

## **Kudo Federation of Sri Lanka - 2022**

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### **1. Financial Statement**

#### **1.1 Disclaimer of Opinion**

The audit of the financial statements of the Kudo Federation of Sri Lanka (“the federation”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of income and expenditure account, and statement of cash flow for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies, 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 section 09 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.

I do not express an opinion on the accompanying financial statements of the Federation. Because of the significance of the matters described in paragraph 1.5 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **1.2 Basis for Disclaimer of Opinion**

My opinion is Disclaimed 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 auditing standards are further described in the Scope of Audit section of my report.

#### **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) for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatements 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 responsibility is to conduct an audit of the Federation's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of opinion section, I was not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## 1.5 Audit Observations on the preparation of Financial Statements.

### 1.5.1 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) Even though Property Plant and Equipment valued at Rs 350,800 had been fully depreciated, those assets are still being in use. Accordingly, the useful lifetime of the non-current assets had not been reviewed annually.	Action will be taken to rectify in year 2023	Financial Statements should be properly prepared.
(b) Over provisioned audit fee during the year 2021 amounting to Rs.9000 had been credited to expense of the year under review without being adjusting to accumulated surplus as prior year adjustment .Therefore, expenses during the year had been understated.	Action will be taken to rectify in year 2023	-do-
(c) The operating result of the year under review amounting to deficit of Rs.39,955 and corresponding deficit in the preceding year amounting to Rs.40,615. The Federation's current liabilities exceeded its current assets by Rs. 96,754 and total liabilities exceeds its total assets by Rs. 81,254. As well as, compared to the total assets of the Federation year under review, the negative balance of the accumulated fund was 5 times. This indicate that a material uncertainty exists that may cast significant doubt on the Federation's ability to continue as a going concern. However, Executive committee had not considered this situation in order to take	Federation's comments had not submitted	Prompt action should be taken to implement mitigating plans for the significant doubt on the Federations ability to continue as going concern and contain a disclosure going concern in the financial statements.

remedial action and disclose in the financial statement

**2. Financial Review**

**2.1 Financial Results**

The operating result of the federation for the year under review amounted to a deficit of Rs.39,955 and the corresponding deficit in the preceding year amounted to Rs. 40,615. Therefore, an improvement amounting to Rs. 660 of the financial result was observed. The reason for the improvement was decrease the total expenses by Rs.23,360.

**3. Operational Review**

**3.1 Operational Inefficiencies**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
Federation had not organized local and international sport events during the year under review and previous year.	We have informed the sports Director General that until the name is changed we will not organize any local and international events	Action should be taken to implement the Sport events.