

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Helitours (Private) Limited for the year ended 31 March 2024 comprising the statement of financial position as at 31 March 2024 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a material accounting policy 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 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 2024, 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 particular Standard	reference to	Management Comment	Recommendation
(a) According to the section 20 (b) of LKAS 07 the need to adjust non- cash items for the profit of the cash flow statement. However cash flow statement. However amounting to Rs.480,000 written off during the year review had not been adjusted.	the cor y rece Annex	Observation Accepted and The corrected Cash Flow Statement had been attached as Annex	Cash flow statements should be corrected.
(b) According to the section 88 of LKAS 01, the company shall recognize all items of income and expenses in a profit or loss unless a standard requires or permits otherwise. However advertising expense amounting to Rs 481,800 only Rs.107,950 had been charged to profit & loss account and rest of the expenditure has been carried forwarded to next year. As a result profit of the year had been overstated by Rs. 323,850.	the cor y rece Annex	The forwarded balance in the Marketing and Advertising Account, will be include accounted as an expenditure for the 24/25 financial year as according to the Section 88 of LKAS 01	Expenses Should be recognized as accounting standards
(c) According to paragraph 08 Of the LKAS No.10, the company must adjust the amounts recognized in its financial statement to reflect adjusting events that occurred after the reporting period. However, the international air ticket sales income refunded on 07 th February 2024 amounting to Rs.1,850,000 had not been adjusted to the sales income of year under review.	the cor y rece Annex	This refund had been occurred after the closing of annual accounts for the FY2023/24. 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

1.5.2 Accounting Policies

Audit Issue	Management Comment	Recommendation
According to the section 29 (a) of LKAS 08, when a voluntary change in accounting policy has an effect the current period or any prior period entity shall disclose the nature of the change in accounting policy. The company identified additional charges income amounting of Rs. 190,000 when students paid the course fees in instalments basis during the year under review but not disclosed.	The additional income identified as Rs 190,000.00 will be adjusted to the financial year 24/25 as per the section 29 (a) of LKAS 08.	accounting policy changes should be disclosed.

1.5.3 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
As per the financial statements the Course fee income for the year under review was Rs.5,161,250. However as per the computations done by audit it was Rs.4,891,250. Accordingly the course fee income shown in the statement of financial performance of the year under review had been overstated by Rs.270,000.	According to your analysis, the income of the course fee account has increased by Rs 270,000.00 due to the following reasons, <ul style="list-style-type: none">• Corrected course fee as per your last year audit report = Rs.292,500.00 (Rs.97,500.00x3)• The course fee over- recorded in the ledger for the = Rs. 10,000.00 month of March.• Over-calculations made by you in calculating = (Rs. 32,500.00)• Different Between Ledger Balance and your under review = Rs.270,000.00	The course fee income should be accounted 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) Section 9 (ii) of Article Association	A treasury member of should represented as a director to the director board of the company, but not been represented as a director to the director board until the financial year ended.	1) Helitours (Pvt) Ltd has already been informed in few occasions to the General Treasury regarding nomination for the treasury member as director of the company. 2) The nomination is still pending from the Treasury.	Necessary action should be taken to appoint the director from the treasury.
(b) Section 2.3 of the Guidelines on Corporate Governance for State-Owned Enterprises.	The company had not prepared an annual action plan and an annual budget, for the 2023/2024 financial year as required.	The company had been submitted the annual action plan and annual budget of the 24/25 financial year.	Necessary action should be taken to prepare annual action plan and an annual budget in accordance with the guidelines.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs 7,171,214 and the corresponding profit in the preceding year amounted to Rs.6,323,086. Therefore an improvement amounting to Rs. 848,128 of the financial result were observed. The reasons for the improvement are increased revenue of international air ticket sale and decreased expenses of the company.