

## **Sri Lanka Softball Cricket Federation - 2021**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Sri Lanka Softball Cricket Federation (“the federation”) for the year ended 31 December 2021 comprising the balance sheet as at 31 Decemberrn2021 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 statement, 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.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Federation as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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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 objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional Judgement and maintain professional scepticism throughout the audit; I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of audit also had extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Federation, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Federation has complied with applicable written law, or other general or special directions issued by the governing body of the Federation;

- Whether the Federation has performed according to its powers, functions and duties, and
- Whether the resources of the Federation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Audit Observation on the Preparation of Financial Statements

### 1.5.1 Accounting Deficiencies

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) Fully depreciated computers amounting Rs.120,900 had been depreciated for the year under review and as a result expenses over stated and fixed assets under stated by Rs.24,180 in the financial statements	Federation's comments had not been submitted.	Financial statements should be prepared properly.
(b) Expenses amounting to Rs.82,000 had not been identified in the financial statements for the year under review and as a result the deficit and expenses of the year had been under stated by that amount.	Federation's comments had not been submitted.	Financial statements should be prepared properly.
(c) Team registration fees received from participants amounting Rs.158,000 in Nuwara Eliya Cricket Wasanthaya Program awarded to winners as gift had not been identified as income and expense in the financial statements. as a result, Income and expenses understated by that amount	Federation's comments had not been submitted.	Income and expenses should be identified properly in the financial Statements.

### 1.5.2 Lack of Evidence

<b>Item available</b>	<b>Amount</b>	<b>Evidence not available</b>	<b>Management comment</b>	<b>Recommendation</b>
	<b>Rs.</b>			
staff executive fees	30,000	Payment voucher	Federation's comments had not been submitted.	Payment voucher should be furnished to the audit in order to verify the accuracy of the expenses.

## **2. Financial Review**

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### **2.1 Financial Results**

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The operating result of the Federation for the year under review amounted to a surplus of Rs.37,625 and the corresponding deficit in the preceding year amounted to Rs.285,560. Therefore, an improvement amounting to Rs.323,185 of the financial result was observed. The reasons for the improvement is the increase of the income by Rs.2,009,000 and expenses by Rs.1,685,815.