

Helitours (Private) Limited -2016/2017

The audit of the financial statements of the Helitours (Private) Limited for the year ended 31 March 2017 comprising the statement of financial position as at 31 March 2017 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.

1.2 Management's Responsibility 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.

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. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the company 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.

1.4 Basis for the Qualified Opinion

My opinion is qualified based on the matters, described in paragraph 2.2 of this regard.

2. Financial Statements.

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Helitours (Private) Limited as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2. Comments on Financial Statements

2.2.1 Accounting Deficiencies

Following observations are made.

- a) Income on selling of Air tickets amounting Rs.5, 280,539 receivable from as at 31 March 2017 had not been brought to account.
- b) The losses incurred on the operations of the Helitours Training College amounting to Rs. 2,956,396 had been set off against the income of the Company instead of being shown separately. As a result, the income tax expenditure for the year under review had been understated by Rs.827, 791.
- c) Taxes on interest for the year under review had been understated by Rs.371, 474 due to a computation error. Further “the Company had not calculated the deemed dividend tax based on the profits earned in the previous year “as the Company had not distributed divided.

2.3 Accounts Receivables and Payables

Action had not been taken to recover the balance of trade debtors aggregating Rs. 5,280,539 receivable from Sri Lanka Air Force remained over one year.

2.4 Non Compliance with Laws, Rules and Regulations etc,

Nations Building Tax on turnover of the operations of the training school operation, local agent’s commissions had not been paid as required by the Section 04 of the Nation Building Tax Act No 09 of 2009.

3 Financial Reviews

3.1 Financial Result

According to the financial statements presented, the financial results of the Company for the year under review amounted to a surplus of Rs.7, 978,040 as compared with corresponding surplus of Rs. 3,688,303 for the preceding year. There is an increase of Rs. 4,289,737 in the year under review as compared with the preceding year. Reduction in other operating expenses by Rs.12,116,725 has been the main reason for this increase.