



CEYLON ELECTRICITY BOARD

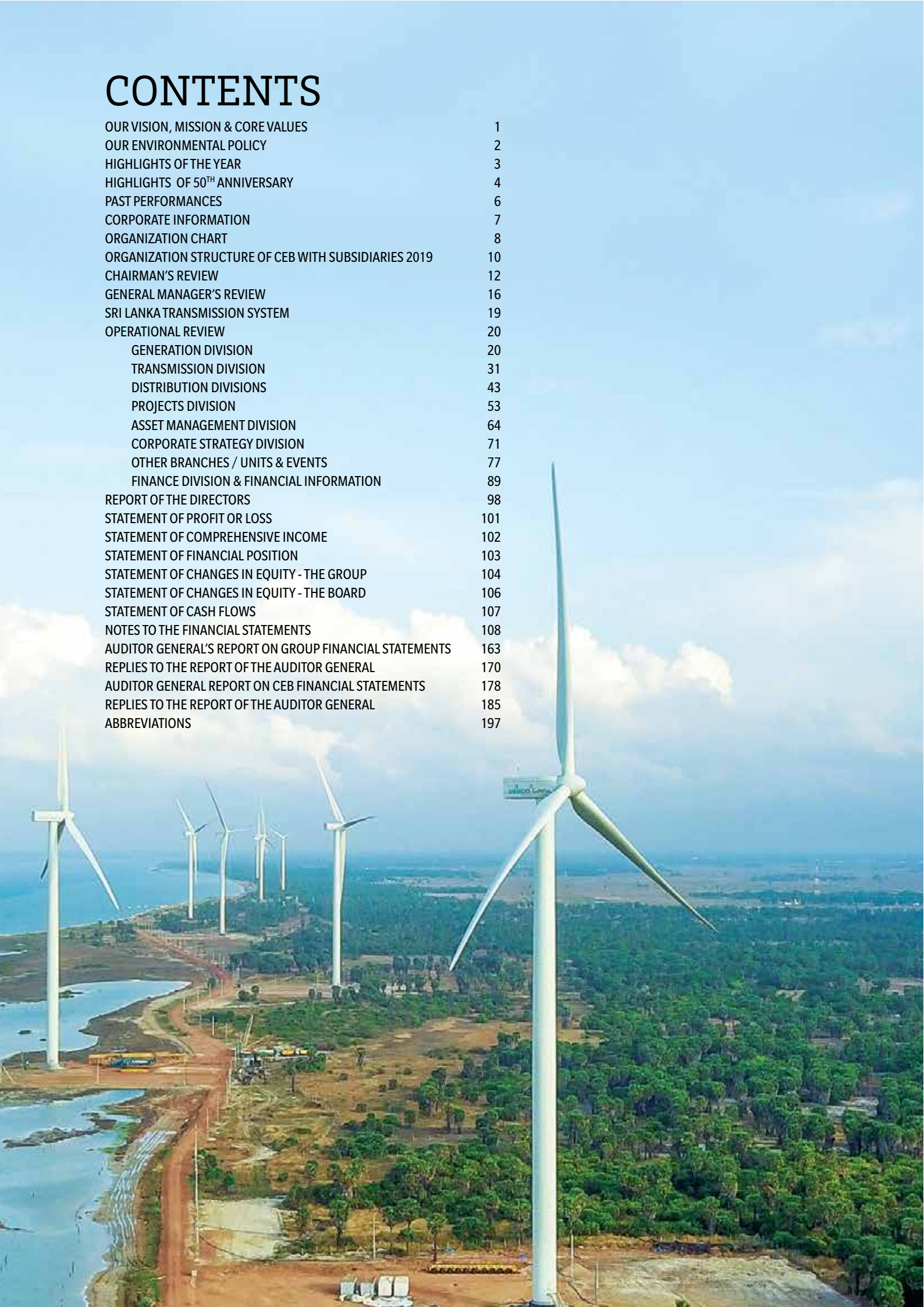


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ஆண்டுவிழா
ANNIVERSARY
1969 - 2019

ANNUAL REPORT
2019

CONTENTS

OUR VISION, MISSION & CORE VALUES	1
OUR ENVIRONMENTAL POLICY	2
HIGHLIGHTS OF THE YEAR	3
HIGHLIGHTS OF 50 TH ANNIVERSARY	4
PAST PERFORMANCES	6
CORPORATE INFORMATION	7
ORGANIZATION CHART	8
ORGANIZATION STRUCTURE OF CEB WITH SUBSIDIARIES 2019	10
CHAIRMAN'S REVIEW	12
GENERAL MANAGER'S REVIEW	16
SRI LANKA TRANSMISSION SYSTEM	19
OPERATIONAL REVIEW	20
GENERATION DIVISION	20
TRANSMISSION DIVISION	31
DISTRIBUTION DIVISIONS	43
PROJECTS DIVISION	53
ASSET MANAGEMENT DIVISION	64
CORPORATE STRATEGY DIVISION	71
OTHER BRANCHES / UNITS & EVENTS	77
FINANCE DIVISION & FINANCIAL INFORMATION	89
REPORT OF THE DIRECTORS	98
STATEMENT OF PROFIT OR LOSS	101
STATEMENT OF COMPREHENSIVE INCOME	102
STATEMENT OF FINANCIAL POSITION	103
STATEMENT OF CHANGES IN EQUITY - THE GROUP	104
STATEMENT OF CHANGES IN EQUITY - THE BOARD	106
STATEMENT OF CASH FLOWS	107
NOTES TO THE FINANCIAL STATEMENTS	108
AUDITOR GENERAL'S REPORT ON GROUP FINANCIAL STATEMENTS	163
REPLIES TO THE REPORT OF THE AUDITOR GENERAL	170
AUDITOR GENERAL REPORT ON CEB FINANCIAL STATEMENTS	178
REPLIES TO THE REPORT OF THE AUDITOR GENERAL	185
ABBREVIATIONS	197





OUR VISION

Enrich Life through Power

OUR MISSION

To develop and maintain an efficient, coordinated and economical system of electricity supply to the whole of Sri Lanka, while adhering to our core values:

OUR CORE VALUES

Quality | Service to the nation | Efficiency and effectiveness
Commitment | Safety | Professionalism
Sustainability

The background image shows a lush green landscape with a river flowing through it. In the foreground, there is a building with a blue roof and a large blue cylindrical tank. In the middle ground, there is a power substation with several tall metal towers. The background is dominated by dense green trees and a mountain range under a clear sky.

Our Environmental Policy

CEB will manage all its business activities in a manner, which cares for the natural and manmade environment and contribute to sustainable development. By means of openness in dealing with environmental issues, we intend to create confidence in our activities on the part of the public, customers, authorities, employees, and owners. We will actively pursue a policy of incorporating and integrating environmental considerations into our activities.



Sales Revenue-2019
Rs. 242,950 Mn.

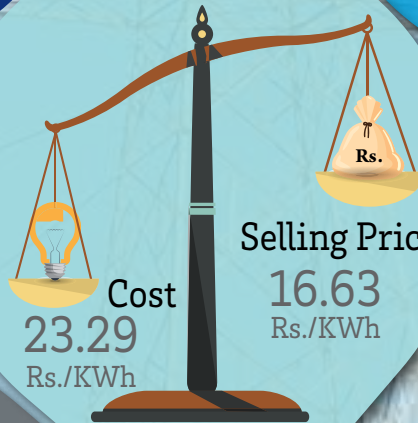
Households
Electrified
2019



108,315



Net Generation - 2019
15,922 GWh



Cost
23.29
Rs./KWh

Selling Price
16.63
Rs./KWh



Gross
Energy Sold
2019
14,611 GWh



Roof Top Solar
182 GWh



Employees
26,114



Consumer
Accounts
6,500,641



Tree Planting at Viharamahadevi Park to complete 50,000 tree planting program launched to commemorate 50th Anniversary of CEB.



Pirith Ceremony organized by Welfare unit CEB at the Headquarters to commemorate the 50th Anniversary of CEB on November 1st, 2019.



Pirith ceremony organized at newly opened Meter Testing Laboratory of DD3 at Malabe to commemorate 50th Anniversary of CEB on 01st November

Highlights

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 1969 - 2019



Awarding ceremony of the Innovation Competitions of year 2017, 2018, 2019 held on 01st November 2019 to commemorate 50th Anniversary of CEB organized by the CS Division.



Both Sinhala and Tamil medium Interschool Final Quiz competition and Award ceremony held in October 2019 to commemorate 50th Anniversary of CEB.



50th Anniversary celebration held on November 1st, 2019 at Head Office





50th Anniversary celebration held on November 1st, 2019 at Head Office



Tree Planting at Mawillaru Reservoir to complete 50,000 tree planting program lunched to commemorate 50th Anniversary of CEB.



Tree Planting at Maussakele Catchment Area to complete 50,000 tree planting program lunched to commemorate 50th Anniversary of CEB.



Tree Planting at Nilambe Catchment area to complete 50,000 Tree planting program lunched to commemorate 50th Anniversary of CEB.



Tree planting program organized by the Colombo City DGM Office to commemorate 50th Anniversary of CEB.



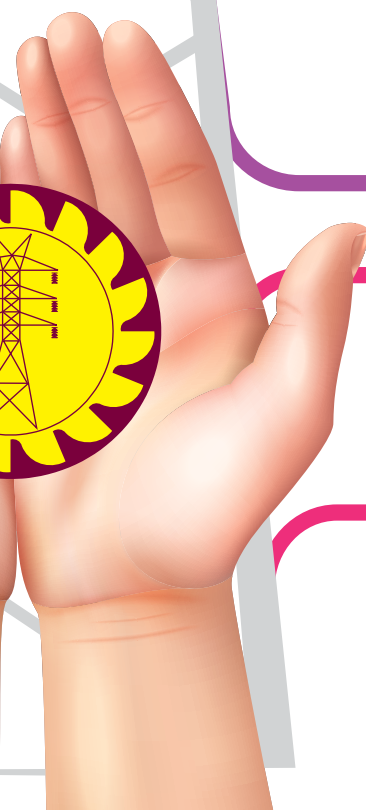
Launching of CEB - CARE user-friendly mobile application to commemorate 50th Anniversary of CEB



CEB Welfare unit organized blood donation camp at the CEB Headquarters building to commemorate 50th Anniversary of CEB on November 1st, 2019.



Blood donation programs organized by CEB Northern Province Office Staff Welfare & Sports Society and Colombo City Chief Engineer (Maintenance) Unit joint to commemorate 50th Anniversary of CEB.



Past Performances

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Energy Generation (GWh)	9,882	10,714	11,528	11,801	11,962	12,423	13,154	14,249	14,773	15,985	16,556
NCRE Generation* (GWh)	552	731	725	736	1,179	1,217	1,467	1,160	1,464	1,832	1,761
Maximum Demand (MW)	1,868	1,955	2,163	2,146	2,164	2,152	2,283	2,453	2,523	2,616	2,669
Electricity Sales (GWh)	8,441	9,268	10,023	10,474	10,621	11,063	11,786	12,785	13,431	14,091	14,611
Consumer Accounts (Nos.)	4,280,168	4,480,423	4,717,448	4,979,862	5,210,761	5,417,532	5,648,132	5,964,194	6,193,131	6,354,281	6,500,641
System Energy Losses (%)	14.59	12.97	11.72	11.24	11.14	10.91	10.40	10.28	8.45	8.34	8.23
Revenue (MLKR)	110,518	121,862	132,460	163,513	194,147	202,645	188,684	206,892	218,450	229,571	242,950
Average Selling Price (Rs/kWh) – (a)	13.10	13.03	13.21	15.56	17.93	18.50	16.00	16.18	16.26	16.29	16.63
Average Cost at selling point (Rs/kWh) – (a)	-	-	16.21	23.66	16.94	20.00	15.07	18.08	20.34	19.12	23.29
Household Electrified during the year (Nos.)	173,327	177,155	206,909	225,707	198,484	178,300	198,166	277,038	181,627	118,077	108,315

* - NCRE (Mini Hydro, Wind, Solar, Dendro, Boimass)
Rooftop solar included since 2018

(a) - Provisional

Corporate Information

Legal Form

The Ceylon Electricity Board (CEB) is a body corporate established in Sri Lanka by the Act of Parliament No. 17 of 1969 amended by Act Nos. 31 of 1969, 29 of 1979, 32 of 1988 and Sri Lanka Electricity Act No 20 of 2009 (Amended).

Members of the Board

Chairman

Mr. Rakhita Jayawardena *up to 21.11.2019*
Eng. Vijitha Herath *from 23.12.2019*

Vice Chairman

Mr. Rajiv Selvarajah *up to 22.11.2019*

Member / Working Director

Mr. K K Thissa Jinadasa *up to 25.11.2019*

Member, representing the General Treasury

Mr. R. Semasinghe *up to 30.04.019*
Mrs. J M Thilaka Jayasundara *from 08.05.2019*

Members

Mr. K D N Ranjith Asoka *up to 22.07.2019*
Mr. M Dewasurendra *from 09.09.2019*
Mr. S.K Kannangara
Mr. Ruban Wickramarachchi

Secretary to the Board

Ms. H.R.P. Pathberiya (Acting)

General Manager

Eng. A.K.Samarasinghe *up to 14.01.2019*
Eng. S.D.W.Gunawardena *from 15.01.2019*

Auditors

The Auditor General
National Audit Office
No 306/72, Polduwa Road
Battaramulla.

Bankers

Peoples Bank
No. 75, Sir Chittampalam A Gardiner Mawatha, Colombo 2

Head Office

No. 50, Sir Chittampalam A Gardiner Mawatha, Colombo 2
Telephone (011) 232 4471 (8 lines)
Fax (011) 244 9572
web site: www.ceb.lk

Corporate Management

Additional General Manager (Generation)

Eng. (Mrs) D.Thilakasena *up to 18.04.2019*
Eng. P.L.G.Kariyawasam *from 19.04.2019*

Additional General Manager (Transmission)

Eng. P.L.G.Kariyawasam *up to 18.04.2019*
Eng. (Dr.) M.N.S.Perera *from 19.04.2019*

Additional General Manager (DD 01)

Eng. P.C.C.Perera *up to 08.01.2019*
Eng. D.D.K.Karunaratne *from 09.01.2019*

Additional General Manager (DD 02)

Eng. M.A.D.N.Gratian

Additional General Manager (DD 03)

Eng. (Mrs.) A.D.Thilakarathne *up to 30.04.2019*
Eng. R.K.Piyadasa *from 01.05.2019*

Additional General Manager (DD 04)

Eng. D.D.K. Karunaratne *up to 08.01.2019*
Eng. M.R.Ranatunge *from 09.01.2019*

Additional General Manager (Asset Management)

Eng. G.A.Jayantha *up to 19.02.2019*
Eng. H.M.A.Herath *from 20.02.2019*

Additional General Manager (Corporate Strategy)

Eng. (Mrs.) N.W.K.Herath

Additional General Manager (Projects)

Eng. S.D.W. Gunawardena *up to 14.01.2019*
Eng. (Mrs.) M.K.C.N.K. Amarasiri *from 15.01.2019*

Finance Manager

Mr. T.K. Liyanage

Organization Chart 2019

Chairman & The Members of the Board

General Manager

Additional General Manager
(Corporate Strategy)

Additional General Manager
(Generation)

Additional General Manager
(Transmission)

Additional General Manager
(Distribution Division 1)

Additional General Manager
(Distribution Division 2)

Additional General Manager
(Distribution Division 3)

Additional General Manager
(Distribution Division 4)

Additional General Manager
(Asset Management)

Additional General Manager
(Projects)

Finance Manager

DGM (Corporate Strategy & Regulatory Affairs)
DGM (Business & Operation Strategy)
DGM (Functional Strategy & Process Development)
DGM (Research & Development)
DGM (Information Technology)
PD (Enterprise Resource Planning)

DGM (Energy Purchase)
DGM (Transmission & Generation Planning)
DGM (Corporate & Regulatory Relations)
DGM (Transmission Operation & Maintenance - South)
DGM (Transmission Operation & Maintenance - North)
DGM (Asset Management)
DGM (System Control)
DGM (Communication)
DGM (Energy Marketing)
DGM (Control & Protection)
DGM (Renewable Energy Dev. & Perf. Monitoring)
PD (Long Term Private Power Procurement)
PD (Colombo Portcity Development Project)
AFM (Transmission)

DGM (Commercial & Corporate)
DGM (Projects & Heavy Maintenance)
DGM (Planning & Development)
DGM (Central Province)
DGM (Western Province North)
DGM (Eastern Province)
AFM (Distribution Division 2)

DGM (Commercial & Corporate)
DGM (Projects & Heavy Maintenance)
DGM (Planning & Development)
DGM (Western Province South I)
DGM (Southern Province)
AFM (Distribution Division 4)

DGM (Transmission Design & Environment)
DGM (Transmission Projects)
DGM (Transmission Construction Projects)
DGM (Engineering Advisory Services)
DGM (Corporate & Projects Coordination)
PD (Upper Kotmale Hydro Power Project)
PD (Coal Power Project)
PD (Broadlands Hydro Power Project)
PD (Uma Oya Hydro Power Project)
PD (Greater Colombo Transmission & Distribution Loss Reduction Project)
PD (Moragolla Hydro Power Project)
PD (National Transmission & DND & EI Project)
PD (Green Power Development & EEII Project-Tranch II)
PD (Mannar Wind Power Project)
PD (LNG)
PD (Renewable Energy Absorption Tr. Dev. Pr.)
PD (Power System Reliability Strengthening Project)
AFM (Projects)

AFM (Head Quarters)
AFM (Corporate)
AFM (Treasury Management)

DGM (Energy Sales)
DGM (Corporate Affairs)
DGM (Thermal Complex)
DGM (Asset Management Thermal Electrical)
DGM (Mahaweli Complex)
DGM (Asset Management Hydro Electrical)
DGM (Laxapana Complex)
DGM (Asset Management Thermal Mechanical)
DGM (Asset Management Hydro Mechanical)
DGM (Generation Projects)
DGM (Samanala Complex)
PPM (Lakvijaya Power Plant)
DGM (Dam Safety, Environment & Civil Structure Maintenance)
DGM (Generation Protection)
AFM (Generation)

DGM (Commercial & Corporate)
DGM (Projects & Heavy Maintenance)
DGM (Planning & Development)
DGM (Colombo City)
DGM (North Western Province)
DGM (North Central Province)
DGM (Northern Province)
DGM (Distribution Coordination)
PD (Supporting Electricity Supply Reliability Improvement Project)
AFM (Distribution Division 1)

DGM (Commercial & Corporate)
DGM (Projects & Heavy Maintenance)
DGM (Planning & Development)
DGM (Western Province South II)
DGM (Sabaragamuwa Province)
DGM (Uva Province)
AFM (Distribution Division 3)

DGM (Asset Management & Corporate)
DGM (Training)
DGM (Civil Works & Building)
DGM (Work Shop & Ancillary Services)
DGM (Occupational Health & Safety)
PD (Vidulakpaya)
AFM (Asset Management)

DGM (Coordination)
DGM (Personnel)
Chief Internal Auditor

Manager Investigations

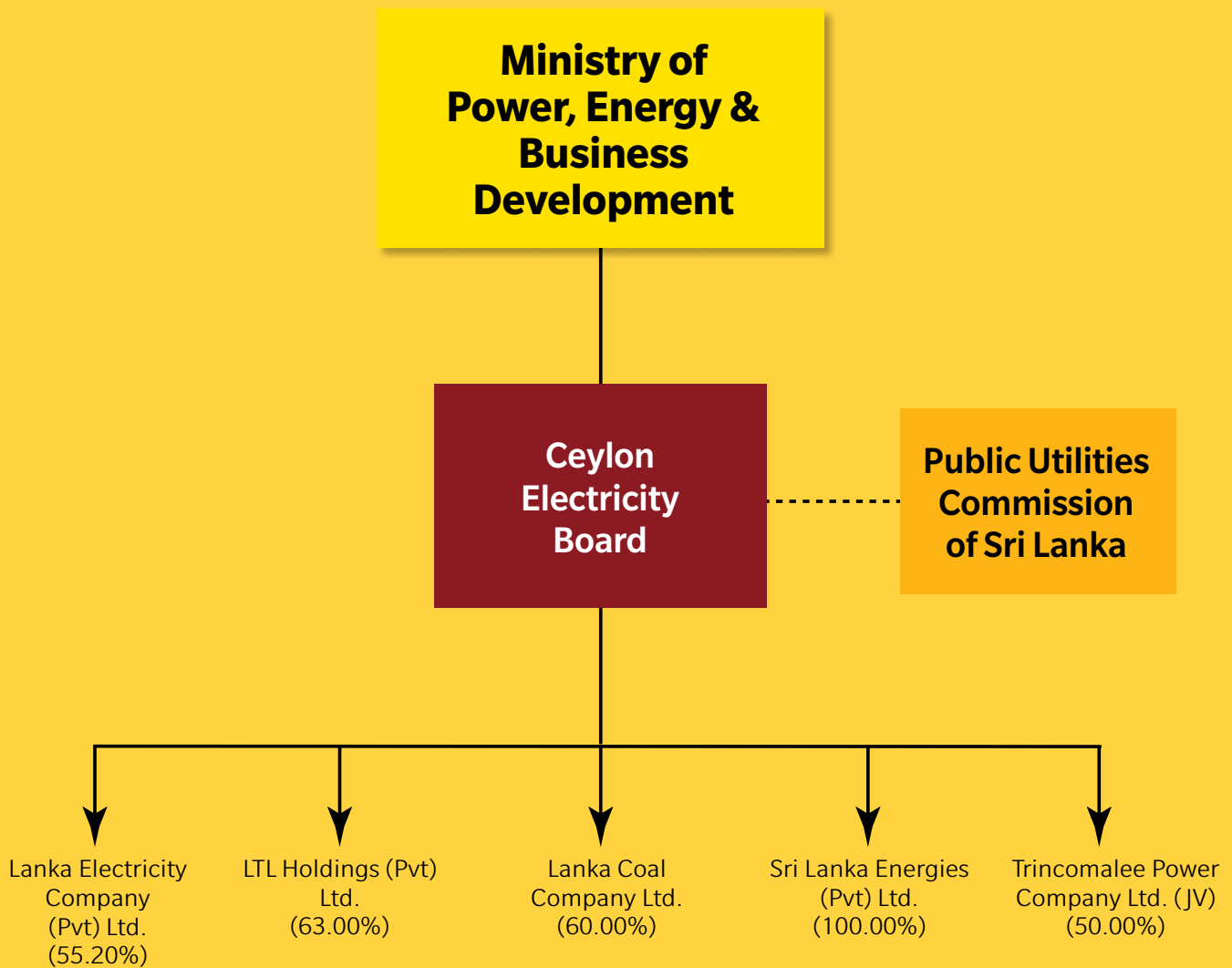
Chief Legal Officer

Secretary to the Board

Organization

Structure of CEB with Subsidiaries

2019





MANAGEMENT REVIEWS

Chairman's Review

During the Year, CEB was able to successfully complete the enormous Greater Colombo Transmission & Distribution and Loss Reduction Project. That has enabled the organization to be in a position to serve the development needs of the City of Colombo and the Port City.



The year under review represented an historic landmark for the Ceylon Electricity Board (CEB) as in November 2019 we celebrated our Golden Jubilee – 50 years of producing and delivering electricity to the nation.

From humble beginnings, the CEB today enjoys the unique honour of providing access to power for 99.6% of the population, a most commendable and noteworthy achievement. That stirring half-century of unrelenting progress marks the CEB as a vital national institution dedicated to serving our country.

We are grateful to our pioneering colleagues who were involved at the inception. Similarly, we express our gratitude to those who subsequently took over the baton to continue the good work. Collectively they laid the strong foundations that allow us today to proudly fulfil the CEB's mission of maintaining an efficient, safe, and reliable system of electricity supply across the country.

CEB is a state-owned enterprise established on November 1, 1969 by the Act No. 17 of 1969 as amended by Act Nos. 31 of 1969, 29 of 1979, and 32 of 1988. Sri Lanka Electricity

Act No. 20 of 2009 (Amended) brought CEB under the regulatory purview of the Public Utilities Commission of Sri Lanka (PUCSL).

CEB is responsible for electricity generation, transmission and its distribution nationwide. In this task it is ably supported by four subsidiaries, namely: Lanka Electricity Company (Pvt) Ltd (LECO), LTL Holdings Limited (LTL), Lanka Coal Company (Pvt) Ltd and Sri Lanka Energies (Pvt) Ltd along with the Joint Venture, Trincomalee Power Company Ltd and a number of Independent Power Producers (IPP'S).

During the year under review, 108,315 households received new electricity connections and 146,360 additional consumer accounts were created. Electricity sales during the year reached 14,611 GWh, a 3.7% increase compared to the previous year. However, the hotel sector usage decreased by 5.4%, reflecting the sector issues arising from the Easter Sunday Attack. In the meantime, net generation reached 15,922 GWh, a 3.6% increase compared to the previous year.

CEB is responsible for 100% transmission of electrical energy throughout the country and a major part of the distribution

Chairman's Review (Contd.)

(88.5%) along with the state-owned distribution company LECO, of which CEB holds a majority share. In 2019 CEB was responsible for 71% of Sri Lanka's power generation. The balance was produced through a mix of thermal, hydro, solar and wind-based generating plants owned and operated by independent power producers.

It is also motivating to highlight that the capacity of roof top solar connections soared by 75% compared to 2018. The total stood at 217,263 kW at the end of 2019, signifying CEB's strong commitment towards harnessing renewable energy.

The total revenue billed from electricity sales increased by 5.8% or Rs 13,379 Million during 2019 to Rs 242,950 Million – the organization's highest-ever recorded sales revenue.

This 5.8% uplift was due solely to increase in electricity demand as no tariff revision has been implemented since 2014. Unlike normal commercial operations within organizations, where increased sales contribute to enhanced profitability, the opposite happens at CEB. That is due to the prevailing generation mix, so that the subsidy increases, and consequent losses are greater. Recognizing this contradiction, the organization focused during the year on an intensive communication campaign to educate consumers on the responsible use of electricity and power.

That campaign was vital as 2019 brought severe drought, marked by the second lowest rainfall for the first half of the year since 1990. That in turn prompted exceptionally low hydro inflow to major reservoirs. As a result, generation from both major hydro and mini-hydro plants dropped to 4,794.5 GWh, a sharp 24.9% reduction compared to the previous year. With reduced hydro generation CEB had to rely on thermal generation. Total thermal power generation was 65% as at the end of the year, a 10.6% increase compared to 2018.

This change in the generation mix towards more expensive thermal power, which was beyond the control of CEB, contributed to widening the gap between the production costs and selling price. That caused CEB to lose around Rs 5.85 for every unit sold. These mounting losses had a negative impact on CEB's financial position.

Although PUCSL is required legally to authorize a cost-reflective electricity tariff for CEB, such has not been the case since 2014, while the Government required that several classes of consumers be continuously provided with subsidized electricity. As a result, CEB must sell electricity to consumers at a price less than the average cost of production. In addition, with no reimbursement of government-mandated subsidy forthcoming during the year, CEB was forced to borrow further, costing the organization in 2019 a staggering Rs 22.5 Billion in finance costs.

It is critical to emphasize that, despite multiple attempts to strike a reasonable balance between the cost of production and the selling price, CEB was compelled to sell power at

a price well below the cost of production. Management submitted multiple proposals to consider an at least Rs 1 (one) increase in tariff which would have resulted in an incremental revenue of approximately Rs 14 Billion per year – thus relieving even in small measure the State subsidy.

In that context, I believe it may be prudent to share an insight to the prevailing tariff structure and its serious continued negative impact on State resources.

The present domestic tariff structure, which starts at Rs 2.50 for the first 30 units of consumption accounts for 19%, of the total customers. This segment were afforded a subsidy of Rs 18.29 per unit consumed, which translates to Rs 3.312 Billion worth of electricity subsidy given annually to 1,257,262 customers. This same principle continued for every additional 30 blocks of units until it leveled off after 181 units of consumption to finally register a subsidy of Rs 48.623 Billion for 5,651,452 domestic users, representing 87% of our customer base. The balance (13% of our consumers) includes numerous categories, of which the biggest subsidy is afforded to the industrial sector, totaling Rs 37.635 Billion in 2019.

This disheartening gap between cost of production and selling price would have been addressed somewhat in 2019 had the previously approved plans for generating power at much lower cost been implemented without any impediments and delays – in particular, the first of the several 300 MW LNG plants planned. With regret, it is noted that the 300 MW plant has not materialized for reasons beyond the realm of CEB's control.

Notwithstanding the above, in 2019 CEB aggressively pursued the plan to get the much delayed and derailed generation plants off the ground. The base was commenced to establish the two LNG power plants at Kerawalapitiya, and for the extension of the Norochcholai coal power plant at our existing site. Also to upgrade the gas turbine plants with more modern and efficient machinery at our site in Kelanitissa and to facilitate the rapid expansion of solar and wind plants. The sooner the more efficient power plants come into operation, the sooner the State will be rewarded with reduced subsidy, with a pathway created towards making CEB a very profitable State entity. I sincerely urge all concerned to place a major emphasis and urgent focus on implementing the planned generation plans without any further delay as this is a material pathway to reduced operating costs and profitability.

CEB handled Rs. 36 Billion worth of projects during the year under review. The organization's focus for renewable and clean energy was high on the agenda and all projects in this space were pursued aggressively. The 100 MW Mannar Wind Power Project was navigated as scheduled to commence operations in 2020. This is the largest wind project in the country and CEB is proud to be the owner and operator of this facility.

Chairman's Review (Contd.)

The final phase of the tunnel of Broadlands 35 MW Hydro Power Project was completed, which will move towards commercial operation by January 2021. The 30.5 MW hydro project at Moragolla and the 120 MW Uma Oya Hydro Power Project were provided with all resources to reach completion within the planned periods. These renewable energy projects will add 285.5 MW of incremental capacity to the grid and will in the future make a significant positive contribution to the cost of generation.

In addition CEB continued to expand the small scale renewable energy producers' network and awarded 18 PPAs to 06 solar, 01 biomass and 11 mini hydro producers. The contribution from these initiatives is estimated at 25 MW. These sustained and focused efforts – together with over 70 small renewable plants for solar and hydro that were in the pipeline for award with pending Power Purchase Agreements (PPA) – are estimated to add a further 90 MW of clean energy to the grid, thus ensuring our continued efforts for absorbing the maximum amount of renewable energy.

In the year under review, CEB also expanded its footprint to support the National efforts to reduce carbon emissions by launching 5 new CEB-owned and operated electric vehicle charging stations (EVCS) strategically placed throughout the country.

The Green Power Development & Energy Efficiency Improvement Investment Program (Tranche 2), National Transmission & Distribution Network Development and Efficiency Improvement Project and Clean Energy and Network Efficiency Improvements Project were some major transmission enhancement projects aimed at absorbing increased quantities of renewable energy. Such projects progressed towards completion in the year under review with minimal interruptions.

During the year, CEB was able to successfully complete the enormous Greater Colombo Transmission & Distribution and Loss Reduction Project. With this introduction of the 220kV underground transmission cable network to the system, the Greater Colombo power network has doubled.

Consequently, that has enabled the organization to be in a position to serve the development needs of the City of Colombo and the Port City. The conclusion of this major transmission project also heralds a new era in improved quality and reliability of electricity supply to Colombo.

The successful completion during the year of the Smart Metering Pilot Project (Tranche 1) marked another giant innovative step by CEB towards managing a more cost effective and efficient consumer service with resulting productivity enhancements.

We take this opportunity to express our gratitude to our funding agencies, Asian Development Bank (ADB), Japan International Corporation Agency (JICA), and Industrial

& Commercial Bank of China (ICBC) for their continued financial support.

In order to realize the Honorable Minister's vision of making CEB a customer-driven organization and to negate any attributes of a monopolistic position, a ground-breaking project was developed and successfully launched in June 2019. The organization ceremoniously initiated a new dimension to serving the customers even better by launching the 'CEBCare' Mobile Application – one of the self-service channels of 'CEB Assists', the enterprise utility software solution for the public.

We are extremely proud that CEB's engineers were able to design, develop and launch this state-of-the-art mobile app within the year. The application is available for download to mobile devices via both Google Play and Apple's App Store and available in all three languages. The launch of the app is an important milestone in CEB's journey towards providing our 6.5 Million customer base with a superior service, providing more awareness and ensuring transparency. The CEB Care app was able to revolutionize the service offering of CEB and enabled digital experience to consumers on availing services – including a mechanism to lodge complaints, power interruption notification, online bill payment facility and review usage information. The CEBCare app also provides customers with a unified contact center for the CEB that operates by virtually connecting the island-wide CEB call centers.

The CEB has always been conscious of its Corporate Social Responsibilities and during the year many projects were concluded across multiple disciplines such as medical, rural employment generation, converting waste to energy, tree planting for a cleaner environment, and children's knowledge enhancement.

In the medical sphere, approximately 850 staff members donated 850 pints of blood to the Colombo Blood Bank. The Blood Bank has commended the CEB with gratitude for this significant contribution and has been recognized as one of the major donors of blood during 2019. We salute every staff member who participated in this life-giving project.

In rural employment, the commissioning of a 3 MW Dendro Power Plant at Dehiaththakandiya opened up significant employment opportunities. It is estimated that the 1 MW Dendro plant provides approximately 1,000 jobs, which involves growing and harnessing the raw material required for the operation.

In the Waste to Energy area CEB, in partnership with the Treasury, the respective Municipality, and an Independent Power Producer, signed the power purchase agreement of the second Waste to Energy plant. This will be located in Rathmalana and will be utilized to convert 147,000 Metric Tons of waste per annum to 70 GWh of energy.

Chairman's Review (Contd.)

On the journey to a cleaner environment, your staff planted over 8000 trees island-wide during the year. Last but not least, for our children we conducted an island-wide Interschool Quiz competition in collaboration with SLBC with the objective of educating the country's youth on electrical safety and energy management.

Notwithstanding the absence of the power plants as set out in the generation plan, the financial constraints from the lack of subsidy support (resulting in the increased cost of borrowing), coupled with severe drought weather conditions that necessitated the use of more expensive thermal power, and no tariff increases during the year, CEB was able to manage the operations within the budgeted levels thanks to prudent financial and administrative disciplines. It did this while still ensuring the continuity of all existing and new projects. We believe that this achievement signals a satisfactory year for CEB in 2019.

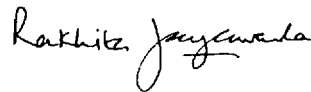
It is regrettable to note that with the present generation mix in place, the organization's good health lies in the availability of adequate rainfall. This is a serious anomaly and needs to be addressed as a priority with the State's commitment towards the rapid unhindered roll-out of the CEB's derailed generation plans, as stated earlier, in order to circumvent the reliance on rainfall for sustainable future operation of the organization and its improved performance.

The leadership provided by the very energetic and driven Minister of Power, Energy and Business Development Hon. Ravi Karunanayake and Hon. Champika Premadasa, the State Minister together with the Ministry staff, assisted the CEB to manage and deliver an essential State service to the expectations of the valued customers whilst simultaneously striving to set in motion the foundations for the much delayed generation plans.

The performances of CEB together with every Division of the Organization in 2019 were credible and positive. This could not have been achieved without the active participation and contribution made by a qualitative and multi-disciplinary Board of Directors who simultaneously stood firm on all aspects of compliance and good corporate governance. The Board was fortunate to have had an outstanding General Manager/CEO to navigate the organization through a challenging year. He and his staff were exemplary in their commitment and dedication to the organization and in providing a quality essential service to the Country.

I must also mention that during the year the organization had cordial relationships with the Engineers Union and every other Trade Union – representing a vast majority of the work force – to have enjoyed a year of harmony without any industrial unrest. My sincere thanks to all of the Unions for a good year of working together.

I will be failing in my duty if I do not recognize and applaud the support and contributions made from our subsidiaries. Each and every one, big or small, made a meaningful positive difference. Last but not least I would like to acknowledge with sincere thanks the continuous quality delivery of energy extended from our large base of Independent Power Producers. As I reflect on my tenure at Ceylon Electricity Board, I am truly grateful to my Board of Directors and General Manager for the trust and confidence they invested in me and to every member of staff, irrespective of rank or position, who were unfailing in their commitment to assist me in steering the Ceylon Electricity Board successfully through the Glorious Golden Jubilee year of 2019. It has been my privilege to have got to know many of you personally at CEB and I thank you for your friendship and the opportunities I have had to learn from you and your work. I wish each and every one of you continued success and well-being.



Mr. Rakhita Jayawardena
Chairman
Ceylon Electricity Board

General Manager's Review

The sales income of CEB for the year 2019 was recorded as Rs. 242.95 billion. This shows an increase of Rs. 13.38 billion when compared to the previous year in which the sales income recorded was Rs. 229.57 billion.



As the General Manager and the Chief Executive Officer of the Ceylon Electricity Board (CEB), it is my distinct privilege to write an assessment of the performance of the CEB during 2019, the year in which CEB celebrated its 50 years of service to the nation.

Operational Performance

In accordance with the Vision and Mission of CEB, it is our prime duty to meet people's expectations of having quality and reliable electricity supply at an affordable price. It was a huge challenge for CEB to meet the electricity demand in 2019 when hydro power reservoir storage was depleted due to dry weather conditions prevailed in the country, forcing CEB to resort to thermal based power generation to meet the daily electricity demand.

Historically, CEB had been highly dependent on hydro power based electricity production, but with ever increasing demand for electricity over the years and the exhaustion of hydro resources in the country that can be developed economically combined with the delay in implementation of next cheaper source of coal power generation, fuel oil based power generation options started to play a significant role in

the generation mix. Among the remaining hydro potential available in the country, CEB's expectations to begin commercial operation of Uma Oya Hydro Power Plant (122 MW) and Broadlands Hydro Power Plant (35 MW) was further delayed and these plants will not be available for commercial operation until 2020. Further, the proposed 300MW Natural Gas fired Combined Cycle Power Plant at Kerawalapitiya scheduled to be commissioned in the year 2019, as the substitute of the suddenly cancelled Sampur Coal Power Plant in 2015, could not commence even by end of 2019. If completed, this plant would have provided the base-load and mid-merit generation at a significantly lower cost compared to diesel fired thermal power plants when natural gas is made available in Sri Lanka. The latest plans indicate that it can be made operational in 2021.

The year 2019 is the year in which the second lowest inflows to the catchment areas were recorded during the first half of the year since 1990. The latter part of the year received substantial rains but total Hydro power generation in 2019 was only 4,794.5 GWh, which is 30% of total generation during the year. This low hydro generation was mainly due to the very low inflows during the first half of the year which

General Manager's Review (Contd.)

was less than 900 GWh because of weak monsoons. For the same reason, generation from privately owned mini hydro plants also show a reduction of 17.9% in 2019 compared to the previous year.

Under the circumstances, it became an exceptionally difficult task for CEB to maintain the supply continuity in the country, and CEB had no option other than to produce expensive diesel fired power to meet the electricity demand in the country. As a result, thermal power generation from CEB owned plants (both oil and coal) and Independent Power Producers (IPP) plants in 2019 amounted to 7,498 GWh and 2,875 GWh respectively. It is significant that thermal power generation by IPPs in 2019 has increased 65.2% compared to the previous year. Coal power plant did its best to keep the generation costs down by contributing 5,361 GWh for the year 2019, which is 12.5% higher than the figure of 2018. This is the highest recorded power production per annum by the coal power plant from its inception.

Despite our best attempts, we were unable to fill the gap between available generation capacity and the demand in March and April 2019, and were compelled to allow rotational system-wide load interruptions from 18th March 2019 to 10th April 2019 (excluding Sundays and public holidays). However, in the aftermath of the Easter Sunday bomb attacks electricity demand in the country was reduced relieving the pressure on the National Grid.

The electricity generation mix in the year 2019 comprised 34% from coal, 30% from hydro power (including mini hydro), 31% from oil power plants (CEB owned and IPP) with the balance 5% contributed by wind and other renewable energy sources. The total energy generation in 2019 was 15,922 GWh, which was 15,374 GWh in the previous year, showing 3.6% increase in power generation in 2019. Further, the total electricity consumption had increased to 14,611 GWh in 2019, showing an increase of 3.7% compared to 2018 where the consumption was 14,091 GWh.

The average unit cost of electricity generation was recorded as Rs. 23.29/kWh in 2019, which was 21.8% increase from 2018 figure of Rs. 19.12/kWh. Notwithstanding this high cost of generation, CEB provided electricity to the nation at an average unit price of Rs. 16.63/kWh in the year 2019, which is the principal reason for the very high operational losses recorded in the year.

Financial Performance

As per the audited financial statement for the financial year ended December 31, 2019, the sales income of CEB for the 2019 is recorded as Rs. 242.95 billion. This figure shows an increase of Rs. 13.38 billion when compared to the previous year in which the sales income recorded was Rs. 229.57 billion. This 5.83% growth resulted primarily from increase in sales as there has been no tariff revision since 2014.

Further, the cost of sales recorded in 2018 (Rs. 251.96 billion) has increased by Rs. 58.55 billion to Rs. 310.51 billion in 2019.

This 23.24% increase in cost of sales is attributed mainly to the significant decrease in hydro power generation which resulted in 23.6% increase in thermal power generation. The gross deficit of Rs. 67.56 billion recorded in the year under review indicates an increase of Rs. 45.17 billion compared to year 2018. This increase is mainly due to the fact that contribution from Hydro was 41.5% of total generation in 2018, whereas contribution from Hydro was only 30% in 2019. Although the Coal power plants contributed additional 12.5% during the year balance requirement had to be produced using fuel oil plants which is 38.2% higher than 2018. Therefore, the total borrowings as at the end of the year was Rs. 334.67 billion.

Even under a higher figure of 95 GWh of unserved energy due to capacity deficit, CEB has recorded overall sales and revenue growth during the year with an increase in consumer accounts. Also, CEB has managed to reduce transmission and distribution losses further by 1.3% to 8.23%. However, extensive use of liquid fuel based thermal generation, low rainfall received in the catchment areas and insufficient cash generation from sales due to unadjusted tariff structure for many years resulted in a Rs. 85.412 billion net loss at the end of financial year 2019.

During the year, property, plant and equipment amounting to Rs. 26.911 billion has been added to capital assets, while in 2018 capital assets addition was recorded as Rs. 66.730 billion. These additions reflect mainly the assets of the Transmission and Distribution Divisions.

CEB has been granted six licenses by Public Utilities Commission of Sri Lanka (PUCSL) for Generation, Transmission and Distribution of electricity. The Transmission Licensee prepares Bulk Supply Tariff (BST) every six months and Bulk Supply Transaction Account (BSTA) monthly, and communicates same to the PUCSL as per the prevailing Tariff Methodology and Rules. The monthly BSTA losses incurred by the Transmission Licensee during the year 2019 account for a considerable share of CEB's net loss at the end of 2019 (Rs. 85.412 billion). In accordance with the Tariff Methodology and Rules, this information needs to be communicated to relevant parties in time with recommendations to grant suitable tariff adjustments or subsidies to CEB to overcome the reported losses. Timely adherence to these published rules by relevant authorities until the next tariff revision is implemented is vital to make CEB's licensees financially viable so that they can carry out the duties assigned to them under the Sri Lanka Electricity Act. No. 20 of 2009 and Sri Lanka Electricity (Amendment) Act No. 31 of 2013.

Technical Performance

Driven by its mission to develop and maintain an efficient, coordinated and economical system of electricity supply in the country, CEB has increased its customer base by 146,360 (new customers) making the total number of consumers at the end of 2019 at 6,500,641. While CEB took every effort to make electricity available to its customers throughout the year during 24 hours of the day, unfortunate conditions

General Manager's Review (Contd.)

beyond its control compelled CEB to impose rotational power interruptions in March/April 2019.

Notwithstanding this setback, CEB continued to upgrade its transmission and distribution networks, which resulted in increasing the length of low voltage lines by 2,294 km and number of new distribution substations by 1,660. The line length of 220kV overhead transmission lines was increased by 125 km with the commissioning of New Anuradhapura-Mannar transmission line. Another major addition to the transmission assets in 2019 is the completion of the 220 kV underground cable system connecting Keralapitiya Power Station, Kelanitissa Power Station and new substation at Colombo Port (L substation). This development added total 22 km of 220kV underground cables to CEB's transmission network. Completion of Mannar 220/132kV grid substation, Colombo L 220/132/33kV grid substation and two other 132/11kV indoor grid substations in Colombo also took place in 2019.

We are grateful to our funding agencies, including the Asian Development Bank (ADB), French Development Agency (AFD) and Japan International Corporation Agency (JICA) for continuing to support us with financial assistance in implementing these much needed transmission projects.

During the year, construction work on generation capacity expansion projects such as Mannar Wind Power Project, Broadlands Hydro Power Project, Uma Oya and Moragolla hydro power projects continued showing satisfactory progress. Transmission projects including Green Power Development and Energy Efficiency Improvement Investment Program (GDP&EEIIP), National Transmission & Distribution Network Development and Energy Efficiency Project (NTDND&EEP), Renewable Energy Absorption Transmission Development Project (REATDP), Power System Reliability Strengthening Project (PSRSP) and Clean Energy and Network Efficiency Improvement Project (CE&NEIP) also continued with some projects nearing completion.

CEB is continuously working towards achieving the set targets for addition of Non Conventional Renewable Energy (NCRE) sources to the national grid while monitoring their performances and effect on power system quality and reliability in order to take suitable measures to mitigate such effects efficiently and effectively as per the Grid Code and Distribution Code.

During the year, inspection work was carried in Upper Kothmale Reservoir after eight years of its impoundment. Replacement of insulation phase bus sections of Kukuleganga Power Station was also carried out to ensure the reliability of hydro power generation.

Towards its continued effort in reaching excellence in customer care, CEB successfully launched the *CEB Care* Mobile Application, as part of CEB utility software *CEB Assist Solutions* in June 2019, making it convenient for both

customers and the CEB staff to address numerous customer complaints. At the end of 2019, CEB Care application on IOS and Android platforms had reached 80,000 downloads and CEB Assist had 3,200 active internal users.

Human Resources

During the year under review, CEB has taken many measures to improve the working environment of its employees and to establish a disciplined, proud and contented workforce.

CEB has recruited total 718 new employees in 2019, with the total number of permanent employees at 20,512 at the end of 2019. Training was provided to 3,489 field service employees in 2019 by conducting over 100 training programs. In addition, 2,656 of employees participated in 87 continuous professional development (CPD) programs.

In line with the golden jubilee of the organization several religious and social activities were conducted with the participation of the ministry officials and CEB employees. Award Ceremony of the Innovation Competitions of 2017, 2018, and 2019 was held in this year to encourage and recognize achievements of employees in research and development activities.

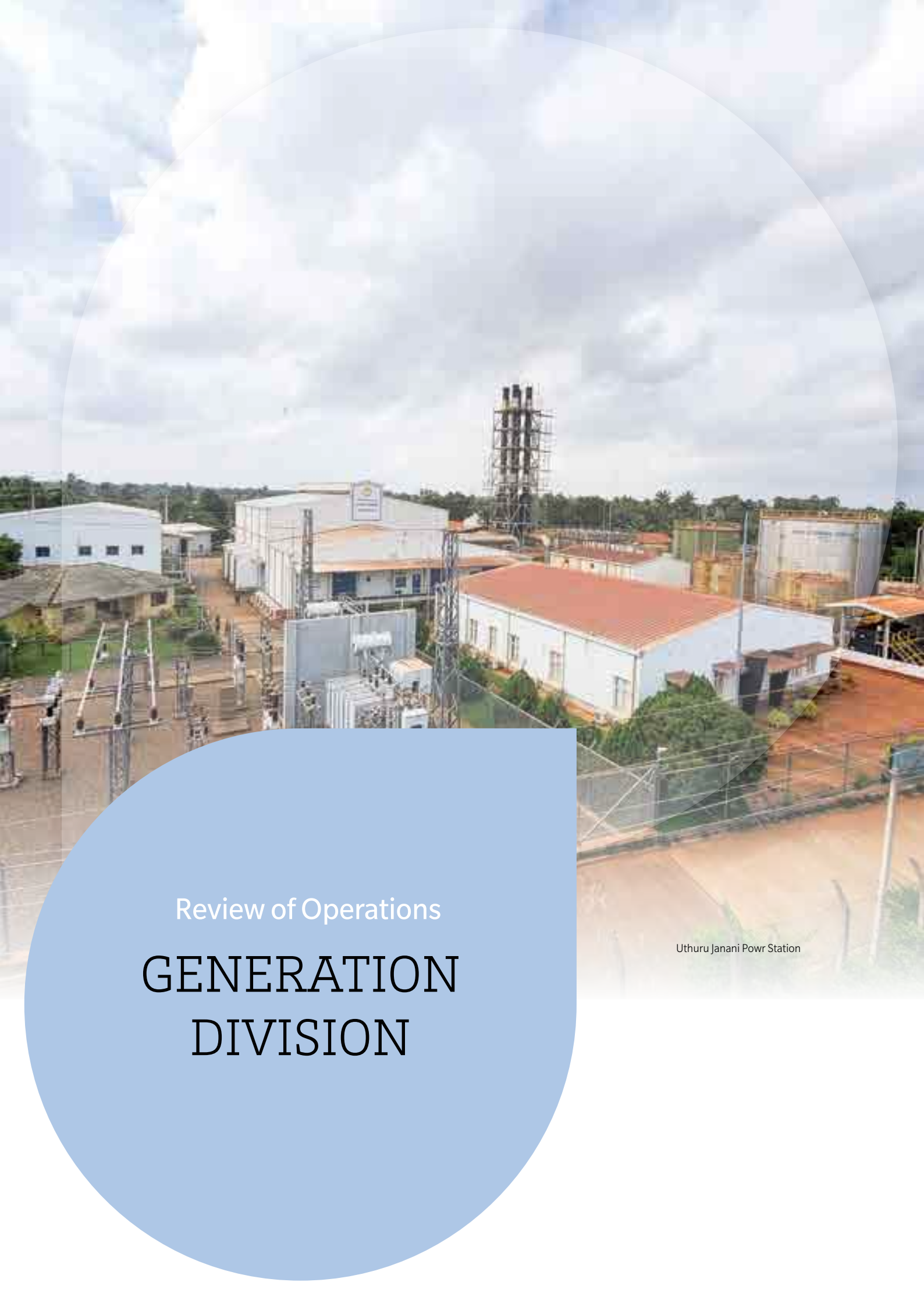
My Gratitude

CEB achieved its operational, technical and financial performance during the year 2019 in the face of many constraints explained above, thanks to the dedication of employees at all levels. I am particularly grateful for the corporation and assistance given by the Chairman and the Members of the Board to sail through an exceptionally difficult year in CEB's history. I also record my gratitude to my predecessors without whose commitment it would have been very difficult for CEB to be in its current position. All employees ably led by the Corporate Management Team contributed to CEB's achievements in the year. They all deserve to be recognized with gratitude.

CEB needs the timely implementation of Long Term Generation and Transmission plans in order to maintain the policy of availability of electricity to every citizen of the country. The continued support of authorities concerned in approving project plans, arranging funds, approving projects and recommending and granting necessary tariff adjustments/subsidies for CEB in time will greatly enhance CEB's operational, technical and financial performance. I close, therefore, with a humble appeal to all authorities to assist CEB in overcoming the enormously challenging situation the organization is facing today.



Eng. S.D.W. Gunawardena
General Manager



Review of Operations

GENERATION DIVISION

Uthuru Janani Power Station

Generation Division

All the power plants owned by Ceylon Electricity Board are operated and maintained by Generation Division. In addition, existing power plants are rehabilitated too when requirement arises. The Division has Hydro Power Plants with total installed capacity of 1,398.9MW, Oil-fired Thermal Power Plants with installed capacity of 654MW and a Coal-fired Power Plant with installed capacity of 900MW. Total installed Capacity of Power Plants own by CEB at the end 2019 is 2,953MW.

Performances of Power Plants

The year 2019 was not a pleasing year for Mahaweli Complex in terms of electricity generation due to failure of both monsoons. Even under this unpleasing situation, Power Plants in Mahaweli complex were in a position to generate 1,803.48 GWh of electricity. This is about 48% of the total CEB hydro generation.

Bowatenna Power Plant surpassed its annual planned generation targets while Ukuwela and Upper Kotmale Power Plants reached 90% of their planned generation targets.

First half of the year 2019 was extremely dry for Kukule-ganga and consequently, the energy generated from the plants also dropped drastically. However, continuous rain experienced during the second half of the year made up for the shortfall of first half and ultimately, recorded a total electricity generation of 322 GWh for the year exceeding the annual target of 317 GWh.

North-East monsoon rainfall was not significant enough to Inginiyagala in 2018-2019. The reservoir water level remained in low levels same as the previous year. Water was released in a modified and restricted pattern throughout the year. Power generation was comparatively low in 2019 when compared with past years.

Expected annual generation of Laxapana Complex was 1550GWh. However, the period, January to July was dry. Hence electricity generation from Laxapana Complex was not in expected levels in 2019.

Availability Factors and Plant Factors and Fault Factors of Power Plants are given below.

Hydro Power Plants

Power Plant	Installed capacity (MW)	Net Generation 2019 (GWh)	Availability Factor (%)	Plant Factor (%)	Fault Factor (%)
Mahaveli Complex	816.8	1,803.48			
Victoria	210	463.23	99.80	25.26	0.49
Kotmale	201	376.46	99.20	19.68	1.70
Upper Kotmale	150	378.88	99.99	28.95	0.03
Randenigala	122.6	235.48	99.53	22.16	1.53
Rantembe	49.5	123.79	99.67	29.25	0.80
Ukuwela	40	161.34	99.92	46.10	0.15
Bowatenna	40	56.94	99.65	15.68	1.54
Nillambe	3.2	7.36	99.07	25.59	3.17
Samanalaweve Complex	212.25	652.34			
Samanalaweve	120	309.34	89.99	29.74	3.72
Kukuleganga	75	321.62	94.79	52.77	0.43
Udawalawa	6	9.14	42.50	26.79	23.99
Inginiyagala	11.25	12.24	97.60	12.60	9.20
Laxapana Complex	369.8	1327.69			
Old Laxapana Stage I	28.8	259.66	99.90	52.85	0.17
Old Laxapana Stage II	25		99.53	57.89	0.54
New Laxapana	116	447.64	98.58	44.09	1.58
Samanala	90	374.86	97.42	47.27	1.47
Wimalasurendra	50	113.83	95.12	26.05	2.55
Canyon	60	131.70	90.09	25.15	2.14
Hydro Total	1398.8	3783.51			

Table 01- Hydro Generation

Generation Division (Contd.)

Thermal (Oil) Power Plants

Power Plant	Installed Capacity (MW)	Max. Available Total Capacity (MW)	Energy Generated in 2019 (GWh)	Availability Factor in 2019 (%)	Plant Factor in 2019 (%)
Sapugaskanda - A	80	70	248.22	89.34	42.34
Sapugaskanda - B	80	72	378.05	86.81	62.52
Kelanitissa CCGP – GT	110	110	677.23	73.02	52.52
Kelanitissa CCGP – ST	55	55		44.81	39.01
Kelanitissa GT - 07	115	115	281.31	74.63	28.32
Kelanitissa Frame V GTT	80	40	43.28	67.48	15.60
Uthuru Janani	24	22	100.92	81.00	50.00
Barge Mounted	60	62.4	357.15	84.52	67.51
Emergency Power -					
Thulhiriya	1x10	10	16.27	N/A	18.79
Kolonnawa	1x20	20	21.69	N/A	12.56
Mathugama	1x20	20	13	N/A	7.67
Thermal (Oil) Total	654	596.4	2,137.12		

Table 02 – Thermal (oil) Generation

Thermal (Coal) – Lakvijaya Power Plant

As the one and only Coal Power Plant in Sri Lanka, Lakvijaya Power Plant (LVPP) released 5361 GWh of electricity to the national grid in the year 2019 and marked its highest yearly contribution so far. The annual availability of LVPP is 91% for the year 2019.

		Unit 01	Unit 02	Unit 03	Total
Gross Energy	GWh	1,533	2,367	2,017	5,917
Net Energy Sent Out	GWh	1,381	2,150	1,830	5,361
Auxiliary Consumption	GWh	152	217	187	556
Availability Factor	%	77	98	96	91
Capacity Factor	%	58	90	77	75
Coal Consumption	Tons	590,238	874,217	744,411	2,208,866
Diesel Consumption	Ltr.	512,029	719,980	2,216,168	3,448,177

Table 03 – Thermal (Coal) Generation

The total net electricity generation through CEB owned hydro and thermal power plants for the year 2019 was 11,286.1GWh.

Generation Division (Contd.)

Special Maintenance Works Carried Out in the Year 2019

In addition to the routine maintenance of generating units and other auxiliary systems of such generating units, following special maintenance activities were carried out complex wise with the assistance of staff of Asset Management Hydro Electrical / Mechanical, Asset Management Thermal Electrical/ Mechanical, Dam Safety Environment & Civil Structures Maintenance and Protection Generation Branches of Generation Division.

Laxapana Complex

Laxapana Power Plant

Three numbers of single phase 11/132kV transformers of Old Laxapana (OLPS) Stage- I were replaced. Transformer protection relays of OLPS were replaced by new numerical Intelligent Electronic Devices and then tested and commissioned.

Wimalasurendra Power Plant

Annual Maintenance of Unit 01 machine was completed in 2019.

Valve House signal Interfacing

Valve house instruments were not being interfaced with SCADA system during rehabilitation. Hence it was decided to interface valve interface with required instruments. New instruments and UPS systems were procured in 2019 and planned to integrate during Annual Maintenance of Unit 2.

Canyon Power Plant

Replacement of Canyon Unit 2 Generator and transformer protection system

Generator and Transformer protection relays of Canyon Unit 2 machine were replaced by new numerical IEDs. Installation, IED configuration, and testing is completed. The final commissioning is to be done in second quarter of year 2020, depending on the availability of outage.

Inspection of Maussakele Dam

The Maussakele dam and apparent structures were inspected on 18th October 2019 under the Level – 3 inspection of ‘Periodic Dam Inspection Program’ of DSE&CSM Branch with the collaboration of the staff of Laxapana Complex and AMHM Branch.

Mahaweli Complex

Victoria Power Plant

MIV Trunnion Bearing Replacement of Unit 02 Machine

A water leak through trunnion bearings of main inlet valves in Unit 01 and Unit 02 machines had initiated somewhere in 2006 due to excessive wear and tear at sealing surfaces. Thereafter many attempts were made to repair this defect and finally necessary spares were procured to repair them from the successor to the OEM. It was decided to repair the defect in Unit 02 MIV in 2019 by CEB, using in-house facility. The repair was carried out over 12 weeks in which few

services were outsourced. This repair was fully successful and the total service cost including cost of outsourcing was around LKR 3 Million.



Dismantling of Servomotor Link



Insertion of Trunnion Bearing

MIV Blade Seal Replacement in Unit 02 Machine at Victoria Power Plant

In parallel with the repair MIV Trunnion Bearing Replacement of Unit 02 machine, MIV blade seal and seals at the MIV Dismantling Joint also replaced. MIV of Unit 02 machine is now in fully refurbished condition.



MIV Blade at close position before repair



MIV Blade Seal before repair



Blade Seal



View from turbine side after dismantling the Seal

Replacement of Reservoir Level Measuring System at the Intake of Victoria Reservoir

A new reservoir water level measuring system was installed at the power intake of Victoria reservoir. The signals from this system and other intake control signals now communicating to the Power Plant through a PLC based microwave backbone line. Reservoir water level signal is available at the power house control room for interfacing to display it at the system control center of the CEB.

Generation Division (Contd.)



New CT before installation



Installation in progress



After installation

Current Transformer (CT) Replacement at Victoria Switchyard

Twenty-Four (24) Nos of CTs at Victoria switchyard were replaced due to poor condition revealed by the predictive maintenance system. During replacement few alterations to the mounting structures, busbar connections, jumper cables and cable connections were also carried out to make the existing arrangement suitable for new CTs.

Installation of a Water Treatment Plant at Adikarigama Building Site

Drinking water available at the Adikarigama building site contains very high content of calcium and was not suitable for drinking. Therefore, the dwellers at the building site had to face many difficulties of finding drinking water.

After carrying out detailed study a ROR type water treatment plant was proposed at the building site to resolve this issue. The installed filtering plant currently provides drinking water requirement to the building site as well as to the Power Plant.

Kotmale Power Plant

Installation of New Auxiliary Transformer for Kotmale Switchyard

Switchyard non-essential 11/0.4kV, 500 kVA transformer was installed in 1984. Since there were no spares for the existing auxiliary transformers and due to small oil leak in the transformer, it was decided to replace it. Accordingly,

11/0.4kV, 500 kVA, 3 Phase, ONAN Transformer with HV/LV enclosure was procured and installed at a total cost of LKR 1.5 Million.



Installation of New Auxiliary Transformer for Kotmale Switchyard

Sand Blasting and Painting of Intake Gate, Draft Tube Gates, Surge Chamber Gate and Structures at Kotmale Power Plant.

These gates are more than thirty years old and corroded due to the old paint system. Since the lifetime of the paint system is expired the paint could easily be removed from the steel surfaces. The gates of total area approximately 1,350 sq. meters were sand blasted and painted as per the standards Sa 2.5 and ISO12944-1



Sand Blasting and Painting of Intake Gate, Draft Tube Gates and Surge Chamber Gate at Kotmale Power Plant.

Generation Division (Contd.)

Samanala Complex

Samanalawewa Power Plant

Samanalawewa Control / SCADA Rehabilitation Project

Replacement of Hydraulic Mimic Control Programmable Logic Controller was completed in 2019.

Replacement of Static Excitation System of Unit No. 02 Generator

Static Excitation Systems of Unit No. 02 was successfully installed and commissioned in 2019.

Refurbishment of Low Pressure Oil Coolers.

Two numbers of low-pressure oil coolers were refurbished and re-installed during the year.

Kukule Ganga Power Plant

Annual Maintenance of Machines

Annual maintenance on both Units and their allied systems was carried out during the first quarter of the year.



Annual maintenance of U-2 machine- Kukuleganga power plant

Udawalawa Power Plant

Rehabilitation of Supporting Structure of By-pass Gates

Heavily corroded steel pipe attached to supporting structure of bypass gate could not be rectified due to high water levels in the reservoir as corroded parts were under the water in the past. However, during this year, it was able to replace and paint the same including repairs to associated steel structure.



Corroded steel pipe

Repairing of steel pipe

Replaced new pipe

All four bypass water ways had been partly blocked by sand & debris identified during underwater inspection done by diving team of Lakvijaya Power Plant. Sand & debris were removed and trash racks were repairs and painted.



Repairing of trash rack

Inginiyagala Power Plant

Tunnel dewatering, inspection and repairs



Inside the Tunnel

Tunnel was dewatered and inspected in 2019 with collaboration of Department of Irrigation, Sri Lanka and Dam Safety & Environment Unit of CEB. Tunnel condition was monitored and a bulged place of the steel liner inside the tunnel was repaired.



Accessing to Tunnel

Annual Inspection and Maintenance

All four generating units were inspected and cleaned during maintenance. Since all four generators are over 50 years old, windings were inspected carefully, cleaned and insulation resistance readings were obtained, before and after the maintenance works.

Generation Division (Contd.)

Thermal Complex

Sapugaskanda Power Plant

Sapugaskanda Power Plant (SPS) consists of two stations, called Station A and Station B. Station A houses 4 Nos. of 20MW diesel engine driven generating sets while Station B has 8 Nos. of 10 MW diesel engine driven generating sets. These engines were operated on base load or cyclic load depending on the System Control Centre requirements throughout the year excluding maintenance intervals.

Replacement of 132kV current transformers of the switch yard



CT Replacement of Switch Yard

Replacement of Turbochargers

Turbochargers of Engine No. 06, 08, 09 and 10 were replaced with new model TCA 66 to increase the efficiency of engines.



Installing the new TCA66 Turbocharger

Cleaning of Stator & Rotor

Cleaning of stator and rotor of Generator No. 04 was done after pulling out the rotor to reduce the high winding temperature.



Stator winding cleaning of Generator No.04

Kelanitissa Power Plant

Repairs and Inspections on GT07 and Frame V GTs

Even though the machines at KPS are fairly old, their contribution to the system in time for meeting the demand is highly remarkable. On the decision of CEB management, the Frame V GTs were taken for rehabilitation, out of which two GTs works completed and running with 17MW and 18 MW. GT No. 4 is to be commissioned in first week of March 2020 and thereafter GT No. 5 will be taken for rehabilitation. Apart from active power contribution to the system, the continuous reactive power contribution of Frame V machines is highly remarkable in order to maintain the system voltage and stability. Last few years GT07 was running with 0.65 to 0.80 plant factor on the system requirements. Replacement of SEPA control system of GT07 was started in November 2019 and most probably will be commissioned in mid of January 2020 soon the HGPI is over.

Generator protection relays of KPS Frame V GT1 & GT2 were replaced by new numerical IEDs. Installation, IED configuration, testing, CT analyzing and IED energizing completed.

Generation Division (Contd.)

Lakvijaya Power Plant

Level B Overhaul of Unit 01

LVPP Unit 01 Level B overhaul work was commenced in November 2019.



Unit 01 Overhaul- Lakvijaya Power Plant

Generation Division (Contd.)

Special Rehabilitation and Project Works

Rehabilitation of Samanala Power Plant

The new generators have increased the generation capacity of the Power Plant by approx. 15%. With increased efficiencies and reduced maintenance outages, the new units will deliver more power to the National Grid at a lower operation and maintenance cost.

The defect notification period for the major components of the project ended in December 2019 while defect notification periods for several components were extended through 2020. The extended corrosion protection will expire in 2024. Currently the project team is in the process of finalizing the documentations.

Victoria Power Plant U-03 Stator Replacement Project

With the new stator replaced in March 2018 and the efficiency measurement carried out by May 2018, Victoria U3 was operating in its' defect notification period till mid-2019. During the defect notification period, the shims on the upper bracket were rearranged as per CEB request. The final drawings, operation & maintenance manuals were handed over and the project was deemed complete in 2019.

Enhancing Handling Capacity of Coal Yard-Lakvijaya Power Plant

With the experience gained over the past few years on operating a coal power plant, it was identified that the reliability of the plant could be further improved if the availability of the coal stock could be increased. Therefore, in order to avoid adverse consequences of poor weather, delays in coal procurement and issues in the coal handling systems, it was decided to enhance the coal storage and handling capacity of the existing coal yard to be able to cater 1.21 MMT. Cabinet approval was obtained for this and the contract was awarded to China Machinery Engineering Corporation in October 2019.

Rehabilitation of Frame V Gas Turbines at Kelanitissa Power Plant

Rehabilitation was started for more than 35-year-old four Gas turbines units each of 25 MVA capacities at Kelanitissa Power Plant. Voltage regulation, system stability enhancement and power restoration for Colombo city in blackout condition is identified as main advantages of this project. The GT01 and GT02 were totally completed and all relevant tasks were handled by Technicians and Engineers in CEB. Turbines repair and replacement, fabrications of main inlet air filters and coolers, configuration, installation and commissioning of protection and AVR, rewiring, repair and calibration of control and make connection to new GIS were identified as major events of this project. Before starting the project, bids were invited from reputed gas turbine manufactures and service

providers such as GE and MJB. However, their bids were around LKR 7 Billion. CEB was capable enough to proceed this project within a cost of LKR 1 Billion limit by saving LKR 6 Billion to CEB. Over 90% of work was completed in No. 4 Machine and 25% work was completed in No 5 Machine. During the year 2019, the rehabilitated GT 1 and 2 has supplied more than 80 GWh for the System in crisis drought period.

Rehabilitation of Udawalawe Power Plant

Udawalawe Power Plant, which has an installed capacity of 3 x 2 MW, has been built and commissioned in 1968 to generate electricity from the water release for irrigation purposes from Udawalawe reservoir.

Unit 01 and Unit 02 machines are located in the left bank and Unit 03 machine is located in the right bank of the river. Unit 01, which is located in the left bank, is out of operations since 1985. The annual expected energy generation by the plant is 8 GWh. No major repair or replacement or overhaul has been carried out since initial commissioning. Therefore, it has been decided to give top priority of rehabilitation of this plant under rehabilitation plan under Generation Projects Branch for 2019. A Technical Committee was appointed to carry out a technical feasibility study for refurbishment and modernization and to define the scope of rehabilitation works of Udawalawe Power Plant. An interim report prepared by the technical committee has already been submitted to the CEB Management.

Rehabilitation of Inginiyagala Power Plant

Inginiyagala Power Plant, which has an installed capacity of 11.25 MW has been built and commissioned in two stages in 1952 and 1962 to generate electricity from the water release for irrigation purposes from Senanayake Samudhraya. Since no major overhaul or refurbishment works has been carried out up to date, this has been included in the priority list of rehabilitation plan under Generation Projects Branch. A Technical Committee was already appointed to carry out a technical feasibility study for refurbishment and modernization and to define the scope of rehabilitation works of Inginiyagala Power Plant.

Generation Division (Contd.)

Highlights-Year 2019

Inspection of Upper Kotmale Reservoir to ensure availability of effective storage capacity

Upper Kotmale reservoir was impounded in December 2011. After seven years of operations; first inspection of the reservoir and the intake dam is done in this year. The reservoir was drained, and the concrete surface of the intake dam was inspected for possible defects. A photographic documentary was made for future reference. An aerial survey was done using drones to assess the sedimentation. The intake and the trash rack were cleaned completely and removed the debris collected over the years of operation. During this inspection, debris control system was also installed at the intake to minimize the amount of debris entering the intake. Further, soil testing was carried out to assess the possibility of installing sheet piles in places where there are threats of landslides in the reservoir banks.



Installation of anchor bolts for the debris



Cleaning the Intake control system



Sedimentation at upstream



Inspection of Intake Dam Concrete Surface

Replacement of Insulation Phase Bus (IPB) Sections of Generators at Kukule Ganaga Power Plant

In this Power Plant, the electricity produced from generators is transmitted up to generator transformers through IPB sections. The power plants in this Power Plant were commissioned in the year 2003. After two years of operation IPB section of the Unit-2 plant failed at the generator terminal causing a nasty fire. After this incident, number of IPB segments of both IPB sections failed in twelve occasions bringing the machines out of service. Every time when insulation failed at end portions of the IPB segments, they were reused after repairing at site. Considering the effects of energy loss, machine outages and the risk of fire etc., two IPB sections were replaced with better quality product Moser Galsser (MGC), Switzerland at a total cost of LKR 38.5 M.

This is a remarkable achievement of CEB since the whole installation was done solely by the Power Plant staff after a brief training by a couple of engineers of the supplier. As a result of replacement of two IPB sections, the restriction to load the machines up to maximum capacity was relaxed. With new IPBs, generators now can load up to their maximum capacities (37.5MW). Since the day of installing new IPBs, extra energy that would have lost due to loading restrictions can be captured now. The energy captured in this year



Installation of IPB system at Kukule Ganaga Power Plant.

since installation of new IPBs is 3GWh and the investment made on installation of new IPBs has already recovered with considerable excess

Achievements in safeguarding the Environment at Lakvijaya Power Plant (LVPP)

Environmental Monitoring Unit (EMU) at LVPP was established in the year 2017, in order to address the environmental related matters of LVPP effectively and efficiently. Many mitigation measures were executed by EMU during past two years and achievements during the year 2019 are significant in safeguarding the Environment.

Generation Division (Contd.)



Maintaining the wet condition of coal yard and ash yard

Coal/Ash dust was a major environmental issue which arising during the South-West Monsoon periods. Suppression of dust by spraying water and controlling of the wind flow had been identified as feasible solutions. Water spraying systems such as sprinkler systems, mist blowers, mist canoes etc., were installed at the coal yard and the ash yard to mitigate the evolving of dust. Maintenance of wet condition at all the operation areas was carried out successfully during the monsoon period of 2019.



Wind Barrier

In addition to existing wind barrier extending for 460m along the western boundary of coal yard, another 1183m extension project was completed covering the southern and eastern boundaries of coal yard. A 460m long wind barrier was also being established along the western boundary of ash yard.



Review of Operations
**TRANSMISSION
DIVISION**

Transmission Division

Transmission Division plans, operates and maintains transmission network, embracing all power stations and dispatches all electricity supplied to the National Grid through its System Control Centre. In addition, this Division archives all generation and transmission data and produces regular management information.

Present transmission system consists of 726km of 220kV overhead transmission lines, 22km of 220kV underground cables, 2287km of 132kV overhead transmission lines, 55km of 132kV underground cables and 75 nos. of grid substations as at the end of year 2019.

Transmission & Generation Planning Branch

Transmission and Generation Planning Branch is responsible for study and plan future transmission and generation system infrastructure developments including hydro, thermal and other renewable energy sources (wind, solar, mini hydro and biomass) to ensure reliable and quality electricity supply for the consumers.

Generation Planning Unit

The Least Cost Long Term Generation Expansion Plan (LCLTGE) is a rolling plan prepared by the Generation Planning Unit once in every two years covering 20 years planning period, to methodically identify the power generation infrastructure developments and associated investments to provide reliable and quality supply of electricity to the entire nation at an affordable price.

The policy documents such as National Energy Policy and Strategies of Sri Lanka, General Policy Guidelines on the Electricity Industry for the Public Utilities Commission of Sri Lanka (PUCSL), which reflects the Government policies and the Grid Code for the Transmission Licensee are mainly taken into consideration in preparing the LCLTGE.

In the draft LCLTGE prepared for the planning horizon of 2020-2039, it is envisaged 9,675 MW of generation capacity to be added to the system during next 20 years with the mix of hydro, thermal and other renewable energy sources.

Supplementing the long term generation expansion plan, Transmission and Generation Planning Branch completed the study titled 'Integration of Renewable Based Generation into Sri Lankan Grid 2020-2030', primarily to investigate main challenges of integrating renewable energy sources to the grid while maintaining safe and reliable operation of the power system.

Other programs and studies that are involved by the Generation Planning Unit, as a counterpart/stakeholder institution representing CEB are as follows;

- Program on "Establishing a Roadmap for the Nuclear Power Programme in Sri Lanka" initiated jointly by the Ministry of Power and Energy, CEB, Sri Lanka Atomic

Energy Board (SLAEB) and Sri Lanka Atomic Energy Regulatory Council (SLAERC) with the assistance from International Atomic Energy Agency (IAEA).

- Mahaweli Water Security Investment Programme under the Ministry of Mahaweli, Agriculture, Irrigation and Rural Development.
- Nationally Determined Contributions (NDCs) on electricity sector for Paris Agreement (COP21).
- Carbon Partnership Facility (CPF) program between CEB and IBRD (International Bank for Reconstruction and Development) of the World Bank group for emission reduction considering the renewable energy development.
- Nationally Appropriate Mitigation Action (NAMA) program conducted by Sri Lanka Sustainable Energy Authority and United Nations Development Program.
- National Expert Committee on Climate Change Mitigation under the Ministry of Environment & Wildlife Resources.
- The Partnership for Market Readiness (PMR) program implemented under Climate Change Secretariat, Ministry of Environment & Wildlife Resources.

Transmission Planning Unit

Transmission Planning Unit primarily prepares the Long Term Transmission Development Plan (LTTDP), based on the approved Least Cost Long Term Generation Expansion Plan. The plan is a rolling plan which is reviewed once in every two years for a period of 10 years.

LTTDP 2018-2027 was prepared based on the approved Long Term Generation Expansion Plan 2018-2037 and approved by the board.

Transmission project proposals identified in the LTTDP 2018-2027 were submitted for funding agencies.

Following constructions are being processed for 2021 ADB loan package under "Power System Reliability Strengthening Project" (PSRSP). Total estimated base cost of the projects is USD 196 million.

- Hambantota-Matara 85km, 132kV Transmission Line
- Homagama 132/33kV Grid Substation
- Kotugoda 220/33kV Grid Substation
- Tissamaharama 132/33kV Grid Substation
- Kalawana 132/33kV Grid Substation
- Reconstruction of New Habarana-New Anuradhapura 50km, 220kV transmission line
- Negombo 132/33 kV grid substation
- Ja-Ela 132/11 kV grid substation
- Baddegama 132/33 kV grid substation
- Mirigama 220kV Switching Station & Kotadeniyawa 220/33kV grid substation
- Augmentation of Embilipitiya 132/33kV Grid Substation
- Kandy City 132/11kV Grid Substation
- Wariyapola 132/33kV Grid Substation
- Wariyapola-South 220/132kV Switching Station

Transmission Division (Contd.)

Further, another 220kV underground cable project will be implemented through Japan International Cooperation Agency (JICA) funding with an estimated base cost of USD 61 million, in order to evacuate power from proposed Liquefied Natural Gas (LNG) power plant at Kerawalapitiya.

Technical studies on India – Sri Lanka HVDC interconnection are being carried out and it is planned to do a complete techno-economical study with the assistance from Asian Development Bank (ADB) to assess the viability of the interconnection.

Generation Development Studies Unit

Implementation of LNG power plants in the western region of the country in different phases has been identified in the approved Long Term Generation Expansion Plan 2018-2037. Generation Development Studies unit with other relevant governmental institutions has identified a suitable land in Muthurajawela area to implement the above planned power plants. In selecting the land, various technical requirements were considered. The land has to be developed after carrying out an Environmental Impact Assessment, because the land is in an environmental sensitive area. The Environmental Impact Assessment studies have been started with the Sri Lanka Land Development Corporation. In addition, the approval process for leasing the above land is in progress.

Under the program on “Establishing a Roadmap for the Nuclear Power Programme in Sri Lanka”, Generation Development Studies unit in collaboration with Generation Planning Unit has organized four workshops in 2019 for stakeholder organizations to enhance the knowledge of the local officers with the assistance of IAEA. The comprehensive report which is the final outcome is being prepared by nine sub committees of stakeholders.

Further, Generation Development Studies Unit contributes to identify the sites for other future power plants such as fossil fuel power plants and pumped storage power plants.

Energy Purchases Branch

Energy Purchases Branch purchases electricity from both Thermal and Renewable Private Power Producers in accordance to the relevant Power Purchase Agreement (PPA). The PPAs for the thermal based plants are unique for the particular project with a specific term while the PPAs for the renewable based plants is a standardized one called Standardized Power Purchase Agreement (SPPA) for a Term of 20 years.

Administering the PPAs, making the relevant payments accordingly, attending administrative and operational issues are some of the responsibilities of the branch.

A comparison summary on total private power purchases in the years 2018 and 2019 is tabulated below (Table Tr-1).

Category	2018			2019		
	Number of Plants	Capacity (MW)	Annual Energy (GWh)	Number of Plants	Capacity (MW)	Annual Energy (GWh)
Independent Private Power Producers (Thermal)	03	533	1740	06	628	2875
Non-Conventional Renewable Energy Power Plants	230	610	1830	248	636	1761

Present Status of Commissioned NCRE Projects

NCRE purchasing scheme commenced in 1996 and allowed private parties to develop renewable energy sector. At the beginning, an Avoided Cost Based tariff was offered and the same was revised periodically by a committee as appropriate.

In the year 2008, a Cost Based Technology Specific Three Tier tariff was introduced and the same was also periodically revised by a committee. The development of the NCRE sector can be graphically illustrated as follows (Figure Tr-1).

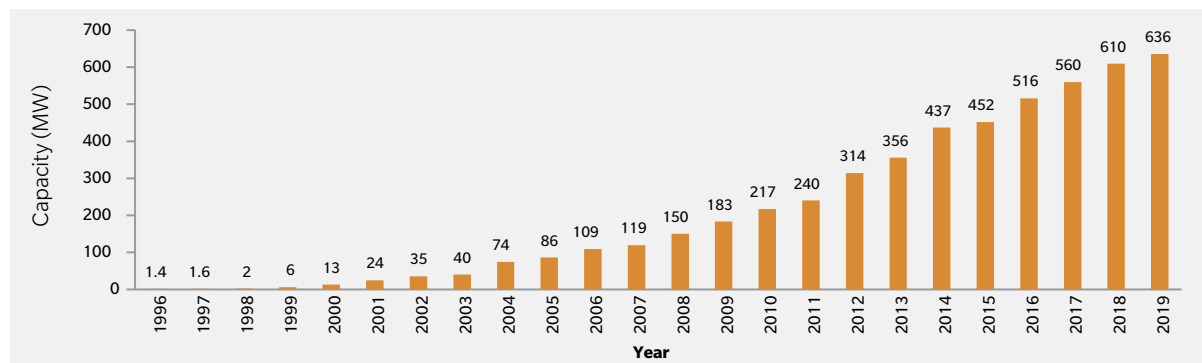


Figure Tr-1: Development of NCRE Sector

Transmission Division (Contd.)

A comparison between the year 2018 and 2019 of the NCRE sector development is given in the following table (Table 2).

Category	Commissioned in 2018		Commissioned in 2019		Cumulative Commissioned as at the end of 2019	
	Number of Plants	Capacity (MW)	Number of Plants	Capacity (MW)	Number of Plants	Capacity (MW)
Mini Hydro	13	40	11	16	206	410
Biomass	02	11	01	03	13	40
Wind	0	0	0	0	15	128
Solar	0	0	06	06	14	57
Total	15	51	18	25	248	635

Table Tr.2: Comparison on the NCRE Sector Development

Contribution to the National Energy Demand from the NCRE Sector

NCRE projects contribute a considerable portion of the national energy demand in Sri Lanka. The government has set some milestones to be achieved by 2015, 2020 and 2025 for the NCRE contribution. Milestone for year 2015 was to cater 10% of the national energy demand from NCRE sector and the same has already been achieved. CEB is in the process of achieving the 2020 milestone also.

The annual energy contribution percentage from NCRE sector is illustrated in the following figure (Figure Tr-2).

Renewable Energy Development & Performance Monitoring Branch

RED & PM Branch plans, studies, implements and develops Renewable Energy based power generating plants, monitor their performances, effect on power system quality and reliability and suggest suitable measures to mitigate such effects efficiently and effectively as per the Grid Code and Distribution Code.

Further, this Branch coordinates with developers and other stakeholders such as Sustainable Energy Authority of Sri Lanka, Sri Lanka Energies (Pvt) Ltd, etc. Inputs for the functions of this Branch are getting from Transmission & Generation Planning, Energy Purchase and System Control Branches in Transmission Division and Planning & Development Branches in Distribution Divisions.

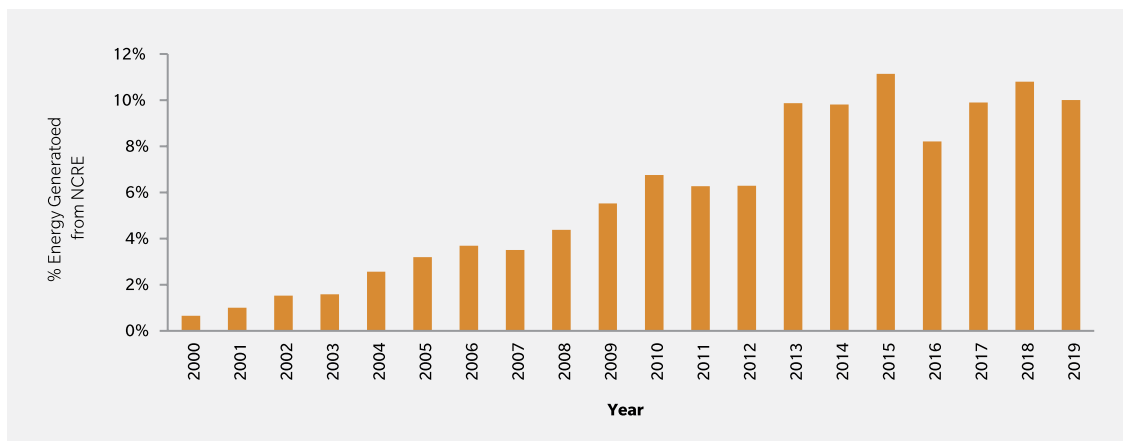


Figure Tr-2: National Energy Contribution from NCRE Sector

Transmission Division (Contd.)

Status of the Projects as at 31 December 2019 is given below.

Power Source	Location	Capacity	Status
Solar	Vavunathivu, Mahiyanganaya, Maho, Trincomalee, Habarana, Embilipitiya and Ampara GSS	7x 1MWp each 49 MWp total	LOI issued for 70 plants in 70 grid substations and pending PPA signing
	Pallekele, Vavuniya, Pannala, Valachchanei and Monaragala GSS	5x 1MWp each 25MWp total	
	Anuradapura	4x 1MWp each 4MWp total	
	Galle, Matara, Mathugama and Beliatta	3x 1MWp each 12 MWp total	
Solar	Vavunathivu	10 MWp	Pending signing of PPA
Solar	Polonnaruwa	10 MWp	Pending signing of PPA
Wind/Solar	Pooneryn	Wind- 130MW Solar- 240MW	Environmental Social Impact Assessment (ESIA) & land acquisition is being done.
Solar	Siyabalanduwa	100MW	SLSEA is conducting the Environmental Impact Assessment (EIA) for the identified land.
Solar	Welikanda	30MW	Feasibility study completed and awaiting cabinet approval to initiate as a CEB project.
Exotic Energy Technology Power Plants	-	-	Tender initiated. Only 10MW Solar PV considered and pending cabinet Approval to award.
Wind	Mannar- 15MW Bolawatta- 10MW Madampe-10MW Kappalthurai- 15MW Trincomalee- 10MW	60MW	Tender advertised on 28th November 2019
Solar	-	150 MW	Draft RFP & advertisement submitted to Cabinet Appointed Negotiation Committee (CANC) and awaiting the approval to advertise the tender

Energy Marketing Branch

The Energy Marketing Branch effectively involve in purchasing of electricity from Generation Licensees (GLs) and sale of electricity to five Distribution Licensees (DLs) including LECO on behalf of the Transmission Licensee (TL). It cooperates with the Public Utilities Commission of Sri Lanka (PUCSL) on Regulatory related works including submission of Bulk Supply Tariff (BST) every 6 months according to the approved tariff methodology 2015.

Energy Marketing Branch is responsible for the preparation and issuing of monthly invoices to DLs based on the energy delivered to each DL. In order to measure the energy transactions between TL and each DL, energy meters with accuracy of 0.2 have been installed across the boundaries. All energy meters are programmed adequately based on relevant requirements. Energy readings are downloaded remotely.

Going beyond the usual way of remote meter communication based on GSM based communication, in 2018, Energy Marketing Branch commenced a project to connect all the energy meters remotely via fiber network with collaboration of the Communication Branch. The first two stages of the project were completed within 2018 and stage 3 was completed in 2019, completing connections in 40 grid substations. Downloading of meter files of the connected grids are carried out at the Aniyakanda Meter Laboratory.

In order to maintain the accuracy of the energy measurements, annual meter testing is conducted. Being concerned about the accuracy of the CTs for the energy measurement, testing and replacing of CTs are carried out in collaboration with PHM units of each Distribution Division.

Energy Marketing Branch is entrusted with the preparation of Bulk Supply Transaction Account (BSTA) to account for

Transmission Division (Contd.)

energy transactions of TL. Payment for TL's energy purchases from GL is paid through a transfer voucher. CEB DLs also pay for their energy purchases via transfer vouchers while LECO pays in monetary terms.

System Control Branch

The main purpose of the National System Control Centre is to balance the electricity supply and demand in real time, future short term and medium term operation of Sri Lankan electricity network, while maintaining continuous, reliable and quality power supply with the best available economical generation plan within the stipulated network parameters. In order to achieve this main objective, the supporting processes such as analyzing generation options for optimum generation plan, power network analysis for contingency planning, data collection of generation stations and transmission network, analyzing and reporting of various network performance parameters, maintaining and upgrading the SCADA / EMS system are also performed at System Control Branch. In addition, the branch provides assistance and data materials for various studies related to Sri Lankan power network, carry out by internal and external parties.

The branch consists of Operations Planning Unit, System Operations Unit, Operations Audit Unit and System Modeling Unit functioning under DGM (System Control).



Figure Tr-3: System Control Centre

SCADA integration of New Polpitiya GSS, Colombo L, M, N substations, Kelanitissa 33kV GIS (Gas Insulated Substation) and Kerawalapitiya 33kV GSS were successfully completed by System Modeling Unit during year 2019.

Power System Performance

Total Electricity generation (net) for year 2019 was 15,922.39 GWh and the demand growth compared to 2018 was 3.57%. The contribution of NCRE (Non-Conventional Renewable Energy) from IPP (Independent Power Producers) for year 2019 was 10.03% of the total generation and it is 163.1 GWh less than the NCRE generation of 2018. The household rooftop solar generation contribution for 2019 was 1.1% from the total generation. The total thermal generation for the year

2019 was 10,377.4 GWh and of that, the contribution of coal powered electricity generation (Lakvijaya Power Plant) was 51.66%.

The hydro power generation of CEB owned plants in 2019 was 3783.5 GWh which is 26.53% reduction when compared with 2018. This was mainly due to failure of latter part of North-East monsoon (in January to February) and South-West monsoon in year 2019. This is also the reason for decrease in NCRE mini hydro generation in this year.

In the first half of year 2019, the generation sector had to face a power shortage situation and island-wide scheduled power cut had to be imposed in order to maintain the system reliability. The power cut was carried out from March 18th to April 10th 2019 and the un-served energy during that period was 95.0 GWh.

Net Energy Generation Mix for Year 2019

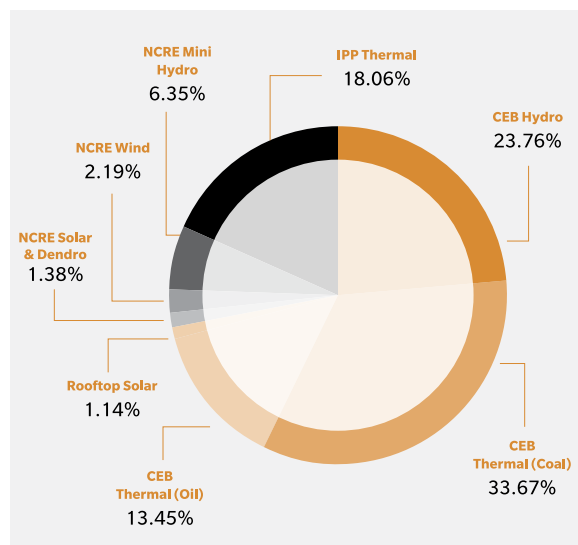


Figure Tr-4: Net energy generation mix for year 2019

The total system un-served energy due to system disturbances or lack of generation for year 2019 was 98.1 GWh.

The maximum night peak of year 2019 was recorded on 28-05-2019 at 19:15 hrs, and the generation reached to 2668.7MW at that time. The day time peak of the same day was recorded as 2316.2 MW at 16:00 hrs.

The maximum day peak of the year 2019 was recorded on 30-05-2019 at 15:45 hrs, and the generation reached to 2327.3 MW at that time.

The lowest electricity demand was recorded on 28-10-2019 at 03:00 hrs. and the value was 886.6 MW.

Transmission Division (Contd.)

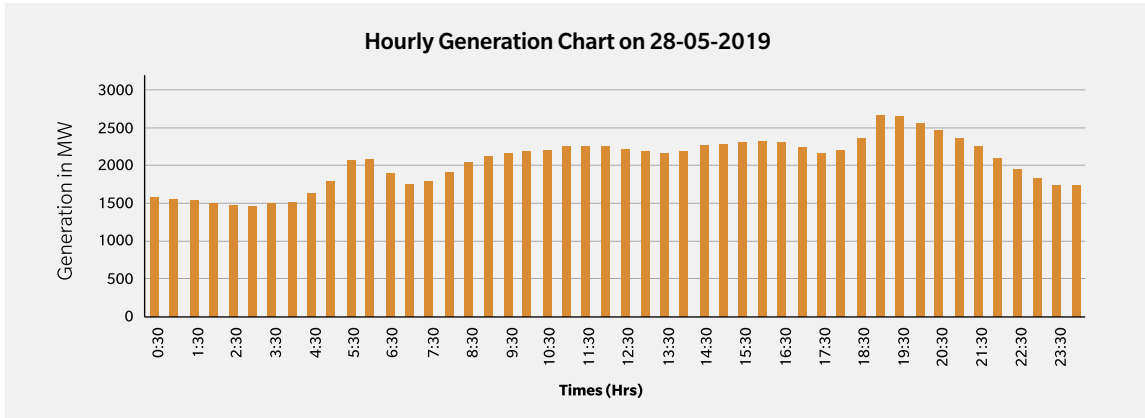


Figure Tr-5: Hourly generation chart on the day of the maximum peak of the year

Maximum daily generation of 49.12 GWh was recorded on 29-05-2019 and 28.06 GWh was the recorded annual minimum daily generation which occurred on 13-10-2019. The average daily generation was recorded as 43.62 GWh as at the end of year 2019.

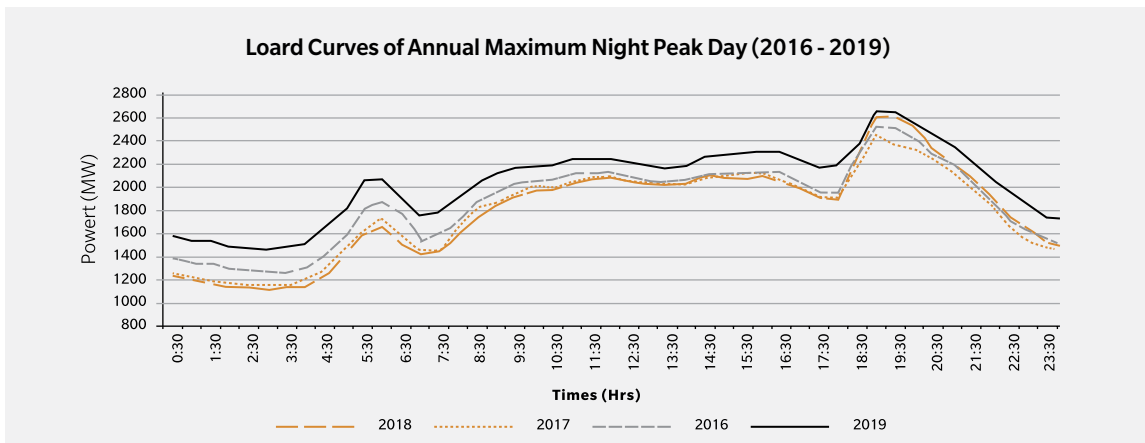


Figure Tr-6: Load Curves of Annual Maximum Night Peak Day (2016-2019)

Reservoir Performance

The year 2019 was commenced with a total hydro storage of 887.6 GWh. This was 74.2% of system full storage which is 1,196.6 GWh. The total inflow received during the year 2019 was 3,984 GWh, which can be considered as closely average condition. The lowest storage recorded was 251.7 GWh (on 18-07-2019) and end of the year storage was 1,077.1 GWh, which is a 21% increase compared to the end of year storage of 2018.

The year 2019 had the second lowest inflow for first half of year (Jan. – Jun.) since year 1990. The inflow received on second half of the year (Jul. – Dec.) was in above average condition. However, 42% of the inflow in second half of the year was received during the inter-monsoon period (October – November). The maximum average daily inflow of 26.7 GWh was received during the month of October.

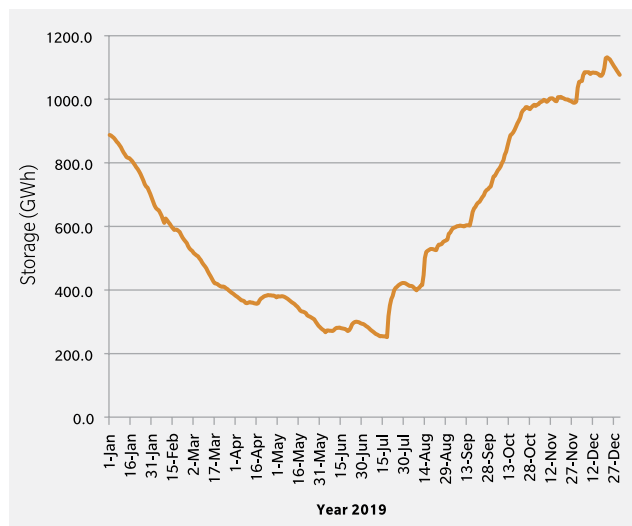


Figure Tr-7: Variation of the total storage during the year 2019

Transmission Division (Contd.)

Transmission Asset Management & Condition Monitoring Branch

The Asset Management & Condition Monitoring (AM&CM) Branch of the Transmission Division is responsible for achieving the maximum commercial benefits of plants and equipment in the CEB's transmission network to ensure the operational effectiveness while maximizing the economic life of assets and enhancing the system reliability. The branch consists of three units namely, Material Management Unit, Maintenance Engineering Unit and Maintenance Planning Unit.

AM&CM Branch has introduced a computerized Maintenance Management System (CMMS) in order to handle Asset Management and Maintenance Management functions within the Transmission Division effectively and efficiently. The system is compiled with the key modules namely Asset Module, Inventory Management Module, Maintenance Management Module and Test Management Module.

Key accomplishments during 2019;

- Procured spares and tools worth over 470 MLKR. In addition, branch has directly catered the requests for spares worth over 320 MLKR from the available stocks.
- Achieve 100% completion of Dissolved Gas Analysis (DGA) of all the Power Transformers, and 75% completion of obtaining status fingerprint of the same in the means of Sweep Frequency Response Analysis (SFRA). Further, additional diagnosis tests for further analysis of equipment have been completed on 13% of the same. In addition, condition monitoring tests were carried out based on the requests from other branches/divisions (Lakvijaya Power Plant, Barge Mounted Power Plant, Distribution Division-3 and Transmission Projects).
- Implementation of Computerized Maintenance Management System (CMMS) for the Transmission Division was initiated. Presently, this has converted the conventional paper-based material requesting process to a computer based online system. New codes are assigned for all stores items according to newly introduced coding System.
- Developing a methodology for quantification of condition of transmission network assets was implemented. As a part of this, Health Index (HI) calculation method for Power Transformers was formulated and implemented a Transformer HI database.
- Preparation of a specification for 31.5MVA, 132/33kV Three Phase Transformer to be utilized for standardizing purposes and finalizing the standardization of 220kV and 132kV Current Transformers that to be used within the Transmission Network

Communications Branch

The key function of the Communications branch is to fulfill voice and data communication requirements within the CEB. Communication Systems, Communication Services and Digital Bearer units were established under this branch to operate, maintain and administrate voice and data and operate and maintain protection signals.

Branch has commissioned several types of communication networks, each to address the specific type of communication requirement. The following communication technologies are currently in operation.

- Fiber optic based Hot Line, Supervisory Control and Data Acquisition System (SCADA), Gigabit Ethernet Network and administrative voice system
- Power Line Carrier (PLC) based Party Line Telephone System (PLTS) and SCADA
- VHF and UHF radio communication system

Expansion of communication network is kept in phase with that of the transmission network in order to fulfill the SCADA and other communication needs of various other branches of CEB. Special works carried out during the year under review by each unit is described below.

Communication Systems Unit

- Establishment of a Gigabit Ethernet network over the existing fiber optic network of CEB with a backbone capacity of 1 Gbps in order to accomplish the high speed secured data communication requirements of various branches of CEB.
- Commissioning and integration of communication equipment of GSS constructed during the year 2019 to CEB communication network.
- Designing and planning of fiber optic telecommunication infrastructure for Wimalasurendra PS and Bowatenna PS for improving the communication requirements of the power station control room with the remote operational locations.
- Configuration and arranging data links to facilitate remote operation of Sub M, Sub N, and Sub C grid substations from Sub L.

Transmission Division (Contd.)

Communication Services Unit

- Augmentation of Remote Terminal Units at Kelanitissa 220kV and Athurugiriya 132kV grid substations

Digital Bearer Unit

- Installation of VHF Analog & Digital radio communication systems at Lakvijaya and Kukule Ganga Power stations to fulfill the communication needs in operations & maintenance works and security purposes.
- Installation and commissioning of new VHF mid band repeater stations, fixed and mobile transceivers to improve the communication coverage in Northern Province and North Western Province.
- Carrying out of field testing and identification of the required UHF communication repeater locations to cover the Telemetry sites of the proposed Seethawaka Ganga Hydro Power station.
- Carrying out of UHF field testing in Colombo area in order to procure new UHF Analog/ Digital radios to pave the way for implementation of the Police Information & Communication System (PICS) Project which was initiated by the Ministry of Defense and Urban Development.
- Installation of new wireless point to point communication links at Upper Kothmale and Victoria Power Stations to expand the radio communication coverage.

Transmission Control and Protection Branch

The Transmission Control and Protection branch is responsible for the Control and Protection system of the CEB transmission network. It consists of three units; Protection Development (PD), Protection Systems (PS) and Substation Automation Systems (SAS). The main responsibilities of each unit are as follows;

PD unit - Failure analysis of Transmission equipment, Protection Setting Calculation, Design review and witnessing commissioning of protection schemes of new Grid Substations, etc.

PS unit- Attending to breakdown related to C&P, Routine Maintenance of C&P relays, Relay setting implementation and secondary testing, Primary injections, commissioning of C&P schemes in CEB projects, etc.

SAS unit - Maintenance of Substation Automation Systems in Grid Substations, modify existing SAS to integrate new bays, Drawing reviewing and witnessing of SAS system of new grid substations, etc.

The main tasks completed by the Transmission Control & Protection branch during 2019 were as follows.

- Protection Setting Standard for the 220kV and 132kV transmission lines, bus bars, power transformers and 33kV feeders were prepared and published.
- Specification for control and protection equipment of the standard bid document was fully updated as per the new protection philosophy.
- The software system named DlgSILENT StationWare for centralized asset management was implemented in order to carry out protection setting calculation and database management.

One of the major functions of the branch is to assist and provide consultation for transmission expansion and rehabilitation projects. This includes identification of Control, Protection System and Substation Automation System (SAS) scope for new and rehabilitation projects, preparation of technical specifications, protection setting calculations and checking and approving of control, protection and SAS schematics submitted by the contractors. In addition, this branch witness commissioning of protection schemes in transmission and generation projects for user acceptance. Following commissioning works were attended and accepted during year 2019.

- Commissioning of Control, Protection and Substation Automation System (SAS) equipment of Colombo L, Colombo M and Colombo N and their remote end bays at Kerawalapitiya 220kV GIS, Kelanitissa 220kV GIS, Colombo E, Colombo F and Kolonnawa 132kV GIS under Greater Colombo Transmission & Distribution Loss Reduction Project.
- Commissioning of Control and Protection Systems of newly installed 33kV GIS at Kelanitissa and newly installed 132/11kV Transformers at Colombo A & I substations.
- Commissioning of Control and Protection Systems of rehabilitated Trincomalee GSS, extended 33kV GIS at Katunayake GSS and newly constructed 33kV GIS at Kerawalapitiya under Green Power Development & Energy Efficiency Improvement Project Package 2.
- Upgrading of SAS system in New Anurdapura GSS and extension of SAS to cover 220kV Mannar lines.

Transmission Operation and Maintenance Branch

Responsibilities of Transmission Operation and Maintenance Branch include operation and maintenance of Transmission Grid Substations and Way-Leave Clearance of transmission lines. At the beginning of the year, Transmission Operation and Maintenance Branch was restructured into two Branches namely, Transmission Operation & Maintenance-North & Transmission Operation & Maintenance-South.

Transmission Division (Contd.)

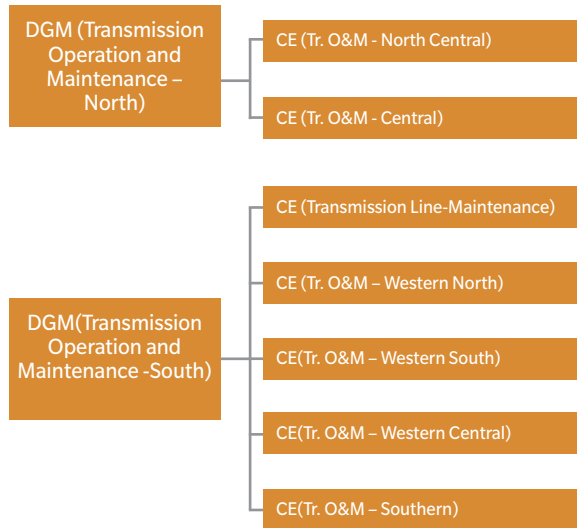


Figure Tr. 8: Organization Chart of Transmission Operation and Maintenance Branch

Transmission Operation and Maintenance North – Branch Central Unit

Tr. O & M - Central unit successfully completed annual preventive maintenance of all equipment in fourteen grid substations and successfully completed wayleave maintenance cycle of 795 km of 220 kV and 132 kV Transmission lines.

Apart from that, assistance was given to number of ongoing projects for design reviews, testing and commissioning and defects rectification works which are in progress at different stages at Kiribathkumbura, Kegalle, Thulhiriya, New Polpitiya, Ragala, Nawalapitiya and Maliboda GSS.



Figure Tr.9: Commissioning of 33kV GIS at Maliboda GS

Further following major maintenance works were carried out during the year:

- Capacitor bank measurements were planned and carried out successfully.
- Thermal images were taken at all substations and hot spots identified were repaired.
- Oil filtering was carried out for 02 Nos. of 31.5 MVA, 132/3kV power transformers twice at Thulhiriya GSS, where low oil breakdown strength was identified.
- Defective primary equipment of Ukuwela GSS were replaced and B Phase 132 kV Voltage Transformer of Line 01 at Monaragala GSS were also replaced.
- Successfully established the communication link between WPS - Nuwaraeliya GSS and Badulla – Mahiyanganaya GSS and commence remote operation of WPS GS from Nuwaraeliya GS and Mahiyanganaya GS from Badulla GS.
- Further, two new circuit breaker analyzers were purchased to perform additional tests like dynamic resistance, vibration measurements, coil current measurement, main contact resistance measurement.



Figure Tr.10: Replacing 132 kV CTs at Ukuwela GS

North Central Unit

Tr. O & M (North Central) unit completed annual preventive maintenance of all equipment in sixteen (16) grid substations and also completed way leave maintenance cycle of 1,232 km of 220 kV and 132 kV Transmission lines.

Apart from that, assistance was given to number of ongoing projects for preliminary works, testing and commissioning

Transmission Division (Contd.)

and defects rectification works which are in progress at different stages at New Anuradhapura GS, Pannala GS, Madampe GS, upcoming Old Anuradhapura GS, Kappalthurei GS, Trincomalee GS and Mannar GS.

Further following major maintenance works were carried out during the year:

- A 31.5MVA Transformer was disassembled from Seethawaka grid substation and it was transported and installed at to Pannala GS.
- SF6 gas leak from connecting bushing of disconnector chamber and breaker chamber of 33 kV bus coupler unit of Vavuniya GS was successfully repaired.
- Replacement of all the gaskets and inspection of possible partial discharge sites of transformer 2 at Habarana GS were carried out
- On Load Tap Changer units of transformers were serviced successfully at Habarana, Polonnaruwa and Puttalam GSS.
- Dissolved Gas Analysis tests on insulating oil of all transformers in this region were conducted.
- Defective Pneumatic unit of 132kV Circuit breakers were repaired successfully and put on to the operation at Habarana and Old Anuradhapura GSS.
- New Binary Coded Decimal (BCD) card used for giving tap-position input to Automatic Voltage regulator (AVR) of On line Tap Changer (OLTC) were designed and installed at Trincomalee GS.



Figure Tr.11: Transformer maintenance work

Transmission Operation and Maintenance South – Branch

Transmission Line Maintenance Unit

Transmission Line Maintenance Unit carried out all breakdown rectification work and live line maintenance work of 132kV and 220kV Transmission lines in the country. During

2019, Transmission line Maintenance Unit has completed inspection of 4400 towers out of 10076 transmission line towers.

Western North Unit

In order to make sure healthy operation of the high voltage switchgear following preventive maintenance works carried out during the year 2019 by the Western North Unit.

- Aged, oil leaking 132kV Current Transformers replaced in 132kV Line bays at Kotugoda and Biyagama Grid Substation.
- Aged and poorly performed 220kV Circuit Breaker replaced in 220/132/33kV Transformer 01 at Biyagama Grid Substation.
- Aged and insulation level low Control & Protection cable replaced in 220/132/33kV Transformer 01 at Biyagama Grid Substation.
- Defective down dropper conductors replaced in Biyagama Grid Substation.
- On Load Tap Changer (PLTC) serviced at Sapugaskanda GS



Figure Tr.12: Down dropper replacement work

In addition to the above maintenance work this unit also attended for the breakdown maintenance works. Major two breakdowns were reported in Veyangoda GS during year 2019.

Moreover several civil works also carried out to maintain the safety and appearance of the grid substations such as renovations of control buildings, boundary fences roads and firewalls.

Transmission Division (Contd.)

Western South Unit

Tr. O & M (Western South) unit completed annual routine maintenance of all equipment in sixteen (16) Grid Substations and also completed way leave maintenance cycle of 175 km of 220 kV and 132 kV Transmission lines.

In addition to the routine maintenance works following major special maintenance activities were also carried out during the year 2019.

- Fault rectification works of Kolonnawa line bay No 01 of Kelanitissa ABB ELK-0 145kV GIS.
- Replaced cast-resin insulators of Kolonnawa line bay No 01 of Kelanitissa ABB ELK-0 145kV GIS according to new cable termination done by project.
- Circuit Breaker replacement of feeder 06 bay at Jayawardhanapura GSS GIS.
- Replacing of complete gasket set of 31.5 MVA 132/33 kV power transformer at Kolonnawa Grid Substation
- Rehabilitation of Local Control Cubicle (LCC) in Biyagama Line Bay 1 at Kelanitissa 220 kV GIS
- Replaced New 145kV SF6 Circuit Breaker to 132kV Rathmalana Tr.Line No.02 Bay at Pannipitiya GSS

Further, refurbishments works were done to uplift the infrastructure facilities and appearance of GSS.

Western Central Unit

Western Central Unit was established to carry out operation and maintenance of Grid Substations and 132kV & 220 kV underground cables within the Colombo City limits. Initially the main scope of this unit was to take over the existing Grid Substations from Colombo City Branch and new Grid Substations from the Projects Division.

During the year, this unit took over Grid Substations A, F, C, I and E from Colombo City Branch and Grid Substations L, M and N from the Projects Division.

Maintenance functions of these Grid Substations have been commenced during the year.

Southern Unit

During the year, Southern Unit had successfully completed Annual Routine Maintenance of 10 Grid Substations. Further way leaves maintenance of 471km route length of Transmission Lines including the lines in Sinharaja Forest & Udawalawe National Park were also completed.

Apart from that following special maintenance activities were also carried out.

- Transformer OLTC Servicing was carried out in Matara, Beliatta and Galle Grid Substations.
- Current capacity enhancement of 132kV SVC Bay at Galle GS was completed and this is now ready to use as 132kV Generator bay to connect any power plant.
- Circuit Breaker pole replacement of 33 kV Feeder 07 at Balangoda GSS
- Replacements of charging mechanism of 33kV Feeder 07 (GIS) at Ratnapura GSS
- Rectification of all the existing oil leaks of Transformer 1 & 2 at Mathugama GSS
- Repairing of charger module of Deniyaya GS.

Further, Transformer Condition Monitoring tests were performed tests at Galle and Ambalangoda Grid Substations.

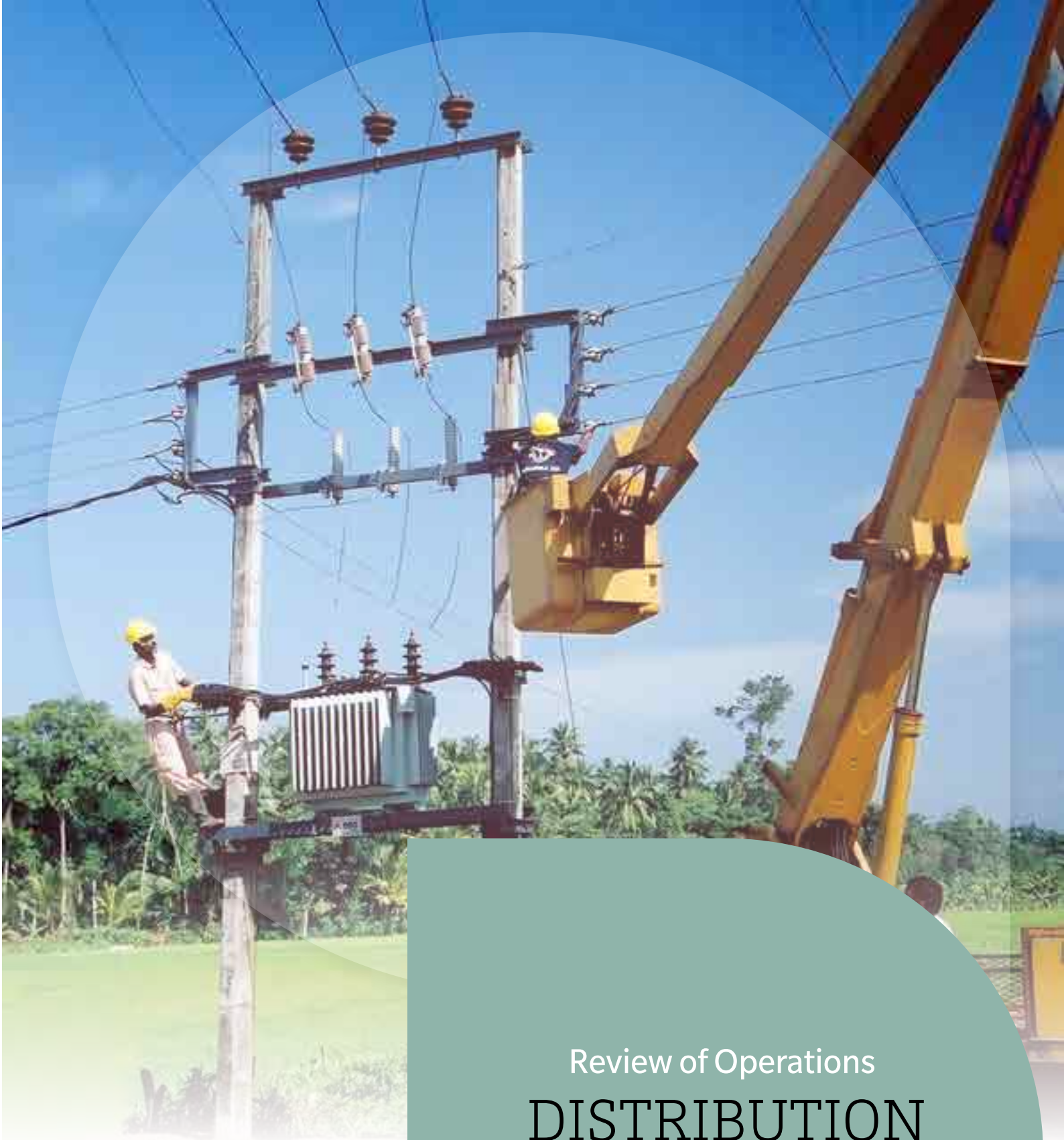
Corporate & Regulatory Relations Branch

The responsibility of Corporate and Regulatory Relations Branch is to ensure proper functioning of Transmission Division by optimum use of human resource in the Division. The preparation of annual Personnel Plan and Corporate Plan for the Transmission Division is done by the Corporate & Regulatory Relations Branch. Annual Report of the Transmission Division is also prepared by this Branch.

The Transmission Division has a total of 1217 employees, consisting of 138 executives and 1079 non-executives. During the year, 03 employees were retired and 26 employees were promoted to higher grades or placed on their respective higher salary scales in conformity with CEB recruitment and promotion procedure. During the year Branch conducted two Disciplinary Inquiries.

External training opportunities were provided for the staff both locally and abroad, depending on the skills development requirements of the employees. Further, First Aid Training Program was conducted for all employees attached to the Transmission Division.

Implementation of a new building for Transmission Headquarters progressed with the appointment of State Engineering Corporation as the consultant for the Architectural Design and construction supervision.



Review of Operations
**DISTRIBUTION
DIVISIONS**

Distribution Divisions

A major part of the electricity distribution in the country is handled by CEB amounting to 90% of the total sales volume while the rest is taken care by the Lanka Electricity Company Ltd. (LECO), a subsidiary of the CEB.

The entire CEB distribution system is geographically separated in to four Divisions namely; Distribution Division 1 (DD1), Distribution Division 2 (DD2), Distribution Division 3 (DD3) and Distribution Division 4 (DD4). This separation is mainly due to the ease of administration and operations and to achieve benchmark competition to improve the efficiency and the quality of supply to the consumers.

The distribution network consists of 33 kV and 11 kV medium voltage (MV) lines, 400 V low voltage (LV) lines and distribution transformers that transferring power from 220 kV and 132 kV transmission systems through grid substations spread island wide.

Operational Structure

Each Division is headed by an Additional General Manager who directly reports to the General Manager, CEB. Distribution Divisions are divided into Provinces and each Province is headed by a Deputy General Manager. Provinces that come under each Division are given below:

Name of the Division	Province
Division 1 (DD1)	Colombo City, North Western, North Central and Northern Provinces
Division 2 (DD2)	Western Province North, Central and Eastern Provinces
Division 3 (DD3)	Western Province South II, Uva and Sabaragamuwa Provinces
Division 4 (DD4)	Western Province South I and Southern Provinces

A Province is sub-divided into several areas managed by Area Chief Engineers or Area Electrical Engineers depending on the number of consumers served by the Area. An area is further sub divided into several Consumer Service Centers (CSC) each headed by an Electrical Superintendent.

Area of Operation

Distribution Division 1 consists of four Administrative Provinces; namely North Western, North Central, Northern and Colombo City. Both North Central and Northern Provinces are divided into three Areas each. The North Western Province is divided into seven Areas while Colombo City is divided into four areas.

Division	Province	Area
Distribution Division 1	North Western	Chilaw, Kurunegala, Kuliyaipitiya, Wariyapola, Wennappuwa, Puttlam and Narammala.
	North Central	Anuradapura, Kekirawa and Minneriya.
	North	Jaffna, Kilinochchi and Vavuniya
	Colombo City	Colombo North, Colombo South, Colombo West and Colombo East

Area of operation of Distribution Division 2 covers the whole of the Eastern and Central Provinces and parts of the Western and Sabaragamuwa Provinces through 22 Area Offices. Out of the three Provinces, Eastern Province is subdivided into four Areas, Central Province is subdivided into twelve Areas and the Western Province North is subdivided into six Areas.

Distribution Divisions (Contd.)

Division	Province	Area
Distribution Division 2	Eastern	Ampara, Batticaloa, Trincomalee and Kalmunai
	Central Province	Kegalle, Mawanella, Kandy City, Peradeniya, Kundasale, Katugastota, Galagedara, Matale, Dambulla, Nuwaraeliya, Ginigathena, Nawalapitiya
	Western Province North	Gampaha, Kelaniya, Negombo, Ja-ela, Divulapitiya and Veyangoda.

The Distribution Division 3 is covering a part of Western Province named as Western Province South II, Sabaragamuwa Province and Uva Province. The Western Province South II is subdivided in to five areas. Sabaragamuwa Province is sub divided in to five areas to cover the entire Ratnapura District and a part of the Kegalle District. Uva Province is sub divided in to four areas to cover Badulla and Monaragala administrative districts.

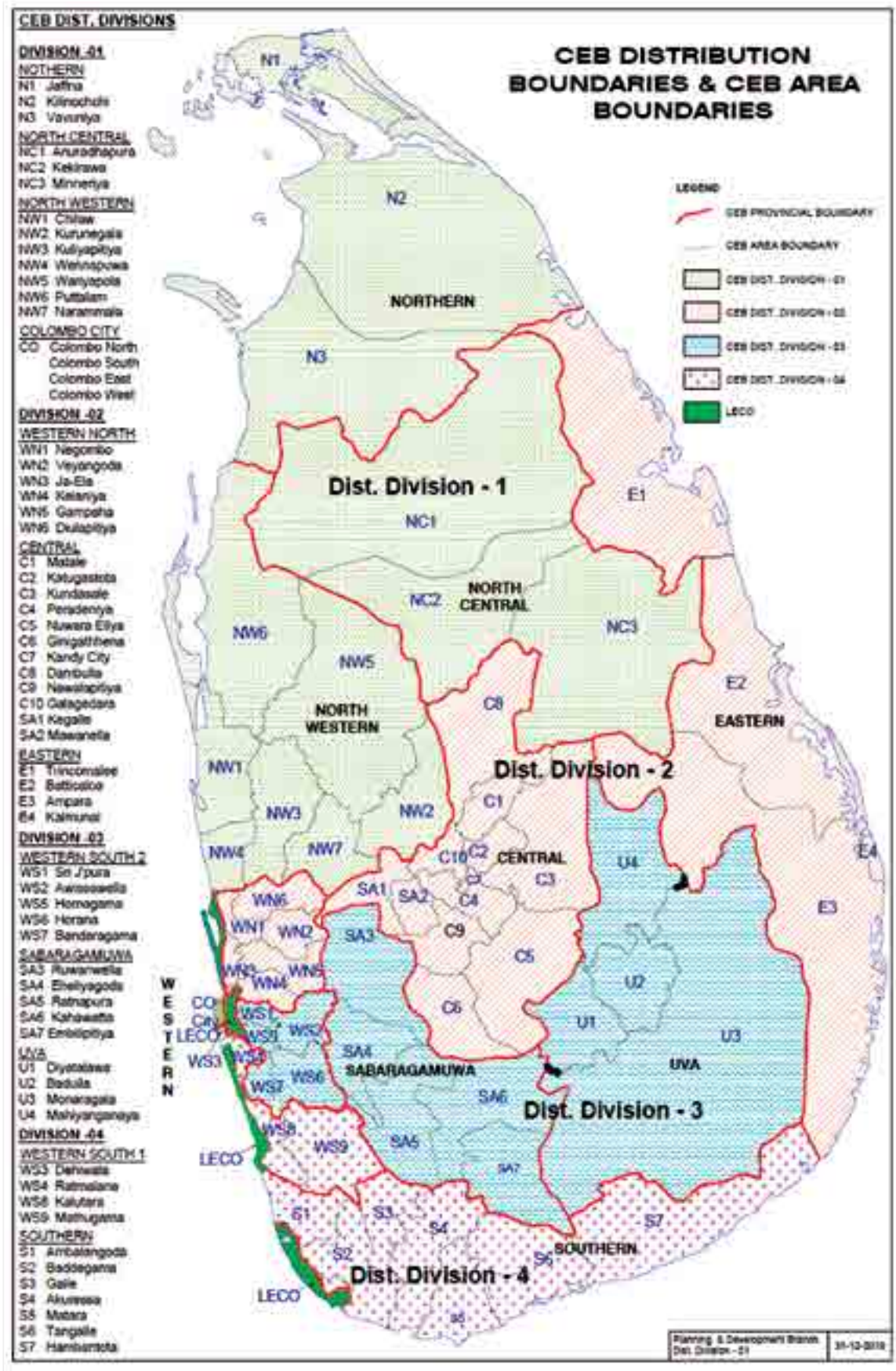
Division	Province	Area
Distribution Division 3	Western Province South II	Bandaragama, Homagama, Avissawella Sri Jayawardenapura, and Horana
	Sabaragamuwa	Ratnapura, Kahawatte, Ruwanwella, Eheliyagoda and Embilipitiya
	Uva	Badulla, Diyatalawa, Monaragala, Mahiyanganaya

The Distribution Division 4 covers a part of the Western Province (Western Province South I), the entire Southern Province and few parts of the Sabaragamuwa and Uva Provinces. Western Province South I covers four Areas and Southern Province covers seven Areas.

Division	Province	Area
Distribution Division 4	Southern Province	Ambalangoda, Galle, Hambantota, Matara, Tangalle, Akuressa and Baddegama
	Western Province South I	Ratmalana, Kalutara, Dehiwala and Mathugama

Apart from the Provinces; three separate branches have been established in all Distribution Divisions to carry out the supporting services required to sustain the operations of each Division. They are Projects & Heavy Maintenance Branch, Planning & Development Branch and Commercial & Corporate Branch. Distribution Division 1 consists of Distribution Coordination Branch as well.

Distribution Division (Contd.)



Distribution Division (Contd.)

Key Objectives of the Divisions

- Provision of a reliable electricity supply to all consumers within the Division at statutory levels.
- Sale of electricity and achieving planned revenues to meet the expenditure while meeting current demand and anticipated future needs.
- Provision of electricity to all ensuring maximum consumer satisfaction with high-quality, effective and safe technologies that meets the most rigorous standards of the modern industry.
- Ensure the development of the electricity distribution system to improve reliability, quality and efficiency of the electricity supply to be in par with international standards while minimizing system losses.
- Consolidate and improve maintenance services and operational efficiency.
- Consolidate and improve research and development activities develop new technologies for distribution of electricity.
- Produce competent workforce and maximize their opportunities for success by maintaining a safe, secure and healthy work environment.
- Dedicated in protecting and preserving the environment where operates.

Outreach of Distribution Divisions

Description	DD1	DD2	DD3	DD4
Service Area (Sq. km)*	26,929	17,855	12,178	6,930
Areas (Nos.)	17	22	14	11
Consumer Service Centers (Nos.)	57	85	49	40
CEB operated Collection Centers (POS) (Nos.)	15	19	12	28
Control Centers (Nos.)	4	3	3	0
Call Centers (Nos.)	4	4	3	2
Bulk consumers (Nos.)	4,223	3,540	2,058	1,794
Retail consumers (Nos.)	1,871,629	2,226,234	1,318,768	1,072,393
SAIDI (Minutes/Year)	5965	6957	6503	7098
SAIFI (Interruptions/Customer/Year)	109	50	69	56

*Excludes forests and islands which have no electricity network

Distribution Infrastructure

Description	Units	DD1	DD2	DD3	DD4	Total
Distribution Lines						
33 kV	km	11,048	9,757	7,232	4,595	32,633
11 kV	km	671	439	40	284	1,434
LV	km	46,709	42,276	32,183	28,199	149,366
Underground Cables						
33 kV	km	22	11	8	9	49
11 kV	km	703	141	5	29	878
LV	km	717	72	6	8	803
Sub Stations						
33/11 kV Primary Substations	No.	48	34	12	40	134
LV Distribution Substations	No.	11,734	10,240	6,339	5,163	33,476
Others						
Gantries	No.	38	95	42	38	213
A/R	No.	190	407	59	44	700

Distribution Division (Contd.)

Key Figures 2019 at a Glance

Description	Unit	DD1	DD2	DD3	DD4	Total
Units purchased by the Division	GWh	4,371	4,936	2,671	2,084	14,062
Units sold within the Division	GWh	4,045	4,522	2,449	1,910	12,926
Revenue earned from Units sold	MLKR	73,704	70,861	39,143	31,522	215,230
Average selling price	LKR	18.22	15.67	15.98	16.50	16.65
Distribution Loss	%	7.5	8.4	8.3	8.3	8.1
No. of new connections provided	No	43,023	51,692	29,126	22,519	146,360

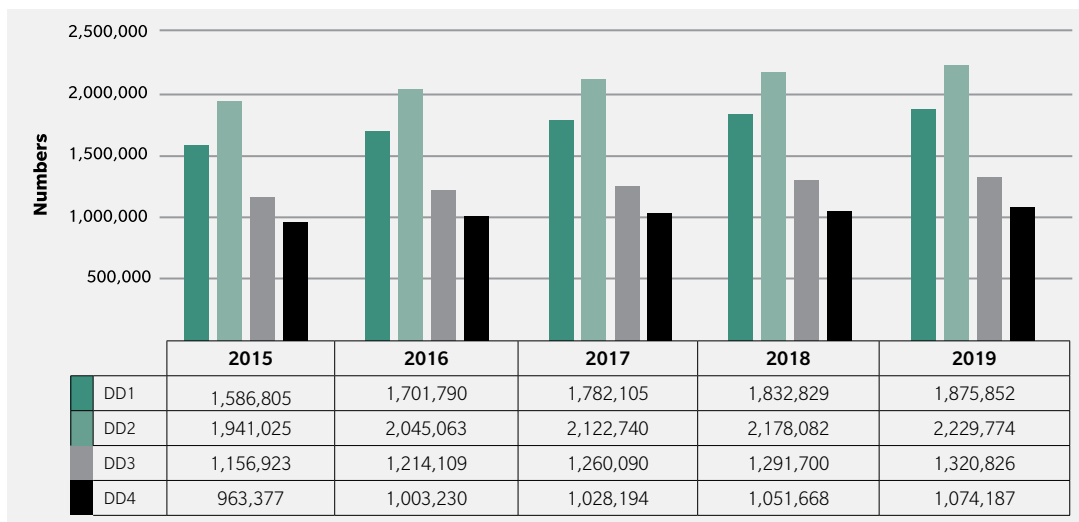
Operational Data

Number of Accounts by Tariff Category in 2019

(Nos)

Tariff Category	DD1	DD2	DD3	DD4	Total
Domestic	1,596,454	1,943,844	1,164,383	946,771	5,651,452
Religious	13,786	13,820	7,385	5,733	40,724
Industrial	34,266	14,869	8,616	6,490	64,241
Hotel	117	144	60	149	470
Government	149	2,863	54	1,508	4,574
General Purpose	231,080	254,178	140,328	113,536	739,122
Agriculture	0	56	0	0	56
Total	1,875,852	2,229,774	1,320,826	1,074,187	6,500,639

Five-Year Progress of Total Number of Consumer Accounts



Sales by Tariff Category in 2019

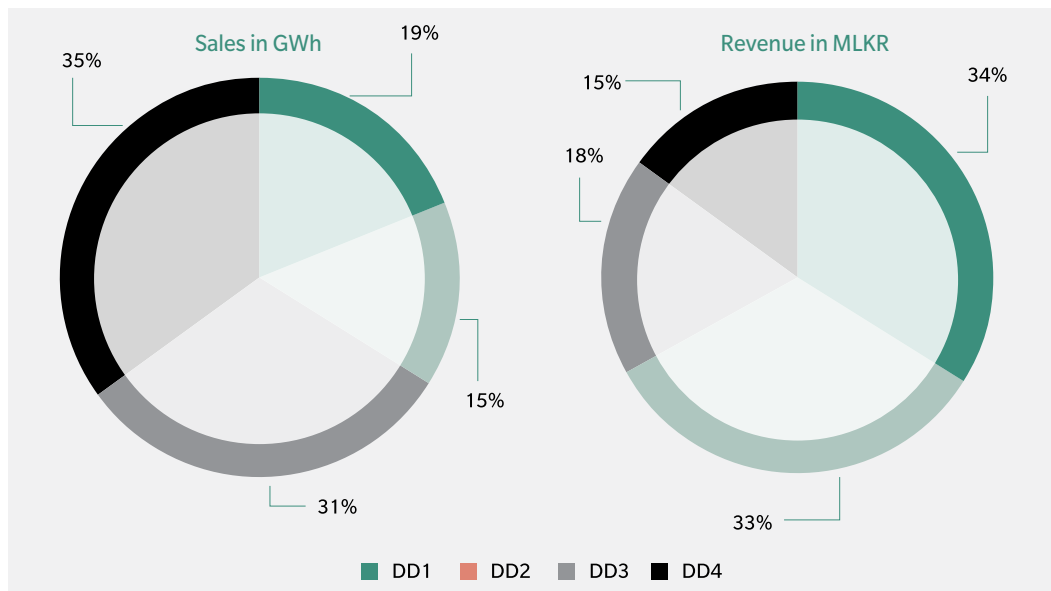
(GWh)

Tariff Category	DD1	DD2	DD3	DD4	Total
Domestic	1,404	1,631	918	823	4,776
Religious	35	28	12	12	87
Industrial	956	1,910	987	540	4,393
Hotel	114	72	7	78	271
Government	82	67	21	31	201
General Purpose	1,413	778	492	407	3,090
Street Light	41	36	12	19	108
Agriculture	0	0.05	0	0	0.05
Total	4,045	4,522	2,449	1,910	12,926

Distribution Division (Contd.)

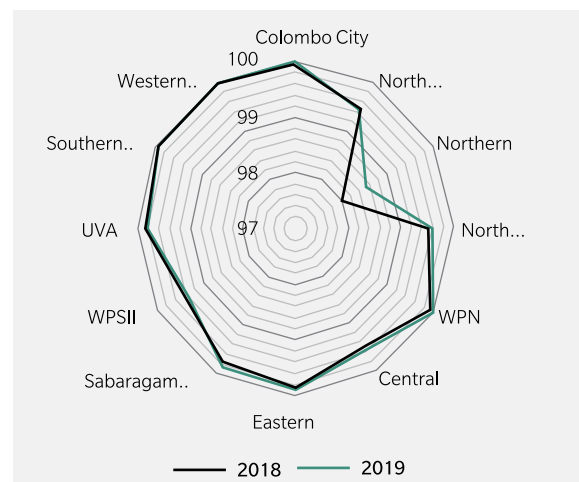
Revenue by Tariff Category in 2019

Tariff Category	DD1	DD2	DD3	DD4	Total (MLKR)
Domestic	21,586	21,941	12,198	11,788	67,513
Religious	265	199	81	90	635
Industrial	14,272	27,785	14,581	8,017	64,654
Hotel	1,950	1,348	144	1,386	4,828
Government	1,488	1,220	386	565	3,658
General Purpose	34,144	18,367	11,753	9,677	73,941
Street Lighting	-	0.9	-	-	0.9
Agriculture	0	0.6	0	0	0.6
Total	73,704	70,861	39,143	31,522	215,230



Measurements of Progress Access to Electricity

The percentages of people in a given Province that have relatively simple, stable access to electricity vary depending on the development level of the Province. Out of the twelve Provinces, four provinces, namely Colombo City, Western Province North, Western South I and Southern Province have achieved 100 % access to electricity.



Access to Electricity as at the end of the Years 2018 and 2019

Distribution Division (Contd.)

Considering the benefits of electrification, Rural Electrification Projects were introduced to achieve 100% access to electricity through financial commitments made by the Donor Agencies, Government of Sri Lanka (GOSL) and CEB.

Electrification Schemes and Extensions as at the end of the Year

Division	Province	Schemes		Extensions	
		No of jobs completed	Cost in MLKR	No of jobs completed	Cost in MLKR
DD1	Northern	8	59.28	87	97.84
	North Western	8	13.57	316	64.3
	North Central	2	7.77	36	24.59
	Colombo City	-	-	-	-
DD2	Western North	0	0	21	2
	Central	69	482	1085	570.6
	Eastern	4	53.79	145	146.96
DD3	Western South II	1	5.14	2	3.09
	Uva	2	11.41	72	110
	Sabaragamuwa	0	0	38	30.52
DD4	Western South I	0	-	20	7.55
	Southern	8	44.59	28	39.67

Construction Job Performance

Division	Province	HV (km)	LV (km)	Distribution Substation	LV line conversion (km)	Cost (MLKR)
DDD1	Northern	11.91	0.73	32	1.38	94.63
	North Western	84	157	236	88	1137.6
	North Central	36.8	67.6	138	15.6	659.9
	Colombo City	28.82	16.19	29	0	822.73
DD2	Western North	25.43	122.22	51	341.95	634.59
	Central	841.41	2,941.78	698	1,481.34	7,126.95
	Eastern	131.30	174.46	137	0.52	1,749.10
DD3	Western South II	2.94	14.09	98.00	0.30	318.07
	Uva	17.90	70.08	63.00	163.50	383.30
	Sabaragamuwa	28.29	60.91	72.00	18.29	294.77
DD4	Western South I	7.6	64.4	58	116.4	550.6
	Southern	70.8	153.6	120	15.5	884.81

Roof Top Solar Photovoltaic (PV) in Distribution Divisions

Electricity consumers are allowed to generate electricity at their roof top within their premises and to synchronize their generators with CEB system, while consuming and exporting energy to CEB, under three schemes namely Net Metering, Net Accounting and Net Plus.

Tariff Category	DD1	DD2	DD3	DD4	Total
Consumers (Nos)					
Net Metering	3,112	1,955	2,018	1,752	8,837
Net Accounting	2,146	1,674	1,220	1,555	6,595
Net Plus	274	147	158	147	726
Total	5,532	3,776	3,396	3,454	16,158
Capacity (kW)					
Net Metering	23,262	13,188	10,884	12,940	60,274
Net Accounting	21,898	11,164	8,408	12,616	54,085
Net Plus	22,571	34,163	25,806	20,362	102,903
Total	67,731	58,515	45,098	45,918	217,262

Distribution Division (Contd.)

Network Improvements

Following works were done by the Projects and Heavy Maintenance Branches of Distribution Divisions to enhance and improve the Distribution Network during the year under review:

Description	Units	DD1	DD2	DD3	DD4
Construction of 33 kV Tower Lines	km	7.8	43.12	9.92	2.0
Installation of Auto-reclosers & LBSs	No.	34	35	15	6
Construction of 33 kV Gantries	No.	3	7	33	2
Construction of Primary Substation	No.	6	0	0	2
Laying of 33 kV Underground Cables	km	0	5.5	0	0.45
Installation of Metering Transformers	No.	5	43.12	0	4

Special Projects and Activities

Light Rail Transit Project (LRT)

Majority of the route of the Light Rail System is running through Colombo City. Hence the modification of the existing underground cable network is assigned to Colombo City. Currently Colombo City is actively involved in the design works of the LRT.



Proposed Light Rail Route Map

Colombo Port City Development Project

Colombo City Engineers are currently providing their technical assistance for the successful completion of Colombo Port City Development Project under review of the design/ electrical drawings of MV electrical distribution network and review of the Vendor qualification.

Augmentations of Primary Substations in Colombo Area

The Primary Substation D was commissioned around 60 years ago by the Department of Government Electrical Undertaking and caters the demand of Colombo 07, 08 and 09 areas including hospitals and education institutions.

Colombo City staff has successfully completed the augmentation of the above primary substation by installing 3 nos. of 16 MVA transformers with 11kV, 33kV switchgear & accessories at the cost of LKR. 650 Million, to ensure the

reliability of the electricity supply to the above areas. Further to improve the reliability of electricity supply in the Colombo area capacity enhancements of Primary Substation A, I and J were completed during the year.

Introduction of New Applications to Enhance the Quality of Service

Queue Management System (QMS) and Customer Relationship Management System (CRMS) were launched within Narammala Area to improve the customer services and to manage the customer complaints effectively among relevant CSCs. Flow Management System was also launched for the effective management of documents and letters within Narammala Area Office and CSCs.



Inauguration of newly introduced systems in Narammala Area Office

Engineering Audit/ Safety Audit: Zero interruptions

Focusing on the improvement of the reliability of electricity supply, financial discipline, HR practices and IT practices; audits were successfully conducted with the personal involvement of Deputy General Manager, Engineers and other staff of Colombo City province.

Knowledge Sharing and Awareness Programs

- Colombo City Province organized 35 nos. of training programs to enhance the technical knowledge, financial/ IT knowledge, management skills and positive thinking attitudes of the employees.

Distribution Division (Contd.)



Onsite training Program in Colombo City

- A Safety Committee has been established in year 2018 within NWP in order to make the vision “අනතුරින් තොර වයඹක්” a reality.

Activities such as construction of model training sites at each Area Office, conduct training programs on occupational health and safety and arrange mandatory safety check of equipment as per the Factories Ordinance Act No.45 of 1942 were done by the safety committee in 2019.

- NWP conducted Attitude Development, Leadership and Team Building Program for the staff of NWP.
- Around 56 nos. of training programs were conducted in the Distribution Division 02 to ensure a quality output of the employees, in addition to the annual programs conducted by the Training and Operational Health and Safety Branches to cover following topics:
 - Distribution Earthing and Systematic Maintenance
 - Fire safety and emergency preparedness.
 - Human Resource Development and Leave and Medical Procedures of CEB
 - Awareness on productivity improvement.
 - Global Positioning System (GPS) and Geographic Information System (GIS)
 - Energy Conservation and Energy Management



Model Training sites in NWP

- The staff attached to the Commercial and Corporate Branch of Distribution Division 02 was trained to conduct inspection and auditing process proposed by the circulars related to the star rating. The Branch was able to conduct 84 nos. of inspections to CSCs in the Division and identified the areas for improvements required to receive stars beyond 2nd level. After completion of the preliminary inspection, star awarding process was started and still continuing.
- Following Technical Training programs were conducted for all Unskilled and Linesmen grade field staff of Sabaragamuwa Province in Distribution Division 03 to improve the technical skills and health & safety knowledge of the field staff.

- Line Construction and Maintenance
- Substation Construction and Maintenance
- Creation of safe working environment (Occupational Safety)
- Accurate Crimping and Binding techniques
- Erection of Concrete poles





Uma Oya Hydropowr Project

Review of Operations

PROJECTS DIVISION

Projects Division

The year 2019 had been another challenging year for the Projects Division, as it handled and carried out projects worth of SLRs. 36 billion during the year under review.

It was broadly discussed in many forum on the options available for the future power generation projects and predominantly said to be greener than ever due to global warming and connected other issues. Accordingly, CEB is looking forward much greener projects than ever. Description of the Project activities that had been carried out is as follows:

Mannar Wind Power Project (MWPP)

Ceylon Electricity Board (CEB) awarded the EPC contract to Vestas Asia Pacific AS, a world-renowned Danish wind turbine manufacturer, to build the first large scale wind farm in Sri Lanka, in the Southern coast of Mannar island. Project comprises of 30 numbers of state-of-the-art wind turbines, each rated to 3.45 MW and total installed capacity of this wind farm is 103.5 MW. This is a culmination of a long-term effort by CEB to develop wind power in a large-scale manner exploiting the major monsoonal wind systems in Sri Lanka. In this project, CEB intends to harness power from wind in a large scale manner, on the same lines as it did with the hydropower potential in the last century.



Site works in progress- MWPP



Installation works in progress - MWPP

Funding required for this wind farm and other associated facilities in Mannar and Anuradapura has been arranged through a loan provided by Asian Development Bank. The project is also supported with a consultancy service

contract with COWI AS of Denmark and Warranty Operations and Maintenance contract (WOM contract) for the initial three-year period. Total investment for the wind farm is approximately 141 MUSD. Once commissioned, Mannar wind farm could supply more than 380 million units of clean electricity to the national grid annually. Electricity from this project can be generated less than 5.0 US Cents/kWhr. One of the major benefits of this project is its ability to displace large amount of fossil fuel base electricity generation and thereby avoiding emissions amounting to 285,000 metric-tonnes of CO₂ to the environment, annually.

Mannar wind farm will be operated as a semi-dispatchable power plant supported with advance wind forecasting system to optimize & control the wind generated electricity to the national grid. This is in addition to the bird detection RADAR system to implement selective shut down of wind turbines to avoid bird collisions, if any.

Mannar Wind Farm is implemented as a benchmark project to ascertain the possibility of integrating large scale wind plants to the national grid with relevant grid support facilities. The project is also planned in line with the Government's policy target to achieve 20% nonconventional renewable power generation by year 2020.

The project work commenced in March 2019. All preliminary site development works have been completed. Designing of the wind turbine equipment is completed and deliveries of the plant and equipment to the site are in progress via Trincomalee and Colombo ports. Further to the wind farm civil works, construction of new service roads and rehabilitation of existing road network in the project area are being carried out. The project is schedule to be completed by November 2020.

Broadlands Hydropower Project (BHPP)

The Broadlands Hydropower Project is a run-of-river type project planned to build in the Kelani River. The key objective of the project is to harness the hydro potential downstream of the existing Polpitiya Power Station. The project will have an installed capacity of 35 MW. The main sites of the project are located about 90km north – east of Colombo, near the town Kithulgala. Main components included in the project are main dam, diversion dam, main tunnel, diversion tunnel, power station with two 17.5MW turbine generator units, switch yard and transmission line. The Broadlands plant is planned to generate 126 GWh of electrical energy annually. However, Ceylon Electricity Board has decided to maintain a firm water release to safeguard White Water Rafting sport in Kithulgala area and as a result there will be a reduction in the annual energy generation. The water release is done through a Mini Hydropower Plant to minimize the loss in generation. The Cabinet approval for project implementation on Design & Build basis was granted in 2006 by securing funds

Projects Division (Contd.)

arranged by the successful contractor. After the successful evaluation of the bids China National Electric Equipment Corporation (CNEEC) was selected as the main Contractor of the project and contract agreement was signed in end of 2010. The total project cost is 82 MUSD. The 85% of funding is provided by Industrial & Commercial Bank of China (ICBC) and the balance was obtained from Hatton National Bank. The loan agreements with two banks were signed in 2013. The Contractor mobilized to the site and commenced construction works in August 2013.



Power House



Construction works are in Progress in parallel at Main Dam, Main Tunnel, Diversion Tunnel, Power House & Switchyard Site. The physical progress is 70% as at end 2019 and the Project is scheduled to be completed in January 2021.

The Broadlands Hydropower Project is the first large scale hydropower plant which has obtained CDM registration in Sri Lanka.

Moragolla Hydropower Project (MHPP)

The MHPP is one of several hydropower projects identified by the Government of Sri Lanka (GoSL) to reduce the role of fossil-fueled power generation, which has outstripped hydropower over the past 30 years as readily exploitable

locations have been utilized. The Executing Agency of the project is the Ministry of Power, Energy and Business Development (MoPE&BD) and the Implementing Agency is the Ceylon Electricity Board (CEB). Financial assistance is given by the Asian Development Bank (ADB). Project is expected to generate 100 GWh of energy annually with an installed capacity of 30.5 MW.

Supplementary EIA report was approved by the Project Approving Authority, Mahaweli Authority Sri Lanka. The Consultants to the project was appointed and design and supervision work are in progress.

The contract of Lot A1 - Preparatory Works was awarded to Ms. V V Karunaratne and Company on March 2018. Progress of the construction work of the office building and access road to power house is 47% and 73% respectively and the overall progress is around 20%.

Bids for Lot A2 – Main Civil Works and Lot B- Mechanical & Electrical Facilities were floated. Bid for Lot A2 was closed and evaluation is in progress, and the bid for Lot B was closed on May 2019.

First phase of the construction of the resettlement housing scheme for the Project Affected Persons (PAPs) was completed.



Completed Resettlement Village for the PAPs



Construction work of the new Employers Office building

Projects Division (Contd.)

Uma Oya Hydropower Project (UOHPP)

Uma Oya Multipurpose Development Project (UOMDP) was implemented by the Ministry of Irrigation and Water Management (MOIWM), presently coming under the purview of the Ministry of Mahaweli Agriculture Irrigation and Rural Development (MMAI&RD). The CEB technical staff is assigned to UOMDP Project Management Unit (PMU) to provide technical consultation services for Electro Mechanical works of the project.

UOMDP includes the components of construction of two dams across Uma Oya and a tributary at Welimada, trans-basin diversion tunnel, underground hydro power plant of 120 MW installed capacity, diversion of 145MCM of water to irrigate approximately 5000 hectares of land in Hambantota and Moneragala Districts and other downstream requirements. The expected annual energy production is 290 GWh. The power plant will be connected via a 22.7km length 132kV Transmission line to Badulla Grid Substation.



Spilling of Puhulpola Dam

Pursuant to an Memorandum of Understanding (MOU) executed between the Minister of Petroleum and Petroleum Resources Development on behalf of Government of Sri Lanka (GOSL), and the Minister of Energy of Islamic Republic of Iran (GIRI) on 27th November 2007, the Cabinet of Ministers approved the execution of the Contract Agreement between the Executing Agency, Ministry of Irrigation and Water Management (MOIWM) of the GOSL and FARAB Energy and Water Projects (FC) of Iran dated 28th April 2008 to implement the "Uma Oya Multipurpose Development Project" by FC, as an Engineering, Procurement and Construction (EPC) contract.

Accordingly, FC undertook the detailed feasibility studies, preparation of detailed engineering design, procurement of all materials, equipment, machinery and physical construction, installation, testing and commissioning of the project. Total contract sum is US\$ 529,059,198 and the Contract became effective on 15th March 2010.



Present View of Power House Machine Hall Floor



Installation of Turbine (Unit1)



Main Tunnel Breakthrough

When commencing the project on 15th March 2010, the scheduled date of completion of the project was on 15th March 2015. Due to the unexpected water ingress into the head race tunnel and followed by social impacts, date of completion (construction and implementation) is extended up to 31st December 2019 and the period of project is up to 31st December 2020 (with the defect and liability period). But according to the present progress the commissioning date is scheduled on September 2020. The progress of the project is 93.75% as at end 2019.

Projects Division (Contd.)



Construction works at Nadukuda GSS 220kV switchyard

Green Power Development & Energy Efficiency Improvement Investment Program (Tranche 2)

Green Power Development and Energy Efficiency Improvement Investment Programme - Tranche 2 involve Transmission infrastructure enhancement, capacity and energy efficiency improvement of medium voltage network and Demand-Side Management (DSM) involving smart grid and metering pilot sub project.

The project scope include 220 kV transmission development in Mannar to evacuate energy generated from proposed Wind Power Project that will be completed in 2020, construction of 220 kV Polpitiya-Hambanthota transmission line and 220 kV Grid substation at Hambanthota, construction of Horana-Padukka 132 kV transmission line and the second circuit stringing of Habarana- Valachchanai 132 kV transmission line, construction of 132/33 kV Colombo sub B, augmentation of Dehiwala, Horana, Padukka, Kolonnawa, Madampe and Kotugoda grid substations, 220/33 kV capacity enhancement at Biyagama grid substation, enhancement of MV distribution in Anuradhapura area and Ethagala area in Kurunegala, construction of 33 kV lines; Kappalthurai-China Bay, Embilipitiya- Wenivalara and Matugama-Benthota. This also include construction of Rattanapitiya primary substation and augmentation of Ethul-Kotte and Beligala primary substations. The Demand Side Management (DSM) activity involve smart meter installation work.

All the provinces in Sri Lanka excluding Uva Province will be directly benefitted by the implementation of transmission, distribution and demand side management components of this program.

The total investment cost of the Tranche 2 is 260 MUSD. ADB will provide 150 MUSD while AFD will provide 30 MUSD and the balance from Ceylon Electricity Board (CEB). The loan agreement between ADB & CEB was signed on 27th December 2016 and the project is expected to be completed

in December, 2021. By end of 2019, all transmission infrastructure project components has been awarded and under construction.

National Transmission & Distribution Network Development and Efficiency Improvement Project (NTDND & EIP)

Project Features and Source of Funding

This Project is funded by Japan International Cooperation Agency (JICA) under the Loan No.: SLP 113 and includes four packages.

Package 01 is for the Construction of 132kV/220kV/400kV Transmission Lines. Package 02 is for the Construction of 220/132 kV Krindiwela Switching Station, 132/33kV Kirindiwela Grid Substation, 132/33 kV Battaramulla Indoor Substation and augmentation works at several existing Grid Substations. Package 03 is for the Construction of 132kV / 220kV Transmission Lines (220kV line from Kotmale GSS to New Polpitiya GSS & 132kV line from Polpitiya GSS to new Habarana GSS) and Package 4 is for the Construction of Primary Substations, 11kV Cables with SCADA/ DAS in Dehiwala, Mt. Lavaina and Battaramulla.

Present status

Contract Agreements have been already signed for packages 01, 02 and 03 and Physical progress as at the end of the year 2019 was recorded as 14% and 13% for Package 02 and Package 03, respectively. Contract Agreement is pending for signing for Package 04 of the Project.

Greater Colombo Transmission & Distribution and Loss Reduction Project (GCT&DLRP)

Project Features and Source of Funding

The Greater Colombo Transmission and Distribution Loss Reduction Project is planned to strengthen the transmission and distribution network in Greater Colombo area in order

Projects Division (Contd.)

to improve the reliability, reduce system losses and cater growing electricity demand due to mega development activities planned in the Colombo City.



Colombo L Grid Substation

Under the project scope, capacity of the Greater Colombo power network has been doubled through new 220kV underground transmission cable network. Further, project improved the existing power network by construction of three new grid substations, augmentation of five existing grid substations, extension of two grid substations, laying of 34 km cable route length of underground transmission cables, laying of 31 km cable route length of underground distribution cables and installation of 88Nos. of new 11kV distribution panels. In addition to that, project supplied specialized vehicles required for maintenance work of distribution networks.



Kelanitissa 33kV GIS substation

Present Status

Scope of work of all three packages has been completed and now in defect liability period. Releasing of payments and clearing of defects are in progress.

Renewable Energy Absorption Transmission Development Project (REATDP)

Project Features and Source of Funding

Most of mini hydro power projects to be developed are located in and around Maliboda, Deraniyagala, Balangoda, Rathnapura, Padiyapalalla, Ragala, Nuwara Eliya and Kothmale areas. However, the absorption capacity of mini

hydro projects to the existing Grid Substations located in the above areas has already exceeded. Hence, to facilitate the absorption of new renewable energy to the National Grid, and to cater the increasing electricity demand in Central and Sabaragamuwa provinces, it has decided to construct new Grid Substations at Maliboda, Wewalwatta, Nawalapitiya and Ragala and related transmission lines under Renewable Energy Absorption Transmission Development Project.

Scope of work of Renewable Energy Absorption Transmission Development Project include the construction of the four numbers of 132/33kV, 2 ×31.5 MVA Grid Substations (Maliboda, Ragala, Wewalwatta & Nawala) and related 132kV Transmission lines of total length around 45km. REATD Project is funded by Agence Francaise Development (AFD) & Ceylon Electricity Board. This Project is execute directly by CEB (without Turnkey Contractors) by procuring Good and Works through fifteen (15) Contracts.

Present Status

All fifteen Contracts have been awarded by end of year 2018. Construction works of the grid substations were commenced in January 2018 and the Construction works of the transmission lines were commenced in April 2018. Civil & Erection works of all four grid substations almost completed and commissioning works started in August 2019. Tower Foundation construction of transmission lines completed in October 2019. Tower erection and conductor stringing started in year 2019. Project is scheduled to be completed in 4th quarter of year 2020.

Power System Reliability Strengthening Project (PSRSP)

Project Features and Source of Funding

In order to cope with the development of the country and to enhance the necessary power flow requirements of the transmission system to maintain a reliable and stable power system Transmission Planning Branch has proposed construction of grid substations and transmission lines under PSRSP Project. It is to be funded by Asian Development Bank (ADB) in 2021 and the total loan amount will be 200 MUSD. It includes;

1. Construction of 220kV/132kV Switching Station at Wariyapola, 220kV Switching station at Mirigama, 220kV/33kV grid substations at Kotadeniyawa and Kotugoda, 132kV/33kV grid substations at Tissamaharama, Baddegama, Homagama, Negombo, Wariyapola, Peliyagoda, Kalawana, 132kV/11kV grid substation at Kandy.
2. Augmentation of 132kV/33kV Embilipitiya and Matara Substations, Construction of 132kV bays at New Anuradhapura, Kurunegala, Matara and Hambantota grid substations

Projects Division (Contd.)

3. Construction of approximately 250km length of 220kV and 132kV transmission lines including Matara-Hambantota, New Anuradhapura-New Habarana, Hambantota-Tissamaharama, Kurunegala-Wariyapola south, Wariyapola south-Wariyapola, Wariyapola South-Kurunegala and Kukule-Kalawana.

Present Status

The project commenced in 2019 and expected to be completed by 2023. Lands for the construction of substations have been identified and land procuring is underway at the moment. Line surveying and soil testing are in progress.

Transmission Projects Branch

Transmission Projects Branch was fully engaged in the special project activities during the year 2019. Brief description of each project in progress during the year is given below:

Clean Energy & Network Efficiency Improvement Project

Source of Funding

Asian Development Bank has provided funding for all packages of Clean Energy & Network Efficiency Improvement Project. The details of the packages continued in year 2019 are as follows:

Package 1: Construction of Mannar Transmission Infrastructure Project

The scope of the Mannar Transmission Infrastructure Project has been changed to construct 220kV/33kV Mannar Grid Substation and connecting the same to the national grid by constructing Mannar-Vavuniya-New Anuradhapura 220kV 130km transmission lines. This construction would enable the development of full potential of wind power in Mannar area.

Present Status

All Construction activities were completed in 2019.

Package 2: Construction of 132 kV Transmission Infrastructure Project

The scope of the 132 kV Transmission Infrastructure Project consists of construction of 132/33kV Grid Substation at Kegalle and connecting the same through a 22km, 132kV transmission line. Furthermore, it also include the construction of Polpitiya - New Polpitiya, Athurugiriya - Padukka 132kV transmission lines, Re-construction of Athurugiriya to Kolonnawa - 15 km, transmission line and installation of 160MVar of Capacitor Banks at 7 existing Grid Substations.

Present Status

Polpitiya-New Polpitiya line was energized in November 2017 and Re-construction of Athurugiriya-Kolonnawa line

is on hold since line was not released for the work. All other Construction activities were completed in 2019.

Package 3: Construction of 220 kV Transmission Infrastructure Project

The scope of the 220kV Infrastructure Project consists of construction of 220/132/33kV new Grid Substations at Polpitiya and Padukka and 70km New Polpitiya - Padukka - Pannipitiya, 220kV Transmission line. This new transmission system would enable the smooth transfer of power between Western load centers and Laxapana Complex.

Present Status

All Construction activities were completed in 2019 except transmission line stringing works between Padukka and Pannipitiya GSS.

Green Power Development & Energy Efficiency Improvement Investment Program (Tranche 1) Part 2 – Transmission

Project Features and Source of Funding

This project is funded by ADB (23.9 M USD) and co-financed by AFD (30.0 M USD). Under this project, augmentations of 132/33kV Grid Substations at Trincomalee, Katunayaka and New Anuradhapura and 220/33kV Grid Substations at Kerawalapitiya are already completed and commercially energized in this year.

Furthermore, transmission lines associated with Grid Substations at Kappalthurai, Anuradhapura, Kalutara and Kesbewa were completed and energized in this year.

Present Status

New 132/33kV Grid Substations at Anuradhapura, Kalutara & Kesbewa and 220kV/33kV Grid Substation at Kappalthurai are being constructed. It is expected to complete these Grid Substations in year 2020.

Transmission Construction Projects Branch

Grid Substation Construction Projects Unit

Completed and In progress projects under Grid substation Construction Projects Unit are as follows:

Construction of 33kV Feeders at Sapugaskanda Grid Substation

Project Features

In line with the installation of Capacitor Banks by Clean Energy and Network Improvement Project – Package 02 (CENEIP – P2) at Sapugaskanda Grid Substation, it has been identified the requirement of construction of Two (02) 33kV Feeder Bays at the Substation.

Projects Division (Contd.)

Present Status

Project was completed in February 2019.

Construction two number of 220kV Line Bays at New Anuradhapura Grid Substation

Project Features

Construction 220kV transmission line from Mannar Grid Substation via Vavuniya 220kV Grid Substation terminating at New Anuradhapura Grid Substation was entrusted with GSCP unit to improve reliability and flexibility of the operation.

Present Status

Project was completed in 2019.

Augmentation of Pannala GSS.

Project Features

Pannala GS was proposed to by adding another 132/33kV, 31.5MVA transformer to cater the unexpected growth of electricity demand around Pannala area recently, mainly demands are requested for bulk supply connections for the factory being constructed in the industrial zone and for the national development projects being implemented. Total expenditure is 65 MLKR.

Present Status

The projects was completed in November 2019.

Installation of 100 MVAR Reactor at New Anuradhapura GS and 50 MVAR Reactors at Mannar GS

Project Features

Under the Grid Substation Construction Projects Unit, installation of 100 MVAR Reactor at New Anuradhapura GS and 50 MVAR Reactors at Mannar GS was launched to maintain the 220kV system voltage which reaches above the specific valve due to the excess reactive power owing to the transmission line charging. The Total cost for the Project is 1,374.69 MLKR.

Present Status

This project was commenced on August 2019 and will be completed in March 2021.

Construction of Wagawatta Grid Substation

Project Features

Wagawatta and Millaniya areas, located in the Western province have been identified as a strategic location for large scale industrial development projects. Board of Investment of Sri Lanka (BOI) has requested Ceylon Electricity Board (CEB) to provide 30MVA power supply for Wagawatta industrial zone and 25MVA power supply for Millaniya proposed industrial zone. Since two industrial zones are within 15-20 km distance apart, it was decided to construct the new grid

substation at Wagawatta considering land availability and other basic infrastructure facilities. BOI has agreed to provide required funds for the construction of new grid substation at Wagawatta. The estimated cost for the Construction of new Wagawatta Grid Substation is 1898 MLKR.

Present Status

This project is in progress and it will be completed in December 2021.

Construction of 02 Nos. of 220kV double bus bar Transmission Line Bay at New Polpitiya Switching Station

Project Features

In order to connect Hambanthota 220 kV double circuit transmission line to New Polpitiya GS Construction of 02 Nos. of 220kV double bus bars Transmission Line Bay was commence.

Present Status

This project is in progress and it will be completed in October 2020.

Construction of Two (02) 33kV Feeder Bays at Ratmalana Grid Substation

Project Features

In order to connect 10MW power from the proposed Karadiyana Waste Power Project to National Grid, the existing 33kV GIS in Ratmalana Grid Substation shall be expanded with two (02) additional bays. Estimated cost is 147.9 MLKR

Present Status

This project is in progress.

Extension of Kelenitissa 132kV GIS

Project Features

Extension of Kelanitissa 132kV GIS has been carried out in order to connect three (03) gas turbines under Kelanitissa New Gas Turbine Project (KNGTP). Estimated cost is 465 MLKR.

Present Status

This project is in progress.

Transmission Line Construction Projects Unit

Completed and In progress projects under Transmission Line Construction Projects Unit are as follows:

Reconstruction of New Chillaw – Pannala 132kV Transmission Line

Project Features

The 132kV double circuit transmission line from Bolawatte Grid Substation to New Chillaw Grid Substation is of Lynx conductor and had been built in 1963. To improve current

Projects Division (Contd.)

carrying capacity and reliability of the line, it was proposed to enhance the capacity of the New Chillaw – Bolawatte 22km, 132kV transmission line section with double circuit, Zebra transmission line.

Present Status

The above project was implemented in two stages. First stage, 132kV line from New Chillaw GSS to Pannala GSS was completed and energized in March 2018. Second stage, 132kV transmission line from Bolawatte GSS to Pannala GSS was completed and energized on March 18, 2019.



Solution to Landslide Issue for Biyagama – Kothmale 220kV Transmission line in Bulathkohupitiya Area

Biyagama - Kothmale 220 kV Double Circuit Twin Zebra transmission line is 70.5 km in length and commissioned in 1985. In May, 2017 most of the areas in the wet zone of the country experienced heavy rainfalls compared to other years and incidents of landslides were reported in several places of the country. Bulathkohupitiya was one such area and above transmission line is also travelling in the vicinity where the landslide had taken place. Therefore, it was decided to take remedial actions to mitigate the damages to the power line by performing necessary modifications to the affected line section. As an immediate solution erection of two numbers of single circuit temporary towers after removing Tower No 75 by the Transmission Operation and Maintenance (O&M) branch.

As a Permanent Solution TLCP was assigned with erection of TD1+27 tower and TD1+18 tower and transfer the line near Tower No. 75 of Biyagama – Kothmale 220kV transmission line. This was completed in September 2019 in extreme weather conditions with the dedication of the TLCP staff.



Replacement of Damaged Tower No. 10 of Kotugoda – Kerawalapitiya 220kV Transmission Line

Kerawalapitiya - Kotugoda 220kV transmission line has been constructed during the period of year 2007-2008. The line mainly traverses over the Muthurajawela marshy land and most of the towers have pile foundations. Damage occurred to tower No 10 (suspension tower) located at the Kerawalapitiya due to excessive land filling in marshy area under solid waste processing plant development of a land by filling soil, to be used as a clinical waste dumping yard and processing plant together with a solid waste dumping yard. TLCP was assigned with erection of a tower for replacing the damaged Tower no. 10 of Kerawalapitiya - Kotugoda 220kV transmission line at Muthurajawela. This was completed in October 2019 in extreme environmental conditions in waste dump yard with the dedication of the TLCP staff.



Liquefied Natural Gas Power Projects (LNGPP)

Request for Proposals (RFP) for the Development of a 300 MW Multi Fuel Combined Cycle Power Plant at Kerawalapitiya on BOOT basis were called from interested bidders. The proposals have been received to operate the plant initially on diesel fuel and later to operate on Re-gasified Liquefied

Projects Division (Contd.)

Natural Gas (RLNG) when available at the site boundary. The power plant will be built, own and operate by the successful bidder for a tenure of 20 years and transferred to CEB at the end of 20-year period. The plant will be constructed on the CEB land located at Kerawalapitiya. The Power Plant is expected to achieve the commercial operation of the Open Cycle in 2021 and the Combined Cycle in 2022.



Trincomalee Coal Power Project (TCPP)

A 500 MW power station was planned to be constructed on Built Own and Operate (BOO) basis at a cost of approximately 500 MUSD in Sampoor. The Environmental Authority granted its approval for the project. However, the project was suspended.

Accordingly the procurement activities of the main peripheral developments of the project namely, the 400kV transmission line from power station at Sampoor to Habarana, 220kV Transmission line from Sampoor to Kappalthurai including the Grid Substation at Sampoor and the coal unloading jetty were also suspended during the year until a power plant is finalized.

However, Habarana Veyangoda Transmission Line Project (HVTLP), which is required for power system improvements is implemented with the assistance of JICA.

The Contract for the construction of a new 220kV/132kV/33kV Grid substation at Habarana in a 14acre land and augmentation work at Veyangoda GS with the addition of two 220kV bays is awarded as the Lot A of the Project and work is proceeding with a progress of around 70%.

The Contract for the construction of 148km long 220kV Transmission line from Veyangoda GS to New Habarana GS and the associated line diversions is awarded as Lot B of the Project and work is proceeding with a progress of around 80%.

Transmission Design & Environment Branch

Activities carried out during the year 2019 are as follows.

The Transmission Design Unit had prepared tender documents for implementation of National Transmission and Distribution Network Development and Efficiency Improvement Project Package I, Package II, Package III, (NT&DND &EIP), Green Power Development and Energy Efficiency Improvement Investment Program Project (GPD&EEIIPP) Tranche 2 and Renewable Energy Absorption Transmission Development Project (REATDP). Further, transmission design unit completed preparation of Tender documents including technical specification for SVC to be installed at Biyagama Grid Substation and installation of Reactors at New Anuradhapura and Mannar Grid Substations. Reviewed Technical specification prepared by Consultants of Colombo Port City Development for the compliance of CEB requirements.

Review of designs included for the following projects, CE&NEIP-P1, P2 & P3, NKBP, GPD&EEIIPP- Tranche 1, UOHPP - Transmission Line, GCT&DLRP, REATDP, HVTP, re-construction of Bolawatta New Chilaw 132kV Transmission Line during the year.

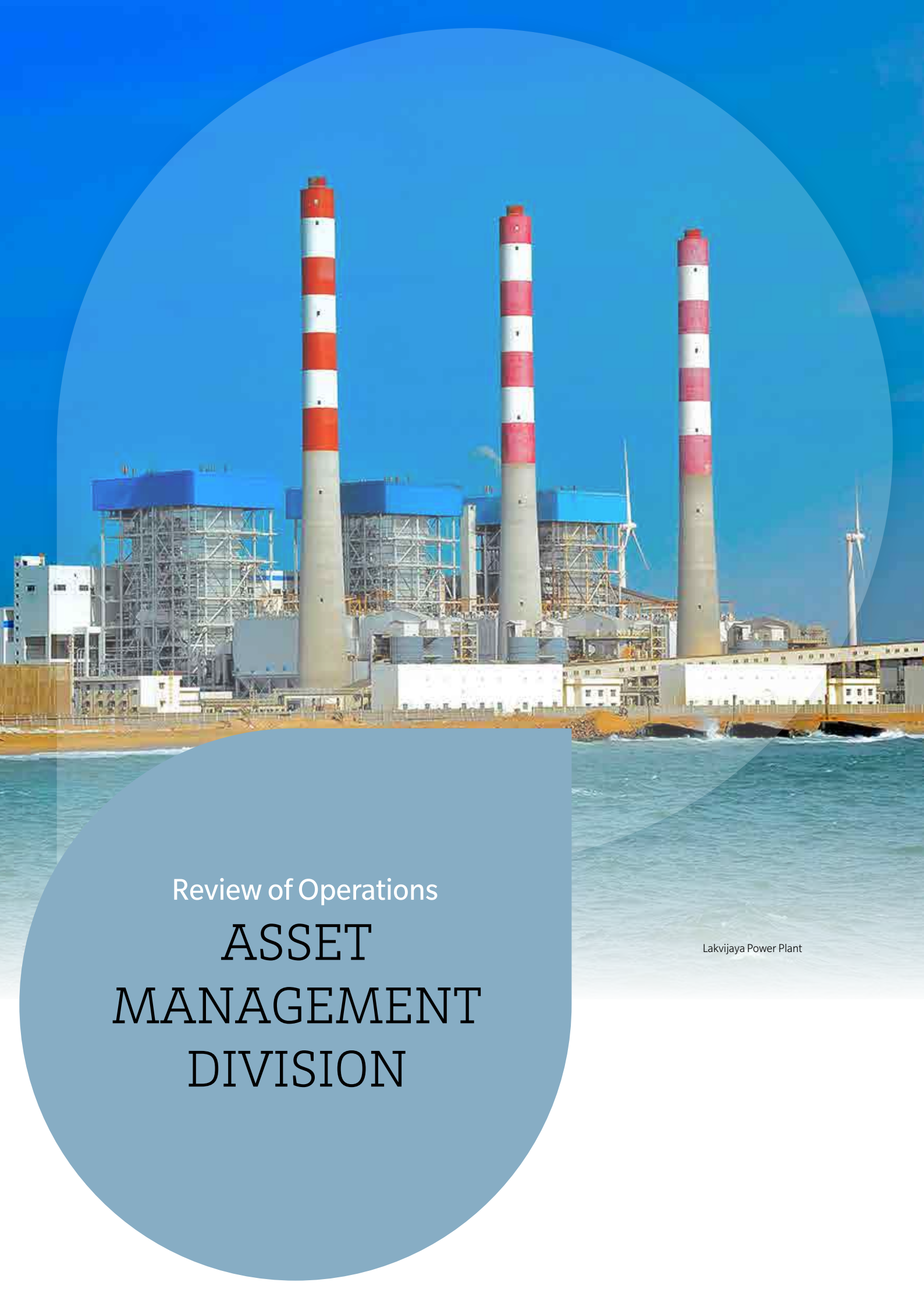
The Environment Unit is the focal point for most of the environmental activities of CEB. The main responsibilities of the Environment Unit include conducting the Environmental Approval Process for development projects of CEB, preparation of Environmental Safeguard documents as per National Environmental Act (NEA) as well as the guidelines of the funding agencies (if applicable), obtaining the relevant environmental approvals, and conducting environmental awareness programs for CEB and its stakeholders.

Engineering Advisory Services (EAS) Branch

During the year, Engineering Advisory Services Branch provided expert services in the fields of electro-mechanical, hydro-mechanical, electrical, mechanical and utility for following generation projects, replacing national and international consultants:

- Project Management and Supervisory Support for the Construction of Moragolla Hydropower Project.
- Consultancy Services for Conducting Feasibility Study, Detailed Design and Preparation of Tender Documents for Seethawaka Ganga Hydropower Project.

Additionally, EAS Branch together with the consultants, appointed by the Asian Development Bank, prepared the Feasibility Study for Development of LNG Infrastructure for Power Generation in Sri Lanka. In the Feasibility Study, Regasified Liquefied Natural Gas (RLNG) to the power plants based in Colombo will be supplied, using a Floating Storage and Regasification Unit (FSRU), located 5 km offshore of Kerawalapitiya. RLNG will be delivered to the power plants located in Kerawalapitiya and Kelanitissa through an off shore and on shore pipeline network.



Review of Operations

ASSET MANAGEMENT DIVISION

Lakvijaya Power Plant

Asset Management Division

Asset Management is a part of transformation of infrastructure development. The division plays a vital role in CEB for its economic growth, social advancement and environmental development.

There are eight Branches under the Additional General Manager (Asset Management) to carry out the different functions of the Division namely:

- Asset Management & Corporate Branch
- Training Branch
- Occupational Health & Safety Branch
- Workshop & Ancillary Service Branch
- Civil Works & Building Branch
- Vidulakpaya Project
- Accounts Unit
- Security Unit

Asset Management & Corporate Branch

The responsibility of the Branch is to ensure proper functioning of the Asset Management Division by optimum use of human resource. Other than the corporate functions of employees, the Branch handling Asset Management related functions of CEB. The main functions of the Branch are

- Preparation of Asset Register of Lands and Buildings belonging to CEB and updating & maintenance of the Master Plan data base of CEB Land & Buildings.
- Obtaining ownership documents for lands acquired, vested and outright purchased for CEB.
- Valuation of Lands and Buildings.
- Identification & preparation of Survey Plans for lands used by CEB, without any Title Deeds or Survey Plans. Re-demarcation of boundaries of CEB Lands where disputes of boundaries due to encroachments.
- Development & Maintenance of the Vehicle Database of CEB.
- Leasing of Castlereigh Hydro Reservoirs for tourism and recreational activities such as operation of float planes and operation of boat services.
- Technical Supports on Bidding, Bid evaluations and Web Publishing of Bids initiated by the Asset Management Division.

Training Branch

Training Branch consists of following Technical Training Centers including newly instituted Kalawana & Kinchigune peripheral training centers.

- Training Centre, Piliyandala
- Training Centre, Castlereigh
- Training Centre, Kinchigune (New peripheral centre)
- Training Centre, Kalawana (New peripheral centre)

Training Centre- Piliyandala

This training center provides training for Engineers, Accountants, Middle Level Technical Service Officers, Clerical & Allied Service Employees and Field Service Employees. Details of CPD Training programs conducted during the year are given below.

	Course Name	No. of Programs	Participants
1.	"Labor Law" for Senior Executives in CEB	2	116
2.	"Present Status & Future of Electricity Sector & Planning Perspectives" for Senior Executives in CEB	2	142
3.	"Power System Protection" for CEB Engineers	1	87
4.	"Introduction to Sri Lankan Power System, Tariff Settings & Regulatory Structure" for CEB Engineers	2	177
5.	"Procurement Management" for CEB Engineers & Accountants	2	146
6.	"Financial Management" for CEB Engineers	1	95
7.	"Distribution Planning" for CEB Engineers	1	87
8.	"Transmission Construction & Maintenance" for CEB Engineers	1	75
9.	"Transmission Line Construction & Maintenance" for CEB Engineers	1	50
10.	"Disciplinary Management" for Middle Level Technical Staff in CEB	1	91
11.	"Present Status & Future of Electricity Sector & Planning Perspectives" for MLTS	2	175
12.	"Disciplinary Management" for Middle Level Technical Staff in CEB	1	87

Total of 3,489 field service employees in different fields were given training in 100 programs conducted in 2019.

Asset Management Division (Contd.)

Local Training Provided for CEB Employees at External Institutes

Total of 436 employees including Engineers, MLTS, Clerical & Allied Services & Field Service were given the opportunity to undergo training related to their duties conducted by External Training Institutes.

Foreign Training Provided for CEB Employees

Total of 374 employees were given opportunity to travel abroad under following categories to uplift their knowledge in specific areas and to provide international experience in sports, which could not be achieved locally.

Category	No. of Participants
Scholarships, Training & Study Tours	205
Workshops, Seminars, Conference & meetings	58
Sports Activities	58

In-plant Training

Details of In-plant Training provided to undergraduate students, diploma students and technical & non-technical college students are giving below:

Training Program	Total No. of Trainees
Clerical & Allied	
Induction	364
Promotion	330
Skill Development	489
Office Employee	
Skill Development	58
Promotion	32
Induction	78
Local Training	432
Industrial Training	
Undergraduates	300
Diploma	120
Total	2203

Training Centre – Castlereigh

The Castlereigh Training Centre conducts training programs for CEB employees to meet their promotional requirements. Further, it conducts career progress development courses to CEB employees as well as external individuals.

Details of the training programs conducted for field service employees in 2019 are given below.

Se. No	Programs	Number Of Programs Conducted	No of Participants
1.	Induction Training for Trainee Junior Technical Mates & Junior Technical Mates	01	26
2.	Technical Mates of Generation Division	01	33
3	Junior Technical Mates of Generation Division	13	408
4	Trainee Junior Technical Mates of Generation Division	01	20
	Total	16	487

Following CPD programs were developed by considering the requirement of the present CEB work force, service provider's employees and external individuals.

- Maintenance of Hydraulic Systems
- Hydraulic Symbols & Circuits
- LV ABC Line Construction & Maintenance
- LV and MV Line Construction Theory & Practice
- CEB Systems & Procedures
- Attitude Development, Leadership Skills Development & Team Building
- Waste Management Program
- Distribution Substation Construction
- Occupational Health & Safety
- Meditation Training
- Installation & Maintenance of Underground Cable System
- Skill Upgrade training program for Electrical Superintendents
- Knowledge sharing session on Hydro Power Generation
- Power Generation, Transmission & Distribution in Sri Lanka

Eighty-Seven numbers of CPD sessions were conducted and 2656 number of employees was trained during the year.

Workshop & Ancillary Services Branch

The Branch consists of four operational units which provide various kinds of services.

Asset Management Division (Contd.)

Power Plant Unit

Main Functions of the Unit are

- Providing Emergency Power to National Grid by using 50 Nos. x 1MW containerized packaged diesel generator units installed in Kolonnawa, Mathugama and Thulhiriya.
- Providing power supply for VVIP functions by using mobile diesel generators.
- Providing standby and continuous power supply for government and external organizations, by using mobile diesel generators.
- Repairing and maintaining stand by generators belonging to CEB, VIP installations, government hospitals, and other government establishments.
- Major overhauls and rehabilitations of diesel generators belonging to external organizations.
- Supplying and installing diesel generators for external organizations.
- Modifying 6x1250kVA generators taken over from old Chunakkam Power Station.
- Providing power to National Grid/ Isolated network in emergencies.
- Renovating of Power Plant Workshops.

Summary of the jobs carried out during the year is appended below;

S/N	Category of the Jobs	No. of Jobs	Estimated Cost (MLKR)
1	Standby Diesel Generator Annual Maintenance	70	98.0
2	Repair/ Rehabilitation of Diesel Generators	39	68.8
3	Diesel Generator Hiring for CEB requirements	42	11.4
4	Diesel Generator Hiring – Private, President’s Security Division, Prime Minister’s Security Division Requirements	300	83.6
5	Diesel Generator Installations	01	3.4
6	Other Jobs	09	2.4



1MW generators at Kolonnawa site -02



1MW generators at Kolonnawa site -02

Air Conditioning & Refrigeration Unit

Details of the jobs done during the year are tabulated below.

S/N	Job Category	Government Jobs		CEB Jobs	
		Nos. of Jobs	Amount (MLKR)	Nos. of Jobs	Amount (MLKR)
1	Annual Maintenance	32	244.1	262	52.2
2	New Installation	1	10.1	37	28.1
3	Repair	16	16.2	51	9.1
Total		49	270.4	350	89.4

Lift Unit

Lift Unit provide following services for traction type and hydraulic type lifts installed at Government Hospitals, Public institutions and CEB operational units located island wide upon request.

- Annual maintenance of lifts.
- Designing, preparation of engineering estimates and specifications, procurement and contract administration of supply and installation of new lifts.
- Perform commissioning tests and operational safety tests.
- Rehabilitation of old lifts.
- Provide consultancy services for installing new lifts.

Asset Management Division (Contd.)

Estimated cost of the jobs done during the year is tabulated below.

S/N	Job Category	Government Jobs		CEB Jobs	
		Nos. of Jobs	Amount (MLKR)	Nos. of Jobs	Amount (MLKR)
1	Annual Maintenance	22	26.3	5	2.3
2	New Installations	-	-	1	7.1
3	Repairs	14	2.8	3	0.8
4	Others (Testing & Consultancy)	02	0.06	1	0.02
Total		38	29.16	10	10.22

Central Workshops & Garage Unit

The jobs completed by the unit during the year are mentioned below.

S/N	Job Category	Job Description	No. of Jobs	Amount (MLKR)
1	Mechanical	Fabrication of Mild Steel Funnel, Key Boxes, Steel Ladders Galvanized Mild Steel Brackets for AC machines	04	0.2
2	Electrical	Rewinding of Cooling Fan Motors of Sapugaskanda Power Station	15	1.8
3	Production	Production of D-Brackets, T-clamps for Distribution Divisions	19	10.2
4	Vehicle Repairs	Repairs, painting and tinkering of CEB vehicles	41	4.4
5	Vehicle Service	Service of CEB vehicles	68	1.3
6	Fuel Tests	Fuel testing of CEB vehicles	01	0.01
7	Other	Repairing of automatic fire pump control panel	01	0.5
Total				18.41

Civil Works and Buildings Branch

This branch is involved in construction of new buildings, renovation/extension of existing buildings/offices and maintenance of CEB Head Office Building and Circuit Bungalows throughout the country.

The CW&B consists of its own structural design unit which is capable of carrying out structural designs and related drawings using latest software.

The Facility Management Unit attached to CW&B is responsible for carrying out maintenance works in Head Office Building and Circuit Bungalows.

The status of completed works during the year is as follows,

Description	Awarded Sum. Without VAT (MLKR)	Payments within 2019 without VAT (MLKR)
Shifting of Chairman's & GM's Offices to 7th Floor of CEB Head Office	46	20.5
Refurbishment of Main Entrance and Ground Floor Lobby at CEB Head Office	29	20.4
Refurbishment of the Canteen Building at CEB Head Office	44	6.93
Construction of two storied building for Area Office at Kalmunai	50.6	5.64
Extension and renovation of Circuit Bungalow at Minneriya	35.2	5.45
Balance Estimate for the Gampaha Area Office	12	6.8
Construction of retaining wall and floor, concreting of the Paint Booth and floor concreting and Epoxy Mastic painting in automobile workshop at Aniyakanda	10.2	6.85
Partitioning of Mezzanine floor - Kolonnawa	5.32	1.8
Construction of driver's room and circuit helper's room with a laundry room at Minneriya	5.1	0.36
Temporary shifting of CEB record room at CEB Head Office basement to Aniyakanda	28.6	26.5
Installation of roof top solar power at CEB Head Office Building	5.6	0.05
Construction of three storied building for DGM(East) office	191	20.4

Asset Management Division (Contd.)



Renovation of Head Office Building



Construction of DGM(NCP) Office in Anuradhapura

Project Management Unit (Vidulakpaya)

Project Management Unit was established for the purpose of liaison and project management activities connected with the construction of proposed new Office Building for CEB at Narahenpita. The project is funded by CEB and the estimated cost is Rs. 3,149 million. Construction and testing of 400 nos. piles were completed.

Construction of the proposed building has been delayed due to various reasons finally awarded the consultancy services for review and design bidding documents, administration and supervision of construction, to State Engineering Corporation of Sri Lanka (SEC). Letter of award has been issued to SEC on 2019-12-26 to commence their work from 2020-01-01.

Training Programs

The details of training programs conducted during the year are given below.

No.	Programs	Participant Category	No. of Programs	No. of Participants
01	Occupation Health & Safety	Field Staff and Clerical & Allied Grade Employees	123	5861
02	Occupation Health & Safety	Power Station Staff	14	609
Total			137	6470

Safety Inspection of Primary/ Grid Substations

The Branch is carrying out safety audits to ensure a safe working place for the employees of CEB and planning to further expand the safety inspections to inspect power stations, grid substations and field work

Summary of the safety inspections conducted in the year is given below,

No.	Division	No. of Primary Substations	No. of Gantries
01	Distribution Division 1	15	08
02	Distribution Division 2	16	15
03	Distribution Division 3	03	16
04	Distribution Division 4	17	11
Total		51	50

Occupational Health and Safety Branch (OH&S)

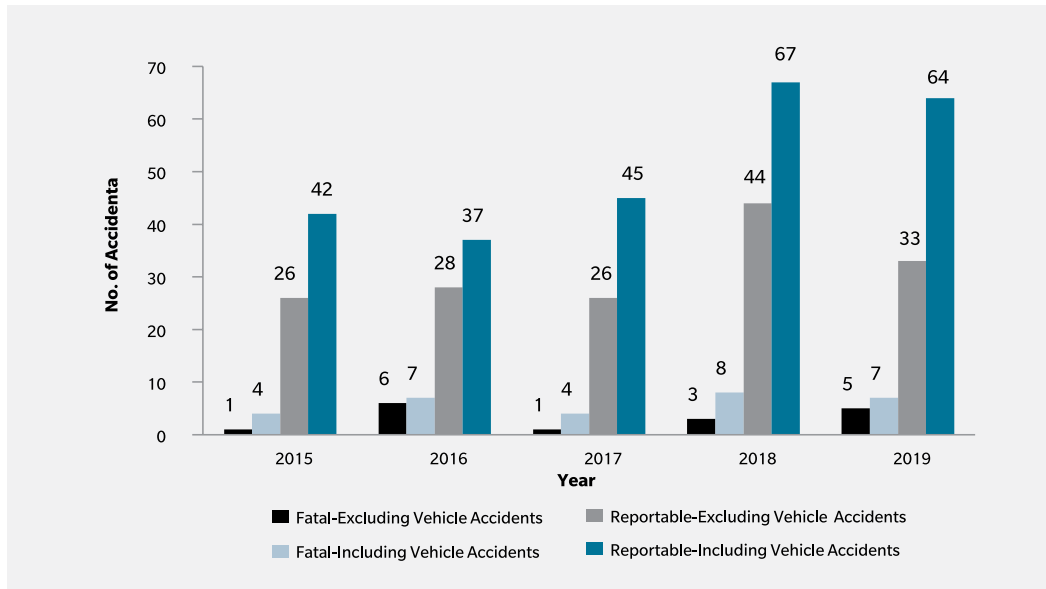
Main objective of the branch is to improve safety culture within the organization by ensuring safe working environment and health and safety awareness among employees to reduce the number of accidents and injuries.

The Branch has been playing the role of an internal safety regulator to monitor and facilitate safety and adopt a high standard/practice of safety across all Divisions such that to achieve the above mentioned objective.

The Branch also provides support services with respect to Occupational Health & Safety to all Divisions through the Coordinating Officers appointed in each Division to liaise with the same.

Asset Management Division (Contd.)

Fatal & Reportable Accidents in CEB (with Contractor's Employees)



The Branch is geared up to perform a key role in CEB to create an accident free safe working environment and a healthy work force in the new decade.

Security Section

The Security Section comprises 909 security personnel including Deputy Security Manager, four Senior Security Officers and 29 Security Officers under the Manager Security. Total 122 sub security units are functioning in Island wide. Security Section of CEB is responsible for security of lives & property of all Divisions of CEB.

The operational duties of Private Security Services and Civil Defence Security that are deployed island wide at some premises of CEB are also supervised and observed by the CEB Security Section.

The Security Section provides security service to VIP security during special functions, ceremonies and other events as well.

Training programs, workshops and seminars have been conducted for CEB security personnel to enhance and upgrade their knowledge and skills which also assist to develop their efficiency, discipline, motivation in performing their duties with high productivity in a professional manner. Special training was provided to Security Personnel during the year on Weapons Handling, Firing, Fire Protection, Cash Escort and VIP Escort Duties, First-aid, Disaster Evacuation Drill, Leadership and Management. Summary of training programs conducted during the year is shown below:

No.	Programme	Training Center	No. of Participant
1	Weapon Handling training	CEB Piliyandala Training Center and Kolonnawa Security Head Quarters	838
2	Handling live rounds firing training	Fire range at Kalutara Police Training School	404
3	Cash protecting workshop	CEB training center Piliyandala	80
4	Security duties at stores		96

CEB Security Guards represented specially in the events of Athletic, Volley ball and Cricket in National Trade Service Sports Meets and National Meets.



Review of Operations
**CORPORATE
STRATEGY
DIVISION**

Corporate Strategy Division

Corporate Strategy Division is headed by the Additional General Manager (Corporate Strategy), consists of five Branches namely Business & Operational Strategy Branch, Corporate Strategy & Regulatory Affairs Branch, Functional Strategy & Process Development Branch, Information Technology (IT) Branch and Research & Development Branch. The performances, during the year of each Branch, headed by Deputy General Manager, are stated herein. The project; Enterprise Resource Planning (ERP) headed by a Project Director, is also functioning under the purview of Additional General Manager (Corporate Strategy).

Corporate Strategy & Regulatory Affairs Branch

The Corporate Strategy and Regulatory Affairs (CS&RA) Branch co-ordinates the matters arising from and related to Generation, Transmission and Distribution Licenses issued to the Ceylon Electricity Board among the respective Licensees as well as with the Public Utility Commission of Sri Lanka (PUCSL) with respect to licensing requirements. In addition to handling regulatory affairs, this Branch is responsible for coordinating the Corporate Strategy formulation for CEB.

During the year, Regulatory Affairs Unit worked closely with Licensees as well as with PUCSL to meet the licensing requirements of all CEB licensees. In particular, the focus of the unit was to see implementation of the regulations such as Electricity (Distribution) Performance Standards, Electricity (Transmission) Performance Standards, Electricity (Safety, Quality and Continuity) Regulation and Electricity (Utility-Driven Demand Side Management) Regulation by licensees and took a lot of initiatives towards achieving the same. In addition to the above, Regulatory Affairs Unit worked with PUCSL as well as CEB licensees to improve wayleave guidelines and also to formulate a new guideline for investigation of suspected alteration of the register of the electricity meter.

As previous years, no end user tariff adjustment was made during 2019. As there were delays and problems observed both in lowering the cost of generation by acquiring low cost generation and also in passing down the actual cost to end use customers by way of tariffs, the only remaining option left for CEB was to shift the consumption from times where cost of electricity is high to times where cost of electricity is low. Already, all bulk consumers were mandatorily placed on Time of Use (ToU) tariffs. But there is no such compulsion for retail consumers including domestic customers that consist of over 85% of total customer base. In 2017, ToU tariff was extended to all domestic consumers too as an optional tariff. However, as the response from domestic consumers to migrate to ToU was poor, a media campaign to educate the ToU option to domestic customers was done with the assistance of TELECINE Television Institute in 2019.

A study on developing a pre-paid metering solution to CEB, under ADB funding, was initiated in year 2019 aiming to launch pre-paid metering solution.

In line with corporate strategy function, the Branch undertook the task of compiling and publishing of the corporate documents of CEB including Corporate Plan of CEB for the period 2019-2023, Action Plan for the same period, Annual Report – 2018, Statistical Digest – 2018, Sales and Generation Data Book – 2018, Performance 2019 and Programs for 2020 etc.

Functional Strategy & Process Development Branch

Driven by the continued demand for Operational, Functional and Personnel Manuals by executives and non-executives across CEB employee profile, the FS&PD Branch continued its effort to produce new Manuals as well as to complete the Manuals already undertaken. In that respect, the preparation of Manuals such as 'Operating Manual – DGM (P&D)', 'Operating Manual – DGM (C&C)', 'Operating Manual – DFM (Dist.)', 'Personnel Manual – Salaries & Wages' and 'Operating Manual – Holiday, Holiday Pay, and Lieu Leave & Overtime' were completed ahead of the scheduled time. Sinhala translation of the 'Rules of Disciplinary Procedures' was completed and the same was printed for distribution, while the Tamil translation of the same completed by the translator was taken up for review by a panel of CEB officers.

Branch has decided to outsource the production of some of the Manuals belonging to Transmission and Distribution Divisions as a pilot project due to the high demand for completing the Manuals.

The Board Papers for the restructuring of the Personnel Branch and the Training Branch, which were considered timely and essential to improve the overall performance of the organization, were prepared based on the recommendations of the committee set up for restructuring. The Board Paper for the restructuring of Personnel Branch was already submitted to the Board while the draft Board Paper for Training Branch is still under review by relevant authorities.

In the meantime, a coordinated effort from various sections of the CEB was initiated to prepare proposals for legal, structural and administrative changes to transform the organization into a vibrant and efficient entity, through a taskforce committee headed by AGM (CS). The committee made several discussions and deliberations up to the end of the year and continued work to finalize a report on the same. The final report will be submitted to the Corporate Management Team (CMT) to be further refined and submitted to the Board.

The Branch continued to upload the Circulars Manuals and Documents System (CMDS) with latest contents as and when they were published and circulated. CMDS has become one of the frequently accessed information sources for CEB

Corporate Strategy Division (Contd.)

employees. The fine tuning of the system was continued with the continuous uploading of the contents. As per the requirements of the Corporate Plan 2019 – 2023, the draft Continuous Improvement Policy was also prepared. In addition, a number of already published Manuals were reprinted to cater the increasing demand from various Divisions.

The Branch continued to assist the management to compile responses for the parliamentary queries raised by Select Committees, Committee on Public Enterprises (COPE), Members of the Parliament, Ministry of Power and Energy, Government Organizations etc., by coordinating the relevant Divisions for which the queries were targeted and with the CEB management, to ensure consistent consolidated responses are forwarded to the Management, Chairman and line Ministry for appropriate actions.

Business & Operational Strategy Branch

Formulating strategies for CEB's key business and operational activities, monitoring the organizational performance on strategy execution and improvement of corporate image and corporate culture of CEB are the key activities of the Business & Operational Strategy Branch.

CEB celebrated Golden Jubilee on 1st November 2019 after its establishment in year 1969. In order to commemorate this significant occasion, CEB organized several events during 2019. B & OS Branch took a leading role in this exercise by carrying our public awareness campaign in all print and electronic media. Achievement of 100% electrification in 2019 and energy conservation were the main themes behind this campaign. With the assistance of B & OS Branch, new customer care mobile app to CEB customers and CEB History Book were launched in year 2019.

In 2019, B&OS Branch and Environmental Unit of CEB have undertaken a tree planting program of 50,000 plants in CEB power stations and other premises. In order to accomplish all these events successfully, B&OS Branch contributed its service significantly.



Awarding ceremony of Innovation competitions of year 2017, 2018, 2019 were held on 2019-11-01 in line with 50th Anniversary of CEB.

In order to improve the performances of the CSCs, CEB has decided to continue the star rating program in year 2019 as well. All customer service centers of Southern Province, some of North Western Province and some of Western Province North CSCs have achieved their one star by the end of year 2019. Branch has conducted several awareness programs on star rating program in order to encourage all CSCs to achieve at least one star level.

Both Sinhala and Tamil medium Interschool final Quiz competition and the Award Ceremony (2018/2019) were successfully held on 2019-10-24 in line with the CEB Golden Jubilee. Around 35 Sinhala Programs and 45 Tamil programs were held during the year 2019. CEB expected to educate school children on electricity safety and energy management through these competitions.

Around 12 workshops were held to field staff with the purpose of improving their Personal Grooming, Business and Social Etiquettes. Another 6 programs on Positive Attitude, Self- Motivation and Leadership were held for CEB Staff of Clerical and Allied Services. In order to improve the customer relationship and the image of CEB, 8 public relationship programs for customer coordinators were held in 2019.



Corporate Strategy Division (Contd.)

Two Strategy Discussion Forums on Legal, Structural and Administrative Changes required to make CEB a more Dynamic Organization were held during year 2019. As usual, CEB participated in TECHNO exhibition conducted by the Institution of Engineers, Sri Lanka in year 2019.

Information Technology (IT) Branch

Information Technology Branch is responsible for aligning CEB's business processes to appropriate technology in order to bring efficiency and customer satisfaction.

Over the years, many IT solutions have been developed and are regularly updated as per the user requirements.

As mechanisms to reach the customer with latest and robust information, IT branch facilitates the Service Provisioning and maintenance services for Consumer Management Centers, hotline "1987" and Call Centers, corporate website, SMS gateway services and moreover is working on a more user-friendly mobile application to be released for Ceylon Electricity Board's 50th Anniversary.

IT Branch uses four strategies in catering the digitization needs for the organization, which are In-house development; Off the shelf products customized for organizational needs; adopting developments, innovation from outside IT branch; and outsourcing. The "Breakdown Assist" Solution is one major project IT branch had adopted outside the branch to phase-out existed breakdown management solution in year 2019. This solution comprised of a mobile application for CEB customers, a tab application for electricity breakdown crews and a web based system for supervisors & front line agents. Breakdown Assist solution covered the scope of consumer electricity complaint handling, complaints management, electricity breakdown handling, breakdown crew management in electricity distribution divisions.

SCADA & Automation Unit of Information Technology Branch embarked on a project to develop an in-house enterprise utility software solution named "CEBAssist Solutions" to

suite CEB requirements, employing modern day digital technologies and devices in mid-2018. CEBAssist solutions provide number of self-service channels such as CEBCare Mobile App, CEBCare Web, Voice Automated Service, IVR, SMS and Email to make the journey easier for both the customer and the utility.

CEB launched CEBCare Mobile Application for public in June 2019 at a ceremony held at BMICH. At the end of 2019, CEBCare iOS and Android app had achieved 80,000 downloads and CEBAssist had 3,200 active internal users. CEBAssist development is a continuous journey, provides tailor made solutions for CEB requirements and plays a lead role in CEB's ICT transformation. CEBAssist – BreakdownAssist module got appreciation in e-Swabhimani Digital Social Impact Awards 2018. In addition, CEBAssist solution secured two gold awards in SLT Zero One Awards 2019 for Best Digital-Enabled Product/Service category and Best Use of Mobile category.

IT Branch had revamped the corporate website and a new website is built with more user-friendly information arrangement, customer portal and payment services with multiple payment gateways. Further, IT Branch continuously improves existing IT services and integration not limiting to utility billing, accounting, payment collection, material management, service connections, and human resource management.

CEB's own Point of Sales counters credit card payments through web, Electric Vehicle Charging solution and KIOSK machines are in operation for acceptance of customer payments. A SMS notification system is in operation to inform customers of the power interruptions and to send reminders on bill payments and disconnection notices. A SMART phone application is being developed for customers to inform their electricity breakdowns promptly. It is expected that this application will considerably solve the call center congestions experienced currently during peak hours.

A major step for IT Branch envisaged will be setting the CEB private cloud setup with next generation security solution, where IT core infrastructure is ready to provide industry standard IT services. This industry stand solution with Disaster recovery setup and automated Business continuity process will consolidate all the IT systems in CEB and facilitate the rapid infrastructure provisioning for the future IT systems. The procurement and implementation ground work had been laid for this target during the last year.

The WAN of CEB now has about 500 nodes connected by leased data lines and our own fiber. Significant cost reductions have been achieved in procuring leased data lines due to stiff competition among telecommunication service providers. IT Branch has started to upgrade the Local Area Networks to the industry standard with facilities to cater



Corporate Strategy Division (Contd.)

mobile users. Security controls of the CEB IT network is to be strengthened by bringing advanced control devices to make the CEB IT network robust that can withstand the ever changing security landscape.

IT Branch has envisioned to provide superior working environment supported by industry proven technologies to its employees so that operational efficiency of the organization will improve. With that vision IT branch of CEB has designed a project to improve the current Email services, implement a collaboration and unified communication Infrastructure, collaborative document management portal and client device management.

IT branch has been working in collaboration with R&D Branch to implement the smart metering and smart grid pilot projects to embark CEB's journey to the next level of digitization and to implement and manage backend operations of CEB's seven EVCS.

IT Branch has identified the requirement of training the users of many applications regularly. Many training programs are conducted through the Training Branch for this purpose. In addition, it is also identified the importance of training IT staff with appropriate technology as per the needs of the systems supported. We need to have a confident and motivated IT staff to bring in new technology to achieve the corporate goals of CEB.

Research & Development Branch

Research & Development Branch comprises of Demand Side Management Unit, Research & Development Unit, and Regional Centre for Lighting.

Demand Side Management Unit

The electricity system load profile of Sri Lanka has a high evening peak. Management of system Load Profile is a primary objective of Demand Side Management (DSM) Unit. A promotion for optional ToU domestic tariff was conducted in the light of load shifting and valley filling (load at evening peak to off peak) the annual load factor, continues to show a clear increasing trend. Distribution of LED lamps among identified domestic customers by Distribution Divisions is also another DSM measure taken in order to reduce the evening peak. Necessary measures were taken to initiate Load Research Program (LRP) in selected Provinces after analyzing data gathered from the LRP program conducted in Eastern Province. DSM Unit further conducted walk through energy audits for selected customers among requests as a program initiated to celebrate the 50th anniversary of CEB. An awareness program for bulk customers of WPN was conducted and common findings and the measures identified for energy efficiency improvement from energy audits were discussed with the aim of improving the energy efficiency culture among customers. Awareness programme on energy efficacy of industries has been also conducted in Seethawaka Export processing zone.

A CEB research team has been actively involving in a research Project of "Development of a Poly Phase Smart Electronic Energy Meter with total facilitation from R&D Branch. Primary design was completed and prototypes were constructed. Hundreds of single phase Smart Electronic Energy Meters were manufactured and are being under field testing. The study on "Radio Frequency Mesh Communication" is being carried out by a team of CEB Engineers in order to find a suitable communication method for meter-server communication within CEB network.

ADB funded smart metering pilot DSM project was commissioned in July 2019 and 1,000 Nos. smart meters will be installed under the pilot project. DSM Unit will monitor the data receive from the said meters and will analyze. This project will be expanded to 10,000 smart meters in Katunayake geographical area under ADB funds.



Smart meter installation under pilot project

Research and Development Unit

With the expectation of nourishing the research and developmental activities conducted in CEB, R&D unit coordinates researches in variety of identified research topics. Solar hosting capacity calculation model was one such outcome of the research titled "Impact of roof-top solar on LC network" which was developed through the study and it has been distributed among Area offices of CEB. Through the model, the Area Engineers are facilitated to make initial decisions on solar hosting capacity of a feeder at a given location. Further, the researches "Assessment of lightning effects on distribution network and finding feasible solutions for high lightning prone areas" and "Study of solar PV and battery hybrid systems" were successfully completed in the year.

Monthly seminars for presenting postgraduate research work/thesis by CEB employees were conducted at the Research & Development Branch. Thirty five research presentations from the sectors of distribution, transmission, generation and finance were delivered in those seminars. "Design of a canopy for diesel generator sound proofing" was a pilot project commenced as a result of above seminars. The

Corporate Strategy Division (Contd.)

accuracy of the optimization of the model had been validated by the Department of Electronics and Telecommunication, University of Moratuwa using particle swarm optimization. The enclosure with optimized parameters for a certain generator was manufactured and the sound pressure measurements were analyzed with the output of the optimized mathematical model. The final report was submitted to DGM (WS&AS) to consider in future procurement of generator set.

R&D Branch created a documentary video of distribution substation maintenance. This documentary will be used for dissemination of the knowledge of best practice in maintenance of distribution substations.

A team of CEB Engineers under the leadership of Research and Development Branch has been engaging in “Design of a grid tie inverter for commercial and household solar power installations based on the solid state transformer topology”.

CEB has decided to embark on electric vehicle charging stations (EVCSs) in order to regulate the business and as a valley filling DSM measure. CEB commissioned seven EVCS at Anuradhapura, Kandy, Avissawella, Nuwara Eliya, Pannipitiya and Dehiwala and they are in operation. Further, actions were taken to procure ten more EVCS in 2019.

Regional Centre for Lighting (RCL)



EVCS at Kandy



EVCS at Pannipitiya

The objectives of RCL are:

- Increase the awareness and affordability of energy efficient, reliable and clean lighting technologies and their applications to reduce electricity demand by lighting.
- Catalyze regional manufacturing of energy efficient

- lighting products to improve the economy of the region
- Make lighting affordable to many under privileged citizens
- Train and educate necessary workforce in the region to create sustainable lighting in South Asia.

Product Testing

RCL has a fully equipped accredited photometry laboratory. It has two integrating spheres with diameters 1m and 2m and a goniometer as major equipment. This is the first ever goniometer in Sri Lanka capable of capturing intensity distribution of luminaires.

RCL performs testing of photometric and electrical parameters of conventional lighting products and solid state lighting (SSL) products. At present, a labelling programme is enforced on all imported CFL lamps by Sri Lanka Standards Institution. All CFLs have to meet the requirements of SLS 1231 and SLS 1225. RCL performs the role of testing of the imported CFL samples for their compliance with above mentioned SLS standards. Moreover, RCL conducts testing of LED products as per the standard IEC 62612 and testing of LED samples for their compliance with SLS 1530:2016, Sri Lanka Standard Minimum Energy Performance Standard (MEPS) for Self Ballasted LED lamps for General Lighting Services.

Consultancy Services

R&D Branch provides consultancy services on DSM related assignments including energy auditing, lighting related assignments including lighting designing.

Enterprise Resource Planning

The Enterprise Resource Planning (ERP) system of CEB will automate business processes in view of integrating information across the entire organization. Information that was previously fragmented in different systems can seamlessly flow throughout the organization so that it can be shared by different business processes in customer relationship management, financing, procurement, human resource management, asset management, maintenance management etc. Discrete business processes from Generation, Transmission, Distribution and Centralized Service would be integrated so that information will flow across the organization at all levels.

The ERP Project of the CEB progressed well during the year 2019. CEB managed to obtain 10 MUSD concessionary loan financing from Asian Development Bank for the implementation of the Project. After carrying out the necessary changes to the Bidding Documents to suit for the ADB requirements, the ERP Project tender was advertised on 07th November 2019 and the bid is now under evaluation. It is envisaged to complete the Phase 01 of the Project in 02 years and the Phase 02 of the Project in another 01 year.



Review of Operations

PERSONNEL BRANCH

INTERNAL AUDIT BRANCH

LEGAL UNIT

SPECIAL INVESTIGATION UNIT

OTHER EVENTS

Personnel Branch

Personnel Branch of CEB is committed to recruit train and retain the human resource at optimal levels to assist the various core functions of the organization. To achieve this target, Personnel Branch is carrying out various HR functions such as HR planning, recruitment, placement, promotions and transfers, devising various staff policies, reward management and handling disciplinary matters.

In year 2019, the total number of new recruitments was 718 into the organization. Moreover 523 numbers of employees have retired during this period and 82 employees have left the organization due to various reasons such as resignations, deaths and terminations.

Organizations personnel strength as at the end of the year is given below:

Employee Category	No
Permanent	20,512
Casual	2,406
Contract	218
Trainees under 4 year apprenticeship training scheme	2,978
Total	26,114

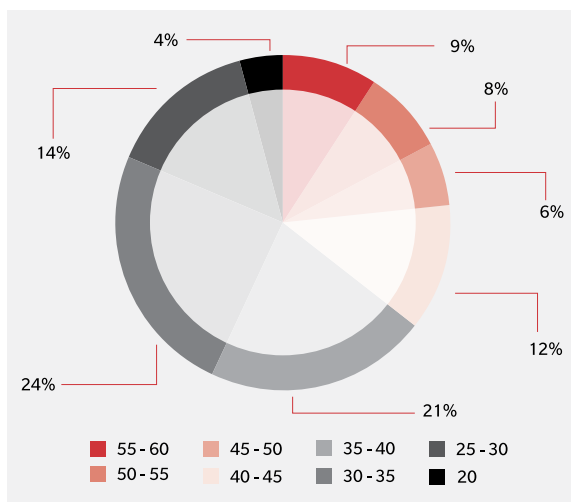


Figure 01

Above employees are falling into various age groups from 20 years to 60 years. Age analysis of the CEB employees at the end of year 2019 is given in Figure 01.

Due to the diverse workforce, CEB has employees who are counting a service less than 3 years to more than 30 years. The forthcoming chart indicates the service experiences of entire CEB staff against their number of years served in the organization (Figure 02).

Service Analysis of CEB Employees

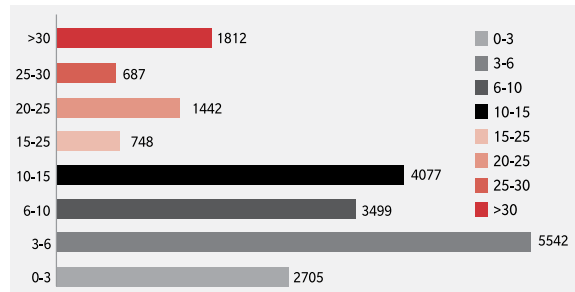


Figure 02

The entire workforce of CEB can be further classified into various grades namely executives, middle level technical service, skilled technical service, junior and unskilled technical service, clerical and allied services and other non-technical staff service grades. The analysis of the employees as per their service categories is stated in Figure 03.

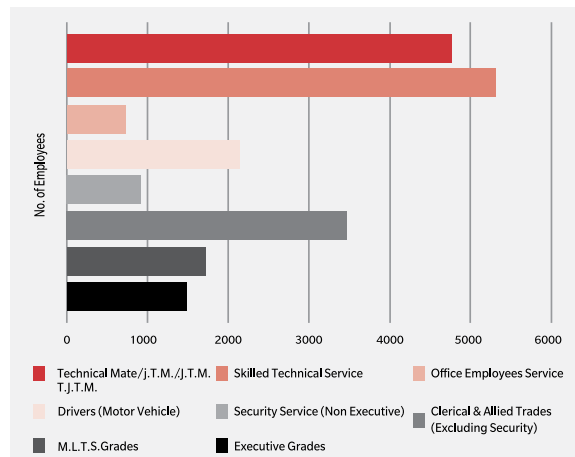


Figure 03

Welfare Unit

The Welfare Unit was established to facilitate the well-being of the CEB employees. In order to fulfill this objective, this unit performs various tasks such as:

- Maintain and administrate CEB Circuit Bungalows.
- Maintain and administrate CEB canteen at head office building.
- Organize events such as Samanala Arana, Saman dewalaya, Vesak, Poson and Christmas celebrations etc...

There are 32 number of CEB Circuit Bungalows owned and maintained by the welfare unit of CEB throughout the country. Continuous improvements have been done by the welfare unit to make these facilities in par with the standards of the hospitality industry to give an unforgettable experience for employees who are visiting these places.

To extend the welfare facilities to employees, CEB maintains Montessori schools by utilizing its own funds at all Power Stations which are located in remote areas.

Internal Audit Branch

Internal Audit Performance – 2019

Internal Audit Branch is headed by the Chief Internal Auditor and comprises of 85 supporting staff to assist the Board and the Management in discharge of their corporate governance responsibilities as well as improving and promoting effective and efficient business and operational processes within the entity.

Scope of the Internal audit is to evaluate the adequacy and effectiveness of an entity's existing risk management, controls and governance processes in order to assess independently as to whether these processes are functioning as intended and will enable the entity's objectives and goals to be met.

Audits are carried out in all units and branches and the frequency is determined by the level of the risk assessed and the availability of staff. During the year 2019, following audits had been carried out by the Internal Audit Branch.

Routine Audits	14
Revenue Audits	19
Systems Audits	39
Special Investigations	17
Audit Committee Reports	22
Total	111

During year 2019, more focus was given to system audits to confirm the particular systems introduced in the CEB are in existence and those are effectively operated by the officers concerned.

Audit Committee

The Audit Committee as a sub-committee of the governing body has an overall responsibility for reviewing the organization's governance and risk management systems, monitoring internal control process and overview of functions of internal audit and external audit.

The audit committee comprises of four independent directors having sound skills and extensive experience in finance, audit and related area. The General Manager serves as the CEO and the Head of Internal Audit serves as the convener to the committee while Finance Manager, representative from Auditor General's Department and representative from Ministry of Power & Renewable Energy attend the meeting by invitation.

The composition of the Audit committee for the year 2019 is as follows.

Ms. Thilaka Jayasundara	- Chairman
Mr. S.K. Kannangara	- Member
Mr. K.D.N. Ranjith Asoka	- Member
Mr. Ruban Wickramarachchi	- Member

The Audit Committee review and discuss the reports submitted by the Internal Audit and External Audit Units on audits carried out in the areas of operational and financial reviews, using their extensive experience and expertise and recommended additional controls and risk mitigation strategies that could be implemented where necessary to strengthen the existing internal control systems, thus minimizing the possibility of occurrence and impact of fraud and errors, operational and financial risks faced by the entity. The committee formally met three times during the year 2019.

Legal Unit

All legal work and litigation matters of the organization are being handled by the Legal Unit. This unit is headed by Chief Legal Officer and assisted by five, Legal Officers and other staff.

There are two main legal categories covered by this unit:

The first category covers:

- Recovery of arrears subsequent to disconnections/revision of electricity bills associated with meter defects/tampering etc.
- Issues arising out of breach of Agreements/contracts.
- Recovery of damages caused to CEB properties/vehicles.
- Recovery of possession of CEB quarters/land matters.

The second category covers:

- Actions instituted against disconnections and revision of bills.
- Injunctions/Stay orders issued against drawing of electricity lines over third party properties/claiming damages caused to the said properties, lands, trees/vegetation etc.
- Tender/contract matters against breach, violation of procedure, claiming of damages.
- Fundamental rights Applications, Labour Tribunal/Industrial Court/Labour Department matters relevant to termination of employment, employer Vs employee issues etc.

In the year 2019, following court works have been attended by the Legal Unit.

Name of Court	Number of Cases
Supreme Court	31
Court of Appeal	41
Civil Appeal High Court & High Court	17
District Court	161
Labour Tribunal & Industrial Court	32
Magistrate Court	10

In addition disputes between the Board and the employees, employee matters relating to termination of employment, vacation of post notices and grievances were also attended at the following Tribunals according to prevailing laws.

- Labour Tribunal
- Labour Department
- Human Right Commission
- Industrial Court

The legal unit is also responsible for scrutinizing the charge sheets; letter of appointments on fixed terms contracts etc. and documentation related to labour matters, before officially issue them to the intended recipients.

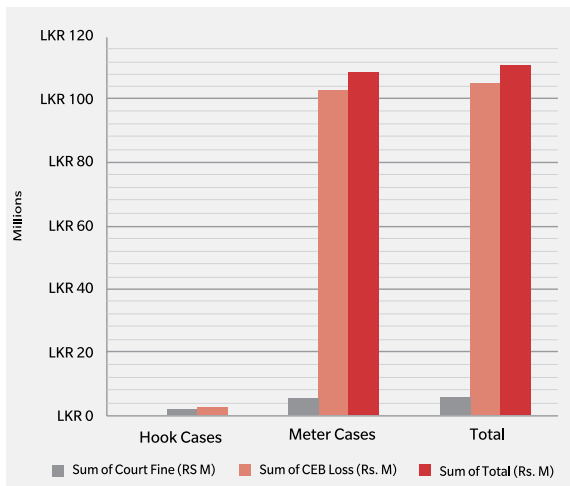
The unit is also responsible to ensure the legality of agreements/contracts that CEB enters into with outside parties including all Financial Agreements, Commercial Agreements and Power Purchase Agreements.

Special Investigation Unit

Special Investigation Unit was established in 1995 and headed by the Manager Investigations to expedite the investigations on illegal tapping of electricity and meter tampering. Eighteen flying squad teams have been deployed in the throughout the country to carry out investigations.

The progress of the cases handled by the Special Investigation Unit, during the year 2019 is given below:

Cases	Successful Cases	Court Fine (Rs. M)	CEB Loss (Rs. M)	Total (Rs. M)
Meter Cases	1825	5.550	102.96	108.52
Hook Cases	112	0.425	2.05	2.47
Total	1937	5.975	105.01	110.99



Apart from the above activities, several investigations have been conducted by the SIU and disciplinary actions have been taken against the officers and employees culpable.

Other Events 2019

JANUARY



Distribution Division 2 Headquarters Shifted to a New Building

The Office of Additional General Manager - Distribution Division 2 was shifted to a new building at Kadawatha on 10th January 2019. The Offices of Deputy General Manager (Planning & Development), Deputy General Manager (Commercial & Corporate) and Additional Finance Manager of DD2 were also shifted to the same building to vacate the 1st floor of the headquarters building of CEB to facilitate renovation work.



Breakfast Provided for Patients at Cancer Ward of the Karapitiya Hospital

The event was organized by the employees Distribution Division 2 on 10th January 2019.

MARCH



Bulk Supply Consumer Awareness Program Held in Eastern Province

Awareness program for bulk supply consumers of Eastern Province were held to educate them on the development activities planned by CEB and to get the feedback of the consumers to attend further improvement of services provided by CEB. The event was jointly organized by DGM (Commercial and Corporate) and DGM (Eastern Province) Branches. The first program was held at Trincomalee on 29th March 2019. The event was well attended and CEB could build up good relationship with its consumers. Participants appreciated the effort of CEB and requested CEB to continue such programs in future as well.

Other Events 2019 (Contd.)

MAY



Kandeketiya CSC was opened on 16th May 2019.



Kolthota CSC was opened on 23rd May 2019

New Consumer Service Centers (CSC) Established in Uva Province and Sabaragamuwa Province.

JULY



Consumer Awareness Program for Bulk Consumers Held in WPN

Consumer Awareness Program for Platinum Customers of WPN was organized by the Commercial unit of the Province on 24th July 2019 at Sylchester Grand Hotel, Naiwala. The program mainly focused on Demand Side Management, Importance of Quality Power Supply, IT facilities for Bulk customers and Self-Generation Schemes.



Completed a Street Lamp Project at Kataragama Perahara Veediya

A street lamp project was accomplished at Kataragama Perahara Veediya by the Construction Unit of Southern Province. Approximately 1,556m LV UG line and 150m 3P -LV ABC lines were constructed and 122 street lamps were installed under this project within 7 days.



Other Events 2019 (Contd.)

AUGUST



Sports Meet Held in Northern Province

CEB Northern Province Staff Welfare & Sports Society has organized Sports Meet in August. Celebration of CEB golden jubilee was also conducted at there.



Pirith Ceremony Held at DD4 Headquarters

A pirith ceremony was held in line with the commencement of DD4 Headquarters on 09th August 2019.



Construction Works Completed and Start Operations of New DD4 Headquarters Building in Dehiwala

Completed the construction works of DD4 Headquarters and started operations of the same on 30th August 2019. Now WPS1 office and Dehiwala area office is under one roof.

Five New POS Counters Established

Five new POS counters were constructed and opened at Kalubowila, Dehiwala DD4 Complex, Kesbewa, Panadura and Mathugama to delight the customer.



New Vehicle Charging Center Established at DD4 Head Quarters Complex

Operations of the newly established vehicle charging Center at DD4 Head Quarters Complex were started on 30th August 2019.



Sports Festival Held in Uva Province

Uva Province sports festival held on 31st August 2020.

Other Events 2019 (Contd.)

SEPTEMBER

Celebrated "Wimalasurendra Day"

The Welfare unit organized the "Wimalasurendra Day" on September 17, 2019 to commemorate the 145th Birthday anniversary of Eng. D. J. Wimalasurendra.



Kolonnawa Meter Testing Laboratory Shifted to a New Building a Malabe

Meter testing laboratory of the Distribution Division 03 shifted to a new building in Malambe on 04th September 2019.



Donations Made to a Poor Family in Ahangama

EM Unit of Southern Province made donations to obtain electricity, medical support and etc. to a poor family in Ahangama on 05th September 2019.

New Consumer Service Center Established at Pugoda

New Consumer Service Centers have been established at Pugoda 16th September 2019.

Other Events 2019 (Contd.)

OCTOBER



Panadura Consumer Service Center and the E-City Shifted to a New Building

A new building was constructed to establish Panadura Consumer Service Center and the E-City. The operations started on 04th October 2019.



Five New POS Counters Established in Distribution Division 04

Established five new POS counters at Kalubowila, Dehiwala-DD4 Complex, Kesbewa, Panadura, Mathugama to delight the customer.



New Area Office Opened in Mathugama

Opened a new Area Office at Mathugama to establish a better customer service on 11th October 2020.



New Building Constructed to House the Baduraliya CSC

Constructed a new building to house the newly established Baduraliya Consumer Service Center and Mathugama Area Maintenance Unit. Opening ceremony was held on 18th October 2020.

Bulk Supply Consumer Awareness Program Held in Eastern Province

Awareness programs for bulk supply consumers of Eastern Province were held to educate them regarding the development activities planned by CEB and to get the feedback of the consumers to attend further improvement of services provided by CEB.

Ampara Program was held on 21st October 2019.



Batticaloa Program was also held on 21st October 2019.



These programs were well attended and CEB could build up good relationship with its consumers. Participants appreciated the effort of CEB and requested CEB to continue such programs in future as well.

Other Events 2019 (Contd.)



A Medical Camp was Held at Mavanana Kaniu Vidayala

A Medical camp was held on 25th of October 2019 at Mavanana Kaniu Vidayala along with the golden jubilee celebration of CEB, for low income families of that rural area.



Rathmalana Operation and Maintenance Center Refurbished

Refurbished the Rathmalana Operation and Maintenance Center in Kesbewa area and established Kesbewa E-City on 29th October 2019.



Blood Donation Camps Organized

Two blood donation camps were organized by Welfare Society of Western Province South-1 and Southern Province. Western Province South-1 camp was held on 29th October 2019 and Southern Province camp was held on 31st October 2019.

NOVEMBER



Ayagama CSC was opened on 01st November 2019

New CSC's Established at Kandeketiya, Kalthota and Ayagama.

New CSCs were established at Kandeketiya- Uva Province, Ayagama and Kalthota - Sabaragamuwa Province.



Tree Planting Program Organized by Colombo City Office

A tree planting program was organized by the Colombo City DGM Office for the 50th Anniversary of CEB on 01st November 2019.

Other Events 2019 (Contd.)



Pirith Ceremony Held at Malambe Meter Testing Laboratory

Pirith ceremony was organized in line with the golden jubilee of CEB at the newly opened Malambe DD3 Meter Testing Laboratory on 01st November 2019.



Pirith Ceremony and Blood Donation Camp Held at CEB Headquarters

CEB Welfare unit organized a Pirith Ceremony and blood donation camp at the CEB Headquarters building to commemorate the CEB 50th Anniversary on November 1st, 2019.



Blood Donation Programs Organized

Blood donation programs were organized by CEB Northern Province Office Staff Welfare & Sports Society and Colombo City Chief Engineer (Maintenance) Unit for celebrating the 50th birthday of CEB.

Colombo City program was held on 01st November 2019 and Northern Province program was held on 5th November 2019.

Innovation Competition Awarding Ceremony Held at BMICH

Awarding ceremony of the Innovation Competitions of year 2017, 2018, 2019 were held on 01st November 2019 in line with 50th Anniversary of CEB. The event was organized by the Business and Operations Strategy Branch.

POS Counters Established at Narammala Area office

POS counters at Narammala Area office was established in line with the celebration of 50th Anniversary of CEB on 07th November 2019. Donation of consumable goods to the low income families was also done parallel with this program.



DECEMBER

New Consumer Service Center Opened at Dompe

New Consumer Service Center has been established in Dompe on 05th December 2019.



Consumer Awareness Program Organized for Consumers in WPN

The event was organized by the Research & Development Branch of CEB jointly with Commercial unit of WPN for platinum and

gold consumers of the province on 17th December 2019 at Sylchester Grand Hotel, Naiwala. The program mainly focused on CEBs 50 years in the sector, SMART options and Present Power Situation & Energy Efficiency in Industry.



School Items Donation Program Organized by the Communication Branch of Transmission Division

Communications Branch has organized a school items donation for the students of a remote primary school in Niggaha, Bulathsinhala as the annual social event for the year 2019 on 28th December 2020.



Review of Operations
FINANCE DIVISION &
FINANCIAL INFORMATION

Finance Division & Financial Information

FINANCE DIVISION

Finance Division, through nine Additional Finance Managers Branches across CEB in island wide operates financial management functions such as cash management, financial planning, treasury management, financial and management reporting, statutory relations, budgeting, taxation and corporate & project finance to facilitate growth of business activities. Its primary responsibility is to ensure all financial decisions are based on sound criteria which contribute to cost efficiencies across CEB.

Financial Performance

The year 2019 was financially critical for CEB as net loss was recorded as LKR 85.42 Billion which was the highest financial loss endured by CEB since inception. The operating losses were recorded continuously throughout the year as no sufficient rainfalls were received from monsoons as expected where the major hydro plants contribution to total generation was limited to 24%. The poor financial performance deteriorated the retained earnings to a negative balance. The net loss of LKR 85.4 Billion was a 167% downturn in comparison to year 2018 which recorded a restated net loss of LKR 31.9 Billion.

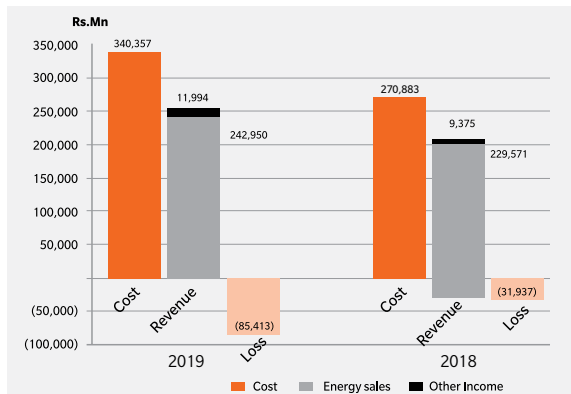


Figure 01: Financial Performance 2018-2019

Revenue by Energy Sales

CEB was able to achieve a 99% electrification level by end of year 2019 and the growth rate of electricity unit sales was limited to 4% against previous year where the increase in rupee value was at 6%. The increase in revenue was solely attributable to the expansion in demand as the tariff was stagnant since year 2014 due to government policy decision.

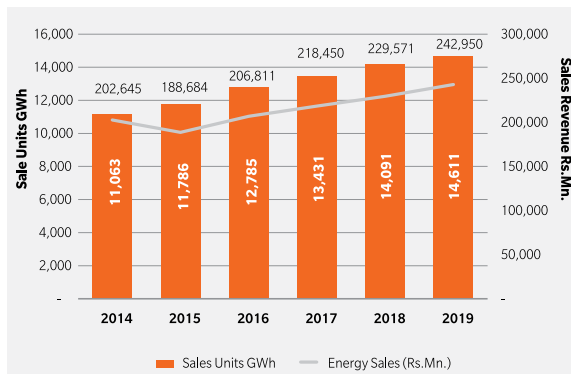


Figure 02 : Sales Revenue & Units

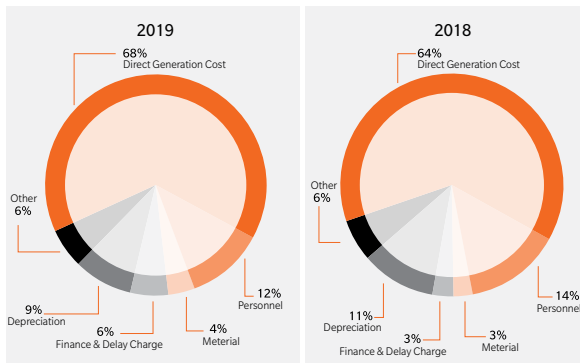


Figure 03 : Cost Structure

The increase in direct generation cost was 32% compared to year 2018 which was attributed by the 4% increase in generation. Consequently with poor hydro conditions the generation from oil fired IPP thermal plants was increased and escalation of commodity prices resulted in worsening the financial performance.

This cost escalation negatively affected the cost of generation where the cost per unit at the generation point in 2019 recorded at 15.74 Rs. / kWh and in 2018 it was 12.75 Rs. / kWh. The cost of sales at the selling point to end consumer of CEB stood at 23.29 Rs. / kWh for year 2019 and 19.12 Rs. / kWh for year 2018. Accordingly cost of sales at selling point has increased by 22% compared to the previous year.

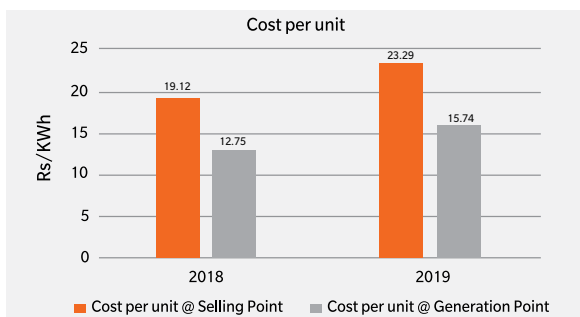


Figure 04 : Cost per Unit

Borrowing and Cost of Finance

Finance cost was considerable in year 2019 with the increase in borrowings to finance working capital requirements along with the self-negotiated borrowings to finance CEB projects in developing electricity infrastructure. Furthermore, cash deficiency has led to delay payments to major suppliers namely Ceylon Petroleum Corporation (CPC) and IPP's which has caused CEB a significant delay interest.

Financial Position

Being the pioneer in the energy sector, CEB is holding LKR 914 Billion worth of assets where approximately 85% of the same is composed with fixed assets. Further, CEB carried LKR 48 Billion of inventory as at the balance sheet date of year ending 2019 and capital infusions from the government was significant in the equity.

Being a financially difficult year, the liquidity of CEB was hindered raising the overdraft limit to LKR 9 Billion and increasing the interest bearing loans and borrowings significantly.

Finance Division & Financial Information (Contd.)

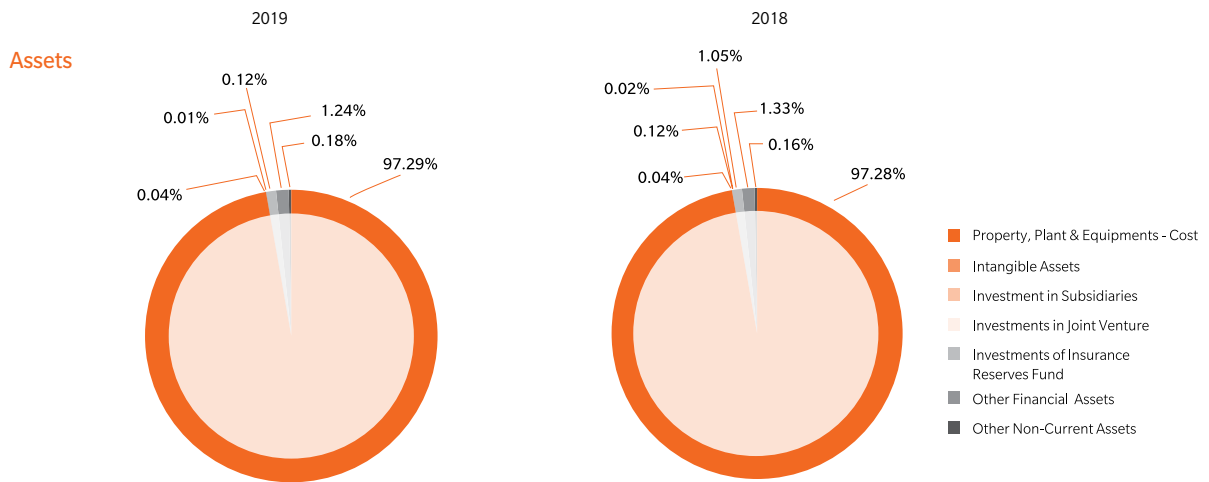


Figure 05: Composition of Non-Current Assets

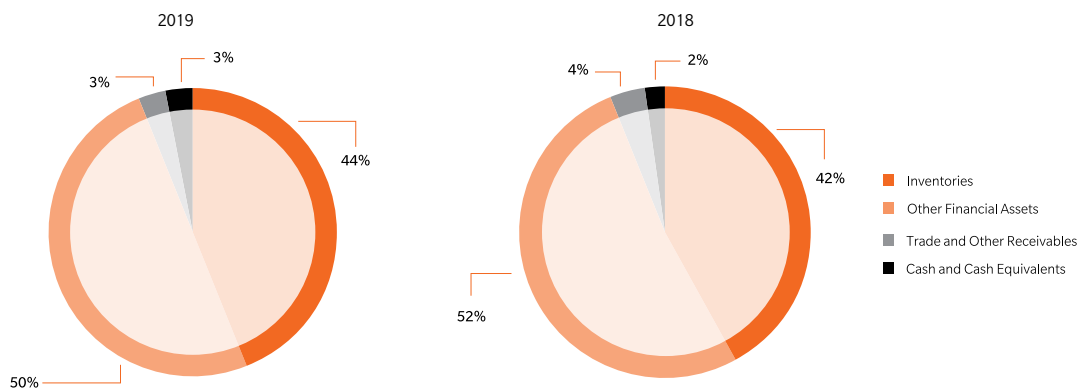


Figure 06: Composition of Current Assets

Liabilities

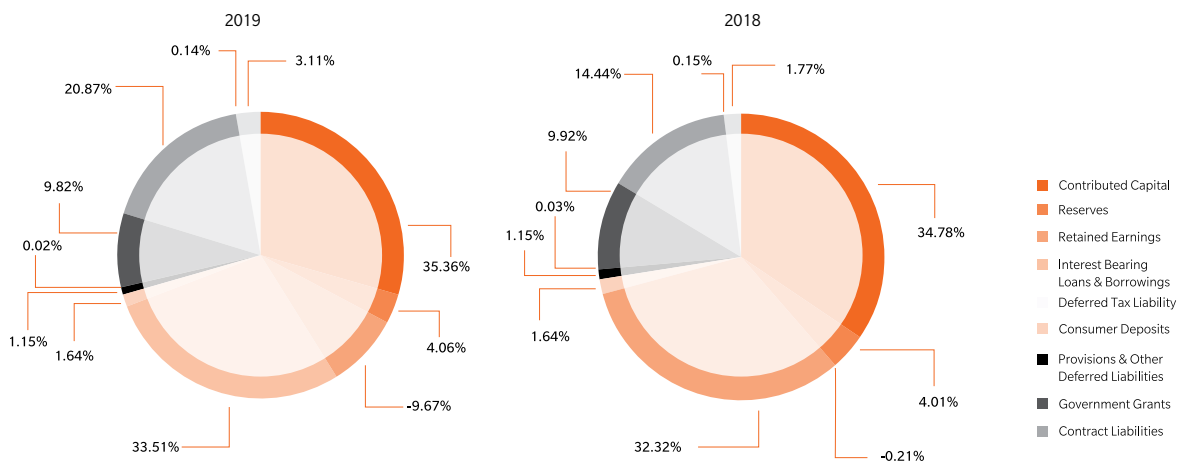


Figure 07: Composition of Total Liabilities and Equity

Finance Division & Financial Information (Contd.)

Financial Ratios

Ratio	2019	2018
Return on Assets	-9%	-4%
Return on Equity	-31%	-10%
Debt to Equity	123%	88%
Debt to Assets	37%	34%
Current Ratio	50%	72%
DSCR	-1.13	0.29

Impact of Government Policy to Fix End User Tariff

CEB offers electricity tariff at a price which is lower than the cost at the selling point as a government policy, to most of the tariff categories excluding general purpose and high consumption domestic consumers.

Accordingly, the net loss to the CEB financial statements due to fixing of a low tariff as a government policy is as follows:

	2019 LKR Million	2018 LKR Million
Government Policy loss	(104,271)	(60,431)
Surplus charged	6,867	20,601
Net loss	(97,404)	(39,830)
Other Income	11,994	9,375
	(85,411)	(30,458)
(loss) as per the Financial Statements	(85,411)	(30,458)

Treasury Management

The Treasury function in any corporate has always been important in making sure that the business has sufficient liquidity to make its obligations, whilst managing payments, receipts, financial risks effectively.

In year 2016 Board of the Ceylon Electricity Board (CEB) decided to establish a separate Treasury Management Branch (TMB) in order to manage its funds effectively. 2017 CEB obtained AAA rating from Fitch Ratings Lanka (Pvt) Ltd and since then it maintains the best possible ratings status that an organization could achieve.

Last 2 years CEB was in a demanding position in negotiating debt instruments (Specially Term Loans from Banks) in much more favorable way to CEB as a whole.

In 2019 CEB decided to issue a LKR 20 Billion debenture issue by selecting People's Bank after considering their proposal. This will be a milestone not only in CEB but also in state owned enterprises (SOE) as a whole.

CEB Treasury Management Branch is in process of implementing separate Management Information System (MIS) to manage the key activities of the Provident Fund.

Collection Management

The following initiatives were taken place during the year to facilitate the consumer regarding the electricity bill payment more convenience and efficient

- Acceptance of Visa cards at CEB POS counters since March 2019.
- Implementation of online Real time updating of electricity bill payments via existing collection agents: National Development Bank PLC, Sampath Bank PLC, HDFC Bank, Commercial Bank of Ceylon PLC.
- Implemented a new master invoice facility for corporate consumers.
- Extend electricity bill payments via dialog Genie app, NTB FriMi app.
- Implemented standing order electricity bill payments via Sampath bank and Commercial bank

CEB Provident Fund

Ceylon Electricity Board Provident Fund operates as a Private Provident Fund under the provisions of Employee Provident Fund Act No.15 of 1958. It is administrated by a Committee of Management consisting of seven members.

The Chairman of the committee is the ex-officio chairman of CEB and the ex-officio Deputy Chairman is the General Manager of CEB. The Finance Manager and Deputy General Manager (Personnel) are other ex-officio members and three other members are nominated by the CEB Board. The Secretary & Accountant of the fund is appointed by the Board to be responsible for day to day administration and shall also be the Treasurer of the Fund.

The Total Contribution to the fund during the year 2019 is amounted to Rs. 4,889 Million, out of which, Rs. 1,956 million has been contributed by the Employees of the Board.

Total No of members at the end of the year 2019 were 25,262 while 692 were new members. During the year 714 no of members were terminated from the Fund due to Retirement, Resignation, Dismissal and Death.

The total accumulated fund as at 31st December 2019 amounted to Rs. 61,103 Million, which is an increase of 9.19% over the previous year.

Finance Division & Financial Information (Contd.)

The main income of the year is from Interest Income of Fixed Deposits and Loans to Members. The fund has earned an income of Rs. 6,822 Million during the year by its investments and dividend rate of 10% is declared for 2019. Total loans granted to its members are Rs.2, 896 Million and total refunded sum to terminated members is Rs. 4,471Million during the year 2019.

A sum of Rs. 500 Million has been paid as income tax on the earnings of the fund for the year of assessment 2018/2019.

During the year, Members have been given access to provident Fund System, with the aim improving the communication between employees and the Fund. Employees now can view limited information such as Monthly Contribution, Total Balance Available to their credit and Available Loan Balance by accessing the fund database directly by them. Also, a PABX system was installed with IVR facility (Interactive Voice Response) which has the capacity to handle 5 Concurrent Member Calls at a time. Furthermore, actions have been initiated to optimize available office space under which a project is being implemented to convert existing Record Room to Digital Form.

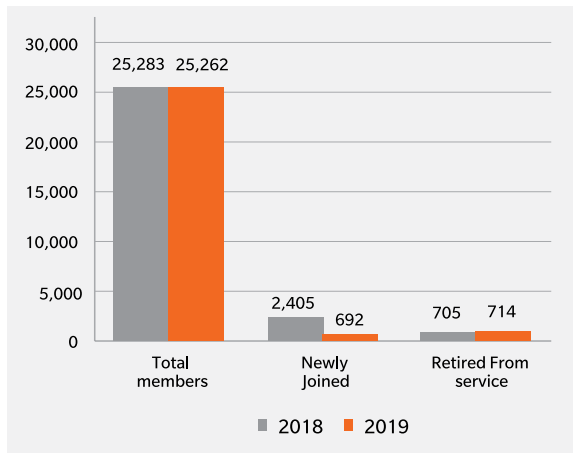


Figure 08: Change of membership during the year

CEB Pension Fund

Pension Fund was established, on 1st January 1994, under the provisions of Section 12(j) of the Ceylon Electricity Board Act No.17 of 1969 and managed by the Committee of Management, consisting of Eight Members, of which Chairman CEB and General Manager CEB are the Chairman and Vice Chairman of the Committee respectively. Finance Manager and Deputy General Manager (Personnel) of CEB are the other ex-officio members of the committee and remaining four Members are permanent employees of CEB nominated by the Board. Secretary & Accountant is the Treasurer as well as the Administrator of the Fund and functionally under the purview of the CEB Treasury Management Unit.

Total number of active pensioners at the end of 2019 was 7533 and the increase of the pensioners during last five years is depicted below.

Year	No. of Pensioners	Increase of pensioners	
		Nos.	%
2015	5721	-	-
2016	6194	473	8.3%
2017	6622	428	6.9%
2018	7061	439	6.6%
2019	7533	472	6.7%

The main sources of the pension fund are the CEB Contribution on behalf of active employees and the return on investments. During last five years, short fall of the funds for pension payments has been increased due to the increase of Pension Payment by 50% and the increase in the number of new pensioners.

Year	CEB Contribution	Interest Income	Annual Pension Payment	Growth
2015	921	20	941	
2016	974	158	1132	20.30%
2017	1029	364	1393	23.06%
2018	1420	480	1900	36.40%
2019	1405	499	1904	0.21%

Year	Net assets (Rs. Mn.)	Increase in Value (Rs. Mn.)	Increase in %
2015	16,962		
2016	18,211	1,249	7%
2017	19,863	1,652	9%
2018	21,384	1,521	7.6%
2019	22,695	1,311	6%

Finance Division & Financial Information (Contd.)

Ten Year Summary

The result of operation and the assets position of the Ceylon Electricity Board for the last ten years were given below

As at 31 December	2019 LKR million	2018 (Restated) LKR million	2017 (Restated) LKR million	2016 (Restated) LKR million	2015 (Restated) LKR million	2014 (Restated) LKR million	2013 (Restated) LKR million	2012 (Restated) LKR million	2011 (Restated) LKR million	2010 (Restated) LKR million
Result of operation										
Revenue	242,950	229,571	218,450	206,811	188,684	202,645	194,147	163,512	132,460	121,226
Cost of sales	(310,511)	(251,964)	(260,273)	(222,097)	(168,781)	(213,646)	(165,509)	(222,419)	(151,448)	(116,168)
Gross Profit / (loss)	(67,561)	(22,393)	(41,823)	(15,286)	19,903	(11,001)	28,638	(58,907)	(18,988)	5,058
Other Income & Gain	10,307	9,450	8,143	10,323	8,292	5,871	5,107	4,225	3,810	3,672
Administrative Expenses	(7,280)	(5,832)	(5,110)	(4,965)	(4,086)	(3,146)	(2,556)	(2,997)	(1,636)	(1,851)
Finance Income	1,751	1,466	1,194	1,049	434	304	1,677	2,429	416	558
Finance Cost	(22,526)	(13,036)	(8,415)	(4,312)	(5,134)	(7,030)	(10,601)	(6,198)	(3,787)	(2,605)
Profit / (Loss) before Income Tax	(85,309)	(30,345)	(46,011)	(13,191)	19,409	(15,002)	22,265	(61,448)	(20,185)	4,832
Income Tax Expenses	(40)	(51)	(231)	(263)	(61)	(95)	-	-	-	(4,500)
Deffered Tax (Charge)/ Revesal	-	-	-	-	-	996	(1,325)	(16,198)	(830)	-
Total Comprehensive Income	(85,412)	(31,936)	(47,581)	(14,457)	20,300	(17,285)	20,900	(77,770)	(21,323)	332

As at 31 December	2019 LKR million	2018 (Restated) LKR million	2017 (Restated) LKR million	2016 (Restated) LKR million	2015 (Restated) LKR million	2014 (Restated) LKR million	2013 (Restated) LKR million	2012 (Restated) LKR million	2011 (Restated) LKR million	2010 (Restated) LKR million
Assets										
Property Plant & Equipment	781,977	747,144	724,068	704,695	694,415	681,471	648,130	621,088	493,050	491,600
Investment in Subsidiaries	912	912	912	912	912	785	785	762	737	737
Investment in Joint Venture	329	329	329	329	329	150	150	150	-	-
Investment of Insurance reserve fund	8,997	8,070	7,246	6,496	6,036	5,653	5,250	4,433	3,710	3,710
Other financial Assets	9,956	10,204	8,912	8,983	3,848	2,291	-	-	-	-
Other non-current Assets	1,484	1,242	961	949	896	-	-	-	-	-
Non-current Assets held for sale	0	0	1	1,022	1,025	1,023	1,021	-	-	-
Current Assets	110,346	102,337	89,065	80,968	69,391	72,662	91,423	101,295	109,173	109,319
Total Assets	914,001	870,238	831,494	804,354	776,852	764,035	746,759	727,728	606,671	605,366

Finance Division & Financial Information (Contd.)

As at 31 December	2019 LKR million	2018 (Restated) LKR million	2017 (Restated) LKR million	2016 (Restated) LKR million	2015 (Restated) LKR million	2014 (Restated) LKR million	2013 (Restated) LKR million	2012 (Restated) LKR million	2011 (Restated) LKR million	2010 (Restated) LKR million
Liabilities										
Interest bearing loan and Borrowings	334,672	296,630	236,129	220,476	214,299	221,735	355,043	345,700	184,243	184,243
Consumer Deposits	15,014	14,311	13,557	12,753	11,484	10,458	9,722	8,899	7,544	7,543
Provision & other Differed Liabilities	10,482	10,038	8,622	7,262	6,116	6,572	3,236	3,593	2,930	2,930
Government Grants	213	228	243	211	-	-	-	-	-	-
Deferred Income					71,696	66,292	60,343	55,208	44,390	44,390
Contract liabilities	89,746	86,335	82,564	77,628	-	-	-			
Deferred Taxation							22,182	20,857	17,142	
Current liabilities	191,999	126,974	123,682	72,661	43,630	64,147	69,134	96,171	84,945	84,945
Total Liabilities	642,126	534,517	464,797	390,991	347,225	369,204	519,660	530,428	341,194	324,051
Equity										
Contributed Capital	323,194	302,695	302,695	302,695	302,228	289,038	121,708	110,862	83,311	83,311
Reserves	37,110	34,881	32,783	30,283	28,463	27,434	25,999	24,460	23,436	316,799
Retained Earnings	(88,429)	(1,855)	31,219	80,385	98,936	78,359	79,392	61,978	158,730	(118,795)
Total Equity	271,875	335,721	366,697	413,363	429,627	394,831	227,099	197,300	265,477	281,315
Total Equity & Liabilities	914,001	870,238	831,494	804,354	776,852	764,035	746,759	727,728	606,671	605,366

Finance Division & Financial Information (Contd.)

Statement of Value Added

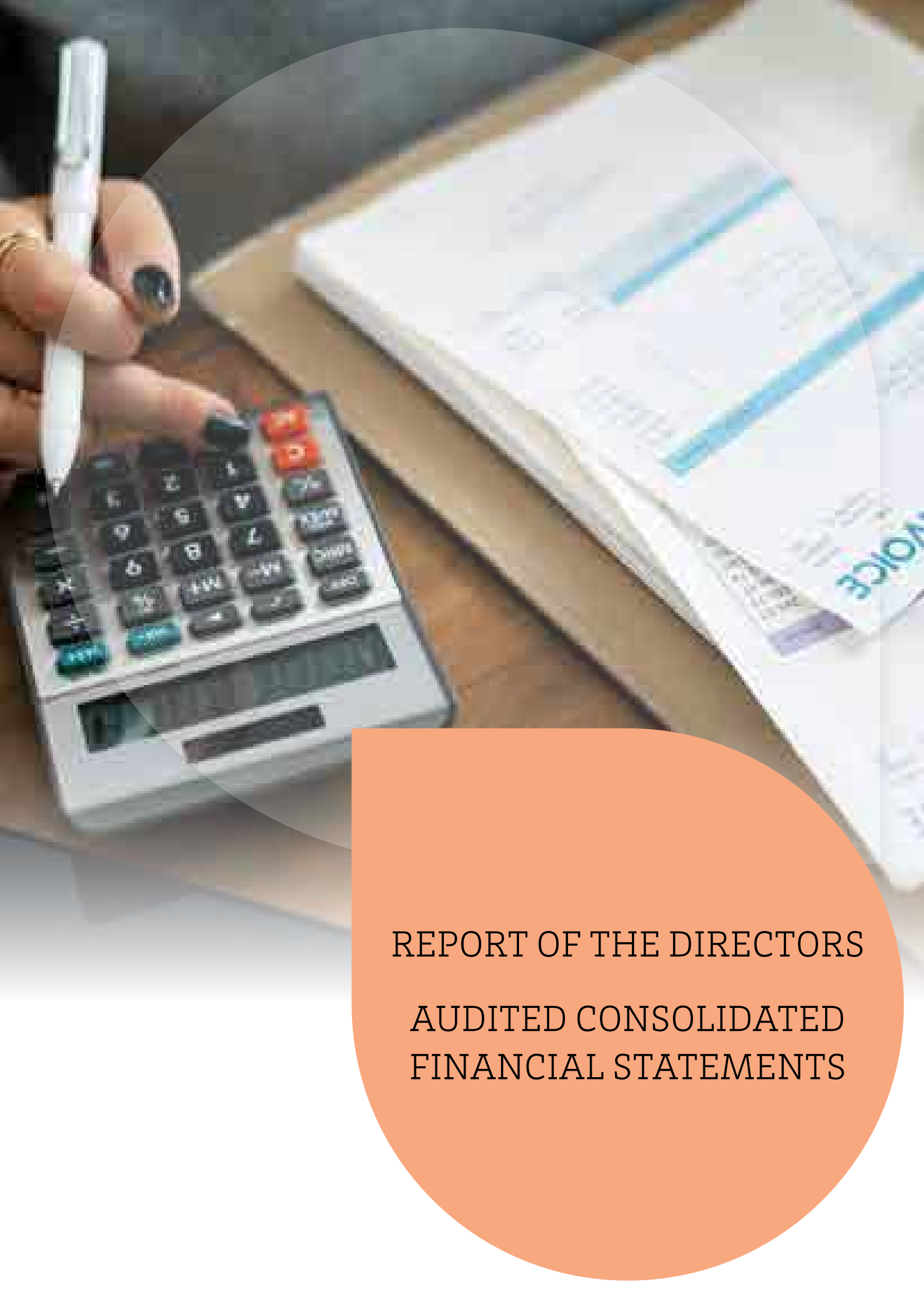
An analysis of the CEB value creation and allocation of value among key stakeholder group is depicted bellow

	2019 LKR (‘000)	2018 LKR (‘000)
Value Added		
Revenue	242,950,327	229,571,083
Cost of Sales	(310,511,109)	(251,964,213)
Value added by Electricity supply	(67,560,782)	(22,393,130)
Other income & gain	12,057,760	10,916,551
Value Addition	(55,503,022)	(10,403,630)

	2019 LKR (‘000)	2018 LKR (‘000)
Value Allocation		
To Employees		
Salaries, Wages & other benefit	39,708,449	38,090,711
To Government		
Dividend paid to Government of Sri Lanka	-	-
Income Tax	39,529	50,641
Input VAT on purchase of coal	6,111	5,987
Output VAT paid on other income	229	287
NBT on supply of electricity which is born by CEB	4,414	4,520
ESC paid	1,610	1,845
Custom Duty and Other Levy	29,446,978	25,476,986
To providers of External Funds		
Interest on Borrowings	22,525,621	13,036,115
To Expansion and Growth		
Retained Profit	(88,428,833)	(1,854,593)
Depreciation & amortization	30,953,776	30,388,480

Highlights

	(Rs Billion)	
	Group	CEB
Revenue		
2019	267	243
2018	254	230
Increase	13	13
Cost of Sales		
2019	324	310
2018	267	252
Increase	57	58
Total Comprehensive Income		
2019	(75)	(85)
2018	(24)	(32)
Increase	51	(53)
Financial Cost		
2019	(24)	(22)
2018	(14)	(13)
Increase	10	9
Loan and Borrowing		
2019	348	335
2018	311	297
Increase	37	38



REPORT OF THE DIRECTORS
AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

Report of the Directors

In terms of the Section 49 of the Ceylon Electricity Board Act No. 17 of 1969, the Board of Directors of the Ceylon Electricity Board (the Board) has the pleasure in presenting audited Consolidated Financial Statements for the year ended 31st December 2019.

Principal activities

The principle activities of the Board were generation, procurement, transmission, effective distribution and sale of electricity. The Board has not engaged in any activity which contravene with laws and regulations of the Country.

Subsidiaries and Joint Ventures

The principal activities of Subsidiaries and Joint Venture are given under Notes to the Financial Statements on page 108. There were no significant changes in the nature of the principal activities of the Board and the Group during the year under review.

Changes to the Group Structure

The changes to the Group structure during the year are given in Notes 10 and 11 to the Financial Statements on pages 132 to 134 of this Annual Report.

Review of the Year's Performance

The Chairman's Message on pages 12 to 15 deal with the year's performance of the Board/Group. The General Manager's Review on pages 16 to 18 provides a detailed description of the operations of the Board during the year under review. The section titled "Finance Division and Financial Information" on pages 90 to 96 provides a detailed analysis of Financial performance and Position of the Board. These reports which are an integral part of the Annual Report provide a fair review of the Board's affairs.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements that will reflect a true and fair view of the state of 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 and Ceylon Electricity Board Act No. 17 of 1969. In case of Subsidiaries, the Financial Statements are prepared also in accordance with the provisions of the Companies Act No. 07 of 2007.

Auditor's Report

The Auditor General is the Auditor of Ceylon Electricity Board in terms of the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka and Section 51 of the Ceylon Electricity Board Act No. 17 of 1969. Report of the Auditor General on the Financial Statements of the Board and the Consolidated Financial Statements of the Board and its Subsidiaries as at 31 December 2019 are given in pages 178 to 184 and 163 to 169 respectively of this Annual Report.

Accounting Policies

The Group and the Board prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (LKASs) and Sri Lanka Financial Reporting Standards (SLFRSs). The accounting policies adopted in the preparation of Financial Statements are given in pages 108 to 121. There have been no material changes in the accounting policies adopted by the Board during the year under review other than state in the accounting policies.

Board Members' Interest in Contract with the Board

Mr. R Jayawardena was appointed as the Chairman of CEB on the 30th January 2019 and he has served CEB until 21st November 2019. He was also appointed as a Member of the Boards of the Lanka Electricity Company (Pvt) Ltd., LTL Holdings (Pvt) Ltd., and Sri Lanka Energies (Pvt) Ltd. which are the Subsidiaries of CEB. During his tenure at CEB, he served as the Chairman of the Trincomalee Power Co. Ltd, (TPCL); a Joint Venture between CEB and NTPC-India as well.

Mr. R Selvarajah was appointed as the Vice Chairman of CEB on the 30th January 2019 and he served CEB until 22nd November 2019. Mr. Sevarajah was also appointed as a Director of Sri Lanka Energies (Pvt) Ltd. and the Trincomalee Power Co. Ltd (TPCL) during his period at CEB.

Mr. K K T Jinadasa was appointed as a Board Member/ Working Director of CEB on the 30th January 2019 and he served CEB until 25th November 2019.

Mr. M Dewasurendra, Secretary, State Ministry of Industry and Commerce, Resettlement of Protracted Displaced Persons, Co-Operative Development and Vocational Training & Skills Development was appointed as a Board member on 09th September 2019 in place of Mr. K D N Ranjith Asoka, Secretary, Ministry of Industry and Commerce.

Mrs. J M Thilaka Jayasundara, the Director General, Department of Public Enterprises was appointed as a Board Member the 08th May 2019 in place of Mr. R. Semasinghe, Additional Secretary, Ministry of Finance & Planning.

Mr. S.K Kannangara, the Additional Secretary, Ministry of Internal and Home Affairs and Provincial Councils and Local Government was appointed as a member of the Board on 30th January 2019 and he served CEB during the year 2019.

Mr. Ruban Wickramarachchi was appointed as a member of the Board on 30th January 2019 and he served as a member during the year 2019.

The Directors have no direct or indirect interest in any contract or proposed contract with the Board for the year ended 31 December 2019 other than those disclosed in Note 37 to the financial Statements.

Report of the Directors (Contd.)

Attendance of Directors at Board and Subcommittee Meetings for the year 2019

Name of Director	Board	AMC	EGC	DAB
Mr. R Jayawardena	21			
Mr. R Selvarajah	20		2	4
Mr. K K T Jinadasa	18		2	5
Mr. M Dewasurendra	04			
Mr. K D N Ranjith Asoka,	12	2		
Mrs. J M Thilaka Jayasundara	10	3		
Mr. R. Semasinghe	05	1		
Mr. S.K Kannangara	16	3		5
Mr. Ruban Wickramarachchi	20	3		

Board Sub – Committees

The following Sub Committees have been appointed by the Board on the 08th February 2019.

- Employees Grievances Committee
- Disciplinary Appeal Board
- Audit and Management Committee

1.0 Employees Grievances Committee

Employees Grievances Committee (EGC) is a sub-committee appointed by the Board to handle individual grievances of employees/ex-employees of the CEB. The Grievances Committee comprises of 02 Board Members and several Senior Executives of CEB.

The Committee formally met 02 times during year 2019 and reviewed and considered 14 nos of individual grievances of employees/ex-employees of the CEB.

The minutes of the Committee meetings were tabled at Board Meetings for approval and the General Manager/CEB took actions to implement the said decisions accordingly.

The Board Member composition of the Committee for the year 2019 (since 08th February 2019) is as given below.

- Mr. T Jinadasa, Working Director, CEB as the Chairman
- Mr. Rajiv Selvarajah, Vice Chairman, CEB as a member

The Secretary to the Board is the Convener of this Sub Committee.

2.0 Disciplinary Appeals Board

The Disciplinary Appeals Board is a sub-committee of the Board. This committee is formed to handle disciplinary matters of Employees of CEB. The committee had formally met 05 times during the financial year 2019 and handled 11 cases.

The minutes of the Committee meetings were tabled at Board Meetings for approval and the General Manager; CEB took necessary actions to implement the said decisions accordingly.

The composition of the Committee for the year 2019 (since 08th February 2019) was as follows.

- Mr. S.K. Kannangara, Member, CEB as the Chairman
- Mr. Rajiv Selvarajah, Vice Chairman, CEB as a member
- Mr. T Jinadasa, Working Director/CEB, as a Member
- Mr. J G L S Jayawardena, Director, Ministry of P&RE as a member
- Mr. P S Pathirathna, a retired Additional Commissioner General of Labor as a member

The Secretary to the Board is the Convener of this Sub Committee.

3.0 Audit committee

The Audit Committee as a sub-committee of the governing body has an overall responsibility for reviewing the organization's governance and risk management systems, monitoring internal control process and overview of functions of internal audit and external audit.

Composition

The audit committee comprises four independent directors having sound skills and extensive experience in finance, audit and related area and the Head of Internal Audit serves as a convener to the committee. General Manager as CEO, Finance Manager and representative from Auditor General's Department and Ministry of Power & Renewable Energy attended the

Report of the Directors (Contd.)

meeting by invitation.

The composition of the Audit committee for the year 2019 is as follows.

Ms. Thilaka Jayasundara	- Chairman
Mr. S.K. Kannangara	- Member
Mr. K.D.N. Ranjith Asoka	- Member
Mr. Ruban Wickramarachchi	- Member

The Audit committee review and discuss the reports submitted for the Internal Audits and External audits carried out in the areas of operational and financial reviews. Audit committee review these reports using their extensive experience and expertise and recommend additional controls and risk mitigation strategies that could be implemented to strengthen the existing internal control systems, thus minimizing the possibility of occurrence and impact of fraud and errors, operational and financial risks faced by the entity. The committee formally met three times during the year 2019.

Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief confirm that the Group has not engaged in any activities contravening the laws and regulations.

Outstanding Litigation

In the opinion of the Directors/Board members and as confirmed by the Board's lawyers the litigation currently pending against the Board will not have a material impact on the reported financial results or future operations of the Board.

Statutory Payments

The Board confirms that all statutory payments due to the Government and in relation to employees have been made on time.

Post Balance Sheet Events

The Directors are of the view that no material events have arisen in the interval between the end of the financial year and the date of this Report that would require adjustments or disclosures other than stated in note 34 to the financial statements in page 154.

Going Concern

The Directors are confident that the resources of the Board are adequate to continue its operations.

Therefore, it has applied the going concern basis in preparing the Financial Statements.

Statement of Profit or Loss

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

	Note	2019	Group 2018 Restated	2019	Board 2018 Restated
Continuing Operation					
Revenue	3	267,041,265	254,351,728	242,950,327	229,571,083
Cost of Sales		(324,453,251)	(268,342,080)	(310,511,109)	(251,964,213)
Gross Profit / (Loss)		(57,411,986)	(13,990,352)	(67,560,782)	(22,393,130)
Other Operating Income and Gain	4	17,021,754	12,334,628	10,306,591	9,450,386
Distribution Cost		(392,610)	(186,449)	-	-
Other Expenses		(355,200)	(193,061)	-	-
Administrative Expenses		(11,967,382)	(9,345,674)	(7,280,014)	(5,831,793)
Operating Profit/(Loss)		(53,105,424)	(11,380,908)	(64,534,205)	(18,774,537)
Finance Income	5.1	3,848,623	3,354,819	1,751,170	1,466,165
Finance Cost	5.2	(24,103,239)	(14,364,697)	(22,525,622)	(13,036,115)
Finance Cost-Net		(20,254,616)	(11,009,878)	(20,774,452)	(11,569,950)
Share of loss of Joint Venture	11	(6,850)	(4,096)	-	-
Profit/(loss) before Income Tax	6	(73,366,890)	(22,394,882)	(85,308,657)	(30,344,487)
Income Tax Expense	7.1	(1,901,477)	(1,902,119)	(39,529)	(50,641)
Deferred Tax (Charge)/Reversal	7.2	(522,385)	441,478	-	-
Profit/(Loss) for the year from continuing operation		(75,790,752)	(23,855,523)	(85,348,186)	(30,395,128)
Non Controlling Interest		(6,059,416)	(4,402,431)	-	-
Profit/(Loss) for the Year		(81,850,168)	(28,257,954)	(85,348,186)	(30,395,128)

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

Statement of Comprehensive Income

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

	2019 Restated	Group 2018	2019 Restated	Board 2018
Profit/ (Loss) for the year from continuing operation	(75,790,752)	(23,855,523)	(85,348,186)	(30,395,128)
Other Comprehensive Income				
Actuarial loss on post employment benefit obligation	(65,714)	(1,567,727)	(63,710)	(1,541,726)
Deferred Tax Impact on Actuarial gain / loss	562	7,280	-	-
Exchange differences on translation of foreign subsidiary operations	(115,468)	1,255,184	-	-
Fair value gain on available for sale financial assets	466,166	(518,358)	-	-
Total Comprehensive Income for the year, net of tax	<u>(75,505,206)</u>	<u>(24,679,144)</u>	<u>(85,411,896)</u>	<u>(31,936,854)</u>
Attributable to:				
Equity Holders of the Parent	(81,702,906)	(29,603,755)		
Non Controlling Interest	6,197,700	4,924,611		
	<u>(75,505,206)</u>	<u>(24,679,144)</u>		

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

Statement of Financial Position

As at 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

Note	2019	Group 2018 Restated	2017 Restated	2019	Board 2018 Restated	2017 Restated
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	8	799,576,467	763,195,966	738,983,298	781,869,266	747,016,348
Premium Paid on Leasehold Land		235,577	229,040	210,250	-	-
Intangible assets	9	499,056	532,736	527,930	107,719	127,227
Investments in Subsidiaries	10	-	-	-	911,813	911,813
Investment in Joint Venture	11	36,900	43,750	47,846	328,606	328,606
Finance Lease Receivables	12	19,899,441	9,775,319	8,362,533	-	-
Other Non-Current Financial Assets	13	25,348,198	36,461,582	25,494,853	9,956,341	10,204,445
Other Non-Current Assets	14	2,596,310	2,303,439	1,989,365	1,484,474	1,241,868
Investments of Insurance Reserve	15	8,996,893	8,070,253	7,246,251	8,996,893	8,070,253
Total Non-Current Assets		857,188,842	820,612,085	782,862,326	803,655,112	767,900,560
Non Current Assets held for sale	16	76	76	655	76	655
Current Assets						
Inventories	17	55,622,767	48,309,728	42,488,366	48,023,386	42,712,420
Trade and Other Receivables	18	56,491,420	57,740,010	48,619,063	49,126,300	48,362,510
Amounts Due from Related Parties	19	-	-	-	5,984,849	5,139,714
Sub Lease Receivables		21,110	-	-	-	-
Finance Lease Receivables	12	910,171	569,718	418,140	-	-
Other Current Financial Assets	13	27,080,350	19,565,483	23,216,050	3,485,735	3,872,290
Cash and Bank Balances	30	7,282,167	5,503,939	5,575,442	3,725,333	2,250,515
Total Current Assets		147,407,985	131,688,878	120,317,061	110,345,603	102,337,449
Total Assets		1,004,596,903	952,301,039	903,180,042	914,000,791	870,238,085
EQUITY AND LIABILITIES						
Capital and Equity						
Contributed Capital	20	323,194,038	302,694,797	302,694,797	323,194,038	302,694,797
Reserves	21	50,082,923	44,511,162	41,687,158	37,109,569	34,881,040
Retained Earnings / (Loss)		(72,806,745)	13,398,703	44,865,475	(88,428,832)	(1,854,589)
Equity Attributable to the Equity Holders of the Parent		300,470,216	360,604,662	389,247,430	271,874,775	335,721,248
Non Controlling Interest		31,655,307	25,758,561	23,572,412	-	-
Total Equity		332,125,523	386,363,223	412,819,842	271,874,775	335,721,248
Non-Current Liabilities and Deferred Income						
Interest Bearing Loans & Borrowings	22	312,115,497	288,351,654	222,562,928	306,259,692	281,262,195
Consumer Deposits	23	15,013,791	14,311,008	13,556,567	15,013,791	14,311,008
Provisions and Other Deferred Liabilities	24	11,788,540	11,257,054	9,682,493	10,482,144	10,038,368
Government Grant	25	297,697	318,228	338,759	213,303	228,022
Contract Liabilities	26	94,421,389	90,809,989	86,774,090	89,746,084	86,335,217
Deferred Taxation	27	753,562	276,157	687,441	-	-
Total Non-Current Liabilities and Deferred Income		434,390,476	405,324,090	333,602,278	421,715,014	392,174,810
Current Liabilities						
Trade and Other Payables	28	197,069,252	133,023,927	124,816,656	187,773,340	121,179,242
Dividend Payables		2,303,807	2,258,669	2,650,768	-	-
Amounts Due to Related Parties	29	-	-	-	2,955,352	4,524,276
Interest Bearing Loans & Borrowings	22	36,492,272	22,995,032	26,352,748	28,411,544	15,367,744
Income Tax Payable		2,215,573	2,336,098	2,937,750	1,270,766	1,270,765
Total Current Liabilities		238,080,904	160,613,726	156,757,922	220,411,002	142,342,027
Total Equity and Liabilities		1,004,596,903	952,301,039	903,180,042	914,000,791	870,238,085

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

The Board of Directors and management are responsible for the preparation and presentation of these financial statements.

Signed and on behalf of the Board by:



Chairman

Colombo
2020-09-22



Vice Chairman



General Manager



Finance Manager

Statement of Changes in Equity

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

The Group	Contributed Capital	Capital Reserve	Depreciation Reserve	Asset Replacement Reserve
Balance as at 01st January 2018 (Restated)	302,694,797	18,639,244	23,000	273,357
Profit/(Loss) for the period	-	-	-	-
Actuarial Gain/loss on retirement benefits	-	-	-	-
Net gain loss on Fair Value through OCI Investments	-	-	-	-
Exchange Equalization Reserve	-	463,042	-	-
Total Comprehensive income	302,694,797	19,102,286	23,000	273,357
Interest income from Insurance Reserve Fund	-	-	-	-
Transfer to self insurance reserve	-	-	-	-
RHCP project.	-	77,188	-	-
Investment Reserve	-	-	-	-
Assets Replacement Reserve	-	-	-	21,573
Development Reserve	-	-	-	-
Dividend Payment - LTL	-	-	-	-
Dividend Payment -LECO	-	-	-	-
Balance as at 31 December 2018	302,694,797	19,179,474	23,000	294,930
Prior Year Adjustment made during the Period				
Balance as at 01st January 2019 (Restated)	302,694,797	19,179,474	23,000	294,930
Profit/(Loss) for the period	-	-	-	-
Actuarial Gain/loss on retirement benefits	-	-	-	-
Net gain loss on Fair Value through OCI Investments	-	-	-	-
Exchange Equalization Reserve	-	(39,667)	-	-
Total Comprehensive income	302,694,797	19,139,807	23,000	294,930
Debt to equity conversion	16,942,799	-	-	-
Puttalam Coal Power Project	3,556,442	-	-	-
Interest income from Insurance Reserve Fund	-	-	-	-
Transfer to self insurance reserve	-	-	-	-
Transferred to Depreciation Reserve	-	-	1,000	-
RHCP project.	-	58,045	-	-
Investment Reserve	-	-	-	-
Assets Replacement Reserve	-	-	-	17,564
Development Reserve	-	-	-	-
Ownership Change without Change in Controlling Power	-	-	-	-
Issue of shares of subsidiaries	-	-	-	-
Dividend Payment - LTL	-	-	-	-
Dividend Payment -LECO	-	-	-	-
Balance as at 31 December 2019	323,194,038	19,197,852	24,000	312,494

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

Statement of Changes in Equity

Year Ended 31st December 2019

Investment Reserve	Self Insurance Reserve	Fair Value Reserve	Development Reserve	Retained Earnings	Non Controlling Interest	Total
2,334,391	14,350,273	6,066,892	-	45,360,277	23,572,412	413,314,643
-	-	-	-	(28,257,954)	4,402,431	(23,855,523)
-	-	-	-	(1,552,651)	(7,795)	(1,560,446)
-	-	(256,192)	-	-	(262,165)	(518,357)
-	-	-	-	-	792,142	1,255,184
2,334,391	14,350,273	5,810,700	-	15,549,672	28,497,025	388,635,501
-	883,800	-	-	-	-	883,800
-	1,136,815	-	-	(1,136,815)	-	-
-	-	-	-	-	-	77,188
486,754	-	-	-	(486,754)	-	-
-	-	-	-	(21,573)	-	-
-	-	-	11,025	(11,025)	-	-
-	-	-	-	-	(2,420,897)	(2,420,897)
-	-	-	-	-	(317,567)	(317,567)
2,821,145	16,370,888	5,810,700	11,025	13,893,505	25,758,561	386,858,025
-	-	-	-	(494,802)	-	(494,802)
2,821,145	16,370,888	5,810,700	11,025	13,398,703	25,758,561	386,363,223
-	-	-	-	(81,850,168)	6,059,415	(75,790,753)
-	-	-	-	(62,901)	(2,252)	(65,153)
-	-	249,829	-	-	216,338	466,167
-	-	-	-	-	(75,801)	(115,468)
2,821,145	16,370,888	6,060,529	11,025	(68,514,366)	31,956,261	310,858,015
-	-	-	-	-	-	16,942,799
-	-	-	-	-	-	3,556,442
-	1,008,138	-	-	-	-	1,008,138
-	1,161,346	-	-	(1,161,346)	-	-
-	-	-	-	(1,000)	-	-
-	-	-	-	-	-	58,045
3,109,206	-	-	-	(3,109,206)	-	-
-	-	-	-	(17,564)	-	-
-	-	-	6,300	(6,300)	-	-
-	-	-	-	3,037	(20,022)	(16,985)
-	-	-	-	-	2,550,207	2,550,207
-	-	-	-	-	(2,223,548)	(2,223,548)
-	-	-	-	-	(607,591)	(607,591)
5,930,351	18,540,372	6,060,529	17,325	(72,806,745)	31,655,307	332,125,523

Statement of Changes in Equity

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

The Board	Contributed Capital	Capital reserves	Capital Redemption Reserve	Depreciation Reserves	Self Insurance Reserves	Retained Earnings	Total
Balance as at 1st January 2018 (restated)	302,694,797	18,260,468	165,446	23,000	14,334,323	31,713,882	367,191,916
Profit/(Loss) for the period	-	-	-	-	-	(31,936,854)	(31,936,854)
Interest income from Insurance Reserve Fund	-	-	-	-	883,800	-	883,800
Transfer to self insurance reserve	-	-	-	-	1,136,815	(1,136,815)	-
RHCP project.	-	77,188	-	-	-	-	77,188
Balance as at 31 December 2018	302,694,797	18,337,656	165,446	23,000	16,354,938	(1,359,787)	336,216,050
Prior year adjustment made during the period						(494,802)	(494,802)
Balance as at 1st January 2019 (restated)	302,694,797	18,337,656	165,446	23,000	16,354,938	(1,854,589)	335,721,248
Profit/(Loss) for the period	-	-	-	-	-	(85,411,897)	(85,411,897)
Interest income from Insurance Reserve Fund	-	-	-	-	1,008,138	-	1,008,138
Debt to Equity Conversion	16,942,799	-	-	-	-	-	16,942,799
Puttalam Coal Project	3,556,442	-	-	-	-	-	3,556,442
Transferred to depreciation reserve	-	-	-	1,000	-	(1,000)	-
Transfer to self insurance reserve	-	-	-	-	1,161,346	(1,161,346)	-
RHCP project.	-	58,045	-	-	-	-	58,045
Balance as at 31 December 2019	323,194,038	18,395,701	165,446	24,000	18,524,422	(88,428,832)	271,874,775

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

Statement of Cash Flows

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

	Group		Board	
	2019	2018	2019	2018
Cash Flows From / (Used in) Operating Activities				
Profit/(loss) before tax	(73,366,890)	(22,394,882)	(85,308,657)	(30,344,487)
Adjustments for				
Depreciation -Charged for the year	32,564,416	31,720,823	30,933,953	30,388,490
Amortization of Consumer Contribution	(3,975,636)	(3,761,916)	(3,594,603)	(3,399,660)
Amortization of Government Grant	(20,531)	(20,531)	(14,718)	(14,718)
(Profit)/Loss on sales of Property, Plant & Equipment	13,234	205,730	(3,131)	194,929
Finance Costs	15,758,216	9,094,576	14,177,340	7,804,132
Provision for Obsolete & Unserviceable Cost	(12,887)	144,035	61,228	94,137
Provision for price Variance	(958,460)	(1,306,224)	(958,460)	(1,306,224)
Provision for Impairment of Debtors	1,657,181	506,140	938,432	484,293
Bad Debt Write off	11,165	34,637	11,165	34,637
Electric vehicle Charging Revenue	(3,782)	-	(3,782)	-
Share of (Profit)/ loss of Joint Venture	6,850	4,097	-	-
Amortization of Intangible Assets	39,722	22,140	19,823	-
Finance Income	(3,848,624)	(3,354,599)	(1,751,170)	(1,465,945)
Dividend Income	(8,609,571)	(2,590,424)	(2,746,968)	(2,273,532)
Foreign Currency Gain or Loss	650,805	(1,674,033)	-	-
Income adjustment on Finance Lease Receivable	887,365	1,143,933	-	-
Defined Benefit Plans	1,299,692	1,216,239	1,106,619	1,038,358
Personnel Cost on Pension Fund	212,058	(339,757)	212,058	(339,757)
Prepaid Staff Cost	982,972	-	982,972	687,485
Operating Profit/(Loss) before Working Capital Changes	(36,712,705)	8,649,984	(45,937,899)	1,582,138
(Increase)/ Decrease in Inventories	(5,373,657)	(4,347,583)	(3,391,351)	(3,679,994)
(Increase)/ Decrease in Trade and Other Receivables	611,495	(9,173,846)	(1,798,544)	(8,503,837)
Increase/(Decrease) in Trade and Other Payables	63,078,675	6,582,480	64,076,630	2,034,688
Cash Generated from Operations	21,603,808	1,711,035	12,948,836	(8,567,005)
Finance Cost paid	(12,190,937)	(9,082,145)	(10,610,061)	(7,791,701)
Retirement Benefit Obligation	(1,045,981)	(869,620)	(938,612)	(823,970)
Income Tax Paid	(2,543,303)	(2,059,527)	(39,529)	-
Net Cash From/(Used in) Operating Activities	5,823,587	(10,300,257)	1,360,634	(17,182,676)
Cash Flows from / (Used in) Investing Activities				
Acquisition of Property, Plant & Equipment and capital work in progress	(69,395,632)	(57,333,643)	(66,868,244)	(55,028,051)
Acquisition of Finance Lease Receivable of a subsidiary	(13,449,665)	(44,390)	-	-
Acquisition of Intangible Assets	(20)	(90,708)	-	-
Re- Investment in Insurance Reserves Fund	(926,640)	(824,002)	(926,640)	(824,002)
Interest Received from Insurance Reserves Fund	1,008,138	832,939	1,008,138	832,939
Investment in Financial Assets	3,289,048	(6,591,168)	-	-
Acquisition of Non-Controlling Interest	2,569,179	-	-	-
Income on Foreign Investment	(5,218)	-	-	-
Dividend Received	8,609,571	2,590,423	2,636,334	1,978,872
Interest Received	2,864,461	2,666,167	767,007	777,041
Sale Proceeds of Fixed Assets Disposals	7,541	46,419	3,131	37,404
Dividend Paid	(2,825,529)	(3,184,309)	-	-
Net Cash Flows from/(Used in) Investing Activities	(68,254,766)	(61,932,272)	(63,380,274)	(52,225,797)
Cash Flows from (Used in) Financing Activities				
Consumer Contribution	8,534,901	9,449,113	7,953,334	8,821,722
Electric Vehicle E-card Prepayments	4,458	429	4,457	428
Funds received for RHCP Project	58,045	77,188	58,044	77,188
Consumer deposit - refund	(205,990)	(238,049)	(205,990)	(238,049)
Consumer deposit Received	908,773	992,490	908,772	992,490
Net Movement in Lease Creditors/(Lease Payment)	(16,917)	(61,904)	(107,645)	(61,904)
Proceeds From Interest Bearing Loans & Borrowings	124,553,253	87,375,002	111,822,169	83,767,342
Repayment of Interest Bearing Loans & Borrowings	(74,819,796)	(23,188,489)	(62,299,277)	(19,970,497)
Proceeds from Issue of preference shares	-	2,991,520	-	-
Redemption of preference shares	(679,297)	(3,195,407)	-	-
Net Cash Flows from/(Used in) Financing Activities	58,337,430	74,201,893	58,133,864	73,388,720
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,093,749)	1,969,364	(3,885,776)	3,980,247
Cash and Cash Equivalents at the beginning of the year	(3,961,167)	(5,930,531)	(5,426,611)	(9,406,858)
Cash and Cash Equivalents at the end of the year	(8,054,916)	(3,961,167)	(9,312,387)	(5,426,611)

The Notes on Pages 108 through 162 form an integral part of the Financial Statements

Notes to the Financial Statements

Year Ended 31st December 2019

1.0 CORPORATE INFORMATION

1.1 General

Ceylon Electricity Board was incorporated under Ceylon Electricity Board Act No.17 of 1969 and domiciled in Sri Lanka. The Head Office of the Board is situated at No.50, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

1.2 Principal Activities and Nature of Operations

Board

During the year, the principal activities of the Board were generation, procurement, transmission, effective distribution and sale of electricity.

The principal activities of the Board's Subsidiaries and the Joint Venture were as follows.

1.2.1 Subsidiaries

a) Lanka Electricity Company (Pvt) Ltd

During the year, the principal activities of the company were purchasing electricity from Ceylon Electricity Board and retailing to domestic and industrial customers through the company's branches located at Galle, Kalutara, Moratuwa, Kelaniya, Nugegoda, Kotte and Negombo.

b) LTL Holdings (Pvt) Ltd

During the year, the principal activities of the company were manufacturing and exporting of transformers and strategic investment in group companies in the pursuit of accomplishing business goals.

c) Lanka Coal Company (Pvt) Ltd

Supplying of high quality, low sulphur coal for the power generation at Lakvijaya Coal power plant in Puttalam District.

d) Sri Lanka Energies (Pvt) Ltd

The principal activities of the Company are to engage in the business of constructing transmission lines and grid substations, construction, maintaining and operating renewable energy projects and the works necessary for generating electrical energy and engaging in the activities as are necessary for development of renewable energy.

1.2.2 Joint Venture

Trincomalee Power Company Limited

The company was incorporated with the intention of the generation and sale of electricity to the national grid of Ceylon Electricity Board. The company has now abandoned the project started to construct a coal power plant.

1.3 Parent Entity and the ultimate parent of the Board

The Board is under the purview of the Ministry of Power & Energy. In the opinion of the Directors, the Board's ultimate parent undertaking and controlling party is the Government of Sri Lanka.

1.4 Date of Authorization for Issue

The financial statements of Ceylon Electricity Board, for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 2020-09-22

2.0 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements of the group have been prepared on an accrual basis under the historical cost convention except for financial instruments – fair value through profit or loss and financial instruments – fair value through OCI that are measured at fair value.

The preparation of financial statements in conformity with the SLFRS/LKAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. Areas involving higher degree of judgement or complexity, or areas where assumption and estimation are significant to the financial statements are disclosed.

2.1.1 Statement of Compliance

The consolidated financial statements of the Group which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash flows together with the Accounting policies and Notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards. (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the group with those of the previous financial year in accordance with LKAS 01- Presentation of Financial Statements. The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.3 Basis of Consolidation

The consolidated financial statements of the group comprise of the financial statements of Ceylon Electricity Board (CEB) and its subsidiaries ("The

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

group) for the year ended 31 December 2019. The details of the subsidiaries are given below.

Name of the Subsidiary	Country of Incorporation	Percentage of Holding
LTL Holdings (Pvt) Ltd (LTL)	Sri Lanka	63%
Lanka Electricity Co.(Pvt) Ltd (LECO)	Sri Lanka	55.2%
Lanka Coal Company (Pvt) Ltd (LCC)	Sri Lanka	60%
Sri Lanka Energies (Pvt) Ltd (SLE)	Sri Lanka	100%
Name of the Joint Venture	Country of Incorporation	Percentage of Holding
Trincomalee Power Company Ltd (TPCL)	Sri Lanka	50%

The following sub-subsidiaries of LTL Holdings (Pvt) Ltd have been incorporated outside Sri Lanka.

Name of the Subsidiary	Country of Incorporation
Bright International Power (Pvt) Ltd	Singapore
Raj Lanka Power Co. Limited	Bangladesh
Lakdhanavi Bangla Power Company Ltd	Bangladesh
Makarigad Hydropower (Pvt) Ltd	Nepal
Asiatic Electrical & Switchgear (Pvt) Ltd	India
Feni Lanka Power Limited	Bangladesh

Ceylon Electricity Board, Lanka Electricity Co. (Pvt) Ltd, Lanka Coal Co. (Pvt) Ltd Sri Lanka Energies (Pvt) Ltd have a common financial year ending 31st December whereas the financial year of LTL Holdings (Pvt) Ltd and Trincomalee Power Co Limited is 31st March. However, the Financial Statements of the said companies have been prepared and certified by the Auditors solely to enable the Group to prepare consolidated financial statements.

The total profits and losses of the subsidiary companies are included in the consolidated statement of profit or loss, and proportions of the profit or loss after taxation applicable to outside shareholders, adjusted under the heading of Non-controlling Interest in arriving at the profit or loss attributable to the equity share holders of Ceylon Electricity Board.

All the assets and liabilities of the Board and its subsidiaries are included in the Consolidated

Statement of Financial Position. The interest of the outside shareholders in the net assets of the subsidiaries is shown separately in Consolidated Statement of Financial Position under the heading of Non-Controlling Interest. Inter Group balances and transactions and any unrealized gains/losses resulting from inter Group transactions and dividends, are eliminated in preparing the consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss
- Reclassified the parent share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls and investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable return to its involvement with the investee
- The ability to its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of a voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

- the contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statement of assets and liabilities, equity, income, expenses and cash flows relating to the transaction between the members of the Group are eliminated in full on consolidation. A change in the ownership interest of the subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any result in gain or loss is recognized in profit or loss. Any investment retained is recognised at fair value.

2.1.4 Going Concern

The directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease trading except for the following

Going Concern – Heladhanavi Limited

The Power Purchase Agreement (PPA) dated 09 May 2009 signed between Heladhanavi Ltd and Ceylon Electricity Board expired on 08 December 2014. From the entity point of view there is a material uncertainty about the entity's ability to continue as a going concern upon expiry of the agreement.

The directors have made an assessment of the entity's ability to continue as a going concern as at the reporting date and they decided that there is a

significant doubt on the entity's ability to continue as a going concern. Therefore, the going concern assumption is not appropriate in the preparation of financial statements of Heladhanavi Limited.

Going Concern – Lanka Industrial Products Engineering (Pvt) Limited

The directors have decided to cease its operations with effect from 01 November 2015 and to transfer its operations to LTL Transformers (Pvt) Ltd. Hence, the going concern assumption has not been adopted in preparing financial statements of Lanka Industrial Products Engineering (Pvt) Ltd.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Jointly Control Entity

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Trincomalee Power Company Limited is a jointly controlled entity between Ceylon Electricity Board and NTPC Limited. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Board's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Board's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually. The statement of profit or loss reflects the Board's share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Board's OCI.

In addition, when there has been a change recognized directly in the equity of the joint venture, the Board recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Board and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Board's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the joint venture.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

2.2.2 Foreign Currency Translation

a). Functional and presentation currency

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 considered the entity's functional and presentation currency.

b). Transactions and balances

Foreign currency transactions are initially recorded at the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Comprehensive Income.

In terms of sub section 06 of the 42 of the Ceylon Electricity Board Act No: 17 of 1969, CEB does not take account of any gains or losses arising from exchange fluctuations, in respect of the capital and interest on foreign currency loans obtained through the Treasury as the exchange rate risk is borne by the Government of Sri Lanka. The outstanding loans repayable are valued at the agreed exchange rate at the time of receipt of the loan by CEB.

c). Foreign operations

The statement of financial position and the statement of comprehensive income of overseas subsidiaries, which are foreign operations, are to be translated to Group's presentation currency as follows.

- Assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.
- Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rate ruling at the transaction date.
- The exchange differences arising on transaction for consolidation are recognised in other comprehensive income.

2.2.3 Taxation

a). Current Taxes

The tax expense for the period comprises current and deferred tax. Current income tax assets and 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 rate and the tax laws used to compute the amounts are those that are enacted or substantively enacted on the reporting date in the country where the Board and the Group companies operate and generate taxable income.

Tax is recognised in statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

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 provision of the Inland Revenue Act.

b) Deferred Taxation

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except, where the deferred income tax assets relating to the deductible temporary differences arisen from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

In respect of deductible temporary differences associated with investment in subsidiaries, associates and interests in joint ventures deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date. Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

2.2.4 Borrowing Costs

Borrowing costs consist of interest and other costs that the Board incurs in connection with the borrowing of funds. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.2.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the

ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition is accounted as follows.

Lanka Electricity Co. Limited	
The Operational & Maintenance goods	-at actual cost on weighted average basis.
Goods in transits and other cost	-at actual cost
LTL Holdings (Pvt) Ltd	
Raw Materials are valued	-at actual cost on first-in-first-out basis
Finished goods & Work- In-Progress	-at the cost of direct materials, direct labour and appropriate proportion of fixed production overhead
Consumables & Spares	-at actual cost on first-in-first-out basis
Goods in Transit	-at actual cost

Ceylon Electricity Board

Inventory which are mostly used and listed in the Annual Price List are valued at Standard Price in the Distribution Divisions and others (Generation and Transmission Divisions) such as consumables and spares at First in First out valuation method.

However, the Board made provision for unrealized profit of the inventory which is valued at Standard Price to enable to bring down the value to cost.

2.2.6 Cash and Cash Equivalents

Cash and Cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of Group statement of cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.7 Property, Plant and Equipment

a) Cost & Valuation

Property, Plant & Equipment is stated at cost less accumulated depreciation and any accumulated impairment losses, if any. Such cost include the cost of replacing components, parts of the Property Plant & Equipment and borrowing costs for the long term construction projects if the recognition criteria are met. When significant parts of Property

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

Plant & Equipment are required to be replaced at intervals, the Group derecognises the net book value of the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant & equipment as a replacement, if the recognition criteria are satisfied.

When items of Property, Plant & Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offset and existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

b) Capital work in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly include in the construction work of long term capital projects. Expenses that are in the capital nature are accounted for as capital work-in-progress until the projects are completed and the related assets are available for use.

c) De-recognition

The carrying amount of an item of Property Plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use. The gain or losses arising from de-recognition of an item of Property Plant & Equipment is included in the statement of profit or loss when the item is derecognized.

When replacement costs are recognized in the carrying amount of an item of Property Plant & Equipment, the remaining carrying amount of the replaced parts are derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

d) Non-current Assets Held for Sale

The Group classifies non-current assets as held for sale if the carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable on the approval granted by the management.(Board of Directors).The management must be committed to the sale expected within six months of the date of classification.

The Depreciation is ceased upon the classification of the Property Plant and equipment as held for sale.

Asset and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Once such asset is identified as "non-current assets held for sale" it should be disposed within 06 months from the Board decision. If not disposed it should be reclassified under Property Plant & Equipment (PPE) again along with the depreciation adjustment for the period ceased for depreciation.

e) Restoration Cost

Expenditure incurred on repair or maintenance of Property, Plant & Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognised as an expense when incurred.

f) Depreciation

Depreciation is calculated by using straight line basis over the useful life of the asset when the asset is available for use other than free hold land. Building on Leasehold land is depreciated over the shorter of the estimated useful life of the asset and lease term.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

The useful lives of the assets are estimated as follows;

Ceylon Electricity Board

Freehold Buildings & Lease hold Land & Buildings 40 Years

Civil Works:

Spillways & Dams 100 Years
Steel water pipes & pens stock 40 Years
Substation & Switch Yard 35 Years

Generation Plants:

Power Stations including Plant (Hydro) 35 Years
Power Stations including Plant (Thermal) 25 Years
Power Stations including Plant (Diesel) 15 Years
Power Stations including Plant (Gas Turbine) 12 Years
Power Stations including Plant (Coal) 30 Years
Power Stations including Plant (Wind) 15 Years
Transmission Lines at 220Kv, 132Kv, and 66Kv 35 Years

Distribution Lines:

HT Underground-33 50 Years
HT Underground-132 50 Years
HT Underground-11 40 Years
HT Overhead Lines 35 Years
LT Underground 40 Years
LT Overhead Lines 35 Years
LT Feeder Pillar 35 Years

Consumer Substation 35 Years
HT Switchgear 35 Years
Primary & Grid Substation 35 Years
Service Main - Overhead 35 Years
Service Main - Underground 40 Years
SCADA (Central Facilities) & Communication Equipment 15 Years
Vehicles 07 Years
Motor Boats 07 Years
Machinery & Tools 05 Years
Office Equipment 05 Years
Furniture & Fittings 05 Years

LTL Holdings (Pvt) Ltd

Buildings over 25 - 50 years
Plant & Machinery over 8 - 20 years
Power Plant over 10 - 20 years
Factory Equipment over 10 years
Intercom Equipment over 10 years
Fire Fighting Equipment over 10 years
Office Equipment over 03- 10 years
Furniture and Fittings over 03- 10 years
Motor Vehicles over 04 years
Operation and maintenance spares Actual Usage
Solar PV Plant over 15 years

Lanka Electricity Co. (Pvt) Ltd.

Buildings 40 years
Leasehold Land over lease period

Supply of Infrastructure

Substations, Overhead lines & Service Lines taken Over from Local Authorities & CEB 10 years
Substations, Overhead lines & Service Lines Constructed by LECO 20 - 25 years
Motor Vehicles 05-07 years
Computers 03- 05 years
Office Equipments 03- 07 years
Plant & Machinery 03- 04 years

Lanka Coal Co. (Pvt) Ltd.

Furniture & Fittings 5 years
Equipments 4 years
Motor Vehicles 4 years
Computers 4 years
Leasehold Improvements 2 years

Trincomalee Power Company Limited

Furniture and fittings 5 years
Equipment 5 years
Laptop and Computers 3 years

Assets which cost up to Rs. 15, 000 are fully depreciated

2.2.8 Leases

Policy applicable from 1st January 2019

At inception of a contract, the Board assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Board uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1st January 2019.

2.2.8.1 Group as a Lessee

The CEB assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the CEB obtains substantially all the economic benefits from the use of that assets, and whether the CEB has right to direct the use of the asset.

The CEB recognizes right-of-use (ROU) assets and a lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

determined, CEB uses an incremental borrowing rate. Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if CEB is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU assets) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the estimated useful life of the underlying asset.

The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading property, plant and equipment, and the lease liability is included in the headings current and non-current interest bearing loans and borrowings.

2.2.8.2 Group as a Lessor – LTL

Operating Lease

Hydro power, wind power and thermal power plants in which the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating lease. Lease income from all power plants is recognised in the statement of profit or loss based on energy output for the period which is more representative of the time pattern in which use benefits derived from leased assets are diminished. Cost including depreciation incurred in earning the lease income is recognised as an expense. The depreciation policy for depreciable leased assets is consistent with Group's depreciation policy for similar assets.

Finance Lease

The group is of the view that the substance of the arrangements between Raj Lanka Power Company Ltd and Bangladesh Power Development Board and Lakdhanavi Bangala Power Ltd and Bangladesh Power Development Board fall within the purview of "IFRIC 4- Determining whether an arrangement contains a Lease" and to be accounted as a lease under "SLFRS-16- Leases" due to the satisfaction of following criterion;

- The fulfilment of the arrangement under the Power Purchase Agreement is dependent on the exclusive use of the specific power plant of the Group situated in Bangladesh

- Bangladesh Power Development Board has the right to operate the power plant or direct others to operate the power plant in a manner it determines while controlling entire output of the power plant

- It is impossible to for any other party other than Bangladesh Power Development Board to take any output of power generated by the power plant of the company and the capacity charge per unit paid by Bangladesh Power Development Board is not based on the output.

The arrangement is accounted as a "Finance Lease" under "SLFRS 16 – Leases where Raj Lnaka Company Ltd and Lakdhanavi Bangala Power Ltd as the lessor and Bangladesh Power Development Board as the Lessee as all the risks and rewards incidental to legal ownership of the power plant of the group are transferred to Bangladesh Power Development Board.

Policy applicable before 1st January 2019

The arrangements, which transfer to the Board substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance lease charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the Liability. Finance charges are charged and reflected in the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Board will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described.

Operating lease payments are recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.2.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embedded in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss when the asset is derecognised.

2.2.10 Financial Instruments - Initial Recognition and Subsequent Measurement

2.2.10.1 Financial Assets

a) Initial Recognition and Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified and measured at amortized cost are limited to its trade debtors, loans to staff and consumers, related party receivables, short term investments and cash & cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Group's investment in equity investments are classified as Fair Value through OCI.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's / Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company / Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company / Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company’s / Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual

par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

b) Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

c) Derecognition

A financial asset (or, where applicable apart of a financial asset or part of a Group of similar financial assets) is derecognised when,

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; an either
 - Group has transferred substantially all the risks and rewards of the asset, or
 - The Group has neither transferred nor retained substantially or risks and rewards of the asset, but as transferred control of the asset.

When the Group has transferred its rights to receive cash flows from and asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the company’s continuing

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

involvement in it. In that case, the Group also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.2.10.1.1 Impairment of Financial Assets

The Group 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 (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.2.10.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial Liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit and loss, Loans and borrowings, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, and other financial liabilities carried at amortised cost. This includes directly attributable transaction costs. The Group's financial liabilities include trade & other payables, bank overdrafts, loans and borrowings, other financial liabilities.

b) Subsequent Measurement

The measurement of financial liabilities depends on the classification as follows.

Loans and Borrowings

After initial recognition, interest bearing loans

and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains are recognised in the statement of profit or loss when the liabilities are recognised as well as through the effective interest rate method (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 cost in the statement of profit or loss.

c) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.10.3 Offsetting of Financial Instruments

Financial assets and financial Liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2.10.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active market at each reporting date is determined by reference to quoted market prices or dealer price quotations. (Bid price for long position and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions: reference to the current fair value of another instrument that is substantially the same: a discounted cash flow analysis or other valuation models.

2.2.10.5 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 such indication exists, or when annual impairment testing for an asset is required, the Group estimates of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

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 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 assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for 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.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

A previously recognised impairment loss is reversed only if there has been a change in the estimates 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 assets are carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.2.11 Provisions

Provisions are recognised when the Group has a present obligations (legal or constructive) as a result of a past event, where 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. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that

reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.2.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Defined benefit plan- gratuity defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and remuneration. The defined benefit plan comprises the gratuity provided under the Act, No.12 of 1983.

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan using actuarial valuation technique which is based on the Projected Unit Credit method (PUC). Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit or loss. The gratuity liability is not externally funded. This item is grouped under other Defined Benefit Liabilities in the Balance Sheet.

b) Defined Benefit Plan – Pension Obligation

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and remuneration.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past –service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using interest rates of government bonds in the absence of high quality deep corporate bond market in Sri Lanka. The government bonds are denominated in the currency in which the benefits will be paid, and that have to maturity approximating to the terms of the related pension obligation.

Actuarial gain and losses arising from experience adjustment and charges in actuarial assumption are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service cost are recognised immediately in the statement of comprehensive income, unless

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service cost are amortised on a straight line basis over the vesting period.

c) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contributions in line with the respective Statutes and Regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively except of the Ceylon electricity Board where it contributes 15% of gross emoluments of employees to Ceylon Electricity Board Provident Fund.

2.2.13 Self Insurance Reserve

CEB transfers to a self Insurance Reserve each year, at the rate of 0.1% of the gross re-valued fixed assets at the end of the year. Losses and damages to Property, Plant and Equipment of CEB are charged to this Insurance reserve. The funds for this purpose are met from the monies invested in a separate account at a Bank.

2.2.14 Government Grants

Government grants are recognised initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the Statement of Profit or Loss and Other Comprehensive Income as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the profit or loss on a systematic basis over the useful life of the asset.

2.2.15 Revenue from contracts with customers

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to the customer at the amount of consideration to which the Group expects to be entitled in exchange for transferring such goods or services to a customer. Accordingly, the Group recognizes Revenue as follows.

a) Sale of Electricity/Services and Goods

The Group recognizes the Revenue from Sale of Electricity when the customers use the electricity through the service connections provided. The price at which the revenue is recognized will be decided based on the tariff category and the rates gazetted by the Public Utility Commission of Sri Lanka.

b) Consumer Contribution

The consideration received from the customers at the inception to create the asset facilitating the provision of electricity over the period is recognized as revenue over time, since the customers simultaneously receive and consume the benefit of the asset provided by the Group in consuming electricity over the period. Hence, the consideration received is recognized as revenue over the useful life of the asset.

c) Electric Vehicle Charging Revenue

The electricity consumed by the customers who charge their electric vehicles in the Electric Vehicle Charging Stations established by the Board through the use of prepaid e-cards provided for the same are recognized as revenue once the electric vehicles are charged.

d) Contract Liabilities

A contract liability is an obligation to transfer services to a customer to whom the Group has already received consideration. Hence, the remaining prepaid balance in the e-card for electric vehicle charging and the un-amortized balance in the consumer contribution for service connections are considered as contract liabilities of the Group.

e) Other Income and Gains

Interest

Interest income is recognised as the interest accrues unless collectability is in doubt.

For all financial instruments measured at amortised cost, 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.

Dividends

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

Others

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in the Statement of profit or loss, having deducted from proceeds on disposal, the

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

carrying amount of the assets and related selling expenses. Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.3 SIGNIFICANT ACCOUNTING ASSUMPTIONS, JUDGEMENTS AND ESTIMATES

In the process of applying the Group accounting policies, management is required to make judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial statements. Further management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of a using a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements. The key items as such are discussed below.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use asset, even if that right is not explicitly specified in an arrangement. Accordingly the thermal power plants in which the Group does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating lease. The Group exercised significant judgment in determining criteria that individually or combination would lead to lease being classified as a finance lease or operating lease.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be from active markets, their fair value is determined using valuation techniques including the discounted cash flow mode. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Reviews of Impairment Losses on non financial assets

The Group determines whether assets have been impaired by performing an impairment review. This requires the estimation of the 'value in use' of the cash generating units. Estimating value in use requires management to make an estimate of the expected

future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Impairment Losses on Trade and Other Receivables

Trade and other receivables that have been assessed individually and found not to be impaired and all individually insignificant receivables are then assessed collectively, in Groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the receivable portfolio (such as levels of arrears, credit utilisation, etc.), and judgments on the effect of concentrations of risk and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual Groups).

Taxes

The Group is subject to income taxes and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of this Financial Statements. The Group recognised assets and liabilities for current, deferred and other taxes on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

Useful lives of Property, Plant & Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rate, and methods.

Defined Benefit Plans-Gratuity

The cost of defined benefit plans- gratuity is determined using actuarial valuation technique. The actuarial valuation technique involves making assumptions about discount rates, expected rates of return on assets, future salary increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

3. REVENUE	Group		Board	
	2019	2018	2019	2018
Sales	267,041,265	254,351,728	242,950,327	229,571,083
	<u>267,041,265</u>	<u>254,351,728</u>	<u>242,950,327</u>	<u>229,571,083</u>

3.1 Segmental Revenue	Group		Board	
	2019	2018	2019	2018
Sale of Electricity	247,691,324	235,036,611	242,950,327	229,571,083
Sale of Goods	5,020,136	6,280,872	-	-
Galvanizing Operations	1,158,558	895,380	-	-
Construction Services	441,596	774,217	-	-
Income on Hiring of Power Plants	6,796,748	6,228,186	-	-
Finance Lease & Power Generation	1,940,163	1,714,288	-	-
Operational & Maintenance Services for Power Plants	3,891,310	3,072,522	-	-
Other Operations	101,430	349,652	-	-
	<u>267,041,265</u>	<u>254,351,728</u>	<u>242,950,327</u>	<u>229,571,083</u>

4. OTHER OPERATING INCOME AND GAIN	Group		Board	
	2019	2018	2019	2018
Income on Foreign Investment	-	1,765,926	-	-
Dividend Income	8,609,571	2,590,424	2,746,968	2,273,532
Penalty on Electricity Consumption	7,001	8,021	7,001	8,021
Recoveries from Consumers	363,970	360,025	-	-
Profit on Disposal of Property Plant and Equipment	299,638	210,168	316,003	220,978
Amortization of Consumer Contribution	3,975,636	3,761,916	3,594,603	3,399,660
Amortization of Government Grant	20,531	20,280	14,718	14,718
Miscellaneous Income	1,401,454	1,224,469	1,283,345	1,140,078
Government Grant related Income	3,736	861	3,736	861
Government Department Income	355,690	388,883	355,690	388,883
Liquidated Damages	158,620	193,440	158,620	193,440
Sale of Ash	622,996	658,718	622,996	658,718
Tender Fee /Non Refundable Deposits/ Forfeiture of Guarantees	69,685	79,954	69,685	79,954
Income on Cost Recovery jobs	575,864	589,323	575,864	589,323
Service Main Application Fee	6,839	6,479	6,839	6,479
Surcharge on Electricity Bills	550,405	475,727	550,405	475,727
Electric Vehicle Energy Card Sale	118	14	118	14
	<u>17,021,754</u>	<u>12,334,628</u>	<u>10,306,591</u>	<u>9,450,386</u>

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

5.1 FINANCE INCOME	Group		Board	
	2019	2018	2019	2018
Interest on Deposits	2,074,303	1,827,753	-	-
Interest on Government Securities	-	458	-	-
Interest Income from Investments	12,102	7,208	12,102	7,208
Interest Income from Staff Loans	1,444,692	1,116,973	1,421,142	1,056,057
Interest on Samurdhi Loans	268,670	368,261	268,670	368,261
Interest Income on Related Party Loans	-	-	400	473
Interest on Other Consumer Loans	48,856	34,166	48,856	34,166
	<u>3,848,623</u>	<u>3,354,819</u>	<u>1,751,170</u>	<u>1,466,165</u>

5.2 FINANCE COST	Group		Board	
	2019	2018	2019	2018
Interest Expense on Overdrafts	1,007,048	566,568	716,948	373,299
Interest Expense on Loans and Borrowings	11,018,377	8,499,038	9,893,113	7,418,401
Interest Expense on Project Loans	3,556,443	-	3,556,443	-
Lease Interest	45,923	13,109	10,836	12,431
Delayed Interest on IPP Payments	4,024,272	1,558,878	4,024,272	1,558,878
Delayed Interest on CPC Payments	4,297,312	3,622,725	4,297,312	3,622,725
Interest on Loans obtained to finance consumer loans	75,532	90,699	26,698	50,381
Interest Expense on Consumer Deposit	78,332	13,680	-	-
	<u>24,103,239</u>	<u>14,364,697</u>	<u>22,525,622</u>	<u>13,036,115</u>

6. PROFIT/(LOSS) BEFORE TAX	Group		Board	
	2019	2018	2019	2018
Stated after Charging /(Crediting)				
Auditors' Remuneration - Current Year Fees and Expenses	17,813	20,163	7,127	9,515
Director's Emoluments	162,957	88,961	4,149	5,326
Depreciation	32,564,416	31,720,823	30,933,953	30,388,490
Personnel Costs includes				
- Defined Benefit Plan Costs -Gratuity	1,299,692	1,216,239	1,106,619	1,038,358
- Defined Contribution Plan Costs - EPF & ETF	3,723,045	3,591,949	3,365,903	3,234,308
- Other Staff Costs	38,507,692	36,964,413	35,231,778	33,818,045
(Profit)/Loss on Disposal of Property, Plant and Equipment	13,234	205,730	(3,131)	194,928
Amortization of Intangible Assets	39,722	40,125	19,823	17,984
Public Relation and Advertising	320,984	78,362	281,037	49,905
Donations	1,169	1,548	-	-
Government Grant	(20,531)	(20,531)	(14,718)	(14,718)
Impairment of obsolete and slow moving inventories	(12,887)	144,035	61,228	94,137
Provision for Impairment of Debtors	1,657,181	506,140	938,432	484,293

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

8 PROPERTY, PLANT & EQUIPMENT

(All amounts in Sri Lanka Rupees Thousands)

8.1 Group

8.1.1 Freehold Assets

Gross Carrying Amounts At Cost	Balance As At 01.01.2019 Restated	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Freehold Land	10,789,668	277,080	-	(15,782)	11,050,966
Leasehold Land	1,702	-	-	(1,702)	-
Building	18,978,113	419,090	(2,116)	(118,934)	19,276,153
Civil Works	233,821,875	-	-	493	233,822,368
Plant & Machinery	1,741,419	3,216,205	(137,324)	106,941	4,927,241
Generation Power Plant	278,790,979	2,563,711	-	-	281,354,690
Transmission & Distribution Lines	579,508,653	17,856,867	(941,933)	(21,688)	596,401,899
Motor Vehicles	11,526,380	1,269,496	(152,434)	61,194	12,704,636
Other Supply Infrastructure	22,454,165	1,434,651	(79,303)	-	23,809,513
Office & Other Equipment	3,760,739	154,959	(33,440)	17,602	3,899,860
Furniture and Fittings	462,813	582,810	(629)	(6,456)	1,038,538
Machinery and Tools	7,479,992	743	(82)	(14,654)	7,465,999
Container Accommodation	6,744	-	-	-	6,744
Solar PV Plant	114,781	2,075	-	-	116,856
	<u>1,169,438,023</u>	<u>27,777,687</u>	<u>(1,347,261)</u>	<u>7,014</u>	<u>1,195,875,463</u>

8.1.2 Project Assets

Gross Carrying Amount At Cost	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Freehold Land	111,634	18,076	-	-	129,710
Building	5,864	507	-	-	6,371
Civil Works	-	873,206	(873,206)	-	-
Motor Vehicles	1,368,555	90,724	(109,002)	-	1,350,277
Office & Other Equipment	90,061	9,507	(3,520)	76	96,124
Furniture and Fittings	27,453	-	-	72	27,525
Machinery and Tools	48,772	4,421	(43)	(29)	53,121
	<u>1,652,339</u>	<u>996,441</u>	<u>(985,771)</u>	<u>119</u>	<u>1,663,128</u>

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.1.3 Lease Hold Assets	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Motor Vehicles	229,014	-	(229,014)	-	-
	229,014	-	(229,014)	-	-
Total Value of Depreciable Assets	1,171,319,376	28,774,128	(2,562,046)	7,133	1,197,538,591

8.1.4 In the Course of Construction	Balance As At 01.01.2019 Restated	Incurred During the Year	Transfer to PPE	Reclassified/ Transferred	Balance As at 31.12.2019
Capital Work in Progress	110,772,583	65,299,346	(23,127,642)	(594,561)	152,349,726
Total Gross Carrying Amount	110,772,583	65,299,346	(23,127,642)	(594,561)	152,349,726

8.1.5 Depreciation	Balance As At 01.01.2019 Restated	Charge for the year	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Freehold Assets					
Leasehold Land	1,604	-	-	(1,604)	-
Building	6,772,564	492,229	(101)	(2,321)	7,262,371
Civil Works	75,863,484	3,586,147	-	-	79,449,631
Plant & Machinery	1,136,742	314,003	(136,806)	(490)	1,313,449
Generation Power Plant	159,132,071	10,243,754	-	-	169,375,825
Transmission & Distribution Lines	243,796,003	15,125,434	(352,624)	(3,368)	258,565,445
Motor Vehicles	8,274,114	1,160,713	(80,734)	45,670	9,399,763
Other Supply Infrastructure	14,710,301	635,301	(52,539)	-	15,293,063
Office & Other Equipment	2,815,857	366,426	(11,187)	(2,904)	3,168,192
Furniture and Fittings	332,719	44,283	(366)	(4,200)	372,436
Machinery and Tools	4,775,169	724,928	(58,805)	(2,403)	5,438,889
Container Accommodation	6,744	-	-	-	6,744
Solar PV Plant	9,652	6,715	-	-	16,367
	517,627,024	32,699,933	(693,162)	28,380	549,662,175

8.1.6 Depreciation	Balance As At 01.01.2019 Restated	Charge to WIP / Transfers	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Project Assets					
Building	445	226	-	-	671
Motor Vehicles	1,009,814	100,186	(84,842)	39,006	1,064,164
Office & Other Equipment	72,254	8,207	(441)	(17)	80,003
Furniture and Fittings	22,056	1,380	-	-	23,436
Machinery and Tools	24,378	9,265	-	-	33,643
	1,128,947	119,264	(85,283)	38,989	1,201,917

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.1.7 Depreciation	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Lease Hold Assets					
Motor Vehicles	140,022	-	(140,022)	-	-
	140,022	-	(140,022)	-	-
Total Value of Depreciable Asset	518,895,993	32,819,197	(918,467)	67,369	550,864,092

8.1.8 Net Book Value

	2019	2018
At Cost	646,674,499	652,423,383
Capital Work in Progress (Note 8.3)	152,349,726	110,772,583
Total Carrying Amount of Property, Plant & Equipment	799,024,225	763,195,966

8.2 Board

8.2.1 Gross Carrying Amounts

Freehold Assets At Cost	Balance As At 01.01.2019 Restated	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Freehold Land	9,461,781	25,421	-	-	9,487,202
Building	17,958,847	350,468	-	(114,332)	18,194,983
Civil Works	233,821,875	-	-	493	233,822,368
Plant & Machinery	740,342	2,988,961	-	114,332	3,843,635
Generation Power Plant	275,309,890	2,563,338	-	-	277,873,228
Transmission & Distribution Lines	579,508,654	17,856,867	(941,933)	(21,688)	596,401,900
Motor Vehicles	9,646,146	1,199,555	(86,962)	63,903	10,822,642
Office & Other Equipment	2,844,718	362,238	(23,076)	18,432	3,202,312
Furniture and Fittings	428,701	26,596	(263)	(5,920)	449,114
Machinery and Tools	5,023,786	541,972	(82)	(14,654)	5,551,022
	1,134,744,740	25,915,416	(1,052,316)	40,566	1,159,648,406

8.2.2 Project Assets

Gross Carrying Amounts At Cost	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Freehold Land	111,633	18,077	-	-	129,710
Building	5,864	507	-	-	6,371
Civil Works	-	873,206	(873,206)	-	-
Motor Vehicles	1,368,555	90,724	(109,002)	-	1,350,277
Office & Other Equipment	90,061	9,507	(3,520)	76	96,124
Furniture and Fittings	27,453	-	-	72	27,525
Machinery and Tools	48,772	4,421	(43)	(29)	53,121
	1,652,338	996,442	(985,771)	119	1,663,128

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.2.3 Leasehold Assets	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers	Adjustments	Balance As at 31.12.2019
Motor Vehicles	229,014	-	(229,014)	-	-
	229,014	-	(229,014)	-	-
Total Value of Depreciable Assets	1,136,626,092	26,911,858	(2,267,101)	40,685	1,161,311,534

8.2.4 In the Course of Construction	Balance As At 01.01.2019 Restated	Incurred During the Year	Transfer to PPE	Reclassified / Transferred	Balance As at 31.12.2019
Capital Work in Progress	109,697,562	63,178,952	(22,003,275)	(586,656)	150,286,583
Total Gross Carrying Amount	109,697,562	63,178,952	(22,003,275)	(586,656)	150,286,583

8.2.5 Depreciation

Freehold Assets At Cost	Balance As At 01.01.2019 Restated	Charge for the year	Disposals / Transfers / Discontinued	Adjustments	Balance As at 31.12.2019
Freehold Land	-	-	-	-	-
Leasehold Land	-	-	-	-	-
Building	6,545,891	452,944	-	(2,151)	6,996,684
Civil Works	75,863,484	3,586,147	-	-	79,449,631
Plant & Machinery	568,917	192,971	-	2,151	764,039
Generation Power Plant	157,992,848	10,036,472	-	-	168,029,320
Transmission & Distribution Lines	243,796,003	15,125,434	(352,624)	(3,368)	258,565,445
Motor Vehicles	7,137,741	962,599	(74,063)	47,539	8,073,816
Office & Other Equipment	2,078,638	259,851	(823)	(2,401)	2,335,265
Furniture and Fittings	317,083	38,367	-	(4,010)	351,440
Machinery and Tools	3,737,732	456,781	(4)	(2,403)	4,192,106
	498,038,337	31,111,566	(427,514)	35,357	528,757,746

8.2.6 Depreciation Project Assets

At Cost	Balance As At 01.01.2019	Charge to WIP / Transfers	Disposals / Transfers / Discontinued	Adjustments	Balance As at 31.12.2019
Freehold Land	-	-	-	-	-
Building	445	226	-	-	671
Motor Vehicles	1,009,814	100,186	(84,842)	39,006	1,064,164
Office & Other Equipment	72,254	8,207	(441)	(17)	80,003
Furniture and Fittings	22,056	1,380	-	-	23,436
Machinery and Tools	24,378	9,265	-	-	33,643
	1,128,947	119,264	(85,283)	38,989	1,201,917

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.2.7 Depreciation

Leasehold Assets	Balance As At 01.01.2019	Additions / Transfers / Acquisitions	Disposals / Transfers / Discontinued	Adjustments	Balance As at 31.12.2019
Motor Vehicles	140,022	-	(140,022)	-	-
	140,022	-	(140,022)	-	-
Total Depreciation	499,307,306	31,230,830	(652,819)	74,346	529,959,663

8.2.8 Net Book Values

At Cost	2019	2018 Restated
Freehold Land	9,616,912	9,573,414
Building	11,203,999	11,418,375
Civil Works	154,372,737	157,958,391
Plant & Machinery	3,079,596	171,425
Generation Power Plant	109,843,908	117,317,042
Transmission & Distribution Lines	337,836,455	335,712,651
Motor Vehicles	3,034,939	2,867,146
Office & Other Equipment	883,168	783,887
Furniture and Fittings	101,763	117,015
Machinery and Tools	1,378,394	1,310,448
Lease hold Motor Vehicles	-	88,992
	631,351,871	637,318,786
Capital Work-In-Progress (8.3)	150,286,583	109,697,562
Total Carrying Amount of Property, Plant & Equipment	781,638,454	747,016,348

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.3 Capital Work in Progress represents the following.

Projects	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Generation Projects	10,347,287	6,951,277	10,347,287	6,951,277
Transmission Projects	2,261,870	2,111,801	2,261,870	2,111,801
Distribution Projects	36,563,354	32,759,898	36,563,354	32,759,898
Colombo City Electricity Distribution Development Project	24,081	28,959	24,081	28,959
Upper Kothmale Hydro Power Project	944,031	993,611	944,031	993,611
Renewable Energy Absorption Transmission Development Project	5,494,289	1,462,559	5,494,289	1,462,559
Broadland Hydro Power Project	13,395,404	8,872,530	13,395,404	8,872,530
Puttalam Coal Power Project	603,573	595,791	603,573	595,791
Green Power Dev. & Energy Efficiency Improvement Project (Tranch II)	6,535,272	1,586,138	6,535,272	1,586,138
Other Projects under AGM (Projects)	9,945	4,162	9,945	4,162
Habarana Veyangoda Transmission Line Project	10,948,750	4,610,477	10,948,750	4,610,477
Vauniya Kilinochchi Transmission Line Project	-	732,819	-	732,819
New Kelani Bridge Project	98,926	82,036	98,926	82,036
Uma Oya Multi Purpose Development Project	435,199	370,129	435,199	370,129
Clean Energy & Network Efficiency Improvement Project - Mannar	4,988,303	3,591,955	4,988,303	3,591,955
Clean Energy & Network Efficiency Improvement Project - 132kv Transmission	4,219,615	3,894,046	4,219,615	3,894,046
Clean Energy & Network Efficiency Improvement Project - 220kv Transmission	8,896,582	7,762,600	8,896,582	7,762,600
Kelaniya Vavuniya Augmentation Project	-	573,458	-	573,458
Green Power Dev. & Energy Efficiency Improvement Project (Tranch I)	6,086,328	4,794,652	6,086,328	4,794,652
Augmentation of 132/33kv GSS at Kiribathkumbura Phase 2	1,294,873	1,245,358	1,294,873	1,245,358
Seethawaka Hydro Power Project	218,854	146,161	218,854	146,161
National Transmission and Distribution Network Development & Efficiency Improvement Project	2,192,651	718,823	2,192,651	718,823
Mannar Wind Power Project	6,189,838	482,649	6,189,838	482,649
Liquid Natural Gas (LNG) Project	29,286	16,324	29,286	16,324
Kelanitissa Gas Turbine Project	48,036	27,101	48,036	27,101
Transmission Construction Projects	2,768,451	1,998,448	2,768,451	1,998,448
Moragolla Hydro Power Project	2,416,756	1,590,519	2,416,756	1,590,519
Greater Colombo Transmission and Distribution Loss Reduction Project	22,319,132	19,307,287	22,319,132	19,307,287
Power System Reliability Strengthening Project	28,122	-	28,122	-
New Coal Power Plant	26,176	-	26,176	-
Enterprise Resource Planning System	130,181	94,124	130,181	94,124
Vidulakpaya Project	470,656	459,888	470,656	459,888
Others (W&AS)	300,762	1,831,982	300,762	1,831,982
Work in progress-LECO	995,121	884,544	-	-
Work in progress-LTL	1,052,662	180,182	-	-
Work in progress-SLE	15,360	10,295	-	-
Total Value of Capital Work-In-Progress	152,349,726	110,772,583	150,286,583	109,697,562

8.4 Acquisition

All the motor vehicles of the Board are fair valued as at 01.01.2011 by the independent technical team of the board. During the financial year, the board acquired Property, Plant and Equipment to the aggregate value of Rs 3,820 Mn (2018- Rs.4,158 Mn) in cash. Further, the group acquired Property, Plant & Equipment to an aggregate amount of Rs6,441Mn in cash.

8.5 Assets Pledged

Property Plant & Equipments pledged for liabilities are stated in Note 33

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

PROPERTY, PLANT & EQUIPMENT (Contd....)

8.6 RIGHT-OF-USE ASSETS

8.6.1 Group Cost

	Balance As At 01.01.2019	Day 1 impact from application of SLFRS 16	Additions / Adjustments	Terminations/ Adjustments	Balance as at 31.12.2019
Land & Building	-	214,210	10,279	-	224,489
Motor Vehicles	-	444,353	187,143	(117,656)	513,840
	-	658,563	197,422	(117,656)	738,329

Depreciation

	Balance As At 01.01.2019	Day 1 impact from application of SLFRS 16	Charge for the year	Terminations / Adjustments	Balance as at 31.12.2019
Land & Building	-	1,604	67,214	-	68,818
Motor Vehicles	-	179,323	24,119	(86,173)	117,269
	-	180,927	91,333	(86,173)	186,087

Net Book Values

	2019	2018
Land	155,671	-
Motor Vehicles	396,571	-
	552,242	-

8.6.2 Board Cost

	Balance As At 01.01.2019	Day 1 impact from application of SLFRS 16	Additions / Adjustments	Terminations/ Adjustments	Balance as at 31.12.2019
Land & Building	-	-	10,279	-	10,279
Motor Vehicles	-	229,014	187,143	(117,656)	298,501
	-	229,014	197,422	(117,656)	308,780

Depreciation

	Balance As At 01.01.2019	Day 1 impact from application of SLFRS 16	Charge for the year	Terminations / Adjustments	Balance as at 31.12.2019
Land & Building	-	-	-	-	-
Motor Vehicles	-	140,022	24,119	(86,173)	77,968
	-	140,022	24,119	(86,173)	77,968

Net Book Values

	2019	2018
Land & Building	10,279	-
Motor Vehicles	220,533	-
	230,812	-

8.7 Property, Plant & Equipment including Right of Use Assets

	Group		Board	
	2019	2018	2019	2018
Net Book Values				
Property, Plant & Equipment (Notes 8.1.8. and 8.2.8)	799,024,225	763,195,966	781,638,454	747,016,348
Right of use Assets (Notes 8.6.1 and 8.6.2)	552,242	-	230,812	-
Total Value of Property Plant & Equipment including Right-of-use Assets	799,576,467	763,195,966	781,869,266	747,016,348

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

9 INTANGIBLE ASSETS

	Group		Board	
	2019	2018 Restated	2019	2018 Restated
At cost				
As at 1 January	340,613	294,990	186,170	186,170
Acquired / incurred during the period	2,333	44,392	315	-
Exchange translation difference	3,638	1,231	-	-
As at 31 December	346,584	340,613	186,485	186,170
Amortisation				
As at 1 January	133,502	92,685	58,943	40,959
Amortized during the period	39,722	40,126	19,823	17,984
Exchange translation difference	(71)	691	-	-
As at 31 December	173,153	133,502	78,766	58,943
Goodwill				
As at 1 January	325,625	325,625		
Acquired / incurred during the period	-	-		
Impairment	-	-		
As at 31 December	325,625	325,625		
Net Book Value	499,056	532,736	107,719	127,227

Ceylon Electricity Board

Intangible assets of the Board consists of the software used for operations

LTL Holdings (Pvt) Ltd

Intangible assets of the group consists of the software purchased by LTL Transformers (Pvt) Ltd, Raj Lanka Power Company (Pvt) Ltd, Makarigad Hydropower (Pvt) Ltd and Asiatic Electrical and Switchgear (Pvt) Ltd.

Lanka Electricity Company (Pvt) Ltd

Intangible assets of the group consists of the software purchased and the technical know-how which is amortised over 15 years.

Goodwill on acquisition of Asiatic Electrical & Switchgear (Pvt) Ltd

Goodwill acquired through business combination is allocated to Asiatic Electricals & Switchgear (Pvt) Ltd Cash Generating Unit (CGU), which is operating segment, for impairment testing.

The recoverable amount of the Asiatic Electrical & Switchgear (Pvt) Ltd CGU is determined based on a value in use calculation using cash flow projection from financial budgets. As a result of the analysis the management did not identify an impairment for this CGU.

10. INVESTMENTS IN SUBSIDIARIES

Non-Quoted- At Cost	Holding Percentage	Group		Board	
		2019	2018	2019	2018
Lanka Electricity Company (Pvt) Ltd	55.2	-	-	628,003	628,003
LTL Holdings (Pvt) Ltd	63	-	-	96,900	96,900
Lanka Coal Company(Pvt)Ltd	60	-	-	12,000	12,000
Sri Lanka Energies (Pvt) Ltd	100	-	-	174,910	174,910
		-	-	911,813	911,813

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

10.1 Details of those companies in which Ceylon Electricity Board, held a controlling interest, directly or indirectly are set out below.

Name of Company	Percentage of Share holding		Description of business
	Group	Board	
Subsidiaries			
LTL Holdings (Pvt) Ltd	63	63	Manufacture and sale of transformers to export markets
Lanka Electricity Company (Pvt) Ltd	55.2	55.2	Sale of energy.
Lanka Coal Company(Pvt)Ltd	60	60	Supply of required quantity of high quality coal at the right price to Lakvijaya Coal Power Plant at Norochcholai
Sri Lanka Energies (Pvt) Ltd	100	100	Constructing transmission lines and grid stations, construction, maintaining renewable energy projects.
Subsidiaries/Sub-subsidiaries of LTL Holdings (Pvt) Ltd			
Lakdhanavi Limited.	51		Engage in Heavy Engineering Services and Operation and Maintenance Services to Power Plants
LTL Energy (Pvt) Ltd	35		Offshore Investments in the Power & Energy sector especially Renewable Energy
Lanka Industrial Products Engineering(Pvt)Ltd	63		Production of Industrial Products
LTL Transformers (Pvt) Ltd	63		Manufacturing & Repair of transformers, manufacturing of Feeder Pillars
LTL Galvanizers (Pvt) Ltd	63		Steel fabrication & Galvanizing Operations
Pawan Danavi (Pvt) Ltd	32		Power Generation using wind energy and feed the same to the National Grid of Sri Lanka as an Independent Power producer (IPP)
Nividu (Pvt) Ltd	41		Power Generation using hydro energy and feed the same to the National Grid of Sri Lanka as an Independent Power producer (IPP)
Asiatic Electrical & Switchgear (Pvt) Ltd	62		Manufacture and sale (Export & Local) of electrical switchgears and accessories
Bright International Power (Pvt) Ltd	52		Power plant Operation and supply of Power generation ancillaries
Infra & Engineering (Pvt) Ltd	52		Heavy engineering service for the power plants and other operation and maintenance of power plants
Heladanavi Ltd	52		Non operating Company
Nividu Assupinella (Pvt) Ltd	41		Power Generation using hydro energy and feed the same to the National Grid of Sri Lanka as an Independent Power producer (IPP)
Raj Lanka Power Company Ltd	39		Power Generation using thermal energy and feed the same to the National Grid of Peoples Republic of Bangladesh
Lakdhanavi Bangla Power Company Ltd	26		Power Generation using thermal energy and feed the same to the National Grid of Peoples Republic of Bangladesh
Feni Lanka Power Limited	29		Power Generation using thermal energy and feed the same to the National Grid of Peoples Republic of Bangladesh
Makarigad Hydro Power (Pvt) Ltd	34		Power Generation using hydro energy and feed the same to the National Grid of Nepal (Commercaill Operations are yet to commence)
Subsidiaries of Lanka Electricity Company (Pvt) Ltd			
LECO Projects (Pvt) Ltd	55.2		Providing Infrastructure Facilities for electricity distribution.
Ante LECO Metering Company (Pvt) Ltd	38.5		To set up an energy meter manufacturing facility to meet the electronic meter requirements of Sri Lanka and for the export market
Subsidiaries of Sri Lanka Energies (Pvt) Ltd			
Sri Lanka Energies HR (Pvt) Ltd	100		Recruitment and supply of man power service for CEB
Kumbalgamuwa Mini Hydro (Pvt) Ltd	100		Produce electricity energy using hydro resources.
Daduruoya Mini Hydro (Pvt) Ltd	100		Produce electricity energy using hydro resources. The power plant is still under construction

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

11. INVESTMENT IN JOINT VENTURE (Trincomalee Power Company Ltd)

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the year	43,750	47,846	328,606	328,606
Share of pre-operating loss	(6,850)	(4,096)	-	-
Balance at the end of the year	36,900	43,750	328,606	328,606

The Joint Venture company was operated with the sole purpose of developing a 500MW coal power plant in Sampoor area near Trincomalee. Along with a decision taken by the Government of Sri Lanka to not to pursue the project, the company ceased its development activities of the Sampoor coal power plant during the year 2016.

Cabinet approval has been received to set up a 50MW solar power plant by TPCL on the land provided to construct the coal power project in Sampoor. Further, cabinet approval has also been granted to develop a 500MW LNG power plant at Kerawalapitiya by TPCL.

12. FINANCE LEASE RECEIVABLE

The Raj Lanka Power Company Ltd, subsidiary of the LTL group has the legal ownership of the Power Plant at Rajshahi, Natore, Bangladesh. According to the Power Purchase Agreement (PPA) between Bangladesh Power Development Board and the company, the arrangement between the two parties comes under the purview of IFRIC 4 "Determining whether an arrangement contains a Lease", and thereby treated as finance lease which is accounted for in accordance with LKAS 17 "Leases".

The Lakdanavi Bangalar Power Company Limited, subsidiary of the group has the legal ownership of the Power Plant at Jangalia, Commila. According to the Power Purchase Agreement (PPA) between Bangladesh Power Development Board (BDPB) and the company, the arrangement between the two parties comes under the purview of IFRIC 4 "Determining whether an arrangement contains a Lease", and thereby treated as finance lease which is accounted for in accordance with LKAS 17 "Leases".

As per the guideline provided in LKAS 17 "Leases", the company has been identified as the lessor and Bangladesh Power Development Board has been identified as the lessee. Under the Power Purchase Agreement (PPA), in substance, the company (as lessor to the lease arrangement) will recover the total capital invested via the capital recovery component of the capacity charge.

Accordingly, the capital recovery component included in the capacity charge has been treated as future minimum lease rentals.

Total lease receivable (capital recovery component of the capacity charge) is as follows.

	Group		Board	
	2019	2018	2019	2018
Gross Investment in finance leases receivables				
Current				
Less than one year	910,171	569,718	-	-
Non Current				
Between one and five years	2,140,753	2,037,965	-	-
More than five years	17,758,688	7,737,354	-	-
	19,899,441	9,775,319	-	-
Net investment in finance leases	20,809,612	10,345,037	-	-

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

13. OTHER FINANCIAL ASSETS

Summary	Group		Board	
	2019	2018	2019	2018
13.1 Financial Assets at amortized cost				
Refundable Deposits	40,738	44,029	-	-
Investment in Fixed Deposits	20,586,150	25,156,979	-	-
Investment in Repurchase Agreements	303,278	422,376	-	-
Investment in Other Deposit	2,413,602	1,211,287	-	-
Loans to Company Officers	10,719,041	10,068,073	9,368,352	8,770,106
Loans to Consumers	4,195,879	5,389,639	4,073,724	5,306,629
Investments in Debentures	202,063	203,479	-	-
	38,460,751	42,495,862	13,442,076	14,076,735
13.2 Financial Assets at Fair value through Profit or Loss				
Investment in Equity Securities	248,587	233,740	-	-
	248,587	233,740	-	-
13.3 Financial Assets at Other Comprehensive Income				
Investments in Unquoted Equity Shares				
Lanka Broad Band Network (Pvt) Ltd				
Ordinary Shares	5,000	5,000	-	-
Preference Shares	15,000	15,000	-	-
West Coast Power (Pvt) Ltd Ordinary Shares	13,719,210	13,297,463	-	-
Less: Impairment of Investments	(20,000)	(20,000)	-	-
	13,719,210	13,297,463	-	-
Total Other Financial Assets				
Other Financial Assets - Non Current	25,348,198	36,461,582	9,956,341	10,204,445
Other Financial Assets - Current	27,080,350	19,565,483	3,485,735	3,872,290
	52,428,548	56,027,065	13,442,076	14,076,735

Financial Assets at amortized cost

Loans and receivables are held to maturity and generate a fixed or variable interest income for the Group. The carrying value might be affected by changes in the credit risk of the counterparties and changes in variable interest rates for some instruments.

Financial Assets at Other Comprehensive Income

LTL Holdings (Pvt) Ltd

The Financial Assets at other Comprehensive Income consist of a 4.77% Investment in equity shares of Non - listed company, West Coast (Pvt) Ltd, which is valued based on Discounted Cash Flow method

Lanka Electricity Company (Pvt) Ltd

The Financial Assets at other Comprehensive Income consists of 18.18% investments in equity shares of a non listed company , West Coast Power (Pvt) Ltd which is valued based on Market Multiple Methodology (MMM)

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

14. OTHER NON-CURRENT ASSETS

	Group		Board	
	2019	2018	2019	2018
Other receivables*	775,978	775,978	-	-
Prepaid Staff Cost (14.1)	1,817,672	1,520,097	1,484,474	1,241,868
Investment in Ash Bricks Project**	2,660	7,364	-	-
	<u>2,596,310</u>	<u>2,303,439</u>	<u>1,484,474</u>	<u>1,241,868</u>

Other receivables*

Other Receivables balance consists of a receivable from Taurian Iron and Steel Company (Pvt) Ltd for the coal supplied through Ceylon Shipping Corporation by Lanka Coal Company Limited.

Investment in Ash Bricks Project**

On 27th July 2012 Sri Lanka Energies (Pvt) Ltd, one of the subsidiaries has entered in to a joint venture agreement with Amtrad Holdings (Pvt) Ltd for the purpose of building a brick factory in Norochcholai. However, the joint venture of the group has not commenced its operations and is stated at cost less an impairment loss recognized after a valuation carried out in year 2019. The management has terminated the joint venture agreement on 03March 2013.

14.1 Prepaid Staff Cost	Group		Board	
	2019	2018	2019	2018
Balance as at the beginning of the year	1,520,098	1,205,403	1,241,869	961,113
Fair value adjustment on loans granted/terminated	1,361,497	1,009,797	1,225,577	970,908
Amortization of staff cost	(1,063,923)	(695,103)	(982,972)	(690,153)
Balance as at the end of the year	<u>1,817,672</u>	<u>1,520,097</u>	<u>1,484,474</u>	<u>1,241,868</u>

15. INVESTMENT OF INSURANCE RESERVE

	Group		Board	
	2019	2018	2019	2018
At the beginning of the year	8,070,253	7,246,251	8,070,253	7,246,251
Investments made during the year	926,640	824,002	926,640	824,002
Withdrawals During the year	-	-	-	-
At the end of the year	<u>8,996,893</u>	<u>8,070,253</u>	<u>8,996,893</u>	<u>8,070,253</u>

16. NON CURRENTS ASSET HELD FOR SALE

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the period	76	655	76	655
Disposal during the period	-	(579)	-	(579)
Balance at the end of the period	<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>

17. INVENTORIES

	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Raw Materials	3,195,958	1,418,993	-	-
Finished Goods	516,748	512,852	-	-
Consumables & Spares	34,034,396	28,710,369	30,595,634	25,258,273
Work in Progress	394,211	166,984	-	-
Fuel	18,227,105	17,686,698	18,227,105	17,686,698
Goods in Transit	1,856,588	2,852,633	1,504,618	2,433,867
Less: Provision for Obsolete & Unserviceable Stock	(1,902,729)	(1,941,847)	(1,604,461)	(1,569,464)
Provision for price Variance	(699,510)	(1,096,954)	(699,510)	(1,096,954)
	<u>55,622,767</u>	<u>48,309,728</u>	<u>48,023,386</u>	<u>42,712,420</u>

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

18 TRADE AND OTHER RECEIVABLES

	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Trade Debtors	26,717,975	25,604,290	20,953,453	19,335,624
Less: Provision for impairment	(6,617,487)	(5,032,196)	(5,302,786)	(4,417,939)
	20,100,488	20,572,094	15,650,667	14,917,685
Other Debtors	34,640,651	34,623,212	32,887,318	32,503,553
Advances and Prepayments	1,971,744	2,766,528	809,778	1,163,096
Less: Provision for impairment	(221,463)	(221,824)	(221,463)	(221,824)
Transit Account	-	-	-	-
	56,491,420	57,740,010	49,126,300	48,362,510

19 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Group		Board	
		2019	2018	2019	2018
Lanka Electricity Company (Pvt) Ltd	Subsidiary Company	-	-	5,032,394	4,033,482
Lanka Coal Company (Pvt) Ltd	Subsidiary Company	-	-	714,965	994,591
Ante LECO Metering Company (Pvt) Ltd	Subsidiary Company	-	-	237,490	111,641
		-	-	5,984,849	5,139,714

20 CONTRIBUTED CAPITAL

The contributed capital represents the value of net assets taken over by CEB from the Department of Government Electrical Undertakings (DGEU) on the formation of CEB in 1969 as per CEB Act No: 17 of 1969 and contributions made by GOSL to finance the specific capital development projects.

	2019	2018
Balance at the Beginning of the Period	302,694,797	302,694,797
Puttalam Coal Power Project	3,556,442	-
Debt to equity conversion (Refer note 22.2.1)	16,942,799	-
Balance as at the end of the Period	323,194,038	302,694,797

21 RESERVES

Summary	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Capital Reserves (21.1)	19,197,852	19,179,474	18,561,147	18,503,102
Fair Value Reserve (21.2)	6,060,529	5,810,700	-	-
Depreciation Reserve (21.3)	24,000	23,000	24,000	23,000
Self Insurance Reserve (21.4)	18,540,372	16,370,888	18,524,422	16,354,938
Asset Replacement Reserve (21.5)	312,494	294,930	-	-
Investment Reserve (21.6)	5,930,351	2,821,145	-	-
Development Reserve (21.7)	17,325	11,025	-	-
	50,082,923	44,511,162	37,109,569	34,881,040

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

21.1 Capital Reserve

	Group		Board	
	2019	2018	2019	2018
Balance as at the Beginning of the Year	19,179,474	18,639,244	18,503,102	18,425,914
Movement during the period				
Exchange Equalization Reserve	(39,667)	463,042	-	-
RHCP Loan Reserve	58,045	77,188	58,045	77,188
Balance as at the end of the Year	19,197,852	19,179,474	18,561,147	18,503,102

Ceylon Electricity Board

Capital Reserves

Loan Redemption Reserve

Loan Redemption Reserve has been established under the provisions of Section 47 (1) (b) of the CEB Act No. 17 of 1969 which states that CEB may maintain a sinking fund. The nature and the purpose of the sinking fund is the repayment of loans taken by the Board. No additional appropriations were made since year 2000 due to the operational losses incurred by CEB throughout the period. The balance carried forward since year 2000 is Rs. 17,447Mn.

Other Capital Reserve

A General Reserve has been established under the provisions of Section 47 (2) (b) of the CEB Act No. 17 of 1969 which require CEB to maintain a reserve, for the purpose of financing the capital works from revenue moneys, ensuring the financial stability of the Board. No additional appropriations were made since year 2000 due to the operational losses incurred by CEB throughout the period. The balance carried forward since year 2000 is Rs. 165Mn

RHCP Loan Reserve

This reserve represents the funds retained for the continuation of the RHCP (Rural Household Connections Project) loan scheme which has a balance of Rs. 948Mn as at 31 December 2019.

LTL Holdings (Pvt) Ltd

Exchange Equalization Reserve**

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21.2 Fair Value Reserve

	Group		Board	
	2019	2018	2019	2018
Balance as at the beginning of the year	5,810,700	6,066,892	-	-
Net Gain / (Loss) on available for sale assets	249,829	(256,192)	-	-
Balance as at the end of the year	6,060,529	5,810,700	-	-

Fair value reserve includes the fair value changes in the investments classified as Fair value through OCI of LTL Holding (Pvt) Ltd and Lanka Electricity Company (Pvt) Ltd

21.3 Depreciation Reserve

	Group		Board	
	2019	2018	2019	2018
At the beginning of the year	23,000	23,000	23,000	23,000
Transfers during the period	1,000	-	1,000	-
At the end of the year	24,000	23,000	24,000	23,000

Depreciation Reserve has been established under the provisions of Section 47 (2) (a) of the CEB Act No. 17 of 1969 . The nature and the purpose of the fund is to cover the depreciation of movable and immovable property of the Board.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

21.4 Self Insurance Reserve

	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Balance at the beginning of the period	16,370,888	14,350,273	16,354,938	14,334,323
Transfers from the retained earnings	1,161,346	1,136,815	1,161,346	1,136,815
Income received from investment	1,008,138	883,800	1,008,138	883,800
Balance at end of the period	18,540,372	16,370,888	18,524,422	16,354,938

Insurance Reserve has been established under the provisions of Section 47 (1) (a) of the CEB Act No. 17 of 1969. The nature and the purpose of the fund is to cover the insurance of movable and immovable property of the Board to meet third party risks and liabilities arising under the Workmen's Compensation Ordinance. Up to year 2000, Investment in Insurance Reserve balance was equal to the Reserve Balance. No additional investment made other than reinvestment of interest due to adverse financial conditions of CEB throughout the period.

21.5 Asset Replacement Reserve

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the period	294,930	273,357	-	-
Transfers from the retained earnings	17,564	21,573	-	-
Balance at end of the period	312,494	294,930	-	-

This represents the amount transferred from the retained earnings to replace property, plant and equipment of Lanka Electricity Company (Pvt) Ltd and to replace high value equipments in LTL Transformers (Pvt) Ltd

21.6 Investment Reserve

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the period	2,821,145	2,334,391	-	-
Transfers from the retained earnings	3,109,206	486,754	-	-
Balance at end of the period	5,930,351	2,821,145	-	-

Dividend received from the West Coast Power (Pvt) Ltd has been identified as dividend income and created a reserve to the same amount since the company is liable to pay such dividend to the Government of the Democratic Socialist Republic of Sri Lanka if any technical error in the construction of Kerawalapitiya power project or any default made by WCPL in the repayment of the debt financing of the Kerawalapitiya power project.

21.7 Development Reserve

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the period	11,025	-	-	-
Transfers from the retained earnings	6,300	11,025	-	-
Balance at end of the period	17,325	11,025	-	-

LTL Transformers Ltd, subsidiary of LTL Holdings Ltd is intended issuing warranties for locally sold transformers since year 2020 which will be covered through a special insurance cover. Hence, a reserve is to be built to address the issues for the warranty claims. Further, a reserve is created for R&D purposes, training and skill development and acquisition of advanced machinery

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

22. INTEREST BEARING LOANS & BORROWINGS

Group	2019		2019 Total	2018		2018 Total
	Repayable Within 1 year	Repayable After 1 year		Repayable Within 1 year	Repayable After 1 year	
Bank Loans (22.1)	19,085,913	79,869,606	98,955,519	11,744,903	66,058,966	77,803,869
Project Loans (22.2)	1,076,038	230,859,972	231,936,010	759,513	220,420,586	221,180,099
Loans from Samurdhi Authority (22.3)	132,073	-	132,073	183,680	117,932	301,612
Lease Creditors (22.4.1)	176,525	393,396	569,921	49,040	55,875	104,915
Redeemable Preference Shares	684,640	992,523	1,677,163	792,790	1,698,295	2,491,085
Bank Overdrafts	15,337,083	-	15,337,083	9,465,106	-	9,465,106
	36,492,272	312,115,497	348,607,769	22,995,032	288,351,654	311,346,686
The Board						
	2019		2019 Total	2018		2018 Total
	Repayable Within 1 year	Repayable After 1 year		Repayable Within 1 year	Repayable After 1 year	
Bank Loans (22.1.1)	14,126,840	75,293,052	89,419,892	7,478,776	59,947,397	67,426,173
Project Loans (22.2)	1,076,038	230,859,972	231,936,010	-	221,180,099	221,180,099
Loans from Samurdhi Authority (22.4)	132,073	-	132,073	183,680	117,932	301,612
Lease Creditors (22.4.2)	38,873	106,668	145,541	28,162	16,767	44,929
Bank Overdrafts	13,037,720	-	13,037,720	7,677,126	-	7,677,126
	28,411,544	306,259,692	334,671,236	15,367,744	281,262,195	296,629,939

22.1 Bank Loans

22.1.1 The Board

Term Loans		Interest rate	As At 01.01.2019	Loans Obtained	Repayment	As At 31.12.2019	Repayable Within 1 Year	Repayable After 1 Year
People's Bank (Rs. 4110 Mn)	2013.04.02	13.74%	782,858	-	587,143	195,715	195,715	-
People's Bank (Rs. 17650 Mn)	2013.01.30	13.74%	2,950,000	-	2,520,000	430,000	430,000	-
NSB (Rs 10 000 Mn)	2014.09.30	13.74%	5,000,000	-	1,250,000	3,750,000	1,250,000	2,500,000
People's Bank (Euro 2087 Mn)	2015.04.30	13.74%	3,000,792	563,260	600,000	2,964,052	600,000	2,364,052
People's Bank Treasury (Rs.5000 Mn)	2016.12.30	13.24%	1,250,000	-	1,250,000	-	-	-
People's Bank (Rs. 10000 Mn - Coal purchases)	2017.12.12	13.74%	3,638,204	-	3,638,204	-	-	-
People's Bank (Rs. 10000 Mn - CPC Payments)	2018.01.24	13.74%	8,460,000	-	1,680,000	6,780,000	1,680,000	5,100,000
People's Bank (Rs. 10000 Mn - CPC Payments)	2018.04.12	13.74%	10,000,000	-	10,000,000	-	-	-
People's Bank (Rs. 10000 Mn - CPC Payments)	2018.07.03	13.74%	10,000,000	-	10,000,000	-	-	-
People's Bank (Rs. 10000 Mn - CPC Payments)	2018.05.27	13.74%	15,000,000	-	15,000,000	-	-	-
People's Bank (Rs. 10000 Mn - CPC Payments)	2018.12.19	13.74%	1,927,319	11,200,629	13,127,948	-	-	-
People's Bank - OD Settlement	2018.03.03	13.74%	5,417,000	-	1,044,000	4,373,000	1,044,000	3,329,000
National Savings Bank (Rs 10000 Mn)	2019.02.23	12.73%	-	10,000,000	-	10,000,000	-	10,000,000
Bank of Ceylon (15B)	2019.07.12	11.65%	-	15,000,000	-	15,000,000	-	15,000,000
People's Bank (Rs. 10000 Mn - Coal purchases)	2019.10.10	11.49%	-	9,600,056	672,931	8,927,125	8,927,125	-
Seylan Bank (2Bn)	2019.10.04	12.79%	-	2,000,000	-	2,000,000	-	2,000,000
People's Bank (Rs. 35B)	2019.05.31	11.99%	-	35,000,000	-	35,000,000	-	35,000,000
			67,426,173	83,363,945	61,370,226	89,419,892	14,126,840	75,293,052

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

22.1.2 The Group

Company	Lending Institution	Interest Rate	2019 Repayable Within 1 year	2019 Repayable After 1 year	2019 Total	2018 Repayable Within 1 year	2018 Repayable After 1 year	2018 Total
LTL Holdings (Pvt) Ltd	Standard Chartered Bank	LIBOR+2.75%	332,838	318,800	651,638	318,694	615,408	934,102
Pawan Danavi (Pvt) Ltd	HNB	3 months AWDR+2% & AWPLR	27,647	-	27,647	100,635	17,295	117,930
Pawan Danavi (Pvt) Ltd	NDB	4 months AWDR+2% & AWPLR	-	-	-	48,293	-	48,293
Pawan Danavi (Pvt) Ltd	Sampath Bank	AWPLR +1.25%	173,782	288,223	462,005	146,745	444,610	591,355
Lakdanavi Ltd	People's Bank	AWPLR + 0.5%	-	-	-	1,414,206	-	1,414,206
Lakdhanavi Bangala Power Ltd	Secured Bank Loan	3Month LIBOR+4.5%	775,045	2,430,104	3,205,149	789,808	3,213,907	4,003,715
Lakdhanavi Bangala Power Ltd	Working Capital Loan	12% p.a	971,949	-	971,949	137,699	-	137,699
Raj Lanka	Secured Bank Loan	3Month LIBOR+4.5%	524,735	564,642	1,089,377	451,384	1,009,743	1,461,127
Feni Lanka Power Ltd	Working Capital Loan	10% p.a	654,770	-	654,770	-	-	-
Asiatic Electrical & Switchgear Pvt Ltd	HDFC Bank	10.50%	-	-	-	490	-	490
Asiatic Electrical & Switchgear Pvt Ltd	Standard Chartered Bank	MCPLR+Applicable Margin	25,077	-	25,077	2,406	-	2,406
Asiatic Electrical & Switchgear Pvt Ltd	Standard Chartered Bank	USD 4.22%	226,176	-	226,176	85,111	224,611	309,722
Asiatic Electrical & Switchgear Pvt Ltd	Standard Chartered Bank	10% - 10.5%	138,331	-	138,331	13,066	-	13,066
Asiatic Electrical & Switchgear Pvt Ltd	Yes Bank Ltd	MCPLR+Applicable Margin	10,860	-	10,860	5,859	-	5,859
Asiatic Electrical & Switchgear Pvt Ltd	Canara Bank	MCPLR+Applicable Margin	14,815	-	14,815	-	-	-
LTL Energies (Pvt) Ltd	Standard Chartered Bank	3Month LIBOR+ 2%	505,628	494,478	1,000,106	27,710	55,421	83,131
LTL Transformers (Pvt) Ltd	Sampath Bank	AWPLR+1.1%	5,004	31,235	36,239	5,004	36,239	41,243
LTL Transformers (Pvt) Ltd	HNB	AWPLR+0.5%	66,562	-	66,562	13,859	-	13,859
LTL Galvanizers (Pvt) Ltd	NDB	6.25% p.a	1,125	21,375	22,500	1,125	25,875	27,000
LTL Galvanizers (Pvt) Ltd	HNB	AWPLR+0.5%	-	-	-	26,483	-	26,483
Infra Engineering (Pvt) Ltd	Discounted LOC		434,298	-	434,298	619,922	-	619,922
Sri Lanka Energies (Pvt) Ltd	Sampath Bank		70,431	427,697	498,128	57,628	468,460	526,088
			<u>4,959,073</u>	<u>4,576,554</u>	<u>9,535,627</u>	<u>4,266,127</u>	<u>6,111,569</u>	<u>10,377,696</u>
The Board (Note 22.1.1)			14,126,840	75,293,052	89,419,892	7,478,776	59,947,397	67,426,172
Total Bank Loans of the Group			<u>19,085,913</u>	<u>79,869,606</u>	<u>98,955,519</u>	<u>11,744,903</u>	<u>66,058,966</u>	<u>77,803,868</u>

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

22.2 Project Loans

22.2.1 Loans From Treasury

The Board/Group	Provider of funds	Interest Per Annum (%)	As At 01.01.2019	Loans Obtained	Transferred to Equity	As At 31.12.2019	Repayable Within 1 Year	Repayable After 1 Year
Puttalam Coal Power project - 155Mn	EXIM BANK	6 Month LIBOR + Margin 100b.p	17,853,203	-	2,737,062	15,116,141	-	15,116,140
Puttalam Coal Power project - 300Mn	EXIM BANK	2%	33,800,178	-	3,578,272	30,221,906	-	30,221,906
Puttalam Coal Power project -phase 11	EXIM BANK	2%	107,530,806	-	10,627,465	96,903,341	-	96,903,341
New Laxapana & Wimalasurendra Rehabilitation project	CAYLON OF FRENCH	10%	39,395	-	-	39,395	-	39,395
Clean Energy Access Impro. Project (SLA I)	ADB	10%	3,970,201	-	-	3,970,201	-	3,970,201
Clean Energy Access Impro. Project (SLA II)	ADB	10%	615,223	-	-	615,223	-	615,223
Sustainable Power Support Project	ADB	10%	3,712,370	-	-	3,712,370	-	3,712,370
Habarana Veyangoda Transmission Line project	JICA	Not Notified	3,274,919	4,929,734	-	8,204,653	-	8,204,653
Greater Colombo Trans & Distribution Loss Reduction	JICA	Not Notified	16,606,188	2,588,505	-	19,194,693	-	19,194,693
Clean Energy Net Work Efficiency Improvement Project	ADB	10%	13,962,633	2,871,728	-	16,834,361	-	16,834,361
National Transmission & Distribution Network Development	JICA	Not Notified	937,280	1,722,795	-	2,660,075	-	2,660,075
Green Power Development & Energy Efficiency Improvement Project	ADB	-	3,542,216	768,194	-	4,310,410	-	4,310,410
Green Power Dev. & Energy Efficiency Improvement Project	AFD	Not Notified	2,612,200	1,130,365	-	3,742,565	-	3,742,565
Green Power Dev. & Energy Efficiency Improvement Project (Tranch 2)	AFD	10%	-	1,262,503	-	1,262,503	-	1,262,503
Renewable Energy Absorption Transmission Development Project	AFD	Not Notified	907,472	2,968,465	-	3,875,937	-	3,875,937
			209,364,284	18,242,289	16,942,799	210,663,774	-	210,663,774

22.2.2 Loans From Bank

		Interest Rate	As At 01.01.2019	Loans Obtained	Repayment	As At 31.12.2019	Repayable Within 1 Year	Repayable After 1 Year
Broadland Hydro Power Project (HNB)	2013.07.19	6 Months LIBOR + Margin 6.3%	1,349,187	-	192,741	1,156,446	265,385	891,061
Broadland Hydro Power Project (ICB)	2013.06.06	6 Months LIBOR + 3.2% Margin	3,759,378	2,534,132	566,772	5,726,738	810,653	4,916,085
Green Power Dev. & Energy Efficiency Improvement Project (ADB)	2017.07.10	6 Months LIBOR + 0.6% - 0.1% + Premium 0.1%	1,349,932	2,154,494	-	3,504,426	-	3,504,426
Green Power Dev. & Energy Efficiency Improvement Project (ADB)	2016.12.06	2% (Fixed)	977,462	1,710,304	-	2,687,766	-	2,687,766
Supporting Elec. supply reliability improvement project	2016.12.19	6 Months LIBOR + 0.6% - 0.1% + Premium 0.1%	2,006,897	1,956,909	-	3,963,806	-	3,963,806
Mannar Wind Power Generation Project (ADB)	2017.11.22	6 Months LIBOR + 0.6% - 0.1%	2,372,959	1,860,095	-	4,233,054	-	4,233,054
			11,815,815	10,215,934	759,513	21,272,236	1,076,038	20,196,198
Total Project Loan			221,180,099	28,458,223	17,702,312	231,936,010	1,076,038	230,859,972

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

22.3 Loans From Samurdhi Authority

The Board/Group	As At 01.01.2019	Loans Obtained	Repayment	As At 31.12.2019	Repayable Within 1 Year	Repayable After 1 Year
Term Loan for "Viduli Athwela" Programme	301,612	-	169,539	132,073	132,073	-
	301,612	-	169,539	132,073	132,073	-

22.4 Lease Creditor

22.4.1 The Group

	2019 Repayable Within 1 year	2019 Repayable After 1 year	2019 Total	2018 Repayable Within 1 year	2018 Repayable After 1 year	2018 Total
Lease Creditor	176,525	393,396	569,921	49,040	55,875	104,915
	176,525	393,396	569,921	49,040	55,875	104,915

22.4.2 The Board

	2019 Repayable Within 1 year	2019 Repayable After 1 year	2019 Total	2018 Repayable Within 1 year	2018 Repayable After 1 year	2018 Total
Lease Creditor	38,873	106,668	145,541	28,162	16,767	44,929
	38,873	106,668	145,541	28,162	16,767	44,929

23 CONSUMER DEPOSITS

	Group		Board	
	2019	2018	2019	2018
Balance as at Beginning of the year	14,311,008	13,556,567	14,311,008	13,556,567
Deposit Received during the year	908,773	992,490	908,773	992,490
Refunds Made during the year	(205,990)	(238,049)	(205,990)	(238,049)
Balance as at the end of the year	15,013,791	14,311,008	15,013,791	14,311,008

24. PROVISIONS AND OTHER DEFERRED LIABILITIES

	Group		Board	
	2019	2018	2019	2018
Retirement Benefits Obligation- Gratuity (24.1)	7,324,937	7,685,150	6,018,541	6,466,464
Pension Benefits (24.2)	4,433,603	3,541,904	4,433,603	3,541,904
Commuted Pension Fund Liability-Non Funded	30,000	30,000	30,000	30,000
	11,788,540	11,257,054	10,482,144	10,038,368

24.1 Retirement Benefits Obligation- Gratuity

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the year	7,685,152	6,806,185	6,466,464	5,745,703
Charge for the year (24.1.1)	685,766	1,748,585	490,689	1,544,731
Payments made during the year	(1,045,981)	(869,620)	(938,612)	(823,970)
Balance at the end of the year	7,324,937	7,685,150	6,018,541	6,466,464

24.1.1 Charge for the year

	Group		Board	
	2019	2018	2019	2018
Interest Cost	838,220	752,146	711,311	632,027
Current service Cost	461,472	464,093	395,308	406,331
Actuarial (gain)/ loss	(613,926)	532,346	(615,930)	506,373
	685,766	1,748,585	490,689	1,544,731

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

24.1.2 Retirement Benefits Obligation- Gratuity The Board

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity of the Board.

The principal assumptions used are as follow

	2019	2018
Discount rate assumed (%) (per Annum)	10.5%	11%
Further salary increase (%) - once in three years	20%	25%
Retirement age	60	60

Lanka Electricity Company (Pvt) Ltd

The provision for retirement benefit obligations is based on the actuarial valuation carried out by professionally qualified Actuaries, Messer, Actuarial & Management Consultants. The liability is not externally funded. Key Assumptions used for the calculation are as following

	2019	2018
Discount rate assumed (%) (per Annum)	11%	11%
Salary Increase Rate (%) (per Annum)	25%	25%
Normal Retirement Age - Appointments up to 31 December 2006	65 years	65 years
- Appointments after 01 January 2007	57 years	57 years
Staff Turnover - Up to age 50	0.96%	0.96%
- Age above 50	0%	0%

LTL Holdings (Private) Limited

Messes Piyal S. Gunathilake and Associates actuaries carried out and actuarial valuation of the defined benefit plan gratuity as at December 2017 and December 2016 for the respective plan years.

Principal Assumptions	2019	2018
Discount rate assumed (%) (per Annum)	10.0%	10.4%
Salary Increase Rate (%) (per Annum)	10%	10%
Staff Turnover (%) (per Annum)	5%	5%
Retirement Age	55 Years	55 Years

24.2 Pension Benefit Group/Board

The Board operates defined benefit pension plan on employee pensionable remuneration and length of service. The amount recognize in the Statement of Financial Position are determined as follows.

	2019	2018
Present Value of Obligations (24.2.1)	27,628,308	25,242,243
Fair Value of plan assets (24.2.2)	(23,194,705)	(21,700,339)
Liability / Assets in the Statement of Financial Position	4,433,603	3,541,904

24.2.1 The movement in the pension fund liability over the year is as follows,

	2019	2018
At beginning of the year	25,242,243	22,803,708
Current Service Cost	772,229	801,664
Interest Cost	2,524,225	2,280,371
Actuarial Gain/ (Losses)	993,932	1,078,487
Benefit Paid	(1,904,321)	(1,721,987)
At end of the year	27,628,308	25,242,243

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

24.2.2 The movement in the fair value of plan assets of the year is as follows

	2019	2018
At beginning of the year	21,700,339	19,957,399
Expected Return on Plan Assets	1,679,102	2,001,576
Actuarial Losses	314,292	43,135
Contribution Paid (Employee + Employer)	1,405,293	1,420,216
Benefit Paid	(1,904,321)	(1,721,987)
At end of the year	23,194,705	21,700,339
The amounts recognized in the income statement are as follows		
Current service cost	772,229	801,664
Interest Cost	2,524,224	2,280,371
Expected return on plan assets	(1,679,102)	(2,001,576)
Recognized in income statement	1,617,351	1,080,459
The principal actuarial assumptions were as follows		
Discount Rates	9.5%	10%
Expected return on plan assets	7.74%	10.03%
Future Salary Increases	20%	25%
Future Pension Increases	0%	0%
Retirement Age	60	60
Plan assets are comprised as follows		
Fixed Deposits	20,709,296	20,036,586
Treasury Bonds	-	1,250,681
Debentures at amortized cost	2,081,648	-
Other	403,761	566,662
Total	23,194,705	21,853,929

25. GOVERNMENT GRANT

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the year	318,228	338,759	228,022	242,740
Amount Amortised during the year	(20,531)	(20,531)	(14,719)	(14,718)
Balance at the end of the year	297,697	318,228	213,303	228,022

26. CONTRACT LIABILITIES

	Group		Board	
	2019	2018	2019	2018
Consumer Contribution (26.1)	94,420,472	90,809,748	89,745,167	86,334,976
Prepaid Electric Vehicle charging Revenue (26.2)	917	241	917	241
	94,421,389	90,809,989	89,746,084	86,335,217

26.1 Consumer Contribution

Balance at the beginning of the year	90,809,750	86,773,950	86,334,976	82,564,313
Consumer Contribution received During the year	7,586,358	7,797,714	7,004,794	7,170,323
Amount Amortised During the year	(3,975,636)	(3,761,916)	(3,594,603)	(3,399,660)
Balance at the end of the year	94,420,472	90,809,748	89,745,167	86,334,976

26.2 Prepaid Electric Vehicle Charging Revenue

Balance at the beginning of the Period	241	140	241	140
Cash received for prepaid e-Cards	4,458	429	4,458	429
Utilization for the year	(3,782)	(327)	(3,782)	(327)
Refunds made during the period	-	(1)	-	(1)
Balance at the end of the Period	917	241	917	241

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

27. DEFERRED TAXATION

	Group		Board	
	2019	2018	2019	2018
Balance at the beginning of the year	276,157	687,441	-	-
Deferred Tax Charged to Income Statement	522,385	(441,478)	-	-
Deferred Tax Adjusted to Other Comprehensive Income	(44,980)	30,194	-	-
Balance at the end of the year	753,562	276,157	-	-

	Group		Board	
	2019	2018	2019	2018
Deferred Tax Liability				
Depreciation Allowances for Tax Purposes	1,631,614	1,073,262	-	-
Net change in fair value of available for sale investments	53,693	98,112	-	-
Deferred Tax Asset				
Deferred Income on Consumer Contribution	(160,104)	(280,331)	-	-
Employment Retirement Benefits	(375,595)	(356,036)	-	-
Other provisions	(388,968)	(248,238)	-	-
Unutilized tax losses	(7,078)	(10,612)	-	-
	753,562	276,157	-	-

28. TRADE AND OTHER PAYABLES

	Group		Board	
	2019	2018 Restated	2019	2018 Restated
Trade Payables	147,747,292	86,993,233	141,903,603	79,364,611
Other Payables	11,966,540	13,309,215	9,624,574	9,361,298
Sundry Creditors Including Accrued Expenses	15,615,610	13,119,951	14,505,373	12,851,805
Deposits (28.1)	25,191,884	23,116,125	25,191,864	23,116,125
Loan Balance pending confirmation from ERD	6,070	4,256	6,070	4,256
Stock Adjustment	(3,458,144)	(3,518,853)	(3,458,144)	(3,518,853)
	197,069,252	133,023,927	187,773,340	121,179,242

28.1 Deposits

Service mains deposits	19,587,421	18,638,878	19,587,421	18,638,878
Tender Deposits	423,629	382,026	423,629	382,026
Other Deposits	5,180,834	4,095,221	5,180,814	4,095,221
	25,191,884	23,116,125	25,191,864	23,116,125

29. AMOUNTS DUE TO RELATED PARTIES

Relationship	Group		Board	
	2019	2018	2019	2018
LTL Holdings (Pvt) Ltd	-	-	677,568	549,117
Ante Leco Metering Co.(Pvt) Ltd	-	-	287,248	300,219
Lanka Coal Company (Pvt) Ltd	-	-	1,956,099	3,657,300
Kumbalgamuwa Mini Hydro (Pvt) Ltd	-	-	34,437	17,640
	-	-	2,955,352	4,524,276

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

30 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT Components of Cash and Cash Equivalents

	Group		Board	
	2019	2018	2019	2018
30.1 Favourable Cash & Cash Equivalents balance				
Cash & Bank Balances	7,105,530	5,349,058	3,725,169	2,250,351
Cash in Transit	176,473	154,717	-	-
Call Deposits	164	164	164	164
	7,282,167	5,503,939	3,725,333	2,250,515
30.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdraft (Note 22)	(15,337,083)	(9,465,106)	(13,037,720)	(7,677,126)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(8,054,916)	(3,961,167)	(9,312,387)	(5,426,611)

31 MATERIALLY PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interest is provided below.

31.1 Proportion of equity interest held by non-controlling interest

Name of the Subsidiary	Country of incorporation and operation	2019	2018
LTL Holding (Pvt) Ltd	Sri Lanka	37%	37%
Lanka Electricity Company (Pvt) Ltd	Sri Lanka	45%	45%
Lanka Coal Company (Pvt) Ltd	Sri Lanka	40%	40%

31.2 Profit allocated to material non-controlling interests

LTL Holding (Pvt) Ltd	4,825,940	3,076,033
Lanka Electricity Company (Pvt) Ltd	1,233,476	1,326,398
Lanka Coal Company (Pvt) Ltd	-	-

31.3 The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2019	Lanka Electricity Company (Pvt) Ltd	LTL Holdings (Pvt) Ltd	Lanka Coal Company (Pvt) Ltd
Revenue	33,710,930	19,020,419	42,470,160
Cost of sales	(30,760,741)	(12,133,978)	(42,414,954)
Gross Profit	2,950,189	6,886,441	55,206
Other Income & Gains	2,733,393	6,719,443	7,974
Administrative Expenses	(3,062,843)	(1,488,916)	(65,539)
Other Operating Expenses	-	(707,388)	-
Finance Income	1,541,363	548,909	2,359
Finance Cost	(162,202)	(1,340,250)	-
Profit before Tax	3,999,900	10,618,239	-
Income tax	(1,264,513)	(1,113,505)	-
Profit for the year from continuing operations	2,735,387	9,504,734	-
Total Comprehensive Income			
Attributable to non-controlling interest	1,233,476	4,825,940	-
Dividends paid to non-controlling interests	607,591	2,223,548	-

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

31.4 Summarised statement of profit or loss for 2018	Lanka Electricity Company (Pvt) Ltd	LTL Holdings (Pvt) Ltd	Lanka Coal Company (Pvt) Ltd
Revenue	31,827,090	19,290,153	41,470,171
cost of sales	(29,432,277)	(13,410,412)	(41,410,859)
Gross Profit	2,394,813	5,879,741	59,312
Other Income & Gains	1,882,505	3,267,442	7,773
Administrative Expenses	(2,363,027)	(1,036,588)	(71,769)
Other Operating Expenses	-	(344,554)	-
Finance Income	1,332,555	547,223	4,684
Finance Cost	(60,625)	(1,200,134)	-
Profit before Tax	3,186,221	7,113,130	-
Income tax	(236,129)	(1,172,997)	-
Profit for the year from continuing operations	2,950,092	5,940,133	-
Total Comprehensive Income			
Attributable to non-controlling interest	1,326,398	3,076,033	-
Dividends paid to non-controlling interests	317,567	2,420,897	-
31.5 Summarised statements of financial position as at 31st December 2019	Lanka Electricity Company (Pvt) Ltd	LTL Holdings (Pvt) Ltd	Lanka Coal Company (Pvt) Ltd
Inventories and Cash and bank balances (current)	2,450,877	8,259,679	4,289
Property, Plant and equipment and other non-current	14,130,121	26,601,024	779,236
Financial assets (non-current)	12,224,220	3,167,637	-
Trade & other Payables (current)	1,590,156	4,808,182	2,846,856
Interest-bearing loans and borrowings and deferred tax	1,179,429	13,717,096	-
Liabilities (non-current)	5,991,397	155,819	3,949
Total Equity			
Attributable to :			
Equity holders of parent	18,667,755	12,442,360	59,456
Non- controlling interest	15,150,641	7,307,418	39,638
31.6 Summarised statements of financial position as at 31st December 2018			
Inventories and Cash and bank balances (current)	2,417,340	6,076,271	85,265
Property, Plant and equipment and other non-current	13,498,456	15,511,799	780,877
Financial assets (non-current)	11,959,275	14,297,862	-
Trade & other Payables (current)	1,503,079	5,260,313	4,920,692
Interest-bearing loans and borrowings and deferred tax	598,938	14,649,618	-
Liabilities (non-current)	5,577,462	202,026	2,690
Total Equity			
Attributable to :			
Equity holders of parent	17,741,557	13,508,178	59,456
Non- controlling interest	14,398,945	7,933,374	39,638
31.7 Summarised cash flow information for the year ending 31 December 2019			
Operating	1,227,067	3,252,151	(83,158)
Investing	(1,980,420)	(2,888,916)	2,180
Financing	723,244	(487,409)	(80,978)
Net increase/(decrease) in cash and cash equivalents	(30,109)	(124,174)	(161,956)

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

31.8 Summarised cash flow information for the year ending 31 December 2018	Lanka Electricity Company (Pvt) Ltd	LTL Holdings (Pvt) Ltd	Lanka Coal Company (Pvt) Ltd
Operating	68,698	6,995,397	353
Investing	(2,584,575)	(5,226,764)	82,267
Financing	627,393	163,593	82,620
Net increase/(decrease) in cash and cash equivalents	(1,888,484)	1,932,226	165,240

32 PRIOR YEAR ADJUSTMENTS

The group prior year adjustments had been made due to the following reasons.

32.1 Ceylon Electricity Board

Adjustment of foreign creditors to closing exchange rates in the previous year and the recognition of an amount paid to treasury as management fee since the date of payment

32.2 LTL Holdings (Pvt) Ltd

Correction of error made as recognition of project development expenditure as receivables

32.3 Sri Lanka Energies (Pvt) Ltd

Recording of unrecorded annual payment to Forest Department

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

32.4 Impact to the prior year adjustment for the group as at 31 December 2018

Statement of Financial Position	2018 Before Restatement	2018 CEB Adjustments	2018 LTL Adjustments	2018 SLE Adjustments	2018 After Restatement
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	763,229,070	(33,104)	-	-	763,195,966
Premium Paid on Leasehold Land	229,040	-	-	-	229,040
Intangible assets	405,508	127,228	-	-	532,736
Investments in Subsidiaries	-	-	-	-	-
Investment in Joint Venture	43,750	-	-	-	43,750
Finance Lease Receivables	9,775,319	-	-	-	9,775,319
Other Non Current Financial Assets	36,461,582	-	-	-	36,461,582
Other Non Current Assets	2,303,439	-	-	-	2,303,439
Investments of Insurance Reserve	8,070,253	-	-	-	8,070,253
Total Non-Current Assets	820,517,961	94,124	-	-	820,612,085
Non Current Assets held for sale	76	-	-	-	76
Current Assets					
Inventories	48,137,466	172,262	-	-	48,309,728
Trade and Other Receivables	58,703,315	(948,919)	(14,386)	-	57,740,010
Amounts Due from Related Parties	-	-	-	-	-
Finance Lease Receivables	569,718	-	-	-	569,718
Other Current Financial Assets	19,565,483	-	-	-	19,565,483
Tax Refund Due	-	-	-	-	-
Cash and Bank Balances	5,503,939	-	-	-	5,503,939
Total Current Assets	132,479,921	(776,657)	(14,386)	-	131,688,878
Total Assets	952,997,958	(682,533)	(14,386)	-	952,301,039
EQUITY AND LIABILITIES					
Capital and Equity					
Contributed Capital	302,694,797	-	-	-	302,694,797
Reserves	44,460,302	50,860	-	-	44,511,162
Retained Earnings / (Loss)	15,389,340	(1,973,858)	(9,063)	(7,716)	13,398,703
Equity Attributable to the Equity Holders of the Parent	-	-	-	-	-
Non Controlling Interest	362,544,439	(1,922,998)	(9,063)	(7,716)	360,604,662
Total Equity	388,308,323	(1,922,998)	(14,386)	(7,716)	386,363,223
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	289,111,167	(759,513)	-	-	288,351,654
Consumer Deposits	14,311,008	-	-	-	14,311,008
Provisions and Other Deferred Liabilities	11,257,054	-	-	-	11,257,054
Government Grants	318,228	-	-	-	318,228
Contract Liabilities	90,809,989	-	-	-	90,809,989
Deferred Taxation	276,157	-	-	-	276,157
Total Non-Current Liabilities and Deferred Income	406,083,603	(759,513)	-	-	405,324,090
Current Liabilities					
Trade and Other Payables	131,775,743	1,240,468	-	7,716	133,023,927
Dividend Payables	2,258,669	-	-	-	2,258,669
Amounts Due to Related Parties	-	-	-	-	-
Interest Bearing Loans & Borrowings	22,235,522	759,510	-	-	22,995,032
Income Tax Payable	2,336,098	-	-	-	2,336,098
Total Current Liabilities	158,606,032	1,999,978	-	7,716	160,613,726
Total Equity and Liabilities	952,997,958	(682,533)	(14,386)	-	952,301,039

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

32.4.1 Impact of the prior year adjustment for the group as at 31 December 2018

Statement of Comprehensive Income

	2018 Before Restatement	2018 CEB Adjustments	2018 SLE Adjustments	2018 LTL Adjustments	2018 After Restatement
Continuing Operation					
Revenue	254,351,728	-	-	-	254,351,728
Cost of Sales	(267,268,911)	(1,073,169)	-	-	(268,342,080)
Gross Profit / (Loss)	(12,917,183)	(1,073,169)	-	-	(13,990,352)
Other Income and Gain	12,334,628	-	-	-	12,334,628
Distribution Cost	(186,449)	-	-	-	(186,449)
Others	(170,958)	-	(7,716)	(14,387)	(193,061)
Administrative Expenses	(8,939,566)	(406,108)	-	-	(9,345,674)
Operating Profit/(Loss)	(9,879,528)	(1,479,277)	(7,716)	(14,387)	(11,380,908)
Finance Income	3,354,599	220	-	-	3,354,819
Finance Cost	(14,364,697)	-	-	-	(14,364,697)
Finance Cost-Net	(11,010,098)	220	-	-	(11,009,878)
Share of loss of Joint Venture	(4,096)	-	-	-	(4,096)
Profit/(loss) before Income Tax	(20,893,722)	(1,479,057)	(7,716)	(14,387)	(22,394,882)
Income Tax Expense	(1,902,119)	-	-	-	(1,902,119)
Deferred Tax Charge/(Reversal)	441,478	-	-	-	441,478
Profit/Loss for the year from continuing operation	(22,354,363)	(1,479,057)	(7,716)	(14,387)	(23,855,523)
Non Controlling Interest	(4,407,754)	-	-	5,323	(4,402,431)
Profit/(Loss) for the Year	(26,762,117)	(1,479,057)	(7,716)	(9,064)	(28,257,954)

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

32.4.2 Impact of the prior year adjustment for the group as at 31 December 2017 Statement of Financial Position

	2017 Before Restatement	2017 CEB Adjustments	2017 After Restatement
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	739,125,092	(141,794)	738,983,298
Property, Plant & Equipment-Heladhanavi Ltd	-	-	-
Premium Paid on Leasehold Land	210,250	-	210,250
Intangible assets	382,719	145,211	527,930
Investment in Joint Venture	47,846	-	47,846
Finance Lease Receivables	8,362,533	-	8,362,533
Other Non Current Financial Assets	25,494,853	-	25,494,853
Other Non-Current Assets	1,989,365	-	1,989,365
Investments of Insurance Reserve	7,246,251	-	7,246,251
Total Non-Current Assets	782,858,909	3,417	782,862,326
Non Current Assets held for sale	655	-	655
Current Assets			
Inventories	42,488,366	-	42,488,366
Trade and Other Receivables	49,119,063	(500,000)	48,619,063
Finance Lease Receivables	418,140	-	418,140
Other Current Financial Assets	23,216,050	-	23,216,050
Cash and Bank Balances	5,575,442	-	5,575,442
Total Current Assets	120,817,061	(500,000)	120,317,061
Total Assets	903,676,625	(496,583)	903,180,042
EQUITY AND LIABILITIES			
Capital and Equity			
Contributed Capital	302,694,797	-	302,694,797
Reserves	41,687,158	-	41,687,158
Retained Earnings / (Loss)	45,360,277	(494,802)	44,865,475
Equity Attributable to the Equity Holders of the Parent	389,742,232	(494,802)	389,247,430
Non Controlling Interest	23,572,412	-	23,572,412
Total Equity	413,314,644	(494,802)	412,819,842
Non-Current Liabilities and Deferred Income			
Interest Bearing Loans & Borrowings	222,562,928	-	222,562,928
Consumer Deposits	13,556,567	-	13,556,567
Provisions and Other Deferred Liabilities	9,682,493	-	9,682,493
Government Grant	338,759	-	338,759
Contract Liabilities	86,774,090	-	86,774,090
Deferred Taxation	687,441	-	687,441
Total Non-Current Liabilities and Deferred Income	333,602,278	-	333,602,278
Current Liabilities			
Trade and Other Payables	124,818,437	(1,781)	124,816,656
Dividend Payables	2,650,768	-	2,650,768
Interest Bearing Loans & Borrowings	26,352,748	-	26,352,748
Income Tax Payable	2,937,750	-	2,937,750
Total Current Liabilities	156,759,703	(1,781)	156,757,922
Total Equity and Liabilities	903,676,625	(496,583)	903,180,042

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

33 ASSETS PLEDGED

The Board

There is no assets pledged as at the date of the Statement of Financial Position.

33.1 Lanka Electricity Company (Pvt) Limited

Following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2019	2018	
Fixed Deposits	Bank Overdraft facilities of People's Bank	241,552	1,300,285	} Current and Non Current Investments
Fixed Deposits	SMI Loan Schemes of People's Bank	57,518	57,456	
Fixed Deposits	Staff loan Schemes of SMIB Bank and HDFC Bank Facilities	1,061,638	893,251	

33.2 LTL Holdings (Pvt) Ltd

Following assets have been pledged as security for interest bearing borrowing and Letter of Credit Facilities of respective companies of the Group.

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2019	2018	
Lakdhanavi Ltd				
Investment in Fixed Deposits	Mortgage against the Bank Guarantees	475,692	466,698	} Other Financial Assets
Other Current Liabilities		579,440	2,262,408	
Letter of Credit Facility		991,333	3,654,168	
Pawan Danavi (Private) Limited				
Wind power plant, Free Hold land and Lease Hold Land.	Primary Concurrent Mortgage Bond	1,813,480	1,944,211	Property Plant & Equipment
Ordinary shares 51% Held by LTL Holdings Pvt Ltd.	Primary Concurrent Mortgage Bond	540,600	540,600	Stated Capital

33.3 Sri Lanka Energies (Pvt) Ltd

Following assets have been pledged as security for interest bearing borrowing and Letter of Credit Facilities of respective companies of the Group.

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2019	2018	
Kumbalgamuwa Mini Hydro (pvt) Ltd				
Projects assets together with all the permits, licenses issued by the regulatory bodies in respect of Kumbalgamuwa Mini Hydro Power Project	Mortgage	450,000	450,000	Property, Plant & Equipment
100% shares of Kumbalgamuwa Mini Hydro (Pvt) Ltd	Mortgage	10,000	10,000	Stated Capital
Sri Lanka Energies (Pvt) Ltd				
Meter Enclosure Factory at Galigamuwa and Electro Mechanical Equipments	Mortgage	118,164	118,133	Property, Plant & Equipment
Fixed Deposits		49,618		Cash & Cash Equivalents

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

34 EVENTS OCCURRING AFTER THE STATEMENT OF THE FINANCIAL POSITION

COVID – 19 impact on the group

The outbreak and spread of COVID-19 started towards latter part of year 2019 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long period of time. Measures taken to curtail the spread of the virus, including travel bans, quarantines, social distancing and closure of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown.

The below summaries the financial impact to the Board and the group on COVID – 19.

The Board

The provision of electricity being an essential service, continued to carry out its main operation of generation, transmission and distribution of electricity throughout the country even during the period affected. However, the Imposition of island wide curfew since mid March 2020 increased the electricity demand from the domestic sector whereas it adversely affected the demand from General Purpose, Industrial and Hotel sectors. Hence, a drop in revenue was noted from March to May 2020 when compared with the same period in year 2019.

Low disposable income of the customers coupled with government decisions to provide a grace period to settle the bills and to defer the disconnection of unpaid customers has a great impact on already-hindered cash-flows of the Board. In order to mitigate the cash-flow related challenges, the Board of Directors decided to limit the capital nature expenditure only to essentials and to delay the settlement of the suppliers. Hence, Board had to borrow funds to maintain the uninterrupted power supply.

The Group

Recent COVID 19 containing measures taken by the home country Government has caused temporal disruption to business operations of the companies of the LTL group based in the home country and their customers. Disruption mainly affected the business of subsidiary companies, which carry out manufacturing activities. Group's Indian manufacturing entity has also encountered a similar situation. However, the companies of the LTL group that carry out Operation Maintenance activities supporting the power generation business are continuing their operations as an essential service, despite delay in recovery of their debtors.

In addition to the above, resulting effects of the above mentioned activities and situations would trigger negative consequences and the resultant financial repercussions would be felt by the Group starting from the first quarter of 2020 and would continue for a considerable period from there onwards.

Fair Value through OCI Financial asset (Investment in West Coast Power Private Limited) as at 31 December 2019 was recognized based on range of economic conditions such as weighted average cost of capital, Inflation rate and Exchange rates. Given the impact of COVID-19 is still evolving, the appropriateness of such assumptions and any impact thereto cannot be reasonably determined.

The Group companies will continue to take appropriate actions to mitigate any potential impact and will keep its contingency and risk management measures under review, as the situation evolves.

The group has determined that these events are non adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect the impact. Given the conditions and the spread of the corona virus is still evolving, the impact to Group's financial results cannot be reasonably estimated at the date of authorizing these financial statements.

35 CONTINGENCIES

35.1 The Board

The contingent liability arising with regard to the litigation matters pending in the labour tribunal and other Courts including Court of appeal and Supreme Courts as at 31.12.2019, the CEB is defendant respondent. The contingent liability in the unlikely event that all these cases are adversely decided is estimated at Rs.4,340Mn.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

35.2 LTL Holdings (Private) Limited

Legal Claim Contingencies

Heladhanavi Limited

HC (Civil) ARB /185/2014- Heladhanavi Limited Vs. Ceylon Electricity Board

The entity has filed this Application seeking to enforce an arbitral award delivered in favour of the Company on 29 October 2013 by the Honorable Arbitral Tribunal in the matter of Heladhanavi Limited Vs Ceylon Electricity Board. On 10 November 2017, the High Court granted the enforcement application in favour of the subsidiary company

HC (Civil) ARB /268/2013- Heladhanavi Limited Vs. Ceylon Electricity Board

Ceylon Electricity Board field this Application against the entity seeking inter alia for an order to set aside the arbitral award mentioned above in the matter of Heladhanavi Limited Vs Ceylon Electricity Board dated 29 October 2013. On 10 November 2017, the High Court granted the enforcement application in favour of the subsidiary company

Supreme Court Appeal No SC/HC/LA Application 142/2017 - Final Appeal by CEB against enforcement of award in favour of Heladhanavi Ltd

CEB is not entitle to directly appeal against the judgment granted in favour of Heladhanavi; However, it is permitted to appeal to Supreme Court by way of Special Leave to appeal with the permission of SC having been obtained first. Supreme Court upon hearing whether grant leave to proceed or not, on 14 the May 2019 directed both cases be sent back to the same Commercial High Court Judge, to write the judgement again considering the fact the certain objections raised by the CEB has not been considered in the judgement given. Consequently, both cases were called before High Court Judge, and both parties tendered additional/ further submissions. This was concluded on 22nd January 2020. Both cases were fixed for judgement on 3rd April 2020. However, considering the limitations due to Covid-19 pandemic, it is expected that the judgement date would be differed until the country situation returns to normalcy.

Other Contingencies

Subsidiary companies of LTL (Holdings (Pvt) Ltd has received tax assessments on VAT, NBT and ESC for the year of Assessments 2016/17, 2017/18 and 2018/19 for an amount of Rs1,158Mn consist of Rs. 479Mn as penalty charges. The respective companies have filed lodged valid appeal against these tax assessments. Having discussed with independent tax consultants and based on the information available, Directors of the subsidiary company are in the opinion that there will not be any future liabilities arising in respect to these assessments as of 31 December 2019.

35.3 Lanka Coal Company (Pvt) Ltd

The company has filed a case against Liberty Commodities for the amount over claimed by Liberty Commodities . The case is awaiting arbitration decision. The carrying value of the claim as at the balance sheet date is Rs. 236Mn.

36 CAPITAL COMMITMENTS

36.1 The Board

The Board does not have material purchase commitments for acquisition of Property , Plant and Equipment incidental to the ordinary course of business as at 31st December 2019.(2018 - Nil).

36.2 Lanka Electricity Company (Pvt) Limited

The Company does not have material purchase commitments for acquisition of Property , Plant and Equipment incidental to the ordinary course of business as at 31st December 2019.(2018 - Nil).

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

36.3 LTL Holdings (Pvt) Ltd Leases

Finance Lease commitments the Group as lessee is disclosed in Note 22.5
Finance Lease receivable the Group as lessor is disclosed in Note 12

Letter of Credits

Bank	2019	2018
Hatton National Bank PLC	44,572	17,465
Standard Chartered Bank	556,333	254,244
	<u>600,905</u>	<u>271,709</u>
Guarantee		
Bank	2019	2018
Hatton National Bank PLC	386,439	264,600
Canara Bank - India	1,058	1,689
Standard Chartered Bank	331,622	172,450
Habib Bank	73,289	62,708
	<u>792,408</u>	<u>501,447</u>
Import Bills		
Bank	2019	2018
Hatton National Bank PLC	23,629	3,652
Standard Chartered Bank	25,077	30,553
	<u>48,706</u>	<u>34,205</u>

LTL Holding (Private) Limited has provided corporate guarantees totalling to Rs 2,557,481,904/- for a bank loan obtained by subsidiaries (2018: Rs2,567,168,704/-)

Lakdhanavi Limited, a subsidiary of LTL Holdings Ltd has committed performance guarantees totalling to Rs 11.8Bn and USD NIL (2018 : Rs. 5.3Bn and USD 25,000) for various banks.

Further, the Company has committed towards NDB Bank PLC for USD NIL (2018 : USD 4,104,000) as performance guarantee to the Bangladesh Power Development Board on construction of the power plant by Feni Lanka Power Ltd, the new subsidiary added to the group in Bangladesh

The company has committed for Bid Guarantees Totalling to Rs. 350Mn and USD 731,700/- (2018 : Rs. 350Mn and USD NIL) for various banks

Other Commitments

Lakdhanavi Limited

The Company is liable to the government of the Democratic Socialist Republic of Sri Lanka, equivalent to the amount that dividends received from West Coast Power (Private) Limited, if any technical error in the construction of Kerawalapitiya Power project or any default made by WCPL in the repayment of the debt financing of the Kerawalapitiya power project.

Lakdhanavi Bangala Power Limited

As per PPA, the Company shall furnish BPDB an irrecoverable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months capacity payments equalling Tk 117,844,860 as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly the Company has provided the above guarantee from The City Bank Limited for the equivalent of Tk 117,844,860. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the company shall be required to pay to BPDB.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

Raj Lanka Power Co. Limited

As per Power Purchase Agreement (PPA), the Company shall furnish Bangladesh Power Development Board (BPDB) an irrevocable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months capacity payments as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly, the Company has provided the above guarantee from Standard bank Ltd- Bangladesh for the equivalent of TK 110,163,300. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the Company shall be required to pay to BPDB.

Feni Lanka Power Ltd

As per Power Purchase Agreement (PPA), the Company shall furnish Bangladesh Power Development Board (BPDB) an irrevocable and unconditional bank guarantee by a schedule bank in Bangladesh, for the sum specified, two months capacity payments as security for compliance with the Company's performance obligation in accordance with PPA. Accordingly, the Company has provided the above guarantee from Eastern Bank Ltd, Bangladesh for the equivalent of USD 2,427,378.39. The Company is obliged to pay this bank guarantee amount to BPDB on demand in case of liquidity damage or other damages, interest or other amounts that the Company shall be required to pay to BPDB.

Infra & Engineering (Pvt) Ltd

The Company has commitment towards HNB of Rs. 289,393,902/- (2018 : NIL) as Letter of Credit. Further, the company has fixed price contracts to provide operational and maintenance services to Nividu (Pvt) Ltd, Nividu Assupiniella (Pvt) Ltd and Pawan Danavi (Pvt) Ltd which other related companies in the LTL Group.

37 Related Party Disclosures

37.1. Transactions with the Government of Sri Lanka and its related entities.

Since the Government of Sri Lanka directly controls the CEB, the Group has considered the Government of Sri Lanka and other government related entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka as related parties according to LKAS 24, "Related Party Disclosures".

The Group and the Board entered into transactions, arrangements and agreements with the Government of Sri Lanka and its other related entities and significant transactions have been reported in follows.

Nature of Transaction	Group		Board	
	2019	2018	2019	2018
Ceylon Petroleum Corporation Purchase of Fuel	53,399,860	46,276,991	53,399,860	46,276,991
Department of Public Enterprises Obtain Project Loans	18,026,484	15,379,717	18,026,484	15,379,717
Peoples Bank Obtain Bank Loans	83,363,945	63,568,932	83,363,945	62,168,932
Peoples Bank Investments	7,620,302	13,423,183	-	-
National Savings Bank Obtain Bank Loans	16,014,000	-	10,000,000	-
Bank of Ceylon Obtain Bank Loans	17,404,077	260,264	15,000,000	-
State Mortgage & Investment Bank Investments	57,442	950,646	-	-
HDFC Bank Investments	1,061,638	-	-	-

Further, transaction as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities:

Maintaining bank accounts and entering in to Banking transactions with Bank of Ceylon and Peoples Bank

Payments of statutory rates, taxes.

Payment for employment retirement benefit-EPF and ETF

Payment for utilities mainly comprising of telephone, electricity and water

Payments for Motor Vehicle insurance premiums to Sri Lanka Insurance Corporation

Payment for insurance premiums to Sri Lanka Insurance Corporation.

Investments, Current Accounts and Borrowings with Banks that have ownership interest to the Government (HNB, NDB, Commercial Bank and DFCC Bank)

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

37.2 Related Party Transactions with the related companies of CEB

Related party transactions carried out by the Board with its related entities during the course of the business is listed below.

	Relationship	Nature of the Transaction	2019	2018
Lanka Electricity Company	Subsidiary	Sale of Electricity	(27,737,578)	25,478,362
		Cash receipts for electricity sales	36,799,539	25,117,887
		Dividend Income	542,409	383,909
		Dividend receipt	(542,409)	(383,909)
		Loan Settlement	2,403	2,196
LTL Holdings (Pvt) Ltd	Subsidiary	Dividend Income	2,204,559	1,889,622
		Dividend receipt	(2,636,334)	(1,594,965)
Lanka Coal Company (Pvt) Ltd	Subsidiary	Purchase of Coal	42,414,954	41,410,859
		Reimbursement of net expenditure	55,206	59,312
LTL Transformers Ltd	Sub-subsidiary	Purchase of Goods	2,284,068	2,284,068
LTL Galvanizers (Pvt) Ltd	Sub-subsidiary	Receipt of Services	219,736	219,736
Nividu (Pvt) Ltd	Sub-subsidiary	Purchase of Electricity	56,037	56,037
Nividu Assupinella (Pvt) Ltd	Sub-subsidiary	Purchase of Electricity	190,808	190,808
Pawan Danavi Limited	Sub-subsidiary	Purchase of Electricity	597,840	597,840
ANTE LECO Metering Co (Pvt) Ltd	Sub-subsidiary	Purchase of Goods	1,076,347	806
Sri Lanka Energies HR (Pvt) Ltd	Sub-subsidiary	Receipt of Services	20,269	7,602
Kumbalgamuwa Mini hydro (Pvt) Ltd	Sub-subsidiary	Purchase of Electricity	106,274	95,130

37.3 Related Party Transactions among the group companies

Nature of the transaction	LTL Holding and subsidiaries	Lanka Electricity Company and subsidiaries	2019 Total	2018 Total
Sale of Goods & Services	221,215	-	221,215	494,964
Dividend	1,333,784	-	1,333,784	1,337,229
Other Services	-	4,273	4,273	5,457
Operational & Engineering Services	316,534	-	316,534	316,534

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

37.4 Transaction with Key Management Personnel of the Group

The Key Management Personnel's (KMPs) of the Board are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Board. Such key management personal of the Board are the members of its Board of Directors, and Chief Executive Officer.

Key Management of the group was considered as the Board of Directors of the subsidiaries, joint venture and Ceylon Electricity Board as the parent.

Independent transactions with Key Management Personal and transactions with the close family members (CFMs) of the KMPs, if any, also have been taken into consideration in the following disclosure.

a) Key Management personnel Compensation

	Group		Board	
	2019	2018	2019	2018
Short- term employee benefits	162,957	88,961	4,149	5,326
Post - Employment benefits	13,842	9,668	-	
	176,799	98,629	4,149	5,326

In addition to above compensation, the company also provides non cash benefits to Key Management Personnel in terms of employment contracts with them.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Overview

The Group has exposure to the following risks from its use of financial instruments.

Credit Risk

Liquidity Risk

Market Risk

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

38.2 Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and effective oversight of the Group's risk management framework. The Group's risk management procedures are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Board of Directors oversee how management monitors in compliance with the Group's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Directors are assisted in their oversight role by the senior management.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

38.3 Credit risk

Credit risk is the risk that one party to a financial instrument will causes a financial loss for the other party by failing to discharge an obligation.

The credit policy of Ceylon Electricity Board and Lanka Electricity Company (Pvt) Ltd is as follows:

For bulk consumers 15 days credit period is allowed to settle the bills and thereafter, a disconnection notice will be issued and further 10 days granted from the day of notice, if not acceded to this supply will be disconnected.

Ordinary consumers will be given 30 days credit period to settle the bill. Subsequent to this a red notice will be issued and further 10 days given after 40 days if not acceded to this a disconnection order will be issued for the disconnection of supply.

Individual characteristics of each customer is considered by analysing the credit worthiness before granting the credit facility. And the group has implemented an effective credit control process, whereby age wise analysis of outstanding debtors are carried -out for effective control and timely recovery.

38.4 Liquidity risk

The liquidity risk of the group arises from having insufficient cash resources to meet its obligations as they arise. Insufficient liquidity resources could have an adverse impact on the group's operations while impairing investor, customer, and supplier confidence thereby weakening its competitive position

The group has implemented a strategic working capital management plan across all sectors whereby the receivables are closely monitored and debtors' period is minimized. Careful vendor evaluations and procurement strategies ensure that correct prices are paid for inputs and maximum credit periods are negotiated to optimize the working capital cycle.

The group ensures its liquidity is maintained by investing in short, medium term financial instruments to support operational and other funding requirements. The short term liquidity problems are mitigated through negotiation with the bank to increase the overdraft limits at concessionary interest rates.

38.5 Market risk

'Market risk' is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises Currency risk and Interest rate risk. The financial instruments affected by the market risk includes loans & borrowings, deposits an available for sale investments.

38.5.1 Foreign currency risk

The Group is exposed to currency risk on sales / purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency in which these transactions primarily are denominated in U.S. Dollars or Euro currencies. The currency risk is minimized by the Group by internally hedging against any exchange rate transactions, over time. Amount equivalent to future payments are placed in short term income generating instruments for appropriate currencies such that the same is utilized for payments as and when they fall due.

38.5.2 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. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages interest rate risk on its borrowings by maintaining a mix of fixed rate and floating rate facilities as well as maintaining deposits, which would cover against market fluctuations. Ceylon Electricity Board, being a government organization negotiates with the bank for favourable interest rates to minimise the exposure in interest rates.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

39 FAIR VALUE

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The Management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at December 31, 2019, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

39.1 Financial Instruments carried at Fair Value

The group has the following financial instruments carried at fair value

Financial Assets

Fair value through OCI	(Note 13)
Fair value through Profit or Loss	(Note 13)

39.2 Financial Instruments not carried at fair value

Given below is a comparison, by class, of the carrying amounts and fair values of the group's financial instruments that are not carried at fair value in the Financial Statements other than those with carrying amounts that are reasonably approximate of fair values. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Value		Fair Value	
	2019	2018	2019	2018
Refundable Deposits	40,738	44,029	40,738	44,029
Investment in Fixed Deposits	20,586,150	25,156,979	20,586,150	25,156,979
Investment in Repurchase Agreements	303,278	422,376	303,278	422,376
Investment in Other Deposit	2,413,602	1,211,287	2,413,602	1,211,287
Loans to Company Officers	10,719,041	10,068,073	10,719,041	10,068,073
Loans to Consumers	4,195,879	5,389,639	4,195,879	5,389,639
Investments in Debentures	202,063	203,479	193,170	196,769
	<u>38,460,751</u>	<u>42,495,862</u>	<u>38,451,858</u>	<u>42,489,152</u>

39.3 Fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the group use alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Financial Statements (Contd.)

Year Ended 31st December 2019

(All amounts in Sri Lanka Rupees Thousands)

As at 31 December 2019, the Group held the following Financial instruments carried at fair value on the statement of financial position.

Assets measured at fair value	Date of valuation	2019	Level 1	Level 2	Level 3
Financial Assets at Fair Value through OCI					
Unquoted Equity Shares	31-Dec-19	13,719,210	-	-	13,719,210
Financial Assets at Fair Value through Profit or Loss					
Investment in Equity Securities	31-Dec-19	248,587	248,587	-	-
Amortized Cost - Financial Assets					
Investment in other Financial Instruments	31-Dec-19	23,343,768	-	-	23,343,768
Loans to Consumers and Staff	31-Dec-19	14,914,920	-	-	14,914,920
Assets for which fair value is disclosed					
Investment in Debentures	31-Dec-19	193,170	193,170	-	-

Description of significant unobservable inputs to valuation of FVOCI - Financial assets Lank Electricity Company (Pvt) Ltd

Fair value of unquoted equity investments has been estimated using Market Multiple Methodology (MMM). Under MMM approach value is estimated based on suitable levels of future earnings for a business ("maintainable earnings") and applies an appropriate multiple to these earnings, capitalizing them into a value for the business. Company applies EBIT as earning base. To identify appropriate peers to use in reviewing the fair value of West Coast Power (Private) Ltd, listed companies involved in the supply of electricity using fossil fuel in the Asian Region were analysed. Outliers were estimated based on the differences in the nature of operations and size of the entities.

Due to the minority stake of West Coast Power (Private) Limited, the Management is not in a position to access the direct management and insider information. However considering the nature of the industry and general features of Power Purchasing agreement, market values of assets and liabilities are assumed to be remain similar to the carrying value recorded as at December 31, 2019.

LTL Holdings (Pvt) Ltd

The fair value of the unquoted ordinary shares have been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and used in management's estimate of fair value for the unquoted equity investment

Auditor General's Report on Group Financial Statements



The Chairman
 Ceylon Electricity Board

Report of the Auditor General on the Consolidated Financial Statements of the Ceylon Electricity Board and its Subsidiaries for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Consolidated financial Statements

1.1. Qualified Opinion

The audit of the consolidated financial statements of the "Ceylon Electricity Board" (the CEB) and its Subsidiaries ("the Group") for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be published with the annual report of the Board in terms of Section 12 of the National Audit Act, appear in this report. My report, to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course. The financial statements of LTL Holdings (Private) Ltd was audited by the firms of Chartered Accountants in public practice appointed by the Board of Directors of the Subsidiary.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying consolidated financial statements give a true and fair view of the financial position of Group as at 31 December 2019, and of their financial performance and the cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

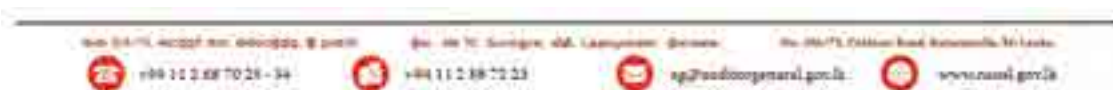
1.2 Basis for Qualified Opinion

1.2.1 Comments on Consolidated Financial Statements

1.2.1.1 The auditor of the Trincomalee Power Company Limited (TPCL) has emphasized the following matter on its financial statements.

The company, which operated with the sole purpose of developing a 500 MW Coal Power Plant in Sampur has ceased the development activities of that Power Plant and the expenses previously capitalized has been written off in the year 2018. Instead, Cabinet approval has been received to setup a 50 MW Solar Power Plant by TPCL on the same land provided to construct the Coal Power Plant in Sampur. Further, Cabinet approval has also been granted to develop a 500 MW LNG Power Plant at Kerawalapitiya. However, any improvement in respect of the development activities of the above power plants had not been carried-out even as at the end of year under review. Accordingly, this indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

1.2.1.2 The Qualified Opinions on the financial statements of the following companies for the year ended 31 December 2019 had been expressed by me based on the following observations.



Auditor General's Report on Group Financial Statements (Contd.)



(a) Lanka Coal Company (Pvt.) Ltd

- i. As per paragraph 51 of the Sri Lanka Accounting Standard on Property, Plant & Equipment (LKAS 16), the useful life of the asset shall be reviewed at least at each financial year end and if expectations differ from previous estimates, the changes shall be accounted in accordance with LKAS 08. However, useful life of the fully depreciated motor vehicles still in use had not been reviewed and accounted accordingly.
- ii. As per paragraph 88 of the Sri Lanka Accounting Standard on Income Tax (LKAS 12), no disclosure had been made regarding the assessment of Rs. 159,549,619 relating to the Economic Service Charge (ESC) for the year of assessment 2017/2018 and the penalties imposed of amounting to Rs. 75,461,644 thereon in the financial statements of the year under review. Further, total ESC payable as at the end of the year under review was Rs. 579,179,232. As per section 6 of the Economic Service Charge Act No 13 of 2006 duly amended, ESC liability should be paid on or before twentieth day of following month after quarter ending. However, the Company had not paid ESC payable even up to the date of this report.
- iii. As per paragraph 14 of the Sri Lanka Accounting Standard on Revenue (LKAS 18), revenue from the sale of goods had not been recognized. When importation of coal, a mark-up of 10 per cent added to the value at the point of Customs as a notional adjustment in ascertaining the value for the custom purpose. However, the Company had been added notional 10 per cent mark-up amounting to Rs. 3,804,035,310 to the revenue and later the Company had given such amount as discount to the debtors and charged to the cost of sale. As a result, the cost of sales and revenue had been overstated by similar amount and additional ESC had to be paid thereon.
- iv. A forfeiture (penalty) of Rs. 205,000,000 had been imposed to the Company by Sri Lanka Customs on non-declaration of correct transaction value of the coal imported during 19 September 2016 to 09 April 2018. The Company had debited this penalty payment to the Sri Lanka Custom VAT account amounting to Rs. 155,426,118, VAT control account amounting to Rs. 39,970,418 and CSCL liability account amounting to Rs. 9,603,464 erroneously. As a result, the expenses had been understated by Rs. 205,000,000 and assets had been overstated by Rs. 195,396,536 and liabilities had been understated by Rs. 9,603,464. Further, the Company had recorded a sum of Rs. 126,956,898 as receivable from CEB and payable of Custom VAT in relating to VAT in the ledger. However, supporting documents and clear reasons were not given to verify this value.
- v. The Company had used the funds, which received from Ceylon Electricity Board (CEB) for settlement of shipment bills, to pay penalty mention in part iv even without obtained board approval and had not been done a formal investigation to identify the persons who are responsible for the losses.
- vi. The Company had not taken necessary actions to recover the receivable balance amounting to Rs. 539,192,079 from Taurian Iron and Steel Company Ltd (TISCL) through Ceylon Shipping Corporation Ltd (CSCL) with regard to short delivery of coal. TISCL/CSCL had not confirmed this balance and no provision had been made for impairment, even though the receivable balance outstanding over seven years.
- vii. Brought forwarded Economic Service Charges (ESC) receivable amounting to Rs. 894,151, Withholding Tax (WHT) receivable amounting to Rs. 77,719, Income Tax payable amounting to Rs. 65,474,540, Nation Building Tax (NBT) receivable amounting to Rs. 3,371,326 and Value Added Tax (VAT) receivable amounting to Rs. 12,758,801 which could not be verified in previous year audit been charged against retained earnings in 2018 as prior year adjustment. The Company had failed to correct these adjustments even as at the end of the year under review.
- viii. A sum of Rs. 15,870,104 payable to Ceylon Shipping Corporation Ltd (CSCL) in respect of lightering VAT (Shipment number 151 to 154) which was paid by CEB had been neither paid to CSCL nor presented as an advance received from CEB. Further, the Company had not accounted the aforesaid lightering VAT as payable to CSCL though they have obtained the fund from CEB to settle the charge.

Auditor General's Report on Group Financial Statements (Contd.)



- ix. The balance confirmations and evidences relevant to verification of accounts payable amounting to Rs. 1,109,063, Final VAT & Other Receivable from CEB amounting to Rs. 180,416,885, ESC receivable from CEB amounting to Rs. 578,678,686, Payable to CEB amounting to Rs. 6,813,692, Ceylon Shipping Corporation Limited - Old payable amounting to Rs. 28,347,444, Misc Debtors amounting to Rs. 18,075,801, Receivable from CEB amounting to Rs. 4,677,509, Trade debtor (CEB) Steam coal amounting to Rs. 7,750,000, Other Receivable from CEB amounting to Rs. 1,760,500, receivable of Noble Resources International Pte Ltd amounting to Rs. 1,115,987 and Trade Creditors - Nobel Resources International Pte Ltd amounting to Rs. 85,887,776 were not made available for audit.
- x. VAT payable on reimbursement expenses amounting to Rs. 8,280,994 had not been accounted in the VAT control account. As a result, VAT liability had been understated by the similar amount.
- xi. The Company had paid a sum of Rs. 4,000,000 to supplier through Ceylon Shipping Corporation Ltd (CSCL) without a liability in the ledger account as payable to the said supplier or payable to CSCL in this regard. However, the Company had deducted this amount from CSCL payable balance erroneously. Hence, the liabilities had been understated by similar amount.
- xii. The Company had paid a sum of Rs. 136,236,370 as Custom VAT for the Shipment No. 123 though actual VAT amount was Rs. 106,969,404 as per to the Cusdec. Hence, the overpaid VAT amount was Rs. 29,266,965 and in the financial statement it was shown as VAT receivable amounting to Rs. 26,507,084. Hence, a difference of Rs. 2,759,882 between two balances were observed in audit.
- xiii. The Company had debited a sum of Rs. 5,218,271 to CSCL payable account. However, supporting documents and reasons were not given to verify this amount. Further, the Company had not reconciled the difference of Rs. 31,916,562 between the balances of Lanka Coal Company (Pvt) Ltd and CSCL disbursement account.
- xiv. Penalties on Economic Service Charge (ESC) amounting to Rs. 500,546, Nation Building Tax (NBT) amounting to Rs. 10,134,113 and Value Added Tax (VAT) amounting to Rs. 1,900,938 have been imposed by the Department of Inland Revenue by their letter dated 04 January 2018 for default of payments of tax had been accounted under the tax payable and without disclosed as penalties payable.

(b) Sri Lanka Energies (Pvt) Ltd

- i. Non-compliances in relation to the following Sri Lanka accounting standards were observed.
 - SLFRS 07 paragraph 08,31,33
 - SLFRS 15 paragraph 01
 - LKAS 01 paragraph 79,113,117
 - LKAS 02 paragraph 37
 - LKAS 07 paragraph 20
 - LKAS 12 paragraph 80(a)
 - LKAS 19 paragraph 57,140,141
 - LKAS 24 paragraph 17
 - LKAS 38 paragraph 118 (a,b)
- ii. Section 2(2) of Economic Service Charge Act, No. 13 of 2006 (as amended), an entity turnover has exceeded 12.5 Million per quarter (threshold per quarter) and liable for Economic Service charges. Turnover of the Company was Rs.396 Million (total turnover). However, the Company had not paid Economic Service Charges for year 2019 and hence ESC liability has been understated by Rs. 1,983,064.
- iii. Staff of the Company had done administrative works of the subsidiaries also without charging any management fee. Hence Group's staff expenses amounting to Rs. 24,847,325 had been charged to the Company erroneously.

Auditor General's Report on Group Financial Statements (Contd.)



1.2.2 Comments on Financial Statement of the CEB

1.2.2.1 Compliance with Sri Lanka Accounting Standards (SLAS/SLFRS) and Accounting Policies.

The following observations are made.

(a) LKAS 1- Presentation of Financial Statements

- (i) The Board had off set the balance of Rs. 30,609,836 of sundry debtors against the creditors in relation to the POS counter payment and Post office commission. As a result sundry debtors and creditors balance had been understated by same amount.
- (ii) The loan disbursed amount of Rs.1,262,503,405 to Green Power Development and energy efficiency improvement project had been shown as disbursement of Wind power project in the Note no. 24.2.1.
- (iii) Rs. 25 million paid as loan processing fee for Rs. 83 billion loans obtained had been presented as other expense under administration expenses instead of presenting as finance cost.

(b) LKAS 2- Inventories and LKAS 16 - Property, Plant and Equipment

The CEB is applying the standard cost method for valuing of labour, material and overhead costs of its capital and maintenance jobs, instead of applying the actual costs as per the provisions in the above Standards. As a result, the favourable material price variance and labour and overhead rate variances aggregating to Rs. 6,409,494,526, and unfavourable stores price variance of Rs. 2,428,128,229 arisen thereon had been brought to the financial statements.

As a result of that, the operating results, assets, liabilities and equity of the CEB have been significantly affected due to high financial involvement in relation to the capital jobs. However, the impact to the financial statements thereon could not be ascertained in audit due to non-availability of required information relating to those capital jobs.

(c) LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The useful lifetime of fully depreciated non-current assets which are being continuously utilized by the CEB had not been reviewed as mentioned in the accounting policies. For instance, fully depreciated four power stations and 1,683 numbers motor vehicles costing Rs. 32,241,176,427 and Rs.3,918,235,311 respectively are being still using without estimating the real life time.

(d) LKAS 16 - Property, Plant and Equipment

The fixed assets amounting to Rs. 172,019,335,924 in the Transmission Division had not been physically verified during the year under review.

1.2.2.2 Accounting Deficiencies

- (a) A debit balance of Rs. 3,535,799,151 (stock shortage) and a credit balance of Rs. 90,343,073 (stock excess) had remained in the Stock Adjustment Account for more than one year without being cleared.
- (b) As per the decision No. 10/2 434/423/034 of the Cabinet of Ministers, the CEB should repay the loan and interest thereon to the General Treasury for the loan amount of Rs. 159,184,187,965 obtained for the construction of Lakwijaya Power Plant. However, the CEB had not paid or made provisions in its accounts for the above payments although the Department of External Resources of the General Treasury had paid an amount of Rs.25,247,801,891 up to 31 December 2018 as interest for the said loan to the lending bank. As a result of non-provision of interest, retained earnings as at 31 December 2019 had been overstated by Rs. 25,247,801,891.

Auditor General's Report on Group Financial Statements (Contd.)



- (c) The amount of Rs. 3,556,442,931 recorded to the equity on 17 October 2019 as per the request of the treasury on letter no. PED/1/CEB/2/11(i), had been charged to the income statement as interest expense during the year under review. Further, this amount had not been incurred by the CEB. As a result of that, loss of the board had been overstated by that amount.
- (d) The expenses incurred by the CEB on behalf of Employee Provident Fund maintain by the CEB amounting to Rs. 41,816,475 had been treated as expenses of the CEB without being reimbursed and as such, the loss for the year under review had been overstated by similar amount.
- (e) The jobs carried out by the CEB for supply, maintain and repair of power generators, lifts and air conditioners of the government institutions prior to the year 2013 had been valued at cost and accounted them accordingly instead of account the jobs based on their invoice values. As a result, the receivables and retained earnings shown in the financial statements had been understated by Rs. 66,987,761.
- (f) The amount of Rs.500 million out of Rs.5 billion which was paid to the General treasury as levy in the year 2016 had been amortised to the income statement by classifying as payment of management fee during the year under review and prior year adjustment had been made for Rs. 1 billion. The balance amount of Rs. 3.5 billion is shown as other debtors in the financial statement instead of being charged to the equity statement. However, no management services had been obtained by the CEB from the General treasury. Therefore loss for the year had been overstated by Rs.500 million.
- (g) CEB had not paid or made the provisions for the interest due to the General Treasury amounting to Rs.2,495,574,443 as per the conditions in Sub-loan Agreements.
- (h) An amount of Rs. 4,200,000 named as dividend tax 10 per cent from treasury is remained as unidentified other debtor in the books of headquarters. No provision had been made in the accounts for this amount.
- (i) An amount of Rs.31,119,302 delay interest payable to Ceylon Petroleum Corporation had been omitted from the books of accounts. Hence loss for the year under review had been understated.
- (j) Jobs completed valuing to Rs. 734,574,801 is remained in working progress account without being transferred to the assets in the Distribution Division 1. The depreciation relating to those assets had not been charged to the income statement.
- (k) The amount of Rs.128,264,040 payable for power purchase from Moragahakanda Power plant had been omitted from the books of accounts during the year under review. Hence loss for the year had been understated by same amount.
- (l) The amount of Rs. 944,030,864 of work in progress relating to the Upper Kothmale Hydro Power project which was completed in 2012 had not been transferred to the fixed assets. Hence depreciation for the year under review and retained earnings had been understated by Rs. 26,972,310 and Rs. 161,833,862 respectively.
- (m) The amount of Rs. 603,573,159 of work in progress relating to the Puttalam Coal Power project which was completed in 2014 had not been transferred to the fixed assets. Hence depreciation for the year under review and retained earnings had been understated by Rs. 20,119,105 and Rs. 100,595,526 respectively.
- (n) A credit balance of Rs. 367,390,040 had been remained as inter divisions current account balance as at 31 December 2019 without being off setting with the inter division balances.
- (o) Sum of Rs. 999.03 million disbursed during the year under review had not been recorded. Hence liability and work in progress amount had been understated by same amount.

Auditor General's Report on Group Financial Statements (Contd.)



1.2.2.3 Un-reconciled Differences

- (a) A difference of Rs. 764,717,080 was observed between the balance shown as payable to the Ceylon Petroleum Corporation in the financial statements of the CEB as at 31 December 2019 and the corresponding balance shown as receivable in the financial statements of the Ceylon Petroleum Corporation as at that date.

However, this dispute had not been cleared even as at 31 December 2019 though it has been reiterated in audit reports since 2013 continuously.

- (b) Un-reconciled differences aggregating to Rs. 31,813,455 was observed between the balances of bulk trade debtors as at 31 December 2019 shown in the billing system of the Distribution Divisions 01, 02, 03 and 04 and the corresponding amount shown in the financial statements for the year under review due to omission of some balances in billing system and as well as in the financial statements. Further, an amount of Rs. 423,764,624 is remained as unidentified since 2012.
- (c) Reconciliation for the balance of Rs.4,073,824,173 and Rs. 129,863,150 available in the Collection Control ledger account as debit and credit as at 31 December 2019 had not been done as per the instruction letter issued by the AFM(DD1) on 26 July 2005 and reasons for such balances had not been submitted to the audit. Hence accuracy of the balance available in Collection control account was unable to verify.
- (d) Age analysis had not been submitted for 66 per cent of the total value of Rs.79,512,030 in relation to the suspense balance and sum of Rs.70,306,494 remained over one year without being cleared.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Group is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic consolidated financial statements to be prepared of the Group.

1.4 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor General's Report on Group Financial Statements (Contd.)



As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Group as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- The consolidated financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year except for audit observations in paragraphs 1.2.1, 1.2.2.1 (b), (c), (d), 1.2.2.2 (a) (b) (d) (e) (f) (g), 1.2.2.3 (a) (b) in this report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne
Auditor General

Replies to the Report of the Auditor General

Report of the Auditor General on the Consolidated Financial Statements of the Ceylon Electricity Board and its Subsidiaries for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Consolidated Financial Statements

1.1 Opinion

Informative

1.2 Basis for Opinion

1.2.1 Comments on Consolidated Financial Statements

1.2.1.1 The auditor of the Trincomalee Power Company Limited (TPCL) has emphasized the following matter on its financial statements.

Since Cabinet approval was granted to develop 50 MW Solar Power and 500 MW LNG power plants, TPCL has decided to use the land allocated for coal power plant at Sampur for 50 MW solar project. The said matter was continuously discussed in the Board Meetings of TPCL held during the past periods and now the Board has decided to amend the articles of association of TPCL in order to implement the solar power project in TPCL. The board of TPCL will take necessary actions to sign joint venture agreement between CEB and National Thermal Power Company Ltd (NTPC), India during 2020 in order to commence the solar project. However required legal clearance should be obtained from Attorney General before signing the JV agreement.

After series of discussions between CEB and NTPC now both parties have signed joint venture agreement on 25th October 2019 for the development of the LNG power plant at Kerawalapitiya.

Progress of discussions are on hold as of today due to impact of COVID 19. However the Board of TPCL is in the opinion that steps will be taken to implement the proposed projects during future periods.

1.2.1.2 The Qualified Opinions on the financial statements of the following companies for the year ended 31 December 2019 had been expressed by me based on the following observations.

(a) Lanka Coal Company (Pvt.) Ltd (LCC)

- i. As per paragraph 51 of the Sri Lanka Accounting Standard on Property, Plant & Equipment (LKAS 16), the useful life of the asset shall be reviewed at least at each financial year end and if expectations differ from previous estimates, the changes shall be accounted in accordance with LKAS 08.

A certified valuation for all fully depreciated 3 vehicles belongs to LCC will be obtained and pass the necessary adjustment during the financial year 2020.

- ii. As per paragraph 88 of the Sri Lanka Accounting Standard on Income Tax (LKAS 12), no disclosure had been made regarding the assessment of Rs. 159,549,619 relating to the Economic Service Charge (ESC) for the year of assessment 2017/2018 and the penalties imposed of amounting to Rs. 75,461,644 thereon

A letter was sent to the Department of Inland Revenue requesting for an extension of the settlement of ESC and a request was also made to refrain from any recovery action or imposition of any levies against the company in this regard until an amicable agreement is made on the settlement of the ESC.

- iii. As per paragraph 14 of the Sri Lanka Accounting Standard on Revenue (SLFRS 15), revenue from the sale of goods had not been recognized.

LCC was given a directive by Inland Revenue Department (IRD) to add the customs margin to cost in the issuance of VAT invoices to CEB. This pricing mechanism was adopted following a meeting held in the ministry on 28th June, 2018 with the attendance of an official from Inland Revenue Department (IRD). IRD official is on record and minuted having told that LCC's base value for VAT on invoices to CEB cannot be less than the value for customs purposes. The 10% is, therefore, added solely on the directive of IR official. Since then CEB has challenged the directive and written to IR by their letter dated 2018-09-07 to which the response is yet to be received. Until such time we added 10% customs margin in invoice but do not remit any excess output VAT to IRD in the interim pending issuance of a ruling by IRD. Hence it is the reason for the apparent overstatement of revenue.

Replies to the Report of the Auditor General (Contd.)

- iv. A forfeiture (penalty) of Rs. 205,000,000 had been imposed to the Company by Sri Lanka Customs on non-declaration of correct transaction value of the coal imported during 19 September 2016 to 09 April 2018.

As per the investigation done by Sri Lanka Customs, Lanka Coal Company has not declared the correct transaction values of the coal imported during the period from 19/09/2016 to 09/04/2018. During that time the custom declaration totally handled by Ceylon Shipping Corporation (CSC) for a charge of Rs.1,000,000/- per shipment. S.L Customs had imposed a forfeiture of 205,000,000/- to LCC on above wrong declaration & the investigation officers of S.L Customs had informed to LCC Officers that no any final VAT payment to be done after this payment.

LCC had already paid Rs37,594,744 as VAT to the relevant shipments earlier and was compelled to settle the sum of Rs 205Mn subsequently using the funds provided by CEB since S.L. Customs held the clearance of coal shipments.

However, LCC has written this matter to Finance Minister through the line Ministry requesting to waive off the said forfeiture which was rejected. But this matter is under investigation by a special committee (Nemmawatta Committee) appointed by two secretaries of the ministries relating to CEB & CSC and awaiting their report to make the correct presentation in the financial statements.

- v. The Company had used the funds, which received from Ceylon Electricity Board (CEB) for settlement of shipment bills, to pay penalty mention in part iv

LCC had done the payment using the given funds by CEB since S.L. Customs hold the clearance of coal shipments. This matter is under investigation by a special committee (Nemmawatta Committee) appointed by two secretaries of Ministries relating to CEB & CSC and awaiting their report

- vi. The Company had not taken necessary actions to recover the receivable balance amounting to Rs.539,192,079 from Taurian Iron and Steel Company Ltd (TISCL) through Ceylon Shipping Corporation Ltd (CSCL) with regard to short delivery of coal.

Taurian Iron and Steel settlement was handled by a high level committee. The committee has not opined that the debt is bad and even the buyer has consented to settle the dues by supplying coal. According to information in our possession, the settlement proposal has been submitted for determination by the cabinet. Present Status of Outstanding amount receivable from Ceylon Shipping Corporation (Taurian Iron and Steel Company Ltd.) was referred to the Cabinet of Ministers and the Cabinet appointed a four-members Committee of the Treasury (Chairman), Ceylon Shipping Corporation, Lakvijaya Power Plant and Lanka Coal Company to negotiate with the Taurian Iron and Steel Company. Further, Cabinet has advised to submit the recommendations of the committee through Ministry of Ports and Shipping back to the Cabinet which is yet to be submitted

- vii. Brought forwarded Economic Service Charges (ESC) receivable amounting to Rs.894,151, Withholding Tax (WHT) receivable amounting to Rs. 77,719, Income Tax payable amounting to Rs. 65,474,540, Nation Building Tax (NBT) receivable amounting to Rs. 3,371,326 and Value Added Tax (VAT) receivable amounting to Rs. 12,758,801 which could not be verified in previous year audit been charged against retained earnings in 2018 as prior year adjustment

ESC / WHT

Irrecoverable ESC and WHT totaling Rs.971,868 formed part of the approval received from the Board to write off long outstanding unsubstantiated tax balances.

Income Tax

The Inland Revenue Department confirmed in writing that the outstanding income taxes were only Rs.2,049,484 and Rs.3,590,678 for the years 14/15 and 13/14 respectively. Therefore, tax payable of Rs. 11,703,151 which was no longer necessary was adjusted with the approval of the Board of Directors at the meeting held on 26/07/2018.

There was a further extra provision of Rs.65,474,540 for income tax. This too was no longer necessary according to written confirmation of Income Tax liability from IR referred to above. Therefore, the excess provision was reversed with the permission of the Board leaving out the payable as per written confirmation from IR.

NBT

NBT is paid by the company in the past had been accounted for as a receivable and stood at Rs.3,371,326 at the end of 2017. LCC being an importer and trader of coal is not entitled to claim refund of NBT paid. Therefore, Board permission was obtained at the meeting held on 26/07/2018 to adjust the above balance from the balance sheet.

Replies to the Report of the Auditor General (Contd.)

VAT

Input VAT which has been accounted for as a receivable of Rs. 12,758,801 at the end of 2017 was adjusted to reflect the correct position. We wrote to the IR department inquiring to the possibility of receiving a refund of input VAT. IR department by their letter dated 14/06/2018 explained that in terms of section 22(5) of VAT Act No. 14 of 2002 the input VAT paid by the company shall not be refunded. Accordingly, having obtained the Board permission at the meeting held on 26/07/2018 the above receivable amount was adjusted.

- viii. **A sum of Rs. 15,870,104 payable to Ceylon Shipping Corporation Ltd (CSCL) in respect of lightering VAT (Shipment number 151 to 154) which was paid by CEB had been neither paid to CSCL nor presented as an advance received from CEB.**

LCC did not pay the VAT on lightering charges Rs. 15,870,104.32 from shipment no 151 to 154 to CSC because Inland Revenue Department issued a ruling making lightering liable for VAT @ 0%. This receipt was utilized to make the settlement of final VAT assessment for the 11 shipments from shipment no 124 to 142. A credit note has been issued on this regard in year 2020.

- ix. **The balance confirmations and evidences relevant to verification of accounts**

Accounts payable Rs. 1,109,063

The balances will be rectified in year 2020

Final VAT & Other Receivable from CEB : Rs. 180,416,885

This is the receivable amount for final VAT & exchange loss of the shipments from 123 to 155 and it is related to the 205 million payment done to S.L Customs. This matter is under investigation by a special committee appointed by two secretaries of CEB & CSC and awaiting their report. The entries will be passed according to the above report

ESC Receivable from CEB : 578,678,686

A letter was sent to the Department of Inland Revenue requesting for an extension of the settlement of ESC

Payable to CEB : Rs. 6,813,692

This is the balance amount of Liquidated damage claimed from M/s Trafigura after deducting the related expenses & price reduction on M/s Trafigura shipments due to discrepancy of Umpire sample certificates.

Ceylon Shipping Corporation Ltd - Old payable Rs. 28,347,444

This balance was confirmed by Ceylon Shipping Corporation Ltd (CSC) and the correction entries need to be passed by CSC since LCC has already submitted the invoices & receipts of the cargo insurance payments.

Misc. Debtors Rs. 18,075,802

Initial investigations revealed that the amount consists of overpayment to customs. However, further analysis is carried out in order to identify the correct receivable balance.

Receivable from CEB Rs. 4,674,041

The nature of the balance will be investigated and corrected accordingly.

Trade debtor (CEB) Steam Coal Rs. 7,750,000

This balance consists of a payment made to M/s Mercator. This matter also is under investigation by the special committee (Nemmawatta Committee) appointed by two secretaries of Ministries relating to CEB & CSC and awaiting their report.

Other Receivable from CEB Rs. 1,760,500

The nature of the balance will be investigated and corrected accordingly in future

Trade creditors Noble Resource Rs. 85,887,776

The balance mainly consists of an under drawn amount by Nobel Recourses Intl. Pvt. Ltd due to expiry of the LC validity period.

Receivable from Nobel Resources Rs. 1,115,987

This debtor balance will be set off against the trade creditor Noble Resource Rs. 85,887,776 above.

Replies to the Report of the Auditor General (Contd.)

- x. VAT payable on reimbursement expenses amounting to Rs.8,280,994 had not been accounted in the VAT control account. As a result, VAT liability had been understated by the similar amount.

As per audit query itself these are re-imburement for which LCC possess bills. There is no any margin added for our services. As advised by our Tax consultant, re-imburement of expenses is not liable for VAT.

- xi. The Company had paid a sum of Rs.4,000,000 to supplier through Ceylon Shipping Corporation Ltd (CSC) without a liability in the ledger account as payable to the said supplier or payable to CSCL in this regard.

The nature of the balance will be investigated and corrected accordingly in future

- xii. The Company had paid a sum of Rs.136,236,370 as Custom VAT for the Shipment No.123 though actual VAT amount was Rs.106,969,404 as per to the Cusdec.

The balance was rectified during the financial year 2020.

- xiii. The Company had debited a sum of Rs. 5,218,271 to CSC payable account. However, supporting documents and reasons were not given to verify this amount.

Necessary correction entries will be passed during the financial year 2020

- xiv. Penalties on Economic Service Charge (ESC) amounting to Rs.500,546 , Nation Building Tax (NBT) amounting to Rs. 10,134,113 and Value Added Tax (VAT) amounting to Rs.1,900,938 have been imposed by the Department of Inland Revenue

Negotiations were made with the Inland Revenue Department to waive off the penalties hence, the necessary disclosures will be made in the financial statements of year 2020

(b) Sri Lanka Energies (Pvt) Ltd

- i. Non-compliances in relation to the Sri Lanka accounting standards were observed.

The necessary arrangements will be made to adhere to these best practices according to the Sri Lanka Accounting Standards from 2020 onwards

- ii. Section 2(2) of Economic Service Charge Act, No. 13 of 2006 (as amended), an entity turnover has exceeded 12.5 Million per quarter (threshold per quarter) and liable for Economic Service charges.

Sri Lanka Energies (Pvt) Ltd will comply as required in future.

- iii. Staff of the Company had done administrative works of the subsidiaries also without charging any management fee. Hence Group's staff expenses amounting to Rs.24,847,325 had been charged to the Company erroneously.

Since the subsidiaries have not been generating adequate surplus during the year and the principle of charging management fees have not been effected and be adhered to from financial year 2020 onwards.

1.2.2 Comments on Financial Statement of the CEB

1.2.2.1 Compliance with Sri Lanka Accounting Standards (SLAS/SLFRS) and Accounting Policies.

(a) LKAS 1- Presentation of Financial Statements

- (i) The Board had off set the balance of Rs.30,609,836 of sundry debtors against the creditors.

The oversight entry has been rectified in 2020

- (ii) The amount of Rs.1,262,503,405 loan disbursed to Green Power Development and energy efficiency improvement project

The oversight entry has been rectified in 2020.

- (iii) The amount of Rs. 25 million paid for loan processing fee for Rs. 83 billion loans obtained had been presented as other expense under administration expenses category instead of presenting as finance cost.

The rectification of expenses categorization has been affected.

Replies to the Report of the Auditor General (Contd.)

(b) LKAS 2-Inventories and LKAS 16 -Property, Plant and Equipment

The CEB is applying the standard cost method for valuing of labour, material and overhead costs.

As per LKSA 2 paragraph 21 standard cost method for the measurement of inventories are recommended. Accordingly, CEB uses standard prices for valuing of stocks, WIP and Property plant and Equipment due to the practical difficulty of using actual costs. The committee formed to determine the standard prices of inventory work hard on to ascertain precise and reasonable estimation that very close to actual prices of the inventory. However due to complexity of technicality and huge volume of inventory, there is a gap between actual and standard prices. This matter would be resolved once the integrated accounting system is introduced.

CEB has initiated the following actions to minimize gap between standard prices and actual prices.

- Labour rate variance of DD4 and DD 3 has been eliminated from financial accounts of year 2019. Other two divisions will be able to do the same in year 2020.
- With the adaptation of the weighted average method for inventory valuation as recommended by the committee which is appointed for, will be able to eliminate the impact of the material price variances to the Financial Statements. Since this is being addressed in the ongoing ERP system, this issue will be solved once the ERP system is in place.
- Other than the Distribution assets which are transferred from WIP all other Property plant and Equipment (Land, Building, Motor Vehicle, Machinery, and Office Equipment) are valued at actual cost which complies with the recommendations of LKASs.

(c) LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The useful lifetime of fully depreciated non-current assets which are being continuously utilized by the CEB

(i) Fully depreciated 1,683 numbers motor vehicles costing Rs. 3,918,235,311

The data has been collected from the Divisions regarding the useful life of the motor vehicles and the analysis is in progress. A revised useful life could be recommended to record in the financial statements for year 2020

(ii) Fully depreciated four power stations Rs.32,241,176,427

The Generation Division power plants are unique and complex in nature. The economic life span of the generators derived based on the Original Manufacturer's recommendation. A Committee will be appointed to revisit the economic life span of the power plants. As CEB has well maintained the power plants and Generators are operated beyond the Original Equipment Manufacturer (OEM)'s expected life span.

(d) LKAS 16 - Property, Plant and Equipment

The fixed assets amounting to Rs. 172,019,335,924 in the Transmission Division had not been physically verified.

Relevant instructions have been issued to conduct an Annual Physical Verification with regard physical existence of Fixed Assets of Transmission Division.

1.2.2.2 Accounting Deficiencies

(a) A debit balance of Rs.3,535,799,151 (stock shortage) and a credit balance of Rs.90,343,073 (stock excess) had remained in the Stock Adjustment Account for more than one year.

Actions have been taken by the respective divisions to pass necessary book entries where possible in 2020 and the rest of shortage balances would be cleared upon completion of legal actions.

(b) As per the decision No. 10/2434/423/034 of the Cabinet of Ministers, the CEB should repay the loan and interest thereon to the General Treasury for the loan amount of Rs. 159,184,187,965 obtained for the construction of Lakwijaya Power Plant.

The repayment up to year 2018 had been absorbed by the General Treasury by considering materiality of liquidity position of CEB. However as per the direction by Director General Public Enterprises Department, payment of the interest amounting Rs. 3,556,442,931.30 made by the Treasury for the period of 2019 had been adjusted in the books of CEB. Further, noted that adjustments will have to be made from year 2020 onwards subject to direction from Public Enterprise Department.

Replies to the Report of the Auditor General (Contd.)

- (c) The amount of Rs.3,556,442,931 recorded to the equity on 17 October 2019 as per the request of the treasury on letter no. PED/1/CEB/2/11(i), had been charged to the income statement as interest expense.

According to LKAS 23 (Borrowing Cost) the borrowing cost of Rs. 3,556,442,931.30 incurred after commercialization of assets cannot be capitalized. Accordingly interest paid by the Treasury for the period of 2019 had been charged to income statement. Hence there is no over statement of loss of the Board as per the accounting standard

- (d) The expenses incurred by the CEB on behalf of Employee Provident Fund maintains by the CEB amounting to Rs.41,816,475 had been treated as expenses of the CEB without being treated as receivable.

According to the clause 20 (i) of the Provident Fund Rules published under the Ordinary Gazette Notification No. 1321/18 dated 31st December 2003, Expenses of managing and administering of the Provident Fund including expenses directly attributable to the buying and selling of Investments shall be a charge on the funds of the Board, unless otherwise decided by the Board from time to time.

Therefore inclusion of expenses pertaining to CEB Provident Fund, amounting to Rs. 41,421,524.00, into CEB's Financial Statements is in accordance with the aforesaid CEB Provident Fund Rules. Hence, it is not required CEB to record Provident Fund expenses as receivables in the Financial Statements of CEB.

- (e) The jobs carried out by the CEB for supply, maintain and repair of power generators, lifts and air conditioners of the government institutions prior to the year 2013 had been valued at cost and accounted them accordingly instead of account based on their invoice values.

Prior to 2013 debtors were accounted on cash basis and actual cost of the job was shown as receivables from the customer. Most of the receivables reflected in the financial statements prior to 2013 cannot be recovered. Those unrecoverable balances consist of the receivables from Ministry of Power & Energy, receivables from hospitals and jobs carried out by CEB based on the instructions received from Chairman, C.E.B.

It is not prudent to invoice the unrecoverable balance based on estimated value and pay the VAT that will cause unnecessary loss to CEB. Therefore, the actual cost is shown as the amount to be recovered.

This issue has been informed several times to the auditors but same issue is repeating. Also CEB has made the full provision for those unrecoverable receivables. Present deviation (as at 30th June 2020) with the actual cost an estimated value prior to 2013 is Rs. 53,052,302.10.

Note: - the amount mentioned in the Auditor General report should be corrected as 53,052,302.10 instead of Rs.66,978,761.

- (f) The amount of Rs.500 million out of Rs. 5 billion which was paid to the General treasury for the levy in the year 2016 had been amortized to the income statement by classifying as payment of management fee during the year under review and prior year adjustment had been made for Rs. 1 billion.

As per the Department of Public Enterprises letter No.PDE/1/CEB/2/11/(iii) dated 2019-10-16ment this payment was considered as "Management Fee" paid to treasury in the year 2019 and amortized over a period of 10 years starting from year 2017.

It is noted that Treasury is providing and facilitating CEB for arrangements of finances to routine operation of CEB.

- (g) The CEB had not paid or made the provisions for the interest due to the General Treasury amounting to Rs.2,495,574,443 as per the conditions in Sub-loan Agreements.

CEB has not been instructed or directed by the Department of Public Enterprise to make any provision for interest on sub loan agreements. Hence CEB has not made any provisions in this regard.

- (h) The amount of Rs.4,200,000 named as dividend tax 10 per cent from treasury is remained as unidentified other debtor in the books of headquarters. No provision had been made in the accounts for this amount.

The amount represents dividend tax 10% deducted by Lanka Transformers Ltd when paying gross dividend of Rs.42, 000,000 for the year 2005/2006. This has been rectified in 2020.

- (i) The amount of Rs. 31,119,302 delay interest payable to Ceylon Petroleum Corporation had been omitted from the books of accounts

Action has been taken to record the delay interest in the Financial Statement for the year ended 31 December 2020.

Replies to the Report of the Auditor General (Contd.)

- (j) The amount of Rs.734,574,801 valued jobs completed is remained in working progress account without being transferred to the assets in the Distribution Division 1.

The above balance needs to be corrected as 1,448Mn since the balance in North Central Province is Rs. 714Mn more than the amount shown in the Audit Query. However, 25% of the above long outstanding WIP balances have already been transferred to PPE in the financial year 2020 and the actions are taken in Northern Province to transfer the WIP balances to PPE in year 2020 based on the completion reports available. In general periodic review and monitoring process is carried out by all the provinces on the WIP balance and transfer the completed jobs at the time of completion.

- (k) The amount of Rs.128,264,040 payable for power purchase from Moragahakanda Power plant had been omitted from the books of accounts.

The necessary actions have been taken to accrue all the outstanding invoices relevant to Moragahakanda Power Plant in the books of accounts for the period ended 2020-07-31. Action will be taken to record all the invoices promptly.

- (l) The amount of Rs. 944,030,864 of work in progress relating to the Upper Kothmale Hydro Power project which has been commissioned in 2012 had not been transferred to the fixed assets.

This project was commissioned in year 2012 and initial asset transfer was executed in year 2014 to the respective divisions. However, expenditures amounting to Rs. 944,030,864 have been accumulated in WIP account as at 31.12.2019 after the initial asset transfer. This amount comprised mainly with personnel expenses, legal fees for arbitration & cost of land acquisition. Actions will be taken to transfer the balance cost to respective divisions within the current year.

- (m) The amount of Rs. 603,573,159 of work in progress relating to the Puttalam Coal Power project which has been commissioned in 2014 had not been transferred to the fixed assets.

This project was commissioned in year 2014 and initial asset transfer was executed in year 2015 to the respective divisions. However, expenditures amounting to Rs. 603,573,159 have been accumulated in WIP account as at 31.12.2019 after the initial asset transfer. Actions will be taken to transfer the balance cost to respective divisions within the current year.

- (n) A sum of Rs. 367,390,040 credit balance had been remained as inter divisions current account balance as at 31 December 2019 without being off setting with the inter division balances.

Out of the total balance Rs. 352Mn has been rectified during the financial year 2020.

- (o) Sum of Rs. 999.03 million disbursed during the year under review had not been recorded. Hence liability and work in progress amount had been understated by same amount.

The above mentioned difference is related to Loan No 3146 and 3147. Loan No 3146 is utilized by several parts of the project of Green Power Development Energy Efficiency Improvement Project Tranche -1. Major part of the above unrecorded disbursements relates to the Moragolla Hydro Power Project. At the time preparing the CEB financial statements the ERD statement was not updated with this disbursement and hence the financial statements were unable to be updated with the above amount. Therefore, it is updated in the ledger for year 2020.

1.2.2.3 Un-reconciled Differences

- (a) A difference of Rs.764,717,080 was observed between the balance shown as payable to the Ceylon Petroleum Corporation in the financial statements of the CEB as at 31 December 2019 and the corresponding balance shown as receivable in the financial statements of the Ceylon Petroleum Corporation as at that date.

Action has been taken to reconcile and the record the unrecorded delayed interest charges in the financial statements of 2020.

- (b) Un-reconciled differences aggregating Rs.31,813,455 was observed between the balances of bulk trade debtors as at 31 December 2019 shown in the billing system of the Distribution Divisions 01, 02, 03 and 04 and the corresponding amount shown in the financial statements of the year under review due to omission of some balances in billing system and as well as in the financial statements. Further, an amount of Rs.423,764,624 is remained as unidentified since 2012.

The process of recording billing transaction in the CEB billing system and the financial transactions record in the General Ledger will not be agreed at any given date. Distribution Divisions carry out a reconciliation to determine the reasons to such differences.

Replies to the Report of the Auditor General (Contd.)

Heavy supply debtor's ledger balance includes active debtors, finalized debtors. However billing report extract from IT branch, includes only active debtors balance. Therefore difference between billing report extract from IT branch balance and the ledger balance is mainly due to finalized debtors.

- (c) **A sum of Rs. 4,073,824,173 and Rs. 129,863,150 debit and credit balances respectively, had been remained in the Collection Control ledger account, reconciliation and reasons of which had not been submitted to the audit.**

These differences are arisen due to ordinary supply billing cycle cut-off date deviate from financial accounts cut-off date. Therefore, the action has been initiated to make the ordinary supply billing cycle cut-off date to be same as the financial year cut-off date.

- (d) **Age analysis had not been submitted for 66 per cent of the total value of Rs.79,512,030 in relation to the suspense balance and sum of Rs.70,306,494 remained over one year without being cleared**

Continuous effort has been in placed to recognized unidentified customer payments to credit to respective consumer accounts. Most of the balances appeared above are beyond the recognition by the CEB until complaints are received from the consumers. This balance is under strict monitoring and preview.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Informative

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

Informative

2. Report on Other Legal and Regulatory Requirements

Informative



Eng. Vijitha Herath
Chairman
Ceylon Electricity Board



Eng. D.D.K. Karunaratne
General Manager
Ceylon Electricity Board

Auditor General's Report on CEB Financial Statements



Chairman

Ceylon Electricity Board

Report of the Auditor General on the Financial Statements of the Ceylon Electricity Board for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the “Ceylon Electricity Board” (the CEB) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be published with the annual report of the Board in terms of Section 12 of the National Audit Act, appear in this report. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

1.2.1 Compliance with Sri Lanka Accounting Standards (SLAS/SLFRS) and Accounting Policies.

(a) LKAS 1- Presentation of Financial Statements

- (i) The Board had off set the balance of Rs.30,609,836 of sundry debtors against the creditors in relation to the POS counter payment and Post office commission. As a result sundry debtors and creditors balance had been understated by same amount.
- (ii) The loan disbursed amount of Rs. 1,262,503,405 to Green Power Development and energy efficiency improvement project had been shown as disbursement of Wind power project in the Note no.24.2. 1.
- (iii) Rs. 25 million paid as loan processing fee for Rs. 83 billion loans obtained had been presented as other expense under administration expenses instead of presenting as finance cost.

(b) LKAS 2- Inventories and LKAS 16 - Property, Plant and Equipment

The CEB is applying the standard cost method for valuing of labour, material and overhead costs of its capital and maintenance jobs, instead of applying the actual costs as per the provisions in the above Standards. As a result, the favourable material price variance and labour and overhead rate variances aggregating to Rs. 6,409,494,526 and unfavourable stores price variance of Rs.2,428,128,229 arisen thereon had been brought to the financial statements.

Auditor General's Report on CEB Financial Statements (Contd.)



As a result of that, the operating results, assets, liabilities and equity of the CEB have been significantly affected due to high financial involvement in relation to the capital jobs. However, the impact to the financial statements thereon could not be ascertained in audit due to non-availability of required information relating to those capital jobs.

(c) LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The useful lifetime of fully depreciated non-current assets which are being continuously utilized by the CEB had not been reviewed as mentioned in the accounting policies. For instance, fully depreciated four power stations and 1,683 numbers motor vehicles costing Rs.32,241,176,427 and Rs. 3,918,235,311 respectively are being still using without estimating the real life time.

(d) LKAS 16 - Property, Plant and Equipment

The fixed assets amounting to Rs.172,019,335,924 in the Transmission Division had not been physically verified during the year under review.

(e) LKAS 27- Provisions, Contingency Liabilities and Contingency Assets

Recoverability of Rs.2,312,756,993 invested in financial instruments by Employee Provident Fund (EPF) of the Board is doubtful due to non-existence of those financial instruments. The CEB is the custodian trustee of the Employee Provident Fund and therefore, ultimate responsibility for contingencies (if any) is remained with the Board. However, no any provision or disclosure had been made in the financial statements of the Board regarding this contingent liability.

1.2.2 Accounting Deficiencies

- (a) A debit balance of Rs.3,535,799,151 (stock shortage) and a credit balance of Rs.90,343,073 (stock excess) had remained in the Stock Adjustment Account for more than one year without being cleared.
- (b) As per the decision No. 10/2 434/423/034 of the Cabinet of Ministers, the CEB should repay the loan and interest thereon to the General Treasury for the loan amount of Rs.159,184,187,965 obtained for the construction of Lakwijaya Power Plant. However, the CEB had not paid or made provisions in its accounts for the above payments although the Department of External Resources of the General Treasury had paid an amount of Rs. 25,247,801,891 up to 31 December 2018 as interest for the said loan to the lending bank.

As a result of non-provision of interest, retained earnings as at 31 December 2019 had been understated by Rs. 25,247,801,891.

- (c) The amount of Rs.3,556,442,931 recorded to the equity on 17 October 2019 as per the request of the treasury on letter no. PED/1/CEB/2/11(i), had been charged to the income statement as interest expense during the year under review. Further, this amount had not been incurred by the CEB. As a result of that, loss of the board had been overstated by that amount.
- (d) The expenses incurred by the CEB on behalf of Employee Provident Fund maintain by the CEB amounting to Rs.41,816,475 had been treated as expenses of the CEB without being reimbursed and as such, the loss for the year under review had been overstated by similar amount.
- (e) The jobs carried out by the CEB for supply, maintain and repair of power generators, lifts and air conditioners of the government institutions prior to the year 2013 had been valued at cost and accounted them accordingly instead of account the jobs based on their invoice values. As a result, the receivables and retained earnings shown in the financial statements had been understated by Rs.66,987,761.
- (f) The amount of Rs.500 million out of Rs. 5 billion which was paid to the General treasury as levy in the year 2016 had been amortised to the income statement by classifying as payment of management fee during the year under review and prior year adjustment had been made for Rs. 1 billion. The balance amount of Rs.3.5 billion is shown as other debtors in the financial statement instead of being charged to the equity statement. However, no management services had been obtained by the CEB from the General treasury. Therefore loss for the year had been overstated by Rs.500 million.

Auditor General's Report on CEB Financial Statements (Contd.)



- (g) CEB had not paid or made the provisions for the interest due to the General Treasury amounting to Rs.2,495,574,443 as per the conditions in Sub-loan Agreements.
- (h) An amount of Rs.4,200,000 named as dividend tax 10 per cent from treasury is remained as unidentified other debtor in the books of headquarters. No provision had been made in the accounts for this amount.
- (i) An amount of Rs.31,119,302 delay interest payable to Ceylon Petroleum Corporation had been omitted from the books of accounts. Hence loss for the year under review had been understated.
- (j) Jobs completed valuing to Rs.734,574,801 is remained in working progress account without being transferred to the assets in the Distribution Division 1. The depreciation relating to those assets had not been charged to the income statement.
- (k) The amount of Rs.128,264,040 payable for power purchase from Moragahakanda Power plant had been omitted from the books of accounts during the year under review. Hence loss for the year had been understated by same amount.
- (l) The amount of Rs.944,030,864 of work in progress relating to the Upper Kothmale Hydro Power project which was completed in 2012 had not been transferred to the fixed assets. Hence depreciation for the year under review and retained earnings had been understated by Rs.26,972,310 and Rs.161,833,862 respectively.
- (m) The amount of Rs.603,573,159 of work in progress relating to the Puttalam Coal Power project which was completed in 2014 had not been transferred to the fixed assets. Hence depreciation for the year under review and retained earnings had been understated by Rs.20,119,105 and Rs.100,595,526 respectively.
- (n) A credit balance of Rs.367,390,040 had been remained as inter divisions current account balance as at 31 December 2019 without being off setting with the inter division balances.

1.2.3 Un-reconciled Differences

- (a) A difference of Rs.764,717,080 was observed between the balance shown as payable to the Ceylon Petroleum Corporation in the financial statements of the CEB as at 31 December 2019 and the corresponding balance shown as receivable in the financial statements of the Ceylon Petroleum Corporation as at that date.

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

"As per the decision taken at the meeting chaired by the Secretary to the Treasury on 30 September 2013, it was decided to pay interest on overdue invoice value (beyond the credit period) with effect from 20 April 2013. However, the delayed interest payment of Rs.753,610,829 was relevant to fuel purchase before 20 April 2013 by the CEB. Therefore, it is not required to carry out reconciliation for this difference since the CEB does not liable."

However, this dispute had not been cleared even as at 31 December 2019 though it has been reiterated in audit reports since 2013 continuously.

- (b) Un-reconciled differences aggregating to Rs.31,813,455 was observed between the balances of bulk trade debtors as at 31 December 2019 shown in the billing system of the Distribution Divisions 01, 02, 03 and 04 and the corresponding amount shown in the financial statements for the year under review due to omission of some balances in billing system and as well as in the financial statements. Further, an amount of Rs.423,764,624 is remained as unidentified since 2012.
- (c) Reconciliation for the balance of Rs.4,073,824,173 and Rs.129,863,150 available in the Collection Control ledger account as debit and credit as at 31 December 2019 had not been done as per the instruction letter issued by the AFM(DD1) on 26 July 2005 and reasons for such balances had not been submitted to the audit. Hence accuracy of the balance available in Collection control account was unable to verify.
- (d) Age analysis had not been submitted for 66 per cent of the total value of Rs.79,512,030 in relation to the suspense balance and sum of Rs.70,306,494 remained over one year without being cleared.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Auditor General's Report on CEB Financial Statements (Contd.)



1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Auditor General's Report on CEB Financial Statements (Contd.)



2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Corporation as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018 except for audit observations in paragraphs 1.2.1 (b), (c), (d), (e) 1.2.2 (a) (b) (d) (e) (f) (g) , 1.2.3 (a) (b).

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for
 - (a) The Board is continuing its salary payment on circular no.2014/GM/46/Pers dated 27 November 2014 which was illegal as per the court decision given under case no.CA/WRIT/193/2015.
 - (b) Various staff allowances had been paid from time to time to the staff of the CEB on the approval of the Board in contrary to the decision taken by the Cabinet of Ministers on 14 November 2007 and the provisions in the Management Services Circular No. 39 of 26 May 2009. At the audit test checks, it was revealed that such allowances totaling to Rs.1,712 million and Rs. 1,873 million had been paid in the year 2019 and 2018 respectively.
 - (c) The Cabinet of Ministers has taken decisions on 13 December 2007 at the time of salary revision and on 20 May 2015 at the time of consideration of Collective Agreement, to shift the Pay As You Earn (PAYE) tax liability to employees. However, the CEB had paid the PAYE tax of Rs.4,919,156,644 from its owned fund without deducting it from the salaries of the respective employees during the period from 2010 to 2019 in contravening to the above decisions taken by the Cabinet of Ministers and circular no. 3/2016 issued by the public enterprise Department. The amount so paid during the year under review was Rs.709,110,273.
 - (d) The value of non-cash benefits specified by the Commissioner General of Inland Revenue in the Gazette Notification No. 1706/18 dated 20 May 2001 should be considered when calculating the PAYE tax of each employee. However, the CEB had not taken into account the non-cash benefits such as provision of quarters, apartments and motor vehicles for private use etc. for this purpose.
 - (e) Instead of granting vehicle loans at the rate of interest ranging 10 per cent to 14 per cent as per the Public Enterprises Circular No 130 of 08 March 1998, the CEB had granted these loans at an interest rate of 4.2 per cent. Further, it was observed that the staff loans have been paid without any control even though the CEB faces severe liquidity problems.

Auditor General's Report on CEB Financial Statements (Contd.)



- to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for

Reference to law/ direction	Description
(a) Section 28(3) of Sri Lanka Electricity Act, No.20 of 2009	The CEB had not paid interest for consumer deposits as specified in the act and according to the computation made by audit based on the rate reported by the Public Utility Commission of Sri Lanka for the year 2019, the interest to be paid thereon was Rs. 1,592 million and un paid accumulated interest as at 31 December 2019 was Rs.5,118 million.
(b) Subsection 4 C (ii) of Section 43 of Sri Lanka Electricity (amendment) Act, no. 31 of 2013	CEB had made emergency power purchases (2,165.51 GWh worth of Rs.59.4 billion) for the period of April 2016 to December 2019 without applying Tender procedure as per the requirement of the act and those plants are operated without obtaining the generation licence from the regulator.
(c) Ceylon Electricity Board Act, No. 17 of 1969 Section 46 and Section 11(a) and (b) of Part II of the Finance Act, No. 38 of 1971	The CEB had invested only Rs.8,996 million as at 31 December 2019 in the Insurance Escrow Fund although it was stated that a contribution of 0.1 per cent of the total value of the gross fixed assets as at the end of each year since 1989 should be transferred to that Fund.
(d) Section 9.4 of the PED 12 circular issued by Department of Public enterprise.	Contrary to the 9.4 of the PED 12, the Board had paid Rs.49,138,383 as salary during the year under review and other payments for the 26 employees who were released for the line ministry from time to time since 2008 and that amount had not been reimbursed even as at 30 September 2020.

3. Other audit issues

- Out of trade debtor balance of Rs.21,080 million as at 31 December 2019, a balance of Rs.3,322.2 million relating to both ordinary and bulk supplies had remained outstanding for over one year and out of them Rs.1,840 million had remained unrecovered for more than five years.
- The following sundry debtor balances aggregating Rs. 2,635,007,475 had remained unrecovered for more than five years as at 31 December 2019.

Name of Debtor	Amount Rs.	Description
General Treasury	225,000,000	Recovering cost of street lightening & maintenance.
Government Institution receivable for the supply of Lift, Air conditioners and Power Generators	120,653,322	
WIP Non capital	8,601,341	
Wood Group Gas Turbine Ltd.	8,264,352	Payments made for constructing an access road to the West Coast Power Plant.
Ministry of Power and Energy	6,142,277	Payments made for the opening ceremony of Kerawalapitiya Combined Power Plant.
Sri Lanka Sustainable Energy Authority	897,025,999	Tariff adjustment paid by the CEB to the Mini Hydro Developers.
AES Kelanithissa (Private) Ltd.	1,368,961,445	Amount to be recovered on payment of price differences.
Northern Power (Private) Ltd.	358,739	Amount to be recovered from augmentation job completed in 2011
Total	2,635,007,475	

Auditor General's Report on CEB Financial Statements (Contd.)

- (c) A sum of Rs.714,965,435 due from Lanka Coal Company for coal shortage had remained outstanding for more than five years without taking any recovery action.
- (d) The following credit balances aggregating Rs. 4,947,283,160 had remained unsettled for long period as at 31 December 2019.

Name of Creditor	Amount Rs.
Custom	1,065,828
China machinery Engineering Corporation	3,596,324,467
Deemed dividend tax payable	1,270,766,413
Capital expense	10,928,756
Sundry creditors including accrued expenses of Puttalam Coal Power Project	68,197,696
Total	4,947,283,160

- (e) A sum of Rs.151,421,219 shown under other receivables of Asset management division is remained without being recovered for more than five years. Out of that an amount Rs. 142,477,285 is to be recovered from the government institutions and CEB had not taken necessary action to recover at the initial stage of the transactions.
- (f) The amount of Rs.3,371,599,434 is remained as Trade creditors of Transmission Division without being settling more than one year.
- (g) Even though a amount of 4,952.85 MT valued at Rs. 95,211,376 has been identified as deficit of the coal stock as at 05 October 2019, a physical verification had not been carried out by the Board of survey team. However the amount of 28,006.66 MT valued at Rs.456,197,162 had been adjusted to income statement as surplus of coal stock as at 31 December 2019. Hence it was unable to verify the accuracy of the coal stock balance available as at 31 December 2019.
- (h) Even though the CEB had sold electricity to LECO and purchasing fuel from Ceylon Petroleum Corporation for several years, there were no sales and purchase agreements entered with those two parties in order to ensure the smooth operations between these two Institutions.
- (i) A sum of Rs.134,447,792 had been deducted by the lending agency in 2019 as commitment charges from the loans given for implementing the foreign funded projects of the CEB due to un-utilization of the funds in timely manner. However, the accuracy of the commitment charges cannot be verified due to non-availability of calculations.
- (j) According to the Long Term Generation Expansion Plan 2018 - 2037, new generation of 657 MW which consists of 370 MW from thermal and 287 MW from renewable energy should be added to the national system. However, only 222 MW thermal power which were not in the plan and 25.25 MW renewable energy had been added to the system during the year under review. As a result of that, quantity of 735 Gwh valued at Rs.22.2 billion had been purchased as emergency power during the year under review.
- (k) A special investigation had been carried out by the Internal Audit Branch in respect of stock shortage of Rs.39,551,696 identified in 2014 under project of Uthuruwasanthaya in April 2017. However, no disciplinary action had been taken against the officer who is responsible for the shortage amount of Rs.2,510,056 out of total shortage of Rs.39,551,696 even up to the date of this report. Further, a court case (Case no B/1164/15) had been filed against other officer in Magistrate Court, Trincomalee by the Criminal Investigation Department in 2015 in this regard. Further, information relating to present position of the court case was not made available for audit.
- (l) The prompt actions had not been taken by the Board up to 16 August 2018 against the person who was liable for stock shortages of Rs.3,674,861 which had been occurred during the period of 20 November 2006 to 20 February 2012, in Asset Management Division (Power Plant) even the formal investigation was completed. Further, the same employee had committed a fraud in another office of the CEB and his duty has been terminated after recovering only Rs.99,155 as the value of the fraud prior to the aforesaid fraud.
- (m) An officer who is liable for the stock shortage of Rs.3,789,893 had been allowed to retire on 15 October 2011 without being recovered the loss as recommended by the committee appointed for investigation. Further, the above material amount had remained in the books of account without being taken any remedial action. The board is in the process to write off this amount without taking actions against the officers who is allowed to retire the defaulter.



W.P.C. Wickramaratne
Auditor General

Replies to the Report of the Auditor General

Replies to the Report of the Auditor General on the Financial Statements of the Ceylon Electricity Board for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

Informative

1.2 Basis for Opinion

1.2.1 Compliance with Sri Lanka Accounting Standards (SLAS/SLFRS) and Accounting Policies.

(a) LKAS 1- Presentation of Financial Statements

(i) The Board had off set the balance of Rs.30,609,836 of sundry debtors against the creditors.

The oversight entry has been rectified in 2020.

(ii) The amount of Rs.1,262,503,405 loan disbursed to Green Power Development and energy efficiency improvement project

The oversight entry has been rectified in 2020.

(iii) The amount of Rs. 25 million paid for loan processing fee for Rs. 83 billion loans obtained had been presented as other expense under administration expenses category instead of presenting as finance cost.

The rectification of expenses categorization has been affected.

(b) LKAS 2-Inventories and LKAS 16-Property, Plant and Equipment

The CEB is applying the standard cost method for valuing of labour, material and overhead costs.

As per LKSA 2 paragraph 21 standard cost method for the measurement of inventories are recommended. Accordingly, CEB uses standard prices for valuing of stocks, WIP and Property plant and Equipment due to the practical difficulty of using actual costs. The committee formed to determine the standard prices of inventory work hard on to ascertain precise and reasonable estimation that very close to actual prices of the inventory. However due to complexity of technicality and huge volume of inventory, there is a gap between actual and standard prices. This matter would be resolved once the integrated accounting system is introduced.

CEB has initiated the following actions to minimize gap between standard prices and actual prices.

- Labour rate variance of DD4 and DD 3 has been eliminated from financial accounts of year 2019. Other two divisions will be able to do the same in year 2020.
- With the adaptation of the weighted average method for inventory valuation as recommended by the committee which is appointed for, will be able to eliminate the impact of the material price variances to the Financial Statements. Since this is being addressed in the ongoing ERP system, this issue will be solved once the ERP system is in place.
- Other than the Distribution assets which are transferred from WIP all other Property plant and Equipment (Land, Building, Motor Vehicle, Machinery, and Office Equipment) are valued at actual cost which complies with the recommendations of LKASs.

(c) LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The useful lifetime of fully depreciated non-current assets which are being continuously utilized by the CEB

(i) Fully depreciated 1,683 numbers motor vehicles costing Rs. 3,918,235,311

The data has been collected from the Divisions regarding the useful life of the motor vehicles and the analysis is in progress. A revised useful life could be recommended to record in the financial statements for year 2020

(ii) Fully depreciated four power stations Rs.32,241,176,427

The Generation Division power plants are unique and complex in nature. The economic life span of the generators derived based on the Original Manufacturer's recommendation. A Committee will be appointed to revisit the economic life span of the power plants. As CEB has well maintained the power plants and Generators are operated beyond the Original Equipment Manufacturer (OEM)'s expected life span.

Replies to the Report of the Auditor General (Contd.)

(d) LKAS 16 - Property, Plant and Equipment

The fixed assets amounting to Rs.172,019,335,924 in the Transmission Division had not been physically verified.

Relevant instructions have been issued to conduct an Annual Physical Verification with regard physical existence of Fixed Assets of Transmission Division.

(e) LKAS 27- Provisions, Contingency Liabilities and Contingency Assets

Recoverability of Rs.2,312,756,993 invested in financial instruments by Employee Provident Fund (EPF) of the Board is doubtful due to non-existence of those financial instruments.

As per the Paragraph 3.10 of the Conceptual Framework for Reporting Entity, A reporting entity is an entity that is required, or chooses, to prepare financial statements. Accordingly, the CEB Provident Fund is a separate entity managed through Rules of Provident Fund (Gazette no.1321/18 - 2003 -12-31). Provident Fund Rules required the Fund to prepare separate Financial Statement.

Further, as per the clause 21(ii) of the Provident Fund rules "as at end of each financial year of the Board the Committee shall make up the accounts of the Fund and furnish the same to the Board. In so making up the accounts of the Fund, the Committee with the advice of the Auditors of the Fund may create such reserves and make such provisions as the may think advisable".

Therefore ultimate responsibility for contingencies (if any) is remained with the Fund. Accordingly, required disclosures had been made in the financial statements of the Fund regarding this contingency.

1.2.2 Accounting Deficiencies

(a) A debit balance of Rs.3,535,799,151 (stock shortage) and a credit balance of Rs.90,343,073 (stock excess) had remained in the Stock Adjustment Account for more than one year.

Actions have been taken by the respective divisions to pass necessary book entries where possible in 2020 and the rest of shortage balances would be cleared upon completion of legal action.

(b) As per the decision No. 10/2434/423/034 of the Cabinet of Ministers, the CEB should repay the loan and interest thereon to the General Treasury for the loan amount of Rs.159,184,187,965 obtained for the construction of Lakwijaya Power Plant.

The repayment up to year 2018 had been absorbed by the General Treasury by considering materiality of liquidity position of CEB. However as per the direction by Director General Public Enterprises Department, payment of the interest amounting Rs. 3,556,442,931.30 made by the Treasury for the period of 2019 had been adjusted in the books of CEB. Further, noted that adjustments will have to be made from year 2020 onwards subject to direction from Public Enterprise Department.

(c) The amount of Rs.3,556,442,931 received for the amount transferred to the equity by the treasury had been charged to the income statement as interest expense.

According to LKAS 23 (Borrowing Cost) the borrowing cost of Rs. 3,556,442,931.30 incurred after commercialization of assets cannot be capitalized. Accordingly interest paid by the Treasury for the period of 2019 had been charged to income statement. Hence there is no over statement of loss of the Board as per the accounting standard.

(d) The expenses incurred by the CEB on behalf of Employee Provident Fund maintains by the CEB amounting to Rs.41,816,475 had been treated as expenses of the CEB without being treated as receivable.

According to the clause 20 (i) of the Provident Fund Rules published under the Ordinary Gazette Notification No. 1321/18 dated 31st December 2003, Expenses of managing and administering of the Provident Fund including expenses directly attributable to the buying and selling of Investments shall be a charge on the funds of the Board, unless otherwise decided by the Board from time to time.

Therefore inclusion of expenses pertaining to CEB Provident Fund, amounting to Rs. 41,421,524.00, into CEB's Financial Statements is in accordance with the aforesaid CEB Provident Fund Rules. Hence, it is not required CEB to record Provident Fund expenses as receivables in the Financial Statements of CEB.

Replies to the Report of the Auditor General (Contd.)

- (e) The jobs carried out by the CEB for supply, maintain and repair of power generators, lifts and air conditioners of the government institutions prior to the year 2013 had been valued at cost and accounted them accordingly instead of account based on their invoice values.

Prior to 2013 debtors were accounted on cash basis and actual cost of the job was shown as receivables from the customer. Most of the receivables reflected in the financial statements prior to 2013 cannot be recovered. Those unrecoverable balances consist of the receivables from Ministry of Power & Energy, receivables from hospitals and jobs carried out by CEB based on the instructions received from Chairman, C.E.B.

It is not prudent to invoice the unrecoverable balance based on estimated value and pay the VAT that will cause unnecessary loss to CEB. Therefore, the actual cost is shown as the amount to be recovered.

This issue has been informed several times to the auditors but same issue is repeating. Also CEB has made the full provision for those unrecoverable receivables. Present deviation (as at 30th June 2020) with the actual cost and estimated value prior to 2013 is Rs. 53,052,302.10.

Note: - the amount mentioned in the Auditor General report should be corrected as 53,052,302.10 instead of Rs.66,978,761.

- (f) The amount of Rs.500 million out of Rs. 5 billion which was paid to the General treasury for the levy in the year 2016 had been amortised to the income statement by classifying as payment of management fee during the year under review and prior year adjustment had been made for Rs. 1 billion.

As per the Department of Public Enterprises letter No.PDE/1/CEB/2/11/(iii) dated 2019-10-16 this payment was considered as "Management Fee" paid to treasury in the year 2019 and amortised over a period of 10 years starting from year 2017.

It is noted that Treasury is providing and facilitating CEB for arrangements of finances to routine operation of CEB.

- (g) The CEB had not paid or made the provisions for the interest due to the General Treasury amounting to Rs.2,495,574,443 as per the conditions in Sub-loan Agreements.

CEB has not been instructed or directed by the Department of Public Enterprise to make any provision for interest on sub loan agreements. Hence CEB has not made any provisions in this regard.

- (h) The amount of Rs.4,200,000 named as dividend tax 10 per cent from treasury is remained as unidentified other debtor in the books of headquarters. No provision had been made in the accounts for this amount.

The amount represents dividend tax 10% deducted by Lanka Transformers Ltd when paying gross dividend of Rs.42, 000,000 for the year 2005/2006. This has been rectified in 2020.

- (i) The amount of Rs. 31,119,302 delay interest payable to Ceylon Petroleum Corporation had been omitted from the books of accounts

Action has been taken to record the delay interest in the Financial Statement for the year ended 31 December 2020

- (j) The amount of Rs.734,574,801 valued jobs completed is remained in working progress account without being transferred to the assets in the Distribution Division 1.

The above balance needs to be corrected as 1,448Mn since the balance in North Central Province is Rs. 714Mn more than the amount shown in the Audit Query. However, 25% of the above long outstanding WIP balances have already been transferred to PPE in the financial year 2020 and the actions are taken in Northern Province to transfer the WIP balances to PPE in year 2020 based on the completion reports available. In general periodic review and monitoring process is carried out by all the provinces on the WIP balance and transfer the completed jobs at the time of completion.

- (k) The amount of Rs.128,264,040 payable for power purchase from Moragahakanda Power plant had been omitted from the books of accounts.

The necessary actions have been taken to accrue all the outstanding invoices relevant to Moragahakanda Power Plant in the books of accounts for the period ended 2020-07-31. Action will be taken to record all the invoices promptly.

Replies to the Report of the Auditor General (Contd.)

- (l) The amount of Rs. 944,030,864 of work in progress relating to the Upper Kothmale Hydro Power project which has been commissioned in 2012 had not been transferred to the fixed assets.

This project was commissioned in year 2012 and initial asset transfer was executed in year 2014 to the respective divisions. However, expenditures amounting to Rs. 944,030,864 have been accumulated in WIP account as at 31.12.2019 after the initial asset transfer. This amount comprised mainly with personnel expenses, legal fees for arbitration & cost of land acquisition. Actions will be taken to transfer the balance cost to respective divisions within the current year.

- (m) The amount of Rs. 603,573,159 of work in progress relating to the Puttalam Coal Power project which has been commissioned in 2014 had not been transferred to the fixed assets.

This project was commissioned in year 2014 and initial asset transfer was executed in year 2015 to the respective divisions. However, expenditures amounting to Rs. 603,573,159 have been accumulated in WIP account as at 31.12.2019 after the initial asset transfer. Actions will be taken to transfer the balance cost to respective divisions within the current year.

- (n) A sum of Rs. 367,390,040 credit balance had been remained as inter divisions current account balance as at 31 December 2019 without being off setting with the inter division balances.

This has been rectified in current financial year

1.2.3 Un-reconciled Differences

- (a) A difference of Rs.764,717,080 was observed between the balance shown as payable to the Ceylon Petroleum Corporation in the financial statements of the CEB as at 31 December 2019 and the corresponding balance shown as receivable in the financial statements of the Ceylon Petroleum Corporation as at that date.

Action has been taken to reconcile and the record the unrecorded delayed interest charges in the financial statements of 2020.

- (b) Un-reconciled differences aggregating Rs.31,813,455 was observed between the balances of bulk trade debtors as at 31 December 2019 shown in the billing system of the Distribution Divisions 01, 02, 03 and 04 and the corresponding amount shown in the financial statements of the year under review due to omission of some balances in billing system and as well as in the financial statements. Further, an amount of Rs.423,764,624 is remained as unidentified since 2012.

The process of recording billing transaction in the CEB billing system and the financial transactions record in the General Ledger will not be agreed at any given date. Distribution Divisions carry out a reconciliation to determine the reasons to such differences.

Heavy supply debtor's ledger balance includes active debtors, finalized debtors. However billing report extract from IT branch, includes only active debtors balance. Therefore difference between billing report extract from IT branch balance and the ledger balance is mainly due to finalized debtors. However the statement of reconciliation of debtors given in the financial statement.

- (c) A sum of Rs. 4,073,824,173 and Rs. 129,863,150 debit and credit balances respectively, had been remained in the Collection Control ledger account, reconciliation and reasons of which had not been submitted to the audit.

These differences are arisen due to ordinary supply billing cycle cut-off date deviate from financial accounts cut-off date. Therefore, the action has been initiated to make the ordinary supply billing cycle cut-off date deviate same as the financial year cut-off date.

- (d) A sum of Rs.79,512,030 had been remained in the suspense ledger account according to the financial statement submitted. Age analysis not been submitted for 66 per cent of the total value of the suspense balance and sum of Rs.70,306,494 remained over one year without being cleared

Continuous effort has been in placed to recognized unidentified customer payments to credit to respective consumer accounts. Most of the balances appeared above are beyond the recognition by the CEB until complaints are received from the consumers. This balance is under strict monitoring and preview.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Informative

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

Informative

Replies to the Report of the Auditor General (Contd.)

2. Report on Other Legal and Regulatory Requirements

- Functions performed by the board out of its powers, functions and duties

- (a) The Board is continuing its salary payment on circular no.2014/GM/46/Pers dated 27 November 2014 which was illegal as per the court decision given under case no.CA/WRIT/193/2015.

The Hon. Attorney General has given an opinion on how to comply with the court order. CEB is following the opinion given by the Hon. Attorney General.

- (b) Various staff allowances had been paid from time to time to the staff of the CEB on the approval of the Board in contrary to the decision taken by the Cabinet of Ministers on 14 November 2007 and the provisions in the Management Services Circular No. 39 of 26 May 2009.

According to the Ceylon Electricity Board Act No. 17 of 1969, under the clause 12 powers of the Board are listed.

Clause 12(m): to make rules in respect of the administration of the affairs of the Board

Clause 12(n): to do all other things which, in the opinion of the Board are necessary to facilitate the proper carrying on of its Business

Accordingly, mentioned findings are related to the benefits given by the Board to its employees to uplift their morale towards working for the betterment of the organization. Further, the act itself provides the authority for the Board to make rules in respect of administration of the Board affairs.

- (c) The Cabinet of Ministers has taken decisions on 13 December 2007 at the time of salary revision and on 20 May 2015 at the time of consideration of Collective Agreement, to shift the Pay As You Earn (PAYE) tax liability to employees.

The PAYE Tax liability of CEB employees has been borne by the CEB since its employees were made liable for PAYE Tax. This was informed to the Ministry of P & RE and Salaries and Cadre Commission on several times and discussions were also held with Trade Unions. However, no consensus was reached regarding reverting it back to employees. The Collective Agreement signed on 04.01.2018 has been published by the Extra Ordinary Gazette No. 2068/5 dated 23.04.2018. It appears now a violation of the collective agreement to change the agreed remuneration and would create further legal repercussions

- (d) The value of non-cash benefits specified by the Commissioner General of Inland Revenue in the Gazette Notification No.1706/18 dated 20 May 2001 should be considered when calculating the PAYE tax of each employee.

The instructions were issued through 2018/GM/39/FM, Accounts Circular No 526 to take the non-cash benefits such as quarters, apartments and motor vehicle for private use etc. for the PAYE calculation. Since the instruction was issued with the implementation of the new Inland Revenue Act in 2018, it will take reasonable period to comply with this by all the Divisions of the CEB.

- (e) Instead of granting vehicle loans at the rate of interest ranging 10 per cent to 14 per cent as per the Public Enterprises Circular No 130 of 08 March 1998, the CEB had granted these loans at an interest rate of 4.2 per cent.

According to the Ceylon Electricity Board Act No. 17 of 1969, under the clause 12 powers of the Board are listed.

Clause 12(m): to make rules in respect of the administration of the affairs of the Board

Clause 12(n): to do all other things which, in the opinion of the Board are necessary to facilitate the proper carrying on of its Business

Accordingly, mentioned findings are related to the benefits given by the Board to its employees to uplift their morale towards working for the betterment of the organization. Further, the act itself provides the authority for the Board to make rules in respect of administration of the Board affairs.

Replies to the Report of the Auditor General (Contd.)

- Non-compliances with written laws or other general or special directions issued by the governing body of the Company.

(a) Section 28(3) of Sri Lanka Electricity Act, No.20 of 2009

The CEB had not paid interest for consumer deposits as specified in the act

1. As per Clause No. 3(d) and No 30 of SL Electricity Act No.20 of 2009 the Electricity Tariff shall be set by PUCSL. However the prevailing electricity tariff is not generating sufficient cash to run the business of CEB. The relevant clauses in the Act. is as follows;

"3. (1) the functions of the Commission shall be to act as the economic, technical and safety regulator for the electricity industry in Sri Lanka, and-

(d) to regulate tariffs and other charges levied by licensees and other electricity undertakings, in order to ensure that the most economical and efficient service possible is provided to consumers;"

"30. (1) This section shall apply to-

(a) Tariffs or charges levied by the transmission licensee for the transmission and bulk sale of electricity (hereinafter referred to as "transmission and bulk sale tariffs"); and

(b) Tariffs or charges levied by the distribution licensee for the distribution and supply of electricity (herein after referred to as "distribution and supply tariffs").

- (2) *Transmission and bulk sale tariffs and distribution and supply tariffs, as the case may be, shall, in accordance with conditions specified in the relevant licence -*

(a) be set by the relevant licensee in accordance with a cost reflective methodology approved by the Commission;

(b) permit the relevant licensee to recover all reasonable costs incurred in the carrying out of the activities authorized by its licence on an efficient basis,

(c) be approved by the Commission in accordance with the policy guideline approved by the Cabinet of Ministers under section 5; and

(d) be published in such manner as may be required by the Commission, in order to ensure public knowledge."

2. As per Clause No 28(3) of SL Electricity Act No.20 of 2009 each Distribution License (DL) has to pay the interest for securities deposit to its customers. The relevant clause in the Act. is as follows;

Clause 28(3) *"Where any sum of money is provided to a distribution licensee by a way of security in pursuance of this section, the licensee shall pay interest on such sum of money at such rate as may from time to time be fixed by the licensee with the approval of the commission, for the period in which it remains in the hands of the licensee."*

3. Presently CEB is not receiving sufficient cash collection to run its business and as a result CEB is using the security deposit of its customers as a part of its working capital and balance working capital is obtained from bank overdrafts, short term loans etc.
4. The benefits obtained by utilization of security deposit of its customers as its working capital by CEB i.e. saving in interest on bank overdraft is distributed among all its customers by way of reduced tariff. In other wards CEB has distributed more than Rs. 1,592 million among all its customers for the year 2019 which is the estimated value given in draft audit report based on if the security deposit is deposited in a bank and the interest that would have been earned.
5. If as per this clause if DL's going to pay the interest on security deposit it will be an added financial burden for DL's and additional cost to the industry.
6. Hence we have recommended the complete deletion of clause No 28(3) from SL Electricity Act No.20 of 2009 to ministry and requested ministry to take further action on this regard.

Replies to the Report of the Auditor General (Contd.)

- (b) Subsection 4 C (ii) of Section 43 of Sri Lanka Electricity (amendment) Act, no. 31 of 2013
CEB had made emergency power purchases (2,065 GWh worth of Rs.54 billion) for the period of April 2016 to December 2019 without applying Tender procedure as per the requirement of the act and those plants are operated without obtaining the generation licence from the regulator.

CEB added thermal generation plants during the period from April 2016 to December 2019 under following two categories.

1. Procurement of supplementary electrical power on short term basis following International Competitive Bidding (ICB) process.
2. Extension of Power Purchase Agreements (PPA) of retired IPP thermal power plants.

The total units purchased and cost incurred during the period under review are as follows.

Year	Number of Units Purchased (GWh)	Total Cost (LKR billion)
2016	442.26	11.93
2017	859.43	23.57
2018	474.79	13.85
2019	734.99	22.20
Total	2,511.47	71.56

1. Procurement of Supplementary Electrical Power on Short Term Basis.

Under this category, following procurements have been carried out following International Competitive Bidding (ICB) procedures.

- i. Tender no. DGM(EPT)/EmPwr/2016/02 (Supply of 60 MW of Power on Short Term Basis) Added capacity - 60 MW for six months
- ii. Tender no. DGM(EPT)/EmPwr/2017/01 (Supply of Supplementary Electrical Power to CEB on Short term Basis) Added capacity - 56 MW for six months
- iii. Tender no. DGM(EPT)/EmPwr/2019/01 (Supply of Total 100 MW of Supplementary Electrical Power on Short term Basis) Added capacity - 100 MW for six months

All these procurements have been carried out in compliance with Section 43 of Sri Lanka Electricity (Amended) Act, no. 20 of 2009.

The total units purchased and cost incurred during the period under review is as follows.

Year	Number of Units Purchased (GWh)	Total Cost (LKR billion)
2016	-	-
2017	167.03	5.39
2018	36.80	1.96
2019	142.13	5.06
Total	345.96	12.41

Replies to the Report of the Auditor General (Contd.)

2. Extension of the Power Purchase Agreements (PPA) of Retired IPP Thermal Power Plants.

Under this category, the Power Purchase Agreements (PPA) of retired IPP thermal power plants have been extended as follows. We have not identified any legal impediment from the Section 43 of the Sri Lanka Electricity (Amended) Act, no. 09 of 2009 for the extension of Power Purchase Agreements whose original term has been expired.

- i. 100 MW power plant of Ace Power Embilipitiya (Pvt) Ltd.
 - a. One year from 2016-04-06
 - b. One year from 2017-04-06
 - c. Three years from 2018-04-06
- ii. 20 MW power plant of Ace Power Generation Matara (Pvt) Ltd.
 - a. One year from 2017-03-25
 - b. Two years from 2019-04-08
- iii. 50 MW power plant of Asia Power (Pvt) Ltd.
 - a. Two years from 2019-04-12

The total units purchased and cost incurred during the period under review with respect to Ace Power Embilipitiya plant is as follows.

Year	Number of Units Purchased (GWh)	Total Cost (LKR billion)
2016	358.74	8.48
2017	513.34	11.84
2018	362.84	9.16
2019	460.92	12.70
Total	1,695.85	42.18

The total units purchased and cost incurred during the period under review with respect to Ace Power Generation Matara plant is as follows.

Year	Number of Units Purchased (GWh)	Total Cost (LKR billion)
2016	-	-
2017	62.29	1.64
2018	19.55	0.51
2019	53.20	1.74
Total	135.05	3.89

The total units purchased and cost incurred during the period under review with respect to Asia Power plant is as follows.

Year	Number of Units Purchased (GWh)	Total Cost (LKR billion)
2016	83.52	3.45
2017	116.76	4.69
2018	55.59	2.22
2019	78.73	2.70
Total	334.61	13.07

Replies to the Report of the Auditor General (Contd.)

- (c) Ceylon Electricity Board Act, No. 17 of 1969, Section 46 and Section 11(a) and (b) of Part II of the Finance Act, No. 38 of 1971

“The CEB had invested only Rs.8,996 million as at 31 December 2019 in the Insurance Escrow Fund although it was stated that a contribution of 0.1 per cent of the total value of the gross fixed assets as at the end of each year”

This difference has arisen mainly due to non-investment in Insurance Investment Escrow Account due to CEB is experiencing adverse cash flow situation from many years. However, action will be taken to investment equal of 0.1% of the gross fixed assets in insurance reserve investment account once the CEB Liquidity position and cash flows are improved.

- (d) Section 9.4 of PED 12 Circular issued by Department of Public Enterprise

Since the CEB is not in a position to withhold the requests made by the line ministry to release its employees, the expenses incurred cannot be controlled by the CEB

3 Other Audit Issues

- (a) Out of trade debtor balance of Rs.21,080 million as at 31 December 2019, a balance of Rs.3,322.2 million relating to both ordinary and bulk supplies had remained outstanding for over one year and out of them Rs.1,840 million had remained unrecovered for more than five years.

Out of above balance a sum of Rs. Rs.2, 649, 155,825 is representing finalized debtors that require either litigations or setting off procedure and it take some time. From the remaining balance Rs. 1,051 Mn represent dispute cases and Committees were appointed to get the recommendations. Another sum of Rs. 30Mn. write off actions was initiated. Accordingly, CEB has a proper system of monitoring and recovering outstanding debtor balances.

- (b) The following sundry debtor balances aggregating Rs.2,635,007,475 had remained unrecovered for more than five years as at 31 December 2019

Unrecovered sundry Debtor Balances

Name of Debtor	Amount (LKR)	Comment
General Treasury	225,000,000	The receivable amount of Rs.225Mn. could not be cleared in the books of CEB from year 2015 to comply with direction given by the Department of Treasury Operations as to set off through the repayment of sub loans payable to General Treasury.
Government Institution receivable for the supply of Lift, Air conditioners and Power Generators	120,653,322	This is the value of revenue to be received for supply of power generators from the President House. With referred to funds request of President's House, the Treasury Operation Department (TOD) directed CEB to set off against the repayment on the Treasury Loans. Hence, it is expected to proceed as per the direction given by TOD.
WIP Non capital	8,601,341	This balance represents amount receivable for Government Installation Works and action has been taken to clear these long outstanding balances.
Wood Group Gas Turbine LTD	8,264,352	No further action has been taken
Ministry of Power and Energy	6,142,277	No further action has been taken
Sri Lanka Sustainable Energy Authority (SEA)	897,025,999	It has been transpired that a Board Paper has been initiated by AFM (Transmission) to write-off the receivable balance amounting to LKR 897,025,999 from SEA. In addition, an Investigation Committee has also been appointed for this issue. (Annexure 09)
AES Kelanithissa (Pvt) Ltd	1,368,964,445	No further action has been taken.
Northern Power (Private) Ltd.	358,739	No further action has been taken.

Replies to the Report of the Auditor General (Contd.)

- (c) A sum of Rs.714,965,435 due from Lanka Coal Company for coal shortage had remained outstanding for more than five years without taking any recovery action.

This balance comprises of Rs. 478,179,795.00 related to M/s Taurian Iron and Steel Company and Rs. 236,785,639.43 related to M/s Liberty Commodities Ltd. with regard to Taurian Iron dues a cabinet committee was appointed and the final report was handed over to the Secretary Ministry of Ports & Shipping.

In the case of Liberty Commodities LCC has commenced an arbitration process. This balance will be cleared after the legal actions taken by Lanka Coal Company against M/s Liberty Commodities Ltd.

- (d) The credit balances aggregating Rs.4,947,283,160 had remained unsettled for long period as at 31 December 2019.

Out of Rs.4,947,283,160, Rs. 1,065,828 is demurrage payment to Lanka Coal Company was related to the coal season 2017/2018 and the approval has been given by Lakvijaya to settle the payable in year 2020.

Payable to China Machinery Engineering Corporation (CMEC) Rs. 3,596,324,467 included in the above balance. CMEC Outstanding payments for the year 2014 and 2015 were settled. Payments for the year 2016, 2017, and 2018 are pending. CEB releases only USD 2 million per month due to present adverse financial situation.

Deemed dividend tax payable of Rs. 1,270,766,413 has been disputed by CEB with IRD on the basis of liability was determined based on the "Accounting Profit" for the Y/A 2013/2014. Several discussions were carried out with DIR and General Treasury in this regard. Since this matter had not yet been resolved, it is requested the involvement of Secretary to the General Treasury to resolve this matter by Chairman CEB's letter -No.FM(AFM(HQ))/DFM(Tax)/Deemed Dividend Tax dated 2020-07-08.

Rs. 10,928,756 is the final payment to be made for DGM office complex of Northern Province. This payment is outstanding due to unavailability of Cabinet Rate Committee approval.

Out of Rs.4,947,283,160 balance Rs.68,197,696 is accrued expenses of Puttalam Coal Power Project. Actions will be taken to adjust this amount in books of accounts in the current year.

- (e) A sum of Rs.151,421,219 shown under other receivables of Asset management division is remained without being recovered for more than five years. Out of that amount Rs. 142,477,285 is to be recovered from the government institutions and CEB had not taken necessary action to recover at the initial stage of the transactions.

All these jobs had been carried out on the directions given by higher officials of either Ministry or C.E.B. depending on the gravity of the circumstances. Reminder letters were already sent to the relevant institutions requesting to settle the outstanding and the respective Unit Heads and Accountant (W&AS) were requested to follow up to obtain the outstanding. Most of the balance consists of receivables from Ministry of Power & Energy and Government Hospitals.

At present, CEB follows a controlled procedure as per the guidance given by Addl. General Manager (Assets Management) before undertaking jobs and the outstanding payments will be monitored on a regular basis.

- (f) The amount of Rs.3,371,599,434 is remained as Trade creditors of Transmission Division without being settling more than one year.

As per the records Rs. 3.1 Bn out of 3.3 Bn represents amounts relating to disputed invoices with regard to independent power purchases. These invoice are being studied in order to evaluate and find appropriate accounting treatment.

- (g) An amount of 4,952.85 MT valued at Rs. 95,211,376 has identified as deficit of the coal stock as at the 05 October 2019 even physical verification had not been carried out by the Board of survey team. However the amount of 28,006.66 MT valued at Rs.456,197,162 had been adjusted to income statement as surplus of call stock as at 31 December 2019. Hence it was unable to verify the accuracy of the coal stock balance available as at 31 December 2019.

Currently the coal verification procedure is under study. All the aforementioned factors will be considered during the year 2020 physical verification process

Replies to the Report of the Auditor General (Contd.)

- (h) Even though the CEB had sold electricity to LECO and purchasing fuel from Ceylon Corporation for several years, there were no sales and purchase agreements entered with those two parties in order to ensure the smooth operations between these two Institutions.

Steps have been taken to prepare power sales agreement between CEB and LECO with participation of high ranking officers of both parties with Legal clearance. However, it was not able to enter in to an agreement with the parties concerned so far. LECO has requested some actions from PUCSL by the letter issued on 24th July 2018 in this regard.

CEB higher management has been appointed a committee to study and formulate Fuel Supply Agreement (FSA) between CEB and CPC. Accordingly, several discussions have been held between CEB and CPC to finalize FSA. Finally drafted FSA has been submitted for the attention of Chairman- CEB through GM - CEB

- (i) A sum of Rs. 134,447,792 had been deducted by the lending agency in 2019 as commitment charges from the loans given for implementing the foreign funded projects of the CEB.

Commitment charge is common to all projects and it cannot be avoided even the project is on schedule due to stringent loan covenants in the loan agreements.

- (j) According to the Long Term Generation Expansion Plan 2018 - 2037, new generation of 657 MW should be added by thermal and renewable energy of 370 MW and 287 MW respectively.

Due to under mentioned reasons proposed Power Plants have been delayed.

- LNG fired Combined Cycle Power Plant in the Western Region.

Originally, delayed due to a court case.

Cabinet approval received in February 2020, authorizing CEB to issue an LOI and enter into a Power Purchase agreement with Lakdhanavi Ltd with PUCSL approval. Project Committee has discussed with Lakdhanavi Ltd and submitted the report to Ministry of Power & Energy and CANC. This document was reviewed by a special committee appointed by the Cabinet and the report of the Committee has been submitted to Secretary Ministry of Power & Energy.

- Gas Turbines

Tendering carried out. TEC report submitted. Having considered the TEC report, SCAPC has requested CEB (on 22.04.2020) to secure funds and inform so as to make decision on the procurement.

- Uma Oya HPP

Delayed due to problems occurred during construction (water ingress into pressure tunnel) and social issues. Project falls under the purview of Ministry of Mahaweli Development and Environment. As per current estimates, Power plant is expected to be commissioned in 2021.

- Wind Power Plants

Construction delayed due to tendering & awarding.

In order to meet power shortage, following power plants have been operated with respective approvals as depicted below.

- Furnace Oil fired Power Plants until major power plants are implemented.

100MW capacity was procured as short term supplementary power to meet the electricity demand requirement in year 2019. Cabinet approval was granted on 2019-01-14 as per the cabinet paper no 19/0173/113/001. These power plants had generated 142.13 GWh in year 2019 at a cost of 5.06 Billion rupees.

- Expired Power Purchase Agreements (PPA) with ACE Power Matara, ACE Embilipitiya and Asia Power with a cumulative capacity of 171 MW were extended until year 2021 to provide electricity demand requirement. Cabinet approval was granted on 2018-03-27 as per the cabinet paper no 18/0525/727/014/TBR. These three power plants had generated 592.86 GWh in year 2019 at a cost of Rs.17.15 Billion.

Replies to the Report of the Auditor General (Contd.)

- (k) A special investigation had been carried out by the Internal Audit Branch in respect of stock shortage of Rs.39,551,696 identified in 2014 under project of Uthuru wasanthaya in April 2017.

The above Rs.39, 551,696 Mn has comprised of two balances, viz. stock shortage - Rs.2,510,056 and stock shortage - Rs.37,041,640 respectively.

Stock Shortage of Rs.2,510,056

DGM (NP) has appointed a committee by his letter No. NP/DGM/HRO/Inquiry dated 2017-05-04 and the committee report has been submitted to DGM (NP) on 2019-10-03. Accordingly, DGM (NP) has instructed to recover the stock shortage amount of Rs.2, 510,056.88 (including Board charges) from the Store Keeper Mr. J.A.M.Asanka Jayakodi (PF No.37432) via his letter No.NP/ DGM/ HRO/ INQUIRY dated 2019-10-09. The store keeper has been transferred to DGM (NCP) in October 2019 and the balance which is to be recovered from him (Rs .2.5 Mn) has been recorded under other receivable. AGM (DD1) has instructed to recover this amount from the employee by his letter no. DGM(C&C)/DD1/ HRO /ADMN /10 dated 2019-11-28. However Mr. Jayakodi in his letter dated 2020-01-06 requested to conduct a formal inquiry and accordingly charge sheet has been issued accordingly.

Further to this, AGM (DD1) has instructed to recover the shortage by letter no. AGM (DD1)/ DGM(C&C)/ HRO /DI /162 dated 2020 -09-03 by 180 instalments subject to the formal inquiry decision.

Stock Shortage of Rs.37,041,640

In this regard a Letter of Demand has been issued by the Legal Officer of the CEB to Richardson Projects (Pvt) Ltd to recover Rs. 28,231,000 including the 25% Board charges due from this company to CEB for acquiring payments totaling to Rs. 22,584,800 fraudulently without delivering the materials. In addition, further verifications of stock materials were carried out by in an expeditious manner to identify any further adjustments against the loss. Accordingly, the amount of loss has been reduced to Rs.8.3 Mn. after made some adjustments. Currently, internal inquiry has been finalized and accordingly disciplinary action will be taken against the store keeper Mr.U.P Udara Gunarathne (P.F. No. 37475). Furthermore, the court case No.B/1164/15 is pending at Magistrate Courts, Trincomalee.

- (l) The prompt actions had not been taken by the Board up to 16 August 2018 against the person who was liable for stock shortages of Rs.3,674,861 which had been occurred during the period of 20 November 2006 to 20 February 2012, in Asset Management Division (Power Plant)

A new committee has been appointed by Addl. General Manager (Assets Management) to investigate the issue of stock shortage and action will be taken in accordance with that report.

- (m) An officer who is liable for the stock shortage of Rs.3,789,893 had been allowed to retire on 15 October 2011 without being recovered the loss as recommended by the committee appointed for investigation.

A new committee has been appointed by Addl. General Manager (Assets Management) to investigate the issue of stock shortage and action will be taken in accordance with that report.

Chairman
Ceylon Electricity Board

Abbreviations

ABB ELK	ASEA Brown Boveri Elasticsearch, Logstash, and Kibana	DGM	Deputy General Manager
ABC	Aerial Bundle Conductor	DL	Distribution Licensee
ADB	Asian Development Bank	GOSL	Government of Sri Lanka
AFD	Agence Francaise de Development	DSE&CSM	Dam Safety Environment & Civil Structure Maintenance
AFM	Additional Finance Manager	DSM	Demand Side Management
AGM	Additional General Manager	EAS	Engineering Advisory Services
AMC	Audit and Management Committee	EGC	Employees Grievances Committee
AMHM	Asset Management Thermal Mechanical	EIA	Environmental Impact Assessment
AVR	Automatic Voltage Regulator	EIRI	Energy of Islamic Republic of Iran
B&OS	Business & Operational Strategy	EMS	Energy Management System
BCD	Binary Coded Decimal	EP	Eastern Province
BHPP	Broadlands Hydropower Project	EPC	Engineering, Procurement and Construction
BOI	Board of Investment	ERP	Enterprise Resource Planning
BOO	Built Own and Operate	EVCS	Electric Vehicle Charging Stations
BST	Bulk Supply Tariff	FS&PD	Functional Strategy & Process Development
BSTA	Bulk Supply Transaction Account	FSUR	Floating Storage and Regasification Unit
C&C	Commercial & Corporate	GCT&DLRP	Greater Colombo Transmission and Distribution Loss Reduction Project
CCPP-GT	Combined Cycle Power Plant - Gas Turbine	GIS	Gas Insulated Switchgear
CCPP-ST	Combined Cycle Power Plant - Steam Turbine	GIS	Geographic Information System
CDM	Construction (Design and Management)	GL	Generation Licensee
CE	Chief Engineer	GOSL	Government of Sri Lanka
CEB	Ceylon Electricity Board	GPD&EEIIPP	Green Power Development and Energy Efficiency Improvement Investment Program Project
CECB	Central Engineering Consultancy Bureau	GPS	Global Positioning System
CENEIP - P2	Clean Energy and Network Efficiency Improvement Project - Package 02	GSCS	Grid Substation Construction Project
CFL	Compact Fluorescent Lamp	GSS	Grid Substation
CMDS	Circulars Manuals and Documents System	GT	Gas Turbine
CMMS	Computerized Maintenance Management System	HI	Health Index
CMT	Corporate Management Team	HR	Human Resource
CNEEC	China National Electric Equipment Corporation	HV	High Voltage
COPE	Committee on Public Enterprises	HVDC	High Voltage Direct Current
CP	Central Province	HVTLP	Habarana Veyangoda Transmission Line Project
CPC	Ceylon Petroleum Corporation	IAEA	International Atomic Energy Agency
CPD	Continuous Professional Development	ICBC	Industrial & Commercial Bank of China
CRMS	Customer Relationship Management System	ICT	Information and Communication Technologies
CS&RA	Corporate Strategy and Regulatory Affairs	IEC	International Electrotechnical Commission
CS	Corporate Strategy	IED	Intelligent Electronic Device
CSC	Consumer Service Center	IPB	Insulation Phase Bus
CT	Current Transformer	IPP	Independent Power Producers
CW&B	Civil Works and Buildings	IT	Information Technology
DAB	Disciplinary Appeals Board	IVR	Interactive Voice Response
DAS	Distributed Antenna System	JICA	Japan International Cooperation Agency
DC	Direct Current	KNGTP	Kelanitissa New Gas Turbine Project
DD1	Distribution Division 1	KPS	Kelanitissa Power Station
DD2	Distribution Division 2	LCC	Local Control Cubicle
DD3	Distribution Division 3	LECO	Lanka Electricity Company (Pvt.) Ltd.
DD4	Distribution Division 4	LED	Light-Emitting Diode
DFM	Deputy Finance Manager		
DGA	Dissolved Gas Analysis		

Abbreviations (Contd.)

LKR	Lankan Rupees	PPA	Power Purchase Agreement
LKAS	Sri Lanka Accounting Standard	PPM	Power Plant Manager
LNG	Liquefied Natural Gas	PS	Power Station
LNGPP	Liquefied Natural Gas Power Projects	PS	Protection System
LOI	Letter of Intents	PSRSP	Power System Reliability Strengthening Project
LRP	Load Research Program	PUCSL	Public Utilities Commission of Sri Lanka
LRT	Light Rail Transit	PV	Photovoltaic
LTGEP	Long Term Generation Expansion Plan	QMS	Queue Management System
LTL	Lanka Transformers Limited	R&D	Research & Development
LTTDP	Long Term Transmission Development Plan	RCL	Regional Centre for Lighting
LV	Low Voltage	REATDP	Renewable Energy Absorption Transmission Development Project
LVPP	Lakvijaya Power Plant	REP	Request for Proposals
MEPS	Minimum Energy Performance Standard	RLNG	Re-gasified Liquefied Natural Gas
MHPP	Moragolla Hydropower Project	ROR	Run of River
MIS	Management Information System	SAIDI	System Average Interruption Duration Index
MIV	Main Inlet Valve	SAIFI	System Average Interruption Frequency Index
MLKR	Million Sri Lankan Rupees	SAS	Substation Automation Systems
MLTS	Middle Level Technical Staff	SCADA	Supervisory Control & Data Acquisition
MMAI&RD	Ministry of Mahaweli Agriculture Irrigation and Rural Development	SEC	State Engineering Corporation
MMT	Million Metric Tons	SEPA	Societa Elettonica Per Automazione
MOIWM	Ministry of Irrigation and Water Management	SFRA	Sweep Frequency Response Analysis
MOPE&BD	Ministry of Power, Energy & Business Development	SLE	Sri Lanka Energies (Pvt.) Limited
MOU	Memorandum of Understanding	SLFRS	Sri Lanka Financial Reporting Standard
MV	Medium Voltage	SLS	Sri Lanka Standards Institution
MVA	Mega Volt Amp	SLT	Sri Lanka Telecom
MWPP	Mannar Wind Power Projects	SMS	Short Message Service
NCP	North Central Province	SOE	State Owned Enterprises
NCRE	Non-Conventional Renewable Energy	SP	Southern Province
NEA	National Environmental Act	SPPA	Standardized Power Purchase Agreements
NKBP	New Kelani Bridge Project	SSL	Solid State Lighting
NTB	Nation Trust Bank	TCPP	Trincomalee Coal Power Project
NTDND&EIP	National Transmission & Distribution Network Development and Efficiency Improvement Project	TD1	Tower Double Circuit <Angle>
NTPC	National Thermal Power Corporation Limited	TL	Transmission Licensee
NWP	North Western Province	TLCP	Transmission Line Construction Project
O&M	Operation & Maintenance	TMB	Treasury Management Branch
OEM	Original Equipment Manufacture	TPCL	Trincomalee Power Co. Ltd
OH&S	Occupational Health & Safety	UG	Under Ground
OLPS	Old Laxapana Power Station	UHF	Ultra High Frequency
OLTC	On Load Tap Changer	UOHPP	Uma Oya Hydropower Project
ONAN	Oil Natural Air Natural	UOMDP	Uma Oya Multipurpose Development Project
P&D	Planning & Development	USD	United States Dollar
PAP	Project Affected Person	VHF	Very High Frequency
PD	Protection Development	VIP	Very Important Part Service
PD	Project Director	VVIP	Very Very Important Part Service
PHM	Projects & Heavy Maintenance	WAN	Wide Area Network
PICS	Police Information & Communication System	WOM	Warranty Operations and Maintenance
PLC	Power Line Carrier	WPN	Western Province North
PLTS	Party Line Telephone System	WPS	Western Province South
PMU	Project Management Unit	WS&AS	Work Shop & Ancillary Service
POS	Point of Sales		

