

## **Sri Lanka Sumo Federation - 2024**

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### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the Sri Lanka Sumo 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 income and expenditure, statement of changes in equity, and 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 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 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 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 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 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) Paragraph 3(1) (i) of Part II	The Constitution of Federation should be submitted to Director General Sports within 03 months from the effective date of these Regulations for registration. However, the Federation had failed to do so.	The new constitution is been drafting by the Federation.	The Association should be adhered with Sports Regulations.
(ii) Paragraph 6 (xii) of Part III	Annual action plan for the next year should be prepared and submitted to the Director General prior to 03 months before the end of the current year. However, no step had been taken accordingly.	Comments received	not The Association should be adhered with Sports Regulations.

## **2. Financial Review**

### **2.1 Financial Results**

The operating result of the Federation for the year under review amounted to a deficit of Rs. 37,099 and the surplus against this in the preceding year amounted to Rs. 222,664. Therefore, a deterioration amounting to Rs.259,763 in the financial result was observed. The reasons for the deterioration are increase of direct expenses and administrative expenses by Rs.1,564,000 and Rs.276,227 respectively as against to the increase of income by Rs.1,582,544 with compared to the previous year.

## **3. Operational Review**

### **3.1 Management Inefficiencies**

	<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
	The fixed assets register had not been updated even up to 30 June 2025.	The fixed assets register has been updated by the Federation after receiving the audit report.	The fixed assets register should be updated by the Federation on time.
<b>3.2 Operational Inefficiencies</b>			
	<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a)	According to the National Sports Calendar, it had been scheduled to conduct 02 local tournaments and 04 international tournaments in the year 2024. However, those tournaments had not been held.	Due to the lack of financial supports, the scheduled tournaments had not been held.	The Federation should hold the tournaments as planned.
(b)	A formal data system including necessary information such as the fields to be improved for enhancement of Sumo sport in provincial, district and regional level had not been established.	The Federation is designing a new website to enhance the Sumo Sport.	A formal data system should be established for the advancement of sumo sport in Sri Lanka.