

## **Sri Lanka Cricket – 2024**

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### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the Sri Lanka Cricket (“SLC”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the income statement and other comprehensive income, statement of changes in funds, 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 21A of the 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, the accompanying financial statements of the Sri Lanka Cricket give a true and fair view of the financial position of the Sri Lanka Cricket 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.

#### **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 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 SLC’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 SLC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SLC’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the SLC is required to maintain proper books and records of all income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the SLC.

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

## **1.5 Accounts Receivables and Payables**

### **1.5.1 Receivables**

|     | <b>Audit Observation</b>                                                                                                                                                                                                                                                                                                                                                                           | <b>Management Comment</b>                                                                                                                                     | <b>Recommendation</b>                                                                                |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| (a) | The Value Added Tax (VAT) receivable as at 31 December 2024 was Rs.1,095.81 million. Out of that, Rs.135.8 million and Rs.58.1 million had remained outstanding for over 05 years and 3 to 5 years respectively. In the meantime, Withholding Tax (WHT) aggregating to Rs.28.24 million receivable from the Department of Inland Revenue (IRD) had remained 4 to 16 years without being recovered. | We would like to emphasize that this is beyond our control, and we are equally keen to resolve this matter and clear the outstanding balances from our books. | Action should be taken to recover or resolve the matters without further delay.                      |
| (b) | The sponsorship rights income receivable in respect of the Sri Lanka's tour of South Africa in 2018 amounting to Rs.37.56 million (US\$ 187,084.75) had remained without being recovered even as at the end of the year under review.                                                                                                                                                              | Legal proceedings are still being carried out in relation to sponsorship rights income.                                                                       | Measures to be taken to accelerate the legal procedures in order to recover the outstanding balance. |

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

| Reference to Laws, Rules and Regulations etc.                                                                                                              | Non-compliance                                                                                                                                                                                                                         | Management Comment                                                                                                                               | Recommendation                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Section 3 (1) (ii) of the National Associations of Sports Regulations, No. 01 of 2024 published in the Extraordinary Gazette No. 2382/32 dated 03 May 2024 | An advance of Rs.3.3 million had been paid on 15 August 2024 to a private company for the preparation of the Corporate Plan for the next 10 years. However, it had not been prepared and submitted to the SLC even up to 30 June 2025. | Consulting firm which was appointed to prepare the Corporate Plan for Sri Lanka Cricket is in their final stage of preparing the corporate plan. | Action should be taken to prepare the Corporate Plan for the next 10 years. |

## 1.7 Non-compliance with Tax Provisions

| Audit Observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Management Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Recommendation                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| According to the letter No. ACT/5/5 dated 14 October 2024 issued by the Deputy Commissioner General of the Department of Inland Revenue and Section 83A (1A) of the Inland Revenue Act, No. 24 of 2017 and amendments made thereof and the provisions in the Extraordinary Gazette Notification No.2312/16 dated 28 December 2022, the SLC shall deduct Advance Personal Income Tax (APIT) on any payment made to cricket players, local consultants and coordinators with effect from 01 January 2023. However, the SLC had not deducted the APIT on the payments made to above parties aggregating to Rs.860.43 million and Rs.2,355.93 million during the year 2023 and 2024 respectively. | <p>The SLC was compelled to temporarily withhold payments due to players from November 2024, as SLC has been burdened with the responsibility of tax deduction on retrospective basis and therefore, all relevant parties were notified of the CGIR's revised position.</p> <p>Subsequently, Sri Lanka Cricket National male and female players initiated judicial proceedings before the Court of Appeal, challenging the CGIR's determination.</p> <p>At a recent hearing, an undertaking was recorded before the Court by all parties, including the Attorney General on behalf of the CGIR, whereby:</p> <ul style="list-style-type: none"> <li>• SLC was permitted to withhold player payments up to 31st May 2025 without remitting APIT until the conclusion of the case;</li> <li>• From June 2025 onwards, SLC</li> </ul> | Should be complied with the Tax regulations. |

was directed to deduct and remit APIT on payments to players, pending final determination of the case;

Accordingly, it is inaccurate to indicate that SLC failed to remit applicable taxes to the IRD and all actions taken by SLC have been based on prevailing legislation, IRD directives, judicial proceedings, and undertakings given before the Court of Appeal.

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.68,989,620 and the corresponding deficit in the preceding year amounted to Rs.2,189,375,265. Therefore, an improvement amounting to Rs.2,120,385,645 in the financial result was observed. The main reason for the improvement is increase in the ICC annual distribution income and decrease in the exchange loss as compared to the previous year.

### 2.2 Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the year under review compared with the preceding year with the percentage of increase or decrease are shown below.

| Description                                     | For the year<br>ended 31<br>December 2024<br>Rs. Mn | For the year<br>ended 31<br>December 2023<br>Rs. Mn | Variance<br>Favorable/<br>(Adverse)<br>Rs. Mn | Percentage<br>% |
|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|-----------------|
| <b>Revenue</b>                                  |                                                     |                                                     |                                               |                 |
| ICC distribution                                | 10,164                                              | 5,852                                               | 4,312                                         | 73.7            |
| International cricket                           | 5,147                                               | 3,091                                               | 2056                                          | 66.5            |
| Domestic cricket                                | 1,156                                               | 842                                                 | 314                                           | 37.3            |
| Marketing and corporate<br>communication income | 766                                                 | 900                                                 | (134)                                         | 14.9            |
| Other income                                    | 749                                                 | 1,480                                               | (731)                                         | 49.4            |
| <b>Expenditure</b>                              |                                                     |                                                     |                                               |                 |
| International cricket                           | 6,221                                               | 4,285                                               | (1,936)                                       | 45.2            |
| Domestic cricket                                | 3,652                                               | 2,833                                               | (819)                                         | 28.9            |
| Marketing and corporate                         | 273                                                 | 156                                                 | (117)                                         | 75              |

|                           |       |       |         |      |
|---------------------------|-------|-------|---------|------|
| communication expenditure |       |       |         |      |
| Development               | 2,324 | 1,216 | (1,108) | 91.1 |
| Operating expenditure     | 4,749 | 4,179 | (570)   | 13.6 |
| Exchange rate loss        | 832   | 1,684 | 852     | 50.6 |

The management should pay its attention to reduce the exchange rate loss and to increase the profitability of the Sri Lanka Cricket.

### 3. Operational Review

#### 3.1 Operational Inefficiencies

| Audit Observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Management Comment                                                                                                                                                   | Recommendation                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| In installing the new flood lights system at the R. Premadasa International Cricket Stadium and the Rangiri Dambulla International Cricket Stadium, the existing flood light systems of above two stadiums costing Rs. 20.03 million and Rs. 17.61 million respectively had been removed. Subsequently, 06 items from the existed flood light system costing to Rs.9 million had been distributed to the Colombo Cricket Club (CCC) on 24 July 2024 and remaining items had remained without being disposed or utilized even as at 31 May 2025. | These assets with a total carrying amount of Rs.5,605,000 were reclassified from Property, Plant and Equipment (PPE) to Assets Held for sale as at 31 December 2024. | Removed flood lights should be disposed in an effective manner. |

#### 3.2 Delays in Projects or Capital Work

| Audit Observation                                                                                                                                                                                                                                                                                                                                                                                                                                   | Management Comment                                                                                                                                                                                                                                                                        | Recommendation                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| (a) The SLC had entered into a lease agreement with Moratuwa Carlton Cricket Club on 24 September 2022 to obtain a land with an extent of 57.622 perches for a period of 10 years for the purpose of constructing a high performance Centre. However, the construction of this Centre had been suspended due to various reasons even after payment of refundable deposit amounting to Rs.7.5 million and lease rental amounting to Rs. 7.5 million. | In clause number 1 of the lease agreement, it is clearly mentioned that a rental advance of Rs.7,500,000 paid before the execution of this indenture and will recover Rs.62,500 from monthly rental to be paid. Therefore, this is not a violation of the clauses in the lease agreement. | Action should be taken to commence the construction activities without further delay. |

- (b) A land with an extent of 1 acre, 3 roods and 20.2 perches located in Kandy had been obtained on 20 April 2017 for a period of 30 years lease basis at a consideration of Rs. 26.5 million for the construction of proposed Advanced Technology Training Centre. Subsequently, a sum of Rs.23.93 million had been spent as at 31 December 2024 for the construction of the building without a feasibility study. Meanwhile, the construction works had not completed even after seven (07) years lapsed from the inception of the construction works.
- We are not in a position to start the construction of the main building due to long delays in receiving approval from the Central Environmental Authority (CEA) due to changes in officers in CEA. Further, there are restrictions from Mahaweli Authority which has delayed this project further.
- Action should be taken to utilize the land for the intended purpose without any delay.

#### **4. Accountability and Good Governance**

##### **4.1 Annual Report**

| <b>Audit Issue</b>                                                                                                                                                                                                                                               | <b>Management Comment</b>       | <b>Recommendation</b>                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------|
| According to the direction given by the Committee on Public Enterprises (COPE) held on 11 February 2021, SLC should be tabled its annual reports to the Parliament. However, SLC had not tabled its annual reports to the Parliament as per the above direction. | Comments had not been received. | Annual report of the SLC should be tabled in Parliament. |