

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Provident Fund of the Buddhist and Pali University for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of financial performance, statement of changes in equity and cash flow statement 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(1) 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 the Section 38 of the Sri Lanka Buddhist and Pali University Act No. 74 of 1981 My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the fund as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector 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 Public Sector 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 Fund' stability 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 Fund or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Auditor's Responsibility for the Audit of the Financial Statements

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 Fund'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 fund'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 Fund 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.

Audit scope also 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 fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the fund 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 etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
Clause No.5.1 of the Rules governing Administration, Management, and control of the Sri Lanka Buddhist and Pali University Provident Fund	Although the Fund is expected to evaluate investment opportunities that would maximize returns and maintain an optimal investment portfolio when making investment decisions, audit evidence was not made available to substantiate that such an evaluation had been undertaken. Nevertheless, contribution funds amounting to Rs.539,930,094 had been invested exclusively in fixed deposits.	In the event that simple interest rates increase during the remaining investment period of 4 to 12 years beyond the rates applicable at the time of investment, such investments cannot be redeemed prior to maturity, which may result in the loss of significant investment income. Furthermore, the University would be able to purchase Treasury Bills and Treasury Bonds from the secondary market at the quoted rates only if such securities had already been acquired by the banks. As banks offer fixed deposit rates only for a very limited period (approximately 3–4 days), investments in Treasury Bills and Treasury Bonds through the primary market can be made only close to the respective bidding dates. If bids submitted at the proposed rates are unsuccessful, the funds retained in the account would remain uninvested, resulting in a loss of interest income, and the process of	The Fund should carry out a comparative analysis of the available investment options when making investment decisions, ensure that the analysis is duly considered and documented by the Investment Committee, and maintain an optimum investment portfolio to maximize investment returns.

calling for fresh interest rate quotations would have to be repeated. Accordingly, investments are made transparently in accordance with the decisions of the Investment Committee, taking into consideration these practical constraints. Therefore, the observation that higher hypothetical interest income could have been earned by making long-term investments is not accepted.

2. Financial Review

2.1 Financial Result

The financial result of the year under review amounted to a surplus of Rs.40,192,657 and the corresponding surplus in the preceding year amounted to Rs.52,440,919. Therefore an deterioration amounting to Rs.12,248,262 of the financial result was observed. The main reasons for this deterioration is the decrease in interest income from fixed deposits by Rs.15,592,558.

2.2 Trend Analysis of Major Income and Expenditure Items

Income/ Expenditure Item	Value for the year under Review Rs.	Value for the preceding year Rs.	Increase/ Decrease Rs.	Increase/ Decrease %
Fixed Deposit Interest	45,120,391	60,712,999	(15,592,558)	(25.68)

2.3 Ratio Analysis - Current Ratio

During the year under review, total current assets and total current liabilities amounted to Rs.610,619,148 and Rs.32,477,840, respectively, resulting in a current ratio of 18.8:1. The corresponding ratio in the preceding year was 91.4:1. Accordingly, the current ratio recorded a deterioration compared with the preceding year, primarily attributable to an increase of Rs.26,345,623 in current liabilities.