SRI LANKA TOURISM PROMOTION BUREAU
ANNUAL REPORT 2011

MINISTRY OF ECONOMIC DEVELOPMENT

Refreshingly

srilanka

Visit 2011

WONDER OF ASIA

Sri Lanka Tourism Promotion Bureau

Annual Report 2011

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Review – Minister of Economic Development

Hon. Basil Rajapaksa, Minister of Economic Development

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

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

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

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

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

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

Vision

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

Mission

- Being a catalyst to improve, enhance and maintain the much needed infrastructure.
- Establishing and enhancing a high quality product and service based to satisfy and delight tourists focusing on their safety and security.
- Ensuring a level of volume and yield generating tourists to sustain and grow investment in tourism.
- Positioning Sri Lanka as a treasured island and a tourism earth lung working towards being carbon neutral making Sri Lanka a top of mind destination among potential customers.
- Meeting the human resource demands of the industry through development of professionalism, skills development and training.
- Involving all stakeholders in the formal and informal sectors, at the center and the regions, and within and outside of the industry to develop and promote Sri Lanka tourism.
- Expanding the base of domestic tourism to better serve the travel needs of Sri Lankans and to help better promote international tourism.

Chairman's Message

Dr. Nalaka Godahewa, Chairman, Sri Lanka Tourism

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

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

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

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

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

Corporate Information

Name - Sri Lanka Tourism Promotion Bureau (SLTPB)

Legal Form – Statutory body incorporated under Tourism Act No 38 of 2005. (The new Tourism Act No. 38 of 2005 came into effect in 1st October 2007. According to sections 67(1) of Tourism act No 38 Ceylon Tourist Board Act No. 10 of 1966 was repealed, The Ceylon Tourist Board hence ceased operations with effect from 30th September 2007. The Tourism promotions arm of the then Tourist Board came under SLTPB).

Offices - Head Office is located at No.80, Galle Road, Colombo 03. (Tourist Information Centers are in BIA, Katunayake, Kandy & Sigiriya.

Auditors – Auditor General of Sri Lanka
Bankers – Bank of Ceylon.

Role OF SLTPB – To Stimulate sustainable international demand for Sri Lanka Tourism experiences and inspire, guide and support the Sri Lanka Tourist Industry in the delivery of the Sri Lanka Tourism product offerings and the generation of the desired economic benefits to its stake holders and the Sri Lankan economy by:

- ♦ Formulating and championing a clear destination marketing strategy.
- ♦ Articulating, promoting and establishing a compelling destination brand that strategically differentiates it from competition.
- ♦ Facilitating sales for achieving visitor arrival and earnings objectives by engaging and supporting the distribution network-both the traditional and that emerging via the internet environment.
- ♦ Indentifying and supporting the development of unique Sri Lankan Tourism experiences in keeping with the needs and expectations of the targeted market segments.
- ♦ Ensuring that the Sri Lankan Tourism products and services and all elements of the brand live up to its branding and brand positioning strategies.
- ♦ Monitoring the changing international tourism industry landscape gathering key insights and trends for improved decision making and communicate them to relevant industry stakeholders for their own use in business planning and development.
- ♦ Working closely with organizations that could assist in facilitating and or supporting the achievement of the organization's goals.

The Bureau's Objectives-

- ♦ Marketing and promoting of Sri Lanka directly or indirectly as a tourist and travel destination of Quality in accordance with the Tourism Development Plan in consultation with the Sri Lanka Tourism Development Authority.
- ♦ Promoting Sri Lanka as a gateway to the South Asian Region
- ♦ Making Sri Lanka known as the centre of excellence in tourism management and development in the region.

Board of Management

1. Senior Management

Designation	Division	Full Name	Period of service in current position – date commenced and ending
Chairman	SLTPB & SLTDA	Dr. Nalaka Godahewa	1st Jan 2011 – 31st Dec 2011
Actg. Managing Director	SLTPB	Mr. M.B. Kiriella	1st Jan 2011 - 16th May 2011
Managing Director	SLTPB	Mr. Rumy Jauffer	16th May 2011 – 31st Dec 2011
Actg Marketing Director	SLTPB	Ms. Madubhani Perera	1st Jan 2011 – 31st Dec 2011

2. Board Members

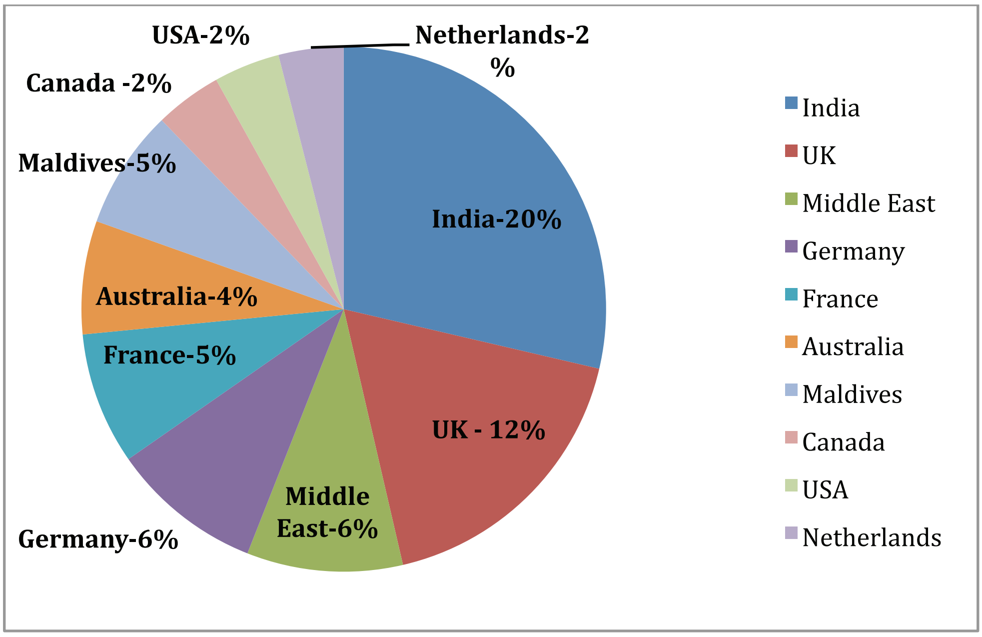
Designation	Full Name	Period of service in current position – date commenced and ending
Chairman	Dr. Nalaka Godahewa	1st January 2011 - 31st Dec 2011
Board Member	Mr. Seenivasagam Kalaiselvam	1st January 2011 - 31st Dec 2011
Board Member	Dr. B.M. Suneth Batagoda	1st January 2011 - 31st Dec 2011
Board Member	Mr. Bashwara S. Gunarathne	1st January 2011 - 31st Dec 2011
Board Member	Mr. Nilmin Nanayakkara	1st January 2011 - 31st Dec 2011
Board Member	Mr. Mervyn Fernandopulle	1st January 2011 - 31st Dec 2011

SLTPB, in 2011

"Presenting the new face of an alluring and unified Sri Lanka.

SLTPB continued with its marketing and promotional initiatives to showcase Sri Lanka as a preferred destination among global travelers. Brand recall was strengthened in the top-10 tourist generating countries that accounted for total 855,975 tourists that arrived in Sri Lanka in 2011, while also exploring opportunities to image-build in other countries around the world.

Arrivals in 2011 from top 10 generating countries to Sri Lanka (No of Tourists)



By market regions, major two markets, Eastern Europe and Asia recorded increases of 38.7% and 40.6 % respectively during the year 2011. All other market regions i.e. North America, Western Europe, Africa and Australasia, Latin America & the Caribbean recorded significant increases during this period.

The most significant increases were witnessed from France -55.6%, Russia – 61%, China 56%, Japan 43%, India 35.1%, Netherland 34%, and Middle East 53% over the above period considered

Sri Lanka Tourism Promotion Bureau, an entity under the Ministry of Economic Development, is responsible for all marketing and promotional functions of the tourism industry. It operates an overseas office in UK to implement UK marketing and promotional functions. In addition, SLTPB carry out all other marketing & promotional activities through respective missions overseas.

Sri Lanka showcased as a preferred destination at Travel and Leisure Fairs and Road shows in;

New York,	**Germany,**	**India,**	**Dubai,**	**Japan**
London,	**China,**	**Vienna,**	**Netherlands,**	
France,	**Russia,**	**Italy,**	**Sweden,**	

Marketing and Promotions

UK

- **Chelsea Flower Show, London – 23rd -28th May 2011**

SLTPB created destination awareness through the Chelsea Flower Show, in London, organized by the Royal Horticulture Society (RHS); the show attracted over 157,000 and is billed as a prestigious evening in the UK social calendar graced by Her Majesty the Queen. SLTPB sponsored the display stand of the Orchid Society of Great Britain (OSGB).

- **World Travel Market 2011 (WTM) – London, 7th – 10th November 2011**

WTM 2011 was held in Excel centre, London for, the 2nd largest B2b travel fair for the travel industry, is one of the must-attend four-day business-to-business exhibition for the worldwide travel and tourism industry. Sri Lanka Tourism participated in conjunction with 49 Sri Lankan companies representing the travel, hotel and hospitality industry, to communicate the key messages for tourism on the island in 2012 and beyond.

The stand was declared open by HE Dr. Chris Nonis and officials of industry stakeholders (Sri Lankan Airlines, SLTPB, SLAITO, THASL, and ASMET. A highlight of the morning was Miss Sri Lanka for Miss World, Ms. Pushpika De Silva also attending the opening ceremony. Further a taxi campaign in collaboration with Sri Lankan Airlines was held during WTM.

China

- **Guangzhou International Travel Fair (GITF) -21st- 26th March 2011, and Road Shows in Shenzhen and Guangzhou**

GITF is the only travel fair to promote Southern China which attracted 70,000 visitors with 25,000 trade buyers. A Sri Lankan stand created destination awareness among potential Chinese travelers and global participants and provided an opportunity for Sri Lankan travel agents to meet Chinese travel counterparts. Six (06) Sri Lankan companies participated at this fair.

- **Beijing International Tourism Expo (BITE), Beijing - 17th-19thJune 2011**

BITE took place in Beijing International Convention Center, which attracted more than 100,000 public visitors and nearly 40,000 trade professionals. Totally over 80 countries and areas and 24 Chinese national provinces were represented in the fair.

Sri Lanka tourism Promotion Bureau took a mediate avenue to promote the theme of 2011 Visit Sri Lanka Year with 12 particular themes by each month of the year with the help of Sri Lanka Embassy in Beijing and participation from Sri Lankan Airlines, together with 5 leading Lankan agencies.

- **China International Travel Mart (CITM), Kunming –27th - 30th November 2011**

The CITM trade fair, an annual event jointly organized by China National Tourism Administration (CNTA) and, was held at Shanghai New International Expo center, with wide spread participants from diverse sectors of the Chinese travel industry. Nearly 100,000 traveling public with 1000 trade buyers & 800 journalists attended. Eight (08) Companies from Sri Lanka participated at this event.

Russia

- **Otdykh Leisure - Moscow , 21st to 24th September 2011**

Sri Lanka is a regular participant at Luxury Leisure, Moscow. The Sri Lanka stand had a floor area of 21,000 sqm. The décor used to decorate the stand highlighted 08 themes of Sri Lanka Tourism. It was a remarkable participation at this year since Sri Lankan airlines has launched its direct operation to Russia on 17th September, 2011 and they joined Sri Lanka stand this year. 74 countries participated at this event and total Exhibitors were 1359 (647 Russian, 712 International).

- **MITT 2011 – International Trade Fair for Travel and Tourism –Moscow, 16th to 19th March, 2011**

Over the last 18 years, MITT has proved an effective and efficient way to build awareness amongst the local tourism trade and consumers. The event covers eight pavilions in Moscow's most central exhibition centre, Expocentre. With nearly 80,000 visitors & 475 journalists MITT is always a very busy event and, in order to help exhibitors organize their time at the event more efficiently, the first day of the show will be dedicated to VIPs, with the next two days open to business professionals and the final day open to the public. Over 3,000 companies from 189 countries including 14 trade companies from Sri Lanka attended MITT 2011

Germany

- **International Tourismus Börse (ITB)- Messe Berlin, 9th -13th March 2011**

The World's Leading Travel Trade Show attracted over 11,000 exhibitors. This year, 11,163 companies from 188 countries presented the latest products and services from the travel industry. Attendance figures revealed a positive picture with a total of 170,000 visitors (2010: 179,351) and over 40 per cent of the trade visitors came from abroad. 7,000 journalists from 94 countries were accredited. Sri Lanka Tourism stakeholders participated at the event with 57 co-exhibitors, including tour operators and hotels.

- **CMT - Stuttgart , 15th- 23rd January 2011**

Biggest consumer fair in Germany with 223,000 visitors (Trade, Media & Public). Four (04) Sri Lankan trade companies participated at CMT 2011.

France

- **Destination Nature- Consumer Fair on Travel & Tourism - Paris 25th -27th March 2010**

Top-of-mind recall created among French travelers by focusing on branding Sri Lanka as a destination for nature, wild life and adventure. Consumer fair to promote nature tourism. Three (03) companies participated from Sri Lanka.

- **IFTM Trade Fair – Paris, France , 20th- 23rd September 2011**

IFTM 2011 was held at Paris Porte De Versailles, is a prime meeting place, a market place, and a driving force behind the French and the International tourism industry. Sri Lanka Tourism participated in the event with 12 trade companies.

USA

- **New York Times Travel Show - 25th- 27th February 2011**

150 countries participated with 500 exhibitors and two (02) companies from Sri Lanka participated at this event.

Japan

- **JATA World Travel Fair – Tokyo, 30th September – 02nd October 2011**

Sri Lanka promotion at JATA World Travel Fair was carried out jointly with the Sri Lanka travel trade and with Sri Lankan Airlines, 112,000 visitors from 139 countries attended to meet the Japanese trade. 13 Travel Companies participated at the Sri Lankan pavilion and created awareness on Sri Lankan Tourist products.

Austria

- **Ferien – Vienna, Austria, 13th -16th January 2011**

The Sri Lanka Tourism Promotion Bureau together with the Embassy of Sri Lanka in Austria, for the second time, took part at the "Ferien Messe-2011", biggest travel and tourism fairs held annually in Central Europe. This fair attracted over 150,000 visitors and 800-850 tourism and travel companies from over 70 countries. During the four day fair this year, Sri Lanka stand drew over 15, 000 visitors from both public and the travel trade. Four (04) local trade companies participated at this event.

Sweden

- **TUR 2010 – Gothenburg, 24th – 27th March 2011**

TUR is the Main fair to promote Scandinavian region. 50,000 visitors with 19,000 trade participants attracted TUR 2011. Eight (08) local companies were attended the fair.

Netherlands

- **Vakantiebeurs – Travel & Tourism Fair - Utrecht, Netherlands, 11th – 16th January**

Destination awareness on Sri Lanka was created among 120,000 visitors. Ten Sri Lankan trade companies participated at this fair.

UAE

- **Arabian Travel Mart (ATM) – Dubai, 02nd – 05th May 2011**

Arabian Travel Market (ATM) is the industry's leading travel and tourism exhibition dedicated to unlocking the business potential within the Middle Eastern and Pan Arab regions. Sri Lanka Tourism had been participating at this event since 2003 along with the members of the travel and tourism industry in Sri Lanka and this was our 9th consecutive year of participation at the event. SLTPB participated at this trade fair with 33 industry members.

Italy

- **"Borsa Internatinale Tourisme" Travel and Tourism Fair (BIT)- Milan, Italy, 17th- 20th February 2011**

BIT (Borsa Internatinale Tourisme) is the largest exhibition in the world of the Italian tourist products and a comprehensive collection of the best international supply from over 120 countries. 13 Sri Lankan trade companies participated at this largest fair in Italy attracting 108,000 trade professionals

Bangladesh

- **Bangladesh International Tourism Fair (BITF)- Dhaka, Bangladesh, 20th -22nd October 2011**

BITF is the biggest and the main travel fair that participated by Sri Lanka Tourism with Five local travel companies for the first time to tap the Bangladesh market. BITF provides a one stop access to all travel related products and services to visitors and facilitate buyers and sellers to meet. This will also be an opportunity for them to meet association leaders, govt. officials and private sectors to have an interaction.

Poland

- **Tour Salon - Poznan, Poland, 19th - 22nd October 2011**

Sri Lanka Tourism represented for the first time at the Tour Salon 2011 along with Six local trade companies. This fair attracted 760 exhibiters from 40 countries and over 30000 visitors. Sri Lankan Stand at Tour Salon was inaugurated by Ambassador Pamela J.Deen Sri Lanka envoy to Poland.

Highlights of the Trade Fairs –

- **Won "Exhibitor Gold award" at Bangladesh International Travel Fair (BITF) 2011**
- **Nominated Sri Lanka among "Top Emerging Travel destination in the world" at WTM 2011**
- **Awarded 9th best stand at ITB 2011 for attractiveness, presentation, visibility & servicing inquiries.**
- **Special award at "Leisure 2011" for active support**.

Events

Visit Sri Lanka 2011

In the visit 2011 campaign, Sri Lanka tourism focused on eight product categories under the theme " 8 wonderful experiences in 8 wonderful days ". Name "Sri Lanka" in the Tourism logo symbolizes 8 different product categories as follows,

Beaches – *Pristine*

Sports & Adventure – *Thrills*

Heritage Sites – *Heritage*

Mind & Body Wellness – *Bliss*

Scenic Beauty of the Country - *Scenic*

Wild Life & Nature - *Wild*

People & Culture - *Essence*

Year Round Festivals - *Festive*

Visit Sri Lanka 2011 promotional campaign was developed with the association of tourism industry. Many tourists consider visiting Sri Lanka is a refreshing experience after the end of the conflict situation. Therefore "Refreshingly Sri Lanka" has been the main emphasis on visit 2011 marketing campaign.

12 Months Programme -

Target Group - Local Community, Industry, Consumers & Media

January – Theme "Beach"

- Beach Conservation Day – 8th of January 2011

  "Beach Conservation day", activities were organized at beach destinations, Bentota, Kalutara, Negombo, Wadduwa and Arugam Bay. The main event took place at Wadduwa, was lead by Hon. Lakshman Yapa Abeywardhana -Deputy Minister of Economic & Development. Tourists along the sea side hotels and the general public contributed their participation for this event.

- A catamaran Race – 15th of January 2011

  Catamaran race was organized by the SLTPB along with the Negombo Hoteliers Association at the Negombo Beach. Photo Exhibition was held in the same day at Goldi Sands hotel Negombo in collaboration with "Pristine Beaches" theme.

- Sand Castle Competition- 23rd January 2011

  Sand Castle competition and beach volleyball tournament was held at Bentota beach. SLTPB organized this event in collaboration with the Hoteliers Association of Sri Lanka (THASL). Both local & foreign tourists participated in this event.

- Seminar on Beaches – 28th January 2011

  Seminar on Beaches held as the 1st knowledge series of "Visit Sri Lanka" programme organized by SLTPB. The researchers revealed about the marine life resources available to Sri Lanka, which rich in diversity and exotic beauty compared to any other destination in the world. Representatives from foreign missions, tourist agencies & hoteliers, researchers & marine life enthusiasts were present at this event.

February – "Sports & Adventure" Theme

- International Golf Tournament- 13th February 2011

  An international golf tournament was agonized by the Sri Lanka Tourism Promotion Bureau and Victoria Golf and Country Resort. This event attracted over 100 foreign tourists from different parts of the world. 25 local golf players participated at the event.

- GP 14 World Sailing Event – 25th February 2011

  GP-14 World Sailing Championship took off at the Negombo beach as the fleet of yachts launched with the sea breeze at the Negombo beach .The [GP14] World Cup is held in Sri Lanka for the first time in the history, which was earlier limited mostly to the European countries.

- Seminar on Colonial Cricket and Angampora traditional arts - 28th of February 2011

  Seminar on Colonial Cricket conducted by Former Cricketer and present cricket commentator Mr. Tony Greig was held at Sri Lanka Hotel Management auditorium. Further demonstration on Traditional Angampora arts was presented by Master Karunapala and his troupe.

March – "MICE" Theme

- UNWTO Joint Meetings for South Asia and East Asia and the Pacific – 24th to 26th March 2011

  World Tourism Organization selected Sri Lanka as the location for hosting the 23rd Annual Conference of South Asia and East Asia and the Pacific. The conference fits in perfectly the 12 monthly themes of Sri Lanka Tourism where March is dedicated for meetings and conferences.

April – "People & Culture" Theme

- Sinhala Avurudu Ceremony – 09th, 16th & 23rd April 2011

  Sri Lanka Tourism Promtion Bureau together with tourism stakeholders organized special Aurudu programmes that took placed in Kandy, Trincomalee, and Bentota symbolizing the communal harmony of different parts and cultures of Sri Lanka and providing an opportunity to highlighting their own unique cultures.

May – "Heritage" Theme

- The 2600th Sri Sambuddhathva Jayanthi celebrations are being organized in a grand scale with the collaboration of various governmental and non-governmental organizations of the country during these days.

June – "Weddings & Honeymoon" Theme

Five Foreign weddings conducted in month of June in Bentota Beach, Wadduwa & Mount Lavinia.

July – "Mind & Body Wellness" Theme

- Ayurvedic Exhibition -15th – 17th July 2011

This Exhibition was carried out at BMICH for the maximum exposure, publicity for Ayurvedic products and services with an excellent brand image and ample opportunities to interact with foreign and local clients.

August – "Festivals" Theme

- Media coverage at Kandy Esela Perahara - 6th -13th August 2011.

September – "Wild" Theme

- Wild Life Brochure Launch - 15th August 2011

A Wild Life Brochure Launched as the main activity organised for the month of September in Colombo to celebrate Theme 'Wild".




Special Events

- Welcoming the 1st tourist to Sri Lanka – 01st of Jan 2011 at BIA
- Welcoming 750,000 & 800,000 tourist Sri Lanka.
- Hot Air Balloon Festival – 19th March -2nd April 2011 –
  Main event at Independence Square
  (10 overseas participants)
- Special Bodhi Pooja - 11th June 2011 at Kelaniya Temple
  To offer merit for those Japanese victims during Tsunami
- Arrival of Prof. Philip Kotler- "Marketing Guru"– 05th June 2011
  Special seminar for an audience of over 1000 pax at Water's Edge.

Local Events

- **Galle Literary Festival – *January 2011***

  SLTPB sponsored Galle Literary Festival 2011 which was an international event held with the participation of international writers and authors.

- **Dayata Kirula – *February 2011***

  “Dayata Kirula” an educational and development Exhibition to coincide with the country’s Independence Day celebrations, was held in the Buttala area in Monaragala district concurrently with the Independence celebrations on 4th of February 2011.

- **World Tourism Day –27th September 2011**

  The World Tourism Day was celebrated in grand style at a special ceremony held in Colombo with the participation of all stake holders related to travel and tourism industry. The main event took place at the tourism zone near Beira lake ,called “Road to Paradise” with the participation of 2000 school children took part at the main function along with the heads of leading public and private sector travel entities.

  Ten new stamps were released at the ceremony, covering this year’s promotional themes of Sri Lanka tourism including Pristine, Heritage, Bliss, Wild, Scenic, Thrills, Festive and Essence and Scenic.

- **Arugambay Pro-Surf – 30th August– 4th September 2011**

  Pro Surf is an annual event that has been sponsored by Sri Lankan Air Lines for the past 6 years and it is one of the very few 6 star prime event to promote Arugam Bay as one of the top ten surf points in the world and to build strong, proactive partnerships with international stakeholders and enhance a positive image of Arugam Bay as a tourist destination.

- **Batticaloa International Trade Fair (BITF) - 7th to 9th October 2011**

  SLTPB participated BITE, which was organized by Batticaloa District Chamber of Commerce, Industries and Agriculture, at the Weber Stadium in Batticaloa considering its great importance to the tourism sector in order to showcase the tourism attractions available in the country and other investment opportunities available in the sector

- **Ukrain Flight Inauguration to Sri Lanka - 23rd October 2011**

  Sri Lanka Tourism Promotion Bureau organized a welcome dancing reception at the pier area of "Water Cannon" at Bandaranaike International Airport to welcome the inaugural flight "AeroSvit" arrived from Ukrain.

- **Spice Festival – 28th to 30th October 2011**

  "World Spice Food Festival" was held at the Green Path with the participation allowing food lovers to participate in the event with easy access and facility of browsing through international theme cuisines food stalls along with friends and families. Festive air with live music, cookery demonstrations, and special cultural performances gave a truly unforgettable dining experience to all the visitors.

- **Visit Kandy 2011 - 10th to 13th November 2011**

  A Tourism and Trade Exhibition named "Visit Kandy" was organized by Regional Economic Development Agency (REDA) and the Ministry of Tourism in Central Province together with Sri Lanka Tourism Promotion Bureau in order to create new economic opportunities for the enterprises and brings a new dimension into social life of the local community and visitors.

- **Sri Lanka Design Festival - 16th – 20th November 2011**

  Sri Lanka Design Festival 2011 was organized by Academy of Design (AOD) in partnership with the Ministry of Economic Development and SLTPB. The event was organized with the objectives of identifying and establishing new market links between Sri Lankan Hotel industry and Island wide Craft and artisan communities, inducing them to develop contemporary products and accessories and to allow Sri Lankan Hotel industry to make use of these local supplier's high quality products.

- **Mihipura Abhimani 2011 - 14th to 18th December 2011**

  Sri Lanka Tourism Promotion Bureau participated at the "Mihipura Abhimani "Trade & Educational Exhibition in Mihirigama, in order to create awareness among the domestic tourists.




Advertising & Production

Advertising –

Event calendars & Hoardings

Year 2011 being named as “Visit Sri Lanka 2011”, twelve months were divided to promote 12 Themes which Sri Lanka wants to promote to the globe. Hence Hoardings were displayed in front of Sri Lanka Tourism Head office with related event happening during that month. Further an event calendar was published in Travel Lanka magazine mentioning the same, for the awareness of interested parties.

“Come Visit Me” campaign – Promotional Initiative for Sri Lanka

Campaign is to inspire Sri Lankan People to join and actively promote the country. This campaign essentially focused on Digital medium where on-line space became the “meeting point “and promotions were done focusing on directing the visitors to Sri Lanka Tourism website.

Sri Lanka Tourism Digital Advertising campaign 2011 on BBC, WSJ & Lonely Planet

The Digital campaign on three major web sites, Wall Street Journal.com, BBC.com & Lonely planet.com by placing advertisements(E-banners) designed by Triad targeting to promote the Country Brand, Products and services upper end traveler of markets like UK, Germany, France, India, Middle East, Russia, Eastern Europe and emerging Asian markets.

5 Minutes Video to be played Onboard and other events

Sri Lanka Tourism Promotion Bureau developed a video for 5 minutes depicting different products and services listed fewer than 8 Experiences (Pristine, Wild, Scenic, Heritage, Festive, Bliss, Essence, Thrills) that Sri Lanka has to offer.

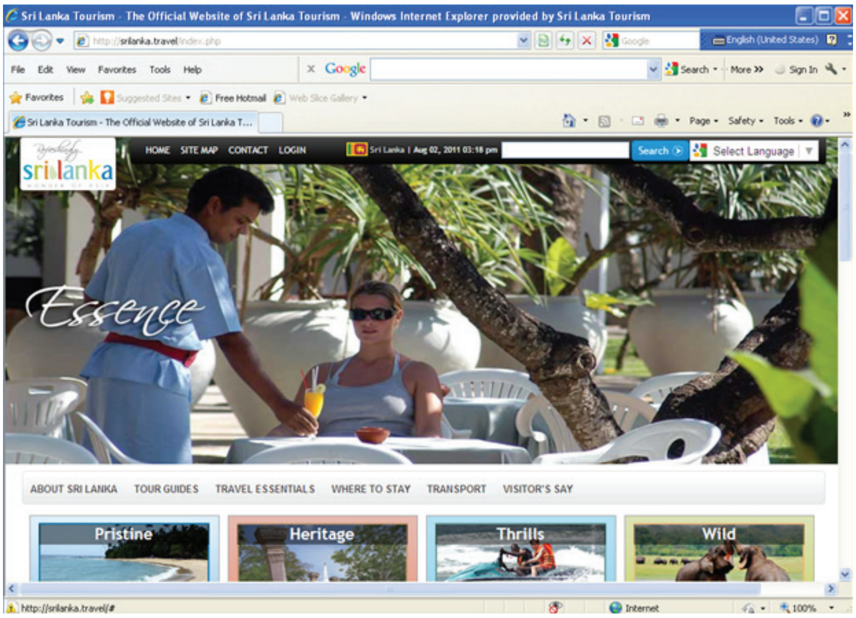
Local and International advertisements

Advertising in Explore Sri Lanka, and Travel Lanka. Advertising in international travel and tourism related magazines like TTG Mena Luxury, Lonely Planet and Big Issue.

Paper advertisements to mark 750,000th and 800,000th tourist arrival to Sri Lanka.

Web Revamping –

www.Srilanka.travel website was revamped including the new product themes.

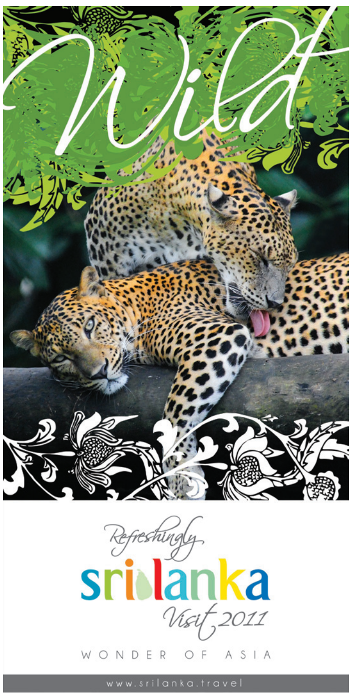


Production –

Multiple language brochures on 8 themes, posters & CD were designed and produced. These were distributed during foreign travel fairs, conferences in Sri Lanka, through Sri Lanka missions overseas and Sri Lankan airlines offices.

English
German
French
Arabic
Russian
Japanese
Korean
Chinese
Dutch
Italy

- *Sri Lanka Tourism's destination promotional poster titled "Wild", depicting two leopards, won a "Prestigious Vettor Giusti award", being named the best from South Asia at UNWTO general Assembly session.*



Public Relations

Visiting Journalist Programme 2011

Visiting journalist Programme 2011, succeeded in attracting 196 influential print and media personnel from across key markets and a phenomenal Rs. 500.9 Mn worth of publicity for the nation.

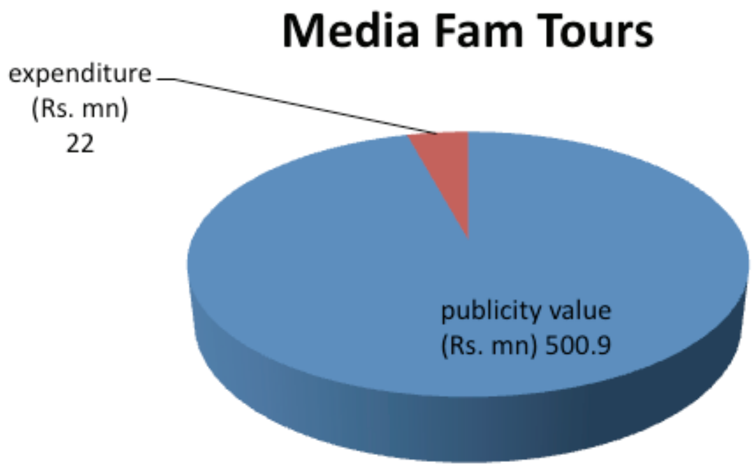
Country	No of Journalists	Vists of Celebrities	Position	Nos.
Japan	12	Bangladesh	Fashion Designer	1
UK	6	India	Conde Nast -India	1
Philippine	9	India –Manisha Koirala	Indian Film Star	1
USA	7	Thailand	Thailand Princess	1
Belgium	2	Nepal	Film Star	1
Croatia	3	Mynmar	Film Stars	4
Italy	18	Bhutan	Film Stars	3
Korea	1	India - Sonakshi Sinha	Bollywood Actress	1
Bangladesh	4			
Spain	5			
Canada	21			
Singapore	12			
Hong Kong	2			
Australia	4			
France	4			
Netherland	2			
Sweden	2			
Indonesia	1			
Malaysia	3			
Thailand	1			
KSA	1			
UAE	1			
Kuwait	4			
Denmark	1			
Austria	3			
Ukraine	8			
Germany	5			
Russia	11			
India	16			
China	14			
Total	**183**		**Total**	**13**

- *National Geography travel Magazine named Sri Lanka among "Best of the world 2012 Destinations"*
- *Conde Nast Traveller* named Sri Lanka among world's top five destinations to travel in 2012

Media Value received from VJP tours - Year 2011

Media Institute	Country	Electronic/ Print	Media Value	Duration of publicity	Media Value (Rs.)
BE-PAL Magazine	Japan	Print	JPY 9,000,000	May 2011	**12,856,500**
BBC	UK	Electronic	GBP 360,000	August 2011	**63,000,000**
Manila Times	Philippines	Print	US$ 14,310	01st April 2011	**1,574,100**
Travelife Magazine	Philippines	Print	US$ 10,200	June -July 2011	**1,122,000**
The Replenisher	USA	Print	US$ 20,000	31st March 2011	**2,200,000**
DER Standard Rondo	Germany	Print	Euro 29,880	13th May 2011	**4,601,520**
Om Magazine	UK	Print	GBP 9,000	July 2011	**1,575,000**
Qui Touring	Italy	Print	Euro 548,437.5	September 2011	**84,459,375**
CREA Traveller Magazine	Japan	Print	JPY 35,100,000	September 2011	**50,140,350**
Outlook Traveller	India	Print	INR 6,187,500	September 2011	**14,726,250**
Wealth TV	USA	Electronic	US$ 100,000	November 2011	**11,000,000**
Tohic TV	Ukraine	Electronic	US$ 95,814	May & June 2011	**10,539,540**
HTV	Croatia	Electronic	HRK 1,194,300		**25,772,994**
Marcopolo TV	Italy	Electronic	US$ 183,600	October 2011	**20,196,000**
Panorama Travel	Italy	Print	US$ 215,000	January 2012	**23,650,000**
Marcopolo Magazine	Italy	Print	US$ 26,600	February 2012	**2,926,000**
Max Magzine	Italy	Print	US$ 10,000	July 2011	**1,100,000**
Latitudes.life.com	Italy	Electronic	US$ 120,000	October 2011	**13,200,000**
Islands Magazine	Australia	Print	US$ 238,230	March 2012	**26,205,300**
Tentoumushi Magazine	Japan	Print	JPY 31,500,000	February 2012	**44,997,750**
Quiet Diplomacy	UAE	Print	US$ 4,500	November 2011	**495,000**
East Week Magazine	Hong Kong	Print	US$ 675,000	07th September 2011	**74,250,000**
Gulf Traveller	Kuwait	Print	US$ 52,500	May/June 2012	**5,775,000**
L' Officiel	India	Print	INR 1,936,000	January 2012	**4,607,680**
				Total	**500,970,359.00**

Publicity recevied Vs cost incurred for Visiting Journalists Programme



HR, Administration & Finance

Staff	Number of employees	
As at 1st January 2010	36	
Add: New Recruitments	18	54
Less; Retired/ Resigned	05	
As at end December 2010	49	

SLTPB approved cadre, salary structure and Vacancies.

As per the Department of Management Services circular no 30, staff of SLTPB has been absorbed to the approved new cadre and implemented new salary structure as per MSD circular no 30 (1). SLTPB published a paper advertisement to filling vacancies and interviews were held in the month of September 2010 and thereafter appointments were given in December 2010 accordingly.

SRI LANKA TOURISM PROMOTION BUREAU
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,2011

	Note	2011 Rs.	2010 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	3	819,853,581.02	177,457,518.50
Receivables	4	340,609,153.97	370,394,051.10
Advances	5	3,403,093.20	2,028,170.42
Prepayments	6	231,123.85	1,540,259.37
Debtors	7	34,067,741.85	33,151,568.90
Inventories		6,996,488.20	3,524,419.21
		1,205,161,182.09	588,095,987.50
Non-current assets			
Property, Plant and Equipments	8	15,485,923.32	18,051,625.75
		15,485,923.32	18,051,625.75
Total assets		**1,220,647,105.41**	**606,147,613.25**
LIABILITIES			
Current liabilities			
Revenue in advance	9	5,585,302.75	7,417,059.71
Deposit payables	10	552,667.74	978,067.08
Employee benefits	11	5,996,352.63	5,004,637.50
Accrued expenses		223,272,965.65	38,867,992.79
Creditors	12	25,388,355.74	185,773,300.00
		260,795,644.51	238,041,057.08
Non-current liabilities			
Long term Borrowings		-	66,666,666.68
		-	66,666,666.68
Total liabilities		260,795,644.51	304,707,723.76
Net assets		959,851,460.90	301,439,889.49
NET ASSETS / EQUITY			
Capital contribution		33,069,156.52	33,069,156.52
Accumulated surpluses / (deficits)		926,782,304.38	268,370,732.97
Total net assets / equity		**959,851,460.90**	**301,439,889.49**

H.C.J.Goonawardhana
Assistant Director Finance
Sri Lanka Tourism Promotion Bureau

Dr.Nalaka Godahewa
Chairman
Sri Lanka Tourism Promotion Bureau

SRI LANKA TOURISM PROMOTION BUREAU STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31,2011

	Note	2011 Rs.	2010 Rs.
Revenue			
Embarkation Levy		729,174,937.13	671,396,446.08
Tourism Development Levy		454,839,489.53	359,274,986.21
Other revenue	13	64,244,678.25	79,459,590.72
Total Revenue		1,248,259,104.91	1,110,131,023.01
Expenses			
Wages,salaries and employee benefits	14	26,121,005.89	22,421,278.46
Supplies and consumables used	15	31,537,697.61	34,704,463.45
Trade related expenditure - Foreign	16	30,805,777.48	29,910,841.62
Trade related expenditure - Local	17	477,546,792.44	949,770,040.43
Depreciation and amortization expenses		3,978,586.48	6,207,438.03
Other expenses	18	14,612,648.09	47,618,967.21
Finance costs	19	5,245,025.51	7,217,523.64
Total Expenses		589,847,533.50	1,097,850,552.84
Surplus / (deficit) for the period		658,411,571.41	12,280,470.17
Surplus / (deficit) brought forward		268,370,732.97	256,090,262.80
Surplus / (deficit) carried forward		**926,782,304.38**	**268,370,732.97**

SRI LANKA TOURISM PROMOTION BUREAU STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED DECEMBER 31,2011

	Contributed Capital	Accumulated Surpluses/(Deficits)	Total
	Rs.	Rs.	Rs.
Balance as at January 01,2010	33,069,156.52	256,090,262.80	289,159,419.32
Surplus / (Deficit) for the period	-	14,620,733.55	14,620,733.55
Restatement		(2,340,263.38)	(2,340,263.38)
Restated Balance as at December 31,2010	33,069,156.52	268,370,732.97	301,439,889.49
Surplus / (Deficit) for the period	-	658,411,571.41	658,411,571.41
Baalnce as at December 31,2011	**33,069,156.52**	**926,782,304.38**	**959,851,460.90**

SRI LANKA TOURISM PROMOTION BUREAU CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31,2011

	2011 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES	
Surplus / (Deficit)	658,411,571.41
Non- cash movements	
Depreciation	3,978,586.48
Interest from staff loan	(68,503.38)
Provision for gratuity	991,715.13
Exchange Gain/loss	42,924.00
Losses & write off	108,737.97
(Increase) /Decrease in Receivables	29,784,897.13
(Increse) / Decrease in Advances	(1,374,922.78)
(Increase) / Decrease in Prepayments	1,309,135.52
(Increase) / Decrease in Debtors	(916,172.95)
(Increase) / Decrease in Inventories	(3,472,068.99)
Increase /(Decrease) in Income in Advance	(1,831,756.96)
Increase / (Decrease) in Deposit Payable	(425,399.34)
Increase / (Decrease) in Accrued expenses	184,404,972.86
Increase / (Decrease) in Creditors	(160,384,944.26)
Interest from staff loan	68,503.38
Net cash flows from operating activities	**710,616,511.20**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipments	(1,553,782.00)
Net cash flows from investing activities	**(1,553,782.00)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Settlement of borrowings	(66,666,666.68)
Net cash flows from financing activities	**(66,666,666.68)**
Net increase / (decrease) in cash and cash equivalents	642,396,062.52
Cash and cash equivalents at beginning of period	177,457,518.50
Cash and cash equivalents at end of period	**819,853,581.02**

SRI LANKA TOURISM PROMOTION BUREAU STATEMENT OF ACTUAL REVENUE & EXPENDITURE VS BUDGET FOR THE YEAR ENDED 31/12/2011

A/c.Code	Description	Actual Rs.	2011 Budget Rs.	Variance Rs.
	Revenue			
6000	Tourism Development Levy	454,839,490	437,520,000	3.96
6001	Embarkation Levy	729,174,937	814,800,000	(10.51)
6100	Trade Contribution & Other Revenue	64,244,678	90,000,000	(28.62)
	Total Revenue	**1,248,259,104**	**1,342,320,000**	**(7.01)**
	Expenditure			
	1.0 Marketing Communication	**129,260,796**	**407,872,000**	**68.31**
7534	1.1 Media			
7534a	a. Local	6,100,226	4,900,000	-24.49
7534b	b. International	196,999	13,000,000	98.48
7534c	c. VJP & Trade FAM Tours	22,921,596	20,000,000	-14.61
7534d	d.Retainer Fees	-	70,000,000	100.00
7534e	e.Celebrity Campaign	3,995,909	5,100,000	21.65
7521	1.2 Advertising			
7521C	a. Management fee & Artwork	5,464,671	40,000,000	86.34
7521A	b. Media Buying & Awareness	48,246,816	126,750,000	61.94
7532	1.3 Design & Production of Material	41,092,396	89,665,000	54.17
7650	1.4 Web & Direct Marketing	1,242,182	38,457,000	96.77
7512	**2.0 Marketing Promotions**	**296,128,999**	**497,945,000**	**40.53**
7515	Geographic			
7595	Product	296,128,999	497,945,000	40.53
7680/7682	Missions & Diaspora			
7620	**3.0 Research**	**1,274,931**	**18,350,000**	**93.05**
7620a	3.1 Visitor Surveys	5,625	2,650,000	99.79
7620b	3.2 Market Intelligence Studies	1,269,306	15,700,000	91.92
7570	**4.0 Events**	**50,755,537**	**91,275,000**	**44.39**
7520	4.1 Local	50,755,537	81,275,000	37.55
	4.2 International	-	10,000,000	
	5.0 Customer Facilitation	**7,230,862**	**61,000,000**	**88.15**
7689	Visitor Facilities & Attraction Development	7,230,862	61,000,000	88.15
	6.0 Special Projects	**23,701,445**	**31,000,000**	**23.54**
7541	Visit Sri Lanka 2011	23,701,445	31,000,000	23.54
	7.0 Local Administration	**70,051,331**	**99,400,000**	**29.53**
7695	Value Added Tax	11,443,633	-	-
	Total Expenditure	**589,847,534**	**1,206,842,000**	**51.12**
2380	**8.0 IIFA Loan**	**66,666,667**	**55,000,000**	**(21.21)**
	9.0 Capital Expenditure	1,553,982	80,478,000	98.07
	10.0 Accrued Expenditure	38,837,172	-	-
	Total Expenditure	**696,905,354**	**1,342,320,000**	**48.08**

SRI LANKA TOURISM PROMOTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

1.1 Incorporation

Tourism Act No. 38 of 2005 was implemented with effect from 1st, October 2007. New establishments were incorporated with effect from 1st, October 2007 in the following manner.

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

1.2 Distribution of the Tourism Development Fund

As per section 23 (1) of Tourism Act, Tourism Development Fund can be utilized for promotion and marketing Sri Lanka as a Tourist Destination. The fund is managed and administered by Sri Lanka Tourism Development Authority.
The distribution of the fund is carried out as per Sections 24 (8) of Tourism Act in the following percentages.

Local Authority	Attributable Percentage
Sri Lanka Tourism Development Authority	14%
Sri Lanka Tourism Promotion Bureau	70%
Sri Lanka Institute of Tourism & Hotel Management	12%
Sri Lanka Convention Bureau	4%

1.3 Principal activities and nature of operations

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

1.4 Number of employees

The average number of employees for the period was 49.

Basis of preparation

1.5 Statement of compliance

The financial statements of the Sri Lanka Tourism Promotion Bureau comprising the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Asset / Equity, Cash Flow Statement together with significant Accounting Policies and Notes are prepared in accordance with Sri Lanka Public Sector Accounting Standards 2009 laid down by the Institute of Chartered Accountants of Sri Lanka.

1.6 Basis of Measurement

The Financial Statements are prepared in accordance with historical cost convention.

1.7 Presentation Currency

All Financial Statement are prepared in Sri Lankan Rupees which is the functional currency.

1.8 Use of Estimates and Judgements

The preparation of the financial statements in conformity with SLASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in future periods are included in the respective notes.

1.9 Responsibility of the Management for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

1.10 Events after the Balance sheet Date

All the material events after the Balance Sheet date have been considered and appropriate adjustments/ disclosures have been made in the Financial Statements, where necessary.

Sri Lanka Tourism Promotion Bureau was in the process of finalizing the Refundable Value Added Tax with the Department of Inland Revenue and Tax Advisor to the Ministry of Finance and Planning during year 2011. During year 2011 the Department of Inland Revenue decided and finalized that the Sri Lanka Tourism Promotion Bureau is not engaged in taxable activities and therefore not entitled to claim Value Added Tax Refund. Sri Lanka Tourism Promotion Bureau has received the written confirmation on 21.02.2012 from the Department of Inland Revenue stating that the Sri Lanka Tourism Promotion Bureau is not engaged in taxable activity and not entitled to claim the Value Added Tax Refund.

Therefore, an adjustment has been made to the Value Added Tax Refund in the Financial Statements of Sri Lanka Tourism Promotion Bureau as is not entitled to claim the Value Added Tax Refund.

1.11 Comparative Information

Where necessary, certain comparative amounts have been reclassified to conform to the current year's presentation. (Refer note number 20)

2. Significant Accounting Policies

2.1 Inventories

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

2.2 Depreciation

The provision for depreciation is calculated on a straight line basis on the cost or valuation of all Property, Plant and Equipment, in order to write off such cost / valuation over the estimated useful lives from the date of acquisition as follows.

Description	Rate
Furniture & Fittings	*7.5%*
Computer & Equipment	*25%*
Motor Vehicles	*25%*
Air Conditioner	*7.5%*
Office Equipment	*7.5%*
Telephone	*7.5%*
Miscellaneous Equipment	*7.5%*
Software	*7.5%*
Building Improvement	*10%*

2.3 Property Plant And Equipment

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Premise of the Sri Lanka Tourism Promotion Bureau belongs to the Sri Lanka Tourism Development Authority.

2.4 Foreign Currency Transactions

These transactions are converted on the following rates.

- Receipts & Payments - Actual rate
- Current assets and liabilities - Closing rate
- Fixed assets - Actual rate
- Remittances - Actual rate

2.5 Related party transactions

No related party transactions were available to disclose as per the SLAS 24.

2.6 Provision for Gratuity

The Company makes full provision on account of gratuity that may fall due for payment under the payment of Gratuity Act No. 12 of 1983 for all employees who have completed one year of service in accordance with Sri Lanka Accounting Standard.

2.7 Accrued Expenditure

As per the Accounting Standards accrued expenditure has been defined as liabilities to pay for goods or services that have been received or supplied, but have not been paid, invoiced, or formally agreed with the supplier.
Therefore, the amount shown as expenditure payable on IIFA has been recognized as an accrued expenditure according to the above definition.

2.8 Taxation

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

2.9 Other Revenue

All other income is recognized on an accrual basis.

Trade contribution indicates the cost recovery from the individual participants at the foreign trade fairs, which is been conducted and organized by the Sri Lanka Tourism Promotion Bureau.

2.10 Cash Flow Statement

The Cash Flow Statement has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Public Sector Accounting Standard "Cash Flow Statements". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and balances with banks.

03.0 Cash and cash equivalents

Description		**2011 (Rs.)**	**2010 (Rs.)**
Cash at Bank -	HO - Main Account	728,520,593.19	141,288,205.78
Cash at Bank -	HO - Private Sector	85,980,601.90	29,929,681.65
Cash at Bank -	Kandy	391,507.68	482,293.33
Cash at Bank -	Bank Transfer	5,105,096.42	5,673,237.95
	Overseas Office - UK	(222,918.53)	5,399.43
	Overseas Office - India	78,700.36	78,700.36
Total Cash and cash equivalents		**819,853,581.02**	**177,457,518.50**

04.0 Receivables

Description	**2011 (Rs.)**	**2010 (Rs.)**
Consumer Brochure - Uk	3,304,920.00	3,304,920.00
Fuel deposit	100,000.00	100,000.00
Vehicle hiring deposit	20,000.00	20,000.00
Renovation of the premises	-	153,025.05
Reimbursement of cost	2,557,792.08	900,000.00
Embarkation Levy	123,461,589.83	198,843,773.23
Tourism Development Levy	211,152,119.56	167,072,332.82
Others	12,732.50	-
Total Receivables	**340,609,153.97**	**370,394,051.10**

05.0 Advances

Description	2011 (Rs.)	2010 (Rs.)
Local Advances	2,005,987.50	1,650,378.88
Foreign Advances	1,397,105.70	377,791.54
Total Advances	3,403,093.20	2,028,170.42

06.0 Prepayments

Description	**2011 (Rs.)**	**2010 (Rs.)**
Service Agreement	-	40,259.37
Financial Contribution	56,304.78	1,500,000.00
Annual memebership - UK	174,819.07	-
Total Prepayments	**231,123.85**	**1,540,259.37**

07.0 Debtors

Description	**2011 (Rs.)**	**2010 (Rs.)**
Sundry debtors - SLTDA	31,141,767.55	30,967,542.30
Sundry debtors - SLITHM	658,734.30	208,171.60
Employees - Loans & Advances	2,267,240.00	1,975,855.00
Total Debtors	**34,067,741.85**	**33,151,568.90**

08.0 Property, Plant and Equipments

Description	Balance as at 01. 01. 2011	Additions 2011	Transfer 2011	Balance as at 31.12.2011	Acc. Depreciation as at 01. 01. 2011	Depreciation for 2011	Depreciation on Disposal 2011	Acc. Depreciation as at 31.12.2011	Net Book Value as at 31.12.2011
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Telephones	437,500.00	281,923.00	11,600.00	707,823.00	46,453.04	35,751.71	2,605.79	79,598.96	628,224.04
Office Equipments	2,758,021.00	338,205.00	113,703.50	2,982,522.50	508,827.13	207,048.69	37,549.55	678,326.27	2,304,196.23
Furniture & Fittings	8,535,141.89	13,490.00	16,100.00	8,532,531.89	1,728,119.03	638,841.97	4,508.00	2,362,453.00	6,170,078.89
Miscellaneous Equipments	809,135.35	-	-	809,135.35	135,029.22	60,685.20	-	195,714.42	613,420.93
Motor vehicles	7,400,000.00	-	-	7,400,000.00	3,300,000.00	1,850,000.00	-	5,150,000.00	2,250,000.00
Computer equipments	8,724,079.81	920,164.00	465,210.00	9,179,033.81	6,309,523.77	1,067,335.16	421,052.21	6,955,806.72	2,223,227.09
Computer software	867,750.00	-	-	867,750.00	129,025.46	65,081.25	-	194,106.71	673,643.29
Air conditioners	717,900.00	-	-	717,900.00	40,924.65	53,842.50	-	94,767.15	623,132.85
Total	**30,249,528.05**	**1,553,782.00**	**606,613.50**	**31,196,696.55**	**12,197,902.30**	**3,978,586.48**	**465,715.55**	**15,710,773.23**	**15,485,923.32**

09.0 Revenue in Advance

Description	2011 (Rs.)	2010 (Rs.)
Foreign Trade Fairs	5,585,302.75	7,417,059.71
Total Revenue in Advance	**5,585,302.75**	**7,417,059.71**

10.0 Deposit Payable

Description	2011 (Rs.)	2010 (Rs.)
Refundable Tender Deposit	353,080.00	357,330.00
Retention Payable	193,553.40	620,737.08
Others	6,034.34	-
Total Deposit Payable	**552,667.74**	**978,067.08**

11.0 Employee Benefits

Description	2011 (Rs.)	2010 (Rs.)
Provision for Retirement Gratuity brought forward	5,004,637.50	4,741,257.50
Gratuity Provision	991,715.13	346,540.00
Gratuity Paid	-	(83,160.00)
Total Employee Benefits	**5,996,352.63**	**5,004,637.50**

12.0 Creditors

Description	2011 (Rs.)	2010 (Rs.)
Sundry creditors - IIFA	-	141,701,672.99
Sundry creditors - SLTDA	25,334,176.74	43,854,168.51
Sundry creditors - SLTTHM	54,179.00	217,458.50
Total Creditors	**25,388,355.74**	**185,773,300.00**

13.0 Other Revenue

Description	2011 (Rs.)	2010 (Rs.)
Revenue from literature & photographic materials	86,900.00	358,563.00
Revenue from Interest - Staff loan	68,503.38	60,442.69
Trade Contribution	59,722,990.34	41,109,717.28
IIFA sponsorship and ticket sale	-	30,976,568.47
Others	4,366,284.53	6,954,299.28
Total Other Revenue	**64,244,678.25**	**79,459,590.72**

14.0 Wages,Salaries and Employee benefits

Description	2011 (Rs.)	2010 (Rs.)
Salaries & Allowances	18,224,499.97	16,040,469.29
Holiday Allowance	53,340.25	38,846.80
Overtime	688,560.15	601,333.55
Board's contribution to EPF	1,995,798.39	1,813,437.37
Board's contribution to ETF	400,057.85	374,056.64
Staff Welfare	2,314,418.32	985,540.19
Travelling - Local	39,772.00	29,414.50
Attendance Incentive	-	570,453.85
Uniform to Staff	145,461.00	109,200.00
Gratuity	991,715.13	346,540.00
Insurance	696,531.25	761,643.92
Staff Training	570,851.58	750,342.35
Total Wages,Salaries and Employee benefits	**26,121,005.89**	**22,421,278.46**

15.0 Supplies and Consumables used

Description	2011 (Rs.)	2010 (Rs.)
Miscellaneous Supplies	84,505.00	286,922.89
Stationery	1,150,805.98	1,303,748.80
Printing & Publications	-	32,000.00
Telephone and internet	1,678,422.78	1,674,634.34
Postage, courier and Stamps	3,030,129.65	5,130,380.04
Rent - Building	11,686,184.00	10,646,376.12
Electricity	3,053,054.86	2,478,853.62
Maintenance - Equipment	2,749,896.98	1,335,206.50
Advertising - General	194,790.00	2,312,012.45
Maintenance & Repairs - Vehicles	1,133,562.42	601,978.79
Hire of Vehicles	2,354,077.95	1,701,237.50
Water	1,036,670.88	211,609.70
Books & periodicals	128,312.50	300,287.80
Fuel Charges	779,692.25	730,914.50
Entertainment local	105,713.42	147,122.07
Cleaning Suppliers	1,067,312.29	908,916.46
Security	445,678.86	498,578.46
Maintainance Building	613,347.79	211,227.00
Rates & Licences	5,430.00	2,922.00
Menus & Flowers	240,110.00	90,750.00
Building Improvement	-	4,098,784.41
Total Supplies and Consumables used	**31,537,697.61**	**34,704,463.45**

16.0 Trade Related Expenditure - Foreign

Description	2011 (Rs.)	2010 (Rs.)
Administration UK	30,805,777.48	29,910,841.62
Total Trade Related Expenditure - Foreign	**30,805,777.48**	**29,910,841.62**

17.0 Trade Related Expenditure - Local

Description	2011 (Rs.)	2010 (Rs.)
Promotions & Advertising - Foreign	172,864,586.00	188,058,406.03
Local Awareness Compaign	48,246,815.55	18,706,295.85
Promotions & Advertising - Local	22,144,984.83	55,887,653.67
Production of Tourist Communication Material	41,092,395.61	29,273,416.78
Events	45,937,549.54	18,842,496.53
VJP and Trade FAM Tours	22,921,596.60	19,748,176.45
Strategic Frame work	-	592,880.00
Retainer Fees-PR	22,737,070.92	38,784,877.91
Management fee artwork/creatives	5,464,671.05	7,782,554.25
Market reaserch	1,274,931.19	8,578,669.82
IIFA	-	478,013,162.37
Trade Fair - ITB	32,412,178.74	25,100,776.53
Trade Fair - WTM	35,360,792.60	38,333,362.71
Web maintain & E - News	1,242,182.46	2,620,191.29
Visit Sri Lanka	23,701,445.29	6,944,786.27
Retainer Fees-Advertising Agency	-	4,177,539.18
Exchange Gain/Loss	42,924.00	1,219,153.86
Ramayanaya	-	1,919,619.56
Working with Missions	2,102,668.06	5,186,021.37
Total Trade Related Expenditure - Local	**477,546,792.44**	**949,770,040.43**

18.0 Other Expenses

Description	2011 (Rs.)	2010 (Rs.)
Board Member Allowance	314,136.87	79,500.00
Procurement Committee Member Allowance	65,500.00	298,500.00
Audit Fees	400,000.00	-
Legal Fees	2,316.00	109,615.00
Economic Service Charge	-	72,276.03
Stamp Duty	12,500.00	9,425.00
Losses and Write off	108,737.97	(18,161.42)
Value Added Tax	11,443,632.64	43,071,919.24
NBT	2,265,824.61	3,995,893.36
Total Other Expenses	**14,612,648.09**	**47,618,967.21**

19.0 Finance Costs

Description	2011 (Rs.)	2010 (Rs.)
IIFA Loan Interest & Bank Charges	5,026,484.03	5,852,511.41
Debit Tax	172,943.48	1,179,242.48
Bank Charges	45,598.00	185,769.75
Total Finance Costs	**5,245,025.51**	**7,217,523.64**

20.0 Comparative Information

Statement of Financial Position

	Balance previously stated 31.12.2010 Rs.	Adjustment 2010 Rs.	Restated Balance 31.12.2010 Rs.
Assets			
Current assets			
Receivables	424,621,335.73	(54,227,284.63)	370,394,051.10
Advances	4,803,676.04	(2,775,505.62)	2,028,170.42
Debtors	33,141,568.90	10,000.00	33,151,568.90
Current liabilities			
Accrued expenses	93,941,483.40	(55,073,490.61)	38,867,992.79
Creditors	185,352,336.26	420,963.74	185,773,300.00
Statement of Financial Performance			
Revenue			
Embarkation Levy	683,451,883.18	(12,055,437.10)	671,396,446.08
Tourism Development Levy	359,274,914.50	71.71	359,274,986.21
Other Revenue	78,559,590.72	900,000.00	79,459,590.72
Expenses			
Wages,Salaries and Employee benefits	23,045,559.16	(624,280.70)	22,421,278.46
Supplies and Consumables used	35,775,107.42	(1,070,643.97)	34,704,463.45
Trade Related Expenditure - Foreign	32,910,539.37	(2,999,697.75)	29,910,841.62
Trade Related Expenditure - Local	996,662,439.26	(46,892,398.83)	949,770,040.43
Other Expenses	4,847,047.95	42,771,919.24	47,618,967.21

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல / My No. TM/H/SLTPB/FA/2011

ඔබේ අංකය / உமது இல / Your No.

දිනය / திகதி / Date 31 October 2012

The Chairman

Sri Lanka Tourism Promotion Bureau

Report of the Auditor General on the Financial Statements of the Sri Lanka Tourism Promotion Bureau for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971

The audit of financial statements of the Sri Lanka Tourism Promotion Bureau for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes of equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 20 of the Tourism Act No 38 of 2005. My comments and observations which I consider should be published with the Annual Report of the Bureau 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 Bureau on 08 August 2012.

1.2 Management's Responsibility for the Financial Statements

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

අංක 306/72 පොල්දුව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ-மெயில் / E-mail oaggov@sltnet.lk

1.3 Auditor's Responsibility

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

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

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 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 Promotion Bureau as at 31 December 2011 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Accounting Standards

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards (SLASs)

Following observations are made.

Reference to SLAS	Non- compliance
SLAS-10	(a) A sum of Rs. 2,340,263 had been adjusted to the accumulated surplus account as corrections made for the prior year errors. However, these adjustments had not been disclosed in the accounts according to the correction procedure prescribed in the SLAS-10. (b) Provision for accrued expenses amounting to Rs.223 million had been made for the year under review based on the estimates provided by the Officers of the Bureau, without considering the possible accrued liability based on the relevant information.

2.2.2 Accounting Deficiencies

Following accounting deficiencies were observed in audit.

(a) Eight laptop computers purchased for 1,167,900 had not been brought to the accounts.

(b) Donations paid amounting to Rs. 1,150,000 had been accounted for as local promotional expenses.

(c) Actual income from the International Indian Film Academy (IIFA) festival had not been properly identified and accounted for as receivable income during the year under review.

(d) A sum of Rs. 120,694,122 had been accounted for as payables to the goods and services provided to the IIFA festival, under the accrued expenses without ascertaining whether the goods and services were actually and accurately obtained from the relevant suppliers.

2.2.3 Unreconciled Accounts

Following differences were observed between the financial statements of the Bureau and related subsidiary records, due to non-reconciliation of balances with the relevant subsidiary records.

Description	Balance as per financial statements Rs.	Description of subsidiary records	Balance as per the subsidiary records Rs.	Difference Rs.
Payable to the Sri Lanka Institute of Tourism and Hotel Management (SLITHM).	54,179	Accounts of the SLITHM	734,655	680,476
Receivable from the SLITHM.	658,734	-do-	Nil	658,734

2.2.4 Accounts Receivable and Payable

Following observations are made in this regard.

(a) Receivable amounts from the IIFA festival organizing firm had not been accounted for as receivables from the said organization. According to the information made available to audit, a sum of Rs. 20 million approximately should be recovered from the above firm relating to the hotel room facilities provided by the Bureau, on behalf of the firm.

(b) The receivables from the UK Office amounting to Rs. 3,304,920 had not been recovered from the responsible Officers over a period of two years.

(c) Actions had not been taken to recover the capital expenditure incurred by the Bureau amounting to Rs. 28,047,842 from the Sri Lanka Tourism Development Authority (SLTDA) with regard to the modernization of the building belonging to the SLTDA.

2.2.5 Lack of Evidence for Audit

Seven items in the accounts aggregating Rs.107,416,107 could not be satisfactorily vouched in audit due to non-availability of evidence such as number of programme conducted and particulars relating to the media publications relating to Visiting Journalist programme, detailed schedules, verification reports, receipts and invoices, particulars of users of air travel facilities, supporting documents etc.

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

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Public Enterprise Guidelines for Good Governance Circular No.PED/12 of 2 June 2003:	
(i) Section 6.5.1 of Chapter 6	Even though the Draft Annual Report should be rendered to the Auditor General within 60 days after the closure of the financial year, the Draft Annual Report for the year under review had not been furnished to the Auditor General even up to 31 July 2012.

(ii) Section 9.12 of Chapter 9	Any welfare scheme adopted by an enterprise should have the approval of the General Treasury. However, the Bureau had not obtained the relevant approval for the Employees' Medical Insurance Scheme as per the requirement.
(iii) Section 9.14.1of Chapter 9	Though the manual of procedures with a chapter on human resource management providing rules and regulations on all matters relating to management of human resources should have been approved by the Board together with the concurrence of the Secretary to the Treasury, the Bureau had not complied with this requirement.
(b) Sections 4.2.1 (a) and (c) of Chapter 4 of the National Procurement Agency Circular No. 08 of 25 January 2006,	Although a procurement plan should be prepared covering at lest three years together with a detailed plan for next year, the Bureau had not prepared as requested.
(c) Treasury Circular No. IAI/2002/2 of 28 November 2002	Fixed assets register for computers, computer accessories and software owned by the Bureau, had not been maintained as per requirement of the circular.
(d) Public Enterprises Circular No.PED/56 dated 11 January 2011.	Although excess cash of the public institutions as at 31 December 2011 should be credited to the Consolidated Fund, after considering the working capital requirements of ensuing 6 months, it had not been credited to the Consolidated Fund. According to the calculations made by the audit the excess cash might be around Rs. 500 million for the year under review.

(e) Public Administration circular No. 13/2008(iv) dated 09 February 2011.	According to the circular instructions, Managing Director of the Bureau is entitled to obtain maximum of 120 litters of fuel per month. However, the Managing Director had obtained around 207 litters of fuel per month without considering the circular instructions.
(f) Public Enterprise circular No. PED/GEN/2011/1 dated 11 February 2011	Public Enterprises are required to obtain the approval of the Hon. Minister of Finance and Planning for any donation/sponsorship in the approved annual programme exceeding Rs. 100,000 made to any party other than a government institution or a government development project. Without obtaining the said approval a sum of Rs. 1,150,000 had been donated to two private organizations.
(g) Financial Regulation No. 371	Advances amounting to Rs.7, 882,940 had been paid to the officers exceeding the maximum limit of Rs. 20,000 in thirteen instances.
(h) Section 2.10 of Chapter VI of the Establishments Code.	Copies of the letters related to the recruitments, transfers, promotions, payments of salary increments and disciplinary actions against the employees should be furnished to audit. However, the Bureau had not furnished the said documents to audit.

2.2.7 Unauthorised Transactions

Three employees had been recruited to the UK office and a sum of Rs. 3,786,970 had been paid as salaries and allowances to the employees during the year under review without obtaining the Board approval.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Bureau for the year ended 31 December 2011 had resulted in a surplus of Rs. 658,411,571 as compared with the corresponding surplus of Rs. 12,280,470 for the preceding year, thus indicating an increase of Rs.646,131,101 in the financial results. The increase of Tourism Development and Embarkation Levy and other income by Rs. 138,128,082 and decrease of local promotional expenses by Rs. 472,223,248 were the main reasons attributed for the increase in the financial results.

3.2 Analytical Financial Review

The revenue of the Bureau for the year under review was Rs. 1,248 million as compared with Rs.1,110 million in the preceding year representing an increase of 12% whereas the expenditure incurred for the tourism promotional activities during the year under review was Rs.590 million when compared with Rs. 1,098 million in the previous year. This was a decrease of 86%. The changes of the revenue and expenditure of the Bureau during the year under review as compared with the preceding year is shown below.

	2011	2010	Change	
	Rs.(M)	Rs.(M)	Rs.(M)	%
Embarkation and tourism development levy	1,184	1,030	154	15
Other income	64	79	15	23
Administration expenditure	58	57	01	1.7
Tourism promotion expenditure	508	979	472	93
Depreciation and other expenses	24	61	37	154
Net surplus	658	12	646	5,383

3.3 Working Capital Management

Equity Ratios	Standard Ratio	2011	2010	2009
Current ratio	2.1	4.63	2.47	1.73
Quick ratio	1.1	4.60	2.45	1.71

Current and quick ratios were gradually increased up to end of the year under review when compared with the preceding two years. Out of the total current assets, cash and cash equivalents were represented 68% and 30% during the year under review and the preceding year respectively. However, due to the lack of proper cash management, the excess cash had not been utilized in long and medium term investments. The excess cash balances in bank accounts throughout the year under review were over Rs. 500 million.

4. Operating Review

Following observations are made.

4.1 Performance of Marketing and Promotional Activities

Sums of Rs. 508 million and Rs.979 million had been spent for the marketing and promotional activities of the Bureau during the year under review and preceding year respectively. The following observations are made relating to the promotional activities conducted during the year under review and the preceding year.

(a) Activities of the UK office:

Following matters were observed at the audit test check conducted relating to the promotional activities of the UK sub-office.

(i) Sums of Rs.1,613,571 and Rs.6,973,111 had been spent for joint marketing activities conducted in the UK and Ireland, during the year under review and preceding year respectively. However, expected out come of the activities had not been evaluated.

(ii) According to the procedures of the Bureau, the Board approval had not been obtained by providing cost benefit analysis and the cost estimate to conduct the programme. In addition, it had not been entered into agreements with the selected firms of the programme conducted.

(iii) A sum of Rs.519,000 had been incurred for printing of 2000 catalogues, indicating as an urgent requirement without having the approval of the Head Office of the Bureau. The theme used for the catalogues and information relating to the utilization of them had not been furnished to the Head Office.

(b) Conducting of the Visiting Journalist Programmes (VJP) and Familiarization Tours Programmes:

(i) A sum of Rs. 22.9 million had been incurred for the above programmes conducted during the year under review. However, number of programmes, to be held during the year under review had not been scheduled, emphasizing to select the more favorable and suitable Journalist in order to achieve maximum benefits to the country. Therefore, it was observed that programmes were conducted on ad-hoc basis without having a proper media selection plan.

(ii) Around 183 Journalists were participated for the VJP programmes during the year under review. However, criteria to select the Journalists for the programmes had not been determined in order to achieve the expected outcome.

(iii) Even though a sum of Rs. 22.9 million had been spent for this programme, there was no evidence relating to the media publicity given as expected by the foreign Journalists.

(c) Conducting of the Indian Film Academic Award Festival (IFFA):

A sum of Rs. 478 million had been incurred for the festival and out of the total expenditure, a sum of Rs.141 million had been accounted for as accrued expenses during the year under review. Some of the issues highlighted in my report for preceding year were not finalized even during the year under review, as shown below.

(i) IIFA Cricket Match:

- Information relating to number of tickets printed, their serial numbers and the ticket handing over and taking over particulars had not been furnished to audit.

- Ticket selling activities had been awarded to a private company contrary to the direction given by the Hon.Minister.
- The company had spent a sum of Rs. 9,929,490 as ground expenses, out of their collection of Rs. 12,826,500.
- A sum of Rs. 2,554,609 had been paid by the company to the Sri Lanka Cricket Board (SLCB) in order to hand over this sum to the UNICEF to use for charity purposes, according to the objective of the match. However, there was no evidence relating to the handing over of money to the UNICEF.
- In addition, ticket income which had been separately collected by the Sri Lanka Convention Bureau amounting to Rs. 7,897,000 had not been handed over either to the Bureau or to the company.

(ii) Providing of Air Travel Facilities:

Only 436 participants had used the air travel facilities provided by the Bureau. However, without considering the required number of flights, four charter flights had been arranged by incurring an additional cost amounting to Rs. 58.8 million. According to the investigation conducted by the audit, 09 participants and air travelers of the IIFA havd not been departed from the country up to end of 30 September 2011 even after lapse of two years. Therefore it was observed that the name list of the participants to the IIFA that had been furnished for audit was a false document. Hence, accuracy of the air travel cost could not be ascertained in audit.

(iii) Providing of Ground Travel Facilities:

Budgeted amount for ground travel was Rs. 8 million. However, sums of Rs. 15 million and Rs.2.5 million had been spent for providing of normal and luxury vehicles respectively. The payments had been made without having the basic information, such as vehicle numbers, departure and arrival time and places of travel. Hence, accuracy of payments could not be satisfactorily vouched in audit.

(iv) Providing of Accommodation:

According to the information made available to audit, 450 guests were participated to the festival. Therefore, 1800 (450 x 4) room nights would have been sufficient to provide 4 days of accommodation to the guests. However, 3784 room nights had been utilized. Due to lack of information relating to the participants and guests occupied in the rooms, utilization of such amount of room nights had been observed as wasteful expenditure.

4.2 Under utilization of Funds

Even though a sum of Rs. 149 million had been allocated to conduct the promotional programmes in ten specific countries during the year under review, only a sum of Rs. 57 million had been utilized for the programmes due to the improper operational planning.

4.3 Uneconomic Transactions

A bank Loan amounting to Rs. 200 million had been obtained on 02 June 2010 for the IIFA festival without ascertaining the actual requirement of the funds availability at the Bureau. After 20 days, a sum of Rs. 120 million had been repaid to the Bank with the interest of Rs. 300,000. Remaining balance of Rs. 80 million had been repaid during the year under review. A sum of Rs. 10.9 million had been paid as interest up to the end of November 2011, while keeping the remaining loan balance of Rs. 80 million as an idle asset for over two years up to November 2011.

4.4 Human Resources Management

Following observations are made.

(a) According to the information submitted to audit, approved cadre of the Bureau was 85 employees. The actual cadre of the Bureau were 46 and 57 employees during the preceding year and the year under review respectively. The total cost on human resources during preceding the year and the year under review were Rs. 26.1 million and Rs. 22.4

million respectively. Thus, indicating that the cost per employee were Rs. 567,391 and Rs. 392,982 during the preceding year and the year under review respectively.

(b) The Managing Director of the Bureau had been recruited on contact basis without considering the requirements in Section VII of the Tourism Act No.38 of 2005 and violating the recruitment procedure approved by the Management Services Department of the Treasury.

4.5 Utilization of Vehicles

Following observations are made

(a) Two vehicles (a motor car and a van) had been vested with the Bureau during the year under review. According to the information provided to audit, distance traveled and the running cost of the vehicles during the year under review were 52,313 Km and Rs. 2,681,924 respectively. Thus, the running cost per Km without the depreciated value was Rs.51.26.

(b) In addition, a sum of Rs. 1,259,857 had been paid to hire the vehicles during the year under review. However, number of hired vehicles had not been furnished to audit. Distance travelled was 46,867Km. Hence, the cost per Km of the hired vehicles was Rs. 26.88.

(c) The cost of hired vehicles and the vehicle maintenance cost during the year under review had increased by Rs. 652,840 or 38%, and Rs.531,584 or 88% respectively when compared with the preceding year.

5. Accountability and Good Governance

5.4 Corporate Plan

Even though a corporate plan for the Bureau for 2011 to 2013 had been prepared, it was furnished for audit on 20 July 2012 subsequent to the direction given by the COPE meeting held on 10 May 2010, after lapse of eighteen months from the expected implementing year. In addition, the responsibilities of Managers with goals and targets to be achieved during the planned period had not been indicated in the corporate plan.

5.1 Action Plan

An action plan had been prepared for the year under review. However, neither financial nor physical performance of the projects/ programmes conducted which were indicated in the action plan had been evaluated. Further, the annual action plan had been prepared without considering the directions given in the corporate plan.

5.3 Budgetary Control

Following observations are made

(a) Even though a budget has been prepared, the Board approval for the budget had not been obtained before 3 months of the beginning of the financial year, in terms of Section 8 (1) of the Finance Act No.38 of 1971.

(b) Significant variances were observed between the budget and the actual for the year under review, thus, indicating that the budget had not been made use of as an effective instrument of management control.

5.4 Internal Audit Functions

An Internal Audit Division had not been established in the Bureau since the year 2007 in order to strengthen the internal control system. The internal audit functions of the Bureau had been covered by the internal audit division of the Ministry.

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

a) Marketing and promotional activities.
b) Management of sub- offices established in foreign countries.
c) Budget.
d) Human Resources Management.
e) Assets management.
f) Procurements.
g) Internal Audit.
h) Accounting and book keeping.
i) Receivables and Payables.
j) Payment of Advances.

H.A.S.Samaraweera
Auditor General