

National Shooting Federation of Sri Lanka - 2023

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the National Shooting Federation of Sri Lanka (“the Federation”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income & expenditure, statement of changes in equity, statement of cash flows 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.

financial statements give a true and fair view of the financial position of the Federation 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 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 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 misstatement, 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 intends 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 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 Federation'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 Federation'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 Federation 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 Federation and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Federation has complied with applicable written law, or other general or special directions issued by the governing body of the Federation;
- Whether the Federation has performed according to its powers, functions and duties; and

- Whether the resources of the Federation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Issue	Management comment	Recommendation
(a) Two unidentified balances amounting to Rs.299,850 and Rs.30,000 had been shown under balance payable and receivable respectively since the year 2020 and 2021 without being taken action to identify and clear these balances.	Since the examination are still under process we are unable at this moment to provide any additional information to you	Action should be taken to identify and clear these balances..
(b) A legal action taken against the Federation had not been disclosed as per the Section 21.15 of the Sri Lanka Accounting Standards for Small and Medium - sized Entities (SLFRS for SMEs).	Current status of the legal case will be provided.	Contingencies should be disclosed and recognized as per the provisions in SLFRS for SMEs.

1.6 Non- Compliance with Laws, Rules, Regulations and Management Decision etc.

Reference to Laws, Rules, Regulations etc	Non- Compliance	Management comment	Recommendation
Part III of Section 7(xi) of the National Associations of Sports Regulations No 01 of 2016.	A Corporate Plan had not been prepared and approved by the Association.	Corporate Plan is preparing and it will forward in future.	Corporate Plan should be prepared according to the Regulations.

2. Financial Review

2.1 Financial Results

The operating results of the Federation for year under review amounted to a deficits of Rs.816,870 and the surplus against this in the preceding year amounted to Rs.41,625. Therefore, a deterioration amounting to Rs.858,495 in the financial results was observed. The reason for this deterioration is increase the total expenditure by Rs.10,997,016 against the increase of income by Rs. 10,138,522 with compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management comment	Recommendation
(a) Two buildings had been acquired by the Federation on rental basis for the period of 4 years from 01 August 2021 to 31 July 2025 for its operational activities. According to the agreement, the Federation had agreed to bear the cost of repairs not exceeding Rs.10,000 only in a year. However, the Federation had spent Rs.717,950 for the construction activities of this building.	The approval for development was given by the NSSF-SL council and this construction will be dismantled any day the NSSF-SL decides to discontinue the rent agreement with the Lessor.	This construction cost should be shown as receivable in the books of accounts.
(b) The Federation had not taken action to settle the payable amount of Rs.189,740 to the Department of Inland Revenue from the year 2020.	The Federation will be addressing this issue based on their Examinations with the Department of Inland Revenue.	Prompt actions should be taken to settle the payables.