,655,305	2,690,040,579	2,778,447,375
Right-of-use Assets	16	63,219,684	66,481,983	50,614,634	53,362,757
Intangible Assets	17	3,112,933	4,298,802	3,112,933	4,298,802
Investments	18	374,271,053	707,732,402	232,676,606	572,409,484
Deffered Tax	25	21,915,191	-	10,130,222	-
Amount Due from Related Parties	21	0	-	1,569,400,938	1,545,964,905
Biological Assets	15A	27,867,390	20,283,662		
Total Non-Current Assets		3,618,255,432	4,028,452,154	4,555,975,912	4,954,483,324
Current Assets					
Inventories	19	873,069,114	834,134,941	7,320,677	25,200,147
Work in progress	19	133,953,904	116,073,806	-	-
Trade and Other Receivables	20	9,624,331,944	8,999,583,397	8,307,816,496	8,780,923,851
Short term Investments	18	8,912,058,934	7,458,978,011	4,181,982,587	3,495,296,737
Cash and Cash Equivalents	22	1,707,522,993	2,810,811,208	309,280,061	571,683,245
Total Current Assets		21,250,936,889	20,219,581,362	12,806,299,821	12,873,103,980
Total Assets		24,869,192,321	24,248,033,519	17,362,275,733	17,827,587,307
Equity and Liabilities					
Contributed Capital		500,000	500,000	500,000	500,000
Capital Reserve	28	197,939,233	197,939,233	197,939,233	197,939,233
Revaluation Reserve		666,888,864	666,888,864	516,618,300	516,618,300
Retained Earnings		8,482,227,716	7,478,525,975	6,753,924,257	6,271,063,057
Total Equity		9,347,555,813	8,343,854,072	7,468,981,790	6,986,120,590
Non-Current Liabilities					
Lease Creditors	23	1,734,463	2,980,115	1,734,463	2,980,115
Employee Benefit Liabilities	24	366,493,715	309,402,590	312,717,955	267,510,804
Deferred Tax	25	-	55,536,475	-	22,919,800
Discount Received	18	-	-	-	-
Total Non-Current Liabilities		368,228,178	367,919,179	314,452,418	293,410,719
Current Liabilities					
Trade and Other Payables	26	14,399,262,560	14,766,312,372	8,962,638,405	9,823,370,664
Income Tax Payables	27	753,884,496	769,575,620	615,941,846	724,313,059
Lease Creditors	23	261,274	372,276	261,274	372,276
Inter base current accounts					
Bank Overdraft	22				
Total Current Liabilities		15,153,408,330	15,536,260,268	9,578,841,525	10,548,055,999
Total Liabilities		15,521,636,508	15,904,179,448	9,893,293,943	10,841,466,718
Total Equity and Liabilities		24,869,192,321	24,248,033,519	17,362,275,733	17,827,587,307

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 37 form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS s and SLFRS s) issued by the Institute of Chartered Accountants of Sri Lanka.

G.V.A.R.M. De Silva
A/DEPUTY GENERAL MANAGER (FINANCE)

Eng. S.A.U.D.C.Siriwardhana
GENERAL MANAGER

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 A.P. Jayathissa
CHAIRMAN

Eng A.M.D.B.Atapattu
DIRECTOR

CENTRAL ENGINEERING CONSULTANCY BUREAU
STATEMENT OF CHANGES IN EQUITY - CECB

FOR THE YEAR ENDED 31ST DECEMBER 2024

	CECB				
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2023	500,000	92,439,233	516,618,300	5,896,505,522	6,506,063,054
Net Profit For the Year	-	-	-	514,863,289	514,863,289
Correction between revaluation reserves and retained earnings	-	-	-	(137,277,481)	(137,277,481)
Prior Year Adjustment Note 1	-	105,500,000	-	(3,028,274)	102,471,726
Balance as at 31st December 2023	500,000	197,939,233	516,618,300	6,271,063,056	6,986,120,589
Balance as at 01st January 2024	500,000	197,939,233	516,618,300	6,271,063,056	6,986,120,589
Net Profit For the Year	-	-	-	510,333,552	510,333,552
Other Comprehensive Income for the year, net of tax	-	-	-	(27,472,352)	(27,472,352)
Balance as at 31st December 2024	500,000	197,939,233	516,618,300	6,753,924,256	7,468,981,789

	GROUP				
	Contributed Capital Rs.	Capital Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01st January 2023	500,000	92,439,233	711,168,864	6,918,150,698	7,722,258,795
Net Profit For the Year	-	-	-	699,131,178	699,131,178
Other Comprehensive Income for the year, net of tax	-	-	-	(152,105,985)	(152,105,985)
Prior Year Adjustment Note 1	-	105,500,000	-	(3,028,274)	102,471,726
Prior Year Adjustment Note 2	-	-	-	(27,901,643)	(27,901,643)
Prior Year Adjustment Note 3	-	-	(44,280,000)	44,280,000	-
Balance as at 31st December 2023	500,000	197,939,233	666,888,864	7,478,525,975	8,343,854,072
Balance as at 01st January 2024	500,000	197,939,233	666,888,864	7,478,525,975	8,343,854,072
Net Profit For the Year	-	-	-	1,035,455,353	1,035,455,353
Other Comprehensive Income for the year, net of tax	-	-	-	(31,753,611)	(31,753,611)
Balance as at 31st December 2024	500,000	197,939,233	666,888,864	8,482,227,716	9,347,555,814

CENTRAL ENGINEERING CONSULTANCY BUREAU
STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2024	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	1,271,595,796	1,050,244,127	607,504,253	747,545,907
Adjustments for:				
Depreciation on Property, Plant and Equipments	208,945,749	305,082,146	87,062,093	164,213,346
Amortisation of Leased Hold Property	2,503,534	2,730,989	1,989,358	2,216,813
Amortisation of Intangible Assets	1,185,868	2,339,173	1,185,868	2,339,173
Depreciation on Biological Assets	10,294,296			
Provision for Bad and Doubtful Debts	-	236,489	-	236,489
Reversal of Bad and Doubtful Debts	(36,066,461)	(69,256,678)	(36,066,461)	(69,256,678)
Provision / (Reversal) for Gratuity	69,059,990	45,031,075	56,001,023	36,115,039
Net Finance Income	(912,808,249)	(1,579,114,305)	(439,278,103)	(893,115,918)
(Profit) / Loss on disposal of Property, Plant and Equipments	1,795,703	33,895,979	4,540,221	-
Exchange Gain/(Loss)	1,205,016			
Operating Profit before Working Capital Changes	617,711,242	(208,811,005)	282,938,253	(9,705,830)
(Increase)/Decrease in Inventories	(38,934,172)	169,001,708	17,879,471	(3,627,027)
(Increase)/Decrease in Work In Progress	(17,880,098)	(51,398,284)	-	-
(Increase)/Decrease in Trade and Other Receivables	(588,682,086)	2,030,080,424	509,173,816	733,782,270
(Increase)/Decrease in Amounts Due from Related Companies			(23,436,033)	(7,898,230)
Increase/(Decrease) in Trade and Other Payables	(367,049,811)	968,026,982	(860,732,259)	(247,123,529)
Cash Generated from Operating Activities	(394,834,928)	2,906,899,828	(74,176,752)	465,427,653
Interest paid	(11,672,644)	(19,009,910)	(3,911,517)	(3,650,202)
Tax paid	(329,283,233)	(370,401,054)	(238,591,936)	(264,170,758)
Gratuity paid	(44,927,492)	(42,025,355)	(38,266,224)	(32,036,117)
Net Cash Flows from Operating Activities	(780,718,296)	2,475,463,510	(354,946,429)	165,570,576
Cash Flows from Investing Activities				
Investment in Property Plant and Equipment	(91,229,279)	(48,679,274)	(2,287,022)	(619,791)
Acquisition of Biological Assets	(17,878,023)			
Investment in Capital Work in Progress	(38,364,777)	(20,456,854)	-	-
Investment in Leased Hold Property	758,765	-	758,765	-
Sales Proceed on Disposal of Property Plant and Equipment	20,638,730	6,006,693	(908,491)	
Investment / Disposal of Long Term Deposit	333,461,349	(411,536,254)	339,732,878	(266,213,316)
Investment / Disposal of Short Term Deposit	(1,453,080,923)	(1,704,536,402)	(686,585,850)	(487,039,894)
Interest Income	924,480,893	1,598,124,215	443,189,620	896,766,120
Discount received of Investment on long term treasury bond	-	(11,907,048)	-	(11,907,048)
Net Cash Flows from Investing Activities	(321,213,264)	(592,984,924)	93,899,899	130,986,071
Cash Flows from Financing Activities				
Payment of Finance Lease Liabilities	(1,356,654)	155,271	(1,356,654)	155,271
Net Cash from Financing Activities	(1,356,654)	155,271	(1,356,654)	155,271
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,103,288,215)	1,882,633,857	(262,403,184)	296,711,920
Cash and Cash Equivalent at the beginning	2,810,811,208	928,177,351	571,683,245	274,971,325
Cash and Cash Equivalent at the end (Note 22)	1,707,522,993	2,810,811,208	309,280,061	571,683,245

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on pages 5 to 37 form an integral part of these Financial Statements.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

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, Baudhaloka Mawatha, Colombo 07.

The Consolidated Financial Statements of Central Engineering Consultancy Bureau as at and for the year ended 31st December 2024 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 (SLFRSs and LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Financial Statements of the subsidiary are 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 (LKAS -39)
- Property Plant and Equipment are stated at fair value. (LKAS -16)
- Employee benefit liability recognized based on actuarial valuation (LKAS-19)

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2.3 Functional and Presentation Currency

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

2.4 Significant Accounting Judgments, Estimates & Assumptions

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS) 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 and disclosure of contingent liabilities. Actual results may differ from these estimates.

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts 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	21

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	23-24
Employee Benefits	24	27
Deferred Tax Liabilities	25	28

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation

(a) Business Consolidation

The group's financial statements comprise consolidation of the financial statements of the bureau, its subsidiaries in terms of the SriLanka Accounting Standards SLFRS 10- "Consolidated Financial Statements"

(b) Subsidiaries

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

(c) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized 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 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period;

Or

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of Consolidation (Continued)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities including deferred tax liabilities as non-current.

3.3 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.

Foreign exchange differences arising on translation of foreign exchange transactions are recognized as a profit or loss in the statement of Comprehensive Income.

3.3.1 Foreign Operation

The assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rate prevailing at the dates of the transactions. The Exchange differences arising on transaction for consolidation are recognized in Other Comprehensive Income.

3.4 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Bureau estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Basis of Consolidation (Continued)

Impairment losses are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bureau estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.5 Statement of cash flows

The Statement Cash Flow has been prepared using the "indirect method" in accordance with Sri Lanka Accounting Standard LKAS 7 – "Statement of Cash Flows". Cash and cash equivalent comprise cash in hand, cash at bank and short-term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flow and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.6 Sri Lanka Accounting Standards (SLFRSs/ LKASs) Issued But Not Yet Effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024
3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments

3.7.1 Financial Assets and Financial Liabilities

(a) Initial Recognition and Measurement

The Bureau recognizes a financial asset or a financial liability in its statement of financial position when the entity become party to the contractual provisions of the instrument.

Bureau initially measures its financial assets at fair value. In case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset, are added to the cost if financial asset.

Bureau initially measures its financial liabilities at fair value. In case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities, are deducted from carrying value.

Trade receivables are intially measured at transaction price as stated in SLFRS 15.

(b) Classification of Financial Assets

- (i) Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on
- The company's business model for managing the financial assets and
 - The contractual cash flow characteristics of the financial assets

- (ii) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

- (iii) Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through OCI if both of following conditions are met.

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

- (iv) Financial assets measured at fair value through profit or loss

A financial asset is measured at Fair value through profit or loss unless it is measured at amortized cost or fair value through OCI in accordance with paragraph (ii) and (iii) above.

(c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Commitments to provide a loan at a below-market interest rate.

3.7.1 Financial Assets and Financial Liabilities

(d) Reclassification

- (i) Financial assets are reclassified when and only when the company changes its business model for managing financial assets.

If the company reclassifies financial assets, Such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

- (ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value of financial assets

(f) Impairment

The company recognizes a loss allowances for expected credit losses on a financial asset.

Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions, loss allowances at an amount equal to the lifetime expected credit losses is made.

Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions, loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

(g) Derecognition of Financial Assets

The company derecognises a financial assets when:

- The contractual rights to the cash flows from the financial asset expire, or
- It transfers the financial asset and the transfer qualifies for derecognition.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial Instruments (Continued)

(h) Derecognition of Financial Liabilities

A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

3.8 Property, Plant and Equipment

3.8.1 Recognition and Measurement

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value.

The Group applies cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

When an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is de-recognised.

3.8.2 Freehold Assets

The cost of an item of property, plant and equipment comprise of 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 labour, and any other costs directly attributable to bringing the asset to the working condition for it intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property, Plant and Equipment (Continued)

Purchased software that is integrated to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items (major component) of property, plant and equipment.

i. Leasehold 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.

ii. 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.

iii. 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 in profit or loss.

iv. 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 where as 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.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property, Plant and Equipment (Continued)

The estimated useful lives are as follows:

Asset Category	Useful Lives(years)
Freehold Building,Prefabricated Houses,Structures	30-50
Office Equipment and Furniture and Fittings	5-8
Construction Instruments and Equipment	4-5
Motor Vehicles	4-10
Plant & Machinery	5
Containers	5
Computers	5
Library Books	8

The residual value and the useful life of an asset shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with LKAS 08 Accounting Policies, Changes in Accounting Estimates and Errors.

3.8.7 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.

3.9 Leasehold Property

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and stated at valuation, are amortised on a straight line basis over the remaining lease term. The impairment loss if any is recognised in the Statement of Profit or Loss.

3.10 Intangible Assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or other services, rental to others or for administrative purposes. An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Intangible Assets (Continued)

(i) Computer software

Computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortisation and any ac Amortisation

(ii) Amortisation

Intangible assets with finite lives are amortised over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortised on a straight line basis in the Income Statement from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. cumulated impairment losses.

Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that asset is de- recognised.

(iii) De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.11 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.

Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition. The Company follows the first in first out (FIFO) cost formula to issue and measure the inventories other than agricultural produce.

Inventory movement is reviewed at the end of the Reporting Period by an expert to assess the recoverability of inventory and the items that are identified as irrecoverable are written off during the year.

The cost incurred in bringing agricultural produce to its present location and condition is accounted as follows:

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Inventories (Continued)

Broiler meat

Broiler meat is valued at prime cost together with an appropriate proportion of overheads on weighted average basis, after making due allowance for weight losses

Poultry feed, drugs and sundry inventories

Poultry feed, drugs and sundry inventories are valued at actual cost on weighted average basis after making due allowance for obsolete and slow-moving items.

3.11.1 Trading inventories

Trading Inventories which include retail items for sale are valued at actual cost on weighted average basis.

3.11.2 Sundry stocks

Sundry stocks consist with packing materials and ingredients which are used for the production process. Stocks are valued at actual cost on weighted average basis after making due allowance for obsolete and slow-moving items.

3.12 Biological assets & agricultural produce

3.12.1 Bearer Biological Plant

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing etc, incurred between the time of planting and harvesting (When the planted area attains maturity) are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest (borrowing cost) attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Sugar cane roots, Passion fruit tree, Papaya tree, Mango tree, Sandriana tree & Coconut fields), which come into bearing during the year, has been transferred to mature bearer biological assets and depreciated over their useful life in accordance with the LKAS 16 – Property, Plant and Equipment.

3.12.2. Immature and Mature Plantations

The cost of replanting and new planting are classified as immature plantations up to the time of harvesting the crop. Further, the general charges incurred on the plantation can be apportioned based on the labour days spent on respective replanting and new planting and capitalized on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred. The cost of areas coming into bearing is transferred to mature plantations at end of the financial year.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Biological assets & agricultural produce (Continued)

3.12.3 Infilling Costs

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, only if it increases the expected future benefits from that field, beyond its pre-infilling standard of performance assessment. Infilling costs so capitalized are depreciated over the newly

assessed remaining useful life of the relevant mature plantation or the unexpired lease period, whichever is lower.

Infilling cost that are not capitalized have been charged to the statement of Profit or loss for the year in which they are incurred.

3.12.4 Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

3.12.5 Depreciation

Depreciation commences when the bearer biological plants are considered mature, which is when they produce their first commercially viable crop. Depreciation is as follows;

Description	Useful Lifetime
Sugar cane roots	05 year
Passion fruit	05 year
Coconut	02 year
Mango	20 year
Sandriana	05 year

3.12.6 Non-harvested Produce crop on Bearer Biological Plant

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. It is measured at fair value less costs to sell. Changes in the fair value of such agricultural produce are recognized in profit or loss at the end of each reporting period.

3.12.7 Bearer Animal

Bearer animals are those other than consumable animals. Bearer animals are not agricultural produce but, rather, are self-regenerating. The Company has identified Parent birds as bearer biological animals.

Bearer animals are measured at fair value less costs to sell. The fair value of parent birds is determined using discounted cash flows model (specify any other method used) based on the internal rate of return, mortality rates of the parent birds, egg production rates, hatchability rates of eggs, estimated market selling price of day-old-chick and other estimated farming cost that will be incurred throughout the remaining life of the parent birds.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Biological assets & agricultural produce (Continued)

3.12.8 Consumable biological assets

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Vegetable plants, Broiler birds and hatching eggs have been identified as consumable biological assets.

Consumable biological assets are measured at fair value less costs to sell. In management's opinion, cost is approximated as fair value of the broiler birds and hatching eggs mainly due to the associated short life cycle of those assets and the fact that a significant value addition on broiler birds arises from the manufacturing process and no or only little biological change was observed for hatching eggs as at the year end. Accordingly, the cost of consumable biological assets approximates its fair value.

3.12.9 Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognized its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Biological assets consist of perennial and annual crops relating to Agri Engineering Business which are measured at fair value less cost to sell, with any change therein recognized in profit or loss. In the instances where fair value cannot be measured reliably biological assets are carried at cost less accumulated amortization.

Gain or loss arising in initial recognition of biological assets at fair value less cost to sell and from a change in fair value is included in profit or loss for the period in which it arises.

3.13 Work in Progress

Work in Progress represent the cost incurred in respect of unbilled work done as at the end of the year. It is measured at the amount of expenditure incurred from the last date of billing (or Valuation) upto the end of the financial year. 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.

3.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Most sales are made on the basis of normal credit terms, and the trade receivables do not bear interest. Where credit is extended beyond normal credit terms, trade receivables are measured at amortized cost using the effective interest rate method. Other receivables that are not financial assets measured at the cost.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Trade receivables (Continued)

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, impairment loss is recognized immediately in the statement of comprehensive income.

The Company assesses at the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

3.15 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which contributions are made in to 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

(a) 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 Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee

Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

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

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

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

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee benefits (Continued)

3.16 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.

Capital commitments and contingencies

Capital commitments and contingent liabilities of group are disclosed in respective note 30 to the Financial Statements.

3.17 Statement of Profit or Loss and Other Comprehensive Income

3.17.1 Revenue

(a) Construction Revenue

Construction revenue is recognized in the statement of profit or loss in proportion to the stage of completion of the contract (based on input method) in accordance with SLFRS 15-Revenue from contracts with customers.

Under input method, revenue is recognized on the basis of the group's input to the satisfaction of performance obligation relative to the total expected inputs (Estimated Cost) to the satisfaction of that performance obligation.

For projects pending STC approval, the contract revenue is recognized only to the extent of 90% of initial amount of revenue 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. Contract revenue is revised to the STC approved contract revenue approval once is received from STC. For other contracts the contract price includes initial amount agreed in the contract plus any variations in the contract work.

(a) Consultancy Services

Revenue from consultancy services is recognized according to nature, scope, value and duration of the consultancy contracts in the following manner.

- **Stage of Completion Method**

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Statement of Profit or Loss and Other Comprehensive Income (Continued)

Revenue from consultancy services is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to survey of work performed.

• **Invoice Method**

Revenue from consultancy services for which stage of completion of a contract cannot be reliably determined is recognized by invoice Method.

• **Collection Method**

Revenue from “Maintenance Requests” projects is recognized on Cash Collection Method

3.17.2 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.

3.17.3 Dividend Income

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

3.17.4 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.

3.17.5 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.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Statement of Profit or Loss and Other Comprehensive Income (Continued)

3.17.6 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.

3.18 Right of use assets

The Company is recognized right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18.1 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the

commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4 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.

5 GOING CONCERN

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

6 RELATED PARTY TRANSACTIONS

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged. The relevant details are disclosed in the Note 29 to the Financial Statements.

**CENTRAL ENGINEERING CONSULTANCY BUREAU
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2024**

7 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.

8 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.

Unaudited Financial Statements 2024

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

FOR THE YEAR ENDED 31ST DECEMBER 2024

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
9 Revenue				
Construction Revenue	10,565,400,993	8,407,458,589	7,156,875,780	4,008,968,630
Consultancy Revenue	1,765,114,025	1,483,037,894	1,777,045,533	1,494,285,985
	12,330,515,017	9,890,496,483	8,933,921,313	5,503,254,616
10 Cost of sales				
Construction Cost	9,151,065,583	7,695,948,906	6,902,117,993	3,933,142,666
Consultancy Cost	1,419,686,213	1,345,390,824	1,428,302,393	1,346,380,984
	10,570,751,795	9,041,339,730	8,330,420,386	5,279,523,650
11 Other Income				
Miscellaneous Revenue	63,282,389	65,339,773	57,949,631	57,187,128
Hiring Income	18,460,608	29,336,429	61,216,172	55,038,500
Gain on Disposal of property plant & equipment	2,744,518	(33,895,979)	-	-
Reimbursable costs			28,218,060	27,618,571
Bad Debt Provision Reversal	36,066,461	69,256,678	36,066,461	69,256,678
Loss on Asphalt/Crusher Plant	(2,661,902)	(18,959,901)	-	-
Commission Income	32,644,759	1,540,908	-	-
	150,536,834	112,617,905	183,450,324	209,100,877
12 Net Finance Income				
Finance Income				
Interest Income	941,751,875	1,617,198,965	460,460,602	915,840,870
Foreign exchange gain/(loss)	(17,270,982)	(19,074,750)	(17,270,982)	(19,074,750)
	924,480,893	1,598,124,215	443,189,620	896,766,120
Finance Cost				
Interest Expenses	(11,672,644)	(19,009,910)	(3,911,517)	(3,650,202)
	(11,672,644)	(19,009,910)	(3,911,517)	(3,650,202)
Net Finance Income	912,808,249	1,579,114,305	439,278,103	893,115,918

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

FOR THE YEAR ENDED 31ST DECEMBER 2024

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
14 Income Tax				
14.1 Current Tax Expense	420,120,447	386,321,731	203,029,298	265,748,558
Deferred Tax Provision	(77,451,666)	(14,714,794)	(33,050,021)	(33,065,940)
Adjustment for Prior Years	(106,528,338)	(20,493,987)	(72,808,575)	-
	236,140,443	351,112,951	97,170,702	232,682,618
14.2 Reconciliation of Accounting Profit to Taxable Profit				
Income Tax Charge at				
Income Tax @ 24%	-	47,906,698	-	-
Income Tax @ 30%	420,120,447	313,886,006	203,029,298	265,748,558
Current Income Tax Expenses	420,120,447	361,792,704	203,029,298	265,748,558

Unaudited Financial Statements 2024

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

FOR THE YEAR ENDED 31ST DECEMBER

15 PROPERTY PLANT AND EQUIPMENT

15 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.
Cost												
Balance as at 01.01.2024	2,206,500,000	844,742,539	66,428,008	129,401,754	72,239,936	227,672,119	1,709,753	152,029,287	605,582,259	2,275,070	14,778,996	4,323,359,719
Additions during the year	-	-	26,870	1,303,900	588,342	-	-	365,210	-	2,700	-	2,287,022
Transfer from Other Units	-	-	-	-	-	-	-	-	4,100,000	-	-	4,100,000
Transfer to Other Units	-	-	-	-	-	-	-	-	(4,100,000)	-	-	(4,100,000)
Balance as at 31st December 2024	2,206,500,000	844,742,539	58,273,348	81,289,047	53,608,757	212,500,239	302,318	131,633,562	605,582,259	2,184,658	14,778,996	4,211,395,721
Accumulated Depreciation												
Balance as at 01.01.2024	-	719,392,646	56,926,969	122,413,791	65,059,073	214,364,266	1,709,752	138,047,056	225,090,667	1,908,160	-	1,544,912,381
Charge for the year	-	3,264,213	2,744,059	2,523,432	2,207,327	9,514,314	-	5,786,553	60,952,980	69,213	-	87,062,093
Transfer from Other Units	-	-	-	-	-	-	-	-	2,848,000	-	-	2,848,000
Transfer to Other Units	-	-	-	-	-	-	-	-	(2,848,000)	-	-	(2,848,000)
Balance as at 31st December 2024	-	722,656,859	51,690,952	76,552,643	49,015,615	210,009,145	302,317	123,199,707	286,043,647	1,884,261	-	1,521,355,153
Net Book Value												
Balance as 31st December 2023	2,206,500,000	125,349,893	9,501,038	6,987,963	7,180,863	13,307,852	1	13,982,230	380,491,591	366,910	14,778,996	2,778,447,338
Balance as at 31st December 2024	2,206,500,000	122,085,680	6,582,396	4,736,399	4,593,141	2,491,093	-	8,433,855	319,538,612	300,397	14,778,996	2,690,040,568

* Capital work in progress includes the cost of internally developed software & the improvement cost of leased hold land

The cost of fully depreciated assets which are still in use of the Bureau amounting to Rs. 419,921,179/- (Rs.417,588,196/- in 2023)												
As at 31.12.2023												
Fully depreciated		3,900,197	36,343,258	87,017,233	32,881,273	126,874,506	1,709,753	113,693,864	13,510,258	1,657,855		417,588,196
Depreciating		840,842,342	30,084,750	42,384,520	39,358,663	100,797,613		38,335,423	592,072,001	617,215	14,778,996	1,699,271,523
As at 31.12.2024												
Fully depreciated			34,212,758	76,205,357	32,521,614	153,257,453	302,317	105,743,210	16,054,258	1,624,212		419,921,179
Depreciating		844,742,539	24,060,590	5,083,689	21,087,143	59,242,786		25,890,351	589,528,001	560,445	14,778,996	1,584,974,542

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

FOR THE YEAR ENDED 31ST DECEMBER

15 PROPERTY PLANT AND EQUIPMENT

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.
Cost												
Balance as at 01.01.2024	2,214,915,147	942,942,833	107,410,382	773,452,471	132,605,079	621,329,242	56,672,629	239,173,881	754,895,426	2,954,063	79,490,221	5,925,841,374
Additions during the year	33,635,000	19,051,280	3,853,032	13,827,439	7,149,949	4,537,713	-	9,142,807	-	32,058	38,364,777	129,594,055
Disposals during the year	-	-	(9,293,735)	(58,545,130)	(21,722,973)	(19,710,249)	(1,407,435)	(25,111,141)	-	(93,112)	(19,051,280)	(154,935,055)
Balance as at 31st December 2024	2,248,550,147	961,994,113	101,969,679	728,734,779	118,032,055	606,156,706	55,265,194	223,205,548	754,895,426	2,893,010	98,803,718	5,900,500,374
Accumulated Depreciation												
Balance as at 01.01.2024	-	774,261,814	87,227,744	642,816,829	109,754,567	557,288,912	45,642,292	211,757,356	265,132,967	2,303,624	-	2,696,186,105
Charge for the year	-	12,663,222	6,400,455	64,020,456	8,053,284	29,228,838	917,323	13,386,788	74,128,570	146,812	-	208,945,749
Disposals during the year	-	-	(9,250,343)	(57,813,533)	(20,609,767)	(18,341,630)	(1,407,435)	(24,984,827)	-	(93,112)	-	(132,500,647)
Balance as at 31st December 2024	-	786,925,036	84,377,857	649,023,751	97,198,084	568,176,121	45,152,180	200,159,318	339,261,537	2,357,324	-	2,772,631,207
Net Book Value												
Balance as 31st December 2023	2,214,915,147	168,681,020	20,182,637	130,635,642	22,850,511	64,040,330	11,030,337	27,416,525	489,762,459	650,440	79,490,221	3,229,655,270
Balance as at 31st December 2024	2,248,550,147	175,069,077	17,591,822	79,711,028	20,833,970	37,980,585	10,113,014	23,046,230	415,633,889	535,686	98,803,718	3,127,869,167

Capital work in progress includes the cost of internally developed software in the subsidiary (Central Engineering Services (Pvt) Ltd) .

	Group		CECB	
	As at 31.12.2024	As at 31.12.2023	As at 31.12.2024	As at 31.12.2023
<u>Internal Developed Software</u>				
Balance at the beginning of the year	23,638,848	23,638,848	11,743,134	11,743,134
Cost incurred during the year	-	-	-	-
	23,638,848	23,638,848	11,743,134	11,743,134
<u>Land/Building Construction</u>				
Balance at the beginning of the year	55,851,373	35,394,519	3,035,862	3,035,861
Capitalized during the year	(19,051,280)	-	-	-
Cost incurred during the year	38,364,777	20,456,854	-	-
	75,164,870	55,851,373	3,035,862	3,035,862
	98,803,718	79,490,221	14,778,996	14,778,995

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

AS AT 31ST DECEMBER 2024

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
16 Right-of-use Assets				
Prepaid Lease rental paid to acquire land use right are amortized over the lease term in accordance with pattern benefits provided. Lease Hold Property Comprising of land use rights and stated at valuation are amortized on a Straight line basis over the remaining lease term. The impairment loss if any is recognized in the statement of Profit or Loss.				
At Beginning of the year	66,481,983	69,212,972	53,362,757	55,579,570
Acquisition during the year	-	-	-	-
Reversal of Valuation	(758,765)	-	(758,765)	-
Amortization	(2,503,534)	(2,730,989)	(1,989,358)	(2,216,813)
At end of the year	<u>63,219,684</u>	<u>66,481,983</u>	<u>50,614,634</u>	<u>53,362,757</u>
Lease hold property is the land which use to construct WP 01 base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 4th September 2018 and is being amortized on a straight line basis over a period of 30 year which commence from 4th September 2018. (CECB)				
The Lease hold lands situated in No 10, Sri Rathana Mawatha, Ampara and Priyantha Mawatha, Kanthale on a 30 years long term lease agreement entered with the Land Commissioner General's Department. Which Commenced from year 2009 and are being amortized on a straight line basis over a period of 30 years which commence from 2019. (CECB)				
Lease hold property is the land which use to construct Sabaragamuwa base office. The Lease hold land on a 30 years long term lease agreement entered with the Urban Development Authority (UDA) Sri Lanka. Which Commenced from 08th July 2019 and is being amortised on a straight line basis over a period of 30 year which commence from 08th July 2019. (CESL)				
16.1 Details of Right-of-use Assets				
Property	Land Extent (in areas)	Lease Period		
Land at Parliament Road, Battaramulla	0A-2R-20.00P	30 Years from 04.09.2018	53,430,066	53,430,066
Plan No 582	(Lot nos 7, 8 & 9)	30 Years	12,605,050	13,119,226
New Town Ratnapura	60P	From 08.07.2019		
Ampara District Jayawardenapura Village Ha	.1012		1,773,759	1,773,759
Plan No 484	(Deed 280006)	30 Years		
Kanthale	(A:1,R:1,P:11.93)	30 years from 2008	375,745	375,745
			<u>68,184,620</u>	<u>68,698,796</u>
			<u>55,579,570</u>	<u>55,579,570</u>
17 Intangible Assets				
Cost/ Revaluation				
At 1st January	13,125,028	13,125,028	13,125,028	13,125,028
Addition	-	-	-	-
At 31st December	<u>13,125,028</u>	<u>13,125,028</u>	<u>13,125,028</u>	<u>13,125,028</u>
Amortization and Impairment				
At 1st January	(8,826,227)	(6,487,053)	(8,826,227)	(6,487,053)
Amortization	(1,185,868)	(2,339,173)	(1,185,868)	(2,339,173)
At 31st December	<u>(10,012,095)</u>	<u>(8,826,227)</u>	<u>(10,012,095)</u>	<u>(8,826,227)</u>
Carrying Value				
As at 31st December 2023	4,298,801	6,637,975	4,298,802	6,637,976
As at 31st December 2024	<u>3,112,933</u>	<u>4,298,801</u>	<u>3,112,933</u>	<u>4,298,802</u>
Intangible Asset mainly consist of Transport Modelling ,Air Quality software and Architecture Engineering Construction Collection IC Commercial (Auto Desk) Software purchased from DHI (India) Water & Environment (Pvt) Ltd,Lakes Environmental consultants INC and Bloomberg Solutions (Pvt) Ltd respectively.				
18 Investments				
Long term investment (Note 18.1)	374,271,053	707,732,402	232,676,606	572,409,484
Short term investment (Note 18.2)	8,912,058,934	7,458,978,011	4,181,882,587	3,495,296,737
	<u>9,286,329,986</u>	<u>8,166,710,412</u>	<u>4,414,559,193</u>	<u>4,067,706,221</u>
18.1 Long term investment				
Loans and receivable financial assets				
Investment in Treasury Bonds/Fixed Deposit	372,271,053	705,732,402	220,676,586	560,409,464
Available for sale financial assets				
Investment in Shares	2,000,000	2,000,000	2,000,000	2,000,000
	<u>374,271,053</u>	<u>707,732,402</u>	<u>222,676,586</u>	<u>562,409,464</u>
CECB has been received a long term treasury bond against trade receivable amount of Rs 235,086,151.82 and Rs 52,333,695.07 from Ministry of Defence. The Bonds are to be matured on 15 th January 2025 and 15th September 2027 and classified as long term investment in the financial statements.CESL has been received a long term treasury bond against trade receivable amount of Rs 148,015,856.66 from Ministry of Urban Development & Housing. The Bonds is to be matured on 15th September 2027.				
The valuation of the bond has been calculated based on future cash flows and shown at amortised cost in financial statements.				
Investment in subsidiary (Unquoted)				
Central Engineering Services (Private) Limited	-	-	10,000,020	10,000,020
	-	-	10,000,020	10,000,020
	<u>374,271,053</u>	<u>707,732,402</u>	<u>232,676,606</u>	<u>572,409,484</u>
18.2 Short term investment				
Repo	-	-	-	-
Short term investments	8,912,058,934	7,458,978,011	4,181,882,587	3,495,296,737
	<u>8,912,058,934</u>	<u>7,458,978,011</u>	<u>4,181,882,587</u>	<u>3,495,296,737</u>
Fixed Deposits pledged as security				
Fixed deposit amounting to Rs. 25Mn held at Bank of Ceylon has been pledged against individual loan facilities granted to CECB employees by Bank of Ceylon under concessionary personal loan scheme . Out of total interest paid by employees 40% on interest cost is subsidized by CECB through the interest income earned on deposit pledged against the loan facilities and such expenses (Rs 326,439 in 2024 and Rs. 803,458 in 2023) have been charged in the income statement.)				
As at reporting date Fixed Deposits amounting to Rs. 633 Mn & Rs1,709 Mn have been pledged by CECB and CESL respectively as securities against bank guarantee facilities obtained from banks.				

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

AS AT 31ST DECEMBER 2024

	GROUP		CECB	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
19 Inventories				
Inventories	872,921,816	816,024,180	7,320,677	7,923,244
Biological Assets (Work in Progress-Agriculture)	147,298	18,110,762	-	17,276,904
	873,069,114	834,134,941	7,320,677	25,200,147
19 Work in Progress	133,953,904	116,073,806		
20 Trade and Other Receivables				
Trade Receivables (Note 20.1)	9,047,838,006	7,909,461,678	6,006,092,956	5,251,282,012
Other Receivables (Note 20.2)	85,075,682	73,565,376	42,204,569	44,675,949
Deposits, Prepayments and Advances (Note 20.3)	491,418,255	1,016,556,343	2,259,518,971	3,484,965,890
	9,624,331,944	8,999,583,397	8,307,816,496	8,780,923,851
20.1 Trade Receivables				
Debtors	6,593,244,988	5,591,918,175	5,188,581,999	4,549,283,929
Due from customers	1,338,205,525	1,365,171,810	500,405,682	489,786,190
Retention receivables	3,656,000,373	3,498,933,621	2,712,453,370	2,614,509,037
Less - Provision for Impairment (Note 20.1.1)	(2,539,612,880)	(2,546,561,929)	(2,395,348,094)	(2,402,297,144)
	9,047,838,006	7,909,461,678	6,006,092,956	5,251,282,012
20.1.1 Provision for Impairment				
Balance at the beginning of the year	1,925,579,311	1,988,759,322	1,783,721,248	1,846,901,259
Impairment loss recognized	40,991,898	-	40,991,898	-
Amounts written off	-	(188,216)	-	(188,216)
Reversal of bad debt provision	(33,915,148)	(63,228,284)	(33,915,148)	(63,228,284)
Provision for Bad Debt - Specific Provision	-	236,489	-	236,489
Balance at the end of the year	1,932,656,061	1,925,579,311	1,790,797,999	1,783,721,248
20.1.1.2 Retention receivables				
Balance at the beginning	620,982,617	627,011,012	618,575,894	624,604,289
Impairment loss recognized	4,487,131	-	4,487,131	-
Amounts written off	(18,512,930)	(6,028,395)	(18,512,930)	(6,028,395)
	606,956,818	620,982,617	604,550,095	618,575,894
20.2 Other Receivables				
Staff Loans	31,941,175	27,559,070	23,667,028	23,548,641
Prepaid Staff Cost	3,523,439	6,185,844	3,523,439	5,462,559
Sundry Debtors	41,985,005	34,284,397	8,717,408	12,598,607
WHT Receivable	7,626,063	5,536,064	6,296,694	3,066,141
	85,075,682	73,565,376	42,204,569	44,675,949
20.3 Deposits, Prepayments and Advances				
Deposits	143,892,139	85,824,123	7,845,121	8,395,641
Mobilization Advance paid	266,965,339	800,651,423	2,245,985,456	3,469,585,696
Advances	56,951,625	127,323,503	4,363,162	4,837,634
Prepayments	23,609,152	2,757,295	1,325,232	2,146,920
	491,418,255	1,016,556,343	2,259,518,971	3,484,965,890
21 Amount Due from Related Party Companies				
Central Engineering Services (Private) Limited			1,569,400,938	1,545,964,905
			1,569,400,938	1,545,964,905

The Group assesses whether there is any objective evidence that trade receivables have been impaired at the reporting date. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

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

AS AT 31ST DECEMBER 2024

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
22 Cash and Cash Equivalents				
Favorable Balances				
Cash in hand and at bank	1,494,574,279	2,806,692,674	305,725,445	567,564,712
Bank Imprest	269,607	269,607	269,607	269,607
Cheque in Transit	212,679,107	3,848,926	3,285,009	3,848,926
	1,707,522,993	2,810,811,208	309,280,061	571,683,245
Cash and Cash Equivalents for the Cash Flow Purpose	1,707,522,993	2,810,811,208	309,280,061	571,683,244
23 Lease Creditors				
Balance as at 1st January	3,362,402	3,197,121	3,352,391	3,197,121
Additions/(Reversal)	(758,765)	-	(758,765)	-
Interest Expense	(336,616)	383,009	(336,616)	383,009
Payments made during the year	(261,274)	(217,728)	(261,274)	(217,728)
Balance as at 31st December	2,005,747	3,362,402	1,995,737	3,362,402
Amount payable within one year	261,274	372,276	261,274	372,276
Amount payable after one year	1,734,463	2,980,115	1,734,463	2,980,115
	1,995,737	3,352,391	1,995,737	3,352,391
24 Employee Benefits				
Balance as at 1st January	309,402,590	169,789,433	267,510,804	141,652,950
Provision for the year	69,059,990	45,031,075	56,001,023	36,115,039
(Gain)/loss from changes in assumptions or due to (over)/under provision in the previous year	32,958,627	136,607,436	27,472,352	121,778,932
Payment made during the year	(44,927,492)	(42,025,355)	(38,266,224)	(32,036,117)
Balance as at 31st December	366,493,715	309,402,590	312,717,955	267,510,804

a) The Employee benefit obligation of CECB & Group as at 31st December 2024 are based on the actuarial valuation carried out by professionally qualified firms of actuaries Messers. Actuarial and Management Consultants (Pvt) Limited. Accordingly, the unfunded present value of defined benefit obligations as at 31st December 2024 of CECB Rs 312.7 Mn and Group is Rs.366.5 Mn including Abu Dabhi Provision End of Service Benefit for full time workers-Calculated based on the Federal Decree Law No. (33) of 2021, Article 51 amounting to Rs 2 Mn..

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

Rate of Discount	11%	13%	11%	13%
Employee Turnover Factor	Avg 9%	7%	Avg 9%	7%
Retirement Age	60 Years	60 Years	60 Years	60 Years

c) Expenses recognised immediately in the statement of Comprehensive Income

Interest Cost	40,222,337	30,562,098	34,776,405	25,497,531
Current Service Cost	28,837,653	14,468,977	21,224,618	10,617,508
Net Actuarial Gain/(Loss) recognised immediately	32,958,627	136,607,436	27,472,352	121,778,932
Provision for the year	102,018,617	181,638,511	83,473,375	157,893,971

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

AS AT 31ST DECEMBER 2024

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
25 Deferred Tax Assets/Liabilities				
Balance at the beginning of the year	55,536,474	54,752,719	22,919,800	40,487,189
Expense for the year recognized in profit/lo	(77,451,666)	(14,714,794)	(33,050,021)	(33,065,940)
Expense for the year recognized in OCI	-	15,498,549	-	15,498,549
Balance at the end of the year	<u>(21,915,191)</u>	<u>55,536,474</u>	<u>(10,130,222)</u>	<u>22,919,800</u>
26 Trade and Other Payables				
Trade Payables (Note 26.1)	13,778,813,990	14,069,481,793	8,724,875,571	9,468,473,641
Other Payables (Note 26.2)	620,448,570	696,830,579	237,762,834	354,897,023
	<u>14,399,262,560</u>	<u>14,766,312,372</u>	<u>8,962,638,405</u>	<u>9,823,370,664</u>
26.1 Trade Payables				
Creditors	2,130,286,878	2,171,082,859	2,103,676,349	1,874,153,607
Due to Customers	7,124,535,294	5,690,807,253	1,584,612,531	1,501,895,088
Mobilization & Other Advances	3,363,520,359	5,251,586,214	2,643,839,863	3,824,580,539
Retention Payables to Contractors	1,160,471,460	956,005,467	2,392,746,828	2,267,844,406
	<u>13,778,813,990</u>	<u>14,069,481,793</u>	<u>8,724,875,571</u>	<u>9,468,473,641</u>
26.2 Other Payables				
Unpaid salaries	22,109,422	16,417,267	-	-
Sundry Creditors	116,870,827	197,075,781	67,421,641	172,690,509
Refundable Deposits	713,595	38,287	713,595	38,287
Accrued Expenses	123,058,240	109,734,408	96,091,845	88,684,314
PAYE Tax	3,142,479	11,477,669	1,014,487	7,416,906
Withholding Tax Provisions	1,290,481	1,325,943	-	-
Other Taxes	353,263,527	360,761,225	72,521,267	86,067,006
	<u>620,448,570</u>	<u>696,830,579</u>	<u>237,762,834</u>	<u>354,897,023</u>
27 Income Tax Payables				
Balance at the beginning of the year	769,575,620	774,148,929	724,313,059	722,735,259
Income tax for the year	420,120,447	386,321,731	203,029,298	265,748,558
Provision in respect of the last year	(106,528,338)	(20,493,987)	(72,808,575)	-
Payments made during the year	(287,279,939)	(317,886,328)	(219,404,594)	(239,273,088)
Withholding Tax	(42,003,294)	(52,514,726)	(19,187,342)	(24,897,670)
Balance at the end of the year	<u>753,884,496</u>	<u>769,575,620</u>	<u>615,941,846</u>	<u>724,313,059</u>

28 Capital Reserve

Vehicles were revalued in 1995 and the result of such revaluation was incorporated in the financial statements under the Capital Reserve.

Plant & Machinery were valued by M/s Upali Doranegama Associates (Pvt)Ltd,an independant Chartered Valuer as at 31.12.2018 and the book values were written up to corresponded with the valuation.

Motor vehicles were revalued by Professional Independant Chartered Valuers as at 31.12.2019 and the book values were written up to corresponded with the valuation.

PPE amounting to Rs. 4,162,233.00 were taken into books at current market value in the year 2020.

PPE amounting to Rs. 105,500,000.00 were taken into books at current market value in the year 2023.

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

AS AT 31ST DECEMBER 2024

29.0 Related Party Transactions

29.1 Transaction with Subsidiaries

- a) Eng.B.A.S.S Perera was the Chairman of both parent (CECB) and subsidiary (CESL) up to 30.09.2024 and Eng A.P.J. Jayathilake is the Chairman of both parent (CECB) and subsidiary (CESL) from 18.12.2024 . The Company has carried out transactions with CECB during the year and the details were as follows

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

Name	Designation	
	CECB	CESL
Eng. S.A.U.D.C.Siriwardana	General Manager	Director
Eng.Aravinda Kalugaldeniya	Coporate Addl General Manager Design	Director

b)

Nature of the Transactions	Amount	
	2024 Rs.	2023 Rs.
Sub Construction Costs	6,898,540,123	2,455,588,222
Hiring	61,793,672	48,239,295
Reimbursement of Salary over head	28,218,060	27,618,571
Consultancy services	22,146,528	16,916,334
Other Miscellaneous Services	15,989,520	12,664,139

29.2 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 24 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) as key management personnel of the CECB/Group have been classified as Key Management Personnel.

	GROUP		CECB	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Compensation paid to Key Management Personnel				
Salaries and other Employment Benefits	2,754,661	3,940,405	1,692,161	2,537,242

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

AS AT 31ST DECEMBER 2024

30.0 Commitments and contingencies

There were no material Commitments and Contingent liabilities in CECB / Group as at the reporting date except below.

CECB has requested 150 Acres land from Ministry of Mahaweli to carry out Agricultural activities in Rambakanoya division in Ampara District on long term lease and this has not yet been finalised.

30.1 Contingencies

a) Legal cases filed against CECB

MR 609/14 District Court of Nawalapitiya

The District Court, Nawalapitiya Case No. MR 609/14, was dismissed on 2017.05.17 and case was appealed in Provincial Appellate High Court of the Central Province.

(Ms. A.D.K. Pitiyekumbara has filed to claim Rs. 3,000,000.00 against CECB and two others. But the works were done by CESL.)
Again case was referred to Nawalapitiya District Court to hear.

M/15141/17 District Court Embilipitiya

Ms. G. Chandima Sujeewani Abeywickrama (wife of Mr. H.M. Saman Indika Hennayake) & Rusadhu Vidunitha Hennayake (Minor – Son of Mr. H.M. Saman Indika Hennayake) claiming Rs. 11,000,000/- as damages for death of Mr. H.M. Saman Indika Hennayake.

1/Add/19/2014 Labour Tribunal, Colombo

Eng. W.K.P.I. Rodrigo filed against CECB challenging his termination, mainly claiming Rs. 60,000,000/-, 50% of salary retention from his service termination and gratuity.

The case was filed in 2014 and dismissed by the LT. Thereafter Eng. Rodrigo appealed to the High Court and the Supreme Court. The Supreme Court has directed LT to rehear the case and the LT was noticed to hear on 18.08.2021.

CA Writ Application No. 273/2019, Court of Appeal

Super Neat Technology (Pvt) Ltd. has filed against CECB and 7 Others for obtain Writ of Certiorari, Writ of Prohibition and Writ of Mandamus. No specific claim prayed against CECB.

CA Writ Application No. 153/2019 ,Court of Appeal

Super Commercial Complex Traders & 10 Others have filed against CECB and 12 Others to obtain Writ of Certiorari and Writ of Prohibition, restraining outstanding rate of amended monthly rent for the stalls of Nawalapitiya Super Commercial Complex inter alia other claims. No specific claim prayed against CECB.

27/Anu/2601/2021 ,Labour Tribunal ,Anuradhapura

Mr. W.M.U.S.B. Wijesundara filed against CECB claiming compensation considering until his retirement or reinstatement with back wages.

LT 03/92/2021 ,Labour Tribunal, Kandy

R.M. Rasika Sandamali Kumari has filed the case against CECB & CESL claiming reinstatement and compensation.

LT 08/51/2023,Labour Tribunal, Colombo

Mr. R.A.M. Rajitha Ranaweera has filed the case against CECB claiming reinstatement with back wages and compensation.

LT 08/52/2023 ,Labour Tribunal, Colombo

Mr. K.N. Madhushanka de Silva has filed the case against CECB claiming reinstatement with back wages and compensation.

LT 03/85/2023,Labour Tribunal, Kandy

Mr. W.G.P. Aruna Jayawardhana has filed the case against CECB claiming reinstatement with back wages, compensation, gratuity and service certificate.

LT 03/93/2023,Labour Tribunal, Kandy

Ms. K.U.U.S.K. Chandrasiri has filed the case against CECB claiming compensation.

LT 01/68/2023,Labour Tribunal, Colombo

Mr. S.J.H.M. Eranga Lochana Bandara has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/69/2023,Labour Tribunal, Colombo

Ms. H.H.S. Shashikala Jayathilake has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/70/2023,Labour Tribunal, Colombo

Ms. R.G.U. Narmada Kumari has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/71/2023 Labour Tribunal, Colombo

Ms. A.N. Anuradha Sirimewan has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/72/2023 Labour Tribunal, Colombo

Ms. Menaka Wathsala Weerasekera has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/73/2023 Labour Tribunal, Colombo

Ms. M.T. Chathurani Peiris has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/74/2023 Labour Tribunal, Colombo

Mr. B.E. Priyankara Fernando has filed the case against CECB claiming reinstatement, salary arrears and compensation.

LT 01/75/2023 Labour Tribunal, Colombo

Mr. H. K.S. Pradeep Priyadarshana has filed the case against CECB claiming reinstatement, salary arrears and compensation.

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

AS AT 31ST DECEMBER 2024

30.1 Contingencies

b) Legal cases filed by CECB

Arbitration between CECB & Soar Technology

The Bureau has referred Arbitration claiming sum of Rs. 3,485,343/22 for Generator from Soar Technology (Pvt) Ltd.,
The Arbitrator was resigned for the personnel grounds.
Settlement was entered between the parties for installment payments, total amounting to Rs.
1,178,288/36 with the approval of the Board of Directors. One installment of Rs. 235,000/00 paid on 11.07.2022

DMR 2677/16 - District Court of Colombo

Bureau has filed a case against Eng. (Ms.) K.G.S. Sandamali regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 257,326.67

DMR 1719/18 - District Court of Colombo

Bureau has filed a case against Eng. (Ms.) W.C.B. Wickramarathna regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 515,520/-.

37505/M District Court of Rathnapura

Bureau has filed a case against Mr. Munasinghe.Patabendige Ranjith and Ceylinco General Insurance Ltd. regards to claim accident damages of Rs. 800.000/- caused to the Bureau vehicle.

CHC 494/2021 ARB Commercial High Court

CECB has filed the case against Star Construction (Pvt) Ltd., to appoint Arbitrator to recover dues of Rupees 2,240,726/98 payable by Star Constructions (Pvt) Ltd., to CECB.

DMR 4176/21 District Court of Colombo

Bureau has filed the case against Mr. O.E.H. Fonseka regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 958,703/83.

DMR 4377/21 District Court of Colombo

Bureau has filed the case against Ms. A.V.G.S. Sandamini regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 781,953/-

DMR (SC) 51/2023 Small Claim Court, Colombo

Bureau has filed the case against Mr. W.A.Y.S. Fernando regards to fail to fulfill the obligation as per the Agreement signed with Bureau to claim sum of Rs. 665,714/64

Details of Industrial Disputes (Arbitration as at 31.12.2024)

Arbitration Case No. A/74/2023

Dispute mentioned is whether Mr. L.P. Jayasundara, DGM (HR & Administration) has been caused injustice by

- (1) The appointment date not being backdated
- (2) Not being appointed to the post of Additional General Manager
- (3) Non-payment of transport allowance
- (4) Non-payment of retaining allowance
- (5) Non-payment of professional allowance
- (6) Membership fee not being reimbursed
- (7) Non-payment of interview board allowance
- (8) Non-payment of communication allowance

Not being appointed as Human Resources Head and/ or a member of the Board of Directors of the Bureau replacement company

Arbitration Case No. A/61/2024

Dispute mentioned is whether 144 employees inclusive of Mr. A.M. Rohana Dissanayake working in the CECB have been caused injustice by their employment not being confirmed and if so, to what relief they entitled

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

FOR THE YEAR ENDED 31ST DECEMBER 2024

31 Financial risk management

overview

The group has exposure to the following risk arising from financial instruments

Credit risk

Liquidity risk

Market risk

The note presents information about the Group's exposure to each of the above risk, the Group's risk management objectives, policies and processes for measuring and managing risk and the Group's management of capital.

Risk management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its

The Audit and Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Management Committee.

31.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers .

31.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses .

31.3 Market risk

Market risk is the risk that fair value of future cash flows of financial instruments will fluctuate because of changes in market price. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprise the following types of risks.

31.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

31.5 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities related to foreign operations.

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
1. Balance Sheet				
1.1 Verification of the existence of physical assets (Land, Buildings, Plant & Machinery, Stores etc.)				
1	Was a physical verification of all the physical assets carried out as at date of the Balance Sheet?	Yes	-	All Assets are verified
2	Where no physical verification was carried out as at the date of the Balance Sheet, were the assets verified on a staggered or continuous basis?	-	-	All Assets are verified
3	Are schedules showing book quantities, physically verified quantities, variations, action taken with regard to variation 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
1.4 Legal position with regard to assets and liabilities				
1	Are all the assets shown in the Balance Sheet owned by the Corporation?	Yes	-	
2	If the legal position with regard to the ownership of any assets shown on the Balance Sheet is not clear, give particulars of such assets in a separate schedule. A schedule is annexed.	-	-	Not Applicable
3	Does legal liability exist in respect of each liability shown in the Balance Sheet?	Yes	-	

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

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

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

CENTRAL ENGINEERING CONSULTANCY BUREAU

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		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
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	Procedures			
3.1	Have written instructions or manuals been prepared in respect of the following subjects?			
(a)	Purchasing	Yes		
(b)	Sales	-		Not Applicable
(c)	Receipts	Yes		
(d)	Payments	Yes		
(e)	Inventory Control	Yes		
(f)	Budgeting	Yes		
(g)	Capital Expenditure Control	Yes		
(h)	Security and Maintenance of Assets	Yes		
(I)	Pay-Rolls	Yes		
(j)	Foreign Exchange Allocations	-		Not Applicable
(k)	FEECs	-		Not Applicable

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

CENTRAL ENGINEERING CONSULTANCY BUREAU

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		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
6	Idle Resources			
1	Is there any plant, machinery or equipment which is ready for operation but not in operation?	-	No	
2	Is there any plant, machinery or equipment which is under utilized?	-	No	
3	Are there any surplus, redundant or obsolete assets awaiting disposal?	-	No	
4	Are there any item of plant, machinery, etc., awaiting installation?	-	No	
5	Particulars of idle resources should be given in the form shown in Annex 12. The form duly completed is submitted herewith.	-	-	Not Applicable
7	Commitments and Contracts			
1	Were contracts entered into in respect of which any Director or the Corporation had any interest? If so, did the Directors declare their interest?	-	No	Such contracts
1 A	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; (b) Credit terms			Not Applicable 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	
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	

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

		<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
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.	-	No	Submitted with Accounts
8	Project in Progress			
1	Particulars with regard to capital projects in progress should be given in the form shown in Annex 14.	-	No	
9	Write - Offs			
1	Are any amounts written off during the year in respect of the following?			
	(a) Debtors for sales	-	No	
	(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.			
10	Information to Board			
1	Is regular information submitted to the Board in respect of the following?			
	(a) Inventories of all classes on stocks	-	-	Yearly
	(b) Debtors	-	-	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.	Yes		Schedule Annexed

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

CENTRAL ENGINEERING CONSULTANCY BUREAU

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

	<u>Yes</u>	<u>No</u>	<u>Any other short answer</u>
ANNEX 1			
<ol style="list-style-type: none">1. Class of asset2. Type of asset3. Type of verification4. Proportion of total assets verified5. Value of Shortages6. Value of Excesses7. Shortages adjusted in books8. Excesses adjusted in books9. Shortages awaiting adjustment Balance Sheet date10. Excesses awaiting adjustment Balance Sheet date			It Could be given at the time of Audit
ANNEX 2			
<ol style="list-style-type: none">1. Asset description2. Elements of cost distinguishing between direct costs and apportioned costs			It Could be given at the time of Audit
ANNEX 3			
<ol style="list-style-type: none">1. Description of liability and provision2. Description of original basis valuation or computation3. Value on original basis4. Description of new basis of valuation computation5. Value on new basis6. Effect of change on assets7. Effect of change on assets8. Effect of change on other liabilities and reserves			Not Applicable