INDEPENDENT AUDITORS' REPORT

To

The General Assembly

Bhutan Football Federation

Thimphu,

Bhutan

Report on the Audit of the Financial Statements

1. Opinion

We have audited the financial statements of **Bhutan Football Federation** (the Federation), which comprise the Statement of Financial Position as at December 31, 2023, and the Statement of Comprehensive Income, Statement of Changes in General Fund and Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the aforesaid financial statements present fairly, in all material respects, the financial position of the Federation at December 31, 2023, and its financial performance and cash flows for the year ended on that date in accordance with Bhutanese Accounting Standards (BAS).

2. Basis for Opinion

We conducted our audit in accordance with the provisions of the Companies Act of Bhutan, 2016 ('the Act') and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the BFF in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in The Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. During the year under audit we have not come across any audit issue which in our opinion requires mention under this head.

We have scrutinised the available papers and documents and relied on the statements and details made available to us, asked for further details / explanations and obtained clarifications. We have also relied on the representation of the Federation confirming various audit and regulatory issues, adequacy of internal control and other ethical requirements while framing our audit report.

4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAS 1 and for such internal control as management determines 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.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We enclose in **Annexure – I**, the description of the auditor's responsibilities.

6. Emphasis of Matter:

Without qualifying our opinion we draw attention to the following:

(i) Audit for 2023 has been conducted based on the available papers and documents for the year. Grants received from FIFA & AFC have been duly incorporated in the Financial Statements.

(ii) The accounts of the Federation are prepared on cash basis.

7. Report on Other Legal and Regulatory Requirements

(i) As required by the section 266 of the Companies Act of Bhutan, 2016 (Minimum Audit Examination and Reporting Requirements) we enclose in the **Annexure II** a statement on the matters specified therein to the extent applicable.

(ii) As required by section 265 of the Act, we report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by the Act have been kept by the Federation so far as it appears from our examination of those books subject to the ongoing reconciliation of accounts being carried out by the Federation;

c) the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in General Fund and Statement of Cash Flows dealt with in this report have been prepared in accordance with accounting principles generally accepted as well as Bhutanese Accounting Standards (BAS) and are in agreement with the books of account after taking into consideration the result of reconciliation of records;

d) in our opinion, the Statement of Financial Position, Statement of Comprehensive Income, the Statement of Changes in General Fund and Statement Cash Flows comply with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan 2016.

In our opinion and to the best of our information and according to the explanations given to us and subject to the limitations of audit mentioned in Para 3, 4 & 5 above, the aforesaid financial statements, give the information required by law in the manner so required and give a true and fair view in conformity with the Generally Accepted Accounting Principles, Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016:

I) In the case of Statement of Financial Position, of the state of affairs of the Federation as at 31st December 2023;

II) In case of Statement of Comprehensive Income, of the Surplus of the Federation for the year ended on that date;

III) In the case of Statement of Changes in General Fund, of the movement of the General Fund of the Federation for the year ended on that date and;

IV) In the case of Statement of Cash Flows of the movement of cash flows of the Federation for the year ended on that date.

For **S. N. Mukherji & Co**
Chartered Accountants
Firm Reg. No. 301079E

Sudip Kumar Mukherji
Partner
M. No. 013321
UDIN : 24013321BKGVLQ3513

Place : Kolkata
Date : 31.05.2024

S. N. MUKHERJI & CO. KOLKATA Chartered Accountants

Annexure-I

BHUTAN FOOTBALL FEDERATION

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Annexure-II

BHUTAN FOOTBALL FEDERATION
Thimphu: Bhutan
2023

MINIMUM AUDIT EXAMINITION AND REPORTING REQUIREMENT

ANNEXURE REFERED TO IN OUR REPORT OF EVEN DATE

1. The Federation has not maintained the Fixed Assets Register and has not carried out physical verification of Fixed Assets during the year. It is recommended to comply with the same.

2. None of the fixed assets has been revalued during the year.

3. The Federation has no inventory. All materials purchased during the year are treated as consumed and duly accounted for.

4. The stock of materials has been verified by the management at the year end.

5. In our opinion, the procedure of physical verification of the materials followed by the management is reasonable.

6. The Federation has not taken loans, secured and unsecured, from Banks and other financial institutions.

7. The Federation has granted an unsecured loan to a company where the President of BFF is a Director. Interest on the same has been received upto 2021. The repayment date is yet to be finalised.

8. No interest free advance has been given to other companies.

9. The advances granted to officers/staff are in keeping with the practice of the federation for procurement of materials and execution of contract.

10. The Federation has introduced internal control system which does not ensure completeness, accuracy and reliability of accounting records, and to carry out the activity in an orderly and efficient manner, to safeguard the assets of the Federation as well as to ensure adherence to the rules/ regulations and system and procedures. The system should be strengthened and reviewed from time to time.

11. There is a system of obtaining competitive bidding/quotations and has a system of informal market survey to ascertain current prices.

12. As informed to us, there are no transaction for purchase and sale of goods and services made in pursuance to contracts or arrangements entered into with the Members of the Executive Committee or any other parties related to the Members of the Executive Committee or with the companies or firms in which the Members of the Executive Committee are directly or indirectly interested. If so, the same is disclosed in the accounts.

13. As explained to us, the unserviceable or damaged stock of materials will be disposed off as and when ascertained and accounted for.

14. It has been explained that the Federation has reasonable system of ascertaining and identifying point of occurrence of damages of materials.

15. The Federation has no finished products.

16. The Federation has no realizable by products.

17. According to the information and explanations given to us, the Federation does not have undisputed statutory dues as at 31st December, 2023

18. According to the information and explanations given to us, no personal expenses have been debited to the Statement of Comprehensive Income excepting those payable under contractual obligations/ service rules.

19. Federation maintains reasonable records for the issue and receipts of materials.

20. Quantitative reconciliation is not applicable to the Federation.

21. All materials purchased during the year are treated as consumed and duly accounted for.

22. Allocation of man-hours to respective jobs is not applicable for the Federation.

23. There exists a system of authorization at proper levels and reasonable system of internal control for issue of materials commensurate with the size and nature of its activity.

24. The subject of proper pricing decision is not applicable for the Federation.

25. The subject of credit sales policy is not applicable for the Federation.

26. The Federation has no debtor.

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27. In our opinion the management of cash and bank balance should be closely monitored and the Management may consider investing temporary surplus funds in safe and secured banking instruments for reasonable return.

28. According to the information and explanations given to us and on the basis of examination of books and records on test check basis, the activities carried out by the Federation during the year are in our opinion lawful and intra-vires to the Constitution of the Federation.

29. In our opinion, and according to the information and explanations given to us, the Federation has a system of approval of the competent authority for all capital expenditure.

30. The Federation does not have a budgetary control system.

31. Standard Costing is not applicable for the Federation.

32. Related Party Transactions and salary paid to the General Secretary which are disclosed in Note-9 Para 9.

33. The issue of transmitting price sensitive information is not applicable for the Federation.

34. The Federation has not given machineries/equipment on lease.

Computerized Accounting Environment

1. The Federation maintains the account in computerized accounting environment.

2. The Federation does not have adequate back up facilities and safeguard measures which should be introduced.

3. The Federation does not have adequate disaster recovery measure of keeping the back-up files in different and remote locations.

4. According to the management adequate operational control is there to ensure correctness and validity of input data and output information.

5. According to the management adequate safeguard measures to prevent unauthorised access is implemented.

S. N. MUKHERJI & CO. KOLKATA Chartered Accountants

General

(1) Going Concern Problem

Based on the Federation's financial statements audited by us, for the year ended 31st December 2023, we have no reason to believe that the Federation is not a going entity.

(2) Ratio Analysis

Not applicable.

(3) Compliance of Companies Act of Bhutan 2016:

According to the information and explanations given to us and based on the information provided to us, we are of the opinion that the Federation is yet to comply with all the provisions of The Companies Act of Bhutan, 2016.

(4) Adherence of Laws Rules & Regulations:

Audit of the Federation is governed by The Companies Act of Bhutan, 2016 and the scope of audit is limited to examination and reviews of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provisions of the said Companies Act and the Constitution of the Federation and are of the opinion that overall compliance should be ensured by the Federation.

The Federation should consider having a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices for review by the Executive Committee.

For **S. N. Mukherji & Co**
Chartered Accountants
Firm Reg. No. 301079E

Place : Kolkata
Date : 31.05.2024

Sudip Kumar Mukherji
Partner
M. No. 013321
UDIN : 24013321BKGVLQ3513

S. N. MUKHERJI & CO. KOLKATA Chartered Accountants