

## Helitours (Pvt) Ltd - 2020/2021

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### 1. Financial Statements

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#### 1.1 Opinion

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The audit of the financial statements of the Helitours (Pvt) Ltd for the year ended 31 March 2021 comprising the statement of financial position as at 31 March 2021 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, financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

#### 1.2 Basis for Opinion

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility with regard to financial statements is further described under the section “Auditor’s Responsibility for the Financial Statements”. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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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’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 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 (Auditor's Responsibility for the Financial Statements)

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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
Even though the Company had received interest income amounting to Rs.437,398 in cash in the year under review, only a sum of Rs.342,275 had been shown in the cash flow statement. As well as, the Company had adjusted the bad debt amounting to Rs.21,998 and with holding tax amounting to Rs.184,776 to profit before tax in the cash flow statement without being considered the relevancy of the above items for working capital changes.	The observation is accepted, and the corrected Cash Flow statement prepared according to the LKAS 07. Further, actions have been taken to avoid this kind of errors in future.	The cash flow statement should be prepared in accordance with Sri Lanka Accounting Standards.

### 1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
The refundable deposit amounting to Rs.100,000 which liability period was lapsed, had been shown in the financial statements as deposits without being taken any action to release the deposit or to write-off to the income.	This advance payment was done for the charter flight and action will be taken to release or to write-off to the income.	Company should taken necessary action for refundable deposit.

## 1.6 Accounts Receivable and Payable

### 1.6.1 Advance

#### Audit Issue

According to the financial statement, unsettled advance payment of Rs.164,460 has been recorded. This figure is coming from 3 years ago and company had not been able to get settled this amount in timely manner

#### Management Comment

The amount of Rs. 164,460 was paid to Civil Aviation Authority of Sri Lanka on behalf of the Sri Lanka Air Force for the purpose of obtaining Air Operator Certificate and Certificate of Airworthiness for the MA 60 civil air operations. Further, these certificates were not approved by the CAASL due to the technical reasons.

#### Recommendation

Advance 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. 1,165,564 and the corresponding profit in the preceding year amounted to Rs.3,161,887. Therefore a deterioration amounting to Rs. 1,996,323 of the financial result was observed. The reasons for the deterioration is HTTC Income decreased by Rs.2,263,065 than the previous year.