

**1. Financial Statements**

**1.1 Disclaimer of Opinion**

The audit of the financial statements of the Sri Lanka Table Tennis Association (“the Association”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of income and expenditure, statement of changes in equity, cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 and Section 21 A 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.

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**

I do not express an opinion 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 this 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 section 1.5 of this report, 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 Documentary Evidences not made available for Audit

| Item available                  | Amount<br>Rs. | Evidence not                                       | Management Comment                  | Recommendation  |
|---------------------------------|---------------|--|-------------------------------------|---|
| (a) Bank Account Balance        | 483,865       | Bank statements and bank reconciliation statements | All the evidence will be submitted. | The required documents should be adequately furnished to audit in order to verify the balances. |
| (b) Receivables & Cash advances | 396,821       | Balance confirmations                              |                                     |   |
| (c) Payable                     | 1,146,680     |  |                                     |   |
| (d) Revenue                     | 3,927,010     | Receipts   |                                     |   |

#### 1.6 Accounts Receivable and Payable

| Audit Observation  | Management Comment                    | Recommendation   |
|--|---------------------------------------|--|
| Receivables amounting to Rs.384,821 and payable amounting to Rs.452,820 were remained outstanding for over 05 years without being settled and made necessary adjustment in financial statements. | It will be corrected in the year 2023 | Prompt action should be taken to settle the receivables and payables |

#### 1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

| Reference to Laws, Rules Regulations etc.  | Non-compliance   | Management Comment   | Recommendation   |
|--|--|--|--|
| (a) Section (xiii) of part III of the National Associations of Sports Regulations No. 01 of 2016 published in the Extraordinary Gazette Notification No. | The financial statements certified by the committee shall be submitted to the Auditor General within two months of the end of each financial year. | It is informed that the financial statements of the year 2023 will be submitted without delay. | Financial statements should be submitted according to the Sports Regulation. |

1990/23 dated 27 October 2016  
 However, the association had submitted the financial statements of the year 2022 for the audit on 17 November 2023 after 08 months delay.

|  |  |                                      |  |
|--|--|--------------------------------------|--|
| (b) Paragraph 3 (III) of Sports Development Department Guideline NO. DSD/NSA/COM-01/202 dated 17 December 2021 | Only two the bank accounts that can be maintained for sports association. If it is necessary to maintain more than two bank accounts, the Director General of sports should be informed in writing as per the regulation. However, the association had maintained 05 bank accounts and out of those bank accounts, no transaction was done in 02 bank accounts in the year 2022. | Corrective measures have been taken. | Bank accounts should be maintained according to the Department of Sports Development Regulations |
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**2. Financial Review**

**2.1 Financial Results**

The operating results of the year under review amounted to a surplus of Rs.268,995 and the corresponding deficit in the preceding year amounted Rs.7,442. Therefore, an improvement amounting to Rs.276,437 in the financial results were observed. The significant decrease in the direct expenses as compared to the previous year was the main reason for this improvement.

**3. Operational Review**

**3.1 Management Inefficiencies**

| <b>Audit Issue</b>  | <b>Management Comment</b>             | <b>Recommendation</b>                   |
|---|---------------------------------------|---|
| (a) A fixed asset register had not be maintained and annual inventory survey had not been conducted for the fixed assets valued at Rs.889,000 as at 31 December 2022.                 | It will be corrected in the year 2023 | Necessary register should be maintained |
| (b) There were 17 deposit balances of RS.160,000 including refundable deposits for more than 05 years and the reasons for not settling those deposits were not revealed to the audit. | It will be corrected in the year 2023 | Amounts should be settled promptly      |