

Kudo Federation of Sri Lanka - 2023

1. Financial Statement

1.1 Disclaimer of Opinion

The audit of the financial statements of the Kudo Federation of Sri Lanka (“the Federation”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income and expenditure, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information, 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 No19 of 2018 and Section 21(a) of the Sports (Amendment) Act No.47 of 1993. 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

I do not express an opinion 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 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
The operating result for the year under review amounting to a deficit of Rs.2,065 and the corresponding deficit in the preceding year amounting to Rs.39,955. The Federation's current liabilities exceeded its current assets by Rs. 98,819 and the total liabilities exceeds its total assets by Rs. 83,319. Moreover, the negative balance of the accumulated fund is 05 times on the total assets for the year under review. This indicates a material uncertainty that casts a significant doubt on the Federation's ability to continue as a going concern. Despite these concerns, the Executive Committee has not considered the situation adequately to take remedial actions or disclose these issues in the financial statements.	Federation requested a name change three years ago, but is unable to change without official approval. The president has been pocketing incidental expenditure, which was supposed to be written off last year.	Prompt action should be taken to ensure the ability for continue the going concern of the Federation.

2. Financial Review

2.1 Financial Results

The operating result of the federation for the year under review amounted to a deficit of Rs.2,065 and the corresponding deficit in the preceding year amounted to Rs.39,955. Therefore, an improvement amounting to Rs. 37,890 of the financial result was observed. The reason for the improvement was increase the total income by Rs.49,500.

3. Operational Review
3.1 Management Inefficiencies

Audit Issue	Management comment	Recommendation
No local and international sports events had been organized by the Federation during the past two years.	Federation could not able to complete name change Hence, event had not been conducted.	Action should be taken to conduct sports events.

4. Accountability and Good Governance
4.1 Corporate Plan

Audit Issue	Management comment	Recommendation
According to Section 7 (xi) of the National Association of Sports Regulations No. 01 of 2016, a Corporate Plan had not been prepared by the Federation.	No comments	Action should be taken to prepare the Corporate Plan.

4.2 Action Plan

Audit Issue	Management comment	Recommendation
According to section 7(xii) of the National Association of Sports Regulations No. 01 of 2016, an Action Plan for the year under review had not been sent to the Director General of Sports for approval three months prior to the commencement of the year.	No comments	Action should be taken to prepare the Action Plan.