Ceylon Electricity Board and its Subsidiaries - 2022

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ceylon Electricity Board ("Board") and its Subsidiaries ("Group") for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 significant 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 report to Parliament appear in this report. The financial statements of the Subsidiaries of LTL Company (Pvt.) Ltd and Trincomalee Power Company Ltd were audited by the firms of Chartered Accountants in public practice appointed by the Board of Directors of the respective Subsidiaries.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements of the Board and the Group give a true and fair view of the financial position of the Board and the Group as at 31 December 2022, 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

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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.

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 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 Board and the Group are 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 and the Group.

1.4 Audit Scope (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 skepticism 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 internal control of the Board and the Group.

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Board and the Group and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Board and the Group has complied with applicable written law, or other general or special directions issued by the governing body of the Board and Group;

- Whether the Board and Group has performed according to its powers, functions and duties; and

- Whether the resources of the Board and the Group had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Non-Compliance with Sri Lanka Accounting Standards

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a) Conceptual Framework for Financial Reporting		
(i) Operating Expenses of the Employee Provident Fund (EPF) which is operated under the Board as a separate entity, amounting to Rs. 51.82 million had been recognized as expenses of the Board in the income statement for the year under review in contrary to the paragraph 4.1(b) of the Framework.	The reporting of the matter with in the conceptual framework of financial reporting will be implemented in the ensuing financial year onwards.	Should be complied with the requirements of provisions of the Conceptual Framework for Financial Reporting.
ii) Fifty nine items of fixed assets relating to four assets categories owned by the Board amounting to Rs.7.06 million had been utilized by the above mentioned Employee Provident Fund Unit in contrary to the paragraph 4.3 of the Framework.	-Do-	The proper approval should be taken to use the asset for the activities of the EPF.

(b)	**LKAS 1 – Presentation of Financial Statements**		
(i)	Contrary to the paragraph 69 of the standard, the debit balance of stock adjustment account amounting to Rs.139.48 million had been set off against the balance of other payables under the current liabilities instead of showing under the balance of Inventory.	The stock adjustment has been significantly reduced to Rs.78 million as of September 2023 financial statements and presentation changes also had been made in the September 2023 financial statements showing stock shortages as other receivables and stock surpluses as other payables.	Ensure that comply with the provisions in LKAS 01 relating to the presentation of Financial Statements.
(ii)	As per the test check carried out, an abnormal credit balance of Rs.41.58 million arisen due to overpayment etc. in respect of Colombo City region under DD 01 remained in finalized ordinary debtors and an abnormal credit balance of Rs.13.16 million remained in finalized bulk debtors of the Distribution divisions had been set off against receivables contrary to the paragraph 32 of the standard instead of being taken actions to investigate and settle or taken in to income of the Board.	As per the Circular No.DCC/COM/03/2009, with the approval of AGM(DD1) necessary action has been taken to remove credit balances of debtors from the Database. Further actions are being taken to remove finalized credit balances of Bulk consumers. Regarding the DD2 credit balance of 4.75 million, instructions have been given to clear the credit balances. Out of the 08 accounts of Credit balances, 03 accounts representing from central province -2 was already cleared and others will be cleared during this year. 07 accounts of credit balances worth Rs.898,751.84 has already cleared in 2023 up to date. The DD3 balance include finalized debtors balance of WPS 2. Such credit balances of the WPS2 as at 31 December 2022 was Rs. 124,616.25 and out of which Rs. 108,092.00 is from account No.4270003545.. Further action will be taken to clear the credit balances.	Ensure that comply with the provisions in LKAS 01 relating to the presentation of Financial Statements.

(c) LKAS 2 – Inventories		
The Board had applied the standard cost method for valuing overhead costs of its capital and maintenance jobs, instead of being applied the actual costs in line with the requirements of the above Standards**.** As a result, it was revealed that there were favorable overhead rate and material price variances aggregating to Rs.2.93 billion and Rs.6.54 billion respectively. And also, there was an unfavorable stores price variance aggregating Rs. 6.57 billion. Accordingly, the impact occurred thereon to the operating results, and assets and equity in the financial statements could not be properly ascertained due to required information relating to those jobs were not made available to audit.	The Pricing Committee was instructed to review the standard prices bi – annually in order to minimize the gap between actual prices and standard prices. In addition to above, CEB is the process of implementing ERP system with the Weighted Average inventory valuation method. When the ERP system is introduced in CEB these issues will be eliminated.	Ensure that comply with the provisions in LKAS 02 relating to the recognition of cost of inventories.
(d) LKAS 8 – Accounting Policies, Changes in Accounting Estimates and errors		
(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 lives of the fully depreciated assets amounting to Rs.211.81 billion as at end of the year under review which are still in use had not been reviewed and accounted accordingly.	Ceylon Electricity Board being an organization with an asset base of 900 billion and considering the uniqueness and complexity of the major asset components such as power plants it is not easy and practicable to annually review the useful life of the assets**.** However, the Board separately discloses the gross carrying amount of fully depreciated assets as per the LKAS-16 paragraph 79 requirement in the note no 13.11 of the financial statements.	Ensure that comply with the provisions in LKAS 16 regarding fully depreciated assets that are already being used by the Board.
(ii) Contrary to the paragraph 41 and 42 of the standard, a sum of Rs.1.47 billion of net exchange losses which had been identified as work in progress in relation to 12 projects during previous years had been rectified during the year under review by charging to the loss of the year	The above mentioned error was discovered in November 2022 and due to the limited time,it was unable to determine the period specific effects of the error on comparative information for prior periods presented. Therefore, it was adjusted in the year under review (2022 financial statements). Action is being	Ensure that comply with the provisions in LKAS 08 when rectifying errors.

under review instead of being adjusted them retrospectively. Hence loss for the year under review had been overstated by similar amount.	taken to make necessary adjustments to correct the effects of the error retrospectively in the prior periods.	
(iii) The cost of electrical energy amounting to Rs.1.83 billion supplied by the Board to the West Coast Power (Pvt) Ltd at 220kv during the period from 2020 to 2022 had been deducted from each monthly invoices received to the Board for the purchase of electrical energy from the Company by the Board and net invoice value had been accounted as the cost of electrical energy purchased. However, in the year under review, the total amount of 1.83 billion had been debited to the Purchased Power Thermal account (cost of sales) and credited to the Trade Payable account as payable to the Western Province North under the Distribution Division 2 of the Board instead of being adjusted the cost of electrical energy amounting to Rs.530.95 million supplied during the years 2020 and 2021 as retrospectively in terms of the section 41 and 42 of the standard. However, the said amount had not been shown as receivable in the Distribution Division 2 of the Board as at 31 December 2022.	Necessary adjustment and presentation changes will be made by the Transmission Energy Purchase division without presenting it as Trade payable to Distribution Division -2 in future financial statements.	Ensure that comply with the provisions in LKAS 08 when rectifying errors.
(e) LKAS 16 – Property, Plant and Equipment		
Items of office equipment valued at Rs.4.92 million in the Asset Management Division and assets worth of Rs.12.34 million in the finance division had been identified as physically not existed, damaged, unserviceable and inactive during the board of survey of 2021 and 2022 respectively. However, action had not been taken to adjust the books of	Respective branch had been advised to start disposal procedures immediately and necessary adjustments will be made in the 2023 financial statements accordingly. According to the Property, Plant & Equipment register maintain at AFM (HQ), Rs.12,502,671 value of assets has not been confirmed by the respective branches as pointed out by the Auditors and action has been initiated to	Ensure the accuracy, completeness and existence of fixed assets recorded in books of accounts in terms of the provisions in LKAS 16.

accounts at the end of the year under review.	reconcile and to rectify the records accordingly.	
(f) LKAS 20- Accounting for Government Grants and Disclosure of Government Assistance		
A sum of Rs.40.9 billion received to the Board as at the end of the year under review for the implementation of two projects under the foreign loan agreements entered into by the Sri Lanka Government and two foreign lending agencies of which the liability for the repayment is vested to the Sri Lanka Government (no sub loan agreements with the Board) had been accounted as interest bearing loans and borrowings of the Board instead of being accounted as Government Grants in terms of the paragraph 3 of the standard. Apart from that in relation to another two projects a sum of Rs.8.2 billion obtained under the foreign loan agreements entered into by the Sri Lanka Government and two foreign lending agencies for which the Government had agreed to make available the proceeds of the Loan as equity to the Board as per the subsidiary loan agreements had also been shown as interest bearing loans and borrowings of the Board.	A direction has not been received from Treasury to account the two loans amounting to Rs 40.9 Bn as Government Grants. A letter requesting Treasury to consider converting the remaining loans in to equity is sent on September 21st 2023.	Ensure that comply with the provisions in LKAS 20 regarding recognition of Government Grants.
(g) LKAS 21 - The effects of changes in Foreign Exchange Rates		
In terms of Section 23 (a) of the standard, foreign currency monetary items shall be translated using the closing rate at the end of the reporting period. However, the Board had not translated the value of six foreign currency denominated loans in relation to four projects obtained directly by the Board using the closing exchange rates and no foreign	Action will be taken to translate to foreign currency nominated loans and Necessary adjustments related to exchange rate gain or losses in financial statements will be made in year-end financial statements of 2023.	Ensure that comply with the provisions in LKAS 21 regarding recognition of value of monetary items at the end of the year.

exchange gain/loss had been recognized accordingly in the financial statements in terms of the section 28 of the standard. However, as per the balance confirmations received for two loans out of six above, it was observed that interest bearing loan balance at the end of the year under review and loss for the year had been understated by Rs.6,485 million approximately.		

(h) SLFRS 09 - Financial Instruments

(i) According to the Policy No. 2.4.5.4 of the accounting policies to the financial statements and Accounts Circular No.610 dated 02 February 2023 issued with respect of making provision for impairment of trade debtors, 100 percent provision should be made for trade debtors outstanding for more than 1 year. However, it was observed that an under provision of Rs.10.28 million and an overprovision of Rs.56.59 million had been made for the balance of trade debtors outstanding over one year relating to 4 provinces in three Distribution Divisions. Hence, the loss for the year under review had been overstated by Rs.46.31 million.	Under / over provision adjustment is already made in relevant schedules of 2022 and these errors will be omitted in the future financial statements.	Ensure that comply with the provisions in SLFRS 09 regarding making provisions for impairment.
(ii) Provision for impairment had not been made for loans given to consumers amounting to Rs.250 million at the end of the year under review by considering the expected credit loss. Further, it was observed that a sum of Rs.196.87 million or 79 percent of total consumer loans had remained outstanding for over 5 years period	Action will be taken to review the impairment process and provision for impairment for consumer loans will be made in the subsequent financial statements. Distribution division 4 has included the provision for impairment for consumer loans also in the trade debtor impairment schedule. Further necessary action will be taken to clear the over 5 years outstanding balances of consumer loans.	-Do-
(iii) According to the Policy No. 2.4.5.2 of the accounting policies to the financial statements, the Board's	Specific approach or methodology to recognize credit loss of other debtors is being drafted. Further to these following	-Do-

	Financial Assets which are subsequently measured at amortized cost comprise of trade and other receivables, loans to customers and loans to employees. Even though the Board had introduced a specific approach and methodology to recognize the expected credit loss of trade debtors, no specific procedure had been introduced for other debtors which includes sundry debtors, dues from sacred places etc. Accordingly, an amount equivalent to Rs.33.95 million and Rs.3.1 million had only been provided for impairment of other debtors remained outstanding over one year in Distribution Division 01 and Distribution Division 04 amounting to Rs.208.06 million and 49.24 million respectively. However, no provision had been made for balance outstanding over one year in Distribution Division 02 and Distribution Division 03 amounting to Rs.148.47 million and Rs.66.6 million respectively. Similarly, for other receivables outstanding over five years amounting to Rs.300.24 million, an amount equivalent to Rs.64.31 million had only been provided for impairment without recognizing the expected credit loss properly. Due to these observations, the accuracy of carrying value of financial assets in the financial statement cannot be ascertained in audit.	actions are being taken to recover or write off the long term unrecoverable balances Other debtors mainly consist of free service connections, due from sacred places and sundry debtors. **Free Service Connections** Actions will be taken to write off the same in future. **Dues from Sacred Places** A board paper has already been submitted to the Board for approval to write off the outstanding balance as at 31 December 2022 since no funds were received from the government. **Sundry Debtors** Actions will be taken to examine each balance and make provisions appropriately.	
(iv)	A sum of Rs.1.38 billion remained more than five years as sundry debtors in Transmission division of the Board and out of that a sum of Rs.1.37 billion remained outstanding from AES Kelanithissa (Pvt) Ltd since the year 2011. However, without recognising the expected credit loss of them properly in terms	Until 2022, the Board was certain this amount will be received to the Board after CPC pay the fuel price difference to AES kelanitissa (Pvt) Ltd. After evaluating the impairment indicators, provision was not made. As per the board decision No.23.08. 228.G, the amount of Rs.1, 368,964,445.00 is already written-off from the financial	-Do-

of the above standard, a sum of Rs.563,330 had only been provided for impairment at the end of the year under review.	statements.	

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) A debit balance relating to stock shortage amounting to Rs.162.5 million and a credit balance relating to stock excess amounting to Rs.70.3 million had been remained in the Stock Adjustment Account for more than one year without being cleared.	**DD1** Stock adjustment accounts balance as at 30.09.2023 is amounting to Rs 15.16 million out of which over 1 year balance is Rs. 12.43milion (shortage) which belongs to P&HM Heyiyanthuduwa stores. **DD 2** The balance related to the DD2 mainly consists of the EP and WPN. In respect of WPN, balances of 2-3 years and the 3-4 years have already been identified and will be cleared during the year with the assistance of IT officers and 4-5 years stock excess balance of Rs. 8,417,459.03 is still under inquiry stage and not yet finalized. Further, over 5-year shortage balance of Rs. (14,984,464) consist with the two cases. The relevant entries will be passed to the leger in the year 2023. **DD3** Out of the net stock adjustment balance of Rs. 51million, 3.3million relates to Uva Province is an unreconciled balance which is in the process of being cleared. Rs.1.7 million balance related to Sabaragamuwa Province has already been cleared and committees have been appointed to clear the remaining balance of Rs 0.5million. The remaining balance is related to WPS 2 and a committee will be appointed to examine and to make recommendations to clear the outstanding balances of Rs.60million remaining in stock adjustment account	Necessary actions should be taken to clear the stock excess and shortage immediately.

		over 5 years with necessary approvals. **DD04** This shortage has occurred from the item - LED FLOOD LIGHT 100W 10 Nos. These stock items were given to the Ministry.	
(b)	The Economic Service Charges (ESC) paid from the year of assessment 2016/17 to 2019/20 which had exceeded the claimable period amounting to Rs.3.91 billion had not been recognized as expenses in the statements of comprehensive income. As a result, retained loss at the beginning of the year and loss for the year under review had understated by Rs.2.7 billion and Rs.1.21 billion respectively.	The amount referred would be charged to comprehensive income after getting board approval in subsequent financial statements for the year 2023. Board paper has been already forwarded to the board to be considered for the next board meeting.	Accounting treatment for un claimable items should be made in timely manner.
(c)	A number of 11,429 of completed jobs valued at Rs.16.9 billion were remained in work in progress account for more than two years without being transferred into relevant assets account in Distribution Divisions. Further, action had not been taken to capitalized three number of completed jobs valued at 6.2 million which had been included in the work in progress account of Asset Management division more than 5 years. However, impact to the loss for the year under review due to not making provision for depreciation could not been ascertained due to lack of information.	**DD-01** A continuous process has been taken to transfer the completed jobs into assets on a regular basis. **DD-02** Out of 3240 jobs more than 02 years as at 31.12.2022, 1656 jobs worth of Rs.2,490,295,105 were currently been transferred to Fixed assets. **DD-03** Out of the Jobs over two years, 3,946 no of jobs to a value of Rs. 1,562 million has been cleared by September 2023 and actions have been already initiated to clear the remaining balances. **DD-04** Most of the jobs in WIP as at 31.12.2022 cleared in 2023.	Prompt actions should be taken to capitalize completed jobs that remained in work in progress balances.
(d)	Work in progress balance in distribution divisions had been understated by Rs.12.82 million due to offsetting of abnormal credit balances.	**DD-01** Colombo City balance was already cleared while, Provincial Expenditure Accountant of NCP was also instructed to clear the balance and these balances	Action should be taken to investigate and clear the abnormal credit balances in work in

	were cleared during the year. **DD-02** Most of the credit entries made to the WIP Account represents the value of Returning balance materials of the Jobs or the cost of the materials returned due to cancellation of the jobs due to various reasons. **DD-03** The Total balance relates to Sabaragamuwa Province and during the period of year 2023, necessary steps have been taken to clear abnormal credit balances of work in progress.	progress.
(e) A sum of Rs.107.47 million incurred on the construction of Gampaha Area Engineer Office, which had been completed in 2018, had been included in work in progress account without being taken action to capitalize even by the end of the year under review. Further, as per the calculations made by audit, retained loss and loss for the year under review had been understated by Rs.9.12 million and Rs.2.69 million respectively due to not making provisions for depreciation from the year of completion.	Action has been taken to capitalize and transfer to assets in the Financial Statements of 2023.	Prompt actions should be taken to capitalize completed jobs that remained in work in progress balances.
(f) Four vehicles worth of Rs.124.30 million purchased for the Puttalam Coal Power Project (ii) had not been capitalized even after the completion of the Project in 2014, and instead that amount had been included in work in progress account. Further, depreciation of those vehicles had not been recognized since the Project completion date. In addition to that no action had been taken to get the ownership of these vehicles transferred to the Board even up to the end of the year.	After transferring of ownership to the Board, the above vehicles will be capitalized and depreciation will be charged accordingly.	Immediate action should be taken to get transferred the ownership of vehicles and capitalize them.
(g) It was observed that the Board had made prior year adjustments in the	Action has been taken to minimize such restatements in	Actions need to be taken to avoid

	financial statements of the year 2021 and 2022 pertaining to years 2019, 2020 and 2021. As a result, the retained loss as at the end of the year 2021 was distorted by Rs.89.6 billion. Hence, the possibility for making adjustments to the profit for the year under review in the forthcoming years could not be ruled out in audit.	future. Due to the complexity of the operations and transactions of the Board there are instances where financial statements are required to be restated in order to ensure financial are free from material misstatements and also to rectify, if there are any misstatements occurred in the previous years.	distorting profits by making prior year adjustments as a practice.
(h)	Loans to customer balance in Distribution Division 01 had been understated by Rs.23.97 million due to offsetting of abnormal credit balances in North Western Province 2.	The accounting standards permits to offset debit balances with credit balances. Further to this, the Board circular no: 2010/GM/23/FM dated 23.12.2010 para no: 5 provides offsetting of loan receivables accounts with loan credit balances.	Action should be taken to investigate and clear the abnormal credit balances in customer loans.
(i)	Goods in transit balance amounting to Rs.89.57 million had remained in the books of accounts for over one year without being taken proper action to settle. Out of the goods in transit balance of Rs.65.26 million in Distribution Division 01, a sum of Rs.60.38 million represents transformers that had been sent to Lanka Transformers Limited for galvanizing 5 years ago but had not been received again even at the end of the year under review.	**DD01** It is agreed that the balance of Rs 65.26 million is related to DD1 & out of that value of Rs. 60.38 million regarding transformers which had been sent to Lanka Transformers Ltd. Some documentary evidence is difficult to trace in this regard once the documentary evidence is available such balances will be cleared. **DD02** Follow up actions are being done by P&D branch of DD2.Goods-In-Transit more than 05 years as at 31.12.2022, worth of Rs.1, 298,448.25 has been cleared in 2023. **DD03** Action has been taken to clear the balance. **DD04** Action are being taken to Clear goods in transit balances of More than 1 Year.	Action need to be taken to investigate the long outstanding stocks in transit balances and clear them.
(j)	Abnormal credit balance of Rs.26.97 million was observed in the balance of goods in transit in Corporate Office and Sabaragamuwa (Deputy General Manager Office) under the Distribution Division 03.	The Balance in the corporate office for Rs. 24Mn was due to an accounting error which has already been rectified. The remaining balance of Rs 2Mn which relates to Sabaragamuwa province will be cleared.	Action need to be taken to clear the abnormal credit balances in goods in transit account.

(k) A debit balance of Rs.557.94 million and a credit balance of Rs.556.81 million in inter divisions' current accounts remained unsettled in Distribution Division 01 and Distribution Division 02 since 2002 had been transferred to debtors control account in 2004 without being investigated and settled.	Documentary evidences are not available to verify the nature and details of the debit and credit balance. Therefore, for the purpose of better presentation in Financial Statements, it has been transferred to Trade debtors Account. However, to comply with auditor's recommendation the above balances has been reclassified and shown in the Mitfin System without setting off each other in order to make it transparent.	Action should be taken to clear the balances.
(l) The Board had established a Project Management Unit for the Lakwijaya Power Plant Extension Project as per Cabinet Decision No. 19/2622/113/074 dated 24 September 2019. Even after spending a sum of Rs.167.31 million on that Project, the Board of Directors had taken a decision to close down the Project on 26 October 2021 based on the Government policy taken on 26 July 2021 by the Cabinet of Ministers. However, a sum of 167.62 million remained under the Capital Work in Progress even as at 31 December 2022 without taking any action to make any provision in the financial statements.	Board paper has been submitted to audit committee to write off the expenditure and the audit committee has reviewed it. After receiving the decision from the Audit committee appropriate action will be taken.	Action should be taken to make a provision or write off the balance remained in the financial statements.
(m) Value of 23 vehicles and accumulated depreciations thereon had not been recorded in the assets register of Lakvijaya Power Station, and as a result, it had not been included in the financial statements due to lack of information.	A committee was appointed to recommend suitable accounting treatment for the 23 nos. of vehicles since the cost of these vehicles was not available to record in the asset registry and the committee submitted its report recently. The committee could able to find the cost of 21 Nos. vehicles out of 23 Nos and recommendations of the committee will be adjusted in the subsequent financial statements of 2023 accordingly.	Action should be taken to record the unrecorded assets balances in the books of accounts as well as in the fixed asset register.
(n) As per the invoices submitted by Public Utility Commission of Sri	The board decided to pay annual regulatory levy for the year 2022 after	Should comply with the provisions in the

	Lanka in terms of the Gazette Notification No.2267/13 Published on 15 February 2022, the Annual Regulatory Levy for the year 2022 relating to the Distribution Divisions, Generation Division and Transmission Division was Rs. 209.68 million. However, a sum of Rs.167.25 million had only been accounted in the financial statements for the year under review for the same and thus indicating an understatement of Rs.42.43 million.	recalculating the same for the rates published in Gazette notification for the year 2021. The board approval also received for the above at the board meeting held on 08.12.2022.	Sri Lanka Electricity Act as well as Public Utilities Commission Act relating to Annual Regulatory Levy.
(o)	Dam Works, Tunnel Works, Tailrace Works and Intake Canal valued at Rs.63.54 billion had been shown under the civil works of Property Plant and Equipment of Mahaweli Complex. However, the accuracy of the said amount and the ownership of the respective assets to the Board could not be verified in the Audit due to lack of information.	The hydropower asset value has been transferred to the Board by MASL in the year 1991 as per the documentary evidence and action will be taken to solve disputes related to the asset transfer after discussion with MASL officials during the year 2023.	Action should be taken to ascertain the accuracy of value and right of Dam Works, Tunnel Works, Tailrace Works and Intake Canal in the financial statements of the Board.
(p)	Direct bank credits amounting to Rs.7.29 million relating to Peoples Bank account No. 85135 remained from the year 2018 had been transferred temporarily to cash in transit account without being taken action to investigate and accounted to the proper accounts.	This has been recognized as an income in 2023.	Action should be taken to strengthen the internal control procedures over cash and bank balances.
(q)	As per the paragraph 5.2 (b) of the Standardized Power Purchase agreement, the Board shall pay the seller on or before the due date which means thirty days after the date on which the Board reads its meter installed at the Power Plant and any undisputed amounts unpaid after the due date shall bear interest at the Prime Rate compounded on a monthly basis. However, it was observed that an amount of Rs.26.9 billion was due to the 310 power producers as at 31 August 2023 as a result of non-settlement of invoices by the due dates. Further, it was observed that interests	Due to the bad financial position of the Board since year 2021, there was a considerable delay in settling Renewable Energy invoices. The delay reached nearly 15 months by the mid of year 2022. However, now the delay has been brought down. The Board is now evaluating the eligibility of such claims and preparing necessary accounting work of such interest claims.	Action should be taken to settle the due amount as per the agreements entered in order to prevent delay charges.

for unpaid balances after the due dates had been requested by the power producers in time to time submitting the invoices to the Board and according to the invoices received to the audit which have been submitted by the power producers to the Board, an amount of Rs. 2.6 billion had been requested as interests for unpaid balances by the 109 power producers relating the period from April 2019 to April 2023. Nevertheless, it was observed in audit that any amount of the interests requested by the power producers had not been paid by the Board and any provision for the interest payable had not been provided in the books of accounts of the Board even at the end of the year under review.

1.5.3 Un-reconciled Control Accounts or Records

Item	Management Comment	Recommendation
(a) It was observed a difference of Rs.4.62 billion between the balance shown as payable to the Ceylon Petroleum Corporation (CPC) in the financial statements of the Board as at 31 December 2022 and the corresponding balance shown as receivable in the financial statements of the CPC as at that date. Further, in the above-mentioned difference, there was a disputed amount of Rs.753.61 million as at 31 December 2022, and it had been reiterated in audit reports since 2013 continuously. However, at the meeting held on 22 December 2022 at the Department of Public Enterprises, the Director General had recommended bearing the interest component of Rs.330 million (approximately) after 19 April 2013 by the Board subject to the approval of the Board of Directors.	The payable balance to the CPC and the corresponding receivable balance in the accounts of CPC was reconciled up to 31st December 2020. However, all payment-related documents coupled with the breakdown of the CPC balance are available. Board submission will be forwarded seeking further instructions on this matter. **<u>Dispute amount of Rs.753.61 million</u>** This will be recognized in the financial statements as expenditure and after receiving the directions from treasury, this amount will be converted to equity in the financial statements.	Action should be taken to reconcile the differences and act accordance with the decisions taken at the Department of Public Enterprises with regard to dispute balance.

	However, no action had been taken to get the approval of the Board of Directors and act accordingly even at the end of March 2023.		
(b)	As per the audit test check carried out, an aggregate difference of Rs.4.49 billion was observed between the work- in- progress balance of the project of Supporting Electricity Supply Reliability Improvement Project shown in the financial statements of the Board and the corresponding balances shown in the financial statements of the project.	Supporting Electricity Supply and Reliability Improvement Project is implemented by Distribution Division 01, Distribution Division 02 and Project Division. Therefore, the WIP of the said projects is stated under each division not by loan wise in the Board financial statements. Further DD2 part of the SESRIP project is for the material procurement (Rs 4.24 billion) is for the Board distribution jobs therefore the balance cannot be separately identifiable in the Board financial statements since it is procured and issued for different jobs.	Action should be taken to reconcile the said differences accurately.
(c)	An unidentified debtor balance of Rs.423.76 million remained outstanding since 2012 in Distribution division 1. However, out of that, a sum of Rs.185.41 million had been transferred to debtor control accounts, other liability account etc. of Distribution Divisions from 2015 to 2022 without investigating and adjusting the individual debtors account affected.	Out of original value of Rs. 423.76 million debtor balances an amount of Rs.185.41 million had been transferred based on letter no. AFM(DD1)/Acct(A&MI)/ Revenue Debtors /2018 dated 17 August 2018 to AFM DD3 branch with ledger balance after reconciling their own billing & ledger system. This amount would have been transferred during the process of decentralization somewhere in 2002.Further to above, it is also re-communicated to all Divisional AFMMs to check whether any balance belongs to their divisions to effect balance transferring.	Action should be taken to check the accounts affected accurately and clear the unidentified debtor balance.
(d)	Some differences were observed between the balances of Bulk Debtors and Ordinary Debtors as per the billing system and the amounts taken to the reconciliation statement as billing debtors relating to some cost centers. Accordingly, it was observed that there were differences amounting	**DD01** It was noted that there were some differences in the billing system and bulk and ordinary leger balances. **NWP 2** Ordinary debtors balance as at 31.12.2022 was Rs.5,521,883/- which includes Suspense account balance which is	Action should be taken to pass the necessary journal entries in order to make the corrections in the General Ledger.

	to Rs.5.28 million and Rs. 423.85 million with regard to the Bulk Debtors and Ordinary Debtors respectively for the year under review. Accordingly the accuracy of trade debtors could not be reasonably ascertained in audit.	unidentified as at balance sheet date. Subsequently, on the requested of the customer suspense account balances are being cleared. **NCP** The difference is due to a finalized account balance. **DD02** The differences as per the billing summary balance taken for reconciliation which is highlighted in the audit quarry is the finalized debtors balance of ordinary supply of each province. The format will be changed as per the requirement in the year 2023 onwards. **DD03** The difference is mainly due to the Area Suspense balance arisen due to collections made through Agents. Hence, it is recorded in Head office ledger. **DD04** The difference between the ledger balance and the system balance is the head office suspense balance.	
(e)	Collection Control Account had a debit balance of Rs.278.54 million and a credit balance of Rs.1.52 billion as at 31 December 2022. However, reconciliation of unsettled debit balances of Rs.273.32 million and credit balance of Rs.913.25 million was not made available for audit. Hence, the accuracy of the Collection Control Account balances could not be satisfactorily verified in audit. It was further observed that an unidentified opening credit balance of Rs.38.05 million and a debit balance and a credit balance (except unidentified opening credit balance) remained over one year amounting to	**DD01** Regarding DGM Colombo City, the difference has been arisen due to cash collection cycle of Ordinary supply consumers and Bulk Consumers in calendar month. In this regard, action has already been taken to develop the IT System as per the guidelines of Revenue steering Committee. Accountant Revenue NWP 1 was instructed to commence to prepare monthly reconciliation statements regularly. In the case of DGM (NCP) reconciliation statements have been prepared and there were differences of Rs.160.9 million in the collection control account which has occurred due to Unidentified system adjustment amounts to Rs. 196.5 million	Action should be taken to reconcile the ledger balances with the system balances in each division regularly.

	Rs.3.14 million and Rs.3.44 million respectively had also been included in the Collection Control Account without being taken proper action to settle.	on 2011-12-31, differences between the ordinary collections from other provinces on behalf of NCP and the transferred balances in each month using the billing summary and difference in the dates in each cycle etc. **DD02** To verify the extraction process through the system itself, there should be a facility of extracting the customer payments at the same time of making the payment and this system modification is in progress. **DD04** A proper reconciliation is being done starting from 01/05/2022. **HQ** Reconciliation was done for the 38.05 million and all the transaction history was reviewed and identified the errors made and will be corrected with Final Accounts 2023. **Generation** A balance of Rs.8,601,448.62 in the collection control account was cleared by the end of 2023. **Samanala Complex** A balance of Rs.97,000 in the collection control account represented Samanala complex and Rs. 67,000 has been cleared in 2023. The remaining balance of Rs. 30,000 is in the process of clearing out. **Mahaweli Complex** Rs.90,408.00 has been cleared as at 30.04.2023 and the balance will be cleared in 2023. **Thermal Complex** Action will be taken to clear those balances.	
(f)	A sum of Rs.68.99 million collected during the period from 1998 to 2021 from debtors had been included in the suspense account without being taken proper action to clear it.	The mentioned amount of Rs.68.99 million in the suspense account reflect that no clue for the Board to recognize those transaction either credit to customer or charge to income	Prompt action should be taken to clear the suspense account.

		Regarding the long outstanding suspense balance, steps are scheduled to be taken to obtain approval to absorb long outstanding suspense payments to miscellaneous income.	
(g)	A sum of Rs.38.76 million receivable from Sojitz Kelanithissa (Pvt) Ltd for the supply of electricity remained outstanding from the year 2019 in relation to WPS II-(Distribution Division 03) without being taken action to investigate and recover. However, as per the records of them, it had not been recorded as payable to the Board.	The Management of SKPL not agreed for a settlement. Non settlement of the dispute has been referred to the PUCSL on 22.02.2023. PUCSL has conducted a Mediation meeting on 28.03.2023 to resolve the dispute. However, parties were unable to come to an agreement. DGM (WPS 2) has informed AGM (Transmission – Non wired operation) for a possible settlement option though dispute underpayments due by the Board during PPA.	Action should be taken to verify the balance in receivable accounts.
(h)	As per the financial statements of the Board, an amount equivalent to Rs.752.22 million remained as work in progress of Kelanithissa Frame V Refurbishment Project (860.25) as at 31 December 2022. However, as per the records maintained at the Generation Project Branch, it was Rs.992.77 million and hence, an un reconciled difference of Rs.240.55 million was observed.	The difference will be reconciled and accounting adjustments if any will be entered into 2023 accounts.	Action should be taken to reconcile the balance in working progress between financial statement and records maintained by the Generation Project Branch.
(i)	An aggregate difference of Rs.22.24 million was observed with regard to the balance receivables from two government institutions in respect of the jobs carried out by the Asset Management Division of the Board between the records of the Board and the books of accounts of the respective government institutions.	As per the records of DGM (W&AS) the balance reflect in the Board ledger is correct.	Action should be taken to confirm the receivable balance.
(j)	As per the books of accounts of the Board, a sum of Rs.865.16 billion had been shown as contributed capital from the General Treasury at the end of the year under review. However, as per the records of the	Treasury has informed in 2023 that amount not recorded by treasury in 2022 financial statements as investment in the Board has been recorded in 2023. Therefore this difference is resolved now. Amount to be adjusted by the	Action should be taken to verify the contributed capital from General Treasury in timely manner.

	General Treasury, an amount equivalent to Rs.864.14 billion had been identified as capital contribution to the Board. Hence, an aggregate difference of Rs.1.01 billion was observed at the end of the year under review.	treasury in relation to the Habarana Veyangoda project has been informed to the General Treasury for the rectification of their books of accounts.	
(k)	Un- reconciled differences aggregating to Rs.1,126.29 million and Rs.447.78 million in receivable from related parties and payable to related parties respectively were observed between the books of accounts of the Board and the corresponding figures shown in the financial statements of the respective companies.	**LECO Difference** A difference of Rs. 1,113.38 million is due to non-accounting of estimated UNT adjustments by LECO for the year 2022 and amount recorded by LECO for payment made with regard to roof top solar purchases. **LCC difference** The remaining unpaid amount had not been agreed to be paid by the Board as per the Contract Agreement Clause No 2.3. This has been already informed to LCC. However, there are some tax invoices not yet been finalized pertaining to the years 2019, 2020, 2021.	Action should be taken to reconcile the balances payable to and receivable from related parties.

1.5.4 Documentary Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management Comment	Recommendation
Four foreign funded loans	55,078.65 million	Loan balance confirmations	The loan balances of ADB are available at any date for download from the ADB LFIS system. Accordingly, as at 31st December 2022 the statements were submitted to audit branch. However, separate request letters also been sent to ADB, HNB and ICBC to confirm the balance directly to the Auditor. to the auditors as well.	Furnish the Loan balance confirmations to the audit along with the financial statements.

1.5.5 Preparation of Consolidated Financial Statements

The Qualified Opinion on the financial statements of the following companies for the year ended 31 December 2022 had been expressed by me based on the following observations.

(a) Lanka Coal Company (Pvt.) Ltd

	Audit Issue	Management Comment	Recommendation
(i)	As per the details obtained from the Department of Inland Revenue, the balance of VAT Payable as at 31 December 2022 was Rs.1,436.33 million and the penalty payable thereon for the years of assessment 2017/2018, 2018/2019 and 2019/2020 was Rs.1,436.33 million. However, the said amount of penalty payable had not been disclosed in the financial statements as per the paragraph 88 of the Sri Lanka Accounting Standard on Income Tax (LKAS 12). Further, the Company had not recognized the aforesaid tax payable in the Financial Statements.	LCC has submitted amended VAT returns to IRD, together with the appeal for value-added tax assessments received since LCC did not agree with IRD's output VAT calculation. The same thing is being negotiated. If necessary as per the Sri Lanka Accounting Standards, disclosure will be made in next financial year.	Should be complied with the provisions of the accounting standards.
(ii)	As per the Paragraph 5.5.15 (a) of SLFRS 9 – Financial Instruments, an entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for, trade receivables or contract assets that result from transactions that are within the scope of SLFRS 15. However, the Company had not made provision according to the Standard for the long outstanding trade receivables amounting to Rs.1,095.6 million as at 31 December 2022.	The Board will instruct LCC to reassess the impairment indicators of long term receivables and make necessary provisions in the future Financial Statements based on the impairment indicators.	-Do-
(iii)	When importation of coal, a mark-up of 10 per cent had been added to the value at the point of the Customs as a notional adjustment in ascertainment of the value for the Custom purpose which had not been actually incurred. However, the Company had added a 10 per cent mark-up amounting to Rs.9,419.6 million to the revenue for the year under review, and later, that amount had been recognized as discounts to the debtors and adjusted to the cost of sales. As a result, the cost of sales and revenue for the year under review had been overstated by similar amount.	Lanka Coal Company was given a directive by Inland Revenue Department (IRD) to include the 10% customs margin to cost in the issuance of VAT invoices to the Board. According to IRD officials, the base amount for VAT on invoices to the Board cannot be less than the value for customs purposes. Moreover, G.M. Ceylon Electricity Board requested from the secretary of the Ministry of Finance for a VAT exemption for the import and supply of coal.	The Company should take action to obtain the IRD direction on the matter.

(iv)	According to the information made available, it was observed that the Company had paid a sum of Rs. 205 million as penalty to the Sri Lanka Customs due to non-declaration of correct value of the coal imported during the period from 19 September 2016 to 09 April 2018. The penalty payment made in 2019 had been accounted under the Sri Lanka Custom VAT account, VAT control account and CSCL liability account instead of being accounted for as expenditure in the respective year. As a result, the retained earnings had overstated by Rs.205 million and the Sri Lanka Custom VAT account, VAT control account and CSCL liability account had understated by Rs.158.2 million, Rs.39.97 million and Rs.6.8 million respectively at the end of the year under review.	The Board directed LCC via letter dated January 17th 2023 to rectify the accounting entry according to auditor's recommendations.	Necessary action should be taken to resolve the issue. In addition, the Company should record this payment as penalty expenses.
(v)	The Company had paid a sum of Rs.136.2 million in 2016 as Custom VAT for the Shipment No.123. However, according to the Custom Declaration Certificate, the actual VAT amount was only a sum of Rs.106.97 million. Accordingly, it was observed that the Company had overpaid a sum of Rs. 29.2 million and action had not been taken to set off that amount against the outstanding due balance.	LCC found that IRD has recorded this overpayment VAT Rs.29,266,965.00 & it will take the appropriate formalities to set off this overpaid VAT against LCC's outstanding Customs due balances.	Action should be taken to recover overpaid VAT amount.
(vi)	Four receivable balances due from the Board as at the end of the year under review was Rs.273.3 million and the corresponding payable balances had not been recorded in the financial statements of the Board as at 31 December 2022. As such, the audit was unable to ascertain the accuracy and the existence of said receivable balances.	The Board has informed LCC there is no such payable balances in the Financial Statements of the Board via letter dated January 17th 2023	Action should be taken to reconcile the difference.

(vii)	As per financial statements of the Company, the balance payable to Ceylon Shipping Corporation Ltd as at 31 December 2022 amounted to Rs.547.7 million and as per the confirmation submitted by the Ceylon Shipping Corporation Ltd, it was Rs.1,271.9 million. Accordingly, a difference of Rs.724.2 million was observed.	We prepared a reconciliation statement by identifying items for the difference. The LCC and the CSC are currently in discussions to resolve the existing discrepancies.	Action should be taken to reconcile the differences.
viii)	Relevant documentary evidences relating to the receivable balances of SGS Charges 50 per cent receivable from Liberty Commodities Ltd and Miscellaneous Debtors amounting to Rs.8 million and Rs.9.8 million respectively and the payable balances of Trade Creditors and SGS Lanka (Pvt) Ltd amounting to Rs.87.9 million and Rs.12.2 million respectively as at the end of the year under review were not made available to audit.	**SGS Charges 50% receivable from Liberty Commodities Ltd. – Rs. 8,048,531.00** Draft Survey Charges at discharge port for 17 nos of vessels in the season 2015/16 are included. Arbitration process is going on this matter. **Miscellaneous Debtors – Rs. 9,808,968.00** Initial investigations revealed that the amount comprises of irrecoverable NBT &PAL. **Accounts Payable – Rs. 3,193,886.36** Rs.2,362,129.03 - LCC was instructed by the Board to pass the corrected entries in accordance with the recommendations made by the Board Internal Audit branch. Rs.831,757.33 - Accrued expenses related to the year 2022 which are subsequently settled. **Rs. 84,771,789.21- Payable to Noble Resources International** The balance consists primarily of an underdrawn amount to Nobel Recourses Intl. Pvt. Ltd as a result	Relevant documentary evidences should be submitted to the audit.

		of the LC validity period expiring. **SGS Lanka (Pvt) Ltd – Rs.12,161,313.00** This payable balance to SGS Lanka (Pvt) Ltd has confirmed by the company.	

(b) Sri Lanka Energies (Pvt) Ltd

	Audit Issue	Management Comment	Recommendation
(i)	Some administrative and direct expenses amounting to Rs. 7.39 million related to the previous periods had been recognized in the year under review without making prior year adjustments in the financial statements in terms of the provisions of the paragraph 42 of LKAS 08 – Accounting Policies, Changes in Accounting Estimates and Errors. As a result, the profit for the year under review had been understated by the same amount.	Already adjustment was made only to the direct expenses and there was no any adjustment had been made to the administrative expenses. Under the direct expenses, adjustment was done as detailed in note no.22.	Prior period errors should be identified and recorded as per the provisions of the accounting standard.
(ii)	The fully depreciated assets amounting to Rs.100.08 million including the Injection Molding Machinery of Rs.79.5 million were being used by the Company as at the end of the year under review without taking action to review the residual value and the useful life of those assets in terms of the paragraph 51 of LKAS 16 - Property Plant and Equipment.	Action is being taken to proceed with revaluation.	Should be complied with the provisions of the accounting standards.
(iii)	The Company had entered into lease agreement for Galigamuwa land for 35 years from 07 July 2017. However, the right of use assets and lease liability in relation to the said lease had not been recognized in the financial statements by the Company as per the SLFRS – 16- Leases.	This error is identified and will be rectified accordingly with SLFRS-16 in next year.	-Do-

(iv)	According to the financial statements of the Company, the balance of trade receivables due from ultimate parent - Ceylon Electricity Board (the Board) as at 31 December 2022 was Rs.165.31 million. However, as per the financial statements of the Board, the corresponding receivable balance was only Rs.28.21 million and a difference of Rs.137.1 million had been observed.	Reconciliation will be prepared to identify the differences and rectify the differences in the future financial statements.	Action should be taken to reconcile the differences and solve the discrepancies in receivable balances with the related parties.
(v)	The Company had not claimed the long outstanding WHT receivable balance amounting to Rs.2.12 million against the income tax payable even as at the end of the year under review. Further, the WHT certificates were not made available to audit.	Action will be taken to inform Srilanka Energies to set off the WHT receivable balance against the income tax for the Y/A 2022/2023.	Action should be taken to recover the claimable balances as much as possible and sufficient documentary evidence need to be furnished to the audit.
(vi)	As per the financial statements of the Company, the total balance of 06 Term loans obtained from a private commercial bank as at 31 December 2022 was Rs.80.86 million and as per the balance confirmation, the loan balance was Rs.87.65 million. Accordingly, a difference of Rs.6.78 million was observed between the financial statements and the balance confirmation.	This different was identified and reconciliation process is under way.	Action should be taken to reconcile the balances with bank confirmations.
(vii)	The Company had not taken proper action to recognize unidentified deposits totaling Rs.7.06 million which had been accumulated since 2019 and shown under trade and other payables in the financial statements	Half of this balance is already been cleared. ERP system will be updated accordingly.	Action should be taken to recognize the unidentified deposits.
(viii)	Income tax payable as at 31 December 2020 was Rs.30.77 million and as per the income tax returns submitted to the Department of Inland Revenue (up to the year of assessment 2020/2021), income tax payable related to that period was Rs.15.2 million. Accordingly, a difference of Rs.15.57 million was observed and relevant adjustment had not been	Back log of Income Tax return filling was completed in April 2023 and previously only the provision was made and now the financial statements will be adjusted according to the Income tax Returns.	Action should be taken to record the accurate values in the financial statements.

	made in the financial statements as at 31 December 2022. Further, according to the financial statements, balance of Income Tax Payable as at 31 December 2022 was Rs.43.88 million and the Company had not paid income tax since the year of assessment 2015/2016.		
(ix)	According to the financial statements of the Company, the inventory as at 31 December 2022 was Rs.39.22 million. This balance had been arrived using the weighted average cost at the rates given by the system as at a date after the year end. Accordingly, audit was unable to ascertain the accuracy of the inventory balance shown in the financial statements as at 31 December 2022.	Inventory valuation under ERP Cloud system is followed by the Weighted Average Cost. Accordingly, the unit Price of an inventory item changes accordingly with the inventory movements.	Action should be taken to value the inventories more accurately.

(c) **Lanka Electricity Company (Private) Limited**

	Audit Issue	Management Comment	Recommendation
(i)	According to the paragraph 5.5 of Conceptual Framework for Financial Reporting, the initial recognition of assets or liabilities arising from transactions or other events may result in the simultaneous recognition of both income and related expenses. The simultaneous recognition of income and related expenses is sometimes referred to as the matching of costs with income. However, the Company had not identified solar energy purchased cost (Net Accounting and Net Plus) for the period of 2017, 2018, 2019, 2020 and 2022 amounting to Rs.2,819.6 million as cost of sales in respective years (instead, Company had recognized as receivable from Ceylon Electricity Board) even though the sales revenue of solar energy purchased had been recognized as sales in respective	This solar generation payment cost is not considered as purchasing cost separately. Total export of solar might be considered as revenue if it is consumed within the territory. Sometimes it might be exported to the national grid. Hence it cannot say P&L is overstated by the same value. This issue will be overcome by the Uniform National Tariff (UNT) Adjustment. Once UNT is approved by the PUCSL this will be considered as an adjustment for the cost of sales.	Should be complied with Accounting Standards.

	years. As a result of this retained earnings, profit for the year and receivable balance had being overstated Rs.1,336.9 million, Rs.1,482.7 million and Rs.2,819.6 million respectively as at 31 December 2022.		
(ii)	According to the section 51 of LKAS – 16 Property, Plant and Equipment, the residual value and the useful life of an assets shall be reviewed at least each financial year end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with LKAS 8. Fully depreciated asset which are being used by the Company amounted to Rs.9,554.6 million had not been reviewed accordingly as at 31 December 2022.	Agreed with the auditors' comment, however, please note that the applicable depreciation rates are in par with industry rates. Further, it is not practicable to review the usable lifetime of entire asset classes which spread over the vast geographical area. (Infrastructure system is the highest value asset in LECO).	-Do-
(iii)	The balance due from Ceylon Electricity Board (the Board) for miscellaneous services as at 31 December 2022 was Rs.2,826.6 million. This balance was comprised of Rs.2,819.6 million which was due from the Board for the cost of purchasing energy using net accounting and net plus methods for the years 2017, 2018, 2019, 2020 and 2022. According to balance confirmation from Board, there were no payable amounts to the Company and there was no formal agreement between two parties for purchasing Electricity using net accounting and net plus methods. Therefore, the recoverability of that balance could not be satisfactory ascertained in audit. Further, the Company had made provision for impairment of Rs.2,449.3 million for the above receivable balance.	This amount was taken into the accounts as per the regulator's (PUCSL) and Ministry instructions. However, comparing the risk factor of the receivable balance, the relevant Provision were already made in LECO accounts. There is no formal agreement and Confirmation has not yet been submitted by the Board.	Action should be taken to enter into a formal agreement with the Board.

(iv)	The Company had incurred a cost of Rs.206.9 million to purchase the lands and buildings to be used for construction of the Board primary substations and that amount had been recorded as a balance receivable from the Board as at 31 December 2022. However, there was no formal agreement between the Company and the Board regarding setting up primary substations in Company's lands and charges to be paid by the Board for utilizing the above mentioned lands and buildings.	The discussion is ongoing between the Board and LECO and the issue is not yet finalized. Relevant actions will be taken after reaching to an amicable solution.	-Do-
(v)	The receivable balances of Rs.3.9 million due from the Board for self-generation had been remained unrecovered for more than five years. There was no formal agreement between the Company and the Board regarding self-generation, and the balance confirmation of that amount was not made available to audit. Therefore, the recoverability of that balance could not be satisfactory ascertained in audit.	This balance is remaining without being cleared due to a dispute with the Board and LECO (As these were instructions from the line ministry that overlooks both Board and LECO). However, the relevant provisions were already made in LECO accounts although there is no formal agreement.	Action should be taken to (i) pay the balance due from CEB (ii) Enter in to an agreement with LECO
(vi)	The difference between value of purchasing order and actual payment had been identified in the purchasing variance account. Accordingly, an amount of Rs.149.2 million had been charged as operating expenses in profit or loss instead of recognizing it as inventory, assets or profit or loss as relevantly. Accordingly, the audit cannot rule out the impact on profit or loss, inventory or assets due to the above adjustment for the year under review.	This is an inherent issue of the ERP system. Any excess amount paid over the PO value (price variation changes / new tax implementations SSCL etc) cannot be transferred to the relevant GRN value. So, the balance is charged to the Income Statement.	Financial statements should be prepared correctly.
(vii)	Unidentified deposits amounting to Rs.6.7 million had been included in sundry creditors as at 31 December 2022.	These outstanding balances were appearing in the accounts due to transferring of rejected transaction accounts balance to the sundry creditors account in 2021.	Action should be taken to identify the deposits and record accordingly.

	Subsequently, these balances were checked and cleared with the Board. Rs. 10 million was identified and cleared with the Board. A further Rs.6 million balance is remaining at this account for clearing.	
viii) According to the financial statements, the balances of Capital Work in Progress of Kelaniya, Moratuwa, Nugegoda and Negombo branches as at 31 December 2022 were Rs.45.7 million, Rs.56 million Rs.183.5 million and Rs.41.3 million respectively. However, as per the report of capital jobs in progress, the aforesaid balances were Rs.43.8 million, Rs.55.3 million, Rs.181.7 million and Rs.46.7 million respectively. Accordingly, there were differences amounting to Rs.1.9 million Rs.0.7 million Rs.1.8 million and Rs.5.4 million between the balances shown in the financial statements and the report of capital jobs in progress	These differences were occurred due to the time gaps between the two systems (Job costing and General Ledger), and the relevant actions were taken to clear them with the assistance of the LECO IT division.	Action should be taken to minimize the differences.
(ix) The amortization of Treasury bond purchase discount amounting to Rs.3.3 million relating to the Treasury bond of Rs.1.9 billion for the period of 15 September 2022 to 31 December 2022 had been erroneously recorded. As a result of this, interest income had been understated by Rs.6.6 million and investment in the Treasury bond amount had been understated by same amount as at 31 December 2022.	Agreed with the Auditor's observation. Adjustments will be made in the year 2023.	Financial statements should be prepared correctly.
(x) The Company had not made provision for Uniform National Tariff adjustment for the year 2022. However, the impact to the financial result of the year under review could not be ascertained by audit due to lack of information.	The final confirmation has not yet been received from Regulator (PUCSL). Hence, no Journal entry adjustment was made.	Financial statements should be prepared correctly.

(xi) Share certificates or any other sufficient appropriate documentary evidence in respect of the investment amounting to Rs.5 million made in ordinary shares of the Lanka Broad Band Network (Private) Limited as at 31 December 2022 were not made available to audit.	This matter was referred to the Attorney General. All relevant legal actions will be taken by the legal division to settle the issue once instructions are received from the Attorney General.	Action should be taken to recover the investment.
(xii) The balance payable to the Board for Electricity purchases as at 31 December 2022 was Rs.1,799.3 million. However, as per the balance confirmation of the Board, respective receivable balance was Rs.2,912.7 million. A difference of Rs.1,113.4 million had been observed between financial statements and balance confirmation as at 31 December 2022.	The difference of Rs 1,113,389,481 is reconciled as follows.. 1 As per the PUCSL UNT adjustment report issued for 2021, they have deducted Rs 1,112,404,347 from UNT which is relating to Solar Net plus / Net Accounting amount needs to be reimbursed by the Board to LECO. The Board has not accounted it as a payable amount to LECO in their books of account. 2 Estimated UNT 2022 calculated by the Board amounting to Rs 3,163,131 has been accounted by the Board as payable to LECO. However, LECO not taken it to accounts as it is not officially published by PUCSL. 3 UNT adjustment relating to Q4-2020 is Rs 84,941,899.79 payable to the Board. This amount invoiced in December 2022. However, it was not included this Social Security Contribution Levy (SSCL) amount Rs. 2,177,997.43. Therefore, LECO not accounted it.	Action should be taken to minimize the deference.
xiii) The Company had not taken prompt action to clear unidentified bank deposits amounting to Rs. 16.2 million and unidentified debit amounts to the bank amounting to Rs. 6.2 million as per the bank reconciliations as at 31 December 2022. Out of those, Rs.14.3 million and Rs. 5 million are over 06 months respectively. Further, those unidentified bank deposits and debits had not been included in financial statements.	The Treasury department is liaising with relevant banks and time to time identify these transactions and do necessary adjustments accordingly.	Prompt action should be taken to clear unidentified bank deposited and unidentified debits.

xiv)	Un-reconciled debit balance of Rs. 5.9 million had been included in Trade and Other Receivable balance as at 31 December 2022.	This is relating to the unreconciled transaction balances between inter branch accounts. LECO will do the needful to reconcile them in due course.	Action should be taken to reconcile the differences
(xv)	According to the financial statements of the Company, the balance payable to Ante LECO Metering Company (Pvt) Ltd as at 31 December 2022 was Rs. 38.6 million. The corresponding balance due from LECO recorded in the financial statements of the Ante LECO Metering Company (Pvt) Ltd was Rs. 22.8 million and a difference of Rs. 15.8 million had been observed between the two Companies as at 31 December 2022.	The reconciliation is as follows. **Payable Amount in LECO Accounts as on 31.12.2022** — Rs. 38,614,045 **ADD** — Rs. Invoice No: LECO/T029 — 9,093 Invoice No: 2022/LECO/DN/01 (3phase test benches — 659,509 Invoice NO : LECO/GIS/01 (Pole survey Galle) — 1,019,807 Invoice NO : LECO/GIS/02 (Pole survey Moratuwa) — 3,546,241 5,234,651 **LESS** PO NO : 459505AA — (17,573,305) PO No : 459505AB (unsettled Amount) — (3,461,814) (21,035,119)	Action should be taken to record the transactions properly.

		Received Amount in ALMC Accounts as on 31.12.2022	22,813,578

xvi) According to the financial statements of the Company, advances made to Ante LECO Metering Company (Pvt) Ltd as at 31 December 2022 was Rs. 136.3 million. However, as per the financial statements of the Ante LECO Metering Company (Pvt) Ltd, corresponding balance was Rs. 113.3 million and there was a difference of Rs. 23 million between the two Companies as at 31 December 2022.	The reason for this issue is an advance payment to ANTE- LECO Company and the advance settlement.	Action should be taken to reconcile the differences and record the transactions properly.

1.6 Unauthorized Transactions

Description of unauthorized transaction	Management Comment	Recommendation
(a) Cabinet Memorandum No. 07/1955/332/045 dated 31 October 2007 submitted by the Minister of Power and Energy on "Payment of Allowances to Employees of the Ceylon Electricity Board" was considered along with the Report of the National Salaries and Cadres Commission dated 31 March 2008 by the Cabinet of Ministers on 09 April 2008 and approval was granted to implement the recommendations of the Committee appointed for the purpose, subject to the conditions stipulated by the National Salaries and Cadres Commission in its report dated 31 March 2008. The following observations are made in this regard. (i) Contrary to the said Cabinet decision, the allowances such as Engineers Allowance, Incentive Allowance, Temporary Allowance, Qualification Based Incentive Allowance, OH & S Incentive Allowance, Staff Allowance, Transmission & Generation Planning Allowance, System Control Allowance, Tamil Language Allowance and Other Allowances which were not included in the approved allowances list by the Cabinet of Ministers had been paid to the	The Board has taken a Decision to limit the staff allowances to 65% of the salary with effect from July 27, 2022. A circular has been issued on this regard.	Should comply with the Cabinet decision and the recommendations of National Salaries and Cadre Commission in payment of allowances to the staff.

respective employees of CEB. According to the audit test check carried out, it was revealed that a sum of Rs. 417.65 million had been paid as above allowances for the year 2022 without obtaining the recommendation of the Salaries and Cadres Commission and approval of the Department of Management Services as per the Management Services Circular No. 39 of 26 May 2009 and the Management Services Circular No. 3/2018 of 18 July 2018.		
(ii) Contrary to the said Cabinet decision, the Exodus Allowance is paid to the officers who are entitled to the Professional Allowance. Accordingly, the both allowances, the Exodus Allowance and Professional Allowance are paid to the particular officer. Audit tests revealed that a sum of Rs. 11.99 million had been paid to the 487 number of officers as the Exodus Allowance who is entitled to the Professional Allowance only for the month of June 2022.	-Do-	-Do-
(iii) Audit tests revealed that a sum of Rs. 3.65 million had been paid to 136 numbers of officers as allowances only for the month of June 2022 exceeding 65 per cent of their salaries and it was contrary to the said Cabinet decision.	-Do-	-Do-
Further, the several allowances which are related to the duties carrying out by a particular post are paid contrary to the said Cabinet Decision. Accordingly, it was revealed that the total amount of Rs. 21.67 million had been paid for these kinds of allowances only for the month of June 2022	-Do-	-Do-
(iv) Contrary to the said Cabinet decision, 25 number of approved allowances are paid to the employees who are recruited after 01 April 2008 instead of introducing a performance-based incentive scheme for them.		

1.7 Accounts Receivable and Payable

1.7.1 Receivables

	Audit Issue	Management Comment	Recommendation
(a)	Out of the trade debtor balance of Rs.46.41 billion as at 31 December 2022, a balance of Rs.4,003 million relating to both ordinary and bulk supplies remained outstanding for over one year, and out of that amount, a sum of Rs.2,210 million had not been recovered for more than five years. Following further observations are made in this regard.	**Division** **Reply**	Immediate actions should be taken to recover the outstanding balances.
(i)	Out of the above total debtor balance, Rs.2.4 billion or 4.9 percent had been categorized as finalized due to not recovering outstanding for long period of time and out of which Rs.984 million or 43 percent was related to the Distribution Division 01.	In October 2023, finalized debtor balance has reduced from 4.9% of total debtors to 3.6% of total debtors.	Sufficient and necessary action should be taken to recover due amount from the debtors without delay.
(ii)	Out of finalized ordinary supply debtors of Rs.872.39 million in DD 01, the highest amount of Rs.230.58 million represents Colombo City region and it was observed that in that balance a sum of Rs.41.58 million relating to 13,710 consumer accounts remained as credit balances without taking any actions to settle in terms of the Circular DCC/COM/03/2009 of the Board. Apart from that, credit balances of Rs.13.15 million relating to 216 consumer accounts in bulk debtors (finalized) also remained without taking any actions to settle.	**DD-01** The following actions have been taken to recover the long outstanding finalized trade debtor credit balances. 1. Schedules and Letters were prepared and communicated to consumers through provincial DGMs. 2. In compliance with the circular, actions were taken to remove the Ordinary Supply finalized credit balances. **DD-04** Steps have already been taken to absorb Credit balances to other income and to remove settled accounts from the system.	Take appropriate actions with regard to the long outstanding debit and credit balances of debtors as per the Board's circulars.

(iii)	As per the random audit check it was observed that out of the finalized bulk supply connections of 413, electricity supply connections had been given to 137 consumers without obtaining any deposits and the total outstanding balance of those accounts was Rs.266.84 million. It was further observed that out of the above finalized bulk supply connections of 413, the total outstanding balance of 147 consumers was exceeded by Rs.203.15 million with the total deposit amount of those accounts.	Colombo City represents 409 numbers of connections and 4 numbers of connections belong to NWP 2. The total finalized debtor balance of Colombo City is Rs.33, 997,534.69 as per the ledger as of 31.12.2022 and the total security deposit was amounting to Rs 44.85 million. With regard to NWP 2, it is noted that no security deposits have been obtained for 4 nos: consumer accounts. Actions have already been taken to obtain the security deposit as early as possible.	Should keep a deposit from consumers for new electricity connections and make sure that the outstanding at a time is not exceeding the security deposit so kept.
(iv)	As per the random test check carried out it was observed that a sum of Rs.16.32 million in respect of 74 electricity supply connections given to quarters of parliamentary representatives remained without being recovered as at the end of the year under review. Out of that a sum of Rs.5.31 million relating to 29 connections remained outstanding over six years without being recovered and another Rs.3.13 million relating to the 30 connections remained outstanding without being recovered more than one year.	**DD01** It is agreed that there are outstanding balances from parliamentary representatives, remaining without being recovered. However, with the close supervision and instructions of Additional General Manager and DGM Colombo City, the Board was able to recover the balances of present parliamentary representatives of Rs.32 million and continuous recovery actions are being taken. **DD04** SP2 The Board have sent reminders requesting the settlement of dues without attempting disconnection of supply due to the sensitive nature of the political culture in the SP2-Tangalle area.	Action should be taken to expedite the recovery process for outstanding from connections given to quarters of parliamentary representatives.
(b)	Out of other debtor balance of Rs.38.38 billion, a sum of Rs.14.59 billion or 38 percent remained outstanding for more than 2 years as at the end of the year under review. Following observations were made further in this regard.		

(i)	Out of other debtor balance, an amount equivalent to Rs.12.67 million had outstanding from government institutions in relation to Distribution Division 04 for more than 5 years period without being recovered.	Continuous reminders were sent to the Ministry of Buddhist Affairs but still not cleared. Other debtors include fuel deposits that are not settled, and actions are being initiated to clear the balance.	Action should be taken to expedite the recovery process for outstanding from government institutions.
(ii)	A sum of Rs.346.95 million remained outstanding from 93 government institutions for the supply of Lifts, air conditioners and power generators by the Asset Management Division of the Board as at 31 December 2022. Out of that a sum of Rs.114.04 million and a sum of Rs.82.84 million had remained outstanding for more than one year and five years respectively without taking any action to recover. Further, provision for impairment had only been done for the outstanding balance of more than five years without assessing the recoverable value of others.	Most of the receivables consist of Government Hospitals, Ministry of Power & Energy and Other government institutions. Even though, follow up action has been taken to recover by sending letters and using other steps, recoverability of those receivable is questionable. Steps have been taken to write off those unrecoverable balances.	-Do-
(iii)	A sum of Rs.714.96 million due from Lanka Coal Company through Taurian Iron and Steel Company (Rs. 478.18 million) and Liberty Commodities Ltd (Rs 236.78 million) remained outstanding for more than five years without being taken proper action to recover.	This balance comprises of Rs. 478,179,795.00 related to Taurian Iron and Steel Company and Rs 236,785,639.43 related to Liberty Commodities Ltd. A cabinet committee was appointed regarding Taurian Iron and Steel Company dues and the final report was handed over to the Secretary of the Ministry of Ports & Shipping for a settlement. In the case of Liberty Commodities, LCC has commenced an arbitration process. This will be cleared based on the decision of the arbitration process taken by Lanka Coal Company against Liberty Commodities Ltd.	Action should be taken to prevent this nature of transactions in future.

(iv)	A sum of Rs.253.7 million remained outstanding from sacred places on the supply of electricity at the end of the year under review and out of that a sum of Rs.81.58 million remained outstanding for more than five years period without taking any action to recover.	**DD01** Dues from sacred places in DD 1 are Rs.79.81 million and out of the above Rs 34.07 million. is remaining over 5 years. In this regard, a board paper was submitted to write off the above receivables and the Board had referred the matter to Audit committee to its recommendations. **DD02** A board papers have been submitted to the Board for write off the balances of sacred places and the charges for supply of electricity for re- developing schools. Awaiting for Board approval. **DD03** This balance is supposed to be received from the government. Since the funds have not been received so far, a board paper has been submitted to write off the balance. **DD04** A Board paper has been submitted to write off the receivable balance from sacred places for the supply of electricity.	Action should be taken to clear the long outstanding balances due from sacred places.
(c)	Out of distress and transport loan balance of Rs.10.36 billion remained at the end of the year under review, a sum of Rs. 446 million represents outstanding loans of the Headquarters division and out of which loan balance amounting to Rs.41.88 million remained outstanding for over 4 years period. Nevertheless, as per random audit check, it was observed that the possibility of recovering loans amounting to 2.32 million is in doubt since the respective employees had already resigned and obtained no pay leave for more than 2 years period.	The status of the long outstanding loans has already been identified and necessary actions have already been taken to recover the same from their final dues.	Prompt action should be taken to recover the outstanding loan of employees.

1.7.2 Payables

Audit Issue	Management Comment	Recommendation
Trade payable balance amounting to Rs.3.15 billion remained in books of accounts for more than 3 years period even at the end of the year under review without taking action to settle. Out of above a sum of Rs.2.9 billion had been accounted as payable to a Thermal Power Supplier named Northern Power Company (Pvt) Ltd more than 4 years ago relating to the Transmission Division. However, it was observed that as per the clarifications received from Attorney General followed by the Supreme Court decision, it had been decided that the Board does not have a liability to settle these invoices. Nevertheless, action had not been taken to make necessary adjustments to this payable balance even by the end of the year under review.	**DD03** CE (Commercial) of the province is making the necessary arrangements to clear the pending payables. **Transmission** According to the Legal opinion received from Attorney General's Department by their letter dated 2016-09-02 , the Board has no liability pay this amount to the company as the case does not constitute a "Sri Lanka Force Majeure" event. Board paper prepared to write-off the payable balance of Rs. 2,886,675,795/- to NPCPL from the books of accounts of the Board, was recommended by the Audit Committee and Board approval is received to remove the payable balance and necessary entries will be effected when finalizing the financial statements for 2023.	Action should be taken to rectify the books of accounts as per the Legal opinion received from Attorney General's Department.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Sri Lanka Electricity Act, No. 20 of 2009 as amended.			
(i) Section 7(1) and 43(1)	Without obtaining the authorization from the regulator, 60.33 Gwh of energy valued at Rs.5.07 billion had been purchased during	There are no legal impediments from sections 7(1) or 43(1) of Sri Lanka Electricity Act, No. 20 of 2009(Amended), for Transmission Licensee to purchase electrical Energy from retired IPP power plants. The	Should comply with the Provisions of Sri Lanka Electricity Act.

		the year under review from 3 retired Independent Power Producers (IPPs) whose generation license had been expired.	Board has requested the approval of PUCSL to extend the expired Power Purchase Agreements of these three retired IPP power plants and submitted the extended PPAs for their approval. The Board has to extend the PPAs of these power plants to comply with the duty of the Board (as the holder of the Transmission License) under section 24 (1) (c) of the Sri Lanka Electricity Act (SLEA) to ensure that there is sufficient generation capacity to meet forecasted demand for electricity . The Board has done so with the approval of the cabinet.	
(ii)	Section 28(3)	The Board had not paid or made provision in the books of accounts for interest on consumer deposits as specified in the Act. According to the computation made in audit based on the rate reported by the Public Utilities Commission of Sri Lanka for the year 2022, the interest to be paid thereon was Rs.976 million, and accordingly, the unpaid accumulated interest as at 31 December 2022 was Rs.9.06 billion.	As per the board decision no 23.09.251 take on board meeting held on June 20th 2023, for bulk customers and retail customers, the payment of interest is made effective from February 15th 2023. The applicable monthly interest against the security deposit for the period from February 15th 2023 –June 30th 2023 was credited to the July 2023 electricity bill of bulk customers. For retail customers, the interest shall be credited annually to the customer's verified electricity account from January 2024. Provision will be made for the interest due from 15th February 2023 – December 31st 2023.	-Do-
(b)	Sub- Section 10 of condition 30 of Electricity Transmission and Bulk Supply License granted by Public Utilities Commission of Sri Lanka	Without obtaining prior approval of the commission, interruption to the electricity supply was taken by the Board for 9 hours and 30 minutes in 11 days from 6 January to 04 April during the year under review.	Due to the unforeseen generator breakdowns and technical restrictions of the transmission, the Board has compelled to perform manual load shedding to maintain the overall system stability.	-Do-

	under section 13(1)(c) (i) (b) of the Sri Lanka Electricity Act No.20 of 2009.			
(c)	Operational Manual for State Owned Enterprises of Department of Public Enterprises dated 17 November 2021.			
(i)	Section 3.5	The Board had paid a sum of Rs.51.91 million during the year under review as salaries and allowances of thirty-three employees who had been released to the Line Ministry by 31 December 2022. Accordingly, the Ministry of Power and Energy should reimburse an amount of Rs.236.26 million to the Board for the employees released only from the year 2020 to 2022.	A letter has been sent by the General Manager, the Board to the Ministry of Power, requesting to reimburse the expenses incurred by C.E.B. with regard to such the salaries & other benefits of employees released to the Ministry.	Ensure strict compliance with Guidelines of Department of Public Enterprises.
(ii)	Section 6.6	Draft annual report of the Board for the year 2022 had not been submitted along with the financial statements.	A soft copy of the Draft Annual Report for the year 2022 was forwarded on 27th June 2023 to Superintend of Audit of Government Audit branch.	Draft annual report should be submitted along with the financial statements in terms of the Guidelines of Department of Public Enterprises.
(iii)	Section 7.7	A Subsidiary Reviewing Policy had	The Board should take responsibility for reviewing the affairs of the subsidiary	Ensure strict compliance with

		not been established by the Board of Directors even at the end of April 2023 even though Board of Directors has a fiduciary duty to discuss the performance of the subsidiaries at least quarterly.	Companies within the regulatory and legal framework. The chairman informed the Board that the Auditor General has requested information on the subsidiary policy of the Board but there is no such approved policy in existence.	Guidelines of Department of Public Enterprises.
(d)	Section 47 of Employee Provident Act, No. 15 of 1958 and the Clarification made by the Commissioner General of Labour in his letter 2015 September 12 addressing to the Auditor General.	In contrary to the provision, the Board had decided to use the highest of the exodus allowance, postgraduate degree allowance and professional allowance/ semi-professional allowance when computing the earnings.	In terms of the Sub-section (f) of the Section 47 of Provident Fund Act No. 15 of 1958, the Board decided to consider the highest of the exodus allowance, postgraduate degree allowance payments or professional allowance / semi-professional allowance when computing the earnings for Employee Provident Fund.	Should comply with the provision of Employee Provident Act and Clarification made by the Commissioner General of Labor
(e)	Section 6.1.3 of the power purchase agreement entered into with West Coast Power (Pvt) Ltd on 10 January 2007.	The electrical energy supplied by the Board to the West Coast Power (Pvt) Ltd at 220kv should be at the cost of power, if there were no terms and conditions applicable to the supply of electrical energy at 220kv. However, the Board had considered only the energy charge to compute the rate of the electrical energy supplied to the Company by the Board without being considered the capacity charge and the other	The Board has started setting off the amount of Energy imported by West Coast Power (Pvt) Ltd starting from the month of October 2014. According to the comparison, the amount charged to West Coast by the Board from the set off method is higher than the amount from I3 tariff method for the whole period concerned The Capacity Charge paid to the company under the PPA, is based on the cost of Debt services, Return on equity in connection to the Annual target availability of plant. The capacity charge can be curtailed only if the company failed to comply minimum functional specification described under the PPA. In the PPA provision is given to curtail the	Should comply with the requirements of the provisions in the power purchase agreement.

		charges.	Capacity Charge by applying Liquidity Damages based on company default. Capacity Charge derived under the PPA is not based on the kVA, which charged under Bulk supply connections. In the case of deduction of capacity charge for import energy will result in dispute with the Company and leads to international arbitration.	
(f)	Circular No. 03/2018 of 18 July 2018 of Management Services Department, and Section 9.1 of Chapter II of Establishment Code.	Two retired employees had been appointed as consultants of the Board without being obtained the approval of the Cabinet of Ministers and a sum of Rs.1.2 million had been paid for them as consultancy charges for the year under review.	As per the clause 13 of the Board Act No. 17 of 1969, "The Board may from time to time appoint persons who are qualified as engineers to be or to act as consultants to the Board and pay them such remuneration as it thinks proper.	Action should be taken to comply with the Management Services Department Circulars and the provisions in the Establishment Code.
(g)	DGM(CS)/Circular No.1998-4 dated 31 March 1998 issued by Deputy General Manager (Consumer Service).	Within three months after the disconnection, legal action should be taken to recover outstanding debtor balance by the legal section. However, as per random audit check, it was observed that legal actions had not been taken to recover the outstanding debtor (finalized) balance aggregating to Rs.272.15 million in respect of Colombo City region.	Due to some reasons, taking legal action has been delayed. Responsible officers were instructed to adhere to the DGM(CS)/Circular No.1998-4 dated 31 March 1998 issued by Deputy General Manager (Consumer Service)	Should comply with the provisions of the internal circulars relating to recovery of long outstanding debtors.
(h)	Public Enterprises	Vehicle loans should be granted at the	Accordingly, mentioned findings are related to the benefits given by the	Should comply with the

Circular No. 130 dated 08 March 1998.	interest rate ranging from 10 per cent to 14 per cent. However, the Board had granted vehicle loans to its employees at the interest rate of 4.2 per cent without being considered the liquidity difficulties of the Board.	Board to its employees to motivate them 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.	provisions in the Public Enterprises circulars.

1.8 Non -compliance with Tax Regulations

	Audit Issue	Management Comment	Recommendation
(i)	As per the decision taken by the Cabinet of Ministers on 20 May 2015 the liability of Pay as You Earn (PAYE) tax/ Advanced Personal Income Tax (APIT) has to be shifted to the employees of the Board. However, the Board had paid PAYE tax/ APIT amounting to Rs.4.98 billion out of its owned funds without deducting from the salaries of the respective employees during the period from 2010 to 2020 in contrary with the above-mentioned Cabinet decisions and the instructions of the circular No. 3/2016 issued by the Department of Public Enterprises. However, no action had been taken to recover the loss incurred by the Board due to this payment from respective employees even by the end of the year under review.	From November 2020 onwards, Advance Personal Income Tax (APIT) was paid by employees of the Board. Also, as per the decision taken by the Cabinet of Ministers on 20 May 2015, action shall be taken to charge PAYE tax from the salaries of the employees of the Board.	Should comply with the Cabinet decision taken and the prevailing tax regulations relating to PAYE tax.
(ii)	A sum of Rs.1.27 billion in relation to Deemed Dividend Tax for the year of assessment 2013/14 had not been settled to the Department of Inland Revenue even by the end of the year under review.	Regarding the Deemed dividend tax issue, a meeting has been held in Department of public Enterprise, General Treasury with the participation of officials from the Board and Inland Revenue on 11.08.2023. According to the decision taken at the meeting, Director general of Public Enterprises has sent a letter to Commissioner General of Inland revenue attached recommending to use	Action should be taken to expedite the resolution process of dispute deemed dividend tax.

		consistent basis of taxable profit for the assessment of deemed dividend tax of the Board for the applicable periods and reconsider the assessment of the Board for deemed dividend tax.	
iii)	Action had not been taken to investigate and settle the outstanding balance of Nation Building Tax amounting to Rs.30.95 million which had been identified in the books of accounts as Payable 3 years ago. However, as per the final annual return filed with Department of Inland Revenue, it was observed that no any Nation Building Tax payable by the Board.	This balance was occurred due to some posting errors connected with the Collection Control Account balance and already reconciled the Difference.	Action should be taken to confirmed the outstanding tax payable with the Department of Inland Revenue.
iv)	The Social Security Contribution Levy (SSCL) amounting to Rs.223.31 million charged on the supply of electricity to the Lanka Electricity Company Limited for the fourth quarter of the year under review had not been remitted to the Department of Inland Revenue even at the end of April 2023 in terms of the Section 17 of the Part V of the Social Security Contribution Levy Act, No.25 of 2022.	However, respective SSCL amounts in the invoices were not settled by LECO. Accordingly, due to financial difficulties, cash was not available with the Board to remit to the IRD. Treasury intervention is requested since the SSCL liability payable to IRD is due the issue in the SSCL act which has created discrimination between the electricity customers.	Should comply with the provisions in the Security Contribution Levy Act, No.25 of 2022.

2. Financial Review

2.1 Financial Results

The operating result of the Ceylon Electricity Board for the year under review amounted to a pre – tax loss of Rs. 261,869 million and the corresponding loss in the preceding year amounted to Rs.34,139 million (re-stated). Therefore, a massive increase in loss by Rs.227,730 million was observed. Increase in cost of fuel, coal and power purchasing by 183 percent, 186 percent and 85 percent respectively as compared with the previous year were major reasons attributed for this deterioration in the financial results. Further making a provision of 6.2 billion for delay claim demanded by the contractor of Uma Oya Multipurpose Hydropower Development Project, increasing finance cost by 104 percent due to increase in interest rate during the year caused by economic crisis prevailed in Sri Lanka and exchange loss incurred by the board amounting to Rs. 94,689 million resulting from debt equity conversion by the General Treasury were also affected to this deterioration in net loss.

Further, the operating result of the group for the year under review amounted to a pre – tax loss of Rs.238,260 million and the corresponding loss in the preceding year amounted to

Rs.18,719 million (re-stated). Therefore, a massive increase in loss by Rs.217,397 million was observed.

2.2 Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the year under review compared with the preceding year with the percentage of increase or decrease is shown below.

Description	Variance Amount Increase/ (Decrease) (Rs.Billion)	Variance %	Reason for the Variance
Revenue	59.7	24	Tariff revision imposed on 10 August 2022 (75%)
Cost Of Sales	163.9	61	Increase in cost of fuel, Coal and power purchasing Increasing direct operating and maintenance cost of transmission.
Administrative Expenses	8.06	97	Delay damages incurred on Uma Oya Multipurpose Hydropower Development Project
Finance cost	21.3	104	increase in interest rate during the year,delay interest incurred on IPP payments and CPC payments

2.3 Analytical Financial Review

2.3.1 Working Capital Management

The Working Capital of the Group as at 31 December 2022 was reflected as a negative figure of Rs.167,375 million whereas the previous year (restated) negative balance was Rs.117,050 million. Hence, working capital of the year under review had been further decreased by 43 per cent as compared to the previous year.

2.3.2 Debt to Equity

Equity balance of the Group as at 31 December 2022 had been increased by Rs.206,692 million or 83 per cent as compared with the previous year. Further, 72 per cent or Rs. 327,989 million of the total capital employed by the Group as at 31 December 2022 had been financed through borrowings. Further, the Debt to Equity Ratio of the Group had decreased to 72 per cent in the year under review from 197 per cent in the previous year.

2.3.3 Profitability

The average cost per unit of the year under review was Rs.33.65 as compared with Rs.19.42(restated) in the year 2021 and sold at an average price of Rs.21.24 per unit (previous year average selling price was Rs. 16.37 per unit). Accordingly, the average gross loss per unit of the year under review was Rs.12.41 and it was 306.89 per cent increase as compared with the previous year average gross loss of Rs 3.05 per unit. The following table shows the tariff category and the contribution per unit (kWh) of electricity sold in the year under review as compared with the previous year.

Category	**Contribution per unit (kWh)**	
	2022	**2021 (restated)**
	Rs.	**Rs.**
Domestic	(14.54)	(4.51)
Religious	(17.28)	(12.25)
General Purpose	(6.09)	4.30
Hotel	(12.25)	(1.65)
Industrial	(13.05)	(4.75)
Government	(9.89)	(1.10)
Bulk Sup. to LECO	(14.52)	(5.38)
Street Lighting	(33.64)	(19.40)
Contribution	(12.41)	(3.05)

Accordingly, all the tariff categories of the board generate negative contribution during the year under review and the street lightening was the highest negative contributor to the total contribution of the year under review.

3. Operating Review

3.1 Performance

(i) Power Generation and Direct Cost (Other than Distribution and Transmission)

Although the main objective of the CEB is to supply of power at low cost to the country, the CEB was unable to achieve this objective due to unfavorable conditions in the Power Purchase Agreements, high cost incurred for generation of Thermal Power and less contribution from Wind and Other Non-conventional Renewable Energy Sources.
Further, Significant delays were observed in implementation of the activities included in the Long Term Generation Plan and the Transmission Plan of the CEB. As a result, the CEB had made emergency power purchases which were affected to the least cost objective of the CEB.

The position of power generation in 2022 as compared with the previous year is given below.

Source	2022	2021	Increase/(Decrease)	
	GWh	GWh	GWh	%
Ceylon Electricity Board				
Hydro	5,364	5,640	(276)	(4.9)
Thermal	1,337	1,231	106	8.6
Coal	5,174	5,519	(345)	(6.3)
Wind	347.2	318.2	29	9.1
Small islands	2.6	2.7	(0.1)	(3.7)
Sub Total	**12,225**	**12,711**	**(486)**	**(3.8)**
Independent Power Producers				
Hydro	1,377	1,568	(191)	(12.2)
Thermal	1,128	1,400	(272)	(19.4)
Wind	376	327	49	15
Other Non-Conventional Renewable Energy	117	163	(46)	(28.2)
Grid Connected Solar	190	156	34	21.8
Rooftop Solar	530	389	141	36.2
Sub Total	**3,718**	**4,003**	(285)	(7.1)
Grand Total	**15,943**	**16,714**	**(771)**	**(4.6)**

Accordingly power generation from Wind power, Grid connected solar and rooftop solar during the year under review had been increased by 12.1 per cent, 21.8 per cent and 36.2 per cent respectively while hydro power, Thermal, coal, small island and other non-conventional renewable energy during the year under review had been decreased by 4.9 per cent, and 6.3 per cent, 6.3 percent, 3.7 per cent and 28.2 per cent respectively due to decrease in electricity demand by 694 GWhs or 4.6 percent as compared with the proceding year.

(ii) Direct Cost

A cost wise analysis of direct cost of the year 2022 as compared with previous year is given below.

Description	2022 Rs. million	2021 Rs. million	Increase/Decrease Percentage (%)
Fuel	68,875	24,373	182.59
Coal	135,126	47,311	185.61
Power Purchase	121,244	85,690	41.49
Operation and Maintenance	71,509	75,994	(5.90)
Depreciation	33,755	33,228	1.59
Direct cost	**430,509**	**266,596**	**61.48**

According to the above information, it was revealed that due to increase in fuel prices and coal during the year under review, the cost of fuel and coal had increased drastically by 183 percent and 186 percent respectively as compared with the preceding year.

3.2 Uneconomic Transactions

	Audit Issue	Management Comment	Recommendation
(i)	As per the Long Term Generation Plan 2018-2037, Seethawa Ganga Hydropower Project was scheduled to be commissioned by 2022 and a sum of Rs. 301.19 million had been incurred for preliminary activities by the end of the year 2020. However, the Board of Directors had decided to windup the project activities on 20 December 2020 due to funding issues and to develop it through the Sri Lanka Energies (Pvt) Ltd. However no action had been taken to negotiate with the respective company and settle the matter even by the end of April 2023. Hence, it was observed that the expenditure incurred on the above project had become uneconomical.	Board paper will be submitted regarding this by the CIA and after getting board approval, this amount will be written off from the financial statements.	• Ensure that funds of the board are used for feasible activities. • Action should be taken to find out alternative ways to use the preliminary works already carried out.
(ii)	The contract to construct a monument in Kelanithissa Power Station by using Turbines disposed from Lakshapana Hydropower station had been awarded in 2017 after a delay of 04 years from the commencement of its procurement activities. The contract had been awarded for Rs.25.12 million and scheduled to be completed on 05 January 2018 with a contract period of 180 days. However, it had been failed to complete the construction activities even by the end of the year under review and the physical progress of the construction activities was only 43 percent as at that date. Further, it was observed that no any time extensions had been given to the contractor and a delay of 1746 days was observed even after incurring Rs.19.65 million (including consultancy fee) at the end of the year under review. In addition to that, during the physical inspection conducted by the audit, it was observed that the premise where the uncompleted monument was located was overgrown with weeds and the construction	Upon scrutinizing the present situation, it was identified that the Project cannot be completed as per the existing contract agreement. At the same time, the contractor has requested a mutual termination of the contract siting various reasons. Hence, the Procurement Entity requested the approval of DPC (Generation Division) to grant approval to mutually terminate the contract and release the performance bond without any claim. Accordingly, the DPC (Generation Division) appointed a technical committee to review the situation and recommend	Ensure that board funds are utilized only for feasible and viable activities.

activities were abandoned. Accordingly, the Board had failed to achieve the stipulated objectives of the construction and the money incurred had become uneconomical.	the way forward.	

3.3 Identified losses

Audit Issue	Management Comment	Recommendation
A sum of Rs.6.55 billion and a sum of Rs.8.92 billion had been incurred during the year under review as delay interest on power purchases and fuel purchase (CPC) respectively due to delay in making payments on time. Further, an amount equivalent to Rs.11.17 million had also been incurred as default interest due to delay in repayment of loan installments by the Board in respect of local bank loans.	The Board was in a very difficult situation in terms of liquidity to meet all the cash outflows including payments for fuel. General Treasury has granted separate funds to meet this delayed interest component over the years. Moreover, the Cabinet has decided by its meeting held on 2023.06.26 to undertake the Board dues to CPC as of 30.04.2023 to the Treasury. Further, the Board is running on overdraft at a higher interest rate which is extremely high compare to interest and delay interest included in the above default interest of 11.17 million for loan repayments.	Take necessary actions to repay debt service payments on time in order to prevent from incurring default interest and make regular payments to creditors in order to prevent delay charges.

3.4 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) According to the Section 24(1) (c) of Sri Lanka Electricity Act, No. 20 of 2009 as amended, the Board should be able to ensure that there is sufficient capacity from generation plants to meet reasonable forecasted demand for electricity. Accordingly, as per the Least Cost Long Term Generation Expansion Plan of 2018 – 2037, new generations of 500MW, 657MW, 430MW and 445MW were planned to be implemented in the years of 2018, 2019, 2020 and 2021 respectively. However, out of the planned new additional capacity of 2,032 MW, power plants with aggregating capacity of 661.6 MW had only been commissioned. Also, the Public Utilities	Within the year 2022, RE power plants of aggregating capacity of 216MW have been commissioned. The LTGEP 2023-2042 has been approved by the Public Utilities Commission of Sri Lanka. As a summary 2x 350 MW Combined Cycle Power Plants, 230 MW Gas Turbine Power Plants and 200 MW Gas Engine Power Plant are expected to commissioned by year 2027. Large capacity addition of 3,335 MW from renewable energy sources such	The Long Term Generation Expansion Plan should be implemented as planned.

	Commission had given the conditional approval for the Least Cost Long Term Generation Expansion Plan of 2022 – 2041 on 05 October 2021 based on the Government policy in respect of electricity industry approved by the Cabinet of Ministers. According to the conditionally approved Least Cost Long Term Generation Expansion Plan of 2022 – 2041, renewable energy capacity additions of 544MW was planned to be implemented in the year 2022. However, new renewable energy power plants with aggregating capacity of 211 MW had only been commissioned. Therefore, the progress of implementation of new generation plan was significantly lower, and the objective of the plans to produce least cost power supply was unable to achieve. As a result, a quantity of 60.33 Gwh valued at Rs.5.07 billion had to be purchased as additional power during the year under review.	as Solar, Wind, Mini Hydro and Biomass plants are expected to be commissioned within the next 5 years. In addition Utility scale Battery storage projects are required to be commissioned and studies related to first pumped hydro project are to be conducted with in next five years	
(b)	The contract for the Piling works of Proposed Headquarters Building Complex had been awarded on 22 October 2012 for the contract sum of Rs. 304.6 million. The contract for the construction and remedying defects of the construction of Headquarters Building Complex was awarded on 02 August 2021 for the contract sum of Rs.4,774.6 million (excluding VAT) and Commencement date was 16 August 2021. The construction shall be completed on 15 August 2023 (from 730 calendar days from the commencement date). The initial estimated cost of the Proposed Headquarters Building Complex was computed as Rs. 1,000 million in 2011 and it was increased up to Rs.5,079.2 million (Total contract sum of two contracts) as at 02 August 2021 mainly due to major time gap between two contracts. However, at the end of the year under review, an amount of Rs.1.19 billion had been incurred for the construction activities and the physical progress of the construction at the end of the year under	The estimated cost of the building prepared by the previous consultant in 2015 was Rs. 2542 million. The estimate was revised by the same consultant in 2018 up to Rs. 3149 million for the same floor area of 27,750 sq. m. as informed to Cabinet by the Cabinet Memorandum dated 23rd May 2019. The estimated cost has been increased due to additional space requirements, scope changes and price inflation happened. The final estimate in March 2021 prepared by the Consultant- State Engineering Corporation was Rs. 4910 million. However, the Board managed to award the construction contract for evaluated amount of Rs. 4774	Action should be taken by the management to expedite the new construction work in order to avoid unnecessary cost.

	review was only 12.7 percent. It was further observed that without taking action to expedite the construction activities, a sum of Rs.319.19 million had been spent by the Board during the period from 2017 to 2022 for renovation of the existing head office building, even when a new building had been planned to be completed in the year 2023.	million. The physical progress as at 2022.12.31 is 11% and total amount of Rs.947,330,534.19 excluding taxes has been paid up to 31st December 2022 including the Advance payment. The existing Head Office building was constructed nearly five decades ago and still functioning. There were several repairs and maintenance works carried out within the existing building with the age of the building as per the recommendation of CECB consultant to withstand a further twenty years.	
(c)	Avoided cost based tariff was introduced before the year 2000 for Non-Conventional Renewable Energy (NCRE) Projects (Especially for mini hydro plants). Such tariff is now applicable only for the NCRE Projects that had been approved before 2007 and at present, 28 nos. of such projects are operated. The avoided cost method was based on the thermal plant dispatch, and it had varied from fuel cost. As per the letter No. DGM/SYC/TCH/41of DGM (system control) dated 16 January 2020 , the actual unit cost of hydro plants should have been less than Rs. 10.00 even with new plants. However, the rate determined on the avoided cost method for the mini hydro plants for the year 2022 was Rs. 18.19 for the wet season and Rs. 18.67 for the dry season. Further, as per the Plant wise cost published by the PUCSL for June 2022, the hydro cost per unit for the Board was Rs.4.85. However, actions had not been taken to apply reasonable ceiling price for mini hydro plants which are based on the avoided cost method even at the end of the year under review even though Board decision had been given on 16 August 2022 on the same matter.	There are 20 plants still in operation under the Avoided Cost category which have entered into Power Purchase Agreements. According to the present data, Avoided Cost tariff will be continued until 2028-09-23 with the expiry of the Term of Gonagamuwa Mini Hydro Power Plant by Aqua Jet (Pvt) Ltd which has commenced commercial operation from 2013-09-24. The Board of directors by their decision dated 2023-10-10, has directed to appoint a committee to investigate the avoided cost tariff to negotiate contractually or amicably with projects already in operation until year 2028.	Immediate action should be taken to apply reasonable ceiling price for mini hydro plants which are based on the avoided cost method.

(d)	Even though the Board sells electricity to LECO and purchases fuel from Ceylon Petroleum Corporation for several years, there were no sales and purchase agreements entered into with those two parties in order to ensure the smooth operations between these two Institutions.	A new committee was appointed in 2022 and the draft PSA was submitted to General Manager, LECO for his comments. After receiving the comments from LECO, a joint meeting was held with PUCSL & LECO to discuss those comments. They are being reviewed by relevant parties and the final draft report will be sent to LECO as soon as they are received. **CPC agreement** In near future fuel will be procured using competitive bidding procedure. Therefore, agreement with CPC will not be required.	A valid agreement should be signed with LECO and Ceylon Petroleum corporation in order to ensure smooth operation.
(e)	A special investigation had been carried out by the Internal Audit Branch of the Board in respect of stock shortage of Rs.37.27 million identified in 2014 under the project of Uthuruwasanthaya. Later, as per the investigation conducted by a special committee, it had been revealed that the shortage would be 46.33 million and it had been accounted as receivable from relevant store keeper. However, the amount had been written off to Rs. 8.29 million during the period from 2019 to 2020 only on the approval of Deputy General Manager (Northern) and Additional General Manager without obtaining any board approval. Nevertheless, it had been failed to recover the aforementioned stock shortage of Rs.46.33 million even at the end of the year from the responsible officers.	A special investigation had been done in 2014 thereby stock shortage of Rs.46.33 million was identified under Uthuruwasanthaya project. In this regard legal action was taken against Mr. U.P. Gunarathne under case no: B/164/15 and later it was transferred to Vavuniya High court due to the amount involved Case No HCV/2980/20. The judgment served to this case, Mr. U.P. Gunarathne pleaded guilty. Therefore, the Board legal branch need to take action to recover the balance losses by civil court case against Mr. U.P. Gunarathne (Ex Storekeeper of Uthuruwasanthaya project). Further to this a Board paper was prepared and forwarded to inform the current status and the Board has taken it on 28-	Necessary action should be taken to recover the loss occurred due to stock shortage from the responsible parties.

	08-2023 and has requested some clarifications, explanations from Additional General Manager (DD1), Chief Legal officer and Chief Internal Auditor.	
(f) As per the special investigation carried out by the Internal Audit division of the Board, it was observed that with regard to the stock shortage of Rs.12.65 million identified during stock verification in Heiyanthuduwa Warehouse in 2020, the storekeeper and two other electrical superintendents are liable for a sum of Rs.6.47 million and Rs.2.49 million respectively. However, no action had been taken to recover the loss from them even at the end of the February 2023 after conducting a formal inquiry.	With regard to the stock shortage of Rs. 12.65 million. In Heiyanthuduwa Warehouse, AGM (DD1) has directed the matter to the investigation committee. Based on the report recommendation, General Manager – the Board, has directed the matter to the Internal Audit Branch. Internal Audit Branch conducted an investigation and Report was submitted to General Manager the Board.	-Do-
(g) Prompt action had not been taken by the Board even by the end of the year against the person who had been liable for stock shortages of Rs. 3.67 million, which had been occurred during the period from 20 November 2006 to 20 February 2012, in Asset Management Division (Power Plant), even after the completion of the formal investigation.	The Board Audit Committee has directed General Manager to seek written clarification from the Attorney General regarding the potential for legal action in this matter , considering both the availability of evidence and any applicable time constraints.	-Do-
(h) An officer, who had been liable for the stock shortage of Rs. 3.79 million in Asset Management Division had been allowed to retire on 15 October 2011 without being recovered the loss, as recommended by the committee appointed for investigation. Further, at a committee meeting held on 12 September 2022 it was decided that the shortage should be Rs.2,537,695 and the acting General Manager of the Board had instructed to recover from his gratuity and pension fund. However, it was observed that the amount remained unsettled in the books	The Board Pension Fund has been informed to recover the shortage from gratuity and pension fund. Audit committee has directed to obtain a written clarification regarding the provisions with in the pension fund rules and this matter will be included in the agenda of next audit committee meeting for further discussion.	-Do-

	of accounts without being taken any remedial actions to recover from the responsible officer even by the end of the year under review.		
(i)	It was observed that the formal investigation conducted had not been completed even by the end of the year under review in respect of the store keeper who had been responsible for the stock shortage of Rs.1.15 million identified during September 2014 in the regional warehouse of Chief Engineer (Commercial) under the Deputy General Manager (Western North Province).	The accused Storekeeper was dismissed in 2016 from the Board. Based on the formal investigations, the Board EPF unit was requested to recover dues from his provident fund balance.	-Do-
(j)	A sum of Rs.14.98 million and Rs.60.44 million that had been charged to stock adjustment account as stock shortages relating to Distribution 02 and 03 respectively remained in the books of accounts since 2004 without been taken any action to investigate and settle. However, details relating to these stock shortages had not been provided to audit.	A committee will be appointed to examine and to make recommendations to clear the outstanding balances remaining in stock adjustment account over 5 years with necessary approvals.	Prompt action should be taken to clear the stock adjustment account.
(k)	As per the special investigation carried out by the Internal Audit Division of the Board, it had been revealed that the Board had deprived 160,000 Kwh and 35,000 Kwh of electricity units that could have been produced by using the water released by Randenigala & Rantambe reservoirs respectively due to the union actions taken by the Unions of the Board on 09 June 2022. Hence, it was observed that the Board had to incur an additional cost of Rs.262.6 million for private power purchases on that day. However, action had not been taken to recover the loss from the responsible officers even at the end of February 2023 after conducting a formal investigation as specified in the Board decision taken on 08 December 2022.	Due to unavailability of the majority of the Board power plants on that day, System Control has compelled to dispatch, next available least cost generators to cater the system demand while minimizing the un served loads.	Immediate action should be taken to investigate the matter and recover the loss from responsible officers.
(l)	The following observations are included in the Special Audit Report on the Purchase of Electricity from ACE Power Embilipitiya	A direct answers had not been given a report submitted to the Committee on Public	• Action should be taken to document the

(Pvt) Ltd by the Board which had been issued on 20 January 2023. (i) The Board had entered into an agreement on 09 May 2003 with the ACE Power Embilipitiya (Pvt) Ltd to purchase electricity for a period of 10 years. The validity period of the agreement was effective from 06 April 2005 to 06 April 2015, and after the termination of the agreement on 06 April 2015, it had been decided by the Cabinet of Ministers (Cabinet) on 23 March 2016 to consider the said power plant being purchased by the Board. Following the request of the Board, the Government Valuer had assessed the value of this power plant to be Rs.2,370 million. The audit observed that the value of the plant should be approximately Rs.4,176 million when assessing that value by substituting the capacity value of 66.9 per cent and the other operating cost from the gross profit of 55 per cent. Therefore, it was observed that the value of the plant had depreciated by Rs.1,806 million as compared to the assessed value of Rs.2,370 million. In other hand, the audit observed that the value of the plant is nearly 4,192 million when the value is estimated by discounting the average of the net profit brought to account during the initial contract period of 10 years at a discount factor of 9.5 per cent for the next 8 years and therefore, it was observed that value of the power plant had depreciated by Rs. 1,822 million as compared to the assessed value.	Enterprises had been provided.	power purchase agreement in such a way to include clauses favorable to the Board. eg: right to purchase power plant under buy out event. • Action should be taken to get the right decisions at the right time. • External parties should not be allowed to make profits through uneconomical transactions. • Should comply with the provisions in the Sri Lanka Electricity Act.
(ii) Accordingly, the assessed value was less than the bid value of Rs. 2,446 million presented by the owners of the power plant for selling it to the Board. Hence, it had been decided to extend the validity period of the initial agreement for a period of 05 years and 06 months in 04 instances from 06 April 2016 to 08 September 2022 without purchasing the power plant. As such, the possibility of maintaining the		

power plant in a manner favourable to the Government after being acquired by the Board, had been lost due to the fact that the value assessed by the Government Valuer had been less than the bid value of the owners of the Company.

(iii) The initial agreement entered into in the year 2003 had expired after 10 years, but the said expiration had not been included in the agreement relating to "Buy out Events" under Condition No. 11 of the initial agreement. As such, the Board had been deprived of the rights to purchase this power plant under "Buy out Events" (even though the Company had not proposed to sell the power plant to the Board). Further, for an asset with a useful life of 20 years, the total value of that asset had been paid by the Board to Ace Power Embilipitiya (Pvt) Ltd within a period of 10 years.

(iv) A sum of US $ 29,085,134 had been paid as the capacity charges relating to the extended period of five years. Out of that, US $ 21,701,362 (Rs. 3,650 million) had been paid only for the Non- Escalable portion of the capacity charges paid for the return on equity capital. It was observed as 127.7 per cent of the bid of US $ 17,000,000 (Rs.2,446 million) submitted by the owners of the power plant to sell it to the Board.

(v) The Ace Power Embilipitiya (Pvt) Ltd had earned a net profit of Rs. 8,572 million during the initial period of the agreement and it was 511 per cent compared to the initial capital investment of Rs. 1,676 million made by the Company in the year 2003. Further, after extending the agreement, a net profit of Rs. 6,270 million had been earned for the period of five years and it was 406 per cent as a percentage of the initial investment. Accordingly, the total net profit earned by the Ace Power Embilipitiya (Pvt) Ltd was Rs. 14,841

million as at 31 March 2021 and it was 885 per cent as compared to the initial investment.		
(vi) Although the Cabinet approval had been obtained in purchasing electricity by extending the agreements of the Ace Power Embilipitiya private power plant, it was not observed that adequate attention had been drawn to the terms to be followed in terms of Section 43 of the Sri Lanka Electricity (Amendment) Act, No.31 of 2013 in the purchase of electricity from private power plants.		
(vii) In terms of the provisions of the Sri Lanka Electricity Act No. 20 of 2009 as amended, licenses for power generation should be obtained from the Public Utilities Commission of Sri Lanka. Accordingly, in accordance with Section 43 (1) of the above Act, the generation and supply of the electricity should only be done by licensed companies. Nevertheless, Cabinet approval had been obtained to purchase electricity from the year 2016 to 2022 from the Ace Power Embilipitiya (Pvt) Ltd that had not obtained the generation license.		
(viii) In terms of the provisions of the Sri Lanka Electricity Act No. 20 of 2009 as amended, there is no provision for private companies with 100 per cent ownership to operate power plants with a capacity of more than 25 MW. However, the agreement for the purchase of electricity on a short-term basis had been signed on 06 April 2016 with the Ace Power Embilipitiya (Pvt) Ltd for the capacity of 100 MW which holds 100 per cent private ownership.		
(m) It was observed that there was 1,898 days or 5 year and two months from the date of the notification for seeking way leave clearance for the constructing towers and string the cable over the land, Carney Estate at Siripagama in Ratnapura (31 May	This transmission line, Sri Lanka's longest transmission line is 150km in length having a wayleave corridor of 35km width for safety and electrical	Immediate intervention should be made by management of the Board on

2018) to the date of way leave clearance received (11 August 2023). Therefore, the completion of the construction of Polpitiya – Hambanthota 220 kV, 150km Transmission Line which had been recognized as a critical infrastructure for the reliable power supply to the Southern Province of Sri Lanka had been delayed for a considerable time period and delay of the construction has caused to the power supply scarcity. Further, it was observed that if this dispute had been referred to the PUCSL by the Management of the board in early as per provision of the Electricity (Dispute Resolution Procedure) Rules dated 25 January 2016 made by the PUCSL, the construction of transmission line which was a critical infrastructure for the reliable power supply to the Southern Province of Sri Lanka could have been completed in early and difficulties faced by the all stakeholders due to the delay of construction could have been minimized. Further, it was observed that the sum of Rs.1.7 million and Rs.7.9 million deposited in Divisional Secretary –Rathnapura and District Secretary –Rathnapura respectively for the compensation payable to land owner had not been recovered even by the end of October 2023 even though the land owner had agreed to offer the land without any compensation.	clearance. Accordingly, more than 2,000 cases for payment of compensation were handled by the PMU and the only case that held up was this and issue of Carney Estate, Siripagama, Rathnapura which was finally ended up at the PUCSL on August 11, 2023 after taking series of steps. Further, the progress of the project was seriously affected by Easter bomb attack, Covid 19 pandemic and negative economic situation of the country during this period. Further, at the end of September 2023, these deposits had been recovered.	matters which affect to the nation as a whole.

3.5 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) A sum of Rs. 2.12 billion, representing 6.5 per cent of the total consumable stock of Rs.32.54 billion, had been shown in financial statements as slow moving, non-moving and damaged stocks as at 31 December 2022 which may result to stock damages, increasing of holding cost and creating an opportunity for frauds. Further, as per the random audit check, it was observed that despite the matter that	**DD 01** Continuous action has been taken to minimize stocks levels of DD-1 with the instruction of Additional General Manager (DD-1). Further Annual verification of stores for the year 2023 has been completed last week and Board of Surveys were already appointed to expedite the process of removing non- moving and damaged	Remedial actions should be taken to reduce the non-moving and slow-moving stocks to avoid the damages, cost of holding and fraud etc.

Board approvals had been granted in several occasions from 2019 to 2022 for the disposal of damaged and obsolete stocks valued at Rs.217.7 million remained in four distribution divisions and asset management division, no action had been taken to dispose them even by the end of the year under review.

stocks.

DD02

Board papers have been submitted by each province for damage and obsolete stocks and accordingly stock disposal process is being carried out as per the procedure of the Board.

DD03

Removing the obsolete and unserviceable items of above-mentioned tenders were completed and necessary entries have been passed in the ledger. Out of the balance in Sabaragamuwa Province, a value of Rs 8.8 million stocks have been disposed for the given Board approvals and Tender process has been completed to dispose the remaining stock balance.The disposal process is in progress for Uva Province and Meter Lab.

DD04

PHM - A Board Paper is being processed to dispose of the non-moving and damaged stock in the PHM Branch.

WPS1 - Actions were taken and board approval was granted to clear the balances.

SP1 – The Board paper was forwarded based on the comments given by appointed committees and the audit committee decision was received. Once board approval is received action will be taken.

SP2 - For items identified in 2022, now in the process of preparing the board paper based on the recommendation given by the board of survey.

Generation

Only a sum of Rs. 39.3 million representing 2.6 percent of the total consumable stock of Rs1.51 billion, had

	been shown in financial statements as slow-moving, non-moving, and damaged stocks as of 31 December 2022 in the Generation Division. **Asset Management** Action will be taken at the earliest with the latest stock verification results.	
(b) Unit costs (Per kwh) of purchased energy from the three retired IPP power plants during the year under review were Rs. 63.51, Rs.78.20 and Rs.122.50 respectively, while average cost of unit was Rs.33.65. Therefore, excessive cost of energy purchasing could have been reduced, if power plants were able to commission as per the Least Cost Long Term Generation Expansion Plan to cater the real time demand requirements instead of being used emergency power plants at excessive cost.	As a result of purchasing electricity at different time of the year, the unit cost of generating electricity in any generators will go up and down. Contract period of ACE Power Embilipitiya (pvt)Ltd, ACE Power Generation Matara (pvt) Ltd and Asia power (Pvt) Ltd power plants expired during dry season and minimum unit cost under maximum plant factor (50% - 70%)(21.00 Rs/kWh -25.00 Rs/kWh) is shown .However, Valachchnai power plant was operated under a very low plant factor (5.4%) overall due to the reduction in power demand due to the effect of Covid -19 and the heavy rainfall that prevailed during the period of operation. Therefore, the unit cost of generating electricity at this thermal power plant is Rs. 88.00, indicating a higher unit cost.	Should expedite the completion of commissioning of power plants as per the Long Term generation Plan in order to avoid higher average unit cost.

3.6 Transactions of Contentious Nature

Audit Issue	Management Comment	Recommendation
(a) Coal stock shortage of Rs.230.63 million (2,161.98 MT) had been charged to the income statement as at 31 December 2022. As per the coal stock survey carried out on 19 November 2022, there was a surplus coal stock of 1,046.32 MT due to the heavy rainfall occurred during the period in which the coal stock survey had carried out, the water content of the coal yard was considerably high.	In 2021 coal yard stock verification, the surface of the measured coal yard area was almost even, similarly compacted, and homogeneous. Further, the method carried out to measure the field density was highly accurate. Therefore, excavated amount (35 kg) was considered sufficient for the measurement of the density of the location. There was 114,290T quantity of coal spread	Accurate measurement mechanism should be established for coal stock verification.

	Accordingly, there was a slight increase of the average coal density. Therefore, the survey committee had decided to calculate the physical coal stock using the average coal density in last year instead of the average coal density in this year. Accordingly, there was a coal stock shortage of 2,161.98 MT as at 31 December 2022. However, it was unable to verify the accuracy of the average coal density in last year due to only about 35 kg of coal excavated from the pits was weighted to measure the average coal density per cubic meter for verifying a large quantity of coal.	over the whole area of the coal yard). Therefore, the average coal density of the year 2021 was taken for the calculation of the coal quantity in 2022 as Option 2.	
(b)	An abnormal credit balance of Rs.12.34 million remained in the Savings Account of Distribution Division 01 without being taken any action to investigate. However, the respective bank confirmation had not been submitted to audit.	Furthermore, action has been taken to clear the said amount from the books of accounts in the month of May 2023.	Prompt action need to be taken to investigate and clear the abnormal credit balance in saving account.
(c)	As per the records of the Board, the total amount of loan disbursement during the year under review in respect of Green Power Dev. & Energy Efficiency Improvement Project (Tranche 01) and Green Power Dev. & Energy Efficiency Improvement Project (Tranche 02) was Rs.6,253.39 million. However, as per the records of External Resource Department, it had been shown as Rs.4,488.06 million. Hence, an aggregate difference of Rs.1,765.33 million was observed.	This difference is due to 3 reasons. 1. Exchange rate difference for the disbursement in 2021 accounted in 2022 2. AFD disbursement of EURO 6,000,000 (LKR 1,754,160,00) in march 2022 was not updated in ERD disbursement reports of 2022 and the Board has accounted this disbursement based on central bank exchange rates in 2022 in order to ensure the fair and comprehensive presentation in the financial statements. 3. Disbursement handled by sustainable Energy authority LKR 11,915,158 since it does not come under the purview of the Board projects.	Action should be taken to reconcile the loan disbursements to the Board with the records of External Resources Department.
(d)	As per the Cabinet decision No. 3/0154/504/014 dated 01 February	The Board records the direct loan disbursements of foreign currency	Actions should be taken to reconcile

2023 and as per the letter of Department of Public Enterprise No. PED/1/CEB/02/11(i) dated 17 February 2023, loan disbursements of seven projects amounting to Rs.60.97 billion had to be transferred to the government equity. Out of the above loans, disbursements of Rs.13,736.28 million as at 31 December 2022 relating to Habarana Veyangoda Transmission Line Project had been transferred to equity by the Treasury. However, as per the records of the Board, only an amount of Rs.13,729.29 million had been transferred to government equity. Hence, a difference of Rs.6.99 million was observed.	based on ERD disbursement reports. However local currency contract Payments are recorded as per the local currency amount stated in the Interim Payment Certificate (IPC). The Board is not in a position to record any other value as the Central Bank remits the contractor the exact value stated in the IPC. The treasury has transferred the ERD balances but the Board has transferred to equity the actual Loan balance recorded by the Board.	the balance transferred as government equity with the treasury.
(e) It was observed that there were non-moving items more than two years amounting to Rs. 22.42 million in capital work in progress account in the Generation Division as at 31 December 2022.	Action will be taken to clear those balances during the year 2023.	Action should be taken to rectify the error.

3.7 Idle or underutilized Property, Plant and Equipment

Audit Issue	Management Comment	Recommendation
It was observed that 18 lands purchased at a cost of Rs.188.38 million for project activities, for the construction of regional engineer offices, consumer service centers and Grid Substations during the period from 2000 had not being utilized for the expected purposes for a period ranging from 1 year to 22 years by the end of the year under review. Out of those lands 8 lands valued at Rs.86.52 million had not been included in the fixed asset registers of the distribution divisions and project divisions. Further as per the random audit it was observed that the Board had failed to complete the acquisition activities of four lands acquired for the following projects even though relevant Gazette Notifications had been published more than 5 years ago.	Actions are being taken to transfer the cost of the lands to be included as fixed assets. Further, relevant divisions will be instructed to complete the land acquisition process and acquire the ownership of the lands. Then update the fixed asset registers accordingly	Action should be taken to utilize the idling lands for expected objectives.

3.8 Delays in Projects or Capital Work

	Audit Issue	Management Comment	Recommendation
(a)	Rehabilitation of four numbers of V Gas Turbine Generators in Kelanithissa Power Station had been commenced on 07 July 2017 and scheduled to be completed on 11 August 2018. However, at the end of the year under review only 3 generators had been rehabilitated after lapse of 5 years and 5 months from the date of commencement. Nevertheless, only one Gas Turbine had been used for the operational activities out of 3 generators rehabilitated even after incurring Rs. 752.22 million for all Turbines at the end of the year.	Rehabilitation project was started on July 2017 and initially it was scheduled to complete by August 2018. However, the unexpected scope variation directly affected to project delay and it was superimposed with corona pandemic situation. However, three gas turbines (GT1, GT2 and GT4) were totally rehabilitated and released to commercial operations. The subsequent failure of gas turbine is not related to the rehabilitation work and it is only an operational failure. 95% of rehabilitation works in GT 5 was completed. During the pre-commissioning process of the machine, a fault in a gear wheel of the accessory gear box was encountered. Several remedial actions taken for local repair were failed. Hence, finally it was decided to procure a new gear wheel as a replacement and the order was placed.	Action should be taken to evaluate the possibility of using the balance two Gas Turbines for operational activities.
(b)	With respect of three foreign funded projects, a considerable delay ranging from 14 months to 39 months was observed from the scheduled completion date to 31 December 2022. It was further observed that the said projects had not been completed even within the first extension granted to the contractors.	These delays were due to following reasons. • Procurement delays mainly in Consultancy Services and Main Civil Works contracts • Redesign of the dam due to request from the Project Approving Authority • Additional environment studies due to new findings of the endangered fish Labeo Fisheri • Outbreak of Covid 19 pandemic from January 2020 in China. Since the main contractors are also from China, it severely affects to the project work. • Extended lockdown periods including curfew imposed in the	Action should be taken to expedite completion of project activities.

	island. • Delay in shipments of material and scarcity of construction material • pending litigations • Adverse weather conditions in the country • A considerable time had been taken to obtain the approvals from the government authorities	

3.9 Procurement Management

Audit Issue	Management Comment	Recommendation
(a) Procurement procedure should be followed for Non-Conventional Renewable Energy (NCRE) projects after 6 August 2013 as per the Sri Lanka Electricity Act, No. 20 of 2009 as amended. However, the Cabinet of Ministers had given approval for five Municipal Solid Waste Plants to be implemented based on Waste to Energy technology at Rs. 36.20 per Kwh (flat tariff for 20 years) in 2017. As approved by the Cabinet, Rs.13.10 per kWh out of total tariff of Rs.36.20 has to be reimbursed from General Treasury. Accordingly, a power purchase agreement for one Solid Waste Plant had been signed with an independent power producer in December 2020 and hence, the total tariff of Rs. 36.20 per Kwh had been borne by the Board for the energy purchased. However, Rs. 13.10 per Kwh had not been reimbursed by the General Treasury. Therefore, total receivable from General Treasury was Rs.1.85 billion as at 31 December 2022.	Considering the National requirement of implementation of environmentally friendly waste processing facilities which effectively dispose or destroy the waste generated in the country, on 2017-07-24, the Board of directors has approved to sign Standardized Power Purchase Agreements developers under Waste to Energy Technology. The Board has considered to facilitate this project only by considering the national importance and binding only to pay the tariff equal to the last approved feed in tariff relevant to the Waste to Energy Technology, which is Rs. 23.10/ kWh. The balance amount of Rs. 13.10/ kWh has to be reimbursed from General Treasury. As at today, total amount of Rs. 1,913,129,240.00 has been requested from the Treasury as reimbursement, but the Board has not received any amount. Several letters have been sent by Municipal Commissioner, Colombo MC addressed to Secretary Finance, to settle this issue, but on 2023-04-11, Director General-Department of Public Enterprises has informed that due to the present financial crisis situation, there is no possibility to release above amount this year.	Should review the ability of changing the rate charged for Municipal Solid Waste Plants and action should be taken to recover due from treasury in this regard.

(b)	As mentioned above, only 7 procurements for NCRE projects with aggregating capacity of 390 MW had been initiated up to 31 December 2021. However, out of the above-mentioned power plants, power plants with aggregating capacity of 81 MW had only been commissioned up to 31 December 2022.	By now commissioned 101MW of aggregated capacity. Further, initiated new RE tenders. With the new amendments to the Sri Lanka Electricity Act, 28 numbers of Standardized Power Purchase Agreements of total aggregate capacity of 86.8 MW (Solar PV, Wind, Biomass, Agri Waste, Municipal Waste, Mini hydro) have been signed under standardized power purchase tariff for renewable energy power plants.	Should expedite the procurement process for NCRE projects.

3.10 Resources Released to Other Organizations

Audit Issue	Management Comment	Recommendation
As per the information received from the Board, it was observed that, seven vehicles owned by the Board had been released to the Line Ministry at the end of the year under review. However, as per the information received from the Ministry, only one vehicle is being used by the ministry at the end of the year under review.	Out of these 7 vehicles 3 vehicles are still under the name of CEB, and it has been informed to CID to investigate on that and send reminder on same on 2022-12-28. However, CID has responded the details regarding these vehicles are not yet found and investigation is ongoing. Action will be taken to do necessary adjustments in the fixed asset register and in the financial statements regarding other four vehicles after getting the board approval regarding these vehicles.	Immediate action should be taken to reconcile the vehicle details between the Board and the Ministry and keep records of unrecorded vehicles.

4. Other matters

With the 19th Constitutional Amendment, the audit of public companies came under the purview of the Auditor General and in relation to the audit of LTL Holdings (Pvt) Limited and its subsidiaries, an interim injunction had been obtained on 10 July 2020,against the statutory audit of LTL Holdings (Pvt) Limited through the court case filed by employees' union of LTL Transformers Holdings (Pvt) Limited along with two others in the Honorable Court of Appeal and another court case filed by H.D. Chaminda and 15 others in the Honorable Court of Appeal. In spite of that, by the court order dated 10 October 2022, that obstacle was removed and the audit of that company could have been carried out under my direction in pursuance of provisions assigned to the Auditor General as per the Constitution. However, at that time, my staff had been obstructed the audit of LTL Holdings (Pvt) Limited by citing the interim order obtained from the Commercial High Court against holding the special general meeting that was proposed to be held to remove the auditors appointed in the annual general meeting of the said company. Due to the above facts, the audit of that company could not be carried out under my direction from the year 2020 to 2023.

However, according to the Cabinet decision taken on 01 January 2024, it was decided at the board meeting of the Electricity Board held on 01 February 2024 to transfer 28 percent of the 63 percent share capital of LTL Holdings (Pvt) Limited for the settlement of part of the dues to the West Coast (Pvt) Limited by the Electricity Board. Accordingly, 919,517,200 numbers of shares were transferred to Westcoast Private Limited by LTL Holdings Private Limited on 07 February 2024 for a consideration of Rs.26.08 billion.