

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Wushu Federation of Sri Lanka (“the 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 equity, statement of cash flows 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 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, 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 Opinion

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 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 intends 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 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,
- 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 Non-compliance with Laws, Rules, Regulations and Management Decisions

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 40 of the Sports Law, No.25 of 1973	15 persons had been participated in the Ninth (9) World Junior Wushu Tournament during the year under review. However, the Federation had not obtained the approval from the Selection Committee and Minister of Youth affairs and Sports.	We have attached supporting to prove returning of participants.	Action should be taken to obtain the approvals.
(b)	The National Associations of Sports Regulations, No. 01 of 2024 published in the Extraordinary Gazette No. 2382/32 dated 03 May 2024			
	Section 6 (xxvii) of Part III	Details of elections of officers of sports clubs and member organizations affiliated to the Federation had not been submitted to the Director General of Sports.	Our Federation's election is to be scheduled on May 2025.	Sports regulations should be followed.

2. Financial Review

2.1 Financial Results

The operating result of the Federation for the year under review amounted to a surplus of Rs.7,173,127 and the corresponding surplus in the preceding year amounted to Rs. 1,484,791. Therefore, an improvement amounting to Rs. 5,688,336 of the financial result was observed. The main reason for this improvement was decrease the expenditure by Rs. 7,741,175 in the year under review compared to the previous year.

3. Operational Review

3.1 Operational Inefficiencies

	Audit Issue	Management comment	Recommendation
(a)	According to the national sports calendar 2024, it was planned to hold 10 national sports tournaments, 07 international tournaments and 02 other programs during the year under review. However, only 06 national sports tournaments, 03 international sports tournaments and 01 program had been held.	We were unable to participate in the tournaments due to unavailability of qualified players and difficulties in finding sponsors to meet finance requirements	Action should be taken to hold the tournaments as planned.
(b)	The Taolu carpet worth Rs.6,889,112 equivalent to US\$ 22,500 purchased from Peoples Republic of China during the year under review had not been released from the Colombo Port even up to the date of this report. As a result, this carpet had remained over one year without been utilized. Further, according to the Note No. 2.2.4 to the financial statements, the clearance charges to be paid by the Federation as at 06 February 2025 was Rs.7,538,540.	Comments had not been received.	Action should be taken to utilize the assets effectively.