

Sri Lanka Body Building & Fitness Federation - 2024

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lanka Body Building & Fitness Federation (“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, statement of changes in funds and fund flow statement for the year then ended, and notes to the financial statements, including a 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 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 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 Opinion

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 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

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 the 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 Accounts Receivable and Payable

1.5.1 Receivables

Audit Issue	Management Comment	Recommendation
A receivable balance of Rs.1,957,000 had remained over 09 years without being recovered.	It is sum due from a former president of the Federation referred for legal advice.	Receivable balances should be recovered promptly and without delay.

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

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 6 (ix) of part III of the National Associations of Sports Regulations No. 01 of 2024, published in the Extraordinary Gazette No.2382/32 dated 03 May 2024.	The Federation had not maintained a database for maintaining high performing athletes tracking systems by use of players' data bases.	The information of all the players selected for the national pool is documented.	Sports Regulations should be followed.
(b)	Paragraph 01 of Internal Circular No. 2022/02 issued by the Director General of the Department of Sports Development on 31 May 2022	All the payments should be paid through the banks. In contrary to that, the Federation had made cash payments totaling Rs.6,563,164.	It is practically impossible to pay every expense by cheque and the funds of the Association are not always sufficient to make every payment. Please note that we will arrange payment by cheque	Circular instruction should be followed.

whenever possible in the coming year.

2. Financial Review

2.1 Financial Result

The operating result of the Federation for the year under review amounted to a deficit of Rs.1,727,000 and the surplus against this in the preceding year amounted to Rs.1,313,205. Therefore, a deterioration amounting to Rs.3,040,205 of the financial result was observed. The main reason for the deterioration is increase of the expenses by Rs.6,000,680 as compared to the previous year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
According to the National Sports Calendar for the year 2024, it was planned to hold 04 international competitions. However, only two competitions had been held during the year under review.	In the year 2024, the Federation had held local competitions.	The Federation should be conducted the events as planned.