

National Federation of Sports for Disabled - 2020

1. Financial Statement

1.1 Disclaimer of Opinion

The audit of the financial statements of the National Federation of Sports for the Disabled (“the federation”) for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and income statement, statement of accumulated fund, 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. 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 Standard for Small and Medium Size 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 misstatement, 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 intends 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 Observations on the preparation of Financial Statements.

Accounting deficiencies

Audit Issue -----	Management Comments -----	Recommendation -----
(a) A ledger had not been maintained by the Federation and a trial balance had also not been furnished for audit.	Association's comments had not submitted.	Action Should be taken to maintain ledger and supporting documents should be adequately furnish to audit.
(b) According to the paragraph 2.52 of the SLFRS for SMEs an entity shall not offset assets and liabilities, or income and expenses. However, the Federation had accounted archery tournament income amounting to Rs.443,036 and strategic planning workshop income amounting to Rs.320,000 after offsetting with tournament expenses amounting to Rs.349,386 and workshop expenses amounting to Rs.316,150 respectively.	Association's comments had not submitted	Financial Statements must be properly prepared according to SLFRS for SMEs.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs.282, 771 and the corresponding deficit in the preceding year amounted to Rs.3, 251,306. Therefore, an improvement amounting to Rs.2,968,535 of the financial result was observed. The reason for the improvement were decrease the total income by Rs.12,731,717 and decrease the expenses by Rs.15,850,252.