

CWE Construction & Engineering (Pvt) Limited -2015/2016

The audit of the financial statements of the CWE Construction & Engineering (Pvt) Limited (“the Company”) for the year ended 31 March 2016 comprising the statement of financial position as at 31 March 2016 and the statement of comprehensive income, statement of changes in equity 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. In carrying out this audit I was assisted by a firm of Chartered Accountants in public practice. This report is issued in terms of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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 Qualified Opinion

Evidence relating to Payable balance amounting to Rs.29,210,087 as at March 2016 were not made available to the audit.

Cabinet approval in relation to establishment of the Company was not made available to the audit.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.4 of this report, the financial statements give a true and fair view of the financial position of CWE Construction & Engineering (Pvt) Limited as at 31 March 2016, 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

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 explanation 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 requirement of Section 151 of the Companies Act No. 07 of 2007.

2.3 Non – compliance with Laws, Rules, Regulations and Management Decisions

The Scheme of Recruitment and Promotions of the Company had not been approved by the Ministry concerned with the concurrence of the General Treasury contrary to the Section 9.3.1 of the Public Enterprises Circular No: PED/12 of 02 June 2003.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Company for the year under review had resulted after tax net profit of Rs.677,265 as compared with the corresponding after tax net profit of Rs.10,185,185 for the preceding year, thus indicating a deterioration of Rs.9,507,920 in the financial results. Decrease of Rs.10,893,746 in the revenue had been the main reason for the deterioration in the financial results.

4. Accountability and Good Governance

4.1 Corporate Plan

In terms of Section 5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, a corporate plan had not been prepared by the company since year 2012.

4.2 Action Plan

In terms of the Public Finance Circular No. 01/2014 dated 17 February 2014, the Company had not prepared an action plan.

4.3 Internal Audit

In terms of the Management Circular No.DMA/2009(1) dated 09 June 2009, the Company had not established an Internal Audit Unit.

4.4 Audit Committee

In terms of the Section 7.4.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, the Company had not established an Audit Committee.