



“ Safe skies for all ”

Civil Aviation Authority of Sri Lanka

ANNUAL REPORT 2014



Civil Aviation Authority of Sri Lanka

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Presented to Parliament pursuant to
Section 15 of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002

Theme Song of the Civil Aviation Authority

Sri Lanka, Civil guwan seva adikariya
kith yasasin sudile
heli kota heli hele //

Sakvithi ravana aadi yugen dandu
monarin guwana dina//
Vikmathi lakdana va-riya polinuth
pa vidu nuvana mana//

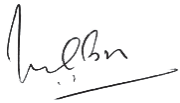
“Uvaduru thora bava sandaha mul vemu”
vei pera vakiya ape//
“Ikman aya maga negumehi mul vemu”
me vei dekuma ape//

Ratavesi yuthukam itu vana ayurin
mau bima ha bademu //
Samaja mehewara sara daham reka
vagakeemen pudamu//

Lyrics : Mr. Arisen Ahubudu
Singer : Dr. Pundit W. D. Amaradewa
Melody : Dr. Pundit W. D. Amaradewa

Hon. Minister of Civil Aviation,

This Annual Report has been prepared in fulfilment of the requirement specified under Section 15 of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 and covers the activities of the Civil Aviation Authority of Sri Lanka for the year commenced on 01st January 2014 and ended 31st December 2014.



Shibly Aziz P.C

Chairman

Civil Aviation Authority of Sri Lanka

28th February 2015

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ABBREVIATIONS

A&NS	Aerodromes and Navigation Services
AA	Assistant Accountant
AAI	Assistant Aerodrome Inspector
AA(I)	Audit Assistant (Internal)
AASI	Assistant Aviation Security Inspector
AASL	Airport & Aviation Services (Sri Lanka) Ltd
AATO	Assistant Air Transport Officer
AAwE	Assistant Airworthiness Engineer
Acct	Accountant
AFM	Assistant Finance Manager
AFTN	Aeronautical Fixed Telecommunication Network
AGOI	Assistant Ground Operations Inspector
AI	Aerodrome Inspector
AIU	Accident Investigation Unit
AISO	Aeronautical Information Service Officer
AME(BL)	Aircraft Maintenance Engineer (Basic Licence)
AML	Aircraft Maintenance Licence
AMO	Approved Maintenance Organization
AMT	Aircraft Maintenance Technician
ANR	Air Navigation Regulations
ANS	Air Navigation Services
ANSI	Air Navigation Services Inspector
AOC	Air Operator Certificate
AS	Aeronautical Services
ASI	Aviation Security Inspector
ASN	Aviation Safety Notice
AT&LA	Air Transport and Legal Affairs
ATC	Air Traffic Control/ Air Traffic Controller
ATO	Air Transport Officer
Av. Sec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAASL	Civil Aviation Authority of Sri Lanka
CADEC	Civil Aviation Development and Educational Committee
CAO	Civil Aviation Officer
CEO	Chief Executive Officers
CIA	Chief Internal Auditor
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
Cp	Corporate
CSI	Cabin Safety Inspector
C of R	Certificate of Registration
DCA	Department of Civil Aviation
D	Director

DD	Deputy Director
DGCA	Director-General of Civil Aviation
DO	Documentation Officer
DPIG	Development Planning & Implementation Group
EASA	European Aviation Safety Agency
ELP	Equipment Loading Plan
EU-SA	European Union – South Asia
FAL	Facilitation
FIR	Flight Information Region
FS	Flight Operations Inspector
FS	Flight Safety
GOI	Ground Operations Inspector
GSA	General Sales Agent
HR&OM	Human Resources & Office Management
HR&OMA	Human Resources & Office Management Assistant
HR&OMO	Human Resources & Office Management Officer
IA	Internal Audit
ICAO	International Civil Aviation Organization
MEL	Minimum Equipment List
NOTAM	Notice to Airmen
OA	Office Aide
Ops	Operations
PA	Personal Assistant
PEL	Personnel Licensing
PLO	Personnel Licensing Officer
PA-AAI	Programme Assistant- Aircraft Accident Investigation
PA-AE	Programme Assistant- Aviation Examinations
PA-IT	Programme Assistant- Information Technology
PA-SP	Programme Assistant – Special Projects
MRIA	Mattala Rajapaksa International Airport
S/CAASL	Secretary to the CAASL
SD	Senior Director
SAFA	Safety Assessment of Foreign Aircraft
SAISO	Senior Aeronautical Information Service Officer
SARPs	Standards and Recommended Practices
SARI	South Asia Regional Initiative
SATO	Senior Air Transport Officer
SFOI	Senior Flight Operations Inspector
SLAS	Sri Lanka Accounting Standards
SLCAP	Sri Lanka Civil Aviation Publication
SLFRS	Sri Lanka Financial Reporting Standards
SP	Special Projects
SMS	Safety Management System
SSP	State Safety Programme
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

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e-mail: info@caa.lk
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Katunayake Office : **Civil Aviation Authority of Sri Lanka**
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Mattala-Office : **Civil Aviation Authority of Sri Lanka**
Mattala Rajapaksa International Airport,
Mattala.
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Facsimile : 94 -47-2031133

Airworthiness Sub Office : **Civil Aviation Authority of Sri Lanka**
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Auditors : Auditor General, Democratic Socialist Republic of Sri Lanka
Lawyers : Attorney General, Democratic Socialist Republic of Sri Lanka
Banker : Bank of Ceylon
Insurers : Sri Lanka Insurance Corporation Ltd
Ceylinco Insurance Company Ltd

CHAIRMAN'S REVIEW



The year 2014, saw some remarkable achievements in the Civil Aviation Authority as well as civil aviation in Sri Lanka and there was a significant improvement recorded in the passenger and cargo movements during the year under review. A significant milestone in aviation is that SriLankan Airlines joined the “One World” airline alliance in May 2014 and their route network expanded by adding several new destinations in collaboration with other partner airlines. Further, most of the leading international online operators significantly increased their codeshare operations to Sri Lanka.

As a signatory to the Convention on International Civil Aviation, CAASL has a compelling obligation to ensure that the International Standards and Recommended Practices adopted by the International Civil Aviation Organisation (ICAO) are locally implemented and effectively enforced. One of the main parameters to ensure aviation safety is the process of issuance of personnel licences to those categories of personnel who engage in critical aviation safety tasks after completion of the required training. Personnel Licensing Section introduced a computerized system during this year to issue and renew Pilot Licences, Aircraft Maintenance Licences, Air Traffic Controller Licences, and Cabin Crew Member Certificates, which was beneficial to both licence holders and CAASL. Standards on “prohibition of use of Alcohol or Psychoactive substances by personnel holding Licence, Rating or Certificates, engaged in safety and / or security sensitive activities relating to civil aviation” has now been published by Personnel Licensing Section for the promotion of safety

and security in air transportation.

It is a requirement of International Civil Aviation Organization to certify all airports to which international traffic are operated. Bandaranaike International Airport was first certified in the year 2010, the validity of which was two years. As such the second Aerodrome Certification Renewal Audit was conducted in March 2014. After taking necessary steps to correct deficiencies observed at the audit, the Aerodrome Certificate of BIA was renewed for another two years.

In 2014 the Operations Section completed two (02) Air Operator Certification processes and granted approvals to IWS Aviation and Skylark Aviation, both of which are Helicopter Operators to engage in Domestic Commercial Air Operations.

Initial approvals for ten (10) aircraft maintenance organizations were granted after conducting the required evaluations. Fifty four (54) foreign base and line maintenance organizations and thirteen (13) domestic maintenance organizations approvals were renewed for the year 2014.

During the period under review, the CAASL granted initial registration for Seventeen (17) aircraft and renewed the Certificate of Registration of fifty one (51) aircraft. The ownership of three (3) aircraft were changed at the request of the owner to operate under the Air Operator Certificate of Sri Lankan Airlines Ltd.

The surveillance activities on Aviation Security systems in the industry were carried out in accordance with the approved National

Surveillance Plan 2014. Certification and re certification of Avsec screeners, instructors and Avsec managers of Airport and Aviation Services Limited and SriLankan Airlines were continued.

Action has been initiated to construct the CAA headquarters at Katunayake, Naikanda and necessary approvals have been obtained from the relevant Government Organizations and it is planned to complete the construction of Head Office building in year 2016.

It has been identified that there is a need for accommodation for the CAA staff engaged in safety oversight activities at MRIA. Hence a two storied buildings with 4 bedrooms each at Weerawila was constructed in October 2014.

As per the decision taken at the 50th DGCA Conference held in Bangkok, CAA hosted 07th meeting of the CAPSCA-AP (Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation- Asia Pacific)in Colombo Sri Lanka from 20th -23rd May 2014. The 7th CAPSCA-AP Meeting was aimed at bringing together, aviation and public health sector stakeholders, in order to mitigate the risks from public health emergencies that affect the aviation sector.

International Civil Aviation Organization (ICAO) Asia Pacific Flight Procedure Programme was held in Sri Lanka on the request made by the Civil Aviation Authority of Sri Lanka (CAASL) to ICAO, from 17th October to 05th November 2014, Colombo. The purpose of this programme was to train the pilots in flight validation of Performance Based Navigation (PBN) flight procedures developed by Flight Procedure Designers. As per ICAO requirements States are required to implement PBN in line with Regional PBN implementation plan and the implementation of PBN has to be completed by 2016.

As per ICAO Requirements States are required to implement a "State Safety Programme" (SSP) in order to improve safety in Civil Aviation in the State under the guidelines provided by ICAO. Civil Aviation Authority conducted a SSP course in Sri Lanka with the help of experts from ICAO Technical Cooperation Bureau (ICAO TCB) for the States in the Region.

Almost all the technical staff in the CAA were trained in SSP at this training programme. The staff were trained, as identified in the Training Programme 2014 within the allocation of the annual budget.

CAASL has been able to continue successfully the educational programmes which commenced in 2010 with the intention of delivering basic aviation knowledge to the public especially to school children. Four issues of the quarterly education magazine, 'Guwansara' were published with the view of enhancing aviation knowledge of school children during the period under review. These magazines have been distributed on complementary basis, for 3100 schools.

CAASL continued with its Welfare facilities such as the Medical Insurance Scheme which was offered to employees and their immediate family members. A total of one hundred and forty six (146) employees benefitted from the medical insurance scheme.

Further, as welfare measure CAASL granted distress loans, property loans and vehicle loans to employees during the period under review.

I acknowledge with gratitude the excellent work performed by the Director General of Civil Aviation and all the employees of the CAASL at all levels. I take this opportunity to thank the Board of Directors who have been mindful of their responsibilities at all times and for their guidance and co-operation. I also wish to thank the Hon Minister of Civil Aviation, Secretary and all the officials of the Ministry of Civil Aviation for their co-operation and guidance.



Gen Rohan De Silva Daluwatte
Chairman

(From 09.01.2013 to 13.01.2015)

DIRECTOR GENERAL'S REVIEW



Global Situation

Year 2014 has been the 100 years anniversary of commercial flight and 70 years anniversary of the Chicago Convention-1944.

Over the years, the air transport industry has become a key component in the globalization of the world, with airlines traveling across national borders transporting people and cargo. It is a significant enabler of global connectivity and economic prosperity with transporting over 3 billion passengers annually, supporting 58 million jobs and creating \$2.4 trillion in gross domestic product. Every day over 100,000 flights bring people and goods to their destinations. Flying has become the safest and most expeditious mode of transport of the world with a record of 1 accidents per 4.4 million departures. 3.4% of the global economy relies on aviation today.

Importantly, the air transport sector has achieved this remarkable level of socio economic impact whilst modern aircraft are becoming more environmentally responsive with around 80 per cent more fuel efficiency (3 liters of fuel per 100 passenger kilometers) and superior quietness (82 dB) compared with the dawn of the jet age (127 dB).

In 2014 there were a total of 73 accidents (all aircraft types), down from 81 in 2013. There were 12 fatal accidents involving all aircraft types with 641 fatalities, compared with an average of 19 fatal accidents and 517 fatalities per year in the five-year period (2009-2013). In 2014 global jet accident rate (measured in hull losses per 1 million flights) was 0.23. This was an improvement over 2013 when the

global hull loss rate stood at 0.41 and also an improvement over the five-year rate (2009-2013) of 0.58 hull loss accidents per million flights jet.

The year 2014 will be remembered for two extraordinary and tragic events—MH 370 and MH 17. Although the reasons for the disappearance and loss of MH 370 are unknown, it is classified as a fatal accident—one of 12 in 2014. It resulted in the aviation industry with the collaboration of the International Civil Aviation Organization (ICAO) moving towards the adoption of a performance-based standard for global tracking of commercial aircraft, supported by multi-national operational assessments to evaluate impact and guide implementation.

The destruction of MH 17 by anti-aircraft weaponry, however, is not included as an accident under globally-recognized accident classification criteria. It is an act of aggression that is by any measure unacceptable. The accident underscored the need for better sharing of critical information about security risks to civil aviation.

More than 3.3 billion people flew on 38 million flights in 2014 registering year-over-year growth of 5.6% in passenger numbers both international and domestic traffic. On the whole, passenger traffic remained resilient in the face of the global uncertainties that beleaguered many economies in 2013 and 2014. International tourism, in particular, was irrepressible in 2014 considering the geopolitical risks that have persisted in certain parts of the world such as Eastern Europe and the Middle East. The Ebola outbreak also

presented significant challenges to the aviation sector. Notwithstanding, by and large, the international traveler in 2014 appeared to have been immune to these potential dangers.

Despite the uneven recovery in the global economy, in 2014 there was a net increase in global demand for foreign goods and commodities. This helped awaken the air freight market in the last quarter of 2013 and into 2014 after several years of flat growth. The overall flow of exports and imports by sea, land and air, measured by world trade volumes in goods, has experienced a rising growth trend. Air freight volumes ended the year off with an increase of 4.7% for the year as a whole.

In order to handle the ever increasing demand for air traffic growth (which expands two fold once every 15 years) in a globally harmonized, environmentally friendly and cost effective manner upholding the safe, operational and economic considerations, ICAO introduced Aviation System Block Upgrade (ASBU) addressing 15 year planning cycle for the guidance of the entire global aviation industry. The 2013–2028 ICAO Global Air Navigation Capacity & Efficiency Plan presents all States with a comprehensive planning tool supporting a harmonized global Air Navigation system. It identifies all potential performance improvements available today, details the next generation of ground and avionics technologies that will be deployed worldwide, and provides the investment certainty needed for States to make strategic decisions for their individual planning purposes. The Global Plan's Block Upgrade planning approach also addresses user needs, regulatory requirements and the needs of Air Navigation Service Providers and Airports. The majority of States were seen moving towards the Block Upgrade framework in the development of their aviation infrastructure.

ICAO advocated the States to support the implementation of the Global Aviation Safety Plan (GASP) which establishes a mature safety oversight system as a prerequisite to the implementation of a State Safety Programme (SSP). Three areas of aviation safety continued to be global priorities viz improving runway

safety; reducing the number of Controlled Flight Into Terrain (CFIT) accidents; and, reducing the number of loss of control in-flight accidents and incidents. ICAO also took initiative to establish Regional Aviation Safety Groups to be able to better handle the concepts in the GASP, in close coordination with the States in different regions.

The world's largest aircraft manufacturers were continued to be Busy in 2014 too in delivering aircraft to customer airlines. Out of a total of 723 commercial jet aircraft that the Boeing Company delivered in 2014, there were 114 of B-787 Dreamliners aircraft and 485 of B-737 single-aisle aircraft. The Airbus company delivered a total of 629 aircraft out of which 30 were A-380 aircraft and 306 were A-320.

REGIONAL SITUATION

The Asia/Pacific region ranked to the world's largest air travel market in 2014, with a 31 per cent share in terms of world RPKs. It had the second largest share with 27 per cent, growing by 5.8 per cent in the previous year. The Asia/Pacific domestic market experienced the fastest growth of 7.9 per cent compared to 2013, driven mainly by Chinese airlines which accounted for approximately 60 per cent of the region's total domestic traffic. The Asia/Pacific was the world's largest air freight market in 2014 with a 40 per cent share in terms of world FTKs.

In 2014, out of 30 busiest airports in the world from the point of view of aircraft departures, 15 of the airports were in Asia and Pacific Region with China accounting for 3.2 million departures.

Asia-Pacific airports reported overall growth in passenger traffic of almost 6% for the year as a whole. Many of the region's major commercial airports are experiencing slowing growth as some of them reach both capacity constraints and slowing demand. Beijing (PEK) the busiest airport in the region grew by 2.9% whilst Haneda (HND), Japan the second largest airport in the region grew by 5.3% in 2014.

Out of a total of 20 accidents occurred in 2014 in the APAC region, 1 accident was fatal

resulting in 162 fatalities.

Continuous safety enhancement, cost-efficient infrastructure and environmental responsibility count among the critical factors for Asia-Pacific's airline industry. Aviation and aviation-enabled tourism accounts for over 24 million jobs and over \$500 billion in economic activity across the Asia-Pacific region and it has tremendous potential to grow. Over the next 20 years, Asia-Pacific is expected to account for about two-thirds of global growth.

Air carriers in the Asia-Pacific are expected to take the bulk of the orders in the next two decades as low-cost carriers continue their rapid expansion, particularly in South-East Asia, China emerges as the world's largest aviation market and India's expanding middle class takes to the skies.

LOCAL SITUATION

The 2014 witnessed a significant expansion in almost all areas of the regulatory scope of the Civil Aviation Authority of Sri Lanka. Number of aircraft in Civil Register grew from 63 to 71 showing a positive sign of growth (13%) of the civil aviation sector. The consequential increase in numbers in other related areas was prominent in Water Aerodromes, Domestic Air Operators, Flying Schools, Travel Agents and Personnel holding the Licences issued by DGCA.

Number of foreign airlines operated to Sri Lanka increased from 24 to 26 by the close of 2014. Fourty (45 cities in different countries of the world were directly connected to Bandaranaike International Airport by these airlines. The five most favourite cities out of Colombo were Male, Chennai, Dubai, Singapore and Doha.

Number of aircraft movements at BIA in 2014 rose to 55,228 registering 9% growth compared to the last year. In 2014, BIA handled 7.8 million passenger movements and 192,000 metric tons of air freight representing a growth of 7% and 1% respectively compared to 2013.

SriLankan Airlines accounted for an average of 53.5% of the passenger traffic at BIA whilst claiming for 46% of outbound cargo and 55% of inbound cargo.

Out of 1.2 million of passengers who transited via BIA, 82% (925,000) passengers were carried by SriLankan Airlines.

In 2014, MRIA handled a total of 20,474 international passengers and 69 metric tons of air freight. Total aircraft movements in and out of MRIA in 2014 was 2984. With a view to promoting MRIA, the Government adopted 'open skies' policy in regard to grant of third, fourth and fifth freedom traffic rights out of MRIA to foreign airlines in addition to offering concessionary landing and parking charges.

In regard to domestic air travel, a total number of commercial flights (5,445) were operated by number of operators using different equipment. Demand for domestic air travel has increased by 16 % in 2014 compared to 2013. Similarly the number of passenger travelled in such flights have increased to 31,527 showing a three-times (10,590) increase compared to 2013. Use of Fixed wing land plane flights in the year under review has been decreased by 33% whilst Float plane flights and Helicopter flights have increased in four times and by 26% respectively. In domestic aviation 67% of passengers used fixed wing aircraft and 18 % used floatplanes whilst the use of helicopters have been 5% in the year under review. Use of hot air balloons for scenic flights was also seen becoming popular amongst tourists.

The year 2014 continued to be 5th consecutive year since 2009 without a single fatality involved in air travel.

Out of a total of 243 diverse aviation occurrences reported to the CAASL in 2014 under its Mandatory Reporting System, 222 occurrences were related to aircraft registered in Sri Lanka and the balance were in relation to foreign registered aircraft operated within the territory of Sri Lanka. Increasing rates of bird strikes with aircraft at both BIA and MRIA were the primary significant safety concern in 2014.

In the 2014 too, the CAASL continued with its main difficulty of recruiting and retaining qualified and skilled technical staff who are vital to perform its regulatory duties and functions relating to operator certification and surveillance. The repeated requests of the

CAASL for the treasury concurrence for grant of enhanced special professional allowances remained unanswered. Consequently number of trained staff left the CAASL and not a single inspector could be recruited in the year 2014. It needs to be highlighted that being the State organ charged with the responsibility of regulating the civil aviation industry ensuring conformance to the International Standards and Recommended Practices, CAASL shall have the capacity to recruit, train and retain qualified and skilled technical staff to be able to discharge its duties effectively on par with other States engaged in civil aviation.

Out of the total expenditure of the CAASL in 2014, 49% was staff costs, 3 % was for staff training and 4% was spent for participation at various meetings and workshops, which are closely connected with the CAASL duties and functions.

As the safety and security regulator of airports, the presence of the CAASL at Mattala Rajapaksa International Airport is essential and in satisfying this requirement the CAASL constructed Office at MRJA at a cost of Rs.39 million and it was opened in June 2014. The CAASL managed to complete the construction of circuit bungalow at Weerawila at a cost of Rs. 42 million for the use of CAASL staff when engaged in civil aviation related duties and functions in the Southern, Eastern and Sabaragamuwa provinces. The circuit bungalow consists of four houses with two units in each.

CAASL continued with its work for construction of its head office building at Naikanda, Katunayake. A contractor was selected for the construction through an open bidding process in compliance with the Government procurement procedures and bids were called for selection of a contractor for construction of the building. The CAASL obtained approval from the General Treasury for creation of a financial reserve of Rs.1150 million out of its saving to be used for this purpose.

The income of the CAASL for 2014 was Rs.1,473 million as against the total expense of Rs.347 million with a financial result of Rs.813

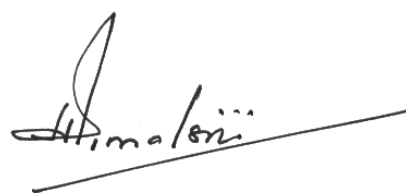
million of net profit. The CAASL remitted to the General Treasury a sum of Rs.250 million in 2014.

At the 51st DGCA Conference held in 2014, Hong Kong, DGCA Sri Lanka was elected to be Chairman, Regional Aviation Safety Group of the Asia and Pacific Region for a period of three years.

Also ICAO consented for Sri Lanka to host the 53rd DGCA Conference of the Asia and Pacific Region in 2016 in Colombo and the 10th Conference of ICAO Global Air Service Negotiation in Colombo 2017.

I take this opportunity to thank the Hon. Minister of Civil Aviation, Secretary and staff attached to the Ministry of Civil Aviation for their support and cooperation extended to perform the duties and functions of this office.

Also I wish to thank the Chairman, Vice Chairman and Members of the Authority who have painstakingly assisted and guided this office in the discharge of my duties. At last but not least I wish to avail myself of this opportunity to thank the staff of the CAA who are highly motivated and enthusiastic in carrying out the assigned duties diligently.



H.M .C Nimalsiri

Director General of Civil Aviation and
Chief Executive Officer

PROFILE

OVERVIEW

The Civil Aviation Authority of Sri Lanka (CAASL) was established under the Civil Aviation Authority Act No. 34 of 2002 on 27th December 2002 and is deemed a Public Enterprise for the purpose of audit of accounts under Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka.

The primary function of the CAASL is to regulate safety, security, efficiency and regularity in civil aviation and its impact on environment in conformity with the applicable International Standards and Recommended Practices adopted by the International Civil Aviation Organization (ICAO) under the legislative provisions in the Civil Aviation Authority of Sri Lanka Act No.34 of 2002 and Civil Aviation Act No.14 of 2010 whilst steering the sector as a prime contributor to the growth of national economy, enhancing the quality of life of the citizens of the country.

The Civil Aviation Authority of Sri Lanka consists of eight (08) members. Five (05) of them are appointed by the Minister in-charge of the subject of Civil Aviation. The Secretary, Ministry of Defence, a representative of the Minister in-charge of the subject of Finance and the Director-General of Civil Aviation are the other three members of the CAASL ex-officio. The Chairman and Vice Chairman are appointed by the Hon. Minister in charge of the subject of civil aviation. The Director General of Civil Aviation is appointed by the Cabinet of Minister and

is the Chief Executive Officer of the CAASL by statute.

The term of office of the appointed members is three (03) years from the date of appointment.

The Authority is subject to general direction and control of the Minister in-charge of the subject of civil aviation.

MEMBERS OF THE CAASL

The following Members held office in 2014 as the Members appointed by the Minister.

General Rohan De Silva Daluwatte
(Chairman)
Mr. J M S W Jayasundara
(Vice Chairman)
Mr. Zaki Alif (Member)
Mr. L D S Balasuriya (Member)
Mr. A W Sadiqul Ameen (Member)

Members - Ex-officio

Mr. Gotabaya Rajapaksa,
Secretary Defence
Mr. P. Algama, Director General
Department of Public Finance
Mr. H M C Nimalsiri, Director General
of Civil Aviation

Chairman, General Rohan de Silva Daluwatte, WWV, RWP, RSP, VSV, USP, LOM, ndc, psc received his primary education at Dharmapala Vidyalaya, Pannipitiya and secondary education at Ananda College, Colombo where he excelled both in his studies and sports.

He joined Sri Lanka Army in 1961 and was sent to the Royal Military Academy, Sandhurst, UK for his Officer Cadet training. Having passed out first amongst the Sri Lankan Cadets, he was posted to the Armoured Corps as a Second Lieutenant and sent to the Royal Armoured Corps Centre, Bowington, UK, for his young officers' course. Since then he received many training courses including the prestigious staff College Course at Wellington, India and National Defence Course in New Delhi, India. During his illustrious career of 41 years he has held many important command, staff and training appointments such as overall Operations Commander, Chief of Staff, Divisional Commander, Brigade Commander and Commandant Army Training Centre.

He also conducted many operations including the most important 'Operation Riviressa',

where he, as the overall Operations Commander North and East, liberated Jaffna Peninsula in 1995.

He also attended many international seminars including Pacific Armies Management Seminar which was co-hosted by Gen Daluwatte and Commander Pacific Army, USA, where he was awarded the LEGION OF MERIT by the President of the USA for the exceptional meritorious conduct in the performance of outstanding service.

Having reached the pinnacle of his career as the Commander of the Army, he retired from the Army in December 1998. In appreciation of the valuable service rendered, he was promoted to the rank of General and appointed Chairman of the Joint Operations Bureau. When the Army was losing ground in Wanni and was about to lose Jaffna Peninsula, he was appointed as the Chief of Defence staff and was sent to Jaffna to arrest the situation. Having accomplished the task successfully, he finally retired from the

CHAIRMAN

GENERAL ROHAN DE SILVA DALUWATTE
WWV, RWP, RSP, VSV, USP, LOM, ndc, psc.



military service in 2002. Thereafter, he was posted to Brazil as the Ambassador, where he established the Sri Lankan Embassy in Brazil as there was no mission at that time. At the end of his tenure of duty as the Ambassador, he was awarded the prestigious GRAND CROSS OF THE NATIONAL ORDER OF THE SOUTHERN CROSS by the President of Brazil in recognition of his outstanding contribution, in the promotion of good relations between Brazil and Sri Lanka.

When he returned to Sri Lanka he was appointed as the Chairman/CEO of the National Gem and Jewelry Authority in the year 2011 and in 2012, he was appointed as the Chairman of the Civil Aviation Authority. He was also appointed as the Chancellor of the Kotelawala Defence University.

He, being a keen and versatile sportsman, won colours for Athletics, Basketball, Cricket, Badminton and Tennis. He represented the National Basketball team for twenty years and captained the team as well. The most outstanding achievement in Athletics was when he won the Triple Jump event at the British Army Championships and having represented the British Combined Services

in Athletics at the British National Athletic meeting, he was able to win the British Combined Services Colours for Athletics. Throughout his career he has proven his management skills in every task he has undertaken.



VICE CHAIRMAN
MR. J. M. S. W. JAYASUNDARA

Mr. J M S W Jayasundara was an outstanding sportsman who had his primary education at Dharmaraja College, Kandy. He joined the Police Department in 1971 and retired as a Deputy Inspector General after 37 years of service with an unblemished record. He had been to Japan, Malaysia, Scotland Yard, USA and France for training during his illustrious career. He is also a life time member of the

International Police Association. He was the Director Special Task, Airport and Aviation Services (Sri Lanka) Limited, before assuming duties as the Vice Chairman and a member of the Board of Civil Aviation Authority of Sri Lanka.



**Secretary Defence - Ministry of Defence and Urban Development –
(Member Ex-Officio)
MR. GOTABAYA RAJAPAKSA - RWP, RSP**

Mr. Gotabaya Rajapaksa RWP, RSP had his early education at Ananda College, Colombo. Being an alumni of

Army Training Centre, Diyatalawa, he was commissioned into Sri Lanka Signal Corps on 26th May 1972.

In 1974, he was transferred to Sri Lanka Sinha Regiment. He also has served in Rajarata Rifles (in 1980) and in Gajaba Regiment (in 1983), where he served until his premature retirement in 1991, as a Lieutenant Colonel. During his illustrious career in the Army Mr. Rajapaksa followed a number of prestigious

courses including Defence Services Staff College at Wellington, India and the Infantry Officers' Advance Course in USA. Mr. Rajapaksa is a veteran of the Vadamarachchi Operation. He Commanded 1st Battalion of the Gajaba Regiment during this Operation.

He successfully commanded the same Battalion during Thrivida Balaya, Jayashakthi operations in 1990. He also held the post of Deputy Commandant of Kothalawela Defence Academy. He was awarded Rana Wickrama and Ranasura Medals for his distinguished, outstanding and successful service career.



**Director General of Civil Aviation and Chief Executive Officer – (Member Ex-officio)
Mr. H M C NIMALSIRI**

Mr. H M C Nimalsiri is the Director General of Civil Aviation and Chief Executive Officer of the Civil Aviation

Authority of Sri Lanka since its inception in 2002. He held the post of Assistant Director (Operations) in the Department of Civil Aviation since 1987. Mr. Nimalsiri is amongst the few officials who pioneered drafting of the new legislative framework for the establishment of the Civil Aviation Authority of Sri Lanka and also for the enactment of the Civil Aviation Act No.14 of 2010 which replaced the Air Navigation Act No.50 of 1950.

During his career progression, Mr. Nimalsiri followed numerous training courses relating to personnel licensing, air transport, aviation safety & security, navigation services, safety auditing, safety management systems, aircraft accident investigation etc., and possesses extensive knowledge and experience in the field of civil aviation.. He has also undergone ICAO Universal Safety Oversight Auditors Course, Safety Management Systems and State Safety Programme training courses.

Mr. Nimalsiri has taken part in various regional and international conferences on Civil Aviation and many bilateral air services negotiations with foreign States representing the CAASL and the former Department of Civil Aviation. In 2007 he was seconded under leave of absence granted by the Government of Sri Lanka to the International

Civil Aviation Organization for a period of three years to function as the Programme Coordinator of the regional programme established by seven South Asian States for development of safety oversight capacities of the respective States through regional cooperation.

Mr. Nimalsiri has obtained a B.Sc degree from the University of Colombo and has completed a M.Sc degree in computer science in the same University. He has also obtained a Flight Operations Officer Licence after following a qualifying training course in Ulynovsk, Russia. He has followed Aviation Safety and Security Management Certificate Programme conducted by the George Washington University, USA in 2004 and taken part at the International Summit on Aviation Safety and Security conducted by the same University in 2006.

He also serves as a visiting lecturer of the University of Moratuwa, which offers a B.Sc special degree on Transport and Logistics Management with aviation as one of the streams of subjects.

Mr. Nimalsiri was elected the Chairman of the Regional Aviation Safety Group of Asia and Pacific Region. He has also been elected as the Second Chairman of the Asia Pacific Air Navigation Planning & Implementation Group (APANPIRG) which is steered under ICAO, for planning and implementation of air navigation matters in the Asia Pacific Region.



Member
MR. ZAKI ALIF

Mr. Zaki Alif is a Director of Stassen Group of Companies, and is the Chairman of Dambadeniya Development Foundation. In addition, he is the Managing Trustee of Hambantota Development Foundation.



Member
MR. A W SADIQUL AMEEN

Mr. A W Sadiqul Ameen had his early education at Nasriya Central College, Chilaw and he pursued higher studies at Faculty of Law, University of Colombo and Sri Lanka Law College.

Mr. Ameen is the Director (Legal) in S D R Jayaratne Foundation and is the Vice President of Old boys Association of Nasriya Central College.



Member

MR. L D S BALASURIYA

Mr. L D S Balasuriya is a retired Civil Engineer. He is the founder Chairman of Lanka Knitwear (Pvt.) Ltd, a BOI Company and Samsico Apparels (Pvt.) Ltd.

Mr. Balasuriya is the Managing Director of Samsico Exporters, a company dealing with export of coconut fiber and allied products.



Representative of the Ministry of Finance (Member Ex-Officio)

MR. PRIYANGA ALGAMA

Mr. Priyanga Algama is the Director General of the Department of Public Finance, Ministry of Finance and Planning. He has served in various capacities, as a Deputy Director / Director of Department of National Budget (2000-2007), Director of the Department of Public Enterprises (2012), and as a Senior Finance Officer of the shared Services of the Queensland Government (2008-2012).

He holds a Master degree in Business Administration from Nanyang Technology University, Singapore and MIT Boston, USA. He is also an Associate Member (ASA) of CPA Australia.

Mr. Priyanga Algama was appointed to the Board of Directors of CAA by the Secretary to the Treasury as a non-independent and non-executive Director, effective 08th October 2013.

GOVERNANCE AND ACCOUNTABILITY OF CAASL

ROLE OF THE AUTHORITY

The Major role of the Authority includes, but is not limited, to the following:

- To communicate with the Hon Minister and other Government stakeholders to ensure their views are reflected in the planning of the country's civil aviation sector;
- To set policies and goals in the field of civil aviation and monitoring organizational performance towards achieving the objectives of the CAASL and updating the CAA Corporate Plan to reflect the government's objectives in the civil aviation sector, as applicable;
- To delegate responsibility for the achievement of specific objectives of the Director –General of Civil Aviation who is also the Chief Executive Officer, CAASL –Ex-officio;
- To employ qualified and skilled personnel and determine their terms and conditions of service including remuneration to be able to perform CAASL's functions and duties;
- To be accountable to the Hon Minister on plans and progress towards the implementation of the CAA Corporate Plan and;
- Ensuring systems of internal controls are maintained.

Board of Directors

Board of Directors of the Authority comprises of Members who have diverse skills and experience in business, legal and aviation industry in order to bring a wide range of thought to bear on policy issues. Once appointed, all Members are required to act in the best interest of the Civil Aviation Authority and must acknowledge that the Authority must stand unified behind its decisions and that individual Members have no separate governing role outside the Authority.

The Authority directs the Chief Executive Officer by delegating powers and functions for achievement of CAASL's objectives through setting policies. The forward plans of the Authority are included in its triennium Corporate Plan and are effectively monitored through the Annual Work Programme, Training Programme and Programme Budget which are approved by the Authority at the beginning of every year. The Authority

also gives directions to the Chief Executive Officer through Board resolutions in regard to all other matters for which no specific provisions currently available and it is the duty of the Chief Executive Officer to give effect to such resolutions.

Executive Powers of the Authority

In terms of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002, the Cabinet of Ministers appoints the Director General of Civil Aviation who shall also be the Chief Executive Officer of the Civil Aviation Authority by Statute. He shall be subject to such terms and conditions of employment as shall be determined by the Cabinet of Ministers, and shall carry on all such duties and functions assigned to him by or under the Civil Aviation Authority of Sri Lanka Act or any other applicable written law and be charged with the general administration of the functions of the Authority.

AUTHORITY COMMITTEES

The Authority has set up five standing committees viz, Staff Committee, Finance Committee, Planning Committee, Audit Committee and Civil Aviation Development and Education Committee to focus more attention on specific issues and design and implement development plans. Each Committee has been delegated powers for establishing and monitoring the organization's progress towards meeting the objectives of the Authority and achieve set targets and goals. Notwithstanding the delegation of powers and function to any of the following Committee, the Board may continue to exercise powers on any or all such matters as deemed necessary.

Staff Committee

The Staff Committee is responsible to the Authority in respect of the following matters:

- Adoption of an organizational structure and modification thereto as and when necessary;
- Determination of salaries and cadre;
- Employees' matters pertaining to selection, recruitment, appointment, promotion, demotion, retirement termination etc.;
- Employees' disciplinary actions;
- Updating the CAA Corporate Plan;
- Monitoring the Annual Work Programme and Training Programme of the CAASL;
- Development of Administrative Rules and Procedures for CAASL;
- Development of Disciplinary Procedures for CAASL Employees ;
- Development of Office Procedures for CAASL;
- Grant of approval for employees overseas training and Grant of scholarships for CAASL Employees ;
- Grant of approval for acquiring movable or immovable properties and/ or planning and development of such properties;
- Development of compensation schemes for premature retirement or separation for DCA employees , and
- Development of social and welfare schemes for CAASL employees.

The Staff Committee comprised of the following Members of the CAASL:

1. General Rohan De Silva Daluwatte, Chairman
2. Mr. Sarath Jayasundara, Vice Chairman
3. Mr. H M C Nimalsiri, DGCA/CEO
4. Mr. L.D Balasuriya, Member

Finance Committee

The Finance Committee is responsible to the Authority in respect of the following matters:

- Preparation of Annual Budget Programme;
- Development of Financial Rules and Procedures for CAASL;
- Monitoring the purchase of properties, equipment, facilities or services;
- Monitoring the avenues of revenue of the CAASL ;
- Development of Rules and Procedures relating to Procurements and monitoring such matters;
- Authorizing payments exceeding Rs.10,000,000 million;
- Granting approval for write off of any item; and
- Thrift Management in CAASL.

The Finance Committee comprised of the following Members of the CAASL:

1. General Rohan De Silva Daluwatte, Chairman
2. Mr. H M C Nimalsiri, DGCA/CEO
3. Mr. Priyanga Algama, Member - Representative of the Ministry of Finance

Planning Committee

The Planning Committee is responsible for the following matters:

- Development of the National Civil Aviation Policy;
- Development of a National Civil Aviation Development Plan;
- Review of Primary and Subsidiary Legislation relating to Civil Aviation and

introduce amendments, where necessary;

- Monitoring the implementation of National Civil Aviation Security Programme;
- Monitoring the implementation of National Air Transport Facilitation Programme;
- Monitoring Civil Military Co-ordination;
- Monitoring Air Service Operations, and
- Monitoring the activities of Aeronautical Service Providers.

The Planning Committee comprised of all eight Members of the Authority.

Audit Committee

The Audit Committee is responsible for the following matters:

- Determination of the responsibility of the Internal Audit Unit and review the annual audit plan;
- Review and evaluate internal control systems for all activities of the entity;
- Review performance at regular intervals to ensure cost effectiveness and to eliminate wasteful expenditure etc.;
- Liaise with external auditors and follow up on Auditor General's management letters;
- Ascertain whether statute, regulations, rules and circulars are complied with;
- Review financial statements to ensure compliance with accounting standards;
- Review internal audit / external audit reports, Management letters for remedial action;
- Review implementation of recommendations/ directives of the Committee on Public Enterprises;
- Prepare report on the findings of the Committee for inclusion in the Annual Report and;

- Report on all audit matters to the Authority as and when requested to do so by the Authority.

The Audit Committee comprised of the following members.

1. Mr. Priyanga Algama, Chairman (Representative of the Ministry of Finance)
2. Mr. Sarath Jayasundara, Vice Chairman
3. Mr. L D S Balasuriya, Member
4. Mr. S Ameen, Member
5. Mr. Rohan Senevirathne, Member
6. Mr. S M Chandrapala, Representative from Ministry of Civil Aviation

Civil Aviation Development and Education Committee (CADEC)

The Civil Aviation Development and Education Committee comprising the following employees of the Civil Aviation Authority was established in August 2010 for planning, development and implementation of special programmes aimed at enhancing public awareness in civil aviation activities. This Committee is headed by the DGCA & CEO and assisted by the Senior Director and Director (Corporate).

1. Mr. Dev Kowsala Samarajeewa-Vice Chairman
2. Mr. Nilantha Tennakoon-Secretary
3. Ms. Manjula Wickramanayake-Treasurer
4. Mr. S.P.B Wattewewa
5. Mr. M.H.I.K Gunawardana
6. Ms. G.E Millawithanachchi
7. Ms. C.H Kodithuwakku
8. Mr. G. C. G. P Dabarera
9. Ms. Dulanjali Mapitiyage
10. Mr R. L Thalagala
11. Mr T.M.Y.B Tennakoon

Relations with Stakeholders

The Authority acknowledges its responsibility to keep in close and constant contact with stakeholders, in particular, to remain cognizant of the expectations of the Hon. Minister in charge of the subject of Civil Aviation.

Responsibility of the Authority and Senior Management

Key to the efficient functions of the Civil Aviation Authority is that there is a clear demarcation between the role of the Authority and the Senior Management headed by the CEO.

The Authority concentrates on setting high level policies and strategies, and then monitors progress towards meeting the objectives. It further provides directions on matters where specific provisions do not exist in its current protocols.

The Senior Management headed by the Chief Executive is charged with the implementation of these high-level policies and strategies.

The Authority stands apart and does not have responsibility for the discharge of specific regulatory obligations cast on specifically on the Director-General of Civil Aviation in terms of the Civil Aviation Act No.14 of 2010, the Air Navigation Regulations made thereunder or any other written law. However, the Authority will provide all resources which includes but not limited to personnel, equipment, facilities and services that are required by the Director General of Civil Aviation to discharge such regulatory obligations and the obligations cast on the State.

The Authority clearly demonstrates these roles by ensuring that the delegation of powers and functions to the Director-General of Civil Aviation and Chief Executive Officer of CAASL is concise and complete.

Accountability

The Authority and its Committees hold frequent meetings to monitor the progress towards its strategic objectives and to ensure that the affairs of the Civil Aviation Authority are being managed and conducted in accordance with the Authority's policies, strategic directions, and expectations as set out in its Corporate Plan.

Conflict of Interest

The Authority maintains an Interests Register and ensures that the Authority Members are aware of their obligations to declare interests. This approach is also reflected in the maintenance of a conflict of interest register for the Members of the Board and all employees in the executive grade.

Internal Audit

While many of the Authority's functions have been delegated, the overall responsibility for maintaining effective systems of organizational control remains with the Authority.

Internal controls include the policy systems and procedures established to ensure that the specific objectives of the Authority are achieved. The Authority and the Senior Management have acknowledged their responsibility by signing the Statement of Responsibility, contained in this report.

The Authority has an Internal Audit Unit that is responsible for detailed scrutiny and monitoring systems of internal control in each of the CAASL Sections. This Unit is responsible for maintenance of the quality of overall services rendered by the CAASL and reliability of financial and other information reported to the Authority through the Director General of Civil Aviation and Chief Executive Officer.

Internal Audit operates independently of the Senior Management and reports its findings directly to the Director General of the CAASL who is also the CEO of the CAASL and to the Audit Committee as per the set protocols.

Legislative Compliance

The Authority acknowledges its responsibility to ensure that the organization complies with all legislation. The Authority has delegated responsibility to the Senior Management for the development and operation of a Programme to systematically identify compliance issues and ensures that all employees are aware of legislative requirements that are particularly relevant to them.

The Authority has decided that application of general or specific circulars and/or directives issued by the Government organizations to the Authority would only be confined to the extent as may be determined by the Authority on case by case basis. Hence each circular issued by a Government Department will not automatically be applied in the management of the CAASL unless the Authority examines as to the effect of such circular contents on effective functioning and discharge of the legitimate powers, functions and duties of the Authority and decides the nature and scope

of such applications. The Corporate Division of the CAASL will maintain an updated list of concordance in regard to extent of application of the Government Circulars to the functioning of the CAASL.

Ethics

The Authority, having developed a code of ethics, regularly monitors whether all members of the staff maintain high standards of ethical behavior and practice the principles of 'good corporate governance'. Monitoring compliance with ethical standards is done through means such as monitoring trends in complaints and disciplinary actions, internal audit reports, or any reports or indications that show non-conformance with the principles contained in the code of ethics.

Good corporate citizenship involves the Authority, including its employees, acknowledging that it is a member of many communities outside of itself and the industry it oversees and making a commitment to act in a transparent, consistent and responsible manner with the morals and accepted rights and responsibilities of all citizens of those communities.

CIVIL AVIATION AUTHORITY OF SRI LANKA

Vision

To be a prime catalyst to the growth of the National Economy.

Mission

To facilitate through strategic planning and effective regulation, the operation of a safe, secure and efficient national civil aviation system that conforms to International Standards and Recommended Practices and national legislative requirements.

Motto

‘Safe skies for All’

Premise

The airspace above us is a public asset to be managed for the progress and prosperity of the country and posterity of the nation.

Goals

- To achieve or exceed safety and security outcome targets;
- To be appropriately resourced;
- To be professional and competent;
- To attain wide credibility and recognition;
- To sustain or enhance its achievements;
- To achieve the highest level of productivity in everything being done;
- To maintain high degree of compliance with the International Standards and Recommended Practices; and

- To be a strong facilitator for planning and development of civil aviation.

Strategies

- Improved and consistent implementation of statutory functions and fulfillment of social obligations in conformity with the applicable International Standards and Recommended Practices;
- Identification and implementation of solutions to significant aviation problems;
- Introduction of specific culture change initiatives;
- Working in co-operation and partnership with the Aviation Industry;
- Operating in a transparent and consistent manner and communicating effectively both externally and internally; and
- Maintaining the effectiveness and consistency of all documents, materials, and internal procedures.

Values

- The CAASL and its employees;
- assign the top priority and importance to aviation safety and promote safety culture;
- excel in the services being provided to the CAASL clientele;
- have a ‘can do’ attitude in everything being undertaken;
- aim to be reliable, realistic and consistent;
- are willing and able to change in pursuit of continuous improvement;
- work together to achieve success;
- are open, honest and transparent;

- promote efficiency, productivity and regularity in everything being done;
- trust and respect colleagues thereby uphold teamwork;
- value everyone's contribution;
- recognize social responsibilities and obligations;
- enjoy what is being done;
- take pride in the professional approach; and
- have a balanced home and work environment.

CAASL's immediate targets

- To prevent fatal accidents in the commercial aviation sector;
- To prevent hijacking and unlawful interference in civil aviation activities;
- To prevent general aviation accidents;
- To prevent fatal aviation related accidents on ground at airports;
- To reduce accidents in engineering/maintenance workshops;
- To achieve and maintain commercial flight incident ratio below 1 per 10,000 flying hours;
- To reduce the general aviation flight incident ratio below 1 per 5,000 flying hours;
- To reduce the flying incident ratio at flying colleges 1 per 10,000 flights;
- To reduce the number of commercial flight incidents ratio involving Ground Support 1 per 20,000 flying hours;
- To reduce the number of general aviation flight incidents involving ground Support 1 per 10,000 flights;
- To reduce the number of flight incidents ratio involving ATS Support 1 per 50,000 flights;
- To support minimizing delays in on-time departures;
- To enable air travel affordable to people of average class;
- To encourage improving the quality of service in air travel;
- To facilitate minimizing congestion and expedite passenger processing at airports, whilst being mindful of the security requirements;
- To help minimizing operational costs in the air transportation and eliminate waste;
- To help minimizing adverse effects of aviation on the environment; and
- To educate school children on the potential benefits of civil aviation.

Outcome

- Fulfillment of the State's international obligations in the field of civil aviation and constant implementation and enforcement of International Standards and Recommended Practices registering very high level of effective implementation of SARPS;
- International recognition of the civil aviation system of Sri Lanka which is free from embargoes / restrictions and avoidance Significant Safety Concerns being raised by the ICAO against the State's aviation system;
- Enhanced Safety, security, efficiency and regularity in civil aviation and consequential public confidence in the air transport system; and
- Optimum use of Sri Lanka airspace for the wellbeing of the citizens of Sri Lanka;
- Socio-economic development of the country;
- Prevention of economic waste caused by unreasonable competition;
- Improved access and mobility of people and goods by air;
- Dependable services in the field of civil aviation;
- Education of school children in the field of civil aviation;
- Promotion of all aspects of civil aeronautics;
- Protecting and promoting public health;
- Proper legal framework for effective regulation and enforcement; and Environmental Sustainability.

OUTPUTS

Output Class	Output
Policy Advice	<ul style="list-style-type: none"> Advise the Government & other Organizations Legislative Reforms Development of Rules Development and Promulgation of Implementing Standards Development of Aviation Policy Development of Manuals of Procedures Master Planning of Aviation Infrastructure
Safety Assessment & Certification	<ul style="list-style-type: none"> Risk Management Airport/Airfield Sector Safety Airlines Sector Safety General Aviation Sector Safety Personnel Licensing Safety Flying Training Safety Aircraft Maintenance Safety Aviation Services Sector Safety Risk Management
Safety Analysis, Information and Promotion	<ul style="list-style-type: none"> Safety Investigation Safety Analysis Safety Information, Education and Promotion Aircraft Accident & Incident Investigations and Implementation of Safety Recommendations
Authorization	<ul style="list-style-type: none"> Airline Schedule Approval Airfare Approval Travel Agent Certification Registration of Aircraft Authorization for Import of Aircraft Spare Parts Authorization of Tall Structure Constructions Authorization for GSA Designation of Local Carriers for International Operations
Security Assessment	<ul style="list-style-type: none"> Civil Aviation Sector Security Risk Management
Enforcement	<ul style="list-style-type: none"> Responses to Regulatory Breaches Enforcement of Public Health and Hygienic Requirements
Assistance to the Government	<ul style="list-style-type: none"> Collection of Embarkation Levy from Airlines

REGULATORY SCOPE

By the end of 2014, the Regulatory Scope of the Civil Aviation stood as follows.

Regulated Area	2014	2013	Change (%)
Airports			
Domestic Land Airports	12	12	-
Domestic Water Aerodromes	14	12	+16.6%
International Airports(With RMA)	03	03	-
Airlines			
Local Airlines engaged in domestic air services	08	06	+33%
Local Airlines engaged in international air services	03	03	-
International Foreign Airlines	24	24	-
Training Organizations			
Flying Schools	08	05	+60%
Engineering/Maintenance Schools	05	05	-
Air Traffic Services related	01	01	-
Aeronautical Services Providers			
Aerodromes	01	01	-
Air Traffic Services	01	01	-
Aeronautical Ground Aids	01	01	-
Aeronautical Telecommunication Services	01	01	-
Aviation Security Services	01	01	-
Ground Handling Services	01	01	-
Catering Services	01	01	-
Aircraft Refueling & Lubricant supply	01	01	-
Maintenance & Repair	01	01	-
Aircraft			
H (Heavy) aircraft types of 136 000 kg (300 000 lb) or more;	16	14	+14%
M (Medium) aircraft types less than 136 000 kg (300 000 lb) and more than 7 000 kg (15 500 lb); and	22	18	+22%
L (Light) aircraft types of 7 000 kg (15 500 lb) or less	33	31	+4%
Flying Training Devices			
Local full flight Simulators-A320	03	01	+200%
Foreign based full flight Simulators	03	05	-40%
Personnel			
Student Pilot Licence Holders	211	231	-9%

Private Pilot Licence Holders	151	123	+23%
Commercial Pilot Licence Holders	394	339	+16%
Air Transport Pilot Licence Holders	350	498	-30%
Air Traffic Control Licence Holders	85	74	+15%
Aircraft Maintenance Engineer Licence Holders	5	5	-
Air Craft Maintenance Licence Holders	436	474	-8%
Flight Dispatcher Licence Holders	190	189	+0.5%
Aeronautical Station Operator Licence Holders	04	04	-
Cabin Crew Member Certificate Holders	1198	1186	1%
Flying Instructors	12	05	+77%
Assistant Flying Instructors	24	09	+166%
Ground Instructors	22	23	-4%
Flight Examiners	12	12	-
Designated Check Pilots	34	34	-
Designated Aeronautical Medical Examiners	06	05	+20%
Certified Aviation Security Screeners	571	504	+13%
Air Transport Service Providers			
Global Distribution Service Providers	4	4	-
Air Transport Service Provider Licence -Group A	550	493	+11%
Air Transport Service Provider Licence -Group B	38	19	+100%
General Sales Agents	23	22	+4%
High Rise Constructions			
Telecommunication towers	6126	6090	0.6%

ACCIDENT INVESTIGATION UNIT

The CAASL has established two forms of reporting of aviation occurrences viz, Mandatory Occurrence Reporting and Voluntary Reporting aiming at collection of vital data and information which is fundamental for operation and effective management of aviation safety.

Out of a total of 243 diverse aviation occurrences reported to the CAASL in 2014 under its Mandatory Reporting System, 222 occurrences were related to aircraft registered in Sri Lanka and the balance were in relation to foreign registered aircraft operated within the territory of Sri Lanka.

A total of 86 Bird Strikes were reported in 2014 whilst System/Component failures or malfunctions were 61. Amongst the reported, 37 bird strikes occurred at Bandaranaike International Airport and 16 at Mattala Rajapaksa International Airport.

Based on the severity of occurrences and probability of recurrence, CAASL conducted detailed investigations on a few selected occurrences. Accordingly, an incident involving windshield crack in SriLankan Airlines flight UL503 operated by an Airbus A330 aircraft during cruise, Fall of tire by a training flight of Millennium Airlines aircraft Cessna 152, 4R-DJD during a solo circuit training were investigated and the reports were being prepared with safety recommendations.

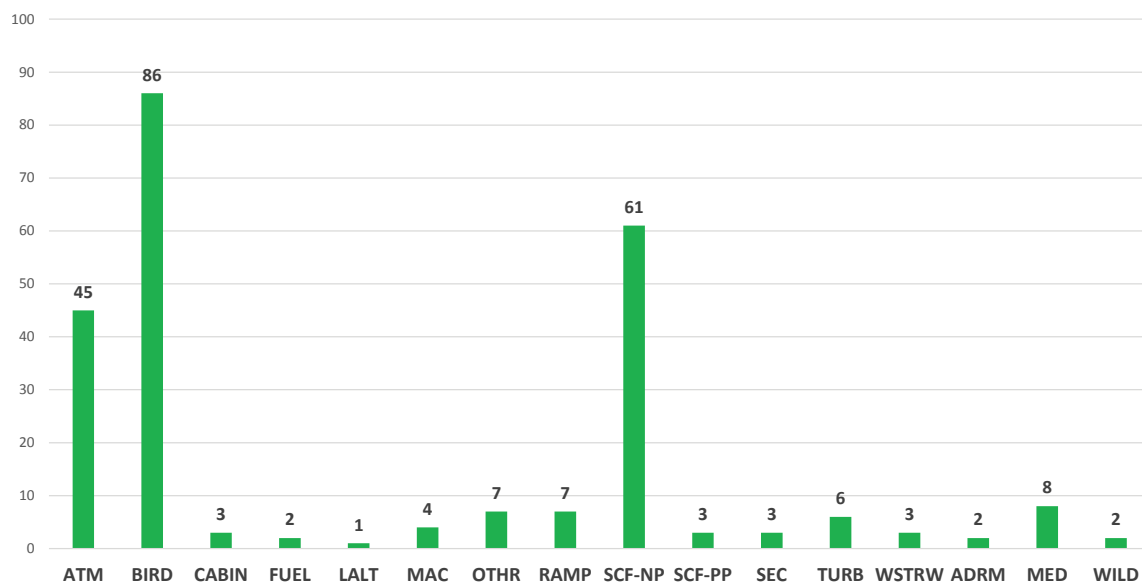
In addition, remaining work of the investigation of a serious incident which occurred in 2013 at Bandaranaike International Airport, Katunayake, involving a SriLankan Airlines flight continued and expected to be completed soon.

As part of enhancement of the capacity for Aircraft Accident Investigation, two of the registered investigators were trained on advance aircraft accident investigation in Singapore.

The present ECCAIRS database system (European Co-ordination Centre for Aviation Incident Reporting Systems) implemented in CAA was upgraded with the new Version 5, and subsequently the upgrade was done for local Operators. The ECCAIRS system which was established in the CAASL in 2010 contains a total records of 802 occurrences as at the end of 2014.

The following chart reflects the major breakdown of reported occurrence in 2014.

All reported occurrences into aircraft registered in Sri Lanka and into foreign registered aircraft within the territory of Sri Lanka in 2014



ADRM	Aerodromes
ATM CNS	Air Traffic Management (ATM) or Communications, Navigation, or Surveillance (CNS) service issues
BIRD	Bird strikes
CABIN	Cabin safety events
FUEL	Fuel related
LALT	Low altitude operations
MAC	Airprox/ACAS alert/loss of separation/midair collision
MED	Medical
RAMP	Ground handling
RE	Runway Excursion
SCF-NP	System/component failure or malfunction (non- power plant)
SCF-PP	Power plant failure or malfunction
SEC	Security related
TURB	Turbulence encounter
WSTRW	Wind-shear or thunderstorm
WILD	Collision Wildlife
OTHER	Other

INTERNAL AUDIT SECTION

The Internal Audit Section has taken necessary steps to ensure the integrity of accounting and financial reporting system and effectiveness of the internal control systems of the CAASL through a detailed and systematic review and monitoring of such systems on a periodic basis. It further ensured that functions were complying with laws and regulations and established policies and procedures of the CAASL. 39

compliance monitoring audits including 07 technical audits and 20 financial audits were carried out during the year 2014. The Audit observed a total number of 148 findings/ deviations and the Senior Management was informed of them for rectification.

AERONAUTICAL SERVICE DIVISION

AVIATION SECURITY SECTION

Aviation Security Section engaged in initial certification and continuing surveillance of the activities related to aviation security in accordance with the approved Annual Work Programme for 2014.

Formal Certification process of Airport & Aviation Services (S.L.) Ltd. as the Aviation Security Service Provider commenced. There were 09 Aviation Security Managers, 81 Aviation Security Screeners and 04 Aviation Security Instructors certified and 490 Aviation Security Screeners re certified during the year. 25 inspections, 01 test and monitoring of security of 18 VVIP flights were carried out.

The security programme of the SriLankan Airlines and 28 foreign airlines were evaluated in order to ascertain implementation status of aviation security measures of controls in accordance with the National Civil Aviation Security Programme by the respective airline operators.

Total of 160 approvals were granted for carriage of munitions in commercial civil aircraft in the year.

AERODROMES AND AIR NAVIGATION SERVICES SECTION

Aerodrome Certification Renewal Audit of Bandaranaike International Airport

It is a requirement of International Civil Aviation Organization to certify all airports to which international traffic operates.

Certification of international airports are done by the State civil aviation regulator after conducting a safety audit which includes reviewing of Aerodrome Manual and other relevant documents, implementation of an Aerodrome Safety Management System and conducting an onsite Audit to check aerodrome facilities, services, equipment and procedures. Bandaranaike International Airport was first certified in year 2010 for a validity period of 2 years consequent to a 5 day on sight audit. As such the second Aerodrome Certification Renewal Audit was conducted through four days in March 2014. After taking necessary actions to correct deficiencies observed in the audit, the Aerodrome Certificate was renewed for another 2 years.

Surveillance Activities

The Surveillance Program related to Aerodromes and Air Navigation Services included monthly inspections of Air Traffic Control Centres, Aerodromes and Aeronautical Information Service Centres.

35 inspections were carried out at the Air Traffic Control Centres which covered the Area Control Centre at Ratmalana, Approach Control Centre at BIA, Control Tower BIA, Control Tower MRJA and Control Tower RMA.

In the aerodromes area, 38 aerodrome inspections were carried out during the year covering all civil aerodromes in Sri

Lanka, the Bandaranaike International Airport, Mattala Rajapakse International Airport and Ratmalana Airport. In addition, 02 inspections were conducted on water aerodromes and 05 inspections on heliports. 02 heliports established at hospitals were approved for operations.

In respect of Aeronautical Information Services, there were 27 inspections conducted on Aeronautical Information Service Centres at BIA, MRIA and RMA. The deficiencies observed during those inspections have been notified to the service provider, the Airport & Aviation Services (SL) Ltd., for immediate rectification. Follow up action has been taken to ensure that identified deficiencies are corrected in time.

Implementation of Performance Based Navigation (PBN)

Implementation of the Performance Based Navigation (PBN) is presently the highest priority matter concerning global air navigation. PBN offers significant benefits including improved safety through more straight-in-instrument approaches with vertical guidance, increased airspace capacity, increased airport accessibility, more efficient operations, reduced infrastructure costs and reduced environmental impact.

The 37th Session of the Assembly defined targets in terms of the percentage of implementation of approach procedures with vertical guidance (APV) (Baro-VNAV and/or augmented GNSS) including Lateral Navigation Approaches (LNAV) only minima, for all instruments runway ends, either as the primary approach or as a backup for precision approaches viz. 30% by 2010, 70% by 2014 and 100% by 2016.

However, Air Navigation Statutory Service Provider (Airport and Aviation Services Ltd.) who operates the two international airports in Sri Lanka with 4 instrument runways could not achieve the regional

target and therefore the progress made by Sri Lanka in regard to implementation of PBN is portrayed in the ICAO Air Navigation Regional Database to be 0% albeit regulatory assistance, financial support to be a member of the Flight Procedure Programme of Asia Pacific Region established by ICAO to help States in need of assistance and despite repeated reminders.

Issuance of Overflying and Landing Permission

During the year 2014, CAASL issued permission for 31, 818 international flights to over fly the Colombo Flight Information Region, 21,576 flights to fly over Sri Lanka airspace and 789 international nonscheduled flights to land in Sri Lanka.

Aerial Work by Helicopters

Several commercial helicopters engaged in aerial work operations such as aerial photography, aerial video filming, and aerial surveys for electronic imaging, flower drops, leaflet drops and brand promotional work for advertising purposes of corporate establishments. 42 approvals for such flights were issued in coordination with other relevant agencies during year.

Other Activities

Other main activities conducted in the Aerodromes and Air Navigation Services include the issuance of height clearances for the construction of high rise structures in terms of applicable zoning regulations, testing of Air Traffic Controllers (ATCs) for the issuance of ratings, conducting tests of the ATCs in order to maintain their standards and approval of the components of the Aeronautical Information Publication (AIP) Package at the initial issue and subsequent amendments.

SPECIAL PROJECTS SECTION

Infrastructure Development

In the year 2014, the Civil Aviation Authority continued its efforts to develop the infrastructure for the effective functioning of the Organization. Accordingly, the Special Projects Section undertook the major role in planning and supervising those constructions.

Construction of the Head Office Building for CAASL

CAASL continued with its work for construction of its head office building at Naikanda, Katunayake. A contractor was selected for the construction through an open bidding process in compliance with the Government procurement procedures. It is planned to complete the construction of Head Office building in year 2016.

Construction of Quarters at Weerawila for CAASL staff

Work commenced in 2013 continued for the construction of four, two storied buildings with 4 bedrooms each at Weerawila as quarters for CAA employees. A contractor was selected for the construction through an open bidding process in compliance with the Government procurement procedures. The construction was completed in October 2014 and it was ready for staff occupation by the end of 2014 / beginning 2015 once furnishing is completed.

Opening of the CAA Office at Mattala Rajapaksa International Airport

As the safety and security regulator of airports, the presence of the CAASL at Mattala Rajapaksa International Airport is essential. The newly constructed CAASL Office at MRJA to facilitate its work was opened in June 2014.

Deyata Kirula National Exhibition

CAASL operated a stall at Deyata Kirula Exhibition, each year, including year 2014 where the exhibition was held at Kuliyaipitiya Central College, in February for 10 days. In addition renovation of the Stadium of Sugathananda Maha Vidyalaya, Karukkuwa, Madampe was conducted as a parallel development project to Deyata Kirula in 2014 as a part of its social responsibility. The CAA also participated in an exhibition at Boraluwewa, Walpotuwewa Maha Vidyalaya held from 21-23 January 2014 and a trade exhibition at Makandura Maha Vidyalaya, Matara from 27th January to 01st February 2014 at the invitation of the Organizers of the respective events.

Conduct of Workshops / Training Programmes

CAPSCA Workshop

As per a decision taken at the 50th DGCA Conference held in Bangkok, CAASL hosted 07th meeting of the CAPSCA-AP (Collaborative Arrangement for the Prevention and Management of Public Health Events in Civil Aviation- Asia Pacific) in Colombo Sri Lanka from 20th -23rd May 2014.

The 7th CAPSCA-AP Meeting aimed to build upon the success by bringing together, aviation and public health sector stakeholders, to facilitate further collaboration to mitigate the risks from public health emergencies that affect the aviation sector.

There were 50 participants comprising ICAO, World Health Organization (WHO), Bangladesh, People's Republic of China, Hong Kong China, Indonesia, Macao China, Maldives, Malaysia, Philippines, Singapore, Ministry of Health Sri Lanka, CAASL, AASL as the Aerodrome Operator and the Air Navigation Services Provider, airport medical officers, airport security staff, Sri Lanka Customs, Department of Immigration and Emigration and airline representatives.

Flight Validation Course for Pilot International Civil Aviation Organization (ICAO) Asia Pacific Flight Procedure Programme conducted a Flight Validation Course in Colombo from 17th October to 05th November 2014 at the request made by CAASL.

The purpose of this course was to train the pilots in flight validation of Performance Based Navigation (PBN) flight procedures developed by Flight Procedure Designers. As per ICAO requirements, States are required to complete implementation of PBN by 2016, in line with Regional PBN implementation plan.

There were also foreign participants from Five States China, Thailand, Maldives, Philippines and Bangladesh at the training programme. Two pilots from SriLankan Airlines and one pilot from Mihin Lanka Airlines were also trained in flight validation at this course.

State Safety Programme Workshop

As per ICAO requirements, States are required to implement a 'State Safety Programme' (SSP) in order to improve safety in civil aviation in the State under the guidelines provided by ICAO. Civil Aviation Authority conducted a SSP course in Sri Lanka from 15th to 19th December 2014 with the help of experts from ICAO Technical Cooperation Bureau (ICAO TCB) for the States in the Region. Almost all the technical staff in the CAASL were trained in SSP at this training programme.

Publications/ Reports

The Annual Report-2013 was compiled, in accordance with the Civil Aviation Authority of Sri Lanka Act No 34 of 2002 in order for the Hon. Minister to present it before the Parliament.

Physical and Progress Reports, Committee Stage Budget Report, Projects Development

Reports etc. were submitted to the line Ministry and Central Bank as and when requested for such reports.

Civil Aviation Awareness Programme

The CAASL has also embarked on a project to develop future man power needs for aviation. As a move forward, the CAASL established a Civil Aviation Development and Education Committee (CADEC) which functions under the Special Projects Section to develop awareness of school children in aviation.

CADEC conducts Aviation Awareness Programmes in schools, encourages formulation of Aeronautical Clubs in schools and publishes a quarterly aviation education magazine titled 'Guwansara' with the view to enhance the knowledge of school children in the field of aviation.

During the year 2014, two school programmes were conducted and supported formulation of a total of 584 Aeronautical Clubs by the end of 2014. Three Guwansara magazines were issued and distributed to 3100 schools on complimentary basis.

FLIGHT SAFETY DIVISION

OPERATIONS SECTION

Certification of Air Operators

Air Operator Certification of 02 applicants for helicopter operations, viz. IWS Aviation and Skylark Aviation were completed and the approval was granted for them to engage in Domestic Commercial Air Operation. In addition, certification process was undertaken for 02 more airlines, viz. F-Airways and Fly Southern which are in progress at the phases of Document Evaluation & Inspection with the expectation of issue of the Air Operator Certificate (AOC) in 2015, which depends upon them demonstrating an adequate organization, method of control and supervision of flight operations, training programmes as well as ground handling and maintenance arrangements consistent with the nature and extent of the operation specified.

Fly Southern Aviation has filed an application to obtain an AOC and being processed. In order to assess the competence of the applicant for the grant of an AOC, CAASL has to conduct an in-depth evaluation of the proposed operation, which should at least cover organization, staffing, equipment & facilities, proposed routes, level and type of service and finances.

Work was also in progress for renewal of 03 AOCs of international operations and 06 AOCs for domestic operations. Additionally, 26 applications were evaluated for

amendments to Operations Specifications of the AOCs and approvals were granted after comprehensive evaluation process. The documents including revisions of Flight Operations Manuals, Training Programmes etc. of those AOC holders were also reviewed and approved as a certification obligation of the CAASL.

In respect of new foreign air operators, Transaero Airlines from Russia was initially certified and Rotana Jet Aviation from Abu Dhabi was initially issued Temporary Authorization to conduct operations to Sri Lanka. Further, renewal certification of 25 foreign air operators was attended to by issuing either an International Airline Licence or a Temporary Authorization where the airline is non-compliant with 13th amendment to the ICAO Annex 17 which is in force in Sri Lanka.

Permit for Transport of Dangerous Goods (DG) by Air

In 2014, Jet Airways was issued a permit for transport of Dangerous Goods by air while DG permits of 13 Foreign Airlines and 02 Local International Airlines were renewed. In addition, special DG approvals for Airlines for transportation of DG were also issued.

Surveillance

Regular surveillance was maintained on Local and Foreign Air Operators to ensure compliance of ICAO SARPs. Total of 115

surveillance activities were carried out in 2014 comprising 48 Ramp Inspections, 05 En-route Inspections, 24 DCP Monitoring Activities, 07 Main Base Inspections and 26 other inspections including Training Programme Observations.

Action was also taken to develop risk-based safety surveillance processes, including the prioritization of inspections and audits for 2015. In this endeavor, attention was given to develop Data Collection method for the Operator Compliance for Pilot Activities, Preflight Activities, Inflight Activities and Post Incident / Accident readiness for the Categorization of Associated Risks. This leads to evolution of a more comprehensive risk-based surveillance concept for future surveillance planning of the CAASL and facilitate allocation of resources according to assessments of safety performance of AOC holders.

Designated Flight Operations Inspectors (DFOIS)

With the rapid development of Aviation industry in Sri Lanka in its scope and span, workload of the Flight Operations Inspectors (FOIs) of CAASL have increased significantly. But due to shortage of competent FOIs employed with the CAASL in adequate numbers to accomplish regulatory functions, especially surveillance activities, a process was initiated to employ Designated Flight Operations Inspectors (DFOIs). A DFOI could be an employee an Airline Operator or else a competent individual with a sound flight operations background and considerable flying experience to perform duties of an inspector. DFOI will be given delegated powers by the CAASL to perform certain regulatory duties and functions for or on behalf of the CAASL as & when required.

PERSONNEL LICENSING SECTION

Issuance of Implementing Standards 035

Implementing Standards on 'Prohibition of use of Alcohol or Psychoactive Substances by Personnel holding Licence, Rating or Certificates, engaged in safety and/or security sensitive activities relating to Civil Aviation' were issued by Director General July 2014. This vital document fills a regulatory void existed thus far and help promotion of safety and security in air transportation.

The Requirements specified therein are regarded as special conditions applicable to every Aviation Document Holder who holds a Licence, Rating or Certificate issued or rendered valid by the Director General of Civil Aviation of Sri Lanka or by any other Contracting State to engage in safety or security sensitive activities in civil aviation including training either in an aircraft or any synthetic device.

Implementation of Computerized Licensing System

A new Computerized Licensing System was installed in the Personnel Licensing Section for the issue and renew of Pilot Licences, Aircraft Maintenance Licences, Air Traffic Controller Licences, and Cabin Crew Member Certificates which benefits both licence holders and CAASL.

In this new online system, an applicant could submit an application online without visiting CAASL. Once the profile is created, an applicant receives a unique reference number which could be used for all correspondence thereafter with CAASL. The profile can be viewed and amended online at the own convenience of the applicant and repeated submission of personal information is no longer required. Renewal notifications and reminders prior to expiry of the licence is automatically originated. The system allows the CAASL to track the status of an application any time.

Certification of New Training Schools

One flying training school was certified during the year and two more were going through the process of certification.

In this regard, a flying school licence was issued to Millennium Flight Academy (MFA) to conduct flying training for the issuance of Private Pilot Licence, Commercial Pilot Licence, Instrument Rating, Assistant Flight Instructor Rating and Float Plane Rating. The process of certification of Fairways Aviation Academy (FAA) commenced in 2014 and inspection of the ground school facilities and approval of key post holders have been completed. Southern Aviation Services (SAS) forwarded an application for establishment of a Type Rating Training Organization and the formal application meeting has been conducted.

Surveillance on Flying Schools / Aviation Training Organizations / Designated Hospitals

Surveillance activities conducted by the CAASL in 2014 in the Personnel Licensing area covered 05 operational Flying Training Schools and 01 Flight Navigation Procedure Trainer, 01 Flying Training School undergoing certification, 02 Aviation Training Organizations and 03 hospitals designated to conduct personnel licensing medical tests and investigations.

A total of 14 surveillance activities were conducted.

Medical Examinations / Medical Board Meetings

There were 179 Initial Medical Examinations and 793 recurrent Medical Examinations conducted for the issuance of licences and certificates to Pilots, Air Traffic Controllers and Cabin Crew Members during the year

under review. The Aero Medical Board held 04 meetings throughout the year to resolve borderline cases involving medical fitness.

Agreement with Designated Hospitals

CAASL renewed agreements entered up on with Durdans Hospital, Asiri Surgical Hospital, Hemas Hospital and Lanka Hospitals which are the designated hospitals for the conduct of medical investigations and outsourced medical tests of Pilots, Air Traffic Controllers and Cabin Crew Members. CAASL also signed a new agreement with The Central Hospital Ltd., and appointed it as a designated hospital to provide such outsourced services.

Refresher Training for Civil Aviation Medical Examiners

Three Civil Aviation Medical Examiners attached to the Aero Medical Centre of the Personnel Licensing Section attended the 54th Conference of the Indian Society of Aerospace Medicine (ISAM) in Bangalore convened by ISAM of India to fulfill the refresher training requirement ought to be conducted at regular intervals for the Personnel Licensing Medical Examiners.

New Licence issuances

CAASL issued 255 Pilot Licences, 12 Air Traffic Controller Licences, 32 Aircraft Maintenance Licences, 01 Flight Operations Officer Licence and 77 Cabin Crew Member Certificates during the year.

Recruitment of Foreign Pilots

Twenty four approvals were issued by the CAASL for International Airlines and Domestic Airlines to recruit foreign pilots after assessing the necessity in each case.

Establishment of Pilot Licence Examination Centre in Maldives

A Memorandum of Understanding (MOU) has been signed in 2010 between the CAASL and the Civil Aviation Department of Maldives (CADM) (later converted to the Maldivian Civil Aviation Authority (MCAA)) to conduct pilot licensing knowledge examinations by the Personnel Licensing Office of CAASL on behalf of the CADM.

In 2014, the Maldivian Civil Aviation Authority (MCAA) desired that CAASL extends the present services to facilitate and enable eligible students to sit for the pilot licensing knowledge examinations delivered in the Maldives. Accordingly, the CAASL agreed to implement such a procedure in Gan Island in the Maldives by delivering the examination papers through internet.

The CAASL will retain the responsibility of administrating, managing and delivering the examination papers to Students, whilst the MCAA will be responsible in invigilating the examination at the examination centre in the Gan Island.

This initiative will enhance the CAASL strategy for development of aviation examinations among neighbouring countries and which will generate additional income as well as taking the competency and capacity of the CAASL beyond borders.

AIRWORTHINESS SECTION

Continued Airworthiness

CAASL conducted necessary surveillance activities on the maintenance of Sri Lankan Airline's aircraft which has a total fleet of 24 aircraft consisting 09 Airbus A320's, 09 Airbus A330's and 06 Airbus A-340's. In

addition, surveillance was conducted over the Mihin Lanka fleet of 03 Airbus A320 aircraft. CAASL issued 14 initial Certificate of Airworthiness and renewed 52 Certificates of Airworthiness in 2014. Surveillance was also conducted on companies engaged in domestic aviation.

Aircraft Registration

During the period under review, the CAASL granted initial registration for 16 aircraft and renewed the Certificate of Registration of 54 aircraft. The ownership of 3 aircraft were changed at the request of the owner to operate under the Air Operator Certificate of Sri Lankan Airlines Ltd.

Safety Oversight

In compliance with the approved ramp inspection schedule, 187 ramp inspections and 45 combined inspections were carried out during the year 2014. Total number of 147 defects were identified during the ramp inspections and communicated to respective Operators for immediate rectification.

Aircraft Maintenance Organizations

Initial approvals for 10 Aircraft Maintenance Organizations were granted after conducting the required evaluations. 54 foreign Base and Line Maintenance Organizations and 13 domestic Maintenance Organizations approvals were renewed in the year 2014.

Third Party Maintenance Work

After maintenance facility inspection, CAASL granted approvals for Emirates Airlines and Jet Airways to carry out third party maintenance activities for foreign airlines operating aircraft to and from Sri Lanka.

Maintenance Engineer Licence Examinations

Two AML Examinations were conducted in June and December 2014 where respectively 228 and 293 candidates appeared for their selected examination subjects.

Import/Export Approval for Aircraft Spare Parts

DGCA approved import and export of aircraft spares on the recommendation of the Airworthiness Section. During the period under review, recommendations were made in respect of 35 applications of Fits Aviation, 22 of Millennium Airlines and 05 of Asian Aviation.

Centre, 05 of Daya Aviation, 33 of Cosmos Aviation Services, 08 of Skyline Aviation, 45 of Open Skies, 24 of Senok Aviation and 55 of Cinnamon Air.

Recommendations for Visa

CAASL issued recommendations for Landing Endorsement and Residence Visas for foreign ground engineers posted or employed to work in Sri Lanka. During the period under review, CAASL issued 28 recommendations for ground engineers and 72 for maintenance training students.

CORPORATE DIVISION

AIR TRANSPORT & LEGAL AFFAIRS SECTION

The Air Transport sector in Sri Lanka experienced a positive overall growth during the year 2014 with an increase in passenger, cargo and aircraft movements. Sri Lanka also improved its bilateral air services arrangements.

Airline Operations

Except for 03 foreign Air Operators, all other foreign Airlines that operated in the previous year continued their operations to Sri Lanka during the year under review whilst Rotana Jet, an Abu Dhabi based carrier commenced their operations to Colombo and Mattala in April.

Some of the world's leading full service airlines in the likes of Emirates, British Airways, Singapore Airlines, Thai Airways, Etihad Airways, Qatar Airways, and Korean Air along with SriLankan Airlines contributed to the growth of passenger operations in Sri Lanka during the year.

Air Asia X, Air Arabia, Fly Dubai and Spice Jet along with Mihin Lanka continued their operations as budget operators serving Sri Lanka, providing more passenger movements to the Aviation industry in Sri Lanka. Further to the aforementioned scheduled Operators, Lot Polish (from Warsaw, Poland), Orenburg (from Sheremetyevo-Moscow, Russia), Transaero (from Domodedovo-Moscow,

Russia), Travel Service (from Prague, Czech Republic), VIM Airlines (from Domodedovo-Moscow, Russia) and Travel Service Polska (Warsaw, Poland) continued their charter operations to Sri Lanka during IATA winter season 2013/14 as Inclusive Tour Charter Operators. VIM Airlines resumed their charter operations to Sri Lanka after 9 years during the IATA Winter Season 2013/14.

Scheduled operators Royal Jordanian (from Amman, Jordan), Air India Express (from Chennai, India) and Maldivian Airlines (from Maldives) ceased their operations to Sri Lanka during the year under review.

Most of the leading international online Operators significantly increased their codeshare operations to Sri Lanka with same party and third party airlines in terms of their air services agreements during the year which was a boost to the breath of destinations available to/from Sri Lanka to the traveler. This was also vital to provide visibility and connectivity to lesser known cities of the world.

SriLankan Airlines, Etihad Airways, Malaysia Airlines, Emirates were the top online airlines which performed the most number of codeshare operations as operating carriers during the year under review.

SriLankan Airlines joined the 'One World' airline alliance in May and their route network expanded by adding several

new destinations with this grouping in collaboration with other partner airlines in the alliance. SriLankan Airlines also commenced scheduled operations to Kunming (KMG), China and Scheduled Charter Operations to Chongqing, China. The Chongqing operation will continue until March 2015.

Mihin Lanka, the only home based budget carrier, commenced operations to Lahore (LHE), Pakistan as a new destination. Mihin Lanka also continued its codeshare operations with SriLankan Airlines to many destinations.

Passenger and Cargo Movements

There was a significant improvement recorded in the passenger and cargo movements during 2014. Total Numbers of passengers arrived at and departed from BIA were 3,893,400 and 3,926,447 respectively.

The market share of SriLankan Airlines of these passengers were 2,085,698 and 2,083,694 representing 54% and 53% respectively.

The total number of international passengers that arrived and departed MRIA were 10,837 and 9,637 respectively. The uplift and discharge of cargo (metric tons) in year 2014 were 04 and 65 respectively.

Out of a total of 115,400 Cargo (metric tons) uplifted in year 2014, SriLankan Airlines uplifted 53,584, claiming 46% market share. In regard to cargo that was discharged in 2014, out of a total of 77,040 cargo (metric tons), SriLankan Airlines discharged 42,412 claiming 55 % market share.

	Passengers			Cargo (metric tons)		
	Arrivals	Departures	Total	Uplift	Discharge	Total
2013	3,690,047	3,621,822	7,311,842	119,447,	71,776	191,224
2014	3,893,400	3,926,447	7,819,847	115,400	77,040	192,440

Transit Passengers

If BIA is to be developed as a hub airport in the region an important area to improve and develop would be to increase the number of transit passengers passing through the Airport. The total number of passengers who were in transit at BIA is 1,194,270, and Sri Lankan airlines had carried 984,532 which is 82% of the total transit passengers at BIA.

General Aviation Development

Hot Air Balloon operations concluded a successful season in year 2014. Balloon

operations are presently conducted in areas such as Dambulla and Ahungalla which is a boost to the promotion of tourism in those areas.

Para motoring was first introduced to Sri Lanka by Sky Club (Pvt.) Ltd in 2011. Sky Club, South Asia Aviation Academy, Cool Adventure Club and Negombo Aero Club conducted their Powered Para Operations during the year in established areas in Koggala, Kalpitiya, Puttlam, Bentota and Mundalama.

Two Ultra-Light aircraft owned by locals continued private operations from Katukurunda Airfield. Remote Controlled Model Aircraft Clubs conducted flying in approved places in Negombo, Kadawatha, Katukurunda and Panadura.

Domestic Aviation

Cinnamon Air continued their operations as domestic fixed-wing/amphibian scheduled passenger service operator to approved water aerodromes in the country. Fits Aviation continued their operations between Ratmalana and Jaffna until April 2014. Daya Aviation Ltd continued with their private/commercial fixed wing operations during the year.

Millennium Airlines (Pvt.) Ltd formerly known as Deccan Aviation (Lanka) Ltd which commenced helicopter operations in June 2004 continued to operate to several destinations in the country. Cosmos

Aviation and Senok Aviation continued their helicopter operations during the year. IWS Aviation commenced domestic helicopter services in October 2014.

Sri Lankan Airlines commenced a domestic fixed-wing scheduled passenger service between Katunayake and Mattala.

There was a positive growth in domestic fixed wing aircraft operations with the number of passenger movements increasing from 5574 in 2013 to 26,909 in 2014 mainly due to SriLankan Airlines conducting flights between Katunayake and Mattala. No significant change is observed in domestic helicopter operations, number of passengers travelled was 1984 in year 2013 and 1659 in year 2014 respectively.

The following table presents a summary of the domestic aviation performance at a glance.

Aircraft Type	Total number of flights		Number of passengers	
	2014	2013	2014	2013
Fixed Wing (Land)	1224	1842	21126	4239
Fixed Wing (Float Plane)	1629	316	5783	1335
Helicopters	443	351	1659	1984
Balloon	135	156	945	1019

Travel Agents

As per the regulations made under the Air Navigation (Special Provisions) Act No 55 of 1992, all travel agents and other Air Transport Providers in Sri Lanka are required to obtain a Licence issued by the CAASL and renewed annually to continue business.

There were 588 Air Transport Providers Licenced by the CAASL at the end of year 2014. The list of Licence holders is updated on the CAASL website on a monthly basis.

Regulating the Air Transport Industry

Evaluation Meetings were conducted as a part of the licensing process of Travel Agencies.

The suitability of the employees were ascertained in the evaluation meeting. Moreover, the prospective management was educated on responsibilities of Travel Agents towards the industry and the general public.

Meetings with Stakeholders in Air Transport Industry/ Department of Commerce

Regular meetings were conducted with industry bodies such as Board of Airline Representatives, Sri Lanka Association of Airline Representatives, Travel Agents Association of Sri Lanka, IATA Agents Association and with Government Institutions such as Department of Commerce to ensure a positive development in the air transport industry.

Ratification of Montreal Convention on Unification of certain Rules for International Carriage by Air

Steps were taken by Sri Lanka to accept the Montreal Convention of 1999, which establishes the international regime for the rules in relation to international carriage of passengers, baggage and cargo performed by airlines for reward. A draft law titled the 'Carriage by Air Act' was formulated by the Legal Draftsman's Department based upon input of the CAASL. After the draft Act was presented to the Cabinet of Ministers in August 2014, it was referred to a subcommittee appointed by the Cabinet for comments. It is expected that the 'Carriage by Air Act' will become legislation in 2015.

Bilateral Air Services Negotiations

The CAASL took part in several Bilateral Air Services Negotiations held with overseas Aeronautical Authorities as a member of the delegation of Sri Lanka. Five of the

negotiations were held with individual States. CAASL also took part in the ICAO Conference on Air Services Negotiations (ICAN) which was held in Bali, Indonesia in November 2014.

The outcome of these negotiations were as follows:

Serbia (Belgrade - June)

The first Bilateral Air Services Agreement was initialed between Sri Lanka and Serbia. A Memorandum of Understanding (MOU) was also signed to permit the designated airlines of both States to operate up to 07 frequencies per week on the agreed services.

Bulgaria (Sofia - June)

A new Air Transport Agreement was initialed to replace the previous Agreement of 1970. An MOU was signed permitting the designated airlines of each country to exercise 3rd and 4th Freedom traffic rights without any restrictions.

Poland (Warsaw - July)

A new Air Transport Agreement was initialed and a MOU was signed permitting the designated airlines of both countries to exercise 3rd and 4th Freedom traffic rights without any restrictions.

Brazil (Rio De Janeiro - August)

The first Air Transport Agreement between Sri Lanka and Brazil was initialed. The Agreement signed was an Open Skies Agreement which permits the designated airlines very liberal rights to operate services in the manner they opt to.

Oman (Colombo – October)

An MOU was signed and an expansion of traffic rights were effected.

Negotiations held at the ICAN Conference

Sri Lanka delegation met the following States at the ICAN 2014.

Nordic states

Agreed minutes were signed between States detailing the discussions. Sri Lanka and Norway discussed the text of a new Air Services Agreement to replace the existing agreement between Sri Lanka and Norway/Sweden/Denmark as the Nordic delegation had some matters to clarify. Both parties informed their intention to progress towards concluding an Agreement in the near future.

Iran

Agreed minutes were signed between the States detailing the discussions. Both parties agreed for the designated airlines of each party to be entitled to operate seven flights per week. A 3rd Party Code Share Provision was agreed upon between the parties that will enable the designated airlines to establish commercial partnerships. Parties agreed to promote the operation of charter flights and also to permit unlimited number of cargo flights to their respective territories.

Austria

An MOU was signed between the two States to reflect the matters discussed. Parties agreed on a 3rd Party code share provision and an open route Schedule. A text of an Air Services Agreement was handed over to the Sri Lanka delegation by the Austrian

delegation. Sri Lanka agreed to review same and revert.

Hungary

An MOU was signed between the parties to reflect the discussions that took place. A new Air Services Agreement between Hungary and Sri Lanka was initialed. SriLankan Airlines and Mihin Lanka Ltd. were designated to operate scheduled services under the Air Service Agreement from the Sri Lanka side, Hungary will advise the names of their designated airlines on a later date. Both parties agreed for a total of 14 flights a week for their designated airlines.

Kenya

An MOU was signed to reflect the discussions between the parties. Sri Lanka re-iterated its request made at ICAN 2013 to the Kenyan delegation to allow designated airlines of Sri Lanka to use Mahe International Airport in Seychelles as an intermediate point under the existing Air Service Agreement. Kenya stated that they are not in a position to accede to that request at present. Kenyan side invited the designated airlines of Sri Lanka to code share with the designated airlines of Kenya and build the commercial relationships.

India

Sri Lanka delegation requested for the inclusion of a 3rd party code share provision between the parties in the present Air Services Arrangements, a request which had been made on numerous occasions. The Indian delegation took note of the request and stated that some improvement will be possible in the next couple of months after consulting the relevant parties back home.

Jamaica

An MOU was signed between the parties to reflect the discussion that took place. The parties agreed and initialed a text of a new Air Services Agreement. Both parties agreed on an open skies regime for the operations of the designated airlines of both States.

United Arab Emirates

An MOU was signed between the two parties reflecting the discussions that took place. An expansion of traffic rights were effected based on the request of the airlines. Sri Lanka delegation made a unilateral offer to all UAE airlines, unlimited frequencies to MRJA with full fifth freedom traffic rights and the UAE delegation accepted that offer.

Thailand

Thailand was represented by an informal delegation that did not have the necessary delegation of powers by their aeronautical authorities to sign any agreement or MOU. In spite of the above, the parties did discuss an open skies text for a new Air Services Agreement with a future focus. Parties were of the view that negotiations should continue in the future towards the finalization of a new Air Services Agreement between the two states.

Colombia

An MOU was signed between the parties to reflect the discussions that took place. The Colombian delegation handed over a text of a draft Air Services Agreement to the Sri Lanka delegation, which the Sri Lanka delegation agreed to study and revert back with observations. There were further discussion on the 5th Freedom traffic rights policy and

standards required for the establishment of a designated airline.

Iceland

The parties signed an MOU to reflect the discussions that took place. The delegations negotiated and agreed upon a text of an Air Services Agreement with 3rd, 4th, full 5th Freedom traffic rights agreed upon by both parties without restriction. For cargo services only, the parties agreed upon 7th Freedom traffic rights as well.

Airline Reservation and Fares Calculation Course

The Airline Reservation and Fares Calculation Course which commenced in 2009 has made steady progress in providing skilled human resources to the travel industry. The 8th and 9th batches of students completed their studies during the year 2014. The 10th Batch is scheduled to commence in early 2015.

Since its commencement, a total of 161 students have followed this course, with many progressing to secure gainful employment with Airlines and Travel Agents in Sri Lanka and overseas.

Slot Co-ordination

The slot allocation at BIA and MRJA were conducted in terms of the agreed criteria of the Slot Committee during the year. With the conducive environment prevailing in the country, BIA is becoming a preferred destination for many Airlines and passengers and therefore there may be an increased demand for more capacity in the future.

Consumer Complaints Handling

A Total of 18 complaints, made against Airlines/ Travel Agents were resolved in a professional manner during the year. There is a positive feedback for this initiative from the industry and the general public. Further, an online consumer complaint submission mechanism was introduced with the launch of the new CAASL website in year 2014.

Internship for Undergraduates of Moratuwa University

At the request of the University of Moratuwa, CAASL facilitated 02 undergraduates to undergo in-plant training at CAASL for six months in 2014. The undergraduates were given the exposure to the industry by arranging and coordinating educational visits. Supervisor role for university interns has been vested with the Head of the Air Transport & Legal Affairs Section. So far, the CAASL has accommodated 12 such students from the Transport & Logistics Management Department with in-plant training. These students have gone on to secure executive positions in the private sector.

One new intern from the University of Moratuwa commenced her internship in October 2014 and is currently undergoing training.

HUMAN RESOURCES & OFFICE MANAGEMENT SECTION

Staffing

CAASL at present consists of 167 positions in its approved cadre which comprises of a Chief Executive Officer, 34 Senior Executives, 43 Executives, 55 Action Officers and 34 Support Staff. A total of 143 officers were in

employment with the CAASL and there were 24 vacancies as at the end of December 2014.

Reforms of CAASL

During the period under review, CAASL has had several discussions with the Department of Management Services and the Pay Commission in finalizing the restructuring of the organization. The original proposal of the CAASL was submitted to the Ministry of Finance and Planning in 2012 and subsequently an amendment was submitted in 2013 as directed by the Department of Management Services to suit the government policy on the structures of the Government institutions. The main activity attended to in this regard in 2014 was the process of approval of the Schemes of Recruitment of different categories of employees.

Capacity Building (Training, Seminars, Workshops) & Meetings, Conferences

A total of Rs. 24,868,904.72 was spent on overseas travel for participation in training programmes, seminars, workshops, meetings and conferences including bilateral meetings. Of this sum, Rs.11, 761,532.17 was spent to attend meetings and conferences for 79 man days. Expenditure incurred to attend training, workshops and seminars abroad was Rs.13, 107,372.55 for 24 events involving 141 man days.

A further sum of Rs.4, 251,216.28 was spent on inspections conducted abroad by the CAASL officials.

The training requirements, as identified in the Training Programme 2014 were facilitated within the annual budgetary allocation through the Programme Budget 2014. Compared to year 2013, a significant

increase of investment for employees' capacity building was made in 2014.

A total of 148 local activities totaling to 376 man-days which includes training, seminars and workshops were offered to Executives and Action Officers aiming at enhancing human resource capacity building. Accordingly a sum of Rs. 466,200.00 and Rs.708, 450.03 was spent for Executives and Action officers respectively in this regard. There has been 43 man days of capacity building taken place for Support Staff at a cost of Rs. 176,200.00 during the year under review.

Staff Welfare

CAASL continued with its Medical Insurance Scheme maintained with Sri Lanka Insurance Corporation at a cost of Rs. 6,584,640.00 as a welfare facility offered to employees and their immediate family members. A total of 146 employees benefitted from the medical insurance out-door facility which amounted to Rs. 2,873,890.86 to cover 934 claims during the year 2014.

The Accident Insurance Policy was renewed with Ceylinco Insurance PLC as they agreed to offer special coverage to Civil Aviation Inspectors, who sometimes could be exposed to situations potentially harmful health, safety and security.

To overcome difficult situations, CAASL granted a sum of Rs. 6,406,502.32 as distress loans to 40 employees and Rs. 2,340,617.72 as a property loan to an employee during period under review. Besides this, a sum of Rs. 5,221,200.00 was granted as loans to purchase vehicles, motor bicycles and peddling bicycles in year 2014 for 18 employees.

The Death Grant was granted to the dependents of a demised employee of CAASL who had been working as a driver, which is another useful welfare measure provided.

Technical Library

Upgrading and updating the knowledge of the readers and the borrowers is the main objective of the Technical Library. The CAASL library has been patronized by a number of users both from the CAASL and outside, mainly from the aviation industry.

Six hundred and ninety nine outsiders utilized the library material in the year under review. The CAASL Technical Library serves as a Resource and Knowledge Centre in aviation in Sri Lanka. In addition, Sectional Libraries were maintained by the Technical Library with the amendment service as well in order to enhance the dissemination of information among employees. A sum of Rs. 154,262.00 was spent on purchase of new publications to the library in 2014.

CAASL Website

CAASL website www.caa.lk was maintained with a new outlook applying security measures required for the data protection. A facility was added to provide examination results via a web based application and further information was added to meet corporate requirements. Web site of CAASL is linked with the airlines statistics and the updated statistic of passengers, cargo, air movements are available as a new component.

CAASL Annual Work Programme

Annual Overall Work Programme of the CAASL for the year 2015 was prepared, incorporating the Work Programmes of each

Section/Unit which cover the routing work items, applicable segments from the 03 year CAASL Corporate Plan and other additional work items to reflect evolving needs and obligations.

Office & Property Management and Maintenance Related Activities

Inspector Quarters of CAASL – Weerawila Construction of quarters of CAASL was completed in the 2014 and handed over to Human Resources & Office Management Section for operation and maintenance. This was built as a welfare amenity for the employees of CAA. Apart from its use as a residential lodging facility provided to Inspectors for the conduct of regulatory activities, it is expected to serve as a recreational welfare facility as well. Preliminary arrangements required for occupying the buildings including furnishing were arranged at the later part of the year under review.

Archives Management of CAASL

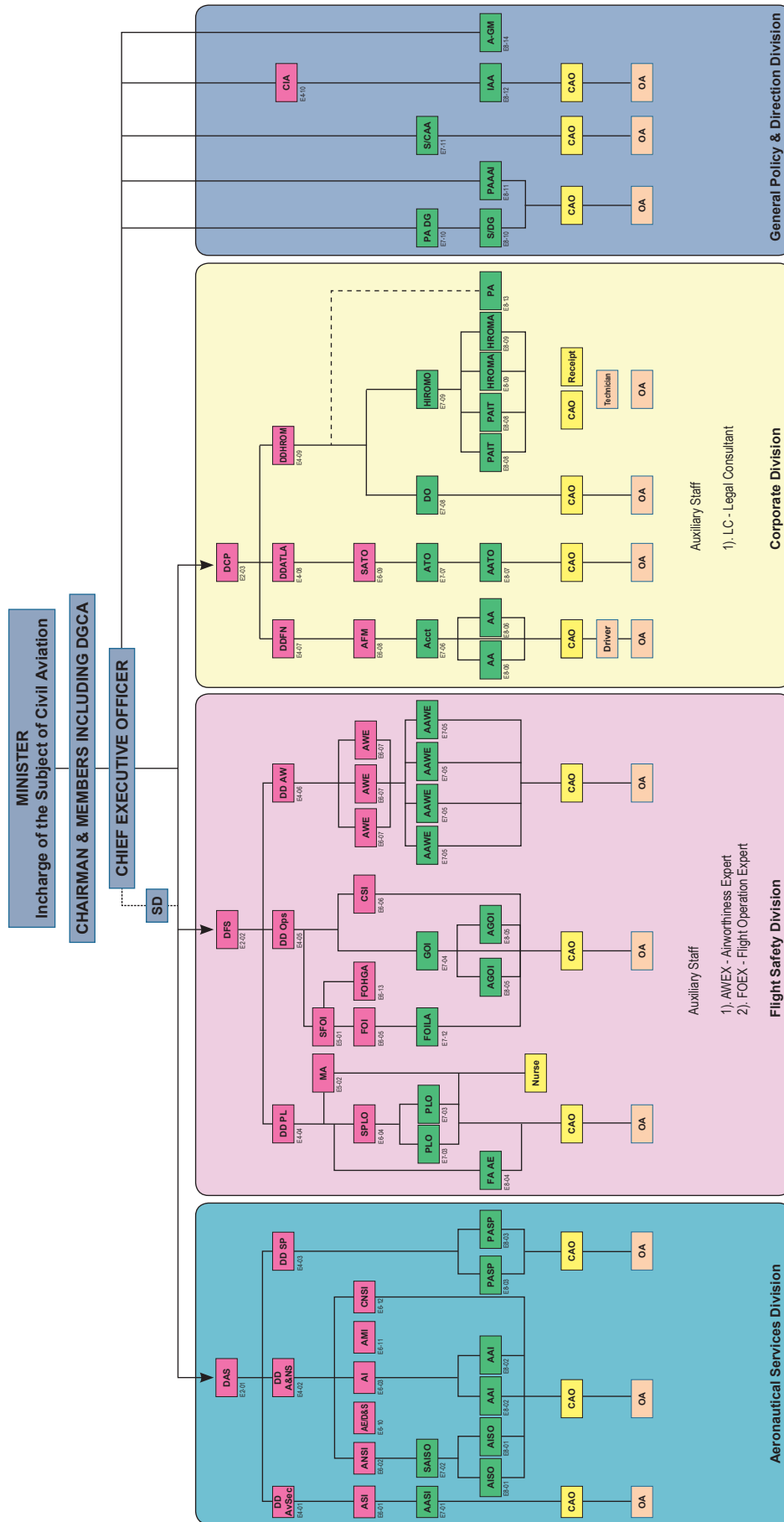
Archives of CAASL was shifted to Mattala Office in order to have more spacious, systematic arrangements in storing the documents. Procedure in archiving the documents in terms of the Record Management Manual of CAASL was introduced.

Leave Availed by the CAASL Employee

Close monitoring of late attendance records and short leave records were made during the year apart from the concessionary period granted in attendance due to difficulties faced by the employees when reporting to work. Incentives such as the Leave Encashment facility have encouraged frequent attendance at work, even during the year 2014, likewise in the previous year.



Civil Aviation Authority of Sri Lanka Functional Responsibility Chart



FINANCE MANAGEMENT SECTION

CAASL continued to manage finances of the Organization efficiently, effectively, and economically as previously performed.

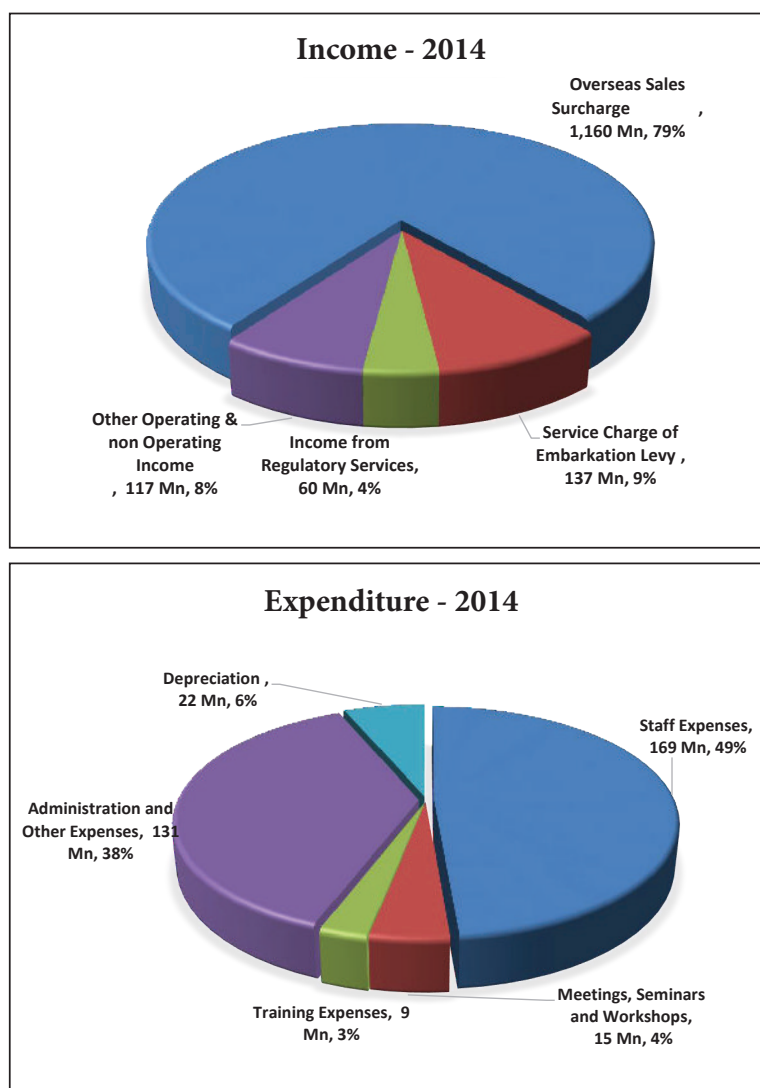
Programme Budget

CAASL prepared the Programme Budget 2014, which sets out the expenditure under four major programmes viz. Direction and Management, Aeronautical Services, Flight Safety and Corporate. The estimated income and the estimated expenditure for year 2014 were Rs. 1,263 Million, and Rs. 717 Million

respectively. As against the estimates, actual income was Rs. 1,474 Million and actual recurrent expenditure was Rs. 640 Million Including Income Tax. Capital Expenditure was Rs. 127 Million. The income has shown 25% increase, and recurrent expenditure has shown 13% increase due to increase of Income Tax when compared with the year 2013. Significant increase of income is attributed to the income generated through Overseas Sales Surcharge.

CAASL Fees and Charges

CAASL Fees and Charges were revised during the year by an increment of at least 10% from each service provided.



SUMMARY OF PERFORMANCE -2014

PERFORMANCE OF CAASL -2014

Safety and Security Oversight duties and functions
(No of Regulations /Notices/Rules issued)

	2014	2013
Air Transport	03	03
Airworthiness	03	02
Initial Certification of Organizations/Personnel		
Airlines	02	01
Maintenance Organizations	10	05
Pilots	255	268
Air Traffic Controllers	12	00
Aircraft Maintenance Licence	32	73
Flight Dispatchers	01	14
Assistant Flight Instructors	10	00
Ground Instructors	22	04
Cabin Crew Members	77	229
Surveillance of Certified Organizations/personnel		
Ramp Inspections -Airworthiness	187	263
Ramp inspections-operations	48	53
Aerodrome Inspections	38	39
Air Traffic Service Inspections	35	32
Maintenance Organization inspections	67	46
Flying School inspections	09	08
Aviation Security Inspections	25	21
Simulator Inspections	02	01
En-rout Inspections-Operations	05	04
Dangerous Goods Inspections	02	09
Station Facility Inspections-Airworthiness	00	07
Aeronautical Information Services Inspections	27	19
Main Base Inspections/Instructor Observations	30	14
Designated Check Pilot (DCP monitoring)	24	14
Audit Completed		
Air Navigation Services	01	01
Aviation Security	00	01

SECTION SPECIFIC ACTIVITIES -2014

Category	2014	2013
Direction and Management		
Authority meetings	09	09
Audit Committee meetings	04	04
Staff Committee meetings	07	03
Development Planning and Implementation Group Meetings	02	04
Industry consultative meetings	108	22
Appointment to outside organizations / personnel	255	136
Number of letters received	5493	5518
Aviation Security Section		
Recommendation for issuance of airport access passes	33	30
Approval for carriage of weapons on board/cargo holds of an aircraft	250	139
Authorization for travel in flight deck	00	01
Amendments / Revisions to National Aviation Security Programme	02	02
Security Surveillance Activities	44	20
Security Training courses conducted for industry	00	09
Security Screeners certified (Issuance+Renewals)	571	349
Security Training courses / seminars attended	03	10
Aviation Security examinations conducted	10	13
Delivery of presentation on Aviation Security	07	02
Special Projects Section		
Construction of CAASL Head Office Building		
TEC meetings	06	06
Meetings with consultant	12	05
Site visits	01	05
Internal meetings	10	11
Construction of CAASL quarters at Weerawila		
TEC Meetings	00	06
Meetings with contractor	11	00
Site visits	18	01
Internal Meetings	12	07
Guwansara Magazines published	03	04
CADEC programmes conducted	02	19
Workshops for school principals	00	02
Workshops for school students	00	06
Workshops for school students clubs	00	08
Conduct special activities	02	01

National committee programme	00	02
CAPSCA	01	01
Conduct Annual Out- door Training Workshop	00	01
Deyata Kirula National Exhibition	01	01
Organizing CAA stalls at Exhibitions	02	02
CAA Annual Report	01	01
Other Publications/reports	05	05
Sectional statistics	12	12
CAA statistics	121	121
Air Navigation Services Section		
Approvals for construction of high rise structures	255	312
Approvals for issuances of NOTAM	240	186
Issuance of Aeronautical Information Circulars	08	08
AIP Supplement Issued	05	07
Issuance of over flying clearance.	1033	929
Landing permissions for non-schedule flights	868	586
Training courses / seminars attended	26	29
Approval for Water Aerodromes	02	01
Aerodrome Surveillance carried out	38	39
ATS Surveillance carried out	35	32
Personal Licensing		
Student Pilot Licences (SPL) (Issuance+ Renewals)	211	231
Private Pilot Licences (PPL) (Issuance+ Renewals)	151	110
Commercial Pilot Licences(CPL) (Issuance+ Renewals)	394	339
Airline Transport Pilot Licences (ATPL) (Issuance+ Renewals)	350	498
Air Traffic Controller Licences(ATC) (Issuance+ Renewals)	50	26
Aircraft Maintenance Engineer Licences(Issuance+ Renewals)	04	05
Aircraft Maintenance Licence-(Issuance +Renewals)	436	474
Aircraft Maintenance Licence-Type Ratings-Issuances	12	25
Aircraft Maintenance Licence-Categories-Issuances	06	10
Cabin Crew Certificate-Issuance	134	229
Cabin Crew Certificate-Re Issuance	00	512
Flight Operation Officer Licence-Issuance	01	14
Free Balloon Pilot Licence-(Issuance +Renewals)	01	00
Flight Engineer Licence-(Issuance +Renewals)	00	01
Aircraft type Rating for Commercial Pilot Licence (CPL)/		
Airline Transport Pilot Licences (ATPL) Issuances	120	154
Assistant Flight Instructor (AFI) /Flight Instructor		
(FI) Rating -(Issuance +Renewals)	36	09
Flying School Licences-Renewal	07	03
Ground Instructor Licence	00	00
Ground Instructor Approvals	22	04

Air Traffic Controllers Rating (Issuance+Renewals)	145	201
Flying School Licences-Issuances	01	00
Issuance of visa recommendations	48	85
Issuance of NIB Clearances	75	159
Medical Examinations	972	958
Personnel Licencing Examinations		
PPL Examination	378	107
Flight Operations Officer Examination	28	00
AML Examination applicants	02	02
	521	414
	applicants	application
ATPL (A) Examination	1548	79
ATPL (H) Examination	20	03
Foreign Licence Conversation Examinations	02	00
English Language Proficiency Check	179	109
Reactivation of Lapsed Licence Examination (CPL/IR)	03	03
Radio Telephony Practical Test	84	56
Assistant Flight Instructor Examination	11	00
Flight Test Examiner Examination	00	01
AML Conversion Examination	00	414
		applicant
Operations		
Training courses / Seminars attended	05	10
Special operations	26	12
Foreign Air Operator Certificate –initial	01	04
Foreign Air Operator Certificate - renewal	13	11
Dangerous good transport Licences - initial	01	02
Dangerous good transport Licences - renewal	13	13
DCP Initial	11	04
DCP Renewal	35	30
Air Operator Certificate-initial	02	01
Air Operator Certificate-renewal	09	08
Simulator renewal	03	07
Check Authorization	227	249
Surveillance activities performed	115	106
Airworthiness		
New Aviation Safety Notices issued	00	02
Training Courses/ Seminars attended	04	08
Surveillance activities carried out (Ramp, Audit)	192	238
Certificate of Airworthiness of aircraft-Initial	14	11
Certificate of Airworthiness of aircraft-Renewal	52	47
Approval of workshop of aircraft maintenance		

organization.(Initial+ Renewals)	43	46
Certificate of Registration of aircraft-Initial	16	09
Certificate of Registration of aircraft-Renewal	54	54
Approval of Maintenance Organization with facility inspection(Initial +Renewals)	77	46
Resolution of aviation occurrences	127	93
Air Transport & Legal Affairs		
Draft new regulations produced	03	03
Training courses / seminars attended	01	04
New Guidance Material produced	03	03
Existing Guidance Material revised	01	01
Domestic flight schedule approvals	22	37
Surveillance of Air Transport Providers and evaluation meetings carried out	120	118
International flight schedule approvals	175	185
Visa recommendation for non-technical experts staff	41	21
Charter Licences for Sri Lanka Registered Airlines	08	08
Airline Licences for Sri Lanka Registered Airlines	04	03
Charter Licences – International Operations	03	03
Charter Licences - domestic regular Operations	05	04
Air Transport Provider's Licences	588	518
Private Operations Licence	02	02
New Air Service Agreements entered	05	05
Existing Air Services Agreements reviewed	10	09
Open skies air services agreements	10	07
Human Resources and Office Management		
New rules on HR&OM issued	07	21
Existing rules on HR&OM revised	01	00
Staff recruitment	13	07
Total overseas training arranged	23	32
Total local training arranged	25	50
Total staff	143	146
Performance evaluations conducted	28	56
Staff retirements	04	01
Staff loans facilitated	Rs 14.3m	Rs 24.8m
New documents added to the Technical Library	18	21
Finance Management		
Total Revenue collected	1,474m	1,179m
Total expenditure incurred	661m	593m
Total Staff salaries paid	169m	157m
Vehicles purchased	03	00

Internal Audit

Audits conducted	39	30
Findings raised	148	146

Aircraft Accident & Incident Investigation

Incidents reported	04	05
Accidents reported	00	00
Occurrence reported	239	186
Serious injuries to passengers or crew	00	01
Minor injuries to passengers or crew	00	00
Training courses/seminars attended	02	01
Existing Guidance Material revised	02	04

TRAFFIC PARTICULARS

International Traffic		
	2014	2013
Passengers		
Embarked	3,926,447	3,621,822
Disembarked	3,893,400	3,690,047
In Transit	1,237,513	1,231,903
Cargo(Metric tons)		
In bound	77,040	71,776
Out bound	115,400	119,447
Aircraft movements		
Scheduled flights	51,897	48,413
Charters flights	3,391	2,556
Number of airline operated	38	39
Scheduled services	26	27
Charters	05	08
All Cargo	02	04
Domestic Traffic		
Passengers carried	28,568	7,694
Aircraft movements	3,296	1842
Number of airlines operated	08	08
Scheduled flights	02	02
Charter flights	06	06

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 ST DECEMBER 2014

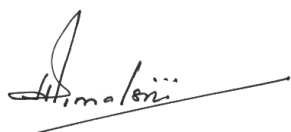
	Note	31.12.2014 Rs. Cts.	31.12.2013 Rs. Cts.
INCOME		1,473,792,389.21	1,178,712,159.10
Operating Income	(1)	1,358,103,190.36	1,078,895,686.64
Non-Operating Income	(2)	115,689,198.85	99,816,472.46
EXPENDITURE		350,360,013.46	365,040,299.83
Staff Expenses	(3)	168,773,002.89	156,700,965.10
Meetings, Seminars and Workshops	(4)	15,356,110.84	33,254,645.02
Training Expenses	(5)	9,363,595.94	11,269,722.26
Administration and Other Expenses	(6)	130,856,730.45	136,960,888.79
Depreciation	(8)	26,010,573.34	26,854,078.66
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION		1,123,432,375.75	813,671,859.27
Taxation	(7)	311,354,961.35	228,159,304.45
Net Profit/(Loss) for the year		812,077,414.40	585,512,554.82
OTHER COMPREHENSIVE INCOME			
Gain on Revaluation of Property, Plant and Equipment		-	-
Actuarial Gain/(Loss) on defined benefit plans		-	-
Gain/(loss) on translating the financial statements of a foreign operation		-	-
Gain/(loss) on Available-for-sale financial assets		-	-
Income tax relating to items of Gain/(loss)		-	-
Total comprehensive income for the year		812,077,414.40	585,512,554.82

CIVIL AVIATION AUTHORITY OF SRI LANKA

STATEMENT OF FINANCIAL POSITION

AS AT 31 ST DECEMBER 2014

	Note	31.12.2014 Rs. Cts.	31.12.2013 Rs. Cts.
ASSETS		2,556,206,402.31	1,931,531,245.45
Non-Current Assets		190,801,763.87	92,488,294.11
Property, Plant & Equipment	(8)	190,801,763.87	92,488,294.11
Current Assets		2,365,404,638.44	1,839,042,951.34
Inventories	(09)	21,775,643.12	79,146,992.92
Trade Receivables and Staff Loans	(10)	273,542,079.65	219,721,394.16
Other Financial Assets	(11)	1,307,590,342.53	801,046,519.12
Advances, Prepayments and Other Receivables	(12)	127,033,896.80	106,488,296.86
Cash and Cash Equivalents	(13)	635,462,676.34	632,639,748.28
EQUITY AND LIABILITIES		2,556,206,402.31	1,931,531,245.45
Capital and Reserves 3		1,457,726,915.08	896,255,554.68
Government Grants	(14)	7,350,272.05	7,956,326.05
Revaluation Surplus	(15)	8,764,840.44	13,485,465.44
General Reserve	(16)	1,200,000,000.00	485,000,000.00
Accumulated Profit		241,611,802.59	389,813,763.19
Non-Current Liabilities		287,716,099.81	277,799,071.34
Deferred Tax Liabilities	(17)	8,197,696.81	4,658,204.67
Provisions and Other Liabilities	(18)	267,039,023.00	261,851,639.67
Retirement Benefits Obligation	(19)	12,479,380.00	11,289,227.00
Current Liabilities		810,763,387.42	757,476,619.43
Trade Payables	(20)	587,018,009.15	616,588,928.22
Other Payables	(21)	46,932,609.19	17,531,743.11
Income Tax Liabilities	(22)	176,812,769.08	123,355,948.10


H.M.C. Nimalsiri

Director General & Chief Executive Officer
Civil Aviation Authority of Sri Lanka
February 2015



Shibly Aziz, P.C
Chairman

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31ST DECEMBER 2014

	Government Grant Rs. Cts.	Revaluation Reserve Rs. Cts.	General Reserve Rs. Cts.	Accumulated Profit Rs. Cts.	Total Rs. Cts.
Balance as at 1st January 2013	8,562,380.05	13,485,465.44		489,301,208.37	511,349,053.86
Profit for the period			-	585,512,554.82	585,512,554.82
Appropriation of net surplus – Consolidated Fund				(200,000,000.00)	(200,000,000.00)
Transfer of net surplus - General Reserve			485,000,000.00	(485,000,000.00)	-
Amortization for the year	(606,054.00)			-	(606,054.00)
Balance as at 31st December 2013	7,956,326.05	13,485,465.44	485,000,000.00	389,813,763.19	896,255,554.68
Profit for the period				812,077,414.40	812,077,414.40
Appropriation of net surplus – Consolidated Fund				(250,000,000.00)	(250,000,000.00)
Transfer of net surplus - General Reserve			715,000,000.00	(715,000,000.00)	-
Transfer from Revaluation Surplus		(4,720,625.00)		4,720,625.00	
Amortization for the year	(606,054.00)			-	(606,054.00)
Balance as at 31st December 2014	7,350,272.05	8,764,840.44	1,200,000,000.00	241,611,802.59	1,457,726,915.08

STATEMENTS OF CASH FLOW

YEAR ENDED 31ST DECEMBER 2014

	2014 Rs.	2013 Rs.
Cash Flows From/(Used in) Operating Activities		
Profit/Loss from Ordinary Activities before Taxation	1,123,432,375.75	813,671,859.27
Adjustments for		
Depreciation	26,010,573.34	26,854,078.66
Amortization of Government Grant	(606,054.00)	(606,054.00)
Income from Investments	(104,055,369.28)	(90,940,918.72)
Provision for Insurance Fund	(656,116.67)	72,216.67
Profit/Loss on sales of Property, Plant & Equipment	(3,328,979.04)	(63,865.00)
Provision for Defined Benefit Plans	1,839,308.00	1,138,179.50
Operating Profit/Loss before Working Capital Changes	1,042,635,738.10	750,125,496.38
Decrease in Inventories	57,371,349.80	(72,212,736.49)
Increase in Trade Receivables and Staff Loans	(53,820,685.49)	(39,165,514.10)
Increase in Advances, Prepayments and Other Receivables	(1,108,306.30)	18,751,822.04
Decrease in Trade and Other Payables	(170,052.99)	307,974,046.45
Cash Generated from Operations	1,044,908,043.12	965,473,114.28
Defined Benefit Plan Costs Paid (Gratuity)	(649,155.00)	(119,880.00)
Income Tax Paid	(254,358,648.23)	(195,508,111.94)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	789,900,239.89	769,845,122.34
Cash Flows from/Used in Investing Activities		
Acquisition of Property, Plant & Equipment	(124,751,854.96)	(4,458,717.77)

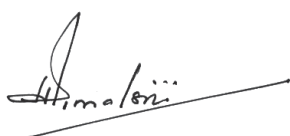
Proceeds from Sale of Property, Plant & Equipment	3,756,790.90	71,700.00
Acquisition of other Investments	(506,543,823.41)	(257,518,412.69)
Proceeds from sales of other Investments - Staff Welfare Fund		(116,882.00)
Interest Received	84,618,075.64	102,149,662.89
Bank Guarantee	5,843,500.00	2,220,000.00
Net Cash Flows from/(Used in) Investing Activities	(537,077,311.83)	(157,652,649.57)
Cash Flows from/(Used in) Financing Activities		
Consolidation Fund	(250,000,000.00)	(200,000,000.00)
Net Cash Flows from/(Used in) Financing Activities	(250,000,000.00)	(200,000,000.00)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,822,928.06	412,192,472.77
Cash and Cash Equivalents at the beginning of the year	632,639,748.28	220,447,275.51
Cash and Cash Equivalents at the end of the year	635,462,676.34	632,639,748.28
Analysis of Cash & Cash Equivalents		
Cash at Bank	504,462,676.34	488,639,748.28
Short term investments	131,000,000.00	144,000,000.00
	635,462,676.34	632,639,748.28

FINANCIAL STATEMENTS - 2014

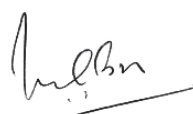
STATEMENT OF RESPONSIBILITY OF MANAGEMENT OF THE AUTHORITY TO FINANCIAL REPORTING

In terms of Section 14 & 15 of Civil Aviation Authority of Sri Lanka Act No 34 of 2002, the Management of the Authority is responsible for,

- i. Keeping proper books of accounts of the income and expenditure, assets and liabilities and all other financial transactions of the Authority.
- ii. Preparing accounts in accordance with the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 for the purpose of presenting a true and fair view of the financial performance and the financial condition of the Authority.
- iii. Taking appropriate steps to safeguard the assets of the Authority and to establish appropriate internal controls to prevent and detect frauds and other irregularities.



H.M.C. Nimalsiri
Director General & Chief Executive Officer
Civil Aviation Authority of Sri Lanka
February 2015



Shibly Aziz .P. C
Chairman

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL POLICIES

1.1 Statement of Compliance.

The statement of financial position, Comprehensive income, Changes in Equity, Cash flow and notes together with summary of significant accounting policies (the “financial statements”) of the authority have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs) as issued by The Institute of Chartered Accountants of Sri Lanka (CA), which represent International Financial Reporting Standards (“IFRS”), as issued by the International Accounting standard Board.

Responsibility for Financial Statements.

The Management of Civil Aviation Authority of Sri Lanka is responsible for the preparation and presentation of the financial statements.

1.2 Going Concern

When preparing the financial statements the Management has assessed the ability of the Authority to continue as a going concern. The Management has a reasonable expectation that the Authority has adequate resources to perform its legitimate duties and functions and continue in operational existence for the foreseeable future. The Authority does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Authority continues to adopt the going concern basis in preparing the financial statements.

1.3 New Accounting Standards issued but not yet effective as at balance sheet date

The following new standards, amendments and interpretations to existing standards have been published by the Institute of Chartered Accountants of Sri Lanka, but are not yet effective up to the date of authorization of these financial statements. Possible impact on the financial statements of the application of the above new standards have not yet been assessed, and the Authority intends to adopt these standards, interpretations and amendments to existing standards that are expected to be relevant to the Authority’s financial statements as and when they become effective.

SLFRS 9	Financial Instruments
SLFRS 12	Disclosure of interests in other entities
SLFRS 13	Fair value measurements

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the Authority’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include judgment, estimate and assumptions.

Judgments

In the process of applying the Authority’s accounting policies, management has made the following judgments, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, and where observable market data are not available, judgment is required to establish fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The carrying value at the balance sheet date of financial assets is Rs. 2,278,203,495. (2013, Rs: 1,678,666,779)

(b) Valuation of defined benefit obligation

The cost of defined benefit pension plans is determined using the formula method. The carrying value at the balance sheet date of defined benefit obligation is Rs. 12,479,380 (2013: Rs. 11,289,227)

(c) Fair Value

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. When a financial instrument is initially recognized, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the fair

value of a financial asset quoted in an active market is generally the bid price and, for a financial liability quoted in an active market, the fair value is generally the ask price. For financial instruments such as cash equivalents and short-term investments that have a short duration, the carrying value of these instruments approximates fair value.

(d) Income tax

The Authority is subject to income taxes and significant judgment is required in determining the overall provision for income taxes.

1.5 Functional and Presentation Currency

The functional currency of the Authority is determined to be Sri Lankan Rupees and the Financial Statements are also presented in Sri Lankan Rupees.

2. SPECIFIC ACCOUNTING POLICIES

2.1 Financial assets

The Authority classifies its financial assets into the following categories: loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

2.1.1 Classification

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from ordinary transactions are also classified in this category and are reviewed for impairment.

(b) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with

fixed or determinable payments and fixed maturities that the authority's management has the positive intention and ability to hold to maturity, other than: those that

- The Authority upon initial recognition designates as at fair value through profit or loss; or
- The Authority designates as available for sale; and
- That meets the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'Investment income'.

(c) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

2.1.2 Recognition and measurement

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the authority has also transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at

amortized cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realized gains/losses on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement.

2.1.3 Determination of fair value

The fair value of loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

2.1.4 De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) **The Authority has transferred** substantially all the risks and rewards of the asset, or

(b) **The Authority has neither transferred** nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Authority's continuing involvement in it. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Cost / Revaluation

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The cost of property and equipment is the cost of acquisition or construction together with any expenses incurred in

bringing the asset to its condition for its intended use. Where items of property and equipment are subsequently re-valued, the entire class of such assets is re-valued. The Authority has changed the policy of revaluing assets every 03 years to every 05 years with effect from 2014. However, when the fair value of assets subject to revaluation defers materially from the carrying amount a further revaluation is done.

When an asset is re-valued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognised as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

3.2 Property, Plant and Equipment transferred from General Treasury/ Government are stated at the fair value as of the date of receipt of the assets. (Valuation was done in 2003.) For the purpose IFRS conversion, revalued amounts of the said assets have been considered deemed cost as at 1st January 2011.

3.3 Depreciation

The provision for depreciation is calculated on the straight-line basis on the Cost/ valuation (less 10% of the residual value of the cost/valuation of the asset) of the Property, Plant and Equipment. All Property, Plant and Equipment other than land have been depreciated annually on the following percentages in order to write off such amounts over the useful lives.

Buildings	6 2/3 %
Motor Vehicles	12.5 %
Plant, Machinery & Equipment	25 %
Furniture & Fittings	25 %
IT software	50 %

Depreciation has been charged to profit & loss account on month basis commencing the date of purchase and 10% of the cost/ revaluation amounts have been retained as residual value in determining the depreciable amount of the individual assets.

During the year under review economic life time of the property, plant and equipment were reassessed as required by the LKAS 16 based on the best of the information available. As a result depreciation rates were changed for some property, plant and equipment. The resulting impact of change in economic life time of the assets will be adjusted in the financial statements commencing from the 2012 onwards.

Effective life time of motor vehicles were reassessed and depreciation rate was revised from 25% to 12.5% for the motor vehicles purchased after 2008. Rate of Depreciation of motor vehicles purchased before 2008 remained unchanged as those vehicles have been condemned and being in disposal process.

The depreciation had been over calculated in the year 2013 there by profit under stated by Rs.4,417,585.93 .The profit for the year would have been Rs.589,930,140.75 if the depreciation were normally calculated .

3.4 De-recognition

Items of property and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use. Gain or loss arising on de-

recognition of an item of property, plant and equipment is determined as the difference between the sales proceed and the carrying amount of the asset and is recognized in the income statement.

3.5 Impairment of Tangible Assets

At the end of each reporting period, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalue amount, in which

case the impairment loss is treated as a revaluation decrease.

4. INVENTORIES

All inventories have been valued at lower of Cost or Net Realizable Value. Cost is determined based on First in First out basis. (FIFO)

5. OTHER ASSETS

Other assets include Other Debtors and Receivables, Advances, Deposits, Prepayments, Taxation Receivable.

(a) Advances, Deposits, Prepaid

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as advances, deposits and prepaid expenditure. Such expenditure is written off over the period, to which it relates, on a time proportion basis.

(b) Other Debtors

Other debtors are recognized at cost less impairment loss.

(c) Taxation Receivable

Taxation receivable is recognized at cost.

(d) Prepaid Staff Cost

This represents the balance arising from the staff loans given at concessionary rates to the employees of the authority.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments. For the purpose of cash flow statement,

cash and cash equivalents consist of cash in hand and deposits in banks. Investments with short maturities are also treated as cash equivalents. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

7. PROVISIONS

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

7.1 Employee Benefits

Defined Contribution Plans

Employees are eligible for Employees' Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions in line with the respective statutes and regulations. The Authority pays fixed contributions of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund and will have no legal or constructive obligation to pay further amounts.

Defined benefit plans

Defined benefit plans are post-employment plans other than defined contribution plans. Authority is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. A provision for the obligations under the Act is determined based on the half month

salary multiplied by number of years in service.

7.2 Accident Investigation Fund

The States obligation of accident investigation, search and rescue in respect of air accidents vests with the Civil Aviation Authority. For this purpose a provision of Rs.250 Mn has been made in the financial statements. Value of the Provision has been determined based on the judgment of the Management of the Authority.

7.3 Staff Welfare & Social Security Fund

The Staff Welfare & Social Security Fund has been created in terms of section 20(5) of the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002, in respect of the public officers, who have retired from the public service and joined with the Civil Aviation Authority. The amount lying in the name of each retired officer with accumulated interest will be released at the time of retirement from the Civil Aviation Authority of Sri Lanka.

8 FINANCIAL LIABILITIES

8.1 Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings as appropriate. The Authority determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Authority's financial liabilities include trade and other payables.

9. OTHER LIABILITIES

Other liabilities include other creditors including Accrued Expenditure. These are stated at their historical value which is deemed to be their fair value.

10. GENERAL RESERVE

Rs.1,200 mn has been reserved for meeting capital expenditure on construction of head Office building & Weeravila quarters requisite at the 95th CAA Board meeting in terms of the Section 10.2 (e) of the Finance Act No 38 of 1971.

11. INCOME RECOGNITION

11.1 Overseas sales surcharge/Service charge of embarkation levy/Initial issues & the renewal of licenses / Amendments to Airline License/Regulator service fees/Examination fees.

Revenue from above services / fees is recognized at fair value in the period in which the related services are rendered.

11.2 Interest Income

Interest income for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' in the income statement using the effective interest rate method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

11.3 Other Income

Other income is recognised on an accrual basis.

12. EXPENSES RECOGNITION

All expenses are measured at fair value of the consideration given and recognize in the period to which those expenses relate. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period and are treated as a change in an accounting estimate.

13. BORROWING COSTS

Borrowing costs are interest & other costs incurred by the Authority in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred.

14. CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted by the statement of financial position date. Accordingly, provision for taxation is made based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto. Deferred income tax is recognized, using the liability method, on temporary

differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit, is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Authority controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

15. FOREIGN CURRENCY TRANSLATION/TRANSACTIONS

All transactions in currencies other than the functional currency are recorded in Sri Lankan Rupees, using the exchange rates prevailing at the time the transactions were effected. At each Statement of Financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated to Sri Lankan Rupee equivalents at the exchange rate prevailing on the Reporting Date. Non-monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees using the exchange rate prevailing at the date of transaction. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognized in the income statement in the year in which they arise.

16. EVENTS AFTER THE REPORTING PERIOD

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

19. GOVERNMENT GRANTS

The value of the Government Grant reflects, assets transferred from Department of Civil Aviation at the time of formation of the Authority less accumulated amortization.

Government Grants as at 01.01.2013 -	Rs.	8,562,380.05
Less: Amortization for the year 2013 -	Rs.	(606,054.00)
Government Grants as at 31.12.2013 -	Rs.	7,956,326.05
Less: Amortization for the year 2014 -	Rs.	(606,054.00)
Government Grants as at 31.12.2014 -	Rs.	7,350,272.05

17. CONTINGENT LIABILITIES

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

18. CASH FLOW STATEMENT

The cash flow statement has been prepared by using Indirect Method in accordance with the Sri Lanka Accounting Standard No. 9 on Cash flow statements.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

	31.12.2014	31.12.2013
	Rs. Cts.	Rs. Cts.
(1) Operating Income	1,358,103,190.36	1,078,895,686.64
Overseas Sales Surcharge	1,159,989,676.52	893,284,113.90
Service Charge of Embarkation Levy	137,052,748.21	138,082,367.67
Income from Regulatory Services	59,569,577.63	44,302,181.52
Other Operating Income	1,491,188.00	3,227,023.55
(2) Non-Operating Income	115,689,198.85	99,816,472.46
Miscellaneous Income	837,805.35	1,213,048.77
Rental Income	87,053.75	87,673.25
Profit from Disposal of Fixed Assets	3,456,769.94	63,865.00
Interest Income from Staff Loans (IFRS)	5,239,523.07	6,317,926.22
Amortization of Government Grant	606,054.00	606,054.00
NBT Collected from Customers	1,043,373.46	586,986.50
Tender Application Fees	363,250.00	-
Interest Income		
Interest from Staff Loan	3,722,749.72	3,458,587.20
Interest from Treasury Bill	84,324,797.01	68,989,229.39
Interest from Fixed Deposits	762,745.70	3,042,243.27
Interest from Call Deposits	15,245,076.85	15,450,858.86
(3) Staff Expenses	168,773,002.89	156,700,965.10
Salaries and Wages	66,279,812.99	62,643,485.59
Other Allowances	54,303,667.26	48,482,451.35
Employee Provident Fund	16,892,280.46	15,520,351.56
Employee Trust Fund	3,378,108.08	3,103,619.98
PAYE Tax	4,224,140.10	2,753,681.42
Death Grant for Employees	328,536.00	-
Bonus	3,415,645.41	3,405,590.69
Welfare Expenses	8,535,304.23	9,562,626.17
Gratuity	1,839,308.00	1,138,179.50

	Over time and Holiday Payment	4,336,677.29	3,773,052.62
	Staff Cost on Loan Benefits – (IFRS Adjustments)	5,239,523.07	6,317,926.22
(4)	Meetings, Seminars and Workshops	15,356,110.84	33,254,645.02
	Workshop and Seminar Expenses		
	Local	50,000.00	2,683,340.70
	Foreign	15,306,110.84	30,571,304.32
(5)	Training Expenses	9,363,595.94	11,269,722.26
	Training Expenses		
	Local	1,168,112.95	1,086,540.00
	Foreign	8,195,482.99	10,183,182.26
(6)	Administration and Other Expenses	130,856,730.45	136,960,888.79
	Travelling Expenses - Local	20,770.00	42,882.00
	Board Payments	1,138,000.00	1,162,500.00
	Stationery and Consumable Expenses	5,976,940.78	6,368,207.83
	Other Supplies	276,720.18	370,919.11
	Telecommunication	4,003,905.43	3,752,508.31
	Postal Charges	200,902.02	227,480.08
	Subscription , Contributions to Local/ International Organizations	14,330,338.89	20,370,000.00
	Subscription for Publication & Advertisement	1,149,342.47	888,283.18
	Examination Fee	115,563.72	418,415.96
	Printing Expenses	2,938,063.71	2,414,167.89
	Airfare and Ticketing Course Expenses	381,004.50	132,197.00
	Bank Chargers	4,498.40	-
	Indoor and Outdoor Meeting Expenses	325,406.27	257,268.07
	Inspections/Outdoor Meeting	3,488,187.26	2,882,540.13
	Translation and Typing Expenses	72,452.00	171,115.88
	Maintenance of Property, Plant and Equipment	817,031.83	1,073,443.98
	Audit Fee	500,000.00	1,206,672.00
	Loss on Disposal of Assets	37,790.90	-
	Fuel	9,665,986.55	9,151,441.72
	Vehicle Maintenance	10,631,579.75	9,020,533.77
	Rent and Hire Charges	1,024,704.00	851,780.84

Expenses for Office Building and Quarters	58,520,290.17	53,838,364.50
Common – Welfare	214,815.00	328,281.00
Welfare Utilities – Sports	1,445,255.22	144,541.00
Nation Building Tax collected from Customers	1,043,373.46	587,013.46
Dayata Kirula Exhibition	609,285.20	7,376,143.00
Aviation Development	6,154,905.22	8,115,195.13
IT Development	1,081,676.78	549,428.06
Corporate Social Responsibility	1,923,290.20	1,660,500.00
Aviation Celebration	-	1,320,060.00
Regulatory Development	390,000.00	883,440.50
Sundry Expenses	90,745.30	24,700.00
Organizational Events	2,283,905.24	1,370,864.39
	-	
(7) Taxation	311,354,961.35	228,159,304.45
Income Tax 28% for the year 2014	314,561,065.21	227,828,120.60
Over Payment Recoveries – 2011/2012	(6,745,596.00)	435,173.62
Deferred Tax	3,539,492.14	(103,989.77)

(8) Property, Plant and Equipment

Cost/Valuation	Balance as at 01/01/2014	Additions/ Transfers	Disposals	Balance as at 31/12/2014	Balance as at 31/12/2013
Land	5,359,200.00	-	-	5,359,200.00	5,359,200.00
Building	13,343,401.05	88,490,525.89	-	101,833,926.94	13,343,401.05
Vehicles	87,928,633.15	25,686,680.14	3,300,000.00	110,315,313.29	87,928,633.15
Plant and Machinery	54,036,028.72	4,093,422.53	258,000.00	57,871,451.25	54,036,028.72
IT Software	8,680,747.51	5,483,000.00	-	14,163,747.51	8,680,747.51
Furniture and Fittings	28,827,742.07	998,226.40	-	29,825,968.47	28,827,742.07
Other Fixed Assets	999,079.00	-	-	999,079.00	999,079.00
	199,174,831.50	124,751,854.96	3,558,000.00	320,368,686.46	199,174,831.50
Depreciation	Balance as at 01/01/2014	Charge for the year	Depreciation for Disposals	Balance as at 31/12/2014	Balance as at 31/12/2013
Building	7,041,264.05	2,595,060.63	-	9,636,324.68	7,041,264.05
Vehicles	37,498,477.83	9,511,057.18	2,970,000.00	44,039,535.01	37,498,477.83
Plant and Machinery	37,699,478.30	5,823,521.17	160,188.14	43,362,811.33	37,699,478.30
IT Software		3,102,959.55	-	9,013,309.45	
Furniture and Fittings	5,910,349.90	4,977,974.81	-	22,565,906.12	5,910,349.90
Other Fixed Assets	17,587,931.31	-	-	949,036.00	17,587,931.31
	949,036.00				949,036.00
	106,686,537.39	26,010,573.34	3,130,188.14	129,566,922.59	106,686,537.39
Written Down Value				190,801,763.87	92,488,294.11

		31.12.2014	31.12.2013
		Rs. Cts.	Rs. Cts.
(09) Inventories		21,775,643.12	79,146,992.92
	Consumable items	5,277,705.86	4,605,810.97
	Goods In Transit	-	28,280,000.00
	Work in Progress	16,497,937.26	46,261,181.95
(10) Trade Receivables and Staff Loan		273,542,079.65	219,721,394.16
	OSS & Embarkation Service Charge		
	Income Receivable	223,428,820.04	183,780,105.91
	Other Debtors	17,366,115.76	171,114.73
	Staff Loans	61,246,791.53	66,877,986.77
	Less: Deferred Staff Cost	(28,499,647.68)	(31,107,813.25)
(11) Financial assets		1,307,590,342.53	801,046,519.12
	Fixed Deposits	301,123.00	36,308,635.50
	Treasury Bills	1,307,289,219.53	764,737,883.62
(12) Advances, Prepayments and Other Receivables		127,033,896.80	106,488,296.86
	Advances	1,342,750.00	4,263,304.46
	Prepayments	3,335,746.83	10,337,887.77
	VAT Receivable	50,310,614.25	36,671,446.98
	Interest Income Receivable	43,545,138.04	24,107,844.40
	Prepaid Staff Cost	28,499,647.68	31,107,813.25
(13) Cash and Cash Equivalents		635,462,676.34	632,639,748.28
	Cash at Bank	504,462,676.34	488,639,748.28
	Current Account: 0002026666	4,396,540.80	54,435,041.25
	Current Account: 0002026678	500,066,135.54	434,204,707.03
	Short term investments	131,000,000.00	144,000,000.00
(14) Grants Received		7,350,272.05	7,956,326.05
	Land	5,359,200.00	5,359,200.00
	Buildings	2,408,431.95	3,014,485.95
	Other Fixed Assets	188,694.10	188,694.10
	Total	7,956,326.05	8,562,380.05
	Amortization for the year	(606,054.00)	(606,054.00)
	Balance at the end of the year	7,350,272.05	7,956,326.05
(15) Revaluation Surplus		8,764,840.44	13,485,465.44
	Vehicles		4,720,625.00
	Plant, Machinery and Equipment	3,855,992.93	3,855,992.93
	Furniture and Fittings	4,908,847.51	4,908,847.51

(16) General Reserve	1,200,000,000.00	485,000,000.00
Balance at the beginning of the year	485,000,000.00	-
Transfers during the year	715,000,000.00	485,000,000.00
(17) Deferred Tax Liabilities	8,197,696.81	4,658,204.67
Balance 1st January 2013	4,658,204.67	4,762,194.44
Reversal for the year	3,539,492.14	(103,989.77)
Balance at the end of the year	8,197,696.81	4,658,204.67
(18) Provisions and Other Liabilities	267,039,023.00	261,851,639.67
Provision for Insurance	46,400.00	702,516.67
Staff welfare fund	301,123.00	301,123.00
Provision for Accident Investigation Fund	250,000,000.00	250,000,000.00
Deposits Received	16,691,500.00	10,848,000.00
(19) Retirement Benefits Obligation	12,479,380.00	11,289,227.00
Balance 1st January 2013	11,289,227.00	10,270,927.50
Provision for the year	1,839,308.00	1,138,179.50
Paid during the year	(649,155.00)	(119,880.00)
Balance at the end of the year	12,479,380.00	11,289,227.00
(20) Trade Payables	587,018,009.15	616,588,928.22
Deposit Inspection Charges and Operation	3,893,585.06	7,791,581.00
Payable to Airport Aviation Authority and Government Treasury	576,066,135.04	578,204,706.53
Other Creditors	7,058,289.05	30,592,640.69
(21) Other Payables	46,932,609.19	17,531,743.11
Accrued Expenses		
- Staff Expenses	5,909,331.64	4,410,728.15
- General Expenses	41,023,277.55	13,121,014.96
(22) Income Tax Liabilities	176,812,769.08	123,355,948.10
Balance as at 1st January 2014	123,355,948.10	90,600,765.82
Adjustments to Tax Year 2011/2012	(6,745,596.00)	
Provision for the year	314,561,065.21	228,263,294.22
Paid during the year	(254,358,648.23)	(195,508,111.94)
Balance at the end of the year	176,812,769.08	123,355,948.10



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

TC/B/CAASL/FA/2014

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

30 October 2015

The Chairman,
Civil Aviation Authority of Sri Lanka

Report of the Auditor General on the Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2014 in terms of the Section 14(2)(c) of the Finance Act, No.38 of 1971

The audit of financial statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the Section 13(1) of the Finance Act, No.38 of 1971 and Section 14(4) of the Civil Aviation Authority of Sri Lanka Act, No.34 of 2002. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be issued to the Chairman of the Authority in due course.

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.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.





An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of 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 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 Civil Aviation Authority of Sri Lanka as at 31 December 2014 and its financial performance and cash flows 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**

The following non-compliances with Sri Lanka Accounting Standards were observed.



(a) Sri Lanka Accounting Standards

- (i) Even though additional disclosures in respect of certain events should be made in accordance with the Sri Lanka Accounting Standard 01 in the financial statements, additional disclosures had not been made in respect of the following matters.
 - Statutory provisions for the establishment of the Authority, elements registered office of the Authority and the address of Head Office.
 - Nature of the Authority and main operational activities.
 - (ii) Measurement basis in preparing financial statements for each item adopted by the Authority and the accounting policies used had not been disclosed.
- (b) In terms of Sri Lanka Accounting Standard 10, action had not been taken to adjust the overprovision of depreciation amounting to Rs.4,417,586 arisen due to revision of the rate of depreciation from the year 2008 to the prior years and retrospectively.
 - (c) Even though a rent income of Rs.87,053 had been earned during the year under review under non-operating income, the fair value of those relevant properties had not been separately disclosed as investment properties.
 - (d) Relationship between the tax expense and the accounting profit and the contingent tax liability had not been disclosed in terms of Sri Lanka Accounting Standard 12.
 - (e) In accounting for retirement gratuities in terms of Sri Lanka Accounting Standard 19, the particulars of the retirement benefit plan, particulars of value adjustment, present service cost, actuarial gain or loss, previous service cost, etc. had not been identified and the manner in which adjustments were made had not been disclosed in the financial statements.
 - (f) Adequate disclosure had not been made in the financial statements in respect of Government grants in terms of Sri Lanka Accounting Standard 20.



- (g) Action had not been taken to state the impaired cost of fixed deposits, employees loans and Treasury Bills recognized as financial assets and including Rs.1,351,135,481 as the interest thereon, in terms of Sri Lanka Accounting Standard 39.

2.2.2 Inappropriate Disclosures

The following observations are made.

- (a) A capital expenditure of Rs.16,499,937 incurred for the construction of buildings of the Authority had been shown as work-in-progress under current assets instead of being shown under non-current assets.
- (b) Expenditure incurred on Nation Building Tax had been shown as administrative and other expenses instead of being classified as selling and distribution expenses.

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

The following non-compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) Public Enterprises Circular No. PED/39 of 09 October 2006	An overpayment of Rs.1,955,330 had been paid to 4 Senior Offices of the Authority for fuel in excess of the limit stipulated in the circular.
(b) Section 111 (a) of the Inland Revenue Act, No.38 of 2000 and the Budget Statement for the year 2011.	The officers of the Civil Aviation Authority should pay PAYE tax in respect of their salaries and other earnings from their salaries. Nevertheless, the PAYE Tax payable by the respective officers for the 7 year period from 2007 to 2014 totalling Rs.21,219,419 had been paid out of the funds of the Authority.



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(c) Public Administration Circular
No.14/2008 dated 26 June 2008

(i) Monthly fuel allowance totalling Rs.3,780,000 for 11 officers at Rs.30,000 per month for 43 officers at Rs.20,000 per month totalling Rs.9,774,728 and for 100 officers at Rs.13,250 per month totalling Rs.14,065,177 had been paid though the officers were not entitled to official motor vehicles. Accordingly, a sum Rs.27,794,875 for the previous year and Rs.27,619,905 for the year under review had been contrary to the circular.

(ii) Contrary to the Circular instructions, one officer of the Authority had been paid the fuel allowance of Rs.600,000 at Rs.50,000 per month during the year under review in addition to the fuel limit.

(iii) Contrary to the circular instructions fuel allowance totalling Rs.2,490,240 had been paid during the year under review to officers not entitled to official motor vehicles, comprising Rs.544,320 to two offices at Rs.22,680 per month, Rs.1,749,600 to 8 officers at Rs.19,440 per month and Rs.196,320 for another officer at Rs. 14,440 per month.

(d) Management Services Circular No.05 of
21 November 2014.

(i) According to the circular a maximum of Rs.15,000 can be paid as bonus to the officers of the Statutory Boards. Contrary to that, an amount equal to the monthly basic salary of each officer had been paid as bonus and as



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Auditor General's Department

a result, an overpayment of Rs.1,359,161 had been made as bonus for the year under review.

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|---|--|
| <p>(e) Public Administrative Circular No.95 of 14 June 1994</p> | <p>(ii) Bonus totalling Rs.206,833 had been paid during the year under review to 5 officers who had been recruited on contract basis.</p> |
| <p>(f) Public Finance Circular No.446 of 01 September 2010.</p> | <p>(i) Contrary to the circular a monthly professional allowance of Rs.25,000 each for 06 officers and an special allowance at Rs.10,000 for 01 officer totalling Rs.1,860,000 had been paid in the year under review.</p> <p>(ii) A monthly acting allowance of Rs.17,625 had been paid to the Senior Director for acting in the Post of the Director General up to May 2010. Even after he had been removed from the acting post, a sum of Rs.953,750 had been paid as acting allowances stating that as a special allowance up to the end of the year under review without a formal approval of the Treasury.</p> <p>Action had not been taken even up to the end of the year under review to recover mobile telephone charges of Rs.150,149 and Rs.6,846 paid to 2 officers in the years 2010 and 2011 respectively in excess of their limits.</p> |



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(g) Section 9.12 of Public Enterprises

Circular No.PED/12 of 02 June 2003

- (i) Contrary to the circular instructions, a contribution of Rs.7,551,640 had been made in the year under review, to obtain full insurance cover for the employees of the Authority and all their family members in respect of Hospital charges and for Surgical operations. The annual insurance premium per officer under this insurance scheme ranged from Rs.38,400 to Rs.60,000.

- (ii) Furthermore, the Authority had spent a sum of Rs.385,540 to insure the 8 officers recruited on contract basis and all member of their families for Hospital Surgical operations during the year under review.

(h) President's Circular No. CSA/P.1/40 dated 28 February 2007

Contrary to the circular instructions, the Civil Aviation Authority had spent a sum of Rs.1,938,240 during the year under review for holding various seminars, and workshops in the luxury hotels.

(i) Circular No. CSA1/1/2006 dated 10 February 2006 of the Secretary to the President

The Authority had spent a sum of Rs.4,737,836 in the year under review on the foreign travels thirteen officers, including the Vice Chairman the Authority and retired officers recruited on contract basis. It was observed in audit that these trips were not related to their duties and that no benefit would accrue to the Authority Represent.



3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Authority for the year under review had resulted a surplus of Rs.1,123,432,376 as compared with the corresponding surplus for the preceding year amounting to Rs.813,671,859, thus showing a favourable improvement of Rs.309,760,517 in the financial results. Increase of operating income and non-operating income by Rs.279,207,504 and Rs.15,872,726 respectively had mainly attributed to the improvement of financial results.

4. Operating Review

4.1 Performance

Analysis of the progress of main operating activities of the Authority of the year under review as compared with that of the previous year is given below.

Item	Particulars	2014	2013	2012	2011
-----	-----	-----	-----	-----	-----
(i) Aircraft Movements	• Chartered Flights	3,391	2,556	2,118	1,782
	• Regular Flights	51,897	48,413	46,616	41,891
(ii) Inspections Completed (Number)	• Air Navigation Services	35	32	01	01
(iii) Safe/Secure and Supervision Activities performed (Number)	• Number of Ramp Inspections (Airworthiness)	48	53	-	65
	• Aerodrome	38	39	19	20
	• Dangerous Goods	02	09	18	35
	• Flying School Inspections (Personal Licenses)	09	08	14	13
	• Station Facilities Operating	00	07	02	04

- Even though landing and operations of aircrafts have gradually increased annually the progress inspections relating to the civil aviation monitoring had not been increased gradually.



- As the particulars in respect of reporting aircraft accidents caused in flight operations, conducting inspections and the action taken to minimize such incidents by the Authority were not made available for audit, a detailed analysis on the performance of the Authority could not be done.

(b) Charges for Services rendered by the Civil Aviation Authority

(i) Recovery of Charges

It was observed that the charges levied by the Authority for providing various services such as issue of Air Pilot Licenses, granting approval for the installation of telecommunication posts, granting approval for very high buildings etc. and the charges recovered for the issue and renewal of licenses had not been sufficient to cover the maintenance of files thereon and the expenditure on inspection and operating activities. The existing charges are given below.

Category of Licenses	Basic License Fee	Evaluation Fee	Renewal Fee	Evaluation of Renewal
	Rs.	Rs.	Rs.	Rs.
Pilot-Student	2,500	5,000	1,250	2,500
Pilot – Private	3,000	6,000	1,500	3,000
Pilot - Commercial	3,500	7,000	1,750	3,500
Pilot - Air Transport	4,000	8,000	2,000	4,000
Air Traffic Control	3,500	7,000	1,750	3,500
Air Operating Engineer	3,000	6,000	1,500	3,000

(i) Issue and Renewal of Licenses

According to the number of licenses issued and renewed by the Authority it is evident that considerable employment opportunities had not been credited annually within the Civil Aviation field in Sri Lanka.



Type of Licenses	2014	2013	2012	2011	2010
Pilot-Student	211	231	155	115	142
Pilot – Private	151	110	94	98	76
Pilot - Commercial	394	339	264	317	300
Pilot -Air Transport	350	498	414	382	359
Air Traffic Control	50	26	44	81	91
Aircraft Operating Engineer	04	05	113	173	283

(c) **Aircraft Incidents**

As the information such as aircrafts incidents reported to the Authority and inspection of those incidents, files maintained by the Authority, guidelines and orders issued from time to time by the Authority had not been made available to audit, it was not possible to carry out an analysis of the performance of the Civil Aviation Authority established to regularly the Civil Aviation Services of Sri Lanka, it order to ensure that the Civil Aviation Authority had performed its regularly finding with efficiency and according to the Substantial Standards.

4.2 **Management Inefficiencies**

The following observations are made.

- (a) As payments had been made without being correctly calculated, an overpayment of Value Added Tax amounting to Rs.32,688,455 had been made over periods exceeding three preceding years and action had not been taken to recover this money from the Department of Inland Revenue or for set-off.
- (b) Instances of non-compliance with statutory provisions and rules had been pointed out by the previous audit reports and the Committee on Public Enterprises had also paid emphasized this issue. Adequate attention had not been paid by the Management to avoid such non- compliances even in the year under review.



4.3 Transactions of Contentious Nature

The following observations are made.

- (a) According to the Scheme of Recruitment Air Traffic Controller License should be compulsory to recruit for the Posts of Deputy Director of Civil Aviation (Aircraft) and the Deputy Director (Air Navigation). But allowances totalling Rs.1,200,000 at Rs.25,000 per month had been paid during the year under review to 4 officer recruited on that qualification. However, air traffic controller license which should have been renewed annually had not been renewed by those officers over several years.
- (b) Even though an officer who had been recruited to the Minister's Staff, had been given a permanent appointment to the Authority while he was in active service in the Minister's Staff, he had not reported for duty even on a single day in the Authority. Nevertheless a sum of Rs.3,261,983 had been paid to him as salaries, fuel, medical insurance and foreign travels during the previous years from the funds of the Authority. Action had not been taken to recover this money from him even by the end of the year under review.
- (c) A Marketing Promotion Consultant had been recruited on a contract basis at a monthly salary of Rs.80,000 which was not included in the approved Scheme of Recruitment and without getting the approval from the Department of Management Services. Though he had never reported for duty even one day a sum totalling Rs.720,000 had been paid as salaries to him during the year under review.
- (d) Despite the Minister's fuel bills were reimbursed by the Ministry, a sum of Rs.2,606,546 had been improperly paid for the settlement of fuel bills of the Minister during the period from the year 2012 to the end of the year under review, though it was not related whatsoever to the Civil Aviation Authority of Sri Lanka.



4.4 Uneconomic Transactions

The following observations are made.

- (a) As an unfavourable condition had been included in the rent agreement of the building taken on rent by the Authority that the annual increase of rates should be borne by the Authority, additional rates amounting to Rs.285,390 had to be incurred from the funds of the Authority.
- (b) A sum of Rs.88,300 for air tickets to 19 officers for the participation in the opening ceremony of Mattala Airport and a sum of Rs.153,000 for air tickets to several foreign representatives to go to Mattala for a field inspection of the Collaborative Arrangement for the Prevention and Management of Public Health events in Civil Aviation Conference totalling Rs.241,300 had been paid to the Sri Lankan Airline Ltd. from the funds of the Authority.
- (c) Instead of getting new constructions and improvement to the stores of the building rented for the Head Office of the Authority in the year 2011 done by the owner of the building, a sum of Rs.28,214,123 had been spent from the funds of the Authority. Setting off that expenditure against the rent payable for the building had not been considered even by July 2015.

4.5 Identified Losses

Without adducing the reasons for the rejection of the minimum bid received for installing curtains for the doors and windows of a Holiday Bangalow, the institution which submitted the second minimum bid had been selected and as such the Authority had sustained a loss of Rs.722,160.

4.6 Idle and Underutilized Assets

Even though a sum of Rs.4,500,000 had been paid to the Science Land for the software package to computerize the fixed assets of the Civil Aviation Authority the expected objectives could not be achieved from this package.



6. Systems and Control

Weaknesses in Systems and Controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following area of control.

- (a) Accounting
- (b) Income and Expenditure Control
- (c) Inspections of Aircraft Events
- (d) Budgetary Control
- (e) Contract Administration
- (f) Assets Control

W.P.C. Wickramaratne

Acting Auditor General

Answers of the Civil Aviation Authority for the Report of the Auditor General

Report of the Auditor General on the Financial Statements of the Sri Lanka Civil Aviation Authority for the year ended on 31 December 2014 in terms of the Section 14 (2) (c) of the Finance Act No. 38 of 1971.

2.2.1

- (a)
 - (i) The Financial Statements of the Authority are an integral part of the Annual Report of the Authority and all the relevant matters have been included in the Annual Report.
 - (ii) These information has been included in page numbers 70 to 73 under the Accounting Policies 1 and 2 of the Annual Report.
- (b) The relevant difference was not due to the revision in the ratios of depreciation. It was due to the omission in the computation of depreciation for the year 2013. Since the difference taken place for the depreciation of assets in the year 2013 is even less than 0.7% when it is compared with the profit after taxes in the same year, the adjustment has been made to the profit of the current year without adjusting to the profit of the previous year. The effect to the profit of the previous year owing to this difference in depreciation has been disclosed through a note under the accounting policies.
- (c) The observation is admitted and action has been taken to make relevant rectifications with effect from the year 2015.
- (d) The relevant information has been indicated in the page number 77 under the accounting policy No. 14 in the Annual Report.
- (e) A pension Scheme is not available for the employees of the Authority and a Gratuity Fund has been allocated for all the employees as per the Circular No. 12 of 1983 and an amount similar to the amount required for making the relevant payments has been invested in the Treasury Bills.
- (f) The relevant information have been indicated in the page number 78 under the accounting policy No. 19 in the Annual Report.

- (g) The observation is admitted and action has been taken to make relevant rectifications with effect from the year 2015.

2.2.2

- (a) The observation is admitted and action has been taken to make relevant rectifications with effect from the year 2015.
- (b) Since this Authority does not engage in sale and distribution of goods, expenses have not been classified under sales and distribution expenses.

2.3

- (a) Since the vehicles used by certain senior officers of the Authority who are entitled to use vehicles are being used for the performance of the other duties of the Authority, the fuel expenses indicated in the Report of the Auditor General have been incurred on the overall functions for which the vehicles were used. Further, the officers mentioned in the Report have not been paid any personal fuel allowance.
- (b) The payments have been made as per the Provisions in Chapter No. 9.7 of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority which has been approved by the Cabinet of Ministers.

However, arrangements have been made to deduct the PAY AS YOU EARN taxes from the salary of the officers with effect from the Month of June 2015 since the Chapter has been revised according to the latest approval of the Cabinet of Ministers.

- (c)
- (i) The Payments have been made as per the Provisions made in Number 9.3.4 of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority which has been approved by the Cabinet of Ministers.
- (ii) A directive made by the Honourable Minister of Civil Aviation to the Authority in terms of the Section 31.1 of the Civil Aviation Act has been approved by the Board of Directors and the payments have been made accordingly.
- (iii) The allowance has been paid as per the Circular for using private vehicles by the officers who are entitled to use official vehicles. The Payments have been made as per the Provisions made in Number 9.6 of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority which has been approved by the Cabinet of Ministers. The Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority has again been reviewed and approved by the Cabinet of Ministers on 18.09.2014 and this Provision has also been approved.

(d)

- (i) The Payments have been made as per the Provisions in Chapter No. 9.4 of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority. Further, making payments for the year 2014 has been approved by the letter of the Director General of Management Services No. DMS/1748 dated 28.10.2015 as per the Provisions of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority.
- (ii) The payments have been made as per the agreement entered in to by the Authority with the officers recruited to the regular posts of the Authority through contract agreements to the effect that such officers are also entitled to the payment of bonus. Further all the employees of the Authority are entitled to the payment of bonus as per the Provisions made in the Manual of Staff and Administrative Rules (SLCAP 5000) and the employees recruited on the contract basis are also considered as the employees of the Authority.

(e)

- (i) Payments have been made as per the Provisions made in the Annexure 7 of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority.
- (ii) Mr. D.M.P. Dissanayake who held the Post of Director (Aeronautical Services) then was appointed by the Cabinet of Ministers as the acting Director General of Civil Aviation for the period of 03 years of no pay leave granted to the Director General of Civil Aviation with effect from 01.05.2007 and the Post held by Mr. D.M.P. Dissanayake was upgraded as the Senior Director after the Director General of Civil Aviation had returned to the country and assumed duties of the Post and the allowance had been paid to him with the approval of the Board of Directors for the performance of duties assigned to the said Post of Senior Director until the approval is granted for the revision of the Post.

The approval for the creation of the Post has already been obtained and Mr. Dissanayake has been appointed to the Post and the allowance paid to him has been suspended.

- (f) The amount has already been settled.

(g)

- (i) The Authority has taken action regarding the matter in conformity with the Chapter 9.1 of the Manual of Staff and Administrative Rules (SLCAP 5000) .
- (ii) Employees recruited on the contract basis are also considered as the employees of the Authority.

(h)

- (i) A sum of Rs.1,563,050 out of the amount has been spent on International Workshops conducted in Sri Lanka with the participation of many foreign countries as per the request made by the International Civil Aviation Authority and the balance amount has been spent on the participation in the occasion of inauguration of Mattala sub office. The amount had

to be spent as it is required to maintain a higher quality at the International Workshops for the avoidance of any damage occurs to the goodwill of the country.

- (ii) A training plan has been prepared by identifying the training requirements of the officers of this institution and Annual Training Programmes have been designed through the identification of the Programmes annually in relation to such training requirements on the recommendations of the Selection Committee on trainings of the Institution. Officers have participated in the Programmes identified so and due approvals have been obtained for all such journeys.

4 (4.1)

- 14 inspections have been indicated in the Draft Audit Report issued by the Auditor General and a progress could be identified in 10 inspections. The reason for the reduction in the RAMP inspections, Inspections on Aerodromes and Inspections on Dangerous Goods indicated here is the shortage of Inspectors and Inspections on station facilities have decreased due to the limit imposed on foreign tours.
- All the data and information requested excluding the files including data and information on Investigations in relation to aircraft accidents and incidents which are conserved under the annexure 19 of the Civil Aviation Convention enforced by Sections 57 and 61 and Section 2 of the Act No. 14 of 2010 with the objective of promoting the Safety of the Civil Aviation Services have been submitted to the Audit.

Matters pertaining to this Audit Query have been submitted to the Secretary of the Line Ministry and a clarification in this regard has been submitted by him to the Auditor General.

(b)

- (i) Charges for services have not been revised for several years as it is required to provide an opportunity of regaining growth for the Civil Aviation Industry which experienced a severe pressure for a very long period of time due to the war prevailed in the country and such charges have already been increased by a minimum of 10%.

This institution is a service providing institution and all the expenses of the institution cannot be recovered from the client. The Authority has to function without damaging the progress of the Civil Aviation Industry as the Regulatory institution of Civil Aviation Services in charging fees.

The displeasure over the charges increased in the year 2014 has been revealed by the Sri Lankan Airlines and Mihin Lanka Company and making a decision in that regard is still in the negotiation stage.

- (c) All the data and information requested excluding the files including data and information on Investigations in relation to aircraft accidents and incidents conserved under the annexure 19 of the Civil Aviation Convention enforced by Sections 57 and 61 and Section 2 of the Act

No. 14 of 2010 with the objective of promoting the Safety of the Civil Aviation Services have been submitted to the Audit.

Matters pertaining to this Audit Query have been submitted to the Secretary of the Line Ministry and a clarification in this regard has been submitted by him to the Auditor General.

4.2

- (a) An error in the computation of value added taxes has not been taken place and taxes have been duly computed and they have been remitted/reports have been sent to the Inland Revenue Department. Tax Refund returned to the Authority by the Department of Inland Revenue has increased as output tax has surpassed the input tax. Even though reminders have been sent to the Department of Inland Revenue for several times in relation to the receivables, action has not yet been taken to send the receivables.
- (b) The required steps have already been taken without delay for rectifying the shortcomings pointed out in the Audit and a special attention has always been paid on the implementation of all the recommendations of the Committee on Public Accounts whenever recommendations are issued by the Committee.

4.3

- (a) Payments have been made as per the Provisions of the Manual of Staff and Administrative Rules (SLCAP 5000) of the Civil Aviation Authority approved by the Cabinet of Ministers. The license is not renewed when a person does not function as an Air Traffic Controller and it is not necessary to renew the license for the regulatory activities conducted within the Civil Aviation Authority.
- (b) The matter has been settled as a response made to a prior audit report pertaining to this matter and as per the instructions of the COPE in this regard and as per the instructions issued by the Secretary to the Line Ministry. Since it had not been recommended to recover money from the officer, money has not been recovered from the officer.
- (c) The Post has been abolished at present and the officer who served in the Post has also been removed from the service.
- (d) The payment had been made according to a decision taken by the Board of Directors in compliance with a written order issued to the Chairman by the Minister in Charge of the Subject. The officers have been notified to rectify the observations/shortcomings indicated in the Audit query and to make arrangements to prevent such occurrences in the future.

4.4

- (a) Even though negotiations were held with the owner of the building at the time of renewing

the lease agreement in order to get rid of the matters that were mentioned in your observation as disadvantageous to the Authority, the owner did not agree with such revisions and he further informed that if such revisions are to be effected in the agreement, he also needs to make revisions in the rates of the rental.

We had to function in this way due to the difficulty in finding a building again at the rate of Rs.118/= per square feet within the City of Colombo where a great commercial demand is existing for buildings and at the same time it would be meaningless to shift to another leasehold building when arrangements have already been made to construct a building for the Head Office.

- (b) The expenditure has been incurred for the officers including the Hon. Minister and the members of the Board of Directors who participated in the ceremony of inaugurating the Mattala Sub office. The Secretary to the Ministry has instructed to make the team travelled to the office by air.

Only a day of the period of the workshop has been allocated for the Programme conducted at the Mattala Airport and if travelled by land the time would not be adequate. Further, if travelled by land, a higher cost has to be spent for transport services, food and beverages and for facilities for having a rest. The expenses have been incurred subsequent to estimating the time, money and labour that should be spent on the purpose.

- (c) This is an expenditure incurred in the year 2011. The institutional surroundings had to be improved as a compelling requirement taken place to establish a favourable environment inside the leasehold building for making it appropriate not only for the performance of the functions, duties and responsibilities of the Authority but also to protect the national identity, pride and the image of the institution before foreigners who frequently attend the Authority. Further, the relevant “construction” merely was a temporary partition even without a foundation for obtaining the essential space for the activities of the Authority and for the management of the Authority.

4.5

Quotations have been invited from 10 institutions for curtaining the doors and windows of the Weerawila Holiday bungalow constructed by the Civil Aviation Authority and 4 institutions have submitted quotations. Evaluations have been conducted for the samples and quality submitted by the institutions who have submitted the lowest bids and the report has been filed under the file No. 51 of the file AD/41/1/19/4. The approval of the Departmental Procurement Committee has been granted on the recommendations of the said Committee for purchasing curtaining materials and bed sheets for doors and windows and beds from Ideal Brite Home Decors who had submitted the second lowest bid.

4.6

The Accounting activities have been performed by the institution since the year 2013 using the computer software system purchased by the Civil Aviation Authority from Science Land Institution and thereby, the institution has been able to accomplish the expected objectives. This computer system is capable of performing various tasks such as preparation and issuance of invoices, maintenance of ledger accounts, preparation of final accounts, preparation and accounting of salaries, maintenance of investment ledgers and computation and accounting of interests, preparation and accounting of warehouse stock accounts, preparation of various reports including bank reconciliations and maintenance of fixed assets registers by each Division. All the aspects have been in operation since 2013 as expected and it is currently being used in the Authority.

4.7

Relevant officers and resources have to be released from time to time on the decisions of the Board of Directors as per the written orders issued by the Hon. Minister in charge of the subject and the Secretary to the President. However, the officers and resources have already been returned to the Authority.

4.8

(a)/ (b)

One of the major factors which affected the situation was non granting of the approval for the proposals submitted to the Department of Management Services in the year 20 on the increase in the number of the technical staff required for the due review of the local Aviation Field which expands from year to year and to increase the salaries and allowances paid to them 12 and the leaving of the staff served in the Authority for getting foreign employment opportunities or more attractive employments in the field. However, the approval has already been granted to these proposals.

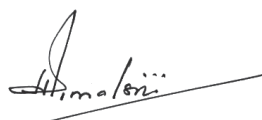
(c) Any recruitment has not been made in contrary to the Scheme of Recruitment.

5.1

The construction activities of the main building of the Authority have not been carried out to the expected level and as a result, the investment income has not been decreased have majorly contributed in the occurrence of this variation.



Ananda Wimalasena
Chairman
(07th July 2015)



H.M.C. Nimalsiri
Director General of Civil Aviation and
Chief Executive Officer



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