



CIVIL AVIATION AUTHORITY OF SRI LANKA

(Approved by the CAA at 28th Meeting held on 01.02.2006)

ANNUAL REPORT – 2005

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

Hon. Minister of Ports and Aviation.

This Annual Report has been prepared in accordance with 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 ended 31st December 2005.



Air Vice Marshal Deshmanya P.H.Mendis
Chairman
Civil Aviation Authority of Sri Lanka

27th February 2006

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ABBREVIATIONS

A&NS	Aerodromes and Navigation Services
AA	Assistant Accountant
AAI	Assistant Aerodrome Inspector
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
AMO	Approved Maintenance Organization
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
ATO	Air Transport Officer
AvSec	Aviation Security
Aw	Airworthiness
AwE	Airworthiness Engineer
BIA	Bandaranaike International Airport
CAA	Civil Aviation Authority of Sri Lanka
CAATA	Civil Aviation Authority Training Academy
CEO	Chief Executive Officer
Cp	Corporate
COSCAP-SA	Co-operative Development of Operational Safety and Continuing Airworthiness Programme – South Asia
CIA	Chief Internal Auditor
CSI	Cabin Safety Inspector
DCA	Department of Civil Aviation
D	Director
DD	Deputy Director
DGCA	Director-General of Civil Aviation
DO	Documentation Officer
DPIG	Development Planning & Implementation Group
EU-SA	European Union – South Asia
FAL	Facilitation
FIR	Flight Information Region
FOI	Flight Operations Inspector
FS	Flight Safety
GOI	Ground Operations Inspector
GSA	General Sales Agent
HR&OM	Human Resources & Office Management
HROMA	Human Resources & Office Management Assistant
HR&OMO	Human Resources & Office Management Officer
IA	Internal Audit
AA(I)	Audit Assistant (Internal)
ICAO	International Civil Aviation Organization
MEL	Minimum Equipment List
NOTAM	Notice to Airmen
Ops	Operations
PA	Personal Assistant
PL	Personnel Licensing
PLO	Personnel Licensing Officer
PA-AAI	Programme Assistant- Aircraft Accident Investigation
PAAE	Programme Assistant- Aviation Examinations

PA-IT	Programme Assistant- Information Technology
PA-SP	Programme Assistant – Special Project
S/CAA	Secretary to the CAA
SAISO	Senior Aeronautical Information Service Officer
SARPs	Standards and Recommended Practices
SARAST	South Asia Regional Aviation Safety Team
SATO	Senior Air Transport Officer
SAwE	Senior Airworthiness Engineer
SFOI	Senior Flight Operations Inspector
SLCAP	Sri Lanka Civil Aviation Publication
SP	Special Projects
SPLO	Senior Personnel Licensing Officer
USTDA	United States Trade and Development Agency
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

- Head Office : Civil Aviation Authority of Sri Lanka,
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E-mail: caasl@sri.lanka.net
Website: www.caa.lk
- Postal Address : P.O. Box 535, Colombo
- Telegraphic Address : AIRCIVIL
- AFTN Address : VCCCYAYX
- Branch Office : Civil Aviation Authority of Sri Lanka,
“Hilltop”, Naikanda,
Minuwangoda Road,
Katunayake.
Telephone : 94 -11-2251076
Facsimile: 94 -11-2251076
E-mail: katcaa@slt.net.lk
- Sub-office : Airworthiness Sub Office,
Civil Aviation Authority of Sri Lanka,
Bandaranaike International Airport Colombo,
Katunayake.
Telephone: 94 -11-2252269
E-mail : aidbcaa@slt.net.lk
- : Airworthiness Sub Office,
Civil Aviation Authority of Sri Lanka,
Colombo Airport,
Ratmalana.
Telephone : 94 – 11 – 2635756
E-mail : aidccaa@slt.net.lk
- 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

PROFILE

Overview

The Civil Aviation Authority of Sri Lanka (the “CAA”) 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.

It’s primary function is to undertake activities that promote civil aviation safety and security in keeping with International Standards and Recommended Practices adopted by International Civil Aviation Organization (ICAO) and to steer the aviation sector in Sri Lanka as a prime contributor to the growth of national economy, enhancing quality of life of it’s citizens.

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 three (03) members serving the CAA as ex-officio. The term of office of the appointed members is three (03) years.

The Authority is subjected to the direction and control of the Minister in charge of the subject of civil aviation who at present is the Minister of Ports and Aviation, and it reports directly to him.

Members of the Civil Aviation Authority of Sri Lanka



(Seated – Left to right – Mrs.C.S.Kumarasinghe, Representative of Ministry of Finance,
Mr.Norman Gunewardene, Vice Chairman, AVM. P.H.Mendis, Chairman,
Mr.H.M.C.Nimalsiri, DGCA & CEO.

Standing – Left to right – Mr.Nihal Jayawardene, Mr.Ananda Goonatilleke, (Executive Director),
Mr.G.S.Withanage.)

Members appointed by the Hon. Minister of Ports and Aviation

1. Air Vice Marshal Deshmanya P.H.Mendis, (Chairman)
2. Mr. Norman Gunewardene, (Vice Chairman)
3. Mr.Ananda Goonatilleke, (Executive Director)
4. Mr.G.S.Withanage
5. Mr.Nihal Jayawardene

Members ex-officio

1. Secretary, Defence
(*Major Gen. Asoka Jayawardhana*)
2. Representative of the Minister of Finance
(*Mrs. C.S.Kumarasinghe*)
3. Director General of Civil Aviation
(*Mr. H.M.C.Nimalsiri*)

AIR VICE MARSHAL (RETD.) DESHAMANYA P. H. MENDIS Chairman

Air Vice Marshal Deshamanya P. H. Mendis counts fifty four (54) years of service in aviation and is a well known and much respected figure in the Sri Lankan aviation field.

He joined the Royal Ceylon Air Force as a Cadet Pilot in 1951 and was trained UK at the Royal Air Force College, Cranwell. After his graduation in 1954 he was trained as a Fighter Pilot on Vampire jet aircraft at RAF Merryfield UK and returned to Ceylon at the end of 1954. He was trained as a Flying Instructor at the Central Flying School UK, and also attended the Defence Services Staff College, Wellington, India and the Imperial Defence College, London.

He held several major appointments both on Flying and Administrative duties and was given Command of the Sri Lanka Air Force in 1970. As Commander, he introduced the Board of Management in the Air Force, established overhaul facilities for Piston Engines, Propellers, Avionics and Instruments. He formed Heli Tours, the Commercial Arm of the Air Force, which proved profitable and very useful for the continuation training of his pilots.

In 1973 he was concurrently appointed Advisor to the Government of the Republic of Maldives and formed Air Maldives with Sri Lankan and Maldivian crews. This was to be the catalyst to the Maldivian tourist industry.

On retirement from the Air Force in 1977 he functioned as Chairman, Air Ceylon, Managing Director of Lankair (PVT) Ltd and was the founder and Executive Director of Lionair (PVT) Ltd. Deshmanya A.V.M. Mendis was bestowed with the most prestigious national honours "Deshamanya" by Her Excellency the President at the National Honours Award Ceremony held in 2005 in recognition of his contribution to wellbeing of the nation.



in

MAJOR GENERAL ASOKA JAYAWARDHANA Secretary, Ministry of Defence

Major General Asoka Kanthilal Jayawardhana assumed duties as the Secretary Defence on 01st December 2004. Born in May 1944, Major General A.K Jayawardhana had his secondary education, at a premier private institution, St. Thomas' College, Mt.Lavinia. He joined the Sri Lanka Army in October, 1963.

He graduated from the Royal Military Academy Sandhurst, UK in 1965 and was posted to the Sri Lanka Light Infantry. He was promoted Brigadier in March, 1990. In 1995 he completed the Royal Collage of Defence Studies Course in UK.

Major General A.K Jayawardhana is a recipient of the gallantry awards RWP and RSP.

Prior to assuming his appointment Of the Secretary, Defence on completion of career in the Army, he was appointed the Governor of the Northern and Eastern Provinces of Sri Lanka which appointment he held from 13th November 1998 to 30th November 2004.

Mr. NORMAN GUNewardENE
Vice Chairman

Norman Gunewardene is a well-known figure both in Sri Lankan business and diplomatic circles. He counts 44 years of service in Aitken Spence & Co. Ltd., and was it's Chairman in 1995/96 and remained a non-executive director until his retirement, in 2002. He is the Chairman of his Investment Company, Odel Investments (Pvt) Limited, Chairman of Odel Foundation and has been the Honorary Consul for New Zealand since 1987.



He joined the Royal Ceylon Navy in 1952 and had his training at the Royal Naval College, Dartmouth, UK and the Indian Midshipman's Training Establishment, Bombay where he won the President of India's plaque for the best all round Midshipman of the course . After serving a short term with the Royal Ceylon Navy, he joined Bonars Ceylon Limited, a marine engineering company, in 1956, and then Aitken Spence & Company Limited in 1958.

He served as a Member of the Telecommunications Regulatory Commission from 1997-2000 and as a Director of Sri Lanka Telecom Limited from 2000-2003.

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



Mr.Nimalsiri is the Chief Executive Officer of the Civil Aviation Authority of Sri Lanka since its inception in 2002. Prior to his appointment as the DGCA/CEO, he functioned as the Assistant Director (Operations) having joined the Department of Civil Aviation in 1987 and has been a pillar of strength in the CAA. Mr. Nimalsiri is amongst a few officials who pioneered drafting the new legislative framework in Civil Aviation and introducing institutional reforms in the former Department of Civil Aviation, which led to the formation of the Civil Aviation Authority of Sri Lanka and introduction of the Civil Aviation Bill.

He has followed numerous training courses relating to air transport, aviation safety & security and navigation services and possesses an extensive knowledge and experience in Civil Aviation. He has participated in various regional and international conferences on Civil Aviation and taken part in numerous bilateral air services negotiations with foreign States representing the CAA and the former Department of Civil Aviation .

Mr.Nimalsiri has obtained a B.Sc (Hons) degree from the University of Colombo and has completed a M.Sc degree in computer science from the same University. He has also obtained a Flight Operations Officer Licence after following a qualifying training course in Ulyanovsk, Russia.

Being the DGCA, he has specific statutory powers and functions under the Air Navigation Act and Regulations made thereunder including exercising control over entry into the civil aviation system through granting of civil aviation documents (such as licences, certificate of approvals etc.).

He is the designated Government authority responsible for Civil Aviation security in Sri Lanka.

Mr. ANANDA GOONATILLEKE
Executive Director

Mr. Ananda Goonatileke in addition to being an Attorney -at-Law brings to the CAA his experience on Boards of various establishments. He was the Director Operations of Associated Newspapers of Ceylon Limited (Lake House) and the working Director of Sri Lanka Broadcasting Corporation. He was also a Board member / Director of the Sri Lanka Telecom Limited from 1998 to 2004. He was the Chairman, Common Amenities Board and is currently the Chairman of Shakthi Publishers Limited (Dinakara).



Mr. Goonatileke has a B.A. degree from Colombo Campus, University of Ceylon. He is also a member of the Bar Council of the Bar Association of Sri Lanka since 1992.

Mr. G S WITHANAGE
Member

Mr. G. S. Withanage has held many senior positions in various government establishments and has considerable experience in public administration. He has completed 14 years of service in the field of Civil Aviation and obtained professional training in Air Transport, Civil Aviation Management and Airport Development in reputed aviation academies in various countries. He has participated in numerous bilateral air services negotiations with other countries as a member of Sri Lanka's delegation



Mr. Withanage obtained his Bachelor of Science Special Degree in the field of Business Administration from the University of Sir Jayawardanapura and completed Master of Business Administration Degree at the University of Colombo. He serves as the Additional Secretary (Aviation) in the Ministry of Ports & Aviation and is a Class I officer of the Sri Lanka Administrative Service.

Mr. NIHAL JAYAWARDENE
Member



As a holder of a Masters Degree in Law at University College, London, specializing in Air Law, Space Law, Carriage by Air, Comparative Immigration & Nationality Law and being a Senior State Counsel, Mr. Nihal Jayawardene brings to the CAA a wealth of knowledge and experience in legal and aviation field. He has participated at numerous Bi-Lateral Air Services negotiations with other countries as a member of the Sri Lanka's delegation and assisted the former Department of Civil Aviation in the legal reforms undertaken for the establishment of Civil Aviation Authority of Sri Lanka.

Mr. Jayawardene was called to the Bar as an Attorney -at-Law of the Supreme Court of Sri Lanka in November 1983.

Mr. Jayawardene has passed the Final Examination at Sri Lanka Law College in December 1982 and was enrolled as a solicitor of the Supreme Court of England and Wales on 15th November 1991. He has followed a Summer Course in Public International Law at The Hague Academy of International Law (July – August 1988).

Ms. CHITRA SWARNAPALI KUMARASINGHE
Representative of the Minister of Finance

Mrs. C. S. Kumarasinghe has wide experience in public administration. She is working as an Additional Director General, Department of National Budget. Mrs. Kumarasinghe has been appointed to serve as a member of the National Education Commission and the State Development Construction Corporation. She has served as a member of the Land Reforms Commission, Rubber Research Institute, Tertiary and Vocational Education Commission, Coconut Cultivation Board and the State Printing Corporation.



Mrs. Kumarasinghe obtained a B. A. (Honours) degree from the University of Annual Report –2005

Final Draft

Ceylon, Colombo. She has obtained her Post Graduate Diploma from the Institute of Social Studies, Netherlands and a M.Sc from the University of Otago, New Zealand. She joined the Sri Lanka Administrative Service in 1973 and served various government departments in different capacities.

GOVERNANCE AND ACCOUNTABILITY

Role of the Authority

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

- Communicating with the Minister and other Government stakeholders to ensure their views are reflected in the planning of the Civil Aviation Authority;
- Employment of qualified and skilled personnel and determine their terms and conditions of service including remuneration to be able to perform CAA's functions and duties;
- Delegating responsibility for the achievement of specific objectives of the Director-General of Civil Aviation and Chief Executive officer, CAA;
- Monitoring organizational performance towards achieving these objectives;
- Accounting to the Minister on plans and progress towards the implementation and
- Ensuring systems of internal controls are maintained.

Structure of the Civil Aviation Authority of Sri Lanka

Five (05) of the Authority Members are appointed by the Minister of Ports and Aviation and three (03) of the Authority Members are ex-officio. The Authority is composed 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.

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 written law and, be charged with the general administration of the functions of the Authority. The Authority directs the Chief Executive Officer by delegating powers and functions for achievement of CAA's objectives through setting policies.

Committees of the Authority

The Authority has set up four standing committees viz, Staff Committee, Finance Committee, Planning Committee and Audit Committee to provide a more detailed level of focus on particular issues. Each committee has been delegated powers for establishing and monitoring the organization's progress towards meeting objectives prescribed by the Authority. The Authorities Standing Committees include:

Staff Committee

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

1. Adoption of an organizational structure and modification thereto as and when necessary;
2. Determination of salaries and cadre;
3. Staff matters pertaining to selections, recruitments, appointments, promotions, demotions, retirements/terminations etc;
4. Staff disciplinary actions;
5. Monitoring the Annual Work Programme of the CAA;
6. Development of Administrative Rules and Procedures for CAA;
7. Development of Disciplinary Procedures for CAA Staff;
8. Development of Office Procedures for CAA;
9. Grant of scholarships for CAA Staff;
10. Development of compensation schemes for premature retirement for DCA staff and
11. Development of social and welfare schemes for CAA staff.

The Staff Committee comprises the following Members of the CAA:

1. Air Vice Marshal Deshamanya P.H.Mendis, Chairman
2. Mr. Norman Gunewardene, (Vice Chairman)
3. Mr. H.M.C.Nimalsiri, DGCA &CEO
4. Mr. Ananda Goonatilleke, Executive Director

Finance Committee

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

1. Preparation of Annual Budget Programme;
2. Development of Financial Rules and Procedures for CAA;
3. Monitoring the purchase of equipment, facilities or services;
4. Monitoring the avenues of revenue of the CAA and
5. Thrift Management in CAA.

The Finance Committee comprises the following Members of the CAA:

1. Air Vice Marshal Deshamanya P.H.Mendis, Chairman
2. Mr. Norman Goonawardene, member
3. Mr. H.M.C.Nimalsiri, DGCA & CEO
4. Ms. C.S.Kumarasinghe, member

Planning Committee

The Planning Committee is responsible for the following matters:

1. Development of National Civil Aviation Policy;
2. Development of a National Civil Aviation Development Plan;
3. Review of Primary and Subsidiary Legislation relating to Civil Aviation and introduce amendments, where necessary;
4. Monitoring the implementation of National Civil Aviation Security Programme
5. Monitoring the implementation of National Air Transport Facilitation Programme;
6. Monitoring Civil Military Co-ordination;
7. Monitoring Air Service Operations and
8. Monitoring the activities of Aeronautical Service Providers.

The Planning Committee comprises all eight Members of the Authority

Audit Committee

The Audit Committee is responsible for the following matters:

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

The Audit Committee comprises of the following members

1. Ms C.S.Kumarasinghe, Chairman of the Audit Committee
2. Secretary / Defence, member
3. Mr.Norman Goonawardene, Vice Chairman-CAA
4. Mr.G.S.Withanage, member

Connection with Stakeholders

The Authority acknowledges its responsibility to keep in touch with stakeholders, in particular, to remain cognizant of the expectations of the Minister of Ports and Aviation.

Division of responsibility between the Authority and Senior Management

A key to the efficient running 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 DGCA & CEO. The Authority concentrates on setting high level policies and strategies, and then monitors progress towards meeting the objectives. The Senior Management is concerned with implementing these high-level policies and strategies. The Authority stands apart and does not have responsibility for the specific regulatory obligations of the Director-General of Civil Aviation as set out in the Air Navigation Act or Regulations made thereunder. 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 CAA 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 and strategic directions.

Conflicts 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 staff.

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 provide assurance to those specific objectives of the Authority which 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 monitoring systems of internal control in each of the CAA sections. This unit is concerned with the quality and reliability of financial and other information reported to the Authority. Internal Audit operates independently of the management and reports its findings directly to the Audit Committee.

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 staff are aware of legislative requirements that are particularly relevant to them.

Ethics

The Authority, having developed a code of ethics, regularly monitors whether 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 espoused in the code of ethics. Good corporate citizenship involves this entity, 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 manner consistent with the social 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 industry that conforms to International Standards and Recommended Practices.

Motto

“Safety First”

Philosophy

“Sri Lanka’s airspace is a public asset that shall be managed for the progress and well being of the posterity of Sri Lanka”.

Goals

- To achieve or exceed Safety Outcome targets.
- To be appropriately resourced.
- To be professional and competent.
- To attain wide credibility and recognition.
- To be a strong facilitator for planning and development of civil aviation.

Strategies

- Improved and consistent implementation of statutory functions.
- Informed 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.

Values

The CAA and its employees:

- assign top priority to safety.
- excel in the services being provided to the CAA customers.
- have a ‘can do’ attitude in everything being undertaken.
- aims to be reliable and realistic.
- willing and able to change in pursuit of continuous improvement.
- work together to achieve success.
- are open, honest and transparent.
- promote efficiency and regularity in everything being done.
- trust and respect their colleagues.
- value everyone’s contribution.
- recognize their social responsibilities.
- enjoy what is being done.
- take pride in their professional approach.
- have a balanced home and work environment.

CAA’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 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 minimize delays in on-time departures.
- To make air travel affordable to people of average class.
- To improve the quality of service in air travel.
- To minimize congestion and expedite passenger processing at airports, whilst being mindful of the security requirements.
- To minimize operational costs in the air transportation and eliminate waste.

Outcome

- Safety, efficiency and regularity in civil aviation and security of personnel associated with civil aviation.
- Optimum use of Sri Lanka airspace for the well-being of the public.
- Economic development of the country.
- Prevention of economic waste caused by unreasonable competition.
- Improved access and mobility of people and goods.
- Dependable services in the field of civil aviation.
- Education in the field of civil aviation.
- Promotion of all aspects of civil aeronautics.
- Protecting and promoting public health.
- Environmental sustainability.

Output

Output Class	Output
Policy Advice	Advice 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	Risk management of: Airport/Airfield sector safety; Airlines sector safety; General aviation sector safety; Personnel licensing safety; Flying training safety; Aircraft maintenance safety and Aviation services sector safety risk management.

Safety Analysis, Information and Promotion	Safety investigation Safety analysis Safety information, education and promotion Aircraft Accident & Incident Investigations and implementation of safety recommendations
Authorization	Airline schedule approval Airfare approval Travel agents 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	Civil aviation sector security risk management
Enforcement	Responses to regulatory breaches Enforcement of public health and hygienic requirements
Assistance to the Government	Collection of embarkation levy from airlines



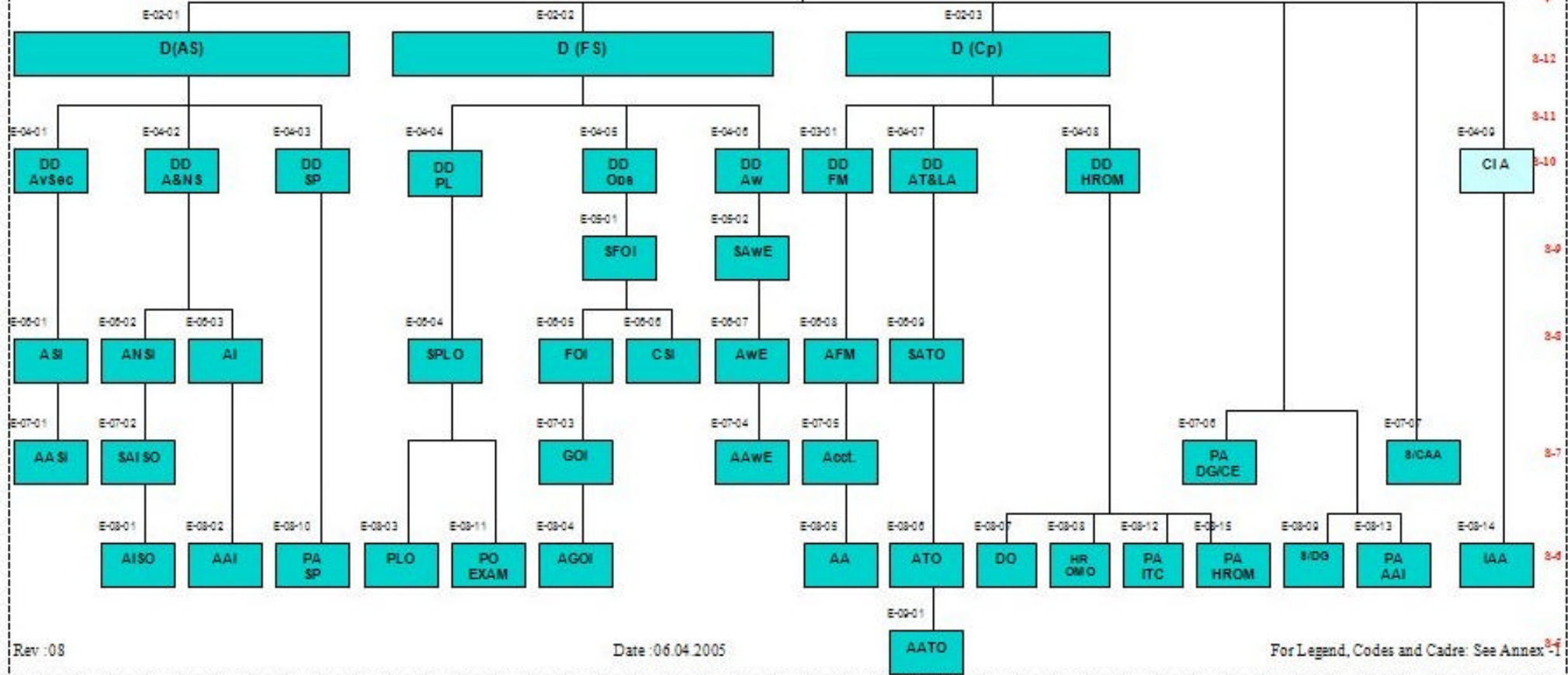
Civil Aviation Authority of Sri Lanka

CAA Organizational Chart

current

CHAIRMAN & MEMBERS INCLUDING DGCA

CHIEF EXECUTIVE OFFICER



CHAIRMAN'S REVIEW

2005 saw the completion of our third successful year of operations. The Board consisted of AVM P.H.Mendis as Chairman, Mr. Norman Gunewardhana Vice Chairman, Mr. Ananda Goonattilleke Executive Director, Mr. G. S. Witahnage, and Mr. Nihal Jayawardena. Mr.H.M.C.Nimalsiri, Director General of Civil Aviation, Major General Asoka Jayawardhana, Secretary, Ministry of Defence, , and Mrs. C.S. Kumarasinghe, Representative of, Minister of Finance were the Ex - Officio members of the Board. The Board was reconstituted in December 2005 after the Presidential elections. The new Board consist of AVM Deshamanya P. H. Mendis as Chairman, Mr Norman Gunewardene, Vice Chairman, Mr Ananda Goonattilleke , Executive Director and Mr Nihal Jayawardena. The Ex Officio members are Mr H.M.C.Nimalsiri Director General of Civil Aviation, d Mr Gotabhaya Rajapakse, Secretary Ministry of Defence, and Mr. Ananda Amaradeva, Representative of the Minister of Finance. Accordingly, the Committees of the CAA were also reconstituted.

Cadres

The committees met regularly throughout the year. The CAA was requested to train and absorb 10 graduates under the Government's Graduates Recruitment scheme. Further, all vacancies were also filled and the CAA cadre now stands at 133. This has placed a certain burden on the CAA in particular with regard to finances and training new cadres as there are no training facilities available locally.

Aviation Policy

The comprehensive Aviation Policy drawn up and submitted to the Ministry in 2004 was referred to the Institute of policy and Planning.

Regulatory function

The co-operation of all aviation related organizations has been very good and is greatly appreciated. However, the Licensing of BIA has not been completed due to several items not being in conformity with ICAO requirements, The CAA is in communication with AASL to get the Licensing completed early.

Development of Aviation

2005 saw the liberalisation of air traffic into India and the lifting of restrictions on capacity.

Indian domestic carriers Jet Air and Sahara were permitted to operate to Sri Lanka. Similarly ,the CAA has now permitted three Sri Lanka domestic Airlines namely, Expo Aviation , Deccan Aviation and Holiday Air to operate in to India. The first flights of SriLanka's domestic carriers in to India and Maldives are scheduled for mid 2006.

The Ruhunu Open Skies Project, which failed to get off the ground in 2005 due to security considerations, will be launched in 2006 under the new Government. This will entail helicopter services to ships passing the south coast of Sri Lanka to deliver food, materials and for casualty evacuation.

Other Aviation related sports such as Ballooning , Para Gliding and Ultra Light aircraft will be permitted from Koggala or Weerawilla.

Negotiations have started for the establishment of a BOI project to completely overhaul aircraft of SLAF and Civil Airlines at Rathmalana or Katunayake. We expect the project to commence in 2006.

The domestic aviation sector is still limited to Jaffna and to charters for helicopters and the Sri Lankan float plane.

The Government has decided on the establishment of a Second International Airport at Weerawilla which will also be the alternate to BIA. Work on this airport is due to commence in February 2006.

Accident Investigation

An Aircraft Accident Investigation unit (AIU) has been established under the direct control of the Chairman, CAA. An Accident investigation kit has been obtained, However, the new staff should be trained in proper methods of accident investigation.

Civil Military Relationship

The Civil Military coordinating committee continues with its work and with the acquisition of radars will make co-ordination that much easier. It is expected that there will be a relaxation of the strict security restrictions that hamper the development of Civil Aviation.

Finance

The CAA continues to be a self-financing organization with no Government funding. However, expenditure is increasing due to an increased cadre and increasing wages. Revenue is declining due to a reduction of sale of Pre Paid Travel Advice's (PTA's) which is the main source of revenue. Further, with the introduction of the BSP and computerised sales, it is estimated that the revenue from PTAs will cease by end 2008 when the BSP is fully implemented.

Our request for a 2% fee for the recovery, accounting and distribution of the Embarkation levy has not been replied to, as yet, This was mentioned in the annual report for 2004.

Conclusion

There is every indication that 2006 will be an important year for the development of aviation due to the change in policies regarding security for aviation in the South. We look forward to the introduction of the Ruhunu Open Skies programme.

We also look forward to the expansion of the facilities at BIA and to the development of an international airport in the south.

I take this opportunity to thank the members of the two Boards that functioned in 2004 who have painstakingly assisted and guided me in my functions. I also wish to thank the staff of the CAA who are highly motivated, united and loyal for having carried out their work so efficiently. I am also grateful to the Director General who has assisted me and the Board in no uncertain manner. He has been a tower of strength efficiency and integrity, and has shown remarkable qualities of leadership.



Air Vice Marshal Deshmanya P.H. Mendis
Chairman

30th January 2006

PROGRESS REVIEW –2005

**Report of the Director General Civil Aviation
and Chief Executive Officer**

The Characteristics and Potentials of Aviation

Aviation is the nation's dominant intercity mode of transportation for those passengers and goods which must be transported expeditiously without compromising either safety or efficiency. Air Transportation has become so universal that no one questions aviation's importance as an essential form of transport. Aviation provides the only worldwide transportation network, which makes it essential for global business and tourism. For medium and long-haul passenger travel, there is no alternative to air transport. World airlines have carried over two (2) billion passengers in the year 2005 and it plays a vital role in facilitating economic growth, particularly in developing countries.

Air transport entirely covers its infrastructure costs, unlike road and rail which depends heavily on State's funds. Instead it is becoming a net contributor to national Treasuries through taxation. Aviation's global overall economic impact is estimated to be 8 % of the world Gross Domestic Product.

Aviation employs many thousands of people, and thousands more work in aviation's support industries. With the rapid growth, aviation has been more sensitive to environmental conservation and taking every possible measures to reduce noise and emission levels.

There are about 900 commercial airlines in the world which have a fleet of nearly 22,000 aircraft. They serve some 1,670 airports through a route network of several million kilometres managed by around 160 air navigation service providers.

Aviation is a highly efficient user of resources and infrastructure. Statistics shows that Air transport has high occupancy rates of 65 to 70% which is more than double those of the road and rail transportation industries of the world.

Aircraft entering today's fleets are 70% more fuel efficient than they were 40 years ago. Modern aircraft achieve fuel efficiencies of 3.5 litres per 100 passenger-km and the next generation aircraft (A380 & B-787) target an efficiency of less than 3 litres per 100 passenger-km. Forty percent (40%) of the international tourists now travel by air.

Aircraft entering today's fleets of commercial airlines are 20 decibels (dB) quieter than comparable aircraft operated 30 years ago. Carbon monoxide emissions have been simultaneously reduced by 50%, while unburned hydrocarbon and smoke have been cut by 90%.

Improvements in airline efficiency and increased competition have reduced world airfares by around 40% in real terms since mid 1970.

The average distance traveled tends to increase as people takes long-haul holidays and do business in countries which now have more favourable political and social environments.

Most air cargo consists of manufactured products or products that will be used in manufacturing process. 40 % of the values of inter-regional trade in manufactured goods is transported by air¹.

¹ - Statistics relating to Global Aviation activities are based on the publications released by Air Transport Action Group Annual Report –2005

In the case of aviation, market opportunities have been amplified by technological advances, cost efficiencies and strengthened competition within the industry, which have brought air travel within the reach of many more people. In an era of increasing globalization, foreign travel - whether for pleasure or on business - is now a common experience. The increasing affordability of air travel has opened up new destinations and possibilities;. It has expanded people's horizons, opportunities and expectations. As a result, a phenomenal growth in air travel is expected to be seen over the new few decades.

Country's Strategic framework for Development of Aviation

It is under a global scenario as aforementioned, Sri Lanka has to set out the strategic framework on the future development of the country's civil aviation sector. It should essentially be a balanced approach, recognizing both the costs and benefits of air travel and also loss of opportunities, if not acted in time.

Although a significant portion (around 25 -50 %) of the population of developed countries are seen flying at least once a year, it is yet a negligible percentage of our population who travel by air. The percentage of Sri Lanka population who has never ever flown in an aircraft is much higher than the percentage of population who has flown at least once during their lifespan.

Freight traffic at BIA is on the continual increase. The aviation industry itself makes an important contribution to our economy although air there has not been any systematic quantification of its contribution to the growth of GDP.

Around five hundred thousand foreign visitors a year contribute to a tourist industry that directly supports many hundreds of jobs in the country. More than ninety (90%) percent of these visitors come by air.

Air services are important for the economic vitality of Sri Lanka. They offer rapid access to other parts of the country, and essential connections to a range of global markets.

All the evidence suggests that the growth in the popularity and importance of air travel is set to continue over the next few decades. There are, of course, large uncertainties involved, which increase the further we look ahead. For instance, it is possible that the market for air travel might mature more rapidly than we expect, causing the rate of growth to slow more quickly than forecast or the cost of flying may prove to be higher than projected, perhaps, for instance, due to rising oil prices. The physical constraints on airport capacity will have the effect of limiting actual traffic.

The availability of sufficient airport capacity is an important constraint on future growth. Our considered opinion is that we should make the best use of existing airports (land) before supporting the provision of additional capacity. A sustainable approach entails first making better use of existing infrastructure, wherever possible. The most significant quantifiable benefit from additional capacity would be savings in travellers' costs.

Failure to provide additional capacity would become a barrier to future economic growth and competitiveness. With the airports becoming more congested; air fares would rise as slots became increasingly sought-after; and much of the future growth in air travel - along with the associated economic growth - could in due course migrate elsewhere.

Hence it is vital that Sri Lanka takes early steps to identify its development requirements in the aviation sector precisely and systematically, assign due priorities to such tasks and implement them consistently so as to ensure the country's unimpeded participation in the international air transport market and growth of the domestic market without leaving room for repent subsequently for loss of opportunity.

The enthusiasm demonstrated by the CAA and the aviation industry stake holders to embark on new business ventures or expand the current business scope were some what curtailed, due to security related restrictions imposed on in the industry. In the last two years alone more than ten

lucrative business proposals could not set off ground including a surprise turn down of a request for imputation of an aircraft for fleet expansion of local cargo carriers.

Although the CAA is responsible for development of civil aviation sector in the country, it did not have the sufficient freedom to do so due to non-receipt of security clearances for promotion of some of the essential components in the civil aviation sector.

The Annual Report 2005 summarizes the major achievements and areas of focus of the Civil Aviation Authority of Sri Lanka during its 3rd year since establishment in 2002.

I wish to avail myself of this opportunity to thank the Hon. Minister of Ports and Aviation for his direction, guidance and support to accomplish CAA's duties and functions. I am also thankful to the Secretary, Ministry of Ports and Aviation and his staff, all Members of the Civil Aviation Authority of Sri Lanka including the Chairman, and CAA employees who carried out the agreed tasks with dedication and sheer aplomb. My thanks goes to all other Government Departments and Institutions and the Agencies which are subjected to regulation by the CAA for their unstinted support, assistance and co-operation for the accomplishment of the CAA's mission.

A handwritten signature in black ink, appearing to read 'H.M.C. Nimalsiri', is written over a horizontal line. Below the line, there are three small dots.

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

15th January 2006

1. DIRECTION AND MANAGEMENT



1.1 THE CAA AND IT'S COMMITTEES

Board of Members:

The Civil Aviation Authority continued with personalities mentioned below as its members in 2nd Board until it was re-constituted by the Hon. Minister of Ports and Aviation on 05th December 2005 consequent to the change of Cabinet of Ministers with the election of the new President, His Excellency Mahinda Rajapakse.

- Air Vice Marshal Deshmanya P.H.Mendis, (Chairman)
- Mr. Norman Gunewardene, (Vice Chairman)
- Mr. Ananda Goonatileke, (Executive Director)
- Mr. G.S. Withanage
- Mr. Nihal Jayawardene

The following have been re-appointed to the 3rd Board of the CAA

- Air Vice Marshal Deshmanya P.H.Mendis, (Chairman)
- Mr. Norman Gunewardene, (Vice Chairman)
- Mr. Ananda Goonatileke, (Executive Director)
- Mr. Nihal Jayawardene

Meetings of the CAA

The Civil Aviation Authority of Sri Lanka has held ten (10) meetings during the period under review and passed hundred and fourteen resolutions for the progress and well-being of both the CAA and the civil aviation industry that it regulates. The Staff Committee and Audit Committee of the CAA met seven (07) and three (03) times respectively during the period under review.

Representation & Participation

DGCA & CEO together with the Executive Director, Director (Corporate), Director (Aeronautical Services) and Deputy Director (Personnel Licensing) of the CAA attended the 42nd Conference of the Directors General of Civil Aviation (Asia and Pacific) Regions, held in Gold Coast, Australia from 26th to 30th September 2005. The DGCA & CEO of Sri Lanka was elected as the Vice Chairman of this Conference. Sri Lanka presented a discussion paper on “the need to disseminate Tsunami Warning using AFTN” highlighting the need for the expeditious dissemination of information on Tsunami prone earthquakes occurring any part of the world using the well developed global communication network presently used for aeronautical communication purposes. The proposal received overwhelming support from the Conference and it was included under the Action items to be pursued further for a solution. The next meeting (43rd) will be held in Colombo from 20th – 24th November 2006 and it would be one of the major tasks for the CAA in 2006.

National Civil Aviation Policy

The CAA held a simple ceremony at its headquarters on the 07th December 2005 to commemorate the 61st anniversary of the signing of the Convention on International Civil Aviation in Chicago in 1944. The ceremony was presided over by Mr. Tilak Collure, Secretary, Ministry of Ports and Aviation and attended by the Chairman, Executive Director and the Director General of Civil Aviation together with all employees of the CAA. Lectures on important subjects on Civil Aviation and its revolution were conducted with a view to enhancing the employees’ awareness in the subject matter.

3rd Anniversary of the CAA

CAA commemorated its 3rd anniversary on 27th December 2005 at the Auditorium, Sri Lanka Institute of Tourism and Hotel Management by conducting a general meeting with the CAA employees where the progress achieved by the CAA during the past three years were reviewed in brief using an Audio Visual Presentation. This event was followed by a special musical programme called “Birth of a Song” orchestrated by Sinhala Art Song Maestro Pandit Deshmanya W.D.Amaradeva esq. who endowed the audience with a few of his popular art songs with the history behind of their creations.

Teaching Aviation subjects at Universities

Aviation is a specialized subject and personnel engaged in aviation shall possess specific training to engage in the assigned tasks. However, there are no opportunities available in the country for people to gain specialized and systematic knowledge or skill in aviation subjects as per their choice. Presently the agencies involved in aviation activities train their staff only in the respective sphere of action by providing both in-house and overseas training courses.

Introduction of aviation related subjects into the curriculums of tertiary education centers was one of the long felt needs of the country to cater to the skilled manpower requirements in the aviation sector. At the recommendation of the CAA, the Hon. Minister of Ports and Aviation obtained approval of the Cabinet of Ministers to appoint

a committee to study and report on teaching of aviation subjects in Universities. Consequently, with the support of the University Grant Commission, University of Moratuwa has introduced a four year honours degree programme for Transport and Logistics Management, with aviation as one of the possible streams for specialization. This course conducted in English medium will provide undergraduates with the opportunity of studying in detail aviation subjects in the 3rd and 4th year of study. The course also includes a six months full time in-plant training in close collaboration with the industry. It is expected that this degree course will help solve the country's aviation manpower requirements at management levels in the future, to some extent.

Operation of scheduled international passenger services by local airlines

With the global trend for liberalization of market accessibility and increased competition, the Government of Sri Lanka decided to grant permission for a few local private airlines to engage in scheduled international commercial passenger air service operations making use of the market access rights available to the country under the existing Bilateral Air Services Agreements with foreign States which are either not utilized at all or underutilized by SriLankan Airlines. The Cabinet of Ministers appointed a Permanent Committee comprising the representatives from Ministry of Ports and Aviation, Ministry of Tourism, Ministry of Foreign Affairs, Attorney General's Department, Civil Aviation Authority and SriLankan Airlines to evaluate expressions of interests of local private airlines and make recommendations to the Hon. Minister of Ports and Aviation on prospective airlines which are capable of operating such services to be designated under the relevant Bilateral Air Services Agreements. The Secretary to the line Ministry acted as the Chairman of this Committee whereas the Director General of Civil Aviation served the Committee as the Secretary.

The Committee after a series of deliberations recommended to the Hon. Minister of Ports and Aviation, airlines which could be considered for provisional designations as they were yet to conform to the applicable standards and other regulatory and operational requirements relating to safety, security, efficiency and regularity published by the Director General of Civil Aviation for operation of air services. Accordingly, Deccan Aviation (Lanka) Pvt Ltd., Expo Aviation Ltd., and HolidayAir Airways Pvt Ltd have been designated by the Hon. Minister of Ports and Aviation provisionally for operation of scheduled international commercial passengers air services initially between points in Sri Lanka and India. The three airlines have accordingly been given six (06) months time period since the beginning of month of December 2005 in order to satisfy the applicable requirements to qualify for formal designation by the Minister for commencement of the proposed operations.

1.2 SENIOR MANAGEMENT AND SECRETARIAT OF THE DGCA & CEO

Development Planning & Implementation Group (DPIG)

Development Planning & Implementation Group which comprises of all Executive and Senior Executives of the CAA met twenty two (13 times with all executives and 09 times with only Head of Sections) times in its 2nd Session in the year under review and closely monitored the progress of implementation of the work undertaken by the CAA under its Programme Budget and Annual Work Plan -2005. The DPIG established

three sub-committees viz. Sub Committee on Staff Welfare and Social Services (SWASS), Sub Committee on Information Technology and Office Automation (ITOA) and Sub Committee on Office Procedures & Quality Management (OPAQM) to go into details of respective spheres of action and advise the DPIG appropriately, to enhance the effectiveness of the functioning of the DPIG. Also three Standing Committees have been set up with the officials in the CAA to deal with technical matters relating to Aeronautical Services, Flight Safety and Air Navigation & Accident Investigations.

Section Inspections

Under the CAA's Regular Section Inspection Programme, Aerodromes & Navigation Section, Aviation Security Section and the Human Resources and Office Management Section were subjected to a detailed inspection wherein such essential matters as office procedures, office layout and utilization, record keeping, adequacy of staff and equipment, management procedures & techniques, inventories, public relations etc. which have an impact on performance and productivity of a section, was examined with the aid of a standard checklist. Although other Sections were scheduled to be inspected, the work had to be deferred until those Sections were to be provided with adequate office space, furniture and ancillary office equipment.

Management Tools

CAA's "Standards for Manuals and Documents" (SLCAP-5300) was issued specifying the essential requirements that should be conformed to when issuing or amending CAA Manuals or Documents with a view to achieving a greater harmonization and simplifying the amendment / updating process.

CAA Staff Training

One of the major tasks of the CAA is the entry-certification of persons and/or organizations intending to engage in civil aviation activities and to conduct continued post-certification surveillance on such persons/ organizations in order to ensure that they will continue to maintain initial certification requirements in strict compliance with the applicable regulatory requirements and international standards and recommended practices relating to safety, security, efficiency and regularity in air transport.

The CAA requires well qualified and experienced staff who have sufficient exposure and thorough understanding of the subject matter to perform the aforesaid tasks.

However due to lack of training facilities and dearth of expertise in the country in the field of civil aviation, especially in the safety and security oversight regularity functions, the CAA has to face a huge challenge in qualifying its staff to perform the tasks assigned to them confidently. Therefore, the CAA has to spend a considerable amount of money which is nearly 6% of its total annual budget and longer period of time in order to give the required training to its employees and keep their knowledge current with the rapid change of international standards and industry requirements.

Being mindful of the enormous cost to be incurred in this regard, the CAA has obtained membership of two Regional Programmes viz. COSCAP-South Asia, (sponsored by

ICAO) and EU-South Asia, (sponsored by the European Union), which are focusing primarily on the development of Human Resources in the civil aviation sector in the region on a cooperative arrangement. The CAA made an annual subscription of USD 50,000/= to the COSCAP-SA to be a member whereas participation of the EU-SA has been arranged through the Technical Assistance Programme of the European Union. The CAA has also persuaded both Programmes to establish their Regional Headquarters in Colombo with a view to accruing the optimum benefits to the country. These two Programmes offer wide range of training in the field of civil aviation keeping pace with the advancement of science and technologies and also the rapid changes taking place in the international requirements in pursuit of safety improvements. Majority of these courses are held in Colombo whilst some are conducted overseas for fair and equal distribution of opportunities and depending on the course requirements.

The CAA has also prepared a comprehensive Staff Training Plan for each of the Executive and Senior Executive Post in its cadre identifying the areas in which the incumbent of the post should be trained in order to perform the tasks assigned to the post in terms of the Job Description, which is already issued. The CAA's Annual Training Programme is prepared based on the training requirements identified in the Staff Training Plan. However, there are occasions when the CAA has to send its officials to take part at overseas activities outside the Annual Training Programme due to short notice of training opportunities or considering the impact of the subject matter on either safety or security.

It is noteworthy that most of the training courses that CAA officials take part overseas are of short duration (3-10 days) and the necessity for an officer to attend a few of such courses on different subjects handled by him or her within a period of one year can well be more than three depending on the importance & relevance.

Also the CAA has adopted a stringent bonding arrangement where an officer is bonded to the CAA for a specific period for any overseas training of five days or more which is well beyond the requirements in the Government Established Code.

Despite the foregoing, there have been occasions when the CAA's efforts to train its staff to the required level of competence utilizing scarce resources which have been organized with an extra efforts in one-to one discussions with the resource centre and at the minimum cost to the CAA were not fully supported or appreciated by agencies external to the CAA, on various grounds which did not take into account or heed to the peculiar situation that the CAA is in. It is necessary to bear in mind that the competency of the CAA's technical staff is vital for the effective discharge of its duties and functions and it is also one of the key areas focused by ICAO during its Universal Safety Oversight Audit conducted on each Member States on regular basis.

Universal Safety Oversight Audit by ICAO

The Universal Safety Oversight Audit Programme commenced by ICAO in 1998 with a limited scope to ascertain the degree of compliance of each Contracting State with the applicable SARPS relating to Personnel Licensing, Aircraft Operations and Airworthiness, in the implementation of its local requirements, has now been extended to cover all ICAO Standards and Recommended Practices contained in the 18 Annexes to the Convention except for the Annex-9 which is on Facilitation. Accordingly, each

Contracting State is compelled to provide ICAO with sufficient evidence that the State has taken meaningful steps for the effective implementation of all SARPS. After detailed study of such material in its Headquarters, the ICAO may if deemed necessary, mobilize a team of auditors for on-site verification of the information provided by the State in terms of a systematic audit. Non-compliance with ICAO SARPS, if not rectified after disclosure, would entail serious repercussions including embargoes imposed on the State by the Council.

The aim and determination of the CAA is to secure full compliance with all SARPS in order to achieve higher standards in safety, security, efficiency and regularity in air transport sector in the country and to ensure the country's free participation at the international commercial aviation activities.

Draft Policy on Employment of Foreign Nationals in the field of Civil Aviation

CAA recognizes that the airspace of Sri Lanka is a national asset and all the benefits generated by this valuable asset should first be made available to its citizens. The CAA observes that a significant percentage of pilots employed by local airlines are foreigners who enjoy concessions even in taxation. Also there are foreign nationals employed by airlines in certain high paid posts which can be filled with local expertise. This situation if continued undermines the expectations of government and hence the CAA drafted a policy paper stipulating requirements applicable for employment of foreign nationals in the field of civil aviation.

1.3 ACCIDENT INVESTIGATION UNIT

The CAA investigated the accident involving a Jeddah bound Saudia SA 781 (Boeing 747) aircraft on 8th September 2005 at BIA which occurred during emergency evacuation following a bomb threat received by ATC on telephone. Completion of the final report is in progress.

The CAA conducted an investigation into the accident occurred on 16th October 2005 at BIA to Srilankan Flight UL 316 (A330) aircraft which arrived from Singapore, due to ground support vehicle hitting the step ladders positioned for disembarkation of passengers. The completion of the final report is in progress.

The investigation and the final report of Boeing 707 leased aircraft accident on 31st March 2004 at BIA were completed.

There were a total of thirteen (13) major incidents reported to the CAA during the year under review. Three (03) incidents related to aircraft navigating Colombo FIR were also reported. Investigations on two of these incidents were completed. There were 56 airworthiness related minor incidents reported by the operators. Out of those, ten (10) were identified later as major incidents. Investigation on the incident of SriLankan Airline flight UL 548 (A340) at Zurich airport on 06th September 2004 was completed and final report was released.

The sole purpose of CAA accident / incident investigation is to find causes for such accidents/incidents with a view to preventing recurrence and not to apportioning the blame. However due to absence of parallel and independent course of action by authorities in charge of maintaining the law & order in the country, there have been occasions where the aircraft accidents have not been investigated under criminal law for damages to life and properties. This is a major deficiency in the present investigation process and hence, the CAA is working out a system where the police will have to take over the task of investigating aircraft accidents under criminal law.

Passenger fatalities

There were two unfortunate situations at the BIA where two passengers were killed in the year under review. One passenger was killed during the emergency evacuation of Saudia Flight SV 781 on 8th September 2005 following anonymous bomb treat received by the Airport over the telephone which was subsequently found to be a fake. Another passenger succumbed to injuries on falling from the gap between SriLankan airlines flight UL 316 operated on 16th October 2005 and the step ladders, during passenger disembarkation process. The disposition of the ladder was caused by a ground support vehicle hitting the step ladder.

1.4 INTERNAL AUDIT UNIT

Development of Internal Quality Assurance Programme

A comprehensive Internal Audit Programme (SLCAP 9500) was completed covering the activities of the Finance Management, Human Resources & Office Management and Airworthiness Sections. Interactive meeting was conducted every month with the staff of the Section with a view to identifying the constraints and practical difficulties encountered during the implementation of the respective Audit Programmes, for improvement.

Review and Evaluation of existing Internal Control Systems & Procedures

Audits were conducted on the activities of the Finance Management, Human Resource and Office Management, Operations and Airworthiness Sections. Audit finding reports with suggestions for improvements were issued.

2. AERONAUTICAL SERVICES DIVISION



2.1 AVIATION SECURITY

National Civil Aviation Security Programme

The primary objective of the National Civil Aviation Security Programme (NCASP) is to safeguard the passengers, crew, ground personnel and the general public against possible acts of unlawful interference in civil aviation. Each Contracting State to the Chicago Convention on International Civil Aviation is required to establish and implement a NCASP in compliance with the provisions of the Annex 17- "Security" to the Convention. The first edition of the NCASP came into effect on 8th August 2001.

The Director General of Civil Aviation (DGCA) is the competent authority designated by the Government to fulfill the State's obligations cast in terms of the Convention and is responsible for the development, implementation and maintenance of the NCASP. In order to ensure that the provisions in the NCASP will continue to address the current security requirements in compliance with the recent amendments introduced by ICAO to the Annex 17, a complete review of the First Edition was carried out in the year under review. The draft of the Second Edition is completed and expected to be implemented early 2006.

Development of the of the Aviation Security Section

Year 2005 saw a rapid development of the human resources of the Aviation Security Section making the senior staff attached to the Section competent to undertake confidently the regulatory functions in civil aviation security. Two senior officers attached to the Section received intensive training and foreign exposure in aviation security quality control, crisis management, aviation security management, cargo security and cabin security under the auspices of the ICAO and attended workshops on Development, Implementation and Maintenance of National Civil Aviation Security Programme and Airport Security.

On successful completion of training under the ICAO, both officers were certified by the International Civil Aviation Organization as National Auditors and Inspectors.

Aviation Security Document Cell

In view of the necessity to preserve the due confidentiality and the need to restrict circulation of certain documents, the Section is in the process of developing a dedicated reference cell of Aviation Security documents as a sub unit under the control of the CAA's main Technical Library. It would provide a comprehensive collection of literature in aviation security useful for regulatory and industry aviation security functions.

National Aviation Security Quality Control Programme

The first ever Aviation Security Survey of the Bandaranaike International Airport (BIA) was carried out during a two-week period in August - September 2005. The survey was followed by an interim report with a comprehensive list of findings against the applicable ICAO Standards and DGCA's security requirements and recommendations for immediate corrective action. The final report was handed over to the relevant agencies requesting for remedial action plan by the end February 2006.

The survey also provided a valuable feed back for the review and amendment of the NCASP as well as the first edition of the BIA Airport Security Programme published in May 2003.

BIA Security Programme

The drafts of the Second Edition of the BIA Security Programme were evaluated prior to approval of the DGCA. The work is expected to be finalized by early February 2006.

Airline Security Programmes

The Second Edition of the SriLankan Airlines Security Programme was evaluated through six drafts. It is expected that the Second Edition would be effective, on approval by the DGCA by late January 2006.

EXPOAIR Airline Security Programme was evaluated successfully through three drafts and the final version was approved by the DGCA in November 2005.

Airline Security Training syllabuses were revised with the introduction of a training module on handling of Biological and Chemical weapons on board by providing a separate check list for technical crew and cabin crew on vital actions need to be taken when such items are found on board.

Air Transport Facilitation

On the recommendation of the CAA, the Hon. Minister of Ports and Aviation initiated necessary action to establish a National Air Transport Facilitation Committee and implement a National Air Transport Facilitation Programme in year 2004. The final draft of the Formal Statement of Objectives of the National Air Transport Facilitation Committee was forwarded to the Ministry of Ports & Aviation for approval and adoption at the Cabinet level prior to circulation to the National Air Transport Facilitation Committee.

2.2 SPECIAL PROJECTS

CAA's Sub Office

In order to transform the outlook of the CAA Sub Office at the BIA Colombo and to identify the land appertaining to the quarters clearly, a barbed wire fence was constructed around its premises.

Training of CAA Staff

With the objective of introducing good driving mannerism, proper vehicle upkeep and apron driving safety requirements, a special two day training course was organized for the drivers of the Authority. It consisted of lectures on technical and maintenance aspects conducted by an Examiner attached to Dept. of Registration of Motor Vehicles. They were also educated on Apron/Airside Driving Policies and Procedures and Administrative Instructions relevant to CAA Drivers.

The Graduates who were recruited to the CAA through the Government's Programme for placement of unemployed graduates, were provided with an Indoctrination Training Course aiming at CAA duties, functions and role. This training was provided to the newly recruited Executive staff of the CAA as well.

43rd Conference of the DGCA of Asia & Pacific Regions

The planning got underway this year for hosting the 43rd Conference of the Directors General of Civil Aviation in Asia & Pacific Regions, scheduled to be held from 20th to 24th November 2006. A Steering Committee with a Chairman, Co-ordinator and Five Sub Committees, each headed by a Sub Committee Chairman was formulated. The CAA has prepared a work schedule for timely completion of the preparatory activities with a view to making the event an unprecedented success in the calendar of events of not only the CAA but also the ICAO Asia Pacific Regional Office.

Civil Aviation Authority Training Academy (CAATA)

The CAATA organized and conducted seven training programmes and facilitated conduct of seven and five training programmes on behalf of EU-SA Civil Aviation Project and COSCAP-SA Programme respectively. Both local and foreign participants attended these courses. The CAATA premises were also hired by the industry to conduct training courses on a fee bringing additional revenue to the CAA.

COSCAP-SA Secretariat

The Secretariat of COSCAP-SA, which was located in Kathmandu, Nepal, was relocated in Colombo in September 2005. It is expected that the Secretariat will operate for the next five years in Colombo. The CAA hosts the Secretariat within its premises. A complete office layout was provided at the cost of the CAA. In addition to hosting the Secretariat, CAA also provided, support staff needed for its operation.

The CAA contributed US \$ 49,062 to the Programme in 2005 thus making an aggregate of US \$ 317,018 to the Programme since its inception. The SriLankan Airlines has contributed US \$ 39,348 in kind (gratis air travel) to COSCAP-SA since inception.

The benefits reaped by the CAA and the aviation industry in Sri Lanka by hosting the Programme in Colombo outweighs the cost of hosting it at the CAA premises, in terms of training opportunities and expertise at hand for consultation and advice. In 2005, the Programme conducted four (04) specialized training courses on civil aviation where eighty-five (85) participants, both local and foreign took part. Twenty eight (28) CAA officers and ninety three (93) industry personnel received training altogether as against only sixteen (16) CAA personnel and forty three (43) from the industry participated in 2004.

CAA continued to participate in the South Asia Regional Aviation Safety Team (SARAST) meetings organized by COSCAP-SA, which has expanded to cover Air Traffic Management issues in addition to Flight Operation issues. Sri Lanka continues to benefit from the outcome of these meetings mainly by way of training opportunities and technical documents addressing safety critical issues.

CAA participated at the 14th Meeting of the Steering Committee of COSCAP-SA held in the Maldives. The 15th Meeting of the COSCAP-SA Steering Committee is being organized to be held at Earl's Regency Hotel in Kandy from 07th to 09th February 2006.

EU-South Asia Civil Aviation Project

The EU-South Asia Civil Aviation Project entered the third and final year of its operations in September 2005. Of the fifty (50) training activities the Project has planned to execute in Colombo, forty three (43) have already been completed. For the whole of South Asia it is scheduled to hold hundred and three (103) activities out of which eighty eight (88) have been conducted so far. Altogether three hundred and eighty four (384) participants from a cross section of the Aviation Industry in Sri Lanka attended the training courses.

During 2005, EU-SA Project conducted seven (07) training courses in Colombo, at CAATA. Forty three (43) training opportunities were offered to offices of the CAA and one hundred and thirty three (133) to the civil aviation industry. The foregoing figure brought the total number of training received from EU-SA Project by CAA offices to one hundred and six (106) and industry personnel to four hundred and thirty (430).

CAA also participated in the 3^d Steering Committee Meeting of the EU-SA Civil Aviation Project which was held in Brussels in September 2005.

2.3 AERODROMES & NAVIGATION SERVICES

Airspace Management

CAA continues to emphasize the importance of optimizing the use of national airspace while ensuring it's safe and effective management. Being aware of the various security requirements of the country, every possible measure was taken within existing regulatory arrangements to ensure optimum airspace utility. Requirements on airspace & aerodrome management & use have been drafted for publication through Aviation Safety Notices in respect of Standards and Recommended Practices contained in Annex 2, 11 & 14 to the Convention.

System upgrade at BIA

The CAA was directly involved in inspecting the newly installed Approach Radar System (MSSR) and Aerodrome Control Tower console at the Air Traffic Management facility at the BIA and the flight calibration of the MSSR System. This equipment will enhance the capability in the management of airspace within the area of jurisdiction of Approach Control Centre.

Safety Management Systems (SMS)

Implementation of Safety Management Systems (SMS) in Air Traffic Management (ATM) is a combined effort of the CAA and the ATM Service Provider (AASL) in order to comply with the ICAO Standards contained in Annex 11 to the Convention. On the initiative taken by the CAA, the AASL appointed a Safety Manager for the Organization and a Safety Committee is being formulated. CAA has already compiled in draft, the regulatory safety standards in Air Navigation Services and a SMS Manual in ATM, which are under review by an expert international consultancy agency in SMS. ASNs have also been drafted with a view to regulating installation and maintenance of ATM Surveillance equipment, Airport and Aerodrome Design, Planning and Maintenance.

Contingency Plan for Colombo Flight Information Region

CAA approved an ATS Contingency Plan to be used in Colombo FIR in case of a disruption to the normal Air Traffic Services provided by the State. This plan has already been sent to the ICAO Regional Office, Bangkok for observations and approval.

Approval of the Operation of Passenger Boarding Bridges

The CAA was involved with the commissioning of the newly constructed Passenger Boarding Bridges at the BIA by conducting safety assessments & assisting the airport staff to prepare Standard Operating Procedures with the help of an International Aerodrome Expert attached to COSCAP SA.

Selection of a site for construction of a parallel runway at BIA

The Sub Committee steered by the CAA to identify the best location for the second runway at BIA out of the proposed five options surrounding the existing runway, carried out its survey with the assistance of UDA and Divisional Secretary, Katana. A detailed survey which examines each option against more than fifty (50) evaluating criteria was commenced with the collaboration of the relevant authorities to gather data concerning nature and extent of socio-economic and environmental impact associated with each such option. The work is expected to be completed mid next year.

Overlaying of the Runway at BIA

The deterioration of the existing runway at the BIA and the need to take early action to improve the surface conditions was highlighted in an assessment undertaken by the ICAO Regional Office. The CAA managed to convince the relevant authorities of the need to initiate action for overlaying the runway. The CAA facilitated necessary co-ordination between the airlines and relevant airport staff and it is expected to commence the overlaying work in January 2007.

Aerodrome Certification of BIA Colombo

The CAA undertook certification of the BIA aerodrome in December 2004 in compliance with the International Standards specified in the Annex 14 – Aerodromes to the Convention with the assistance of ICAO Technical Co-operation Bureau. The findings gathered during the certification process were forwarded to the aerodrome operator (AASL) who responded with the corrective action plan to rectify the deficiencies found. The final certification audit has been planned for the first quarter of the ensuing year.

Registration of Water Aerodromes

Mawella Lagoon (Tangalle) water bodies were inspected and approved as a water aerodrome suitable for operation of floatplanes used by Sri Lankan Airlines, in addition to the water aerodromes already certified. The CAA was in the process of certifying the Polgolla Reservoir in Kandy.

Tsunami Relief Flight Clearance Centre

The CAA operated the Tsunami Relief Flight Clearance Centre to deal with the requests for landing and over flying clearances, which poured in, in the aftermath of Tsunami. The main task of the Centre was to co-ordinate with the foreign missions, local authorities, donor agencies, airline operators and accommodate a large number of flights at the parking apron at BIA with a limited number of parking stands, which proved to be an uphill task due to delays, revisions and cancellation of in-coming flights and over-staying of aircraft on ground and limited ground facilities and equipment available for aircraft and cargo handling.

The Centre operated round the clock until the end of January and long hours till the end of February 2005. It handled a total of 2914 AFTN messages in January and February, of which around 2500 messages were directly involved with the flights carrying humanitarian relief aid either to Sri Lanka or to the other Tsunami affected countries. Nearly 1200 messages were originated during the period and 796 clearances for landing at BIA Colombo had been issued. The executive staff of the CAA volunteered to extend their service during the off duty hours without any additional emoluments, which was commended by the Authority.

Construction of High Rise Structures

The construction of high rise Telecommunication towers has been on the increase during the past three years as follows. By analyzing the statistics, an increase of the tower population by another 150 to 200 during the year 2006 is forecasted.

YEAR	2003	2004	2005	TOTAL
TOWER APPROVALS	106	329	497	932

Whilst acknowledging the progress made in the field of telecommunications and associated benefits to the community due to these infrastructure facilities, the CAA is concerned of the significant amount of navigable airspace lost to the nation for aviation related activities as the increasing tower population obstructs the free use of the navigable airspace and impose flying restrictions at low levels. Consequently flying under reduced visibility conditions for search and rescue operations in a national disaster, use of airspace for recreational activities such as hot air balloon operations or national defence purposes etc. will be seriously affected. Therefore the CAA has proposed a charging mechanism, which is under review by the telecommunications industry, as a measure of deterrent for increase of high tower population all over the country.

3. FLIGHT SAFETY DIVISION



3.1 PERSONNEL LICENSING

Aero Medical Centre

During the year under review, the CAA appointed two new Civil Aviation Medical Examiners (CAME) thus increasing the total number of designated CAMEs attached to the Aero Medical Centre to six (06). This helped CAA to increase the frequency of medical examinations from two days a week to three.

Action has also been initiated to enter in to an agreement with a solitary medical laboratory in order to conduct laboratory checks / examinations required in the process of licensing of personnel without referring the personnel to different medical centers for outdoor medical examinations, which has been the practice so far.

Both the above steps will improve the quality of delivery of service of the CAA.

Airline Transport Pilot Licence (ATPL)

Issuance of the Airline Transport Pilot Licences has so far been confined to conversion of foreign ATPLs to Sri Lanka ATPLs. The CAA, having identified the resources available locally, made necessary arrangements to conduct the ATPL knowledge examinations & skill tests necessary for the issue of ATPLs. Accordingly four such ATPLs were issued during the year 2005.

Licensing Questions Bank

CAA has been conducting knowledge examinations for the issue of pilot licences with the use of external & internal resources for setting up of knowledge question papers. This system of out-sourcing examiners was not a satisfactory arrangement as highlighted by ICAO in the Universal Safety Oversight Audit conducted in Sri Lanka.

In the year under review, significant progress was made to establish a computerized Personnel Licensing Question Bank with associated peripherals in place.

Updating Licensing Regulations & Implementing ICAO Standards

CAA disseminated six Aviation Safety Notices (ASNs) in order to regulate Licensing of Personnel in compliance with the Standards & Recommended Practices contained in Annex 1 to the Convention.

Aircraft Maintenance Licensing (AML) System

CAA has realized the requirement of adopting the Aircraft Maintenance Licensing System established by the European Aviation Safety Agency (EASA) to replace the present system in order to harmonize the existing AME (BL) System and to cater to the demand of the local industry. Accordingly an ASN was issued specifying the requirements of the EASA AML system and the first AME exam for under the new system is expected to be conducted in March next year. The CAA will continue to conduct the AME exams on old system until November 2006.

3.2 OPERATIONS

Implementation of Amendments to ICAO SARPS related to Aircraft Operations

Action was taken to give effect to the Standards and Recommended Practices (SARPS) contained in ICAO Annex 6 to the Convention and the amendments thereof by issuing fourteen Aviation Safety Notices during the period under review. Action was also taken to adopt the contents of Part II of ICAO Annex 6 - General Aviation to the Convention by issuing an Aviation Safety Notice to cover General Aviation Operation of aircraft in Sri Lanka. The "Oversight Check List" on ICAO Annex 6 Part I & II, which is a prerequisite to the ICAO Universal Safety Oversight Programme, was satisfactorily completed showing ongoing conformance to current SARPS.

The Model Circulars prepared by COSCAP –SA Aviation on Safety matters were customized to meet Sri Lanka requirements and re-issued as Explanatory and Guidance material to supplement the technical matters covered by twelve ASNs.

Updating of CAA Guidance Material

The CAA took action to review and update the existing Procedures and Requirements contained in the CAA publications viz. Flight Operations Inspector Handbook (SLCAP - 4200), Designated Check Pilot Manual (SLCAP - 4205) and Dangerous Goods Manual (SLCAP - 4400) in keeping with the current International Civil Aviation Procedures and Practices. Office procedures were developed to harmonize and coordinate all aspects of the functions of the Operations Section and are now available as guidance in the CAA Office Manual.

Issue of Air Operator Certificates (AOC) to Air Operators

A revised and updated Guidance Material was published by the CAA as information for applicants who wish to obtain an A O C.

Regulation of Commercial Air Transport

Twenty two (22) foreign airlines were issued with Foreign Air Operator Certificates after evaluating their documents under the Foreign Air Operator Certification Programme which the CAA adopted last year. Future ramp inspections of these airlines will be based on the conditions and limitations imposed under this certification documents.

Safety Oversight and Enforcement Programme

The CAA Flight Operations Inspectors, Cabin Safety Inspector and Ground Operations Inspectors monitored continued compliance of Airlines with the required Safety Standards by conducting random sampling of evidence received through review of documents, thirty one (31) aircraft ramp inspections, fourteen (14) en-route inspections, eleven (11) equipment & facility inspections and fourteen (14) monitoring of performance of operating personnel.

Carriage of Dangerous Goods by Air

The CAA monitored carriage of Dangerous Goods by air both National and Foreign carriers who have been certified to transport Dangerous Goods by Air, by means of carrying out a total of sixteen (16) inspections and renewal certifications.

Five (05) training sessions of Dangerous Goods Handlers were observed and the respective training programmes were approved. Nineteen (19) persons who received such training were issued with authorizations to handle dangerous goods. The latest amendment (i.e. Amendment 8) to ICAO Annex 18 - Carriage of Dangerous Goods by Air was implemented by the issue of an Aviation Safety Notice to ensure compliance with International Standards. Statistics relating to transport of dangerous goods by air during years 2004 and 2005 are given below.

	Imported		Exported	
	2004	2005	2004	2005
Year				
No. of Packages	28,711	59,793	4,928	1,708
Total Weight (kg)	314,179	698,906	242,588	116,433

Helicopter Flight Operations

Due to prevailing restrictions in respect of national security, the civil helicopter industry remains with only one certified operator, Deccan Aviation (Lanka) Pvt Ltd. As at the end of November 2005, the Company has conducted 90 flights employing a Bell model 206 B Jet Ranger III helicopter and carried 300 passengers while accumulating 210 hrs of flying. Two more applicants who forwarded letters of intent to commence helicopter operations were not permitted to proceed with certification by the Defence Authorities.



Balloon Operations

Hot air ballooning in Sri Lanka is limited to one season, from November to early May due to the prevailing wind conditions during the rest of the year. Adventure Asia (Pvt) Ltd conducts commercial balloon operations operating a large balloon with a basket of a capacity of 16 passengers. The operations are generally conducted in Dambulla, Habarana and Sigiriya areas. The Operator had a successful 2003 - 2004 1st season. However the 2004-2005 season was marred by the adverse effects on tourism by the Tsunami. The company commenced 2005-2006 operations in November 2005.

Floatplane Operations

A floatplane operation by SriLankan



Airlines Air Taxi Service employing two Single Otter aircraft is becoming popular. The aircraft operates to Victoria reservoir, Mahavelli Reach in Kandy, Kondawattuwan in Amparai and Koggala Lake water aerodromes and also to several other domestic land airfields. In year 2005, Floatplanes have conducted six hundred and seventy three (673) flights carrying four thousand eight hundred and ninety one (4891) passengers while accumulating one thousand four hundred and eighty (1480) hours in the process.

3.3 AIRWORTHINESS

Aviation Safety Notices

During the year under review, the CAA published five (05) new Aviation Safety Notices (ASNs) and amendments to three (03) existing ASNs in order to implement the ICAO Standards and Recommended Practices contained in Annex 7, 8 and 16 to the Convention and the Requirements of the CAA.

Aircraft Maintenance Organizations (AMOs)

In compliance with the regulatory requirements, CAA approved five (05) new maintenance facilities and renewed thirty three (33) existing organizations, which are now authorized to carry out maintenance on Sri Lanka registered aircraft. The Airworthiness Engineers conducted ten (10) inspections of both local and foreign Maintenance Organizations.

In addition, the CAA prepared a comprehensive Database relating to the approved Aircraft Maintenance Organizations.

Issuance and Renewal of Certificate of Registration (C of R) and Certificate of Airworthiness (C of A)

The CAA took the following four (04) aircraft into the Civil Aircraft Register and issued the Certificates of Registration during the year.

Reg. No.	MTOW	Number of Pax /Cargo	Operator	Year of Manufacturer
4R - ACV	1670 lbs	02	Asian Aviation Centre	1978
4R - ARB	9000 lbs	16	SriLankan Airlines	1957
4R - EXJ	355000 lbs	49 Tons	Expo Aviation	1969
4R - NSK	1600 lbs	02	Asian Aviation Centre	1974

At the request of the owner of the aircraft the CAA de-registered five (05) aircraft in 2005 and issued Export Certificate of Airworthiness.

Reg. No.	Type Of A/C	Operator	Owner	Reasons for De-Registration
4R - SEM	Boeing - 727	Aero Lanka	Nat Aviation USA	At the owner's request
4R - EXH	Fokker - 27	Expo Aviation	Expo Aviation	Sale of Aircraft
4R - SKH	Cessna - 152	Sky Cabs	Orix Leasing	Change of Ownership
4R - EXG	Fokker - 27	Expo Aviation	Expo Aviation	At the owner's request
4R - SKB	Cessna - 150	Sky Cabs	Orix Leasing	Change of Ownership

Further two (02) new Certificates of Airworthiness were issued. In addition, twenty six (26) Certificates of Registration and twenty two (22) Certificates of Airworthiness were renewed.

Prior to the issuance and renewal of C of R and C of A, the CAA Airworthiness Engineers carried out regulatory inspections of documents and aircraft.

It also issued three (03) Export C of A.

Work Shop Capability Approvals

In the year under review, the CAA granted thirty five (35) workshop capability approvals after carrying out facility inspections facilitating in-house maintenance of aircraft components and systems.

Safety Oversight and Monitoring of Continuing Airworthiness

CAA Airworthiness Engineers carried out Ramp inspections on sixty one (61) commercial aircraft at BIA and other domestic airports in the country during the year and regulatory enforcement measures were taken where necessary.

Amendment of AMS / MCM

CAA granted approval for fifteen (15) amendments to respective aircraft Maintenance Schedules and three (03) amendments to Maintenance Control Manuals incorporating current changes introduced by manufacturers and operator respectively.

Civil Aircraft Registry

The CAA had been continuing to use an old type of ledger as the Civil Aircraft Register, which has been introduced since the inception of the Department of Civil Aviation. A new Civil Aircraft Register was developed, which contains a wide range of data in respect of each Sri Lanka registered aircraft, including a picture of the aircraft taken from three different directions.

One-time Approvals & Permits

On request of the airlines, CAA issued nineteen (19) one-time approvals to operators enabling them to carry out specific maintenance or modifications and nine (09) test/ferry flight permits.

4. CORPORATE DIVISION



4.1 AIR TRANSPORT & LEGAL AFFAIRS

Aviation Statistics

As in the previous years, the statistics of aviation operations was collected by the Senior Statistician employed by the Department of Census and Statistics of the Government and attached to the CAA. The statistics collected under different categories is provided to different organizations such as ICAO, Central Bank and on request, to airlines and other research parties.

The CAA has fulfilled its obligations to ICAO by providing timely data and information about civil aviation activities in Sri Lanka.

Slot Co-ordination

The CAA chaired two (02) meetings during the period under review for the determination of slots for airlines operating into and out of BIA. The Slot Committee comprises of relevant Departments from the Airport Operator, Air Traffic Services and Ground Handler.

Although the present runway can accommodate up to twenty five (25) movements per any given hour, other constraints have affected the actual handling of this number. These limitations, to some extent, have been eased with the recent infrastructure expansion at BIA. The BIA can handle ten (10) departures and eight (08) arrivals in any given hour. The limitation in handling capacity of arrivals is inflicted by limited number of baggage belts which is five at present.

Foreign Airline Operations

Owing to poor passenger loads after the Tsunami crisis, there were no new scheduled airlines which commenced operations to Sri Lanka during the period under review. The Charter Airlines who had planned and commenced their inclusive tour charter operations to Sri Lanka during the Winter Season 2004/2005 terminated their operations soon after the Tsunami. However, during the year Air Arabia and Etihad Airways increased their number of frequencies to offer once daily services.

During the year, Gulf Air, an airline that had been in operation to Sri Lanka for almost twenty five (25) years pulled out from Sri Lanka due to a management decision.

Although the Winter 2004/05 and the Summer 2005 were not all that promising, the Winter Season 2005/06 gives an indication that the Airline industry in Sri Lanka has fully recovered from the effects of the Tsunami disaster. There were twenty two (22) Scheduled Operators and four (04) Charter Operators who have obtained approval to operate during the Winter season 2005/06.

Passenger and Cargo Movements

The aftermath of the Tsunami saw a drop in the number of passengers that arrived to the Island. However, towards the latter part of the year the passenger arrivals began to pick up.

	Passengers			Cargo (metric tons)		
	Uplift	Discharge	Total	Uplift	Discharge	Total
2003	1,630,292	1,602,470	3,232,762	76,140	48,475	124,615
2004	2,015,328	2,063,146	4,078,474	83,186	50,370	133,556
2005	2,133,413	2,105,748	4,239,161	84,849	57,708	142,357
2006 (foreca:)	2,282,752	2,253,150	4,535,902	90,788	61,748	152,536

Performance of Airlines

Departures

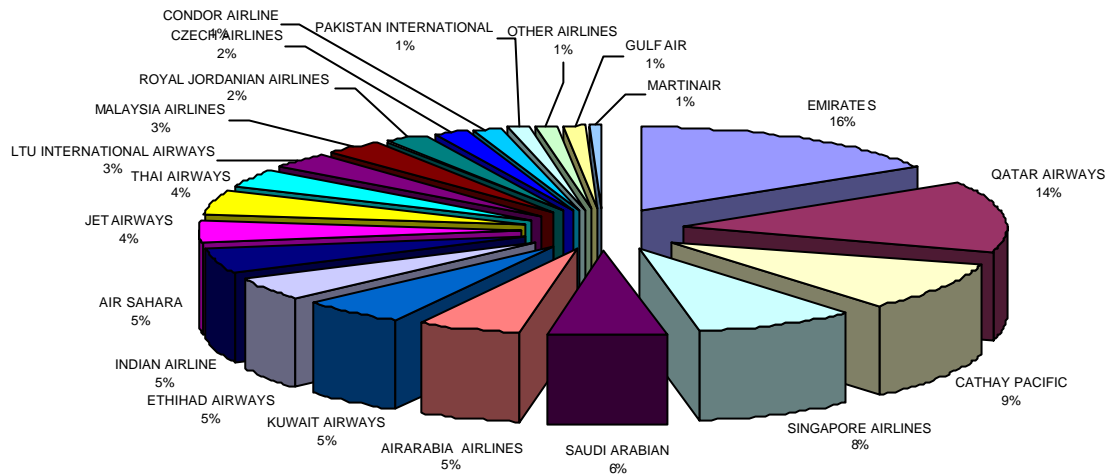
Out of the total of 2,133,413 passengers departed from BIA in 2005, Sri Lankan airline uplifted 1,323,158 passenger claiming sixty two percent (62%) of departing passenger traffic.

Arrivals

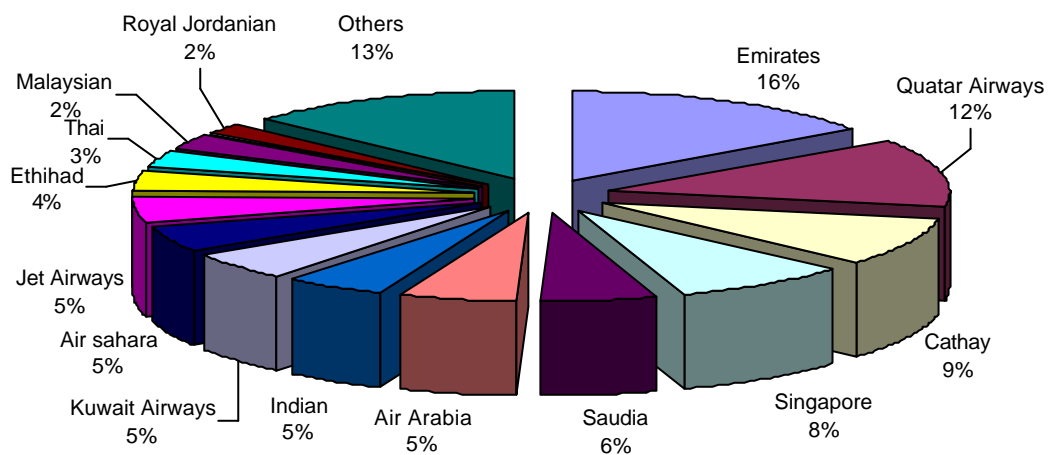
Out of the total of 2,063,146 passengers arrived to BIA in 2005, Sri Lankan airline carried 1,122,140 passenger claiming fifty four percent (24%) of arriving passenger traffic.

The pie charts given below show the load factor of foreign airlines out from/in to BIA as a percentage of the total passenger departed/arrived.

**Airlines share of passengers as a percentage - 2005 - Departures
(Except SriLankan Airlines)**



**Airline Share of Passenger as a percentage - 2005 - Arrivals
(Except SriLankan Airlines)**



Out of total volume of 64,331,475 Kg. export air freight SriLankan airline uplifted 42,795 Me. Tons. which is 66% whilst Emirates 15%, Qatar Airways 9%, Singapore Airlines 6%, China Airlines 1% and Expo Aviation 3% uplifted in the year under review.

Transit Passengers

If BIA is to develop as a hub airport in the region, the number of transit passengers passing through the Airport needs to improve. The total number of 823,899 transit passengers were

brought to BIA during 2005 which shows. The top airlines which brought more than thousand (1,000) transit passengers to BIA during the year under review are as follows.

	2004	2005
Sri Lankan Airline.	549,922	784,676
Emirates	11,889	14,157
LTU International Airways	4,559	10,902
Sahara Airlines	2,241	2,531
Qatar Airways	3,500	1,935
Others	10,421	9,698
Total	582,532	823,899

Domestic Aviation

During the year under review, two (2) domestic scheduled Operators viz. Expo Aviation Ltd and Aero Lanka Ltd operated the route Ratmalana - Palaly v.v. and a few flights to Trincomalee as well. Deccan Aviation (Lanka) Ltd which commenced helicopter operations in June 2004 continued to operate domestic charter flights. Daya Aviation Ltd continued their private operations. The demand for use of aircraft for charter and aerial work operations were on the increase although mainly for corporate promotional activities.

However, the development of these operations were curtailed and stifled on the grounds of Security.

Statistics relating to passenger transportation by local operators in the year under review are as follows.

Aircraft Type	Total No. of Flights operated		Total number of flying hours		Number of passengers transported	
	2004	2005	2004	2005	2004	2005
Floatplane	258	733	458	5,291	1385	1,610
Helicopter	60	105	116	245	210	361
Balloon	83	33	78	33	763	236

Statistics relating to transport of passengers on the main domestic routes are as follows.

Sector	2004		2005	
	No. of Pax	Pax Km. Flown	No. of Pax	Pax Km. Flown
Ratmalana –	29,937	9,969,021	31,600	10,522,800

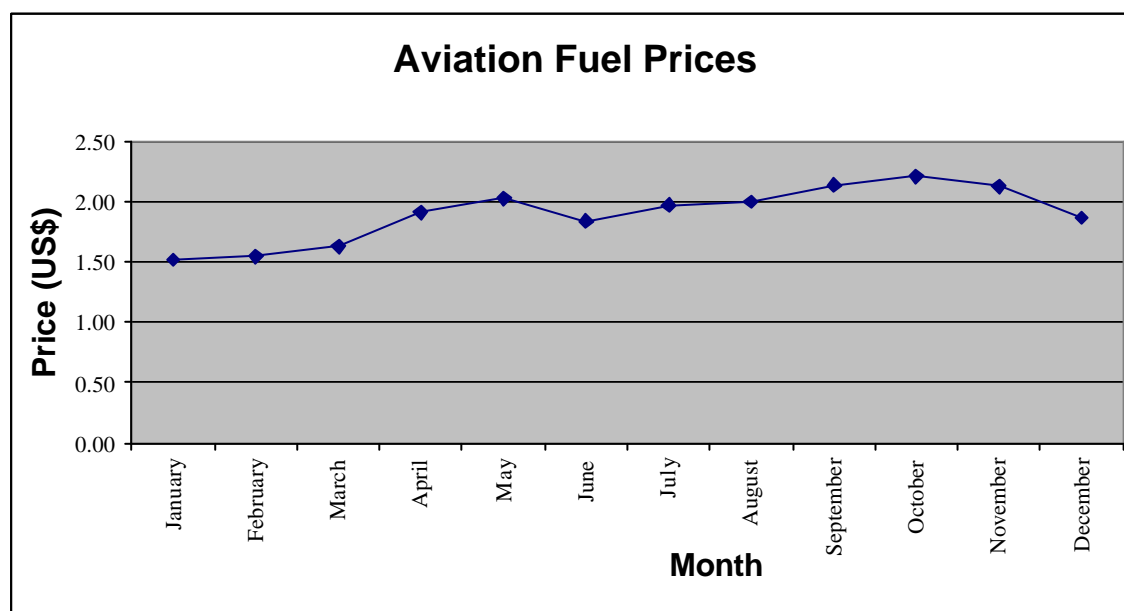
Jaffna				
Jaffna – Ratmalana	27,884	9,285,372	32,073	10,680,309
Ratmalana - Trincomalee	406	135,198	101	33,633
Trincomalee- Ratmalana	670	223,110	135	44,955
Trincomalee- Jaffna	143	47,619	14	4,662
Jaffna - Trincomalee	127	42,291	31	10,323

Bilateral Air Services Negotiations

During the year under review Sri Lanka participated in bilateral air services negotiations with Bahrain, Pakistan, Germany, Switzerland and Malaysia.

Sri Lanka was liberal in its approach with its bilateral partners and there were two open skies agreements that were entered into with Switzerland and Malaysia. The Bilateral arrangements with Bahrain and Pakistan were further liberalized.

Aviation Fuel Prices



The Air Transport industry continued to be seriously affected by the escalation of world oil prices. The Jet A1 fuel prices that prevailed for normal customers in 2005 are shown above.

Draft Civil Aviation Act

The draft Civil Aviation Bill, which will replace the existing Air Navigation Act of 1950, was submitted to the line Ministry for enactment by Parliament. This Bill, once enacted, will

provide for appointment of Service Providers for providing Aeronautical Services, Issue of Air Operator Certificates to Airlines on satisfactory compliance with the legal, financial, technical and operational requirements, establishment of a Civil Aviation Development Fund, Imposing an Administrative Penalty for safety violations etc.

The delay in enacting the Bill was mainly due to the lack of translators who are able to translate the highly technical provisions into the Sinhala and Tamil languages. It is expected that the Bill will be passed in parliament in early 2006. The CAA has already commenced finalizing the regulations that are needed for the effective implementation of the provisions of the Act.

4.2 HUMAN RESOURCES & OFFICE MANAGEMENT

Staffing

The CAA had hundred and twenty five (125) positions at the beginning of the year 2005 in the approved cadre. On the initiative of the Government to recruit unemployed graduates, ten (10) additional posts were created in order to absorb the graduates assigned to the CAA. Recruitment to two Executive positions was withheld for five years. With these changes, the net cadre of the CAA increased to one hundred and thirty three (133), which comprised of a Chief Executive Officer, twenty four (24) Senior Executives, thirty three (33) Executives, forty seven (47) Action Officers and twenty eight (28) Support Staff. Of the CAA cadre, a total of one hundred and fourteen (114) were serving the CAA in the year under review.

Staff Welfare

CAA continued with its Medical Insurance Scheme as a welfare amenity offered to the employees and the immediate family members. A total of ----- employees enjoyed this facility during the year. An Accident Insurance Policy applicable worldwide twenty four hours a day was introduced for the benefit of the staff of all categories, in August. The CAA Inspectors are entitled for an additional cover taking in to consideration, the high risk factor involved whilst performing the respective duties.

Outdoor workshop

Year 2004 - 2005 saw a large staff intake to CAA at all levels. Continuing with the firm commitment for development of human resources for effective and efficient delivery of service, the Annual Staff Outdoor Workshop was conducted for the 8th occasion in year 2005 at the Hotel Seruwa, Polonnaruwa, attended by all members of the staff, including the Chairman, DGCA & CEO and Executive Director.

The theme of the workshop was 'You & Me towards We', which aimed at building up Teamwork within the organization. The main lecture was delivered by a competent resource person hired by the CAA. The evening programme 'Prathibha Prabha' brought to light, the hidden talents and creativity of the staff and provided the opportunity for personality development, getting rid of stage fright of greenhorns.



Executive Staff Outdoor Workshop

The outdoor workshop for the Executives was conducted in September at the Sigiriya Hotel in Sigiriya for officers of executive grades. The main activity undertaken this year was the presentation made by the Director General of Civil Aviation on Annual Work Programme of the Sections and Programme Budget 2006 followed by a working session. The workshop was attended by the Chairman, Executive Director and all members of the CAA Executive staff. It was conducted in a relaxed atmosphere, with the view to easing the monotony of stressful routine office work. The Organizing Committee added extra value to this atmosphere by holding the event at a fabulous venue like Sigiriya Hotel.



Training

The training requirements, as identified in the Programme Budget 2005 were facilitated within the annual budget allocation. Projecting for the career development of the staff, a comprehensive Training Plan was developed based on both job oriented and personality development requirements. In all nineteen (19) foreign training opportunities were offered to Executives, whilst twenty five (25), forty four (44) and three (03) local training opportunities were offered to Executives, Action Officers and Office Aides respectively. Compared to twenty three (23) training opportunities offered in the year 2004, a total of ninety one (91) were offered in the year 2005, which represents an increase of 295%.

Technical Library

Patronage of the Technical Library has rapidly increased throughout the year by 15% under review. It served as a resource and knowledge centre not only for the staff of the CAA but also the aviation industry personnel as well. A sum of Rs. 88,463 was spent on the purchase of publications to the library collection.

CAA Website

There were many improvements of the CAA website, www.caa.lk. The presentation of the Website was reformatted to include a new template for web pages, popup menus for easy access to web pages, a link for downloads, a News in Brief feature and access to press releases. Duties & functions of the CAA, important data and information about the CAA and all current activities are published in the website.

Uniforms

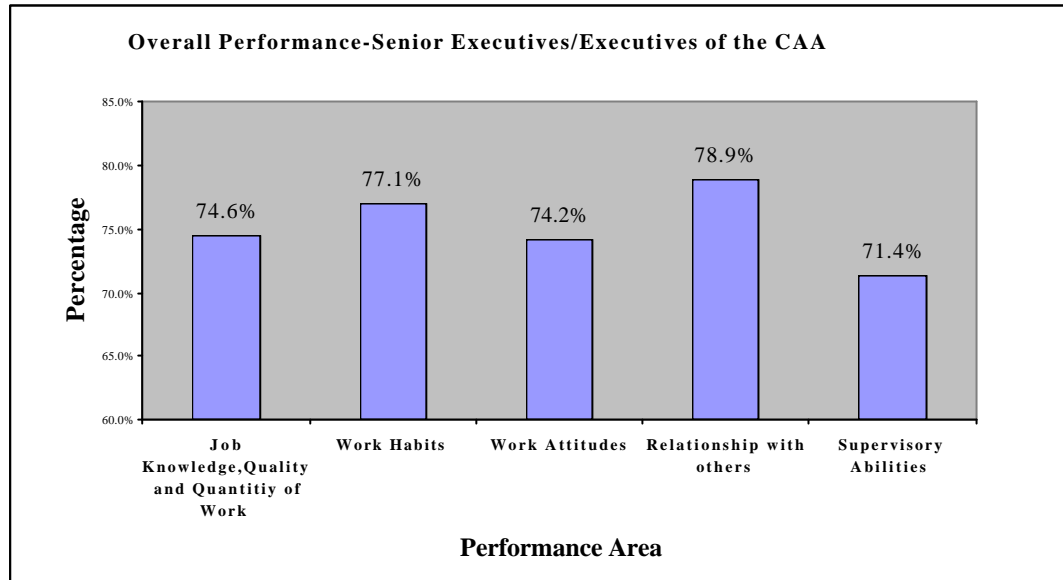
The uniforms of the Inspectors, both male and female were redesigned with few changes to make it more prominent. CAA continued to provide uniforms to all office aides and drivers.

Manual of 'Standards of Manuals and Documents of CAA' (SLCAP 5300)

SLCAP 5300 was introduced during the year 2005, with the view of maintaining standards applicable to all the manuals produced by the CAA. Each manual or a document published by the CAA is expected to be in conformity with the specifications contained in this Manual.

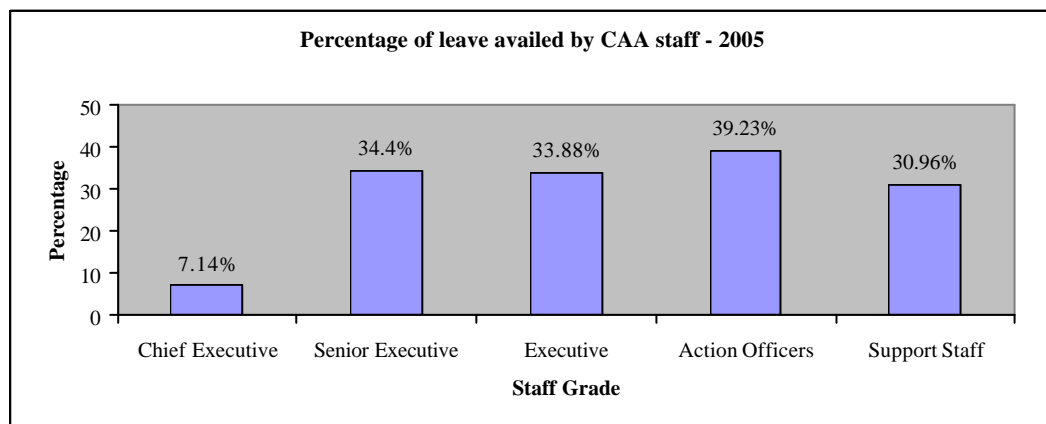
Staff Performance Evaluations

The Staff Performance Evaluations of staff continued in 2005 and has shown remarkable results in achievement of target dates of the work schedules are concerned. The results obtained by the Senior Executives and Executives with regards to job knowledge, work habits, work attitudes, relationship with others and supervisory abilities for the period of first half of the year are shown follows. .



Leave availed by the CAA employees

Obtaining leave has shown a considerable decrease during the period under review. Close monitoring of late attendance records and short leave records have discouraged the employees from obtaining leave. Also the incentives such the Transport Allowance and the Leave Encashment facility have encouraged frequent attendance at work.



4.3 FINANCE MANAGEMENT

Programme Budget

CAA prepared the Programme Budget for the year 2006, which set out the expenditure of the ensuing year under four major programmes viz. Direction and Management, Aeronautical Services, Flight Safety and Corporate. The forecasted income is Rs. 134 Million whereas the estimated expenditure is Rs.156 Million reflecting a deficit of Rs. 22 Million. The estimated expenditure and the forecasted revenue have been increased by 29% and 12% respectively.

Collection of Embarkation Levy

Beneficiary	2003 (Rs Mn.) (01 st Sep – 31 st Dec 2003)	2004 (Rs.Mn.)	2005 (Rs. Mn.)
General Treasury	265,	1,065	650
AASL.	143	759	718
Ceylon Tourist Board w.e.f 01 st June 2004	Nil	345	684
CAA	Nil	Nil	Nil

CAA Revenue

Being a self-financing organization the CAA has not been provided with any allocations under the government appropriation Act. Hence, it is imperative that the CAA makes avenues of revenues to support its activities and functions by levying reasonable fees among its customers for the services being provided. In fact the CAA has, since, the beginning of collection of Embarkation Levy (EL) demanded 2% of the total collection of the EL from the Deputy Secretary to the Treasury as a service charge to defray its actual operational costs and likely cost to be incurred for lengthy process of recovery of the dues from defaulting airlines and also the responsibility being held by the Director General of Civil Aviation in this regard. No confirmed reply has been received yet.

Conclusion

The CAA has performed a great deal of work in the year under review. These achievements were mainly due to superb teamwork and sheer dedication of the entire staff of the CAA. I am grateful to the Chairman who gave a good moral boost and leadership and the Vice Chairman, Executive Director and rest of the Members of the CAA for their unstinted support and co-operation for the effective functioning of the CAA.

I am also equally grateful to the Senior Executives, Executives, Action Officers and Support Staff of the CAA for their zealous commitment and dedicated service. I also take this

opportunity to thank all officials of the line Ministry including Secretary, Ministry of Ports and Aviation, staff of other related State agencies concerned and all industry partners for their co-operation extended to the CAA to accomplish its mission.

A handwritten signature in black ink, appearing to read 'H.M.C. Nimalsiri', is written over a horizontal line. Below the line, there are three small dots.

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

15th February 2006

Performance Indicators

Item	Description	2003	2004	2005
Traffic Growth	Passenger Movements (international)	3234765	4071725	4,239,161
	Transit passengers (international)	-	585,449	823,899
	Cargo Movement (international) – metric tons	127638	155571	142,557
	Passenger Movements (domestic)(all categories)	85751	61,373	63,954
Airline Movements	By On-line carriers	21351	29145	29,387
	By Charter flights	1154	1784	3,735
	Total number of revenue flights	22505	36980	33,122
	Domestic flights movements (between CMB & KKS)	3262	1613	1,619
	Domestic flights movements (between CMB & CBY)	-	153	58
Investigations conducted on accidents/ incidents	Aircraft accidents	00	02	02
	ATC related incidents	03	03	10
	Non-ATC related incidents	00	10	02
Foreign Airlines operated	Scheduled Passenger airlines	24	24	23
	Charter Passenger airlines	08	05	07
	Cargo Airlines	08	03	04
Total number of Local Operators	Air Operators holding Airline Licences	05	06	01
	Approved Flying Schools	01	01	01
	Approved Maintenance Organizations	03	04	05
Personnel Licences issued	Private Pilot Licences	44	42	38
	Commercial Pilot Licences	192	200	219
	Air Transport Pilot Licences	264	308	303
	Air Traffic Controllers Licences	128	128	099
	Aircraft Maintenance Engineers Licences	700	709	384
	Flight Operations Office Licences	14	26	00
	Validation of Foreign Licences	86	106	84
	Cabin Crew Authorizations	0	215	131
Student Pilot Licences	72	81	68	
Total number of aircraft in the Civil Registry	Aircraft exceeding weight 22,000 lbs	23	20	20
	Aircraft weight less than 22,000 lbs	08	08	09
	Balloons	03	02	01
	Gliders	00	00	00
	Others	00	00	00
Airworthiness of aircraft	Initial issue of Certificate of Airworthiness	06	04	08
	Renewal of Certificate of Airworthiness	18	18	24
	Approved Maintenance Organizations	32	30	35
	Workshop Approvals	28	18	25
	Ramp Inspections	83	97	61
Technical Examinations held	Private Pilot Licence Examination	05	06	06
	Commercial Pilot Licence Examination	01	01	01
	Aircraft Maintenance Engineer Examination	01	00	02
	Medical Examinations	611	651	639
	Flight Operations Officer Examination	00	01	00
	Special Air Law Examination	00	32	20

Item	Description	2003	2004	2005
Air Transport Providers Licences issued	Airlines Licences	05	05	20
	General Sales Agents	00	02	00
	Travel Agents – Group A	05	25	29
	Travel Agent – Group B	19	00	01
Safety and security Oversight duties & functions carried out	New entry certifications – Airlines	00	01	00
	Ramp Inspections – Airworthiness	83	97	61
	Ramp Inspections – Operations	26	26	35
	Ramp Inspections Combined	00	00	00
	En-route flight inspection	06	09	02
	Airline Audits - Airworthiness	01	05	02
	Airline Audits - Operations	00	00	00
	Airline Audits - Combined	00	03	00
	Flight Operations Manual (initial/revision)	00	04	10
	Maintenance Control Manual (initial/revision)	00	10	04
	Flight Crew Training Programmes (initial/rev)	02	02	18
	Maintenance Schedules (initial/revision)	06	11	20
	Flight tests/ proving flights	02	02	02
Flying School Inspections	00	03	01	
Approvals granted for use of Airspace	Approval to carry weapons on board	69	128	45
	Over-flight permissions	437	465	711
	Technical Landing permissions	487	465	1022
	Airline Schedule Approval - Summer	24	30	30
	- Winter	22	25	26
Construction of high rise structures		340	532	
Staff Training and Meetings held	Individual Specialized Training Courses	02	23	28
	Group Training Courses	02	03	14
	General Workshops for entire staff	01	01	02
	Total training time in man-days	-	444	390
	Staff Meetings – Senior level (DPIG)	14	27	22
	General Staff Meetings	01	01	04
	Authority meetings	07	10	10
	Staff Committee meetings	32	10	07
	Finance Committee meetings	01	02	00
	Audit Committee meetings	-	06	03
	Outside meetings attended by DGCA	47	138	145
Outside meetings attended by Senior Staff	37	34	35	

Item	Description	2003	2004	2005
Correspondence	Total number of Letters received			
	- Line ministry	378	539	539
	- Other Government Agencies	1326	930	575
	- Airport & Aviation Service Ltd	365	286	278
	- Aircraft Operators	2005	2776	2652
	- Private Sector	3660	2559	1955
	- Members of the public	126	1368	250
	- ICAO	368	327	375
	- International bodies other than ICAO	412	164	451
	Communication by AFTN			
	- Sent			
	- Received	2022	2163	2971
		8988	11379	12464
	NOTAMS issued	88	80	63
	Aeronautical Information Circulars issued	04	04	11
	Aviation Safety Notices issued	35	24	32

FINANCIAL REPORT

BALANCE SHEET AS AT 31ST DECEMBER 2005

	Note	2005 (Rs.)	2004 (Rs.)
TOTAL ASSETS		346,661,168.43	298,607,816.39
Non-Current Assets		144,239,184.57	90,355,071.47
Property, Plant and Equipment	09	22,763,839.35	23,491,918.63
Investments	10	121,475,345.22	66,863,152.84
Current Assets	11	202,421,983.86	208,252,744.92
EQUITY & LIABILITIES, CAPITAL & RESERVES		346,661,168.43	298,607,816.39
Equity		162,569,116.53	114,861,745.06
Government Grants	12	22,715,622.57	22,715,622.57
Profit & Loss Account		139,853,493.96	92,146,122.49
Liabilities		184,092,051.90	183,746,071.33
Non-Current Liabilities	13	2,610,239.00	2,348,455.00
Current Liabilities	14	181,481,812.90	181,397,616.33

The accounting policies and notes thereto form an integral part of these accounts

For and on behalf of the Civil Aviation Authority of Sri Lanka,



Air Vice Marshal (Retd.) Deshamanya P.H. Mendis,
Chairman

15th January 2006



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

15th January 2006

**INCOME STATEMENT
FOR THE YEAR ENDING 31ST DECEMBER 2005**

	Note	2005 (Rs)	2004 (Rs.)
INCOME	01	159,893,770.93	132,923,833.59
EXPENDITURE		88,638,488.74	66,988,694.90
Staff Expenses	02	42,327,134.87	25,035,021.60
Meetings, Seminars & Workshops	03	5,097,816.41	3,566,560.66
Training	04	3,820,389.06	5,461,720.69
General Operating Expenses	05	9,701,641.63	8,020,804.27
Miscellaneous & Other Expenses	06	2,464,937.21	1,903,489.06
Common Expenses	07	19,814,604.30	17,209,545.17
Depreciation	08	5,411,965.26	5,791,553.45
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		71,255,282.19	65,935,138.69
INCOME TAX		23,157,967.00	20,688,166.60
NET PROFIT AFTER TAX		48,097,315.19	45,246,972.09
PROFIT & LOSS A/C BROUGHT FORWARD		91,756,178.77	46,899,150.40
Profit & Loss Account at the Beginning of the Year		92,146,122.49	46,967,032.60
Prior Year Adjustment		(389,943.72)	(67,882.20)
PROFIT CARRIED FORWARD		139,853,493.96	92,146,122.49

NOTES TO THE ACCOUNTS

Note No		2005 (Rs.)	2004 (Rs.)
01	INCOME	159,893,770.93	132,923,833.59
	SURCHARGE ON PREPAID TRAVEL ADVICE (PTA)	106,592,170.35	101,479,672.00
	INITIAL ISSUE OF LICENCE / RATINGS / CERTIFICATE OF APPROVAL	1,257,580.00	1,004,097.40
	Private Pilot Licence (Aeroplanes / Helicopter)	19,320.00	15,180.00
	Commercial Pilot Licence (Aeroplanes / Helicopter)	132,480.00	66,240.00
	Airline Transport Pilot Licence (Aeroplanes / Helicopter)	241,500.00	179,400.00
	Students Pilot Licence	42,780.00	26,220.00
	Flight Instructor Ratings	16,560.00	-
	Assistant Flight Instructor Licence Rating	12,420.00	4,140.00
	Issue of Aircraft Type Rating	99,360.00	34,500.00
	Airline Licence	41,400.00	124,417.40
	Charter Licence	41,400.00	41,400.00
	Flying School Licence	-	-
	Validations of Foreign Crew Licence	358,800.00	189,750.00
	Air Traffic Controller's Licence	8,280.00	-
	Air Traffic Controller's Licence Rating	3,450.00	690.00
	Flight Operations Officer – Initial	8,280.00	26,910.00
	Air Transport Providers Licence	166,000.00	140,000.00
	Validation of foreign AME's Licence	65,550.00	155,250.00
	RENEWAL OF LICENCES.	2,727,180.00	2,333,435.00
	Private Pilot Licence (Airplanes/Helicopter)	15,180.00	21,390.00
	Commercial Pilot Licence (Airplanes/Helicopter)	219,420.00	190,440.00
	Airline Transport Pilot Licence (Airplanes/Helicopter)	539,925.00	486,450.00
	Flight Engineer	2,070.00	-
	Student Pilot Licence	14,490.00	14,835.00
	Airline Licence	241,500.00	241,500.00
	Flying School Licence	41,400.00	-
	Arial Work	13,800.00	-
	Charter Licence	138,000.00	414,000.00
	Validations of Foreign Crew Licence	37,950.00	72,450.00
	Air Traffic Controller's Licence	16,215.00	4,140.00
	Air Traffic Controller's Licence Rating	44,160.00	48,300.00
	Air Transport Provider Licence	1,125,000.00	566,000.00
	Air Craft Maintenance Engineers	278,070.00	273,930.00
	ISSUES / RENEWALS OF CERTIFICATES.	7,505,617.00	7,381,477.90
	Certificate of Airworthiness - Initial issue	369,150.00	606,373.00
	Certificate of Airworthiness - Renewal	6,329,163.00	5,976,521.90

Certificate of Registration (Aircraft) - Initial issue	27,600.00	55,200.00
Certificate of Registration (Aircraft) - Renewal	186,304.00	158,700.00
Organizational Approval	593,400.00	584,683.00
AMENDMENTS TO AIRLINE LICENCE	2,070.00	84,870.00
Air Transport Provider Licence	2,070.00	
Operations Specifications	-	82,800.00
MEDICAL EXAMINATION FEES	105,346.00	65,878.75
Initial	35,122.50	20,182.50
Renewal	70,223.50	45,696.25
EXAMINATIONS	755,916.75	342,309.00
Private Pilot Licences (Airplanes)- PPL	55,752.00	57,684.00
Commercial Pilot Licence (Aeroplanes)- CPL	18,204.95	-
Air Transport Provider Licence - ATPL	10,244.80	-
Special Air Law Examination	58,995.00	34,155.00
Grant of AME Licence	576,150.00	96,600.00
Extension of AME Ratings	1,380.00	23,460.00
Flight Operation Officer	3,450.00	113,850.00
Issue of Additional AME Ratings	31,740.00	16,560.00
REGULATORY SERVICES	18,254,512.67	2,220,672.00
Evaluation of an application for Grant Approval of Charter/Domestic Operations	250,000.00	100,000.00
Regular Public Transport International Operations	6,000,000.00	100,000.00
Evaluation of an application for Renewal of Charter/International Operations	100,000.00	-
Regular Public Transport Domestic Operations	100,000.00	-
Private operations	2,500.00	-
Aerial Work Operations	10,000.00	-
Charter/Domestic Operations	50,000.00	-
Evaluation of an application for Renewal of Flying School Licence	30,000.00	-
Evaluation of an application for Approval of AMO – Located in Sri Lanka	100,000.00	
AMO – Located out side Sri Lanka	400,000.00	100,000.00
Evaluation of an application for Renewal of AMO – Located in Sri Lanka	87,337.00	-
AMO – Located out side Sri Lanka	640,919.23	20,000.00
Evaluation of an application for Amendment of AMO – Located in Sri Lanka	40,000.00	-
Effecting an Amendment to AMO – Located in Sri Lanka	5000.00	-
AMO – Located out side Sri Lanka	5000.00	
Inspection of an aircraft prior to grant of registration – Light Aircraft	10,000.00	10,000.00

Medium Aircraft	50,000.00	
Amendment or addition of any information in the Civil Aircraft Registry - Light Aircraft	690.00	1,380.00
Issuing of Noise Certificate	690.00	-
Amendments to Noise Certificate	1,000.00	-
De-registration of an aircraft in the existing registry		
Heavy Aircraft	1,380.00	690.00
Light Aircraft	1,000.00	-
Evaluation of an application for grant and re-activation of		
Student Pilot Licence	10,500.00	500.00
Private Pilot Licence	7,000.00	2,000.00
Commercial Pilot Licence	67,500.00	6,000.00
Airline Transport Pilot Licence	70,000.00	6,000.00
Air Traffic Controller Licence	9,000.00	-
Flight Operations Officer Licence	6,000.00	16,500.00
Aircraft Maintenance Engineer Licence	27,000.00	3,000.00
Any other licence/certificate not specified	67,000.00	2,000.00
Evaluation of an application for validation of any Foreign Licence		
Commercial Pilot Licence	180,000.00	4,500.00
Airline Transport Pilot Licence	450,000.00	54,000.00
Aircraft Maintenance Engineer Licence	112,500.00	90,000.00
Any other licence/certificate not specified	4,500.00	-
Evaluation of an application for endorsement – Additional type rating on Licences	83,000.00	10,000.00
Evaluation of an application endorsement -type rating – for the purpose or up-grading	15,000.00	5,000.00
Evaluation of an application for renewal of the		
Student Pilot Licence	9,750.00	750.00
Private Pilot Licence	4,750.00	1,250.00
Airline Transport Pilot Licence	253,000.00	29,800.00
Commercial Pilot Licence	151,500.00	25,800.00
Air Traffic Controller Licence	35,250.00	3,450.00
Aircraft Maintenance Engineer Licence	597,500.00	137,900.00
Validation		
Endorsement of Additional Type Rating on a Licence	31,000.00	-
Evaluation of Application for Re-activation of Ratings.	42,000.00	-
Recommendation for visas (Except for students)	170,000.00	52,000.00
Verification of Licence (Except for foreign CAA)	5,000.00	-
Providing technical opinion regarding competency and eligibility of the Foreign Licences holders for recruitment	85,000.00	7,500.00
Express Evaluation of application grant /reactivation Within 24 hours		

Student Pilot Licence	1,000.00	897.00
Private Pilot Licence	1,000.00	500.00
Commercial Pilot Licence	2,250.00	1,500.00
Airline Transport Pilot Licence	10,000.00	22,400.00
Aircraft Maintenance Engineer Licence	12,000.00	12,200.00
Any other licence/certificate not specified	5,000.00	-
Express Evaluation for Endorsement of Additional Type Rating on a Licence	12,000.00	-
Express Evaluation for Endorsement of Additional Type Rating on a Licence for the purpose of upgrading	4,000.00	-
Express Evaluation for Renewal of Licence & Ratings of		
Student Pilot Licence	500.00	-
Commercial Pilot Licence	21,750.00	-
Airline Transport Pilot Licence	125,000.00	-
Any other licence/certificate not specified	1,000.00	-
Facilitation fees for conduct of Medical Examination for		
Initial of Licences	134,000.00	10,000.00
Renewal of Licences	324,000.00	49,500.00
Facilitation fees for conduct of Medical Board on a Licensee who's medical fitness is in question	15,000.00	-
AME Licence Issuance Charges	41,400.00	-
Evaluation of an application for Renewal of validations of Foreign Licence	13,500.00	6,000.00
Evaluation of an application for initial issue of Certificate of Competency for Cabin Crew Members	173,000.00	60,000.00
Issuance of new Cabin Crew Members Certificate after a period of years	1,000.00	-
Certificate to transport Dangerous Goods by Air		
Evaluation of an application for grant approval	100,000.00	75,000.00
Grant of an approval	40,000.00	50,000.00
Evaluation of an application for Renewal	165,000.00	-
Renewal of an approval	110,000.00	-
Act as an Instructor		
Evaluation an application for Grant Approval	60,000.00	-
Grant of an approval	12,000.00	-
Evaluation of an application for Renewal	2,000.00	2,000.00
Simulator		
Evaluation an application & Inspection prior to use	215,000.00	-
Grant of an approval to use a simulator	107,500.00	-
Evaluation of an application for Renewal	165,000.00	-
Renewal of an approval to use a simulator	110,000.00	-
Pilot Training Programme		
Evaluation an application for Grant Approval	30,000.00	-
Grant of an approval	6,000.00	-

Operations Manuals		
Evaluation for approval or amendment excess of 50% of initial Volume (Regular Public/Charter Operations)	75,000.00	-
Evaluation for amendment excess of 25% of initial Volume		-
Regular Public/Charter Operations	62,500.00	
Aerial Operations	2,500.00	-
Private Operations	2,500.00	-
Grant Approval	75,000.00	-
Permission to establish Air Services Operations in Sri Lanka	55,000.00	-
Maintenance Control Manual		
Grant of Approval	10,000.00	
Evaluation for an amendment	50,000.00	-
Maintenance Schedule		
Evaluation an Application for Approval	70,000.00	
Grant of Approval	6,000.00	-
Evaluation for Amendments	5,000.00	-
Security Manual		
Evaluation for approval or amendment excess of 50% of initial Volume	120,000.00	
Grant of Approval	9,000.00	-
Air Transport Statistics		
For less than one Year	13,500.00	11,000.00
For 01-05 Years	20,000.00	-
Use of Technical Library		
Photocopy Charges	50,684.00	-
Electronic Copy	600.00	-
Current Copies of ICAO Documents	7,400.00	-
Old Edition of ICAO Documents	3,570.00	-
CAA Manual, Hand Book, Broacher, or any other publication	102,430.00	-
Evaluation of an application for the Initial Issuance of Air Transport Provider Licence	80,000.00	20,000.00
Flight Schedule for Sri Lankan AOC Holders (International Operations)		
Evaluation for grant approval-Passenger	4,000.00	-
Evaluation for grant approval-Cargo	6,000.00	-
Evaluation and Grant Approval of International Flight Schedule for Foreign Airlines for each IATA Season	230,000.00	
Initial issue of an International Airlines Licence for Foreign Scheduled Airlines	1,485,912.44	900,000.00
Foreign Charter Operators	150,000.00	-
Renewal of an International Airlines Licence for Foreign Scheduled Airlines	600,000.00	-
Foreign Charter Operators	100,000.00	-

Ferry Flight/Test Flight Permit		
Evaluation an Application for Grant permit	100,000.00	
Gant Permit	10,000.00	-
Permission to operate a foreign registered aircraft on Wet Lease/Dry Lease/charter by an AOC Holder-		
Evaluation an application – Grant approval to operate on Wet Lease	500,000.00	100,000.00
Grant approval to operate on Wet Lease	125,000.00	25,000.00
Approval for Maintenance Activities		
Evaluation an application to Grant one time approval	180,000.00	-
Grant one time Approval	45,000.00	-
Special Flight Authorization to Operations Specifications of an AOC		
Evaluation an application to Grant approval	42,500.00	12,300.00
Grant Approval	25,500.00	7,355.00
Approval for Any Special Operation		
Evaluation an application to Grant approval	10,000.00	
Grant Approval	5,000.00	-
Approval of Engineering Workshop Capability Level		
Evaluation an application to Grant approval	145,000.00	
Grant Approval	77,500.00	-
Evaluation an application to Grant approval for Major modification	150,000.00	
Minor modification		5,000.00
Training Programmes		
Evaluation an application to Grant approval	40,000.00	
Grant A pproval	30,000.00	-
Grant of No Objection Letter	45,000.00	-
Grant of Certified Copy of Any Licence / Certificate/ Authrization issued by DGCA	17,450.00	-
Making available to an air operator or potential Air Operator a CAA Inspector to visit overseas for inspection	790,000.00	60,000.00
Export Certificate of Airworthiness		
Evaluation an application to Grant approval	75,000.00	
Issue of Approval	6,000.00	-
Flight Check En-Route Surveillance – Revision of Manuals	39,800.00	-
	2,140,354.27	2,179,980.75
OTHER INCOME		
Other Sources	540,393.25	606,121.75
Late Submission Fees	500,000.00	158,100.00
Rental Income (Official Quarters)	26,950.00	26,400.00
Miscellaneous Income	83,432.02	86,771.00
CAATA Income	989,579.00	1,302,588.00
	20,553,023.89	15,831,440.79
INTEREST INCOME		
Interest from Staff Loans	412,305.89	379,099.79
Treasury Bills	17,600,943.65	11,399,332.83

	Fixed Deposits	1,064,276.44	2,327,406.57
	Call Deposits	1,475,497.91	1,725,601.60
02	STAFF EXPENSES	42,327,134.87	25,035,021.60
	Salaries & Wages	26,931,738.52	15,801,081.99
	Other Allowances	6,726,439.10	3,897,119.37
	Employee's Provident Fund	4,695,684.59	2,623,638.88
	Employee's Trust Fund	938,873.47	525,035.27
	Pension Contribution 25%	-	45,839.02
	PAYE Tax	631,579.05	855,088.65
	Bonus	825,266.96	520,468.75
	Welfare Expenses	1,577,553.18	766,749.67
03	MEETINGS, SEMINARS & WORKSHOPS	5,097,816.41	3,566,560.66
	Local	1,216,126.26	310,315.36
	Foreign	3,881,690.15	3,256,245.30
04.	TRAINING	3,820,389.06	5,461,720.69
	Local	571,842.10	140,372.80
	Foreign	3,248,546.96	5,321,347.89
05.	GENERAL EXPENSES	9,701,641.63	8,020,804.27
	Overtime & Holiday Pay	1,518,783.85	810,930.29
	Traveling Expenses - Local	33,955.00	116,348.00
	Stationery/Consumables	1,974,601.68	1,356,680.61
	Other Supplies	367,986.28	166,389.91
	Board Payments	66,500.00	93,000.00
	Telecommunication	2,092,558.57	1,847,733.25
	Postal charges	174,873.95	86,795.04
	Subscriptions / Publications / Newspapers	577,954.55	683,321.68
	Examination (Payment to Examiners)	-	72,780.00
	Printing Expenses	1,069,325.00	446,307.92
	Civil Aviation Authority Training Academy	1,825,102.75	2,340,517.57
06	MICELLANEOUS AND OTHER EXPENSES	2,464,937.21	1,903,489.06
	Miscellaneous Expenses	1,413,341.48	1,225,421.87
	Maintenance of Plant, Machinery & Equipments	1,051,595.73	678,067.19
07	COMMON EXPENSES	19,814,604.30	17,209,545.17
	Rent & Hire Charges	798,911.66	798,912.00
	Fuel & Lubricants	2,055,480.80	1,591,725.69
	Maintenance of Office Building & Quarters	15,603,898.51	13,397,971.70
	Rent of the Building	9,335,280.00	8,898,240.00
	Electricity	3,259,497.10	2,866,976.60

	Water	203,856.50	166,307.66
	Security	423,666.18	354,994.01
	Janitorial	266,992.00	119,827.40
	Other	2,114,606.73	991,626.03
	Maintenance of Vehicles	1,356,313.33	1,420,935.78
08	DEPRECIATION	5,411,965.26	5,791,553.45
	Buildings	612,103.91	613,019.73
	Vehicles	918,750.00	918,750.00
	Plant, Machinery and Equipment	2,730,762.95	3,249,945.92
	Furniture and Fittings	895,176.40	613,214.80
	Other Fixed Assets	255,172.00	396,623.00
09	PROPERTY, PLANT AND EQUIPMENT (See Page 63)		
10	INVESTMENTS	121,475,345.22	66,863,152.84
	Treasury Bills	111,475,345.22	55,863,152.84
	Fixed Deposit - Bank of Ceylon	5,000,000.00	11,000,000.00
	Call Deposit	5,000,000.00	-
11	CURRENT ASSETS	202,421,983.86	208,252,744.92
	Consumable Stores	712,330.76	673,750.55
	Debtors (a + b + c)	9,602,121.94	11,901,618.78
	Loans - (a)	9,016,432.02	11,221,953.20
	Staff Loans (Existing Staff)	8,814,577.20	9,109,647.00
	Staff Loans (Transferred Officials)	201,854.82	2,112,306.20
	Advances - (b)	195,394.00	489,054.00
	Staff - for operating activities	95,394.00	389,054.00
	JHS Enterprises (Fuel)	100,000.00	100,000.00
	Other Debtors (c)	390,295.92	190,611.58
	EU Project	150,887.73	160,909.08
	Runetho (Pvt) Ltd.	-	2,702.50
	Board Payments	-	27,000.00
	Ministry of Ports & Aviation	158,900.00	-
	Foreign Traveling	66,700.00	-
	Telecommunication	234.00	-
	Salaries & Allowances	13,574.19	-

Receivables

		9,181,608.25	7,696,264.58
	Value Added Tax	365,967.16	1,527,805.64
	Interest Income	8,815,641.09	6,168,458.94
	Prepayments	1,473,300.00	1,435,200.00
	Building Rent	1,435,200.00	1,435,200.00
	General operating Expenses	38,100.00	-
	Treasury Current Account	171,355,390.25	173,478,341.98
	Cash	17,016,346.07	11,945,170.34
	Deposit – Savings Account	14,945,582.30	-
	Investments	139,393,461.88	161,533,171.64
	Cash and Cash Equivalent	10,097,232.66	13,067,569.03
12	GOVERNMENT GRANTS	22,715,622.57	22,715,622.57
	Land	5,359,200.00	5,359,200.00
	Buildings	9,090,800.00	9,090,800.00
	Vehicles	3,675,000.00	3,675,000.00
	Other Fixed Assets	4,149,299.00	4,149,299.00
	Consumable stores	441,323.57	441,323.57
13	NON-CURRENT LIABILITIES	2,610,239.00	2,348,455.00
	Deposits - Bank Guarantee	2,142,000.00	2,142,000.00
	Insurance Fund	138,600.00	76,300.00
	Deposit - Exam Fees	275,605.00	130,155.00
	Pension Fund	54,034.00	-
14	CURRENT LIABILITIES	181,481,512.90	181,397,616.33
	Accrued Expenses (d + e + f + g)	8,431,537.21	7,737,105.95
	Staff Expenses (d)	32,500.00	625,231.76
	Salaries	14,867.09	343,693.20
	Pay As You Earn Tax	-	165,077.56
	Employee Provident Fund	4,492.59	37,967.50
	Employee Trust Fund	898.50	5,017.50
	Welfare	32,500.00	73,476.00
	Training (e)	400.00	251,806.10
	Training - Local	400.00	-
	Training - Foreign	-	251,806.10
	Miscellaneous and Other Expenses (f)	-	3,057.50
	Miscellaneous Expenses	-	3,057.50
	Maintenance of Pl. Machinery & Equip.	6,970.00	-

General Operating Expenses (g)	1,407,786.66	897,729.01
Overtime & Holiday Pay	147,901.97	70,921.91
Traveling Expenses - local	32,864.00	1,875.00
Telecommunication	188,568.55	277,486.10
Postal Charges	3,837.14	2,662.00
Subscriptions/Publications/Newspapers	5,965.00	1,190.00
Printing Expenses	252,875.00	15,442.00
Audit Fees	465,613.00	200,000.00
Training Academy Expenses	310,162.00	328,152.00
Common Expenses (h)	6,963,622.37	5,959,281.58
Fuel & Lubricants	40,225.00	63,060.00
Rent & Hire Charges	33,288.00	33,288.34
Income Tax	6,088,241.60	4,941,636.29
Economic Services Charge (ESC)		907,625.00
Building Maintenance		
Building Rent	724,080.00	-
Electricity	1507.53	-
Water	4,404.40	13,671.95
Security	45,125.84	-
Janitorial	26,750.00	-
		-
Creditors	173,050,275.69	173,660,510.38
Deposit – Inspection Charges -	965,319.94	99,438.40
Deposit – Sri Lankan Airlines (Operational Expenses)	283,405.00	
Deposit - Medical Examiners Fees	46,160.50	82,730.00
Deposit - Common	400,000.00	
Treasury Current Account	171,355,390.25	173,478,341.98

NOTE NO. 09							
PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Vehicles	Plant, Machinery & Equipment	Furniture and Fittings	Other Fixed Assets	Total
Cost / Valuation							
Balance as at 01.01.2004	5,359,200.00	9,190,700.00	3,675,000.00	6,795,479.17	2,451,659.18	838,820.00	28,310,858.35
Additions during the year 2004	-	-	-	3,094,779.90	1,127,899.69	165,569.00	4,388,248.59
Additions during the year 2005		18,660.00		3,358,575.84	1,306,650.14		4,683,885.98
Disposal/transfers							
As at 31.12.2005	5,359,200.00	9,209,360.00	3,675,000.00	13,248,834.91	4,886,209.01	1,004,389.00	37,382,992.92
Depreciation							
As at 01.01.2004	-	606,356.36	918,750.00	1,477,937.50	184,721.00	227,870.00	3,415,634.86
Charges for the year 2004	-	613,019.73	918,750.00	3,249,945.92	613,214.80	396,623.00	5,791,553.45
Charges for the year 2005	-	612,103.91	918,750.00	2,730,762.95	895,176.40	255,172.00	5,411,965.26
Disposals / Transfers	-						
As at 31.12.2005	-	1,831,480.00	2,756,250.00	7,458,646.37	1,693,112.20	879,665.00	14,619,153.57
Net book value as at 31.12.2005	5,359,200.00	7,377,880.00	918,750.00	5,790,188.54	3,193,096.81	124,724.00	22,763,839.35

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005**

	Note No	Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Taxation		71,255,282.19
Adjustments for		
Depreciation	15	5,411,965.26
Interest Income		(20,553,023.89)
Operating Profit Before Working Capital Changes		56,114,223.56
Increase in Inventories	16	(38,580.21)
Increase in Receivables	17	3,423,235.32
Decrease in Payables	18	(3,706.30)
Cash Generating from Operations		59,495,172.37
Income Tax Paid		(22,918,986.69)
Net Cash Flows from Operating Activities		36,576,185.68
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	19	(4,683,885.98)
Increase in Investments	20	(32,472,482.62)
Interest Received		17,626,604.58
Net Cash used in Investing Activities		(19,529,764.02)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash used in Financing Activities		NIL
Net Increase/(Decrease) In Cash and Cash Equivalent		17,046,421.66
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		25,012,739.37
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	42,059,161.03

NOTES TO THE CASH FLOW STATEMENT

13	DEPRECIATION	5,411,965.26
	Buildings	612,103.91
	Vehicles	918,750.00
	Plant, Machinery & Equipment	2,730,762.95
	Furniture & Fittings	895,176.40
	Other Fixed Assets	255,172.00
14	INCREASE IN CONSUMABLE STORES	38,580.21
	Consumable Stores	38,580.21
15	INCREASE IN RECEIVABLES	(3,423,235.32)
	Staff Loans	(2,205,521.18)
	Advances	(293,660.00)
	Other Debtors	199,684.34
	VAT	(1,161,838.48)
	Prepayment	38,100.00
15	INCREASE IN PAYABLES	(3,706.30)
	Treasury Current Account	(2,122,951.73)
	Creditors	1,512,717.04
	Prior Year Payments	(110,706.56)
	Accrued Expenses	455,450.95
	Non-current Liabilities	261,784.00
17	PURCHASE OF PROPERTY, PLANT & EQUIPMENTS	4,683,885.98
	Plant, Machinery & Equipment	3,358,575.84
	Furniture	1,306,650.14
	Other Fixed Assets	18,660.00
18	INCREASE IN INVESTMENTS	32,472,482.62
	Treasury Bills - Authority Funds	55,612,192.38
	Treasury Bills - E.L	(5,139,709.76)
	Fixed Deposits - Authority Funds	(6,000,000.00)
	Fixed Deposits - E.L	(17,000,000.00)
	Call Deposits - E.L	5,000,000.00
19	CASH AND CASH EQUIVIVELMENT AT THE END OF THE YEAR	42,059,161.03
	Current Account (Authority) - 0002026666	10,097,232.66
	Current Account (Embarkation Levy) - 0002026678	17,016,346.07
	Savings Account (Embarkation Levy) - 2748528	14,945,582.30

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31ST DECEMBER 2005**

	Government Grant	Accumulated Profit	Total
	Rs.	Rs.	Rs.
Balance as at 31st December 2004	22,715,622.57	91,756,178.77	114,471,801.34
Net Profit for the Year 2005	-	48,097,315.19	48,097,315.19
Balance as at 31st December 2005	22,715,622.57	139,853,493.96	162,569,116.53

ACCOUNTING POLICIES

1. General Policies

- 1.1 The Financial Statements are prepared under the historical cost convention in conformity with generally accepted accounting principles, and the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. It also provides the information as required by the Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995.

2. Property, Plant and Equipment

- 2.1 Property, Plant and Equipment transferred from General Treasury/Government stayed at the valuation of purchases of 2003, less depreciation for the year, whereas the Property, Plant and Equipment acquired during the current financial year have been valued at cost.

Two Vehicles 65/3651 and 65/3653 Toyota Land Cruisers, which are registered under the UNDP Representative, have not been transferred to the Authority yet.

Fourteen Aerodromes, and aeronautical facilities including the land appertaining thereto specified in the Second Schedule and the Third Schedule to the Civil Aviation Authority of Sri Lanka Act No. 34 of 2002 respectively have not been transferred to the Authority as yet. Such transfer would be effected only after the Civil Aviation Bill is enacted in order to ensure smooth transition.

2.2 Depreciation

The provision for depreciation is calculated on the straight-line basis on the valuation of the Property, Plant and Equipment (Assets) acquired from the Department of Civil Aviation at the time of formation of the Authority, whereas the assets purchased thereafter were calculated at cost. 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, by equal installments,

Buildings	6 2/3%
Motor Vehicles	25 %
Plant, Machinery & Equipment	50 %
Furniture & Fittings	25 %
Other Fixed Assets	50 %

No depreciation is provided on Property, Plant and Equipment in the year of purchase, whilst full year depreciation is deducted when disposal. At the end of depreciation process, 10% of the current written down value of the Property, Plant and Equipment is retained as book values.

3. Inventories

All inventories have been valued at the cost.

4. Debtors and Receivables

Debtors are stated at their realizable amounts.

5. Liabilities and Provisions

All known liabilities have been accounted for, in preparing the Financial Statements.

6. Income Tax

Provision for Income Tax is made on the basis of the profit reported in the Financial Statements and adjusted for the purpose in terms of the provisions of the Inland Revenue Act No. 38 of 2000 and the amendments thereto.

7. Cash and Cash Equivalents

Cash and Cash Equivalents are defined as the balance of Cash Book.

8. Government Grants

Assets transferred from Department of Civil Aviation at the time of formation of the Authority.

9. Treasury Current Account

The treasury current Account reflects the money collected on Embarkation Levy pursuant to the Finance Act No. 25 of 2003.

Airport and Aviation Services (Sri Lanka) Ltd.	- Rs.	53,672,670.54	
Ceylon Tourist Board	-	Rs.	51,116,829.09
General Treasury	-	Rs.	48,560,987.64
Civil Aviation Authority 2%	-	Rs.	18,004,902.98

10. Post Balance Sheet Events

No circumstance has arisen since the Balance Sheet date, which requires adjustments to, or disclosure in the final accounts.

11. Prior Year Adjustments

Following adjustments have been made to the Income Statement in respect of the prior year (2003) transactions.

	Debit (Rs.)	Credit (Rs.)
Salary Areas	245,991.13	
EPF Areas	50,823.53	
ETF Areas	5,400.00	
W&OP Areas	1,810.00	
25% Pension Contribution.	13,971.94	
Adjustments to Stock	3,425.75	91,250.00
Board Payments	27,000.00	
Telephone Directories (2003/2004)	46,000.00	
Telecommunication	326.67	
Increase of Income Tax -2.5%	904,282.00	
Refund of Foreign Training Expenses		822,507.81
Audit Fees - 2003	152,864.00	
Audit Fees - 2004		47,251.00
	Debit (Rs.)	Credit (Rs.)
Adjustments for EPF		13,325.00
Interest for Investments		23,550.00
Adjustment for receivable interest	279,237.16	343,304.65

11. Reporting Format

2005 Expenditure has been categorized in line with the Programme Budget and 2004 Expenditure figures have been shown based on the same format for easy comparison.

AUDITOR GENERAL'S' REPORT