

## **Cycling Federation of Sri Lanka - 2021**

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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 Cycling Federation of Sri Lanka (“the federation”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and revenue and expenditure account, statement of changes in equity, cash 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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<b>Audit Issue</b>	<b>Management Comments</b>	<b>Recommendation</b>
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(a) The financial statements for the year 2020 had not been prepared by the Federation under administration of previous Executive Committee. Therefore, present executive committee was prepared financial statements for the year 2021 as newly formed Association, due to non-submission of the financial documents from previous executive committee.	Federation’s comments had not been submitted.	Financial Statements should be prepared for each and every financial year.
(b) The financial statements of the Cycling Federation of Sri Lanka for the year ended 2021 had been prepared without using the opening balances which was consisting of Non-Current Assets amounting to Rs.81,280 Current Assets amounting to Rs.1,295,501 Accumulated Fund amounting to Rs.53,720 and Current Liabilities amounting to Rs.1,323,061. Therefore, existence and accuracy of the assets, liabilities and accumulated fund as at 31 December 2021 could not be satisfactorily verified in audit.	Federation’s comments had not been submitted.	Financial statements should be prepared with considering the opening balances.

#### **2. Financial Review**

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##### **2.1 Financial Results**

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The operating result of the year under review amounted to a surplus of Rs. 38,732 and the preceding year operating result was zero, due to non operation of the Federation. Income of the year under review was 374,050 and expenses was 335,318. Therefore, an improvement amounting to Rs. 38,732 of the financial result was observed.