

sri lanka

# ANNUAL REPORT 2014



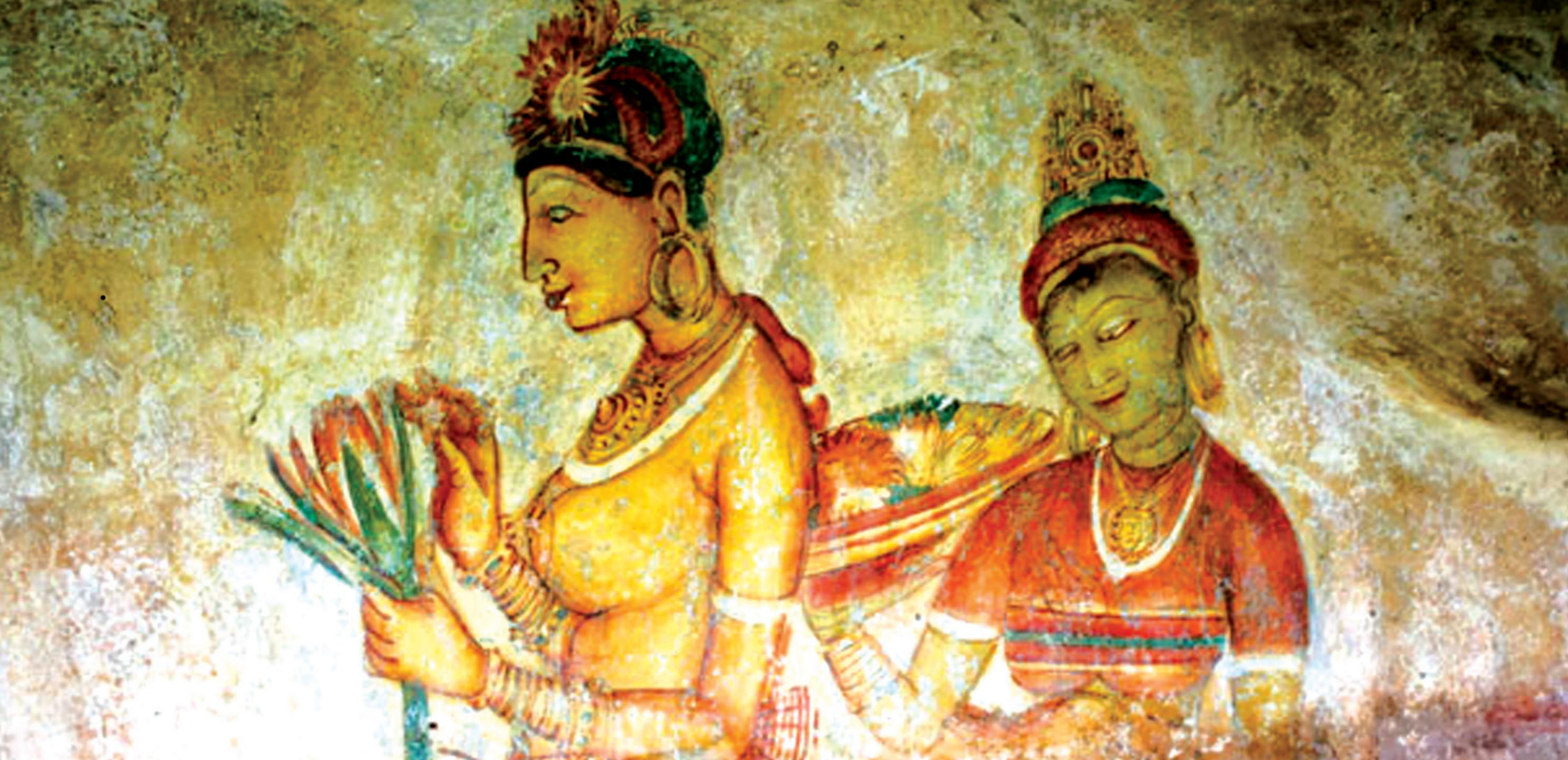
SRI LANKA TOURISM DEVELOPMENT AUTHORITY

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## ***Introduction***

*Sri Lanka Tourism reached a land mark with the arrivals of over 1.5 million tourists in the year 2014, 1,527,153 to be exact, well above the target. The tourism receipts too reached USD 2431 million from the tourism industry.*

*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.*

*The activities of SLTDA were determined by the 2014-2016 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.*

# 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”*

# Mission

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



## CONTENTS

Introduction	01
Vision & Mission	02
Message of Hon. Minister of Tourism Development, Lands	03
& Christian Religious Affairs	
Message of Chairman – SLTDA	04
Corporate Information	05
Corporate Objectives & Targets	06
Research & International Relations	07
Tourism, Planning & Development	08
One Stop Unit	09
Domestic Tourism & Resorts Management	10
Standard & Quality Assurance	11
Human Resources & Premises Management	12
Information Communication Technology	13
Internal Audit	14
Financial Management	15
Legal	16

## REVIEW

*Message from the Hon. Minister of  
Tourism Development, Lands and Christian Religious  
Affairs.*

Our Tourism Industry is growing at around 20 percent annually. This is unprecedented and has attracted the attention of the world. Today both arrivals and earnings from tourism are at an all-time high. I'm confident that this year, the Golden Jubilee of Sri Lanka Tourism will be a year that will be written in gold for its transformation from a promising industry to a powerhouse; an industry that will eventually become the leading foreign exchange earner for the country.

The present government has placed great Importance on development of the tourism sector and has set ambitious targets which we are confident of achieving. Some of the key targets include welcoming 4 million visitors by 2020, reaching tourism revenue in excess of US\$ 5 billion, increasing the room inventory to 45,000 rooms and large scale employment generation and skills development.

In addition we want to see greater value addition and expansion of the ancillary sectors such as food and beverage, transport and logistics, handicrafts, gems and jewellery, health and wellness, and various other service sectors. It is through such holistic growth that we can realize the true economic potential of the tourism industry.

Towards this end the Sri Lanka Tourism Development Authority will be called upon to play a key role in achieving the targets set by the government. This government means business and we are ready to do business with the rest of the world, which for long years shunned Sri Lanka for various reasons. In order to capitalize on the goodwill that is being generated globally towards Sri Lanka due to the policies of the new government, the Ministry of Tourism Development will extend its fullest support to the SLTDA to bring about a complete rejuvenation of the local tourism industry through better regulation and launch of innovative products and services to suit the new requirements.

We are also keen to see large scale foreign investments coming in to the sector and welcome the big players that have already entered the arena such as Anantara, Sheraton, Movenpick, Hyatt Regency, Shangri-La, Marriot, ITC, Silver Needle etc.

A bright future lies ahead for the tourism industry and I take this opportunity to congratulate the SLTDA on its performance.

**Hon. John Amaratunga**

**Minister of Tourism Development, Lands and Christian Religious Affairs.**





In 2014 tourist arrivals increased by 30.8 in terms of arrivals, India is the prime tourism generating country follow with UK and Germany are the second and the third tourist highest generating countries.

Sri Lanka is now having a conducive environment to take tourism forward. The government consider tourism as a priority sector to build its economy in the past war scenario. The present government has given thought to attracting tourists to the Island with innovative methods where challenges are posed at the industry. Sri Lanka experienced a huge increase in Chinese tourist resulting on a 136% increase in 2014.

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

**P. M. Withana**  
 Chairman  
 Sri Lanka Tourism Development Authority



## 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*

### **Registered 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



## YEAR 2014

### Minister

Hon. Basil Rajapaksha

### Board of Management 2014

Mr. Bashwara Senanka Gunarathna - Chairman

Ms. Hema Dharmawardena

Mr. R. Semasinghe

Mr. Chandra Wickramasinghe

Mr. R.A.A.K. Ranasinghe

Mr. Hiran Cooray

## SENIOR MANAGEMENT

Chairman - Mr. Bashwara Senanka Gunarathna

### Director General's Office

Dr. D. S. Jayaweera

Director General

### Research & International Relations

Mr. M. B. Kiriella

Director

### Tourism, Planning & Development / One Stop

Mr. P. U. Rathnayake

Director

### Domestic Tourism & Resorts Management

Mr. D.P. Nandana

Acting Director

### Human Resources & Premises Management

Mr. M. U. Liyanaarachchi

Director

### Standard & Quality Assurance

Mr. Ranjith Bandara Herath.

Director

### Financial Management

Mr. D. P. Nandana

Director

### Information & Communication Technology

Mr. Udana Wickramasinghe

Director

Mr. Vishwa Buddhika

Consultant

### Internal Audit

Mrs. Pasanthi Jayasinghe

Internal Auditor

### Legal

Mrs. Inoka Punchihewa

Legal Officer

### Tourist Police

Mr. N. T. Edirisinghe (OIC)

SSP / Director Officer In Charge

## Tourist Arrivals in Sri Lanka

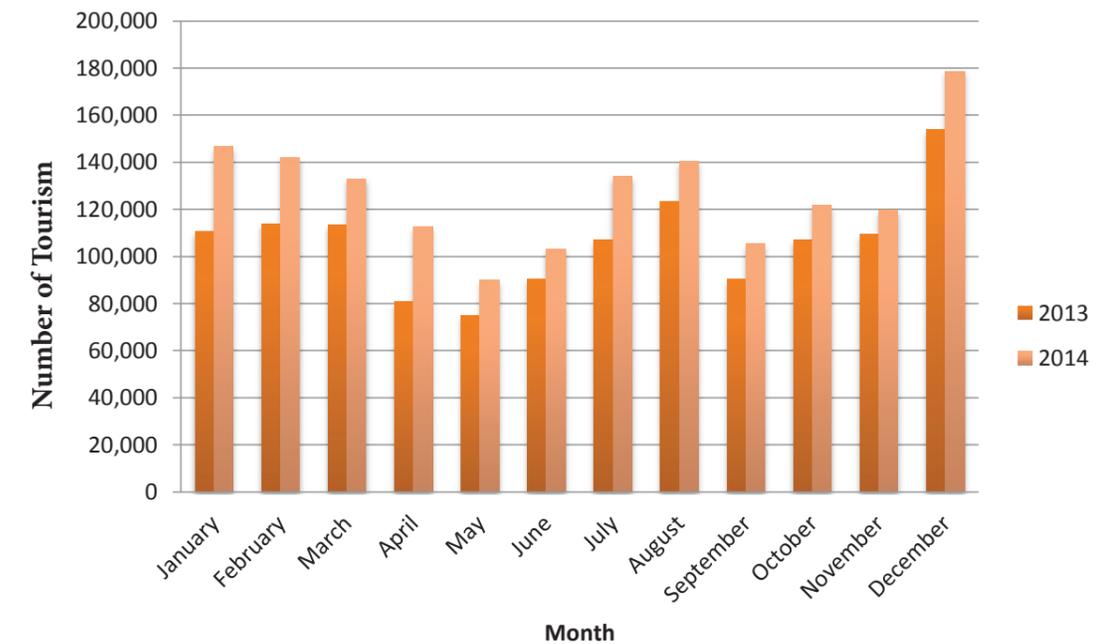
- In 2014, International tourist arrivals reached over Rs. 1.16 billion which is also a watershed in the global tourism area. The receipts from International tourism totaled approx. US \$ 1.1 trillion.
- SLTDA statistics have recorded 1,527,153 tourist arrivals in 2014 compared to the 1,274,153 arrived in 2013.
- The monthly arrivals with comparison are given in the graphs.

Month	Tourist Arrival 2013	Tourist Arrival 2014*	Growth % Change 2013/14
January	110,543	146,575	32.6
February	113,968	141,878	24.5
March	113,208	133,048	17.5
April	80,737	112,631	39.5
May	74,838	90,046	20.3
June	90,279	103,175	14.3
July	107,016	133,971	25.2
August	123,269	140,319	13.8
September	90,339	105,535	16.8
October	107,058	121,576	13.6
November	109,420	119,727	9.4
December	153,918	178,672	16.1
Total	1,274,593	1,527,153	19.8

### Revenue Growth in USD Millions

2009	349 USD Mn
2010	575 USD Mn
2011	839 USD Mn
2012	1,038 USD Mn
2013	1,715 USD Mn
2014	2,431 USD Mn

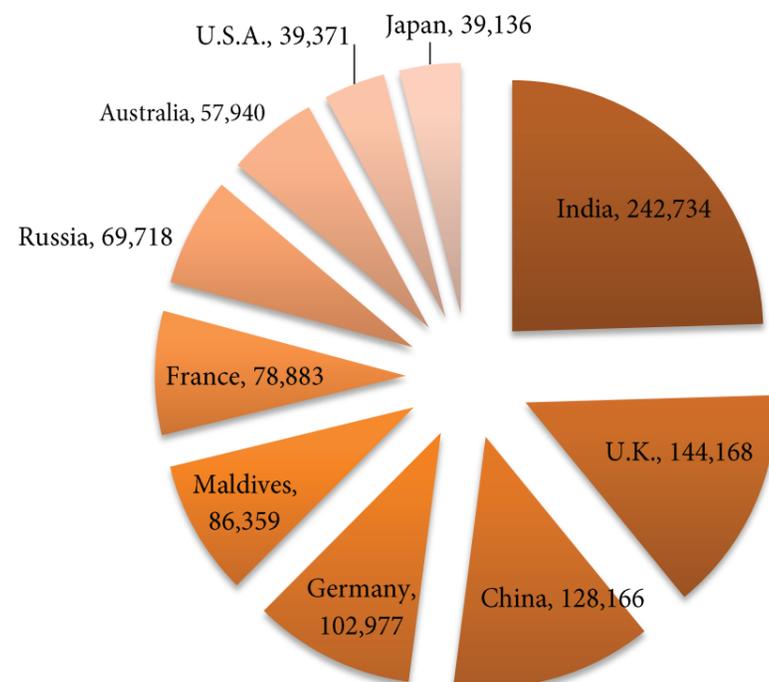
## Tourist Arrivals by Month



## Top Ten Markets

Market	Rank	2013	2014	Growth % Cha
India	1	208,795	242,734	16.3
U.K.	2	137,416	144,168	4.9
China	3	54,288	128,166	136.1
Germany	4	85,470	102,977	20.5
Maldives	5	79,474	86,359	8.7
France	6	64,388	78,883	22.5
Russia	7	51,235	69,718	36.1
Australia	8	54,252	57,940	6.8
U.S.A.	9	34,690	39,371	13.5
Japan	10	29,923	39,136	30.8

## Top Ten Markets Year 2014



India will continue to lead as a primary market for Sri Lanka in 2014. Among the traditional markets U.K. has growth 4.9% comparison with 2013. German & French markets have not shown steady growth. However, markets such as Chinese, Japanese, Russian and Maldivian shows a steady growth comparison with year 2013.

### Accessibility

Over 40 Air Lines have started operating to Sri Lanka with several cruise operations too.

### Air lines operation of Year 2014

Air Arabia, Air India, Air Asia X, British Airways, Cathay Pacific Airways, China Eastern Air Lines, Emirates, Ethihad Airways, Fly Dubai, Jet Airways, Korean Air, Kuwait Airways, Malaysian Airlines, Mihin Lanka, Oman Air, Qatar Airways, Rotantata Jet \*, Royal Jordanian Airlines\*\*, Saudi Arabian Airline, Singapore Airlines, Spice jet, Sri Lankan Airlines, Thai Airways, Turkish Airlines

\* Rotantata jet was operation started on 10th April 2014 and \*\*Royal Jordanian Airlines operation was ceased on 30th April 2014

## Tourism Performance

Item	2010	2011	2012	2013	2014 *	Y-o-Y Change (%) 2014 *
Tourist Arrivals (No)	654,476	855,975	1,005,605	1,274,593	<b>1,527,153</b>	<b>19.8</b>
Pleasure	516,538	663,343	748,436	915,208	1,037,644*	<b>13.4</b>
Business	83,270	68,097	90,040	67,946	29,381*	<b>-56.8</b>
Other	54,668	124,535	167,129	291,439	460,128*	<b>57.9</b>
Tourist Guest Nights ('000)	6,548	8,559	10,056	10,961	<b>15,119*</b>	<b>41.3</b>
Room Occupancy Rate (%)	70.2	77.1	71.2	71.7	<b>74.3*</b>	<b>3.7</b>
Gross Tourist Receipts (Rs. million)	65,018	91,926	132,427	221,720	<b>317,502*</b>	<b>72.3</b>
Per Capita Tourist Receipts (Rs.)	99,344	107,393	131,688	173,954	<b>207,905*</b>	<b>25.8</b>
Total Employment (No.)	132,055	138,685	162,869	270,150	<b>299,890*</b>	<b>11.0</b>
Direct Employment	55,023	57,786	67,862	112,550	<b>129,790*</b>	<b>15.3</b>
Estimated Indirect Employment	77,032	80,899	95,007	157,600	<b>170,100*</b>	<b>7.9</b>

\* - Estimated

Sources: Sri Lanka Tourism Development Authority

Revenue USD Million - **2,431.1 USD(Millions)**

Ave Value per USD in year 2014 **130.6 Rs**

## RESEARCH AND INTERNATIONAL RELATIONS DIVISION

The SLTDA's Research and International Relations Division is responsible for the efficient collection of research and statistics. Moreover, work involves carrying out comprehensive market research continuously, carrying out studies, identifying gaps and tabulating the information for the relevant departments.

Visitor arrivals, domestic movements and product and service facilities are also monitored, while periodic research surveys are carried out to obtain qualitative and quantitative tourism related information. A comprehensive publication on statistical data relating to tourism is presented regularly. SLTDA's relations with international organizations such as PATA, UNWTO and the Regional Tourism Corporation are efficiently managed and participation at varied international and regional forums and events is ascertained. Periodically, the SLTDA publishes a monthly statistical bulletin and an Annual Statistical Report, which indicates the performance of Sri Lanka Tourism in terms of tourist arrivals, foreign exchange earnings, creation of employment opportunities and hotel occupancy rates.

### Published Statistical Reports



Annual Statistical Report 2013

Airport Survey Report-2013

Monthly Statistical Bulletin

- Final report of the Annual Statistical Report 2014 was printed and distributed.
- Final report of the Airport Survey Report 2013 was printed and distributed.
- Provide research and Statistical information on monthly basis on the website. [www.slttda.lk/statistics](http://www.slttda.lk/statistics).

## AIRPORT EXIT SURVEY - 2014/ 2015



Air port survey of Departing foreign tourist from Sri Lanka was conducted by the Research and International Relations in Sri Lanka Tourism Development Authority. Therefore, It would be important to conduct surveys of tourism in Sri Lanka in order to promote and popularize Sri Lanka Tourism in the World. The Survey findings are important for both private and public sectors, to take the decisions in the areas of planning, promotions, marketing, and for enhancing of potential markets affecting the Tourism Sectors.

Airport Survey Report 2014 was printed and distributed and 2015 data was analyzing and preparing Statistical tables for Airport Survey 2015 report. Under Airport exit survey 2015 it is expected to interview approx. stratified sample of a 7,000 departing tourists and a sample of 3,000 transit passengers by a team of interviewers, who are component in English, Japanese, Italian, French, Korean, Chinese, Spanish, Russian, Hindi and Arabic languages through a structured questionnaire. The survey is conducted from January to December 2015 at the Bandaranaike International Airport, Katunayake.

### International Relations

In connection with all tourism related work with the international organizations. i.e. UNWTO, PATA, BIMST-EC, SAARC etc.

**Prepared the following MOUs in tourism section in association with Ministry of External Affairs.**

1. Agreement between the Govt. of Sri Lanka and the Government of the Republic of Seychelles
2. Agreement between the Govt. of Sri Lanka and the Peoples Republic of China
3. Agreement between the Govt. of Sri Lanka and the Government of Japan

**Attend the following Working Group Meetings:**

1. Establishment of a Joint Working Group between Sri Lanka and the Republic of Korea
2. 5th Round of the Sri Lanka – South Africa Bilateral Partnership Forum
3. 1st Joint Commission Meeting between Sri Lanka and Indonesia

- Organized a meeting with Seychelles Delegations on 17th July 2014 at SLITHM

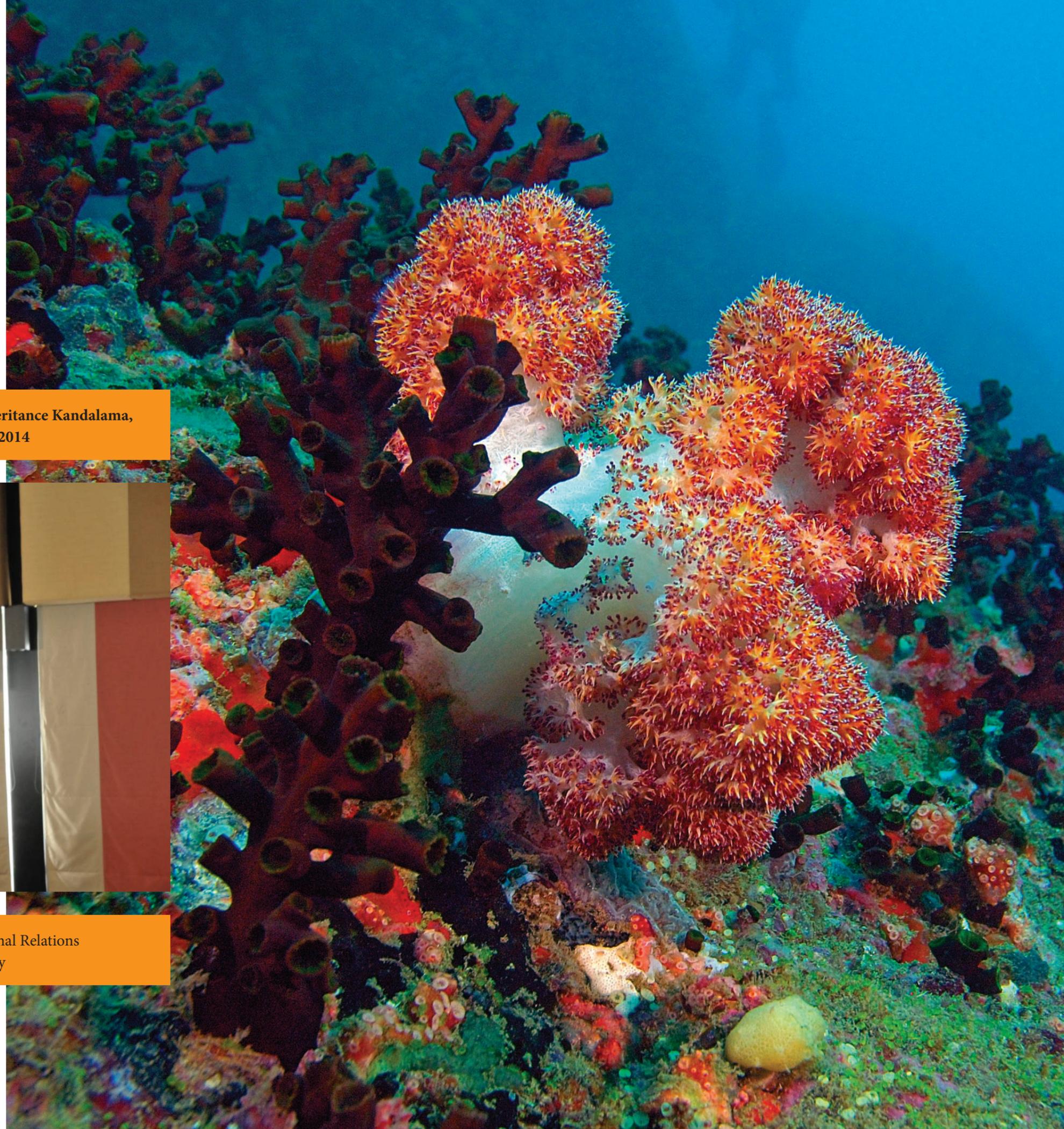
**Special Events:**

Sri Lanka Tourism Organized a training programmes in Colombo and Kandy on “Psychology and Consumer Behavior of Chinese Outbound Visitors” for Tourism Service Providers in Sri Lanka. Prof. Ms. Wei Du, an Associated Professor at College of Tourism and Service Management in Nankai University, China conducted this programme.

**Tropical Tourism Outlook Conference Sri Lanka 2014 at Heritance Kandalama, Dambulla, Sri Lanka on 8th to 10th August 2014**



Mr. Malraj Kiriella / Director - Research & International Relations  
Sri Lanka Tourism Development Authority



## TOURISM PLANNING & DEVELOPMENT DIVISION

### 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 Bandaranaike 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 2014 the following works and activities were completed –



Corals at Kalpitiya

Corals at Kalpitiya

Dolphins at Kalpitiya

Kite Surfing at Kalpitiya

- (a) Sun Resort received approval from CCD to construct 04 water bungalow in Vellai island and monitor for one year. Still waiting approval from Government Agent to use the water bed to construct water villa.
- (b) Shapphire Bay Resorts received cabinet approval on 03rd November, 2012 for 450 acres from the Northern part of the Uchchamuni island. Due to no response from the investor SLTDA send the last reminder. At the end investor abandoned the project.
- (c) After several discussions held with Religious Leaders and fisherman in Ippantive Island regarding the relocation of them. In 2014 selected a location and surveyed. De-vesting 10 acres for fishing community in progress.
- (d) Investor of the Ippantive Island keen to get the 99 years lease changing the present 30 years to start the project.
- (e) Proposal received during the end 2014 from a Switzerland investor for Uchchamuni Island. Proposed project will have 4 hotels Golf Course and Marina within an area of 850 acres.

### 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.



(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 now the hotel is in operation.



• The Mfar Hotel & Resorts Ltd., had paid the upfront payment and waiting to start the project in 2016.

- (b) Cabinet of Ministers approval has been granted to consider the reinvestment opportunities of existing investors.
- (c) Board granted approval to lease 11.5 acres to MJF Holdings (Pvt.) Ltd.



(d) Additional 05 acres of adjoining land allocated 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 2014 the following works and activities were completed –

- 07 investors have been selected to allocate 07 acres block of land for each.
- ICC starts the constructions, others waiting for Environmental approval.
- Survey is completed and preparation of Master Plan is in progress.
- Completed constructions of 01st phase of common access road to the resort.
- Pending Board approval to start the 02nd phase of the access road.
- Received the cost estimate for the electricity supply to the resort. Still under discussion



Pictures of Yala Wild Resort



Pictures of Yala Wild Resort

#### 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 2014 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.
- Additional Rs. 105 Mn is requested by the Divisional Secretary – Bentota to complete the acquisition process.



Pictures of Dedduwa Lake Resort



#### 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 2014 the following works and activities were completed –

- (i) Identified potential lands for future development which are belongs to Forest Department.
- (ii) Survey has been done and identified existing establishment and situation of the Arugambay tourism zone.
- (iii) Identified state lands which are suitable for tourism of the Panama area by visiting with land officer of Divisional Secretariat Office, Lahugala.



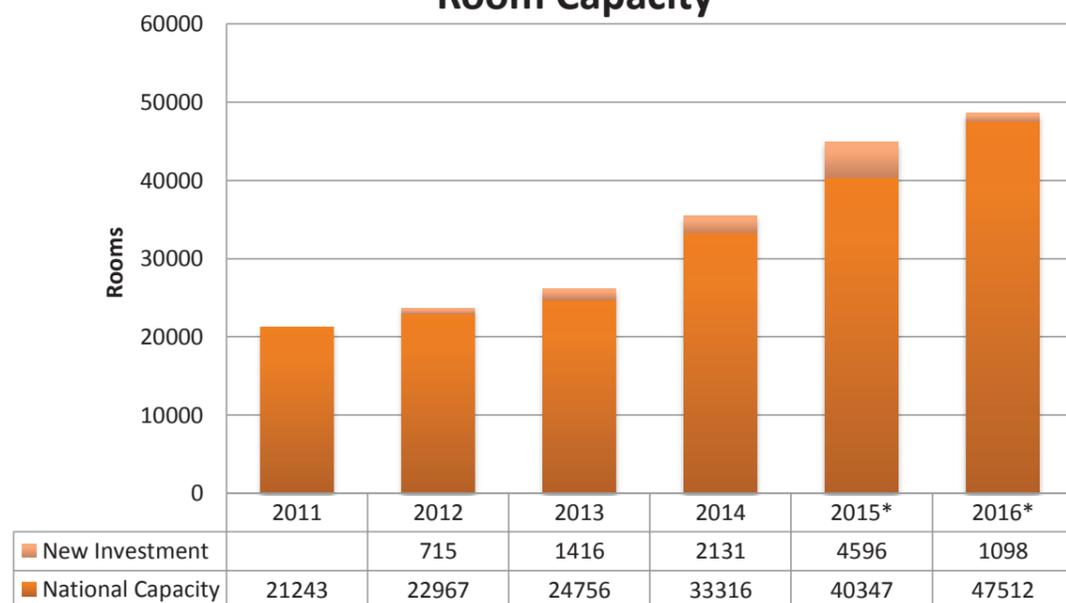
## ONE STOP UNIT

### 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, 4596 new hotel rooms in 2015 and around 1098 rooms in 2016 will be added. The contribution of OSU to the national room capacity can be illustrated as follows.

### New Investment Contribution to the National Room Capacity

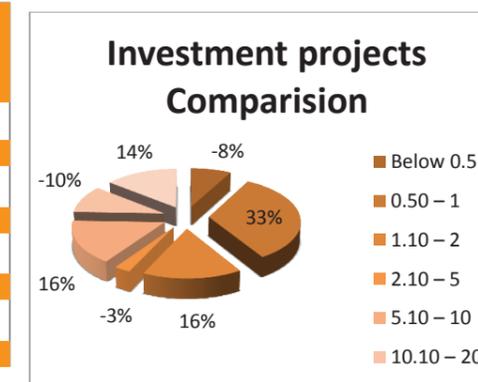


Progress of OSU handled Investment projects can be exemplified as follows.

Total No. of projects received as at 31st December 2014	–	363
Total No. of projects processed within the year 2014	–	68
Total No. of final approval granted projects in the year 2014	–	40

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

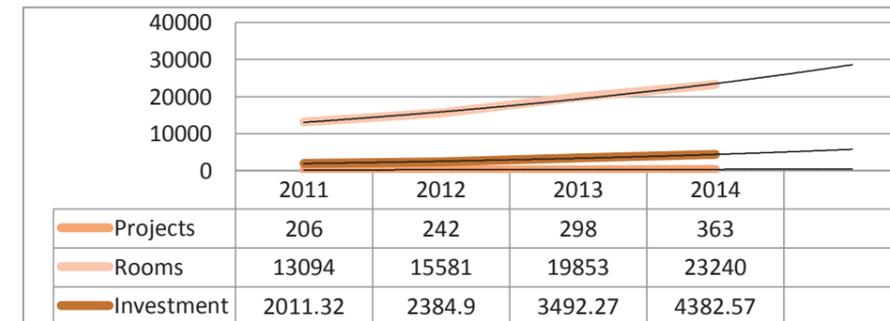
Range US \$ million	Total Projects Up to 2014	Projects in 2013	Projects in 2014	Change 2%
Below 0.5	61	12	8	-33.33
0.50 – 1	40	5	12	140.00
1.10 – 2	54	9	15	66.67
2.10 – 5	99	18	16	-11.11
5.10 – 10	46	3	5	66.67
10.10 – 20	31	7	4	-42.86
Over 20.1	32	5	8	60.00
<b>Total</b>	<b>363</b>	<b>59</b>	<b>68</b>	<b>15.25</b>



### Investment projects - 2011 to 2014

There is a significant increase in the investment projects received to OSU in 2014. According to the existing trend of increase of receiving investment projects, it is expected to reach 450 investment projects which are facilitating for room count of nearly 28,000 by 2015.

### Trend of Increase of Investment



\* 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.

<sup>2</sup>Compared to 2013 Investment Projects

By the end of 2014, OSU has handled 32 new investment projects where the investment is more than US\$ 20 million. Out of this 26 projects, 8 of them were received in the year 2014. It is a 60% increase compared to the year 2013.

These 8 projects are distributed in the districts of Colombo, Nuwara Eliya, Kaluthara and Hambantota. It is expected from these projects to facilitate a room count of 1710 to the national room count by investing US \$ 838.64 million.

### Final Approval Granted Projects – 2011 to 2014

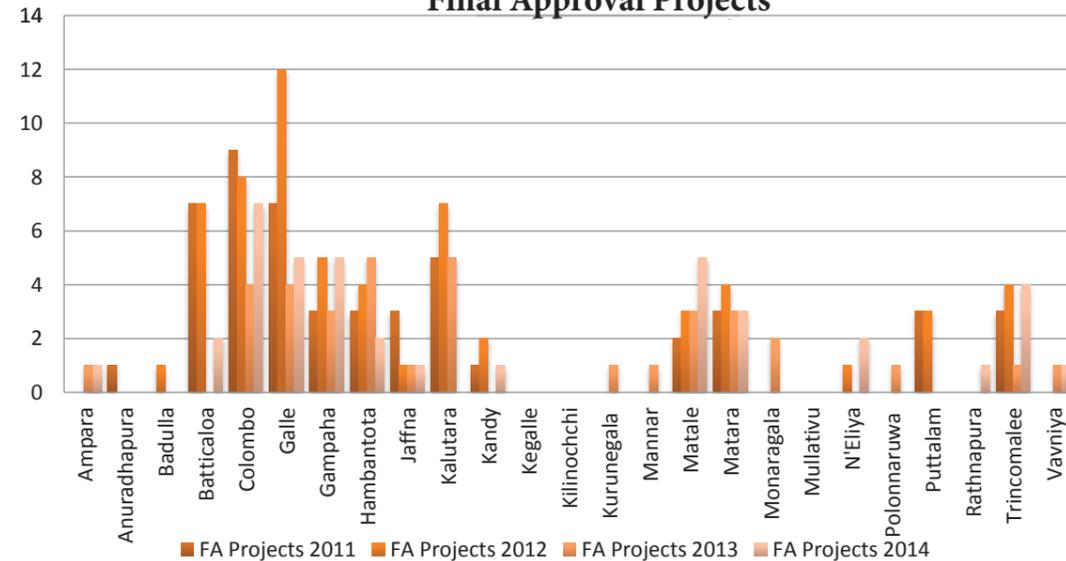
Out of total 188 final approvals granted projects, 40 new investment projects were granted the Final approvals in the year 2014. It is showcased an 11% increment of final approval granted project compared to the year 2013.

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

### Final Approval Granted Investment Projects by One Stop Unit - Geographical Distribution

DISTRICT	Final Approval Granted 2011			Final Approval Granted 2012			Final Approval Granted 2013			Final Approval Granted 2014		
	Total Projects	Rooms	Investment \$ Mn	Total Projects	Rooms	Investment \$ Mn	Total Projects	Rooms	Investment \$ Mn	Total Projects	Rooms	Investment \$ Mn
Ampara							1	31	1.8	1	10	0.58
Anuradhapura	1	28	0.43									
Badulla				1	12	0.69						
Batticaloa	7	285	16.46	7	132	13.78				2	50	8.78
Colombo	9	1067	118.59	8	874	108.31	4	329	24.14	7	1025	235.58
Galle	7	198	22.88	12	722	86.2	4	80	10.86	5	564	88.18
Gampaha	3	293	30.81	5	290	38.08	3	48	10.23	5	495	54.01
Hambantota	3	164	13.06	4	168	11.19	5	845	171.76	2	24	3.24
Jaffna	3	92	6.4	1	18	0.58	1	66	6.36	1	56	4.05
Kalutara	5	335	33.49	7	322	16.44	5	712	110.89			
Kandy	1	18	0.63	2	154	21				1	14	0.9
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	5	131	11.26
Matara	3	54	21.9	4	169	21.7	3	75	13.63	3	54	4.36
Monaragala							2	42	1.37			
Mullativu												
N'Eliya				1	42	3.7				2	78	3.76
Polonnaruwa							1	33	0.63			
Puttalam	3	104	8.4	3	221	12.9						
Rathnapura										1	40	2.8
Trincomalee	3	116	20.76	4	122	10.25	1	10	0.6	4	106	5.528
Vavniya							1	15	1.16	1	34	0.38

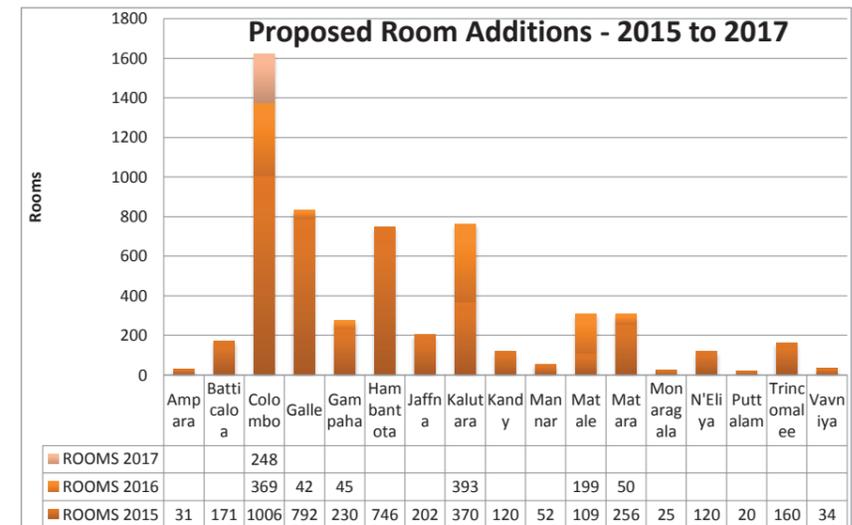
Final Approval Projects



### Projects by Under Construction - 2014

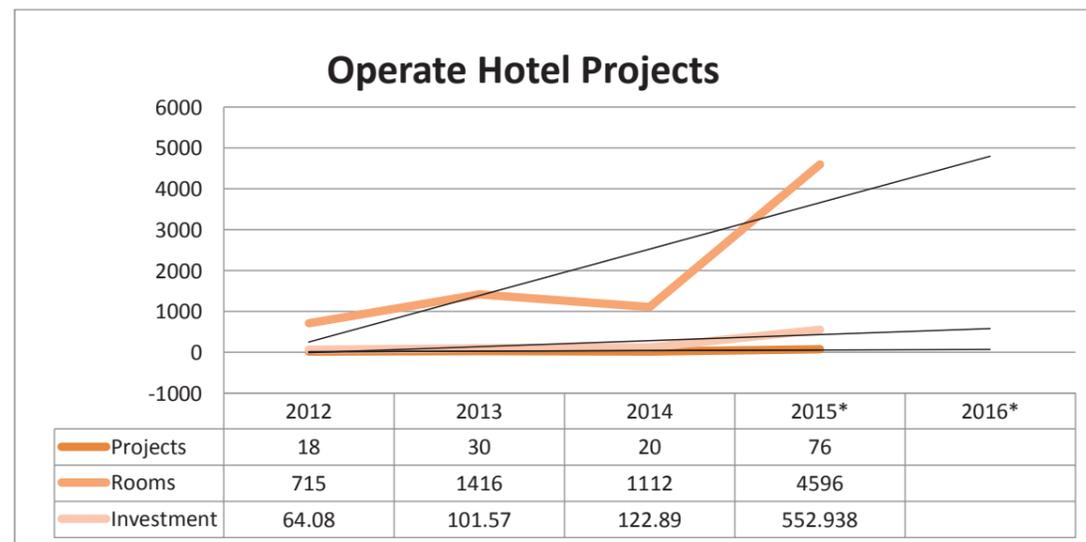
The district-wise distribution of Hotels which are under construction as at 31st December 2014 is as follows.

District	Under Construction projects in 2014			Proposed to commence operations as of 2014 under construction projects								
	No. of projects	No. of rooms	Investment (\$ Mn)	2015			2016			2017		
				No. of projects	No. of rooms	Investment (\$ Mn)	No. of projects	No. of rooms	Investment (\$ Mn)	No. of projects	No. of rooms	Investment (\$ Mn)
Ampara	1	31	1.8	1	31	1.8						
Anuradhapura												
Badulla												
Batticaloa	6	171	15.85	6	171	15.85						
Colombo	12	1623	316.37	9	1006	99.75	2	369	55.5	1	248	161.12
Galle	10	834	109.61	9	792	106.29	1	42	3.32			
Gampaha	5	275	23.4	4	230	21.6	1	45	1.8			
Hambantota	5	746	160.24	5	746	160.24						
Jaffna	5	202	14.39	5	202	14.39						
Kalutara	8	763	122.38	7	370	38.58	1	393	83.8			
Kandy	1	120	11	1	120	11						
Kegalle												
Kilinochchi												
Kurunegala												
Mannar	1	52	1.22	1	52	1.22						
Matale	7	308	37.32	4	109	20.1	3	199	17.2	2		
Matara	5	306	30.23	4	256	25.73	1	50	4.5			
Monaragala	1	25	0.98	1	25	0.98						
Mullativu												
N'Eliya	3	120	7.46	3	120	7.46						
Polonnaruwa												
Puttalam	1	20	3	1	20	3						
Rathnapura												
Trincomalee	7	160	18.028	7	160	18.028						
Vavniya	1	34	0.38	1	34	0.38						
<b>Total</b>	<b>79</b>	<b>5790</b>	<b>873.658</b>	<b>69</b>	<b>4444</b>	<b>546.398</b>	<b>9</b>	<b>1098</b>	<b>166.14</b>	<b>1</b>	<b>248</b>	<b>161.12</b>



## 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. 1112 rooms have been appended to the tourism economy as operating rooms within the year 2014. By the year 2015, there will be another 4596 rooms on hand to operate highlighting a significant increment compared to this year. According to the existing facts and the existing trend of projects, more than 4000 room capacity can be forecasted by the year 2015.



## DOMESTIC TOURISM & RESORTS MANAGEMENT DIVISION

### Tourism Development programs completed 2014

- 1) New Tourist Information Centers established in Mt-Lavinia, Bentota and Passikuda.



Contractor	Maga Naguma Constrution
Consultancy	M/S Muditha Jayakody Association
Project cost	5.59MN
Location	Mount Laveniya Bentota Passikudha
Remarks	completed

- 2) Soil Testing at Passikudha -For testing compaction level work done of earth filling at passikudha

Name of the site	National holiday resort passikudha
Description of activity	Testing soil
Total investment	1.72MN
Current status	Completed

- 3) Awareness program – We have exhibit the prototype of Boutique Hotel at the Dayatakirula exhibition at Kuliypitiya



Name of the program	Dayatakirula exhibition
Description of activity	Exhibit the prototype of Boutique Hotel
Total investment	2.51MN
Progress	Successful

## 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 & Restaurants and makes recommendations to Department of Immigration & Emigration for visa to expatriate staff in tourism establishments.

The number of tourist establishments and tourist guides registered with SLTDA during the year 2014 are as follows:

Category	No. of Establishments	No. of rooms
Classified Hotels	1	20
Unclassified Hotels	31	1490
Boutique Hotels	-	-
Boutique Villas	2	10
Tourist Guest House	67	706
Tourist Restaurants	48	-
Travel Agencies	86	-
Spice Gardens	3	-
Tourist Shops	5	-
Spas	5	-
Home Stay Units	59	181
Heritage Homes	1	7
Heritage Bungalows	1	4
Bungalows	83	350
Rented Homes/ Apartments	24	68

Category	Number
National Tourist Guides	25
Chauffeur Tourist Guides	03
Area Tourist Guides	18

Total number of Hotels as at end of December 2014 are as follows.

Classified Hotels	No. of Establishments	No. of Rooms
Five Star Hotels	14	3152
Four Star Hotels	18	2084
Three Star Hotels	14	1061
Two Star Hotels	33	1725
One Star Hotels	34	1330
Total No: of Classified Hotels	113	9352
Unclassified Hotels	197	8783
Total No: of Hotels	310	18,135

Total number of Establishments as at end of December 2014 are as follows.

Category	Number of Establishments	Number of rooms
Classified Hotels	113	9352
Unclassified Tourist Hotels	197	8783
Boutique Hotels	24	432
Boutique Villas	32	204
Tourist Guest House	739	7922
Tourist Restaurants	412	-
Rented Homes & Apartments	45	119
Bungalows	208	876
Heritage Bungalows & Homes	3	16
Home Stay Units	228	724
Travel Agencies	678	-
Spice Gardens	33	-
Tourist Shops	63	-
Spas	21	-
National Tourist Guides	1090	
Chauffeur Tourist Guides	937	
Area Tourist Guides	457	
Site Tourist Guides	89	

## Home Stay Programme Activities during the year 2014

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

Since its initiation up to 31st December 2014, 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	39	174
	Superior	65	246
	Deluxe	104	456
	Total	208	876
Heritage Bungalows	Deluxe	2	9
	Total	2	9
Home Stay Units	Standard	98	332
	Superior	85	245
	Deluxe	45	143
	Total	228	720
Rented Apartments	Standard	12	28
	Superior	22	63
	Deluxe	04	10
	Total	38	101
Rented Homes	Standard	6	17
	Superior	1	1
	Total	7	18
<b>Total</b>		<b>483</b>	<b>1724</b>

## Training & Awareness Programmes

Objective of this training programme was to increase the number of Area/ Site Guides and tourist facilitators to meet up industry requirement for increasing arrivals of the tourists and improve the community based tourism.

For the interview, more than 125 persons participated from the area and selected about 100 candidates. Interviews were held at Bentota on 25th November 2014. These candidates served to the industry in various ways and SLTDA felt that a proper training was highly essential to upgrade the qualities and knowledge of these people.

Area Guide licenses and licenses for facilitators were issued according to qualification and abilities after fulfilling the documentary requirements for the persons who successfully completed the programme.

## HUMAN RESOURCES & PREMISES MANAGEMENT DIVISION

Approved & Existing Carder as at 31st December 2014

Carder

No	Category	Approved No.	Existing Carder 2014
01	Director General	01	01
02	Deputy Director General	01	-
03	Directors	07	06
04	Deputy Directors		05
05	Assistant Directors	22	07
06	Junior Managers	27	24
07	Management Assistants	50	40
08	Development Assistants		01
09	Drivers	11	10
10	Office Aides / Labors	26	18
11	Waiter Room Boy	25	21
12	Cook	13	14
13	Multi Duty Technician	02	01
14	Life Saving Guard	04	03
15	Pump Operator	03	04
16	Casual staff (waiter Room Boy)		(01)
17	Contract Staff		(03)
Total		192	155

### New Recruitments – 2014

No	Name	Designation
01	Mr.Visva Buddhika	Consultant – ICT (Contract)
02	Mr. M.H.Mohomed Maheer	Resort Officer (contract)
03	Mr. D.O.A.Upul Fernando	Driver Gr. III (casual)

### Retired & Resigned Employees – 2014

No	Name	Designation
01	Mr. H.P.J.Dhanapala	Junior Manager Gr. II
02	Mr. A.Ramachandra	Resort Officer
03	Mr. H.A.S.C.Kumara	Audit Assistant
04	Mr. W.G.S.S.Wickramasooriya	Junior Manager

## Trainings

### Local Trainings

Sri Lanka Tourism Development Authority Employees have participated to Local Trainings as follows:

No	Participants	Programme	Duration
01	Ms. Sujeewa Amarasena	Advanced Data Analysis SPSS20	19 <sup>th</sup> , 20 <sup>th</sup> , January & 02 <sup>nd</sup> February
02	Mr. A.C.Chandanathilaka	Postgraduate Diploma (pgd. Tehm)	2013-2014
03	Mr. Palitha Pushpakumara	Postgraduate Diploma (pgd. Tehm)	2013 - 2014
04	Mr.Suranga Liyanapathirana Ms.Varuna Alwis Ms.Kumuduni Gunawardana Ms.S.Premkumar Mr.Aruna Prasanjeewa	Sustainable Tourism Initiative	2 <sup>nd</sup> April 2014
04	Mr.Chanaka Thennakoon	Taxation	30 <sup>th</sup> April 2014
05	Mr.Chanaka Thennakoon	Executive Master of Business Administration Programme.	
06	Mr.D.P.Nandana	Newly Drafted Civil Engineering Standard method of measurement - ICTAD	06 <sup>th</sup> July 2014
07	Ms. Nilmini Serasinghe Ms.Thamara Kumari	Responsibility of Accounts Clerk Skills Development Fund Limited	23 <sup>rd</sup> June 2014
08	Ms.S.Premkumar	Technical Seminar on Facility Management Institute of Incorporated Engineers	25 <sup>th</sup> July 2014
09	Ms. Anuradha Perera Ms.H.J.N. serasinghe	Public sector Accounting Standards	31 <sup>st</sup> July 2014
10	Ms.Jayani Guruge	The Public Procurement Procedures Skills Development Fund Limited	28 <sup>th</sup> , 29 <sup>th</sup> July 2014
11	Mr. N.Sritharan	Contract payments, Files maintenance & contract closeout Activities Skills Development Fund Limited	01 <sup>st</sup> august 2014
12	Ms.Anuradha Perera Ms.Shalika Sinharage	Overview of the Tax System in Sri Lanka Skills Development Fund Limited	28 <sup>th</sup> August 2014
13	Mr.N.sritharan Mr.Upali Weerasinghe	5S productivity Enhancement Skills Development Fund Limited	12 <sup>th</sup> September 2014
14	Ms.Anuradha perera Ms.Nilmini Serasinghe Mr.Chandimal	Cashiers Responsibility Skills Development Fund Limited	26 <sup>th</sup> September 2014
15	Mr.Chanaka Thennakoon	Financial Regulations 104 Skills Development Fund limited	26 <sup>th</sup> September 2014
16	Mr.M.B.Kiriella	National Management Conference Institute of Management of Sri Lanka	30 <sup>th</sup> September 2014
17	Mr. M.R.A.S. Peiris Mr. Chanaka Thennakoon Ms. Anuradha Perera Ms. Sagarika Wijerathna Ms.Chandimal Hidellaarachchi	Annual Stock Verification & Disposal of Unserviceable Items PRAG Institute	15 <sup>th</sup> October 2014
18	Ms.K.W.D.Thamara Kumari Ms. Shalika Sinharage Ms.Nilmini Serasinghe	Taxation Proposals of the Budget Skills development Fund Limited	10 <sup>th</sup> November 2014

## Overseas Trainings

Sri Lanka Tourism Development Authority Employees have participated to Local Trainings as follows:

No	Participants	Programme	Duration	Country
01	Mr.S.P.R. Liyanapathirana	Meeting on Coastal Zone Management	19 <sup>th</sup> January – 21 <sup>st</sup> January 2014	India
02	Mr.M.A.C.T.Munasinghe	SAARC five weeks office Automation course	04 <sup>th</sup> August – 30 <sup>th</sup> October 2014	India (New Delhi)
03	Mr.D.N. Muhandiramge Ms.Deepa Munasinghe	Communication skills in English and Tourism & Hospitality Management	02 <sup>nd</sup> August 2014 – 25 <sup>th</sup> October 2014	India
04	Ms.Bhagya Mahavithange	Training course on Development of Home stay and Agro Tourism program	20 <sup>th</sup> October 2014 – 28 <sup>th</sup> October 2014	Malaysia
05	Ms.N.B.Hema Ms.M.N.S.Perera Mr.D.N. Wickramasuriya Ms.H.L.S.amarasena	Cultural Tourism Forum and Training programme	10 <sup>th</sup> November 2014 – Dharamawardana	Korea

## Premises

01. Upgraded Electricity capacity 200KVA 300KVA.
02. Upgraded 250KVA - Generator.
03. Upgraded Premises / TIC center.

## ICT DEVELOPMENT

### TDL System Development

Sri Lanka Tourism Development Authority has implemented a solution to automate the registration and license renewal process. The TDL system is a module of the registration and license renewal (LRR) system to automate TDL clearance and calculation process of all tourism service providers who are registered under Sri Lanka Tourism Development Authority. SLTDA previously maintained records manually and this caused delays in issuance at TDL clearance and it was led to licensees' dissatisfaction. After implementing the TDL system, SLTDA gained following benefits,

- Faster processing of TDL clearance and calculation
- Improved the customer satisfaction
- Improved the data recording system
- Strong management reporting

## INTERNAL AUDIT DIVISION

The Internal Audit Division of the Sri Lanka Tourism Development Authority functions under an Internal Auditor who is directly responsible to the Chairman of the Authority as per Financial Regulations number 133. This division consists of a staff with head of the unit, two Junior Managers, two Management Assistants and one Office Assistant.

The division focuses on fraud and misuse of assets, proper internal control, reliability & integrity of financial & other information produced by Sri Lanka Tourism Development Authority and the mean of safeguarding its assets.

Internal Audit Division is responsible to provide an independent audit view of Authority operation, accounting and financial activities and to ensure implementation of better internal control system.

## FINANCIAL MANAGEMENT DIVISION

We are forwarding the financial management division's performance for the year 2014 as depicted below.

### (1) Tourism Development Fund

Revenue	Year 2014 (Rs.)	%	Year 2013 (Rs)
i. Embarkation Levy	1,779,766,146.71	10.09	1,604,887,048.67
ii. Tourism Development Levy	1,005,566,833.24	(0.85)	1,014,153,899.71
iii. Other Revenue	52,099,002.02	754.09	6,099,936.95
<b>Total Revenue</b>	<b>2,837,431,981.97</b>	<b>8.09</b>	<b>2,625,140,885.33</b>

### (2) Sri Lanka Tourism Development Authority

Revenue	Year 2014	%	Year 2013
a. Embarkation Levy	249,167,260.56	10.90	224,684,186.81
b. Tourism Development Levy	147,343,871.55	3.68	142,107,586.11
c. Fees and Licenses	109,480,303.69	8.11	101,269,882.49
d. Surplus./ ( Deficit) from Resort Operation	1,529,200.76	(67.06)	4,642,129.21
e. Other Income	38,327,329.02	25.54	30,530,590.45
<b>Total Revenue</b>	<b>545,847,965.58</b>	<b>8.47</b>	<b>503,234,375.07</b>

Expenses	Year 2014 (Rs)	%	Year 2013 (Rs)
A. Recurrent Expenses	220,818,704.02	(2.80)	227,175,587.48
B. Capital Expenses	67,510,086.50	(35.73)	105,047,499.21
<b>Total Expenses</b>	<b>288,328,790.55</b>	<b>(13.21)</b>	<b>332,223,086.69</b>

## LEGAL DIVISION

### 1. Main Functions of the Legal Division

- Providing Legal advice to day today functions of the SLTDA.
- Conducting Board Meeting and AMC Meetings of SLTDA and SLTPB and functioning as Board Secretariat.
- Drafting Legal documents pertaining to the Legal actions instructed against the SLTDA and cases instructed by the SLTDA and Courts, Labour Tribunal ,Human Rights Commission, before the Commissioner of Labour and other Tribunal.
- 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 such as Service Agreements, Contract of Employment.
- As and when if a need arises, advice the Chairman, Director General and Director Human Resources Development in disciplinary matters and drafting of documents required to take action in relation to disciplinary matters.

The following functions were done by the Legal Division during the year 2014.

### 2. Lease Agreements , Agreements and Contracts of Employment

The following Lease Agreements, Agreements & Contracts of Employment were executed.

Categories of Agreement	Parties	Duration
	- SLTDA & Mr. Jayakody Arachchige Karunarathne regarding the site office at Kalpitiya	- For a period of one year commencing from 01st August 2013.
	- SLTDA & Jungle Beach Resort (pvt) Ltd	- For a period of 99 years
	- SLTDA & world Coast Lodge (pvt) Ltd	- For a period of 99 years

<b>Lease Agreement</b>	- SLTDA & ENR Holdings (pvt) Ltd	- For a period of 99 years
	- SLTDA & Ascot Leisure (pvt) Ltd	- For a period of 99 years
	- SLTDA & International Construction Consortium (pvt) Ltd	- For a period of 99 years
	- SLTDA & R & R Pleasure (pvt) Ltd	- For a period of 99 years
	- SLTDA & ENR Holdings (pvt) Ltd	- For a period of 99 years
	- SLTDA & ABANS PLC	- For a period of 99 years
	- SLTDA & Senok Resors (pvt) Ltd	- For a period of 99 years
	- SLTDA & Fortune Premier(pvt) Ltd	- For a period of 99 years
	• SLTDA and Bank of Ceylon SLTDA and Bank of Ceylon regarding to purchase of one unit of Mitsubishi KB4TGJNXZR double cab to the SLTDA	
	<b>Other Agreements</b>	- SLTDA and M/s Royal Lotus Hotel (pvt) Ltd
- SLTDA and M/s E-W Information Systems Limited		- For a period of 02 years
- SLTDA and M/s Maga Neguma Road Construction Equipment Company (pvt) Ltd		- For a period of 01 week
- SLTDA and M/s Lanka Institute of Architect and Design Consortium Limited		- For a period of one year

<b>Contract of Employment</b>	- SLTDA and Mr.M.H.M. Maheer – as a Resort Officer at Passekudah	- For a period of one year
	- SLTDA and Mr. A.C.N.S. Ranaweera – as a Town Planner	- For a period of one year
	- SLTDA and Mr. R.M. Sumathirathna – as a Restaurant/Accommodation Supervisor	- For a period of one year
	- Mr.Visva Buddhika Devapriya – as a Consultant to the ICT Devision	- For a period of one year

- (v) Case No. HC (Civil) 480/2011/MR – filed by M/s Asian Hotels & Properties PLC (Cinnamon Grand) against SLTPB and SLTDA. The Plaintiff company has provided services such as accommodation, meals etc. to the IIFA event on 2010. (Claim Rs. 29,694,934/52)
- (iv) Case No. CA/Write/263/2014 – filled by the Owner of “River Side Inn” Guest House against the Commissioner General of Excise and Six Respondents including the SLTDA.
- (vii) SCFR/163/14 – filled by Mr. Udana Wickramasinghe a Director of SLTDA for violation his fundamental rights.

### 3. Legal actions initiated by SLTDA

- Case No. 3900/L - District Court of Matugama (SLTDA vs. 11 Respondents) obtained an interim injunction against the some of the villagers restraining them to clear the Rest House land for a road. This matter is still pending before the courts.

### 4. Legal actions filed against SLTDA

- (i) HCR/91/2012 – High Court of Nikaweratiya - filed by Mr. Ranjith Sisira Kumara, former Lessee of Nikaweratiya Rest House.
- (ii) Case No.CA/WA/293/13 – filed by Mr. S.K. Thotagamuwage, (an employee of SLTDA against the presently under interdiction) against the interdiction of services. This matter is still pending before the Court of Appeal.
- (iii) Case No. HCALT/56/13 –filed by Ms. Champa Rasanjane Perera, challenging the Order of the Labour Tribunal , Case No. 02/105/20 (The Labour Tribunal ordered a sum of Rs. 203,280/-
- (iv) Case No. DMR/04050/11 –filled by M/s Trans Asia Hotels PLC against SLTPB & SLTDA. The Plaintiff Company has provided services such as accommodation, meals etc. to the IIFA event on 2010. (Claim – Rs. 1,150,734/-)

**SRI LANKA TOURISM DEVELOPMENT AUTHORITY**

**ANNUAL ACCOUNTS  
2014**



Sri Lanka Tourism  
Development Authority

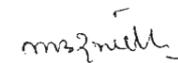
**CONTENTS**

<b>Statement of Financial Position</b>	<b>50</b>
<b>Domestic Tourism Resorts &amp; Rest House Operations</b>	<b>66</b>
<b>Domestic Tourism Resorts</b>	<b>67-70</b>
<b>National Holiday Resorts</b>	<b>71-72</b>

**Sri Lanka Tourism Development Authority**  
**Statement of Financial Position**  
**as at 31 December 2014**

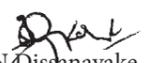
ASSETS	Note	2014 Rs.	2013 Rs.
<b>Current Assets</b>			
Cash in Hand and at Bank	03	789,981,437.58	725,339,525.00
Trade & Other Receivables	04	234,346,225.77	326,463,332.10
Inventories		2,129,190.42	2,544,787.10
Pre payments		11,682,858.43	1,183,512.57
Advances	05	147,489,692.50	125,466,044.69
W.H.T. / VAT Receivable		6,845,638.35	4,915,105.61
Deposit Receivable		8,683,970.60	7,091,463.94
Interest Suspense		4,913,594.82	-
<b>Total Current Assets</b>		<b>1,206,072,608.47</b>	<b>1,193,003,771.01</b>
<b>Non- Current Assets</b>			
Property, Plant & Equipment	02	2,449,036,195.95	2,374,860,083.16
Less : Provision for Depreciation		315,230,854.66	258,323,054.19
<b>Written down value</b>		<b>2,133,805,341.29</b>	<b>2,116,537,028.97</b>
Add : Work in progress	06	175,831,995.29	194,053,108.58
Intangible Assets (Development cost Net)		44,377,176.16	48,482,869.85
Library Books		1,880,781.06	1,880,781.06
Long Term Investments	07	77,482,122.85	76,636,594.03
<b>Total Non- Current Assets</b>		<b>2,433,377,416.65</b>	<b>2,437,590,382.49</b>
<b>Total Assets</b>		<b>3,639,450,025.12</b>	<b>3,630,594,153.50</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors		6,952,517.06	6,907,070.38
Land Lease Rent Payable		61,398,750.00	411,286,500.00
Deposit / Other payables		64,864,194.70	40,410,016.24
V. A. T. Payable		1,659,935.25	2,183,724.17
Revenue in Advance		27,574,908.88	30,815,799.26
Accrued Expenses		39,742,720.99	62,709,875.62
Provision for Retirement Gratuity	08	42,827,463.25	36,440,908.46
<b>Total Current Liabilities</b>		<b>245,020,490.13</b>	<b>590,753,894.13</b>
<b>Long Term Liabilities</b>		<b>27,343,046.80</b>	<b>-</b>
<b>Net Assets</b>		<b>3,367,086,488.19</b>	<b>3,039,840,259.37</b>
<b>NET ASSETS/EQUITY</b>			
Government Account		14,272,174.41	14,272,174.41
Capital Reserves		(243,736,884.06)	(243,736,884.06)
Kalpitiya Equity		88,797,590.98	86,580,623.69
Revaluation Reserve		945,835,503.71	945,835,503.71
Capital Contribution		1,636,043,832.98	1,636,043,832.98
Revenue Account		924,185,248.72	599,155,987.19
Sinking Fund		759,021.45	759,021.45
Tourism Fund		930,000.00	930,000.00
<b>Total Net Assets/Equity</b>		<b>3,367,086,488.19</b>	<b>3,039,840,259.37</b>

The Accounting policies on pages 05 to 10 and Notes on pages 11 to 25 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statement were approved by the Board of Directors and signed on their behalf



M.B. Kiriella  
Director General

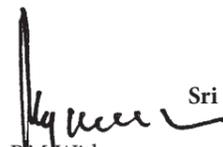
Sri Lanka Tourism Development Authority



P.N. Dissanayake

Director/Financial Management

Sri Lanka Tourism Development Authority



P.M. Withana  
Chairman

Sri Lanka Tourism Development Authority

**Sri Lanka Tourism Development Authority**  
**Income Statement**  
**For the period ended 31 December, 2014**

	Note	2014 Rs.	2014 Rs.
<b>Revenue</b>			
Embarkation Levy	09	249,167,260.56	224,684,186.81
Tourism Development Levy	10	147,343,871.55	142,107,586.11
Fees and Licenses	11	109,480,303.69	101,269,882.49
Surplus/(Deficit) from Resort Operation	12	1,529,200.76	4,642,129.21
Other Income	13	38,327,329.02	30,530,590.45
<b>Total Revenue</b>		<b>545,847,965.58</b>	<b>503,234,375.07</b>
<b>Expenses</b>			
Wages,Salaries & Employee Benefits	14	78,959,923.57	77,472,925.27
Supplies and Consumables Used	15	64,371,234.09	62,467,581.70
Trade Related Expenditure	16	38,762,326.64	58,655,598.42
Depreciation and Ammortization Expense		35,276,601.00	27,954,768.76
Other Expenses	17	593,664.27	555,379.56
Finance Expenses	18	2,854,954.48	69,333.77
<b>Total Expenses</b>		<b>220,818,704.05</b>	<b>227,175,587.48</b>
<b>Profit/ (Loss) for the Period</b>		<b>325,029,261.53</b>	<b>276,058,787.59</b>
<b>Profit/ (Loss) brought forward</b>		<b>599,155,987.19</b>	<b>323,097,199.60</b>
<b>Add: adjustment during the period</b>			
<b>Total</b>		<b>599,155,987.19</b>	<b>323,097,199.60</b>
<b>Profit/ (Loss) carried forward to general fund</b>		<b>924,185,248.72</b>	<b>599,155,987.19</b>

Sri Lanka Tourism Development Authority  
Changes in equity statement for the year ended  
31 December 2014

	Government Account	Capital Reserves	Kalpitiya Equity	Revaluation Reserve	Capital Contribution	Revenue Account	Sinking Fund	Tourism Fund	Total
Balance at 01 January 2014	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
Profit for the Year	-	-	-	-	-	325,029,261.53	-	-	325,029,261.53
Interest Income	-	-	2,216,967.29	-	-	-	-	-	2,216,967.29
Balance at 31 December 2014	14,272,174.41	(243,736,884.06)	88,797,590.98	945,835,503.71	1,636,043,832.98	924,185,248.72	759,021.45	930,000.00	3,367,086,488.19

Sri Lanka Tourism Development Authority  
Cash Flow Statement  
For the Year Ended 31 December 2014

<b>Cash flows from operating activities</b>		
Net Surplus/(Deficit) before taxation, and extraordinary item		325,029,261.53
<b>Adjustments for</b>		
Depreciation	71,653,033.05	
Increase/(Decrease) in Provision for Doubtful debts	311,565.51	
Staff loan & Deposit Interest	(508,992.09)	
(Gain)/ Loss on Disposal of Assets	(1,109,967.70)	
Bank Interest Received	(24,131,659.42)	
Provision for Gratuity	7,754,344.79	
<b>Operating Surplus/(Deficit) before working capital changes</b>		53,968,324.14
		<b>378,997,585.67</b>
<b>Changes in working capital-Inflow/(Outflow)</b>		
(Increase)/Decrease in Inventories	415,596.68	
(Increase)/Decrease in Trade Receivables	91,805,540.82	
(Increase)/Decrease in Prepayments	(10,499,345.86)	
(Increase)/Decrease in Advances	(22,023,647.81)	
(Increase)/Decrease in W.H.T. / V.A.T. Receivable	(1,930,532.74)	
(Increase)/Decrease in Deposit Receivables	(1,592,506.66)	
(Increase)/Decrease in Interest Suspense	(4,913,594.82)	
Increase/(Decrease) in Trade Payables	45,446.68	
Increase/(Decrease) in Land Lease Rent Payables	(349,887,750.00)	
Increase/(Decrease) in Deposit / Other Payables	24,454,178.46	
Increase/(Decrease) in V.A.T. Payable	(523,788.92)	
Increase/(Decrease) in Revenue in Advance	(3,240,890.38)	
Increase/ (Decrease) in Accrued Expenditure	(22,967,154.63)	
<b>Net cash from operating activities</b>		<b>(300,858,449.18)</b>
		<b>78,139,136.49</b>
<b>Cash flows from investing activities</b>		
Gratuity paid	(1,367,790.00)	
Staff loan & Deposit Interest	508,992.09	
Purchase of Property, Plant and Equipment	(67,510,086.50)	
Sale of Property, Plant and Equipment	1,109,967.70	
Recoverable Cost of Capital Assets ( NPCL)	915,548.11	
Increase in Long Term Investment	(845,528.82)	
Bank Interest Received	24,131,659.42	
<b>Net cash used in investing activities</b>		<b>(43,057,238.00)</b>
<b>Cash flows from financing activities</b>		
Increase in Kalpitiya Equity	2,216,967.29	
Increase Long Term Liabilities	27,343,046.80	
<b>Net cash used in financing activities</b>		<b>29,560,014.09</b>
<b>Net Increase in cash and cash equivalents</b>		<b>64,641,912.58</b>
<b>Cash and cash equivalents at beginning of period ( Note 20 )</b>		<b>725,339,525.00</b>
<b>Cash and cash equivalents at end of period ( Note 19 )</b>		<b>789,981,437.58</b>

## 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. 33,851,548.98 was capitalized for the period of 1st January to 31st December 2014 in the following manner.

Description	Amount/Rs.
Tourism Information Center – Pasikudah	2,487,413.69
Tourism Information Center – Mt. Lavinia	2,487,413.69
Refurbishment of Head Office Building	28,876,721.60
<b>Total</b>	<b>33,851,548.98</b>

#### 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
<b>Total Advance</b>	<b>69,124,674.54</b>

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 2014, the value of the advance has been increased in the following manner.

Initial Advance	41,000,000.00
Accrued Interest	15,632,440.75
<b>Total Advance</b>	<b>56,632,440.75</b>

The amount of Rs. 15,632,440.75 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.10.09 as per 2014 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.175, 831,995.29 (please refer note 6).

#### 1.14 Comparison of Accounts.

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

### 1.15 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.

### 1.16 Leased Assets

During the financial year 2014, the authority acquired (05) five motor vehicles through finance lease facility provided by the Bank of Ceylon. The lease period is four years (48 Months). The initial cost of leased asset has been recognized based on the historical cost.

Net Carrying Amount of the leased motor vehicle as at December 31, is depicted below.

Vehicle	Cost	Depreciation	Net Carrying Amount as at 31/12/2014
Mitsubishi Double Cab	6,962,441.43	1,450,508.63	5,511,932.80
Toyota Hiace Van - 03 Nos	21,155,643.09	3,525,940.53	17,629,702.56
Toyota Corolla Car	6,961,311.43	1,160,218.57	5,801,092.86

The total minimum lease payments relevant to the leased assets as at 31st December 2014, is as follow.

Vehicle	Future Minimum Lease Payments
Mitsubishi Double Cab	6,576,796.80
Toyota Hiace Van - 03 Nos	19,578,096.00
Toyota Corolla Car	6,398,064.00

### 1.17 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
<b>Total</b>	<b>98,823,602.80</b>

#### Expenditure

Description	Amount/Rs
Payments Programme/Project expenses	66,306,641.53
Administrative expenses	32,296,149.99
Capital expenditure	1,807,049.33
<b>Total</b>	<b>100,409,840.85</b>

**1.18 Debtor Amount Rs. 234,346,225.77**

Description	Debtors Accounts (Rs.)
Trade Debtors	30,592,714.81
Sundry Debtors	4,079,090.61
<b>Sub Total</b>	<b>34,671,805.42</b>
Less: Provision for bad debts	(2,406,273.15)
<b>Net – Trade &amp; Sundry Debtors</b>	<b>32,265,532.27</b>
Sri Lanka Tourism Promotion Bureau	8,753,310.66
Sri Lanka Institute of Tourism & Hotel Mgt	4,078,471.19
Sri Lanka Convention Bureau	58,500.00
Kalpitiya Project	83,681.75
TDF Current Account (TDL & EL)	128,946,776.80
TDF Current Account (Other Receivable)	3,063,953.04
Sewage Plant Receivable	30,874,498.08
Water Service – Passikudah	6,367,920.65
Debtor – NPCL	2,056,788.21
Current A/c – Head office	42,630.65
Returned Cheques	590,471.25
Festival Advance	166,000.00
Special Loan	125,749.99
Distress Loan	16,871,941.23
<b>Total</b>	<b>234,346,225.77</b>

**1.19 Creditor Amount Rs. 6,952,517.06**

The following amounts were included to the creditor amount.

Description	Creditors Accounts Rs.
Sundry Creditors	187,487.02
SLTPB	47,905.74
SLITHM	6,511,960.19
SLCB	31,870.92
Gratuity payable	67,101.75
Kalpitiya Project Payables	106,191.44
<b>Total</b>	<b>6,952,517.06</b>

**1.20 Land Lease Rent Payable Rs. 61,398,750.00**

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

**10. Property, Plant & Equipment  
Note No. 02**

No	Code	Description	Balance as at 01.01.2014	Additions 2014	Transfers /Adjustments	Balance as at 31.12.2014	Acc. Depreciated on as at 01.01.2014	Depreciation 31.12.2014	Transfers /Adjustments	Acc. Depreciated on as at 31.12.2014	Net Book Value as at 31.12.2014
02.01	101	Land	1,579,729,094.46	2,090,063.65	70,620.63	1,581,748,537.48	-	-	-	-	1,581,748,537.48
2.02	102	Buildings	421,026,777.46	28,876,721.60	-	449,903,499.06	87,465,838.22	20,453,524.81	-	107,919,363.03	341,984,136.03
2.03	102A	Road & Works	38,009,244.37	155,942.00	-	38,165,186.37	15,243,920.16	4,430,145.43	-	19,674,065.59	18,491,120.78
2.04	102B	Water Ser & Drainage	146,864,397.85	127,834.00	915,548.11	146,076,683.74	42,389,472.87	16,826,341.00	-	59,215,813.87	86,860,869.87
2.05	102C	Electrical Installation	20,518,145.78	1,332,641.00	-	21,850,786.78	7,539,011.24	402,293.89	-	7,941,305.13	13,909,481.65
2.06	102D	Telecom Installation	16,909,132.71	65,413.61	6,500.00	16,968,046.32	3,124,244.86	1,760,453.56	68.00	4,884,630.42	12,083,415.90
2.07	103	Fixtures & Fittings	9,551,152.44	882,768.37	-	10,433,920.81	4,349,023.33	993,579.67	-	5,342,603.00	5,091,317.81
2.08	104	Furniture	24,716,969.78	1,142,722.16	4,500.00	25,855,191.94	6,680,190.65	2,512,972.96	4,500.00	9,188,663.61	16,666,528.33
2.09	105	Miscellaneous Equipment	20,725,403.92	6,034,292.35	25,870.27	26,733,826.00	7,626,804.40	2,319,077.59	1,858.50	9,944,023.49	16,789,802.51
2.1	106	Plant & Machinery	10,380,833.75	-	-	10,380,833.75	7,329,948.05	668,454.15	-	7,998,402.20	2,382,431.55
2.11	110	Motor Vehicles	29,583,871.19	35,079,396.44	5,160,000.00	59,503,267.63	27,566,643.13	7,937,167.18	5,160,000.00	30,343,810.31	29,159,457.32
2.12	111	Data Processing Equipment	46,762,551.01	3,770,922.88	-	50,533,473.89	42,449,823.06	2,761,585.60	-	45,211,408.66	5,322,065.23
2.13	107	Glassware & Crockery	1,372,674.11	17,485.00	17,700.00	1,372,459.11	937,398.06	33,457.64	17,700.00	953,155.70	419,303.41
2.14	108	Cutlery & Silverware	753,343.56	105,720.00	350.00	858,713.56	430,645.53	77,530.96	350.00	507,826.49	350,887.07
2.15	109	Linen	7,956,490.77	704,278.74	9,000.00	8,651,769.51	5,190,090.63	924,692.54	9,000.00	6,105,783.17	2,545,986.34
		<b>Sub Total</b>	<b>2,374,860,083.16</b>	<b>80,386,201.80</b>	<b>6,210,089.01</b>	<b>2,449,036,195.95</b>	<b>258,323,054.19</b>	<b>62,101,276.98</b>	<b>5,193,476.50</b>	<b>315,230,854.66</b>	<b>2,133,805,341.29</b>
2.16	211L	Development Cost	170,356,290.96	5,519,982.38	73,920.00	175,802,353.34	121,873,421.11	9,551,756.07	-	131,425,177.18	44,377,176.16
		<b>Total</b>	<b>2,545,216,374.12</b>	<b>85,906,184.18</b>	<b>6,284,009.01</b>	<b>2,624,838,549.29</b>	<b>380,196,475.30</b>	<b>71,653,033.05</b>	<b>5,193,476.50</b>	<b>446,656,031.84</b>	<b>2,178,182,517.45</b>

**Sri Lanka Tourism Development Authority**  
**Notes to the Financial Statements**  
**For the period ended 31 December, 2014**

**03. Cash in Hand and at Bank**

Item	2014 ( Rs.)	2013 ( Rs.)
Cash in Hand - Petty Cash	19,952.80	89,621.00
Cash at Bank - HO & Resorts	789,929,539.49	725,207,798.71
Cash in Hand - Petty Cash (Kalpitiya Project)	15,000.00	24,910.00
Cash at Bank - (Kalpitiya Project)	16,945.29	17,195.29
<b>Total of cash in hand &amp; bank balance</b>	<b>789,981,437.58</b>	<b>725,339,525.00</b>

**04. Trade & Other Receivable**

Item	2014 ( Rs.)	2013 ( Rs.)
Trade Receivable	30,592,714.81	21,391,637.07
Other Receivable	188,996,092.89	291,996,160.45
Employees - Loans & Advances	17,163,691.22	15,170,242.22
Sub Total	236,752,498.92	328,558,039.74
Less : Provision for bad & doubtful debts	(2,406,273.15)	(2,094,707.64)
<b>Total</b>	<b>234,346,225.77</b>	<b>326,463,332.10</b>

**Provision for Doughtful Debts**

Item	2014 ( Rs.)	2013 ( Rs.)
Balance at the Beginning	2,094,707.64	4,695,548.58
(Over)/ Under Provision for the year	311,565.51	(2,600,840.94)
<b>Balance at the End</b>	<b>2,406,273.15</b>	<b>2,094,707.64</b>

**05. Advances**

Item	2014 ( Rs.)	2013 ( Rs.)
Advances - Expenses	21,732,577.21	1,925,896.69
Advances - Acquisition of Land ( Dedduwa )	69,124,674.54	69,124,674.54
Advances - Acquisition of Land ( Kalpitiya )	56,632,440.75	54,415,473.46
<b>Total</b>	<b>147,489,692.50</b>	<b>125,466,044.69</b>

**06. Work in Progress**

Item	2014 ( Rs.)	2013 ( Rs.)
NHR - B'wela ( Consultancy fee )	62,955.00	62,955.00
Passikudah - Infrastructure Development Project	45,661,667.25	45,661,667.25
Passikudah - Earth Filling	24,572,140.33	21,419,514.01
Head Office - Car park & Main Gate	-	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	2,553,668.28	3,196,812.23
Bentota -Laying Asphalt Concrete	2,376,805.02	2,376,805.02

Construction of Generator Room - Kataragama	304,762.00	304,762.00
Calido Beach Development Project	1,247,205.90	-
Kalpitiya Development Project	98,602,791.51	98,419,744.26
<b>Total</b>	<b>175,831,995.29</b>	<b>194,053,108.58</b>

**07. Long Term Investments**

Item	2014 ( Rs.)	2013 ( 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	18,841,854.87	17,996,326.05
<b>Total</b>	<b>77,482,122.85</b>	<b>76,636,594.03</b>

**08. Provision for Retirement Gratuity -**

Item	2014 ( Rs.)	2013 ( Rs.)
Gratuity payable brought forward	36,440,908.46	31,674,118.63
Less : Gratuity paid during the year 2014	1,367,790.00	-
Sub Total	35,073,118.46	31,674,118.63
Add : Provision for gratuity - 2014	7,754,344.79	4,766,789.83
<b>Total Gratuity payable as on 31/12/2014</b>	<b>42,827,463.25</b>	<b>36,440,908.46</b>

**09. Embarkation Levy**

Item	2014 ( Rs.)	2013 ( Rs.)
Embarkation Levy for the year	249,167,260.56	224,365,509.14
Less : Under Provision ( Change in Estimates )	-	318,677.67
<b>Total</b>	<b>249,167,260.56</b>	<b>224,684,186.81</b>

**10. Tourism Development Levy**

Item	2014 ( Rs.)	2013 ( Rs.)
Tourism Development Levy for the year	147,343,871.55	130,663,010.15
Add : Under Provision ( Change in Estimates )	-	11,444,575.96
<b>Total</b>	<b>147,343,871.55</b>	<b>142,107,586.11</b>

**11. Fees and Licenses**

Item	2014 ( Rs.)	2013 ( Rs.)
Land lease rent income - Head Office	35,467,372.10	34,779,298.30
License Fee/Administration Fee / Visa Fee	59,720,841.78	53,587,114.78
Unit for National Tourism Investment	9,204,027.78	7,802,201.96
TDF Administration Fee	5,088,062.03	5,101,267.45
<b>Total</b>	<b>109,480,303.69</b>	<b>101,269,882.49</b>

**12. Surplus / (Deficit) - Domestic Tourism Resorts Operation**

Item	2014 ( Rs.)	2013 ( Rs.)
Kataragama	(578,466.59)	3,314,513.65

Nuwara Eliya	(4,286,092.63)	(1,463,681.70)
Bandarawela	58,913.79	(269,100.94)
Anuradhapura	(4,180,237.05)	1,069,608.68
Bentota	28,542,091.79	13,302,835.58
Polonnaruwa / Giritale	2,612,710.69	2,622,219.76
Kalkudah	(20,639,719.24)	(13,934,265.82)
<b>Surplus / (Deficit) - National Holiday Resorts Operation</b>	<b>1,529,200.76</b>	<b>4,642,129.21</b>

### 13. Other Income

Item	2014 ( Rs.)	2013 ( Rs.)
Interest Income - Staff Loans	508,992.09	473,544.39
Bank Interest	24,131,659.42	17,768,612.05
Gain on Disposal of Assets	1,109,967.70	12,766.67
Other income	673,993.92	5,151,074.24
Accrued Expenditure written back	11,902,715.89	7,124,593.10
<b>Total</b>	<b>38,327,329.02</b>	<b>30,530,590.45</b>

### 14. Wages, Salaries & Employee Benefits

Item	2014 ( Rs.)	2013 ( Rs.)
Salaries & Allowances	46,552,329.26	41,656,186.56
Holiday & Other Allowances	101,866.35	122,296.50
Overtime	2,809,040.23	2,678,382.96
Board's contribution to EPF	3,942,893.54	3,583,852.84
Board's contribution to ETF	788,579.13	723,490.56
Staff Welfare	14,329,259.94	15,074,855.30
Uniforms to Staff	265,798.21	286,287.51
Travelling local	656,326.46	741,506.25
Gratuity	7,903,184.29	4,766,789.83
Attendance Incentive	1,610,646.16	1,572,759.75
Employee Compensation	-	6,266,517.21
<b>Total</b>	<b>78,959,923.57</b>	<b>77,472,925.27</b>

### 15. Supplies and Consumables Used

Item	2014 ( Rs.)	2013 ( Rs.)
Entertainment local	1,351,877.96	1,672,072.52
Misc. supplies	1,553,730.71	1,642,365.45
Security Charges	4,252,121.73	4,284,366.49
Janitorial Charges	3,423,823.88	3,040,395.73
Stationery	4,827,038.02	3,231,002.51
Telephones	7,777,712.43	7,507,302.66
Postage & Stamp Duty	2,848,321.76	2,128,373.36
Electricity	11,437,437.98	11,614,489.91
Rates & Licences	906,935.04	904,919.85
Insurance - Fixed Assets	1,291,280.83	1,048,023.83
Maintenance - Buildings	1,944,465.38	1,032,969.32
Maintenance - Equipment	2,533,812.17	4,217,645.29

Advertising General	796,510.89	2,219,226.37
Legal Expenses	2,035,216.00	2,061,436.14
Hire of Vehicles	5,764,112.00	5,210,634.46
Maint. & Repair vehicles	10,621,804.40	9,811,179.71
Water	693,467.40	841,178.10
Provision for Bad & Doubtful Debt	311,565.51	-
<b>Total</b>	<b>64,371,234.09</b>	<b>62,467,581.70</b>

### 16. Trade Related Expenditure

Item	2014 ( Rs.)	2013 ( Rs.)
Statistical Surveys	1,189,973.72	2,614,052.71
Hotel Classification	4,047,961.50	31,667,897.26
Travelling Overseas	887,538.89	460,283.03
Printing & Publications	991,358.28	473,783.31
Confrence & Special Events	3,365,613.82	5,443,588.53
Sub Int'l Organization	10,169,345.99	5,219,253.00
Community Relations	6,390,880.88	1,077,899.99
Unit for National Tourism investment	2,362,703.92	2,918,875.06
Staff Training /Consultancy services	870,821.98	1,634,720.29
Books & Periodicals	202,100.00	162,140.00
ICT Maintenance	7,437,069.69	6,294,792.01
Kalpitiya Expenses	846,957.97	688,313.23
<b>Total</b>	<b>38,762,326.64</b>	<b>58,655,598.42</b>

### 17. Other Expenses

Item	2014 ( Rs.)	2013 ( Rs.)
Board Member Allowance	202,500.00	193,500.00
Losses/Write-offs	-	-
Loss on Disposal of Assets	-	2,000.00
Audit Fees	277,000.00	266,415.64
Economic Service Charge	114,164.27	93,463.92
<b>Total</b>	<b>593,664.27</b>	<b>555,379.56</b>

### 18. Finance Costs

Item	2014 ( Rs.)	2013 ( Rs.)
Finance Charges	2,779,819.48	-
Bank Charges	75,135.00	69,333.77
<b>Total</b>	<b>2,854,954.48</b>	<b>69,333.77</b>

## Notes to Cash Flow Statement

### Composition of cash and cash equivalents at the end of the Period

Cash in hand and at bank - (S.L.T.D.A. )	789,949,492.29
Cash in hand and at bank - Kalpitiya Project	31,945.29
	<u>789,981,437.58</u>

### 20. Opening Cash Balance

Cash Balance of S.L.T.D.A. as at 01.01.2014	725,297,419.71
Cash Balance of Kalpitiya Project as at 01.01.2014	42,105.29
Cash Balance as at 01.01.2014	<u>725,339,525.00</u>

### SUMMARY OF RESORTS OPERATIONS For the period ended 31st December 2014

	2014 Rs.	2013 Rs.
<b>Domestic Tourism at Resorts</b>		
Kataragama	(578,466.59)	3,314,513.65
Nuwara Eliya	(4,286,092.63)	(1,463,681.70)
Bandarawela	58,913.79	(269,100.94)
Anuradhapura	(4,180,237.05)	1,069,608.68
<b>Sub Total</b>	<b>(8,985,882.48)</b>	<b>2,651,339.69</b>
<b>National Holiday Resorts</b>		
Bentota	28,542,091.79	13,302,835.58
Polonnaruwa / Giritale	2,612,710.69	2,622,219.76
Kalkudah	(20,639,719.24)	(13,934,265.82)
<b>Sub Total</b>	<b>10,515,083.24</b>	<b>1,990,789.52</b>
<b>Surplus/(Deficit)</b>	<b>1,529,200.76</b>	<b>4,642,129.21</b>

## REST HOUSE - KATARAGAMA

### Income Statement

For the period ended 31 December, 2014

	2014 Rs.	2013 Rs.
Restaurant sales	8,215,240.20	8,077,817.05
Less : Cost of sales	4,525,168.94	3,789,833.05
<b>Gross Income</b>	<b>3,690,071.26</b>	<b>4,287,984.00</b>
Room Sales	12,463,572.50	13,370,257.15
Other income	840.00	16,300.56
<b>Gross profit</b>	<b>16,154,483.76</b>	<b>17,674,541.71</b>
Less: Adm. & Est. Expenses	<b>12,924,115.95</b>	11,013,117.09
Depreciation	3,808,834.40	3,346,910.97
<b>Surplus/(Deficit)</b>	<b>(578,466.59)</b>	<b>3,314,513.65</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	4,915,201.95	3,464,002.62
Overtime	401,571.78	309,597.20
Board's contribution to EPF	443,891.09	324,363.36
Board's contribution to ETF	88,777.82	64,872.67
Staff Welfare / Entertainment Local	339,000.00	276,045.07
Staff Meals	423,234.80	315,176.56
Travelling local	-	4,735.00
Uniforms to staff	129,296.50	109,938.36
Cleaning Supplies	221,218.00	336,202.68
Misc. supplies	160,121.00	244,036.60
Security Charges	940,111.02	634,139.75
Janitorial Charges	787,311.19	756,781.95
Telephone	134,493.21	128,793.92
Stationery	86,353.72	129,954.20
Postage & Stamps	61,090.00	53,140.00
Electricity	1,691,618.86	1,862,128.57
Rates & Licenses	37,339.75	30,312.54
Insurance Fixed assets	2,119.86	2,813.63
Laundry	380,244.28	362,228.93
Maintenance - Buildings	188,162.80	121,346.00
Maintenance - Equipments	98,560.80	154,532.00
Transport & Freight	1,550.00	-
Bank Charges	4,750.00	4,500.00
Maint. & Repair vehicles	100,013.35	73,992.44
Books & Periodicals	11,119.00	9,280.00
Attendance Incentive	249,775.00	166,765.00
Economic Service Charge	11,444.63	14,795.77
Water	1,015,745.54	1,058,642.27
<b>Total</b>	<b>12,924,115.95</b>	<b>11,013,117.09</b>

NATIONAL HOLIDAY RESORT - NUWARA ELIYA

Income Statement

For the period ended 31 December, 2014

	2014 Rs.	2013 Rs.
Restaurant sales	4,376,888.30	5,698,698.22
Less : Cost of sales	2,666,428.26	2,555,407.21
<b>Gross Income</b>	<b>1,710,460.04</b>	<b>3,143,291.01</b>
Room Sales	7,171,796.55	6,749,072.70
Other income	113,989.60	94,979.00
<b>Sub total</b>	<b>7,285,786.15</b>	<b>6,844,051.70</b>
<b>Gross profit</b>	<b>8,996,246.19</b>	<b>9,987,342.71</b>
Less: Adm. & Est. Expenses	11,480,007.31	9,891,805.53
Depreciation	1,802,331.51	1,559,218.88
<b>Surplus/(Deficit)</b>	<b>(4,286,092.63)</b>	<b>(1,463,681.70)</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	4,554,547.12	3,771,864.37
Overtime	355,974.78	305,918.60
Board's contribution to EPF	415,024.86	365,268.05
Board's contribution to ETF	83,004.97	73,053.61
Staff Welfare	312,084.50	242,000.00
Entertainment Local	-	290.32
Staff Meals	336,922.95	279,761.00
Uniforms to staff	254,767.50	98,502.32
Cleaning Supplies	193,322.00	137,695.00
Misc. supplies	281,812.00	247,360.10
Security Charges	714,937.42	534,434.81
Janitorial Charges	729,752.17	644,025.80
Stationery	63,268.19	54,076.16
Telephones	141,002.16	122,402.05
Postage & Stamps	56,170.00	44,810.00
Electricity	1,788,063.52	1,783,190.32
Rates & Licences	120,291.20	90,199.39
Insurance - Fixed Assets	6,602.52	8,763.35
Laundry	216,334.00	147,945.00
Maintenance - Buildings	143,226.00	302,575.10
Maintenance - Equipments	166,975.70	95,442.80
Transport & Freight	12,850.00	13,450.00
Bank Charges	3,200.00	5,250.00
Maint. & Repair vehicles	50,815.80	111,724.45
Books & Periodicals	9,340.00	9,340.00
Attendance Incentive	208,758.00	177,727.00
Water	253,209.20	216,733.20
Economic Service Charge	7,750.75	8,002.73
<b>Total</b>	<b>11,480,007.31</b>	<b>9,891,805.53</b>

NATIONAL HOLIDAY RESORT - BANDARAWELA

Income Statement

For the period ended 31 December, 2014

	2014 Rs.	2013 Rs.
Restaurant sales	7,412,403.05	8,472,821.10
Less : Cost of sales	3,806,050.45	3,552,806.22
<b>Gross Income</b>	<b>3,606,352.60</b>	<b>4,920,014.88</b>
Room Sales	7,672,187.00	7,577,322.20
Other income	261,505.50	324,051.00
<b>Sub total</b>	<b>7,933,692.50</b>	<b>7,901,373.20</b>
<b>Gross profit</b>	<b>11,540,045.10</b>	<b>12,821,388.08</b>
Less: Adm. & Est. Expenses	9,781,472.65	11,193,119.17
Depreciation	1,699,658.66	1,897,369.85
<b>Surplus/(Deficit)</b>	<b>58,913.79</b>	<b>(269,100.94)</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	3,985,957.84	4,984,474.83
Overtime	297,088.70	312,970.12
Board's contribution to EPF	320,695.79	452,195.66
Board's contribution to ETF	64,139.15	90,439.13
Staff Welfare/ Entertainment Local	299,000.00	286,355.40
Travelling local	5,635.00	-
Staff Meals	489,834.23	493,746.42
Uniforms to Staff	122,883.00	183,966.09
Cleaning Supplies	197,536.40	147,218.75
Misc. supplies	61,146.00	166,482.00
Security Charges	928,883.79	646,567.37
Janitorial Charges	589,344.69	558,813.53
Stationery, Printing & Publications	75,839.27	35,166.50
Telephones	74,234.40	106,722.53
Postage & Stamps	52,685.00	53,422.14
Electricity & Gas	1,309,102.10	1,496,342.41
Rates & Licences	41,428.80	9,600.48
Insurance - Fixed Assets	3,283.46	4,358.05
Laundry	241,796.00	199,606.00
Maintenance - Buildings	180,219.00	389,769.00
Maintenance - Equipment	72,120.00	112,691.17
Transport & Freight	-	12,100.00
Bank Charges	6,015.00	6,915.00
Maint. & Repair vehicles	114,714.00	125,370.00
Books & Periodicals	10,920.00	14,620.00
Attendance Incentive	173,095.00	229,730.00
Water	54,887.76	64,263.31
Economic Service Charge	8,988.27	9,213.28
<b>Total</b>	<b>9,781,472.65</b>	<b>11,193,119.17</b>

**REST HOUSE - ANURADHAPURA**  
**Income Statement**  
**For the period ended 31 December, 2014**

	2014 Rs.	2013 Rs.
Restaurant sales	4,949,126.05	6,310,136.22
Less : Cost of sales	3,135,697.93	4,198,568.36
<b>Gross Income</b>	<b>1,813,428.12</b>	<b>2,111,567.86</b>
Room Sales	6,160,773.39	11,036,239.26
Other income	6,688.00	180.20
<b>Sub total</b>	<b>6,167,461.39</b>	<b>11,036,419.46</b>
<b>Gross profit</b>	<b>7,980,889.51</b>	<b>13,147,987.32</b>
Less: Adm. & Est. Expenses	11,014,930.41	10,875,139.14
Depreciation	1,146,196.15	1,203,239.50
<b>Surplus/(Deficit)</b>	<b>(4,180,237.05)</b>	<b>1,069,608.68</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	4,319,607.64	3,777,459.01
Overtime	179,886.38	242,564.86
Board's contribution to EPF	383,654.67	353,268.33
Board's contribution to ETF	76,730.93	70,653.67
Staff Meals/ Staff Welfare	678,119.29	417,042.40
Travelling local	-	2,438.00
Entertainment local	-	975.00
Uniforms to Staff	137,092.50	120,227.90
Cleaning Supplies	242,389.00	311,513.00
Misc. supplies	225,679.73	308,048.00
Security Charges	901,465.93	755,932.70
Janitorial Charges	754,153.07	838,665.92
Stationery, Printing & Publications	92,204.49	64,388.30
Telephones	181,658.53	213,167.99
Postage & Stamps	86,620.00	46,940.00
Electricity	1,792,965.88	1,489,762.60
Rates & Licences	143,081.37	183,132.84
Insurance Fixed Assets	7,420.80	10,106.68
Laundry	245,148.00	269,328.50
Maintenance - Buildings	184,983.50	303,201.16
Maintenance - Equipment	56,429.11	50,276.51
Transport & Freight	14,360.00	39,500.00
Bank Charges	7,826.25	1,674.77
Maintenance & Repair Vehicle	104,729.00	143,303.50
Books & Periodicals	14,010.00	14,550.00
Attendance Incentive	228,403.00	184,542.00
Water	251,826.65	344,628.00
Economics Service Charge	7,687.97	14,644.22
<b>Total</b>	<b>11,014,930.41</b>	<b>10,875,139.14</b>

**NATIONAL HOLIDAY RESORT - BENTOTA**  
**Income Statement**  
**For the period ended 31 December, 2014**

	2014 Rs.	2013 Rs.
Room Sales	313,000.00	366,960.00
Rent income (lease of land/buildings)	31,137,613.48	25,617,127.00
Other Income	13,484,578.15	4,109,715.83
<b>Sub Total</b>	<b>44,935,191.63</b>	<b>30,093,802.83</b>
Less: Adm. & Est. Expenses	10,795,668.78	10,859,022.96
Depreciation	5,597,431.06	5,931,944.29
<b>Surplus/(Deficit)</b>	<b>28,542,091.79</b>	<b>13,302,835.58</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	4,247,741.06	5,118,024.90
Overtime	194,222.05	215,846.58
Board's contribution to EPF	386,951.13	502,151.50
Board's contribution to ETF	77,390.23	100,430.30
Staff Welfare	411,825.00	475,625.00
Traveling local	3,530.00	11,442.00
Entertainment local	6,716.00	38,863.13
Uniforms to staff	83,620.50	229,815.32
Misc. supplies	221,899.34	120,343.10
Security Charges	2,091,600.13	1,107,949.89
Stationery	47,974.15	19,786.65
Telephones	129,388.24	183,491.77
Postage & Stamps	58,950.00	43,925.15
Electricity	1,897,614.25	1,861,683.72
Rates & Licences	155,519.20	126,898.64
Insurance - Fixed Assets	-	1,923.61
Laundry	-	3,891.38
Rent (Land)	135,000.00	77,000.00
Maintenance - Buildings	298,042.41	71,395.20
Maintenance - Equipment	106,097.60	38,075.00
Transport & Freight	14,850.00	178,952.00
Bank Charges	3,945.00	4,750.00
Maint. & Repair vehicles / Fuel	6,839.00	51,061.00
Books & Periodicals	18,141.00	23,203
Attendance Incentive	173,980.00	231,188.00
Water	5,000.00	3,000.00
Economic Service Charge	18,832.49	18,306.12
<b>Total</b>	<b>10,795,668.78</b>	<b>10,859,022.96</b>

NATIONAL HOLIDAY RESORT - POLONNARUWA  
Income Statement  
For the period ended 31 December, 2014

	2014 Rs.	2013 Rs.
Rent Income	2,578,498.32	2,587,831.32
Other Income (Water & Garbage)	36,000.00	36,000.00
<b>Gross profit</b>	<b>2,614,498.32</b>	<b>2,623,831.32</b>
Economic Service Charge	1,787.63	1,611.56
<b>Surplus/(Deficit)</b>	<b>2,612,710.69</b>	<b>2,622,219.76</b>

NATIONAL HOLIDAY RESORT - KALKUDAH  
Income Statement  
For the period ended 31 December, 2014

	2014 Rs.	2013 Rs.
Rent Income	4,421,972.00	4,637,890.00
Other Income	78,926.70	4,511,718.45
<b>Sub Total</b>	<b>4,500,898.70</b>	<b>9,149,608.45</b>
Less: Adm. & Est. Expenses	2,962,681.16	2,036,164.57
Depreciation	22,177,936.78	21,047,709.70
<b>Surplus/(Deficit)</b>	<b>(20,639,719.24)</b>	<b>(13,934,265.82)</b>
<b>Administration &amp; Establishment Expenditure</b>		
Salaries & Allowances	1,218,377.33	1,221,081.24
Overtime	214,306.00	90,416.19
Board's contribution to EPF	84,374.25	80,118.00
Board's contribution to ETF	16,874.85	16,023.60
Staff Welfare	70,850.00	59,700.00
Traveling local	6,150.00	-
Entertainment local	-	1,785.00
Uniforms to staff	21,830.50	19,332.08
Misc. supplies	20,582.15	13,385.00
Security	326,953.00	294,456.28
Stationery	7,680.00	6,381.00
Telephones	26,080.42	30,973.09
Postage & Stamps	4,010.00	670.00
Electricity	65,734.10	42,315.60
Maintenance - Buildings	-	330.00
Maintenance - Equipment	854,192.33	-
Transport & Freight	-	112,000.00
Maint. & Repair vehicles / Fuel	-	720.00
Attendance Incentive	22,495.00	44,670.00
Economic Service Charge	2,191.23	1,807.49
<b>Total</b>	<b>2,962,681.16</b>	<b>2,036,164.57</b>



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கணக்காய்வாளர் தலைமை அறிபுதி திணைக்களம்  
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය } TM/K/SLTDA/1/14/15 මගේ අංකය } 07 August 2015  
எனது இல. } உமது இல. }  
My No. } Your No. }  
Date

The 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 2014 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 2014 comprising the statement of financial position as at 31 December 2014 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 20 of the Tourism Act, No. 38 of 2005. My comments and observations which I consider should be published with the annual report of the Authority in terms of Section 14 (2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Authority on 17 June 2015.

1.2 Management's Responsibility for the 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 risk assessments the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on 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 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 2014 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) Standard No. 01	Even though assets and liabilities and income and expenditure cannot be set off except at a special case, the capital loss arisen in the revaluation of assets carried out in the year 2008 amounting to Rs.243,736,884 had been deducted from the Capital Reserves and shown in the financial statements.
(b) Standard No. 07	(i) 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 revaluing the entire lands and buildings owned by the Authority, only the land and building at the Head office had been revalued in the year 2008 at Rs. 1,378 million and shown in the financial statements. The fair value of the lands and buildings of the Authority were not reflected in the financial statements due to failure in revaluation of the other lands and buildings.

(ii) 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 lands and rest houses given by the Authority under the operating leases had not been shown in the statement of financial position of the Authority. The details of these lands and rest houses had not been presented to audit as well.

(c) Standard No. 08

It should be a most appropriate estimate of the expenditure necessary to settle the present obligation remaining at the date of reporting the recognized cost as provisions. However, the Authority had considered only the Debtors Age Analysis in making provisions for doubtful debts and bad debts but not considered the Individual Debtor Balances.

(d) Standard No. 09

The closing stock should be valued at cost or the net realized value, whichever is less and it should be disclosed in the financial statements. Even though this policy had been disclosed in the financial statements, the stock had not been valued accordingly.

## 2.2.2 Accounting Policies

The following observations are made.

- (a) Even though the assets of the Authority, consisting of rest houses and lands and buildings had been vested in other institutions under lease agreements, the details of the vesting of those assets and the responsibilities bound to be fulfilled had not been disclosed in the financial statements.
- (b) The relevant policy for deciding tax ratios to be collected from rented out lands and buildings given on long term and short term lease basis had not been disclosed in the financial statements.

## 2.2.3 Accounting Deficiencies

Even though the surplus of the comparative information for the preceding year stated in the financial statements presented to audit for the year ended 31 December of the year under review by the Authority had been changed by Rs.7,095,068, the details pertaining to the changes had not been disclosed in the financial statements.

## 2.2.4 Unexplained Differences

A difference of Rs.1,807,358 was observed between the values shown in the financial reports of the Authority and the corresponding values in the subsidiary reports pertaining to 05 items and the reasons therefor were not explained to audit.

**2.2.5 Lack of Evidence for Audit**

Evidence shown against the following items was not made available to audit.

Particulars	Value Rs.	Evidence not made available
(a) Investments for Depreciation (Tourist Board)	52,154,737	Investment Certificate or other written evidence and Letters of Confirmation of Balances
(b) Investments for Depreciation (Tourism Bureau)	976,509	
(c) Tourism Fund	930,000	
(d) Sinking Fund Investments	759,021	Share Certificates or other written evidence and Letters of Confirmation of Balances
(e) Sri Lanka Tourist Hotel Company Ltd.	750,000	
(f) Supplies (metal of large size)	1,067,850	Supporting Documents for the Selection of Supplier, invoices, details of transport of materials, details of taking over of goods and work done records
(g) Trade Debtors	30,592,715	Letters of Confirmation of Balances
(h) Sundry Debtors	4,079,091	Letters of Confirmation of Balances
(i) Water Consumer Debtors (Pasikuda)	6,367,921	Letters of Confirmation of Balances

**2.3 Accounts Receivable and Payable**

The following observations are made.

- (a) Action had not been taken to recover sums of Rs. 2,056,223 remained for over a period of 4 years, Rs. 888,935 for over a period of 3 years and Rs. 6,289,448 for a period between 1 to 3 years receivable from trade debtors.
- (b) Action had not been taken to recover sums of Rs.2,204,344 remained for over a period of 4 years and Rs.1,765,395 for a period between 1 to 3 years receivable from sundry debtors.

**2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions**

Following instances of non-compliance were observed in audit.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Tourism Act, No 38 of 2005	Approval of the relevant Minister had not been obtained for the payment of Rs. 7,382,305 made by the Authority from the interest of the loan of Rs. 100 million issued to a private hotel by the Bank of Ceylon according to a decision taken without the quorum of the Board of Directors.
(i) Sections 7(3) and 12(4)(iii) of Chapter I	
(ii) Sub-section 26(1) of Chapter IV	The Authority had not formulated rules prescribing tourism activities, commercial and other activities that could be carried out in a declared tourist development area.

- (b) Sub-section 29:1 of Chapter XLVIII of Volume II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka
- The relevant Disciplinary Authority had not taken proper disciplinary action against the officers who failed to comply with the laws, rules and regulations revealed in the Report of the Auditor General issued for the year 2013 and the officers responsible for irregularities and acts of misconduct committed.
- (c) Gazette Extraordinary No.1673/8 dated 28 September 2010 of the Democratic Socialist Republic of Sri Lanka
- Recommendations had been given to issue liquor permits to the restaurant maintained for Viceroy 1 Train, contrary to the powers of the Authority vested with the Sri Lanka Tourism Development Authority.
- (d) Guidelines Circular issued by the Secretary to the President dated 24 January 1996
- Even though the lease agreements and lease rental should be revised every 5 years when leasing the state lands, actions had not been taken to comply with this circular with regard to lands given on lease by the Authority.
- (e) Public Enterprises Circular No. PED/12 of 2 June 2003
- (i) Section 9.3.1 (i) of Chapter 9
- Even though the scheme of recruitments and promotions should be approved by the Governing Council and the Ministry together with the concurrence of the Department of Public Enterprises, with regard to the recruitment of staff to the new section named as "One Stop Unit" had not been complied with this requirement.

(ii) Section 9.14.1 of Chapter 9

Although the Procedure Rules with a chapter on human resource management including rules and regulations on all matters relating to human resources management should be prepared and the concurrence of the Secretary to the Treasury should be obtained along with the approval of the Board of Governors, the Authority had failed to comply with that requirement.

### 3. Financial Review

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#### 3.1 Financial Results

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According to the financial statements presented, the operations of the Authority for the year ended 31 December of the year under review had resulted in a surplus of Rs. 325,029,262 as compared with the corresponding surplus of Rs. 276,058,788 for the preceding year, thus indicating an increase of Rs. 48,970,474 in the financial result for the year under review as compared with the preceding year. The increase of Tourism Development and Embarkation Levy and other income by Rs. 45,726,521 had mainly attributed to this improvement.

#### 3.2 Analytical Financial Review

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The revenue of the Authority for the year under review amounted to Rs.546 million as compared with the revenue of Rs. 503 million for the preceding year representing an improvement of 8.5 per cent. The expenditure for the tourism development activities during the year under review amounted to Rs.221 million as compared with Rs. 227 million of the preceding year thus indicating a decrease of 2.6 per cent.

### 3.3 Legal Actions instituted against/ by the Institution

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The following observations are made.

- (a) Three cases had been filed in Courts by 03 outside institutions against the Authority claiming compensation amounting to Rs.32,980,555 for providing food, lodging and transport facilities for the International Indian Film Awards Festival.
- (b) Three cases had been filed in Courts by two employees dismissed from service and a lessor of Rest Houses claiming for compensation.
- (c) Three cases had been filed in Courts by the Authority against 13 outside persons in respect of misappropriation of public property.
- (d) A case had been filed against the Commissioner General of Excise in the year under review by an outside institution and the Tourism Development Authority had been named as a respondent in that connection.
- (e) A case had been filed against the Authority by a Director of the Authority for breach of his fundamental rights.

### 3.4 Working Capital Management

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The Authority could have earned an additional investment income of approximately Rs. 32 million at the interest rate that prevailed, if the sum of Rs.713 million deposited in the Funds Management Account without utilizing throughout the year under review was invested in short term securities on the approval of the Treasury.

### 4. Operating Review

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#### 4.1 Performance

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The following observations are made.

##### (a) Performance of the Resorts

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There were 04 Tourist Holiday Resorts and 03 Tourist Resorts under the ownership and management of the Authority. As compared with the net surplus of Rs. 4,642.129 from these Resorts in the year 2013, the net surplus for the year under review had been Rs. 1,529,201. There was a deficit of Rs. 29,684,516 in 04 Holiday Resorts due to high overhead expenditure. As a result, the overall profitability of the Resorts operations had been approximately 1.6 per cent when compared with the total revenue generated.

- (b) It was revealed in audit that the progress of performance of duties to be fulfilled to achieve the objectives by the Authority in terms of Chapter 1 of the Tourism Activities Act had not been at an optimum level.

#### 4.2 Management Inefficiencies

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##### (a) Management of Lands and Properties

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The following observations are made.

- (i) Out of the extent of land of approximately 510 acres from the Kuchchaweli area in Trincomalee acquired by the Authority many years ago, of which only 2 plots of land less than an extent of 50 acres had been developed or under development stage. However, 8 plots of land had been planned to be leased out by the end of the year under review.



- (ii) Out of the land of the Yala Palatupana Wild Life area of 448.3 hectares vested with the Sri Lanka Tourism Development Authority, only an extent of 26.8 hectares had been given on lease basis to investors up to 31 December of the year under review
- (iii) A register for lands and buildings indicating particulars relating to the deeds of the properties, transfers and additions, developments etc. had not been maintained as a system of primary control.
- (iv) Even though the Gazette Notification had been issued to acquire 56 rest houses and 166 plots of land with an area of 6,495 acres, according to the audit test check conducted by the audit, acquisition had not been completed at the end of the year under review.

#### 4.3 Transactions of Contentious Nature

The following observations are made.

- (a) The Authority had granted a sum of Rs.5,738,075 to the Sri Lanka Tourism Welfare Association on 3 September of the year under review for the implementation of Tourism Promotion Programmes. Out of that amount, a sum of Rs.4,768,982 had been spent by the Tourism Welfare Association for providing food free of charge and staff facilities for groups of people selected from areas such as Balangoda, Dehiattakandiya, Padiyathalawa, Hasalaka, Lunugamvehera, and Nuwara Eliya from 3 to 9 September in the year under review and the savings had been deposited in an account belonging to the Welfare Association.
- (b) A recommendation had been granted by the Authority for obtaining a valid liquor license for the years 2013 and 2014 for a restaurant which had not been issued with a standard license.
- (c) The Excise Commissioner had issued an Excise License for the year under review for a restaurant which was not allowed to be issued a liquor license as it had failed to fulfill the payment of tax and other basic needs and the Commissioner of Excise had informed the audit that it had been done on the recommendation of the Sri Lanka Tourism Development Authority.



#### 4.4 Apparent Irregularities

The following observations are made.

- (a) The deficiencies observed in respect of the Contract for the Construction of Thorriyadi Jetty and Construction of the Road near the Wannimundalama lagoon are as follows.
  - (i) Instead of supplying metal from the supplier selected under the shopping method, 1648 cubes of metal had been purchased at higher prices from a person by the Project Director of his own discretion and 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 ¼ metal to Kalpitiya work site was 3 cubes, the payments had been made for the material supplied by considering the capacity as 4 cubes. As such, action had not been taken to recover the overpaid amount of Rs. 2,549,000.
  - (iii) Even though the Authority had not physically taken over the materials such as 1648 cubes of metal, 368 cubes of ¼ metal and 40 cubes of gravel, a payment of Rs. 10,196,000 had been made in that connection. The Authority had not carried out investigations on this fraud.
- (b) The labour contract for maintaining the sewerage system in the Bentota Holiday Resort premises belonging to the Tourist Development Authority had been entrusted to one and the same institution since several years without following the procurement procedure. Even though a sum of Rs. 9,584,956 had been paid to that institution by the Authority in the 2 preceding years for this labour contract, the institution had got the work done by the sub-contractor and paid only a sum of Rs. 2,976,000 to the sub-contractor. As such, the loss sustained by the Authority amounted to Rs. 6,608,749. Further, the above mentioned contract had been awarded to the same institution for the year under review as well without a proper procurement procedure. A written agreement had not been entered into with the relevant institution in respect of this

service and a sum of Rs. 4,887,104 had been paid in the year under review in this connection. Even though the Authority does not hold the responsibility for the payment of the taxes to outside parties according to the Nation Building Tax Act, No.09 of 2009, a sum of Rs.191,698 had been paid as Nation Building Tax to the institution which had supplied these services in the preceding year and the year under review. The Authority had to sustain a loss of approximately Rs. 3 million in the year under review as well due to failure in following the proper procurement procedure by the Authority.

- (c) Overpayments of Rs.8,849,665, non-recoveries of Rs.500,000 , work not done amounting to Rs.401,060 and overpayments of taxes amounting to Rs.1,338,503 had been observed in respect of the repairs carried out in the Kataragama Holiday Resort. As such, a loss had been sustained by the Authority, and no steps had been taken to recover those amounts from the responsible officers or to take disciplinary action against those officers.
- (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.
- (e) Even though the Manager of the Bentota Resort had fraudulently obtained a total of Rs. 608,226 including a vehicle rental of Rs.480,000, fuel allowances of Rs.128,226 for two institutions for a period of one year for vehicles with forged numbers, the Authority had not taken any disciplinary action whatsoever in that connection.

#### 4.5 Idle and Underutilized Assets

Out of the land of approximately 94 acres in extent belonging to the Bentota Tourist Resort vested in the Ceylon Tourist Board in the year 1969 and afterwards in the Tourism Development Authority for the tourism industry, only an extent of a land of approximately 50 acres had been utilized up to 31 December in the year under review. As such, an extent exceeding 40 acres of land had remained idle for over a period of 44 years.

#### 4.6 Uneconomic Transactions

A sum of Rs. 5,841,120 had been paid for security services prior to 03 years for the 07 Holiday Resorts in the areas of Bibile, Ragala, Horowpathana, Mahiyanganaya, Weeraketiya, Baththulu Oya and Nikaweratiya. Nevertheless, the Authority had not generated any income whatsoever from these resorts.

#### 4.7 Identified Losses

The following observations are made.

- (a) A loss of approximately over Rs. 100,000 had been sustained by the Authority due to failure in gathering harvest from about 600 Coconut and King Coconut trees cultivated in the land of the Bentota National Holiday Resort for a period of about six months continuously from July 2013.
- (b) Building space of about 2880 square 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.
- (c) Action had not been taken to recover the sum of Rs. 3,780,253 paid to the officers without a power of authority as salaries and allowances from 2009 to 2011 stating faked information the Kalpitiya Integrated Tourism Development Project which had been funded and implemented by the Authority, as a project of more than U.S. Dollars 30 million financed by foreign funds.
- (d) The Cultural Centre Building (Dutch Hospital) located in Colombo belonging to the Authority had been vested with the Urban Development Authority for an amount of Rs.7,274,715 less than the depreciated value.
- (e) A private institution situated in the area of Bentota National Holiday Resort had paid only a sum of Rs.4,200 per month and obtained water from the Authority for 97 months stating faked information that the water meter had remained inoperative since December in the year under review. As such, the estimated loss sustained by the Authority had been Rs. 8,415,400.

#### 4.8 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, it was revealed at the physical inspection by audit that water is not directed into the sea by 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 this project as well and the payment vouchers in respect of the project amounting to Rs. 31,394,813 had also been certified by him. Even though the checking and certifying measurement sheets and payment bills and preparing payment vouchers had also been done in respect of the above payment vouchers by the Resort Officer who served under contract basis, it did not come under his scope. Without considering that, the Authority had made payments to the contractor.

(iii) It was observed that 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 the website.
- (ii) Only the relevant assignment had been informed in writing without entering into a written agreement with the client selected.
- (iii) A performance bond had not been obtained in respect of the contract.

- (iv) An over payment of Rs. 699,300 had been made in the year under review relating to this contract.

#### 4.9 Uneconomic Transactions

The Authority had paid a sum of Rs.2,659,875 for the purchase of 55 sofa chairs without evaluating the requirement. Even though arrangements had been made to obtain the relevant supply by calling for limited quotations from 4 institutions, action had not been taken to call for quotations from the furniture company which had provided the sample chair. Fifty per cent of the total value of supplies had been paid as advances contrary to Section 5.4.4 of the Procurement Guidelines in the payment of advances for the purchase of chairs and a fruitless expenditure of Rs.211,000 had been incurred for the transport of chairs. Three chairs valued at Rs.159,803 had been misplaced as well.

#### 4.10 Delays in Projects

The following observations are made in respect of the Kalpitiya Integrated Resort Project which had been commenced to construct resorts with 4,000 rooms and infrastructure facilities at an estimated cost of Rs. 5,521 million.

- (a) The approval of the Cabinet of Ministers and the Department of National Planning of the Treasury required to implement and complete the Integrated Development Project within five years had been obtained in the year 2008. Nevertheless, no hotel room whatsoever had been constructed up to 31 December of the year under review.
- (b) A project implementation plan and a detailed budget covering management expenses, consultancy and capital works had not been prepared.

- (c) Even though the Authority was authorized to give 14 islands to the investors under this project, only 3 islands had been given to investors up to the end of the year under review. Details to ensure whether environmental evaluation reports had been obtained on these constructions had not been presented to audit.

#### 4.11 Human Resources Management

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The following observations are made.

- (a) One hundred and ninety two posts under 31 categories had been 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.
- (b) Despite having taken 65 1/2 no pay leave by the Manager of the Bentota Resort in the years 2012 and 2013 without documenting in the register or informing the management, a sum of Rs.80,960 had been paid as unavailed leave allowance in both the years.

#### 5.2 Action Plan

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An Action Plan had been prepared for the year under review. Time frames had not been mentioned in the Action Plan and a methodology had not been introduced to check the timely progress of the Action Plan.

#### 5.3 Internal Audit

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An Internal Audit Unit is maintained under the purview of an officer holding the post of the Assistant Director and an adequate supporting staff had not been attached to that unit. As such, the revelations in respect of internal audit carried out in this Unit are not satisfactory.

#### 5.4 Procurement Plan

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

#### 5.5 Budgetary Control

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Variances were observed between the estimated and the actual figures of 12 items ranging from 13 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. Accountability and Good Governance

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#### 5.1 Corporate Plan

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



## 6. Systems and Controls

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

- (a) Accounting
- (b) Development Programmes
- (c) Project Management
- (d) Assets Management
- (e) Contract Administration

W.P.C.Wickramaratne  
Acting Auditor General

