



Refreshingly
sri lanka
WONDER OF ASIA

Refreshingly

sri Lanka

W O N D E R O F A S I A

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Review - Hon. Minister of Economic Development



Hon. Basil Rajapakse, Minister of Economic Development

On the 19th May 2009 his Excellence the President Mahinda Rajapakse brought an end to terrorism and established peace in the country. This was a great advantage to take tourism forward.

Tourism arrivals increased from 447,890 in 2009 to 654,476 in 2010 and to 855,975 in 2011. Tourist arrivals are expected to exceed one million in 2012 and the target is to achieve 2.5 million tourists by 2016.

Tourism depends on the growth of the other sectors of the economy for its long term sustainability. The government has made large scale investment in several projects that directly or indirectly benefits tourism. For example the second international Air Port is being constructed at Mattala, Hambantota is expected to be completed by end 2013. The Bandaranaike International Airport is also refurbished and upgraded. The government has already taken action to improve our road and rail networks. Sri Lanka's first Express Way between Colombo and Galle was opened on 27th November 2011. Super luxury compartment was added to the Colombo Kandy intercity on 07th October 2011. Dutch hospital at fort was turned into a shopping and dining centre. The Nelum Pokuna Mahinda Rajapakse theatre was opened on 15th December 2011 was equipped with the latest state-of-art technology and has a total seat capacity of 1,288.

Tourism is gaining to be one of the billion dollar foreign exchange earning industry by 2012.

The boom in tourism has created more job opportunities for Sri Lanka. The entire country is now opened for tourism and the tourists are now free to visit any part of the country including the Northern and Eastern Provinces.

Our ultimate aim is to take tourism forward in a manner that will benefit the people living in any part of Sri Lanka.

Vision

To establish and position Sri Lanka as Asia's most treasured and green island, with its beautiful beaches, warm and friendly people, with a strong nature, culture and adventure offering, raising its profile to that of an Asian tourism icon and make it the largest foreign exchange earner, benefiting the stakeholders of tourism and the people of Sri Lanka.

Mission

To work towards delighting our customers (domestic and international) and developing their loyalty to destination Sri Lanka.

Chairman's Message



Dr. Nalaka Godahewa, Chairman, Sri Lanka Tourism

In 2011 tourists arrivals increased by 30.8%. In terms of arrivals, India is the prime tourism generating country follow with UK and Germany are the second and the third tourist highest generating countries.

Sri Lanka is now having a conducive environment to take tourism forward. The government considers tourism as a priority sector to build its economy in the post war scenario.

In terms of Section 6(2) of the Tourism Act No.38 of 2005, Sri Lanka Tourism Development Authority prepared the Tourism Development Strategy 2011 – 2016 and obtained the approval of the Cabinet of Ministers to implement.

The key objectives are:

- Increase tourist arrivals from 654,476 in 2010 to 2.5 million by 2016.
- Attract USD 3,000 million as Foreign Direct Investment (FDI) to the country within 5 years.
- Increase the tourism related employment from 125,000 in 2010 to 500,000 by 2016 and expand tourism based industry and services all island.
- Distribute the economic benefits of tourism to a larger across section of the society and integrate tourism to the real economy.
- Increase the foreign exchange earnings from USD 500 Mn in 2010 to USD 2.75 Bn by 2016.
- Contribute towards improving the global trade and economic linkage of Sri Lanka.
- Position Sri Lanka as the world's most treasured island for tourism.

We are confident that tourism will continue to grow and as a result it will benefit the people of the country to improve their income and standards of living.

Corporate Information

The SLTDA is leading economic development agency in tourism, one of Sri Lanka's Key service sectors. SLTDA is known for partnership, innovation and excellence, the Authority champions tourism and builds it into a key economic driver for Sri Lanka.

Name

Sri Lanka Tourism Development Authority

Legal Form

Statutory organization incorporated under tourism Act No. 38 of 2005

Head Office Address

80, Galle Road, Colombo 03

Location of National Holiday Resorts

Bentota, Giritale, Pollonnaruwa and Yala

Location of Domestic Holiday Resorts

Anuradhapura, Bandarawela, Bentota, Kataragama, and Nuwaraeliya

Auditors

Auditor General of Sri Lanka

Bankers

Bank of Ceylon

Board of Management

Members of the Board of Management are appointed by the Minister [Tourism Act No. 38 of 2005, Section 04] for a period of 3 years [Tourism Act No. 38 of 2005, Section 5(2)].

Chairman

Dr. Nalaka Godahewa

Director General

Mr. S. Kalaiselvam (upto 25th March 2011)

Mr. Vipula Wanigasekara (Acting - from 26th March 2011)

Representative of the Ministry of Economic Development

Mr. Bashwara Senanka Gunarathna

Representative of the Secretary to Treasury

Dr. B.M.S. Batagoda

Representative of the Ministry of Provincial Councils

Dr. Nihal Jayathilake

Representative of Tourist Hotels Association of Sri Lanka

Mr. Hiran Cooray

Representative of Sri Lanka Inbound Tour Operations

Mr. Chandra Wickramasingha

1. Tourist Arrivals

Tourist arrivals are used as one of the key indicator to measure the performance of the tourism industry.



Celebrating of 800,000 tourist arrivals to Sri Lanka

Tourist arrivals from January to December 2011 were 855,975 an overall increase of 30.8% percent as against 654,476 during the same period of the previous year.

Month	2010	2011	Change%
Jan	50,757	74,197	46.2
Feb	57,300	65,797	14.8
March	52,352	75,130	43.5
April	38,300	63,835	66.7
May	35,213	48,943	39.0
June	44,730	53,636	19.9
July	63,339	83,786	32.3
August	55,898	72,463	29.6
September	47,339	60,219	27.2
October	52,370	69,563	32.8
November	72,251	90,889	25.8
December	84,627	97,517	15.2
Total	654,476	855,975	30.8

One of the main reason for the increasing tourist arrival is the prevailing peace in the country further and continuous promotions, events such as 1st South Asian Beach Games which was held on 08th to 14th October 2011 at Hambantota and Kandy Perehara have contributed immensely to the increasing tourist arrivals. Information regarding the tourist arrivals to Sri Lanka by country of residence is provided in the monthly statistical bulletin which can be accessed through web site www.sltta.gov.lk.

Top Ten Markets (January to December 2011)

Rank	Country	Arrivals	As a percentage from the total
1	India	171,374	12.0
2	UK	106,082	12.39
3	Middle East	57,501	6.71
4	Germany	55,882	6.53
5	France	48,695	5.69
6	Maldives	44,018	5.15
7	Australia	41,728	4.87
8	Canada	24,671	2.88
9	U.S.A.	24,386	2.85
10	Netherlands	23,966	2.79
Sub Total		598,303	69.89
Others		257,672	30.10
Grand Total		855,975	100.00

India continues to be the prime tourist generating market to Sri Lanka. Tourist arrivals from India during the period of January to December 2011 were 171,374 an overall increase of 35.1% as against 126,882 during the same period of the previous year.

2. Accessibility

In addition to the regular airlines that were operating to Sri Lanka, the following commenced operation after peace was restored in the country.

New Airlines Operating to BIA after May 2009				
Airline	Country	Route	Date Commenced Operation	Frequency per week
Air Asia	Kualalumpur/ Malaysia	KUL/CMB/KUL	15.08.2009	7
Oman Air	Muscat/Oman	MUC/CMB	14.11.2009	5
Etihad	Abu Dhabi/UAE	AUH/CMB	02.01.2010	4
Fly Dubai	Dubai/UAE	DXB/CMB	24.06.2010	4
China Estern Airlines	China	KUM/CMB	31.08.2010	6
Gulf Air	Bahrain	BAH/CMB	05.10.2010	5
Spice Jet	Delhi/India	MAA/CMB	09.10.2010	7
Travel Service	Warsaw/Poland	WAW/BAH/CMB	10.11.2010	1
Nova Airlines (Sweden)	Arlanda/Sweeden	ARN/CMB	29.11.2010	2
Ukrain International Airlines	Kiev-Borispol/ Ukrain	KBP/KWI/CMB	13.12.2010	2
Fin Air	Helsinki/Finland	HEL/GOV/CMB	13.12.2010	1
Aeroflot Don-Donavia	Moscow/Russia	MOW/CMB	30.12.2010	1 per month
PIA	Karachchi/Pakistan	Karachchi/Pakistan	19.02.2011	3
Mahan Air	Iran	Iran	18.03.2011	2
Air India	New Delhi/India	MAA/CMB	27.03.2011	3
Jet Air fly	Brussels/Belgium	BRU/CMB	03.07.2011	1
Aerosvit Airlines	Boryspil/Ukrain	KPB/CMB/KRP	23.10.2011	3
Aeroflot	Moscow/Russia	MOW/CMB	02.11.2011	2
Edelweiss	Zurich/Switzerland	ZRH/MLC/CMB/ZRH	02.11.2011	2
Enter Air	Warsaw/Poland	WAW/MCT/CMB/VV	07.11.2011	1

3. Investment in Tourism

During the year 2011, the Sri Lanka Tourism Development Authority processed 206 private sector funded projects. Projects classified according to the scale of investment are given in the table below:

Range US \$ million	Projects
Below 0.5m	38
0.50m - 1m	22
1.10m - 2m	22
2.10m - 5m	53
5.10m - 10m	33
10.10m - 20m	18
over 20.1m	20
Total	206

Details regarding the twenty projects where the investment is more than US\$ twenty million are given below:

No	Developer	Category	Rooms	Investment US million	Location
1	Shangri-La Galle face	Hotel 5*	500	350	Colombo
2	Shangri-La, Hambantota	Hotel 5*	50 villas	120	Hambantota
3	Beira City Hotel- Colimbo 02	Hotel 5*	300	173	Colombo 02
4	Shop & Stay - Kotahena	Hotel 3*	975	115	Colombo
5	Six Senses Evasion Hideway Hotel	Hotel 5*	54 villas	35	Ahungalla
6	City Hotel with Damro Showroom	Hotel 3*	350	40	Colombo 04
7	Greener Water Ltd	Hotel 5*	328	50	Gampaha (Negombo)
8	Premier Pacific Topaz (pvt)Ltd.	Hotel 4*	254	40	Colombo 03
9	Muldat Hotels & Resorts Pvt Ltd	Hotel 5*	428	40	Gampaha (Katunayaka)
10	Fairway megamalls (pvt) Ltd	hyper mall	Shopping Complex	35.5	Colombo (S.J. Kotte)
11	City Developers International Pvt Ltd / Sanken Lanka	City Hotel 3*	240	33.75	Colombo 03
12	New life Resort	Hotel 5*	55	30	Kalamatiya
13	Softlogic Holding Ltd	Hotel 5*	108	26.8	Dharmapala Mw. Colombo 03
14	Eco Golf Resort-Beragala	Hotel 5*	Eco Golf Resort	25.5	Beragala
15	Suchir India Infratech (Pvt) Ltd	Hotel & Convention	200	25	(Katunayaka)

		Centre (Hotel 5*)			
16	Citrus-Kalpitiya (Beach Resort)	Hotel 4*	150	21.3	Kalpitiya
17	Hotel at Ratmalana	Hotel 5*	150	20	Rathmalana
18	Ananthara Hotel	Hotel 5*	180	20	Kalutara
19	Aitken Spence Hotels Holdings Pvt Ltd (Browns Beach)	Hotel 5*	175	20	Gampaha
20	Vista Del Monte (GVR Lanka Pvt Ltd)	Hotel 4*	102 rooms 70 apartments	32.77	Kandy
Total			Rooms 4495 Villas 104 Apartments 70	1,253.62	

3.1 The following Hotels are under construction as at 31st December 2011.

Name	Location	Room	Investment USD. Mn.
Lanka Fortune Hotel	Wadduwa	25	2.25
Uyana Holiday Resort	Tissamaharama	20	0.50
Blue River Country Club	Matara	10	0.78
Forest Glen Hotel	Nuwara Eliya	34	3.00
Viceroy Hotel	Dambulla	15	0.30
Hotel at Dambulla	Dambulla	40	2.53
Hotel at Kandy (Canora)	Kandy	75	3.15
Hotel at Bolgoda	Bolgoda	25	0.50
Yala properties beach hotel	Yala	98	6.36
Hotel 'Chaaya Bey'	Beruwala	201	13.63
Hotel at Kaluthara/ Ceilao Tours Akro Resorts Pvt Ltd	Kalutara	24	2.81
Hotel at Bolgoda	Piliyandala	50	1.36
Eco Hotel	Madukelle, kandy	18	0.63
Saunter Paradise Hotel(Pvt)Ltd	Dambulla	15	0.67
Guest House at Sigiriya	Sigiriya	14	0.2
Hotel 'Ananthaya'	Chilaw	74	4.9
Guest House	Batticaloa	30	0.3
International Construction Consortium(Pvt)Ltd/ Jungle Beach Resort(pvt)Ltd	Trincomalee (Kuchchaweli)	50	6.6
Dewasiri Inn- Habaraduwa	Habaraduwa	21	0.13
Hotel at valachchanai (Palm Ocean Resort)	Vakarei	26	2.36
Fortune Premier Pvt Ltd	Batticaloa(Passikudah)	60	3.57
Jetwing First Resort	Colombo	55	4
Movenpic	colombo	224	26.8
L. H. Piyasena & Co (Pvt) Ltd (LHP Hotels)	Hikkaduwa	74	3.9
Boutique Hotel at Meepe	Habaraduwa	3	0.5
Suchir India Infratech Pvt Ltd	Gampaha (Katunayake)	200	25
Hotel at Jaffna	Jaffna	20	0.05
Golden Sun Resort	Kudawaskaduwa - Kalutara	11	5.8
Roess Nature Group (Holiday resort @	Madurankuliya	10	5.8

Madurankuliya)			
MJF Leisure Pvt Ltd (Cape Weligama Resort)	Weligama	40	10.7
Guest House at Mathara	Matara	6	10.7
Topaz Tower	Colombo	254	40
Thal Arana Resort	Passikudah	12	0.35
Hotel Green View	Padukka	12	5.62
Mirage Hotel (Pvt)Ltd.	colombo	64	3.3
Auro Resort Tangalle Pvt Ltd (Sinahawa)	Tangalle	127	6.4
Boutique hotel at Hikkaduwa (Anudan Holdings Pvt Ltd)	Hikkaduwa	18	3.2
Thaprobana Hotel at Balapitiya (Asia Leisure)	Balapitiya	26	3.35
Lanter Villa - Frontier Capitol Lanka (Pvt) Ltd	Kamburugamuwa	8	0.5
Holiday Resort - Kekirawa	Ipologama	10	.43
Anilana Hotel	Nilaveli	50	60.0
Hotel – South Coast (CCD has issued a stop construction letter due to unauthorized structures)	Balapitiya	15	12.0
Beach Home- Beruwala	Beruwala	8	.15
Aitken Spence Hotels Holdings (Pvt) Ltd	Kalutara	88	11
GH at Trincomalee	Trincomalee	16	8
Citrus Hotel Hikkaduwa (Amaya)	Hikkaduwa	40	8.8
Total		2,306	312.45

In total there will be 2306 rooms added to the present room capacity during the next two years.

4. Passikudah Resort Development

Passikudah is situated about 30 k.m. north of Batticaloa. Total land area of Passikudah Resort is 149 acres and the land vested with Sri Lanka Tourism. Tourism Master Plan for Passikudah was prepared with the assistance of Sri Lanka Institute of Architects in 2009.

Environmental Impact Assessment study was approved by the Coast Conservation Department. To facilitate locals to visit this resort, changing rooms and toilet were constructed and handed over to Eastern Provincial council for management on 30th November 2011.



Passikudah Beach



Opening of Maalu Maalu Resort

The first hotel in Passikudah Resort with 40 luxury rooms commenced operations on 30 May 2011

Details regarding the hotel projects under construction are given below:

Project	Land Area	Rooms	Investment(Rs. Mn)
i. Blue Continent	15 A	150	1,118
ii. Sun & Fun Hotels	7A 2R	75	324
iii. Maalu Maalu Resort	3A	40	350
iv. Associated Resorts	7A 3R	50	750
v. Fortune Premier	10A	60	400
vi. Lanka Sports Risen	2A	25	99
vii. Auromatrix Hotels	5A	50	367
viii. Imperial Group	10A	100	652
ix. Sun Tan Beach Hotel	9A	100	350
x. Lanka Sports Risen	4A	50	190
xi. Ominga	6A	60	400
xii. Lets Travel	5A	44	735
xiii. Lokuge Ltd	6A	66	198
xiv. Eastern Development	6A	60	600
Total		930	6,533

Infrastructure projects:

Water supply scheme from Valachchenai to the resort was completed and the Central sewage treatment plant is under construction.

5. Kalpitiya resort Development

Kalpitiya is located 150 km north of Colombo. Kalpitiya region is one of the most beautiful coastal areas located in the Western Province of Sri Lanka. Kalpitiya is a peninsular that separates the Puttalam lagoon from the Indian Ocean and is a marine sanctuary with a diversity of habitats ranging from bar reefs, flat coastal plains, saltpans, mangroves swamps, salt marshes to sand dunes. Kalpitiya offers a wide range of tourist attractions rich in bio-diversity. Marine life varies from ornamental fish to Dolphins who frequent the Islands throughout the year. A submerged coral reef with a vivid array of corals covers an extent of 307 Sq Km.

A site office was setup in Kalpitiya in August 2011 to facilitate investors.

Lease agreements were signed for Vellai Island with Sun Resorts Investment and Ippantivu island with Qube Lanka Leisure for the construction of hotels.



Handing of the Lease Agreement between Sri Lanka Tourism Development Authority and Investor of Sun Resort

6. Kuchchaveli resort development

Sri Lanka Tourism identified a stretch of land about 500 acres (8 Km long) for tourism development in Kuchchaveli. A Tourism master plan was prepared and gazetted as Tourism Development Area.



Laying foundation stone for ICC Resort, Kuchchaveli

A lease agreement was entered with the International Construction Consortium (ICC) on 8th April 2011 to construct a 50 room hotel and with Mfar Hotels & Resorts (Pvt) Ltd. The foundation stone for ICC property was laid by Hon. Basil Rajapakse, Minister of Economic Development on 28th May 2011.

7. Quality Assurance & Standards

One of the main functions of the Sri Lanka Tourism Development Authority is to register establishments providing services to tourists and to ensure the quality standards of those establishments.

7.1 During the year registered 403 tourist establishments and details are given below:

New Registration		January to December 2011	
No	Category	Units	No of Rooms
1	Hotels	3	83
2	Boutique Hotels/Villas	3	30
3	Spas	5	0
4	Guest Houses	34	270
5	Travel Agencies	91	0
6	Restaurants	14	0
7	Home Stay units	143	450
8	Guides (Chauffeur)	104	0
9	Guides (area)	6	0
Total		403	833

7.2 Board of Management granted approval for the criteria of nine new types of tourism services providers as given below.

- Elephant back safari tour operations
- Independent tourist restaurants
- Spa and wellness centres
- Spice gardens and sales outlets
- Tourist Shops
- Tourist vessels operations
- Travel and tour services operations
- Vehicle safari tour operations
- Boats and Safari Jeeps

7.3 Tourism Mobile Services are conducted for the following purposes:

- Registration of Tourism services establishments including tourist guides.
- Renewal of existing licenses.
- Assist tourist service providers with guidance to register with SLTDA.
- Conduct inspections on establishments during the mobile service for registration.
- Guidance to investors for investments and assistance for approval.

During the year 2011 tourism mobile services were conducted in the following locations.

No	Month	Area	No of Visitors
01	April	Negombo	150
02	June	Hambantota	137
03	July	Jaffna	58
04	November	Nuwara Eliya	193

7.4 Training programmes

- There are many service providers in tourism; offer their services without registration of SLTDA. For example tourist drivers, national park rangers, vendors, beach boys, helpers; people provide small information etc. To integrate these groups, SLTDA conducted training programmes and issued ID cards after an assessment.
- Training Programme in Jaffna - on the job training programme was conducted for the small and medium sector tourist service providers in Jaffna on 28th July 2011 at Tilko City Hotel, Jaffna. 30 Staff members of guest houses & restaurants in Jaffna participated.
- Area guides training Programmes:

No	Province	Trainees	No of hours	Completed date
01	Sabaragamuwa	42	60	20 th October
02	Southern	46	72	27 th November

- Awareness Programmes for industry stake holders: two awareness programmes were conducted to register all tourist service providers in Hikkaduwa and Unawatuna.

No	Area	Date	No of Participants	Applications Issued	Applications Received
01	Hikkaduwa	26 th April 2011	150	113	39
02	Unawatuna	25 th April 2011	130	103	22
03	Badulla	16 th Dec 2011	52	52	10

- Awareness programmes for School children:
 On 28th July 2011 at Central College, Jaffna – 175 students participated
 On 15th August 2011 Negombo - around 144 students from 12 schools.
 On 22nd November 2011 in Nuwara Eliya - around 300 school students.

7.5 Tourist Police

SLTDA had strengthened the Tourist Police and works closely with officers with regard to complaints which are attended to immediately with a view to enhancing the tourism image of the country. During this period, worked with Gem and Jewelry Authority to mitigate complaints from the tourists with their purchases from Gem & Jewelry shop keepers.

8. Home Stay Programme

This programme was launched in January 2011 to supplement the demand for accommodations at various tourist sites in the country. This concept provides an opportunity for tourists to experience Sri Lankan customs, traditions, authentic cuisine and other attractions of the location, while staying with the local host, thus giving them a memorable experience during their holiday.

There was an enthusiastic response from the Sri Lankan citizens from all over the country to the promotional programme for Home Stays initiated by Sri Lanka Tourism, and as at end December 2011, there were 182 registered Home Stay units/Bungalows (601 rooms) covering 16 districts which are ready to receive guests.

Sri Lanka Tourism organized a three-day training program to educate the Home Stay operators on How to welcome a guest, 'Do s' and 'Do not s', guests' safety, Housekeeping, Food preparation & hygiene, Food & Beverages, Marketing and First Aid

Home Stay Web site is now in operation (www.srilankanhomestay.com). Each Home Stay Unit/Bungalow has its own mini web site in this main web site and potential customers can make their reservation on line through the web site.



Seminars of Home Stay Units

9. Domestic Tourism & Resorts Management

9.1 Lesser Known Attractions

Over 400 Locations were identified in the country of which approx 110 locations can be promoted as tourist attractions. Arrangements are being made to feed the information into websites, prepare brochures and DVDs.

Barandi kovil in Dehiowita was renovated and the access road was repaired. Refurbishment work also commenced in Belilena Cave and Pethangoda park in the same district.

9.2 Community Awareness Programmes - Following programmes were held during this period

- Bentota and Beruwala for Beach boys/ Vendors and Tourist Facilitators
- tourist Taxi Drivers Association – Trained over 150
- Beach Cleaning Campaign in Negombo
- At the Dayata Kirula in February 2011 in Buttala from 04th – 10th Feb 2011 during which Plastic water tanks were distributed to Historical places in Buttala and Monaragala.
- Organized “Tharka–2011” All Island Trilingual Debating Competition
- A series of training programmes were conducted to educate safari drivers and trackers in Yala National Park on the dos and don’ts at national parks.

9.3 Sambudhathwa Jayanthi-

A book on “Buddhist Monuments in the North & East” was published to coincide with the Sambudhathwa Jayanthi. This book was later distributed to Buddhist temples and tour guides.

9.4 Resorts Operations

For the twelve months ended 2011 operational income and expenditure of the resorts are as follows:

Resort	Year 2011 (Rs. Mn.)		Year 2010 (Rs.Mn.)	
	Gross Profit	Net Profit	Gross Profit	Net Profit
Kataragama	13.89	02.72	12.04	02.62
Bandarawela	11.88	00.76	10.07	(0.30)
Anuradhapura	10.08	(01.05)	08.92	(0.35)
Nuwara Eliya	13.16	02.83	09.68	(0.51)

Refurbishment Plan

- Kataragama - Already commenced in January 2011 and 90% completed.
- Anuradhapura - Preliminary plans completed. Refurbishment in progress.

9.5 Panvila Rest house

Panvila rest house was re opened as a new luxury rest house on 19th of November 2011

10. Events

10.1 World Tourism Day Celebration took place on 27th, 28th September 2011.

The Main Event-On 27th & 28th of September 2011 was organized with Vocational Training Authority, Tourist Hotels Association, Tour Operators Association and Chef Guild Association.



World Tourism Day 2011



Colombo Wall Painting

10.2 UNWTO commission for South Asia,

UNWTO commission for East Asia and the Pacific and the UNWTO conference on mainstreaming tourism in the media was held on 24th and 25th March 2011 in Colombo. Dr. Taleb Rifai Secretary General of UNWTO and Mr. Xu Jing Regional Director of UNWTO participated. Sri Lanka took full advantage of this commission to project to the world that country is fast on track in tourism development.

10.3 Sri Lanka Tourism Awards – 2010

Recognizing and rewarding of excellence in tourism organized by Sri Lanka Tourism presented accolated to the winners in 2010 was held on the 27th of May 2011 at a gala ceremony at the Waters Edge, Battaramulla



Sri Lanka Tourism Awards 2010

10.4 1st South Asian Beach Games was held on 8th October 2011 at the newly constructed beach venue in Hambantota under the patronage of the President HE Mahinda Rajapaksa. A total of 359 athletes representing eight South Asian countries participated.

10.5 World Spice Food Festival

World Spice Food Festival start off from 27th October- 09th November in Colombo.

- Public Event was held from 28th to 30th October 2011 at Green Path and then the Events in Hotels 31st October 2011 to 09th November 2011 .

SRI LANKA TOURISM DEVELOPMENT AUTHORITY ANNUAL ACCOUNTS - 2011

Invest in Sri Lanka Tourism



**Sri Lanka Tourism
Development Authority**

27 February 2012

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Domestic Tourism Resorts

Kataragama

Nuwara Eliya

Bandarawela

Anuradhapura

National Holiday Resorts

Bentota

Polonnaruwa/ Kalkudah

Sri Lanka Tourism Development Authority
Statement of Financial Position
as at 31 December 2011

	Note	2011 Rs	2010 Rs (Restated)
ASSETS			
Current Assets			
Cash in Hand and at Bank	3.0	171,967,169.23	109,390,852.94
Trade & Other Receivables	4.0	136,318,336.72	185,649,950.79
Inventories		2,399,645.21	2,414,602.96
Pre payments		2,102,158.38	1,508,361.31
Advances	5.0	114,119,519.36	106,614,370.67
W.H.T. / VAT Receivable		2,346,432.04	2,815,328.65
Deposit Receivable		6,937,123.71	6,935,916.15
Total Current Assets		436,190,384.65	415,329,383.47
Non- Current Assets			
Property, plant & equipment	2.0	2,152,561,053.18	2,098,804,683.29
Less : Provision for Depreciation		165,013,054.40	115,016,138.91
Written down value		1,987,547,998.78	1,983,788,544.38
Add : Work in progress	6.0	192,767,924.56	86,029,210.62
Intangible assets (Development cost Net)		34,967,446.64	35,622,677.31
Library Books		1,880,781.06	1,880,781.06
Long Term Investments	7.0	75,055,634.46	74,324,814.62
Total Non- Current Assets		2,292,219,785.50	2,181,646,027.99
Total Assets		2,728,410,170.15	2,596,975,411.46
LIABILITIES			
Current Liabilities			
Creditors		39,110,371.87	54,695,698.77
Deposit / Other payables		22,351,723.71	23,097,877.19
Revenue in Advance		35,724,476.29	28,408,655.34
Accrued expenses		31,453,610.81	31,921,937.37
Provision for Retirement Gratuity	8.0	29,667,781.38	27,313,412.50
Total Current Liabilities		158,307,964.06	165,437,581.17
Net Assets		2,570,102,206.09	2,431,537,830.29
NET ASSETS/EQUITY			
Government Account		14,272,174.41	14,272,174.41
Capital Reserves		(250,196,597.13)	(255,105,833.67)
Kalpitiya Equity		82,398,163.75	80,949,561.77
Revaluation Reserve		945,835,503.71	945,835,503.71
Capital Contribution		1,636,043,832.98	1,636,043,832.98
Revenue Account		140,060,106.92	7,853,569.64
Sinking Fund		759,021.45	759,021.45
Tourism Fund		930,000.00	930,000.00
Total Net Assets/Equity		2,570,102,206.09	2,431,537,830.29

Dr.Nalaka Godahewa
Chairman
Sri Lanka Tourism Development Authority

P.N.Dissanayake
Director/Financial Management
Sri Lanka Tourism Development Authority

Sri Lanka Tourism Development Authority
Statement of Financial Performance
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs (Restated)
Revenue			
Embarkation Levy	9	143,423,899.62	136,690,378.02
Tourism Development Levy	10	90,967,913.19	64,552,656.23
Fees and Licenses	11	88,515,549.08	53,490,339.36
Surplus from Resort Operation	12	5,355,575.18	(716,333.69)
Other Revenue	13	16,182,749.07	3,409,787.63
Total Revenue		344,445,686.14	257,426,827.55
Expenses			
Wages,Salaries & Employee Benefits	14	61,926,643.97	53,767,071.94
Supplies and Consumables Used	15	60,501,407.79	54,002,657.41
Trade Related Expenditure	16	40,909,108.52	30,164,533.28
Depreciation and Ammortization Expense		43,381,020.00	45,243,338.24
Other Expenses	17	5,349,291.76	1,565,022.33
Finance Expenses	18	171,676.82	410,690.35
Total Expenses		212,239,148.86	185,153,313.55
Surplus/ (Deficit) for the Period		132,206,537.28	72,273,514.00
Surplus/ (Deficit) brought forward		7,853,569.64	(73,086,337.49)
Add: adjustment during the period		-	8,666,393.13
Total		7,853,569.64	(64,419,944.36)
Surplus/ (Deficit) carried forward to general fund		140,060,106.92	7,853,569.64

Sri Lanka Tourism Development Authority
Changes in equity statement for the year ended 31
December 2011

	Government Account	Capital Reserves	Kalpitiya Equity	Revaluation Reserve	Capital Contribution	Revenue Account	Sinking Fund	Tourism Fund	Total
Balance at 31 December 2010	14,272,174.41	(255,105,833.67)	80,949,561.77	945,835,503.71	1,636,043,832.98	824,680.04	759,021.45	930,000.00	2,424,508,940.69
Prior Year Adjustment (Ref Note no. 1.19)	-	-	-	-	-	7,028,889.60	-	-	7,028,889.60
Restated Balance	14,272,174.41	(255,105,833.67)	80,949,561.77	945,835,503.71	1,636,043,832.98	7,853,569.64	759,021.45	930,000.00	2,431,537,830.29
Profit for the Year	-	-	-	-	-	132,206,537.28	-	-	132,206,537.28
Interest Income	-	4,909,236.54	1,966,451.47	-	-	-	-	-	6,875,688.01
Decrease of SLTDA contribution (Input VAT)	-	-	(517,849.49)	-	-	-	-	-	(517,849.49)
Balance at 31 December 2011	14,272,174.41	(250,196,597.13)	82,398,163.75	945,835,503.71	1,636,043,832.98	140,060,106.92	759,021.45	930,000.00	2,570,102,206.09

Sri Lanka Tourism Development Authority
Cash Flow Statement
For the Year Ended 31 December 2011

Cash flows from operating activities

Net Surplus/(Deficit) before taxation, and extraordinary item **132,206,537.28**

Adjustments for

Depreciation	70,015,754.00	
Increase/(Decrease) in Provision for Doubtful debts	(5,935,511.89)	
Losses/write off	4,702,427.69	
Staff loan & Deposit interest	(517,871.21)	
(Gain)/ Loss on Disposal of Assets	(322,429.22)	
Bank Interest Received	(5,833,711.77)	
Provision for gratuity	4,246,033.13	66,354,690.73

Operating Surplus/(Deficit) before working capital changes **198,561,228.01**

Changes in working capital-Inflow/(Outflow)

(Increase)/Decrease in inventories	14,957.75	
(Increase)/Decrease in trade receivables	50,564,698.27	
(Increase)/Decrease in prepayments	(593,797.07)	
(Increase)/Decrease in Advances	(7,505,148.69)	
(Increase)/Decrease in W.H.T. Receivable	468,896.61	
(Increase)/Decrease in Deposit receivables	(1,207.56)	
Increase/(Decrease) in trade payables	(15,585,326.90)	
Increase/(Decrease) in Deposit / Other Payables	(746,153.48)	
Increase/(Decrease) in Revenue in Advance	7,315,820.95	
Increase/ (Decrease) in accrued expenditure	(468,326.56)	33,464,413.32

Net cash from operating activities **232,025,641.33**

Cash flow s from investing activities

Gratuity paid	(1,891,664.25)	
Staff loan & Deposit interest	517,871.21	
Purchase of property, plant and equipment	(179,858,691.67)	
Sale of property, plant and equipment	322,429.22	
Increase in long term investment	(730,819.84)	
Bank Interest Received	5,833,711.77	(175,807,163.56)

Net cash used in investing activities **(175,807,163.56)**

Cash flows from financing activities

Increase in Capital Reserve	4,909,236.54	
Increase in Kalpitiya Equity	1,448,601.98	
Net cash used in financing activities		6,357,838.52

Net Increase in cash and cash equivalents **62,576,316.29**

Cash and cash equivalents at beginning of period (Note 20) **109,390,852.94**

Cash and cash equivalents at end of period (Note 19) **171,967,169.23**

Notes to Accounts

1.0 Accounting Policies

1.01 Accounting Requirements:

The Financial Statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards and SLAS. No adjustments have been made for inflationary factors affecting the accounts.

1.02 Events after the Reporting Date:

The materiality of events occurring after the reporting date has been considered and appropriate adjustments were made in the accounts, where necessary.

1.03 Inventories/Stocks:

Stocks have been generally valued at cost or net realizable value whichever is lower.

1.04 Depreciation

Depreciation has been provided on cost or valuation of the assets on straight line method as follows.

Land	-	No Depreciation	
Building	-	5%	(20 Years)
Roads & connected work	-	12.5%	(08 Years)
Water Services & Drainage	-	12.5%	(08 Years)
Electrical Installations	-	12.5%	(08 Years)
Telecommunication Installations	-	12.5%	(08 Years)
Fixtures & Fittings	-	10%	(10 Years)
Furniture	-	10%	(10 Years)
Miscellaneous Equipment	-	10%	(10 Years)
Plant & Machinery	-	20%	(05 Years)
Motor Vehicles	-	20%	(05 Years)
Data Processing Equipment	-	20%	(05 Years)
Glassware & Crockery	-	33 1/3%	(03 Years)
Cutlery & Silverware	-	25%	(04 Years)
Linen	-	50%	(02 Years)
Development Cost	-	25%	(04 Years)

Depreciation was provided for the above mentioned assets in the year of purchase/year of acquisition.

1.05 Provision for Bad Debts

Bad debts provision was made on the following basis

More than one year but less than two years	-	25%
More than two years but less than three years	-	50%
More than three years but less than four years	-	75%
Four years & above	-	100%

1.06 Contingent Liabilities

There is one legal case relating to former employee however conclusion was not made in the year 2011. No Provision was made due to non availability of exact amount.

1.07 Taxation

The Board was exempted from income tax under section 8(a)(xx) of the Inland Revenue Act No. 28 of 1979. However, as per the Inland Revenue amendment Act No. 10th of 2002 returns should be furnished to the Inland Revenue Department.

1.08 Foreign Currency Transactions

These transactions are converted on the following rates.

Receipts & payments	-	Actual
Remittance	-	Actual

1.09 Capitalization of Assets

The total value Rs.23, 418,571.95- was capitalized for the period of 1st January to 31st December 2011 in the following manner.

Description	Amount/Rs.
SLTDA Office @ Passikudah	17,978,547.60
Head Office – One Stop Unit	5,440,024.35
Total	23,418,571.95

1.10 Advances

The following advances are shown under current assets

	Amount
	Rs/Mn
1. Acquisition of the land - Dedduwa project	30.00
2. Acquisition of the land – Kalpitiya Dutch bay	41.00

The advance of Rs.30.0 million was released to the Divisional Secretary Bentota in order to acquire lands from the private parties. The processing of land acquisition has been carried out by the Divisional Secretary in consultation with the Ministry of Land and the Survey Department.

The other advance, amounting to Rs.41.0 million was released to the Divisional Secretary Kalpitiya for acquisition of land from the private parties. Divisional Secretary Kalpitiya has taken necessary steps to acquire lands from private parties after obtaining assistance from the Ministry of Land and Survey Department.

Note: Present position of the above two advances

According to a Bank confirmation as at 31st December 2011, the values of the advances have been increased in the following manner.

Dedduwa Project	62,664,961.47
Kalpitiya Project	50,233,013.52

The amount of Rs.41, 897,974.99 interests added to the value of the initial advance, Total amount will be utilized for land acquisition.

1.11 Investments

Board has invested Rs.4.0 million (Rs.10/- shares x 400,000) at Taj Exotica Ltd in 1991 and the company's shares are not listed. The net book value per share was Rs.14.69 as per 2011 financial statements of the company.

In addition Ceylon Tourist Board has invested Rs.750, 000/- with the Sri Lanka Hotel Tourism Training (Pvt) Ltd which is presently not in operation and the said training institution is to be liquidated according to the available information.

1.12 Related party transactions

No related party transaction available to disclose as per the LKAS 24.

1.13 Work in Progress

Projects under construction were representing the value of work in progress amounting to Rs.192, 767,924.56 (please refer note 6).

1.14 Debtor Amount Rs.136, 318,336.72

Description	Debtors Accounts
	Rs.
Trade Debtors	16,399,657.44
Sundry Debtors	2,480,205.31
Sub Total	18,879,862.75
Less: Provision for bad debts	(4,162,242.13)
Net – Trade & Sundry Debtors	14,717,620.62
Sri Lanka Tourism Promotion Bureau	25,334,176.93
Sri Lanka Institute of Tourism & Hotel Mgt	8,803,135.67
Sri Lanka Convention Bureau	2,316,083.65
Kalpitiya Project	368,595.81
TDF Current Account	68,438,081.00
Current A/c – Head office	42,630.65
Returned Cheques	926,057.25
N B T Receivable	37,416.92
Festival Advance	138,000.00
Special Loan	273,139.99
Distress Loan	14,923,398.23
Total	136,318,336.72

1.15 Creditor Amount Rs. 39,110,371.87

The following amounts were included to the creditor amount.

Description	Creditors Accounts
	Rs.
Sundry Creditors	1,301,665.44
SLTPB	31,141,767.90
SLITHM	6,476,785.19
Gratuity payable	67,101.75
TDF Current Account	59,940.00
Kalpitiya Project Payables	63,111.59
Total	39,110,371.87

1.16 Losses & write off of Rs. 4,702,427.69

During the year following amounts were written off as per the Board decisions.

Customer/Project	Amount (Rs.)
World Bank Project – Preliminary Expenses	2,966,212.11
Rest House – Mahagama	498,567.27
Rest House – Wellawaya Old	148,000.00
White Tusker – Bentota	1,089,648.31
Total	4,702,427.69

1.17 Comparison of Accounts.

Comparative financial information with the last year financial statements has been provided. However last year financial statement have been restated to provide more reliable information.

1.18 Kalpitiya Project

Funds received for the project from all the sources and expenditure for the project activities and project office administration have been listed in the following statement. All the expenses have been categorized under the project work in progress account in the SLTDA Ledger and funds received has been categorized under the project equity and income received by selling bidding document of Rs.1,743,000/- & 1% of contract price of Rs.1,500,000/- have also been identified directly in the equity account. Further expenditure has been identified on accrual basis.

Receipts

Description	Amount/Rs
Sri Lanka Tourism Development Authority	38,862,220.15
Sri Lanka Tourism Promotion Bureau	47,500,000.00
Sri Lanka Institute of Tourism & Hotel Management	1,800,000.00
Sri Lanka Convention Bureau	600,000.00
Qube Lanka Leisure Properties Pvt Ltd – 1% out of the bid price	1,000,000.00
Sun Resort Investment Pvt Ltd – 1% out of bid price	500,000.00
Bidding Fee at Rs.2,000/-	18,000.00
Bidding Fee at Rs.25,000/-	1,725,000.00
Total	92,005,220.15

Expenditure

Description	Amount/Rs
Payments programme/Project expenses	65,510,186.53
Administrative expenses	25,405,501.83
Capital expenditure	1,724,779.33
Total	92,640,467.69

1.19 As presented in the Statement of changes in equity, the opening retained earnings was adjusted by Rs. 7,028,889.60, which represented the amount of changes in expenditure Rs. (5,686,440.99) relevant to year 2010, net of revenue effect of Rs. 1,342,448.61.

The comparative amounts in the statement of financial performance were restated as follows

Description	Amount reported as at 31.12.2010	Amount of Correction	Amount (Restated)
Embarkation Levy	136,690,378.02	-	136,690,378.02
Tourism Development Levy	64,552,656.23	-	64,552,656.23
Fees & Licenses	51,324,237.16	2,166,102.20	53,490,339.36
Surplus from Resort Operation	115,959.90	(832,293.59)	(716,333.69)
Other Revenue	3,401,147.63	8,640.00	3,409,787.63
Total Revenue	256,084,378.94	1,342,448.61	257,426,827.55
Expenses			
Wages, Salaries & Employee Benefits	53,301,319.99	465,751.95	53,767,071.94
Supplies & Consumables Used	56,997,733.35	(2,995,075.94)	54,002,657.41
Trade Related Expenditure	33,224,774.52	(3,060,241.24)	30,164,533.28
Depreciation & Amortization Expenses	45,243,414.00	(75.76)	45,243,338.24
Other Expenses	1,661,822.33	(96,800.00)	1,565,022.33
Finance Expenses	410,690.35	-	410,690.35
Total Expenses	190,839,754.54	(5,686,440.99)	185,153,313.55
Surplus / (Deficit) for the Period	65,244,624.40	7,028,889.60	72,273,514.00
Surplus / (Deficit) brought	(73,086,337.49)	-	(73,086,337.49)
Add : Adjustment during the period	(8,666,393.13)	-	(8,666,393.13)
Total	(64,419,944.36)	-	(64,419,944.36)
Surplus / (Deficit) Carried forward to General fund	824,680.04	7,028,889.60	7,853,569.64

The comparative amounts in the statement of financial position were restated as follows

Description	Amount reported as at 31.12.2010	Amount of Correction	Amount (Restated)
Assets			
Cash in Hand and at Bank	109,390,852.94	-	109,390,852.94
Trade & other Receivable	182,910,850.72	2,739,100.07	185,649,950.79
Inventories	2,414,602.96	-	2,414,602.96
Pre Payments	1,508,361.31	-	1,508,361.31
Advances	106,619,370.67	(5,000.00)	106,614,370.67
W.H.T./V.A.T. Receivable	2,815,328.65	-	2,815,328.65
Deposit Receivable	6,935,916.15	-	6,935,916.15
Total Current Assets	412,595,283.40	2,734,100.07	415,329,383.47
Non – Current Assets			
Property, Plant & Equipment	2,098,797,951.33	6,731.96	2,098,804,683.29
Less: Provision for Depreciation	115,016,214.67	(75.76)	115,016,138.91
Written down Value	1,983,781,736.66	6,807.72	1,983,788,544.38
Add: Work in Progress	86,029,210.62	-	86,029,210.62
Intangible Assets (Development Cost)	35,622,677.31	-	35,622,677.31
Library Books	1,880,781.06	-	1,880,781.06
Long Term Investments	74,324,814.62	-	74,324,814.62
Total Non Current Assets	2,181,639,220.27	6,807.72	2,181,646,027.99
Total Assets	2,594,234,503.67	2,740,907.79	2,596,975,411.46
Current Liabilities			
Creditors	54,695,698.77	-	54,695,698.77
Deposit/Other Payables	22,756,631.65	341,245.54	23,097,877.19
Revenue in Advance	28,408,655.34	-	28,408,655.34
Accrued Expenses	36,551,164.72	(4,629,227.35)	31,921,937.37
Provision for retirement Gratuity	27,313,412.50	-	27,313,412.50
Total Current Liabilities	169,725,562.98	(4,287,981.81)	165,437,581.17
Net Assets	2,424,508,940.69	7,028,889.60	2,431,537,830.29
Net Assets / Equity			
Government Account	14,272,174.41	-	14,272,174.41
Capital Reserves	(255,105,833.67)	-	(255,105,833.67)
Kalpitiya Equity	80,949,561.77	-	80,949,561.77
Revaluation Reserve	945,835,503.71	-	945,835,503.71
Capital Contribution	1,636,043,832.98	-	1,636,043,832.98
Revenue Account	824,680.04	7,028,889.60	7,853,569.64
Sinking Fund	759,021.45	-	759,021.45
Tourism Fund	930,000.00	-	930,000.00
Total Net Assets/equity	2,424,508,940.69	7,028,889.60	2,431,537,830.29

1.20 Budgetary Control

The overall variations between the budget and the actual for the year 2011 were - 0.62% and -9.01% for income and expenditure respectively. Details of the variations are given below.

Sources of Income	Budget - 2011	Actual - 2011	Variance	% Variance
	Amount (in Rs. Mn.)			
Embarkation Levy	162.96	143.42	-19.54	-11.99
Tourism Development Levy	87.50	90.97	3.47	3.96
Authority Income	97.43	104.70	7.27	7.46
Domestic Tourism Resorts / National Holiday Resorts *	25.52	31.99	6.47	25.35
Total	373.41	371.08	-2.33	-0.62

* Domestic Tourism Resorts / National Holiday resorts surplus have been taken by adding back the depreciation amounts charged (Rs. 26.63 million) to compare with the budget.

Expenditure Vote	Budget - 2011	Actual - 2011	Variance	% Variance
	Amount (in Rs. Mn.)			
Research & Development				
Statistical Surveys & Market Intelligence	4.40	2.26	-2.14	-48.70
Quality assurance, Informal sector interaction	3.35	4.28	0.93	27.90
Traveling – Overseas	1.00	0.52	-0.48	-47.85
Printing & Publication	3.00	2.72	-0.28	-9.45
Conference /special events	12.00	9.81	-2.19	-18.25
Sub. Int'l Organization	5.00	4.55	-0.45	-9.05
Books & Periodicals	0.33	0.36	0.03	9.89

Expenditure Vote	Budget - 2011	Actual - 2011	Variance	% Variance
Data Processing / ICT Maintenance	5.00	3.18	-1.82	-36.47
Training / consultancy services	3.00	2.91	-0.09	-2.97
Community Relations	4.00	2.38	-1.62	-40.60
Unit for National Tourism Investment	12.91	7.95	-4.96	-38.45
Total	53.99	40.91	-13.08	-24.23
Administration & Establishment				
Salaries & Allowances	41.00	41.53	0.53	1.30
Holiday Allowance	0.40	0.24	-0.16	-40.40
Overtime	1.70	1.57	-0.13	-7.49
EPF	4.20	4.01	-0.19	-4.43
ETF	0.84	0.80	-0.04	-4.43
Staff Welfare (incl. Staff insurance)	6.00	6.82	0.82	13.62
Traveling – Local	0.90	0.79	-0.11	-12.51
Entertainment Local	1.80	1.34	-0.46	-25.56
Uniforms to Staff	0.50	0.34	-0.16	-32.03
Miscellaneous Supplies	2.20	1.97	-0.23	-10.59
Security	2.85	3.11	0.26	9.02
Janitorial	1.70	1.84	0.14	8.02

Expenditure Vote	Budget - 2011	Actual - 2011	Variance	% Variance
Stationery	4.00	4.42	0.42	10.54
Telephone, Faxes & E-mail	7.00	7.24	0.24	3.41
Postage & Stamps	1.50	1.13	-0.37	-24.63
Electricity	8.50	8.91	0.41	4.88
Rates & Licenses	0.80	0.75	-0.05	-6.20
Insurance Fixed Assets	2.00	1.18	-0.82	-40.86
Building Maintenance	2.50	3.30	0.80	32.14
Maintenance of Equipment	2.50	3.11	0.61	24.55
Advertising General	2.50	2.22	-0.28	-11.07
Bank Charges	0.14	0.08	-0.05	-37.50
Debit Tax	0.31	0.09	-0.22	-71.38
Legal Fees	1.00	1.02	0.02	2.25
Maint., Fuel & Repair of Vehicles	7.00	7.52	0.52	7.39
Hire of Vehicles	9.50	10.78	1.28	13.44
Board Members Allowance	0.15	0.18	0.03	21.83
Audit Fees	0.75	0.25	-0.50	-66.45
Attendance Incentive	1.80	1.58	-0.22	-12.38
Water	0.60	0.65	0.05	9.11
Economic Service Charges	0.25	0.21	-0.04	-14.99
Total Adm. & Est. Expenditure	116.88	119.00	2.12	1.81
Grand total – Recurrent	170.87	159.91	-10.96	-6.41
Capital Expenditure	202.54	179.89	-22.68	-11.20
Total Budget	373.41	339.77	-33.64	-9.01

2. Property, Plant & Equipment

Note No. 2A

Note	Code	Description	Balance as at 01.01.2011	Additions 2011	Transfers /Adjustments	Balance as at 31.12.2011	Acc.Depreciation as at 01.01.2011	Depreciation 31.12.2011	Transfers /Adjustments	Acc.Depreciation as at 31.12.2011	Net Book Value as at 31.12.2011
2.1	101	Land	1,478,499,619.63	-	-	1,478,499,619.63	-	-	-	-	1,478,499,619.63
2.2	102	Buildings	373,153,275.44	29,088,637.88	-	402,241,913.32	43,738,587.48	17,738,089.00	-	61,476,676.48	340,765,236.84
2.3	102A	Road & Works	25,057,356.46	-	-	25,057,356.46	5,324,248.00	2,902,047.00	-	8,226,295.00	16,831,061.46
2.4	102B	Water Ser & Drainage	84,254,996.51	15,006,835.50	58,000.00	99,203,832.01	10,941,470.00	10,375,880.00	58,000.00	21,259,350.00	77,944,482.01
2.5	102C	Electrical Installation	21,676,653.14	72,059.58	1,655,000.00	20,093,712.72	5,319,466.00	2,227,699.00	1,655,000.00	5,892,165.00	14,201,547.72
2.6	102D	Telecom Installation	3,929,218.02	69,180.15	-	3,998,398.17	689,137.24	335,992.77	-	1,025,130.01	2,973,268.16
2.7	103	Fixtures & Fittings	8,133,870.43	39,018.77	-	8,172,889.20	1,691,225.00	813,811.00	-	2,505,036.00	5,667,853.20
2.8	104	Furniture	10,883,400.22	4,876,780.25	295,750.00	15,464,430.47	1,902,630.40	1,261,798.20	295,750.00	2,868,678.60	12,595,751.87
2.9	105	Miscellaneous Equipment	14,280,396.14	3,718,633.53	636,160.00	17,362,869.67	2,735,876.90	1,655,438.52	636,160.00	3,755,155.42	13,607,714.25
2.10	106	Plant & Machinery	7,770,848.50	-	-	7,770,848.50	3,793,530.00	1,543,958.00	-	5,337,488.00	2,433,360.50
2.11	110	Motor Vehicles	26,161,743.89	-	-	26,161,743.89	13,765,925.89	5,173,329.00	-	18,939,254.89	7,222,489.00
2.12	111	Data Processing Equipment	39,540,382.38	2,655,301.31	1,059,200.00	41,136,483.69	22,360,650.00	8,186,388.00	1,059,200.00	29,487,838.00	11,648,645.69
2.13	107	Glassware & Crockery	1,239,212.00	42,935.00	13,415.00	1,268,732.00	640,777.00	152,454.00	13,415.00	779,816.00	488,916.00
2.14	108	Cutlery & Silverware	499,530.00	2,559.68	-	502,089.68	310,089.00	32,842.00	-	342,931.00	159,158.68
2.15	109	Linen	3,724,180.53	2,040,083.24	138,130.00	5,626,133.77	1,802,526.00	1,452,844.00	138,130.00	3,117,240.00	2,508,893.77
		Sub Total	2,098,804,683.29	57,612,024.89	3,855,655.00	2,152,561,053.18	115,016,138.91	53,852,570.49	3,855,655.00	165,013,054.40	1,987,547,998.78
2.16	211L	Development Cost	131,904,287.15	15,743,142.33	-	147,647,429.48	96,281,609.84	16,398,373.00	-	112,679,982.84	34,967,446.64
		Total	2,230,708,970.44	73,355,167.22	3,855,655.00	2,300,208,482.66	211,297,748.75	70,250,943.49	3,855,655.00	277,693,037.24	2,022,515,445.42

Sri Lanka Tourism Development Authority
Notes to the Financial Statements
For the period ended 31 December, 2011

3 Cash in Hand and at Bank

Item	2011 (Rs.)	2010 (Rs.)
Cash in Hand - Petty Cash	122,969.99	7,000.00
Cash at Bank - HO & Resorts	171,459,790.58	83,238,198.25
Cash in Hand - Petty Cash (Kalpitiya Project)	9,682.00	5,438.66
Cash at Bank - (Kalpitiya Project)	374,726.66	26,140,216.03
Total of cash in hand & bank balance	171,967,169.23	109,390,852.94

4 Trade & Other Receivable

Item	2011 (Rs.)	2010 (Rs.)
Trade Receivable	16,399,657.44	33,729,691.14
Other Receivable	108,746,383.19	146,733,219.45
Employees - Loans & Advances	15,334,538.22	15,284,794.22
Sub Total	140,480,578.85	195,747,704.81
Less : Provision for bad & doubtful debts	(4,162,242.13)	(10,097,754.02)
Total	136,318,336.72	185,649,950.79

Provision for Doutful Debts

Item	2011 (Rs.)	2010 (Rs.)
Balance at the Beginning	10,097,754.02	6,547,990.56
(Over)/ Under Provision for the year	(5,935,511.89)	3,549,763.46
Balance at the End	4,162,242.13	10,097,754.02

5 Advances

Item	2011 (Rs.)	2010 (Rs.)
Advances - Expenses	1,213,544.37	477,083.69
Advances - Acquisition of Land (Dedduwa)	62,664,961.47	57,755,724.93
Advances - Acquisition of Land (Kalpitiya)	50,233,013.52	48,266,562.05
Salary Advances - Kalpitiya Project	8,000.00	115,000.00
Total	114,119,519.36	106,614,370.67

6 **Work in Progress**

Item	2011 (Rs.)	2010 (Rs.)
Head Office - 1st Floor	-	5,378,145.85
SLTDA office - Passikudah	-	8,102,341.47
NHR - B'wela (Consultancy fee)	62,955.00	62,955.00
Passikudah - Service Duct	35,268,880.76	-
Passikudah - Water Supply	13,309,886.92	-
Passikudah - Internal Gravel Road	12,470,911.25	-
Passikudah - Stream Culvert	6,843,313.64	-
Passikudah - Landscaping	11,438,451.09	-
Kataragama - Refurbishment	21,871,954.13	-
Kalpitiya Development Project	91,501,571.77	72,485,768.30
Total	192,767,924.56	86,029,210.62

7 **Long Term Investments**

Item	2011 (Rs.)	2010 (Rs.)
Depreciation Investment - Tourist Bureau	976,508.99	976,508.99
Depreciation Investment - Tourist Board	52,154,737.54	52,154,737.54
Sinking Fund Investment	759,021.45	759,021.45
Sri Lanka Hotel Tourism (Pvt) Ltd	750,000.00	750,000.00
Exotica Resorts Ltd- Ord. Shares of Rs. 10/= (each)	4,000,000.00	4,000,000.00
Investment for gratuity	16,415,366.48	15,684,546.64
Total	75,055,634.46	74,324,814.62

8 **Provision for Retirement Gratuity -**

Item	2011 (Rs.)	2010 (Rs.)
Gratuity payable brought forward	27,313,412.50	26,157,635.00
Less : Gratuity paid during the year 2011	1,891,664.25	1,336,172.50
Sub Total	25,421,748.25	24,821,462.50
Add : Provision for gratuity - 2011	4,246,033.13	2,491,950.00
Total Gratuity payable as on 31/12/2011	29,667,781.38	27,313,412.50

Gratuity was provided in the accounts before completion of minimum period of service (minimum 5 years)

9 Embarkation Levy

Item	2011 (Rs.)	2010 (Rs.)
Embarkation Levy for the year	145,834,987.43	136,690,378.02
Less : Over Provision in year 2010 (Change in Estimates)	(2,411,087.81)	-
Total	143,423,899.62	136,690,378.02

10 Tourism Development Levy

Item	2011 (Rs.)	2010 (Rs.)
Tourism Development Levy for the year	85,272,013.48	64,552,656.23
Add : Under Provision in year 2010 (Change in Estimates)	5,695,899.71	-
Total	90,967,913.19	64,552,656.23

11 Fees and Licenses

Item	2011 (Rs.)	2010 (Rs.)
Land lease rent income - Head Office	30,647,224.76	26,663,887.69
License Fee/Administration Fee / Visa Fee	39,780,693.29	22,021,465.66
Unit for National Tourism Investment	13,935,518.49	19,000.00
Development Division - Processing Fee	883,314.88	2,000,359.80
TDF Administration Fee	3,268,797.66	2,785,626.21
Total	88,515,549.08	53,490,339.36

12 Surplus / (Deficit) - Domestic Tourism Resorts Operation

Item	2011 (Rs.)	2010 (Rs.)
Kataragama	2,717,932.05	2,594,048.41
Nuwara Eliya	2,833,128.61	(589,144.09)
Bandarawela	761,364.40	(370,297.97)
Anuradhapura	(1,047,812.90)	(433,965.93)
Bentota	10,303,301.87	5,916,062.30
Polonnaruwa / Giritale	2,485,877.82	2,406,277.67
Kalkudah	(12,698,216.67)	(10,239,314.08)
Surplus / (Deficit) - National Holiday Resorts Operation	5,355,575.18	(716,333.69)

13 Other Revenue

Item	2011 (Rs.)	2010 (Rs.)
Interest Income - Staff Loans	517,871.21	479,163.08
Bank Interest	5,833,711.77	1,257,760.58
Gain/(Loss) on Disposal of Assets	322,429.22	1,195,945.89
Other income	7,408,736.87	476,918.08
Dividend Income	2,100,000.00	-
Total	16,182,749.07	3,409,787.63

14 Wages, Salaries & Employee Benefits

Item	2011 (Rs.)	2010 (Rs.)
Salaries & Allowances	41,531,131.46	34,236,136.43
Holiday & Other Allowances	238,419.05	271,297.25
Overtime	1,572,750.36	1,587,656.11
Board's contribution to EPF	4,013,917.80	3,721,678.86
Board's contribution to ETF	802,783.59	744,336.75
Staff Welfare	6,817,211.06	8,032,982.78
Uniforms to Staff	339,856.02	257,825.26
Travelling local	787,418.75	745,817.50
Gratuity	4,246,033.13	2,491,950.00
Attendance Incentive	1,577,122.75	1,677,391.00
Total	61,926,643.97	53,767,071.94

15 Supplies and Consumables Used

Item	2011 (Rs.)	2010 (Rs.)
Entertainment local	1,339,850.17	753,452.75
Misc. supplies	1,967,045.57	2,553,616.99
Security Charges	3,106,931.89	1,506,260.51
Janitorial Charges	1,836,302.23	1,650,616.72
Stationery	4,421,627.87	4,059,746.83
Telephones	7,238,800.93	6,115,289.44
Postage & Stamp Duty	1,130,622.61	1,333,008.86
Electricity	8,914,985.41	8,294,021.67
Rates & Licences	750,413.28	794,896.27
Insurance - Fixed Assets	1,182,705.72	1,263,560.87
Maintenance - Buildings	3,303,618.21	3,052,995.95
Maintenance - Equipment	3,113,761.93	2,811,399.39
Advertising General	2,223,362.93	3,095,109.59
Legal Expenses	1,022,504.22	573,992.20
Hire of Vehicles	10,776,591.22	5,917,760.02
Maint. & Repair vehicles	7,517,644.22	6,285,241.61
Water	654,639.38	391,924.28
Provision for Bad & Doubtful Debt	-	3,549,763.46
Total	60,501,407.79	54,002,657.41

16 Trade Related Expenditure

Item	2011 (Rs.)	2010 (Rs.)
Statistical Surveys	2,257,264.70	885,978.00
Hotel Classification	4,284,632.63	876,455.06
Travelling Overseas	521,529.32	963,401.42
Printing & Publications	2,716,637.93	1,312,250.31
Conference & Special Events	9,809,826.33	10,666,236.47
Sub Int'l Organization	4,547,438.51	4,770,730.36
Community Relations	2,375,962.45	2,634,212.35
Unit for National Tourism investment	7,945,686.28	2,280,084.44
Staff Training /Consultancy services	2,910,958.35	1,548,547.05
Books & Periodicals	362,622.10	126,401.00
ICT Maintenance	3,176,549.92	4,100,236.82
Total	40,909,108.52	30,164,533.28

17 Other Expenses

Item	2011 (Rs.)	2010 (Rs.)
Board Member Allowance	182,750.00	30,500.00
Losses/Write-offs	4,702,427.69	901,258.33
Audit Fees	251,600.00	503,200.00
Economic Service Charge	212,514.07	130,064.00
Total	5,349,291.76	1,565,022.33

18 Finance Costs

Item	2011 (Rs.)	2010 (Rs.)
Debit Tax	87,298.16	307,905.50
Bank charges	84,378.66	102,784.85
Total	171,676.82	410,690.35

Notes to Cash Flow Statement**19 Composition of cash and cash equivalents at the end of the Period**

Cash in hand and at bank - (S.L.T.D.A.)	171,582,760.57
Cash in hand and at bank - Kalpitiya Project	384,408.66
	<u>171,967,169.23</u>

20 Opening Cash Balance

Cash Balance of S.L.T.D.A. as at 01.01.2011	83,245,198.25
Cash Balance of Kalpitiya Project as at 01.01.2011	26,145,654.69
Cash Balance as at 01.01.2011	<u>109,390,852.94</u>

SUMMARY OF RESORTS OPERATIONS
For the period ended 31 December 2011

	Note	2011 Rs.	2010 Rs.
Domestic Tourism at Resorts			
Kataragama		2,717,932.05	2,594,048.41
Nuwara Eliya		2,833,128.61	(589,144.09)
Bandarawela		761,364.40	(370,297.97)
Anuradhapura		(1,047,812.90)	(433,965.93)
Sub Total		5,264,612.16	1,200,640.42
National Holiday Resorts			
Bentota		10,303,301.87	5,916,062.30
Polonnaruwa / Giritale		2,485,877.82	2,406,277.67
Kalkudah		(12,698,216.67)	(10,239,314.08)
Sub Total		90,963.02	(1,916,974.11)
Surplus/(Deficit)		5,355,575.18	(716,333.69)

REST HOUSE - KATARAGAMA
For the period ended 31 December, 2011

	2011	2010
	Rs	Rs
Restaurant sales	6,110,475.70	5,369,518.46
Less : Cost of sales	2,938,701.40	2,573,669.12
Gross Income	3,171,774.30	2,795,849.34
Room Sales	10,700,540.81	9,220,888.20
Other income	16,750.20	21,521.00
Gross profit	13,889,065.31	12,038,258.54
Less: Adm. & Est. Expenses	9,739,818.26	8,168,504.13
Depreciation	1,431,315.00	1,275,706.00
Surplus/(Deficit)	2,717,932.05	2,594,048.41
Administration & Establishment Expenditure		
Salaries & Allowances	3,243,452.50	2,999,449.26
Overtime	183,865.09	202,028.00
Board's contribution to EPF	341,798.14	336,517.39
Board's contribution to ETF	68,359.63	67,303.47
Staff Welfare / Entertainment Local	210,000.00	122,748.71
Staff Meals	385,952.10	328,515.73
Travelling local	500.00	12,259.00
Uniforms to staff	95,939.25	76,172.50
Cleaning Supplies	280,296.93	211,767.12
Misc. supplies	207,073.20	312,183.27
Security Charges	643,273.28	761,445.68
Janitorial Charges	747,034.52	485,925.27
Telephone	109,045.00	124,180.71
Stationery	44,027.00	34,889.72
Printing & Publications	31,270.00	32,943.48
Postage & Stamps	42,290.00	41,162.00
Electricity	1,378,358.26	1,193,036.90
Rates & Licenses	12,291.88	11,947.72
Insurance Fixed assets	5,826.18	693.14
Laundry	235,049.18	220,348.50
Maintenance - Buildings	360,521.40	169,055.00
Maintenance - Equipments	148,615.36	32,795.22
Transport & Freight	550.00	150.00
Bank charges / Debit Tax	16,488.43	24,686.62
Maint. & Repair vehicles	83,037.16	58,307.57
Books & Periodicals	7,837.00	8,100.00
Attendance Incentive	192,455.00	186,753.00
Economic Service Charge	42,062.54	36,538.00
Water	622,549.23	76,601.15
Total	9,739,818.26	8,168,504.13

NATIONAL HOLIDAY RESORT - NUWARA ELIYA
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Restaurant sales		8,414,377.00	5,830,544.45
Less : Cost of sales		3,241,378.40	2,417,209.44
Gross Income		5,172,998.60	3,413,335.01
Room Sales		7,678,253.23	6,081,961.84
Other income		306,581.20	203,378.90
Sub total		7,984,834.43	6,285,340.74
Gross profit		13,157,833.03	9,698,675.75
Less: Adm. & Est. Expenses		8,601,489.42	8,563,165.84
Depreciation		1,723,215.00	1,724,654.00
Surplus/(Deficit)		2,833,128.61	(589,144.09)
Administration & Establishment Expenditure			
Salaries & Allowances		3,274,476.95	3,419,097.36
Overtime		277,872.54	275,840.20
Board's contribution to EPF		342,144.85	395,688.65
Board's contribution to ETF		68,428.97	79,137.73
Staff Meals & Welfare		444,769.68	363,912.91
Travelling local		-	2,830.00
Uniforms to staff		124,079.25	90,060.00
Cleaning Supplies		93,168.00	105,126.75
Misc. supplies		301,005.50	272,081.50
Security Charges		487,514.44	609,227.33
Janitorial Charges		474,005.44	421,792.67
Stationery		26,346.90	66,878.00
Telephones		171,747.70	177,432.81
Postage & Stamps		37,204.00	38,652.00
Electricity		1,384,554.55	1,352,864.58
Rates & Licences		45,860.88	39,572.97
Insurance - Fixed Assets		8,855.67	21,724.29
Laundry		163,547.80	140,822.87
Maintenance - Buildings		243,716.35	146,487.37
Maintenance - Equipments		88,383.00	49,730.00
Transport & Freight		3,430.00	6,170.00
Bank charges / Debit Tax		6,993.04	21,327.61
Maint. & Repair vehicles		86,497.00	72,401.30
Books & Periodicals		9,610.00	8,840.00
Attendance Incentive		161,463.00	172,500.00
Water		234,728.06	182,801.94
Economic Service Charge		41,085.85	30,165.00
Total		8,601,489.42	8,563,165.84

NATIONAL HOLIDAY RESORT - BANDARAWELA
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Restaurant sales		8,878,326.55	7,490,237.35
Less : Cost of sales		4,116,271.94	3,282,846.81
Gross Income		4,762,054.61	4,207,390.54
Room Sales		6,822,997.40	5,665,772.61
Other income		295,966.07	201,304.05
Sub total		7,118,963.47	5,867,076.66
Gross profit		11,881,018.08	10,074,467.20
Less: Adm. & Est. Expenses		9,187,763.68	8,243,128.17
Depreciation		1,931,890.00	2,201,637.00
Surplus/(Deficit)		761,364.40	(370,297.97)
Administration & Establishment Expenditure			
Salaries & Allowances		3,844,877.13	3,689,704.13
Overtime		263,503.55	314,899.97
Board's contribution to EPF		408,634.89	428,393.12
Board's contribution to ETF		81,726.98	85,678.62
Staff Welfare/ Entertainment Local		211,060.00	121,362.00
Staff Meals		332,571.29	293,771.53
Traveling local		488.00	1,120.00
Uniforms to Staff		106,700.00	85,460.00
Cleaning Supplies		74,605.00	117,413.94
Misc. supplies		219,778.17	146,038.00
Security Charges		641,300.73	651,661.11
Janitorial Charges		557,742.08	463,443.02
Stationery, Printing & Publications		24,530.80	11,748.00
Telephones		122,016.03	162,419.73
Postage & Stamps		34,717.42	29,585.00
Electricity & Gas		1,057,321.55	856,852.24
Insurance - Fixed Assets		4,403.99	4,403.00
Laundry		219,371.50	87,145.00
Maintenance - Buildings		518,203.00	201,649.00
Maintenance - Equipment		59,104.00	90,360.68
Transport & Freight		16,570.00	17,380.00
Bank charges / Debit Tax		3,783.21	18,800.23
Maint. & Repair vehicles		52,755.00	99,527.85
Books & Periodicals		10,490.00	15,120.00
Attendance Incentive		221,608.00	212,690.00
Water		60,363.10	3,221.00
Economic Service Charge		39,538.26	33,281.00
Total		9,187,763.68	8,243,128.17

REST HOUSE - ANURADHAPURA
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Restaurant sales		5,239,813.32	5,639,487.80
Less : Cost of sales		3,625,177.94	3,454,672.08
Gross Income		1,614,635.38	2,184,815.72
Room Sales		8,468,294.35	6,729,992.15
Other income		-	8,300.00
Sub total		8,468,294.35	6,738,292.15
Gross profit		10,082,929.73	8,923,107.87
Less: Adm. & Est. Expenses		9,919,328.63	8,531,748.80
Depreciation		1,211,414.00	825,325.00
Surplus/(Deficit)		(1,047,812.90)	(433,965.93)
Administration & Establishment Expenditure			
Salaries & Allowances		3,445,918.42	3,140,421.67
Overtime		151,366.63	188,251.65
Board's contribution to EPF		398,439.83	346,874.65
Board's contribution to ETF		79,687.97	69,374.93
Staff Meals/ Staff Welfare		381,161.16	390,051.28
Travelling local		1,800.00	4,060.00
Entertainment local		6,989.00	2,988.90
Uniforms to Staff		107,697.50	68,376.00
Cleaning Supplies		249,411.40	255,583.77
Misc. supplies		372,799.13	324,708.45
Security Charges		618,968.00	583,708.18
Janitorial Charges		574,558.44	464,141.58
Stationery, Printing & Publications		58,211.26	79,702.40
Telephones		117,450.59	119,120.01
Postage & Stamps		40,530.00	41,615.50
Electricity		1,198,292.41	1,223,383.24
Rates & Licences		120,245.96	112,846.70
Insurance Fixed Assets		2,658.20	14,726.04
Laundry		246,947.50	170,585.30
Maintenance - Buildings		1,044,001.00	320,278.40
Maintenance - Equipment		52,786.00	90,461.11
Transport & Freight		77,260.50	26,525.20
Bank charges/Debit Tax		21,431.09	29,843.34
Maintenance & Repair Vehicle		141,659.00	92,699.00
Books & Periodicals		8,402.80	16,800.00
Attendance Incentive		171,165.00	189,775.00
Water		195,428.10	134,203.50
Economics Service Charge		34,061.74	30,643.00
Total		9,919,328.63	8,531,748.80

NATIONAL HOLIDAY RESORT - BENTOTA
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Room Sales		1,067,060.00	1,254,200.00
Rent income (lease of land/buildings)		20,925,959.88	16,908,560.58
Other Income		5,442,741.12	4,341,812.40
Sub Total		27,435,761.00	22,504,572.98
Less: Adm. & Est. Expenses		10,031,078.13	9,575,725.68
Depreciation		7,101,381.00	7,012,785.00
Surplus/(Deficit)		10,303,301.87	5,916,062.30
Administration & Establishment Expenditure			
Salaries & Allowances		4,397,476.77	3,930,008.38
Overtime		187,300.26	118,912.30
Board's contribution to EPF		479,254.58	438,415.26
Board's contribution to ETF		95,850.92	87,683.05
Staff Welfare		397,047.50	245,820.00
Traveling local		5,000.00	1,620.00
Entertainment local		16,500.50	13,853.00
Uniforms to staff		205,085.75	179,039.00
Cleaning supplies		2,862.00	7,386.24
Misc. supplies		105,180.65	262,417.22
Security Charges		1,450,037.64	1,274,877.34
Stationery		60,940.50	38,644.30
Telephones		122,601.66	123,289.55
Postage & Stamps		39,757.42	40,700.00
Electricity		1,563,319.04	1,672,003.32
Rates & Licences		59,167.28	74,241.00
Insurance - Fixed Assets		2,580.04	3,761.10
Laundry		10,842.01	34,843.68
Rent (Land)		54,000.00	54,000.00
Maintenance - Buildings		242,804.90	270,474.35
Maintenance - Equipment		104,486.00	353,792.66
Transport & Freight		17,400.00	20,550.00
Bank charges/Debit Tax		11,879.83	14,252.71
Maint. & Repair vehicles / Fuel		78,091.26	49,274.22
Books & Periodicals		18,940.00	16,870.00
Attendance Incentive		230,170.00	181,031.00
Water		1,000.00	6,550.00
Economic Service Charge		71,501.62	61,416.00
Total		10,031,078.13	9,575,725.68

NATIONAL HOLIDAY RESORT - POLONNARUWA
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Rent Income		2,005,874.76	2,037,732.27
Other Income (Water & Garbage)		489,257.50	375,530.40
Gross profit		2,495,132.26	2,413,262.67
Economic Service Charge		5,864.44	5,099.00
Depreciation		3,390.00	1,886.00
Surplus/(Deficit)		2,485,877.82	2,406,277.67

NATIONAL HOLIDAY RESORT - KALKUDAH
For the period ended 31 December, 2011

	Note	2011 Rs	2010 Rs
Rent Income		2,685,180.00	2,767,177.30
Less: Adm. & Est. Expenses		2,151,267.67	1,057,890.38
Depreciation		13,232,129.00	11,948,601.00
Surplus/(Deficit)		(12,698,216.67)	(10,239,314.08)

Administration & Establishment Expenditure

Salaries & Allowances	1,254,582.00	827,497.00
Overtime	20,026.85	7,742.80
Board's contribution to EPF	161,615.10	105,285.30
Board's contribution to ETF	32,323.02	21,057.06
Staff Welfare	71,490.00	31,866.00
Travelling Local	8,010.00	1,795.00
Uniforms to staff	4,200.00	-
Misc. supplies	7,380.00	-
Security	461,135.74	-
Stationery	1,082.50	-
Telephones	8,833.54	3,893.22
Transport & Freight	69,846.20	10,000.00
Attendance Incentive	44,030.00	41,790.00
Economic Service Charge	6,712.72	6,964.00
Total	2,151,267.67	1,057,890.38



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No.

TM/H/SLTDA/FA/2011

බිඹේ අංකය
உமது இல
No.

දිනය
திகதி
Date

18 September 2012

The Chairman
Sri Lanka Tourism Development Authority

Development Authority for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971.

The audit of financial statements of the Sri Lanka Tourism Development Authority for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 20 of the Tourism Act No 38 of 2005. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act was issued to the Chairman of the Authority on 30 July 2012.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial Statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedure to obtain audit evidence about the amount and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Tourism Development Authority as at 31 December 2011 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

2. Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards (SLASs)

Following observations are made

- (a) In terms of the SLAS-18, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued. However, without being revalued the entire lands and buildings owned by the Authority, only the land and buildings at the head office had been revalued and shown in the financial statements as Rs. 1,378 million, based on the revaluation. Due to the non-valuation of the other lands and buildings, the fair value of the land and buildings of the Authority were not reflected in the financial statements.
- (b) In terms of SLAS-19, lessor shall present assets subject to operating leases in their balance sheet according to the nature of the assets. However, lands and rest houses given under the operating lease had not been shown in the balance sheet of the Authority. The details of said lands and rest houses had not been furnished to audit. Nevertheless, according to the test check conducted by audit, 56 rest houses and 166 plots of lands to the extend about 6,495 acres were belonging to the Authority.

2.2.2 Accounting Policies

Following observations are made.

- (a) Accounting policy for the provision for bad debts had been made as 25% to 100% for debtors remaining 2 to 4 years without considering the nature and recoverability of the receivables.
- (b) Even though the development cost of the Authority had been depreciated at the rate of 25% per annum, an accounting policy had not been introduced in order to identify the development cost and their nature.

- (c) Accounting policy for identification and accounting of revenue collection from rented out lands and buildings given on long term and short term basis had not been disclosed in the accounts.

2.2.3 Accounting Deficiencies

Following accounting deficiencies were observed in audit.

- (a) Value Added Tax (VAT) payable amounting to Rs. 1,217,690 had been accounted for as deposits payable.
- (b) Capital expenditure which incurred for the Passikudah tourist resort Project amounting to Rs. 66,057,525 had been accounted for as recurrent expenditure.

2.2.4 Unreconciled Accounts

Following differences were observed between the Financial Statement of the Authority and related subsidiary records, due to non-reconciliation of balances with the relevant subsidiary records.

Description	Balance as per financial statements Rs.	Description of subsidiary records	Balance as per the subsidiary records Rs.	Difference Rs.
-----	-----	-----	-----	-----
Receivable from Sri Lanka Convention Bureau.	2,316,084	Accounts of the SLCB	3,834,488	1,518,404
Furniture	8,499,982	Assets verification report	3,077,269	5,422,713
Miscellaneous assets.	11,666,834	-do-	1,378,440	10,288,394
Data processing equipment.	40,169,884	-do-	2,646,750	37,523,134
Cutlery and silver.	13,379	-do-	16450	3071
Inventories	2,399,645	Stock verification report	1,839,562	560,083

2.2.5 Accounts Receivable and Payable

Following observations are made in this regard.

- (a) According to the age analysis furnished to audit, out of the trade debtors amounting to Rs.16,399,657, a sum of Rs.1,862,804 was outstanding for over 4 years and a sum of Rs. 129,649 was outstanding for over 3 years. Further, miscellaneous debtors amounting to Rs. 1,619,103 was outstanding for over 4 years.
- (b) According to the information made available for audit, out of the sundry creditors amounting to Rs. 2,480,205, about 96% were not actually existed. However, action had not been taken to write off those liabilities from the accounts.
- (c) Sums of Rs. 4,162,242 and Rs. 10,097,754 had been made as the provision for bad debts during the year under review and for the preceding year, without being considered nature of the receivables.
- (d) Even though 28 dishonored cheques valued at Rs. 926,057 had been outstanding for a period ranging from 01 to 09 years, appropriate actions had not been taken for the recovery of the value of these cheques, in terms of Financial Regulation No. 189.

2.2.6 Lack of Evidence for Audit

Five items in the accounts aggregating Rs.113,305,976 could not be satisfactorily vouched in audit due to non-availability of evidence such as supporting documents, details of expenditure, measurement details and certificates for used materials and machines etc. In addition, deeds/acquirement warrants had not been furnished for audit relating to the lands belonging to the Authority.

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

 Instances of non-compliance observed in audit are given below.

Reference to Laws, Rules,
 Regulations and Management
 Decisions etc.

Non-compliance

(a) Public Enterprise Guidelines for
 Good Governance Circular
 No.PED/12 of 2 June 2003:

(i) Section 9.3.1 (i) of Chapter 9

Though the scheme of recruitment and promotion for each post should be approved by the Board and the Ministry together with the concurrence of the Department of Public Enterprises, the Authority had failed to comply with this requirement with regard to recruitment of staff to new section named One Stop Unite.

(ii) Section 9.12 of of Chapter 9

Any welfare scheme adopted by an enterprise should have the approval of the General Treasury. However, the Authority had failed to obtain the approval for the Employee Medical Insurance scheme.

(iii) Section 9.14.1 of Chapter 9

Though the manual of procedures with a chapter on human resource management providing rules and regulations on all matters relating to management of human resources should have been approved by the Board

together with the concurrence of the Secretary to the Treasury, the Authority had failed to comply with that requirement.

- (b) Section 4.2.1 of the National Procurement Agency Circular No. 08 dated 25 January 2006. Although a procurement plan should be prepared covering at least three years together with a detailed plan for next year, the Authority had failed to prepare a procurement plan according to the instructions given in the circular.
- (c) Section 4.3,5 and 6 of the Procurement Guidelines dated 25 January 2006. Instructions given for the preparation of Bills of Quantities, certification of goods and services rendered by the authorized Officers and calling tenders pertaining to the procurements had not been followed for the construction of jetty at Kalpitiya.
- (d) Treasury Circular No. IAI/2002/2 dated 28 November 2002 Fixed assets register for computers, computer accessories and software owned by the Authority, had not been maintained as per requirement of the circular.
- (e) Public Enterprises Circular No.PED/56 dated 11January 2011. Excess cash of the public institutions as at 31 December 2011 should be credited to the Consolidated Fund, after considering the working capital requirements of ensuing 6 months. However, the Authority had not credited excess cash to the Consolidated Fund. According to the calculations made by the audit the excess cash might be around Rs. 100 million for the year under review.
- (f) Management Services Circular No.33 dated 5 April 2007 A sum of Rs. 3,780,253 had been over paid to the Kalpitiya Project staff from the year 2009 to

end of the year under review, considering the Project staff allowed to obtain salaries specified for the foreign funded projects exceeding USD 30 million.

(g) Financial Regulations:

(ii) FR 702 (3)

Copies of the contact agreements signed by the Authority had not been furnished to the Auditor General.

(iii) FR371

Advances had been paid to the officers exceeding the maximum limit of Rs. 20,000 in ten instances.

(h) Section 2.10 of Chapter VI of the Establishments Code.

Copies of the letters related to the recruitments, transfers, promotions, payments of salary increments and disciplinary actions against the employees had not been furnished to audit.

2.2.8 Transaction in contentious nature

A sum of Rs. 112,897,975 had been deposited in the year 2008 in two Divisional Secretariats in Kalpitiya and Bentota, for acquisition of lands from private parties to implement two tourism development Projects. However, the consent and approvals to make deposits had not been obtained from the respective District Secretaries.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year ended 31 December 2011 had resulted in a surplus of Rs. 132,206,537 as compared with the corresponding surplus of Rs. 72,273,514 for the preceding year, thus indicating an increase of Rs.59,933,023 in the financial results. The increase of Tourism Development and Embarkation Levy and other income by Rs. 80,946,951 was the main reason for the increase in financial results.

3.2 Analytical Financial Review

The revenue of the Authority for the year under review was Rs. 345 million as compared to Rs. 257 million in the preceding year representing an increase of 34%. Where as the expenditure spent for the tourism development activities during the year under review was Rs. 213 million when compared with Rs. 185 million of the previous year. Thus indicating an increase of 15%. The changes of the revenue and expenditure of the Authority during the year under review, as compared with the preceding year are shown below.

	2011	2010	Change	
	Rs.(M)	Rs.(M)	Rs.(M)	%
Embarkation and tourism development levy	235	201	34	16
Other income	110	56	54	96
Administration expenditure	123	108	15	13
Trade related expenditure	41	30	11	36
Depreciation and other expenses	49	47	2	4
Net surplus	132	72	60	83

3.3 Working Capital Management

Equity Ratios	Standard Ratio	2011	2010	2009
-----	-----	-----	-----	-----
Current ratio	2.1	2.75	2.51	3.10
Quick ratio	1.1	2.74	2.49	3.08

Even though the above ratios were approximated to the standard level, there was an excess cash balance over Rs. 100 million in the bank account throughout the year under review without being utilized in long and short term investments.

4. Operating Review

4.1 Performance of the Resorts Operations

There were 07 Tourist Resorts under the supervision and management of Authority. The net accumulated surplus of the Resorts were Rs. 5,355,575 for the year under review as compared with net deficit of Rs. 716,334 for the year 2010. Except five Resorts, others were operated in loss making due to the excessive overheads. As a result, overall profitability of the Resorts operations was only 6.5% when compared with the total revenue generated.

4.2 Management Inefficiencies

Following observations are made relating to the lands and property management of the Authority.

- (a) According to the sample test conducted by the audit, it was observed that about 6,495 acres of bare lands situated in 166 places through out the country, and 56 rest houses had been acquired by the government on behalf of the Authority. However, the Authority had not introduced proper systems and procedures in order to manage these properties effectively and efficiently. As a result, the Authority had failed to achieve the basic objectives of property management such as security of the properties, accounting them in complying with Sri Lanka Accounting Standards, enhancement of economic benefits to the Authority from the lands and properties etc.
- (b) Even as a primary control measure, a register for lands and buildings indicating particulars relating to the deeds of the properties, transfers and additions, developments etc. had not been maintained.

4.3 Identified Losses

Following observations are made.

- (a) Preliminary expenses of the Sustainable Tourism Development Project amounting to Rs. 2,966,212, which incurred by the Authority on reimbursable basis, had been written off as a loss during the year under review, due to non-reimbursement of expenses, considering the unallowable expenses, by the International Development Agency.

- (b) Receivable rent income amounting to Rs. 1,736,216 had been written off without being recovered from the respective lessees.

4.4 Contract Administration

A jetty had been constructed by the Authority under the Kalpitiya Project incurring a sum of Rs. 16,772,988 for the purpose of community development of Kalpitiya area. However, due to the construction failures and construction of another jetty under the “Mganaeguma Project” too, for the same purpose and at the same place, entire cost expended under the Project had become pointless.

4.5 Delay in Projects

Following observations are made relating to the implementation of Kalpitiya Integrated Resort Project which has been scheduled to construct 4,000 additional rooms and infrastructure facilities with the estimated cost of Rs.5, 521million.

- (a) Policy approvals to implement the Kalpitiya Integrated Resort Project had been obtained from the Cabinet of Ministers and the National Policy Planning Department of the Treasury in 2008 to complete the Project within five years. However, even after lapse of four years, the Project is still in the initial stage.
- (b) A Project implementation plan and a detailed budget covering the project management expenses, consultancy and capital work etc. had not been prepared.
- (c) According to the information furnished to audit, a sum of Rs. 92.6 million had been spent to develop the identified lands up to end of the year under review. The Chairman of the Authority informed me on 21 August 2012, as follows.
 “The expenditure incurred for the Project work of the KITRP was for operation of the office and investment promotions and the initial construction of the roads and Jetty’s and other infrastructure facilitation which was initiated by the KITR project”.
- (d) According to the information made available to audit, two Islands have been transferred to the developers on lease agreements. However, particulars relating to

land valuation and basis of selection of developers had not been furnished to audit. In addition, the authority from the Department of Coastal Conservation, in terms of Coastal Conservation Act No. 57 of 1981, had not been obtained to develop the Islands for tourism purposes. The Chairman of the Authority informed me on 21 August 2012, as follows.

“All the necessary procedures were followed for the leasing of these Islands where the procurement documents was prepared by the KITR project and approved by the then Ministry for Tourism”.

4.6 Human Resource Management

According to the information made available to audit, number of employees of the Authority made under 17 service categories, 176 and 157 relating to the year under review and the preceding year respectively. Sums of Rs.61.9 million and Rs.53.8 million had been spent by the Authority for salaries, wages and other allowances of the employees during the year under review and preceding year respectively. Thus indicating that the cost per employee for the year under review and the preceding year were Rs. 351,705 and Rs. 342,675 respectively.

4.7 Transport Fleet

Following observations are made

- (a) According to the information furnished to audit, a sum of Rs.6,468,652 had been spent for the fuel, maintenance and repair of 10 vehicles during the year under review. However, information relating to distance traveled had not been furnished to audit.
- (b) A sum of Rs. 6,035,408 had been spent to hire the vehicles during the year under review. However, information relating to the distance traveled by the hired vehicles had not been furnished to audit.

5. Accountability and Good Governance

5.1 Corporate Plan

A corporate plan for the Authority for 2010 to 2012 had been prepared. A new plan had been prepared for the year under review covering the period of 2011 to 2016 revising the above plan. However, some of the major activities had been implemented without following the guidance in the corporate plan. For example, a procurement plan had not been prepared based on the activities mentioned in the corporate plan and annual action plan.

5.2 Action Plan

An action plan had been prepared for the year under review.

5.3 Budgetary Control

Following observations are made

- (a) A sum of Rs.73.3 million had been spent for capital nature during the year under review. However, a detailed budget for capital expenditure had not been prepared.
- (b) Significant variances were observed between the estimated expenditure and the actual for the year under review, thus, indicating that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Observations made in systems and controls during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- a) Accounting.
- b) Development programmes.
- c) Project management.
- d) Assets management.
- e) Receivables and payables.
- f) Payment of advances.

H.A.S. Samaraweera
Auditor General