

Sri Lanka Carrom Federation - 2022

1. Financial Statement

1.1 Disclaimer of Opinion

The audit of the financial statements of the Sri Lanka Carrom Federation (“the federation”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the income and expenditure statement, statement of changes in accumulated fund and 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.

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 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 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 Observation on the Preparation of Financial Statements.

1.5.1 Non-compliance with Laws, Rule, Regulations and Management Decision.

Reference to Laws, Rules Regulation	Non Compliance	Management Comment	Recommendation
(a) According to paragraph 7(xiii) of section (iii) of the National Sports Association Orders No. 01 of 2016.	The financial statements certified by the federation should be submitted to the Auditor General within two months of the end of the financial year, however the financial statements of the Federation for the year 2021 had not been submitted to the Auditor General as above. The newly appointed officers of the Federation from 17 June 2022 had submitted the financial statements for the year 2022 to the Auditor General on 21 June 2023. The Federation's registration was temporarily suspended from 05 February 2021 to 16 June 2022 and its monitoring power was handed over to the Director General of the Sports Development Department.	The new officers of the executive Committee was appointed from 17.June.2022. The past officers of EXCO had not handed over any previous documents belonging to the Federation to the new EXCO officials . As a result, had to face great difficulty in preparing financial statements.	Federation should properly prepare financial statements every year. As well as financial statements should be submitted to the Auditor General in accordance with the provision of the Sports Act.
(b) According to Paragraph 17.19 of Sri Lanka Accounting Standard for Small and Medium Enterprises	If a material change is expected in the useful life of property, plant and equipment, the current depreciation policy should be reconsidered, however the action had not been taken to rectify the estimated error in respect of property, plant and equipment valued at Rs.2,061,520 which had been fully depreciated and the Federation does not physically possess the above property, Plant and equipment.	Due to the fact that the previous EXCO members had not handed over the Property, Plant and Equipment belonging to the Federation to the new EXCO.	According to the SLFRS for SMEs the useful life of the fully depreciated Property Plant and Equipment should be reviewed and adjusted in financial statement.

1.5.2 Documentary Evidences not made available for Audit

Audit Issue	Amount Rs.	Evidence not available	Management Comments	Recommendation
(a) Rent payable	1,950,000	Rent agreement and Invoices	As no any document were handed over to the new officers relevant document could not be submitted to audit.	The documents should be adequately furnished to audit in order to verify the payable.
(b) District development expense payable	26,000	Balance confirmations	- Do -	- Do -
(c) Admission fees income	102,600	Receipts	These income were send to the Federation online for national tournament by the participants. Receipts will be issues for online payments in future.	The document should be adequately furnished to audit in order to verify the income.
(d) Receivable balance	30,180	Independent verification	Cash in hand amounting to Rs. 30,180 had not been handed over to new officers and action will be taken to recover this amount.	Prompt action should be taken to recover the receivable.
(e) Balance of the savings account	1,122	Confirmation and Bank Passbook	Bank passbook had not been handed over to the news officials; therefore, it was not submitted to audit.	The document should be furnished to audit in order to verify the Bank balance.
(f) Other payable	4,850	Balance confirmation	As no any documents were handed over to new	Balance confirmation should be furnished to audit in order to verify

officials, balance confirmation could not submitted to audit.

the existence of payable balance.

1.5.3 Management Inefficiencies

Audit Issue	Management Comments	Recommendation
As the property, Plant and equipment valued at Rs 2,223,530 were not physically possession of the Federation, assets could not be physically verified	Legal action will be taken to acquire the relevant assets.	Prompt action should be taken for acquire the assets and verify the existence of the non-current assets.

2. Financial Review

2.1 Financial Results

The operating result of the federation for the year under review amounted to a deficit of Rs. 102,698 and the corresponding deficit in the preceding year amounted to Rs. 26,820. Therefore, a deterioration amounting to Rs. 75,878 of the financial result was observed. The reason for the deterioration were increase the total expense by Rs. 507,978 and total income by Rs. 432,100.

3. Account Receivables and Payable

3.1 Payable

Audit Issue	Management Comments	Recommendation
The action had not been taken to settle the rent amounting to Rs. 1,950,000 coming from the year 2020 and District Development Expenditure payable amounting Rs. 26,000 shown under current liabilities.	There was no request submitted to the Federation in relation to these amounts to make payment.	Prompt action should be taken for settle the payables.