

## **Sri Lanka Equestrian Association - 2015**

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The audit of financial statements of the Sri Lanka Equestrian Association for the year ended 31 December 2015 comprise the balance sheet as at 31 December 2015 and the income and expenditure account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 9 of the Sports (Amendment) Act, No. 47 of 1993. In carrying out this audit, I was assisted by a Firm of Chartered Accountants in public practice. My comments and observations on the above financial statements appear in this report.

### **1.2 Management's Responsibility for the Financial Statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **1.3 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **1.4 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report

## **2. Financial Statements**

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### **2.1.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Equestrian Association as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

### **2.1.2 Emphasis of Matter**

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Without further qualifying my opinion, I draw attention to the matter that stated in Note number 07 of the financial statements regarding the Association's negative net assets position of Rs. 855,182 as at end of the year under review. According to that, the ability of the Association to continue as a going concern without the financial assistance from external sources is in doubtful. Further, incurring heavy deficit during the year under review and as well as in the previous years had led to a negative net assets position continuously.

## **2.2 Comments on Financial Statements**

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### **2.2.1 Lack of Evidence for Audit**

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The Grant from National Olympic Committee of Sri Lanka amounting to Rs. 199,000 could not be satisfactorily vouched in audit due to the non-availability of receipts issued.

## **3. Financial Review**

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### **3.1 Financial Results**

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According to the financial statements presented, the operations of the Sri Lanka Equestrian Association for the year ended 31 December 2015 had resulted in a deficit of Rs. 698,725 as compared with the corresponding deficit of Rs.458,708 for the preceding year, thus indicating a further deterioration of Rs. 240,017 in the financial results. Even though the income for the year under review had increased by Rs. 1,230,548, the increase of expenditure by Rs. 1,470,565 due to written off of the biological assets by Rs. 1,160,460 was the main reason attributed for this deterioration.

## **4. Budgetary Control**

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A budget for the year 2015 had not been prepared by the Association.

## **5. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the management of the Sri Lanka Equestrian Association in time to time. Special attention is needed in respect of budgetary control and maintaining the fixed assets register.