



# CENTRAL ENGINEERING SERVICES (PVT) LTD.

*(We are ISO 9001, ISO 14001 & OHSAS 18001 Certified Company)*



# ANNUAL REPORT 2017

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**Inner Back Cover** Corporate Information

**01**

# About Us

## Who We Are

“ Central Engineering Services (Pvt) Ltd. (CESL) is a fully owned subsidiary of the Central Engineering Consultancy Bureau (CECB), incorporated as a Limited Liability Company in December 2003, under the Companies Act No. 17 of 1982 and re-registered in November 2009 under the Companies Act No. 7 of 2007. ”

CESL became actively operational at the beginning of 2011, to make use of the opportunity created by the high demand for construction services, as a result of the construction boom during this period. CESL took up the challenges which the industry offered, gaining construction management and technical exposure, as well as its project management know how by working alongside CECB. The Core business of CESL is centered on the construction of Buildings, Roads, Bridges, Irrigation Structures and other Special Projects. The company is also involved in the production of concrete and asphalt for its projects.

CESL construction serves clients in the public sector as well as the private sector. CESL has earned the trust of Government officials, business leaders and administrators by meeting time targets, again on all types of institutional construction projects. Our early entry into the industry as Consultants, under the CECB umbrella, way back in 1973, has taught us many lessons, that presently act as a source of motivation. Also the construction experience obtained under the EPC division of CECB has created a sustainable business environment.

## Vision

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

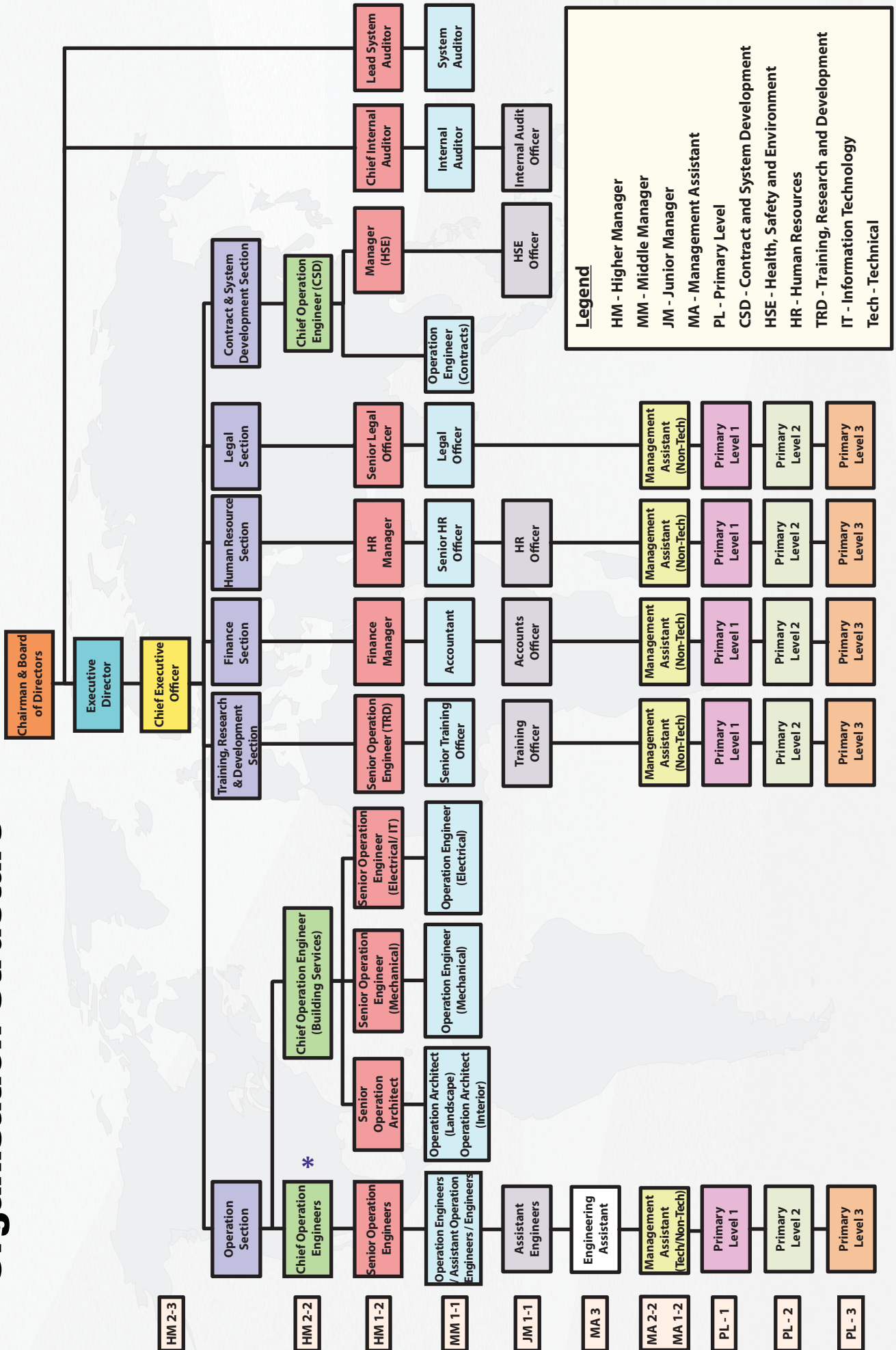
## Mission

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

## Corporate Goals

- ✦ Integrated and Transparent Management System for all Functional Areas.*
- ✦ Establish a unique Quality, Environment, Health and Safety System.*
- ✦ To maintain adequate working capital by diversified investments.*
- ✦ To have the best Human Resource base in the construction industry.*
- ✦ Effective management of CESL assets as an independent profit making entity.*
- ✦ Introduce system improvement methodology using modern technologies to optimize construction cost.*
- ✦ To maintain adequate work in hand and develop organizational sustainability.*

# Organisation Structure



**Legend**

- HM - Higher Manager
- MM - Middle Manager
- JM - Junior Manager
- MA - Management Assistant
- PL - Primary Level
- CSD - Contract and System Development
- HSE - Health, Safety and Environment
- HR - Human Resources
- TRD - Training, Research and Development
- IT - Information Technology
- Tech - Technical

\* Chief Operation Engineer Sections in CESL - Western Province - 1, Western Province - 2, Central, South, Uva, East & South East, Sabaragamuwa, Anuradhapura, North, MKDP & Polonnaruwa

## Certifications

- ✚ Quality Management System (QMS) - ISO 9001:2015 Certified
- ✚ Environment Management System (EMS) - ISO 14001:2015 Certified
- ✚ Occupational Health & Safety System (OHSAS) - OHSAS 18001:2007 Certified



# Awards

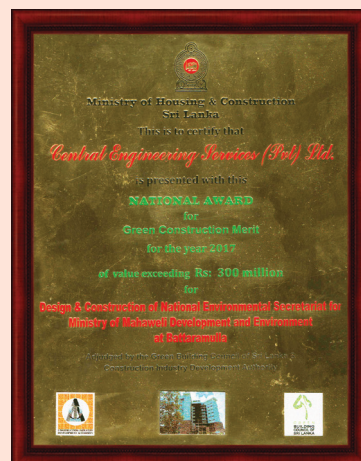
- Blue Green Sri Lanka National Green Building Rating System - Gold Award from the Urban Development Authority (UDA) - 2017



- Green Building - Gold Award - from the Green Building Council of Sri Lanka (GBCSL) - 2017



- National Award for Green Construction Merit for the year 2017 from the Construction Industry Development Authority (CIDA)



# SERVICE SECTORS



**BUILDINGS**



**ROADS**



**BRIDGES & CULVERTS**



**IRRIGATION STRUCTURES**



**OTHER SPECIAL FACILITIES**



## BUILDINGS

CESL has been in the forefront of the Design and Construction of Buildings on Design and Build basis. Construction work undertaken so far, ranges from Buildings (multi-storied buildings, factory type, iconic, etc.) to entire township developments throughout the island.

Recently, CESL has also undertaken the rehabilitation and refurbishment of buildings of an archaeologically important nature.

CESL largely depends on its In-house expertise. However, in special cases CESL engages relevant personnel such as reputed Architects to strengthen its project teams, and to handle specific requirements of a project.

Building Types;

- |                              |                      |
|------------------------------|----------------------|
| ✚ Hospital Buildings         | ✚ Terminal Buildings |
| ✚ Commercial Buildings       | ✚ Public Buildings   |
| ✚ Admin and Office Buildings | ✚ Court Complexes    |
| ✚ Accommodation Buildings    | ✚ Sports Stadia      |
| ✚ Recreational Buildings     | ✚ Prison Complexes   |

## ROADS

CESL, has many years of experience in planning, designing and construction of Roads in Sri Lanka.

The firm's rich experiences include;

- ✚ Construction of Trunk Roads, Arterial Roads, Elevated Roads, etc., and widening, rehabilitation, upgrading and resurfacing of existing roads.
- ✚ Construction of Guard Rails, Road Furniture, etc.

## IRRIGATION STRUCTURES

The engineering expertise of the CESL in the field of Irrigation extends to the designing, planning, execution and commissioning of large scale Irrigation projects, including the following;

- |   |                         |
|---|-------------------------|
| ✚ Augmentation                                | ✚ Earthen dams          |
| ✚ Rehabilitation & construction of reservoirs | ✚ Regulation structures |
| ✚ Canals                                      | ✚ Weirs                 |
| ✚ Anicuts                                     | ✚ Hydraulic structures  |

## BRIDGES & CULVERTS

CESL has wide experience in the design and construction of bridges and culverts in the country.

Over the years CESL has gained a high reputation in the design, construction and installation of;

- ✚ Concrete and Steel Flyovers
- ✚ Concrete, Steel and Composite Bridges
- ✚ Pedestrian Bridges, Overpass Bridges
- ✚ Rehabilitation and strengthening of existing bridges
- ✚ Drainage structures such as culverts, lined roadside drains and lead away drains

## OTHER SPECIAL FACILITIES

CESL has contributed to the planning, designing and construction of special facilities in other sectors, such as;

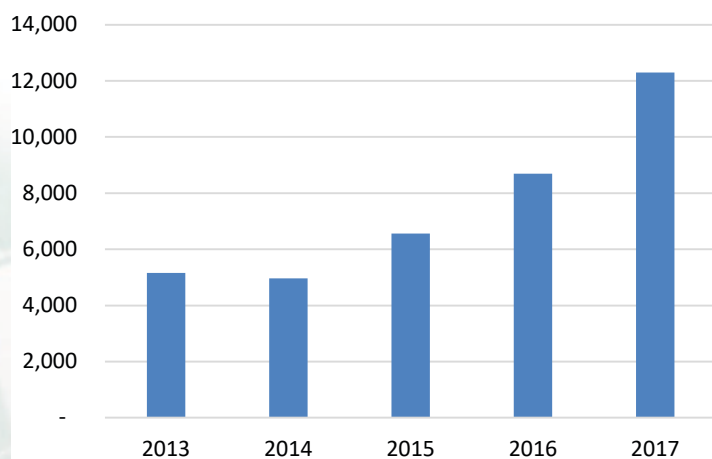
- ✚ Developing Zoological Gardens and Safari Parks
- ✚ Bio-Diversity Parks
- ✚ Play Grounds
- ✚ Sewerage and Water Treatment Plants

## 02

## Financial Highlights

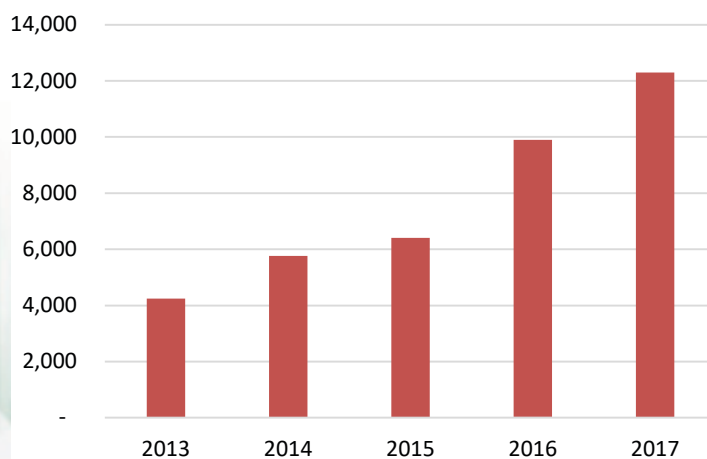
	2017 Rs. Mn	2016 Rs. Mn	2015 Rs. Mn	2014 Rs. Mn	2013 Rs. Mn
Construction Revenue	12,294	8,691	6,560	4,960	5,157
Gross Profit	682	621	448	254	135
Net Profit Before Tax	158	110	117	131	25
Net Profit After Tax	120	84	81	103	13
Total Assets	12,345	9,942	6,385	5,729	4,259
Contributed Capital	10	10	10	10	0.00002
Total Equity	422	302	218	136	23
Total Equity Equilibrium	12,345	9,942	6,385	5,729	4,259
Current Assets	11,865	9,544	5,978	5,327	4,031
Current Liabilities	10,329	8,245	5,001	4,307	3,145

Construction Revenue (Rs. Mn)



■ Construction Revenue (Rs. Mn)

Total Assets (Rs. Mn)



■ Total Assets (Rs. Mn)

Construction Revenue (Rs. Mn)				
2013	2014	2015	2016	2017
5,157	4,960	6,560	8,691	12,294

Total Assets (Rs. Mn)				
2013	2014	2015	2016	2017
4,259	5,729	6,385	9,942	12,345

## 03

# Chairman's Message



It gives me great pleasure to present the annual report of Central Engineering Services (Pvt) Ltd for the year ended 31st December 2017. It was yet another rewarding year for CESL.

As we look back at the evolution of the company since its inception, we can be pleased with the many successes the company has achieved, and as we look forward we can be confident that the strong foundation that has been laid will enable the organization to grow from strength to strength.

I am deeply gratified to note that, CESL was able to register its highest revenue of LKR 12.3 Billion for the financial year 2017, an impressive 41% year on year growth over the LKR 8.6 Billion recorded in the previous year. Moreover, CESL has further strengthened its financial position with the total assets standing at LKR 12.3 Billion as at 31st December 2017.

During the year, CESL successfully obtained the OHSAS 18001:2007 Occupational Health and Safety Management Certification. This certification is an international standard which provides a framework to identify, control and decrease the risk associate within the work place. It gives clear signal to our stakeholders that CESL consider its employee's health and safety as a priority within the organization.

Further CESL certified by ISO 14001:2015 Environmental Management System during the year. ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

As a leading construction company of Sri Lanka highly dedicated, innovative dynamic and futuristic team, we have created value to all the stakeholders of CESL, by achieving the quality expectations, innovative design and construction techniques and with the application of sustainable construction concepts and practices adhering to green building regulations.

I wish to appreciate the members of the Board for their invaluable guidance with the government support and the dedication for the success of the company.

Finally, on behalf of the Board, I would like to thank our stakeholders including the dedicated employees of CESL including ED, CEO and higher management for their continuous commitment, dedication and invaluable support for the company's success towards its goals.

**Eng. G. D. A. Piyatilake**

Chairman

## 04

## CEO's Message



Ever since it's start in 2011 under the name CESL, we have strived to maintain high standard in our deliveries to clients, mainly the public sector. Our reputation is our most treasured asset achieved working hand in hand with mother company CECB, the foundation on which we have built our company, the CESL.

CESL's quality of completed projects get a new dimension with the company's certification in the areas of environmental aspects and health and safety aspects in the year 2017.

By our vision "to be the unique model for the construction industry in Sri Lanka", we recognize the importance of the projects entrusted to us by our clients and we need to ensure special care to meet and exceed their expectation. In order to achieve this we are always investing in our existing human resource improving work culture and environment. We try to retain our most valuable assets, our human resource base, with their contribution adequately recognized.

One of the major achievements in the year 2017 is our ability to secure double gold medal for the construction excellence for our own Ministry Head Office Complex. Also 2017 is a marked year for us since revenue stood at a double digit i.e. 12.3 bn for the first time after CESL started it's business and compared to year 2016, total comprehensive income has been increased by 43%. The CESL has managed to obtain true and fair view audit opinion for the financial statement of 2017 too.

We are aware that our commitment of contributing to the society and to the construction industry development can be realized through responding quickly and flexibly to varies needs of our clients. In fulfilling client needs we strive to follow sustainable principles from construction to operation and maintenance levels of a project.

On behalf of CESL, I invite you to explore our website and learn about all we have to offer. I am sure you will see why we love what we do.

A handwritten signature in blue ink, appearing to read 'U. S. Karunaratne', with a horizontal line underneath.

**Eng. U. S. Karunaratne**  
Chief Executive Officer

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# Board of Directors



**(1.) Eng. G. D. A. Piyathilake - Chairman**

*BSc.Eng. (Hons), PG.Dip. (Const.Mgt), PG.Dip. (Ports & Coastal Eng.) Norway, MIE (SL), C.Eng., MASCE*



**(2.) Eng. S. P. P. Nanayakkara - Executive Director/COM**

*BSc.Eng., C.Eng., MICE (UK), MIE (SL)*



**(3.) Eng. N. Rupasinghe - Director**

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



**(4.) Mr. M. R. G. Ranathunga - Director**

*LLB (Sri Lanka), Attorney-at-Law, Notary Public, Company Secretary, Actg. Magistrate*



**(5.) Eng. K. L. S. Sahabandu - Director**

*BSc.Eng. (Hons), PG.Dip. (Hydro Eng.), MSC (Structural Eng.), C.Eng., MIE (SL), MICE (London), M Cons. E (SL), FSSE (SL)*



**(6.) Eng. T. D. Wickramaratna - Director**

*BSc.Eng. (Hons), M.Eng. PG.Dip. (Hydrology), MICE (UK), FIE (SL), C.Eng.*



**(7.) Eng. A. Galketiya - Director**

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



**(8.) Mr. H. M. U. N. B. Mawathgama - Director**

*CBA (ICASL), Dip in Acct, SAT*

**(1.) Eng. G. D. A. Piyatilake - Chairman**

*BSc.Eng. (Hons), PG.Dip. (Const.Mgt), PG.Dip. (Port & Coastal Eng.) Norway, MIE (SL), C.Eng., MASCE*

Appointed to the Board as a Director in 2011 and serving as the Chairman of the Board from 2015 to date. Functions concurrently as Chairman of the Central Engineering Consultancy Bureau, parent organization of CESL.

He started his career in CECB as a Design Engineer in 1983. In 1985, he became Resident Engineer in Victoria Hydropower Project. He has worked as Project Manager/ Consultant and Project Manager/Construction as well. He served as Deputy General Manager (WP 1) in 2005 and Additional General Manager (WP 1) in 2007. In 2010, he was appointed as the Corporate Additional General Manager of EPC division of CECB. He counts more than 33 years' experience in the field of Civil Engineering.

**(2.) Eng. S. P. P. Nanayakkara - Executive Director / COM**

*BSc.Eng., C.Eng., MICE (UK), MIE (SL)*

Appointed to the Board as a Director in 2015. Since 2016, serves as an Executive Director. Further, he currently serves as a Director of Central Engineering Consultancy Bureau, parent organization of CESL. He served as Chief Executive Officer from 2014 to 2016 to CESL.

He obtained his BSc in Civil Engineering and started his career as a shift Engineer of Maduru Oya Irrigation and Hydropower Project in 1980. He served as a Civil engineer in Randenigala Hydropower project in 1984 and Senior Engineer at Samanawewa Hydropower project in 1988. In 2001 he started the EPC - Southern Province Section as a Project Manager and served there as a Deputy General Manager (EPC-SP) from 2006 to 2007 and as an Additional General Manager (EPC-SP) from 2007 to 2015 and as Corporate Additional General Manager (EPC) till September 2016. He counts over 36 years of extensive Engineering and Management experience in the Bureau and CESL as well.

**(3.) Eng. N. Rupasinghe - Director**

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

Appointed to the Board as a Director in 2011 and served as a Chairman of CESL from 2011 to 2014. He is concurrently serving as a Director of Central Engineering Consultancy Bureau (CECB) and served as a Chairman of a CECB from 2005 to 2014.

He holds nationally important development responsibilities as Secretary, Ministry of Megapolis and Western Development since 2015. He counts over 35 years of extensive Engineering and Management experience in the Bureau having joined CECB as Civil Engineer in 1981 and served as Civil Engineer, Resident Engineer, Chief Resident Engineer, Project Manager, Additional General Manager and General Manager. Pioneered the establishment of Engineering Procurement and Construction (EPC) Division starting as the Project Manager (Infrastructure Construction) and as Additional General Manager (EPC).

**(4.) Mr. M. R. G. Ranathunga - Director**

*LLB (Sri Lanka), Attorney-at-Law, Notary Public, Company Secretary, Actg. Magistrate*

Appointed to the Board as a Director in 2015. Concurrently serves as Working Director, Central Engineering Consultancy Bureau, parent organization of CESL. Further he was a working Director to CECB during the period of 2007 to 2010.

He is an Attorney-at-law of Supreme Court of Sri Lanka and he called to the Bar in year 1985.

He was formerly a secretary to Rakna Lanka (Pvt) Ltd. He has held Director positions at Water Resource Board and Fertilizer Corporation and Department of Health. He was the former Zonal President of North Central Province Bar association of Sri Lanka. Presently he is one of the Directors of "Api Wenuwen Api" programme under Ministry of Defense.

**(5.) Eng. K. L. S. Sahabandu - Director**

*BSc.Eng. (Hons), PG.Dip. (Hydro Eng.), MSC (Structural Eng.), C.Eng., MIE (SL), MICE (London), M Cons. E (SL), FSSE (SL)*

Appointed to the Board as a Director in 2011. Since 2013 he holds the position of General Manager of Central Engineering Consultancy Bureau, parent organization of CESL. He obtained his BSc in Civil Engineering and also obtained MSC in Structural Engineering from the University of Newcastle upon Tyne, U.K.

He assumed duties as Site Engineer of Central Engineering Consultancy Bureau in 1980. In 1983 he was appointed as a Structural Design Engineer for Randenigala and Rantambe Hydropower projects. He became the Senior Design Engineer of the Structural Design Division of CECB in 1988. From 1994 to 2000 he served CECB as Chief Design Engineer of Central Bank, Head Office construction and subsequently was appointed as Project Manager (EPC Design Unit) in 2001. In 2006, he became the Additional General Manager (Design, Research & Development). He served as a Corporate Additional General Manager (Consultancy) of CECB from 2010 to 2013.

He counts more than 33 years' experience in the field of Civil Engineering.

**(6.) Eng. T. D. Wickramarathna - Director**

*BSc.Eng. (Hons), M.Eng. PG.Dip. (Hydrology), MICE (UK), FIE (SL), C.Eng.*

Appointed to the Board in 2014. Currently serves as a Corporate Additional General Manager (Consultancy) in Central Engineering Consultancy Bureau, parent organization of CESL.

He obtained his BSc in Civil Engineering and joined Central Engineering Consultancy Bureau in 1981 as a Civil Engineer.

He worked as a Design Engineer, Resident Engineer, Project Manager, Deputy General Manager and appointed as Additional General Manager (Water Resources) in 2006. He was appointed as Corporate Additional General Manager of consultancy Bureau in year 2015. He counts more than 35 years' experience in the field of Civil Engineering.



**(7.) Eng. A. Galketiya - Director**

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

Appointed to the Board in 2015. Currently serves as a Corporate Additional General Manager (EPC -Division) in Central Engineering Consultancy Bureau, parent organization of CESL.

He obtained his BSc in Civil Engineering and started his career as a Trainee Engineer in CECB in 1986. In 1987, He was appointed as the Shift Engineer (Power House) at Samanalawewa Hydropower project. Subsequently he served as a Resident Engineer, Project Manager in Uva province. In 2005, he was promoted as Additional General Manger (EPC-North of Colombo).

Thereafter he became the Additional General Manger (EPC-Uva) and Sabaragamuwa. He counts more than 30 years' experience in the field of Civil Engineering.

**(8.) Mr. H. M. U. N. B. Mawathgama - Director**

*CBA (ICASL), Dip in Acct, SAT*

Appointed to the Board in 2015. Currently serves as Deputy General Manager- Finance, in Central Engineering Consultancy Bureau, parent organization of CESL.

He started his career in 1979, as a payment officer at Mahaweli Development Board. In 1988, he became a Project Accountant, Nuwara Eliya special area of Mahaweli Authority of Sri Lanka. From 1990 to 1993, he was the project Accountant of Kothmale Project and MEA head office under Mahaweli Programme.

He was working as a Finance & Administrative Executive at Enterprise Promotion Centre under RRRDP Kandy since 1999, until he joined CECB as an Accountant in year 2000.



## 06

# Directors Report

## Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Central Engineering Services (Pvt) Ltd have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2017. This Annual Report of the Board of Directors on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007.

### GENERAL

Central Engineering Services (Pvt) Ltd was incorporated in terms of the Companies Act No. 17 of 1982 and was re-registered as per the Companies Act No. 07 of 2007 on 6th November 2009 with PV 16723 as the new number assigned to the Company.

### PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activities of the Company are referred to in Note 1.2 of the Notes to the Financial Statements. This Report together with the Financial Statements reflects the state of affairs of the Company.

### FINANCIAL STATEMENTS

The Financial Statements of the company prepared in-line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures, duly signed by two Directors on behalf of the Board and the Auditors are included in this Annual Report and forms part and parcel hereof.

### INDEPENDENT AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 29.

### ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements of the Company are given on pages 37 to 53 of the Annual Report. The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) and the policies adopted thereof are given on pages 37 to 53.

### DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKASs) and the Companies Act No. 07 of 2007.

**AUDITORS**

The Department of Auditor General (AGDSL) served as the Auditors during the year under review.

**STATED CAPITAL**

The stated capital of the Company is Rs. 10,000,020/-. Representing 100,002 ordinary shares.

**RESERVES**

The reserves of the Company with the movements during the year are given in the Statement of Changes in Equity on page 34.

**STATUTORY PAYMENTS**

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Statement of Financial Position date have been paid or, where relevant provided.

**EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There are no material events as at the date of the Auditors' Report which require adjustment to or disclosure in the Financial Statements.

**MEETINGS & ATTENDANCE**

The Board met in 11 Occasions during the Financial year 2017 and the attendance of the Board of Directors was as follows.

Name	Position	2017											
		31st Jan	24th Feb	30th March	28th April	31st May	07th July	03rd Aug	30th Aug	04th Oct	31st Oct	12th Dec	
Eng. G. D. A. Piyatilake	Chairman	√	√	√	√	√	√	√	√	√	√	√	
Eng. S. P. P. Nanayakkara	Executive Director	√	√	√	√	√	√	√	√	√	√	√	
Eng. N. Rupasinghe	Director	√	√	√	√	√	√	√	√	√	√	√	
Mr. M. R. G. Ranathunga	Director	√	√	√	√	√	√	√	√	√	√	√	
Eng. K. L. S. Sahabandu	Director	√	√	√	√	√	√	√	√	√	√	√	
Eng. T. D. Wickramaratna	Director	√	-	-	√	√	√	√	√	√	√	√	
Eng. A. Galketiya	Director	√	√	√	√	√	√	√	√	√	√	√	
Mr. H. M. N. U. B. Mawathagama	Director	√	√	√	√	√	√	√	√	√	√	√	

## 07

# Audit Committee Report

## Role of the Audit Committee

The Audit Committee of CESL is appointed by the Board of Directors of the CESL.

## Meetings & Attendance

The Audit committee met in 5 Occasions during the Financial year 2017 and the attendance are as follows.

Name	Position	2017				
		28th Feb	30th May	10th Aug	10th Oct	28th Nov
Mr. P. B. S. C. Nonis	Chairman of the Committee	√	√	√	√	√
Mr. M. R. G. Ranathunga	Director	√	-	√	√	-
Eng. T. D. Wickramarathna	Director	√	√	√	√	√

## Scope of the Committee

- Determination of the responsibilities of the Internal Audit Unit and review of the annual Audit Plan.
- Review and evaluate internal control systems for all activities of the entity.
- Review performance at regular intervals for cost effectiveness and to eliminate wasteful expenditure etc.
- Liaise with external auditors and follow up on Auditor General's/external auditors Management letters.
- Ascertain whether statutes, regulations, rules, and circulars are complied with.
- Review financial statements to ensure compliance with Accounting Standards.
- Review internal audit/external audit reports, Management Letters for remedial action.
- Review implementation of recommendations/directives of the Committee on Public Enterprises.

## Authority

- The Committee is authorized by the Board to perform activities within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee shall report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention.
- Obtain outside legal or independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

08

# Progress of Training

Training Programme of  
"Pile Construction and Design"



Competency Based Training Programme -  
Starting of Cement Block Masonry



Competency Based Training Programme -  
Brick Work Masonry for 4 1/2" Stretcher Bond



Knowledge Sharing Programme about  
"Contract Administration"



Training Programme of  
"Pile Construction and Design"



Competency Based Training Programme -  
Preparation of Copping



Training Programmes conducted for the year 2017						
Technical						
SL No.	Date	Name of the Training Programme	Institute	Duration	No of Participants	Cost per Head
01	08.02.2017	Standardize Your Data Center in 2017	Painfity (Pvt) Ltd	1 day	3	free
02	17.02.2017	Training Programme on "Contract & Procurement Management -8"	CIDA	32 days	1	60,000.00
03	15.03.2017	Intensive Training Programme on Lightning Protection	Global Eye International (Pvt) Ltd	3 days	3	39,000.00
04	20.05.2017	Four Day Short course on Hydraulic Modeling	UOP	4 days	2	26,000.00
05	04.03.2017	CPD Course on "Plumbing Engineering"	IESL	11 days	2	41,000.00
06	22.06.2017	Seminar on Vision for Highrise Building	SSEL	1 day	3	6,000.00
07	27/28.06.2017	CPD Course on Practical Finite Element Analysis	IESL	2 days	2	20,000.00
08	25.07.2017	Workshop on Lean Management	CCI	1 day	5	8,800.00
09	20.07.2017	One Day In-house Training Programme on "Strengthening Good Governance in State Owned Enterprises (SOEs)"	CECB Training Unit	1 day	9	2,500.00
10	27.07.2017	Civil Procedure Code	BASL	1 day	1	1,500.00
11	5/6.08.2017	Workshop on Industrial Pumps "Theoretical & Practical Aspect"	NERD	2 days	3	8,000.00
12	15.08.2017	One Day In house Training programme on "Contractual Obligations and Public Property Act"	CECB Training Unit	1 day	9	2,500.00
13	20.08.2017	Microsoft Project	IESL	1 day	1	18,000.00
14	14.09.2017	SLGS Annual Conference on Advanced Pilling & Deep Excavation Techniques	SLGS	1 day	5	4,000.00
15	16/17.09.2017	WORKSHOP ON "ADVANCED WIND ENGINEERING ANALYSIS FOR DESIGN OF HIGH-RISE BUILDINGS"	CBTUH	2 days	1	4,000.00
16	20.09.2017	Project Risk & Insurance in Construction Projects	CECB Training Unit	1 day	2	2,500.00
17	22.09.2017	National Engineering Conference 2017	IESL	1 day	2	2,000.00
18	24.09.2017	CPD Course on Management & Dispute Resolution of Construction Contracts	IESL	9 Sundays	1	17,500.00
19	25.09.2017	Seminar on "Guidance for Preparation of Bills"	CIDA	1 day	26	4,000.00
20	26.09.2017	CPD COURSE on English for Engineering Professionals	IESL	12 Tuesdays	2	20,000.00
21	18.10.2017	Seminar on deep Basement & Foundations	SSESL	1 day	6	6,000.00/ 4,000.00
22	20.10.2017	Associate Professional Training (APT) Course	GBCSL	4 days	1	38,000.00
23	12/18.11.2017	Two day workshop on Active & Passive Fire Protection Systems in High Rise Buildings	CETRAC	2 days	3	10,000.00

Training Programmes conducted for the year 2017						
Non Technical						
SL No.	Date	Name of the Training Programme	Institute	Duration	No of Participants	Cost per Head
01	16.03.2017	Seminar on EPF and ETF	CNCI	day	11	8,000.00
02	28.03.2017	Seminar on "Management Skills for Secretaries, Administrative Assistants & Support Staff"	MCQUIRE CORPORATE TRAINING	day	1	8,504.25
03	17-19.03.2017	Out Bound Training	Special Forces Training School	3 days	3	19,000.00
04	30.05.2017	Seminar on Essential Labour Law	CNCI	1 day	8	8,000.00 10% dis
05	20.04.2017	Oneday workshop on Submission of Online returns of PAYE, VAT & NBT	CA Sri Lanka	day	6	5,500.00
06	13/ 14.07.2017	Training Programme on Microsoft Excel - Advance Analysis Tools	Adams Skill Development Centre	2 days	2	16,000.00
07	17/ 18.08.2017	Training Programme on Microsoft Excel - Advance Analysis Tools	Adams Skill Development Centre	2 days	8	16,000.00
08	21.09.2017	One day workshop for Drivers	CETRAC	day	32	3,000.00
09	26.09.2017	Seminar on Proper Methodologies in disposing of Garbage collected in the workplace	ITI	1 day	6	5,000.00
10	3-5.11.2017	National Law Conference 2017/2018	BASL	3 days	1	24,000.00
Related to System Development						
01	19.04.2017	Training Programme on Implementation of ISO 9001:2015 Standard	SLSI	day	25	4,000.00 + VAT
02	30/31.05.2017	Two day Training Programme on ISO 9001:2015 QMS Internal Auditor Training	SGS Lanka	2 days	13	8,000.00 + VAT
03	06, 07, 08, 11 & 12 .09. 2017	ISO 9001:2015 Lead Auditor Training	SGS Lanka	5 days	2	45,000.00
04	2/ 3.10.2017	Two Day workshop on OHSAS 18001:2017	SLSI	2 days	5	10,000.00

09

# Review of Business Operations







## National Environmental Secretariat Building

- ✚ Client :- Secretary, Ministry of Environment and Mahaweli Development
- ✚ Contract Sum :- LKR 1,261 Mn.
- ✚ Date of Commencement :- 03/03/2015
- ✚ Date of Completion :- 28/02/2017
- ✚ Location :- Battaramulla



## Accident and Emergency Treatment Unit at Base Hospital Kalmunai

- ✚ Client :- Ministry of Health, Nutrition and Indigenous Medicine
- ✚ Contract Sum :- LKR 372 Mn.
- ✚ Date of Commencement :- 12/2015
- ✚ Date of Completion :- 12/2017
- ✚ Location :- Kalmunai-North

## Fresh water Prawn Hatchery at Kallarawa in Trincomalee District (Phase I,II)

- ✚ Client :- National Aquaculture Development Authority of Sri Lanka
- ✚ Contract Sum :- LKR 129 Mn.
- ✚ Date of Commencement :- 01/10/2016
- ✚ Date of Completion :- 10/10/2017
- ✚ Location :- 46th mile post, Kallarawa, Thiriyai, Trincomalee.





### Ceremonial Entrance Structure for The University of Jaffna

- ✚ Client :- University of Jaffna
- ✚ Contract Sum :- LKR 25 Mn.
- ✚ Date of Commencement :- 15/08/2016
- ✚ Date of Completion :- 14/02/2017
- ✚ Location :- Jaffna

### Faculty of Fisheries & Marine Science and Technology for University of Ruhun

- ✚ Client :- Vice Chancellor University of Ruhuna
- ✚ Contract Sum :- LKR 505 Mn.
- ✚ Date of Commencement :- 05/05/2015
- ✚ Date of Completion :- 15/07/2017
- ✚ Location :- Matara



### Chimpanzee Enclosure at National Zoological Gardens at Dehiwala

- ✚ Client :- Department of National Zoological Gardens
- ✚ Contract Sum :- LKR 33 Mn.
- ✚ Date of Commencement :- 05/12/2016
- ✚ Date of Completion :- 05/06/2017
- ✚ Location :- Dehiwala



### Enclosure for Jaguar and White Tiger at Dehiwala Zoo

- ✚ Client :- Department of National Zoological Gardens
- ✚ Contract Sum :- LKR 64 Mn.
- ✚ Date of Commencement :- 16/10/2016
- ✚ Date of Completion :- 31/01/2017
- ✚ Location :- Dehiwala



### Office Building for the Public Service Commission at Battaramulla

- ✚ Client :- Secretary, Public Service Commission
- ✚ Contract Sum :- LKR 461 Mn.
- ✚ Date of Commencement :- 02/01/2015
- ✚ Date of Completion :- 04/01/2018
- ✚ Current Status:- Ongoing
- ✚ Location :- Battaramulla



### Animal Hospital at Pinnawala Zoo

- ✚ Client :- Department of National Zoological Gardens
- ✚ Contract Sum :- LKR 42 Mn.
- ✚ Date of Commencement :- 10/10/2017
- ✚ Date of Completion :- 03/07/2018
- ✚ Current Status:- Ongoing
- ✚ Location :- Kegalla



## 10

## Financial Statements

## Independent Auditors' Report



ජාතික විගණන කාර්යාලය  
தேசிய கணக்காய்வு அலுவலகம்  
NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல. }  
My No. }

CEN/B/CESL/FA/2017

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

27 November 2018

The Chairman

Central Engineering Services (Private) Limited.

**Report of the Auditor General on the Financial Statements of the Central Engineering Services (Private) Limited for the year ended 31 December 2017**

The audit of the financial statements of the Central Engineering Services (Private) Limited ("the Company") for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of, comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

**Board's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control





relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Central Engineering Services (Private) Ltd as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 163 (2) of the Companies Act, No.07 of 2007, I state the followings:

- a. The basis of opinion and scope and limitations of the audit are as stated above.
- b. In my opinion :
  - I have obtained all the information and explanations that were required for the audit and as far as appears from my examinations, proper accounting records have been kept by the Company.
  - The financial statements of the Company comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

### **Report to Parliament**

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

**H.M. Gamini Wijesinghe**

Auditor General

## Statement of Comprehensive Income

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	Note	CESL	
		2017 Rs.	2016 Rs.
<b>Revenue</b>	5	12,294,651,635	8,691,161,524
Cost of Sales	6	(11,612,393,023)	(8,069,937,247)
<b>Gross Profit</b>		<b>682,258,611</b>	<b>621,224,277</b>
Other Income	7	72,487,097	46,621,086
Administration Expenses		(700,744,729)	(604,316,429)
Selling and Distribution Expenses		(8,471,015)	(9,363,911)
<b>Results from Operating Activities</b>		<b>45,529,964</b>	<b>54,165,023</b>
Finance Income		129,450,403	71,930,786
Finance Cost		(16,589,596)	(15,871,771)
<b>Net Finance Income</b>	8	<b>112,860,806</b>	<b>56,059,015</b>
<b>Profit before income tax</b>		<b>158,390,770</b>	<b>110,224,038</b>
Income tax expense	9	(37,512,852)	(25,666,678)
<b>Profit/(Loss) for the Year</b>		<b>120,877,918</b>	<b>84,557,360</b>
<b>Other Comprehensive Income</b>			
Actuarial Gain/(Loss) on Defined Benefit Plans	17.(d)	(610,476)	15,094
<b>Other comprehensive income for the year</b>		<b>(610,476)</b>	<b>15,094</b>
<b>Total comprehensive income for the year</b>		<b>120,267,442</b>	<b>84,572,454</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on Pages 37 to 53 form an integral part of these Financial Statements.

## Statement of Financial Position

AS AT 31 <sup>ST</sup> DECEMBER	Note	CESL	
		2017 Rs.	2016 Rs.
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	454,718,380	380,999,284
Work In Progress	11	25,273,376	15,888,052
Investments	12	-	1,532,442
<b>Total Non-Current Assets</b>		<b>479,991,755</b>	<b>398,419,778</b>
<b>Current Assets</b>			
Inventories	13	822,210,704	768,199,221
Trade and Other Receivables	14	9,702,071,926	7,522,684,395
Short term Investments	12	1,111,071,025	1,045,717,492
Cash and Cash Equivalents	15	229,859,266	207,708,894
<b>Total Current Assets</b>		<b>11,865,212,921</b>	<b>9,544,310,002</b>
<b>Total Assets</b>		<b>12,345,204,677</b>	<b>9,942,729,780</b>
<b>Equity and Liabilities</b>			
Contributed Capital		10,000,020	10,000,020
Retained Earnings		412,949,013	292,681,581
		<b>422,949,033</b>	<b>302,681,601</b>
<b>Non-Current Liabilities</b>			
Lease Creditors	16	-	-
Retirement Benefit Obligation	17	4,578,004	1,476,231
Differed Tax	18	22,581,183	21,820,956
Amounts Due to Related Companies		1,565,621,739	1,371,069,905
<b>Total Non-Current Liabilities</b>		<b>1,592,780,926</b>	<b>1,394,367,091</b>
<b>Current Liabilities</b>			
Trade and Other Payables	19	10,291,972,361	8,222,467,092
Income Tax Payables	20	37,502,357	23,213,996
Lease Creditors	16	-	-
<b>Total Current Liabilities</b>		<b>10,329,474,717</b>	<b>8,245,681,088</b>
<b>Total Equity and Liabilities</b>		<b>12,345,204,677</b>	<b>9,942,729,780</b>

Figures in brackets indicates deductions.



The Notes to the Financial Statements set out on Pages 37 to 53 form an intergral part of these Financial Statements.

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



**Mr. J. M. B. Jayaweera**

Finance Manager

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

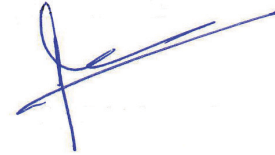
Approved and signed for and on behalf of the Board:



**Eng. G. D. A. Piyatilake**

Chairman

16<sup>th</sup> November 2018



**Eng. S. P. P. Nanayakkara**

Executive Director

## Statement of Changes In Equity

	CESL		
	Contributed Capital Rs.	Capital Reserve Rs.	Retained Earnings Rs.
<b>Balance as at 01<sup>st</sup> January 2016</b>	10,000,020	-	208,109,117
Profit For the Year	-	-	84,557,360
Other Comprehensive Income	-	-	15,094
<b>Balance as at 31<sup>st</sup> December 2016</b>	<b>10,000,020</b>	-	<b>292,681,571</b>
<b>Balance as at 01<sup>st</sup> January 2017</b>	10,000,020	-	292,681,571
Profit For the Year	-	-	120,877,918
Other Comprehensive Income	-	-	(610,476)
Prior Year Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> December 2017</b>	<b>10,000,020</b>	-	<b>412,949,013</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on Pages 37 to 53 form an integral part of these Financial Statements.

## Cash Flow Statement

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax	158,390,770	110,224,038
<i>Adjustments for:</i>		
Depreciation on Property, Plant and Equipments	153,038,109	141,341,912
Provision for Bad and Doubtful Debts		
Provision for Expected Losses		-
Assets Written Off	1,673,492	2,791,065
Provision for Gratuity	3,101,773	481,064
Lease Interest	-	-
Profit on disposal of Property, Plant and Equipments	-	-
Profit on disposal of Investment	-	-
Actuarial Gain/(Loss) on Defined Benefit Plans	(610,476)	-
Net Finance Income	(112,860,806)	(56,059,015)
<b>Operating Profit before Working Capital Changes</b>	<b>202,732,862</b>	<b>198,779,065</b>
(Increase)/Decrease in Inventories	(54,011,483)	(266,008,490)
(Increase)/Decrease in Trade and Other Receivables	(2,179,387,531)	(2,996,288,679)
Increase/(Decrease) in Trade and Other Payables	2,069,505,252	3,245,142,518
Increase/(Decrease) in Amounts Due to Related Companies	194,551,835	223,603,877
Increase in Staff loans and Advances	-	-
Increase in General Suspense Account Credit Balance	-	-
<b>Cash Generated from Operating Activities</b>	<b>233,390,934</b>	<b>405,228,291</b>
Interest paid	(16,589,596)	(15,871,772)
Tax paid	(22,464,264)	(21,325,544)
Gratuity paid	-	(8,662)
<b>Net Cash Flows from Operating Activities</b>	<b>194,337,074</b>	<b>368,022,313</b>

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(228,430,699)	(139,171,800)
Investment in Capital Work in Progress	(9,385,324)	
Proceeds from sale of Property, Plant and Equipment		
Acquisition of Subsidiary		
Investment in Short Term Deposit	(65,353,533)	(275,536,835)
Investment Long Term Investment	1,532,442	3,691,854
Dividend Income	-	-
Interest Income	129,450,403	72,622,044
<b>Net Cash Flows from Investing Activities</b>	<b>(172,186,711)</b>	<b>(338,394,737)</b>
<b>Cash Flows from Financing Activities</b>		
Proceed from Issue of Shares	-	-
Dividends paid	-	
Repayment of Loan	-	
Payment of Finance Lease Liabilities	-	(883,827)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>(883,827)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	22,150,363	28,743,749
Cash and Cash Equivalent at the beginning	207,708,894	178,965,135
<b>Cash and Cash Equivalent at the end</b>	<b>229,859,266</b>	<b>207,708,894</b>

Figures in brackets indicates deductions.

The Notes to the Financial Statements set out on Pages 37 to 53 form an intergral part of these Financial Statements.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2017

### 1. CORPORATE INFORMATION

#### 1.1. General Information

Central Engineering Services (Pvt) Ltd., is a private limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is situated at No.415, Bauddhaloka Mawatha, Colombo 7, Sri Lanka.

#### 1.2. Principal Activities and Nature of Operations

The Company is engaged in the business of undertaking, carrying out, executing and performing construction projects connected with any type of engineering or any engineering related activity.

#### 1.3. Principal Office

No. 415, Bauddhaloka Mawatha, Colombo 07.

#### 1.4. Company Secretary

Mrs. P. I. Abeygunawardana.  
415, Bauddhaloka Mawatha, Colombo 07.

#### 1.5. Significant Shareholdings

The significant shareholders of the Company at the end of the year were as follows:

Shareholders	No. of Shares	Percentage of Holding
Central Engineering Consultancy Bureau	100,002	100%

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1. Basis of Preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Financial Reporting Standards (SLFRSs). The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with SLFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

### 2.1. Basis of Preparation (Cont'd)

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Where necessary, the presentation and classification of figures for the corresponding period of the previous year have been amended to be comparable with those for the current year.

Central Engineering Services (Pvt) Ltd., was incorporated on 16th December, 2003 under the Companies Act, No. 17 of 1982 and has been re-registered on 6th November, 2009 under the Companies Act, No. 7 of 2007. However, the Company has commenced its operations only in the year 2011 and had no operations before that year.

### 2.2. Foreign Currency Translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Sri Lanka Rupees, which is the Company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the statement of comprehensive income.

### 2.3. Property, Plant and Equipment

All property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes purchase price of the asset and all other costs directly attributable to bring the asset to the intended location and operating condition.

The cost of self-constructed assets include the cost of materials, direct labour and other directly attributable costs. Cost also includes site restoration costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Freehold Land is not depreciated.

### 2.3. Property, Plant and Equipment (Cont'd)

The estimated useful lives are as follows:

Building	13 1/3 years
Plant and Machinery	5 years
Computer, Welfare and Communication Equipment	5 years
Office Equipment and Furniture and Fittings	8 years
Tools and Implements	5 years
Motor Vehicle	5 years
Container	5 years
Library Books	8 years

The depreciation method and residual values of assets are reviewed when indications are present that the residual value or useful life of an asset has changed. If there has been a significant change in the current expectations, residual value, depreciation method or useful life is amended to reflect such changes.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of comprehensive income in the year the asset is derecognised.

### 2.4. Financial Assets

#### Initial Recognition and Measurement

The Company classifies its financial assets in the following categories; at fair value through profit or loss, loans and other receivables, available for sale and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets at fair value through profit or loss.

The financial assets include cash and short term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

#### Subsequent Measurement

Subsequent measurement of financial assets depends on their category as follows;

#### Financial Assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

## 2.4. Financial Assets (Cont'd)

### Financial Assets at fair value through profit or loss (Cont'd)

Financial Assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

### Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the statement of comprehensive income.

### Held to Maturity Investments

Non derivate financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement, held to maturity investments are measured at using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the statement of comprehensive income.

### Available for Sale Financial Investments

Available for sale financial investments include equity and debt securities. Equity investments classified as available for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available for sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of comprehensive income in finance costs and removed from the available for sale reserve.

### Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



## 2.5. Financial Liabilities

### Initial Recognition and Measurement

The Company classifies its financial liabilities in the following categories; at fair value through profit or loss and loans and borrowings. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

### Subsequent Measurement

Subsequent measurement of financial liabilities depends on their category as follows;

#### Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on financial liabilities held for trading are recognised in the statement of comprehensive income.

#### Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance costs in the statement of comprehensive income.

## 2.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The Cost of inventories include costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## 2.7. Trade and Other 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 amortised cost using the effective interest rate method. Other receivables that are not financial assets measured at the cost.

## 2.7. Trade and Other Receivables (Cont'd)

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 recognised immediately in the statement of comprehensive income.

## 2.8. Impairment of Assets

If there is an indication of possible impairment, the recoverable amount of any affected asset or group of related assets is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

## 2.9. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term liquid investments, readily convertible to identified amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid Investments with original maturities of three months or less, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

## 2.10. Stated Capital

Ordinary shares are classified as equity.

## 2.11. Liabilities, Provisions and Contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Neither contingent assets nor contingent liabilities are recognised by the Company and disclosures are made in the financial statements when it is required. Other liabilities are recorded at the cash value to be realised when settled.

## 2.12. Employee Benefits

### Defined Contribution Plans

Defined contribution plan is a plan under which the Company pays a fixed contribution into a separate entity. Employees of the Company are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees Provident Fund and Employees Trust Fund respectively.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

### Defined Benefit Obligation

A defined benefit plan is a plan that is not a defined contribution plan. Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company is liable to pay gratuity to its eligible staff in accordance with the Gratuity Act, No. 12 of 1983, which is a defined benefit plan.

## 2.13. Current and Deferred Tax

### Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and any amendments thereto.

### Deferred Tax

Deferred tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2.14. Leases

### Finance Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

## 2.14. Leases (Cont'd)

### Initial Recognition and Subsequent Measurement

Initially, assets held under financial lease and financial lease liabilities are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset and present value of the minimum lease payments, determined at the inception of the lease.

Subsequent lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

## 2.15. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes, the following specific criteria are used for recognition of revenue.

### Construction Contracts

**Contracts require Standard Technical Committee (STC) approval for the measurement of contract revenue.**

The projects pending STC approval, the contract revenue is recognized only 90% of initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. And contract revenue is revised to the STC approved contract revenue once it is received.

### Other Contracts

The contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

As soon as the outcome of construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to the proportion that contract cost incurred for work performed to date bears to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

### Sale of Goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

## 2.15. Revenue Recognition (Cont'd)

### Rendering of Services

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

### Interest Income

Interest income is recognised on a time proportion basis using the effective interest method unless collectability is in doubt.

### Dividend Income

Dividend income is recognised when the shareholder's right to receive payment is established.

### Other Income

Other income is recognised on a cash basis.

## 2.16. Expenditure Recognition

### Construction Contracts

Total cost incurred in respect of each contract during the year, which can be attributed has been included in construction costs.

### 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 the statement of comprehensive income.

For the purpose of presentation of the statement of comprehensive income the management is of the opinion that, the "function of expenses" method presents fairly the elements of the Company's performance, and hence this presentation method is adopted.

### Interest Expense

Interest expense is recognised on a time proportion basis using the effective interest method.

### Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

### 2.17. Events after the Reporting Date

All the material events after the date of the statement of financial position have been considered and appropriate adjustments / disclosures have been made in the financial statements.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1. Financial Risk Factors

The Company's activities expose it to three types of financial risks, namely market risk, credit risk and liquidity risk.

### 3.2. Market Risk

Market Risk faced by the Company include currency risk, interest rate risk and other price risks.

#### Interest Rate Risk

The Company has interest bearing bank deposits which may cause risks to it as a result of the adverse movements in interest rates.

### 3.3. Credit Risk

Credit Risk is the risk that the Company may incur losses due to the failure of its customers to discharge their obligations to the Company.

The maximum exposure to credit risk at the reporting date was;

	<b>Trade Debtors</b>
	<b>Rs.</b>
As at 31st December, 2016	4,033,243,692
As at 31st December, 2017	5,148,573,297

### 3.4. Liquidity Risk

The Company mitigates its liquidity risk through proper working capital management including cash management.

## 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has exercised judgments and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

#### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS CONT'D

##### **Going Concern**

The Company's 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 Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### **Estimated Useful Lives of Property, Plant and Equipment (PPE)**

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

##### **Allowance for Doubtful Debts**

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.

FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>5. Revenue</b>		
Construction Revenue	12,294,651,635	8,691,161,524
Consultancy Revenue	-	-
	<b>12,294,651,635</b>	<b>8,691,161,524</b>
<b>6. Cost of sales</b>		
Consultancy Cost	-	-
Materials	4,838,718,956	3,299,198,779
Labour	3,200,962,306	2,378,032,062
Transport Charges	1,127,007,877	807,585,766
Tools	39,725,314	18,115,530
Miscellaneous Expenses	88,059,450	63,966,297
Construction Services	2,317,919,120	1,503,038,812
	<b>11,612,393,023</b>	<b>8,069,937,247</b>
<b>7. Other Income</b>		
Miscellaneous Revenue	-	42,313,604
Hiring Income	16,375,557	19,267,247
Machinery Hiring	-	353,102
Commission Income	70,931	17,000
Sundry Income	-	5,285,912
Miscellaneous Revenue	63,995,420	17,407,343
Bad Debt Provision Reversal	-	4,290,482
Asphalt/ Crusher Plant Gain/ (Loss)	(7,954,812)	-
	<b>72,487,097</b>	<b>46,621,086</b>
<b>Operating Profit</b>		
The following items have been charged / (credited) in arriving at - the Operating Profit		
Director's Emoluments	848,500	1,563,250
Auditor's Remuneration	590,000	500,000
Profit on Disposal of Property, Plant & Equipment	-	-
Depreciation on Property, Plant & Equipment	153,038,109	141,341,912
Charity and Donations	1,564,866	990,863
Allowance for Bad and Doubtful Debts	6,216,707	9,843,380
Employee Benefit Costs	338,494,405	280,620,548
<b>Employee Benefit Costs</b>		
Salaries & Wages	27,141,892	243,683,953.89
Contribution to Defined Contribution Plans	52,021,960	4,653,046.10
Over Time, Incentive and Other Allowances	61,118,895	32,283,547.63
<b>8. Net Finance Income</b>		
<b>Finance Income</b>		
Interest Income	129,450,403	71,930,786
	<b>129,450,403</b>	<b>71,930,786</b>
<b>Finance Cost</b>		
Interest Expenses	(16,589,596)	(15,871,771)
	<b>(16,589,596)</b>	<b>(15,871,771)</b>
<b>Net Finance Income</b>	<b>112,860,806</b>	<b>56,059,015</b>
<b>9. Tax Expenditures</b>		
Deferred Tax for the Year	760,227	4,203,142
Income Tax for the Year	36,752,625	21,463,536
	<b>37,512,852</b>	<b>25,666,678</b>



FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER		Land	Buildings	Furniture & Fittings	Construction & Instrument & Equipment	Office Equipment	Plant & Machinery	Containers	Computers	Motor Vehicles	Library Books	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>10. Property, Plant and Equipment</b>												
<b>Cost</b>												
<b>Balance as at 1st January 2017</b>		8,415,147	46,645,564	17,811,835	156,485,780	24,513,744	210,026,435	25,888,335	35,075,771	387,712,386	447,170	913,022,167
Additions during the year		-	1,344,590	5,766,169	95,306,249	12,635,625	78,775,188	15,773,550	14,537,998	3,595,000	696,330	228,430,699
Disposals during the year		-	-	(52,890)	(805,747)	(157,106)	(1,714,394)	-	(1,254,800)	-	-	(3,984,937)
<b>Balance as at 31st December 2017</b>		-	<b>47,990,154</b>	<b>23,525,114</b>	<b>250,986,282</b>	<b>36,992,263</b>	<b>287,087,229</b>	<b>41,661,885</b>	<b>48,358,969</b>	<b>391,307,386</b>	<b>1,143,500</b>	<b>1,137,467,929</b>
<b>Accumulated Depreciation</b>												
<b>Balance as at 1st January 2017</b>		-	15,766,952	4,993,249	65,674,416	7,441,615	92,016,430	8,708,657	13,884,091	323,521,088	16,387	532,022,885
Additions during the year		-	3,514,995	2,593,387	48,321,576	4,709,253	46,205,740	7,186,500	8,501,436	31,990,937	14,286	153,038,109
Disposals during the year		-	-	(22,277)	(522,858)	(83,081)	(668,038)	-	(1,015,190)	-	-	(2,311,445)
Adjustment		-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st December 2017</b>		-	<b>19,281,946</b>	<b>7,564,359</b>	<b>113,473,133</b>	<b>12,067,786</b>	<b>137,554,132</b>	<b>15,895,157</b>	<b>21,370,338</b>	<b>355,512,025</b>	<b>30,673</b>	<b>682,749,549</b>
<b>Net Book Value</b>												
<b>Balance as at 31st December 2016</b>		8,415,147	30,878,612	12,818,586	90,811,364	17,072,129	118,010,005	17,179,678	21,191,680	64,191,298	430,782	380,999,279
<b>Balance as at 31st December 2017</b>		-	<b>28,708,208</b>	<b>15,960,755</b>	<b>137,513,149</b>	<b>24,924,477</b>	<b>149,533,097</b>	<b>25,766,728</b>	<b>26,988,631</b>	<b>35,795,361</b>	<b>1,112,827</b>	<b>454,718,380</b>

AS AT 31 <sup>ST</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>11. Capital Work In Progress</b>		
<u>Internal Develop Software</u>		
Balance B/F -	4,785,714	2,785,714
Cost Incurred During the Year	4,580,000	2,000,000
	<b>9,365,714</b>	<b>4,785,714</b>
<u>Building Construction</u>		
Balance B/F -	<b>11,102,338</b>	
Cost Incurred During the Year	4,805,324	11,102,338
	<b>25,273,376</b>	<b>15,888,052</b>
<b>12. Investments</b>		
Long term investment (Note 12.1)	-	1,532,442
Short term investment (Note 12.2)	1,111,071,025	1,045,717,492
	<b>1,111,071,025</b>	<b>1,047,249,934</b>
<b>12.1. Long term investment</b>		
<b>Loans and receivable financial assets</b>		
Investment in Fixed Deposit	-	1,532,442
	-	<b>1,532,442</b>
<b>12.2. Short term investment</b>		
Repo		
Short term investments	1,111,071,025	1,045,717,492
	<b>1,111,071,025</b>	<b>1,045,717,492</b>
<b>13. Inventories</b>		
Inventories	822,210,704	768,199,221
	<b>822,210,704</b>	<b>768,199,221</b>
<b>14. Trade and Other Receivables</b>		
Trade Receivables (Note 14.1)	9,404,371,008	7,321,478,714
Other Receivables (Note 14.2)	42,348,529	17,551,556
Deposits, Prepayments and Advances (Note 14.3)	255,352,389	183,654,125
	<b>9,702,071,926</b>	<b>7,522,684,395</b>
<b>14.1. Trade Receivables</b>		
Debtors	5,148,573,297	4,043,087,071
Due From Customers	2,280,063,760	1,936,294,825
Retention Receivables	1,991,794,038	1,351,940,198
Less - Provision for Impairment (Note 14.1.1)	(16,060,086)	(9,843,379)
	<b>9,404,371,008</b>	<b>7,321,478,714</b>
<b>14.1.1. Provision for Impairment</b>		
Debtors	16,060,086	9,843,379
Provision for Expected Losses	-	-
	<b>16,060,086</b>	<b>9,843,379</b>
<b>14.2. Other Receivables</b>		
Staff Loans	567,735	-
Refundable Deposits	591,735	-
Sundry Debtors	41,189,059	17,542,027
WHT Receivable	-	9,529
Economic Service Charges - ESC	-	-
	<b>42,348,529</b>	<b>17,551,556</b>
<b>14.3. Deposits, Prepayments and Advances</b>		
Mobilization Advance Paid	38,190,892	7,276,636.31
Deposits	5,236,499	3,755,289
Advances	202,020,670	161,659,651
Prepayments	9,904,328	10,962,549
	<b>255,352,389</b>	<b>183,654,125</b>

AS AT 31 <sup>st</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>15. Cash and Cash Equivalents</b>		
<b>Favorable Balances</b>		
Cash in hand and at bank	229,518,496	195,883,249
Bank Impress		
Cash in Transit	340,770	11,825,645
	<b>229,859,266</b>	<b>207,708,894</b>
<b>Unfavorable Balances</b>		
Bank Overdraft	-	-
<b>Cash and Cash Equivalents for the Cash Flow Purpose</b>	<b>229,859,266</b>	<b>207,708,894</b>
<b>16. Lease Creditors</b>		
Balance as at 1 <sup>st</sup> January	-	<b>883,827</b>
Repayments during the year	-	(883,827)
Gross Lease Obligation at the end of the year	-	-
Balance as at 31 <sup>st</sup> December	-	-
Amount payable within one year	-	-
Amount payable after one year	-	-
<b>17. Defined Benefit Obligations</b>		
<b>(a) The amounts recognised in the Financial Position are determined as follows:</b>		
Balance at the beginning of the year	1,476,231	372,908
Current service cost	2,343,674	1,089,787
Interest cost	147,623	37,291
Actuarial (gain)/Loss during the year	610,476	(15,094)
	4,578,004	1,484,892
Benefits paid		(8,661)
Balance at the end of the year	<b>4,578,004</b>	<b>1,476,231</b>
<b>(b) Liability Recognized in the Financial Position</b>		
Present Value of Obligation as at 31 <sup>st</sup> December 2017	4,578,004	1,476,231
Un Recognised Actuarial Gains / (Losses)	-	-
<b>Net Liability in Financial Position</b>	<b>4,578,004</b>	<b>1,476,231</b>
<b>(c) The amounts recognised in the Statement of Comprehensive Income are as follows:</b>		
Interest Cost	147,623	37,291
Current Service Cost	2,343,674	1,089,787
	<b>2,491,297</b>	<b>1,127,078</b>
<b>(d) The amounts recognised in the Statement of Other Comprehensive Income are as follows:</b>		
Actuarial (Gain) / Loss recognized	610,476	(15,094.00)
	<b>610,476</b>	<b>(15,094.00)</b>

The Retirement Benefit Obligation of the company as at 31st December 2017 is based on the formula method as recommended by the Sri Lanka Accounting Standard No. 19 (Revised 2012) Employee Benefits.

Key assumptions used in the computation includes the following;

Rate of Discount	10.5%
Salary Incremental Rates	2%
Employee Turnover Factor	11%
Retirement Age	60 Years

AS AT 31 <sup>ST</sup> DECEMBER	CESL	
	2017 Rs.	2016 Rs.
<b>18. Deferred Tax</b>		
Balance at the beginning of the year	21,820,956	17,617,814
Provision for the year	760,227	4,203,142
Balance at the end of the year	<b>22,581,183</b>	<b>21,820,956</b>
<b>19. Trade and Other Payables</b>		
Trade Payables (Note 19.1)	10,071,462,202	7,765,537,335
Other Payables (Note 19.2)	220,510,159	456,929,758
	<b>10,291,972,361</b>	<b>8,222,467,092</b>
<b>19.1. Trade Payables</b>		
Creditors	2,378,526,793	1,932,241,727
Due to Customers	3,326,454,352	2,274,601,433
Mobilization & Other Advances	4,032,030,310	3,376,224,889
Retention Payables to Contractors	334,450,747	182,469,285
	<b>10,071,462,202</b>	<b>7,765,537,335</b>
<b>19.2. Other Payables</b>		
Refundable Deposits	-	100,340
Sundry Creditors	12,808,387	7,522,885
Accrued Expenses	73,609,534	303,618,919
Unpaid Staff Cost	492,764	750,113
PAYE tax	2,011,509	663,463
Withholding Tax Provisions		
Other Taxes	131,587,965	144,274,038
	<b>220,510,159</b>	<b>456,929,758</b>
<b>20. Income Tax Payables</b>		
<b>Balance at the beginning of the year</b>	<b>23,213,996</b>	<b>23,076,004</b>
Income tax for the year	36,752,625	21,463,536
Provision in respect of the last year	-	-
Payments made during the year	(18,185,164)	(18,500,000)
Withholding Tax (WHT)	(4,279,100)	(2,825,544)
Balance at the end of the year	<b>37,502,357</b>	<b>23,213,996</b>

## 21. Related Party Transactions

### 21.1. Transaction with Parent

- a) Eng. G. D. A. Piyatilake is the chairman of CESL and Eng. N. Rupasinghe, Eng. S. P. P. Nanayakkara, Mr. M. R. G. Ranathunaga, Eng. K. L. S. Sahabandu, Eng. T. D. Wickramarathna, Eng. A. Galketiya, and Mr. H. M. N. U. B. Mawathagama who were Directors of CESL as at 31 December 2017.

**21.1. Transaction with Parent (Cont'd)**

Further key management personal of CESL are as follows;

<b>Name</b>	<b>Designation</b>	<b>Base Office</b>
Eng. E. P. U. S. Karunaratne	Chief Operation Engineer/ CEO	Western Province 2
Eng. P. M. P. C. Gunathilake	Chief Operation Engineer	East & South East
Eng. L. W. J. N. Alwis	Chief Operation Engineer	South
Eng. H. R. W. K. Heendeniya	Chief Operation Engineer	Western Province 1
Eng. A. Pushparajah	Chief Operation Engineer	North
Eng. W. E. P. Ranjan Kumara	Chief Operation Engineer	Sabaragamuwa
Eng. M. N. Gunasena	Chief Operation Engineer	Uva
Eng. H. M. Nandasena	Chief Operation Engineer	Central Province
Eng. S. B. A. D. Semasinghe	Chief Operation Engineer	MKDP
Eng. J. A. D. R. Sujith Kumara	Chief Operation Engineer	Anuradhapura
Mr. J. M. B. Jayaweera	Finance Manager	

<b>b) Nature of the Transactions</b>	<b>Amount 2017 Rs.</b>
Construction Revenue	998,585,929
Vehicle Hiring Income	14,851,498

**21.2. Terms and conditions of transactions with related parties**

The Income from related party and expenditure incurred or purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

This note should be read in conjunction with Note No. 19 to these Financial Statements.

**Transactions with Key Management Personnel**

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

Compensation paid to Key Management Personnel

	<b>2017 Rs.</b>	<b>2016 Rs.</b>
Salaries and other Employment Benefits	1,448,500	1,563,250

**22. Commitments and Contingencies**

There were no material Commitments and Contingent liabilities in CESL as at the reporting date.

## 11

## Five Year Summery

## Statement of Profit or Loss and Other Comprehensive Income Highlights

		2013	2014	2015	2016	2017
Revenue	Rs. Mn	5,157	4,960	6,560	8,691	12,294
Gross Profit	Rs. Mn	135	254	448	621	682
EBITDA	Rs. Mn	105.3	236	255	192	196
EBIT	Rs. Mn	25.9	132.8	106	54	45
Net Finance Income	Rs. Mn	(0.7)	(1.0)	11.3	56	112
Profit After Tax	Rs. Mn	13.9	103	81.1	84.5	120.8
Profit Attributable to Owners	Rs. Mn	13.9	103	81.1	84.5	120.8

## Statement of Financial Position Highlights

Property, Plant and Equipemnt	Rs. Mn	227	402	401	396	479
Total - Non Current Assets	Rs. Mn	228.5	440	407	398	479
Cash and Cash Equivalent	Rs. Mn	129.7	171	178	207	229
Short Term Deposits	Rs. Mn	40.6	257.0	771	1,046	1,111
Total Assets	Rs. Mn	4,259	5,729	6,385	9,942	12,345
Stated Capital	Rs.	20	10,000,020	10,000,020	10,000,020	10,000,020
Retained Earnings	Rs. Mn	23.8	127	208	292	412
Equity Attributable to Owners	Rs. Mn	23.8	137	218	303	422
Total Non Current Liabilities	Rs. Mn	1090	1,285	1,166	1,394	1,592

## Statement of Cash Flow Highlights

Cash flow from Operating Activities	Rs. Mn	202	605	666	368	194
Cash Flow used in Investing Activities	Rs. Mn	(119.50)	(523)	(651)	(338)	(172.0)
Cash Flows from / (used in ) Fianancing Activities	Rs. Mn	(23.40)	(0.07)	(7.8)	(0.88)	-

## Key Financial Ratios

EPS	Rs.	6,999,804	6,186	812	845	1,202.6
Net Assets per Share	Rs.	11,905,768	1,369	2,181	3,026	4,229
ROE		58%	75%	37%	28%	28%
Current Ratio		1.3	1.2	1.2	1.2	1.1
Quick Ratio		1.18	1.16	1.1	1.06	1.07

Directors remuneration for the year ended 31st December 2017 is Rs. 848,500

Auditors fee for the year ended 31st December 2017 is Rs. 590,000

# Corporate Information

## NAME OF THE COMPANY

Central Engineering Services (Pvt) Ltd.

## PARENT COMPANY

Central Engineering Consultancy Bureau

## COMPANY REGISTRATION NO.

PV 16723

(Under the Companies Act No 7 of 2007)

## REGISTERED OFFICE

No. 415, Bauddhaloka Mawatha,  
Colombo 7, Sri Lanka.

Tel: (+94)11 2668800 Fax: (+94)11 2668972

Email: info@cesl.lk Web: www.cesl.lk

## LEGAL FORM

Private Company with Limited Liability

## BANKERS

Bank of Ceylon Sri Lanka  
Peoples Bank Sri Lanka

## COMPANY SECRETARIES

Mrs. P. I. Abeygunawardana  
No. 415, Bauddhaloka Mawatha,  
Colombo 7, Sri Lanka.

## AUDITORS

Auditor General's Department  
No. 306/72, Polduwa Road,  
Battaramulla, Sri Lanka.

## AUDIT COMMITTEE

Mr. P. A. B. S. Nonis - Director (CECB) - Chairman of the Committee  
Mr. M. R. G. Ranathunga - Director (CESL)  
Eng. T. D. Wickramarathna - Director (CESL)

## BOARD OF DIRECTORS

Eng. G. D. A. Piyathilake - Chairman  
Eng. S. P. P. Nanayakkara - Executive Director  
Eng. N. Rupasinghe - Director  
Mr. M. R. G. Ranathunga - Director  
Eng. K. L. S. Sahabandu - Director  
Eng. T. D. Wickramarathna - Director  
Eng. A. Galketiya - Director  
Mr. H. M. U. N. B. Mawathagama - Director

## PRINCIPAL ACTIVITIES

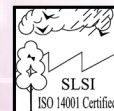
Civil Construction work includes Buildings, Roads, Bridges,  
Mechanical and Electrical Work, Water Supply and Waste  
Water Treatment, Earth Moving, Irrigation and Drainage Work.

## CERTIFICATIONS

ISO 9001:2015 for Quality Management System

ISO 14001:2015 for Environment Management System

ISO 18001:2007 for Occupational Health & Safety System



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

No. 415, Baudhaloka Mawatha, Colombo 7, Sri Lanka.

Tel : (+94)11 2668 800 Fax : (+94)11 2668 972

Email : [info@cesl.lk](mailto:info@cesl.lk) Web : [www.cesl.lk](http://www.cesl.lk)

