

Carrom Federation of Sri Lanka - 2020

1. Financial Statement

1.1 Disclaimer of Opinion

The audit of the financial statements of the Carrom Federation of Sri Lanka (“the federation”) for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of income and expenditure, statement of changes in accumulated fund 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.

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), 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

1.5.1 Internal Control over the Preparation of Financial statements

Audit Issue -----	Management Comments -----	Recommendation -----
Cash book and general ledger had not been maintained by the federation and a trial balance had also not been furnished for audit.	Steps are being taken to rectify this issue in future.	Cash book and general ledger should be maintained. Trial balance should be furnished to audit

1.5.2 Non-Compliance with Sri Lanka Accounting Standards

Audit Issue -----	Management Comments -----	Recommendation -----
The useful life of the fully depreciated property plant and Equipment which are still in use cost of Rs.2,061,520 had not been revised and adjusted in the financial statement according to section 17.19 of the Sri Lanka Accounting Standards for SMEs.	Steps are being taken to rectify this issue in future.	The useful life of the fully depreciated property plant and equipment should be reviewed and adjusted in financial statement.

1.5.3 Documentary Evidences not made available for Audit

Audit Issue -----	Amount Rs. -----	Evidence not available -----	Management Comments -----	Recommendation -----
(a) Rent, water and electricity expenses	1,795,610	Rent agreement, Water bills and Electricity bills, Invoices	Former treasure has been informed to submit documents without fail.	The documents should be adequately furnished to audit in order to verify the expenses.

(b) Printing and stationeries	36,349	Payment vouchers, Invoices	Former treasure has been informed to submit documents without fail.	The documents should be adequately furnished to audit in order to verify the expenses.
(c) Accounting fee	30,000	Payment vouchers, Invoices	Former treasure has been informed to submit documents without fail.	The document should be adequately furnished to audit in order to verify the expenses.
(d) Bank balance	291,044	Bank confirmations	Former treasure has been informed to submit documents without fail.	Bank confirmation should be furnished to audit in order to verify the existence of Bank balance.
(e) Cash in hand	30,180	Independent confirmation	Former treasure has been informed to submit documents without fail.	Independent confirmations should be furnished to audit in order to verify the existence of cash in hand.
(f) Non – current assets	2,223,530	Physical verification report and Fixed assets register	Steps are being taken to rectify this issue in future.	Physical verification report should be furnished to audit in order to verify the existence of assets.
(g) Rent payable	1,950,000	Third party confirmation	Former treasure has been informed to submit documents without fail.	Third party confirmation should be furnished to audit in order to verify the existence of payable balance.

2. Financial Review

2.1 Financial Results

The operating result of the federation for the year under review amounted to a deficit of Rs.1,682,070 and the corresponding surplus in the preceding year amounted to Rs. 49,209. Therefore, a deterioration amounting to Rs.1,731,279 of the financial result was observed. The reason for the deterioration was decrease the total income by Rs.2,660,999.