

West Coast Power (Private) Limited – 2016/2017

The audit of the financial statements of the West Coast Power (Private) Limited (“the company”) for the year ended 31 March 2017 comprising the statement of financial position as at 31 March 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 comments and observations on the performance of the company which I consider should be tabled in the parliament in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka appear in this report. In carrying out this audit I was assisted by a firm of Chartered Accountants of public practice.

1.2 Board’s Responsibility for the Financial Statements

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

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 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 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Emphasis of Matter

I draw attention to Note 2.3 to the financial statements which describes the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

2.3 Other Matter

The financial statements of the West Coast Power (Private) Limited for the year ended 31 March 2016 were audited by another firm of Chartered Accountants in public practice who expressed an unmodified opinion on those financial statements on 19 August 2016.

2.4 Report on Other Legal and Regulatory Requirements

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

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

3.1 Financial Result

According to the financial statements presented, the operations of the Company for the year ended 31 March 2017 had resulted in a pre-tax net profit of Rs.9,679,102,580 as compared with the corresponding pre-tax net profit of Rs. 10,545,059,397 in the preceding year, thus indicating a deterioration of Rs.865,956,817 in the financial results for the year under review. Even though the revenue had increased by Rs.1,221,573,470 decrease in other operating income by Rs.1,529,447,595 and increase in cost of sales by Rs. 557,935,248 had mainly affected to the above decrease.

4. Operating Review

4.1 Performance

4.1.1 Planning

A corporate plan and action plan had not been prepared by the company as per the Public Finance Circular No. 01/2014 dated 17 February 2014.

4.2 Management Activities

According to the section 5.3 of the agreement entered in to between the Ceylon Petroleum Corporation and West Coast Power (private) Limited, payment for purchasing fuel from Ceylon Petroleum Corporation should be made on or before 7 days of issuing invoice. However a sum of Rs.6,205,363,960 had been shown in the financial statements as interest charges payable as at 31 March 2017 relating to delay payments for purchasing fuel from the Ceylon petroleum corporation.

4.3 Human Resources Management

A Scheme of Recruitment (SOR) had not been prepared by the Company.

5. Accountability & Good Governance

5.1 Internal Audit

Internal audit activities had not been carried out by the company for the year under review.

5.2 Audit Committee

Audit committee meetings had not been held by the company during the year under review.

5.3 Procurement Plan

A procurement plan for the year 2017 had not been prepared by the company.

5.4 Budgetary Control

Annual Budget had not been prepared by the company for the year under review.