

## **Cycling Federation of Sri Lanka - 2019**

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### **1. Financial Statement**

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

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The audit of the financial statements of the Cycling Federation of Sri Lanka (“the federation”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the income and expenditure statement, statement of accumulated fund, 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**

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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**

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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

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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.

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##### Documentary Evidence not made available for Audit

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Item available	Amount	Evidence not available	Management Comments	Recommendation
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(a) Property plant and equipment	11,629,902	Fixed assets register and physical verification reports	Federation's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the existence of property plant and equipment.
(b) Inventories	133,200	Stock verification reports	Federation's comments had not submitted	The documents should be adequately furnished to audit in order to verify the existence of Inventories.
(c) Advance and receivables	301,100	Bank Confirmations and Bank reconciliations	Federation's comments had not submitted	The documents should be adequately furnished to audit in order to verify the existence of advance and receivables.
(d) Overdraft Balance	41,783	Bank Confirmations and Bank reconciliations	Federation's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the existence of overdraft balance.
(e) Five Balance Sheet Items	1,412,403	Balance Confirmation	Federation's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the existence of five balance sheet items.

(f)	Expenses	3,622,918	Invoice payment vouchers.	and	Federation's comments had not submitted.	The documents should be adequately furnished to audit in order to verify the existence of Expenses.
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## **2. Financial Review**

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### **2.1 Financial Results**

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The operating result of the federation for the year under review amounted to a deficit of Rs.2,558,913 and the corresponding deficit in the preceding year amounted to Rs.658,337. Therefore, a deterioration amounting to Rs.1,900,576 of the financial result was observed. The reason for the deterioration was Increase of operating expenditure by Rs.5,816,217 more than the increase of total income by Rs.3,915,641.