

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Elle Federation of Sri Lanka (“the federation”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the income statement, statement of changes in equity 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(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.

I do not express an opinion on the accompanying financial statements of the Federation. 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

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 standards are further described in the Scope of Audit section of my report.

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 for Small and Medium-sized Entities (SLFRS for SMEs) and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Federation’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 Federation or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Scope of Audit

My responsibility is to conduct an audit of the Federation'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

1.5.1 Payable

Audit Issue	Management Comments	Recommendation
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Payable balance amounting Rs.271,167 were remained outstanding for over 03 years without being settled or made necessary adjustments in the financial statements.	Federation's comments had not been submitted.	Action should be taken to settle the payables or made necessary adjustments in the financial statements.

1.5.2 Documentary Evidences not made Available for Audit

Item Issue	Amount Rs.	Evidence not available	Management Comments	Recommendation
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Membership and Annual Fee	110,000	Receipt books	Federation's comments had not been submitted.	The document should be furnished to audit in order to verify the accuracy of membership and annual fee.

1.6 Non – Compliance with Regulations

Reference to Regulations	Non - Compliance	Management Comments	Recommendation
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According to Section 7 (xi) of the National Sports Association Regulation No. 01 of 2016.	Corporate plan had not been prepared by the Federation.	Federation's comments had not been submitted.	Corporate plan should be prepared.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs.594,485 and the corresponding surplus in the preceding year amounted to Rs.356,046. Therefore, deterioration amounting to Rs.950,531 of the financial result was observed. The reasons for the deterioration were decrease the income by Rs.297,500 and increase the expenditure by Rs.653,031.

3. Accountability and Good Governance

3.1 Budgetary Control

Audit Issue	Management Comments	Recommendation
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Elle Federation of Sri Lanka had not prepared the budget for the year 2021. Therefore, the financial control of the Federation during the year under review could not been evaluated.	Federation's comments had not been submitted.	Annual budget should be prepared.