



Ministry of Economic Development

Sri Lanka Tourism Promotion Bureau



The background of the entire page is an aerial photograph of a vast ocean. The water is a deep, vibrant blue, and the surface is covered in a dense pattern of small, white-capped waves, creating a textured, almost mosaic-like appearance. The lighting is bright, suggesting a sunny day, which highlights the white foam of the waves against the darker blue water.

Annual Report 2012

sri lanka

W O N D E R O F A S I A



Sri Lanka Tourism Promotion Bureau
Annual Report 2012



Contents

	Page
Message from His Excellency the President of the Democratic Socialist Republic of Sri Lanka	02
Vision & Mission	03
Message from Minister of Economic Development	04
Corporate Information	05
Chairman's Message	06
Board of Management	07
Managing Director's Message	08
Statistical Analysis	10
Marketing & Promotions	14
Events	26
Public Relation & Media Publicity	29
International Endorsements about Sri Lanka	32
Finance Report	33
Audit Report	44



His Excellency Mahinda Rajapaksa

President of the Democratic Socialist
Republic of Sri Lanka

*“I will introduce an accelerated development
programme for the tourism industry.*

*I will launch a programme to fulfill the infrastructure
and other requirements in order to attract 2.5
million tourists annually, by the year 2016.”*

(Mahinda Chintana 2010, p-94)

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 base 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 centre 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.



“I strongly believe that the tourism industry in Sri Lanka which has been thriving astoundingly after the establishment of peace, is certain to provide good dividends to the sector. My endeavour is to develop the infrastructure and the quality of human resources and services. In addition to this, my ultimate desire is to make Mahinda Chinthana - vision for the future, a reality through all these efforts. Our vision to reach 2.5 million tourists in 2016 looks a reality.”

Hon. Basil Rajapaksa, M.P.

Minister of Economic Development

In the prevalent context of peace and harmony within Sri Lanka, the Tourism Industry has been identified as one of the major industries which has the potential to contribute immensely to the growth of the Sri Lankan Economy.

With the “Tourism Development Strategy 2011 – 2016” firmly in place, and implemented in optimal levels, the Tourism Industry has seen a 23.6% growth in the income earned through foreign exchange. The 1.038 Billion US Dollar industry reached a pinnacle, with the tourist arrivals surpassing the 1 Million tourists’ arrival mark in December 2012, a feat never before achieved in the 46 year recorded history of the industry.

Being primarily a service industry, the Tourism Industry is expected to reach a target of 1.3 Million tourist arrivals in the year 2013, and further reach a target of 2.5 Million tourist arrivals by the year 2016. A 17.5% year – on – year

growth by the end of 2012 with an astounding figure of 1, 005, 605 tourist arrivals, this is deemed as a realistic and achievable target.

Within a unified country, it has been identified by the Ministry of Economic Development, that the many benefits gained and opportunities arising from the fast growing Tourism Industry, should benefit the people of Sri Lanka. These benefits are in the forms of new job opportunities for budding local entrepreneurs, infrastructure developments which benefit the local populations, and many other direct and indirect benefits.

With firm strategies in place and values of the industry rooted deeply in all stakeholders of the industry, the Ministry of Economic Development aims at continuously supporting the growth of the Tourism Industry to make it the leading foreign exchange earner in the near future.

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 in to 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.

Country Logo & Tag line - 

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 Sri Lanka Tourism Promotion Bureau - To stimulate sustainable international demand for Sri Lanka Tourism experiences and inspire, guide and support Sri Lanka's Tourist Industry in the delivery of Sri Lanka Tourism product offerings and the generation of the desired economic benefits to its stakeholders 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 from competition.
- Facilitating sales for achieving visitor arrival and earning objectives by engaging and supporting the distribution network-both the traditional and that of emerging via the internet environment.
- Identifying and supporting the development of unique Sri Lankan Tourism experiences in keeping with the needs and expectations of the targeted market segments.
- Ensuring that 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 by 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 South Asia Region
- Making Sri Lanka known as the centre of excellence in tourism management and development in the region.





Chairman's Message

With blessings from his Excellency the President Mahinda Rajapaksa, guidance from the Honorable Basil Rajapaksa, Minister of Economic Development and under the directions from Secretary Minister of Economic Development and Treasury, Dr. P.B. Jayasundara, Year 2012 saw Sri Lanka Tourism reach a Milestone of great pride, surpassing the 1 Million tourists' arrival mark with a figure of 1,005,605 tourists arriving to visit our island home. We at Sri Lanka Tourism consider it a great honor to have been able to contribute to the growth of the industry, and the economy of Sri Lanka.

Sri Lanka Tourism Promotion Bureau is committed towards implementing the Tourism Strategy and fulfilling the objectives of the Government, thereby meeting the desires of the citizens of Sri Lanka.

In facilitating the Government's objective of making Tourism the highest foreign exchange earner by 2016, Sri Lanka Tourism earned 1.038 Billion US\$ in the year 2012, with a year-on-year growth of 23.6%.

Sri Lanka Tourism Promotion Bureau earned high commendation from many acclaimed sources for its performance.

With the aim of achieving 2.5 Million tourist arrivals by the year 2016, many infrastructure and facility development projects have been undertaken with a

notable 5.68% growth in the number of available Hotel Rooms for tourists signifying the positive alignment of strategies and clear direction set out within the industry.

The 17.5% growth of arrivals compared to 2011, confirms the steady direction the industry is heading in, to counter competition, and achieve greater heights in the future.

Finally, the Tourism Policy implies that the benefits of tourism should filter down to the masses and the industry cannot harm the environment or social values of the country. Therefore, the steps taken towards development of the Tourism Industry consider these essential elements at the core of all activities.

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

Bhashwara Senanka Gunarathna

Board of Management

Senior Management

Designation	Name	Period of service in current position - date commenced and ending
Chairman	Dr. Nalaka Godahewa	June 2010 to May 2012
Chairman	Mr. B. S. Gunarathna	June 2012 to December 2012
Managing Director	Mr. Romy Jauffer	May 2011 to December 2012
Director Marketing	Ms. Madubhani Perera	January 2008 to December 2012

Board of Management

Designation	Name	Period of service in current position - date commenced and ending
Chairman	Dr. Nalaka Godahewa	June 2010 to May 2012
Chairman	Mr. B. S. Gunarathna	June 2012 to December 2012
Board Member	Dr. B. M. S. Batagoda	June 2010 to December 2012
Board Member	Mr. M. K. B. Dissanayake	June 2012 to July 2012
Board Member	Mr. Nilmin Nanayakkara	July 2010 to December 2012
Board Member	Mr. Mervin Fernandopulle	July 2010 to December 2012



Managing Director's Review

It is my pleasure and privilege to present for your information and consideration, the Annual Report of Sri Lanka Tourism Promotion Bureau 2012.

Year 2012 saw a remarkable milestone in the history of Sri Lanka with the tourism industry achieving One Million tourist arrivals to Sri Lanka, a healthy 17.5% growth of arrivals compared to 2011. The year also can be considered as a period which saw tremendous growth and many achievements of the tourism sector which grew by leaps and bounds.

Compared to 2011, this year we have increased participation in travel and trade fairs, along with private sector travel agents and hoteliers. This collaboration has been a key to our success. Also, we saw an increase in the informal sector of the tourism industry actively participating and gaining the benefits of this unprecedented growth, which is a key indicator that tourism industry has attributed and achieved the backward integration of the industry.

The promotional activities carried out with the blessings of his Excellency the President Mahinda Rajapaksa, and the leadership provided by Minister of Economic Development Hon. Basil Rajapaksa, and the guidance given by Secretary to the Ministry of Economic Development and Ministry of Finance and Planning Dr. P.B. Jayasundara.

The mid of 2012 saw a remarkable dynamic change in the Sri Lanka Tourism Promotion Bureau with the appointment of Mr. Bhashwara Senanka Gunarathna as the Chairman of the Sri Lanka Tourism Promotion Bureau, under whom the promotional and marketing plan was revamped and more activities were planned to be executed in the latter part of 2012 and in 2013.

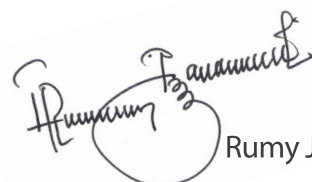
A remarkable publicity was obtained through the International Visiting Journalists Programme.

In 2011, Rs. 500.9 million (3.8 US\$) worth of media value was obtained for the publicity. In 2012, it was increased by Rs. 676 million (5.1 million US\$), and we were able to successfully arrange more journalists from travel media to visit and provide visibility for Destination Sri Lanka.

A very significant endorsement for the Sri Lanka Tourism Industry was the announcement of Sri Lanka as the official host nation for Commonwealth Heads of Government Meeting 2013 (CHOGM), and the ICC World Twenty20 Cricket Tournament. Destination endorsements given by leading publications and rating agencies immensely contributed to the image and the goodwill, and it played an active role in Country Branding.

All in all, year 2012 was a very successful period for the Tourism Industry, and I would like to thank his Excellency the President Mahinda Rajapaksa, Hon. Basil Rajapaksa - Minister of Economic Development, Ministry of External Affairs, Ministry of Media & Mass Communication, Mr. Bhashwara Senanka Gunarathna - Chairman of Sri Lanka Tourism Promotion Bureau, High Commissioners and Ambassadors of Sri Lanka, Sri Lanka Cricket Board, Sri Lankan Airlines, Mihin Air, National Gem and Jewellery Authority, Sri Lanka Tea Board, Sri Lanka Export Development Board, Central Cultural Fund, Sri Lanka Association of Inbound Tour Operators (SLAITO), The Hoteliers Association of Sri Lanka (THASL), the Association of Small and Medium Enterprises in Tourism (ASMET) and other stakeholders.

Without reservation, year 2012 was a successful period for the tourism industry of Sri Lanka.


Romy Jauffer



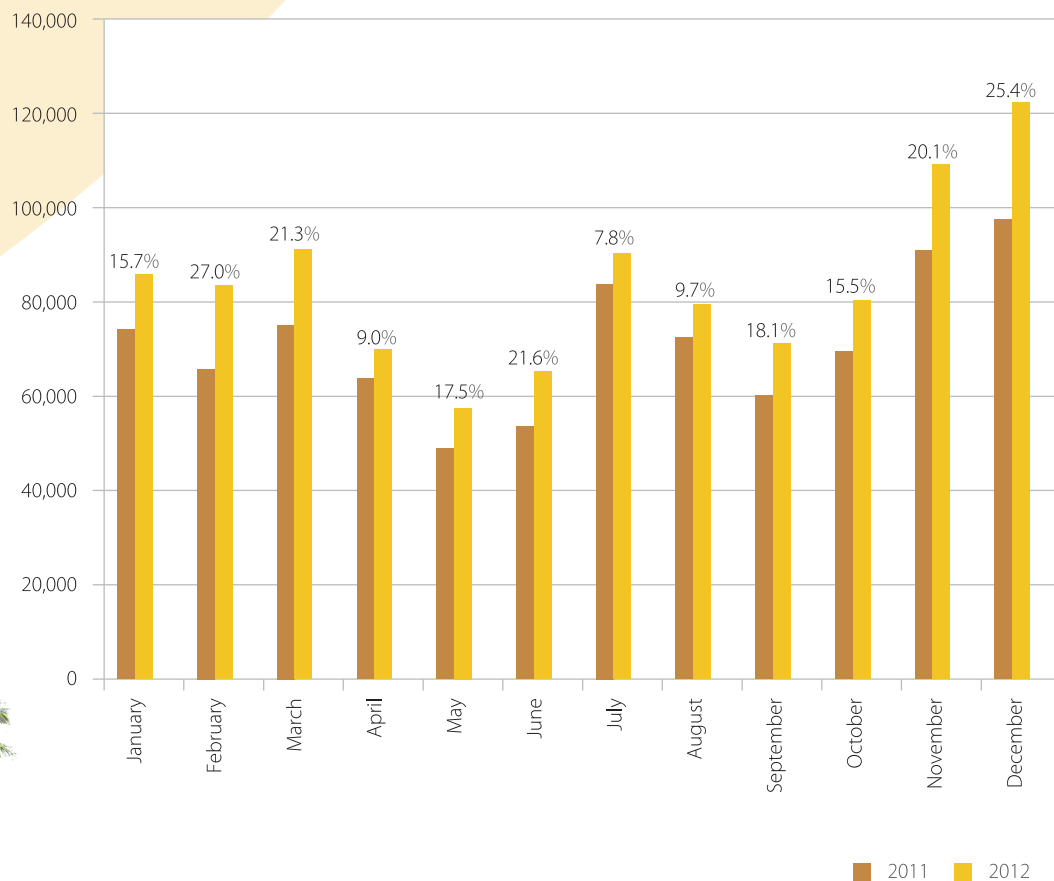
Statistical Analysis

Sri Lanka Tourism Promotion Bureau

Tourist arrivals to Sri Lanka in 2012 were 1,005,605 surpassing the target of 925,000 by end of 2012. This was an increase of 17.5% over 2011.

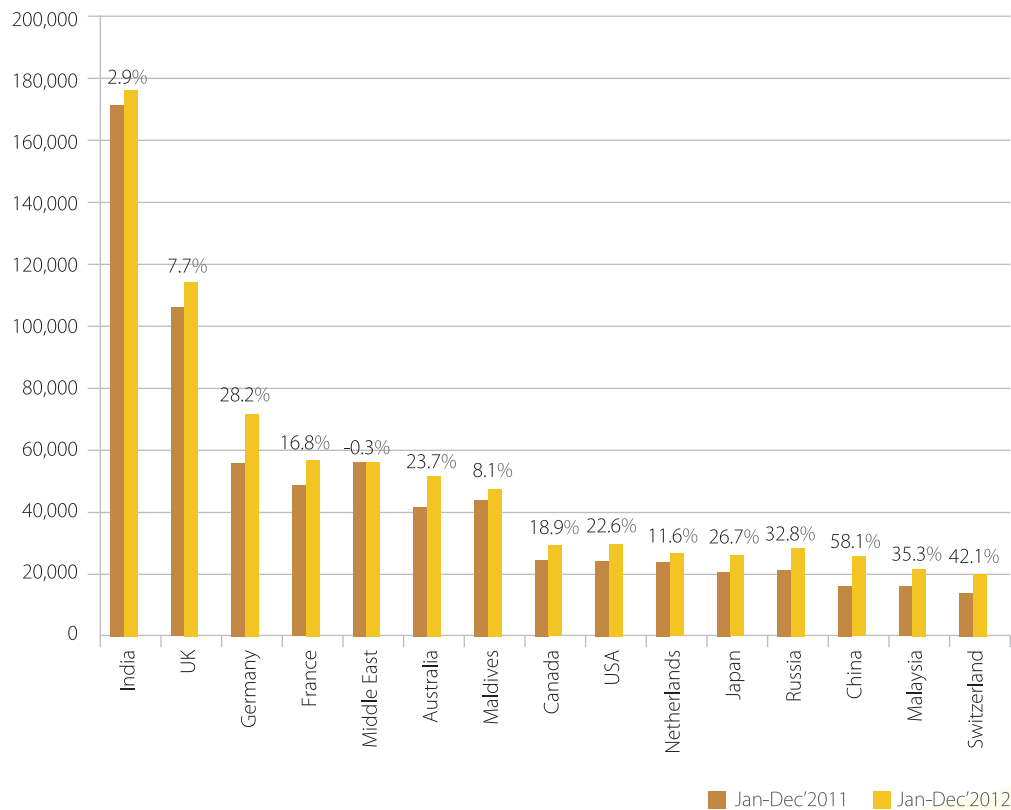
Monthly Tourist Arrivals in 2012

Month	2011	2012	% Change 2011/12
January	74,197	85,874	15.7
February	65,797	83,549	27.0
March	75,130	91,102	21.3
April	63,835	69,591	9.0
May	48,943	57,506	17.5
June	53,636	65,245	21.6
July	83,786	90,338	7.8
August	72,463	79,456	9.7
September	60,219	71,111	18.1
October	69,563	80,379	15.5
November	90,889	109,202	20.1
December	97,517	122,252	25.4



Top 15 Countries Tourist Arrivals 31st December 2012

No	Country	Jan-Dec'2011	Jan- Dec' 2012	% Growth 2011/12
1	India	171,374	176,340	2.9
2	UK	106,082	114,218	7.7
3	Germany	55,882	71,642	28.2
4	France	48,695	56,863	16.8
5	Middle East	56,330	56,169	-0.3
6	Australia	41,728	51,614	23.7
7	Maldives	44,018	47,572	8.1
8	Canada	24,671	29,329	18.9
9	USA	24,386	29,907	22.6
10	Netherlands	23,966	26,754	11.6
11	Japan	20,586	26,085	26.7
12	Russia	21,385	28,402	32.8
13	China	16,308	25,781	58.1
14	Malaysia	16,094	21,776	35.3
15	Switzerland	14,110	20,054	42.1



TRIP PROJECT - Japan

Ministry of Economic Development and the Government of Sri Lanka with the assistance of Japan International Cooperation Agency (JICA) launched the implementation of Tourism Resources Improvement Project (TRIP). The overall objective of the project is to increase income levels of people and alleviate poverty through earning foreign exchange and income opportunities in the tourism sector by attracting foreign tourists especially Japanese tourists. Under TRIP project, Tourism Marketing and Promotion Programme is being implemented focusing the Japanese market. This programme will conduct Marketing and Promotion activities in Japan to attract Japanese tourists.

Sri Lanka Tourism Promotion Bureau is an implementing agency for the Marketing Programme and the Destination Marketing activities were implemented by Nihon Keizai Advertising Co. Ltd (ADEX). The entire market programme was monitored by the Sri Lankan Embassy in Japan.

Following areas were covered under the programme.

1. Web Marketing
2. Advertising campaign targeting consumers
3. Event Promotion (FAM Trips)
4. Media related activities
5. Promotion Activities for the Travel Agents
6. Proposal-Based Marketing and Promotion Activity (Creating Awareness)





Marketing & Promotions

Trade & Travel Fairs

Country	Event/ Promotion	Date
January		
Netherlands	Vakantiebeurs Travel Fair	10 - 15 January
Austria	Ferien Travel Fair	12 - 15 January
Germany	CMT, Stuttgart	14 - 22 January
	Jaffna International Travel Fair	20 - 22 January
UK	Holiday and Travel show , Manchester (Consumer Fair)	20 - 22 January
	"Ayubowan China" – Chinese New Year Celebrations - Cultural performance, Sri Lanka traditional dance and musical performance, Food festival	28th January
	Seminar on Chinese Outbound Tourism with the assistance of UNWTO	30th March
February		
Belgium	Brussels Holiday Fair	02 - 06 February
Czech Republic	Holiday World Travel Fair , Prague	09 -12 February
Italy	BIT Travel Fair, Milan	16 -19 February
India	OTM Travel Fair– Mumbai	17 -19 February
India	OTM Travel Fair– Delhi	23 - 24 February
France	Salon Nature (Consumer Fair)	26 Feb -3 March
Japan	Developing a website for Sri Lanka Tourism in Japanese language	February
March		
USA	New York Times Travel Show	02 – 04 March
Germany	ITB Travel Fair, Berlin	07 – 11 March
Russia	MITT Travel Fair, Moscow	16 – 19 March
China	Guangzhou International Travel Fair	07 – 09 March
China	Road show in Shenzhen and Guangzhou	6th March & 10th March respectively
Sweden	TUR Travel Fair	22 – 25 March
Ukraine	UTTT Travel Fair	28 – 30 March
Japan	Travel Agents Seminar in Tokyo	09th March
Japan	Travel Agents Seminar in Osaka	26th March
Japan	Travel Agents Seminar in Nagoya	27th March
Expo 2012 – Tourism Forum		
	Agents fam Tour Korea / Jordan / Oman / China / Singapore / Saudi Arabia / Italy Doha Qatar / India / Indonesia / USA / Malaysia	28 March - 1 April

April		
Kazakhstan	KITF Travel Fair	25 – 27 April
Japan	Marine Diving Travel Fair	06 – 08 April
Japan	Travel Agents Workshop in Kobe	27 April
May		
UAE	Arabian Travel Mart (ATM)	30 April – 03 May
UK	Chelsea Flower Show	May
Japan	Visit of JATA Regional Committee Members	13 – 19 May
Web	Sri Lanka Tourism Promotion Bureau launched Vesak Digital campaign, on BBC (Home page & Travel section) and Lonely Planet web sites, specifically targeting the Countries with significant Buddhist population as, South Asian (India & Bangladesh), South East Asian (Thailand, Indonesia & Vietnam), Chinese, South Korean & Japanese markets.	May
June		
Korea	KOFTA World Travel Fair	7 – 10 June
China	BITE Travel Fair– Beijing	15 – 17 June
China	Road Show in Tianjin and Beijing	14th June & 16th June Respectively
July		
Japan	Agents fam tour	12 - 16 July
Japan	Agents fam tour	31 July – 04 August
Japan	Advertising at Asahi Newspaper	04th July
Japan	Advertising at Nikkei newspaper	11th July
August		
	Pro Golf Tournament which was participated by 100 Indian players	
September		
Japan	Sri Lanka Festival	08 – 09 Sept.
Japan	Women only car exclusive car advertisements	11 Sept – 10 Oct
Sweden	Advertising in Stockholm Film Festival	17 – 24 Sept.
Russia	Leisure Travel & Tourism Fair	19 – 22 Sept.
Japan	JATA Travel Fair– Tokyo	20 – 23 Sept.
France	IFTM Travel Fair	18 – 21 Sept.
Poland	TT Warsaw Travel Fair	27 – 29 Sept.
	ICCT20 Championship – 30 second clip promoting Sri Lanka Tourism attractions transmitted by ICC official broadcaster and 15 second commercial on the replay screen	18 Sept. – 07 October
October		
Singapore	ITB Asia	03 – 05 October
Ukraine	UTM Travel Fair	11 – 13 October
November		
UK	World Travel Mart (WTM)	05 – 08 Nov.
Japan	Trade fam Tour	22 – 29 Nov.
China	China International Travel Mart, Shanghai	22 – 24 Nov.
China	Road Show in Hangzhou	25th Nov.
Japan	Travel Agents Workshop	06th Nov.
China	Chengdu International Travel Fair	29th Nov. – 1st Dec

United Kingdom

'World Travel Market' - Excel Exhibition Hall, London - 5th - 8th November 2012

Sri Lanka Tourism Promotion Bureau participated at the 'World Travel Market' Trade Exhibition 2012, which attracted 5,000 trade partners (exhibitors).

A traditional wedding ceremony was featured at the stall, enriched with customs, providing a very good opportunity for the visitors to get a glimpse into the culturally rich traditions of Sri Lanka.

Focusing on promoting Sri Lanka as a cricketing destination during the third day of the exhibition, the staff of the stall and the exhibitors wore Sri Lanka Cricket T-Shirts, with the ambition of highlighting Sri Lanka as a cricketing nation in a world famous travel market and thereby to attract more and more cricket fans to the island.

Kent 'Saga Road Show' - Denbies Wine Estate - 23rd July 2012

Saga Road Show, organised by Saga Holidays at Denbies Wine Estate, centred on Long Haul holiday makers. The event was attended by around 200 agents. Saga Holidays is one of the main tour operators in the UK in terms of arranging UK tourists to visit Sri Lanka in previous years. The show offered Sri Lanka Tourism Promotion Bureau the opportunity to promote Sri Lanka as a very diverse destination amongst the invited attendees. The guests were entertained with traditional Sri Lankan dancing by a cultural troupe.

Birmingham TTG Road Show - 24th September 2012

TTG Road Show was attended by Sri Lanka Tourism, with the intention of delivering key sales message and to establish contacts with participating potential travel agent partners.

Taste of PATA London Road Show - 11th September 2012

Taste of PATA London, organized by the Pacific Asia Travel Association UK Chapter, was attended by 15 PATA UK members, and attracted over 300 travel agents and tour operators. This opportunity gave the Sri Lanka Tourism Promotion Bureau to identify and convince new travel agents and tour operators about Sri Lanka as a trusted travel destination.

Holiday Show Manchester - Manchester - 19th - 22nd January 2012

Sri Lanka Tourism Promotion Bureau jointly with Travel Counsellors, participated at the Holiday & Travel Show 2012, which is one of UK's leading consumer travel events and celebrated its 18th year, and launched for the first time in Manchester. The show attracted over 10,000 travellers looking for information and exclusive deals.

Destinations Travel Show - London - Warwick Road Earls Court Venue - 2nd - 5th February 2012

Sri Lanka Tourism Promotion Bureau attended the Destination Holiday show for consumers in conjunction with Paradise Vacations and Sri Lankan Airlines. The show attracted 30,000 travel connoisseurs and the leading travel celebrities to the show. Paradise Vacations also achieved over 200 leads for bookings and 74 are currently active.

London Wedding Show - Warwick Road Earls Court Venue - 2nd - 5th February 2012

Sri Lanka Tourism Promotion Bureau attended the London wedding show 2012 which was an ideal platform to communicate to potential visitors. The UK wedding and honeymoon market is a lucrative and highly competitive market with the average cost of a UK wedding estimated at over £20,000. Since more weddings being planned outside the UK, Sri Lanka is becoming a highly attractive wedding and honeymoon destination. The 3 day event attracted over 10,000 visitors to London Olympia. Barefoot Travel agency joined Sri Lanka Tourism Promotion Bureau as the Co-exhibitor of the event. Barefoot traveller had over 65 inquiries for honeymoons and three for weddings.

Chelsea Flower Show - Chelsea – London - 21st - 25th May 2012

The large circular exhibit with its moss covered mountain with the Sigiriya Lion Paws at its mouth topped by magnificent white Phalaenopsis orchids ('moth orchids'), was designed with a river running through a starlit cave that cascaded down a slate stream into a silent pool with floating islands. "Diamond Jubilee" Orchid was presented to Her Majesty the Queen.



China

Beijing International Tourism Expo (BITE) - China National Convention Centre - 15th - 17th June 2012

Sri Lanka Tourism Promotion Bureau attended the Beijing International Tourism Expo (BITE), which attracted 800 exhibitors from over 40 countries together with 30 provinces.

China International Travel Mart (CITM) - Shanghai New International Expo Centre - 15th - 18th November 2012

Sri Lanka Tourism Promotion Bureau attended the Beijing International Tourism Expo (BITE), which attracted participants from 80 countries, including 1,000 Chinese trade buyers and 800 journalists.

Hangzhou Road Show - Tian Yuan Tower in Hangzhou - 19th November 2014

Sri Lanka Tourism Promotion Bureau participated at the Beijing & Tianjin Road Show, attended by 45 travel agents. The travel agents conducted one to one business meetings and presentations with Chinese agents on Sri Lanka.

Beijing & Tianjin Road Shows - 14th & 18th June 2012

Sri Lanka Tourism Promotion Bureau participated at the Beijing & Tianjin Road Show, attended by 40-50 agents and 10-15 media personnel at each city, where travel agents conducted one to one business meetings and presentations with Chinese agents on Sri Lanka.

Guangzhou International Travel Fair - China Import and Export Fair Complex in Guangzhou - 01st - 03rd March 2012

Sri Lanka Tourism Promotion Bureau participated at the Beijing & Tianjin Road Show, which was attended by 800 exhibitors from over 40 countries together with 30 provinces.

The Sri Lanka Pavilion was one of the most visited pavilions at the GITF 2012 and it won the "Best Pavilion Award".

Shenzhen and Guangzhou - Best Western Hotel, Shenzhen Canton Hotel, Guangzhou - 27th February & 29th February 2012

Sri Lanka Tourism Promotion Bureau participated at the Beijing & Tianjin Road Show, attended by 56 Chinese Travel Operators and 14 Chinese travel media personnel at each city, where travel agents conducted one to one business meetings and presentations with Chinese agents on Sri Lanka.



Russia

Moscow International Travel and Tourism Fair - Expo centre, Moscow, Russia - 21st - 24th March 2012

Sri Lanka Tourism Promotion Bureau attended the Moscow International Travel and Tourism fair 2012, which attracted participants from 197 countries. The logo of Sri Lanka Tourism Promotion Bureau was prominently displayed at the Sri Lanka stall.

Otdykh Leisure Travel and Tourism Fair - IEC Croscus Expo in Moscow, Russia - 19th - 22nd September 2012

Various agencies, resources, hotels, corporations, exhibitors from relevant fields participated at the event.



Ukraine

Ukraine International Travel and Tourism Fair - Kiev, Ukraine - 28th - 30th March 2012

Sri Lanka Tourism Promotion Bureau attended the Ukraine International Travel and Tourism Fair 2012, which attracted participants from 50 countries, where Sri Lanka Tourism Catalogue in Russian Language was introduced.

Ukraine International Fair - Kiev International Exhibition Center - 11th - 13th October 2012

The Sri Lankan Stand prominently displayed the logo of Sri Lanka Tourism to emphasize on its theme "Refreshing Island of Sri Lanka"



Kazakhstan

Kazakhstan International Travel and Tourism fair - Atkent Center, Almaty - 25th - 27th April 2012

Sri Lanka Tourism Promotion Bureau attended the Kazakhstan International Travel and Tourism fair 2012, which attracted participants from 40 countries, including 1252 Travel Agents from kazakstan. Sri Lanka received the certificate of gratitude for active participation in KITF 2012.

Astana Road Show - Hotel President Rixos - 21st November 2012

Sri Lanka Tourism Promotion Bureau participated at the Astana Road show conducted coinciding with H.E President's visit's to Kazakhstan, which was attended by 200 hoteliers and Tour Operators.



Germany

International Tourismus Borse (ITB) - Messe Berlin - 7th -11th March 2012

The world's leading travel trade show attracted over 1,100 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 (2012: 180,000) and over 40% of the trade visitors came from abroad. 7,000 journalists from 94 countries were accredited. Sri Lanka Tourism stakeholders participated at the event with 60 co-exhibitors, including tour operators and hoteliers.

CMT – Stuttgart – 14th - 22nd January 2012

Four Sri Lankan trade companies participated at CMT 2012, the biggest consumer fair in Germany which attracted around 223,000 visitors (Trade, Media & Public).



France

International French Travel Market (IFTM) Top Resa - Parc d'Exposition – Paris Porte de Versailles - 18th - 21st September 2012

Sri Lanka Tourism Promotion Bureau participated at the International French Travel Market (IFTM) 2012 trade exhibition and served tea to visitors, where around 1,250 brands spread over 315 stands filled the 27,000-sqm exhibition space in hall 7.2. 164 tourist offices were represented.

Sweden

TUR Travel & Tourism Fair - Svenska Massen, Gothenburg - 22nd - 25th March 2012

Sri Lanka Tourism Promotion Bureau attended the TUR travel & Tourism fair 2012, which attracted participants from 79 countries.



Italy

Borsa Internazionale de Tourisme (BIT) Trade Exhibition - Fiera - Milano - 16th - 19th February 2012

Sri Lanka Tourism Promotion Bureau participated at the Borsa Internazionale de Tourisme (BIT) Trade exhibition and served Sri Lankan tea to visitors. The most important contacts established during the BIT included RAI TV Channel, "VIAGGIANDO" – Travel Magazine, "GEO REPORTER", and MARIE CLAIRE Travel -Travel Magazine, who have shown keen interest in visiting Sri Lanka and doing documentaries under Journalists Visitor program.

Netherlands

Vakantiebeurs Trade Exhibition - Royal Dutch Jaarbeurs Exhibition & Convention Center, Utrecht - 10th -15th January 2012

Sri Lanka Tourism Promotion Bureau participated at the Vakantiebeurs Trade Exhibition, a major tourism & leisure fair in the Netherlands, which was participated by around 160 countries.



United Arab Emirates

ATM, Dubai Trade Exhibition - Dubai International Exhibition & Convention Center - 30th April - 03rd May 2012

Sri Lanka Tourism Promotion Bureau attended the ATM Dubai Trade Exhibition 2012, which attracted participants from 50 countries, to promote Sri Lanka through media interviews and get maximum publicity through news paper articles & TV interviews.



India

OTM Mumbai & New Delhi in 2012

Mumbai Exhibition Centre, Mumbai - 17th -19th February 2012 &

Pragati Maidan, New Delhi - 24th - 26th February 2012

OTM Mumbai & New Delhi in 2012 was attended by more than 1500 exhibitors from 61 countries and 35 Indian States / UTs, an ever increasing number of participation from foreign countries, and committed visitors to the tune of more than 186,000 visitors.

Sri Lanka Tourism Promotion Bureau won Best Decoration Awards for OTM Mumbai & New Delhi.

New Delhi - Celebration of Independence Day - Sri Lanka High Commission in New Delhi - 04th February 2012

Sri Lanka Food Festival was organized at the Sri Lanka High Commission in New Delhi and two Sri Lankan chefs attended this event



Belgium

Salon De Vacances (Brussels Holiday Fair) - Brussels Expo - 06th - 10th February 2012

Sri Lanka Tourism Promotion Bureau participated at the Salon De Vacances : Holiday, Travel, Tourism & Leisure Fair, which was attended by around 145 countries. Brussels Holiday Fair provided consumers a great opportunity to meet with travel industry representatives that showcase a wide array of destinations from a relaxed getaway to an exotic retreat in Belgium.

This was also a meeting place for professional travelers and travel agents.

Poland

TT Warsaw – International Travel Show - Warsaw Trade Fair and Congress Center - 27th - 29th September 2012

Sri Lanka Tourism Promotion Bureau attended the TT Warsaw - International Travel Show, the most important meeting place in Poland for the international and Polish tourism industry, to establish business contacts. The trade fair attracted participants from over 100 countries.

Czech Republic

Holiday World Trade Exhibition - Prague Exhibition Grounds - 09th - 12th February 2012

Sri Lanka Tourism Promotion Bureau attended the 'Holiday World show', the exhibition for holidays, tourism & recreation, which attracted participants from 47 countries.

It was a unique tourist adventure exhibition with an excessive range of offers and features, and acted as a joy ride for the visitors as well as the exhibitors.

Bangladesh

Bangladesh International Tourism Fair (BITF 2012 Bangladesh) - Bangabandhu International Convention Center, Dhaka - From 27th - 29th September 2012

Sri Lanka High Commission in Dhaka participated at this fair on behalf of Sri Lanka Tourism, which was attended by 15 countries.

Asian Tourism Fair (ATF) Bangladesh - Bangabandhu International Conference Centre, Dhaka - From 21st - 23rd September 2012

Sri Lankan Dance Troop performed at ATF, which was attended by 15 countries. Sri Lanka High Commission in Dhaka participated at this fair on behalf of Sri Lanka Tourism.

Korea

25th Korea World Travel Fair (KOTFA) - 3 Fl. Hall "C", COEX (Convention & Exhibition Center) Seoul, Korea - June 07th - 10th 2012

Sri Lanka Tourism Promotion Bureau attended KOTFA 2012 and participated in a B2B meeting with 20 Korean companies. The fair attracted participants from 60 countries.

15th BUSAN International Travel Fair (BITF - 2012)

BEXCO Exhibition Center in Busan - Korea - 07th -10th September 2012

Sri Lanka Tourism Promotion Bureau attended BITF 2012 and participated in a B2B meeting with 20 Korean companies. The fair attracted participants from 37 countries.

Singapore

ITB Asia - Sands Expo & Convention Center, Marina Bay Sands, Singapore - 17th -19th October 2012

ITB Asia 2012 was attended by Sri Lanka Tourism Promotion Bureau to develop close working relationships with leading industry participants and develop business opportunities with reputable tour operators in the region. Over 50 countries attended this event.



Australia

Cultural Show at Sydney - 13th October 2012

Promotional activity at Darling Harbour Bridge in Sydney. The activity included traditional Sri Lankan dancing activities (26 different dancing acts) and Sri Lanka food stall. Road show in Darling Harbour Bridge was a cultural show involving Sri Lankan Australians living in Sydney.

Purpose of the Event

- Create brand awareness amongst Australians of positive economic and political outlook
- Showcase attractive locations of the island



Cricket Advertising - 26th Dec 2012

Advertising at Melbourne Cricket Club (MCG) and Sydney Cricket Club (SCG) to coincide with Sri Lanka Cricket Team Tour of Australia in December 2012

Large screen and boundary advertising at Melbourne and Sydney cricket grounds



Japan

JATA Travel Showcase - Tokyo Big Sight, Tokyo - 20th - 24th September 2012

Sri Lanka Tourism Promotion Bureau attended the JATA travel Showcase 2012, which attracted participants from 156 countries.

Marine Diving Fair - Sun Shine City Center - 6th - 8th April 2012

Sri Lanka Tourism Promotion Bureau attended the Marine diving fair 2012 which attracted 52,314 attendees from different countries, where Sri Lanka Tourism Promotion Bureau produced diving brochures for the first time as promotional materials to be distributed.



Advertising in Yomiuri /Daily Yomiuri, Asahi, Nikkei News Papers

28th June 2012 (Yomiuri), 04th July 2012 (Asahi), 11th July 2012 (Nikkei)

Sri Lanka Tourism Promotion Bureau published full page advertisements in above news papers.



Women Only Train Car Advertisements

Hibiya, Tozai/Toyokosoku, Chiyoda, Yurakucho, Fukutoshin, Hanzomon lines

11th September - 10th October 2012

Sri Lanka Tourism Promotion Bureau advertised in women only train car exclusively in 6 Tokyo metro train lines.





Events

- **Jaffna International Trade Fair (JITF) - 20th - 22nd January 2012** - Participated at Jaffna International Trade Fair at "Doreiappa National Stadium". More than 100,000 visitors attended.

- **Ayubowan China – Dragon Night - 28th January 2012**

Chinese Cultural Festival to commemorate the Chinese Lunar New Year with blend of Chinese & Sri Lankan cultural performances at Light House Galley.

Event consisted of,

- Cultural performance by 50 Chinese university students (AISEC)
- Traditional dance and musical performances by Sri Lanka navy
- Chinese & Sri Lankan Food Festival
- Activity Stalls, Merchandise Stalls, Souvenir Stalls, Promotional stalls , DJ, Karaoke and Music
- Lantern Show



- **Customized Workshops - 08th February 2012**

To create awareness among Sri Lankan tour operators and travel agents with regard to the Chinese consumer behavior in promoting the market.



- **Expo 2012 - 28th March-1st April 2012**

Participated at Expo 2012 International Trade fair at the BMICH organized by Export Development Board.



- **Pro Golf Tournament, August 2012**

Supported Standard Chartered Pro Golf Tournament which was participated by 100 Indian golfers in August 2012



- **Lanka Challenge Auto Rickshaw - 31st August - 12th September 2012**

Lanka Challenge, Sri Lanka's first official auto rickshaw challenge was organized by the connassiance de Ceylon with the participation of 25 teams. Sri Lanka Tourism Promotion Bureau supported this event in sponsoring the media crew to cover the event.



- **World Tourism Day Celebrations - 27th September 2012**

Several activities were arranged in Kandy and Kalutara in connection with the World Tourism Day celebrations. In Kandy, a seminar was organized with assistance of the Regional Economic Development Agency (REDA) on the importance of tourism and sustainable energy for tourism development at the hotel school premises. A beach cleaning campaign was organized with the assistance of Young Zoologist's Association Kalutara Kalido beach.



- **Colombo Marathon - 06th October 2012**

Colombo Marathon was organized by Lanka Sportreizen with the support of Sri Lanka Tourism Promotion Bureau which sponsored the prizes for the winners



- **Launch of 8 Travel Information Kiosks at Bandaranayake International Airport on 19th March 2012 to facilitate travelers with tourist information.**



- **Promotion of Indigenous Tourism at Kotabakiniya Dambana on 24th April 2012**



- **Welcoming Passenger Vessels**

Name of Vessel	Date Of arrival to Colombo port	No of Passengers
Oceania Nortica	17th -18th January	700
Silver Whisper	23rd February	1000
Aurora	14th March	1950
Queen Elizabeth	30th March	1890





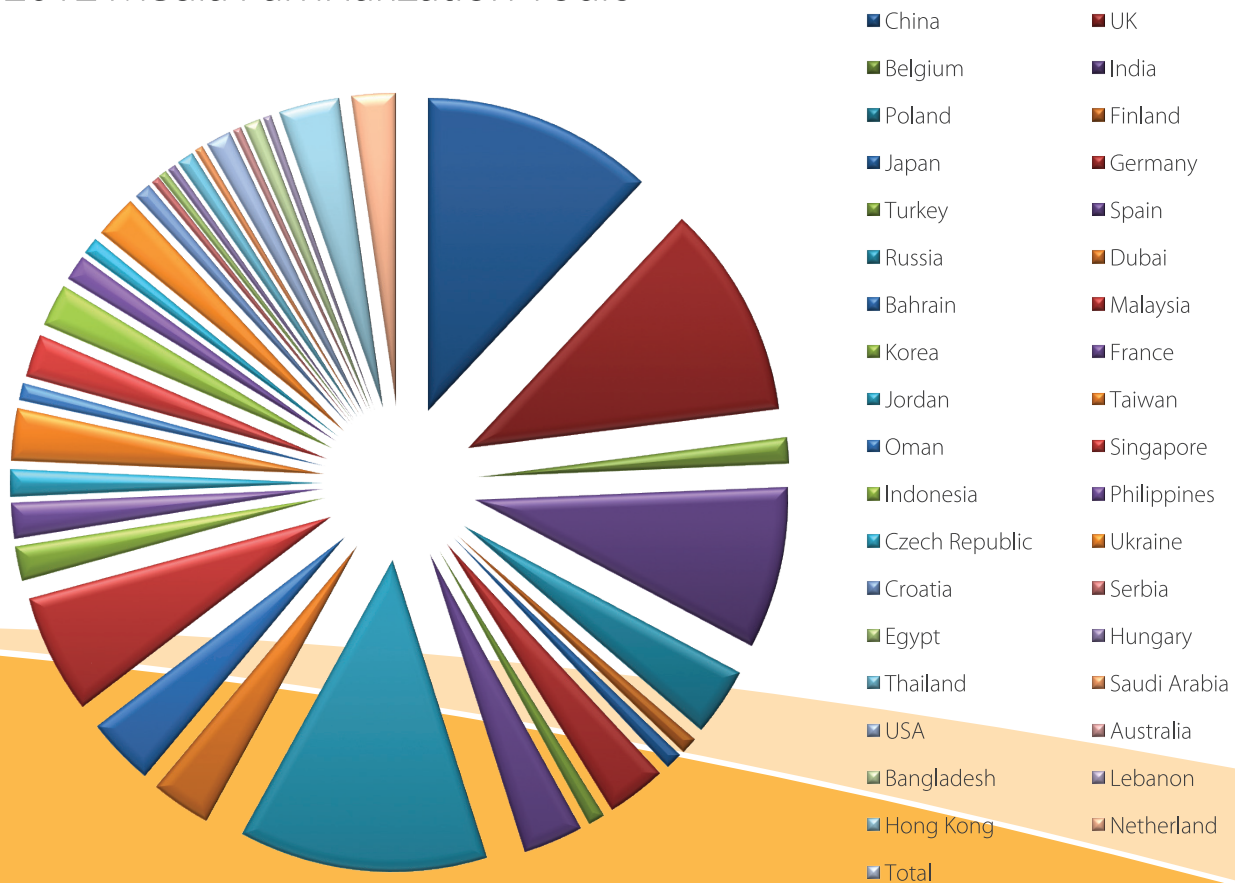
Public Relation & Media Publicity

Journalists from following countries were invited and hosted by Sri Lanka Tourism Promotion Bureau to cover and publicise destination Sri Lanka

Visiting Journalist Programme Country wise Distribution – 2012

Country	No.of Journalists
China	27
UK	25
Belgium	3
India	19
Poland	8
Finland	2
Japan	2
Germany	7
Turkey	2
Spain	7
Russia	29
Dubai	7
Bahrain	8
Malaysia	14
Korea	4
France	4
Jordan	3
Taiwan	6
Oman	2
Singapore	5
Indonesia	5
Philippines	3
Czech Republic	2
Ukraine	5
Croatia	2
Serbia	1
Egypt	1
Hungary	1
Thailand	2
Saudi Arabia	1
USA	3
Australia	1
Bangladesh	2
Lebanon	1
Hong Kong	7
Netherland	5
Total	226

2012 Media Familiarization Tours



Total Number of Journalists = 226

Total Number of FAM Tours = 78

Total Number of Countries = 36

*** Total Media Value of Publicity**

Rs. 676,725,143.50

US\$ 5,143,801.148

Major publications and TV channels visited in - 2012

China

China Daily
Photographic Traveller
Economic Daily
Jiang Xi 7 Channel

UK

The Travel Channel
Planet Appetite Daily
BBC Natural World
The Sun
TUI Channel

Germany

FERNWEH TV
SWR 2/ BR 2 Radio
Risen Exclusive

India

Shirdi Televistas
Mathrubumi Magazine

Russia

VGTK My Planet TV Channel
National Geographic Russia
Interfax news agency

Spain

Revista Vanitas
La Razon

France

Patley Productions France
Globe Cooker Tv Series

Copies of Major Publications – 2012



International Endorsements about Sri Lanka



Sri Lanka - A True Wonder of Asia
"Sri Lanka among the world's top five exotic destinations to visit in 2012"



- HELLO Magazine – UK

"One of the World's Top 5 Destinations For 2012"

- Conde Nast Traveller Magazine



"No:02 In The List of top 20 Tourist Destinations for 2012"



NATIONAL
GEOGRAPHIC
CHANNEL

- National Geographic Channel

"One of the Top 06 Destinations for Travel in 2012"

- National Geographic Traveler Magazine

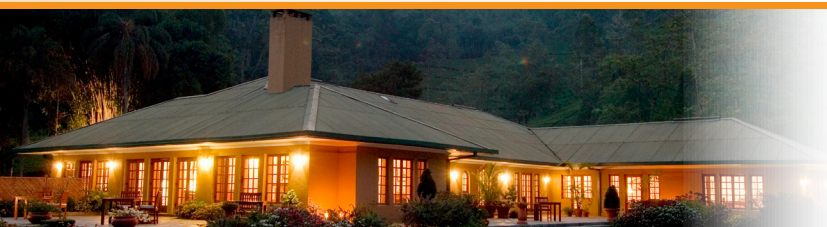


"One of the top 5 Destinations where UK customers want to spend their holidays"

KUONI - KUONI Annual Report

"Sri Lanka number one value for Money Destination"

- Post Office Travel Money's 2012 Long Haul Holiday Report - UK



"No. 1 Destination in 2013"

- Lonely Planet



(Top 10 Countries List)

(Declared in 2012)

Finance Report - 2012

Statement of Financial Position as at December 31, 2012

	Note	2012 Rs.	2011 Rs.
ASSETS			
Current assets			
Cash and cash equivalents	3	1,528,741,158.65	819,853,581.02
Receivables	4	481,324,185.60	340,609,153.97
Advances	5	2,158,930.19	3,403,093.20
Prepayments	6	2,808,927.56	231,123.85
Debtors	7	2,470,887.89	34,067,741.85
Inventories		9,632,954.28	6,996,488.48
		2,027,137,044.17	1,205,161,182.37
Non-current assets			
Property, Plant and Equipments	8	14,206,290.25	15,485,923.32
		14,206,290.25	15,485,923.32
Total assets		2,041,343,334.42	1,220,647,105.69
LIABILITIES			
Current liabilities			
Revenue in advance	9	11,456,793.25	5,585,302.75
Deposit payables	10	663,267.59	552,667.74
Employee benefits	11	5,167,304.33	5,996,352.63
Accrued expenses		670,435,841.48	330,138,622.93
Creditors	12	24,425,221.80	25,388,355.74
		712,148,428.45	367,661,301.79
Non-current liabilities			
Long term Borrowings		-	-
		-	-
Total liabilities		712,148,428.45	367,661,301.79
Net assets		1,329,194,905.97	852,985,803.90
NET ASSETS / EQUITY			
Capital contribution		33,069,156.52	33,069,156.52
Accumulated surpluses / (deficits)		1,296,125,749.45	819,916,647.38
Total net assets / equity		1,329,194,905.97	852,985,803.90

M.M.J.R.N.Fernando
Acting Director Finance
Sri Lanka Tourism Promotion Bureau

B.Gunarathna
Chairman
Sri Lanka Tourism Promotion Bureau

Sri Lanka Tourism Promotion Bureau
Statement of Financial Performance for the Year Ended
December 31, 2012

	Note	2012 Rs.	2011 Rs.
Revenue			
Embarkation Levy		813,179,959.92	729,174,937.13
Tourism Development Levy		566,312,922.14	454,839,489.53
Other revenue	13	64,634,339.12	64,244,603.59
Total Revenue		1,444,127,221.18	1,248,259,030.25
Expenses			
Wages, salaries and employee benefits	14	28,630,428.07	25,892,216.97
Supplies and consumables used	15	57,968,737.39	30,642,068.39
Trade related expenditure - Foreign	16	12,430,227.19	30,683,670.87
Trade related expenditure - Local	17	863,953,765.69	584,620,324.40
Depreciation and amortization expenses		3,824,709.19	3,978,586.48
Other expenses	18	1,067,206.29	14,955,568.84
Finance costs	19	43,045.01	5,940,680.17
Total Expenses		967,918,118.83	696,713,116.12
Surplus / (deficit) for the period		476,209,102.35	551,545,914.13
Surplus / (deficit) brought forward		819,916,647.10	268,370,733.25
Surplus / (deficit) carried forward		1,296,125,749.45	819,916,647.38

Sri Lanka Tourism Promotion Bureau
Statement of Changes in Net Assets / equity for the
Year Ended December 31, 2012

	Contributed Capital Rs.	Accumulated Surpluses/ (Deficits) Rs.	Total Rs.
Balance as at January 01, 2011	33,069,156.52	819,916,647.38	852,985,803.90
Surplus / (Deficit) for the period	-	-	-
Restatement		(106,865,657.28)	(106,865,657.28)
Restated Balance as at December 31, 2011	33,069,156.52	713,050,990.10	746,120,146.62
Surplus / (Deficit) for the period	-	476,209,102.35	476,209,102.35
Balance as at December 31, 2012	33,069,156.52	1,189,260,092.45	1,222,329,248.97

prior year income - 6003 - year 2012	(103,895.22)
prior year expenditure - 7662 - year 2012	106,969,552.50
Difference	<u>106,865,657.28</u>

Sri Lanka Tourism Promotion Bureau

Cash Flow Statement for the Year Ended on December 31, 2012

	2012 Rs.	2011 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit)	476,209,102.35	658,411,571.41
Non- cash movements		
Depreciation	3,824,709.19	3,978,586.48
Interest from staff loan	(72,214.13)	(68,503.38)
Provision for gratuity	(829,048.30)	991,715.13
Exchange Gain/loss	-	42,924.00
Losses & write off	-	108,737.97
(Increase) /Decrease in Receivables	(140,715,031.63)	29,784,897.13
(Increase) / Decrease in Advances	1,244,163.01	(1,374,922.78)
(Increase) / Decrease in Prepayments	(2,577,803.71)	1,309,135.52
(Increase) / Decrease in Debtors	31,596,853.96	(916,172.95)
(Increase) / Decrease in Inventories	(2,636,466.08)	(3,472,068.99)
Increase /(Decrease) in Income in Advance	5,871,490.50	(1,831,756.96)
Increase / (Decrease) in Deposit Payable	110,599.85	(425,399.34)
Increase / (Decrease) in Accrued expenses	340,297,218.57	184,404,972.86
Increase / (Decrease) in Creditors	(963,133.94)	(160,384,944.26)
Interest from staff loan	72,214.13	68,503.38
Net cash flows from operating activities	711,432,653.77	710,616,511.20
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(2,545,076.14)	(1,553,782.00)
Net cash flows from investing activities	(2,545,076.14)	(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	708,887,577.63	642,396,062.52
Cash and cash equivalents at beginning of period	819,853,581.02	177,457,518.50
Cash and cash equivalents at end of period	1,528,741,158.65	819,853,581.02

SRI LANKA TOURISM PROMOTION BUREAU

NOTES TO THE FINANCIAL STATEMENT 2012

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 Basis of Preparation and Accounting Policies

As per the section 1.1 of the Sri Lanka Financial Reporting Standard (SLFRS) for Small and Medium- Sized Entities (SME's) Sri Lanka Tourism Promotion Bureau does not come under the exempted establishments, therefore financial statements have been prepared in compliance with the SLFRS for SME's.

1.3 Explanation of Transition to the SLFRS for SME's

These financial statements for the year 2012 are the first financial statements that comply with the SLFRS for SMEs. The date of transition to the SLFRS for SME's was 1st January 2011. The last financial statements prepared in accordance with SLAS were for the year ended 31 December 2011

1.4 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%

1.5 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.

1.6 Number of employees

The average number of employees as at 31st December 2012 was 41.

1.7 Basis of Measurement

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

1.8 Presentation Currency

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

1.9 Use of Estimates and Judgments

The preparation of the financial statements in conformity with LKASs 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 judgments 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.

1.10 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.

1.11 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.

1.12 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 SLFRS for SEMs.

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.

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.

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.

2.11 Advances

The following Advances are shown under current assets

1. Foreign Advances	Rs. 20,730.19
2. Local Advances	Rs. 2,138,200.00
Total	Rs. 2,158,930.19

The unsettled amount of Rs.1, 575,000.00 included in local advance due to the settlement of IIFA expenditure.

Sri Lanka Tourism Promotion Bureau

Notes to the Financial Statements

03.0 Cash and cash equivalents

Description	2012 (Rs.)	2011 (Rs.)
Cash at Bank - HO - Main Account	1,293,691,266.25	728,520,593.19
Cash at Bank - HO - Private Sector	154,002,458.84	85,980,601.90
Cash at Bank - Kandy/ TIC	396,906.71	391,507.68
Cash at Bank - Bank Transfer	-	5,105,096.42
Overseas Office - UK	9,566.22	(222,918.53)
Overseas Office - India	78,700.36	78,700.36
Bank Remittance - UK	17,834,454.93	-
Cash in Transit	62,727,805.34	-
Total Cash and cash equivalents	1,528,741,158.65	819,853,581.02

04.0 Receivables

Description	2012 (Rs.)	2011 (Rs.)
Consumer Brochure - Uk	2,428,920.00	2,428,920.00
Fuel deposit	100,000.00	100,000.00
Vehicle hiring deposit	20,000.00	20,000.00
Hikkaduwa Tickets	876,000.00	876,000.00
ATM2011 Space Cost	1,807,792.08	1,807,792.08
American Premium Water System	4,000.00	-
ICLP Arbitration centre	25,000.00	-
Sponsorship World Spice Food Festival 2011	-	750,000.00
Embarkation Levy	198,536,592.93	123,461,589.83
Bank Grantee for Katunayake Rent	1,286,392.31	-
Tourism Development Levy	275,909,488.28	211,152,119.56
Property Finance & Investment Kandy	330,000.00	-
Others	-	12,732.50
Total Receivables	481,324,185.60	340,609,153.97

05.0 Advances

Description	2012 (Rs.)	2011 (Rs.)
Local Advances	2,138,200.00	2,005,987.50
Foreign Advances	20,730.19	1,397,105.70
Total Advances	2,158,930.19	3,403,093.20

06.0 Prepayments

Description	2012 (Rs.)	2011 (Rs.)
Service Agreement	53,633.87	-
Financial Contribution	1,426,411.05	56,304.78
Annual membership - UK	1,328,882.64	174,819.07
Total Prepayments	2,808,927.56	231,123.85

07.0 Debtors

Description	2012 (Rs.)	2011 (Rs.)
Sundry debtors - SLTDA	16,292.89	31,141,767.55
Sundry debtors - SLITHM	-	658,734.30
Employees - Loans & Advances	2,454,595.00	2,267,240.00
Other Debtors	-	-
Total Debtors	2,470,887.89	34,067,741.85

Sri Lanka Tourism Promotion Bureau Notes to the Financial Statements

08.0 Property, Plant and Equipments

Description	Balance as at 01. 01. 2012 Rs.	Additions 2012 Rs.	Transfer 2012 Rs.	Balance as at 31.12.2012 Rs.	Acc. Depreciation as at 01. 01. 2012 Rs.	Depreciation for 2012 Rs.	Depreciation on Disposal 2012 Rs.	Acc. Depreciation as at 31.12.2012 Rs.	Net Book Value as at 31.12.2012 Rs.
Building Development Cost				-	-	-	-	-	-
Furniture & Fittings	8,532,531.89	632,153.14	-	9,164,685.03	2,362,453.00	664,199.14	-	3,026,652.14	6,138,032.89
Telephones	707,823.00	61,216.00	-	769,039.00	79,598.96	55,715.66	-	135,314.62	633,724.38
Computer equipments	9,179,033.81	1,695,171.00	-	10,874,204.81	6,955,806.72	1,520,973.58	-	8,476,780.30	2,397,424.51
Office Equipments	2,982,522.50	151,616.00	-	3,134,138.50	678,326.29	278,875.24	-	957,201.53	2,176,936.97
Motor vehicles	7,400,000.00	-	-	7,400,000.00	5,150,000.00	1,125,000.00	-	6,275,000.00	1,125,000.00
Computer software	867,750.00	-	-	867,750.00	194,106.71	65,081.25	-	259,187.96	608,562.04
Air conditioners	717,900.00	-	-	717,900.00	94,767.15	53,842.50	-	148,609.65	569,290.35
Miscellaneous Equipments	809,135.35	4,920.00	-	814,055.35	195,714.42	61,021.82	-	256,736.24	557,319.11
Total	31,196,696.55	2,545,076.14	-	33,741,772.69	15,710,773.25	3,824,709.19	-	19,535,482.44	14,206,290.25

Sri Lanka Tourism Promotion Bureau

Notes to the Financial Statements

09.0 Revenue in Advance

Description	2012 (Rs.)	2011 (Rs.)
Foreign Trade Fairs	11,456,793.25	5,585,302.75
Total Revenue in Advance	11,456,793.25	5,585,302.75

10.0 Deposit Payable

Description	2012 (Rs.)	2011 (Rs.)
Refundable Tender Deposit	337,080.00	353,080.00
Retention Payable	193,553.40	193,553.40
Others	132,634.19	6,034.34
Total Deposit Payable	663,267.59	552,667.74

11.0 Employee Benefits

Description	2012 (Rs.)	2011 (Rs.)
Provision for Retirement Gratuity brought forward	5,996,352.63	5,004,637.50
Gratuity Provision	1,172,641.95	991,715.13
Gratuity Paid & prior year Procession	2,001,690.25	-
Total Employee Benefits	5,167,304.33	5,996,352.63

12.0 Creditors

Description	2012 (Rs.)	2011 (Rs.)
Sundry creditors - SLTDA	24,371,042.80	25,334,176.74
Sundry creditors - SLTTHM	54,179.00	54,179.00
Total Creditors	24,425,221.80	25,388,355.74

13.0 Other Revenue

Description	2012 (Rs.)	2011 (Rs.)
Revenue from literature & photographic materials	-	86,900.00
Revenue from Interest - Staff loan	72,214.13	68,503.38
Trade Contribution	61,772,544.03	59,722,990.34
Others	2,789,580.96	4,366,209.87
Total Other Revenue	64,634,339.12	64,244,603.59

14.0 Wages,Salaries and Employee benefits

Description	2012 (Rs.)	2011 (Rs.)
Salaries & Allowances	19,128,500.08	18,197,058.94
Holiday Allowance	30,100.74	53,876.25
Overtime	458,800.29	640,611.94
Board's contribution to EPF	1,727,656.32	1,995,798.39
Board's contribution to ETF	356,474.10	400,057.85
Staff Welfare & Attendance Incentive	2,575,585.63	2,314,418.32
Travelling - Local	77,303.00	35,372.00
Uniform to Staff	40,873.60	145,461.00
Gratuity	1,184,634.20	917,312.13
Insurance	2,028,787.44	696,531.25
Staff Training	1,021,712.67	495,718.90
Total Wages,Salaries and Employee benefits	28,630,428.07	25,892,216.97

15.0 Supplies and Consumables used

Description	2012 (Rs.)	2011 (Rs.)
Miscellaneous Supplies	60,640.00	84,505.00
Stationery	1,166,786.48	1,150,805.98
Telephone and internet	1,686,566.09	1,646,812.13
Postage, courier and Stamps	4,385,964.26	2,674,171.86
Rent - Building	18,128,284.26	11,185,034.86
Electricity	3,822,357.21	3,240,751.64
Maintenance - Equipment	1,995,596.65	2,749,896.98
Advertising - General	14,308,046.28	194,790.00
Maintenance & Repairs - Vehicles	1,281,033.85	1,133,562.42
Hire of Vehicles	6,591,906.70	2,191,533.95
Water	233,338.93	1,036,670.88
Books & periodicals	264,437.40	111,312.50
Fuel Charges	1,055,710.21	779,502.25
Entertainment local	113,072.77	100,913.07
Cleaning Suppliers	1,627,631.90	1,057,238.22
Security	874,209.61	445,678.86
Maintenance Building	256,084.79	613,347.79
Rates & Licences	11,100.00	5,430.00
Menus & Flowers	105,970.00	240,110.00
Total Supplies and Consumables used	57,968,737.39	30,642,068.39

16.0 Trade Related Expenditure - Foreign

Description	2012 (Rs.)	2011 (Rs.)
Administration UK	12,430,227.19	30,683,670.87
Total Trade Related Expenditure - Foreign	12,430,227.19	30,683,670.87

17.0 Trade Related Expenditure - Local

Description	2012 (Rs.)	2011 (Rs.)
Promotions & Advertising - Foreign	556,578,143.86	172,864,586.00
Local Awareness Campaign	7,443,824.35	40,419,731.65
Promotions & Advertising	4,266,603.90	94,249,785.34
Production of Tourist Communication Material	37,499,307.96	44,900,122.83
Events	44,653,294.32	44,798,652.93
VJP and Trade FAM Tours	26,438,483.74	21,690,255.50
Retainer Fees-PR	-	22,737,070.92
Management Fee & Artwork,	5,033,408.00	5,464,671.05
Market research	84,386,307.79	1,170,961.03
Trade Fair - ITB	32,565,827.37	32,412,178.74
Trade Fair - WTM	29,868,208.62	35,360,792.60
Web maintain & E - News	1,693,973.42	1,098,432.46
Visit Sri Lanka	-	23,701,445.29
Visitor facilities & Attraction	9,502,353.04	41,606,046.00
Exchange Gain/Loss		42,924.00
Working with Missions	24,024,029.32	2,102,668.06
Total Trade Related Expenditure - Local	863,953,765.69	584,620,324.40

18.0 Other Expenses

Description	2012 (Rs.)	2011 (Rs.)
Board Member Allowance	153,982.48	339,636.87
Procurement Committee Member Allowance	122,050.00	65,500.00
Audit Fees	400,000.00	665,360.00
Legal Fees	369,593.81	2,316.00
Stamp Duty	21,580.00	12,500.00
Losses and Write off	-	108,737.97
Value Added Tax	-	11,495,693.39
NBT	-	2,265,824.61
Total Other Expenses	1,067,206.29	14,955,568.84

19.0 Finance Costs

Description	2012 (Rs.)	2011 (Rs.)
IIFA Loan Interest & Bank Charges	-	5,722,138.69
Debit Tax	-	172,943.48
Bank Charges	43,045.01	45,598.00
Total Finance Costs	43,045.01	5,940,680.17

20.0 Comparative Information

Statement of Financial Position			
	Balance previously stated 31.12.2011 Rs.	Adjustment 2012 Rs.	Restated Balance 31.12.2012 Rs.
Assets			
Current liabilities			
Accrued expenses	223,272,965.65	106,865,657.28	330,138,622.93
Statement of Financial Performance			
Revenue			
Other Total Revenue	64,244,678.25	(74.66)	64,244,603.59
Expenses			
Wages,Salaries and Employee benefits	26,121,005.89	(228,788.92)	25,892,216.97
Supplies and Consumables used	31,537,697.61	(895,629.22)	30,642,068.39
Trade Related Expenditure - Foreign	30,805,777.48	(122,106.61)	30,683,670.87
Trade Related Expenditure - Local	477,546,792.44	107,073,531.96	584,620,324.40
Other Expenses	14,612,648.09	342,920.75	14,955,568.84
Finance costs	5,245,025.51	695,654.66	5,940,680.17



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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My No

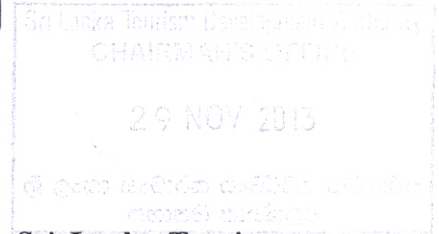
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Your No.

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திகதி
Date

29 November 2013

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 2012 in terms of Section 14 (2) (c) of the Finance Act No. 38 of 1971

The audit of the Financial Statements of the Sri Lanka Tourism Promotion Bureau (SLTPB) for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the statement of financial performance, statement of changes in net asset / 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 21 August 2013.

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 Financial Reporting Standards for Small and Medium sized Entities 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 පොල්දූව පාර,
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දුරකථනය
தொலைபேசி
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பத்தரமுல்லை இலங்கை

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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 procedures 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 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 Promotion Bureau as at 31 December 2012 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Financial Reporting Standards for Small and Medium sized Entities.

2.2 Comments on Financial Statements

2.2.1 Non Compliance with Sri Lanka Financial Reporting Standards for Small and Medium sized Entities (LKAS)

Following observation are made.

Item	Reference to LKAS	Requirement	Non-compliance
Inventories	Section 13 of the LKAS for SMEs	An entity shall measure inventories at the lower of cost and estimated selling price which is less costs to complete and sell.	(i) 27 numbers of non-moving items which were valued at Rs. 2,034,054, had not been taken in to the accounts (ii) Value of management diaries for the year 2012 amounting to Rs. 419,556 had been included in the inventories.

2.2.2 Accounting Deficiencies

Following observations are made.

- (a) Donations amounting to Rs.1, 128,000 had been accounted under trade related expenses instead of being shown as donations.
- (b) Foreign travelling allowance amounting to Rs 149,265 had been overpaid to an officer due to calculation error in contrary to the provisions in the circular No. මු.ක.අ/1/2010/01 dated on 11 October 2010.

2.2.3 Unreconciled Control Accounts

The following observations are made.

Description of control accounts	Balance as per accounts	Description of subsidiary records	Balance as per subsidiary records	Difference
-----	-----	-----	-----	-----
	Rs.		Rs.	Rs.
Payable to Sri Lanka Tourism Development Authority	24,371,043	Sri Lanka Tourism Development Authority final accounts	26,948,539	2,577,496
Payable to Sri Lanka Institute of Tourism and Hotel Management	54,179	Sri Lanka Institute of Tourism and Hotel Management final accounts	44,484	9,695
Payable to Sri Lanka Institute of Tourism and Hotel Management	Nil	Sri Lanka Institute of Tourism and Hotel Management final accounts	4,417,949	4,417,949

2.2.4 Accounts Receivable and Payable

The following observations are made.

- (a) Creditors amounting to Rs. 2,827,822 and Rs. 8,980,922 relating to the years 2007 and 2008 respectively had not been settled.
- (b) Amount receivable from the International Indian Films Award festival organizing firm had not been accounted for as receivable 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 above firm.

2.2.5 Lack of Evidence for Audit

Following items in the accounts could not be satisfactory vouched in audit due to the non-availability of evidence indicated against each.

Description	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Visiting Journalist programme	26,438,483	Number of programmes conducted and particulars relating to the media publications.
(b) Trade fair – International Travel Borse	32,565,827	Detailed Schedules
(c) Trade fair – World Travel Market	29,868,208	Detailed Schedules
(d) Promotional expenses incurred by the Ministry of Foreign Affairs	55,427,296	Invoices
(e) Pre payments	2,808,927	Confirmations
(f) Receivables	481,324,185	Confirmations
(g) Inventories	291,912	Physical verification reports.

2.2.6 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) **Sub section 09 of Section 40 of
Chapter VII of the Tourism
Act No 38 of 2005**

Following documents had not been submitted to the Minister of Economic Development before the expiry of a period of three months from the end of each calendar year.

(a) A copy of half year accounts before the end of the seventh month of the calendar year.

(b) A statement containing achievements and performance relating to the plan presented for the previous year .

(b) **Public Enterprise Guidelines
for Good Governance Circular
No.PED/12 of 2 June 2003.**

(i) Section 5.1.3 of Chapter 5

An updated copy of the Corporate Plan approved by the Board should have been sent to the Auditor General at least 15 days before the commencement of the financial year. However, the Bureau had failed to comply with this requirement.

(ii) Section 9.12 of Chapter 9

Any welfare scheme adopted by an enterprise should be approved by the General Treasury. However, the Bureau had failed to obtain the approval for the Employees' Medical Insurance Scheme as per the requirement.

- (iii) **Section 9.14.1 of Chapter 9** Providing rules and regulations on all matters relating to management of human resources should be approved by the Board together with the concurrence of the Secretary to the Treasury. However the Bureau had failed to comply with this requirement.
- (c) **Sections 4.2.1 (a) and (c) of Chapter 4 of the The National Procurement Agency Circular No. 08 of 25 January 2006** Although a procurement plan should be prepared covering at least three years together with a detailed plan for the next year, the Bureau had not prepared such plan as required.
- (d) **Public Enterprise Circular No. PED/56 dated 11 January 2011** Although excess cash at the public institutions should be credited to the Consolidated Fund, after considering the working capital requirement for ensuing 6 months, the Bureau had not credited such excess cash to the Consolidated Fund. According to the calculations made by the audit the excess cash might be around Rs. 1000 million for the year under review.
- (f) **Treasury Circular No. IAI/2002/2 of 28 November 2002** A fixed assets register for computers, computer accessories and software owned by the Bureau, had not been maintained as per requirement of the Circular.
- (g) **Public Enterprise Circular No. PED/57 dated 11 February 2011** All Public Enterprises are required to obtain the approval of Hon. Minister of Finance and Planning for any donation/sponsorship exceeding Rs.100,000. However, without obtaining the said approval a sum of Rs. 1,128,000 had been donated to two private organizations during the year under review.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Bureau for the year ended 31 December 2012 had resulted in a surplus of Rs. 476,209,102 as compared with the corresponding surplus of Rs. 551,545,914 for the preceding year, thus indicating a decrease of Rs. 75,336,812 in the financial results. The increase of total expenditure by Rs. 271,205,003 had been the main reason for the decrease of financial results.

3.2 Analytical Financial Review

The revenue of the Bureau for the year under review was Rs. 1,444 million as compared with Rs. 1,248 million in the preceding year representing an increase of 15.7 per cent. Whereas the expenditure incurred for the trade related and marketing and promotional activities during the year under review was Rs. 968 million as compared with Rs. 697 million in the previous year. This was indicating an increase of 39 per cent.

3.3 Working Capital Management

Some of the significant ratios are given below.

Equity Ratios	Standard Ratio	2012	2011	2010
-----	-----	-----	-----	-----
Current ratio	2:1	2:84	3:28	2:47
Quick ratio	1:1	2:83	3:25	2:45

4. Operating Review

4.1 Performance

The following observations are made.

- (a) A sum of Rs. 876 million had been incurred as Trade related expenditure during the year under review. However, tourist arrivals had not been increased as expected. Details are given below.

Country	2012		2011	
	Total Expenses Incurred	Growth of Tourist arrivals	Total Expenses incurred	Growth of Tourist arrivals
	Rs.	%	Rs.	%
United Kingdom	101,492,242	7.7	113,372,372	0.6
Germany	39,246,721	28.2	43,302,313	22.2
France	20,545,444	16.8	20,016,035	55.6
Russia	25,927,841	32.8	30,991,787	61.1
Netherlands	4,044,308	11.6	7,186,800	34.2
India	9,812,701	2.9	835,974	35.1
China	345,319,913	58.1	12,859,576	56.4
Japan	15,923,952	26.7	8,018,073	43.7
Middle East	30,521,920	-0.3	14,153,406	53.2
Countries				
Malaysia	Nil	35.3	Nil	20.4
Switzerland	Nil	42.1	Nil	49.7

(b) Visiting Journalist Programmes and Familiarization Tours Programmes

The following observations are made.

- (i) A sum of Rs. 26.43 million had been spent for the above programmes during the year under review. However, number of programmes to be held during the year under review, emphasizing to select the more favorable and suitable journalist in order to achieve maximum benefits to the country had not been scheduled. Therefore, it was observed that these programmes had been conducted on ad-hoc basis without having a proper media selection plan.
- (ii) 181 journalists had participated for 57 Media Familiarization Tours 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) No evidence were made available for audit relating to the media publicity accomplished through the programmes as expected.

4.2 Human Resource Management

The following observations are made.

- (a) Over 45 per cent of approved cadre of the Bureau had been in vacant position. The total cost on human resources during the year under review and the preceding year were Rs. 28.6 million and Rs. 25.8 million respectively. Thus, indicating that the cost per employee for the year under review and the preceding year were Rs. 622,400 and Rs. 562,874 respectively.
- (b) The Managing Director of the Bureau had been recruited on contract basis without considering the requirements in Section VII of the Tourism Act No.38 of 2005.

4.3 Utilization of Vehicles

The following observations are made

- (a) A sum of Rs 6,591,906 had been paid to hire two vehicles during the year under review. The cost per Km of the hired vehicles was Rs. 56.32.
- (b) The cost of hired vehicles during the year under review had increased by Rs. 4,237,828 or 180 per cent when compared with the preceding year.

5. Accountability and Good governance

5.1 Budgetary Control

The following observations are made

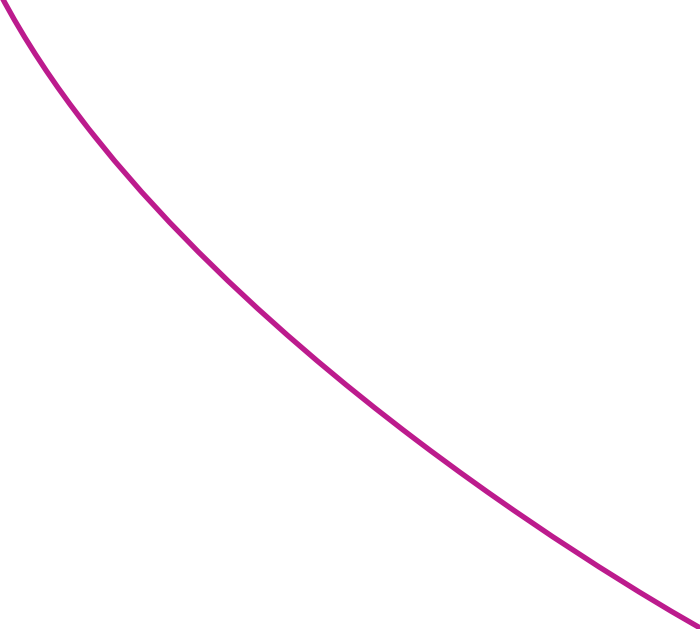
- (a) Even though a budget had been prepared, the Board approval for the budget had not been obtained before 3 months of the financial year, in terms of Section 8 (1) of the Finance Act No.38 of 1971.
- (b) Variances ranging from 7 per cent to 1331 per cent were observed in 22 items between the budget and the actual for the year under review, thus indicating that the budget had not been made use as an effective instrument of management control.

6. **Systems and Controls**

Weaknesses in systems and controls observed in audit were brought to the notice of the Chairman of the Bureau by my detailed report issued in terms of Section 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Promotional Activities
- (c) Budget
- (d) Human Resource Management
- (e) Procurements
- (f) Internal Audit


H.A.S Samaraweera
Auditor General



sri lanka

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