

## **Sri Lanka Sumo Federation - 2021**

---

### **1. Financial Statements**

---

#### **1.1 Disclaimer of Opinion**

---

The audit of the financial statements of the Sri Lanka Sumo Federation (“the federation”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and income and expenditure account, accumulated funds statement, 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.

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 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 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 Non-Compliance with Sri Lanka Accounting Standard**

-----

| <b>Non -Compliance with the reference to Particular Standard</b>   | <b>Management Comments</b>                       | <b>Recommendation</b>   |
|--|--|---|
| -----  | -----  | -----   |
| According to the Section 17 (3) and 17 (31) of the Sri Lanka Accounting Standards for SME’s, depreciation policy had not been disclosed in the financial statements relating to property, plant and equipment valued at Rs.393,310 and also provision for depreciation of Sumo Tent amounting to Rs.115,000 had not been made. | Action will be taken to rectify in the next year | Financial statements should be prepared according to the Accounting Standard. |

##### **1.5.2 Accounting Deficiency**

-----

| <b>Audit Issue</b>   | <b>Management Comments</b>                       | <b>Recommendation</b>                             |
|--|--|---|
| -----  | -----  | -----   |
| Fully depreciated Tropies amounting to Rs. 14,650 had been depreciated for the year under review and as a result expenses had been overstated and fixed assets had been understated by Rs.8,350 in the financial statements. | Action will be taken to rectify in the next year | Financial statements should be prepared properly. |

### 1.5.3 Documentary Evidences not made available for Audit

| Item available   | Amount<br>Rs. | Evidence not<br>available | Management Comments                              | Recommendation  |
|--|---------------|---------------------------|--|---|
| Payment for additions to property, plant and equipment | 221,000       | Invoices and Bills        | Action will be taken to rectify in the next year | Appropriate and adequate audit evidence should be furnished to the audit. |

### 1.5.4 Payable

| Audit Issue  | Management Comments                               | Recommendation  |
|--|---|---|
| Payable balance amounting to Rs.101,935 were remained outstanding for over 05 years without being settled or made necessary adjustments in the financial statements. | Action will be taken to rectify in the next year. | Action should be taken to make the settlement or make necessary adjustment in the financial statements. |

## 2. Financial Review

### 2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs. 47,640 and the corresponding deficit in the preceding year amounted to Rs.36,211. Therefore, deterioration amounting to Rs. 11,429 of the financial result was observed. The reasons for the deterioration is no income was received during the year 2021.

## 3. Operational Review

### 3.1 Corporate Plan

| Audit Issue   | Management Comments                              | Recommendation   |
|---|--|--|
| According to Section 7 (xi) of the National Sports Association Regulation No. 01 of 2016, a corporate plan had not been prepared by the Federation. | Action will be taken to rectify in the next year | A corporate plan should be prepared without delay as per the directives of National Sports Associations. |

### 3.2 Budgetary Control

| <b>Audit Issue</b>   | <b>Management Comments</b>                       | <b>Recommendation</b>                       |
|--|--|---|
| Sri Lanka Sumo Federation had not prepared the budget for the year 2021. Therefore, the financial control of the Federation during the year under review could not be evaluated. | Action will be taken to rectify in the next year | Action should be taken to prepare a Budget. |