

## **Shipping and Aviation Information and Research (Private) Limited – 2017**

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The audit of financial statements of the Shipping and Aviation Information and Research (Private) Limited for the period ended 02 August 2017 comprising the statement of financial position as at 02 August 2017 and the statement of comprehensive income, statement of changes in equity for the period 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 observations on the activities of the current period of the Company which I hope to present to the parliament in terms of the Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka appear in this report.

### **1.2 Management's Responsibility for the Financial Statements**

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Management is responsible for the preparation and fair presentation of the 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**

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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 and ownership of the company**

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Approval has been granted to establish new institute as Shipping and Aviation Information and Research (Private) Limited instead of the Sri Lanka Central Freight Bureau in accordance with the decision taken at the Cabinet Meeting held on 07 January 2009. Also, it was approved to operate as a state-owned company under the Ministry of Ports and Aviation, based on the observations made by the Minister of Finance and Planning, until establish as an

authority through an Act of Parliament. Accordingly, on 14 July 2009 the Shipping and Aviation Information and Research (Pvt) Ltd was incorporated under the Companies Act No. 07 of 2007. Similarly, the Sri Lanka Central Freight Bureau was liquidated and all the assets belong to it, including the Rs.30 million fixed deposits were assigned to this company. Accordingly, the ownership of the share capital of Rs. 30 million had owned by the General Treasury.

## **1.5 Liquidation of the Company.**

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The Cabinet of Ministers had decided to liquidate the company on 31 August 2016, considering a Cabinet Memorandum presented by the Minister of Port and Shipping which points out the continuous losses of the company incurred from the year 2012, its failure to meet the purpose of establishing, staying inactive and lack of contribution to the national economy. Accordingly, further remaining balance of Rs. 21,103,779, after being sale of assets, settlement of liabilities and payment of employees' compensations was remitted to the General Treasury on 02 August 2017.

Though, it had not been apply relevant winding up procedures according to the Section XII of the Companies Act No.07 of 2007.

## **1.6 Basis for qualified opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2. Financial Statements**

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### **2.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the winding up financial statements give a true and fair view of the financial position of Shipping and Aviation Information and Research (Private) Limited as at 02 August 2017 in accordance with Sri Lanka Accounting Standards.

### **2.2 Comments on Financial Statements**

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A cash flow statement had not submitted with the financial statements in accordance with paragraph 10 of Sri Lanka Accounting Standard, No. 01.

## **3. Financial Review**

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### **3.1 Financial Result**

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According to the Financial Statements presented, the loss of the Company for the period under review amounted to Rs.2,215,076. Due to the Company had remained inactive the accumulative loss had amounted to Rs.8.89 million at the winding up date. After being adjusted the accumulative loss, the stated capital Rs. 30 million had eroded up to Rs 21.10 million or 29.63 per cent.