

## **Sri Lanka Body Building and Fitness Federation - 2019**

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### **1. Financial Statements**

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

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The audit of the financial statements of the Sri Lanka Body Building and Fitness Federation (“the federation”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of income and expenditure, accumulated fund statement and fund flow statement 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 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-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 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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##### 1.5.1 Internal Control over the Preparation of Financial Statements

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Audit Issue	Management Comments	Recommendation
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The General Ledger and a Cash Book had not been maintained for the federation.	Federation's comments had not been submitted.	General Ledger and Cash book should be provided.

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

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Audit Issue	Amount Rs.	Evidence not available	Management Comments	Recommendation
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(a) Registration fee, Annual fee and Entry fee	278,500	Receipts Books	Federation's comments had not been submitted.	The document should be adequately furnished to audit in order to verify the existence of income.
(b) Cash and Bank balances	137,258	Bank Confirmation and independent Confirmation	Federation's comments had not been submitted.	Bank Confirmation Independent confirmations should be furnished to audit in order to verify the existence of cash and Bank Balances.
(c) Receivables	2,192,600	Confirmations	Federation's comments had	Confirmations should be furnished to audit

			not submitted.	been	in order to verify the receivable.
(d)	Tournament and other expenses	258,200	Payment vouchers, bills and invoices	Federation's comments had not been submitted.	Payment vouchers, bills and invoices Expenses 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 surplus of Rs.17,800 and the corresponding surplus in the preceding year amounted to Rs.2,084,160. Therefore, a deterioration amounting to Rs. 2,066,360 of the financial result was observed. The reasons for the deterioration are the decrease of the total income by Rs. 3,729,000 and increase of the total expenses by Rs. 1,665,139.