

Sri Lanka Squash Federation - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Squash Federation (“The Federation”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income and expenditure, statement of changes in equity and 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 21A of Sports Law No. 25 of 1973 as amended by Section 9 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.

In my opinion, except for the effect of the matters described in paragraph 1.5 of this report, the accompanying financial statements of the Federation give a true and fair view of the financial position of the Federation as at 31 December 2024, 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 Auditor’s Responsibilities for the Audit of the Financial Statements 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 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 skepticism 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 internal control of the Federation.
- 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,
- 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 Observation	Management Comment	Recommendation
(a)	The expenditure related to the year 2023 amounting to Rs.225,000 had been accounted as expenses for the year under review. Therefore, the surplus for the year under review had been understated by similar amount.	The Federation had settled the Payment of Rs.225,000 relating to the year 2023 during the year 2024.	Expenditure for the year under review should only recognize in the financial statements.
(b)	As a practice, the Federation is being prepared its cash book by using the bank statements. As a result, the unrepresented and unrealized cheques, unidentified debits and credits and other errors made by bank had not been identified and rectified by the Federation. Therefore, the accuracy of the bank balance amounting to Rs.4,481,180 shown in the financial statements could not be ascertained in audit.	The Federation is currently in process of rectifying the same.	An appropriate practice should be introduced to prepare the cash book.

1.6 Accounts Receivable and Payable

1.6.1 Payables

Audit Observation	Management Comment	Recommendation
The payable balance amounting to Rs.200,000 had remained for more than two years without being settled	This payment has been accounted for as a Sponsorship	Action should be taken to clear this balance.

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

Reference to Laws, Rules and Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) The National Associations of Sports Regulations, No. 01 of 2024 published in the Gazette Extraordinary No. 2382/32 dated 03 May 2024			
(i) Section 3 (1) (i)	Although the constitution of the Federation should have been submitted to the Director General of Sports within 03 months from the date of commencement of these Regulations for registration, the Federation had not complied with this.	Sri Lanka Squash will be submitted its constitution as per the new gazette notification.	Sports regulations should be followed.
(ii) Section 3 (1) (ii)	A Corporate Plan had not been submitted to the Director General of Sports for his approval.	Sri Lanka Squash had not submitted a 5-year plan as of yet. Action will be taken in due course.	Sports regulations should be followed.
(iii) Section 3 (1) (ii)	Although the Squash sport should be developed and promoted at every level in every province of Sri Lanka, action had not been taken accordingly.	Utilizing the funds of Sri Lanka Squash, we have achieved regional developments in Galle, Kurunegala	Sports regulations should be followed.

and Trincomalee with the help of the Tri Services of Sri Lanka.

- (b) Employees' Provident Fund Act, No.15 of 1958 The Federation had not paid EPF for an employee who is working for more than 5 years. The current employee has been recruited under contract basis (casual) for a period of 6 months. The employee has not been in service under Sri Lanka Squash for more than 5 years. EPF should be paid for each employee.

2. Financial Review

2.1 Financial Result

The operating result of the Federation for the year under review amounted to a surplus of Rs.3,025,302 and the corresponding surplus in the preceding year amounted to Rs.2,625,497. Therefore, an improvement amounting to Rs.399,805 in the financial result was observed. The main reason attributed for this improvement was increase in Ministry grants.

2.2 Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the year under review compared with the preceding year with the percentage of increase or decrease are shown below.

Description	For the year ended 31 December 2024 Rs.	For the year ended 31 December 2023 Rs.	Variance Favorable/ (Adverse) Rs.	Percentage %
Revenue				
Tournament income	9,807,210	4,924,954	4,882,256	100
Sponsorship income	1,386,000	4,184,295	(2,798,295)	66.8
Ministry grant	13,066,470	512,700	12,553,770	2448
Other income	1,356,238	2,905,624	(1,549,386)	53.3
Expenditure				
Tournament expenses	15,508,754	5,639,600	(9,869,154)	174.9
HP special programme charges	3,980,500	0	(3,980,500)	100
Other expenses	3,101,362	4,262,477	1,161,115	27.24

The tournament income received during the year under review was amounted to Rs.9,807,210 and the tournament expenses incurred thereon amounted to Rs.15,508,754. Therefore, the management should be paid attention to increase tournament income.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
As per the Sports Calendar of 2024, it was planned to hold 11 local competitions, 07 international competitions and 07 coaching camp activities. However, out of those 07 local competitions, 05 international competitions and 06 coaching camp had not been held as planned.	No Comment	Action should be taken to hold the planned activities within the period.