

C.F.C Founding (Limited Guarantee Company) - 2016/2017

The audit of financial statements of C.F.C Holding (Limited Guarantee Company) (“Company) for a period of 03 months of the year ended 31 March 2017 comprising the statement of financial position and the statement of comprehensive income for a period of 03 months 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. My observation on the operation of the Company within the period of three months (03) under review which I consider should be furnished to Parliament in terms of Article 154(6) of the Democratic Socialist Republic of Sri Lanka appear in this report.

1.2 Board of Directors’ 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 of Directors determine 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 judgement, 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.

1.4 Establishment of the Institution

C.F.C Founding (Limited Guarantee Company) had been established on 27 December 2016 on the approval received on 20 December 2016 for the Cabinet Paper No.16/2694/702/054-1 on the title of “Financial City- the establishment of a Limited Guarantee Company” and for the Cabinet Paper dated 16 December 2016 and the financial statements for the period of three months (03) of the year ended 31 March 2017 had been furnished to audit on 23 August 2019.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of C.F.C Founding (Limited Guarantee 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 Report on other Legal and Regulatory Requirements

I state the following, based on the conclusion in Section 163(2) of the Companies Act No.7 of 2007.

- (a) The basis for opinion, the scope of audit and limitations are as follows.

- (b) In my opinion,

Except for the effect of the matters described in the paragraph Qualified Opinion of this report, I obtained all the necessary information and explanations required for the audit and as far as appears from my examination, proper accounting records had been kept by the Company.

The financial statements comply with the requirements of Section 151 of the Companies Act, No.07 of 2007.

2.3 Comments on Financial Statements

2.3.1 Accounting Deficiencies

Professional fees amounting to Rs.504,761 relating to March 2017 had not been included into the financial statements.

3. Financial Review

According to the financial statements presented, the operations of the Company in 03 months under review had been equivalent to its expenditure and the total operating income amounting to Rs.2,352,147 consisted of Treasury Grants.

4. Operating Review

4.1 Performance

This Company had been established for the drafting of the legal document necessary for the implementation of the Financial City Project and the drafted Colombo Financial City Bill had been furnished to the Attorney General's Department on April 2019.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the draft Annual Financial Statements should be furnished to the Auditor General within 60 days after the close of the year by the Institution in terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, financial statements for the year 2017 had been furnished by the Company on 23 August 2019.