

Sri Lanka Sumo Federation - 2022

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 2022 comprising the statement of financial position as at 31 December 2022 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

1.5.2 Accounting Deficiency

Audit Issue	Management Comments	Recommendation
(a) The Federation had made a net deficit of Rs.209,024 for the year ended 31 December 2022 and accumulated deficit of Rs.77,647 as the end of the year under review .The Federation's current liabilities exceeded its current assets by Rs.312,444 This indicate that a material uncertainty exists that may cast significant doubt on the federation's ability to continue as a going concern.However, the financial statement of the federation do not contain a disclosure on going concern.	Action will be taken to rectify in the next year.	Financial statements should be prepared properly.
(b) The useful life of Federation's non-current assets had not reviewed annually. Due to that the Tropics valued at Rs.14,650 were fully depreciated, however still in use. This estimated error had not been rectified	Federation comments had not been submitted.	-do-
(c) 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.	-do-
(d) The Provision had not been made for the audit fees for the year under review	Action will be taken to rectify in the next year.	-do-

1.5.2 Submission of Financial Statements

Audit Issue	Management Comment	Recommendation
General ledger, cash book and trial balance had not been prepared by the federation.	Federation comments had been not been submitted.	Action should be taken to prepare the General ledger, Cash book and trial balance.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a deficit of Rs. 209,024 and the corresponding deficit in the preceding year amounted to Rs.47,640. Therefore, the deterioration amounting to Rs. 161,384 of the financial result was observed. The reasons for the deterioration are the increase of the expenses by 186,384.