

**INDEPENDENT ASSURANCE REPORT TO THE DIRECTOR GENERAL OF MERCHANT SHIPPING ON THE DIRECTORS' STATEMENT OF COMPLIANCE, FOR THE PURPOSE OF SUPPORTING THE APPLICATION FOR A LICENSE OR FOR RENEWAL OF THE LICENSE TO CARRY ON BUSINESS AS A SHIPPING AGENT/FF/NVOCC OPERATOR FOR THE YEAR 2015**

**Introduction and the Scope of the Engagement**

The management of ..... (NAME OF THE CLIENT)..... ("the Company") engaged us to provide an independent assurance report on the Directors' Statement of Compliance("the Statement") which forms the Annexure to this Report, for the purpose supporting the Application for a license or for renewal of a license to carry on business as a shipping agent/FF/NVOCC Operator for year 2015.

**Evaluation Criteria**

The evaluation criteria used for this limited assurance engagement is given in the Directors Statement of Compliance annexed to this report and was specifically developed by the management of the Company, based on extra ordinary gazette of the Democratic Socialist Republic of Sri Lanka date 28<sup>th</sup> August 2014 and Annexure 07 of the renewal application issued by Director General of Merchant Shipping. ("Evaluation Criteria")

**The Management's Responsibility**

The management of the company is responsible for the Statement, establishing the Evaluation Criteria as mentioned above and ascertaining the Company's level of compliance with the Evaluation Criteria, for the year ended 31 March 2014

**Auditor's Responsibility and Scope of Work**

Our responsibility is to carry out a limited assurance engagement in order to express a conclusion based on our work. We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000); "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the Institute of the Chartered Accountants of Sri Lanka.

Our engagement provides limited assurance. A limited assurance engagement conducted in accordance with SLSAE 3000 is substantially less in scope (less comprehensive) than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

**Limited Assurance Procedures performed**

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. This assurance engagement is limited primarily to the following procedures;

- Inquiries of relevant/responsible personnel/Management of the Company to understand the processes and controls in place to ensure ;
  - that the Company comply with CASA minimum tariff requirements in invoicing,
  - Only repatriable funds (as defined in criteria no....) are repatriated,
  - Percentage of foreign shareholding is kept within the specified or approved limits.
  - That the company has duly received the remittances from principal.
- Evaluating and validating the key controls in place on a sample basis .The level of testing was determined based *on the level of risk assessed/auditor's professional judgment*.
- Performing substantive analytical procedures to ascertain rates of commission charged/applied in raising the invoices approximates the applicable CASA rates.

- Obtaining age analysis of receivable from principal, ensure that money has been received within the agreed time.
- Checking whether the dividends have been transferred out of profits not including undistributed dividends of previous years, gains from disposal of capital assets and transfers from reserves.
- Scanning/perusing the register of shareholders, annual return filed on..... and other related correspondence to ensure Companies composition of the shareholding throughout the year are maintained within the allowed/ specifically approved limits for the entity.

**FF specific**

- Reviewed the ageing report of accounts receivable from foreign customers as of 31 March 2014 to ascertain whether dues remain within the approved credit limits for those customers.

Above list of procedures is not an all inclusive list. Hence can be modified by the auditor, as the case may be

This report is provided solely for the purpose of supporting the Application for a license or for renewal of a license to carry on business as a shipping agent/FF/NVOCC Operator for the year 2015. Our key assurance procedures have been undertaken so that we provide a limited assurance on the Statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume the responsibility to anyone other than the addressee, for the stated key assurance procedures, for this report, or for the opinion we have formed. This report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

**Conclusion**

Based on the procedures performed, as described above, we conclude that nothing has come to our attention that causes us to believe the Annexed Statement is not in compliance with, in all material respects, in accordance with the Evaluation Criteria mentioned in the said Statement.

.....  
**NAME OF FIRM**

**Date**  
**Location/City**

## Annexure

*To be printed on company's letter head*

Date

Director Merchant Shipping

Dear Sir,

### **Directors' Statement of compliance for the purpose of renewal of the license to carry out business as a shipping agent/FF/NOVACC operator**

We acknowledge our responsibility for overall compliance and ascertaining and declaring the Companies' state /level of compliance with below mentioned compliance requirements against the evaluation criteria listed below.

#### **Criteria against which the compliance of the Company is ascertained/determined**

##### **1. Criteria for evaluation of the compliance with Minimum Tariff requirements**

Minimum Tariff table published by the Ceylon Association of Ship's Agents (CASA) dated.....

##### **2. Duly receipt of the remittances from Principal and keeping of sufficient funds to meet local expenses**

Sufficient funds to meet local expenses deemed to be kept if the amount of reimbursable expenses invoiced are equal to or above the total actual expenses incurred on behalf of the principal in connection of a particular job.

The said funds were considered to be duly received from the principal if the dues were settled by Principal within .....days (specify the range of days within which funds were collected)

##### **3. Only repatriable funds have been remitted**

Repatriable funds are deemed /considered to be the dividends transferred to principal during the year, out of the profits not including undistributed dividends of previous years, gain on disposal of capital assets and transfers from reserves.

##### **4. Criteria for evaluation of compliance with foreign shareholding limits**

Compliance was established against the Clause number 5, 6 and 7 of the extra ordinary gazette of the Democratic Socialist Republic of Sri Lanka dated 28<sup>th</sup> August 2014.

#### ***Freight Forwarders***

##### **1. All dues from foreign counterparts have been received within.....months.**

Foreign counterparts were deemed to be the foreign customers of the Company.

The said funds were considered to be duly received from the principal if the dues were settled by Principal within .....days (specify the range of days within which funds were collected)

##### **2. Only repatriable funds have been remitted**

Repatriable funds are deemed /considered to be the dividends transferred to principal during the year, out of the profits not including undistributed dividends of previous years, gain on disposal of capital assets and transfers from reserves.

### 3. Criteria for evaluation of compliance with foreign shareholding limits

Compliance was established against the Clause number 5, 6 and 7 of the extra ordinary gazette of the Democratic Socialist Republic of Sri Lanka dated 28<sup>th</sup> August 2014.

We have duly assessed the level of compliance and certify and declare that the company;

- 1) Complied with Minimum Tariff rates published by CASA (dated..) for the financial year ended 31 March 2014;  
Or

The company has been in compliance with Minimum Tariff requirements as per CASA (dated ...) in raising invoices for commission charged, throughout the year ended 31 March 2014;  
Or

The company has applied applicable minimum tariff rates as per CASA, for all the invoices raised during the year ended 31 March 2014;

Exception table: if any

- 2) Expenses incurred by the company on behalf of the principal have been reimbursed within.....days from the date of invoice throughout the financial year ended 31 March 2014 (specify the range or exact credit term).

Exception Table

- 3) Only repatriable funds (as defined in criteria for evaluation no.....) have been remitted during the year ended 31 March 2014.

Exception Table : If any

- 4) Company's foreign shareholding percentage remained at .... % of the issued share capital throughout the financial year ended 31 March 2014 and that percentage is within the allowed/approved limits of foreign shareholdings.

- 5) All dues from foreign counterparts (as defined in criteria for evaluation no.....) outstanding as of 31 March 2014 has been received subsequently within the agreed credit terms.

Exception Table: if any

Yours faithfully

(Entity name)

Xxxxxxx	CEO	.....
Xxxxxxx	CFO	.....
Xxxxxxx	Director	.....
Xxxxxxx	Director	.....