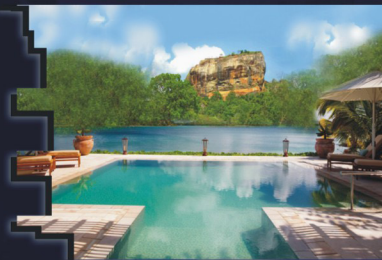


Annual Report 2013



sri lanka
WONDER OF ASIA

SRI LANKA TOURISM DEVELOPMENT AUTHORITY
MINISTRY OF ECONOMIC DEVELOPMENT

SRI LANKA TOURISM DEVELOPMENT AUTHORITY

ANNUAL REPORT - 2013

Invest in Sri Lanka Tourism



Sri Lanka Tourism
Development Authority

26 February 2013

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1. Introduction

Sri Lanka Tourism reached a land mark with the arrivals of over 1.2 million tourists in the year 2013, 1,274,593 to be exact, well above the target of 1,200,000. The tourism income too reached USD 1.45 billion in the year.

While the permanent peace largely attributed to this achievement, Sri Lanka also emerged as a hot and attractive destination among tourists particularly from the strategies adapted to create conducive environment for tourism within the country and the new markets that Sri Lanka had entered to take advantages in the changing patterns of outbound tourism.

Sri Lanka Tourism Development Authority, (SLTDA) continued its focus on the development work and up grading standards with a view to bringing the overall quality of tourist service to international standards to fulfill the intention of making every tourist a positive communicator for Sri Lanka.

The activities of SLTDA were determined by the corporate plan and the 5 year Tourism Strategy which was approved by the Cabinet of Ministers which takes into account the new peaceful environment in the country which has become permanent where Sri Lanka tourism industry could announce to their markets that Sri Lanka is one of the safest countries in the world.

In this year initiated to develop the small and medium tourism sector through Home Stay Programme. Higher budget allocated for this sector development simultaneously Divi Naguma programme initiated by the Ministry of Economic Development.

The aim of this development all the benefits go to rural economy of the country.

2. Vision

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

3. Mission

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



Review

Hon. Minister of Economic Development

Government's vision of achieving country's peace to lay the foundation for a solid and prospering development has been fruitful today, as the Tourism Industry witnessing unprecedented exponential growth, with 26.7% annual growth generating US \$ 1.7 billion foreign exchange earnings, and 6 million domestic tourists contributing Rs. 46 billion to the National DGP. I am confident that the target 2.5 million foreign tourist arrivals and US \$ 2.2 billion exchange earnings by 2016 will be achieved with ease.

Ministry of Economic Development has been implementing the Divi Neguma programme to empower the rural economy and to link it with the tourism industry with positive contribution for both sectors.

The SLTDA has given its full approval to build of 2,578 rooms in 2013 increasing the total capacity to 8,854. The SLTDA has contributed effectively for the growth of domestic tourism. I congratulate SLTDA for its achievement and wish a very bright 2014, as it is now renewed and well poised to achieve a record growth in the year 2014

Through constantly striving to achieve the desired standards and targets, we are confident that we are able to support and facilitate the growth of the industry from strength to strength, making Sri Lanka, The Wonder of Asia.

Basil Rajapaksa,

Minister of Economic Development



Chairman's Message

With blessing and dynamic leadership of his Excellency the President Mahinda Rajapakse, directives, guidance and visionary endower from the Honorable Minister of Economic Development, Mr. Basil Rajapakse, and support and necessary management inputs from the Secretary of the Treasury Dr.P.B.Jayasundara, made year 2013 as brightest achievement harvest by the Sri Lanka Tourism with remarkable development and giving numerical output exceeding our target of foreign tourists' arrival of 1,274,593 exceeding target of 1.2 million foreign tourists arrival and 6 million movements of domestic tourists.

The "DIVI NAGUMA" programme which is economically empowering rural community introduced by the Hon. Minister of Economic Development aiming at giving the peace dividend materializing from tourism economy. Further, the small and Medium sector, Home Stay program, and tourism infrastructure development for domestic tourism was key land mark milestones in 2013 of the Sri Lanka Tourism Development Authority.

The SLTDA made key role for success the CHOGM which was held on October 2013 together with exhibition "Reflection Sri Lanka".

Massive development were mobilized for increased of room capacity by the SLTDA in 2013, the re-structuring process of SLTDA made more transparent process of issuing annual licenses and notably the revenue collection from TDL increased to more than 800 million from 400 million in corresponding 2012 with 965 establishment with un-explained 3,200 renewal issued in 2012.

According to the 2014- 2017 Sri Lanka Tourism Co-operate Plan, all benefits in tourism sector would be trickle down to all segments of people of Sri Lanka by enhancing social values and minimizing the negative impacts to the environment. We are in confidence that we can able to up lift our country as the wonder of Asia by obtaining benefits in Tourism sector as per Mahinda Chinthana policy.

Mr. Bashwara Senanka Gunaratne – Chairman

4. Corporate Information

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

Name

Sri Lanka Tourism Development Authority.

Legal Form

Statutory Corporations incorporated under tourism act No. 38 of 2005.

Head Office Address

80, Galle Road, Colombo 03

Location of National Holiday Resorts

Passikudah, Kuchcheveli, Kalpitiya, Bentota, Girithale, Polonnaruwa and Yala.

Location of Domestic Holiday Resorts

Anuradhapura, Bandarawela, Bentota, Kataragama and Nuwaraeliya.

Auditors

Auditor General of Sri Lanka.

Bankers

Bank of Ceylon

Board of Management for 2013.

1. Mr. Bashwara Senanka Gunaratne – Chairman
2. Mr. E M. S. B. Ekanayake / Member – from 09.01.2013 to 13.08.2013
3. Mr. R. Serasinghe – from 17th August 2013
4. Mr. R. A. A. K. Ranawaka / Member
5. Mr. Hiran Cooray / Member
6. Mr. Chandra Wickramasinghe / Member

Senior Management

Division	Designation	Name
Director General's Office	Acting Director General until 12 th March 2013.	Mr. Vipula Wanigasekara
	Director General from 13 th March 2013.	Dr. D. S. Jayaweera
Research & International Relations	Director	Mr. M. B. Kiriella
Tourism, Planning & Development / One Stop	Director	Mr. P. U. Rathnayake
Domestic Tourism & Resorts Management	Director until 01 st July 2013	Mr. M. U. Liyanaarachchi
	Actg. Director from 02 nd July 2013	Mr. D. P. Nandana
Human Resources & Premises Management	Acting Director until 01 st July 2013.	Mr. M. U. Liyanaarachchi
	Director from 02 nd July 2013	Mr. M. U. Liyanaarachchi
Standard & Quality Assurance	Acting Director Until 28 th October 2013.	Mr. M. B. Kiriella
	Director from 28 th October 2013.	Mr. Ranjith Bandara Herath.
Financial Management	Director	Mr. D. P. Nandana
Information & Communication Technology	Director	Mr. Udana Wickramasinghe
Internal Audit	Internal Auditor	Mrs. Pasanthi Jayasinghe
Legal	Legal Officer	Mrs. Inoka Punchihewa
Tourist Police	SSP / Director Officer In Charge	Mr. N. T. Edirisinghe

6. Corporate Objectives and Targets

No	Category	2014	2015	2016
1	Arrivals	1,600,000	2,000,000	2,500,000
2	Direct / Indirect Employment	425,450	517,722	600,000
3	Rooms Capacity Nos.	35,880	42,840	50,000
4	Foreign Exchange Earning US \$ M	1740	2120	2,750
5	Avg. Duration Days	7.7	7.4	7.0
6	Avg. Spending per tourist per day US \$	117.5	124.3	130.0

7. Overall Strategies

Creating Conducive Environment for Tourism Development

Entering and attracting New Markets and Market Segments / Niches.

Taking measures to make sure all tourists are happy during their stay.

Promoting domestic tourism.

Contributing to the creation of positive global image for Sri Lanka

As given above, the tourism strategy for 2011-2016 does not envisage only on the number of arrivals but also the value hence the need to concentrate on the right type of tourists that Sri Lanka should be targeting. This entails marketing programs for each country and again segmentation within those countries to identify the target market. Therefore Sri Lanka Tourism will not depend only on traditional markets in the future.

Research & International Relations Division

1. Tourist Arrivals

Sri Lanka Tourism boomed to a new milestone of 1,274,593 arrivals in 2013, which is an all time high figure in the history of the country. Further the tourist arrivals surpassed its target of 1,200,000 arrivals in 2013, an increase of 26.7 per cent over last year's figure of 1,005,605 arrivals.

TOURIST ARRIVALS BY MONTH - 2012 & 2013

Month	2012	2013	% Cha.
Jan	85,874	110,543	28.7
Feb	83,549	113,968	36.4
Mar	91,102	113,208	24.3
Apr	69,591	80,737	16.0
May	57,506	74,838	30.1
Jun	65,245	90,279	38.4
Jul	90,338	107,016	18.5
Aug	79,456	123,269	55.1
Sep	71,111	90,339	27.0
Oct	80,379	107,058	33.2
Nov	109,202	109,420	0.2
Dec	122,252	153,918	25.9
Total	1,005,605	1,274,593	26.7

Top Fifteen Markets (January to December 2013)

Rank	Country	2013
1	India	208,795
2	U.K.	137,416
3	Germany	85,470
4	Maldives	79,474
5	France	64,388
6	China	54,288
7	Australia	54,252
8	Russia	51,235
9	Ukraine	38,607
10	USA	34,690
11	Japan	31,505
12	Canada	30,926
13	Pakistan	25,336
14	Saudi Arabia	23,753
15	Netherlands	22,281

Workshop on Tourism Satellite Accounts (TSA) for Sri Lanka on 29th July to 2nd August 2013

A Tourism Satellite Account (TSA) is a statistical account framework in the field of tourism and measures the goods and services according to international standards of concepts, classifications and definitions which allow valid comparisons from country to country in a consistent manner. A complete TSA contains detailed production accounts of the tourism industry and their linkages to other industries, employment, capital formation and additional non-monetary information on tourism. In this context a committee has formed comprising the officials of Sri Lanka Tourism Development Authority, Central Bank and Department of Census and Statistics to expedite the implementation of TSA system in Sri Lanka. UNWTO has provided a technical expert to conduct a training workshop and this workshop was conducted from 29th July to 2nd August 2013 and the officials of Central Bank, Department of Census & Statistics and Sri Lanka Tourism Development Authority were participated for the training programmes and an action plan was prepared to implement a TSA system in Sri Lanka.



Airport Survey on Departing Foreign Tourists from Sri Lanka

Airport Survey of Departing Foreign Tourists from Sri Lanka was conducted by the Research & International Relations Division of the Sri Lanka Tourism Development Authority through out the year. When conducting this survey international tourists were categorized into two samples, namely foreign tourists and transit passengers. The survey included responses of 5164 foreign tourists and 2708 transit passengers collected through face to face interviews conducted by a team of interviewers who are competent in different foreign languages. The major findings, suggestions and recommendations of this survey are important for both the public and private sectors, to take fact-based management decisions in areas of planning, promotion, marketing and enhancing of potential markets affecting the tourism sectors. The objectives of the survey were to analyze the personal and demographic data of foreign tourists who visited Sri Lanka during the period from January to December in 2013. The 18 market groups represented in the survey is namely, UK, Germany, India, France, Scandinavia, Australia, Russia, Middle East, Ukraine, Benelux, Singapore, USA, Switzerland, China, Italy, Japan, Canada and Malaysia.

Number of Tourists Interviewed in January to December 2013.

Country		Number of Tourists Interviewed(January - December)
1	UK	1019
2	India	812
3	Germany	525
4	France	356
5	Middle East	279

6	Australia	268
7	Benelux	163
8	Scandinavia	160
9	Russia	157
10	Ukraine	138
11	USA	111
12	China	106
17	Japan	99
13	Singapore	97
14	Italy	78
15	Switzerland	73
16	Canada	57
18	Malaysia	45
19	Other	621
Total		5164

International Relations

Memorandum of Understanding (MOU)

International Relations Division has facilitated the signing of the following MOU's on for tourism cooperation and development during the year:

1. Co-operation in the field of Tourism Between the Government of Sri Lanka and the Government of the Republic of **Congo**
2. Agreement Between The Government of The Democratic SOCIALIST **Republic** of Sri Lanka And Republic of the **Maldives** On Cooperation in the Field of Tourism
3. Memorandum of Understanding ton Tourism Co-operation Between The Government of The Democratic SOCIALIST Republic of Sri Lanka And **Kingdom of Swaziland**
4. Agreement Between The Government of The Democratic SOCIALIST Republic of Sri Lanka and The Kingdom of **Thailand**
5. Memorandum of Understanding on Tourism Co-operation Between The Government of Democratic Socialist Republic of Sri Lanka And The Republic of **Uganda**
6. Agreement Between The Government of The Democratic SOCIALIST Republic of Sri Lanka And The Government of the **Republic of Kore**

7. Co-operation in the Field of Tourism Agreement Between the Government of the **Czech Republic** and the Government of the Democratic Socialist Republic of Sri Lanka
8. Co-operation in the Field of Tourism Agreement Between the Government of the Democratic Republic of Sri Lanka and the Government of the Republic of **Singapore**.

25th Joint Meeting of the UNWTO Commission for East Asia and the Pacific and the UNWTO Commission for South Asia and UNWTO Conference on Sustainable Tourism Development, Hyderabad, India, 12-14 April 2013

Sri Lanka Tourism represented at the above meeting to discuss the statutory issues related to UNWTO's implementation of the programme of work for member countries in the region and in the Organization as a whole. At the conference on UNWTO Sustainable tourism of development Sri Lanka was invited to be a panelist to present Sri Lankan country perspective in the panel session under the theme of "Sustainable Criteria by Tourism".



TOURISM PLANNING & DEVELOPMENT

(1) *Kalpitiya Integrated Tourism Resort Kalpitiya*

Dutch Bay Resort at Kalpitiya, will be an integrated development encompassing tourism, agriculture and fisheries in a total land extent of 4133 acres. The resort will consist of Dutch Bay, Portugal Bay and the most attractive islands namely, Karaiitive, Ippantive, Periyarachhici, Eramative and Sinnerarachchial, Oddakareltive, Battalangunduwa, Palliyawatta, Vellai etc. The resort is closely located to Wilpattu Sanctuary, Mundala Lagoon, Puttalam Lagoon and Kalpitiya Lagoon and with close proximity to Bandardanaike International Airport, Katunayake. The major Tourist attractions are Beaches, Living coral Reefs, Whale and Dolphin Watching, Bird watching, Wildlife, Shipwrecks, etc.



Up to the end of December 2013 the following works and activities were completed –

- (a) Period of the project expired on 06th November, 2012.
- (b) Ministry advised to operate the project under Tourism Planning and Development Division and absorb the project staff to the SLTDA staff as per available vacancies.
- (c) Project Architect Mr. Pradeep Fernando left the project on 30th October, 2012 and Management Assistant –accounts Mr. Menaka Wijekoon left the project 31st December, 2012.
- (d) Two court cases regarding Ippantive Tourism Development Project going on throughout the year and one case was end in favour to SLTDA.
- (e) Investor of Ippantive Island requested (a) all fishermen relocate to one corner of the island or (b) re location them in another island.
- (f) Sun Resort received approval from CCD to construct 04 water bungalow in Vellai island and monitor for one year.
- (g) Shapphire Bay Resorts received cabinet approval on 03rd November, 2012 for 450 acres from the Northern part of the Uchchamuni island.
- (h) Several discussions held with Religious Leaders and fisherman in Uchchamuni Island regarding the relocation of them.
- (i) Finally investor agreed to accommodate their project excluding the land area where fishing community occupy.

(2) Kuchchaveli

Kuchchaveli Tourism Development Resort Project is a high end Resort Project which located in between the Irakkandi bridge and the Salapayaru bridge in the North East Region. Total extent of this resort is 206.45 Hectares (510 acres) and divided into nine (09) blocks according to its locations. The area declared as a Tourism Zone by the Gazette Notification No. 1671/29 dated 17th September 2010.

The Resort is located about 18 k.m. away from Trincomalee and close to the major tourist attractions like Girihanduseya archaeology site, Pulmudai mineral mine, Koneswaran Hindu Kovil, Kinniya hot springs, the longest man made bridge, natural harbour, marble beach, etc. the main attractions are living coral reefs, whale and dolphin watching in addition to the above. The main airport is Bandaranaike International Airport in Katunayake and can reach within 45 minutes by domestic aircraft.



Up to the end of December 2013 the following works and activities were completed -

(a) Two investors have reserved thirty acres (30 A) of land namely;

- (1) Jungle Beach Resort (Pvt) Ltd., - 10 acres
- (2) Mfar Hotel & Resorts Ltd., - 10 acres

➤ The Jungle Beach Resort (Pvt) Ltd., had construct 40 roomed hotel and commenced its operation in 22nd June 2012.



- The Mfar Hotel & Resorts Ltd., had paid the upfront payment but the construction not started yet.

(b) Cabinet of Ministers approval has been granted to consider the reinvestment opportunities of existing investors.



(c) Handed over additional 05 acres of adjoining land to the Jungle Beach Resort (Pvt) Ltd., according to the Cabinet decision on timely completion of the project.

(3) Yala Wildlife Resort Development

Palatupana is a branch of Yala National Park surrounded by several sanctuaries of Kumana, Bundala, Wirawila and Lunugamwehera which has been fabricated as an ardent piece of land for wild life aficionados. Yala is the most visited and the second largest park in Sri Lanka which has been designated as a wildlife sanctuary in 1900. Bordering to Indian Ocean from the

side; it is situated in the southeast corner region of the country, approximately 300KM (190Miles) from Colombo. It lies at the edge of Southern Province and at the start of the Eastern Province covering 979 Square Kilometers (378 sq mi), and the Palatupana region including 1107 acres which is proposed by wildlife resort. The area had been a center of past civilization with important pilgrim sites, Kataragama and Situlpahauwa. Up to the end of December 2013 the following works and activities were completed –

- 07 investors have been selected to allocate 07 acres block of land for each.
- Surveying and preparation of Master Plan are in progress



(4) Dedduwa Lake Resort

Dedduwa is located to the East of Bentota, comprises with water bodies; Marshy lands and abandoned paddy lands. The total identified land area is 1700 acres which is proposed to develop as a Lake Resort focusing more on water based recreational activities. Up to the end of December 2013 the following works and activities were completed –

- Started paying compensation in 2012.
- Paid approximately Rs. 40 million as compensation
- Awaiting policy decision from Ministry of Economic Development to proceed with land acquisition.



(5) Arugambay Tourism Development

Arugam Bay (Arugambay) is situated in the district of Ampara close to Pottuvil in South East of the Island, on one of the most beautiful and unspoiled tropical coasts in the world. Inland is a band of jungle 70 k.m. wide. Wild elephants roam the coastal plain and the small but delightful Lahugala National Park about 10 miles inland. An astonishing range of birdlife migrates to the wetlands and the huge Yala National Park which starts about 20 miles to the South.

Approximately, 314 k.m. from Colombo, Arugambay is known as one of the best three surfing spots in the world. This typical fishing village to the South of the small town of Pottuvil can be reached via from Colombo. It is a popular surfing and tourist destination. Less than 01 acre land which is suitable for surfing also should be cleared.

Up to the end of December 2013 the following works and activities were completed –

- (i) Identified some lands and should be released from the Forest Department.
- (ii) Legal action has been initiated against the encroachment of the land
- (iii) Survey has been done and identified existing establishment and situation of the Arugambay tourism zone.
- (iv) Identified state lands which are suitable for tourism of the Panama area by visiting with land officer of Divisional Secretariat Office, Panama.

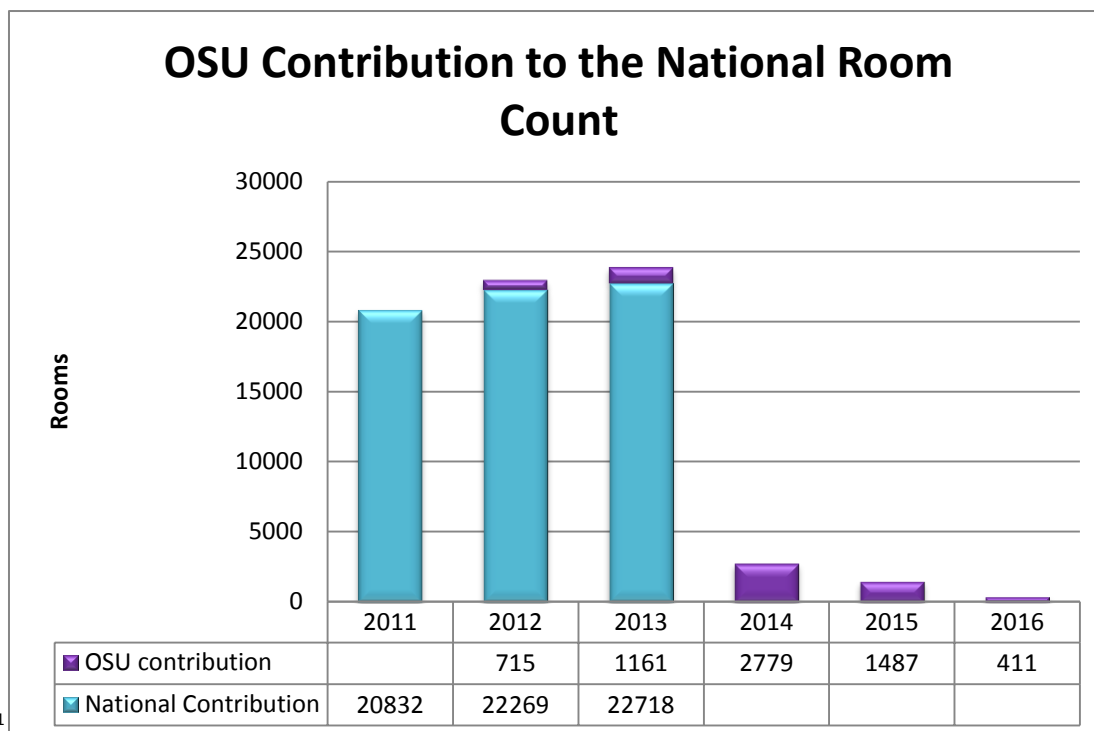


One Stop Unit

Investment in Tourism

One Stop Unit (OSU) of Sri Lanka Tourism Development Authority facilitates to establish the new investment projects while simplifying and expediting the approval process for construction conjunction with other government agencies.

According to the Tourism Development Strategy 2011 – 2016, it is estimated that 2.5 million tourist arrivals by 2016 will require around 45,000 hotel rooms catering to the tourism economy. OSU has granted a positive contribution to achieve the target while adding new rooms to the national room capacity through new investment projects. Compared to the last two years, OSU contribution to increase the national room capacity will be significantly high in next couple of years. According to the facts of under construction investment hotel projects that are registered under OSU, 2800 new hotel rooms in 2014 and around 1600 rooms in 2015 will be added. The contribution of OSU to the national room capacity can be illustrated as follows.

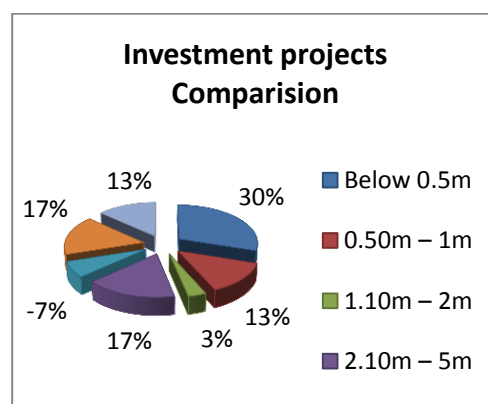


Progress of OSU handled Investment projects can be exemplified as follows.

Total No. of projects received as at 31 st December 2013	–	298
Total No. of projects processed within the year 2013	–	59
Total No. of final approval granted projects in the year 2013	–	36

Projects classified according to the scale of investment are given in the table below.

Range US \$ million	Total Projects Up to 2013	Projects in 2012	Projects in 2013	Change ² %
Below 0.5	53	3	12	300.00
0.50 – 1	28	1	5	400.00
1.10 – 2	39	8	9	12.50
2.10 – 5	84	13	18	38.46
5.10 – 10	41	5	3	-40.00
10.10 – 20	27	2	7	250.00
Over 20.1	26	1	5	400.00
Total	298	33	59	78.79

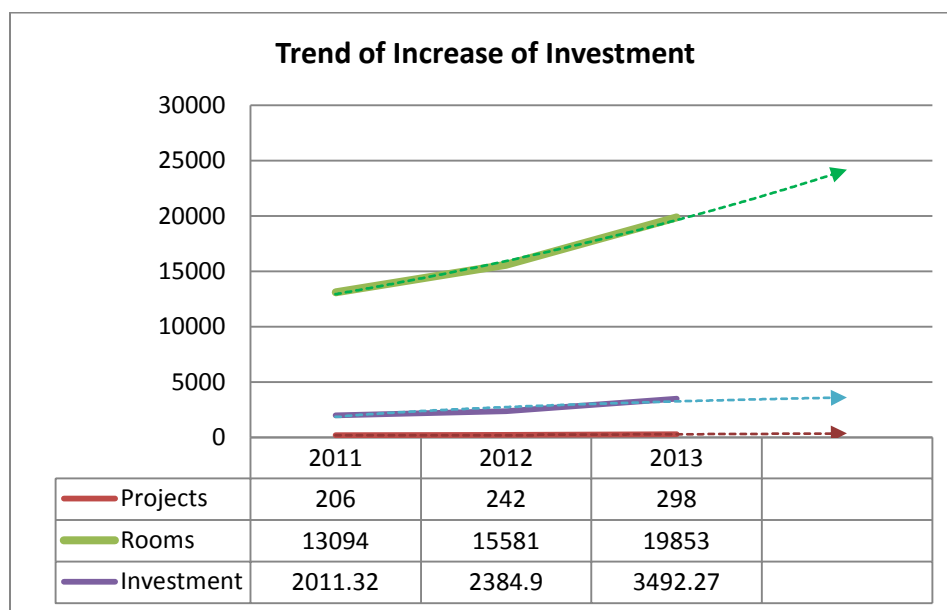


¹ * The room count of the years 2014, 2015 and 2016 are forecasted according to the actual room count of under construction hotel projects. It will be added more investment projects and room capacity during the upcoming years.

² Compared to 2012 Investment Projects

Investment projects - 2011 to 2013

There is a significant increase in the investment projects received to OSU in 2013. According to the existing trend of increase of receiving investment projects, it is expected to reach 370 investment projects facilitating a room count of nearly 25,000 by 2014.



By the end of 2013, OSU has handled 26 new investment projects where the investment is more than US\$ 20 million. Out of 26 projects, 5 of them were handled in the year 2013.

These 5 projects are distributed in the districts of Colombo, Kandy and Galle. It is expected from these projects to facilitate a room count of **2083** to the national room count. It is proposed to invest **US \$ 925.25** million on constructions.

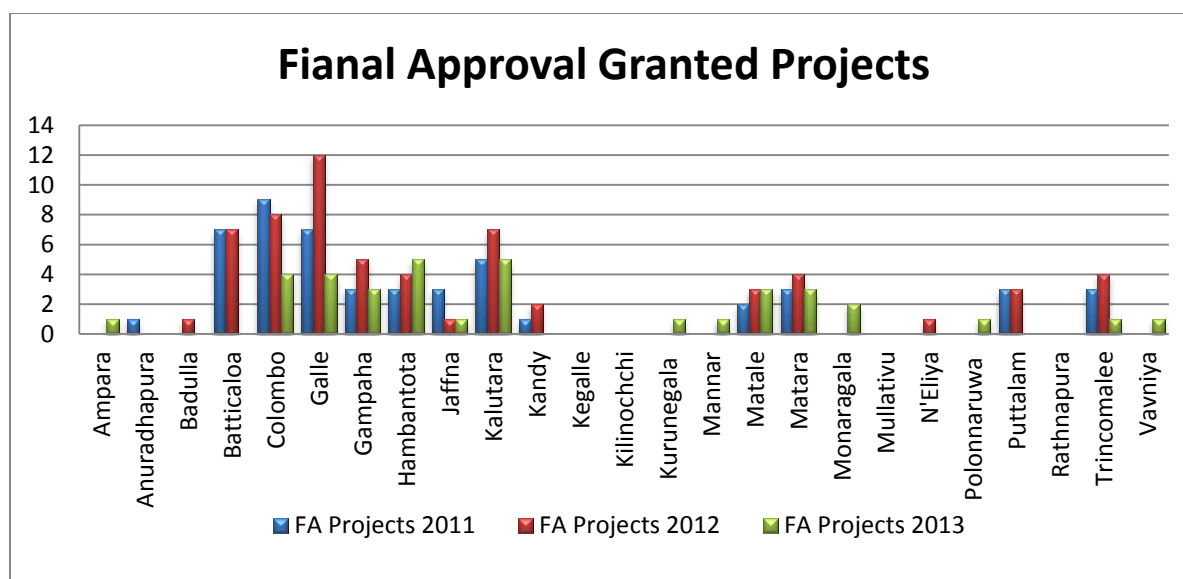
Final Approval Granted Projects – 2011 to 2013

Out of total 148 final approval granted projects, final approval for construction of 36 new investment projects were granted in the year 2013.

The geographical distribution of progress of final approval granted investment projects is as follows.

**Final Approval Granted Investment Projects by One Stop Unit
District wise Distribution**

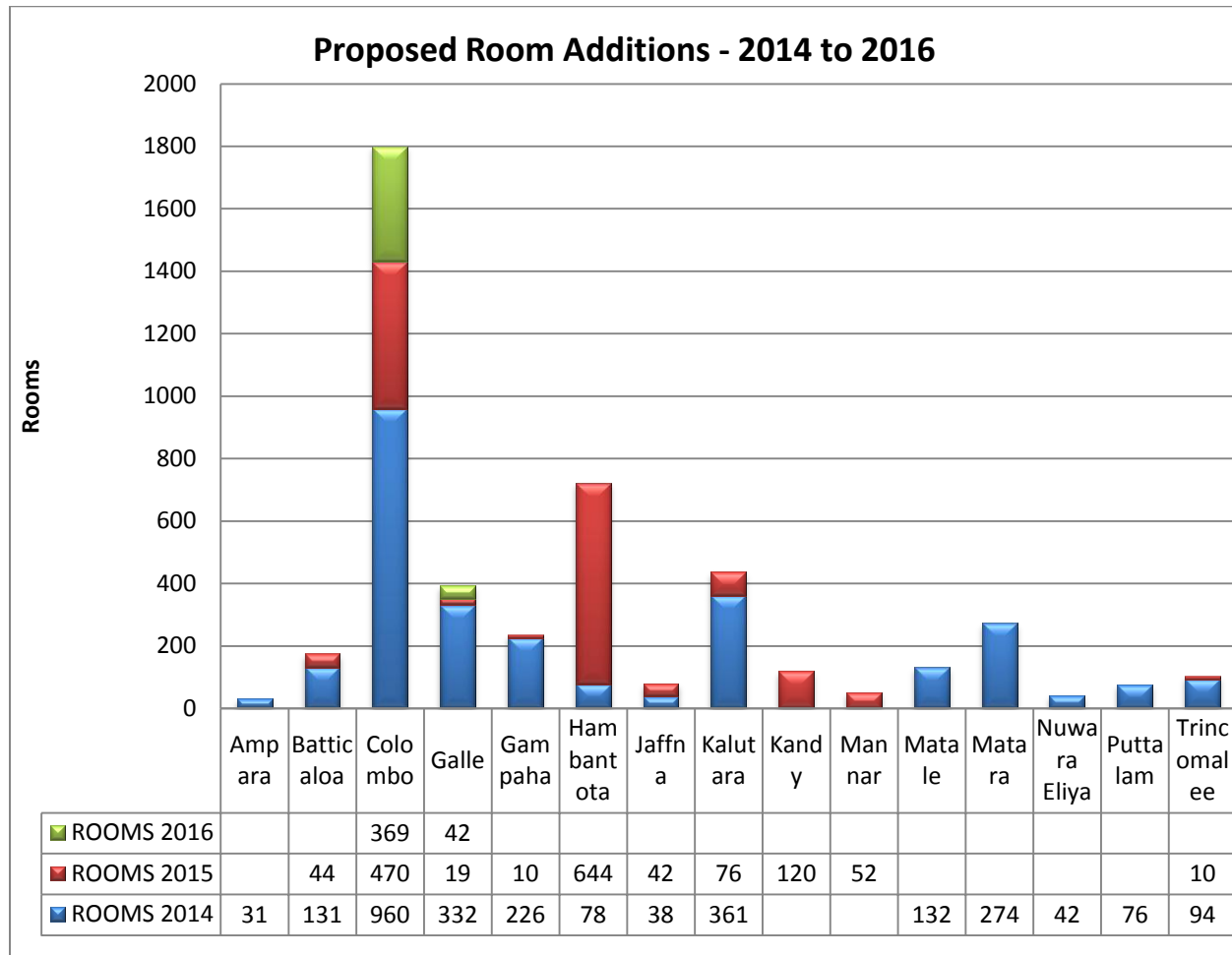
DISTRICT	Final Approval Granted 2011			Final Approval Granted 2012			Final Approval Granted 2013		
	Total Projects	Rooms	Investment (USD) Mn	Projects	Rooms	Investment (USD) Mn	Projects	Rooms	Investment (USD) Mn
Ampara							1	31	1.8
Anuradhapura	1	28	0.43						
Badulla				1	12	0.69			
Batticaloa	7	285	16.46	7	132	13.78			
Colombo	9	1067	118.59	8	874	108.31	4	329	24.14
Galle	7	198	22.88	12	722	86.2	4	80	10.86
Gampaha	3	293	30.81	5	290	38.08	3	48	10.23
Hambantota	3	164	13.06	4	168	11.19	5	845	171.76
Jaffna	3	92	6.4	1	18	0.58	1	66	6.36
Kalutara	5	335	33.49	7	322	16.44	5	712	110.89
Kandy	1	18	0.63	2	154	21			
Kegalle									
Kilinochchi									
Kurunegala							1	16	0.37
Mannar							1	52	1.22
Matale	2	29	0.87	3	118	16.55	3	193	17.2
Matara	3	54	21.9	4	169	21.7	3	75	13.63
Monaragala							2	42	1.37
Mullativu									
N'Eliya				1	42	3.7			
Polonnaruwa							1	33	0.63
Puttalam	3	104	8.4	3	221	12.9			
Rathnapura									
Trincomalee	3	116	20.76	4	122	10.25	1	10	0.6
Vavniya							1	15	1.16
	50	2783	294.68	62	3364	361.37	36	2547	372.22



Projects by Under Construction - 2013

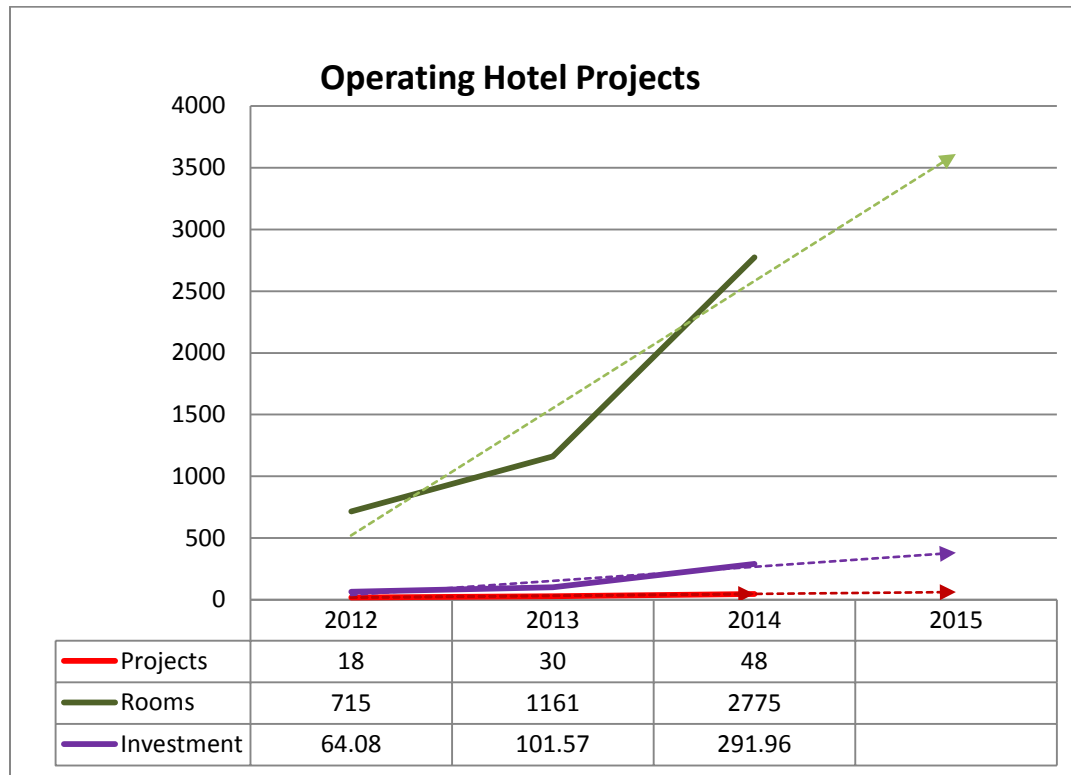
The district-wise distribution of Hotels which are under construction as at 31st December 2013 is as follows.

District	Under construction Project in 2013			Proposed to commence operations as of 2013 under construction projects								
				2014			2015			2016		
	No. of projects	No. of rooms	Investment	No. of projects	No. of rooms	Investment	No. of projects	No. of rooms	Investment	No. of projects	No. of rooms	Investment
Ampara	1	31	1.8	1	31	1.8						
Batticaloa	8	175	11.32	6	131	7.69	2	44	3.63			
Colombo	13	1799	206.28	8	960	106.9	3	470	43.88	2	369	55.5
Galle	8	393	40.36	5	332	34.84	2	19	2.2	1	42	3.32
Gampaha	5	236	35.46	4	226	34.91	1	10	0.55			
Hambantota	3	722	162.9	1	78	5.9	2	644	157			
Jaffna	3	80	3.98	2	38	0.98	1	42	3			
Kalutara	9	437	26.62	6	361	25.91	3	76	0.71			
Kandy	1	120	11				1	120	11			
Mannar	1	52	1.22				1	52	1.22			
Matale	4	132	16.42	4	132	16.42						
Matara	5	274	38.55	5	274	38.55						
Nuwara Eliya	1	42	3.7	1	42	3.7						
Puttalam	2	76	6.1	2	76	6.1						
Trincomalee	4	104	18.66	3	94	18.06	1	10	0.6			
Total	68	4673	584.37	48	2775	301.76	17	1487	223.79	3	411	58.82



Commencement of Operations of Hotel Projects

The progress of hotel projects that have commenced operations, which were handled by OSU can be described as follows. **1161** rooms have been appended to the tourism economy as operating rooms within the year 2013, highlighting an increment of 23.77 % relative to year 2012. By the year 2014, there will be another 2775 rooms on hand to operate highlighting a significant increment of 37.5 % compared to this year. According to the existing facts and the existing trend of projects, a room capacity of more than 3500 can be forecasted by the year 2015.



CHOGM 2013

Investor Information Platform

Commonwealth Heads of Government Meeting was held in Sri Lanka and parallel to this meeting CHOGM Business Forum (CHOGM BF) was held in Colombo from 11th to 15th November 2013. Parallel to the CHOGM BF, Sri Lanka Tourism Development Authority initiated an investor Information platform under the theme “Investment Made Easy Sri Lanka” with the guidance of Ministry of Economic Development. With the objective of dissemination of all the investment related information to the full fledge international and local investors, the information platform was conducted from 11th to 15th November 2013 with the conjunction of around 35 government and investment supportive agencies. During this period the team delivered their duties to promote the investment and to facilitate to the current investments in Sri Lanka.

During the period the team of the Information centre was able to disseminate information among the investors who attended the meeting representing the Commonwealth countries. There were more than 55 full fledge Investors to get disseminated information and around USD 6000 Million Investment Projects were standing to invest in Sri Lanka.

www.slipp.com

Parallel to this information platform, OSU initiated a Web Portal, “Sri Lanka Investment Promotion Platform” under the domain www.slipp.com as an investment information hub. This will facilitate the investors providing all the information regarding private and state owned lands for investments through land bank, service providers (all service providers from the decision taken stage to establishment of the project), finance & incentives, investment approval process, joint ventures, Hotel management, carrier opportunities, pre- developed proposals, and other investment related news.



Domestic Tourism & Resorts Management Division

1. Tourism development programmes completed in 2013

i. Construction Of Service Duct Section I & II	
	
Contractors	Tharakki & Ranmal Developers
Consultant	SLTDA
Project Cost	Rs. 67Mn
Location	Northern Wing & Southern Wing
Date Of Commencement	21.08.2010
Remarks	Completed

Name of the project/ programme	NHR Passikudha
Description of development activities	Street light for public area
Total Investment	0.376Mn
Current status/ progress	100%

2. On Going Tourism Infrastructure Projects

i. Earth filling works at public area- – NHR Passikudha



Contractor	5 contractors selected
Consultant	SLTDA
Project Cost	Rs. 52 Mn
Location	Public Area
Date Of Commencement	08.10.2012
Remarks	75% Completed

ii. Carpeting of Southern Wing Road -- NHR Passikudha



Contractor	Maga Neguma Construction Company
Consultant	DCL
Project Cost	141.5Mn (Not finalized)
Location	Southern Wing
Date Of Commencement	02.09.2013
Remarks	65% Completed

iii. Laying of Asphalt concrete for Internal road & Car park – NHR Bentota



Contractor	PRDA
Consultant	SLTDA
Project Cost	Rs. 20 Mn
Current status/ progress	90%

iv. Tourism & Cultural Trade Centre at Calido Beach - Kaluthara



Contractor	To be decided
Consultant	M/s. Muditha Jayakodi Associates (Pvt) Ltd
Description of development activities	Constructions of SHOPS, Restaurant, Open deck & External works
Total Investment	To be decided
Current status/ progress	Planning stage

STANDARDS & QUALITY ASSURANCE DIVISION

Registration and licensed Tourist Establishments

The registration and licensing of tourist establishments is an important function of Standards & Quality Assurance Division. For this purpose, regular inspections are carried out. SLTDA also makes recommendations to Department of Excise for the issuance of liquor licenses for Hotels, Guest Houses and Restaurants.

The number of tourist establishments and tourist guides registered with SLTDA during the year 2013 are as follows:

Category	Number of Establishments	Number of rooms
Unclassified Hotels	23	1119
Boutique Hotels	02	23
Boutique Villas	04	24
Tourist Guest House	49	488
Tourist Restaurants	21	--
Travel Agencies	63	--
Spice Gardens	04	
Tourist Shops	04	
Spas	04	

Category	Number
National Tourist Guides	141
Chauffeur Tourist Guides	24
Area Tourist Guides	17

Total No: of Hotels as at end of December 2013

Classified Hotels	No: of Establishments	Rooms
Five Star Hotels	15	3,343
Four Star Hotels	18	2,072
Three Star Hotels	13	860
Two Star Hotels	33	1,724
One Star Hotels	35	1,390
Total No: of Classified Hotels	114	9,389
Unclassified Hotels	167	6,719
Total No: of Hotels	281	16,108

Total No: of Establishments as at end of December 2013

Category	Number of Establishments	Number of rooms
Boutique Hotels	25	441
Boutique Villas	31	204
Tourist Guest House	676	7,230
Tourist Restaurants	394	
Travel Agencies	593	--
Spice Gardens	30	
Tourist Shops	58	
Spas	17	
Water Sports	07	
National Tourist Guides	1516	
Chauffeur Tourist Guides	1,357	
Area Tourist Guides	1197	
Site Tourist Guides	150	

Home Stay Programme Activities during the year 2013

Home Stay Programme which Sri Lanka Tourism Development Authority initiated in 2011 was re-launched in 2013 enhancing the benefits given to the potential Home Stay operators in order to upgrade and prepare new Home Stays with a target of achieving 10,000 rooms by 2016.



New Home Stay Logo

This programme was implemented under the 'Divi Neguma' National Programme with the main objective of trickling down the tourism benefit to the grass-root level community.

Since its initiation up to 31st December 2013, the progress of the registration of houses under the Home Stay programme is as follows;

Sub categories	Classifications	No. of units	No. of Rooms
Bungalows	Standard	33	
	Superior	37	
	Deluxe	56	
	Total	126	530
Heritage Bungalows	Deluxe	2	
	Total	2	10
Home Stay Units	Standard	71	
	Superior	75	
	Deluxe	27	
	Total	173	532
Rented Apartments	Standard	6	
	Superior	11	
	Deluxe	3	
	Total	20	48
Rented Homes	Standard	1	
	Superior	1	
	Total	2	8
Total		323	1128

In order to achieve the objectives of the programme and intended target, Sri Lanka Tourism Development Authority made arrangements to offer following services to the potential Home Stay owners under the new project in 2013.

The following services offered by Sri Lanka Tourism to potential Home Stay Owners.

- 01. Technical support for preparation of a house/unit for the tourism purpose
- 02. Financial assistance
- 03. Training
- 04. Marketing

Important Events in 2013

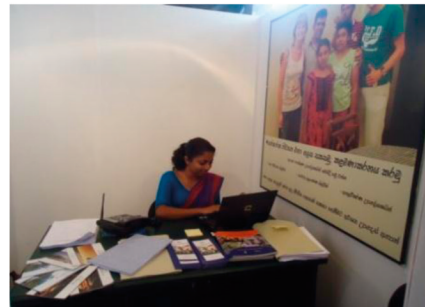
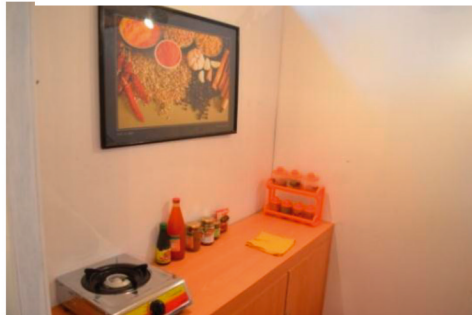
- **Dayata Kirula – Ampara**
Dates – 23rd to 28th March 2013

In 2013, Sri Lanka Tourism decided to prepare a complete model Home Stay unit as the exhibition stall of this event with the objective of educating the public about the quality standards we need to prepare at a Home Stay.

It was also objected to popularize the Home Stay concept in the eastern area and to encourage more people to join the programme.

His Excellency Mahinda Rajapakshe with the First Lady visited the Home Stay exhibition stall at this exhibition.





- **CHOGM 2013**

Commonwealth Heads of Governments Meeting was held in Colombo in November 2013.

In order to obtain the maximum benefit of this important event Sri Lanka Tourism gave opportunity to 100 SME sector tourism stakeholders including 20 Home Stay operators to take part in the Commonwealth Business Council.

As per the concept of Hon. Basil Rajapakshe, Minister of Economic Development, SLTDA made arrangements to print individual promotional leaflets to all these participants and to design individual website for all the above participants.



In addition, A separate exhibition stall was prepared to promote the Home Stay programme at the 'Reflection of Sri Lanka' exhibition held at Battaramulla from 13th - 17th November 2013.

The Home Stay operators who participated at the above event had the golden opportunity to meet the international delegates. Four traditional food stalls were also created by the Home Stay operators giving a memorable opportunity to taste Sri Lankan authentic food.





AWARENESS PROGRAMMES

01. Padavigampola – Rambukkana in Kegalle District



This is a potential Home Stay village proposed by the Sabaragamuwa Provincial Council.

An initial visit and an awareness programme was held at the above village



Gomadiya , Katuwana – Hambantota

This is a potential Home Stay village proposed by the Sabaragamuwa Provincial Council.

An initial visit and an awareness programme was held at the above village



Ihala Madampella- Gampaha

A traditional craft village. The villagers are involved in Handloom fabric making. An official visit and an awareness programme were carried out in this village on 10th May 2013.



Kalasirigama, Henewala-Kandy

A traditional craft village. The villagers are involved in Hemp crafts (Hana). An official visit and an awareness programme were carried out in this village on 16th May 2013.



Kalapura – Kundasale – Kandy

A village of traditional craftsmen. The villagers are involved in different handicrafts. An official visit and an awareness programme were carried out in this village on 16th May 2013.



Kooragala – Gelioya-Kandy

A traditional craft village. The villagers are involved in Drum Making. An official visit and an awareness programme were carried out in this village on 16th May 2013.



Neelawala- Kandy

A traditional craft village. The villagers are involved in Silver Jewellery craft. An official visit and an awareness programme were carried out in this village on 16th May 2013.



- **Sancharaka Udawa 2013**

Date : June 2013

Venue : BMICH – Colombo

Special emphasis was given to Home Stay programme at this event. More than 650 people visited the Home Stay stall and obtained information with regard to the programme.

Awareness Programmes

- **Awareness Programme - Ampara District**

Date – 3rd Jan 2014

Venue – Ampara Kachcheri



- **Awareness Programme – Pottuvil**

Date – 4th January 2014

Venue – Divisional Secretariat, Pottuvil



Human Resources & Premises Management Division

Approved & Existing Cadre as at 31st December 2013.

	Designation	Approved	Existing
01	Director General	01	01
02	Deputy Director General	01	
03	Director	07	06
04	Deputy Director	22	05
05	Assistant Director		07
06	Junior Manager	27	25
07	Management Assistant	50	40
08	Development Assistant	-	01
09	Office Aide / Labor	26	18
10	Waiter Room Boy	25	21
11	Life saving Guard	04	03
12	Pump Operator	03	04
13	Cook Care Taker	13	14
14	Driver	11	10
15	Multi Duty Technician	02	01
16	Casual staff WRB A'pura		01
17	Contract staff		04

New Recruitments - 2013

	Name	Designation
01	Dr.D.S.Jayaweera	Director General
02	Mr.H.M.R.Bandara	Director
03	Mr.R.M.Sumathirathna	Restaurant & Accommodation supervisor

Resigned Employees 2013

	Name	Designation
01	Mr.W.N.B.P.Fernando	Development Assistant
02	Mr.R.M.C.J.Paliskara	Town Planner
04	Ms.R.Nimalka Morahella (contract)	Project Manager

Training

- **Local Training**

SLTDA Staff participated 26 local courses & training programs in 2013.

- **Overseas Training**

SLTDA Staff attended to the following Overseas Training programmes in 2013.

Participants	Program	Time period	country
Mr. P.U. Rathnayake	Training on tourism & biodiversity , understanding tourism trends & biodiversity conservation for innovative products & marketing UNWTO	14 th April 2013 - 26 th April 2013	Holstein - Germany
Ms. H.V.L. Alwis	Workshop on development & marketing of agro tourism for increasing farm household incomes	26 th August 2013 – 31 st August 2013	Bali- Indonesia
Mr. D.P. Nandana	Seminar on cultivation on tourism talents in tropical areas	12 th June 2013- 02 nd July 2013	Hainan province, China
Mr. D.P. Nandana	7 th UNWTO Asia/pacific executive training program on tourism policy & strategy	3 rd June 2013- 6 th June 2013	Busan- south korea
Mrs. T.D.L.R. Perera	Seminar on tourism management & development	15 th August 2013– 04 th September 2013	Beijing - the people's Republic of china
Mr.M.U.Liyanarachchi	Training course on planning Management of Eco Tourism	25 th – 29 th November 2013	National Training & productivity centre Fiji National University, Fiji

In this year SLTDA Head office was refurbished & constructed new travel information centre.

ICT Development

Registration and License Renewal System of SLTDA

This system will enable faster processing of Business Licenses which are issued by SLTDA with an online interface for our licensees to interact with SLTDA using the online channel.(ie. To register, renew and pay fees and taxes)

Data Extraction System from Department of Immigration and Emigration

Joint project between SLTDA and Department of Immigration was launched to accurately extract visitor data from Boarder Control System of Department of Immigration and to derive with tourism traffic information and statistics.

1912 Hotline with Tourism Information Call Centre

A new high-end call management solution provided by Sri Lanka Telecom was deployed to efficiently provide information via 1912 hotline connected to the new Travel Information Counter (TIC) premises which is located at SLTDA/SLTPB premises and manned from 8.30 a.m. 415 p.m. for the convenience of both local and foreign travelers.

Lesser Known Attractions Project.

The second phase of the above project which was initiated to gather information related to second level attractions in the country. The information gathered will be disseminated using various channels including web and social media.

Internal Audit Division

The fundamental role of Internal Audit is to provide senior management with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendation for improvement.

This role is fulfilled by carrying out appropriate audit work, normally in accordance with an Annual Internal Audit Plan, as approved by the Board of Directors.

Objectives of the Internal Audit Division

To review, appraise and report on

- The soundness, adequacy and application of accounting financial and other relevant controls.
- The extent of compliances with relevant laws, rules, regulations, establish policies, plans, procedures and management directives.
- The extent to which SLTDA's assets and interests are properly accounted for and safeguard from losses of all kinds.
- The application of proper authorization within the delegated authorities given by management.
- The reliability of accounting and other data developed within the organization and proper coordination between the sections and
- The quality of performance in carrying out assigned function.

The progress for the year 2013

For the year 2013 the Internal Audit Plan progressed well and audit coverage has been in line with the plan.

During the year under review 4 (four) Audit and Management Committee meetings were conducted and their recommendation were approved by the Board of Directors.

Projects

Achievement for the year 2013

Financial and Administration Control	8 audits and 74 recommendations
Reviewing system Controls and Procedures	4 assignments
Investigations	8 investigations
Outstation audits and inspections	7 inspections / visits
Verifications	4 National Holiday Resorts
	3 projects and the Head Office.

Financial Management Division

We are forwarding the financial management division's performance for the year 2013 as depicted below.

(1). Tourism Development Fund

	Actual Rs.Mn 2013	% Change	Actual Rs. Mn 2012
• Embarkation Levy	1,602.61	37.96	1,161.69
• Tourism Development Levy	938.49	15.41	813.19
• Total Tourism Development Fund	2,541.10	28.67	1,974.88

(2). Sri Lanka Tourism Development Authority

	Actual Rs. Mn	Budget Rs. Mn
• Recurrent Expenses	190.90	199.72
• Capital Expenses	104.83	512.20
• Total Expenses	295. 73	711.92

Legal Division

- Providing legal advice to day to day functions of the SLTDA.
- Conducting Board Meeting of SLTDA.
- Drafting of Legal documents pertaining to the legal actions instituted against the SLTDA and cases instituted by the SLTDA and appearing in Courts, Labour Tribunal, Human Rights Commission and before the Commissioner of Labour.
- Coordinating and attending to consultations with Attorney General's Department and Private Counsels on legal matters on behalf of the SLTDA.

Preparation and execution of Agreements with local and foreign consultants, Lease Agreements and other agreements. .

The following functions were done by the Legal Division during the year 2013.

1. Lease Agreements

No.	Description	Lease Period
01	M/S Jungle Beach Resort – Kuchchaweli	99 Years
02	M/S Hikkaduwa Holiday Resort – Coral Garden Hotel	10 Years
03	M/S Lets Travel Resort (Pvt) Ltd. staff accommodation at National Holiday Resort, Passikudah	30 Years

2. Other Agreements

No.	Description	Purpose
01	Provincial Road Development Authority	Asphalt Concrete NHR Bentota
02	W. E. Security Services	Security Service of Head Office & Resorts
03	M/S Tandam Speed (Pvt.) Ltd.	Janitorial Service
04	Mr. R. M. Sumathirathne	Employment contract
05	Mr. A. C. N. S. Ranaweera	Employment contract
06	Mr. H. M. R. Bandara	Employment contract

The Sri Lanka Tourism Development Authority legal action initiated in one party and legal action filed against the SLTDA six parties.

SRI LANKA TOURISM DEVELOPMENT AUTHORITY

Annual Accountnts - 2013

Invest in Sri Lanka Tourism



Sri Lanka Tourism
Development Authority

26 February 2013

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Sri Lanka Tourism Development Authority
Statement of Financial Position
as at 31 December 2013

	Note	2013 Rs	2012 Rs
ASSETS			
Current Assets			
Cash in Hand and at Bank	11	725,339,525.00	186,655,912.23
Trade & Other Receivables	12	326,463,332.10	167,194,031.02
Inventories		2,544,787.10	3,056,873.98
Pre payments		1,183,512.57	1,220,276.70
Advances	13	125,466,044.69	122,312,661.14
W.H.T. / VAT Receivable		4,915,105.61	3,092,375.14
Deposit Receivable		7,091,463.94	6,980,601.47
Total Current Assets		1,193,003,771.01	490,512,731.68
Non- Current Assets			
Property, Plant & Equipment	10	2,374,860,083.16	2,359,063,280.92
Less : Provision for Depreciation		258,323,054.19	204,155,470.12
Written down value		2,116,537,028.97	2,154,907,810.80
Add : Work in progress	14	194,053,108.58	116,762,186.73
Intangible Assets (Development cost Net)		48,482,869.85	50,967,357.74
Library Books		1,880,781.06	1,880,781.06
Long Term Investments	15	76,636,594.03	75,829,195.62
Total Non- Current Assets		2,437,590,382.49	2,400,347,331.95
Total Assets		3,630,594,153.50	2,890,860,063.63
LIABILITIES			
Current Liabilities			
Creditors		6,907,070.38	11,162,545.33
Land Lease Rent Payable		411,286,500.00	-
Deposit / Other payables		40,410,016.24	21,589,981.82
V. A. T. Payable		2,183,724.17	1,813,023.08
Revenue in Advance		30,815,799.26	34,621,848.86
Accrued Expenses		62,709,875.62	28,347,254.68
Provision for Retirement Gratuity	16	36,440,908.46	31,674,118.63
Total Current Liabilities		590,753,894.13	129,208,772.40
Net Assets		3,039,840,259.37	2,761,651,291.23
NET ASSETS/EQUITY			
Government Account		14,272,174.41	14,272,174.41
Capital Reserves		(243,736,884.06)	(243,736,884.06)
Kalpitiya Equity		86,580,623.69	84,450,443.14
Revaluation Reserve		945,835,503.71	945,835,503.71
Capital Contribution		1,636,043,832.98	1,636,043,832.98
Revenue Account		599,155,987.19	323,097,199.60
Sinking Fund		759,021.45	759,021.45
Tourism Fund		930,000.00	930,000.00
Total Net Assets/Equity		3,039,840,259.37	2,761,651,291.23

D.S. Jayaweera

Director General**Sri Lanka Tourism Development Authority**

P.N.Dissanayake

Director/Financial Management**Sri Lanka Tourism Development Authority**

Sri Lanka Tourism Development Authority
Income Statement
For the period ended 31 December, 2013

	Note	2013 Rs	2012 Rs
Revenue			
Embarkation Levy	17	224,684,186.81	162,635,991.98
Tourism Development Levy	18	142,107,586.11	113,262,576.09
Fees and Licenses	19	101,269,882.49	96,051,737.10
Surplus from Resort Operation	20	4,642,129.21	13,080,510.21
Other Income	21	30,530,590.45	21,186,443.84
Total Revenue		503,234,375.07	406,217,259.22
Expenses			
Wages, Salaries & Employee Benefits	22	77,472,925.27	71,652,759.35
Supplies and Consumables Used	23	62,467,581.70	65,388,578.30
Trade Related Expenditure	24	58,655,598.42	45,429,582.83
Depreciation and Amortization Expense		27,954,768.76	31,913,948.90
Other Expenses	25	555,379.56	8,713,618.16
Finance Expenses	26	69,333.77	81,679.00
Total Expenses		227,175,587.48	223,180,166.54
Profit/ (Loss) for the Period		276,058,787.59	183,037,092.68
Profit/ (Loss) brought forward		323,097,199.60	140,060,106.92
Add: adjustment during the period			
Total		323,097,199.60	140,060,106.92
Profit/ (Loss) carried forward to general fund		599,155,987.19	323,097,199.60

Sri Lanka Tourism Development Authority
Cash Flow Statement
For the Year Ended 31 December 2013

Cash flows from operating activities

Net Surplus/(Deficit) before taxation, and extraordinary item	276,058,787.59
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Adjustments for

Depreciation	63,176,351.44	
Increase/(Decrease) in Provision for Doubtful debts	(2,600,840.94)	
Depreciation Written back	(15,046.56)	
Staff loan & Deposit Interest	(473,544.39)	
(Gain)/ Loss on Disposal of Assets	8,383.33	
Bank Interest Received	(17,768,612.05)	
Provision for Gratuity	4,766,789.83	47,093,480.66
Operating Surplus/(Deficit) before working capital changes		323,152,268.25

Changes in working capital-Inflow/(Outflow)

(Increase)/Decrease in Inventories	510,086.88	
(Increase)/Decrease in Trade Receivables	(151,625,542.77)	
(Increase)/Decrease in Prepayments	36,764.13	
(Increase)/Decrease in Advances	(3,153,383.55)	
(Increase)/Decrease in W.H.T. / V.A.T. Receivable	(1,421,488.97)	
(Increase)/Decrease in Deposit Receivables	(110,862.47)	
Increase/(Decrease) in Trade Payables	(4,255,474.95)	
Increase/(Decrease) in Land Lease Rent Payables	411,286,500.00	
Increase/(Decrease) in Deposit / Other Payables	18,820,034.42	
Increase/(Decrease) in V.A.T. Payable	370,701.09	
Increase/(Decrease) in Revenue in Advance	(3,806,049.60)	
Increase/ (Decrease) in Accrued Expenditure	34,362,620.94	301,013,905.15
Net cash from operating activities		624,166,173.40

Cash flow s from investing activities

Staff loan & Deposit Interest	473,544.39	
Purchase of Property, Plant and Equipment	(105,047,499.21)	
Increase in Long Term Investment	(807,398.41)	
Bank Interest Received	17,768,612.05	
Net cash used in investing activities		(87,612,741.18)

Cash flows from financing activities

Increase in Kalpitiya Equity	2,130,180.55	
Net cash used in financing activities		2,130,180.55

Net Increase in cash and cash equivalents

		538,683,612.77
Cash and cash equivalents at beginning of period (Note 28)		186,655,912.23
Cash and cash equivalents at end of period (Note 27)		725,339,525.00

Sri Lanka Tourism Development Authority**Changes in equity statement for the year ended 31 December 2013**

	Government Account	Capital Reserves	Kalpitiya Equity	Revaluation Reserve	Capital Contribution	Revenue Account	Sinking Fund	Tourism Fund	Total
Balance at 01 January 2013	14,272,174.41	(243,736,884.06)	84,450,443.14	945,835,503.71	1,636,043,832.98	323,097,199.60	759,021.45	930,000.00	2,761,651,291.23
Profit for the Year	-	-	-	-	-	276,058,787.59	-	-	276,058,787.59
Interest Income	-	-	2,130,180.55	-	-	-	-	-	2,130,180.55
Balance at 31 December 2013	14,272,174.41	(243,736,884.06)	86,580,623.69	945,835,503.71	1,636,043,832.98	599,155,987.19	759,021.45	930,000.00	3,039,840,259.37

Notes to Accounts

1.0 Accounting Policies

1.01 Accounting Requirements:

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

1.02 Events after the Reporting Date:

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

1.03 Inventories/Stocks:

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

1.04 Depreciation

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

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

Cutlery & Silverware	-	25%	(04 Years)
Linen	-	50%	(02 Years)
Development Cost	-	10%	(10 Years)

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

1.05 Provision for Bad Debts

Bad debts provision was estimated on debtor balances after deducting the rent deposits of particular customers on the following basis.

More than one year but less than two years	-	No provision
More than two years but less than three years	-	05%
More than three years but less than four years	-	25%
Four years & above	-	50%

1.06 Contingent Liabilities

There are no contingent liabilities available to disclose as per the SLPSAS 8

1.07 Taxation

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

1.08 Foreign Currency Transactions

These transactions are converted on the following rates.

Receipts & payments	-	Actual
Remittance	-	Actual

1.09 Capitalization of Assets

The total value Rs.1, 139,507.25 was capitalized for the period of 1st January to 31st December 2013 in the following manner.

Description	Amount/Rs.
SLTDA Office @ Passikudah	1,139,507.25

1.10 Advances

The following advances are shown under current assets

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

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

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

Note: Present position of the above two advances

(a) **Dedduwa Project**

Initial Advance	30,000,000.00
Accrued Interest	39,124,674.54
Total Advance	69,124,674.54

The Divisional Secretary has proceeded with acquisition process and paid compensation to the tenant whose ownership was proven, and balance has to be paid for the remaining lands, when the process is completed the divisional secretary will issue a land vesting order to SLTDA.

Until we receive the vested right to lands, total advance has been recognized in the advance account.

(b) **Kalpitiya Project**

According to a Bank confirmation as at 31st December 2013, the value of the advance has been increased in the following manner.

Initial Advance	41,000,000.00
Accrued Interest	13,415,473.46
Total Advance	54,415,473.46

The amount of Rs.13, 415,473.46 interests added to the value of the initial advance, total amount will be utilized for land acquisition.

1.11 Investments

Board has invested Rs.4.0 million (Rs.10/- shares x 400,000) at Taj Exotica Ltd in 1991 and the company's shares are not listed. The net book value per share was Rs.10.51 as per 2013 financial statements of the company.

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

1.12 Related party transactions

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

1.13 Work in Progress

Projects under construction were representing the value of work in progress amounting to Rs.194, 053,108.58 (please refer note 6).

1.14 Debtor Amount Rs. 326,463,332.10

Description	Debtors Accounts
	Rs.
Trade Debtors	21,391,637.07
Sundry Debtors	4,638,136.58
Sub Total	26,029,773.65
Less: Provision for bad debts	(2,094,707.64)
Net – Trade & Sundry Debtors	23,935,066.01
Sri Lanka Tourism Promotion Bureau	26,127,775.25
Sri Lanka Institute of Tourism & Hotel Mgt	11,236,982.13
Sri Lanka Convention Bureau	694,466.00
Kalpitiya Project	83,681.75
TDF Current Account	207,158,628.18
Sewage Plant Receivable	31,772,707.21
Water Service – Passikudah	8,293,317.74
Debtor – NPCL	1,287,371.71
Current A/c – Head office	42,630.65
Returned Cheques	660,463.25
Festival Advance	160,000.00
Special Loan	133,604.99
Distress Loan	14,876,637.23
Total	326,463,332.10

1.15 Creditor Amount Rs. 6,907,070.38

The following amounts were included to the creditor amount.

Description	Creditors Accounts
	Rs.
Sundry Creditors	147,063.02
SLTPB	47,905.74
SLITHM	6,511,960.19
SLCB	26,848.24
Gratuity payable	67,101.75
Kalpitiya Project Payables	106,191.44
Total	6,907,070.38

1.16 Comparison of Accounts.

Comparative financial information with the last year financial statements has been provided.

1.17 Valuation of Lands

During the financial year a process of valuing all the lands belongs to the SLTDA started with the government valuation department and is underway. When the valuation of entire assets class of lands is completed the new value will be recognized in the books of accounts.

1.18 Land Lease Rent Payable Rs. 411,286,500.00

Represent the upfront payments of land rent collected on account of Deputy Secretary to the treasury.

1.19 Kalpitiya Project

Funds received for the project from all the sources and expenditure for the project activities and project office administration have been listed in the following statement. All the expenses have been categorized under the project work in progress account in

the SLTDA Ledger and funds received has been categorized under the project equity and income received by selling bidding document of Rs.1,743,000/- & 1% of contract price of Rs.1,500,000/- have also been identified directly in the equity account. Further expenditure has been identified on accrual basis.

Receipts

Description	Amount/Rs
Sri Lanka Tourism Development Authority	45,680,602.80
Sri Lanka Tourism Promotion Bureau	47,500,000.00
Sri Lanka Institute of Tourism & Hotel Management	1,800,000.00
Sri Lanka Convention Bureau	600,000.00
Qube Lanka Leisure Properties Pvt Ltd – 1% out of the bid price	1,000,000.00
Sun Resort Investment Pvt Ltd – 1% out of bid price	500,000.00
Bidding Fee at Rs.2,000/-	18,000.00
Bidding Fee at Rs.25,000/-	1,725,000.00
Total	98,823,602.80

Expenditure

Description	Amount/Rs
Payments programme/Project expenses	66,306,641.53
Administrative expenses	32,113,102.73
Capital expenditure	1,839,319.60
Total	100,259,063.86

10. Property, Plant & Equipment
Note
No. 10

Note	Description	Balance as at 01.01.2013	Additions 2013	Transfers /Adjustments	Balance as at 31.12.2013	Acc. Depreciation as at 01.01.2013	Depreciation 31.12.2013	Transfers /Adjustments	Acc. Depreciation as at 31.12.2013	Net Book Value as at 31.12.2013
10.01	Land	1,573,946,957.47	5,782,136.99	-	1,579,729,094.46	-	-	-	-	1,579,729,094.46
10.02	Buildings	418,823,993.12	2,604,025.84	401,241.50	421,026,777.46	67,562,198.71	19,918,686.07	15,046.56	87,465,838.22	333,560,939.24
10.03	Road & Works	34,626,184.19	3,383,060.18	-	38,009,244.37	11,103,554.00	4,140,366.16	-	15,243,920.16	22,765,324.21
10.04	Water Ser & Drainage	154,346,131.96	1,312,892.13	8,794,626.24	146,864,397.85	31,146,118.00	14,995,063.74	3,751,708.87	42,389,472.87	104,474,924.98
10.05	Electrical Installation	20,183,737.72	346,408.06	12,000.00	20,518,145.78	6,819,739.00	731,272.24	12,000.00	7,539,011.24	12,979,134.54
10.06	Telecom Installation	16,634,142.92	274,989.79	-	16,909,132.71	1,367,813.78	1,756,431.08	-	3,124,244.86	13,784,887.85
10.07	Fixtures & Fittings	9,346,316.44	204,836.00	-	9,551,152.44	3,416,065.00	932,958.33	-	4,349,023.33	5,202,129.11
10.08	Furniture	20,195,868.95	4,523,050.83	1,950.00	24,716,969.78	4,512,436.80	2,169,703.85	1,950.00	6,680,190.65	18,036,779.13
10.09	Miscellaneous Equipment	19,668,391.12	1,083,512.80	26,500.00	20,725,403.92	5,659,113.94	1,994,190.46	26,500.00	7,626,804.40	13,098,599.52
10.10	Plant & Machinery	7,770,848.50	2,609,985.25	-	10,380,833.75	6,881,446.00	448,502.05	-	7,329,948.05	3,050,885.70
10.11	Motor Vehicles	29,583,871.19	-	-	29,583,871.19	21,764,888.89	5,801,754.24	-	27,566,643.13	2,017,228.06
10.12	Data Processing Equipment	45,678,706.01	1,097,895.00	14,050.00	46,762,551.01	38,257,014.00	4,206,859.06	14,050.00	42,449,823.06	4,312,727.95
10.13	Glassware & Crockery	1,329,947.00	69,442.11	26,715.00	1,372,674.11	917,977.00	39,752.73	20,331.67	937,398.06	435,276.05
10.14	Cutlery & Silverware	521,138.56	232,205.00	-	753,343.56	378,741.00	51,904.53	-	430,645.53	322,698.03
10.15	Linen	6,407,045.77	1,549,445.00	-	7,956,490.77	4,368,364.00	821,726.63	-	5,190,090.63	2,766,400.14
	Sub Total	2,359,063,280.92	25,073,884.98	9,277,082.74	2,374,860,083.16	204,155,470.12	58,009,171.17	3,841,587.10	258,323,054.19	2,116,537,028.97
10.16	Development Cost	167,673,598.58	2,682,692.38	-	170,356,290.96	116,706,240.84	5,167,180.27	-	121,873,421.11	48,482,869.85
	Total	2,526,736,879.50	27,756,577.36	9,277,082.74	2,545,216,374.12	320,861,710.96	63,176,351.44	3,841,587.10	380,196,475.30	2,165,019,898.82

Sri Lanka Tourism Development Authority
Notes to the Financial Statements
For the period ended 31 December, 2013

11 Cash in Hand and at Bank

Item	2013 (Rs.)	2012 (Rs.)
Cash in Hand - Petty Cash	89,621.00	40,380.00
Cash at Bank - HO & Resorts	725,207,798.71	186,559,960.18
Cash in Hand - Petty Cash (Kalpitiya Project)	24,910.00	25,000.00
Cash at Bank - (Kalpitiya Project)	17,195.29	30,572.05
Total of cash in hand & bank balance	725,339,525.00	186,655,912.23

12 Trade & Other Receivable

Item	2013 (Rs.)	2012 (Rs.)
Trade Receivable	21,391,637.07	18,598,900.84
Other Receivable	291,996,160.45	137,715,832.54
Employees - Loans & Advances	15,170,242.22	15,574,846.22
Sub Total	328,558,039.74	171,889,579.60
Less : Provision for bad & doubtful debts	(2,094,707.64)	(4,695,548.58)
Total	326,463,332.10	167,194,031.02

Provision for Doubtful Debts

Item	2013 (Rs.)	2012 (Rs.)
Balance at the Beginning	4,695,548.58	4,162,242.13
(Over)/ Under Provision for the year	(2,600,840.94)	533,306.45
Balance at the End	2,094,707.64	4,695,548.58

13 Advances

Item	2013 (Rs.)	2012 (Rs.)
Advances - Expenses	1,925,896.69	902,693.69
Advances - Acquisition of Land (Dedduwa)	69,124,674.54	69,124,674.54
Advances - Acquisition of Land (Kalpitiya)	54,415,473.46	52,285,292.91
Total	125,466,044.69	122,312,661.14

14 Work in Progress

Item	2013 (Rs.)	2012 (Rs.)
NHR - B'wela (Consultancy fee)	62,955.00	62,955.00
Passikudah - Infrastructure Development Project	45,661,667.25	-
Passikudah - Earth Filling	21,419,514.01	18,079,514.01
Head Office - Car park & Main Gate	57,597.95	57,597.95
Anuradhapura	200,000.00	200,000.00
Sulanka Bentota	250,000.00	250,000.00
Renovation of Head Office Building	22,103,250.86	-
Tourist Police Information Centre	3,196,812.23	-
Bentota -Laying Asphalt Concrete	2,376,805.02	-
Construction of Generator Room - Kataragama	304,762.00	-
Kalpitiya Development Project	98,419,744.26	98,112,119.77
Total	194,053,108.58	116,762,186.73

15 Long Term Investments

Item	2013 (Rs.)	2012 (Rs.)
Depreciation Investment - Tourist Bureau	976,508.99	976,508.99
Depreciation Investment - Tourist Board	52,154,737.54	52,154,737.54
Sinking Fund Investment	759,021.45	759,021.45
Sri Lanka Hotel Tourism (Pvt) Ltd	750,000.00	750,000.00
Exotica Resorts Ltd- Ord. Shares of Rs. 10/= (each)	4,000,000.00	4,000,000.00
Investment for gratuity	17,996,326.05	17,188,927.64
Total	76,636,594.03	75,829,195.62

16 Provision for Retirement Gratuity -

Item	2013 (Rs.)	2012 (Rs.)
Gratuity payable brought forward	31,674,118.63	29,667,781.38
Less : Gratuity paid during the year 2013	-	2,882,609.72
Sub Total	31,674,118.63	26,785,171.66
Add : Provision for gratuity - 2013	4,766,789.83	4,888,946.97
Total Gratuity payable as on 31/12/2013	36,440,908.46	31,674,118.63

17 Embarkation Levy

Item	2013 (Rs.)	2012 (Rs.)
Embarkation Levy for the year	224,365,509.14	162,635,991.98
Less : Under Provision (Change in Estimates)	318,677.67	-
Total	224,684,186.81	162,635,991.98

18 Tourism Development Levy

Item	2013 (Rs.)	2012 (Rs.)
Tourism Development Levy for the year	130,663,010.15	105,641,765.31
Add : Under Provision (Change in Estimates)	11,444,575.96	7,620,810.78
Total	142,107,586.11	113,262,576.09

19 Fees and Licenses

Item	2013 (Rs.)	2012 (Rs.)
Land lease rent income - Head Office	34,779,298.30	31,672,419.84
License Fee/Administration Fee / Visa Fee	53,587,114.78	50,897,124.81
Unit for National Tourism Investment	7,802,201.96	9,417,364.70
TDF Administration Fee	5,101,267.45	4,064,827.75
Total	101,269,882.49	96,051,737.10

20 Surplus / (Deficit) - Domestic Tourism Resorts Operation

Item	2013 (Rs.)	2012 (Rs.)
Kataragama	3,314,513.65	4,892,670.72
Nuwara Eliya	(1,463,681.70)	2,508,773.01
Bandarawela	(269,100.94)	1,214,233.91
Anuradhapura	1,069,608.68	373,010.83
Bentota	13,302,835.58	13,230,796.55
Polonnaruwa / Giritale	2,622,219.76	2,873,596.26
Kalkudah	(13,934,265.82)	(12,012,571.07)
Surplus / (Deficit) - National Holiday Resorts Operation	4,642,129.21	13,080,510.21

21 Other Income

Item	2013 (Rs.)	2012 (Rs.)
Interest Income - Staff Loans	473,544.39	470,622.49
Bank Interest	17,768,612.05	9,324,288.61
Gain on Disposal of Assets	12,766.67	2,912,422.07
Other income	5,151,074.24	2,323,215.76
Accrued Expenditure written back	7,124,593.10	6,155,894.91
Total	30,530,590.45	21,186,443.84

22 Wages, Salaries & Employee Benefits

Item	2013 (Rs.)	2012 (Rs.)
Salaries & Allowances	41,656,186.56	46,751,888.81
Holiday & Other Allowances	122,296.50	114,161.75
Overtime	2,678,382.96	1,675,651.95
Board's contribution to EPF	3,583,852.84	4,047,520.34
Board's contribution to ETF	723,490.56	804,933.72
Staff Welfare	15,074,855.30	10,770,722.35
Uniforms to Staff	286,287.51	239,141.71
Travelling local	741,506.25	741,346.75
Gratuity	4,766,789.83	4,888,946.97
Attendance Incentive	1,572,759.75	1,618,445.00
Employee Compensation	6,266,517.21	-
Total	77,472,925.27	71,652,759.35

23 Supplies and Consumables Used

Item	2013 (Rs.)	2012 (Rs.)
Entertainment local	1,672,072.52	1,812,670.76
Misc. supplies	1,642,365.45	1,104,102.02
Security Charges	4,284,366.49	3,257,340.72
Janitorial Charges	3,040,395.73	1,663,517.09
Stationery	3,231,002.51	4,345,095.65
Telephones	7,507,302.66	7,463,174.00
Postage & Stamp Duty	2,128,373.36	2,021,285.03
Electricity	11,614,489.91	10,304,847.34
Rates & Licenses	904,919.85	1,296,687.58
Insurance - Fixed Assets	1,048,023.83	1,166,445.80
Maintenance - Buildings	1,032,969.32	1,809,164.24
Maintenance - Equipment	4,217,645.29	2,205,759.88
Advertising General	2,219,226.37	1,696,668.12
Legal Expenses	2,061,436.14	921,513.29
Hire of Vehicles	5,210,634.46	13,715,889.50
Maint. & Repair vehicles	9,811,179.71	9,329,351.25
Water	841,178.10	741,759.58
Provision for Bad & Doubtful Debt	-	533,306.45
Total	62,467,581.70	65,388,578.30

24 Trade Related Expenditure

Item	2013 (Rs.)	2012 (Rs.)
Statistical Surveys	2,614,052.71	1,351,614.33
Hotel Classification	31,667,897.26	5,676,890.85
Travelling Overseas	460,283.03	419,310.02
Printing & Publications	473,783.31	1,868,488.01
Conference & Special Events	5,443,588.53	10,965,078.57
Sub Int'l Organization	5,219,253.00	4,764,022.00
Community Relations	1,077,899.99	3,152,834.26
Unit for National Tourism investment	2,918,875.06	7,605,268.39
Staff Training /Consultancy services	1,634,720.29	1,381,720.45
Books & Periodicals	162,140.00	199,630.00
ICT Maintenance	6,294,792.01	8,044,725.95
Kalpitiya Expenses	688,313.23	-
Total	58,655,598.42	45,429,582.83

25 Other Expenses

Item	2013 (Rs.)	2012 (Rs.)
Board Member Allowance	193,500.00	232,500.00
Losses/ Write-offs	-	140,004.00
Loss on Disposal of Assets	2,000.00	7,313,605.76
Audit Fees	266,415.64	851,146.04
Economic Service Charge	93,463.92	176,362.36
Total	555,379.56	8,713,618.16

26 Finance Costs

Item	2013 (Rs.)	2012 (Rs.)
Bank charges	69,333.77	81,679.00
Total	69,333.77	81,679.00

Notes to Cash Flow Statement**27 Composition of cash and cash equivalents at the end of the Period**

Cash in hand and at bank - (S.L.T.D.A.)	725,297,419.71
Cash in hand and at bank - Kalpitiya Project	42,105.29
	<u>725,339,525.00</u>

28 Opening Cash Balance

Cash Balance of S.L.T.D.A. as at 01.01.2013	186,600,340.18
Cash Balance of Kalpitiya Project as at 01.01.2013	55,572.05
Cash Balance as at 01.01.2013	<u>186,655,912.23</u>

SUMMARY OF RESORTS OPERATIONS
For the period ended 31 December 2013

	Note	2013 Rs.	2012 Rs.
Domestic Tourism at Resorts			
Kataragama		3,314,513.65	4,892,670.72
Nuwara Eliya		(1,463,681.70)	2,508,773.01
Bandarawela		(269,100.94)	1,214,233.91
Anuradhapura		1,069,608.68	373,010.83
Sub Total		2,651,339.69	8,988,688.47
National Holiday Resorts			
Bentota		13,302,835.58	13,230,796.55
Polonnaruwa / Giritale		2,622,219.76	2,873,596.26
Kalkudah		(13,934,265.82)	(12,012,571.07)
Sub Total		1,990,789.52	4,091,821.74
Surplus/(Deficit)		4,642,129.21	13,080,510.21

REST HOUSE - KATARAGAMA

Income Statement

For the period ended 31 December, 2013

	2013	2012
	Rs.	Rs
Restaurant sales	8,077,817.05	7,488,548.20
Less : Cost of sales	3,789,833.05	3,598,277.60
Gross Income	4,287,984.00	3,890,270.60
Room Sales	13,370,257.15	12,818,380.20
Other income	16,300.56	4,440.00
Gross profit	17,674,541.71	16,713,090.80
Less: Adm. & Est. Expenses	11,013,117.09	10,478,502.08
Depreciation	3,346,910.97	1,341,918.00
Surplus/(Deficit)	3,314,513.65	4,892,670.72
Administration & Establishment Expenditure		
Salaries & Allowances	3,464,002.62	3,384,596.08
Overtime	309,597.20	250,623.15
Board's contribution to EPF	324,363.36	325,880.11
Board's contribution to ETF	64,872.67	65,176.06
Staff Welfare / Entertainment Local	276,045.07	343,067.00
Staff Meals	315,176.56	124,395.94
Travelling local	4,735.00	3,774.00
Uniforms to staff	109,938.36	88,967.25
Cleaning Supplies	336,202.68	427,137.21
Misc. supplies	244,036.60	268,261.80
Security Charges	634,139.75	683,740.66
Janitorial Charges	756,781.95	751,881.31
Telephone	128,793.92	114,921.51
Stationery	129,954.20	75,835.80
Postage & Stamps	53,140.00	47,780.00
Electricity	1,862,128.57	1,652,341.98
Rates & Licenses	30,312.54	20,961.71
Insurance Fixed assets	2,813.63	2,821.34
Laundry	362,228.93	295,779.23
Maintenance - Buildings	121,346.00	304,134.00
Maintenance - Equipments	154,532.00	39,501.00
Bank charges / Debit Tax	4,500.00	6,340.00
Maint. & Repair vehicles	73,992.44	99,920.36
Books & Periodicals	9,280.00	8,730.00
Attendance Incentive	166,765.00	178,680.00
Economic Service Charge	14,795.77	20,203.12
Water	1,058,642.27	893,051.46
Total	11,013,117.09	10,478,502.08

NATIONAL HOLIDAY RESORT - NUWARA ELIYA
Income Statement
For the period ended 31 December, 2013

	Note	2013 Rs.	2012 Rs
Restaurant sales		5,698,698.22	7,254,003.10
Less : Cost of sales		2,555,407.21	3,214,318.87
Gross Income		3,143,291.01	4,039,684.23
Room Sales		6,749,072.70	9,297,024.44
Other income		94,979.00	203,042.20
Sub total		6,844,051.70	9,500,066.64
Gross profit		9,987,342.71	13,539,750.87
Less: Adm. & Est. Expenses		9,891,805.53	9,237,780.86
Depreciation		1,559,218.88	1,793,197.00
Surplus/(Deficit)		(1,463,681.70)	2,508,773.01
Administration & Establishment Expenditure			
Salaries & Allowances		3,771,864.37	3,350,165.93
Overtime		305,918.60	321,790.44
Board's contribution to EPF		365,268.05	329,833.06
Board's contribution to ETF		73,053.61	65,966.59
Staff Meals ,Welfare & Entertainment Local		522,051.32	285,600.50
Uniforms to staff		98,502.32	79,402.00
Cleaning Supplies		137,695.00	137,774.00
Misc. supplies		247,360.10	288,416.50
Security Charges		534,434.81	517,736.48
Janitorial Charges		644,025.80	529,935.40
Stationery		54,076.16	27,728.50
Telephones		122,402.05	147,506.10
Postage & Stamps		44,810.00	42,855.00
Electricity		1,783,190.32	1,870,024.03
Rates & Licenses		90,199.39	132,446.47
Insurance - Fixed Assets		8,763.35	8,763.36
Laundry		147,945.00	188,203.00
Maintenance - Buildings		302,575.10	89,150.30
Maintenance - Equipments		95,442.80	232,000.00
Transport & Freight		13,450.00	11,650.00
Bank charges / Debit Tax		5,250.00	6,760.00
Maint. & Repair vehicles		111,724.45	95,173.68
Books & Periodicals		9,340.00	8,180.00
Attendance Incentive		177,727.00	181,098.00
Water		216,733.20	268,330.00
Economic Service Charge		8,002.73	21,291.52
Total		9,891,805.53	9,237,780.86

NATIONAL HOLIDAY RESORT - BANDARAWELA
Income Statement
For the period ended 31 December, 2013

	Note	2013	2012
		Rs.	Rs
Restaurant sales		8,472,821.10	8,367,151.85
Less : Cost of sales		3,552,806.22	4,019,846.42
Gross Income		4,920,014.88	4,347,305.43
Room Sales		7,577,322.20	8,390,219.45
Other income		324,051.00	387,040.02
Sub total		7,901,373.20	8,777,259.47
Gross profit		12,821,388.08	13,124,564.90
Less: Adm. & Est. Expenses		11,193,119.17	10,029,457.99
Depreciation		1,897,369.85	1,880,873.00
Surplus/(Deficit)		(269,100.94)	1,214,233.91
Administration & Establishment Expenditure			
Salaries & Allowances		4,984,474.83	4,704,417.71
Overtime		312,970.12	293,513.10
Board's contribution to EPF		452,195.66	453,429.90
Board's contribution to ETF		90,439.13	90,685.98
Staff Welfare/ Entertainment Local		286,355.40	270,000.00
Staff Meals		493,746.42	129,097.24
Uniforms to Staff		183,966.09	98,532.50
Cleaning Supplies		147,218.75	94,712.25
Misc. supplies		166,482.00	130,332.00
Security Charges		646,567.37	679,192.13
Janitorial Charges		558,813.53	515,496.72
Stationery, Printing & Publications		35,166.50	43,592.15
Telephones		106,722.53	120,317.69
Postage & Stamps		53,422.14	43,295.00
Electricity & Gas		1,496,342.41	1,374,292.29
Rates & Licenses		9,600.48	-
Insurance - Fixed Assets		4,358.05	4,358.06
Laundry		199,606.00	218,695.75
Maintenance - Buildings		389,769.00	252,672.00
Maintenance - Equipment		112,691.17	44,560.00
Transport & Freight		12,100.00	14,150.00
Bank charges / Debit Tax		6,915.00	3,795.71
Maint. & Repair vehicles		125,370.00	110,405.00
Books & Periodicals		14,620.00	9,600.00
Attendance Incentive		229,730.00	254,349.00
Water		64,263.31	61,515.44
Economic Service Charge		9,213.28	14,450.37
Total		11,193,119.17	10,029,457.99

REST HOUSE - ANURADHAPURA
Income Statement
For the period ended 31 December, 2013

	Note	2013 Rs.	2012 Rs
Restaurant sales		6,310,136.22	7,422,688.89
Less : Cost of sales		4,198,568.36	4,759,392.75
Gross Income		2,111,567.86	2,663,296.14
Room Sales		11,036,239.26	9,741,911.85
Other income		180.20	12.60
Sub total		11,036,419.46	9,741,924.45
Gross profit		13,147,987.32	12,405,220.59
Less: Adm. & Est. Expenses		10,875,139.14	10,858,673.76
Depreciation		1,203,239.50	1,173,536.00
Surplus/(Deficit)		1,069,608.68	373,010.83
Administration & Establishment Expenditure			
Salaries & Allowances		3,777,459.01	3,967,087.13
Overtime		242,564.86	273,681.70
Board's contribution to EPF		353,268.33	371,212.05
Board's contribution to ETF		70,653.67	74,242.42
Staff Meals/ Staff Welfare		417,042.40	261,796.80
Travelling local		2,438.00	-
Entertainment local		975.00	3,800.00
Uniforms to Staff		120,227.90	96,552.50
Cleaning Supplies		311,513.00	323,156.50
Misc. supplies		308,048.00	588,683.19
Security Charges		755,932.70	609,360.75
Janitorial Charges		838,665.92	662,120.07
Stationery, Printing & Publications		64,388.30	92,532.95
Telephones		213,167.99	151,600.86
Postage & Stamps		46,940.00	46,255.00
Electricity		1,792,965.88	1,657,175.28
Rates & Licenses		183,132.84	120,245.96
Insurance Fixed Assets		10,106.68	10,134.36
Laundry		269,328.50	252,546.50
Maintenance - Buildings		303,201.16	590,633.38
Maintenance - Equipment		50,276.51	28,354.02
Transport & Freight		39,500.00	28,021.00
Bank charges/Debit Tax		1,674.77	6,409.10
Maintenance & Repair Vehicle		143,303.50	161,025.40
Books & Periodicals		14,550.00	13,740.00
Attendance Incentive		184,542.00	166,220.00
Water		344,628.00	287,396.80
Economics Service Charge		14,644.22	14,690.04
Total		10,875,139.14	10,858,673.76

NATIONAL HOLIDAY RESORT - BENTOTA
Income Statement
For the period ended 31 December, 2013

	Note	2013 Rs.	2012 Rs
Room Sales		366,960.00	698,100.00
Rent income (lease of land/buildings)		25,617,127.00	25,607,512.27
Other Income		4,109,715.83	4,992,523.34
Sub Total		30,093,802.83	31,298,135.61
Less: Adm. & Est. Expenses		10,859,022.96	12,114,190.06
Depreciation		5,931,944.29	5,953,149.00
Surplus/(Deficit)		13,302,835.58	13,230,796.55
Administration & Establishment Expenditure			
Salaries & Allowances		5,118,024.90	4,653,908.42
Overtime		215,846.58	208,606.54
Board's contribution to EPF		502,151.50	475,830.66
Board's contribution to ETF		100,430.30	95,166.14
Staff Welfare		475,625.00	429,300.00
Traveling local		11,442.00	8,725.00
Entertainment local		38,863.13	13,426.16
Uniforms to staff		229,815.32	349,338.76
Cleaning supplies		-	4,973.27
Misc. supplies		120,343.10	392,741.05
Security Charges		1,107,949.89	1,338,177.58
Stationery		19,786.65	87,228.58
Telephones		183,491.77	179,462.24
Postage & Stamps		43,925.15	31,155.00
Electricity		1,861,683.72	1,739,451.97
Rates & Licenses		126,898.64	137,260.98
Insurance - Fixed Assets		1,923.61	2,553.14
Laundry		3,891.38	11,709.92
Rent (Land)		77,000.00	68,000.00
Maintenance - Buildings		71,395.20	1,053,637.88
Maintenance - Equipment		38,075.00	111,220.00
Transport & Freight		178,952.00	346,150.00
Bank charges/Debit Tax		4,750.00	3,917.42
Maint. & Repair vehicles / Fuel		51,061.00	104,475.00
Books & Periodicals		23,203	19,180.00
Attendance Incentive		231,188.00	209,394.00
Water		3,000.00	-
Economic Service Charge		18,306.12	39,200.35
Total		10,859,022.96	12,114,190.06

NATIONAL HOLIDAY RESORT - POLONNARUWA
Income Statement
For the period ended 31 December, 2013

	Note	2013	2012
		Rs.	Rs
Rent Income		2,587,831.32	2,436,820.78
Other Income (Water & Garbage)		36,000.00	441,237.60
Gross profit		2,623,831.32	2,878,058.38
Economic Service Charge		1,611.56	3,615.12
Depreciation		-	847.00
Surplus/(Deficit)		2,622,219.76	2,873,596.26

NATIONAL HOLIDAY RESORT - KALKUDAH
Income Statement
For the period ended 31 December, 2013

	Note	2013	2012
		Rs.	Rs
Rent Income		4,637,890.00	2,685,180.00
Other Income		4,511,718.45	-
Sub Total		9,149,608.45	2,685,180.00
Less: Adm. & Est. Expenses		2,036,164.57	1,678,728.07
Depreciation		21,047,709.70	13,019,023.00
Surplus/(Deficit)		(13,934,265.82)	(12,012,571.07)

Administration & Establishment Expenditure

Salaries & Allowances	1,221,081.24	789,260.00
Overtime	90,416.19	76,942.64
Board's contribution to EPF	80,118.00	84,541.95
Board's contribution to ETF	16,023.60	16,908.19
Staff Welfare	59,700.00	62,350.00
Entertainment local	1,785.00	460.00
Uniforms to staff	19,332.08	14,450.50
Misc. supplies	13,385.00	10,910.00
Security	294,456.28	484,646.25
Stationery	6,381.00	23,870.55
Telephones	30,973.09	19,579.33
Postage & Stamps	670.00	835.00
Electricity	42,315.60	37,094.18
Maintenance - Buildings	330.00	4,245.00
Transport & Freight	112,000.00	-
Maint. & Repair vehicles / Fuel	720.00	4,928.00
Attendance Incentive	44,670.00	44,350.00
Economic Service Charge	1,807.49	3,356.48
Total	2,036,164.57	1,678,728.07



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

TM2/K/SLTDA/1/13/12

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

25 August 2014

Chairman
Sri Lanka Tourism Development Authority

Report of the Auditor General on the Financial Statements of the Sri Lanka Tourism Development Authority for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act No.38 of 1971

The audit of financial statements of the Sri Lanka Tourism Development Authority for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No. 38 of 1971 and Section 20 of the Sri Lanka Tourism Development Authority Act No. 38 of 2005. My comments and observations which I consider should be published with the annual report of the Authority in terms of Section 14 (2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7)(a) of the Finance Act, was issued to the Chairman of the Authority on 23 April 2014.

1.2 Management's Responsibility for Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). 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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.



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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Tourism Development Authority, as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards (SLPSAS)

The following non-compliances were observed in audit.

Reference to Sri Lanka Public Sector Accounting standards	Non- compliance
(a) Standards No. 07	If an item of Property, Plant and Equipment is revalued the entire class of Property, Plant and Equipment to which that asset belongs should be revalued. Nevertheless without being revalued the entire lands and buildings owned by the Authority only the land and buildings at the Head office had been revalued in 2008 and shown in the financial statements based on the revaluation value amounting to Rs. Million 1,378. Due to the non-valuation of the other lands and buildings, the fair value of the lands and buildings of the Authority were not reflected in the financial statements.



(b) Standards No. 07

Even though the assets given under the operating leases should be shown according to the nature of the assets in the statement of financial position of the lessor, the value of the lands and rest houses given under the operating leases had not been shown in the statement of financial position of the Authority.

(c) Standards No. 08

The following legal actions against the Authority and initiated by the Authority had not been disclosed in the financial statements.

- (i) Three cases filed in the courts against the Authority claiming compensation of Rs. 32,980,555 for the supply of food, lodging and transportation facilities for Indian International Film Awarding Ceremony by 03 external institutions.
- (ii) Three cases filed against the Authority claiming redress by two employees and a lease holder of lodging.
- (iii) Three cases filed by the Authority against 13 outside persons regarding misappropriation of the Government property.

2.2.2 Unexplained Differences

Differences were observed between the financial statements of the Authority and the balances of the financial statements of the following Institutions whereas the explanations thereon had not been furnished to audit.



Description	Balance as per Financial Statements	Description of Subsidiary Financial Records	Balance as per the Subsidiary Records	Difference
-----	-----	-----	-----	-----
	Rs.		Rs.	Rs.
Amount Payable to Sri Lanka Convention Bureau	26,848	Statement of financial position of Sri Lanka Convention Bureau	58,115,407	58,088,559
Amount payable to Sri Lanka Hotel and Management Institute	6,511,960	Statement of financial position of Sri Lanka Hotel and Management Institute	130,297,422	123,785,462
Amount receivable to Sri Lanka Hotel and Management Institute	11,290,282	Statement of financial position of Sri Lanka Hotel and Management Institute	8,297,268	2,993,014

2.2.3 Accounts Receivable and Payable

The Trade Debtor Receivable balances had comprised of Rs.2,050,954, Rs.79,451 and Rs.4,621,863 remained outstanding for more than 4 years, more than 3 years less than 4 years and more than 1 year respectively.

2.2.4 Lack of Evidence for Audit

The evidence indicated against each of the following items was not made available to audit.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Investments for Depreciation (Tourist Board)	52,154,737	} (i) Certificate or any other written document
(b) Investments for Depreciation (Tourism Promotion)	976,509	
		(ii) Confirmation letters of Balances



(c)	Sinking Fund	759,021	}	(i)	Share Certificates or other written document
(d)	Sri Lanka Tourist Hotels Company Ltd.	750,000		(ii)	Confirmation letters of Balances
(e)	Supplies (metal in large size)	1,067,850		(i)	Documents for Selection of Supplier.
				(ii)	Invoices furnished by Supplier.
				(iii)	Details of Vehicles used for transportation of material.
				(iv)	Actual records for taken over supplies and work done records.
(f)	Land, acres in extent of northern boundary of Bentota Holiday Resort land adjoining to Bentara River.	-			Documents relating to exclusion from the ownership of the Tourism Development Authority the successor institute of the Tourist Board.
(g)	Trade Debtors	20,641,412			Confirmation letters of Balances
(h)	Sundry Debtors	4,638,137			Confirmation letters of Balances
(i)	Water Consumer Debtors (Pasikuda)	8,293,318			Confirmation letters of Balances

2.3 Non – Compliance with Laws, Rules Regulations and Management Decisions

The following non-compliances were observed in audit.

Reference to Laws, Rules Regulations and Management Decisions	Non – Compliance
(a) Tourism Act No. 38 of 2005	Approval of the relevant Minister had not been obtained for incurring a sum of Rs.7,382,305 by the Authority and out of the interest on a loan amounting to Rs.100 million issued to a private hotel by the Bank of Ceylon.
(i) Section 12(4) (iii) of Chapter 1	
(ii) Section 7(3) of Chapter 1	In order to activate the decision taken by the Board of Directors met on 6 June 2010 to bear the above Loan interest by the Authority, there was no quorum of 5 members.



- (b) Guidelines Circular issued by the Secretary to the President dated 24 January 1996
- Even though the lease agreement and lease amount should be revised in every 5 year when State Lands are given on lease action had not been taken to comply with this circular with regard to the lands given on lease by the Authority.
- (c) Public Enterprises Circular No. PED/12 of 02 June 2003
- (i) Paragraph 9.3.1 (i) of Chapter 9
- Even though the Scheme of Recruitment and Promotions should have been approved by the Governing Council and the Ministry together with the concurrence of the Department of Public Enterprises, the recruitments to new division named as "One Stop Unit" had not been made in complying with this requirement.
- (ii) Paragraph 9.14.1 of Chapter 9
- Even though the manual of procedures with a chapter on human resource management providing rules and regulations on all matters relating to management of human resources should have been approved by the Board of Directors together with the concurrence of the Secretary to the Treasury, the Authority had not taken action in compliance with that requirement.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the working of the Authority for the year ended 31 December 2013 had resulted in a surplus of Rs. 268,934,194 as compared with the corresponding surplus of Rs. 190,161,685 for the preceding year, thus indicating an increase of Rs. 78,772,509 in the financial results. The increase of Tourism Development and Embarkation Levy and other income by Rs. 93,112,758 had been the main reason for the increase in financial results.

3.2 Analytical Financial Review

The revenue of the Authority for the year under review amounted to Rs.496 million as compared with Rs. 408 million for the preceding year representing an increase of 21.5 per cent. The expenditure for the tourism development activities during the year under review amounted to Rs.227 million as compared with Rs. 217 million for the preceding year. As such an improvement of 4.6 per cent was shown.



3.2 Analytical Financial Review

The revenue of the Authority for the year under review amounted to Rs.496 million as compared with Rs. 408 million for the preceding year representing an increase of 21.5 per cent. The expenditure for the tourism development activities during the year under review amounted to Rs.227 million as compared with Rs. 217 million for the preceding year. As such an improvement of 4.6 per cent was shown.

4. Operating Review

4.1 Performance

The following Observations are made.

(a) Performance of the Resorts

The net surplus of the 04 Tourist Holiday Resorts and 03 Tourist Resorts operated under the ownership and management of the Authority for the year under review amounted to Rs.4,642,129 as compared with the net surplus of Rs. 13,605,316 for the year 2012. A deficit of Rs.15,667,048 had arisen due to high overhead expenditure in 03 Holiday Resorts and it was the main reason for the decrease of surplus.

(b) Objectives and functions which could not be achieved by the Authority during the Year under Review or by now.

The following objectives and functions had not been achieved according to the Chapter 1 of the Tourism Act No. 38 of 2005.

- (i) Preparation of long term targets and four year plan and obtaining the approval of the Cabinet of Ministers, making revisions with the objective of including new long term targets annually and obtaining the approval of the Cabinet of Ministers.
- (ii) Formulation of Rules in respect of matters specially stated in the Act, and thereby improve the locally and internationally recognized standards with regard to the tourism industry, and other related industries, giving licenses and authority to tourism entrepreneurs for enforcing and maintaining.
- (iii) Establishment of common or other boards to facilitate for the achievement of objectives of the Act.
- (iv) Engage in business in providing transport facilities to people who are travelling to places in Sri Lanka that captured minds of tourists.

- (v) Registration of tourism entrepreneurs and tourism services and regularization of prices, rates and charges of tourism services in terms of the Chapter IX of Tourism Act No. 38 of 2005.

4.2 Management Inefficiencies

Management of Lands and Property

The following observations are made.

- (a) Out of the land, approximately 510 acres in extent acquired from the Kuchchiweli area in Trincomalee by the Authority, only less than 50 acres of land had been developed by the end of the year under review.
- (b) A register for lands and assets indicating the details such as transfers of deeds of the properties, additions and developments had not been maintained.
- (c) Even though the Gazette Notification had been issued to acquire 56 rest houses and 166 plots of land with an extent of 6,495 acres, only a part of it had been acquired up to the end of the year under review.
- (d) Sand had been removed at a large scale from several places in Warahena area in the land of Bentota National Holiday Resort and disposal of waste to the resort land and several encroachments. Action had not been taken to stop this type of unauthorized actions taking place in this tourist area by the Authority.

4.3 Apparent Irregularities

The following observations are made.

- (a) Contract for the Construction of Thorriyadi Jetty and Construction of Road near the Wannimundalama lagoon.
 - I. Instead of supplying metal from the supplier selected under shopping procedure 1648 cubes of metal had been purchased at higher prices from a person who selected by the Project Director of his own descreation and such an over payment of Rs. 824,000 had been made.
 - II. Even though the capacity of the tipper used for the supply of metal, gravel and ABC to Kalpitiya work site was 3 cubes, the payments had been made for the material supplied by considering the capacity as 4 cubes; Thus action had not been taken to recover the overpaid amount of to Rs. 2,549,000.



III. Payments of Rs. 10,196,000 had been made by the Authority for the materials such as 1648 cubes of metal, 368 cubes of ABC and 40 cubes of gravel which had not been physically taken over.

(b) The labour contract for maintaining the sewerage system in the Bentota Holiday Resort premises had been entrusted to one and a same institute since several years without following procurement

procedure. Sums of Rs. 4,458,023 and Rs. 5,126,726 had been paid to that institute by the Authority in the year 2012 and 2013 respectively for the labour contract. The above institute had given a sub contract for Rs. 2,976,000 to the sub-contractor for the two years for the same work as such the loss incurred by the Authority by sub-contracting the same work amounted to Rs. 6,608,749

(c) Out of the payments made to the contractor amounting to Rs. 29,195,802 for the repairs carried out in room numbers 14 to 44 in the Kataragama Tourist Holiday Resort, a sum of Rs. 11,089,228 had been overpaid.

(d) A sum of Rs. 3,226,950 had been paid for 941.7 clock hours based on 3 letters produced by suppliers stating that the dozers were supplied for the construction of Mohottuwarama Jetty at Kalpitiya. Nevertheless, the payments had been made without being certified by an officer of the Authority in recording working hours daily by meter reading to ensure that the service of dozers had been obtained. However the work supervisor of the project had certified in the above 3 letters that the tractor service had been satisfactorily obtained.

4.4 Idle and Under- utilized Assets

The following observations are made.

(a) The bus purchased at Rs. 5,934,000 had been repaired subsequently at Rs. 2,667,929 but it had not been utilized for running from June 2012 up to 31 December in the year under review.

(b) Out of about 94 acres of land extent belonging to the Bentota Tourist Holiday Resort which had been transferred to Ceylon Tourist Board for Tourism industry in 1969 and subsequently transferred to Tourism Development Authority, only a land to the extent of 50 acres had been utilized even by 31 December in the year under review. Accordingly the land more than 40 acres in extent had remained idle for more than 43 years.

4.5 Uneconomic Transactions

About Rs. 3,508,415 had been paid for security services prior to 03 years for the 07 Holiday Resorts in Bibile, Ragala, Horowpathana, Mahiyanganaya, Weeraketiya, Baththulu Oya and Nikaweratiya. Nevertheless, these resorts had not been utilized effectively.

4.6 Identified Losses

The following observations are made.

- (a) A loss more than Rs. 100,000 had incurred by the Authority due to not gathering harvest from about 600 Coconut and King Coconut trees cultivated in the land in Bentota National Holiday Resort for about six months period continuously from July 2013.
- (b) Building space of about 2880 sq. feet existing in the premises of Bentota National Holiday Resort had not been utilized for any economic activity from the year 2006 up to the end of the year under review. Monthly earnings of these building space in the year 2006 amounted to Rs. 20,000 and as such the total estimated loss thereby had been Rs.1,800,000.
- (c) Kalpitiya Integrated Tourism Development Project had been categorized as a project more than 30 million U.S. Dollars and a sum of Rs. 3,780,253 had been overpaid as salaries and allowances.
- (d) In transferring the Cultural Centre Building (Deutsch Hospital) located in Colombo belonging to the Authority to Urban Development Authority it had been transferred less than Rs.7,274,715 to the book value.
- (e) The Authority is supplying water to a private, business institution situated in the area of Bentota National Holiday Resort while the water meter had remained in- operative since the year 2005. Due to non-repairing the water meter and non-recovering the correct charges the loss estimated at Rs. 8,415,400.

4.7 Contract Administration

The following observations are made.

- (a) Construction of Rain water Drainage System of the Pasikuda Tourist Resort Project.
-

- I. As the constructions had not been carried out by considering the geographical aspects of the land in which the construction project was implemented water remained stagnated in the drainage system.



- II. The Director of the Planning and Development Division of the Authority had performed as the Chairman of the Technical Evaluation Committee of is project and the payment vouchers in respect of the project amounting to Rs. 31,394,813 had also been certified by him. Even though the measurement sheets and payment bills with regard to above payment vouchers had been checked, certified and payment vouchers had also been prepared by the Resort officer who served under contract basis, it did not come under his scope.
- III. In comparing the payments made on bills with the actual measurement sheets computed at the physical verification of constructions in audit an over payment of Rs. 3,792,420 had been made to Contractors.
- (b) Contract for Designing “One Stop” Investment Promotion web site of the Sri Lanka Tourism Development Authority.
-
- I. A Pre-plan or an estimate had not been prepared for designing of a website.
- II. Without entering into a written agreement with the Client selected, only the relevant assignment had been informed in writing.
- III. A performance bond had not been obtained in respect of the contract.
- IV. An over payment of Rs. 699,300 had been made as at 6 January 2014 relating to this contract.
- 4.8 Delays in Projects
-
- The following observations are made in respect of the Kalpitiya Integrated Resort Project which had been scheduled to construct resorts with 4,000 additional rooms and infrastructure facilities at an estimated cost of Rs. 5,521 million.
- (a) The approvals of the Cabinet of Ministers and the Department of National Policy Planning of the Treasury had been obtained in 2008 to implement and complete the project within five years. Nevertheless, even a single room had not been completed up to 31 December 2013.
- (b) A project implementation plan and a detailed budget by covering management expenses, consultancy and capital works had not been prepared.
- (c) Even though the Authority was authorized to give 12 islands to the investors under this project, 3 is lands had been given to investors up to the end of the year under review.

4.9 Human Resources Management

The approved cadre of the Authority was categorized under 31 posts and 192 persons were approved by the Department of Management services. The actual cadre for the year under review and the preceding year had been 156 and 154 respectively.

5. Accountability and Good Governance

5.1 Corporate Plan

A Corporate Plan for 3 years from 2013 to 2015 had been prepared. The targets had not been stated for some items in the Plan and the targets to be achieved at the end of each year had not been reviewed and updated periodically.

5.2 Action Plan

An action Plan had been prepared for the year under review. The periods had not been specified in the plan and a methodology had not been introduced to examine the achievement of progress periodically.

5.3 Internal Audit

An internal audit unit has been maintained under an officer who holds a post of Assistant Director while no adequate sub ordinate staff had been attached to that unit.

5.4 Procurement Plan

A Master Procurement Plan had not been prepared in items of the National Procurement Agency Circular No. 8 and 4.2.1 (b) of 25 January 2006.

5.5 Budgetary Control

Variances were observed between the estimated and the actual figures of 13 items ranged from 22 per cent to 100 per cent in the year under review, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.6 Tabling of Annual Reports

The Annual Report of the Sri Lanka Tourism Development Authority for the year 2011 had been tabled in parliament in 2014.



6. Systems and Controls

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

- (a) Development Programmes
- (b) Project Management
- (c) Assets Management
- (d) Accounts Receivable and Payable
- (e) Contract Administration
- (f) Accounting

H.A.S. Samaraweera
Auditor General