

Helitours (Private) Limited -2022/2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the **Helitours (Private) Limited** for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity in net assets 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 2023, 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'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

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 scepticism 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
(a)According to Chapter 88 of Sri Lanka Accounting Standard No. 01, if there is no requirement or exemption from another standard, an entity should use the income and expenses related to the period to identify the profit or loss. But due to the fact that bad debt write-off of Rs.348,646 was not recognized as an expense of the year under review and was deducted from the retained profit, the profit of the year was overestimated by the same amount. And that value was also incorrectly deducted under operating activities in the cash flow statement	The write-off amount of Rs. 348,646.00 had been adjusted to retained earnings due to the, these amounts were outstanding from previous years. However, the corrective actions will be taken according to the observation. Also corrected Cash Flow Statement submitted to Audit.	Cash Flow Statement should be prepared as per the accounting standards.
(b)According to paragraph 08 of the Sri Lanka Accounting Standards No.10, events after the reporting period, an entity must adjust the amounts recognized in its financial statements to reflect adjusting events that occurred after the reporting period. However, refunded International Air Ticket sales on 8 th January 2023 amounting to Rs. 990,000 had not been adjusted to the sales income of year under review.	This refund had been occurred after the closing of annual accounts for the FY2022/23. However, appropriate actions will be taken to record these kinds of transactions according to the SLAS 10 in future.	The amounts recognized in its financial statements to reflect adjusting events that occurred after the reporting period must be adjusted as per the accounting standards.
(c)According to LKAS-1 paragraph 38 an entity shall disclose comparative information in respect of the previous period for all amounts reported in the current periods financial statements. However, comparative figures of previous year for cash flow statement had not been disclosed in the financial statements for the year.	The corrected Cash Flow Statement is attached..	In the cash flow statement comparative figures should show.

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) The receivable income of the course fee of Helitours Technical Training Center (HTTC) amounting to Rs.1,755,000 had been accounted as Rs.1,560,000. As a result the receivable income shown in the statement of financial position had been understated by Rs.195, 000.	There are two student had be joined which is three months after the course commencement date. Hence, the course fees relating to these 03 months amounting to Rs. 195,000.00 have been considered as receivable and adjusted during the month of April 2023 to the accounts.	The correct amount of income should be accounted
(b) An income received in advance for the year under review was Rs.388,750. However, as per the computations done by Audit, it was Rs.291,250. Accordingly, income received in advance shown in the financial statements of the company for the year under review had been overstated by Rs.97,500.	One of student joined to the course after 03 months from the course (No. 06) commencement date. However, he had paid full course fee at end of the September 2022. The income for the months in which the student did not participate in the course has been recognized and adjusted as prepaid income during the month of April 2023.	Income should be calculated correctly.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Letter No. PED/S/HT/1/12 (i) of 15 December 2020 Department of Public Enterprises.	According to that letter, it was directed to transfer the shares of the Company to the Treasury and to appoint a Treasury Member to the Board of the Company. However, that direction had not been followed by the Company.	It was requested to appoint a director from Treasury through MOD by the letter reference MOD/P&P/01/35/AF(1) dated 07 October 2022. However, Treasury has not appointed a director to the company to date.	Necessary action should be taken to appoint the director from treasury.

<p>(b) Section 2.3 of the Guidelines on Corporate Governance for State-Owned Enterprises</p>	<p>The company is required to prepare an annual action plan and an annual budget, but an action plan and budget for the 2022/2023 financial year had not been prepared.</p>	<p>Time limitations that rendered the company unable to prepare its annual action plan and annual budget within the prescribed timeframe. Nevertheless, the company has promptly undertaken measures to prepare both the annual action plan and annual budget in accordance with the guidelines issued by the Department of Enterprises.</p>	<p>Necessary action should be taken to prepare action plan and annual budget in accordance with the guidelines.</p>
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2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs 8,377,098 and the corresponding profit in the preceding year amounted to Rs. 7,920,739. Therefore an improvement amounting to Rs.456,359 of the financial result was observed. The reasons for the improvement are increased revenue of international air ticket sale and financial income.