

**1. Financial Statements**

**1.1 Disclaimer of Opinion**

The audit of the financial statements of the National Association for Canoeing and Kayaking in Sri Lanka (“the association”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of income and expenditure, statement of changes in equity, 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 the parliament appear in this report.

I do not express an opinion on the accompanying financial statements of the Association . 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 Opinion**

My opinion is disclaimer 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 auditing 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 Standard 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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

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

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

#### 1.4 Scope of Audit

My responsibility is to conduct an audit of the Association'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 Documentary Evidence not made available for Audit

Item available	Amount	Evidence not available	Management Comment	Recommendation
	Rs.			
(a) Income	1,203,394	Receipts	Reverent reply had not been submitted by the Association.	The document should be adequately furnished to audit in order to verify the income, expenses and balance
(b) Expenses	2,173,171	Payment Vouchers	Do	
(c) Bank	675,493	Bank reconciliation and confirmations	Do	

## 1.5.2 Accounting Deficiencies

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Expenses incurred in 2021 amounting to Rs 183,000 for Fifth canoeing spring National Championship Regatta 2021 had been accounted as the expenditure of the year under review therefore the deficit during the year had been increased by same amount.	The expenses for this event 2021 were recorded in 2022.	Financial Statement should be properly prepared.

## 1.5.3 Internal Control over the Preparation of Financial Statements

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) Cash book, general ledger, and trial balance, were not made available for audit during the year under review.	No bank book and ledges maintained by the Association.	The general ledger, cash book and trial balance should be prepared and submit for audit by the Association.
(b) A Fixed Assets register had not been maintained by the Association	The assets register maintains and submitted.	Fixed assets register should be properly prepared by the Association.
(c) The Financial statements of the Association for the year 2022 were submitted to the Auditor General on 30 March 2023 with one month delay.	Association were submitted the financial statements on 30 March 2023.	Financial statement should be submitted to the Auditor General without delay
(d) Action plan and Budget had not been prepared by the Association.	No budget and action plan prepared by the Association.	Proper budget and action plan should be prepared by the Association

## 2. Financial Review

### 2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs.969,777 and the corresponding deficit in the preceding year amounted to Rs. 311,893. Therefore, a deterioration amounting to Rs. 657,884 of the financial result was observed. The reasons for the deterioration are increase the total expenses by Rs.1,424,032.