

**1. Financial Statements**

**1.1 Disclaimer of Opinion**

The audit of the financial statements of the Roll Ball Federation of Sri Lanka (“the Federation”) 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 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 discussed 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**

As described in paragraph 1.5 of this report, I was unable to confirm or verify by alternative means, material items included in the statement of financial position, statement of income and expenditure, statement of changes in equity and cash flow statement. As a result of these matters, I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts and the elements making up the statement of financial position, statement of income and expenditure, statement of changes in equity and cash flows.

**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 this income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Federation.

## 1.4 Scope of Audit

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. However, because of the matters described in paragraph 1.5 of this report, I was not able to obtain sufficient appropriate audit evidences 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 Going Concern of the Organization

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
The Federation's total liabilities exceed its total assets by Rs.5,031,855. As well as, compared to the total assets of the Federation at the year under review, the negative balance of the accumulated fund was 109 times. This indicate that, a material uncertainty exists that may cast significant doubt on the Federation's ability to continue as a going concern. However, the executive committee had not considered this situation in order to take remedial action and disclose it in the financial statements.	Action had been taken to convert all the loan payments as revenue in 2023.	Prompt actions should be taken to implement a mitigating plan with regard to significant doubt on the Federation's ability to continue as a going concern.

## 2. Financial Review

### 2.1 Financial Results

The operating results of the year under review amounted to a surplus of Rs.109,685 and the corresponding deficit in the preceding year amounted Rs.35,085. Therefore, an improvement amounting to Rs.144,770 in the financial results were observed. The main reason attributed for this improvement is increase of the total income by Rs.482,000 as against the increase of expenditure by Rs.337,230.

## 3. Accountability and Good Governance

### 3.1 Budgetary Control

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Federation had not prepared a Budget for the year 2022. Therefore, the financial control of the Federation could not be evaluated during the year under review.	We will prepare a Budget for the next year and get approved by the EXCO, and will submit for audit in next year.	Annual budget should be prepared before commencing the particular financial year.

### 3.2 Action Plan

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
According to Section 7(xii) of the directives of the National Sports Associations published in the Gazette No.1990/23 dated 27 October 2016, an Action plan had not been sent to the Director General's approval, three months prior to the commencement of the financial year.	We will submit the Action plan next year.	An Action plan should be submitted to the Director General without delay.

### 3.3 Corporate Plan

<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
According to Section 7(xi) of the directives of the National Sports Associations published in the Gazette No.1990/23 dated 27 October 2016, a Corporate plan had not been prepared by the Federation.	We will prepare and submit the Corporate plan in next year.	A Corporate Plan should be prepared and submitted to audit, with the approval of the EXCO.

### 3.4 Management Inefficiencies

<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
A Fixed Asset register had not been maintained by the Federation.	We will prepare and submit the Fixed Asset register in next year.	A Fixed Asset Register should be prepared and submitted to audit before commencing the financial year.