

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the National Rifle Association of Sri Lanka (“the Association”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, 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 No19 of 2018 and Section 21A of the Sports (amended) Act No. 47 of 1993. My Comments and observations which I consider should be report to parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2023, 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 Opinion

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 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 misstatement, 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 intends 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 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 judgment 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,
- 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.

2. Financial Review

2.1 Financial Results

The operating results of the Association for the year under review amounted to a surplus of Rs.680,979 and the corresponding surplus in the preceding year amounted to Rs.588,513. Therefore, an improvement amounting to Rs.92,466 in the financial result was observed. The main reason attributed for this improvement was decrease the purchase of Ammo expenses by Rs.2,234,120 with compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comments	Recommendation
(a) The Annual Verification Report on fixed assets worth Rs.877,948 and pistol stock worth Rs.46,676 had not been submitted to the audit for the year under review.	Necessary actions will be taken from 2024	Annual physical verification should be done and verification report to be presented as required.
(b) The Association had not taken actions to identify the unidentified deposit amounting to Rs.63,210 include in the trade and other payable balances.	Necessary actions will be taken to identify the unidentified deposits. amount aggregating	The Association should take actions to identify the unidentified deposits.
(c) An amount aggregating Rs.5,304,721 received from the members clubs for the purpose of purchasing the ammunitions had been laying idle in the bank current account for more than six months without utilizing for the intendant purposes.	The respective balance has been maintained in the current account considering the indicated requirements of finance for purchasing ammunition.	The Association should take actions to utilize the idle money for the intendent purpose without delay.

3.2 Accounts Receivable and Payable

Audit Issue	Management Comments	Recommendation
(a) The Association had not taken actions to recover the trade and other receivable balances amounting to Rs.423,120 remained outstanding over one year.	Lanka Navy has taken necessary action to recover the trade receivable balances	Fruitful actions should be taken to recover the outstanding balances.
(b) The Association had not taken actions to confirm trade and other receivable balances amounting to Rs.796,595 and other payable balances amounting to Rs.6,288,056.	Necessary actions will be taken from 2024 to confirm trade and other receivable balances and other payable balances.	The Association should take actions to confirm the trade and other receivable balances.

4. Accountability and Good Governance

4.1 Corporate Plan and Annual Action Plan

Audit Issue	Management Comments	Recommendation
According to the Section 7(xi) and 7(xii) of Part III of the National Sport Association Regulations No.01 of 2016, the Corporate Plan and Annual Action Plan had not been prepared and submitted by the Association.	Association acknowledges the requirement to follow the instructions	The Corporate Plan and Annual Action Plan should be prepared and presented as required.

4.2 Budgetary Control

Audit Issue	Management Comments	Recommendation
The Association had not prepared the budget by predicting the income and expenditure for the year under review.	Necessary actions will be initiated from 2024 to ensure compliance with the requirements pointed out.	The budget should be prepared and used as financial controlling by the Association.