

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Netball Federation (“Federation”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of income and expenditure, statement of changes in fund and cash flow statement for the year then ended, and notes to the financial statements, including a 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 No.19 of 2018 and Section 21 A of Sports Law No 25 of 1973 as amended by Section 9 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.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Federation as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SMEs).

1.2 Basis for Qualified Opinion

My opinion is qualified 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 misstatement, 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 objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also had extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Federation, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Federation has complied with applicable written law, or other general or special directions issued by the governing body of the Federation;
- Whether the Federation has performed according to its powers, functions and duties; and
- Whether the resources of the Federation had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SMEs).

	Non-compliance with the reference to particular Standard	Management Comment	Recommendation
(a)	According to paragraph 2.36 of Sri Lanka Accounting Standards for Small and Medium-Sized Entities, the Federation should prepare its financial statements on an accrual basis. However, contrary to that the Federation had recognized and accounted for its member fee income on a cash basis.	Noted to account for membership fees on accrual basis in the future.	Adhere to the SLAS for SMEs.
(b)	In accordance with paragraph 17.19 of Sri Lanka Accounting Standards for Small and Medium-Sized Entities, if residual value or use of life of assets has changed at the each reporting date, it should be reviewed annually and make necessary amendments accordingly. However, the Federation had failed to review and make necessary adjustment for the fully depreciated computers/ furniture and fittings being used by the federation.	Noted to account according to the standard in the future.	Adhere to the SLAS for SMEs.

1.6 Accounts Receivable and Payable

Audit Issue	Management Comment	Recommendation
There are outstanding balances of Rs. 442,100 and Rs. 103,140 respectively as receivables and payables from the year 2019 and before, those balances had not been recovered and settled as of the date of this report.	Agreed.	Prompt action should be taken to recover the receivables and settle the payables.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs. 2,623,889 and the surplus against this in the preceding year amounted to Rs. 6,482,735. Therefore, a deterioration amounting to Rs.9,106,624 in the financial result was observed. The reason for the deterioration is decrease of the income by Rs.7,267,759.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
The registration of the Sri Lanka Netball Federation was temporarily suspended pursuant to the Extraordinary Gazette No. 2386/08 dated 29 May 2024. As a result, it was observed that 2 out of the 5 local sports competitions scheduled to be held according to the National Sports Calendar for the year 2024 had not been held.	Due to the temporary suspension of the Federation's registration, the sports competitions could not be held as per the sports calendar.	The Federation should be conducted sports events as planned.

3.2 Under -utilization of Funds

Audit Issue	Management Comment	Recommendation
Average monthly bank balance amounted to Rs.5 million had remained idle in a bank current account without being utilized in an effective manner. As a result, the Federation had sustained a financial loss of Rs. 606,125 during the year under review.	This cash was retained for the Asian Championship which was scheduled to be held in 2024.	Excess funds should be utilized in an efficient manner.