

**1. Financial Statements**

**1.1 Disclaimer of Opinion**

The audit of the financial statements of the Sri Lanka Wushu Federation (“the Federation”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information 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 and Section 21 A of the Sports (Amendment) Act No.47 of 1993. 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**

I do not express an opinion 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 paragraph 1.5 of this report, 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 Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management Comment	Recommendation
(a) Payments	1,398,856	Invoices and bills	Some supporting documents are submitted herewith.	The required Invoices and bills had not been furnished to audit in order to ascertain the accuracy of the payments.
(b) Fixed assets	18,024,557	Fixed assets register, individual cost classification for each class of assets and fixed assets verification report	We will take necessary actions to maintain fixed assets register and hope to produce information more descriptively with organized way for future audits.	Action should be taken to conduct a board of survey and maintain fixed assets register.
Depreciation	1,388,959			

## 2. Financial Review

### 2.1 Financial Results

The operating result of the Federation for the year under review amounted to a surplus of Rs.1,484,791 and the deficit against this in the preceding year amounted to Rs. 614,882. Therefore, an improvement amounting to Rs. 2,099,673 of the financial results was observed. The main reason for this improvement was increase the income by Rs. 28,535,919 as against the increase of the expenditure by Rs. 26,436,247.

## 3. Operational Review

### 3.1 Transactions of Contentious Nature

Audit Issue	Management Comment	Recommendation
A sum of Rs. 110,000 was spent for the funeral of the fathers of the National Coach and a National player. However, no provision had been made in the	We have made those payments after obtaining approval from the Executive Committee. Further we wish to notice you that we have made this donation	All payments should be made in accordance with the Constitution of

Constitution of the Federation with regard to incur such expenses.

considering his contribution made to Wushu Sport and WFSL for upgrading the sport.

the Federation.

### 3.2 Cash Management

Audit Issue	Management Comment	Recommendation
An average amount of cash balance of Rs. 1,000,000 had been retained in a bank current account from April to December 2023 without being utilized for any purpose and this balance had increased to Rs.3,534,374 as at the end of the year under review.	We accept your recommendation and necessary actions will be taken to use more effective fund management procedure.	The excess cash balance should be invested effectively.

### 3.3 Procurement Management

Audit Issue	Management Comment	Recommendation
(a) The Federation had purchased worth of Rs.569,300 T-shirts, bottoms, jackets and coaching camp T-shirt from 2 private companies without following the provisions in the procurement guidelines.	We will arrange to produce quotations obtained for mentioned items.	Action should be taken to adherents with the provisions of the Procurement Guidelines.
(b) The Federation had spent of Rs.14,837,500 to purchase air tickets during the year 2023 from a company without following the procurement guidelines. Further, the information about for whom the tickets were purchased had not been mentioned in the purchase vouchers. Thus, it was not possible to confirm whether the purchased tickets were utilized for the intended purposes.	We have planned to follow bidding process in future for high value materials and services.	Action should be taken to adherents with the provisions of the Procurement Guidelines.