

**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 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of change in equity, and cash flow statement for the year then ended, and notes to the accounts, 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 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 Association 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 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 intend 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 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 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 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 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.

### **1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.**

<b>Reference to Laws, Rules Regulations etc.</b>	<b>Non-compliance</b>	<b>Management Comment</b>	<b>Recommendation</b>
National Associations of Sports Regulations No. 1 of 2024 published in Extraordinary Gazette No.2382/32 dated 03 May 2024.			
(i) Section 3(1) (ii) of Part II	The Association shall submit a Corporate Plan including the strategies for the improvement of the current international grade level, expected targets within the relevant period and performance level to the Director General of Sports for approval within 03 months from the effective date of these Regulations. However, the Association had failed to submit such plan for approval.	The President of the National Rifle Association explained the practical issue of preparing a Corporate Plan for the next 10 years.	The Association should be adhered with Sports Regulations.
(ii) Section 6(xxvii) of Part III	Although the National Rifle Association is required to submit details of all activities including the elections of the offices of the member organizations to the	This game is played with only 16 sports associations and is not conducted at the regional, provincial or institutional levels.	The Association should be adhered with Sports Regulations.

Director General of Sports annually, it had not been submitted so far.

## **2. Financial Review**

### **2.1 Financial Results**

The operating result of the Association for the year under review amounted to a surplus of Rs. 2,376,786 and the corresponding surplus in the preceding year amounted to Rs. 680,979. Therefore an improvement amounting to Rs.1,695,807 in the financial result was observed. The main reason for this improvement is that income related to sub-associations that were not recognized as income in the previous year was recognized as income of the Association in the year under review.

## **3. Operational Review**

### **3.1 Operational Inefficiencies**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
According to the National Sports Calendar 2024 issued by the Ministry of Sports and Youth affairs it was planned to participate 06 international tournaments, 10 local tournaments and hold 03 other activities during the year under review. However, out of that 04 international tournaments, 09 local tournaments and 03 other activities had not been held as planned. Subsequently, 01 local tournament and 04 other activities that were not included in the sports calendar had been held during the year under review.	Details of the local and international tournaments held in the year 2024 are provided to audit.	The Association should hold planned tournaments and activities without failed.