

Helitours (Pvt) Ltd -2019/2020

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Helitours (Pvt) Ltd for the year ended 31 March 2020 comprising the statement of financial position as at 31 March 2020 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. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, 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 Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Audit Scope

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company ;
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Accounting Standard

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
Income tax payment for the year under review was Rs. 1,321,776. However the amount shown in the cash flow statement as tax payment was Rs.514,726, which contrary to the requirement of the LKAS – 7. Further, reason for the difference had not been explained to audit.	It is pertinent to state that, the tax liability for the year Rs. 514,726 was considered erroneously when preparing the Cash Flow statements.	The cash flow statement should be prepared in accordance with Sri Lanka Accounting Standards.

1.6 Accounts Receivable and Payable

1.6.1 Advances

Audit Issue	Management Comment	Recommendation
Action had not been taken to recover an advance given to the Civil Aviation Authority amounting to Rs.164,460 since a period over 2 years .	The amount of Rs. 164,460 was paid to Civil Aviation Authority of Sri Lanka (CAASL) on behalf of the Sri Lanka Air Force (SLAF) for the purpose of obtaining Air Operator Certificate (AOC) and Certificate of Airworthiness (C of A) for the MA 60 civil air operations. Further, these certificates were not approved by the CAASL due to the technical reasons. Because of this matter, the amount of Rs. 164,460 is still outstanding from public funds.	Advance payment should be settle in time manner

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs. 3,161,887 and the corresponding profit in the preceding year amounted to Rs.4,658,895 Therefore a deterioration amounting to Rs. 1,497,008 of the financial result was observed. The reason for the deterioration was decreased of interest income by Rs.1,608,864 in the year under review, compared to the preceding year.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue

Due to the high enrolment cost to the HTTC College, the number of student enrolled to the course No 5 was Only 11 students for the year under review compared to the enrolment capacity of 28 students. As a result of this, the income of the HTTC College has continuously decreased compared to previous years.

Management Comment

Due to the unavailability of Air Operator Certificate (AOC) the number of students enrolled to course No. 05 was low. However, HTTC was able to enrolled 19 students for batch No. 06 and it was a 72 % of increase compared to previous batch.

Recommendation

The company should be taken necessary action to full fill maximum capacity of students.