

**1. Financial Statement**

**1.1 Disclaimer of Opinion**

The audit of the financial statements of the Chess Federation of Sri Lanka (“the federation”) for the year ended 31 December 2013 comprising the balance sheet as at 31 December 2013 and the income and expenditure account, statement of changes in equity and statement of cash flow 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 section 09 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. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practice.

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 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.

**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 Internal Control over the preparation of financial Statements

Audit Issue	Management Comment	Recommendation
The general Ledger and cash book of the Federation had not been provide for audit.	Federation's comments had not submitted.	The general Ledger and cash book should be properly maintained and submitted to audit.

### 1.5.2 Document Evidences not made available for Audit

Item	Amount	Evidence not available	Management Comment	Recommendation
	<b>Rs.</b>			
Income	33,907,071	Receipt Book	Federation's comments had not submitted.	Adequate audit evidence should be furnished in order to verify the income and
Expenditure	29,441,110	Invoices and bills	Federation's comments had not submitted.	expenditure.
Current Assets	7,264,998	Bank Confirmation and Independent Confirmation	Federation's comments had not submitted.	Adequate audit evidence should be furnished in order to verify the current assets and liabilities.
Liabilities	256,000	Independent Confirmation	Federation's comments had not submitted.	

### 1.5.3 Non-compliance with Laws, Rule, Regulations

Reference to Laws, Rules Regulations	Non-Compliance	Management Comment	Recommendation
According to the Section 2 of the amendment made by the Section 9 of the Sport (Amendment) Act No: 47 of 1993 to the Section 21 of the Sports Act No.25 of 1973, every Association registered under chapter III of the said Sports Act should be maintained and balanced its books as at 31 December of	The financial statements of the federation for the year 2013 were submitted to the Auditor	Federation's comments had not submitted.	Federation Should be maintain and prepare financial statements every year As well as, financial statements should be submitted

every year and should be prepare financial statements. According to Section 3 of the above Act the Financial statements should be submitted to the Auditor General for Audit. General with a considerable delay. to the Auditor General according to the Sports Act.

## **2. Financial Review**

### **2.1 Financial Results**

The operating result of the federation for the year under review amounted to a surplus of Rs.4,465,960 and the corresponding deficit in the preceding year amounted to Rs.3,724,019. Therefore, an improvement amounting to Rs.8,189,979 of the financial result was observed. The reasons for the improvement are decrease the total income by Rs.6,357,349 and decrease the total expenditure by Rs.14,547,329.