Helitours (private) Limited - 2024

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the **Helitours (private) limited** Company for the year ended 31 March 2025 comprising the statement of financial position as at 31 March 2025 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 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 2025, 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 skepticism 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
As a business activity of the company, airline tickets are purchased from agencies and sold to airline passengers, A profit of Rs. 625,358 was recognized in the current year on a batch of air tickets sold in this way. However, the company had refunded the value of that ticket category to the passengers in April 2025 due to non-use by the passengers concerned the profit identified above had not been reconciled to the financial statements in accordance with Sri Lanka Accounting Standard No. 10.	Since the cancellation of tickets occurred on 02nd April 2025, the corresponding adjustments have been made in the 2025/2026 ledger account.	Adjustments to financial statements should be made as an event occurring after the balance sheet date.

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
Donation of Rs. 150,000 received from the Service Welfare Fund, was recorded as payable without being disclosed in the company's financial performance statement, the profit for the year under review was understated by that amount and the current liabilities were overstated by that amount.	This amount has been provided as a donation by an airline company and has been credited to the company's welfare fund account for staff motivation purposes.	Donations must be disclosed in the company's financial performance statement.

1.6 Non-compliance with laws, rules, regulations and management decisions, etc.

Reference to laws, rules, regulations, etc.	Non-compliance Rs.	Management Comment	Recommendation
a. Paragraph 6.1 (ii) of the Department of Public Enterprises' Public Enterprises Operations Manual dated 16th November 2021.	During the year under review, the approval, certification and payment of 17 vouchers totaling Rs. 8,258,484 were carried out by a single officer, resulting as a lack of strong internal control in the company.	Since the accountant requests money for the payment vouchers that must be made by the accounts department when making payments, his signature appears on each voucher two or three times.	Must act in accordance with the provisions of government circulars.
b. National Procurement Agency Circular	During the year under review, procurements totaling Rs. 408,912	That from now on, steps will be taken to ensure that the	Must act in accordance with government

No. 08 dated 25th January 2006.	were made without inviting competitive bids on 05 occasions.	procurement procedures are carried out properly.	procurement guidelines.

1.7 Non-compliance with tax regulations

Audit Issue	Management Comment	Recommendation
The income tax credit for the year was overstated by Rs. 51,316 due to the calculation of tax without deducting capital allowances for depreciable fixed assets.	That the tax calculations will be carried out in accordance with the appropriate instructions given from now on.	In accordance with Section 16.1 (a) of the Inland Revenue Act No. 24 of 2017, tax should be calculated on the adjusted value of capital allowances.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs. 15,224,436 and the corresponding profit in the preceding year amounted to Rs. 10,244,591. Therefore an improvement amounting to Rs. 4,999,845 of the financial result was observed. The reasons for the improvement are mainly due to an increase in course fee income of Rs. 3,888,750 from the Helitours Technical Training School.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	**Management Comment**	**Recommendation**
Although it has been almost 15 years since the company was established, the company's articles of association	The purchase of necessary software has commenced for the purpose of providing aircraft repair, maintenance	Action must be taken to achieve the objectives of the

include the provision of aircraft repair, maintenance and replacement facilities, provision of air support services, security services, baggage screening and explosive ordnance disposal services and providing facilities for aerial adventure sports and leisure activities had so far failed to be achieved.	and replacement facilities and in the future, It is stated that efforts will be made to achieve the objectives of providing security services, baggage screening and explosive ordnance disposal services, providing air support services, and providing facilities for aerial adventure sports and leisure activities.	company as stated in the articles of association.

3.2 Operational Inefficiencies

	Audit Issue	Management Comment	Recommendation
a.	The company had lost the revenue that could have been earned from domestic flights due to the company not obtaining the Air Operation Certificate issued by the Civil Aviation Authority for air passenger transport after 2023.	The application for obtaining an Air Operator's Certificate has been submitted to the Civil Aviation Authority, although it has not been obtained after 2023.	The relevant support should be obtained promptly and steps should be taken to increase the company's income.
b.	Although an amount of Rs. 359,000 was paid to an international institution on 03rd February 2025 on behalf of an Air Force female officer employed by the company to study a diploma related to air tickets, That diploma, which was scheduled to commence on 25th January 2025, had not commenced as of the date of this report.	The Air Force Procurement Division is currently in the process of recovering the amount of Rs. 359,000 paid to IATA on 03rd February 2025 for the company's ticketing manager to study for a ticketing diploma.	Payment should not be made before services are performed.

3.3 Delays in Projects or Capital Work

Audit Issue	Management Comment	Recommendation
Three activities related to examination halls and ticket counters, which were planned at a cost of Rs. 420,000 as per the operational plan for the year under review, had failed to be completed by the end of the year.	This is a situation that has arisen due to factors such as supplier delays, abandonment of certain expenses, and postponement of plans.	Planning should be a key management control tool.

3.4 Procurement Management

Audit Issue	Management Comment	Recommendation
In the year under review, implementation of three procurements to purchase of seven air conditioners at a cost of Rs. 2,377,114 intention was made through a Regional Procurement Committee, it was not possible to obtain the discounts or low price advantages that could have been obtained, In the purchase of three air conditioners at a cost of Rs. 1,504,500, only three prices quotation were used, departing from the procurement guidelines 2.14.1. Furthermore, although bids were to be received by registered mail or by placing them in a tender box as per the Procurement Guidelines 6.3.1, the independence and competitiveness of the procurement was hampered by the manual collection of bids, These procurements were carried out without formal contract agreements, in deviation from the guidelines 8.9.1 (b).	Since the company does not have a procurement board, these purchases have been made by calling for quotes from the island's leading brands and evaluating them, and steps will be taken to act in accordance with your observations and requirements from now on.	Purchases must be made in accordance with procurement guidelines.