

Cycling Federation of Sri Lanka - 2018

1. Financial Statements

1.1 Disclaimer of Opinion

The audit of the financial statements of the Cycling Federation of Sri Lanka (“the federation”) for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the income and expenditure statement, statement for the changes in equity and statement of cash flows for the year then ended, 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 provisions of the National Audit Act No. 19 of 2018. My Comments and observations which I consider should be report to parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practice.

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 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-Size 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 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.

Documentary Evidence not made available for Audit

Audit Issue	Amount	Evidence not available	Management Comments	Recommendation
	Rs.			
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(a) Property Plant and Equipment	11,615,402	Fixed assets register and Physical verification reports	Federation’s comments had not been submitted.	Fixed assets register and physical verification reports should be furnished to audit in order to verify the balances.
(b) Inventories	133,200	Stock verification reports	Federation’s comments had not been submitted.	Stock verification reports should be furnished to audit in order to verify the Inventory balance .
(c) Advance and receivables	301,100	Balance confirmations and schedules	Federation’s comments had not been submitted.	Balance confirmations and schedules should be furnished to audit in order to verify the balances.

(d)	Cash and cash equivalents	2,517,493	Bank confirmations and reconciliations	Federation's comments had not been submitted.	Bank reconciliation statements should be prepared for the year and bank confirmations should be submitted.
(e)	Payables	377,419	Balance Confirmations	Federation's comments had not been submitted.	Balance Confirmations should be furnished to audit in order to verify the balances.
(f)	Expenses	1,142,879	Invoice and Payment vouchers	Federation's comments had not been submitted.	Payment vouchers should be furnished to audit in order to verify the expenses.

2. Financial Review

2.1 Financial Results

The operating result of the federation for the year under review amounted to a deficit of Rs.658,336 and the corresponding deficit in the preceding year amounted to Rs.3,247,084. Therefore an improvement amounting to Rs.2,588,748 of the financial result was observed. The reasons for the improvement were increase the total income by Rs.3,231,571 and increase the total expenses by Rs.642,824.