

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Equestrian Association (“the Association”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, 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, No. 19 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.

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 Association 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 Standard 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 Auditor’s Responsibilities for the Audit of the financial statements 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 Association’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 intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Association 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 Association.

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 Association'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 Association'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 Association 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 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 Association and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Association has complied with applicable written law, or other general or special directions issued by the governing body of the Association;
- Whether the Association has performed according to its powers, functions and duties,
- Whether the resources of the Association had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observation on the preparation of Financial Statements

1.5.1 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs.	As per corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
Non-current assets	1,640,000	1,333,600	306,400	We will correct it in the year 2025.	Action should be taken to correct the fixed assets register after conducting the board of survey.

1.5.2 Documentary Evidences not made available for Audit

Item	Amount Rs.	Evidence not available	Management comment	Recommendation
(i) Foreign travelling expenses	140,000	Approval of the Minister	It is not possible to obtain the approval of the Minister.	Action should be taken to provide required evidence to verify the accuracy and reliability of the payments.
(ii) Expenses incurred from the advance of the NOCSL	375,000	Payment vouchers and Invoices	Comments had not been submitted.	
(iii) 17 Payments	1,274,650	Approvals and Certifications	All payment vouchers for the 2025 financial year have been noted for submission with the approval of the Treasurer.	

1.6 Non-compliance with Laws, Rules and Regulations and Management Decisions etc.

No.	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 6 (xxvii) of Part III of the National Associations of Sports Regulations, No. 01 of 2024 published in the Extraordinary Gazette No. 2382/32 dated 03 May 2024.	Although details of all activities, including the elections of officers of sports clubs and member organizations affiliated to the Association were supposed to be submitted annually to the Director General of Sports, such details had not been submitted.	Will be submitted in the coming years.	Sports regulations should be followed.
(b)	Part III of Section 6 (xii) of the National Associations of Sports Regulations No. 01 of 2024.	The Action Plan of the Association had not been submitted to the Director General 3 months prior to the commencement of the year under review.	The action plan will be prepared in the coming years and submitted to the Director General for approval.	Sports regulations should be followed.

2. Financial Review

2.1 Financial Results

The operating result of the Association for the year under review amounted to a deficit of Rs. 73,811 and the surplus against this in the preceding year amounted to Rs. 221,121. Therefore, a deterioration amounting to Rs. 294,932 in the financial result was observed. The main reason for the deterioration is increase of the administrative expenses by Rs. 623,834 during the year under review as compared with previous year.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue	Management comment	Recommendation
According to the National Sports Calendar, 03 national sports tournaments, 07 international tournaments and 09 player training workshops, seminars and training sessions had been planned to be held during the year under review, However, 03 national sports tournaments, 06 international sports tournament and 06 player training workshops, seminars and training sessions had not been held up to the end of the year under review.	The tournaments have not been held is that there are no suitable horses in Sri Lanka and there is no breeding.	Action should be taken to hold planned competitions and workshops as scheduled.