

C.F.C Founding (Limited Guarantee Company) – 2017/ 2018

The audit of financial statements of C.F.C Founding (Limited Guarantee Company) for the year ended 31 March 2018 comprising the statement of financial position as at 31 March 2018 and the statement of comprehensive income and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My observations on the operation of the Company which I consider should be furnished to Parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka appear in this report.

1.2 Board of Directors' Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Report on other Legal and Regulatory Requirements

- (a) I state the following, as per the conclusion in Section 163(2) of the Companies Act No.07 of 2007.
- (b) The basis for opinion, the scope and the limitations are stated as follows.
- (c) My opinion is that,
 - Except for the effect of the matters described in paragraph 2.3, I have obtained all the information and explanations that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company and,
 - That, the financial statements of the Company comply with the requirements of Section 151 of the Companies Act No.07 of 2007.

2.3 Comments on Financial Statements

2.3.1 Accounting Deficiencies

Professional fees amounting to Rs.681,426 relating to the months of February and March 2018 had not been brought to account and the professional fees amounting to Rs.504,762 relating to the preceding year had been brought to account as expenses of the year under review.

3. Financial Review

According to the financial statements presented, the operating expenditure for the year under review had been a sum of Rs.21,487,208. Moreover, the operating income of the Company for the year under

review had been equivalent to the operating expenditure and the total operating income amounting to Rs.21,487,208 consisted of Treasury Grants.

4. Operating Review

4.1 Performance

This Company had been established for the drafting of the legal document necessary for the implementation of the Colombo Financial City Project and the drafted Colombo Financial City Act had been furnished to the Attorney General's Department on April 2019.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the draft Annual Financial Statements should be furnished to the Auditor general within 60 days after the close of the year by the Institution in terms of Section 6.5.1 of the Public Finance Circular No.PED/12 of 02 June 2003, the financial statements for the year ended 31 March 2018 had been furnished by the Company on 23 August 2019.