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Annual Report 2011

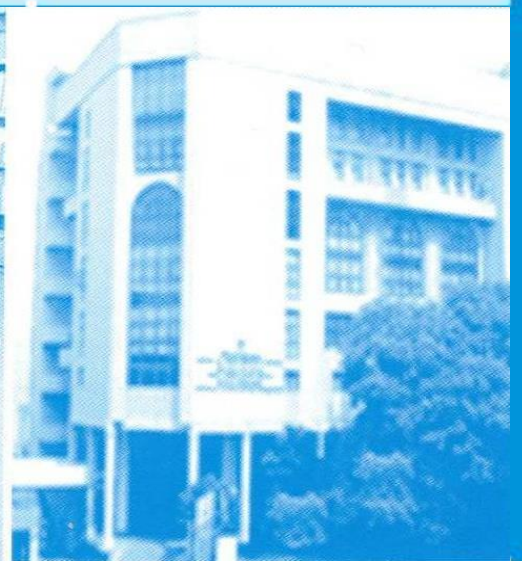
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Sri Lanka Institute of Tourism & Hotel Management



Annual Report 2011

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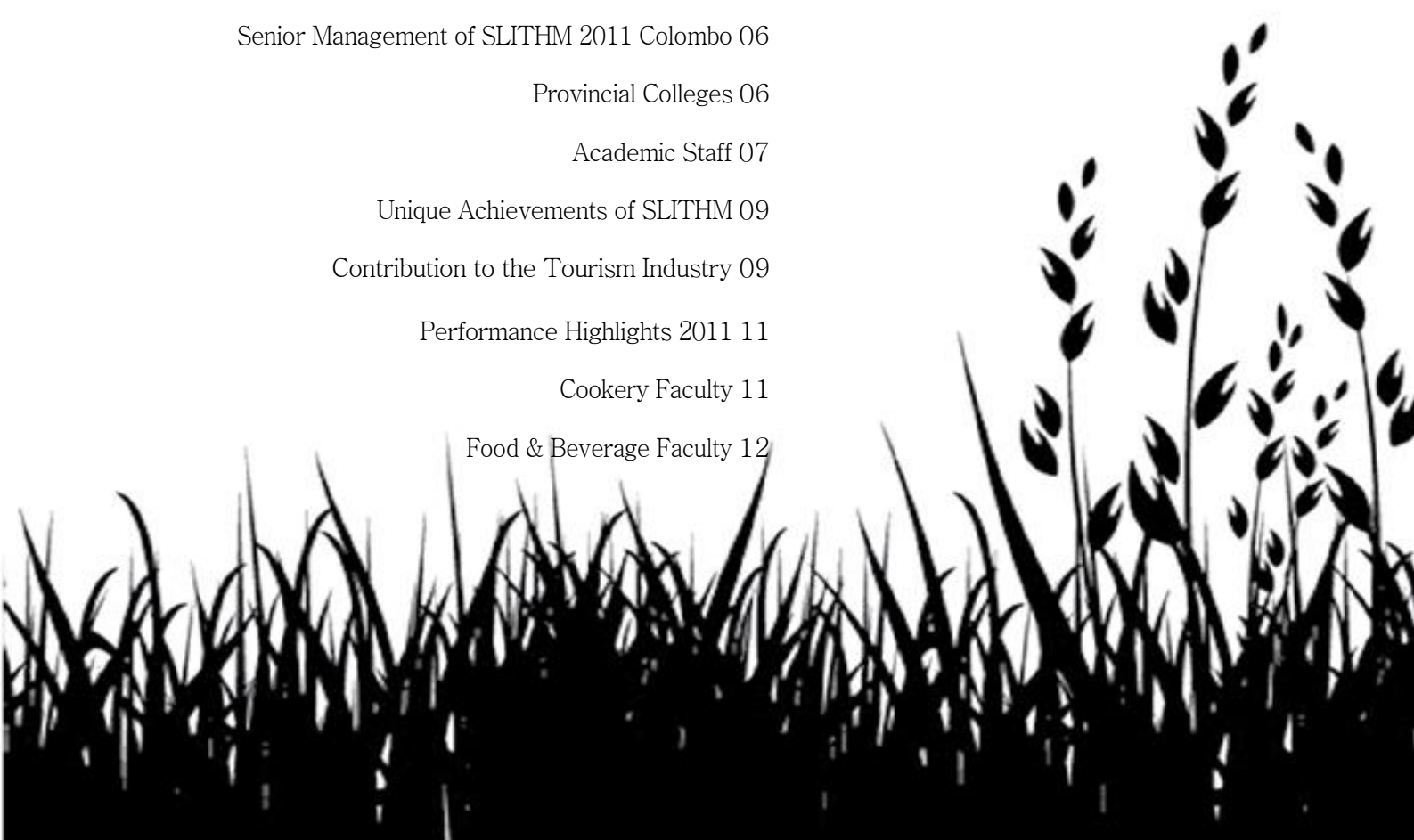
2011





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Introduction

The Tourism industry in Sri Lanka is expected to receive 2.5 million tourists by the year 2016. Tourist influx of this magnitude would demand an estimated workforce around 600,000 personnel serving in the industry. A definite dearth of manpower is evident as the prevailing mechanism generates 1500 numbers of trained personnel annually.

The SLITHM, the national tourism training institute of the country with the vision of benchmarking the Hospitality and Tourism training in Asia is enthusiastic in bridging the gap by offering a market oriented, quality proven range of hotel and tourism training products to a wider target segment.

SLITHM Colombo is housed at purpose built hotel school with 12 standard rooms and a suite. Public Restaurant and Bar are added features of the training hotel named as ‘ Hotel Samudra’ at 78, Galle road Colombo 03. This is the same premises where the former hostel ‘ Saffton’ was situated.

The Thahir Auditorium at SLITHM Colombo is an effective auditorium which offers facilities for a Conference or Business Meeting in the City. Thahir Auditorium offers a theatre style, tiered seating for up to 250 participants in air conditioned comfort, an elevated large stage, Excellent acoustics, Fully carpeted and an Audio visual equipment.

Provincial colleges were set up in order to take Tourism training to the provincial level and thus Kandy, Anuradhapura, Koggala, Bandarawela and Rathnapura are in operation.

SLITHM Colombo is equipped with modern state of the art two practical kitchens where two student works at a station with most modern equipment. Two training restaurants with modern equipment and a Public restaurant with an operating bar for their practical sessions. The students get the exposure of carving meat, offering fresh salad with guest’ s own salad dressings from a salad trolley. The mouthwatering desserts would be as a flambé or making the ice-cream of their choice.

Students have an advantage of working in a computer lab in order to enhance and sharpen their IT knowledge & skills. SLITHM encourages them to read and gather more information by encouraging the students to use best Tourism library in Sri Lanka.

Vision

“ To be one of the most dynamic centers for tourism and hospitality education in Asia”

Mission

- • Train required manpower to meet the demand for tourism and hospitality sector by considering changing patterns and emerging trends of national and international tourism demand.
- • Deliver tourism and hospitality education and training on par with national and international standards by promoting Sri Lankan hospitality to global heights.
- Provide equal and fair opportunities for all Sri Lankan youth ensuring sustainable development in tourism and hospitality sector.

Theme

Taking Sri Lanka to Global Heights

Journey Towards Excellence in Sri Lankan Hospitality

Values

- Quality – Provide outstanding products and unsurpassed service together; deliver premium value to our students.
- Educational equity – Ensure that every student meets our standards for achievement, participation and growth.
- Integrity – Strive to uphold the highest standards of integrity and professional ethics in all our actions.
- Teamwork – Work together, across boundaries, to meet the needs of our students and to help the SLITHM achieve its goals.
- Respect – Value people, encourage development and reward performance.
- Good Citizenship – Aim to be productive citizens in communities and country.
- Sustainability – Pursue institutional growth that is both nationally profitable and socially responsible.

Goals

- Elevating the present tourism education programmes of SLITHM meet global standards through curriculum development and periodic revision of training methodology.
- Addressing the local and global tourism industry's human resource requirement by developing new tourism education programmes which cater to industry demands.
- Gaining the World Tourism Organization Standard (TedQual) within the next three years.
- Achieving wider expansion and presence through strategic alliances, Franchising and accreditation within a local and international partner network within two years.

- Developing a dedicated human resource development unit in order to facilitate career development and capacity building for staff within one year.
- Addressing the national tourism education policy demands outlined in the National Tourism Act of 2005 by developing standards and a monitoring framework for all tourism education facilities of Sri Lanka within years.

Specific Objectives

- Upgrade new subject knowledge and improve the quality teaching and teaching methods
- Train the Trainer programme for faculty members in pedagogy/teaching methods
- Training of hotel employees to upgrade tourism related skills
- Develop new curriculum for SLITHM
- Support for implementation and evaluation of new curriculum
- Introduction of tourism information determination mechanism at 4 sites through information centers and community based tourism



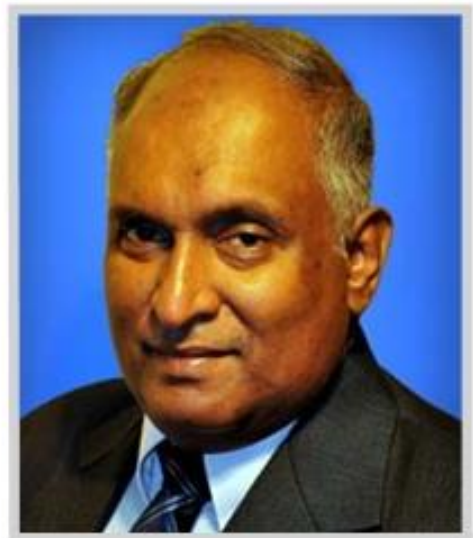
Minister's Review

Tourism is one of the principle driving forces of the Sri Lankan economy. The Tourism Development Strategy implemented by the Ministry of Economic Development aims to generate environment friendly sustainable tourism based on the Mahinda Chinthana - Vision for the Future” .

This strategy aims to address the broader issues related to the industry covering the government policy, manpower build up requirements, infrastructure development, improving service standards, marketing and promotions, public relations, tourist safety and improvements to domestic tourism.

In keeping with the core philosophy of the Mahinda Chinthana this strategy aims to make the people of the country the ultimate beneficiaries of economic development. In its drive to develop tourism as a key service industry in Sri Lanka, the Ministry of Economic Development will strive to ensure that benefits from the tourism industry can be enjoyed by those from low income backgrounds.

Basil Rajapaksa
Minister of Economic Development
Ministry of Economic Development



Director General' s Message

Today the Sri Lanka Institute of Tourism and Hotel Management finds itself faced with new challenges at a time when the local hospitality industry is experiencing unprecedented growth. The government' s drive to achieve 2.5 million tourist arrivals by 2016 has been further strengthened by Sri Lanka being named as Lonely Planet' s top destination for 2013. With the entrance of renowned international hospitality brands into the local market and the rapid expansion of resort destinations such as Kalpitiya, Trincomalee, Pasikudah and Kalkudah, the SLITHM has been tasked with providing trained personnel to meet the growing human resource requirement. Having been Sri Lanka' s premier tourism training facility for over 40 years, the SLITHM strives to ensure that our training remains current and on par with global standards. To this end, new

courses targeting emerging niches in the local and international markets are being introduced into our training portfolio. We are also presently taking steps to transform the Samudra Hotel into a fully-fledged training hotel operated entirely by the students with faculty supervision. We have also introduced courses in pastry and bakery as well as laundry. We hope to establish a launderette, a pastry shop and a business centre within the SLITHM Colombo premises to be run as commercial ventures.

It is our fervent hope that these efforts will enable the SLITHM to continue to provide the high caliber manpower required by the industry in order to maintain the high standards of service Sri Lanka is renowned for.

Seneka Wijewardene
Director General / CEO

Senior Management of SLITHM 2011 – Colombo

Director General

Mr. Seneka Wijewardene

Registrar

Mrs. Malini Ganegoda

Actg. Resident Manager

Mr. Dhammike Gunathilake

Senior Lecturers

Mr. Reza Deen

Mrs. Irandi Wijegunawardane

Mr. Chaman Perera

Mr. Thilak Pathirana

Mr. Mangala Suraweera

Provincial Colleges

Principal – Kandy (deputy)

Mrs. Kumuduni Wickramasinghe

Senior Lecturer – Kandy

Mr. Nalin Kahatapitigama

Principal – Koggala

Mr. Probodh Kulatunge

Principal – Anuradapura

Mr. Gamini Andrahennadi

Senior Lecturer-in charge – Rathnapura

Mr. Kanishka Jayatunge

Lecturer-in-charge – Bandarawela

Mr. Reinzie Jayawardane

Deputy Director – Administration

Mr. Ashoka Perera

Actg. Assistant Director – Finance

Mrs. Marian Fernando

Assistant Director – Maintenance

Mr. Ranjan Fernando





Academic Staff – Colombo



Academic Staff – Kandy



Academic Staff – Koggal





Academic Staff -Bandarawela



Academic Staff -Rathnapura



Academic Staff - Arugampola

Unique achievements of SLITHM



SLITHM was able to retain its position as the number one premier Tourism Training Institute in many ways. The first time that SLITHM applied for the Tourism awards and was able to bag the winner award under category 9. This was reassurance of the position institute always had.



National Bartender cocktail competition is much sought after event among the Bar tenders of the industry. The winner is sent to Singapore on a fully paid training and to compete with the Far-eastern region too. SLITHM took part under the novices category and was able to send 5 students for the final competition. This is amidst of well experienced bartenders. SLITHM student was able to bag the winner of the ‘ Most creative cocktail’

Contribution to the Tourism industry

SLITHM as the state run Hospitality education institute conducts programmes outside the normal working period in order to extend the services to other organizations that require the expertise knowledge of the faculty. These courses have been tailor made to suit the organizations. Thus the requirement and the delivery are catered to get the best practices in an organization.

SME Training Year 2011

	Area Focused	Organization	Duration	Number of Beneficiaries
1.	Training of Rest House service staff	SLTDA	March 12 & 13	36
2.	Training on table etiquette & Food & Beverage service	British American	April 5 & 6	15
3.	Catering & Mess Management	Tobacco SL NAVY	April 18-29	14
4.	F&B service and Housekeeping training for stewards	Temple trees	May 3-6 & 9-12	09
5.	Hospitality training for officers	Temple trees	May 16-23	03
6.	Home stay program	SLTDA	June 18 & 25	85
7.	F&B training for office assistants	Ministry of Agriculture	August 20	10
8.	F&B training for office assistants	Civil Aviation	August 27	12
9.	Table etiquette for undergraduates	Wayamba University, Faculty of Management	December 17	45
10.	Professional cookery workshop	Nestle	December 10	50
11.	Short course on F & B service to junior staff	SL Telecom	December 17	08
12.	Food safety awareness program	Nawalapitiya Municipal Council	December 20	35

Performance Highlights – 2011

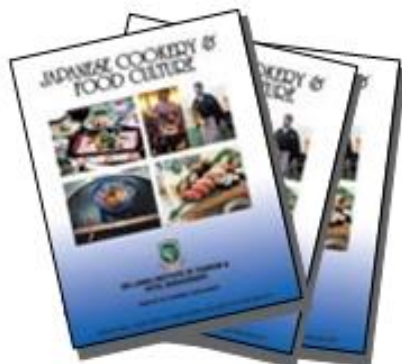
Accommodation faculty – Colombo

- Participated in the Hotel Management workshop from 08th to 18th August 2011 with Dr. Kayhan Tajeddini of Ritsumeikan Asia Pacific University, Japan under the ‘ Tourism Resource Improvement Project’ (TRIP)
- One day training and a workshop on ‘ Introduction of new equipment for Housekeeping and cleaner surfaces’ was conducted by SLITHM Housekeeping faculty with Tudawa Trading Co. (Pvt) agents for Karcher cleaning equipment. This was attended by Housekeepers of Colombo and Negombo regions on 31st January 2011.



Cookery Faculty

- Held a stall at ‘ KithulakaWaruna’ Exhibition at Viharamahadevi Park, Colombo
- Provide recipes for ‘ Rasasarani’ & ‘ Easy Food Health Guide’ Sinhala & English tabloids
- Participated in ‘ Molecular cooking programme conducted by Spanish Chef in March 2011
- Authentic Japanese traditional cookery Programme from 10th August to 07th September with resource personnel Mr. Takuji Takahashi and Mr. Junji Takahashi from renowned Japanese Restaurant KINOBU’ in Kyoto, Japan. under the ‘ Tourism Resource Implementation Project’ (TRIP)
- Published a book on ‘ Japanese Cookery & Food Culture’ in September 2011



Food & Beverage Faculty

- Organized the first table top competition at SLITHM on 07th October 2011. It was open to students of SLITHM who were studying at SLITHM.
- • Food & Beverage students participated in 26th National Bartender competition organized by CHSGA, supported by SLITHM and sponsored by Free Lanka Trading (Pvt).



Tourism Resource Improvement Project (TRIP)

Implementation of the Phase 1 of the HRD Component within the ‘ TRIP’ Project at SLITHM

Introduction

The Human Resource Development (HRD) component of the ‘ TRIP’ (Tourism Resource Improvement Project) was initiated by the Ministry of Economic Development, Government of Sri Lanka with the assistance of Japan International Cooperation Agency (JICA). This component of the program is undertaken with Sri Lanka Institute of Tourism and Hotel Management (SLITHM) as the beneficiary of the program.

Objectives of the HRD Component

The overall objective of this component of the project is to support in the increase income levels of people and alleviate poverty through earning foreign exchange and income opportunities in the tourism sector by attracting foreign tourists especially the Japanese tourists.

More specifically the HRD Component of the ‘ TRIP’ Project concentrates on upgrading the skills of staff of SLITHM and provide an exposure to international standards of services to attract up market tourists to Sri Lanka specially from the Japanese Market.

To achieve this objective it was proposed to obtain professional and academic development services from reputed international universities/institutes to develop the capacity of Sri Lanka Institute of Tourism and Hotel Management faculty members and upgrade the curriculum to meet the requirements of a Up-market Tourist Destination.

Ritsumeikan Trust

The consultancy contract for this assignment was awarded to Asia Pacific University (APU) through a competitive bidding process. APU is a part of the Ritsumeikan Trust, 3rd largest education system in Japan. APU has drawn in consultants from the Hong Kong Polytechnic in Hong Kong, Salzburg University in Austria and William Angliss University in Australia to offer a global perspective to the program.

Specific Activities

The specific activities undertaken under this component of the project is divided into 3 specific sub-components.

1. Training of Trainer Program:
2. Training of Industry Program, and
3. Curriculum Development Component.

Training the Trainer Program

The objective of this component of the program was to develop the faculty within the Tourism Industry with special emphasis to the SLITHM faculty. Following the conclusion of the relevant programs the trained faculty members were issued a certificate confirming their participation at the specific training program. The programs conducted under this component included the following:

(a) Pedagogy Training

The objective of the Pedagogy program was to expose the faculty to the emerging ‘ Active Learning’ techniques – which involves greater interaction of the student in the classroom.



As this program was required for the entire faculty of SLITHM – it had to be conducted in 3 different sessions. Two of the sessions were conducted by Mrs. Adele Graham, a leading trainer in the field of pedagogy and associated with Hong Kong Polytechnic University.

The 3rd session which was also conducted over a 2 week period was handled by Prof. Phillip Pardo, from the Asia Pacific University (APU).

A total of over 60 faculty members participated collectively in the 3 different sessions conducted for developing the pedagogic training skills of the faculty.

The initial 2 programs were conducted between the 4th of July and 5th of August, 2011. The 3rd program was conducted from the 4th to the 16th of September, 2011.



(b) Hotel School Management

This program was also undertaken in 2 stages and the program was directed towards the senior management of SLITHM. The overall objective of the program was to give the senior management an exposure in to how world class institutions in the Tourism Industry are managed. The first program was conducted by Prof. Leonard Worndl, Dean – Institute of Tourism and Hotel Management, Salzburg University, Austria. The program concentrated on the areas of Curriculum Development, Student Affairs and Evaluation and Feedback within the context of Hotel School Management. This component of the program was conducted from 18th to 22nd July, 2011.



(c) Senior Hotel Management

The follow-up component of this ToT was conducted by Prof. Paul Penfold. Prof Paul Penfold formally of Hong Kong Polytechnic University is currently the Director of Studies for the in Vietnam. He is the inaugural recipient of the Teaching & Learning Innovation Award for excellence and innovation in teaching and learning awarded by the Hong Kong Polytechnic University in 2009. Prof Penfold concentrated on the area of Quality Management Systems within the context of a Hotel School. His program was conducted between the 17th and 21st October, 2011.



(d) Hotel Management & Front Office Operations

This program was conducted by Professor K. Tajeddin from the Ritsumeikan Asia Pacific University. The program concentrated on covering areas in connection with Hotel Management with special emphasis during the 2nd week on Front Office Operations. This program was conducted between the 8th and 20th August, 2011. Participants for the program included the SLITHM faculty as well as other lecturers involved with the subject in the industry.



(e) Japanese Foods Preparation and Restaurant Management



This program was an outstanding program which was conducted by two leading Japanese Chefs – specializing in Traditional Japanese Cuisine in the Kyoto region of Japan. Mr. Takashi Takuji, is the owner of a leading Japanese Restaurant in Kyoto, with

branches across Japan. He is also the Chef who is featured on NHK (the Japanese National TV Channel). In addition to the cooking he also covered areas such as Ikebana, Dressing of the Kimono and other areas that are vital to operate a Japanese food restaurant. The entire program lasted one month and on the final day the guests of SLITHM were invited to taste the dishes prepared by the participants under the guidance of the Japanese Chefs.



Due to the great reputation gained by Mr. Takahshi in Japan, the Japanese Ambassador to Sri Lanka invited him to prepare a Japanese dinner at his residence for a special group of guests.

(f) Tour Guiding

The Tour Guiding TOT program was conducted by Prof. Kazem Vafadari. Prof. Vafadari is an Associate Professor at the Ritsumeikan Asia Pacific University and in addition provides guidance to many Tour Guiding operators in Japan and in the Middle East. This program was attended by leading lectures in the field of Tour Guiding and members of the SLITHM faculty. The area of operating tours was also covered during the two week training session.



(g) Japanese Culture and Hospitality

This program was conducted for the Sri Lankan faculty in the Tourism Industry to better understand the Japanese tourist. The program concentrated on introducing the different categories of Japanese Tourists and their expectations when travelling overseas. The types of tourist destinations that attracted the Japanese tourists in Japan was discussed within the program. On the final day the participants were taken on a field trip to view different attractions from the point of view of the Japanese tourist and to give their suggestions to improve the attraction from the view of the Japanese tourist.



(h) Food & Beverage

This program was conducted by Professor Ashley Nugent, and Professor Jim Irwin both of William Angliss University, Australia. This program concentrated on the emerging F & B theories in the region.

Curriculum Development Component

This is the main focus of the project. The post war Sri Lanka suddenly saw an unprecedented increase in the number of tourists arriving to the country after a long period. This sudden demand for high quality human resources necessitated the serious review of the curriculum being used within SLITHM – the premier training institution for tourism and hospitality in Sri Lanka. The current curriculum which was developed in the late 1990' s had undergone unstructured revisions based on the intermittent interventions from the industry. However the challenging demands of this fastest growing industry in Asia was not been reflected within the curriculum in a structured manner.

Therefore this component of the program was focused on developing the core curriculum for the following eleven subject areas:

1. Housekeeping (C/D)
2. Front Office Operations (C/D)
3. Food & Beverage (Cr/C/D)
4. Professional Cookery (Cr/C/D)
- 5.. Pastry & Bakery (Cr/C/D)
6. Tourism Management (D)
7. MICE (C/D)
8. Tour Guiding (C/D)
9. Spa & Leisure Management (C/D)
10. Travel & Tour Management (C/D)
11. Community Based Tourism (D)

The ‘ Cr’ , ‘ C’ and ‘ D’ denote the Craft, Certificate and Diploma level programs that were developed for SLITHM within this component of the project. Many of the curriculums developed such as MICE, Spar & Leisure Management, Community Based Tourism and Pastry & Bakery are currently not being thought within the SLITHM curriculum but areas of great importance to the tourism industry.

Representatives from the Salzburg University (Austria), Hong Kong Polytechnic University, William Angliss University (Australia) coordinated by Asia Pacific University and Ritsumeikan University (Japan), were collectively responsible for the development of the curriculum.

Prof. Malcom Cooper, Vice President of Asia Pacific University – coordinated the curriculum development program across the various specialists from the different universities involved with this initiative.

Prof. Monte Cassim former President of Ritsumeikan Asia Pacific University and Vice Chancellor of the Ritsumeikan Trust provides the policy level guidance for this component of the project.

The methodology adopted for developing the curriculum was an interactive approach. The initial step was to conduct a ‘ Scoping Study’ . During this phase representatives from all 5 universities participated in studying the current programs being conducted by SLITHM. Based on the ‘ Scoping Study’ the Inception

Report was developed and approved by SLITHM. The ‘ Inception Report’ had identified that each program will have (a) Core Courses directly related to the subject area and (b) Supporting Courses that are common across subjects. Within the assignment the curriculum for the Core Courses for each subject area was agreed to be developed by the consultants.

The next step in the curriculum development unit was the development of the ‘ Gap Analysis’ for each curriculum area indicating the recommendations of the consultants. The ‘ Gap Analysis’ was based on the information gathered during the ‘ Scoping Study’ as well as the programs that are being offered globally in these specific curriculum areas.

Following the ‘ Gap Analysis’ by SLITHM the consultants developed (a) the Curriculum Outline (b) the Detailed Curriculum and (c) the Lesson Plans. Each of these documents was received by SLITHM for validation from time to time.

The Curriculum Development has reached its final stages. The Lesson Plans for all the 11 subject areas have been received and are currently being validated by SLITHM.

Following the confirmation the next step within the methodology would be to conduct a ‘ Field Test’ to validate the Lesson Plans developed for subject area.

Based on this finalization the Lesson Plans the following final deliverables will be developed by the consultants; (a) Teacher Guide and (b) Student Handbook. The Lesson Plans and the Detailed Curriculum will be the core components of these two documents respectively.

Following this initiative it is expected to standardize the curriculum being thought across all the satellite schools and to share the curriculum with the students. In addition the formal texts to be used at SLITHM will also be upgraded and action has already been taken to being in the recommended reading relevant to the 11 subject areas for which the curriculum has been developed.

Training of Industry

Under this unit 4 training programs were conducted specially for the industry. Three of the four programs were conducted outstation while one was conducted in Colombo. The details of the programs conducted for the industry are as shown below:

Program	Location	Resource Person
Tourism Management	Colombo	Prof. Patricia Erfurt, Ritsumeikan - Asia Pacific University, Japan.
Hotel Management - F&B	Anuradhapura	Prof. Ashley Nugent, of William Angliss University Australia.
Japanese Culture & Tourist Behavior	Negombo	Prof. Todoroki Hiroshi, Ritsumeikan University japan
Hotel Management - FOO	Nuwaraeliya	Prof. PrakashChatoth, Hong Kong Polytechnic University

Entry Qualifications

Certificate level

Age 18 - 30 years

G.C.E (O/L) with 06 subjects in not more than two sittings, including a pass in English Language.

Intermediate level

Complete two certificate levels plus industry experience of one year (06 months each) or 05 years industry experience at Supervisory level.

Advanced level

Successfully complete the intermediate level

Diploma in Hospitality Management

GCE (A/L) 02 passes with English as a subject

Craft level

Studied up to GCE(O/L)

Travel & Tourism

Diploma in Travel and Tourism Management

G.C.E. (A/L) 02 Passes with minimum one year experience in an establishment registered with Sri Lanka Tourist Board or G.C.E. (O/L) and 03 years experience in an establishment registered with Sri Lanka Tourist Board and good knowledge of English, Geography and computer literacy.

National tourist guide program

G.C.E. (A/L) 02 passes in one seating or G.C.E. (O/L) with 6 subjects

Including credit pass in English at not more than 2 sittings with proficiency in English with three years experience as a chauffeur tourist guide.

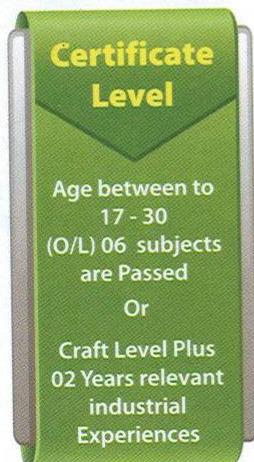
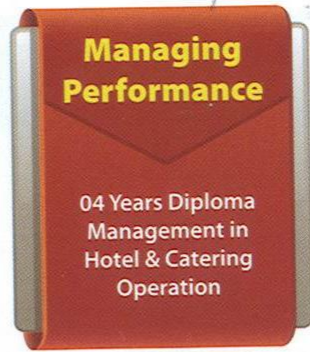
Chauffer tourist guide training program

Pass 2 subjects at G.C.E. (A/L) in one seating or pass 6 subjects at G.C.E. (O/L) including credit pass in English at not more than 2 sittings with proficiency in English

Area guide

Studied up to GCE (O/L)

Programmes currently available		
Program	Duration	Program fee (per month)
Certificate level		
Cookery	05 months	Rs.3500
Restaurant & Bar service	05 months	Rs.3000
Front Office	05 months	Rs.3000
Housekeeping	05 months	Rs.3000
Intermediate level		
Professional Cookery	06 months	Rs.4100
Restaurant & Bar service	06 months	Rs.3500
Front Office Operations	06 months	Rs.3500
Housekeeping Management	06 months	Rs.3500
Advanced level		
Professional Cookery	03 months	Rs.4100
Restaurant & bar service	03 months	Rs.3500
Accommodation Operation	03 months	Rs.3500
Diploma in Hospitality Management	03 years	Rs. 5700
Craft level		
Cookery	03 months	Rs.3500
Restaurant & bar service	03 months	Rs.3000
Front Office	03 months	Rs.3000
Housekeeping	03 months	Rs.3000
Travel & Tourism		
Diploma in Travel and Tourism	02 years	Rs.60,000
National tourist guide program	04 months	Rs.45,000
Chauffer tourist guide training program	03 months	Rs.30,000
Area guide	03 weeks	



Training Facilities

Above all what set SLITHM above all the competitors are many. Quality product output, state of the art facilities, continuous upgraded curriculum as Knowhow and the long years of un-interrupted service to the nation – credibility of the organization.

The students have a lot of opportunities to be employed prior to releasing results. Also the number of requested made by the industry personnel at the end of every course is an ample evidence of the demand for the product of SLITHM.

Unemployment rate after completion of the 3 years and 4 years management diploma courses is zero which is the living testimony to be set much higher than any competitor.

Few of the Facilities offered to the students:

- Two training Kitchens with two students per work station
- Two training Restaurants
- Training Mocktail Bar
- Housekeeping Demonstration room
- Library
- 12 Guest Rooms, Hotel Samudra for real life situation practical sessions
- Computer Lab with 30 computers
- 15 Class Rooms with a seating capacity of 30 students per room.
- Two students per class room table (4' x2.5')
- Students' changing rooms
- Students' Cafeteria
- Students' Sports and Welfare Association

90% of the personnel working and or managing hotels in Sri Lanka and quite a few have passed through the doors of this prestigious institute



Library



Computer Lab



Recreational facilities



Auditorium



Housekeeping Practical



Restaurant Practical

[Affiliations/recognition with any other local/foreign universities or institutions](#)

Few Lecturers attached to the faculty of SLITHM have already obtained their Master qualification from Open University of Sri Lanka, University of Ruhuna and some are pursuing their studies at Master level at University of Colombo and at University of Ruhuna.

- University Grant Commission of Sri Lanka (UGC)
- MSU University in Malaysia
- Professional Level & Craft Levels are equitant to NVQ level 4 & 3 respectively.

[Internship](#)

All students who follow the certificate level course which leads to follow the 4 year programme at SLITHM have to follow minimum of 06 month training at a recognized hotel in 02 relevant fields in order to gain hands on experience. Monitoring of Industrial service is done in a systematic way. SLITHM has a close rapport with all hotels therefore keeping close observation is done through written and personal visit methods.

[Certificate Level](#)

Confidential report from the employer is mandatory for the re-entrance to the course. Preprinted form is given to the student to be filled by the employer and sent under Confidential' cover to the Registrar, SLITHM

Management Level

A booklet is given to the student to be maintained by both parties and Lecturer in charge makes a personal visit to the hotels to check on the quality of training they receive.

Professional Development

The academic staff consists of 45 lecturers and are academically qualified. At present 10 lecturers are reading for the Master's degrees from Universities in Sri Lanka and overseas.

SLITHM diploma certificate has been accepted by UGC as a pre-runner to Master's degree programmes in Universities of Sri Lanka.

Most of the faculty members of SLITHM are graduates of the school with several years of industry experience. They have had overseas exposure in order to improve their knowledge and skills.

Train the trainer is an ongoing process to upgrade the teaching quality of the academic faculty. New recruits are trained on Classroom Management, lesson plans and objectives. They are guided and under constant supervision of the cluster head and or the Principal of Provincial College.

Academic staff obtained prestigious ' Certified Hospitality Educator' qualification from world renowned American Hotel & Lodging Association – Education Institute, South Carolina. This is the only certification available for Hospitality Educators worldwide.

Curriculum development and capacity building is one of the key components of faculty staff undertaken by SLITHM. Under this programme 10 Lecturers had overseas training in countries; UK, Spain, China, India, Nepal and Thailand.

Course Details

Courses conducted in main four disciplines in Hotel Reception, Hotel Housekeeping, Professional Cookery, and Restaurant & bar service. Methodology adopted is lecture, Discussions, Group work, Individual and group practical, Role-play and Viva

In 2011, 1866 students followed their studies at advanced Level, Intermediate Level, Management Level, Certificate Level and Craft Level programmes and the breakdown is as follows:

Location	Programme	Registered Students
Colombo	Craft Level	118
	Certificate Level	361
	Management Level	183
	Intermediate Level	30
	Advance Level	36
Kandy	Certificate Level	239
Koggala	Craft Level	105
	Certificate Level	210
Bandarawela	Craft Level	20
	Certificate Level	154
Anuradhapura	Craft Level	56
	Certificate Level	58
Rathnapura	Craft Level	105
	Certificate Level	191

These students have gained employment in local and international hotel chains, no sooner they completed their studies at SLITHM.

Our Valued Staff

Retired from Service

Mr. D. C. Wickramasinghe retired from service upon reaching 55 years as Resident Manager of Samudra Hotel after completion of 12 years at Sri Lanka Institute of Tourism & Hotel Management. He served this institute from 05th October 1999 as a Lecturer in Housekeeping at Banadarawela Provincial College and subsequently promoted as the Senior Lecturer in charge of the College prior to taking the appointment as the Resident Manager of Samudra Hotel.

Financial report

Sri Lanka Institute of Tourism & Hotel Management

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2011

Sri Lanka Institute of Tourism & Hotel
Management Statement of Financial Position

as at 31 December 2011

Amount/Rs.

ASSETS	Note	2011	2010 Restated
Current Assets			
Inventories	03	1,703,739.93	1,652,709.85
Trade Debtors	04	12,515,510.41	5,175,746.70
Deposit & Other Receivable	05	3,297,313.93	1,794,312.35
Gratuity Received from SLTDA		6,992,318.70	6,992,318.70
Receivable SLTDA & SLTPB	06	52,946,261.02	35,131,356.77
Loan & Other	07	8,363,079.62	7,737,921.66
Advances	08	675,370.50	1,064,919.65
Pre payments		109,639.47	645,212.17
Cash in Hand and at Bank	09	99,902,034.36	96,191,949.63
Total Current Assets		186,505,267.94	156,386,447.48
Non- Current Assets			
Property, plant & equipment	02	491,837,152.47	473,777,669.47
Less: Provision for epreciation		137,554,535.58	100,774,019.75
Written down value		354,282,616.89	373,003,649.72
Add: Work in progress		55,889,885.22	9,434,038.22
Total Non- Current Assets		410,172,502.11	382,437,687.94
Total Assets		596,677,770.05	538,824,135.42
LIABILITIES			
Current Liabilities			
Deposit/Other payables	10	1,615,371.89	67,500.00
Payable to SLTDA & SLTPB	11	3,934,242.19	4,142,413.79
Accrued expenses	12	16,104,764.63	15,430,001.26
Provision for RetirementGratuity	13	10,913,927.50	9,951,947.48
Total Current Liabilities		32,568,306.21	29,591,862.53
Net Assets		564,109,463.84	509,232,272.89
NET ASSETS/EQUITY			
Capital Contribution		454,850,951.89	454,850,951.89
Revenue Account		94,717,014.65	39,067,604.93
JABIC & UNDP Grant		14,541,497.30	15,313,716.00
Total Net Assets/Equity		564,109,463.84	509,232,272.82
Nalaka Godahew President	S. Wijewardhne Director General	S. M. F. Franando Asst Director/Financial	

Sri Lanka Institute of Tourism & Hotel Management
Statement of Financial Performance

For the year ended 31st December 2011

Amount/Rs.

	Note	2011	2010 Restated
Revenue			
Tourism Development Levy		71,296,539.38	55,782,684.27
Embarkation Levy		142,431,777.82	117,005,020.31
School Fees & Other	14	37,098,776.07	29,108,823.25
Other Income	15	2,358,948.58	2,134,079.86
Hotel Income		11,841,591.52	13,155,220.54
Total Revenue		265,027,633.37	217,185,828.23
Expenses			
Wages , Salaries & Employee benefit	16	73,937,040.01	66,545,916.21
Supplies & consumable used	17	98,232,659.95	73,867,661.91
Depreciation & amortization expenses	18	36,780,515.83	33,843,414.28
Other expense	19	275,474.70	1,002,405.30
Finance cost	20	152,533.16	267,310.14
Total Expenses		209,378,223.65	175,526,707.84
Surplus/ (Deficit)		55,649,409.72	41,659,120.39

Sri Lanka Institute of Tourism & Hotel Management Cash Flow Statement

as at 31 December 2011

Amount/Rs.

CASH FLOWS FROM OPERATING ACTIVITIES		55,649,409.72
Net Surplus/(Deficit)		
Non-cash movement		
Depreciation	36,780,515.83	
Losses/Write-off	(772,218.70)	
Provision for Gratuity	1,353,002.60	37,361,299.73
Cash flow from operating activities before working capital Changes		93,010,709.45
Changes In working capital		
(Increase)/Decrease in Inventory	(51,030.08)	
(Increase)/Decrease in Trade Debtors	(7,339,763.71)	
(Increase)/Decrease in Sundry Debtors	(17,814,904.32)	
(Increase)/Decrease in Pre payment	535,572.70	
(Increase)/Decrease in Loan & Advance	(228,518.80)	
Increase/(Decrease) in Deposit payable	(1,503,001.58)	
Increase/(Decrease) in Other payable	1,089,895.48	
Increase/(Decrease) in Accrued Expenses	4,595,197.95	
Increase/(Decrease) in Taxes Payable	249,804.81	(20,466,747.55)
Net Cash flow from operating activities		72,543,961.90
CASH FLOWS FROM INVESTING ACTIVITIES		
Gratuity Paid	(391,022.58)	
Purchase of Property , Plant & Equipment	(68,442,854.59)	
Net cash used in Investing Activities		(68,833,877.17)
Net Increase in cash and cash equivalents		3,710,084.73
Cash and Cash equivalents at beginning of period		96,191,949.63
Cash and Cash equivalents at end of Period		99,902,034.36

Sri Lanka Institute of Tourism & Hotel
Management
Statement of Changes in Net
Assets/Equity

For the year ended December 31, 2011

Amount/Rs.

	Note	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
Balance at December 31, 2010		454,850,951.89	36,083,654.72	490,934,606.61
Previous Year adjustment			2,983,950.21	2,983,950.21
Restated Balance		454,850,951.89	39,067,604.93	493,918,556.82
Surplus /(Deficit) for the period			55,649,409.72	55,649,409.72
Balance at December 31, 2011 Carried Forward		454,850,951.89	94,717,014.65	549,567,966.54

Note 01

Fundamental Accounting Assumptions & Accounting Policies for the year ended 31st December 2011

1.1 Accounting Requirements

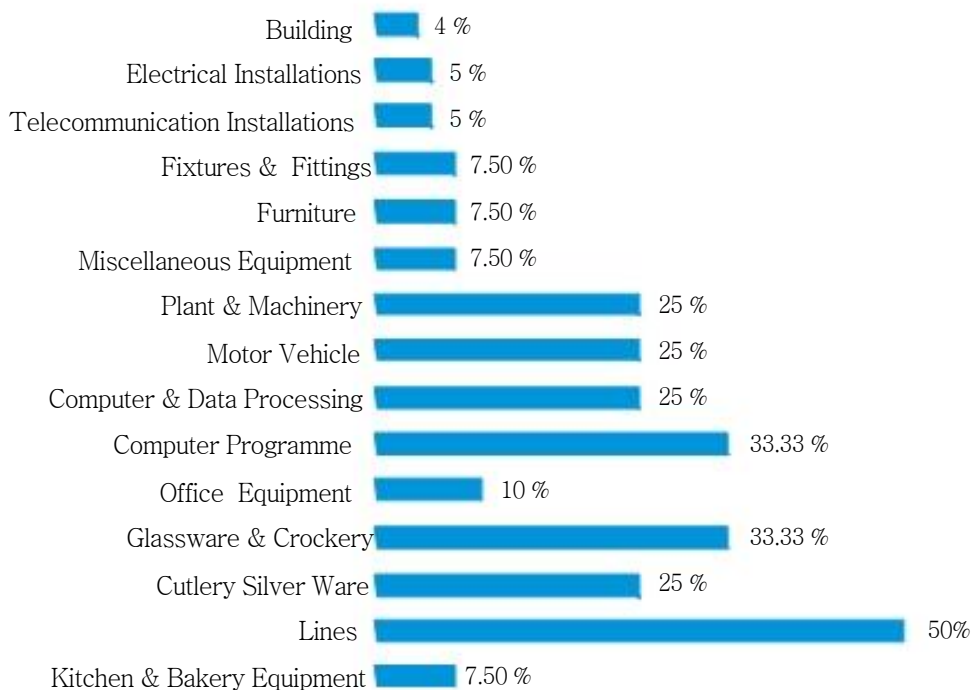
The Financial statements of the Sri Lanka Institute of Tourism & Hotel Management have been prepared in conformity with the generally accepted accounting principles and the applied consistently on historical cost basis. Income and cost have been accrued and recorded in the financial statements of the period to which they relate. Where appropriate, significant accounting policies are explained in the succeeding notes. No adjustments have been made for inflationary factors affecting the accounts.

1.2 Inventory/Stocks

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

1.3 Depreciation

Depreciation has been provided on cost or valuation of the assets on straight line method as follows, according to the SLAS 18 (Revised).



1.4 Taxation

The Tourist 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 Act No. 10th of 2002 (amendment) returns should be furnished to the Inland Revenue Department by 20th of each month following the end of each quarter.

1.5 A. Implementation of Tourism Act No.38 of 2005

Tourism Act No. 38 of 2005 was implemented with effect from 01st October 2007 in terms of the Tourism Act No. 38 of 2005 former Ceylon Tourist Board was repealed and new establishments have been formed with effect from 01st October 2007 in the following manner.

- Sri Lanka Tourism Development Authority.
- Sri Lanka Tourism Promotion Bureau.
- Sri Lanka Institute of Tourism & Hotel Management.
- Sri Lanka Convention Bureau.

B. Distribution of the Tourism Development Fund

According to the section 23(1) of Tourism Act, Tourism Development Fund to be utilized for the promotion and marketing and tourism and it is managed and administration by Sri Lanka Tourism Development Authority. The fund to be distributed as per section 24(8) of Tourism Act in the following manner.

Authority	Presentation of Distribution
Sri Lanka Tourism Development Authority.	14 %
Sri Lanka Tourism Promotion Bureau.	70 %
Sri Lanka Institute of Tourism & Hotel Management.	12 %
Sri Lanka Convention Bureau.	04 %

1.6 Work in Progress

Projects under construction were representing the value of work in progress amounting to Rs.55,889,885.22

1.7 Gratuity

Provision has been made in the accounts for retiring gratuity payable under the of payment of Gratuity Act No. 12 of 1983 for all the employees from the year of employment.

Sri Lanka Institute of Tourism & Hotel Management
Property, Plant & Equipment

As at 31.12.2011

Note 02

Account ID	Description	Balance as at 01.01.2011	Adjustment	Balance as at 01.01.2011	Addition	Transfer	Balance as at 31.12.2011	Accumulated Depreciation as at 01.01.2011	Depreciation for 2011	Accumulated Depreciations at 31.12.2011	Net Book Value
102	Building	285,170,885.03		285,170,885.03	-	-	285,170,885.03	54,059,202.03	11,400,835.40	65,459,037.03	219,711,847.00
102C	Electrical Installation	1,140,381.00		1,140,381.00	-	-	1,140,381.00	129,221.10	57,019.05	186,240.15	954,140.85
102D	Telecom Installation	2,220,559.50		2,220,559.50	150,401.13	-	2,370,960.63	316,234.24	115,094.27	431,328.51	1,939,632.12
103	Picture & Filings	2,721,994.50		2,721,994.50	657,912.26	-	3,379,906.76	512,374.81	212,857.54	725,232.35	2,654,674.41
104	Furniture	27,672,407.87	2,587,500.00	27,960,157.87	2,718,928.97	-	30,685,086.84	4,867,179.45	2,127,045.16	6,994,224.61	23,690,862.23
105	Miscellaneous Equipment	84,440,081.01	157,566.00	84,603,647.01	9244,547.12	-	95,848,194.13	14,714,884.00	6,765,016.91	21,479,901.51	72,368,292.62
106	Plant & Machinery	9,363,591.83		9,363,591.83	-	-	9,363,591.83	6,773,546.92	2,340,897.96	9,114,444.88	245,146.95
107	Glassware & Crockery	4,524,229.68		4,524,229.68	397,127.99	-	4,921,357.67	4,031,950.70	412,033.87	4,443,984.57	477,373.10
108	Cutlery & Silverware	11,949,902.14		11,949,902.14	2,499,850.41	-	14,449,752.55	8,811,997.33	3,602,980.93	12,414,978.26	2,034,774.29
109	Linen	5,941,948.98	204,065.00	5,962,413.98	714,482.79	-	6,676,896.77	5,006,315.79	354,712.86	5,361,028.65	715,868.12
110	Motor Vehicle	3,820,000.00		3,820,000.00	-	-	3,820,000.00	2,865,000.00	955,000.00	3,820,000.00	-
111	Computer & Data Processing Equip	29,223,064.40	-971,781.00	28,751,283.40	1,533,857.77	-	3,028,141.17	15,616,337.94	7,254,719.73	22,871,057.67	7,414,083.50
118	Library Books	896,138.33		896,138.33	-	-	896,138.33	407,550.97	2,98,682.91	706,233.88	189,904.45
119B	Office Equipment	1,391,575.00		1,391,575.00	-	-	1,391,575.00	227,286.00	1,391,575.00	366,443.50	1,025,131.50
119C	Kitchen & Bakery Equipment	912,021.14		912,021.14	-	-	912,021.14	58,157.74	68,401.59	103,559.33	798,461.81
	Computer Programme & Software	594,130.00		594,130.00	142,374.57	-	736,504.57	365,655.09	222,983.34	588,638.43	147,866.14
100	Development Cost	1,788,459.25		1,788,459.25	-	-	1,788,459.25	1,341,344.44	447,114.81	1,788,459.25	-
	Work In Progress	473,777,069.40	0.00	473,777,069.40	18,039,483.01	0.00	491,816,552.41	100,774,019.75	30,780,311.83	137,554,331.58	354,262,220.83
	Grand Total										55,889,883.22

Work In Progress

Description	Amount
111A - CHS Work in progress- Colombo	55,715,005.22
111A - HHS Work in progress- Koggala	62,560.00
111A - HHS Work in progress- Ratnapura	112,320.00
Total	55,889,885.22

STOCK BALANCES

Note 03

Description	2011	2010
Liquor Stock	115,807.44	185,536.96
Main Stores	1,587,932.49	1,467,172.89
Total	1,703,739.93	1,652,709.85

TRADE DEBTORS

Note 04

Description	2011	2010
S L T P B	3,128,262.63	2,949,608.02
Ministry of Tourism	4,360,495.90	1,232,233.27
Convention Bureau	224,165.87	577,779.42
S L T D A	863,709.47	257,449.99
Travel & Tourism	-	32,975.00
One Stop Shop Unit	998,735.14	-
C H S G A	15,498.25	-
Trip Project	1,350,533.78	-
University of Colombo	1,028,017.59	-
DXN Sri Lanka	17,000.00	-
Summa Travels	-	7,000.00
S L I T O	45,000.00	41,201.00
D F C C Bank	140,100.00	77,500.00
Chaya Blue Hotel	29,970.00	-
Keels Hotel Management	29,600.00	-
Institute of Speech & Drama	12,870.00	-
Air Lines International Aviation Academy	99,253.78	-
Dananjaya Nandasiri	32,000.00	-
Jaffna International Trade Fair	61,150.00	-
N Y Abeywardena	79,148.00	-
Total	12,515,510.41	5,175,746.70

DEPOSIT & OTHER RECEIVABLE

Note 05

Description	2011	2010
Deposit Receivable	1,794,312.35	1,794,312.35
Other Receivable	1,503,001.58	-
Total	3,297,313.93	1,794,312.35

RECEIVABLE – SLTDA & RECEIVABLE SLTPB – 126K

Note 06

Description	2011	2010
SLTDA	52,211,595.20	34,923,593.27
SLTPB	734,665.82	207,763.50
Total	52,946,261.02	35,131,356.77

LOAN & OTHER

Note 07

Description	2011	2010
Distress Loan	8,144,669.62	7,479,568.66
Special Loan	153,410.00	166,853.00
Festival Advance	65,000.00	91,500.00
Total	8,363,079.62	7,737,921.66

ADVANCES

Note 08

Description	2011	2010
General Advance	239,500.00	68,500.00
Overseas Advance	435,870.50	996,419.65
Total	675,370.50	1,064,919.65

CASH BALANCE

Note 09

Description	2011	2010
BOC – Colombo	83,302,587.02	93,511,554.03
BOC – Kandy	4,796,732.20	266,732.44
BOC – B'wela	2,785,312.70	360,247.12
BOC – A'pura	3,112,179.37	518,295.21
BOC – Koggala	2,835,889.82	1,070,581.33
BOC – R'pura	3,069,333.25	464,539.50
Total	99,902,034.36	96,191,949.63

DEPOSIT & OTHER PAYABLE

Note 10

Description	2011	2010
Deposit Payable	142,500.00	67,500.00
Other Payable	1,472,871.89	–
Total	1,615,371.89	67,500.00

PAYABLE SLTDA - 124K

Note 11

Description	2011	2010
Payable to SLTDA	3,934,242.19	4,142,413.79
Total	3,934,242.19	4,142,413.79

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Note 12

Description	2011	2010
Colombo	12,781,972.41	13,304,384.20
Kandy	1,533,566.37	801,942.68
Anuradhapura	451,881.69	368,000.00
Koggala	406,895.03	708,219.10
Ratnapura	290,466.33	-
Bandarawela	639,982.80	247,455.28
Total	16,104,764.63	15,430,001.26

PROVISION FOR RETIREMENT GRATUITY

Note 13

Description	2011	2010
Amount Brought Forward	9,951,947.48	10,841,343.12
Add:		
Provision For the year	1,353,002.60	1,198,593.67
	11,304,950.08	12,039,936.79
Less		
Amount paid during the year	391,022.58	282,552.50
Amount over provision year 2009		1,805,436.81
Total Gratuity payable as at 31.12.2011	10,913,927.50	9,951,947.48

Main Income

Description	2011	2010
TDL Income	71,296,539.38	55,782,684.27
Embarkation Levy	142,431,777.82	117,005,020.31
Total	213,728,317.20	172,787,704.58

School Fees & Other

Note 14

Description	2011	2010
Trade Test Income & other	2,493,299.34	1,455,858.61
CH Income	142,311.62	89,990.25
School Fees	27,674,037.66	20,528,336.89
Travel & Tourism	6,789,127.45	7,034,637.50
Total	37,098,776.07	29,108,823.25

Other Income

Note 15

Description	2011	2010
Rent-Buildings	800,000.00	1,084,621.00
Other Income	1,184,241.71	810,155.56
Auction	39,655.00	-
Interest on Employee Loan	335,051.87	239,303.30
Total	2,358,948.58	2,134,079.86

Wages Salaries & employee benefit

Note 16

Description	2011	2010
Salaries & Wages	41,606,932.71	40,834,866.77
Holiday allowances	275,396.56	224,633.75
Extra hour Payment	1,100,687.50	-
Over Time	1,390,029.41	964,710.83
EPF	4,324,941.36	4,471,088.36
ETF	868,541.21	898,053.49
Staff welfare	5,197,752.43	6,388,548.98
Staff feeding	3,838,495.59	-
Staff Uniforms	505,951.48	264,917.50
Employee Gratuity	1,353,002.60	-
Attendance Incentive	1,942,360.75	2,199,760.45
Training of Staff	532,293.11	1,249,403.16
Traveling-Local	541,798.68	348,339.50
Traveling Overseas	773,753.59	2,114,632.06
Visiting Lecture-Fees	9,685,103.03	6,586,961.36
Total	73,937,040.01	66,545,916.21

Supplies & Consumables used

Note 17

Description	2011	2010
Entertainment Local	364,280.35	31,375.50
Cleaning Supplies	373,985.85	380,468.00
Misc Supplies	17,080,321.72	11,302,464.31
Stationary	2,978,788.07	3,038,457.85
Printing & Publication	1,745,846.05	1,664,194.65
Telephone & E-Mail	4,683,792.81	3,542,210.86
Postage-stamp & Telegrams	281,542.56	360,441.09
Electricity & Gas	18,811,479.69	16,024,235.69
Rates & Licenses	767,841.74	1,061,592.53
Insurance Fixed Assets	1,113,039.40	864,084.48
Laundry	798,174.66	588,110.59
Maintenance-Buildings	5,912,753.26	2,243,283.61
Maintenance-Office Equipment	4,124,084.13	3,938,217.29
Advertising & Promotion	3,165,275.57	3,587,163.15
Transport & Freight	95,410.00	245,090.00
Hire of Vehicle	7,138,023.15	5,098,142.84
Raw material	14,839,823.23	13,020,981.12
Books & Periodicals	1,959,360.64	355,046.06
Data Processing	95,425.00	3,920.00
Main & Repair Vehicle	2,510,108.92	271,255.00
Menus Flowers	43,003.68	25,454.00
Water	1,552,129.81	1,518,420.04
Guide Lecture Programme	7,798,169.66	4,703,053.25
Total	98,232,659.95	73,867,661.91

Depreciation and amortization expense

Note 18

Description	2011	2010
Dep-Fixtures & Fittings	212,857.53	199,842.69
Dep-Furniture	2,127,045.17	1,889,420.47
Dep-Miscellaneous-Equi	6,765,016.91	5,182,666.29
Dep-Plant & Machinery	2,340,897.96	2,340,897.96
Glassware & Crockery	412,033.87	1,500,284.16
Dep-Cutlery & Silver	3,602,980.94	3,145,810.70
Dep-Linen	354,712.85	264,304.13
Dep-Motor vehicle	955,000.00	955,000.00
Dep-Electrical Installation	57,019.05	57,019.05
Dep-Development cost	447,114.81	447,114.81
Dep-Telecom Installation	115,054.27	111,017.98
Dep-Com.Data Processing Equip	7,254,719.73	5,720,962.83
Dep-Mis.Assets Library Book	298,682.91	236,559.37
Dep- Buildings	11,406,835.40	11,386,931.22
Dep-computer pro & software	222,985.34	198,023.53
Dep-Office Equipment	139,157.50	139,157.50
Dep-Kitchen & Bakery Equip	68,401.59	68,401.59
Total	36,780,515.83	33,843,414.28

Other Expenses

Note 19

Description	2011	2010
Economic Service charge	29,312.48	93,341.75
Board Members Allowance	168,000.00	16,500.00
Audit fee	-	110,000.00
Loses/Write offs	61,516.22	-
Mahinda Chinthana SP pro	16,646.00	782,563.55
Total	275,474.70	1,002,405.30

Finance chargers

Note 20

Description	2011	2010
Bank charges	94,332.93	132,913.35
Debit tax	56,962.15	134,396.79
Difference in Exchange	1,238.08	-
Total	152,533.16	267,310.14

As presented in the statement of changes in equity, the opening retained earnings was adjusted by Rs. 2,983,950.21, which represented the amount of changes in expenditure Rs. (2,818,338.66) relevant to year 2010, net of revenue effect of Rs.165,611.55.

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

Description	2010	Adjustment	2010 Restated
Tourism Development Levy	55,782,684.27		55,782,684.27
Embarkation Levy	117,005,020.31		117,005,020.31
School Fees & Other	29,083,904.91	24,918.34	29,108,823.25
Other Income	2,134,079.86		2,134,079.86
Hotel Income	13,014,527.33	140,693.21	13,155,220.54
Total Income	217,020,216.68	165,611.55	217,185,828.23
Wages , Salaries & Employee benefit	66,845,997.04	(300,080.83)	66,545,916.21
Supplies & consumable used	76,385,919.74	(2,518,257.83)	73,867,661.91
Depreciation & amortization expenses	33,843,414.28		33,843,414.28
Other expense	1,002,405.30		1,002,405.30
Finance cost	267,310.14		267,310.14
Total Expenditure	178,345,046.50	(2,818,338.66)	175,526,707.84
Surplus/ (Deficit)	38,675,170.18	2,983,950.21	41,659,120.39

Sri Lanka Institute of Tourism & Hotel Management
Summary of Net Cost of Operation

For the year ended 31 st December 2011	Amount/Rs.	
	2011 Amount	2012 Amount
Net Cost of Operation		
Anuradhapura	(8,820,617.27)	(7,940,961.26)
Bandarawela	(8,095,154.62)	(8,287,389.79)
Colombo	(122,764,101.63)	(105,469,570.45)
Kandy	(12,795,454.52)	(10,262,132.77)
Koggala	(11,416,726.67)	(12,627,401.41)
Ratnapura	(6,363,496.16)	64,347.65
Hotel Samudra	11,841,591.52	13,155,220.54
Total Net cost of Operation	(158,413,959.35)	(131,367,887.49)

Sri Lanka Institute of Tourism & Hotel Management – Anuradhapura
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	1,132,419.00	878,251.96
Trade Test Income & Other	188,833.08	455,513.38
Other Income	71,532.13	143,774.80
Auction	38,745.00	–
Hotel School Income	12,450.00	–
Total Income	1,443,979.21	1,477,540.14
Less		
Administration & Establishment Expenditure	8,745,601.47	8,059,154.61
Depreciation	1,518,995.01	1,359,346.79
Net Cost of Operation	(8,820,617.27)	(7,940,961.26)
Administration & Establishment Expenditure		
Salaries & Wages	2,568,211.40	3,026,446.00
Holiday allowance	17,450.19	1,275.00
Over time	17,047.45	23,462.21
Employee provident fund	288,933.56	363,668.64
Employee trust fund	57,786.72	78,696.83
Staff welfare	210,004.50	181,618.10
Traveling Local	24,286.50	35,845.50
Entertainment	3,224.00	250.00
Cleaning Supplies	4,953.50	3,940.00
Misc. Supplies	1,397,271.84	1,027,852.05
Stationary	70,876.87	196,693.00
Printing & Publication	230.00	92,140.00
Telephone & E-mail	204,018.49	214,294.26
Postage, Stamp & Telegrams	19,907.00	15,865.00
Electricity & Gas	421,301.00	406,732.82
Rates & Licenses	–	4,878.88
Laundry	16,255.00	6,720.00
Maintenance-Building	107,133.00	165,811.00
Main-Office Equipment	302,259.12	10,395.00
Transport & Freight	17,610.00	133,075.00
Bank charges	3,750.00	2,500.00
Debit tax-A'pura	1,461.17	–
Hire of Vehicle	695,221.42	402,136.00
Raw material	679,276.50	624,562.52
Visiting Lecture-Fees	1,226,630.69	648,933.90
Training of Staff	–	45,500.00
Books & Periodicals	95,317.90	23,550.00
Attendance Incentive	117,629.75	158,107.50
Water	176,203.90	164,205.40
Data Processing	1,350.00	–
Total Expenditure	8,745,601.47	8,059,154.61

Sri Lanka Institute of Tourism & Hotel Management – Bandarawela
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	2,275,462.87	2,217,160.39
Trade Test Income & Other	64,545.47	37,864.76
Other Income	183,007.07	12,600.00
Hotel School Income	4,600.00	-
Net Cost of Operation	2,527,615.41	2,267,625.15
Less		
Administration & Establishment Expenditure	9,453,768.36	9,339,810.77
Depreciation	1,169,001.67	1,215,204.17
Net Cost of Operation	(8,095,154.62)	(8,287,389.79)
Administration & Establishment Expenditure		
Salaries & Wages	2,413,165.42	3,078,293.87
Holiday allowances	9,940.00	7,580.50
Over Time	75,641.30	11,452.68
Employee Provident Fund	235,657.69	368,162.81
Employee Trust Fund	47,131.53	67,669.46
Staff welfare	117,804.00	152,217.00
Traveling-Local	58,359.00	80,672.00
Entertainment Local	4,465.22	7,318.00
Cleaning Supplies	3,029.00	-
Misc Supplies	1,996,906.35	1,286,794.23
Stationary	68,788.93	102,785.00
Printing & Publication	3,029.82	24,350.00
Telephone & E-Mail	261,635.75	245,192.00
Postage, Stamp & Telegrams	23,256.00	20,475.00
Electricity & Gas	483,321.00	576,972.00
Laundry	315.50	1,210.00
Maintenance-Buildings	27,207.00	78,928.00
Main-Office Equipment	277,363.69	288,578.96
Transport & Freight	-	2,955.00
Insurance Fixed Assets	-	64,607.78
Bank Chargers	-	750.00
Debit tax	2,248.86	5,665.79
Hire of Vehicle	819,480.00	537,859.90
Raw Material	971,289.30	901,623.65
Visiting Lecture-Fees	1,298,760.00	1,184,686.64
Menu Flowers	-	1,050.00
Training of Staff	-	37,500.00
Books & Periodicals	163,668.00	10,850.00
Attendance Incentive	79,880.00	193,610.50
Data Processing	11,425.00	-
Total Expenditure	9,453,768.36	9,339,810.77

Sri Lanka Institute of Tourism & Hotel Management – Colombo
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	12,148,290.37	11,142,404.42
Trade Test Income & Other	1,529,895.31	842,008.60
Travel & Tourism	6,208,000.00	6,926,277.50
Rent-Buildings	800,000.00	1,084,621.00
Other Income	96,902.84	625,987.96
Auction	910.00	-
Hotel School Income	104,856.62	-
Total Income	20,888,855.14	20,621,299.48
Less		
Administration & Establishment Expenditure	114,235,153.48	97,104,007.89
Depreciation	29,417,803.29	28,986,862.04
Net Cost of Operation	(122,764,101.63)	(105,469,570.45)
Administration & Establishment Expenditure		
Salaries & Wages	25,000,067.44	24,964,142.86
Holiday allowances	156,643.90	138,940.65
Extra hour payment	523,750.00	-
Over Time	1,083,068.32	810,302.76
Employee Provident Fund	2,488,000.04	2,609,685.53
Employee Trust Fund	501,152.96	525,772.92
Staff welfare	4,012,221.25	5,537,903.02
Staff feeding	3,838,495.59	-
Traveling-Local	154,959.68	83,002.00
Traveling Overseas	773,753.59	2,114,632.06
Entertainment Local	268,771.13	6,718.00
Staff Uniforms	426,190.77	247,825.50
Cleaning Supplies	349,081.35	319,598.00
Misc Supplies	8,221,436.23	5,924,464.01
Stationary	2,499,796.32	2,344,335.75
Printing & Publication	1,742,586.23	1,404,674.65
Telephone & E-Mail	2,955,554.29	2,323,520.89
Postage, Stamp & Telegrams	153,191.06	259,712.59
Electricity & Gas	15,299,023.05	13,846,958.04
Rates & Licenses	748,440.00	1,030,588.66
Economic Service charge	29,312.48	93,341.75
Insurance Fixed Assets	1,113,039.40	799,476.70
Laundry	593,148.16	409,512.59
Maintenance-Buildings	5,500,665.07	1,471,636.84
Main- Equipment	2,918,068.66	3,068,578.39
Advertising & Promotion	3,165,275.57	3,587,163.15
Transport & Freight	4,000.00	21,410.00
Bank charges	83,082.93	109,323.35

Sri Lanka Institute of Tourism & Hotel Management – Colombo (Cont.)
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
Administration & Establishment Expenditure		
Debit tax	50,324.06	128,731.00
Main & Repair Vehicle	2,510,108.92	270,130.00
Hire of Vehicle	3,354,638.96	3,062,391.94
Raw Material	8,192,602.25	7,543,017.81
Visiting Lecture-Fees	2,828,317.50	3,146,505.82
Menus Flowers	9,350.00	8,540.00
Guide Lecture Programme	7,350,747.66	4,703,053.25
Difference in Exchange	1,238.08	-
Board Members Allowance	168,000.00	16,500.00
Training of Staff	495,678.11	1,163,403.16
Books & Periodicals	1,230,100.02	302,246.06
Loses/Write offs	61,516.22	-
Employee Gratuity	1,353,002.60	-
Attendance Incentive	1,110,411.75	1,361,146.65
Water	880,031.88	1,012,821.54
Data Processing	36,310.00	-
Special Assignment programme	-	222,300.00
Audit fee	-	110,000.00
Total Expense	114,235,153.48	97,104,007.89

Sri Lanka Institute of Tourism & Hotel Management – Kandy
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	3,597,727.58	2,728,863.96
Trade Test Income & Other	133,307.45	31,916.84
Other Income	49,980.97	27,792.80
Hotel School Income	10,455.00	18,950.75
Total Income	3,791,471.00	2,807,524.35
Less		
Administration & Establishment Expenditure	15,486,063.69	12,201,804.12
Depreciation	1,100,861.83	867,853.00
Net Cost of Operation	(12,795,454.52)	(10,262,132.77)
Administration & Establishment Expenditure		
Salaries & Wages	5,613,991.81	5,116,404.69
Holiday allowance	36,414.25	42,510.60
Extra hour payment	209,187.50	–
Over Time	57,812.07	53,971.28
Employee Provident Fund	637,998.95	545,782.52
Employee Trust Fund	127,599.78	109,156.50
Staff welfare	376,230.08	241,563.66
Traveling-Local	199,587.50	109,036.00
Entertainment Local	59,104.50	6,227.00
Staff Uniform	2,250.00	8,546.00
Cleaning Supplies	–	56,930.00
Misc Supplies	1,832,787.19	1,010,084.53
Stationary	125,748.13	118,072.20
Printing & Publication	–	73,918.00
Telephone & E-Mail	705,098.32	264,009.12
Postage, Stamp & Telegrams	24,600.50	27,952.00
Electricity & Gas	889,178.28	499,505.86
Rates & Licenses	19,401.74	23,970.10
Laundry	14,516.00	13,608.00
Maintenance-Buildings	45,033.13	372,574.27
Maintenance-Office Equipment	146,614.31	86,801.98
Transport & Freight	1,400.00	21,524.00
Bank charges	250.00	12,840.00
Debit tax	1,626.48	–
Hire of Vehicle	951,499.18	180,595.00
Raw Material	1,644,234.36	1,600,091.71
Visiting Lecture-Fees	953,520.00	584,480.00
Menus Flowers	5,850.00	1,975.00
Training of Staff	36,615.00	3,000.00
Books & Periodicals	182,851.00	9,680.00
Attendance Incentive	257,757.00	238,572.67
Water	278,160.63	205,757.88
Data Processing	32,500.00	2,400.00
Mahinda Chinthana Programme	16,646.00	560,263.55
Total Expense	15,486,063.69	12,201,804.12

Sri Lanka Institute of Tourism & Hotel Management – Koggala
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	4,491,706.50	3,209,321.91
Trade Test Income & Other	545,288.12	88,555.03
Other Income	782,818.70	108,360.00
Travel & Tourism	581,127.45	-
Hotel School Income	1,400.00	-
Total Income	6,402,340.77	3,406,236.94
Less		
Administration & Establishment Expenditure	15,653,364.34	14,836,801.72
Depreciation	2,165,703.10	1,196,836.63
Net Cost of Operation	(11,416,726.67)	(12,627,401.41)
Administration & Establishment Expenditure		
Salaries & Wages	3,853,319.32	4,646,729.35
Holiday allowances	41,765.47	34,327.00
Extra hour payment	43,000.00	-
Over Time	76,448.23	65,521.90
Employee Provident Fund	450,355.06	583,788.86
Employee Trust Fund	90,071.01	116,757.78
Staff welfare	318,701.60	275,247.20
Traveling-Local	78,520.00	39,784.00
Entertainment Local	13,139.00	10,862.50
Staff Uniforms	2,250.00	8,546.00
Cleaning Supplies	12,069.00	-
Misc Supplies	1,972,005.63	1,923,795.04
Stationary	111,118.12	276,571.90
Printing & Publication	-	69,112.00
Telephone & E-Mail	383,125.79	495,194.59
Postage, Stamp & Telegrams	45,284.00	34,546.50
Electricity & Gas	922,912.65	694,066.97
Rates & License	0.00	2,154.89
Laundry	158,405.00	157,060.00
Maintenance-Buildings	173,164.00	154,333.50
Main-Office Equipment	393,329.76	483,862.96
Transport & Freight	72,400.00	66,126.00
Bank charges	7,250.00	1,125.00
Hire of Vehicle	1,064,938.59	915,160.00
Raw Material	1,852,791.72	2,351,685.43
Visiting Lecture-Fees	2,503,587.34	1,022,355.00
Menus Flowers	27,487.68	13,889.00
Guide Lecture Programme	447,422.00	-
Books & Periodicals	132,171.72	8,720.00
Attendance Incentive	228,242.25	248,323.13
Water	164,249.40	135,635.22
Data Processing	13,840.00	1,520.00
Total Expense	15,653,364.34	14,836,801.72

Sri Lanka Institute of Tourism & Hotel Management – Ratnapura
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
School Fees	4,028,431.34	352,334.25
Trade Test Income & Other	31,429.91	–
Hotel School Income	8,550.00	71,039.50
Total Income	4,068,411.25	423,373.75
Less		
Administration & Establishment Expenditure	9,023,756.48	141,714.45
Depreciation	1,408,150.93	217,311.65
Net Cost of Operation	(6,363,496.16)	64,347.65
Administration & Establishment Expenditure		
Salaries & Wages	2,158,177.32	2,850.00
Holiday allowances	13,182.75	–
Extra hour payment	324,750.00	–
Over Time	80,012.04	–
Employee Provident Fund	223,996.06	–
Employee Trust Fund	44,799.21	–
Staff welfare	162,791.00	–
Traveling-Local	26,086.00	–
Entertainment Local	15,576.50	–
Staff Uniforms	75,260.71	–
Cleaning Supplies	4,853.00	–
Misc Supplies	1,659,914.48	129,474.45
Stationary	102,459.70	–
Telephone & E-Mail	174,360.17	–
Postage, Stamp & Telegram	15,304.00	1,890.00
Electricity & Gas	795,743.71	–
Laundry	15,535.00	–
Maintenance-Buildings	59,551.06	–
Main-Office Equipment	86,448.59	–
Debit tax	1,301.58	–
Bank charges	–	7,500.00
Hire of Vehicle	252,245.00	–
Raw Material	1,499,629.10	–
Visiting Lecture-Fees	874,287.50	–
Menus Flowers	316.00	–
Books & Periodicals	155,252.00	–
Attendance Incentive	148,440.00	–
Water	53,484.00	–
Total Expense	9,023,756.48	141,714.45

*Note: Ratnapura Hotel School commenced on 01st September 2010

Sri Lanka Institute of Tourism & Hotel Management – Samudra Training Hotel
Income & Expenditure

For the year ended 31st December 2011

Amount/Rs.

	2011	2010 Restated
Sales- Restaurant	10,284,847.46	10,643,596.53
Sales-Bar	1,030,139.90	300,952.86
Room Sales	3,583,399.50	3,434,328.45
Other Income	2,239,709.77	2,820,065.69
Total Income	17,138,096.63	17,198,943.53
Less		
Cost of Sales	5,296,505.11	4,043,722.99
Gross Profit	11,841,591.52	13,155,220.54

Auditor report

Sri Lanka Auditor General's Department

2011





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கணக்காய்வாளர் தலைமை அபிப்பிராயக்களம்
AUDITOR GENERAL'S DEPARTMENT



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 எனது இல } 2012/2011/2011
 My No } 2012/2011/2011

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 உமது இல }
 Your No. }

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 Date }

The Chairman,
 Sri Lanka Institute of Tourism and Hotel Management

Report of the Auditor General on the Financial Statements of the Sri Lanka Institute of Tourism and Hotel Management 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 Institute of Tourism and Hotel Management for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes of 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 Institute 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 Institute on 21 August 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.

අංක 306/72 පොල්දඬු පාර,
 බත්තරමුල්ල , ශ්‍රී ලංකාව

දුරකථනය }
 தொலைபேசி } 2887028 -34
 Telephone. }

இல. 306/72, பொத்துவ வீதி,
 பத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය }
 பக்ஸ் இல } 2887223
 Fax No. }

No.306/72, Polduwa Road,
 Battaramulla , Sri Lanka

ඉලෙක්ට්‍රොනික් තැපෑල }
 #- மெயில் } oaggov@slt.net.lk
 E-mail. }

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 amounts and disclosures 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 Institute'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 Institute'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.

1.4 Basis of 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 Institute of Tourism and Hotel Management as at 31 December 2011 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards (SLASs)

Following observations are made

Reference to SLAS	Non Compliance
(a) SLAS-18	Value of the land and buildings had not been separately shown in the financial statements, as required.
(a) -do-	A sum of Rs.36,780,516 had been identified as depreciation expenses for the year under review without being separately identified fully depreciated assets, value of the assets not in use and disposals according to the standard.

2.2.2 Accounting Policies

Even though separate income statements were prepared to each of the hotel school branch, the expenditure allocation policy which applied to allocate the Head office expenditure to the schools had not been disclosed in the financial statements. In addition, accounting policy for allocation of direct and indirect overheads to the Samudra Hotel had also not been disclosed in the financial statements.

2.2.3 Accounting Deficiencies

Following accounting deficiencies were observed in audit.

- (a) The office equipment and the fixtures and fittings amounting to Rs.3,471,973 had been accounted for as miscellaneous equipment and as a result depreciation expenses of the year under review had been understated by 2.5% on the total cost of the assets.
- (b) A sum of Rs. 3,927,524 had been credited to the work in progress account through the accrued expenses account without being identified the related liability on the work in progress. Due to this incorrect adjustments, the value of the work in progress had been understated in the financial statements by the similar amount.
- (c) Library books purchased for Rs.1,959,360 had been written off to the Income Statement as a recurrent expenditure instead of being accounted for as fixed assets.

2.2.4 Unreconciled Accounts

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

Description of control Account	Balance as per Accounts (Dr/ Cr) Rs.	Description of Subsidiary records	Balance as per Subsidiary Records (Dr/Cr) Rs.	Difference Dr/Cr Rs.
(a) Receivables from the Sri Lanka Tourism Development Authority	52,211,595 (Dr.)	Accounts of the SLTDA	6,476,785 (Cr.)	45,734,810 (Dr.)
(b) -Do-	863,709 (Dr.)	-Do-	Nil	863,709 (Dr.)
(c) Payables to the Sri Lanka Tourism Development Authority	3,934,242 (Cr.)	-Do-	8,803,136 (Cr.)	4,868,894 (Dr.)
(d) Receivables from the Sri Lanka Convention Bureau	244,166 (Dr)	Accounts of the SLCB	98,469 (Cr)	145,697 (Dr)
(e) Receivables from the Sri Lanka Tourism Promotion Bureau	734,666 (Dr.)	Accounts of the SLTPB	54,179 (Cr.)	680,487 (Dr.)
(f) -do-	3,128,263 (Dr.)	-Do-	Nil	3,128,263 (Dr.)
(g) Payables to the Sri Lanka Tourism Promotion Bureau	Nil	-Do-	658,734 (Dr.)	658,734 (Dr.)

2.2.5 Accounts Receivable and Payable

Following observations are made.

- According to the age analysis furnished to audit, out of the trade debtors balances, a sum of Rs.3,927,892 was outstanding for over 4 years. Further, sum of Rs. 6,939,510 and Rs. 734,666 which were receivable from the Sri Lanka Tourism Development Authority and the Sri Lanka Tourism Promotion Bureau respectively were outstanding for over 4 years.
- According to the information made available for audit, out of the sundry creditors balances a sum of Rs. 3,934,242 were existed without being settled from the year 2007, due to the non identification of the actual liability. However, action had not been taken to write off the unidentified credit balances from the accounts.
- Recovery of receivables amounting to Rs. 1,232,233 from the Ministry of Tourism are doubtful due to the non-availability of source documents either in the Ministry or at the Institute.
- Advances amounting to Rs. 811,030 which were given to the staff had not been settled for the period over4 years.

2.2.6 Lack of Evidence for Audit

Eleven items in the accounts aggregating Rs.571,985,108 could not be satisfactorily vouched in audit due to non-availability of evidence such as supporting documents, computation details, contact agreements, verification reports, assets registers, particulars relating to the stocks adjustments, tender documents etc.

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

Following instances of non- compliance were observed in audit

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Finance Act No 38 of 1971	Even though a budget has been prepared, it had not been prepared not later than three months prior to the commencement of the financial year.
(ii) Section 10 (5)	Net surplus of the Institute had not been credited to the Consolidated Fund since the year 2008. Net surplus of the Institute during the last three years was about Rs.100 million.
(iii) Section 14 (1)	A draft annual report for the year under review had not been prepared indicating performance of the Institute.
(b) Section 58 of the Value Added Tax Act No. 14 of 2002	VAT refunds should be made within 2 months from the last day of the taxable period. However, refundable VAT amounting to Rs.5,346,433 had been shown in the accounts since the year 2007, without taking actions to obtain refunds.
(c) Public Enterprise Guidelines for Good Governance Circular No.PED/12 dated 2 June 2003	
(i) Section 4.2.2 of Chapter 4	Though the senior management is responsible for tabling monthly performance reports, operating statements, value of materials procured, statement of human resources, age analysis of debtors, creditors and stocks, statement of non-moving, slow moving and obsolete stocks etc, to the Board meetings, those information had not been submitted to the Board.
(ii) Section 7.4.1 of Chapter 7	Though an Audit and Management Committee should meet on a regular basis at least once in three months, only one meeting of the Committee had been held during the year under review.

(iii) Section 9.12 of Chapter 9	Any welfare scheme adopted by an enterprise should have the approval of the General Treasury. However, the Institute had not obtained the approval for the Employee Medical Insurance Scheme.
(iv) 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 be approved by the Board together with the concurrence of the Secretary to the Treasury, the Institute had not complied with that requirement.
(d) Sections 4.2.1 (a) and (c) of Chapter 4 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 Institute had not prepared a procurement plan.
(e) Treasury Circular No. IAI/2002/2 dated 28 November 2002	Fixed assets registers for computers, computer accessories and software owned by the Institute, had not been maintained as per requirement of the circular.
(f) Section 10.2 of Chapter IV, of the Establishments Code.	Copies of the letters issued by the Institute relating to the human resource management such as recruitments, transfers, salary etc. had not been furnished to the Auditor General.

2.2.8 Unauthorized Transactions

Credit sales amounting to Rs. 7,253,641 had been made without obtaining the relevant approval from the Director General.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year ended 31 December 2011 had resulted in a surplus of Rs. 55,649,410 as compared with the corresponding surplus of Rs. 41,659,120 for the preceding year, thus indicating an increase of Rs. 13,990,290 in the financial results. The increase of Tourism Development and Embarkation Levy and Hotel School fees and other income by Rs. 48,930,565 were the main reasons for the increase in the financial results.

3.2 Analytical Financial Review

The revenue of the Institute for the year under review was Rs. 265 million as compared with Rs. 217 million in the preceding year representing an increase of 22%. Whereas the expenditure incurred for the teaching, training and development activities during the year under review was Rs. 209 million when compared with Rs. 175 million in the preceding year. This represented an increase of 19 %. The changes of the revenue and expenditure of the Institute during the year under review compared with the preceding year are shown below.

	2011 Rs.(M)	2010 Rs.(M)	Variance Rs.(M)	%
Embarkation and Tourism Development levy	214	173	41	23
Other income	51	44	7	16
Administration expenditure	74	67	7	10
Teaching material and consumables used	98	74	24	32
Depreciation and other expenses	37	34	3	8
Net surplus	56	42	14	33

3.3 Working Capital Management

Equity Ratios	Standard Ratio	2011	2010	2009
Current ratio	2.1	5.72	5.28	4.41
Quick ratio	1.1	5.67	5.23	2.85

The current and quick ratios were around five times for the year under review and the preceding year as compared with the standards. Out of the total current assets, cash and cash equivalents represented 53% and 62% during the year under review and the preceding year respectively. However, due to the lack of proper cash management, the excess cash had not been utilized in long and medium terms investments. The excess cash balances in the bank accounts throughout the year under review were around 150 million.

4. Operating Review

4.1 Performance of the Hotel Schools

4.1.1 Training of Students (Internal)

Name of the courses	No. of students registered	No. of students qualified
Craft level	404	266
Certificate level	1214	862
Management level	183	The course will be completed in year 2012.
Intermediate level	30	28
Advanced level	36	33
Total	1867	1189

Following observations are made in this regard.

- Except of the management level course, the students who had completed the courses were 1189 or 63%, as compared with the total registered students. In the year 2010, number of registered students and qualified students were 1094 and 943 students respectively.
- According to the financial statements presented for audit, a sum of Rs.209 million had been incurred as direct expenditure to conduct teaching activities of six hotel school branches. However, information relating to the cost per student had not been made available for audit.

- (c) According to the corporate plan of the Sri Lanka Tourism Development Authority, it was expected to increase the number of tourist arrivals up to 2.5 million by the year 2016 as compared with the present arrivals of 0.88 million. However, parallel to the above target, strategies of the Institute had not been planned, in order to fill the human resource requirements to achieve the above objective of the industry.

4.1.2 Conducting of Training Programmes

Following observations are made relating to the external training courses conducted by the Institute.

- (a) Even though the Institute had planned to conduct the language training programmes for 11 languages, only 4 language programmes were conducted.
- (b) Even though the Institute had scheduled to conduct Electronic media based training programme during the year under review, the programme had not been conducted due to lack of a implementation plan.

4.2 Utilization of Funds

Bank balances ranging from Rs. 96 million to Rs. 99 million had been allowed idle in a bank current account throughout the year under review without any return to the Institute due to poor financial management.

4.3 Assets Management

Hotel equipment valued at Rs.11,929,385 purchaed under the Tourism Recourses Improvement Project in January 2008, had been lying idle even as at 30 July 2012.

4.4 Uneconomic Transactions

Hotel rooms at the Samudra Hotel had been refurbished without being conducted a feasibility study and relevant cost estimates and also without following tenders. The construction works had been awarded to a private company for Rs.51 million as quoted by the company. The estimated loss of the contract works may be half of the total cost due to the poor quality of the completed contract works.

4.5 Quality and Reliability of Management Information System

Even though a sum of Rs. 30 million had been paid to acquire the computer hardware and software, during the year under review and last two years, no proper system had been implemented after identifying the management information requirements of the Institute.

4.6 Human Resource Management

According to the information made available to audit, academic and non- academic staff of the Institute was 99including staff of the Samudra Hotel during the year under review. Total vacancies including 16 lectures were 36. Sums of Rs.74 million and Rs.67 million had been paid by the Institute for salaries, wages and other allowances of the employees during the year under review and preceding year respectively.

4.7 Transport Fleet

Following observations are made

- (a) According to the information furnished to audit, a sum of Rs.1,057,641 had been spent for the fuel, maintenance and repair of 02 vehicles during the year under review. However, information relating to the distance traveled had not been furnished to audit.
- (b) A sum of Rs.3,355,862 had been paid to hire 07 vehicles during the year under review. However, information relating to the distance travel by the hired vehicles had not been furnished to audit.

5. Accountability and Good Governance

5.1 Corporate Plan

A corporate plan for the Institute for the period from 2010 to 2016 had been prepared. However, some of the major activities which are related to the three strategies i.e. man power development strategies, product development strategies and marketing strategies had not been implemented in accordance with the annual programmes associated with the year under review.

5.2 Action Plan

An action plan had been prepared for the year under review. Some of the targets related to the year under review had not been achieved as shown below.

- (a) Even though it had been planned to train 2,500 students by conducting the internal courses during the year under review, only 1,189 students were trained.
- (b) Under the Youth empowerment training programme, it had been scheduled to train 1,000 students. However, only 400 students were trained during the year under review.
- (c) Training of 1,750 students under the franchisee programme with the participation of private sector hotel schools and the proposal to provide necessary skills to Small and Medium Enterprises in the tourism industry had not been implemented during the year under review.

5.3 Budgetary Control

Significant variances were observed between the budget and the actual for the year under review. The actual expenditure on some of the expenditure items were exceeded by 12% to 427% when compared with the budgeted expenditure. Thus, indicating that the budget had not been made use of as an effective instrument of management control.

5.4 Internal Audit

An Internal Audit Division had not been established in the Institute since the year 2007 in order to strengthen the internal control system.

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 Institute from time to time. Special attention is needed in respect of the following areas of control.

- a) Conducting of training programmes
- b) Budget
- c) Human resource management
- d) Assets management
- e) Procurements
- f) Payment of advances
- g) Accounting and book keeping
- h) Internal audit



H.A.S. Samaraweera
Auditor General