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2023:

வார்த்தை வார்த்தை
வருடாந்த அறிக்கை
ANNUAL REPORT



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இலங்கை சுற்றலா அபிவிருத்தி நிதியம்
SRI LANKA TOURISM DEVELOPMENT FUND



SRI LANKA TOURISM
DEVELOPMENT FUND

ANNUAL REPORT ● 2023 ●



Sri Lanka

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Honourable Harin Fernando
Minister of Tourism and Lands

Honourable Minister,
Re. Tourism Development Fund

I would like to bring it to your kind notice that Tourism Development Fund (TDF) was established under Section 23(1) of Tourism Act No 38 of 2005. This fund should be utilized for the development and promotion of tourism Industry. The method of collection as well as its distribution, is specified in this act.

According to section 23(2) of Tourism Act No 38 of 2005, Civil Aviation Authority transfers 1/3 of the Embarkation Levy (EL) (equivalent to USD 5) to the Sri Lankan Tourism Development Authority (SLTDA).

Moreover, another levy called Tourism Development Levy (TDL) is collected from tourism related businesses by SLTDA.

TDF is the addition of both EL and TDL.

TDF is then distributed to SLTDA, SLTPB, SLITHM and SLCB according to the percentage stipulated in the Tourism Act No. 38 of 2005.

TDF for the year 2022 was Rs. 4,037.87 million and for the year 2023 it was Rs. 5,798.14 million.

This report contains comparative details of the TDF collection and disbursement, during the years 2022 and 2023.

Thank you,
Your faithfully,

Sgd
Priantha Fernando
Chairman - Sri Lanka Tourism Development Authority



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BBREVIATIONS USED

EL	-	Embarkation Levy
SLCB	-	Sri Lanka Convention Bureau
SLITHM	-	Sri Lanka Institute of Tourism and Hotel Management
SLTDA	-	Sri Lanka Tourism Development Authority
SLTPB	-	Sri Lanka Tourism Promotion Bureau
TDF	-	Tourism Development Fund
TDL	-	Tourism Development Levy



A

INTRODUCTION

The TDF was established under Section 23 (1) of Tourism Act No. 38 of 2005 and this fund should be utilized for the development and promotion of tourism. The TDF is managed and administered by SLTDA.

According to section 23 (2) of the Tourism Act No. 38 of 2005, and the section 2 (1) of the Finance Act No. 25 of 2003, one third of Embarkation Levy collected by the Civil Aviation Authority is remitted to TDF. Furthermore, TDL collected by Director General of SLTDA in terms of section 12 of the Finance Act No. 25 of 2003 from every registered tourism establishment is also remitted to TDF. As per the section 24 (8) of Tourism Act No. 38 of 2005, all money lying to the credit of the TDF shall be distributed as follows:

- A sum amounting to 70% amount for Sri Lanka Tourism Promotion Bureau
- A sum amounting to 14% amount for Sri Lanka Tourism Development Authority
- A sum amounting to 12% amount for Sri Lanka Institute of Tourism & Hotel Management
- A sum amounting to 4% amount for Sri Lanka Convention Bureau

This report provides Summary of money received and disbursed of the TDF during the year 2023.

B

FINANCIAL REVIEW

Chart 1 :
Revenue Analysis

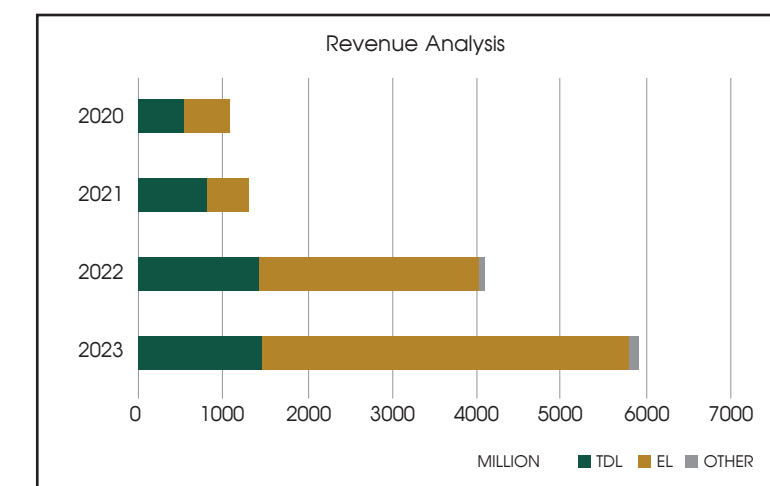
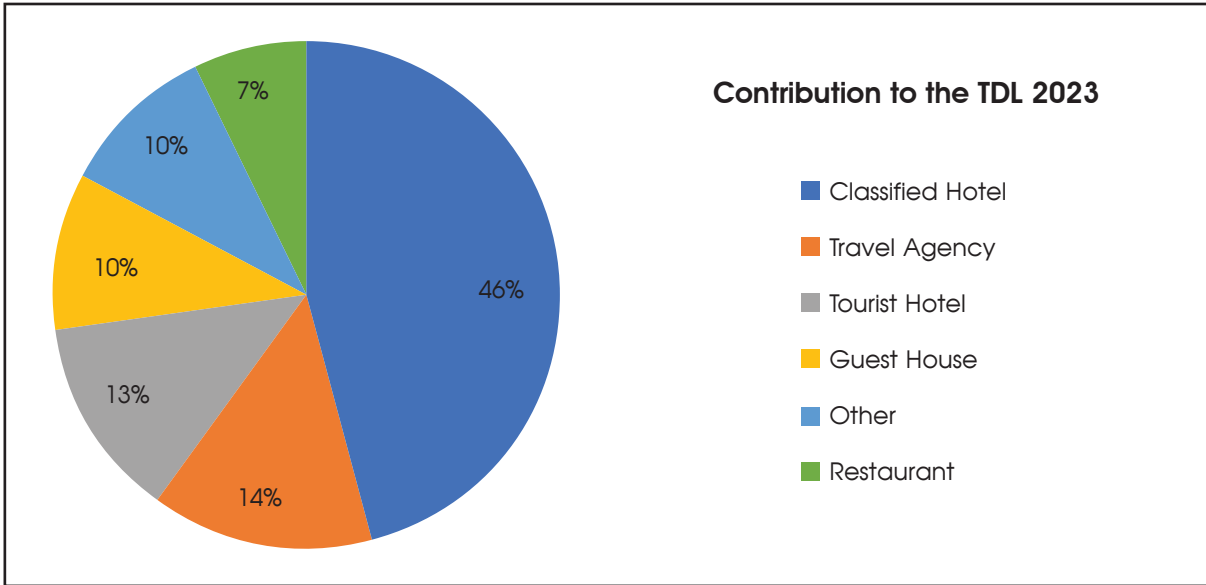


Chart 2 :



FINANCIAL STATEMENTS OF TOURISM DEVELOPMENT FUND

Statement of Financial Position
Statement of Financial Performance
Statement of Changes in Equity
Statement of Cash Flow Statements
Notes to the Financial Statements

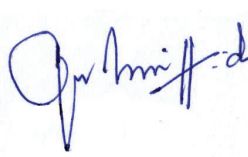
TOURISM DEVELOPMENT FUND
STATEMENT OF FINACIAL POSITION
AS AT 31 DECEMBER 2023

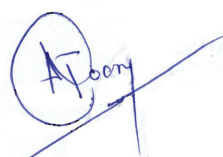
	Note	2023 (Rs)	2022 (Rs)
Current Assets			
Cash & Cash Equivalents	3	2,401,846,704	830,349,897
Receivables	4	897,777,529	889,139,868
Total Assets		3,299,624,233	1,719,489,764
Liabilities			
Current Liabilities			
Payables	5	899,936,725	130,962,865
Sri Lanka Tourism Development Authority		335,956,251	222,393,766
Sri Lanka Tourism Promotion Bureau		1,679,781,256	1,111,968,829
Sri Lanka Institute of Hotel Management		287,962,501	190,623,228
Sri Lanka Convention Bureau		95,987,500	63,541,076
Total Liabilities		3,299,624,233	1,719,489,764

The accounting policies and Notes on pages 05 to 08 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.


Sampath Ganepalaarachchi
Director Financial Management


Priantha Fernando
Chairman


D H R SariffoDeen
Director General


Nishantha Cooray
Board Member

TOURISM DEVELOPMENT FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 (Rs)	2022 (Rs)
Revenue			
Tourism Development Levy and Embarkation Levy	6	5,798,146,710	4,037,871,205
Other Revenue	7	124,499,691	44,145,468
Total Revenue		5,922,646,401	4,082,016,673
Expenses			
Fund Administration Cost	8	7,805,658	7,753,673
Finance Cost	9	4,366,568	2,483,715
Fund Disbursement	10	5,891,955,580	4,057,665,139
0.5% Remittance To Treasury	11	18,518,596	14,114,147
Total Expenses		5,922,646,401	4,082,016,673
Surplus/(Deficit) for the Period		-	-

Statement of Changes in Equity

Management and the administration of the Tourism Development Fund is been carried out by the Sri Lanka Tourism Development Authority as per the Finance Act No.25 of 2003 & Tourism Act No 38 of 2005. Therefore, a Statement of Changes in Equity will not be prepared for the Tourism Development Fund. Further, the Fund has not generated profit or loss as a result of transactions.

The total net receipt has been distributed among four institutions as specified by section (24) (8)

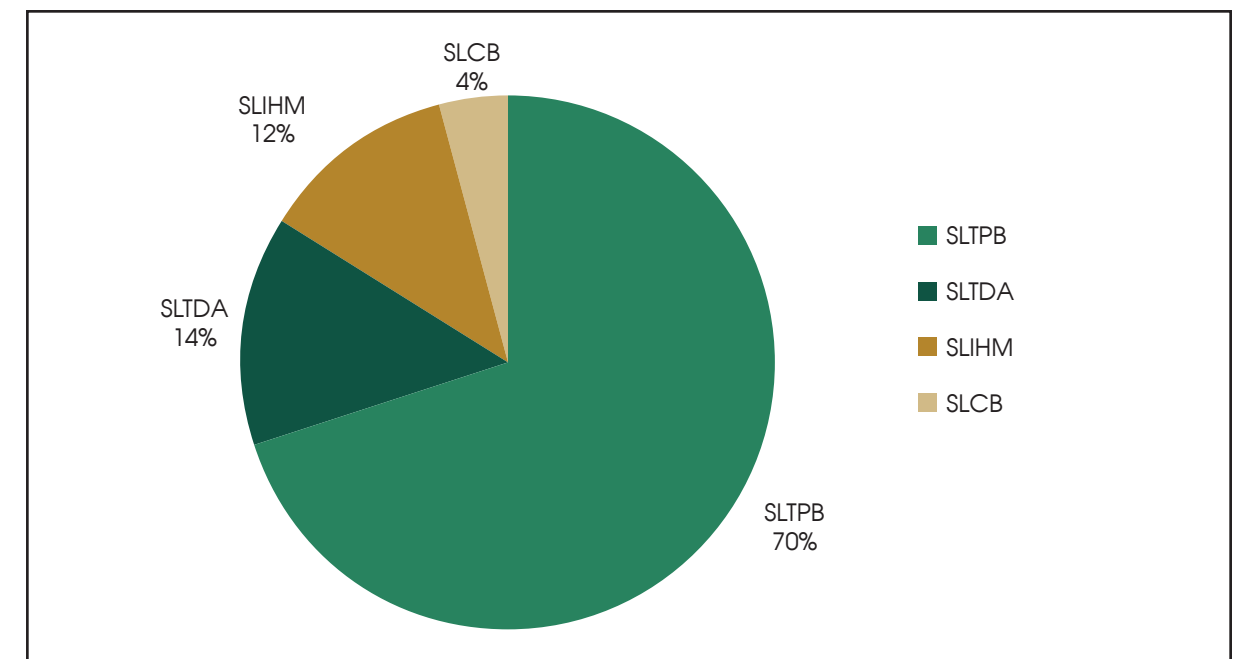
(a) of Tourism Act No.38 of 2005

Sri Lanka Tourism Promotion Bureau	(SLTPB)	70%
Sri Lanka Tourism Development Authority	(SLTDA)	14%
Sri Lanka Institute of Tourism & Hotel Management	(SLITHM)	12%
Sri Lanka Convention Bureau	(SLCB)	04%

Cash Flow Statement

"Direct Method" was followed to prepare and present the "Cash Flow Statement"

Chart 3 - Percentage distribution of TDF to SLTPB, SLTDA, SLITHM and SLCB



TOURISM DEVELOPMENT FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2023

	Note	2023 (Rs)	2022 (Rs)
Cash Flow from Operating Activities			
Receipts			
Tourism Development Levy and Embarkation levy		5,791,043,116	3,532,669,408
Other Receipts		883,226,763	44,616,312
Payments			
Fund Disbursement		(5,080,794,971)	(3,269,070,316)
Other Payments		(21,978,101)	(25,486,183)
Net Cash Flow from Operating Activities		1,571,496,807	282,729,221
Cash and Cash Equivalents at Beginning of Period		830,349,897	547,620,676
Cash and Cash Equivalents at End of Period		2,401,846,704	830,349,897
Net Decrease / (Increase) in Cash and Cash Equivalents		1,571,496,807	282,729,221

Notes to the Accounts

01. Tourism Development Fund

As per the Tourism Act No.38 of 2005 under section 23 (I) there shall be established a fund to be called the "Tourism Development Fund". This fund shall be utilized for the development and promotion of tourism. The collection and the disbursement of TDF are to be carried out in accordance with the Finance Act No.25 of 2003 and Tourism Act No.38 of 2005.

02. Accounting Requirements

The Fund accounts have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.

03. Cash & Cash Equivalents

	2023 (Rs)	2022 (Rs)
Cash & Cash Equivalents		
Bank of Ceylon Account No 7122882	1,281,002,577	(575,721,381)
Bank of Ceylon Direct Deposit Account No 73104820	270,844,127	156,071,278
Fixed Deposit -1 month Maturity (2022/2023)	600,000,000	1,250,000,000
Fixed Deposit -3 month Maturity (2023)	250,000,000	-
Total	2,401,846,704	830,349,897

03.1 Fixed Deposit – One-month / Three-month maturity

Due to an unavoidable circumstance arising in the TDL unit, it was unable to disburse the collected TDL and EL income in a timely manner. Therefore, funds collected were temporarily invested in a fixed deposit with the approval of the Board of Directors, till disbursement, with the purpose of avoiding keeping idle funds in a current account without earning interest.

04. Receivables

	2023 (Rs)	2022 (Rs)
TDL Receivable	450,000,000	350,000,000
EL	435,565,072	536,533,176
Sundry Debtors	3,872,876	-
Return Cheques	8,339,581	2,606,692
Total	897,777,529	889,139,868

05. Payables

	2023 (Rs)	2022 (Rs)
Payable		
SLTDA current Account with TDF	1,836,332	2,002,988
Accrued Expenses-Administration Fees	5,059,309	4,756,876
Accrued Expenses-Audit Fees	302,910	249,000
Accrued Expenses-Stamp Duty	134,250	32,350
Other Current Liabilities (unidentified)	876,828,957	116,567,818
0.5% Remittance to Treasury	15,774,967	7,353,833
Total	899,936,725	130,962,866

06 TDL & EL Income

	2023 (Rs)	2022 (Rs)
Tourism Development Levy (1%)	1,455,302,520	1,425,896,499
Tourism Development Levy (0.5%)	18,518,596	14,114,147
Embarkation Levy	4,324,325,594	2,597,860,560
Total (EL+TDL)	5,798,146,710	1,302,233,847

6.1 Embarkation Levy

According to section 23 (2) (a) of the Tourism Act, Sri Lanka Civil Aviation Authority (SLCAA) shall pay 1/3rd of the sum collected, by way of Embarkation Levy (EL) to SLTDA. However, at present SLTDA not receives as accordingly and receives a Sri Lankan rupee value equivalent to United States Dollars 5 only, which is not equivalent to the 1/3rd of the sum collected, by way of EL collected by SLCAA.

Embarkation Levy income for the year	2023 (Rs)	2022 (Rs)
Amount received	3,888,760,547	2,061,327,383
Amount receivable	435,565,047	536,533,151
Total Embarkation Levy	4,324,325,594	2,597,860,560

6.2 Tourism Development Levy (TDL)

According to Finance Act No, 25 of 2003 every tourism establishment needs to pay Tourism Development Levy. Sri Lanka Tourism Development Authority collects the TDL and credits it to the Tourism Development Fund. During the period of January to December 2023, Tourism Development Levy Collection was Rs.1, 005 Million. Further, the due date of the TDL payments for the quarter ending 31st December 2023 is 31st March 2024, hence Rs 450 Million provisions have been made for the period of October to December 2023.

Tourism Development Levy for the year	2023 (Rs)	2022 (Rs)
The amount received for Jan-Dec	770,826,049	1,012,961,594
The amount receivable for Oct-Dec	450,000,000	350,000,000
Under Provision for Previous year	235,266,067	64,619,807
TDL Refund	(789,596)	(1,684,902)
Total TDL for Jan-Dec	1,455,302,520	1,425,896,499

07 Other Revenue

Other revenue mainly consists of the fixed deposit interest and the default interest which is charged from the registered establishments for not paying the TDL on the due date as per the Finance Act. In addition, a 20% surcharge is imposed on institutions those who submitting infelicitous financial statements.

	2023 (Rs)	2022 (Rs)
Surcharge 20%	906,921	1,367,734
Default	18,283,318	16,065,404
FD Interest	105,309,452	26,712,329
Total	124,499,691	44,145,467

08 Fund Administration Cost

	2023 (Rs)	2022 (Rs)
Admin fee	7,346,938	7,201,468
Stamp Duty	101,900	40,150
Audit fee	356,820	512,055
Total	7,805,658	7,753,673

09 Finance Cost

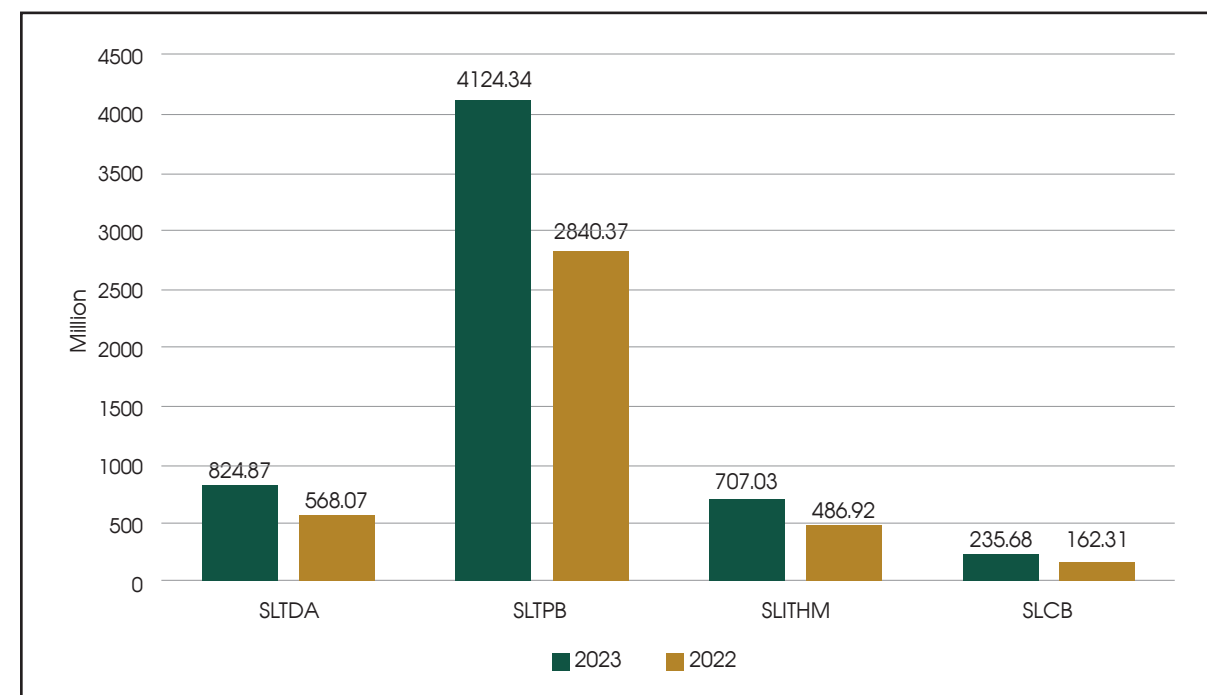
	2023 (Rs)	2022 (Rs)
Collection Commission	4,249,025	2,417,205
Cheque Return Charges	420	510
Bank Charges (882 + 820)	117,123	60,000
Bank Error	-	6,000
Total	4,366,568	2,483,715

10 TDL, EL & FD Interest Disbursement Expense

Disbursement was made according to section 24 (8) of the Tourism Act No.38 of 2005.

	2023 (Rs)	2022 (Rs)
SLTDA	824,873,781	568,073,119
SLTPB	4,124,368,906	2,840,365,597
SLITHM	707,034,670	486,919,817
SLCB	235,678,223	162,306,606
Total	5,891,955,580	4,057,665,138

Chart 4 - TDF Distributed to SLTDA, SLTPB, SLITHM and SLCB in Rs. Million - 2022 and 2023



11 TDL 0.5% Remittance to Treasury

	2023 (Rs)	2022 (Rs)
0.5% TDL Remittance to Treasury	18,518,596	14,114,147
Total	18,518,596	8,480,072

As per the provision of section 24 (1) of the Tourism Act, and section 12 of the Finance Act No 25 of 2003, Every Institution registered at SLTDA, shall pay 1% of the Tourism Development Levy (TDL) those who are having their turnover above 3 Million per quarter (Rs 12 million per Annam).

However, in amendment of part ii of the Finance Act No. 25 of 2003, with effect from 1st January 2019, a rate of 0.5% of TDL is charged to those who are having their turnover of less than 3 Million per quarter (Rs 12 million per Annam) and shall remit to the Deputy Secretary to the Treasury. During the year under review, Rs 18.5 Million of TDL has been collected at the rate of 0.5% and remitted to Treasury accordingly.

12 Tourism Development Levy and Embarkation Levy realized during the year

	2023 (Rs)	2022 (Rs)
TDL received	1,373,821,116	1,290,010,646
EL received	4,425,293,698	2,242,658,762
Total	5,799,114,814	3,532,669,408

13 Disbursements realized during the year

	2023 (Rs)	2022 (Rs)
SLTDA	711,311,296	457,669,844
SLTPB	3,556,556,480	2,288,349,221
SLITHM	609,695,397	392,288,438
SLCB	203,231,799	130,762,813
Total	5,080,794,971	3,269,070,316



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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எனது இல.
My No.

TIP/A/TDF/06/23/FA

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

25 June 2024

Chairman
Sri Lanka Tourism Development Authority

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Tourism Development Fund for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Tourism Development Fund for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the Statement of Financial Performance, Statement of Changes in Equity and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy 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 the National Audit Act No.19 of 2018 and the Finance Act No. 38 of 1971. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its financial

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

(a) The following differences were observed between the receivable balances from the fund to under mentioned 04 institutions as at 31 December 2023 and the payable balances shown in the financial statements of the fund for the year under review.

	Sri Lanka Tourism Development Authority (Rs.)	Sri Lanka Tourism Promotion Bureau (Rs.)	Sri Lanka Institute of Tourism and Hotel Management (Rs.)	Sri Lanka Convention Bureau (Rs.)
Balance payable as per the financial statements of the Fund as at 31 December 2023	335,956,251	1,679,781,256	287,962,501	95,987,500
Receivable balances from the fund as per the separate financial statements	408,683,267	1,677,438,210	233,982,276	43,614,771
Difference	72,727,016	2,343,046	53,980,225	52,372,729

(b) Interest income of Rs.8,539,589 which had been due as at 31 December 2023 for investment on fixed deposits had been recognized as Rs.3,872,877 with a difference of Rs.4,666,712.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.

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

+94 11 2 88 70 28 - 34

+94 11 2 88 72 23

ag@auditorgeneral.gov.lk

www.naosl.gov.lk

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards (As applicable), and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the fund.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 The National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the basis for Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the fund as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matter of 1.2 (a) as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidences obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the fund has any direct or indirect interest in any contract entered into by fund which is out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 To state that the fund has not complied with any applicable written law, general and special directions issued by the governing body of the fund as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for ;

Reference to law/ direction

Description

(a) The Tourism Act No. 38 of 2005

(i) Section 24 (3)

The Rules for the management and administration of the Tourism Development Levy had not been formulated in accordance with the Section. However, the administrative expenses amounted to Rs.7,330,117 had been incurred during the year under review as per the decision of the Board of the Directors.

(ii) Section 24 (8) &(9)

A sum of Rs.850,000,000 had been invested in fixed deposit in contrary to the objective mentioned in the Sections that to utilize the all money received to the Fund for the promotion of Sri Lanka as a Tourist Destination and related marketing activities.

(b) Section (3) of the Part I of the Finance Act No.35 of 2018

Although, levy collected at the rate of 0.5 per cent from the institutes which had been obtained for the licenses under the Tourism Act No. 38 of 2005 should be furnished to the consolidated fund within 30 days from the date of collection of the levy, the levy collected in month of January & February 2023 amounting to Rs.2,743,629 had been remitted to Treasury with a delay from 119 days to 150 days range of period. Also, the levy amounting to Rs.15,774,967 from month



of March to December 2023 had not been remitted to the treasury even by 19 March 2024.

2.2.3 To state that the fund has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018

2.2.4 To state that the resources of the fund had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.3 Other Audit Observations

Even though, a sum of Rs.876,828,957 had been directly remitted to the Bank from the year 2017 to the year 2023 by registered hoteliers and owners of tourism business, it had been continuously brought forward under current liabilities instead of being correctly identified and accounted for.

W.P.C. Wickramarathna

Auditor General



SRI LANKA TOURISM DEVELOPMENT AUTHORITY

No. 80, Galle Road, Colombo 03

Tel : +94 112426800 / +94 112426900

Fax : +94 112 444165 / 2426984

Web : www.sltda.gov.lk