

Sri Lanka Judo Association - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Judo Association (“the association”) for the year ended 31 December 2022 comprising the statement of financial position at 31 December 2022 and statement of income, statement of changes in equity fund 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.

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 Association Federation as at 31 December 2022, 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

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

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 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 Association'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 Association'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 Association 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 Association, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Association has complied with applicable written law, or other general or special directions issued by the governing body of the Association;
- Whether the Association has performed according to its powers, functions and duties, and

- Whether the resources of the Association 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

Audit Observation	Management Comment	Recommendation
(a) Property Plant and Equipment cost of Rs.2,749,809 had not been depreciated for the year under review.	Association's comments had not been submitted.	According to SLFRS for SMEs, Property Plant and Equipment should be depreciated over their useful lives.
(b) Fixed assets register had not been maintained by the Association	Do	Fixed assets register should be maintained.

1.5.2 Documentary Evidences not available for Audit

Item available	Amount Rs.	Evidence not available	Management comment	Recommendation
Bank Balance	325,395	Bank Confirmation	Association's comments had not been submitted.	Bank confirmation should be furnished to the audit in order to verify the accuracy of the bank balance.
Payments	447,500	Invoices relating to 10 payments	Do	Invoices should be furnished to the audit in order to verify the accuracy of the expenses.

1.5.3 Accounting Deficiencies

Audit Observation	Management Comment	Recommendation
The useful lifetime of non-current assets had not been reviewed annually. Even though property, plant and equipment cost of Rs. 659,792 had been fully depreciated, those assets are still being in operation. Action had not been taken to revise the estimated error.	Action should be taken to rectify the issue	Action should be taken to make necessary adjustment in the financial statements.

1.5.4 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
Although the second floor of the Judo Association building which was built at a cost of Rs. 9, 200,000 during the years 2001 for the purpose of Administrative and Sports of the Association, it had not been used for administrative functions of the Association.	Repairs of the upper floor had been finished and it is now use for Sports activities.	Prompt action should be taken to utilize the assets for the purpose of Administrative and Sports

2. Financial Review

2.1 Financial Results

The operating result of the Association for the year under review amounted to a surplus of Rs.646,072 and the corresponding deficit in the preceding year amounted to Rs.303,200. Therefore, an improvement amounting to Rs.949,272 of the financial result was observed. The reasons for the improvement is the increase of the income by Rs.2,555,955 and expenses by Rs.1,606,683.