

## **Sri Lanka Aquatic Sport Union - 2018**

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### **1. Financial Statements**

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#### **1.1 Disclaimer of Opinion**

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The audit of the financial statements of the Sri Lanka Aquatic Sports Union (“the union”) for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of comprehensive income, statement of cash flows 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(3) 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. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practices.

I do not express an opinion on the accompanying financial statements of the Union. Because of the significance of the matters described in paragraph 1.5 of this report. I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **1.2 Basis for Disclaimer of Opinion**

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My opinion is Disclaimed based 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 auditing standards are further described in the Scope of Audit section of my report.

##### **1.2.1 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles, 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 Union’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 intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Union 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 Union.

### 1.3 Scope of Audit

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My responsibility is to conduct an audit of the Union's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of opinion section, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### 1.5 Audit Observations on the preparation of Financial Statements.

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#### 1.5.1 Internal Control over the preparation of financial statements

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<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
(a) The union had not followed double entry accounting system and adequate accounting records had not been maintained.	Union's comments had not submitted.	Proper accounting records should be maintained.
(b) A Fixed Assets Register had not been provided to audit, as a result it was unable to physically verified the property Plant and Equipment in reliable manner.	Union's comments had not submitted.	Proper accounting records should be maintained.

#### 1.5.2 Accounting Deficiencies

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<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
(a) A sum of Rs.9,595,637 received from 99 players and 5 officers for Milo Swimming Championship held in Malaysia had not been recorded in the books of accounts.	Union's comments had not submitted.	Proper accounting records should be maintained.
(b) The petty cash balance reflected in the petty cash register amounting to Rs.2,908 had not been recorded in the books of accounts.	Union's comments had not submitted.	Proper accounting records should be maintained.

### 1.5.3 Documentary Evidence not made available for Audit

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<b>Audit Issue</b>	<b>Amount</b>	<b>Evidence not available</b>	<b>Management Comments</b>	<b>Recommendation</b>
	<b>Rs.</b>			
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Tournament income	22,401,742	Income schedules	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.
Registration fee	4,279,251	Receipts	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.
Salaries paid to the IT manager	168,000	Payment vouchers	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.
Administration expenditure	465,000	Payment vouchers	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.
Overpayment of Players	108,717	The details relating to the refunds made to the players	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.
Total Income	9,595,637	Receipts	Union's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the balance.

## 2. Financial Review

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### 2.1 Financial Results

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The operating result of the union for the year under review amounted to a surplus of Rs.74,298 and the corresponding deficit in the preceding year amounted to Rs.321,641. Therefore an improvement amounting to Rs.395,939 of the financial result was observed. The reasons for the improvement were decrease the total income by Rs.2,970,817 and decrease the total expenditure by Rs. 3,366,756.