

Sri Lanka Automobile Sports - 2020

1. Financial Statement

1.1 Disclaimer of Opinion

The audit of the financial statements of the Sri Lanka Automobile Sports (“the association”) for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and statement of income and expenditure, cash flow statement for the year then ended, and notes to the financial statements, including a summary of signification 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 Association. 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 Association’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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association’s financial reporting process.

As per Section 16(1) of the National Audit Act No.19 of 2018, the Association 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 Association.

1.4 Scope of Audit

My responsibility is to conduct an audit of the Association'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 Comments	Recommendation
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A Fixed Assets Register had not been maintained by the Sri Lanka Automobile Sports.	Association's comments had not been submitted.	Fixed assets register should be maintained by the Association.

1.5.2 Documentary Evidence not made available for Audit

Audit Issue	Amount Rs.	Evidence not available	Management Comments	Recommendation
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(a) Members fee	125,000	Members register	Association's comments had not been submitted.	Members register should be adequately furnished to audit in order to verify the income
(b) Expenses	1,878,816	Invoices	Association's comments had not been submitted.	Invoices should be adequately furnished to audit in order to verify the expenses.

(c)	Cash in hand	35,000	Balance Confirmation	Association's comments had not been submitted.	Balance Confirmation should be adequately furnished to audit in order to verify the cash in hand.
	Payables	405,000	Third party invoices	Association's comments had not been submitted.	Third party invoices should be adequately furnished to audit in order to verify the Payables.

1.5.3 Accounting Deficiencies

----- Audit Issue -----	Management Comments -----	Recommendation -----
There were discrepancies between the ledger account balances and the trial balance provided for the audit. Hence, the accuracy of balances of financial statements could not be satisfied.	Association's comments had not submitted.	Ledger Accounts and trial balance should be prepared accurately.

1.6 Accounts Receivable and Payable

1.6.1 Receivable

----- Audit Issue -----	Management Comments -----	Recommendation -----
Receivable balance amounting Rs.1,061,000 were remained outstanding for over more than 03 years without being recovered or made necessary adjustments in the financial statements.	Association's comments had not submitted.	Receivable Accounts balances should be recovered or adjusted.

2. Financial Review

2.1 Financial Results

The operating result of the association for the year under review amounted to a deficit of Rs.1,273,499 and the corresponding deficit in the preceding year amounted to Rs.237,876. Therefore, a deterioration amounting to Rs 1,035,623 of the financial result was observed. The reason for the deterioration was decrease the total income by Rs.2,389,346 and increase the total expense by 1,353,723.