

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Carrom Federation of Sri Lanka (“the Federation”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of income and expenditure, the statement of changes in accumulated funds and the 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, No. 19 of 2018 and Section 21 A 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 reported 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 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 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 (Auditor's Responsibilities for the Audit of the Financial Statements)

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 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 the audit also 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 Going Concern of the Organization

Audit Issue	Management Comment	Recommendation
According to the financial statements as at 31 December 2024 the total liabilities had been exceeded its total assets by Rs.1,695,115 or 212 percent. Furthermore, the current liabilities at end of the year under review had exceeded its current assets by Rs. 1,718,749 or 221 percent and the accumulated fund continuously shown as a negative value which could adversely affect the going concern of the federation. Moreover, the Federation had not disclosed this matter as a note to the financial statements.	The quantitative information regarding total assets, total liabilities, current assets and current liabilities is correct.	The Federation should disclose as a note to the financial statements about the ability to continue as a Going Concern.

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

Reference to Non-compliance Laws, Rules Regulations etc.	Management Comment	Recommendation
(a) Section 3 (1) (ii) of Part II of National	A corporate plan for the forthcoming ten-year period including the current level of	Agreed
		Comply with the Sports Regulations.

Federations of international ranking, expected Sports Regulations targets within time period and No. 1 of 2024 the strategies to increase the published in level of performance had not Extraordinary been submitted to the Director Gazette General of Sports No.2382/32 dated Development for his approval. 03 May 2024

- (b) Paragraph 03 of “Every payment voucher I acknowledge that Circular the Internal should be approved and there has been an instruction should Circular No. certified by two executive oversight due to the be followed. 2022/02 dated 31 members and the signature of inability to sign the May 2022, issued the person receiving the cash vouchers. by the Director or cheque should also be Department of However, the Federation had Sports failed to do so in respect of Development payments totaling Rs.6,121,407 made during the year under review.

2. Financial Review

2.1 Financial Results

The operating result of the Federation for the year under review amounted to a deficit of Rs.426,837 as against a surplus in the preceding year amounted to Rs.522,660 Therefore, a deterioration amounting to Rs.949,498 in the financial results were observed. The main reason attributed for this deterioration is the increase in the world cup expenditure by Rs. 5,087,777 during the year under review, as compared with previous year.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
Eleven (11) tournaments had been planned to be held in the year 2024. However, only six (06) of them had been held during the year under review.	The tournaments could not be held as scheduled.	The Federation should hold planned tournaments and activities without fail.

3.2 Procurement Management

Audit Issue	Management Comment	Recommendation
Without following procurement procedures, air tickets at a cost of Rs. 4,419,720 had been purchased for two teams participated for the World and Asian Carom Championship tournaments held during the year under review.	Although it was not possible to follow the procurement procedure within the limited number of days, I would like to mention that we acted very thriftily.	The Federation should comply with the Procurement Procedures and Guideline.