



Civil Aviation Authority of Sri Lanka

Annual Report – 2010

THEME SONG OF THE CIVIL AVIATION AUTHORITY

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

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

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

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

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

Hon. Priyankara Jayaratna. (Minister of Civil 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 2010.



Air Chief Marshal W D R M J Goonetilleke
Chairman
Civil Aviation Authority of Sri Lanka

25th February 2011

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ABBREVIATIONS

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

DD	Deputy Director
DGCA	Director-General of Civil Aviation
DO	Documentation Officer
DPIG	Development Planning & Implementation Group
ELP	Equipment Loading Plan
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
HR&OMA	Human Resources & Office Management Assistant
HR&OMO	Human Resources & Office Management Officer
IA	Internal Audit
ICAO	International Civil Aviation Organization
MEL	Minimum Equipment List
NOTAM	Notice to Airmen
Ops	Operations
PA	Personal Assistant
PEL	Personnel Licensing
PLO	Personnel Licensing Officer
PA-AAI	Programme Assistant- Aircraft Accident Investigation
PA-AE	Programme Assistant- Aviation Examinations
PA-IT	Programme Assistant- Information Technology
PA-SP	Programme Assistant – Special Projects
S/CAASL	Secretary to the CAASL
SD	Senior Director
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
SEP	Safety & Emergency procedures
SMS	Safety Management System
SPLO	Senior Personnel Licensing Officer
SSP	State Safety Programme
TRCSL	Telecom Regulatory commission of Sri Lanka
USTDA	United States Trade and Development Agency
USOAP	Universal Safety Oversight Audit Programme

DIRECTORY

Head Office	: Civil Aviation Authority of Sri Lanka, 04, Hunupitiya Road, Colombo 02. Telephone: 94 -11-2304632 Facsimile: 94 -11-2304644 E-mail: info@caa.lk Website: www.caa.lk Postal Address : P.O. Box 535, Colombo Telegraphic Address : AIRCIVIL AFTN Address : VCCCAYX
Branch Office	: Civil Aviation Authority of Sri Lanka, “Hilltop”, Naikanda, Minuwangoda Road, Katunayake. Telephone : 94 -11-2251076 Facsimile: 94 -11-2251076 E-mail: katcaa@sltnet.lk
Sub-offices	Airworthiness Sub Office, : Civil Aviation Authority of Sri Lanka, Bandaranaike International Airport Colombo, Katunayake. Telephone: 94 -11-2252269 E-mail : aidbcaa@sltnet.lk Airworthiness Sub Office, : Civil Aviation Authority of Sri Lanka, Colombo Airport, Ratmalana. Telephone : 94 – 11 – 2635756 E-mail : aidccaa@sltnet.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 Company Ltd.

PROFILE

OVERVIEW

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

The primary function of the CAASL is to undertake activities that promote civil aviation safety, security, efficiency and regularity in keeping with International Standards and Recommended Practices adopted by the International Civil Aviation Organization (ICAO) and (in pursuance of the provisions in the Civil Aviation Act No.14 of 2010) and to steer the civil aviation sector in Sri Lanka as a prime contributor to the growth of national economy, enhancing the quality of life of its 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 serving the CAASL as the ex-officio members.

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

The Authority is subject to direction and control of the Minister in-charge of the subject of civil aviation, who at present is the Minister of Civil Aviation.

MEMBERS OF THE CAASL

Members appointed by the Minister

Air Chief Marshal W D R M J Goonetilleke (Chairman)

Mr J M S W Jayasundara (Vice Chairman)

Mr. K V N Jayawardene (Member)

Mr. Zaki Alif (Member)

Mr Dinesh Gallage (Member)

Members - ex-officio

Secretary, Defence (Mr. Gotabaya Rajapaksa - RWP, RSP)

Representative of the Ministry of Finance (Mr. I Thissera)

Director General of Civil Aviation (Mr. H M C Nimalsiri)

Chairman

Air Chief Marshal W D R M J Goonetilleke

RWP & bar, VSV, USP, ndc, psc



Air Chief Marshal W D R M J Goonetilleke completed his education at St. Peter's College, Bambalapitiya where he excelled both in studies and in sports. He is the eldest son of the 5th Commander of the Air Force,

Air chief Marshal Harry Goonetilleke.

Air Chief Marshal Goonetilleke joined the Sri Lanka Air Force as an Officer Cadet in the General Duties Pilot Branch on 13 January 1978. On successful completion of flying training, he was commissioned in the rank of Pilot Officer on 24 August 1979. During his illustrious career of 28 years, he has held a number of command, operational and administrative appointments. Having logged many flying hours both in fixed wing and rotary wing aircraft; he served in the capacity of an operational pilot as the Commanding Officer of No 03 Maritime Squadron and the Commanding Officer of No. 04 Helicopter Wing. He took up senior operational command appointments as the Zonal Commander Northern Zone and Zonal Commander Eastern Zone.

He has also commanded Air Force Base in Katunayake, Anuradapura and China Bay. He served a very successful tenure as the Director of Operations / Deputy Chief of Staff Operations of the Air Force before being appointed as the Chief of Staff, until he took over office as the 12th Commander of the Sri Lanka Air Force on 11 June 2006. He retired from the post of Commander on 28th February 2011 and was appointed to the post of Chief of Defence Staff.

On 18 May 2009, with the successful conclusion of the Humanitarian Operations, he was promoted to the rank of Air Chief Marshal by HE the President, in appreciation of the valuable service rendered. His promotion was very significant as he was the only Air Force Commander to be promoted to the rank of Air Chief Marshal whilst on active service.

On 05 October 2009 he was appointed as the Chairman of the Civil Aviation Authority of Sri Lanka by H.E the President in addition to his duties as the Commander of the Sri Lanka Air Force. Further, he has also been vested upon the duties and responsibilities of over looking the office of the Chief of Defence Staff apart from the aforesaid post.

Air Chief Marshal Goonetilleke graduated from the Air Command and Staff College, Air University, Alabama, USA in 1994 and had also attended the prestigious National Defence College in Pakistan in 2001. In recognition of his distinguished service career he has been awarded the Uttama Seva Padakkama. He has been decorated with the 'Rana Wickrama Padakkama' for bravery displayed in the face of the enemy whilst engaged in operations on two occasions.

Vice Chairman

MR J M S W JAYASUNDARA



Mr J M S W Jayasundara was an outstanding sportsman who had his primary education at Dharmaraja College Kandy. He joined the Police Department in 1971 and retired as a Deputy Inspector General after 37 years of service with an unblemished record. He had been to Japan, Malaysia, Scotland Yard, USA and France for training during his illustrious career. He is also a life time member of the International Police Association. He was the Director Special Tasks-Airport and Aviation Services (Sri Lanka) Limited, before assuming duties as the Vice Chairman and a member of the Board of Civil Aviation Authority of Sri Lanka.

Members

MR GOTABAYA RAJAPAKSA-RWP, RSP

Secretary Defence - Ministry Of Defence – (Member Ex-Officio)



Mr. Gotabaya Rajapaksa RWP, RSP had his early education at Ananda College, Colombo. Being an alumni of Army Training Centre, Diyatalawa, he was commissioned into Sri Lanka Signal Corps on 26th May 1972.

In 1974, he was transferred to Sri Lanka Sinha Regiment. He also has served in Rajarata Rifles (in 1980) and in Gajaba Regiment (in 1983), where he served until his premature retirement in 1991, at the rank of Lieutenant Colonel. During his illustrious career in the Army Mr. Rajapaksa followed a number of prestigious courses including Defence Services Staff College at Wellington, India and the Infantry Officers' Advance Course in USA. Mr. Rajapaksa is a veteran of the Vadamarachchi Operation. He Commanded 1st Battalion of the Gajaba Regiment during this Operation.

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

MR H M C NIMALSIRI

Director General of Civil Aviation and Chief Executive Officer – (Member Ex-officio)



Mr H M C Nimalsiri is the Director General of Civil Aviation and Chief Executive Officer of the Civil Aviation Authority of Sri Lanka since its inception in 2002. He functioned as the Assistant Director (Operations) in the Department of Civil Aviation since 1987 and has been a pillar of strength in the

CAASL. Mr. Nimalsiri is amongst a few officials who pioneered drafting the new legislative framework for Civil Aviation. He introduced institutional reforms in the former Department of Civil Aviation, which led to the formation of the Civil Aviation Authority of Sri Lanka and the introduction of the Civil Aviation Bill.

He has followed numerous training courses relating to air transport, aviation safety & security, navigation services, safety auditing, safety management systems etc., and possesses an extensive knowledge and experience in Civil Aviation. He has participated in various regional and international conferences on Civil Aviation and has taken part in many bilateral air services negotiations with foreign States representing the CAASL and the former Department of Civil Aviation. In 2007 he was seconded to ICAO as the Regional Programme Co-ordinator of COSCAP-SA which is under the International Civil Aviation Organization, for a term of three years under a leave of absence granted by the Government of Sri Lanka.

Mr Nimalsiri has obtained a B.Sc degree from the University of Colombo and has completed a M.Sc degree in computer science in the same University. He has also obtained a Flight Operations Officer Licence after following a qualifying training course in Ulynovsk, Russia. Mr. Nimalsiri also serves as a visiting lecturer at the University of Moratuwa, which offers a B.Sc special degree on Transport and Logistics Management with aviation as one of the streams.

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

MR W I TISSERA

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



Mr Ivan Tissera started his career as a Government Accountant in 1982. He has served as the Accountant at the Kachcheri, Badulla from 1982 to 1993. He was promoted as the Deputy Director in 1993 and has been attached to the Department of State Accounts of the General Treasury. During his career in the Department of State Accounts he had the opportunity to serve in different subject areas such as cash management, revenue etc. During his tenure at the Department of State Accounts, he submitted new Guidelines on Government Fixed Asset Management as the Chairman of the Committee and submitted a comprehensive study report on Financial Management system in the Sri Lanka Army. In January, 2000 Mr. Tissera was appointed as the Senior Consultant and the Head of the Centre for Financial Management at the Sri Lanka Institute of Development Administration (SLIDA). In January, 2004, he was offered the post of Procurement Specialist in the Improving Relevance and Quality of Undergraduate Education (IRQUE) in the Ministry of Higher Education. When the National Procurement Agency (NPA) was established in October, 2004, Mr Ivan Tissera was selected as the Director Capacity Building, Research and Development of the NPA. Mr. Tissera has introduced a new diploma program on 'Public Procurement and Contract Administration' to develop local expertise in public procurement and have trained thousands of public officers. After closing of the NPA, its activities were transferred back to the Department of Public Finance and Mr. Tissera was appointed as the Additional Director General in charge of procurement management. From January, 2011, he was appointed as the Additional Director General to the Department of Foreign Aid and Budget Monitoring of the Ministry of Finance and Planning.

Mr Ivan Tissera is a B.A Economics (Hons) graduate of the university of Peradeniya and

has earned his Master of Commerce in Economics from the University of Wollongong, Australia. He is a fellow member of the Institute of Public Finance and Development Accountancy. At present he serves as a member in the boards of Ceylon Transport Board, Sri Lanka Institute of Standards and the Civil Aviation Authority.

MR K V N JAYAWARDENE



Mr. Nihal Jayawardene enrolled himself as an Attorney-at-Law of the Supreme Court of Sri Lanka in 1983 and was awarded the Masters Degree in Public International Law by the University College London after successful completion of the Course, specializing in the area of Air and Space Law in the 1990-91 Academic-year. Mr. Jayawardene carries a vast experience in the field of Aviation Law being the Supervising Officer of Air Law at the Attorney General's Department from 1998 to May 2005. Mr. Jayawardene also functioned as a Legal Advisor to the Department of Civil Aviation and actively participated in the drafting of the Civil Aviation Authority Act and the Civil Aviation Bill. He has participated in the negotiation of numerous Bi-lateral Air Services Agreements with various Countries, as the legal advisor to the Sri Lankan Delegation.

He also functioned as a member of the Team of Legal Consultants to the Public Enterprises Reform Commission from 1996. Mr. Jayawardene participated in the Company Law reforms process from May 1993 which resulted in the enactment of the Companies Act No. 7 of 2007.

As recognition of his significant contribution in the drafting process, he was appointed as a Member of the Company Law Advisory Commission in August 1998, in which capacity he continues to serve to-date. He is serving as a Director of Hotel Developers (Lanka) Ltd, the owning company of Hilton Hotel Colombo, was a Director of Milco (Private) Limited and Director and the founder Chairman of Lanka Sathosa Limited.

MR. ZAKI ALIF



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

MR DINESH GALLAGE



Mr. Dinesh Gallage had his early education at Mahinda College, Galle. He has a B.Sc. (Hons) Degree in Electronics & Telecommunication Engineering from University of Moratuwa. During his graduate studies, he was the President of the Engineering Faculty Student's Union. He is a Chartered Engineer recognized by the Institution of Engineering Sri Lanka (IESL). He is presently reading for a MBA at the University of Ruhuna.

Mr. Dinesh Gallage started his career as a Research Engineer at Arthur C Clarke Institute for Modern Technologies in year 1999. Thereafter he has joined General Sales Company Limited as a Bio Medical Service Engineer. He gathered his initial training and experience in data communication, while he was working at Suntel limited as an Engineer.

He resigned from Suntel Limited in 2001 and joined Sri Lanka Telecom as a Regional Manager and was subsequently appointed as the Operation & Maintenance Manager. Mr. Dinesh Gallage was promoted as the Deputy General Manager in year 2008 and is presently serving as the Head of Southern Province. He is an External Member of the Faculty of Engineering, University of Ruhuna. He is also a Corporate Member of the Institution of Engineering Sri Lanka (IESL).

GOVERNANCE AND ACCOUNTABILITY OF CAASL

ROLE OF THE AUTHORITY

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

- * Communicating with the Hon 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 CAASL's functions and duties;
- * Setting policies and goals in the field of civil aviation and monitoring organizational performance towards achieving the objectives of the CAASL;
- * Delegating responsibility for the achievement of specific objectives of the Director-General of Civil Aviation who is also the Chief Executive Officer, CAASL - ex-officio;
- * Accountable to the Hon Minister on plans and progress towards the implementation and;
- * Ensuring systems of internal controls are maintained.

ORGANIZATIONAL STRUCTURE

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 appoint 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 CAASL's objectives through setting policies.

COMMITTEES OF THE AUTHORITY

The Authority has set up five standing committees viz, Staff Committee, Finance Committee, Planning Committee, Audit Committee and Civil Aviation Development and Education Committee to focus more attention on specific issues. Each committee has been delegated powers for establishing and monitoring the organization's progress towards meeting the objectives of the Authority.

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 CAASL;
6. Development of Administrative Rules and Procedures for CAASL;
7. Development of Disciplinary Procedures for CAASL Staff;
8. Development of Office Procedures for CAASL;
9. Grant of scholarships for CAASL Staff;
10. Development of compensation schemes for premature retirement for DCA staff, and
11. Development of social and welfare schemes for CAASL staff.

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

1. Air Chief Marshal W D R M J Goonetilleke, Chairman
2. Mr. H M C Nimalsiri, DGCA/CEO
3. Mr. K V N Jayawardene, Member

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 CAASL;
3. Monitoring the purchase of equipment, facilities or services;
4. Monitoring the avenues of revenue of the CAASL, and
5. Thrift Management in CAASL.

The Finance Committee comprises the following Members of the CAASL;

1. Air Chief Marshal W D R M J Goonetilleke, Chairman
2. Mr. H M C Nimalsiri, DGCA/CEO
3. Mr. W I Tissera, Representative of the Ministry of Finance

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 of 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 to ensure 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. Mr. W I Tissera-Chairman (Treasury Rep)
2. Mr Sarath Jayasundara, Vice Chairman
3. Mr Dinesh Gallage, Member
4. Mr. S M Chandrapala, Rep from Ministry of Ports and Aviation
5. Mr. R Seneviratne - Proxy to sec. Defence

Civil Aviation Development and Education Committee (CADEC)

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

1. Mr. Dev Kowsala Samarajeewa-Vice Chairman
2. Mr. Gimhan Dabarera-Secretary
3. Ms. Manjula Wickramanayake-Treasure

Members

4. Ms. Dulanjali Mapitiyage
5. Ms. C.H Kodithuwakku
6. Mr. Nilantha Thennakoon
7. Mr. T.M.Y.B Tennakoon
8. Ms. G.E Millawithanachchi
9. Mr. M.H.I.K Gunawardane
10. Mr. S.P.B Wattewewa
11. Mr. R.L Talagala

CONNECTION WITH STAKEHOLDERS

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

RESPONSIBILITY OF THE AUTHORITY AND SENIOR MANAGEMENT

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

The Authority concentrates on setting high level policies and strategies, and then monitors progress towards meeting the objectives.

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 or any other written law.

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

ACCOUNTABILITY

The Authority and its Committees hold frequent meetings to monitor the progress towards its strategic objectives and to ensure that the affairs of the Civil Aviation Authority are being managed and conducted in accordance with the Authority's policies, strategic directions, and expectations as set out in its 3 year Business Plan.

CONFLICT OF INTEREST

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

INTERNAL AUDIT

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

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

The Authority has an internal audit unit that is responsible for monitoring systems of internal control in each of the CAASL Sections. This unit is concerned with the quality of overall services rendered by the CAASL and reliability of financial and other information reported to the Authority.

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

LEGISLATIVE COMPLIANCE

The Authority acknowledges its responsibility to ensure that the organisation 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 is aware of legislative requirements that are particularly relevant to them.

The Authority has decided that application of general or specific circulars and /or directives issued by the Government organisations to the Authority would only be confined to the extent as may be determined by the Authority on case by case basis. Hence each circular issued by a Government Department will not automatically be applied in the management of the CAASL unless the Authority examine its contents and decides as to the scope and extent of application of such directives.

ETHICS

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

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

CIVIL AVIATION AUTHORITY OF SRI LANKA

Vision

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

Mission

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

Motto

“Safe Skies for All”

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 set by the CAASL;
- * To be appropriately resourced;
- * To be professional and competent;
- * To attain wide credibility and recognition;
- * To sustain its achievements; and
- * To be a strong facilitator for planning and development of civil aviation.

Strategies

- * Improved and consistent implementation of statutory functions and fulfillment of social obligations;
- * Identification and implementation of solutions to significant aviation problems;
- * Introduction of specific culture change initiatives;
- * Working in co-operation and partnership with the Aviation Industry;
- * Operating in a transparent manner and communicating effectively both externally and internally;
- * Maintaining the effectiveness and

consistency of all documents, materials, and internal procedures

Values

The CAASL and its employees:

- * assign the top priority and importance to aviation safety and promote safety culture;
- * excel in the services being provided to the CAASL clientele;
- * have a ‘can do’ attitude in everything being undertaken;
- * aim to be reliable and realistic;
- * are 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 colleagues thereby uphold teamwork;
- * value everyone’s contribution;
- * recognise social responsibilities and obligations;
- * enjoy what is being done;
- * take pride in the professional approach;
- * have a balanced home and work environment.
- * CAA organizational structure. (please see [Appendix 1](#))

CAASL’s immediate targets

- * To prevent fatal accidents in the commercial aviation sector;
- * To prevent hijacking and unlawful interference in civil aviation activities;
- * To prevent general aviation accidents;
- * To prevent fatal 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; and,
- * To minimize adverse effects of aviation on the environment.

Outcome

- * Fulfillment of the State's international obligations in the field of civil aviation and constant implementation and enforcement of international standards and recommended practices;
- * International recognition of the civil aviation system of Sri Lanka which is free from embargoes / restrictions;
- * Enhanced Safety, security, efficiency and regularity in civil aviation and consequential public confidence in the air transport system;
- * Optimum use of Sri Lanka airspace for the well being of the citizens of Sri Lanka;
- * Socio-economic development of the country;
- * Prevention of economic waste caused by unreasonable competition;
- * Improved access and mobility of people and goods;
- * 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;
- * Proper legal framework for effective regulation and enforcement;
- * Environmental Sustainability

Outputs

Output Class	Output
Policy Advice	<ul style="list-style-type: none"> • Advise the Government & other organizations • Legislative Reforms • Development of Rules • Development and promulgation of Implementing Standards • Development of Aviation Policy • Development of manuals of procedures • Master planning of aviation infrastructure
Safety Assessment & Certification	<ul style="list-style-type: none"> • Risk management 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	<ul style="list-style-type: none"> • Safety investigation • Safety analysis • Safety information, education and promotion • Aircraft Accident & Incident Investigations and implementation of safety recommendations
Authorization	<ul style="list-style-type: none"> • Airline schedule approval • Airfare approval • Travel agent certification • Registration of aircraft • Authorization for import of aircraft spare parts • Authorization of tall structure constructions • Authorization for GSA • Designation of local carriers for international operations
Security Assessment	<ul style="list-style-type: none"> • Civil aviation sector security risk management
Enforcement	<ul style="list-style-type: none"> • Responses to regulatory breaches • Enforcement of public health and hygienic requirements
Assistance to the Government	<ul style="list-style-type: none"> • Collection of embarkation levy from Airlines

PROGRESS REVIEW – 2010

CHAIRMAN'S REVIEW

The Civil Aviation Authority (CAASL) completed eight (08) years of operation in 2010 after succeeding the Department of Civil Aviation in 2002.

I am glad to observe that the Authority has been able to justify its establishment over the last few years by showing remarkable improvement and achievements in all facets within its sphere of activity.

The prospects for the future of Civil Aviation in Sri Lanka took on a very positive dimension with the dawn of peace, in the year 2009.

The restrictions imposed on domestic civil aircraft operations on account of security, were relaxed in 2010 letting the domestic aviation sector rejuvenate from its state of dormancy. Relaxation of restrictions were welcomed by the local community who are keen and enthusiastic to engage in domestic civil aviation. This includes the interest, in leisure flying aero sports such as hang gliding, ballooning, heli skiing, para jumping, para sailing etc., the development of which would deliver significant economic and social benefits to the country.

The dividends of peace were seen to have directly contributed to the growth in the air transport sector with a record of 5.3 million passenger movements and 160 metric tons of air freight movements in 2010. It represents nearly 24 % of growth in passengers and 21 % in air cargo, compared to last year's figures.

At this juncture, the Civil Aviation Authority, which envisions to be a prime catalyst of the growing national economy has a major role to play in facilitating achievement of the Government's vision of making Sri Lanka an aviation hub in line with 'Mahinda Chintana' by capitalizing on the country's strengths whilst making use of emerging market opportunities. The work programme of the CAASL had several important items. As a signatory to the Convention on International Civil Aviation, CAASL has a compelling obligation to ensure that

the international standards and recommended practices adopted by International Civil Aviation Organization (ICAO) are locally implemented and effectively enforced.

Thus the CAASL needs skilled and competent technical staff to maintain the proficiency of the industry. CAASL has already approved a proposal for restructuring its organization, whilst recruiting necessary staff to meet future demands.

The growth of civil aviation depends primarily on the confidence of the public on air safety and the CAASL has a major role to play in this respect joining hands with stake holders in the industry.

In this respect, through the International Civil Aviation Organization (ICAO) which conducted a safety audit in 2010, the CAASL managed to convey a very clear and positive message to the world community. The message was that the Government of Sri Lanka is fully committed, and has taken meaningful measures to fulfill its international obligation for effective safety oversight of the operators functioning under its jurisdiction.

The ICAO audit team which examined eight major areas in aviation safety, under eight critical elements has confirmed Sri Lanka's compliance with international standards and that the process and structures are well above the world average. This will help our local aviation community to engage in international civil aviation activities competitively.

Over the last year, special emphasis was given for training and development of CAASL Human Resources as it is the most important and valuable asset that contributes to accomplish the CAASL's mission.

In addition to organizing a number of local training courses for the majority of the staff many were sent on overseas training programmes. In addition to training of the existing staff of the CAASL, development of human resources to meet the country's future aviation demands was also identified as a priority.

In this respect the CAASL worked closely with the University of Moratuwa, which offers a bachelor's degree programme in transport and logistics management. The first batch of students who completed their degree programme passed out in 2010 and the CAASL offered five of these graduates a one year employment contracts to work with the CAASL to gather working experience and have a wider exposure to the aviation community. CAASL also took a policy decision to amend the schemes of recruitment to the executive grade posts of the CAASL in order to create an avenue for graduates who have followed aviation degree programmes to be given preference.

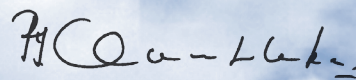
A milestone achievement in civil aviation history was made in 2010. This was the enactment of the Civil Aviation Act No.14 of 2010 which replaced the sixty (60) year old Air Navigation Act of 1950. There were extensive deliberations with aviation stake holders and Trade Unions to reach a consensus prior to enactment of the Civil Aviation Bill.

Civil military co-ordination was given utmost importance over the last year and a significant improvement in relations between civil and military authorities was experienced during this period helping the domestic aviation industry. The CAASL identified many potential benefits the country could derive, when relevant civil and military institutions work in unison, and has strived to maintain the position.

The CAASL has started conducting a number of general education programmes on civil aviation and the demand for similar activities has increased tremendously. These education programmes are conducted by the Civil Aviation Development and Education Committee (CADEC), which was established by the Authority for the launch of educational and promotional programmes in civil aviation. CADEC publishes a quarterly periodical called "Guwansara". This is distributed amongst schools in which Advanced Level classes are conducted, with a view to creating awareness in civil aviation, especially amongst the younger generation. This periodical has received extremely encouraging responses from its readers.

The CAASL's primary source of income continued to be the surcharge levied on airline tickets purchased overseas. The total income and expenditure of the CAASL for year 2010 was Rs. 582 million and Rs. 332 million respectively. The saving at hand would be an important asset to the CAASL as it has plans to acquire an aircraft capable of performing regulatory checks for pilots seeking various types of licences and ratings, and to support infrastructure development. Funds saved will also provide for development of infrastructure needed for regulatory functions.

I am very grateful to the Director General of Civil Aviation and all the employees of the CAASL for their commitment and support extended to the Authority to perform its tasks. I also wish to extend my sincere gratitude to all the Board Members of the CAASL for their invaluable contributions and guidance without which my job as the Chairman would have been extremely difficult. I also wish to thank the Secretary and all officials of the Ministry of Civil Aviation for the cooperation, guidance and support extended to this office.



Air Chief Marshal W D R M J Goonetilleke
Chairman

REPORT OF THE DGCA AND CEO

Global Situation

Out of many priorities in aviation, flight safety takes the overriding priority. The yardstick to indicate safety performance is normally the hull losses per million flights for western-built jet aircraft. A hull loss is an aircraft being written off following an accident. In 2010, the hull loss rate was 0.61, the lowest in the global aviation history. In other words, one accident for every 1.6 million flights is, a significant improvement than the rate recorded in 2009 (0.71) showing a 42% increase over the decade. In 2010, there were 17 hull losses on 28.4 million jet flights as against 19 hull losses in 2009. The total global civil aviation fatalities in 2010 were 786 amongst 2.4 billion travelers.

Over the last 40 years the airline industry's profit margin was 0.1%. However, in 2011 the airlines celebrated a \$15.1 billion global profit registering 2.7% margin after losing \$50 billion over the last decade. World's average revenue per Passenger Kilometer for Network carriers and Low Cost carriers stood at US\$ cents 4 and 5 respectively.

Fuel price continued to be the airlines' largest single expense component in 2010 with an average of US\$84 per barrel. Price of fuel accounted for nearly 35% of the passenger revenue of airlines and over 25% of the airlines' total expenses.

IATA reports revealed that the global airline industry with US\$598 billion in annual revenues was carrying a US\$200 billion debt. Airlines have been undergoing constant transformation over decades, during which productivity has been increased by 63%, sales and distribution unit costs have been reduced to 19%, with improved fuel efficiency by 20%.

Global aviation industry provides 32 million jobs and US\$3.5 trillion in economic activities. The forecast is that airlines will observe 5.9% average annual growth. In other words the industry expects, 16 billion people and 400 million tons of cargo to travel by air, by 2050.

The Air Transport industry is demanding a level playing field with no commercial distortions, liberal access to markets, and access to global capital. Increased competition has brought productivity gains and stimulated economic activities giving benefits to the air transport consumers.

Airlines, airports, air navigation service providers and manufacturers are working together to achieve the most aggressive climate change commitments of any industry. As an industry, aviation has committed to a 1.5% average annual improvement in fuel efficiency up to 2020; cutting net emissions from 2020 with carbon-neutral growth and cutting net emissions in half by 2050 compared to 2005.

Sustainable bio fuels, already tested by airlines, will play a key role in the years to come. With certification expected from world leading aviation Authorities for use of bio fuel in aircraft, the next challenge will be commercialisation. With virtually no domestic energy sources, a sustainable bio fuel industry focused on algae and like material, could help most of the States around the globe meet not only the climate change challenges but also produce much needed solution for alternate fuel for aviation.

The external factors continued to affect adversely on aviation performance in 2010 too. Volcanic eruptions in Europe, H1N1 Influenza and runway closures due to heavy snow at some international airports seriously challenged the 'efficiency' and 'regularity'; some of the most cherished and valued attributes of civil aviation.

ICAO completed the five year cycle of Comprehensive System Audit (CSA) conducted under the Universal Safety Oversight Audit Programme (USOAP) which commenced in 2005 and embarked on Continuous Monitoring Audits (CMA).

More and more States were observed to be moving towards liberalised regimes in regard to the grant of traffic rights by entering into 'open skies' air services agreements.

Regional Situation

One area that is changing fast is Asia with the aviation's center of gravity being shifted eastward. Asia Pacific's carriers are the most profitable, with \$7.7 billion in 2010 and \$4.6 billion forecast in 2011. Of the 800 million new passengers who will fly by 2014, 360 million are predicted from Asia Pacific and 214 million of those would be in China alone.

Asia Pacific overtook North America as the largest aviation market in 2009. The difference was small, and both had a 26% market share. However by 2014, Asia will account for 30% of global traffic, while North America will fall to 23%. Out of the fast growing five aviation markets in the globe, four markets are situated in Asia Pacific. These include China at 10.8%, the United Arab Emirates at 10.2%, Vietnam at 10.2%, Malaysia at 10.1%, and Sri Lanka at 9.5%. There are five (5) international airports in Southern India and four of them are developing fast. A few leading airports in India were observed to have been totally privatized setting new examples to others. Male International Airport management was also privatized in 2010.

Domestic Situation

2010 was a memorable year with events of great significance and major achievements.

Safety performance of Sri Lanka was improved in 2010 with no single fatality with over 5.8 million of passenger movements to and from Sri Lanka.

Adoption of a State Safety Programme (SSP) is a major step taken in 2010 for safety enhancement and monitoring. SSP will work in collaboration with the industry partners for effective implementation of Safety Management Systems at their workplaces.

A remarkable growth in aviation sector was witnessed in the year 2010 with the arrival of new airlines and resumption of flights by some old airlines which had temporarily suspended operations into Sri Lanka. There was a significant growth in passenger and cargo movements. Chennai, Dubai and Doha became the most

preferred destinations in 2010 with 0.4, 0.3 and 0.2 million passengers travelling to those cities from Colombo, respectively.

Passage of the Civil Aviation Bill by Parliament replacing sixty (60) year old Air Navigation Act was a major milestone completed in 2010. Having commenced drafting in 1998, the Bill took nearly 12 years to take final shape and have force of law. The Civil Aviation Act gives effect to the Chicago Convention. It also provides for effective regulation and safety oversight of the local aviation industry in conformity with the international standards and recommended practices.

The draft audit report issued by ICAO at the end of onsite physical audit indicated that Sri Lanka is well above the world average in regard to compliance with International Standards and Recommended Practices. Also, compared to the audit results of neighboring States in the Region, Sri Lanka performance is very conspicuous and inspirational. The audit helped the CAASL revamp substantially its legislative, administrative and operational framework with a significant improvement in each of those areas.

It should be mentioned with a deep sense of gratitude that the Sectional Heads who were responsible for the Audit Areas and the Executive Staff attached to those Sections in particular, performed their duties indefatigably with affinity, , edication, determination and enthusiasm, in order to produce these results.

The majority of our local community is still not aware of the economic and social benefits of civil aviation and it is a great impediment to the growth of aviation. In this context, the opportunity provided under Deyata Kirula Exhibition and programmes organised by Civil Aviation Development and Education Committee (CADEC) immensely helped to create awareness in the general public about civil aviation industry and the role and functions of the Civil Aviation Authority in particular.

Although BIA runway has a capacity of handling over 45 flights per hour, aircraft movements at BIA had to be limited to 22 to flights during slot

co-ordination meeting for capacity constraints that exist elsewhere. Accordingly, 12 departures and 10 arrivals were accommodated in any given hour in order to avoid rush over crush at the airport. 7th hour of Tuesday morning was observed to be the busiest hour of BIA in 2010 with aircraft movements reaching the ceiling of airport handling capacity.

With the new Bilateral Air Service Agreement signed with Ukraine in 2010, Sri Lanka has a total of sixty (60) Air Services Agreements with other States. Out of these Bilateral Air Services Agreements, Sri Lanka has 'open-skies' agreements with Kuwait, Malaysia, Singapore, Switzerland, Thailand and USA to date.

Aviation Training was observed to be getting more momentum with a few more flying training schools being established. With the Government's national development strategy of creating five hubs in the country, aviation sector has to play a greater role not only as one of the hubs but also as an essential integrator of the other hubs, viz. commercial hub, energy hub, knowledge hub and naval hub for improved communication and transportation.

Passengers traveled between Colombo and Jaffna vv. has gone down drastically in 2010. This is viewed to be, due to opening of road travel between the two cities.

Construction work of the 2nd International Airport in Sri Lanka commenced at Mattala, Hambantota with a financial loan granted by the Chinese Government.

Mihin Lanka Ltd. and Sri Lankan Airlines Ltd continued to be the Government Airlines engaged in international air services operations. Government of Sri Lanka acquired back all the shares that had been sold to Emirates Airlines.


The revenue of the CAASL in 2010 has been increased by 19% whilst expenditure has been increased by 29%. Main source of revenue of the CAASL in 2010 was from the collection of surcharge levied on airline tickets sold overseas for travel originating from Colombo (70%) whilst major expenditure component was for the staff

salaries (50%).

The chapters following explain succinctly performance of each Section / Unit of the CAASL in 2011. The Summary of Performance of the CAASL as well as that of the industry is given at the end of the report.

I wish to avail myself of this opportunity to thank the Hon. Minister, Secretary and staff attached to the Civil Aviation Ministry for their unstinted support and co-operation to execute the mission of this office. I wish to convey my sincere gratitude to the Chairman, Vice Chairman and Members of the Board for their copious support, assistance, guidance, direction and encouragement to accomplish my duties. At last but not least, I wish to thank the entire staff of the CAA for their kind cooperation and solidarity in order to make 2010 another successful year of memorable achievements.

The CAA is ambitious of introducing organizational reforms in 2011 with a view to addressing one of its most pressing issues of not being able to recruit skilled personnel and retain the trained staff to be able to accomplish the CAA's mission more effectively. For this purpose the patience, support and cooperation of the employees would be vital.



H.M.C. Nimalsiri,
Director General of Civil Aviation
& Chief Executive Officer.
08 February 2011

DIRECTION AND MANAGEMENT

THE AUTHORITY AND ITS COMMITTEES

Board Members

Following the resignation of the members of the CAASL consequent to General Election, His Excellency the President, being the Minister of Ports and Civil Aviation appointed the Board of Members to the Civil Aviation Authority in terms of the CAASL Act 34 of 2002, on 13th May 2010. Air Chief Marshal W D R M J Goonetilleke, Mr J M S W Jayasundara (Vice Chairman), were appointed as the Chairman and Vice Chairman respectively.

CAASL Meetings

The Civil Aviation Authority of Sri Lanka held Seven (07) meetings during the period under review and passed hundred and sixty four (164) Resolutions for the progress and well being of both the CAASL and the civil aviation industry that it regulates. The Staff Committee met two (02) times and Audit Committee of the CAASL met four (04) times respectively during the period under review.

SENIOR MANAGEMENT

ICAO USOAP Audit

Being signatories to the Convention on International Civil Aviation (Chicago Convention), the Contracting States are obliged to conduct safety oversight on the operators functioning under their jurisdiction to ensure that they do conform to the applicable international standards and recommended practices. Consequent to an Assembly resolution, the ICAO launched in 2005 an universal safety oversight audit programme (USOAP) under which each Member State was subjected to a mandatory Safety Oversight Audit with a view to ascertaining the degree of compliance of State with International Standards and Recommended Practices (SARPS) in regulating the State's aviation activities. There are over ten thousand (10,000) SARPS in sixteen (16) Annexes to Chicago Convention, which relate to safety sensitive subjects. ICAO had

developed over nine hundred and seventy (970) Protocol Questions in order to ascertain the level of compliance of States with these SARPS during the aforementioned audits conducted under USOAP.

Accordingly, ICAO visited Sri Lanka during 25th October - 04th November 2010 to audit the Safety Oversight capabilities of Sri Lanka.

Extensive preparations were made for this audit with the active participation of the CAA staff and in close liaison with industry stakeholders. The ICAO Audit focused on eight areas relating to civil aviation viz. Legislation (LEG), Organization (ORG), Personnel Licensing (PEL), Aircraft Operations (OPS), Airworthiness (AIR), Air Navigation Services (ANS), Aircraft Accident and Incident Investigations (AIG) and Aerodrome (AGA). The State's arrangements in respect of each of these audit areas were examined under eight (08) elements which ICAO has identified to be critical for effective safety oversight. They are namely, applicable legislation (LEG), operating regulations (REG), organizational arrangements (ORG), personnel and training (P&T), guidance material used (GM), certification process (CER), surveillance process (SUR) and enforcement actions (ENF).

Out of all Protocol Questions raised by ICAO during the audit, over eight hundred Protocol Questions (800) were answered satisfactorily. There were a few Protocol Questions to which CAASL could not provide convincing answers to ICAO. The major area which needs further concentration and more concerted efforts for improvement is Personnel and Training. The CAASL has to develop comprehensive plans to address this problem in the years ahead.

CAA Staff Training

One of the major tasks of the CAA is the entry-certification of persons and/or organisations intending to engage in civil aviation activities and to conduct continued post-certification surveillance on such persons/ organisations in order to ensure that they continue to maintain

initial certification requirements in strict compliance with the applicable regulatory requirements and international standards & recommended practices relating to safety, security, efficiency and regularity in air transport.

The CAA requires well-qualified and experienced staff members who have sufficient exposure and thorough understanding of the subject matter to perform the aforesaid tasks. Such personnel should be equally or better qualified compared to personnel / organisations who will be subjected to CAASL's inspections.

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 their tasks with confidence.

Therefore, the CAA has to spend a considerable amount of money, which is nearly 5% of its total annual budget and longer period of time in order to give the required training to its employees to 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 COSCAP-South Asia Programme, (sponsored by ICAO) which is focusing primarily on the development of human resources in the civil aviation sector in the region on a co-operative arrangement. The CAA made an annual subscription of US \$ 66,939 to the COSCAP-SA to be a member.

The CAA has also prepared a comprehensive Master Training Plan for each of the Executive and Senior Executive Posts 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. The CAA's Annual Training Programme is prepared based on the training requirements identified in the Master Training Plan. However, there are occasions that the CAA has to send its officials to take part in overseas activities outside the Annual Training Programme. This happens due to the lack of advanced notice of important

training opportunities or due to the gravity of the subject matter on either safety or security aspects.

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 could be more than three depending on the importance & relevance. The CAA has also adopted a stringent bonding arrangement. Accordingly, when an officer is sent overseas for training he / she is bonded to the CAA for a specific period which is well beyond the requirements in the Government Established Code.

In support of the foregoing, the CAA's efforts to train its staff to the required level of competence utilising scarce resources which have been organised with an extra effort through, one-to-one discussions with the resource centre and at the minimum cost to the CAA were adequately supported by the agencies external to the CAA, especially the Ministry of Civil Aviation and the Department of National Budget. It is worth mentioning that the above agencies appreciated and understood clearly the competency required by the CAA's technical staff, which is vital for the effective discharge of duties and functions. It is also one of the key areas focused by ICAO during its Universal Safety Oversight Audit conducted on each Member State on regular basis.

Accident Investigation Unit

The contents of the draft primary legislation on Aircraft Accident and Incident Investigation were reviewed comprehensively and amended in order to comply with current requirements. The Aircraft Accident and Incident Investigation Rules were published in order to comply with applicable international standards. The Aircraft Accident Investigation Procedure Manual was reviewed with reference to the ICAO audit protocol questions and necessary revisions were made appropriately. The AIU Policy Manual was compiled specifying the policies involved with aircraft accident investigations. Both manuals were issued by the Chairman under the authority

of the Civil Aviation Authority.

The AIU mainly focused on the ICAO safety oversight audit preparatory work in the year under review. Annex 13 Compliance checklist, which examined the status of State's compliance with International Standards and Recommended Practices, was completed based on the legislative provisions in the Civil Aviation Act No.14 of 2010 and rules made thereunder. The procedures and arrangements were completed in compliance with the Annex 13 audit protocol questions which contained 100 (Hundred) questions.

Implementation of ECCAIRS system (European Co-ordination Centre for Aviation Incident Reporting Systems) in CAASL was accomplished as recommended by the International Civil Aviation Organization to facilitate the exchange of safety data between States and ICAO. The system is now being used for capturing, processing and dissemination of information relating to aircraft accidents and incidents. Industry partners were educated of the system and it is becoming popular amongst operators. (Refer [Appendix 2](#) for details of occurrences that took place in 2010).

The awareness programme was conducted for the Divisional and District Secretariats to brief them of the duty of CAASL in case of an aircraft accident or serious incident and sought their assistance.

There were no accidents or serious incidents reported during the year under review. The ATC incident, AIRPROX which took place in Colombo FIR between SriLankan Airlines flight ALK 886 and Cathay Pacific Airways flight CPA 749 on 20th November 2010 was investigated into and necessary safety recommendations were issued.

Internal Audit Section

The Internal Audit Section has enhanced its knowledge on the technical subjects and conducted 03 successful technical audits during the year 2010. The Section has also conducted 11 quality assurance surveys with a view to improving the quality of services offered by CAASL to its customers.

The Section has also actively involved in the preparatory process for the ICAO Audit conducted during the year and consequently number of internal audits conducted during 2010 is curtailed.

The staff of the Section has been trained with on the job training. However they need more training in the Technical fields to get better results and with a view to improving quality of services rendered by the CAASL.

AERONAUTICAL SERVICES DIVISION

AVIATION SECURITY SECTION

Aviation Security Training

The section conducted an Aviation Security Quality Control Course for seventeen (17) Sri Lanka Air Force personnel including two (02) Officers during the month of March 2010, in order to establish an internal quality control system within the SLAF unit performing Aviation Security duties at BIA.

Airport Security Conference

Wing Commander Sunil Cabral, Deputy Director (Aviation Security) was invited as a Featured Speaker by the panel of Airport Security Conference – Asia 2010. The officer made his speech under the theme “Contingency Planning and Preparation for Multiple, Synchronized Threats at Airports and on thinking about unknown threats through Sri Lanka’s experience”.

Certified Aviation Security Auditor

Mr. P.A. Jayakantha, Aviation Security Inspector attended Aviation Security Auditor Certification course conducted by the ICAO in Hong Kong under the patronage of Universal Security Audit Programme (USAP), International Civil Aviation Organization (ICAO). The officer successfully completed the course of training and was certified as an International Auditor after facing a stringent written examination followed by a viva voce and practical audit test exercise at Hong Kong International airport. This is the first time in Sri Lanka’s civil aviation history, an Inspector from Sri Lanka qualified as an ICAO certified International Civil Aviation Security Auditor.

Provision of expert services to ICAO

ICAO certified international auditor of Civil Aviation Authority of Sri Lanka participated in the Aviation Security audit in Papua New Guinea (PNG) from 13th to 21st October 2010 as an ICAO audit team member on the invitation of the ICAO.

Screener Certification

In July 2010, Aviation Security (Avsec) section commenced the process of certifying aviation security screening personnel of Airport and Aviation (Sri Lanka) Limited. The Certification process consisted of a written examination, practical test and a viva voce. During the first certification process, 152 Aviation Security personnel qualified to be certified as Avsec Screeners. This is the first occasion that CAASL undertook certification of Av Sec personnel performing screening functions.

Aviation Security document cell

Collection of Aviation Security reference material for the Avsec document cell continued throughout the year 2010. The document cell is in possession of adequate amount of aviation security material for reference by the industry personnel.

Carriage of Munitions

Responsibility for grant of approval for carriage of munitions aboard an aircraft operating within the airspace of Sri Lanka and to/from airports within Sri Lanka is vested with the DGCA. A considerable amount of requests were received from the State and private organizations as well as private individuals seeking approval to carry weapons aboard aircraft for various purposes.

Thirty eight (38) approvals were granted on evaluation for carriage of munitions in the cargo hold and thirty four (34) approvals for carriage on board concerning VVIP/VIP International travel during year 2010.

Helicopter Operations

Commercial Helicopter operations were conducted by Deccan Aviation (Lanka) (Pvt.) Ltd. utilizing one Bell 206 JR-III helicopter which is operated since July 2004.

A new operator, Cosmos Aviation Services (Pvt.) Ltd. entered the civil commercial helicopter

operations arena of Sri Lanka in April 2010, a change from its earlier private operator capacity, utilizing a Robinson-44 helicopter. There were two other companies who intends to engage in helicopter operations undergoing the certification process by the end of 2010.

Total flying hours of the two helicopter companies for year 2010 – 520 hrs, they have performed 264 flights - carrying 893 passengers.

Helicopter Pilot Proficiency Check

Wing Commander Sunil Cabral, Deputy Director-Avsec in his capacity as the Helicopter flight operations inspector continued to conduct pilot proficiency checks of the industry helicopter pilots during 2010, as done since year 2004.

Aerial Work by Helicopters

The two commercial helicopters also engaged in aerial work operations involving photography, video filming, aerial surveys involving electronic imaging, flower drops, leaflet drops and brand promotional work for advertising purposes of corporate establishments, in addition to passenger operations.

Twenty two (22) approvals were granted during year 2010

Balloon Operations

Commercial balloon operation season from November 2009 to May 2010 did see two more hot air ballooning companies entering the commercial ballooning sector in April 2010, in addition to Adventure Asia International (Pvt) Ltd, which commenced commercial operations in year 2004.

The two new companies namely are SunRise in Ballooning (Pvt.) Ltd. and Air Magic (Pvt.) Ltd. Altogether Seven (07) balloons for commercial operations and two (02) balloons for private operations are operating in the country, a remarkable increase from just one Commercial balloon operated in 2004.

Sri Lanka is fast becoming a ballooning destination for foreign tourist whilst the local tourists seeking adventure have taken into ballooning as well, whilst onlookers on the ground enjoy the early morning sight of balloon flights gently moving in the sky. The November 2010 to May 2011 hot air ballooning where Sunrise in Ballooning (Pvt.) Ltd. operated two balloons with passenger capacities of six (6) and sixteen (16), with the other companies to join in January 2011. The company had firm bookings for 40 flights on 39 days of the two months. However the unusual inclement weather and atmospheric phenomena that set in during this period caused nineteen (19) flights to be cancelled.

Nevertheless a significant feature during this period was when thirty two (32) passengers were carried on a single day by conducting two flights by the same balloon, the highest recorded on a single day, since commercial balloon flights commenced in year 2004.

Total balloon flying hours by all companies for year 2010 were 31hrs; they have operated 27 flights - carrying 145 passengers.

SPECIAL PROJECTS SECTION

Deyata Kirula Exhibition

A stall was run by the Civil Aviation Authority at Deyata Kirula-2010 Exhibition held in February 2010 at Pallekale, Kandy. This stall helped CAASL create some awareness in the members of the public. The large gatherings of viewers were also educated on possible avenues available in the country, to become aviation professionals.

Assistance to COSCAP-SA Project

Facilitation to the ICAO sponsored COSCAP-SA project office which is functioning in Colombo is one of the services delivered by the Special Projects Section. The office of the COSCAP-SA had to be shifted from the premises at 64, Galle road, Colombo 03 to a new location at 385, The Landmark, Galle Road, Colombo 03 as a measure of acquiring additional space for the CAASL.

In pursuance of the agreement that has been reached by the Member States, at the formation of COSCAP-SA, the CAASL facilitated official missions of the experts attached to the programme by providing gratis travel between Sri Lanka and other Member States on Sri Lanka registered airlines and airlines operating into Sri Lanka. Accordingly, the Special projects Section has arranged a total of 40 gratis air tickets for COSCAP-SA experts. The breakdown of the tickets are as follows:

Sri Lankan Airlines	30 air tickets
Cathay Pacific	07 air tickets
Emirates	03 air tickets

CAASL Training Academy (CAATA)

The CAATA is the training arm of the Authority. This unit, which consists of two fully-equipped training halls, is managed by the Special Projects Section. Besides in-house administrative activities, the CAATA facilities have been used for a total of 146 days to conduct Examinations (ATPL, AME, ELPC, PPL, CPL, AIR LAW, EB,RT)-[45 days], Airline Reservation Course, [21 days], Sri Lankan Airlines' training[04 days] and miscellaneous activities conducted by the Authority [60 days].

Aviation Fuel Price Monitoring

The Special Projects Section collects monthly reports on aviation fuel prices from the Ceylon Petroleum Corporation and monitors the trend and makes available to the interested parties and decision makers. A chart showing fuel prices prevailed over the last a few years is given in the [Appendix-3](#) of this report.

Annual Report-2009

The Annual Report-2009 was compiled, published and presented to the parliament, related government entities and other industry clientele.

Aviation News Broadcast

An oral Aviation News bulletin was broadcast within the CAASL on every Wednesday morning, for the purpose of keeping the staff current

on day to day events and issues in the field of Aviation. For this purpose the public address system of the Authority was successfully used.

Complementary items

A Pocket Diary and an Organizer type Management Diary was printed and distributed as a symbol of curtesy among the valuable clientele of the Authority.

AERODROMES & NAVIGATION SERVICES SECTION

Aerodrome Certification

The CAASL certified Bandaranaike International airport on 1st March 2010. The process for certification began in 2003, in pursuance of the ICAO standards which requires certification of all international airports, but due to unforeseen reasons the certification process was delayed. In July 2009, work was resumed by reviewing BIA Aerodrome Manual and conducting an on sight physical inspection of the aerodrome. Airport & Aviation Services (S.L) Ltd., which operates BIA, was provided with a time frame of 6 months to rectify the findings followings the physical inspection. On completion of the rectification the Director General of Civil Aviation issued the Aerodrome Certificate to Airport & Aviation Services (SL) Ltd.

Water Aerodromes

Srilankan Airlines Ltd. recommenced the air taxi services by utilizing a twin otter type aircraft (Float). The water aerodromes which were abandoned with the termination of their previous operations were re-surveyed and installed with new docking platforms. The inaugural commercial flight took place from Koggala lagoon to Kelaniya River with 8 passengers on 18th December 2010.

High Rise Structures

The CAASL has granted approvals for the erection of 707 telecommunication towers and 47 high rise buildings during the year 2010. The [Appendix-4](#) graph below shows the tower

population in Sri Lanka during the period 2003-2010.

Surveillance Activities

The Surveillance Program of Aerodromes and Air Navigation Services Section requires inspections of Air Traffic Servicers, Aerodromes and Aeronautical Information Services on monthly basis. The section has conducted twenty (20) inspections on Air Traffic Servicers, nine (09) inspections on Aerodromes and ten (10) Aeronautical Information Services totaling thirty nine (39) Inspections.

Apart from the above inspections, five (5) Surveys have been carried out by the section on Air Navigation Services, Communication Navigation and Surveillance (CNS) aids and Safety Management Systems (SMS) in order to prepare the Air Navigation Services Provider the Airport & Aviation Services (SL) Ltd. for the ICAO Safety Oversight Audit which was conducted in Sri Lanka by the ICAO in October 2010.

Deficiencies observed during those inspections/surveys have been notified to the Airport & Aviation Services (SL) Ltd., who is responsible for provision of those services with necessary safety recommendations. Follow up actions were made to ensure that identified deficiencies are corrected in time.

Overflying and Landing Permission

During the year 2010 CAASL has issued permission for 977 international flights to over fly Sri Lankan Territory and 622 international flights to land in Sri Lanka. Compared to 2009, number of permissions issued in 2010 by the CAASL has been increased substantially. The total number of flights overflew Sri Lanka and landed at BIA are higher than above figures as the approvals granted by AASL, is not included.

Aviation Safety Notices

During the year under review, the Aerodromes & Navigation Services Section took steps to issue a total of twenty three (23) Aviation Safety Notices to the industry specifying the regulatory

requirements relating to subject matters mentioned under.

- Requirements for provision for Aeronautical Information Service
- Requirements for provision of Air Traffic Service Providers
- Rules of the Air applicable for International Air Transportations
- Requirements for Mandatory reporting System
- Requirements for provision for Search and rescue Services
- Requirements for provision for Aeronautical Telecommunication Services
- Requirements for provision for Aeronautical Meteorological Service
- Requirements for provision for Aeronautical Maps and Charts Service

Aeronautical Information Service

During the year 2010, the section has initiated /issued (114) NOTAMS, (02) amendments to Aeronautical Information Publication of Sri Lanka, (09) Aeronautical Information Circulars in addition to issuing a total number of (57) ASNS originated from other sections of CAASL.

ICAO Safety Oversight Audit

A&NS Section had to handle two major areas namely "Aerodromes and Ground Aids (AGA)" and "Air Navigation services (ANS)" that were scrutinized by ICAO during the ICAO Safety Oversight Audit conducted in October 2010.

ICAO audit results have proved that Sri Lanka has the least number of deficiencies in the area of "Air Navigation Services" compared to other States in the region. With regard to the audit results in the area of "Aerodromes and Ground Aids" it has been proved that Sri Lanka is second only to one State in the region in terms of lesser number of deficiencies. This is a great success achieved by the section.

FLIGHT SAFETY DIVISION

PERSONNEL LICENSING SECTION

ICAO Audit on Personnel Licensing

The PEL section faced successfully the ICAO audit. The audit team had only two findings in relation to the Audit Protocol Questions and that too were not safety related. Corrective action was taken immediately to rectify those concerns. In order to face the Audit, the Personnel Licensing Section had to amend nine (09) Aviation Safety Notices (Interim Regulations) and to issue four (04) new Aviation Safety Notices in compliance with ICAO Annex 1 standards. In addition, the section developed eight (08) new Manuals of Procedures on various subject matters relating to personnel licensing in order to implement the standards specified in the Aviation Safety Notices.

Personnel Licensing Technical Examination

Personnel Licensing Section has established an effective technical licensing examination system w.e.f. 01st June 2010 using computerized question bank satisfying the international standards, in order to facilitate the local and the foreign personnel who wish to sit the technical examinations required for pilot licenses and ratings. The new system will provide computer based questions to answer and the results will be available to them on the computer as soon as they complete the exam. This computer based technical examination system will replace the conduct of scheduled examinations and facilitate the candidates to sit the examination without waiting until the dates of scheduled examinations.

Aeronautical Station Operator Licence

The CAASL commenced issuing of Aeronautical Station Operator Licenses to those personnel operating the Aeronautical Communication Stations (Aero Mobile Communication Center) in Sri Lanka commencing from 15th October 2010, in compliance with the applicable standards specified in ICAO Annex-1. Aviation Safety Notice No 111 was published to specify the

requirements to be satisfied for the issue of licence and the holder to exercise the privileges of the licence.

Aviation Training Organizations

Eagles Flying Academy (Pvt) Ltd. of P.O BOX 594, Colombo was issued with Flying School Licence to conduct flying training leading for issuance or renewal of a Private Pilot Licence, Commercial Pilot Licence and Instrument Rating. This flying training organization is an establishment functioning under the supervision of Sri Lanka Air Force.

Open Skies Flight Training (Pvt.) Ltd. was also issued with Flying School Licence to conduct flying training for PPL, CPL and IR.

South Asia Aviation Services (Pvt.) Ltd. (SAAS) was issued with Type Rating Organization License to conduct training for issuance and renewal of Airbus A 320 Type Rating on Sri Lankan pilot licences.

Foreign Type Rating Organization

At the request of Expo Aviation (Pvt) Ltd, which holds an Air Operator Certificate issued by the CAASL, the Personnel Licensing Section conducted an evaluation on Aero Services Ltd, Miami, USA to ascertain its suitability as training organization for the grant of DC8 Type Ratings to personnel holding Sri Lankan Licences. During this evaluation, CAASL inspectors conducted inspections on infrastructure facilities & simulators and observed the final evaluation of two cadets for the issuance of Type Rating, after designation of an examiner from the organization

Flight Test Examiners

After development of the applicable procedures for designation of Flight Test Examiners, two new examiners were appointed as single and multi engine examiners to perform regulatory checks on behalf of the CAASL.

Civil Licenses to Military Pilots

Thirty one (31) Professional Pilot Licenses were issued to pilots who had flying experience with Sri Lanka Air Force, granting credit to their knowledge and experience under a new set of regulations and procedures.

Appointment of Medical Assessor

A physician qualified and experienced in practice of aviation medicine was appointed as Medical Assessor to comply with the ICAO Annex 1 standards. The major responsibility of the Medical Assessor is to evaluate the Medical Certificates issued by Civil Aviation Medical Practitioners to personnel seeking Aviation Medical Certificates.

Approval to recruit foreign pilots

Approval was granted to Sri Lankan Airlines and Mihin Lanka to recruit forty seven (47) foreign Pilots.

Surveillance on Flying Schools

Fourteen (14) inspections have been conducted on flying schools throughout the year 2010.

Validation of Foreign Pilot Licence

Fifty three (53) Foreign Licence Validation Certificates (FLVC) were issued to pilots on the strength of foreign pilot licenses

Pilot Licence Renewal Procedures

Action was taken to amend ASN 055 to include provisions regarding extended validity period of Aviation Medical Assessments in compliance with ICAO Annex 01 standards. The licensing procedures were also amended accordingly. Pilots engaged in multi crew operation have been issued with medical certificates valid for 12 months since June 2010 instead of 06 month validity period which prevailed hitherto.

Verification of Personnel Licenses

- (I) 35 correspondences were sent verifying pilot licenses to Foreign Civil Aviation Authorities
- (II) 20 correspondences were sent verifying Aircraft maintenance Engineers licenses to Foreign Civil Aviation Authorities

OPERATIONS SECTION

Foreign Air Operator Certification

Nine (09) more airlines were granted Foreign Air Operator Certificates in pursuance of the ANR 251.

Approval of Simulators

The Ops Section approved five (05) simulators located at different places overseas for the conduct of flight crew training and checking of the local operators.

Designated Check Pilots

Seven (07) pilots who are employed by Sri Lankan Airlines, Mihin Lanka Ltd, Expo Aviation and Daya Aviation were delegated with authority to act as Designated Check Pilots.

Aviation Safety Notices

17 ASNs were issued in 2010 out of which three (03) ASNs were new issues and the other fourteen (14) were amendments.

Manuals of Procedure

The Operations Section drafted and issued the following new manuals for the use and guidance of the officers in the section and as well as for the industry personnel

- SLACP 4500 - Preparation and Certification of Operations Manual
- SLCAP 4410 - Dangerous Goods Inspector Guidance Manual
- SLCAP 4225 - Operations Inspector Training Manual

The following existing Manuals were reviewed completely and updated.

- SLCAP 4100 - Air Operator Certification Manual
- SLCAP 4200 - Operations Inspector Hand Book
- SLCAP 4205 - Designated Check Pilot manual
- SLCAP 4210 - State Limitation of Flight Time Duty Periods & Rest Periods of FCM & CCM
- SLCAP 4305 - Cabin Crew Members Training Standards

The Operations Section reviewed and approved the following manuals of the local operators.

- Passenger Handling Manual - SLA
- Ramp Operations Manual -SLA

The Operations Section reviewed and approved the amendments to following Manuals of the local Operators.

- DG Manual - SriLankan Airlines Ltd
- DG Manual – Expo Aviation (Pvt) Ltd
- Amendment to SEP Manual of Mihin Lanka Inclusion of A321
- Revision – 01/02 Sri Lankan SEP
- Flight Operations Manual Rev 07 SriLankan Airlines
- Weight & Balance Manual Rev 03 SriLankan Airlines
- Flight operations Manual Rev 08 SriLankan Airlines
- Weight & Balance Manual SriLankan Airlines
- Flight Operations Manual Rev 09 SriLankan Airlines
- Training Manual DC8 - Expo Aviation
- Flight Operations Manual Rev 06 Expo Aviation
- DC 8 – MEL Rev 02 Expo aviation
- Flight Operations Manual Rev 10 SriLankan Airlines
- MEL A320 Mihin Lanka
- Weight & Balance Manual Sri Lankan Airlines
- A330 Mel Rev 04 SriLankan Airlines
- Dispatch Manual Issue 03
- Flight Operations Manual 02 Mihin Lanka
- SOP Mihin Lanka
- BRNAV – RNP Manual Mihin Lanka
- Flight Dispatcher and Recurrent Training

ManualMihin Lanka

- Flight Crew Training Manual SriLankan Airlines
- Flight Crew Training Manual SriLankan Airlines
- Flight Dispatch & recurrent Training Manual SriLankan Airlines
- Flight Operations Dispatch manual - SriLankan Airlines
- SMS Manual - Mihin Lanka
- Flight Operations Manual - Expo Aviation
- SMS Manual - Expo Aviation
- ETOP's Ground Training Manual - Mihin Lanka
- SMS Manual - Mihin Lanka
- ETOPS Manual - Mihin Lanka
- SOP Manual – SriLankan Airlines
- Flight Operations Revision 02 – SriLankan Airlines
- Training Manual for leased crew on short term – SriLankan Airlines
- Flight Operations Manual Rev 01 – Mihin Lanka
- Weight & Balance Manual Rev 06 – SriLankan Airlines

The Operations Section reviewed and approved the following Training Programs of the local Operators

- A320 Direct Entry First Officer Course - SriLankan Airlines
- A320 Command course - Mihin Lanka
- A320 CCQ course - Mihin Lanka
- A320 Direct Entry First Officer course - Mihin Lanka
- A320 Junior First Officer Course - Mihin Lanka
- A320 Reactivation course - Mihin Lanka
- Direct Entry First Officer A320 - SriLankan Airlines
- Junior First Officer A320 - SriLankan Airlines
- A320 Direct Entry first officer course Rev 02 - Sri Lankan Airlines
- A320 Junior First Officer course Rev 02- SriLankan Airlines
- DC 8 Training Programme 01 - Expo Aviation
- DC 8 Training Programme 02 - Expo Aviation
- Flight Instructor Course - Mihin Lanka
- DC 8 – Ground School Training Programme - Expo Aviation
- A340 Reactivation course - SriLankan Airlines

Air Operator Certificates

The Operations Section issued an Air Operator Certificate to Helitours (Pvt) Ltd to engage in Helicopter Operations. The Section had received three more applications for Air Operator Certificates and they were being processed.

Import of aircraft

The Operations Section issued recommendation letters to two companies for importation of two numbers of aircraft.

USOAP Audit

Necessary preparations were made for the successful completion of the USOAP Audit.

AIRWORTHINESS SECTION

Continued Airworthiness

The Airworthiness Section conducted necessary surveillance activities for the maintenance of continued airworthiness of the fleet of SriLankan Airline which had a total fleet of 13 aircraft consisting four Airbus A-320's, four A-330's and five A-340's. CAASL issued Eight (08) initial Certificates of Airworthiness and renewed seventeen (17) Certificates of Airworthiness.

The Airworthiness Section also conducted surveillance on companies engaged in domestic aviation.

Aircraft Maintenance Organizations

Initial approvals for five (05) Aircraft Maintenance Organizations were granted after conducting the required evaluations. Twenty seven (27) foreign base & line maintenance organizations and three (03) domestic maintenance organizations were renewed for the year 2010.

Third Party Maintenance Work

After the maintenance facility inspection, CAASL granted approvals for Emirates Airline to carry out the third party maintenance activities on Thai Airways and Singapore Airlines operated aircraft to Sri Lanka.

Aircraft Registration

During the period under review, the CAASL granted initial registration for nine (09) Aircraft and renewed the Certificate of Registration of Twenty three (23) Aircraft. One aircraft was deregistered on the request of the owner. The Ownership of Four (04) aircrafts were changed at the request of the owner to operate under the Air Operator Certificate of SriLankan Airlines Limited.

Safety Oversight

In compliance with the approved Ramp inspection schedule, thirty (30) ramp inspections were carried out during the year 2010. Total numbers of twenty four (24) defects identified during the ramp inspections and communicated to respective operators for immediate rectification.

Recommendations for Visa

CAASL issued recommendations for landing endorsement and residence visas for ground engineers. During the period under review, CAASL issued thirty three (33) recommendations for ground engineers and twenty (20) for maintenance training students.

Maintenance Engineer Licence

Airworthiness section conducted two (02) AME (BL) Examination and one (01) AML Examinations for issuance of Aircraft Maintenance Engineering Licence for the personnel working in the industry. Further, two (02) Conversion Examinations (AME (BL) to AML) also were conducted.

Spare Parts Approvals

DGCA approved import & export Aircraft spares on the recommendation of the Airworthiness Section. During the period, Airworthiness Section recommended thirty one (31) applications of Expo Aviation, sixteen (16) of Deccan Aviation, seven (07) of Asian Aviation Centre, twenty five (25) of Daya Aviation, eight (08) of Cosmos Aviation Services, four (04) of Skyline Aviation, three (03) of Open Skies and two (02) of Aero Lanka.

CORPORATE DIVISION

AIR TRANSPORT & LEGAL AFFAIRS SECTION

Aviation Statistics

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

Slot Co-ordination

There was one Slot committee meeting to review the slot allocation criteria for the Winter 2010/11 season. The present capacity at BIA is adequate to handle the present demand. However with the dawning of peace, BIA is becoming a preferred destination for many Airlines and therefore there may be capacity restrictions in the future. The members of the Slot Committee are from the Airport operator, Air traffic control, ground handler, schedules planning section of SriLankan Airlines, CEYPETCO as well as CAASL staff.

Runway maintenance

At the request of AASL, a slot of three (3) hours weekly was allocated in order to carry out required maintenance work on the runway. The currently allocated Maintenance slot is on Day 3 (Wednesday) from 1430hrs to 1730hrs.

Airline Operations

There were many new foreign Airlines that commenced operations to Sri Lanka during the year under review whilst some other Airlines resumed their operations to Colombo. Jetairfly (Belgium), Spicejet (India), China Eastern Airlines (China), Flydubai (UAE) and Ukraine airlines (Ukraine) were the new scheduled Airlines that commenced operations to Sri Lanka and Nova Airlines from Denmark was the new charter operator in 2010.

Arkeyfly (Netherlands) recommenced their operations as a scheduled operator from winter 2010/11. Etihad Airways (UAE) and Gulf Air (Bahrain) re-commenced their scheduled operations and Finnair (Finland) re-commenced

their charter operations to Sri Lanka during the latter part of the year 2010. Jetlite (India) and Aeroflot suspended their operations in the year under review. Jetlite frequencies were transferred to Jet Airways as there was a change of ownership.

Mihin Lanka launched passenger service operations to Indonesia and Bangladesh at the end of the year and SriLankan Airlines increased their operating frequencies to Japan and China.

Passenger and Cargo Movements

There was a significant improvement recorded in the passenger and cargo movements during the year under review. Total Numbers of passengers arrived at and departed from BIA were 2,609,237 and 2,657,532 respectively. The market shares of SriLankan Airlines of these passengers were 1,309,636 and 1,310,995 representing fifty (50%) and forty nine percent (49%) respectively.

Out of a total of 101,207 cargo (metric tons) uplifted at BIA in 2010, SriLankan Airlines uplifted 45,105 claiming forty five percent (45%) market share. In regard to cargo that was discharged at BIA, out of a total of 59,563 cargo (metric tons), SriLankan Airlines discharged 35,220 claiming fifty nine percent (59%) market share. Please see [Appendix 5](#).

Transit Passengers

If BIA is to be developed as a hub airport in the region an important area to improve and develop would be to increase the number of transit passengers passing through the Airport. The total number of passengers who were in transit at BIA is 664,449 representing a 24% of total arrivals. SriLankan airlines had carried 98% of these transit passengers. Please see [Appendix 6](#)

Domestic aviation

During the year under review there were no domestic fix winged operators engaged in scheduled passenger service operations.

There was a drastic reduction in the number of passengers (62) travelled between Jaffna and Ratmalana v.v. in the year under review.

Deccan Aviation (Lanka) Ltd which commenced helicopter operations in June 2004 continued to operate to several destinations in the Country. Cosmos Aviation continued their helicopter operations during the year.

Daya Aviation Ltd continued with their private/ Commercial operations. With the increased demand for tourism to Sri Lanka, SriLankan Airlines recommenced their Air Taxi operations during the last month of 2010. Please see Appendix 7

Travel Agents

As per the Air Navigation (Special Provisions) Act No 55 of 1992 and regulations made there under, all travel agents in Sri Lanka are required to obtain a license issued by the CAASL and renewed on an annual basis. Considerable amount of employees are employed by these agents and following charts show the employment generated by this sector. Please see Appendix 8

Bilateral Air Services Negotiations

The CAASL took part at three (03) Bilateral Air Service negotiations held with overseas Aeronautical Authorities. The outcome of these negotiations is as follows.

- Japan (held in Colombo in March)- the existing arrangements were further liberalized with more frequencies allocated to the designated Airlines.
- Qatar (held in Doha in August)- The number of weekly frequencies per States was increased up to 21.
- Ukraine (Kiev in October). A new Agreement was entered into between Sri Lanka and Ukraine. A new Memorandum of Understanding was signed between the two States to provide for traffic rights up to 7 frequencies per week to the designated Airlines. As a result of this meeting, Ukraine Airlines commenced operations to Sri Lanka in December 2010.

Civil Aviation Act No 14 of 2010.

After being in the pipeline for many years, the Civil Aviation Act No 14 of 2010 was passed by parliament in October 2010. It replaced the old Air Navigation Act of 1950. The Act made provisions for the effective discharge of the State's obligations for safety oversight of civil aviation activities in the country in accordance with the international standards and recommended practices. It also provides for the appointment of Service Providers for provision of aeronautical services under a licence issued by the Civil Aviation Authority or Director General of Civil Aviation, as the case may be. The act also provides many other new developments in the Aviation industry.

Airline Reservation & Fares Calculation Course

The Section is responsible for the issuance of licenses for Air Transport Providers and the section realized that the industry is lacking skilled human resources for travel agency ticketing staff. With the objective of addressing this problem, the Authority started a course for external students in January 2009. The 3rd Batch of students completed their studies in January 2011. It's observed that there is a steady demand for this course as more and more students are applying to join the course. A total of 16 successfully completed this course in 2010.

Placement for Undergraduates

At the request of the University of Moratuwa, CAASL facilitated two (02) students to undergo in-plant training at the CAASL for six months in 2010. This training program was coordinated by the section successfully for another two students during the year under review. DD (AT&LA) acted as their supervisor for these two students as well. This is the 2nd batch of such students given in-plant training by the CAASL.

HUMAN RESOURCES & OFFICE MANAGEMENT SECTION

Staffing

The CAASL at present consists of one hundred and forty three (143) positions in its approved cadre which comprises of a Chief Executive Officer, twenty seven (27) Senior Executives, forty (40) Executives, forty seven (47) Action Officers and twenty eight (28) Support Staff. A total of one hundred and twenty four (124) were in employment with the CAASL as at the end of December 2010 including eighteen (18) new recruitments.

Staff Welfare

CAASL continued with its Medical Insurance Scheme as a welfare facility offered to employees and their immediate family members. A total of 124 employees enjoyed the medical insurance indoor facility worth Rs. 1,494,166/= and Out Door facility worth Rs. 807,028/= during the period commencing from May 2010.

The Accident Insurance Policy was renewed with Ceylinco Insurance PLC as they agreed to offer special coverage to Civil Aviation Inspectors, who sometimes may have to face potential situations harmful to their health, safety, and security.

As a helping hand to the staff, the CAASL granted a sum of Rs.3,948,180/= as Distress loans for twenty six (26) employees and Rs.4,037,539.02 as property loan for four (04) employees during period under review. Besides this, sums of Rs.6,567,000/=, Rs. 400,000/= and Rs.10,000/= respectively were granted as loans to purchase Vehicles, Motor bikes and Pushbikes in 2010.

Trainings, Seminars, Workshops, Meetings, Conferences

A total of Rs. 11,619,795.14 was spent on Local and Foreign trainings, seminars, workshops, meetings, conferences for the staff of CAASL during the year. The training requirements, as identified in the Programme Budget 2010 and the Training Programme 2010 were facilitated within the annual budgetary allocation.

In all, forty four (44) human resource development activities were performed which includes foreign trainings, seminars, workshops, meetings and conferences opportunities offered to Executives and Civil Aviation Officers respectively. A total of thirty one (31) local activities which includes trainings, seminars, workshops, meetings and conferences opportunities were offered to Executives and Action Officers respectively. Accordingly, a total of seventy eight (78) trainings, seminars, workshops, meetings and conferences opportunities were offered in the year.

Technical Library

Serving the interested parties in Aviation being the major objective of the Technical Library, the CAASL library has been patronized by a number of users both within the staff of the CAASL and aviation industry personnel.

There is against the records of last year increase of 23% in the year under review against the records of last year with regard to the number of outside users of the library. It serves as a resource and knowledge centre. A sum of Rs.118, 873.00 was spent on the purchase of new publications to the library for the year 2010.

CAASL Website

Improvements were made to the CAASL Website www.caa.lk and updated with the new technology introducing a content management system and new appearance. Information was re-organized considering the new requirements and new information was added and continued with updated information.

CAASL Corporate Plan and Work Programmes

Corporate Plan for the year 2011-2013 was formatted and took initial steps to finalize.

Automation of CAASL

Information Technology unit under HR & OM took several tasks in upgrading the existing Information Technology facilities and features during the year 2010. One of the major tasks was automation of existing Personnel Licensing

manual examination system into the computer based exam system, which provides efficient and more reliable Personnel Licensing examination and evaluation system to the CAASL. The manual PIV issuance system in the PEL section was also converted to a computerized system.

E-mail facility were allocated to all staff members including Civil Aviation Officers ADSL facility provided to all computers within the CAASL which are connected to the existing network. Assistance provided by the ITU to purchase computers and other hardware items for the ICAO audit. Mainly, ITU provided assistance for technical evaluation to purchase all hardware items. Nineteen desktop computers and eleven laptops had been purchased spending total amount of 1,873,000.00 rupees and 1,225,000.00 rupees respectively. One Dot matrix printer, one networking printer, two heavy duty printers and eleven laser printers were purchased to the CAASL spending total cost of 515,410.00 rupees.

A total of Rs. 351,200.00 rupees has been spent in purchasing other hardware items such as scanners, hard disks, pen drives, mouse, LCD monitors and DVD writers etc. after following proper technical evaluation processes.

Saving money on repairs in house continued. Maintenance / repair activities were carried out. Kaspersky licensee software was updated and installed to all computers within the CAASL for the year 2010 spending approximately Rs. 150,000.00 rupees.

Leave availed by the CAASL employees

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

Please see [Appendix 9](#)

FINANCE MANAGEMENT SECTION

Programme Budget.

CAA prepared the Programme Budget- 2011, which sets out the expenditure of the ensuing year under four major programmes viz. Direction and Management, Aeronautical Services, Flight Safety and Corporate. The forecast income is Rs. 445 million as against the estimated expenditure, which is Rs. 444.5 million. The estimated expenditure has shown an increase of 67% compared to the last year and the forecast revenue has shown a increase of 11% compared to the forecasted revenue in year 2010.

CAA Revenue

CAA revenue has shown 19% increase compared to the previous year. Significant increase can be seen from the income from Overseas Sales Surcharge, Service Charges from Embarkation Levy and Regulatory Services.

Please see Appendix -10.

SUMMARY OF PERFORMANCE -2010

PERFORMANCE OF CAASL -2010

2009 2010

Safety and Security Oversight duties and functions

Number of Regulations/Notices/Rules

New

Air Navigation	04	12
Personnel licensing	11	02
Operations	06	03
Airworthiness	-	02
Air Transport	00	00

Revisions

Air Navigation	04	11
Personnel licensing	06	10
Aircraft Operation	-	14
Airworthiness	-	04
Air Transport	00	00

Initial Certification of Organizations / Personnel

Airlines	01	03
Maintenance Organizations	04	05
Flying Training Schools	-	03
Maintenance and Engineering Schools	-	-
Pilots	181	199
Air Traffic Controllers	09	12
Aircraft Maintenance Engineers	40	53
Flight Dispatchers	06	02
Flight Instructors	01	02
Assistant Flight Instructors	00	00
Ground Instructors	03	05
ASO License	-	04
Cabin Crew Members	96	91

Surveillance of Certified Organizations / Personnel

Ramp Inspections-Airworthiness	72	30
Ramp Inspections-Operation	21	26
Ramp Inspections-Combined	-	-
Aerodrome Inspections	10	09
Air navigation service providers' Inspections	30	30
Maintenance Organization Inspections	04	05
Flying Schools Inspections	05	14
Aviation Security inspections	-	12
Simulator inspections	06	02
En-route inspection-Operations	06	08

Dangerous Goods Inspections	19	08
Station Facility Inspection	02	05
Audits Completed		
Airworthiness	-	01
Operations	01	01
Combined (Airworthiness-Operations)	-	-
Air Navigation Services	-	01
Aerodromes certification	01	-

Section Specific Activities -2010

Category	2009	2010
DIRECTION AND MANAGEMENT		
Authority meetings held	09	07
Audit Committee meetings held	03	04
Staff Committee meeting held	01	02
Development Planning and Implementation Group Meetings	01	04
Industry consultative meetings held	291	327
Appointment to outside organizations / personnel	238	223
Number of letters received	4467	4940
AVIATION SECURITY (AV. SEC.) SECTION		
Approval for photography, video filming.	11	17
Approval for flowers drops and leaflet drops from the air.	-	05
Recommendation for issuance of airport access passes.	-	10
Approval for carriage of weapons on board/cargo holds of an aircraft	118	72
Authorization for travel in flight deck	-	18
Amendments / Revisions to National Aviation Security Programme	-	-
National Aviation Security Meetings held	-	-
New Guidance Material issued	-	-
Existing Guidance Material revised	-	-
New Operator Manuals approved	-	-
Existing Operator Manuals reviewed / amended	02	02
New Aviation Security Notices Issued	-	-
Existing Aviation Security Notices revised	-	-
Security Surveillance Activities carried out	20	22
Security Training courses conducted for industry	03	01
Security Screeners certified	-	152
Security Training courses / seminars attended	04	03
SPECIAL PROJECTS (SP) SECTION		
Travel facilities arranged for COSCAP-SA Staff	48	50
Special projects launched	02	03
AIR NAVIGATION SERVICES (ANS) SECTION		
Approvals for construction of high rise structures.	639	754
Approvals for issuances of NOTAM	115	114

Category	2009	2010
Issuance of over flying clearance.	500	977
Landing permissions for non schedule flights	290	622
New Aviation Safety Notices Issued	11	12
Existing Aviation Safety Notices revised	09	11
Training courses / seminars attended	17	23
New Guidance Materials issued	03	05
Existing Guidance Materials revised	01	01
Land Aerodrome Certificates issued	-	01
Land Aerodrome Certificates renewed	-	-
ATS providers certified	-	-
Water Aerodrome Certificate issued	-	-
Water Aerodrome Certificate renewed	-	-
Aerodrome Surveillance carried out	07	09
ATS Surveillance carried out	28	30
Aviation Occurrence received	98	55
Aviation Occurrence investigated	02	02
PERSONAL LICENSING (PEL)		
Student Pilot Licenses	156	142
Private Pilot Licenses	92	76
Commercial Pilot Licenses	210	300
Air Transport Pilot Licenses	336	359
Air Traffic Controller Licenses	27	91
Aircraft Maintenance Engineer Licenses	335	283
Aircraft Maintenance License.	115	164
Cabin Crew Certificate	96	91
Flight Operation Officer License	05	02
Validation of Foreign Licenses (Pilots)	50	53
Validations (AME)	17	24
A/C Type Rating	57	87
FI Rating	01	02
Flying School Licenses-Renewal	02	01
Ground Instructor License	03	02

Category	2009	2010
Ground Instructor Approvals	44	05
Air Traffic controllers Rating	79	12
Flying School Licenses	02	03
AME Category	20	10
ASO Licence	-	04
Approval to recruit foreign pilots	40	47
Issuance of visa recommendations	168	174
Issuance of verifications for personnel licenses	50	55
Issuance of NIB Clearance	141	172
Medical Examinations	876	926
Examinations		
1. PPL Examination	06	06
2. Special AirLaw Examination	31	66
3. AME Examination	01	02
4. AML Examination	02	02
5. FOO Examination	00	00
6. CPL Examination	00	08
7. ATPL Examination (Local)	06	04
8. ATPL Examination (CAAUK)	03	04
9. AML Conversion Examination	02	02
OPERATIONS (OPS)		
New Aviation Safety Notices issued	04	03
Revision of existing Aviation Safety Notices	06	14
Training courses / Seminars attended	13	07
New Guidance Material issued	-	06
Revision of existing Guidance Material	01	05
Special operations	23	13
Cabin crew authorization	112	105
Foreign air operator certificate - issuance	06	09
Foreign air operator certificate - renewal	24	26
Dangerous Good transport licenses - initial	01	-
Dangerous Good transport licenses - renewal	14	13

Category	2009	2010
DCP Initial	03	07
DCP Renewal	17	10
Air Operator Certificate-initial	01	01
Air Operator Certificate-renewal	06	05
Approvals for simulator station facility	13	13
Simulator renewal	13	13
Check Authorization	45	113
Surveillance Activities Performed	91	81
Resolution of safety occurrences	07	06
AIRWORTHINESS (AW)		
New Aviation Safety Notices issued	-	02
Revision of existing Aviation Safety Notices	-	04
Training Courses/ Seminars attende	03	02
New Guidance Material issued	-	01
Revision of existing Guidance Material	-	01
Surveillance activities carried out	30	32
Certificate of Airworthiness of aircrafts-Initial	04	07
Certificate of Airworthiness of aircrafts-Renewal	21	26
Approval of workshop of aircraft maintenance organization.	51	36
Certificate of registration of aircrafts-Initial	04	07
Certificate of registration of aircrafts-Renewal	23	26
Approval of Maintenance Organization with facility inspection	45	29
Resolution of aviation occurrences	26	43
AIR TRANSPORT & LEGAL AFFAIRS (AT&LA)		
Draft new legislations produced	01	01
Draft new regulations produced	00	01
Training courses / seminars attended	02	01
New Guidance Material produced	00	00
Existing guidance material revised	01	01
Domestic flight schedule approvals.	16	07
Surveillance of Air Transport Providers carried out	00	02
International flight schedule approvals	32	38

Category	2009	2010
Visa recommendation for non technical experts staff	17	18
Charter licenses for Sri Lanka Registered Airline	03	05
Airline licenses for Sri Lanka Registered Airline	05	03
Charter licenses – International Operations	03	03
Charter licenses - domestic regular Operations	03	03
Air transport provider's licenses	325	373
Private Operations license	02	01
New Air Service Agreements entered	00	01
Existing Air Services Agreements reviewed	03	02
Open skies air services agreements at the end of the year	06	06
HUMAN RESOURCES AND OFFICE MANAGEMENT (HROM)		
New rules on HR&OM issued	00	02
Existing rules on HR&OM revised	00	02
Staff Recruitments	00	14
Total overseas training arranged	76	74
Total local training arranged	99	35
Total staff	113	124
General Staff Meetings held		
Performance Evaluations conducted	11	00
Staff Retirements	01	01
Staff loans facilitated	6.7 m	10.7m
Executive Staff Meetings held		
Local workshops conducted	01	00
New Documents added to the Technical Library	97	103
Web site revisions	48	211
Software upgrades	95	98
FINANCE MANAGEMENT (FM)		
Total Revenue collected	460.3m	546.m
Total expenditure incurred	152.3m	196.m
Total Staff salaries paid	37.m	42.m
Vehicles purchased	02	02
Computers purchased	11	47

Category	2009	2010
INTERNAL AUDIT (IA)		
Audits conducted	23	12
Findings raised	85	39
AIRCRAFT ACCIDENT & INCIDENT INVESTIGATION (AAII)		
Incidents reported	00	01
Accidents reported	00	00
Aviation Fatalities	00	00
Injuries to passengers or crew	00	00

PERFORMANCE OF THE INDUSTRY -2010

	2009	2010
Traffic Particulars		
International traffic		
Passengers	4,801,619	5,931,559
Embarked	2,136,055	2,657,532
Disembarked	2,100,361	2,609,237
Transit	565,203	664,790
Cargo (Metric tons)	131,634	160,838
In bound	47,392	59,631
Out bound	84,242	101,207
Aircraft Movements	28,602	33,907
Scheduled flights	27,545	32,590
Charters flights	1,057	1,317
Number of airlines operated		32
Scheduled Services	23	23
Charters	05	04
All cargo	02	05
Domestic traffic		
Passengers Carried	108,732	3,976
Cargo (Metric tons) Carried	411	0
Aircraft Movements	3,499	500
Scheduled flights	-	-
Charters flights	-	-
Number of airlines operated		
Scheduled Services	2	1
Charters	2	2
Number of Airlines operated		
Licensed airlines	06	07
Licensed flying schools	02	05
Approved Maintenance Organizations (initials)	04	05
Total Number of Civil Aircrafts in Register		
Aircraft exceeding weight 22,000 lbs	19	20
Aircraft weight less than 22,000 lbs	10	10
Balloons	03	05
Others	01	-
Number of Aircraft accidents	00	-
Number of Aircraft incidents	14	46

FINANCIAL STATEMENTS- 2010

Responsibility of Members of the Authority

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

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



Air Chief Marshal WDRMJ Goonetilleke
Chairman

15 September 2011



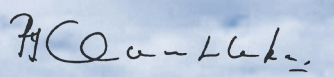
H.M.C. Nimalsiri
Director General of Civil Aviation &
Chief Executive Officer.

BALANCE SHEET AS AT 31ST DECEMBER 2010

	Note	2010 (Rs)	2009 (Rs)
TOTAL ASSETS		1,068,151,620.35	692,600,278.32
Non-Current Assets			
Property, Plant and Equipment	09	50,449,662.26	38,279,199.97
		1017,701,958.09	654,321,078.35
Current Assets	10		
EQUITY & LIABILITIES, CAPITAL & RESERVES		1,068,151,620.35	692,600,278.32
Equity		657,578,794.17	392,501,266.73
Government Grants	11	9,774,488.05	10,472,417.05
Revaluation Surplus	12	13,652,001.91	13,652,001.91
Profit & Loss Account		634,152,304.21	368,376,847.77
Liabilities		410,572,826.18	300,099,011.59
Non-Current Liabilities	13	12,917,735.00	9,261,388.00
Current Liabilities	14	397,655,091.18	290,837,623.59

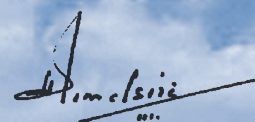
The Significant Accounting Policies and Notes to the Financial Statements disclosed on pages 55 to 74 are an integral part of these Financial Statements

Signed for and on behalf of the Civil Aviation Authority of Sri Lanka,



Air Chief Marshal WDRMJ Goonetilleke
Chairman

15 September 2011



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

15 September 2011

INCOME STATEMENT
FOR THE YEAR ENDING 31ST DECEMBER 2010

	Note	2010 (Rs)	2009 (Rs)
INCOME	01	582,183,425.12	460,344,099.54
EXPENDITURE		197,058,186.68	152,370,726.25
Staff Expenses	02	97,582,991.62	74,914,247.71
Meetings, Seminars & Workshops	03	8,668,611.28	6,862,716.54
Training	04	4,504,744.05	5,405,978.38
General Operating Expenses	05	27,892,111.08	25,721,176.62
Miscellaneous & Other Expenses	06	6,673,969.45	3,179,209.74
Common Expenses	07	39,207,093.32	30,704,460.08
Depreciation	08	12,528,664.98	5,582,937.18
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		385,125,238.44	307,973,373.29
INCOME TAX		134,793,833.45	108,356,591.00
NET PROFIT AFTER TAX		250,531,404.99	199,616,782.29
Provision for Gratuity			
Provision for Accident Investigation Fund		20,000,000.00	10,000,000.00
NET PROFIT AFTER TAX & PROVISION		230,331,404.99	189,616,782.29
PROFIT & LOSS A/C BROUGHT FOR- WARD		403,8520,899.22	178,760,065.48
Profit & Loss Account at the Beginning of the Year		368,376,847.77	180,640,326.25
Prior Year Adjustment		35,444,051.45	(1,880,260.77)
PROFIT CARRIED FORWARD		634,152,304.21	368,376,847.77

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2010

	Note	Rs	Rs
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before Taxation		385,125,238.44	
Adjustments for			
Depreciation	08	12,528,664.98	
Interest Income		(63,327,924.14)	
Asset Donations		125,980.00	
Provision for Gratuity		1,514,083.00	
Insurance Fund		73,200.00	
Prior Year Adjustments	1	35,349,824.10	
Operating Profit Before Working Capital Changes		371,483,293.73	
Increase in Inventories	15	(44,686.08)	
Increase in Receivables	16	(58,375,802.81)	
Increase in Payables	17	59,747,551.14	
Cash Generating from Operations			372,810,355.98
Income Tax paid			(105,654,853.00)
Net Cash Flows from Operating Activities			267,155,502.98
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipments	18	(16,043,869.27)	
Increase in Investments	19	(227,569,975.80)	
Investment on Accident Investigation Fund		(20,000,000.00)	
Investment on Gratuity Fund		(774,573.88)	
Interest Received		53,359,440.61	
Net cash used in Investing Activities			(211,028,978.34)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Cash Used in Financing Activities			NIL
Net Increase/Decrease in Cash and Cash Equivalent			56,126,524.64
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR			113,068,162.16
CASH AND CASH EQUIVALENTS AS AT 31ST DECEMBER 2010	220		169,194,686.80

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31ST DECEMBER 2010**

	Government Grant	Accumulated Profit	Revaluation Surplus	Total
	Rs.	Rs.	Rs	Rs.
Balance as at 31st December 2009	10,472,417.05	368,376,847.77	13,652,001.91	392,501,266.73
Net Profit for the Year 2010	-	230,331,404.99	-	230,331,404.99
Transfers for the Year 2010	(697,929.00)	-	-	(697,929.00)
Charges for the Year 2009		35,444,051.45		35,444,051.45
Balance as at 31st December 2010	9,774,488.05	634,152,304.21	13,652,001.91	657,578,794.17

NOTES TO THE FINANCIAL STATEMENTS.

Note No	2010 (Rs)	2009 (Rs.)
01 INCOME	582,183,425.12	460,344,099.54
Overseas Sales Surcharge (OSS)	414,144,008.07	310,495,664.25
Service Charge of Embarkation Levy	64,463,442.05	53,131,615.62
INITIAL ISSUE OF LICENCES / RATINGS / CERTIFICATE OF APPROVALS	1,328,790.00	1,037,435.00
Private Pilot Licence (Aeroplanes / Helicopter)	28,290.00	80,040.00
Commercial Pilot Licence (Aeroplanes / Helicopter)	285,660.00	91,080.00
Airline Transport Pilot Licence (Aeroplanes / Helicopter)	210,450.00	131,100.00
Students Pilot Licence	60,030.00	60,720.00
Flight Instructor Ratings	8,280.00	8,280.00
Assistant Flight Instructor Licence Rating	-	-
Issue of Aircraft Type Rating	136,620.00	84,180.00
Flying School Licence	13,800.00	-
Validations of Foreign Crew Licence	186,300.00	169,050.00
Air Traffic Controller's Licence	-	9,660.00
Air Traffic Controller's Licence Rating	5,520.00	5,175.00
Air Transport Providers Licence (A)	337,000.00	340,000.00
Air Transport Providers Licence (B)	32,000.00	34,000.00
Flight Operations Officer – Initial	16,560.00	10,350.00
Private Operations Licence	-	13,800.00
Aeronautical Station Officer Licence	8,280.00	-
RENEWAL OF LICENCES.	3,439,544.00	2,696,445.00
Private Pilot Licence (Airplanes/Helicopter)	126,960.00	35,880.00
Commercial Pilot Licence (Airplanes/Helicopter)	365,894.00	197,685.00
Airline Transport Pilot Licence (Airplanes/Helicopter)	888,375.00	621,000.00
Student Pilot Licence	29,670.00	24,495.00
Airline Licence	34,500.00	69,000.00
Flying School Licence	27,600.00	27,600.00

NOTES TO THE FINANCIAL STATEMENTS.

Charter Licence	172,500.00	138,000.00
Air Traffic Controller's Licence	9,315.00	15,525.00
Air Traffic Controller's Licence Rating	48,990.00	44,850.00
Air Transport Provider Licence (A)	1,400,000.00	1,185,000.00
Air Transport Provider Licence (B)	28,000.00	10,000.00
Air Craft Maintenance Engineers Licence	222,870.00	259,440.00
Air Craft Maintenance Licence	71,070.00	50,370.00
Private Operations Licence	13,800.00	17,600.00
ISSUES / RENEWALS OF CERTIFICATES.	8,182,381.00	7,500,870.00
Certificate of Airworthiness - Initial issue	971,175.00	518,949.00
Certificate of Airworthiness - Renewal	6,344,550.00	6,198,891.00
Certificate of Registration (Aircraft) - Initial issue	75,900.00	41,400.00
Certificate of Registration (Aircraft) - Renewal	179,400.00	151,800.00
Organizational Approval	576,856.00	551,880.00
Validation of foreign AME's Licence	13,800.00	31,050.00
Change of Ownership	20,700.00	6,900.00
AMENDMENTS TO AIRLINE LICENCE	8,280.00	2,760.00
Air Transport Provider Licence	8,280.00	2,760.00
MEDICAL EXAMINATION FEES	295,750.00	226,089.25
Initial	110,000.00	59,330.00
Renewal	185,750.00	166,759.25
EXAMINATIONS	1,249,343.00	1,573,653.00
Private Pilot Licences (Airplanes)- PPL	112,608.00	224,388.00
Commercial Pilot Licence (Aeroplanes)- CPL	115,920.00	57,960.00
Air Transport Pilots Licence - ATPL		-
Special Air Law Examination	127,305.00	52,785.00
Grant of AME Licence	113,850.00	172,500.00
Flight Operation Officer	1,380.00	20,700.00

NOTES TO THE FINANCIAL STATEMENTS.

Issue of Additional AME Category	41,400.00	46,920.00
English Language Proficiency Test	119,000.00	168,000.00
Aircraft Maintenance Licence (AML)	617,880.00	830,400.00

REGULATORY SERVICES	17,389,379.15	13,620,270.00
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Air Operator Certificates

Evaluation of applications for Grant of an authorization or a AOC for

Regular Public Transport -Private Operations	-	25,000.00
Aerial Work Operations	50,000.00	-
Regular Public Transport - Charter Operations	500,000.00	-
Regular Public Transport - Domestic Operations	500,000.00	250,000.00

Evaluation of applications for renewal of an authorization or a AOC for,

Private operations	2,500.00	2,500.00
Aerial Work Operations	5,000.00	5,000.00
Charter / Domestic Operations	100,000.00	100,000.00
Charter / International Operations	100,000.00	100,000.00
Regular Public Transport Domestic Operations	100,000.00	100,000.00
Regular Public Transport International Operations	200,000.00	100,000.00

Aerodrome

Evaluation of applications for Amendment to the Licence of,

A Certified Land Aerodrome	1,000,000.00	-
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Flying School Licences

Evaluation of applications to Grant of a Flying School Licence	100,000.00	300,000.00
Evaluation of applications to Renewal of Flying School Licence	30,000.00	20,000.00

Aircraft Maintenance Organization (AMO) Certificate

Evaluation of applications for approval of Aircraft Maintenance Organization

NOTES TO THE FINANCIAL STATEMENTS.

Located in Sri Lanka	40,000.00	50,000.00
Located outside Sri Lanka	699,128.15	300,000.00
Evaluation of applications for Renewal of AMO Certificates		
Aircraft Maintenance Organizations -Located in Sri Lanka	-	40,000.00
Aircraft Maintenance Organizations- Located outside Sri Lanka	579,713.00	637,793.00
Evaluation of applications for Amendment to AMO Certificate		
Aircraft Maintenance Organizations- Located outside Sri Lanka	19,913.00	60,000.00
Effecting an Amendment to Aircraft Maintenance Organization		
Aircraft Maintenance Organizations- Located outside Sri Lanka	5,000.00	15,000.00

Certificate Of Registration

Inspection of Aircrafts prior to grant of registration		
Heavy Aircraft	150,000.00	150,000.00
Light Helicopter	10,000.00	10,000.00
Balloon - Medium	24,000.00	-
Issuing of Noise Certificate	2,000.00	10,000.00
De-registration of Aircrafts in the existing registry		
Heavy Aircraft	5,000.00	15,000.00
Grant a certified copy of information contained in the Civil Aircraft Registry of Sri Lanka.	6,000.00	4,000.00

Licences, Ratings and Validations

Evaluation of applications for grant and re-activation of

Student Pilot Licence	48,500.00	33,500.00
Private Pilot Licence	21,000.00	34,000.00
Commercial Pilot Licence	202,140.00	85,500.00
Airline Transport Pilot Licence	94,000.00	68,000.00
Air Traffic Controller Licence	6,000.00	18,000.00
Flight Operations Officer Licence	12,000.00	7,500.00
Aircraft Maintenance Engineer Licence	117,000.00	117,000.00
Aircraft Maintenance Licence	240,000.00	129,000.00
Aeronautical Station Officer Licence	6,000.00	

NOTES TO THE FINANCIAL STATEMENTS.

Other Licence/Certificate	-	1,000.00
Evaluation of applications for validation of any Foreign Licence		
Foreign Private Pilot Licence	3,000.00	1,500.00
Foreign Commercial Pilot Licence	81,000.00	91,500.00
Foreign Airline Transport Pilot Licence	186,000.00	168,000.00
Foreign Aircraft Maintenance Engineer Licence	36,000.00	18,000.00
Any other Foreign Licence or Certificate	18,000.00	-
Evaluation of applications for endorsement of additional type rating on a Licence	123,000.00	91,000.00
Evaluation of applications for endorsement-type rating –for the purpose or up-grading	10,000.00	15,000.00
Evaluation of applications for renewal of the Licences & Ratings of		
Student Pilot Licence	11,500.00	7,500.00
Private Pilot Licence	44,750.00	8,500.00
Commercial Pilot Licence	228,750.00	117,750.00
Airline Transport Pilot Licence	492,000.00	286,750.00
Air Traffic Controller Licence	18,000.00	30,000.00
Aircraft Maintenance Engineer Licence	436,500.00	517,500.00
Aircraft Maintenance Licence.	138,000.00	103,500.00
Other Licence/Certificate	-	9,000.00
Evaluation of applications for renewal of validation of any Foreign Licence		
Aircraft Maintenance Engineer Licence	10,000.00	22,500.00
Commercial Pilot Licence		4,500.00
Endorsement of Additional Type Rating on Licences	29,000.00	20,500.00
Evaluation of Applications for Re-activation of Ratings.	44,000.00	48,000.00
Recommendations for visas (Except for students)	170,000.00	110,000.00
Verification of Licences (Except for foreign CAA)	23,000.00	39,000.00
Providing technical opinions regarding competency and eligibility of the Foreign Licences holders for recruitments.	37,500.00	-
Express Evaluation (Within 24 hours) of applications for grant /reactivation of		
Private Pilot Licence	3,000.00	2,000.00
Commercial Pilot Licence	6,000.00	-

NOTES TO THE FINANCIAL STATEMENTS.

Airline Transport Pilot Licence	6,000.00	16,000.00
Aircraft Maintenance Engineer Licence		18,000.00
Express Evaluation for Endorsement of Additional Type Rating on a Licences	52,000.00	8,000.00
Express Evaluation of applications for Renewal of Licences & Ratings of		
Student Pilot Licence	500.00	-
Private Pilot Licence	500.00	2,500.00
Commercial Pilot Licence	24,000.00	30,000.00
Airline Transport Pilot Licence	62,000.00	124,000.00
Aircraft Maintenance Engineer Licence	18,000.00	12,000.00
Aircraft Maintenance Licence	6,000.00	-
Express Evaluations for reactivation of Ratings		8,000.00
Express verification of Licence (Except for foreign CAA)	4,000.00	8,000.00
Facilitation fees for conduct of Medical Examinations for		
Initial of Licences	215,000.00	126,465.00
Renewal of Licences	361,515.00	375,750.00
Facilitation fees for conduct of Medical Boards on a Licensee who's medical fitness is in question	35,000.00	45,000.00
AME Licences Issuance Charges	16,560.00	37,260.00
AML Licences Issuance Charges	273,240.00	149,040.00
Certificate of Competency for Cabin Crew Members		
Evaluation of an application for initial issue of Certificate of Competency for Cabin Crew Members	92,000.00	5,000.00
Evaluation of an application for renewal of Certificate of Competency for Cabin Crew Members	500.00	-
Certificate to transport Dangerous Goods by Air		
Evaluation of applications for Renewal for		
Only International operations	189,000.00	180,000.00
Renewal of an approval for one year	110,000.00	120,000.00
Act as an Instructor		
Evaluation of applications for Grant Approval	80,000.00	60,000.00
Grant of approvals	14,000.00	18,000.00
Evaluation of applications for Renewal	3,000.00	16,000.00

NOTES TO THE FINANCIAL STATEMENTS.**Use of Synthetic Flight Trainer.**

Evaluation of an application for renewal of approval for use of a synthetic flight trainer.	1,250.00	1,250.00
Renewal of approval for use of a synthetic flight trainer.	1,250.00	1,250.00

Simulator

Evaluation of applications & Inspection prior to use simulator	400,000.00	300,000.00
Grant of approvals to use a simulator	200,000.00	150,000.00
Evaluation of applications for Renewal	150,000.00	150,000.00
Renewal of approvals to use a simulator	100,000.00	100,000.00

Pilot Training Programme

Evaluation of applications for Grant Approval	75,000.00	30,000.00
Grant of Approvals	15,000.00	6,000.00
Amendment to an approve Pilot Training Programme.	-	9,000.00

Operations Manuals

Evaluation of applications for approval or amendments excess of 50% of initial Volume - Regular Public/Charter Operations	100,000.00	12,500.00
Evaluation of applications for approval or amendments excess of 50% of initial Volume - Regular Public/Private Operations	5,000.00	
Evaluation of applications for approval or amendments excess of 25% of initial Volume - Regular Public/Charter Operations	12,500.00	25,000.00
Grant Approval for Flight Operations Manual		
Regular Public & Charter Operations	75,000.00	-
Aerial Work Operations	-	10,000.00
Private Operations	5,000.00	5,000.00

Maintenance Control Manual

Evaluation of applications for approval or amendments excess of 50% of initial Volume	70,000.00	50,000.00
Grant Approvals	25,000.00	35,000.00
Evaluation for amendments (for each 25% of initial volume)	12,500.00	75,000.00

Maintenance Schedule

Evaluation of Applications for Approval	60,000.00	50,000.00
Evaluation of Amendments	9,400.00	13,400.00

NOTES TO THE FINANCIAL STATEMENTS.**Engineering Training Manual**

Evaluation of a request of approval	25,000.00	25,000.00
Grant of Approval	2,000.00	2,000.00

Air Transport Statistics

For less than one year.	5,500.00	4,000.00
For more than one year & less than five years	55,000.00	78,000.00

Nominated Post Holders of Air Operators

Evaluation of qualifications for approval (per person)	-	18,000.00
Grant of approvals	-	18,000.00

Use of Technical Library

Photocopy /Scanning documents.	330,770.00	157,065.00
Electronic Copies of documents	-	300.00
Current Copies of ICAO Documents	-	29,417.00
CAA Manuals, Hand Books, Broachers, or any other publications	170,200.00	194,700.00

Air Transport Providers Licence

Evaluation of applications for the Initial Issuance	225,000.00	242,500.00
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Foreign Air Operator Certification

Initial Issue – International Airline Licences for Foreign Scheduled Airlines after FAOC programme.	900,000.00	700,000.00
Renewal of International Airlines Licences for scheduled Operators	2,175,000.00	1,725,000.00

Ferry Flight/Test Flight Permit

Evaluation of Applications for Grant permit	70,000.00	120,000.00
Grant Permits	7,000.00	12,000.00

Permissions to operate Foreign Registered Aircrafts on Wet Lease/ Dry Lease/Charter by an AOC Holder

Evaluation of applications to operate on Wet Lease	200,000.00	100,000.00
Grant approvals to operate on Wet Lease	50,000.00	25,000.00

Approval for Maintenance Activities

Evaluation of applications to Grant one time approval for specialized Maintenance Activities.	10,000.00	50,000.00
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NOTES TO THE FINANCIAL STATEMENTS.

Evaluation of applications to Grant validations to Foreign Licence Holders for a specific task or a Special Maintenance on Sri Lankan registered aircraft.	40,000.00	50,000.00
Grant one time Approvals for specialized Maintenance Activities	12,500.00	25,000.00
Special Flight Authorization to Operations Specifications of an AOC		
Evaluation of applications to Grant approval	40,000.00	52,500.00
Grant Approvals	24,000.00	33,000.00
Special Operations		
Evaluation of applications for approval of any special operation	80,000.00	185,000.00
Grant of Approvals (per activity)	40,000.00	82,500.00
Grant of Approval for Amendment	21,000.00	14,000.00
Engineering Workshop Capability Level		
Evaluation of applications for approval	96,500.00	207,500.00
Grant Approvals	57,500.00	115,000.00
Evaluation of applications to Grant approval for modifications of an aircraft		
Minor modifications	25,000.00	25,000.00
Third Party work per Airline for one year		
Aircraft Engineering & Maintenance	375,000.00	300,000.00
Training Programmes		
Evaluation of an applications for Grant Approval	90,000.00	100,000.00
Grant Approval	67,500.00	85,000.00
Evaluation of an application for Amendments. (for each 25% of initial volume)	35,000.00	35,000.00
Grant of Approval for Amendment	17,500.00	17,500.00
Air Traffic Services (Operations)/ Aerodrome Aeronautical Information Services Manual.		
Evaluation- Air Traffic Services (Ops) Manual	50,000.00	-
Grant Approval- Air Traffic Services (Ops) Manual	10,000.00	-
Evaluation- Aerodrome Manual	50,000.00	-
Grant Approval- Aerodrome Manual	10,000.00	-

NOTES TO THE FINANCIAL STATEMENTS.

Evaluation- Aeronautical Information Services Manual	50,000.00	-
Grant Approval- Aeronautical Information Services Manual	10,000.00	-
Renewal of Lapsed Licences/Certificates (Except Personnel/Airline Licences)		
Less than 06 months	3,450.00	-
Between 06-24 months	10,350.00	5,175.00
Renewal of Lapsed Air Transport Provider Licence.		
Less than 06 months	53,300.00	29,055.00
Beyond 06 months	449,600.00	613,400.00
Grant of No Objection Letters	7,000.00	7,000.00
Grant of Certified Copies of Any Licence / Certificate/ Authorization issued by DGCA	61,000.00	64,000.00
Making available to an air operator or potential Air Operator CAA Inspectors to visit overseas for inspections.	1,320,000.00	1,084,250.00
Export Certificate of Airworthiness		
Evaluation of applications to grant approval		
Aircrafts above 5700Kgs	25,000.00	25,000.00
Issue of Approvals	2,000.00	4,000.00
Flight Check En-Route Surveillance – Revision of Manuals	27,100.00	78,200.00
OTHER INCOME	8,354,583.71	7,338,455.86
Telecommunication Tower Approvals	6,462,000.00	6,420,000.00
Other Sources	65,414.00	73,644.00
Late Submission Fees	-	5,500.00
Rental Income (Official Quarters)	72,017.10	65,666.40
Miscellaneous Income	19,157.35	-
CAATA Income- Hiring Charges	19,000.00	84,550.00
Airfare & Ticketing Course - Income	384,136.00	-
Nation Building Tax	1,332,859.26	689,095.46
INTEREST INCOME	63,327,924.17	62,720,841.56
Interest from Staff Loans	1,250,211.65	1,863,560.28
Treasury Bills	52,476,225.87	54,814,928.03
Call Deposits	9,601,486.62	6,042,353.25

NOTES TO THE FINANCIAL STATEMENTS.

02	STAFF EXPENSES	97,582,991.62	74,914,247.71
	Salaries & Wages	42,929,388.04	37,017,378.62
	Other Allowances	30,588,914.07	21,333,272.91
	Cost of Living Allowance	7,114,414.49	6,222,000.00
	Transport Allowance	9,888,671.21	7,888,933.33
	Professional Allowance	3,780,483.87	3,897,000.00
	Leave Encashment	3,006,231.58	2,897,589.58
	Vehicle Allowance	180,000.00	210,000.00
	Special Allowance	6,619,112.92	217,750.00
	Employee's Provident Fund	9,032,189.08	7,907,840.02
	Employee's Trust Fund	1,806,437.93	1,583,586.89
	PAYE Tax	3,467,718.97	2,354,207.08
	Bonus	3,525,615.56	1,164,999.98
	Gratuity	1,861,073.00	1,017,200.00
	Welfare Expenses	4,371,654.97	2,535,762.21
03	MEETINGS, SEMINARS & WORKSHOPS	8,668,611.18	6,862,716.54
	Local	898,856.71	1,363,464.60
	Foreign	7,769,754.47	5,499,251.94
04.	TRAINING	4,504,744.05	5,405,978.38
	Local	412,135.00	790,616.93
	Foreign	4,092,609.05	4,615,361.45

NOTES TO THE FINANCIAL STATEMENTS.

05.	GENERAL OPERATING EXPENSES	27,892,111.98	25,721,176.62
	Overtime & Holiday Pay	3,897,469.18	3,165,685.40
	Traveling Expenses - Local	154,123.00	16,290.00
	Stationery/Consumables	4,344,011.02	2,670,335.11
	Other Supplies	314,981.84	126,539.96
	Board Payments	123,680.00	97,580.00
	Telecommunication	2,117,110.95	2,000,555.44
	Postal charges	156,658.97	155,089.14
	Subscriptions to Local / International organizations	14,381,191.56	14,254,727.20
	Subscriptions / Publications / Newspapers	532,844.57	226,964.26
	Examination (Payment to Examiners)	28,342.70	165,540.00
	Printing Expenses	869,104.77	1,542,726.61
	Civil Aviation Authority Training Academy	840,432.30	1,299,143.50
	Airfare & Ticketing Course - Expense	132,161.12	-
06	MICELLANEOUS AND OTHER EXPENSES	6,673,969.45	3,179,209.74
	Miscellaneous Expenses	5,728,977.42	2,275,936.57
	Maintenance of Plant, Machinery & Equipments	944,992.03	903,273.17
07	COMMON EXPENSES	39,207,093.32	30,704,460.08
	Fuel & Lubricants	3,730,289.50	3,325,499.60
	Maintenance of Office Building & Quarters	27,237,337.66	23,426,450.13
	Rent of the Building	16,349,760.37	15,009,348.00
	Electricity	6,570,671.00	5,793,540.54
	Water	507,948.02	447,774.44

NOTES TO THE FINANCIAL STATEMENTS.

	Security	1,061,995.25	1,023,662.14
	Janitorial	758,765.00	722,665.00
	Other	1,988,198.02	429,460.01
	Maintenance of Vehicles	4,453,293.53	1,641,417.4
	Social Responsibility Levy	427,505.00	1,616,888.02
	Nation Building Tax	1,294,910.59	694,204.95
	Aviation Development	1,937,777.04	-
	Donations	125,980.00	
08	DEPRECIATION	12,528,664.98	5,582,937.18
	Buildings	15,776.05	-
	Vehicles	6,117,673.90	2,937,853.56
	Plant, Machinery and Equipment	4,655,725.83	1,874,997.43
	Furniture and Fittings	1,739,489.20	770,086.19

NOTES TO THE FINANCIAL STATEMENTS.									
NOTE NO. 09									
PROPERTY, PLANT AND EQUIPMENT									
		Land	Buildings	Vehicles	Plant Machinery & Equipment	Furniture and Fittings	Other Fixed Assets	Total	
Cost / Valuation									
Cost as at 01.01.2010		5,359,200.00	9,327,445.05	17,857,128.20	14,942,756.34	7,785,837.85	999,079.00	56,271,446.44	
Additions during the year 2010		-	-	17,742,667.00	6,943,856.56	836,512.71	-	25,523,036.27	
Disposals/Transfers During the Year		-	-	-	-	(152,250.00)	-	(152,250.00)	
Cost as at 31.12.2010		5,359,200.00	9,327,445.05	35,599,795.20	21,886,612.90	8,470,100.56	999,079.00	81,642,232.71	
Depreciation									
Accumulated depreciation as at 01.01.2010		-	4,303,056.10	4,306,603.56	7,121,490.28	1,312,060.53	949,036.00	17,992,246.47	
Charges for the year 2010									
Profit & Loss Account		-	15,776.05	6,117,673.90	4,655,725.83	1,739,489.20	-	12,528,664.98	
Government Grants		-	606,054.00	91,875.00	-			697,929.00	
Disposals/Transfers During the Year		-				(26,270.00)		(26,270.00)	
Accumulated depreciation as at 31.12.2010			4,924,886.15	10,516,152.46	11,777,216.11	3,025,279.73	949,036.00	31,192,570.45	
Net book value as at 31.12.2010		5,359,200.00	4,402,558.90	25,083,642.74	10,109,396.79	5,444,820.83	50,043.00	50,449,662.26	
Net book value as at 31.12.2009		5,359,200.00	9,327,445.05	17,857,128.70	14,942,756.34	7,785,837.85	999,079	56,271,446.44	

NOTES TO THE FINANCIAL STATEMENTS.

10	CURRENT ASSETS	1017,701,958.09	654,321,078.35
	Staff Welfare and Social Security Fund	361,021.00	361,021.00
	Accident Investigation Fund	50,000,000.00	30,000,000.00
	Gratuity Fund	6,334,650.53	5,560,076.65
	Investments – Treasury Bills	466,296,789.40	273,726,813.51
	Consumable Stores	1,193,297.32	1,148,611.24
	Goods in Transit - vehicles		9,479,167.00
	Debtors (a + b + c)	31,976,133.86	23,569,066.66
	Loans - (a)	29,303,171.13	22,518,702.34
	Staff Loans (Existing Staff)	29,303,171.13	22,513,007.34
	Staff Loans (Transferred Officials)	-	5,695.00
	Advances - (b)	1,911,373.60	446,787.75
	Staff - for operating activities	1,786,373.60	321,787.75
	JHS Enterprises (Fuel)	125,000.00	125,000.00
	Other Debtors -(c)	761,589.13	603,576.57
	COSCAP Office	149,783.43	102,140.97
	Sri Lankan airlines- Inspections		-
	Other Payments	2,975.25	322.00
	Sri Lankan airlines- Inspections	27,259.85	-
	Qatar Airways – Deposit Inspection	80,896.50	80,896.50
	Deposit publications	150,557.00	70,100.00
	Other Institutions	350,117.10	350,117.10
	Receivables	124,573,937.57	65,978,614.95
	Value Added Tax	14,434,077.21	11,577,999.87
	Interest Income	34,733,637.49	24,765,153.96
	OSS (EJ Tax) & Regulatory Services income	75,406,222.87	29,635,461.12
	Prepayments	5,021,442.57	3,679,546.05
	Staff Expenses -		

NOTES TO THE FINANCIAL STATEMENTS.

	Welfare Expenses	884,014.67	666,672.40
	Common Expenses-		
	Building Rent – C.A.S. Abesekara	3,841,970.38	2,501,558.00
	Vehicle Maintenance	118,836.50	453,037.20
	General operating Expenses		
	Telecommunication	18,503.78	7,061.78
	Postal Charges	-	2,500.00
	Subscriptions/Publications/Advertisement	1,520.00	
	Miscellaneous and Other Expenses –		
	Maintenance of Plant, Machinery	156,596.94	48,716.67
	Treasury Current Account	261,992,863.30	203,336,525.00
	Cash (Current Account No: 0002026678)	49,742,864.26	26,086,525.87
	Investments	212,249,999.04	177,249,999.13
	Cash and Cash Equivalent	69,951,822.54	37,481,636.29
	Cash (Current Account No: 0002026666)	24,951,822.54	27,481,636.29
	Call Deposits	45,000,000.00	10,000,000.00
11	GOVERNMENT GRANTS	9,774,488.05	10,472,417.05
	Land	5,359,200.00	5,359,200.00
	Buildings	4,226,593.95	4,832,647.95
	Vehicles	-	91,875.00
	Other Fixed Assets	188,694.10	188,694.10
12	REVALUATION SURPLUS	13,652,001.91	13,652,001.91
	Vehicles	4,720,625.00	4,720,625.00
	Plant, Machinery and Equipment	3,929,672.93	3,929,672.93
	Furniture and Fittings	5,001,703.98	5,001,703.98
13	NON-CURRENT LIABILITIES	12,917,735.00	9,261,388.00
	Deposits - Bank Guarantee	4,211,064.00	2,142,000.00
	Insurance Fund	496,700.00	423,500.00
	Provision for Gratuity	7,848,950.00	6,334,867.00
	Staff Welfare and Social Security Fund (Pension Fund)	361,021.00	361,021.00

NOTES TO THE FINANCIAL STATEMENTS.

14	CURRENT LIABILITIES	397,655,091.18	290,837,623.59
	Accrued Expenses (d + e + f + g)	78,834,795.91	51,006,381.65
	Staff Expenses (d)	3,494,229.08	3,907,421.76
	Salaries & Wages	-	27,220.00
	Cost of Living Allowance	-	165,000.00
	Pay As You Earn Tax	395,401.17	-2,086.54
	Transport Allowance	103,653.25	662,775.00
	Employee Provident Fund	43,607.93	75,162.72
	Employee Trust Fund	797.65	7,581.00
	Leave Encashment	2,950,769.08	2,897,179.58
	Bonus	-	66,500.00
	Welfare	-	8,090.00
	General Operating Expenses (e)	885,842.97	1,882,994.16
	Overtime & Holiday Pay	-	348,223.99
	Travelling Expenses-Local	400.00	240.00
	Stationary	3,750.00	-
	Other Supplies	1,060.00	-
	Telecommunication	11,937.97	195,876.65
	Postal Charges	3,785.00	4,586.00
	Printing Expenses	-	105,000.00
	Subscriptions to Local/International Organiza- tions	-	137,165.52
	Subscriptions for Publications and Advertise- ments	21,060.00	4,960.00
	Audit Fees	358,328.00	645,389.00
	Training Academy Expenses	108,721.00	109,339.00
	Stamp Duty	373,801.00	332,214.00
	Miscellaneous and Other Expenses (f)	507,528.40	273,023.54
	Miscellaneous Expenses	507,528.40	85,998.54
	Maintenance of Plant, machinery & Equipment		187,025.00
	Common Expenses (g)	74,454,723.86	44,942,942.19
	Fuel & Lubricants	49,215.00	86,226.60

NOTES TO THE FINANCIAL STATEMENTS.

Income Tax - SRL	88,960.00	647,861.00
Income Tax /ESC	73,184,496.45	44,045,516.00
Nation Building Tax	113,276.82	113,276.82
Vehicle Maintenance	13,656.87	
Building Maintenance		
Water	1,025.00	7,901.15
Security	11,689.92	32,079.62
Electricity	200,235.40	
Other	1,700.00	10,081.00
Purchase of Plant, Machinery	282,940.00	-
Accident Investigation Fund	50,000,000.00	30,000,000.00
Creditors	268,820,295.27	209,831,241.94
Deposit – Inspection Charges -	1,859,687.35	1,877,100.40
Expo Aviation (Pvt) Ltd.	943,021.31	518,150.71
Kuwait Airways	31,698.84	31,698.84
Asian Aviation Center	331.00	331.00
SriLankan Airlines Ltd.	-	528,594.81
Mihin Lanka	140,214.94	53,903.78
Malaysian Airlines	27,402.00	27,402.00
Aero Lanka (Pvt) Ltd.	36,655.40	36,655.40
K.L.M. Royal Dutch Air	29,317.00	29,317.00
Decan Aviation (Pvt) Ltd	229,124.89	229,124.89
Gulf Air	23,848.45	23,848.45
Emirates	23,903.78	23,903.78
SIA Engineering Co.	12,911.68	12,911.68
MTU Maintenance Organization	68,376.21	68,376.21
Daya Aviation	35,709.00	35,709.00
Oman Air	52,947.68	52,947.68
IHI Corporation	192,460.17	192,460.17
JSC Aeroflot Russian Air	11,765.00	11,765.00
Deposit – Operations	2,960,997.30	1,106,379.30

NOTES TO THE FINANCIAL STATEMENTS.

	Sri Lankan Airlines	1,264,019.00	509,871.00
	Expo Aviation (Pvt) Ltd.	1,673,192.17	572,722.17
	Mihin Lanka (Pvt) Ltd.	23,786.13	23,786.13
	Creditors - Income	788,534.57	788,534.57
	Deposit – WHT (Inland Revenue Dept.)	92,879.00	83,079.00
	Deposit - Medical (For Doctors)	125,108.24	232,790.44
	Deposit - Other	125,305.00	125,305.00
	Deposit – Expenses for WHT	4,999.05	
	Deposit - Common	779,022.21	699,007.39
	Deposit - Insurance	24,155.55	4,520.28
	Deposit – Exam Fees	66,743.70	1,483,773.21
			94,227.35
	Treasury Current Account	261,992,863.30	203,336,525.00
	Civil Aviation Authority of Sri Lanka	6,550,343.08	5,083,413.13
	Airport & Aviation Services (Pvt) Ltd.	170,295,686.155	132,168,741.24
	Sri Lanka Tourism Development Authority	85,147,843.07	66,084,370.63
15	INCREASE IN INVENTORIES	44,686.08	
	Consumable Stores	44,686.08	
16	INCREASE IN RECEIVABLES	58,375,802.81	
	Staff Loans	6,784,468.79	
	Advances	1,464,585.85	
	Other Debtors (except. Dept. of Inland Revenue)	158,012.56	
	Other Receivables (except Interest Income)	48,626,839.09	
	Prepayments	1,341,896.52	
17	INCREASE IN PAYABLES	59,747,551.14	
	Creditors	58,989,053.33	
	Accrued Expenses (except Income Tax)	(1,310,566.19)	
	Non- Current Liabilities – Bank Guarantee	2,069,064.00	
18	PURCHASE OF PROPERTY, PLANT & EQUIPMENTS	16,043,869.27	
	Vehicles	8,263,500.00	
	Plant, Machinery & Equipments	6,943,856.56	

NOTES TO THE FINANCIAL STATEMENTS.

Furniture & Fittings	836,512.71
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19	INCREASE IN INVESTMENTS	227,569,975.80
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Treasury Bills - CAA	192,569,975.89
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Treasury Bills – E.L.	34,999,9999.91
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20	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	169,194,686.80
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Current Account – Authority (Account No: 0002026666)	24,951,822.54
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Call Deposit- Authority	45,000,000.00
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Current Account – E.L. (Current Account No: 0002026678)	49,742,864.26
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Call Deposits	49,500,000.00
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SIGNIFICANT ACCOUNTING POLICIES**1. General Policies****1.1 Statement of Compliance.**

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.

1.2 Responsibility for Financial Statements.

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

2. Property, Plant and Equipment**2.1** Property, Plant and Equipment transferred from General Treasury/Government initially stated at the valuation of purchases of 2003, whereas the Property, Plant and Equipment acquired after 2003 and 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.

Plant and equipment is stated at cost /revalued amount, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

1.2 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 depreciation of 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 %

Up to year 2008, no depreciation is provided on Property, Plant and Equipment (other than Land) in the year of purchase, whilst full year depreciation is deducted when dispose the particular asset. At the end of depreciation process, 10% of the current written down value of the Property, Plant and Equipment is retained as book values as required by the standard after 2008 depreciation has been charged commencing the year of purchase and 10% of the cost/revaluation amount would be retained as residual values.

3. Inventories

All inventories have been valued at the cost.

4. Debtors and Receivables

Debtors are stated at book values.

5. Liabilities and Provisions

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

1.2 Gratuity

Provision has been made for gratuity for employees who have completed one year of service in terms of Payment of Gratuity Act No. 12 of 1983.

Accident Investigation Fund

The States obligation of accident investigation and search and rescue vests with the Civil Aviation Authority. Rs. 20 Mn provision had been made in year 2006 accounts as a fund to be utilized to set off expenses likely to be incurred to meet these obligations. Another Rs. 10 Million has been provided in the year 2009 to cover the escalation of prices of services. The above fund has been further increased by Rs. 20mn during the year under review.

Staff Welfare & Social Security Fund

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

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 and call deposits.

8. Government Grants

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

Government Grants as at 01.01.2010	-	Rs.	10,472,417.05
Less: Charges for the year 2010	-	Rs.	<u>697,929.00</u>
Government Grants as at 31.12.2010	-	Rs.	9,774,488.05

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.	170,295,686.15
Tourism Development Fund	-	Rs.	85,147,843.07
Civil Aviation Authority of Sri Lanka	-	Rs.	6,550,343.08

10. Post Balance Sheet Events

No circumstances have 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 (2009) transactions.

		Debit (Rs.)	Credit (Rs.)
Staff Expenses			
	Salaries & Wages	153,874.33	6,904.20
	Leave Encashment	32,368.83	
	Special Allowance		750.00
	Transport Allowance		275.00
	PAYE Tax	603,510.26	
	Gratuity	93,675.00	
Meetings, Seminars , Workshops- Foreign		45,076.61	
Training			
	Foreign	157,973.50	3,373.67
	Local		3,800.00
General Operating Expenses			
	Overtime & Holiday Pay	56,277.27	
	Telecommunication	18,849.49	33,953.04
	Board Payments	6,000.00	
	Examination Fees	4,000.00	1,160.00
	Postal Charges	2,406.65	4,761.44
Miscellaneous and Other Expenses			
	Miscellaneous Expenses- Common	5,340.00	
Common Expenses			
	Building Maintenance	46,964.15	3,786.30
	Income Tax		
Income			
	Overseas Sales Surcharge		36,517,376.54
	Air fare & Ticketing Course		94,227.35
Total		1,226,316.09	36,670,367.54

12 Reporting Format

The reporting format has not been changed in the financial year under review.

SC/A/CAASL/FA/2010

04 November 2011

The Chairman,
Civil Aviation Authority of Sri Lanka

Report of the Auditor General on the Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2010 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Civil Aviation Authority of Sri Lanka for the year ended 31 December 2010 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 14(4) of the Civil Aviation Authority of Sri Lanka Act, No. 34 of 2002. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14 (2)(c) of the Finance Act, appear in this report.

1:2 Responsibility of the Management for the Financial Statements

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

1:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and test were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. Subsections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statements

2:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Civil Aviation Authority of Sri Lanka had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 2:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards, give a true and fair view of the state of affairs of the Civil Aviation Authority of Sri Lanka as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

2:2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The following non-compliances were observed.

(a) Sri Lanka Accounting Standard - 03

- (i) The investments had not been separately disclosed on the face of the balance sheet.
- (ii) Even though the current assets and current liabilities should be disclosed under several classifications in the financial statements, the Authority had disclosed all the current assets and current liabilities without being classified accordingly.

2.2.2 Unreconciled Control Accounts

According to the financial statements the value of furniture and fixtures totalled Rs.30,356,713 whereas according to the schedules, that value totalled Rs.27,574,955 and as such a difference of Rs.2,781,758 was observed.

2.2.3 Accounts Receivable and Payable

- (a) A sum of Rs.132,268,342 remained outstanding as at the end of the year under review in relation to the accounts receivable and out of that a sum of Rs.11,705,974 remained outstanding for over one year. Similarly, a sum of Rs.348,162,618 relating to the accounts payable remained outstanding as at the end of the year under review and out of that, a sum of Rs.203,664,853 remained without being settled for over one year.
- (b) The Confirmations of balances of Rs.59,062,370 relating to 25 accounts receivable and payables amounting to Rs.67,326,542 relating to 42 accounts had not been submitted to audit.

2.2.4 Non – compliance with Laws, Rules, Regulations and Management Decisions

Non – compliances with the following laws, rules, regulations etc. were observed in audit.

Reference to Laws, Rules, Regulations and Management Decisions	Non - compliance
(a) Stamp Duty (Special Provisions) Act, No.12 of 2006	It was observed during a test check, that action had not been taken to recover stamp duty amounting to Rs.2,175 in 89 instances of payments.
(b) Financial Regulation 104	Even though a loss of Rs.842,632 had been caused due to an accident to a motor vehicle, no action had been taken on the losses and damage in terms of Financial Regulation 104.
(c) Public Administration Circular No.26/92 of 19 August 1992	The State Emblem and the name of the Authority had not been stencilled all on the motor vehicles of the Authority other than the Government Motor Vehicles allocated to the officers who are entitled to use Government Motor vehicles for private purposes.

3. Financial and Operating Review

3:1 Financial Review

3.1.1 Financial Results

According to the financial statements presented, the operations for the year under review had resulted in a pre-tax profit of Rs.349,904,721 as compared with the pre-tax profit of Rs.307,973,373 for the preceding year, thus indicating an increase of

Rs.41,931,348 in the financial results. The increase in the operating income and the income from the supply of services had resulted in the increase in the financial result.

3:1:2 Analytical Financial Review

The income for the year under review as compared with the preceding year, had increased by 18.63 per cent and while the recurrent expenditure had increased by 28.77 per cent. The pre-tax operating profit for the year under review as well had increased by 13.61 per cent.

3.1.3 Transactions of Contentious Nature

The following matters were observed.

- (a) Despite obtaining a Personal Accident Insurance Policy at a cost of Rs.179,322 for the employees of the Authority for the period 01 January 2010 to 31 December 2010, a further Personal Accident Insurance Policy had been obtained from another insurance company for the period 17 August 2010 to 01 August 2011 at a cost of Rs.72,860.
- (b) The balance of the Value Added Tax receivable as at the beginning of the year under review amounting to Rs.11,578,000 had increased to Rs.14,434,077 by the end of the year under review. Nevertheless, there was no confirmation that such a sum of money was receivable from the Department of Inland Revenue to the Authority.

3:2 Operating Review

3:2:1 Performance

According to the following performance indicators, the performance for the year 2010 as compared with the preceding year indicated a decrease.

Item	Particulars	2008	2009	2010
-----	-----	-----	-----	-----
(a) Aircraft Movements	(i) Charter Flights	1,024	1,057	1,317
	(ii) Regular Air Transport			
	Companies- Flights	30,621	27,545	32,590
(b) Completed Audit Programmes	(i) Operations	02	01	01
	(ii) Combined (Operations and Airworthiness)	01	-	-
	(iii) Air Navigation Services	01	01	-
(c) Safe / Secure and Supervision Activities performed.	(i) Ramp Inspections (Airworthiness)	23	72	30
	(ii) Ramp Inspections (Combined)	02	-	-
	(iii) Air Navigation	09	10	09
	(iv) Dangerous Goods	-	19	08

3.2.2 Service Charges

The charges levied by the Authority for various services such as issue of Airline Pilot Licenses and high rise buildings, etc. have not been revised during the past 06 years. Thus it was observed that the Authority does not receive a charge commensurate with the expenditure incurred on the supply of such services.

3.2.3 Uneconomic Transactions

Even though Authority had procured a building belonging to a Corporation on rent basis for the conduct of courses, only 01 course of 03 months duration for 20 persons

had been conducted in the year under review. The expenditure incurred thereon amounted to Rs.972,593 while the income received from the conduct of the course amounted to Rs.384,136. Thus the Authority had incurred a loss of Rs.588,457.

3:2:4 Budgetary Control

Variances ranging from 75 per cent to 165 per cent were observed between the estimates and the actual income and expenditure for the year under review, thus indicating that the budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.

- (a) Collection of Income
- (b) Expenditure Management
- (c) License Fees



H.A.S.Samaraweera,
Auditor General.

FN/12/14

2011.09.16

Auditor General
Auditor General's Department
Colombo 07

Report of the Auditor general on the Financial Statements of the Civil Aviation Authority of Sri Lanka for the year ended 31st December 2010 in terms of Section 14(2) (c) of the Finance Act No. 38 of 1971

Reference your report no. SC/A/CAASL/FA/2010 dated 2011-08-23 on the above subject.

2. My views and suggestions on the matters contained in the report are given below.

2.2 Comments on Financial Statements

02.2.1 - Sri Lanka Accounting Standards :-

(A) - Sri Lanka Standards - 03

- (i) The investments have been disclosed as "Investments" under current Assets. Up to the year 2006 this institution had disclosed investments as a separate item in the balance sheet and then in response to an Audit Query, investments are being shown under Current Assets as from the year 2007. While this institution has invested money only in Treasury Bills and Call Deposits, Treasury Bills have been disclosed under investments and Call Deposits under Cash and Cash Equivalents. However if the Auditor General's Department requires us to show investments as a separate item in the balance sheet this office is prepared to comply with such requirement. It is kindly requested that the clause be removed from the report.
- (ii) Current Assets and Current Liabilities of the institution have been disclosed under following classifications

Current Assets

Funds
Stores
Investments
Receivable Income
Prepayments
Cash and Cash Equivalents

Current Liabilities

Accrual Expenses
Creditors

If there is any further classification that should be effected it is kindly requested that instructions be given to do so.

02.2.2 Unreconciled Control Accounts

This is not an accounting error. An irrelevant schedule had been produced at the Audit by mistake. Action is being taken to submit the correct schedule. Hence I kindly request that this clause be removed.

2.2.3 Accounts Received & Payable

The interest revenue, P.T.A Surecharge and other receivables which have been caused an increased value in the receivable account could be checked and verified by referring respectively to the treasury bills, Airline Statements & 2011 regarding P.T.A collection and payment vouchers which are available in this office and could be produced for audit. This institution is always making arrangements to produce all the documents required for audit purposes promptly. It is requested that problems of this nature be referred to the relevant staff officer during the audit proceeding itself.

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

- (A) This institution is recovering stamp duty wherever possible and only in instances where payments are made by cheque and therefore the recovery of stamp duty is impracticable deficiencies of this Nature have occurred. It is kindly requested this clause be removed.
- (B) While the Insurance Companies have paid this money this institution has not incurred any expenses. However as from the year 2011 a new institutional procedure has been established to deal with accidents to vehicles. I kindly request this clause be removed.
- (C) While this institution is not bound to comply with Public Administration Circulars it works in accordance with the Staff Rules and Administrative Procedures manual & the institution approved by the Cabinet. The emblem of the Civil Aviation Authority has been Stencilled on the vehicles in compliance with the provisions of the said manual.

3.1.3 Transactions of Contentions Nature

- (A) The Personal Accident Insurance Policy of the Civil Aviation Authority for the period 1st January 2010 to 31st December 2010 was obtained from the Sri Lanka Insurance Corporation as per State Finance Circular PE/437 of 2009-09-18. Although the Insurance Corporation had promised by its letter dated 2009-12-17 to extend the coverage to include Dangerous goods, Arms & Ammunition, Explosives and exposure to radio active chemicals related accidents which is an essential coverage for the Civil Aviation Inspectors of this Authority the Insurance Corporation had failed to include this coverage in the Insurance Policy Document issued on 2010-03-11.

As the above mentioned coverage is essential for the Civil Aviation Inspectors of this Authority. The Authority had to seek instructions from the National Insurance Trust Fund referred to in the Finance Circular. However the National Insurance Trust Fund by their letter dated 2010-07-09 had informed this office that this type of coverage could not be awarded. In this circumstance quotations were called from other Insurance Companies and the personal Accident Insurance Policy was obtained for the period 2010-08-17 to 2011-08-01 from the Ceylinco Insurance Company (Copies of the relevant letter are attached)

- (B) A computer print out issued by the Department of Inland Revenue is attached. Action is being taken to recover this amount of money. It is kindly requested this clause be removed.

3.2.2 Service Charges

Due to the following reasons the service charge of the institution were not amended during the past few years.

- (1) In the war environment prevailing in the country the Aviation Industry experienced a serious downfall in such a situation increasing service charges would have had further negative effects on the industry.
- (2) Lack of adequate legal provision for the amendment & service charges.

However with the satisfactory environment created in the country after the dawn of peace and the passage of the Civil Aviation Act No 14 of 2010 by which adequate legal power has been vested with the Civil Aviation Authority action will be taken shortly to amend the charges for services rendered by the Authority . Hence it is kindly requested this clause be removed.

03.2.3 Uneconomic Transactions

Here, you have mentioned only one course conducted by the Civil Aviation Authority for parties outside. It should be noted that the training center is being used for the following purposes also.

1. Conduct of Training Courses for the Staff of the Authority.
2. Conduct of Examinations by the Personnel Licencing Section.
3. Conduct of various meetings of the Authority. (This institution did not possess conference facilities in the year 2010)

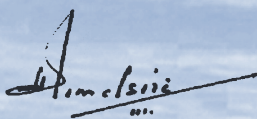
A copy of the list of programmes held in the Training Center during the year 2010 is attached.

Internal activities of the Authority are given preference. Activities of outside parties are allowed only when the Centre is not being used for Authority activities. In case some other building is rented out for the activities of the Authority the daily cost would have been around Rs.20,000/=. However a method to work out the cost involved in using the training centre will also be established in the future. Meanwhile propaganda work is also being done to find more ways of earning by using the Training Centre. As this Training Centre is being used both as a source of income and for internal activities of the Authority it is kindly requested that this clause be removed.

03.2.4 Budgetary Control

This institution amended its programme budget for 2010 at the end September 2010. A copy of the amended revenue estimate is sent herewith. It could be noted that according to the amended estimate the variance has come down.

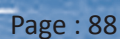
It is kindly requested that due consideration is given to the above explanations and draft audit clauses be amended accordingly.



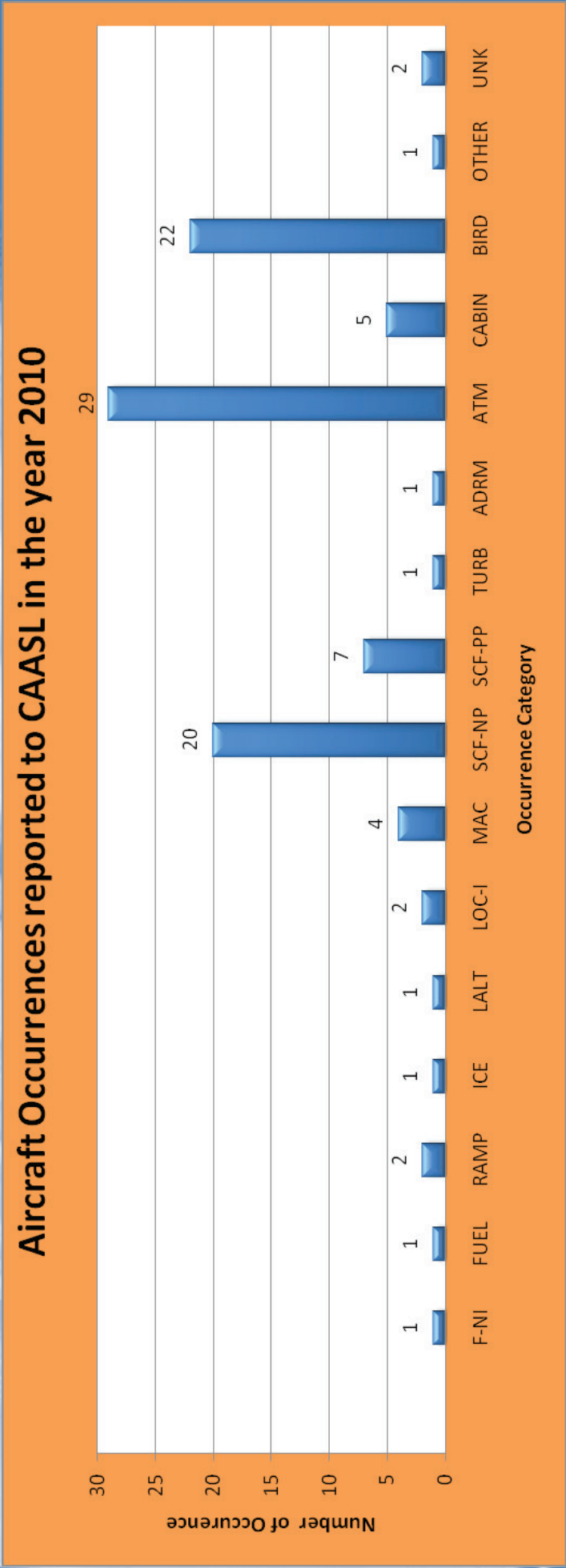
H.M.C Nimalsiri
Director General of Civil Aviation and Chief Executive Officer

Copies (1) Secretary - Ministry of Finance Planning
(2) Secretary - Ministry of Civil Aviation

Annual Report 2010



Appendix – 2: Aviation Occurrences - 2010

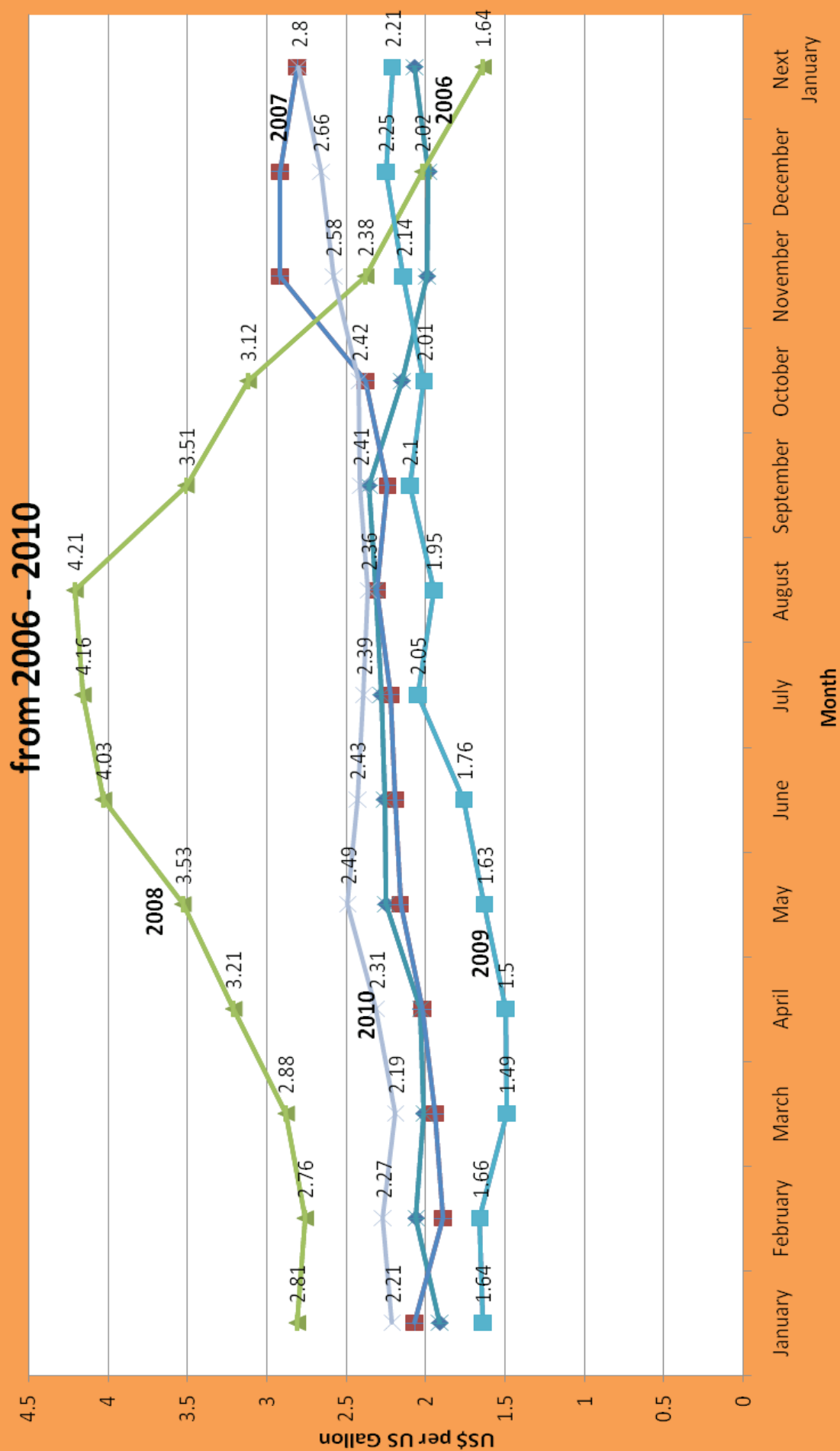


F-NI	fire/smoke (non-impact)	SCF-PP	Power plant failure or malfunction
FUEL	Fuel related	TURB	Turbulence encounter
RAMP	Ground Handling	ADRM	Aerodrome
ICE	Icing	ATM	Air Traffic Management
LALT	Low altitude operations	CABIN	Cabin safety events
LOC-I	Loss of control – in flight	BIRD	Bird strikes
MAC	AIRPROX/near miss/mid air collision	OTHER	Other
SCF-NP	System/component failure or malfunction (non- power plant)	UNK	Unknown or undetermined

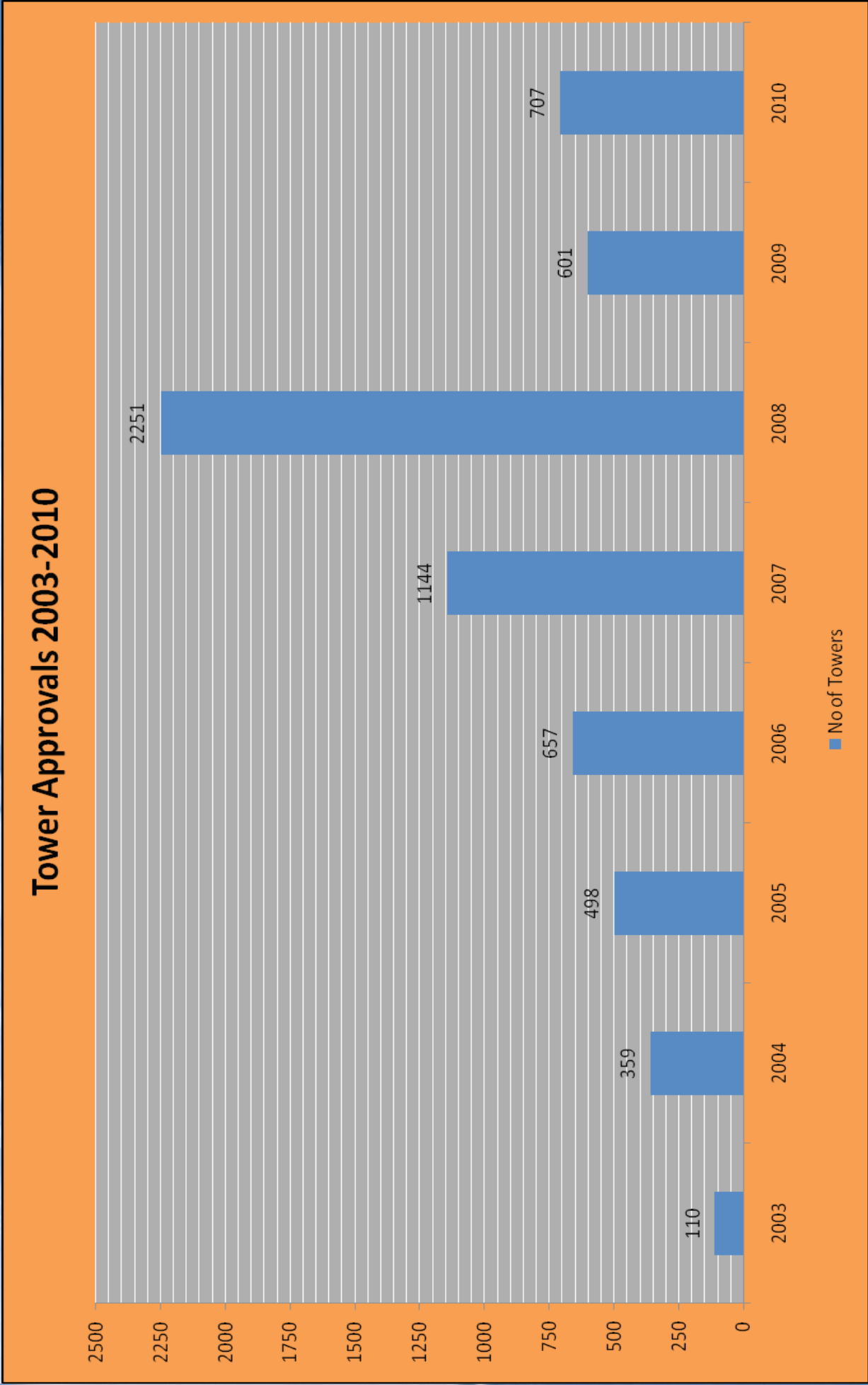
Note : All aircraft occurrences reported during the year 2010 from aircraft registered in Sri Lanka and also occurrences occurred into any aircraft within the territory of Sri Lanka

Appendix – 3 : Aviation Fuel Price Variation

Aviation Fuel (Jet A-I) price variations (for Contract Customers) at BIA



Appendix - 4 : Tower Approvals



Appendix – 5 : International Traffic at BIA, Colombo
Passenger and Cargo Traffic
 (* Forecast)

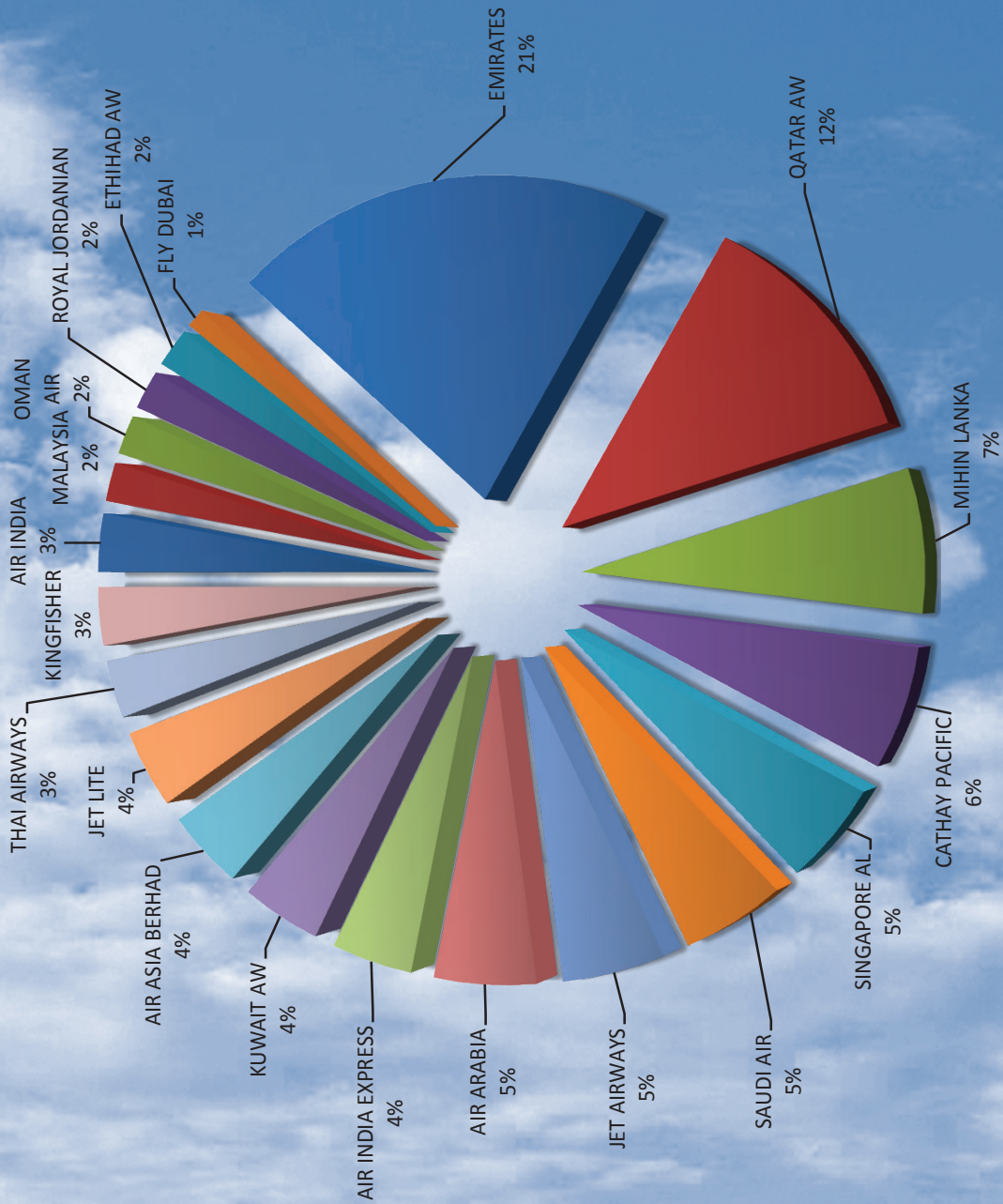
	Passengers		Cargo (metric tons)			
	Uplifted	Discharged	Total	Loaded	Unloaded	Total
2007	2,444,277	2,398,666	4,842,943	97,361	57,051	154,412
2008	2,320,715	2,247,685	4,568,400	90,632	52,639	143,271
2009	2,136,055	2,100,361	4,236,416	84,242	47,392	131,634
2010	2,657,532	2,609,237	5,266,769	101,207	59,631	160,533
2011 *	3,306,318	3,241,404	6,547,718	121,588	75,031	195,777

Airlines which have brought more than 100 transit passengers

Airline	Number of Transit Passengers brought in
Sri Lankan Airlines	647,548
Emirates	5,575
Mihin Lanka	5,824
Air Arabia	1,691
Jet Airways	1,203
Qatar Airways	1,121
Cathay Pacific	1,019
Singapore Airlines	185
Jet Lite	159
Oman Air	124

Appendix – 6 : Share of Passengers by Airlines

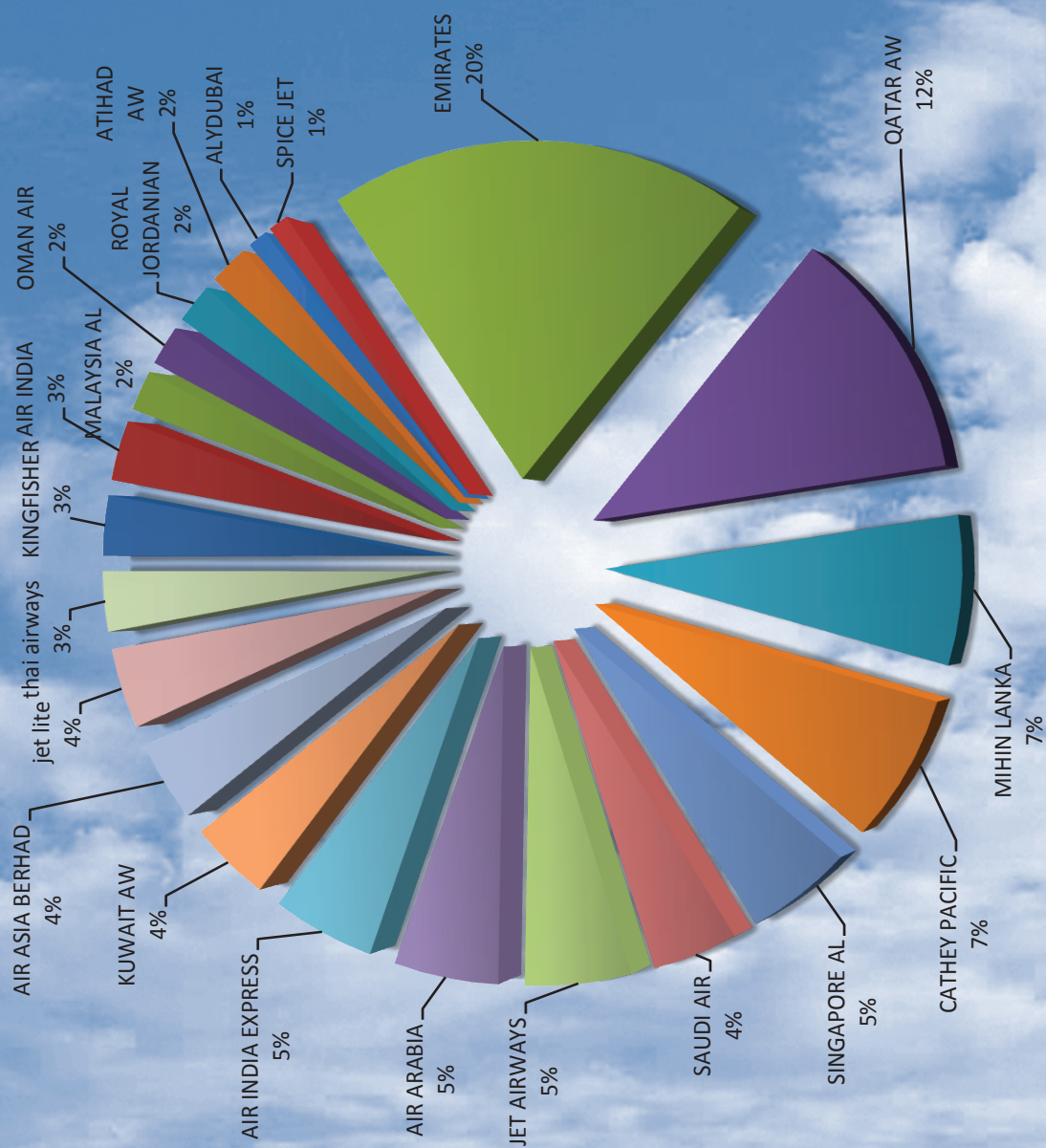
Airlines Share of Passengers as a Percentage - 2010
Departures
(Except Sri Lankan Airline)



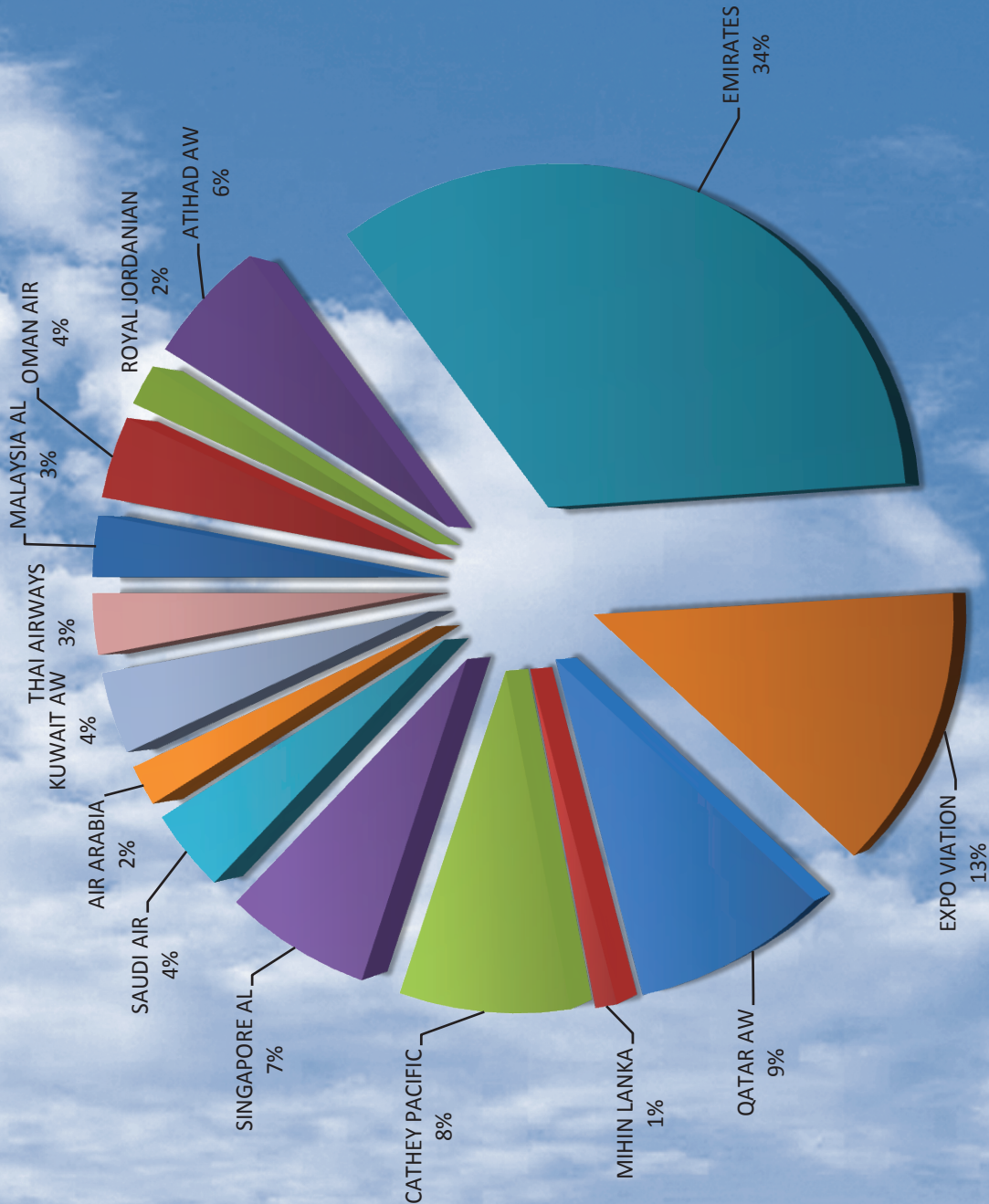
Airlines Share of Passengers as a Percentage - 2010

Arrivals

(Except Sri Lankan Airline)



Airlines Share of (Cargo) as a Percentage - 2010
Loaded
(Except Sri Lankan Airline)



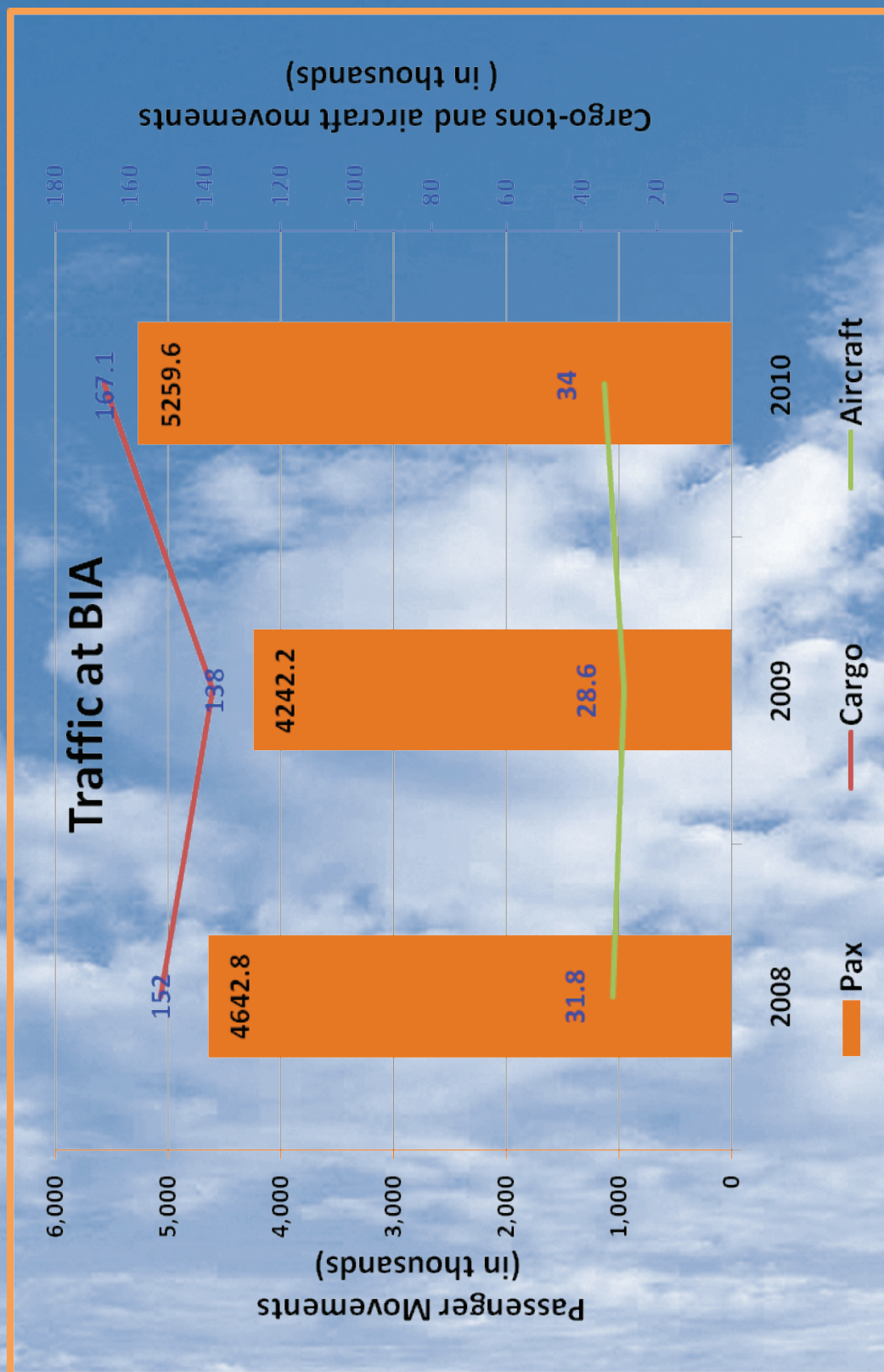
Airlines Share of (Cargo) as a Percentage - 2010
Unloaded
(Except Sri Lankan Airline)



Appendix 7 : Domestic traffic

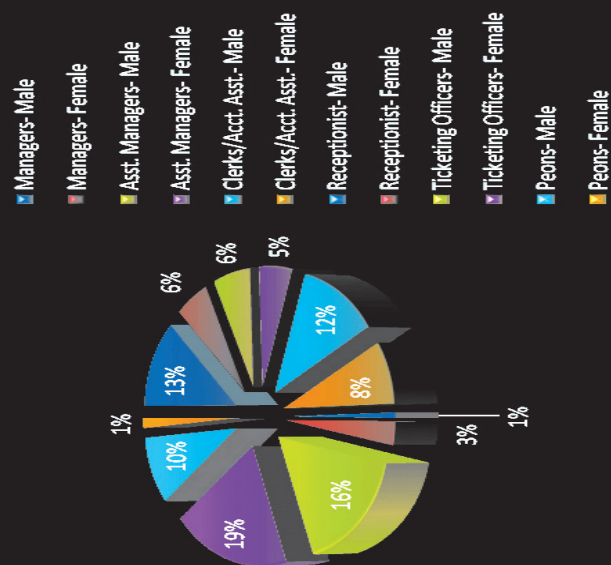
Sector	2008	2009	2010	Change (%)
Ratmalana – Jaffna	52,522	52,618	986	-98%
Jaffna – Ratmalana	57,094	51,896	1256	-97%
Ratmalana- Trincomalee	57	44	39	-11 %
Trincomalee- Ratmalana	39	49	23	-53 %

Aircraft Type	Total number of flights			Total number of flying hours			Number of passengers transported		
	2009	2010	Change	2009	2010	Change	2009	2010	Change
Helicopter	138	264	48%	326	520	60%	466	893	92%
Balloon	7	27	74%	10	31	210%	42	145	245%

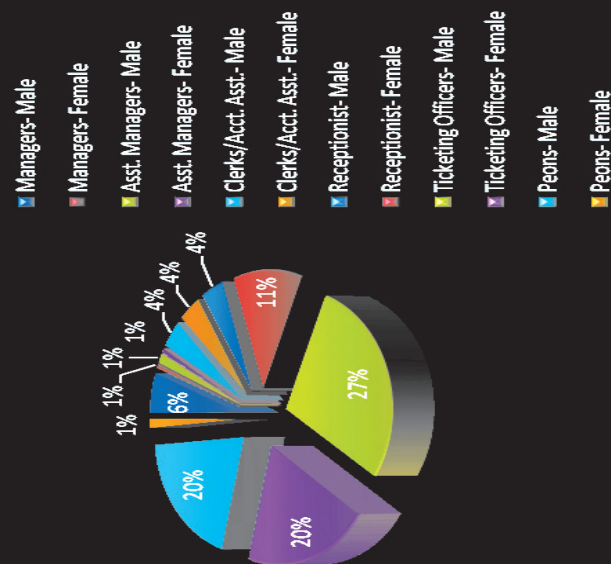


Appendix 8 : Travel Agents' Staff

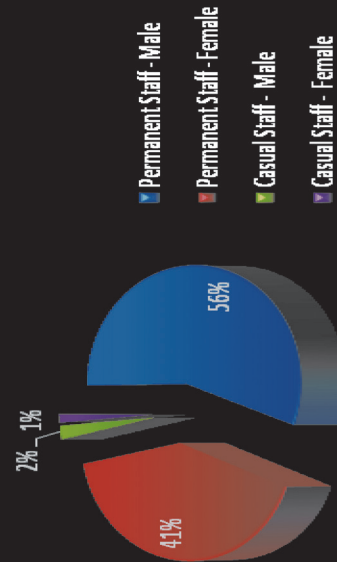
Permanent Staff



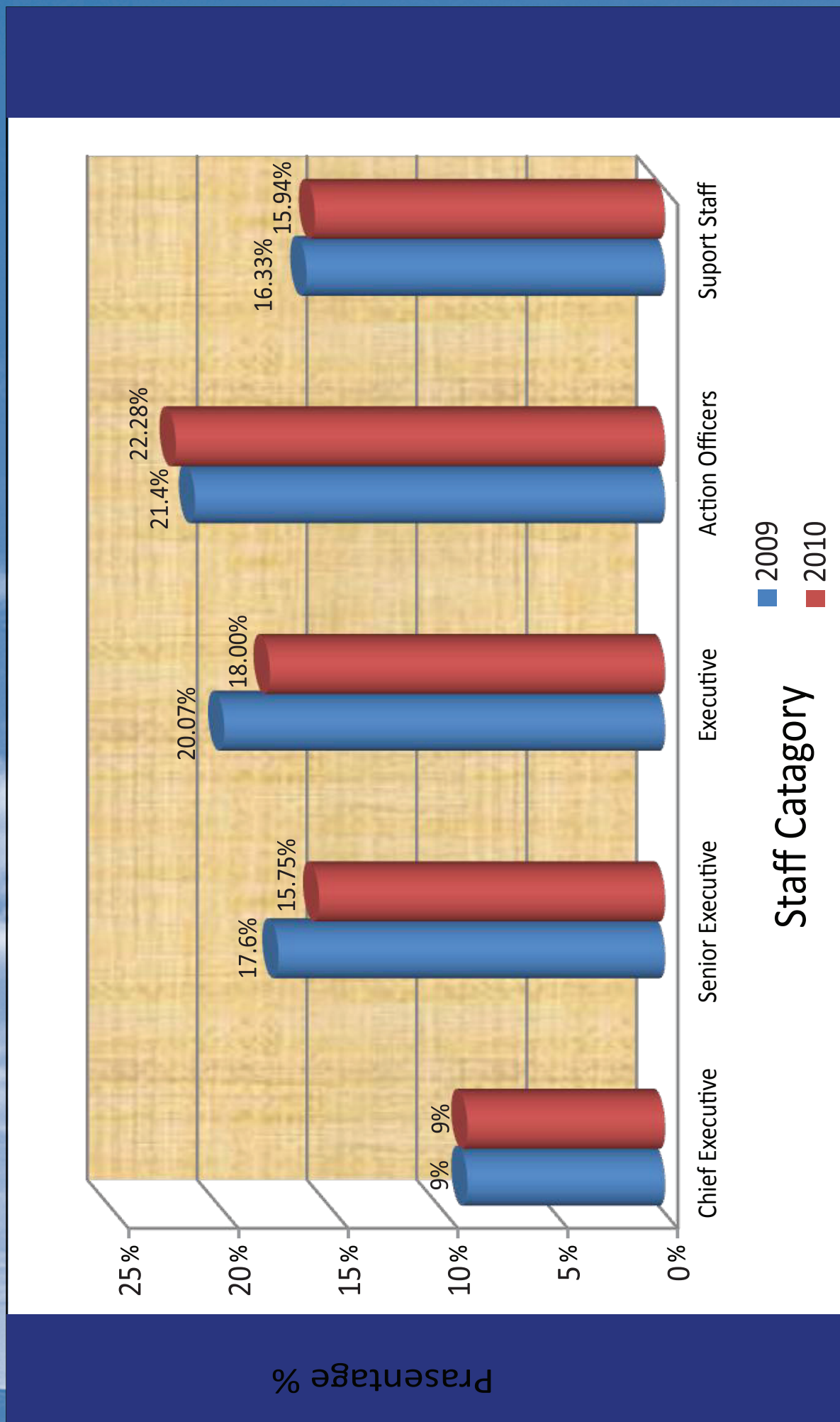
Casual Staff



All Staff



Appendix 9 : Leave availed by CAA staff



Appendix 10: Collection of Embarkation Levy

Embarkation Levy Distribution (Beneficiary)	2008 (Rs. Mn.)	2009 (Rs. Mn.)	2010 (Rs. Mn.)
Airport and Aviation Services Sri Lanka Ltd.	1,479	1,499	1,887
Ceylon Tourist Board / Sri Lanka Tourism Development Authority.	739	749	943
Civil Aviation Authority of Sri Lanka	-	53	72

Income & Expenditure - 2010

