

**1. Financial Statement**

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**1.1 Disclaimer of Opinion**

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The audit of the financial statements of the Life Saving Association of Sri Lanka (“the association”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the income statement, statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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. My Comments and observations which I consider should be report to parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in Public Practice.

I do not express an opinion on the accompanying financial statements of the Association. 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**

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My opinion is Disclaimed 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**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting principles 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 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 intend 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

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My responsibility is to conduct an audit of the Association'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 observation on the preparation of Financial Statements.

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##### 1.5.1 Internal Control over the preparation of Financial Statements

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###### Audit issue

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###### Management Comment

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###### Recommendation

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Bank reconciliation statements had not been prepared by the Association.

Association's comments had not been submitted.

Bank reconciliation should be prepared for every month.

##### 1.5.2 Accounting Deficiencies

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###### Audit issue

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###### Management Comment

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###### Recommendation

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(a) Roof repair charges amounting to Rs.33,650 had been capitalized. Hence the non-current assets had been overstated by the amount of Rs.33,650.

Association's comments had not been submitted.

Roof repair charges should be accounted as expenditure.

(b) Depreciation for the property plant and equipment had been understated by Rs.462,747 for the year under review.

Association's comments had not been submitted.

Depreciation for property plant and equipment should be accounted accurately.

### 1.5.3 Documentary Evidence not made available for Audit

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<b>Audit Issue</b>	<b>Amount</b>	<b>Evidence not available</b>	<b>Management Comments</b>	<b>Recommendation</b>
	<b>Rs.</b>			
(a) Bank Loan	2,061,583	Balance Confirmation	Association's comments had not been submitted.	The documents should be adequately furnished to audit in order to verify the accuracy of bank loan amount.
(b) Income and Collection by association.	1,188,136	Receipts	Association's comments had not been submitted	The documents should be adequately furnished to audit in order to verify the accuracy of income.

## 2. Financial Review

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### 2.1 Financial Results

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The operating result of the association for the year under review amounted to a surplus of Rs.3,903,860 and the corresponding surplus in the preceding year amounted to Rs. 1,181,080. Therefore, an improvement amounting to Rs.2,092,780 of the financial result was observed. The reason for the improvement was increase the total income by Rs.2,413,873.