



Institute of Certified Management Accountants of Sri Lanka

October 2017 Examination

Integrative Case Study (ICS - 501)

Instructions to candidates:

The Integrative Case Study (ICS - 501) of October 2017 Examination comprises of two scenarios; **Scenario I**, **Scenario II** and the **Question** paper.

Scenario I

Scenario I is provided in this web site and has information about the company and industry, on which the question paper will be based.

This is **not** allowed in the examination hall.

Scenario II

Scenario II is a continuation of **Scenario I**. **Scenario I** together with **Scenario II** will be provided with the **Question paper**, at the **Examination**.

Question paper

The question paper will be of **3 hours** duration and will have **one** question based on **Scenarios I** and **II**.

STAR Group of Companies and Restructuring Plan

Scenario I

Star Leisure Plc (SLP) is a public company incorporated in 1973, and was listed on Colombo Stock Exchange in 1984. SLP is operating in the tourism and leisure sectors and has three subsidiaries which are quoted on the Colombo Stock Exchange and six unquoted subsidiaries. In addition, there is an associate company under the Star Group. Names of and shareholding percentages in these companies are given in table 1 below.

Table 1: Subsidiaries and Associate Companies of SLP

Name of the Company	% of Equity Holding
Wakwella Beach Resort PLC (SW)	68.62
Kalutara Beach Resort PLC (SK)	69.29
Hiniduma Beach Resort PLC (SH)	88.80
Star Aqua Limited	58.20
Star Vacations Limited	98.00
Negombo Beach Resorts Limited (NBR)	100.00
Star Equity Limited	100.00
Star Silver Ltd	100.00
Star Villas Limited	100.00
Kandy Land & Development Company PLC	20.22

The Group recorded a gross profit of Rs. 935.39 million for the year 2017 with a 3% increase on year on year basis. However, group loss for the year amounted to Rs. 314.57 million with a reported loss per share of Rs. 2.53 during the year 2017. Group has been reporting losses in the recent past. Summarized financial information of the group for the last 5 years is given in table 2.

Table 2: Group Financial Summary

	Rs. '000s				
	2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 17
TRADING RESULTS					
Turnover and Other Income	255,286	316,815	930,859	1,119,962	1,238,110
Loss before Tax	(93,546)	(49,448)	(386,197)	(37,832)	(278,043)
Income Tax Expense	(9,030)	(5,102)	(3,974)	(22,138)	(36,534)
Net Loss	(102,576)	(54,550)	(390,171)	(59,970)	(314,577)
ASSETS					
Non-Current Assets	3,484,948	5,515,016	6,972,828	7,109,102	7,016,439
Current Assets	1,750,710	1,288,342	569,466	785,244	640,796
Total Assets	5,235,658	6,803,358	7,542,294	7,894,346	7,657,235
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	2,403,273	2,403,273	2,403,273	2,403,276	2,403,276
Revaluation Reserve	-	-	249,538	258,930	258,930
Revenue Reserve	454,945	436,131	215,861	301,470	58,418
Non-Controlling Interest	1,235,557	1,199,526	1,075,257	915,985	845,858
Total Equity	4,093,775	4,038,930	3,943,929	3,879,661	3,566,482

Non-Current Liabilities					
Interest Bearing Loans & Borrowings	15,244	1,203,404	1,630,612	2,013,074	1,842,807
Differed Tax Liabilities	-	-	15,976	14,939	14,977
Provisions for Liabilities and Changes	5,330	6,341	9,737	13,055	14,142
	20,574	1,209,745	1,656,325	2,041,068	1,871,926
Current Liabilities	1,121,309	1,554,683	1,942,040	1,973,617	2,218,827
Total Liabilities	1,141,883	2,764,428	3,598,365	4,014,686	4,090,753
Total Equity and Liabilities	5,235,659	6,803,358	7,542,294	7,894,346	7,657,235

Abridge income statements and statements of financial positions of SLP, SH, SW and SK are given in table 3 and table 4 respectively.

Table 3: Income Statements for the year ending 31st March 2017 and 2016

Rs.'000	SLP		SH		SW		SK	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	63,102	38,721	304,804	295,689	685,759	651,242	0	0
Cost of Sales			(66,513)	(63,024)	(152,594)	(159,690)	0	0
Gross Profit	63,102	38,721	238,291	232,665	533,165	491,552	0	0
Other Income	1,793	1,793	3,171	5,248	7,077	5,621	7,008	236
Administrative Expenses	(12,524)	(20,637)	(96,204)	(95,302)	(310,940)	(295,695)	(5,466)	(6,779)
Other Operating Expenses	(39,962)	(31,511)	(57,145)	(61,174)	(168,425)	(165,023)		
Selling and Marketing Expenses	(10)	(196)	(17,446)	(22,882)	(17,760)	(14,830)		
Operating Profit/(Loss)	12,399	(11,830)	70,667	58,555	43,117	21,625	1,542	(6,543)
Finance cost	(84,828)	(48,059)	(51,162)	(30,166)	(274,761)	(219,484)	(111,452)	(84,390)
Finance Income	23,440	34,803	81,680	40,343	4,243	1,538	37,930	29,006
Share of Profit from Associates							62,125	274,352
Profit/(Loss) Before Tax	(48,989)	(25,086)	101,185	68,732	(227,401)	(196,321)	(9,855)	212,425
Tax Expense	(4,266)	(6,348)	(22,795)	(10,370)		(106)	(13,626)	(4,612)
Profit/(Loss) for the year	(53,255)	(31,434)	78,390	58,362	(227,401)	(196,427)	(23,481)	207,813

Table 4: Statements of Financial Positions as at 31st March 2017 and 2016

Rs' 000	SLP		SH		SW		SK	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets								
Property, Plant and Equipment	9,112	10,529	940,779	945,906	3,710,328	3,871,996	217,308	216,140
Leasehold Property	52,996	53,568						
Intangible Assets	43	78	194	249	203	365		
Investments in Subsidiaries	3,289,458	3,289,458						
Investment in Associates							1,704,112	1,641,298
Other Receivables - Related Parties	207,128	163,499	711,521	619,247	20,465	12,603	135,012	161,332
Deferred Tax Asset								
Inventories			6,053	5,696	13,126	13,052		
Trade and other receivables	81,767	72,446	139,574	141,606	83,630	89,140	6,045	5,427
Advance and Prepayment	6,273	5,520	10,619	4,273			188,479	190,905
Tax Receivables		889			6,534	3,836		
Other Current Financial Assets					12,470	8,107	511	440

Cash and Bank Balances	11,430	171,043	48,601	43,521	30,475	16,404	209,608	213,164
Total Assets	3,658,207	3,767,030	1,857,341	1,760,498	3,877,231	4,015,503	2,461,075	2,428,706
Liabilities								
Interest Bearing Loans			291,080	347,200	1,430,304	1,520,161		
Related Party Payables	554,287	566,102		2,196	386,288	328,069	42,664	16,291
Retirement Benefit Obligation	1,865	1,241	8,598	9,002	1,553	1,231	134	122
Advance Received for Leasehold rights	164,949	166,743						
Deferred Tax Liabilities			5,422	5,345	9,555	9,594		
Trade and other Payables	161,585	84,054	55,040	42,232	343,129	298,327	25,744	20,688
Tax Payables	2,293		28,795	8,581			8,731	3,973
Interest Bearing Loans (Current Year Portion)	12,761	134,752	212,265	163,541	352,443	276,564	834,097	815,157
	897,740	952,892	601,200	578,097	2,523,272	2,433,946	911,370	856,231
Stated Capital	2,403,276	2,403,276	778,568	778,568	2,042,238	2,042,238	1,718,679	1,718,679
Revaluation Reserves			124,179	124,179	100,924	100,924	16,985	16,985
Retained Earnings	357,191	410,862	353,394	279,654	(789,203)	(561,605)	(185,959)	(163,189)
	2,760,467	2,814,138	1,256,141	1,182,401	1,353,959	1,581,557	1,549,705	1,572,475
Total Equity and Liabilities	3,658,207	3,767,030	1,857,341	1,760,498	3,877,231	4,015,503	2,461,075	2,428,706

The group discloses information pertaining to corporate governance and complies with the requirements of best practices of corporate governance. However, common directors can be seen in all the subsidiaries within the group and names of directors of major companies are given in table 5.

Table 5: Names of Directors of Companies within the Group

SLP	SW	SK	SH	NBR
Mr. K.L. Costa (INED)	Mr. K.L. Costa	Mr. K.L. Costa	Mr. K.L. Costa	Mr. K.L. Costa
Mr. R.M Jayaratne (ED)	Mr. R.M Jayaratne	Mr. R.M Jayaratne	Mr. R.M Jayaratne	Mr. R.M Jayaratne
Mrs. N.S. Amarasena (ED)	Mr. J. Senarath	Mr. J. Senarath	Mr. J. Senarath	Mr. J. Senarath
Mr. J. Senarath (INED)	Ms. J.P Alwis	Ms. J.P Alwis	Mr. U.B. Gamage	Ms. J.P. Alwis
Mr. R.P. Ananda (NED)	Mr. W. Piyasena	Mr. W. Piyasena	Mr. R.P. Ananda	Mr. W. Piyasena
Mr. W. Piyasena (NED)	Mr. Y.M Silva	Mr. Y.M Silva		Mr. Y.M. Silva
Mr. Y.M. Silva (INED)	Mr. R.P. Ananda	Mr. R.P. Ananda		Mr. K.Y. Kaldera
Mr. K.Y. Kaldera (ED)				
Mr. U.B. Gamage (NED)				

Notes to the financial statements of SLP for the year ended 31st March 2017 revealed significant related party transactions which have taken place between the parent company and related parties. Table 6 gives a summary of these transactions taken place during the years 2017 and 2016.

Table 6: Movement of Related Party Transactions with Subsidiaries

Nature of Transactions	2017 Rs.'000	2016 Rs.'000
As at 1 st April	(355,741)	182,487
Funds Transfer from	(79,400)	(583,500)
Funds Transfer to	114,543	325,362
Expenses incurred on Behalf of the Company	(7,210)	(7,854)
Expenses incurred on Behalf the related party	17,268	13,913
Intercompany Interest Income	22,277	32,137
Inter-company Interest Expense	(68,911)	(29,863)
Management Fee	66,129	35,582
Mortgage Fee Charges	(1,700)	(297)
Collections made on behalf of the Company	(3,890)	(2,885)
Transfer of Assets	-	690
Stated Capital Contribution	-	(321,512)
Balance as at 31 st March	(296,635)	(355,740)

SLP made an announcement in the year 2016 to restructure SH, SK, SW and NBR and waiting for approvals from securities exchange commission and the Colombo Stock Exchange. The following conditions are required to be satisfied in order to execute the plan.

1. A Special Resolutions to give effect to the proposed restructure should be passed by shareholders of SH, SK and NBR at extraordinary general meeting (Shareholders of all the companies voted for the resolution in July 2017).
2. The aggregate payout obligations of the SH and SK to buy back shares from dissenting shareholders, if the case may be, should not exceed a total of Rs.250 million.
3. SH to receive approval of the Colombo Stock Exchange (CSE) for listing of new shares of SH (This approval was received by SH in May 2017).
4. A waiver from the Securities and Exchange Commission of Sri Lanka (SEC) to implement the issue of shares up to 151,891,561 ordinary shares which exceeds 20% of the shares in issue of SH by way of a Private Placement of Shares and through a Share Swap as referred in the plan.
5. The concurrence of the lenders should be received by the respective companies where applicable.

Proposed restructuring plan expect to re-position the assets held directly and indirectly within the Group. SH expects to have more growth opportunities to own a diverse portfolio of leisure sector assets by enhancing fund raising capabilities both through equity and debt strategic partners and financial institutions locally as well as from overseas. Under this plan SLP has identified three clusters of operations namely Owing Operating Resorts, third party resorts under management and other leisure related services. Restructuring plan highlights the following.

Voluntary offer for SW

- A voluntary offer is made to purchase 100% of SW shares (201,746,915 shares) through a share swap arrangement.
- Five (5) new shares of SH for every 12 shares of SW held by a shareholder of SW will be allotted.
- Value of a share of SH has been ascertained at Rs.24/- based on a valuation done by ACB Investment Bank Limited.

Amalgamation of SH with SK

- SH will allot shareholders of SK, 5 new shares of SH for every 12 shares of SK held by a shareholder.
- Value of a share of SH has been ascertained at Rs.24/- based on a valuation done by ACB Investment Bank Limited.
- After the amalgamation the SK will cease to exist after the amalgamation.

Amalgamation of SH with Negombo Beach Resorts Limited (NBR)

- Stated Capital of NBR is Rs.10/- represented by one share and the Net Asset Value of the share is Rs.15,928,244/-.
- New shares of SH are allotted at a price of Rs.24/- per share to settle the purchase consideration which has been agreed as the net asset value of the share.
- NBR will cease to exist after the amalgamation.
- The only asset of NBR is a land with an extent of 1,986 perches at Negombo.

Shares of any shareholder of SLP who will oppose to the plan is offered to be purchased by the company at a price of Rs. 10.64 per share, being the weighted average market price of a share of SLP over last six months.

Movements of shares prices of SLP, SH, SW and SK during the years ended 31st March 2017 and 2016 are given in table 7 below. Share trading of SK has been now suspended as the cutoff date for trading has already passed as per the amalgamation plan.

Table 7: Market Prices of Shares

	SLP		SH		SW		SK	
	2017	2016	2017	2016	2017	2016	2017	2016
Highest Price During the year	15.00	14.90	18.00	20.10	7.00	7.70	5.60	4.30
Lowest Price During the year	6.30	6.10	11.00	13.00	2.90	3.00	1.90	1.50
Price at the year end	7.00	6.70	13.20	13.30	3.00	3.30	2.70	1.80

Companies in the group raised funds through IPO to expand their business operations. Out of funds raised by SH, Rs. 57.6 million were to be utilized to enhance the "live-in experience" of the hotel guests and following expenditure have been completed by March 2017.

- Improvement of the swimming pool and attendant areas with was completed at a reduced cost of Rs. 10 Million.
- Ground floor rooms were upgraded with a cost of Rs. 10.4 million.
- Aqua Themed Beach Bar was modified with a mobile unit at a cost of Rs. 3 Million. Further enhancement of the Beach Bar area is scheduled to be within the next six months and a cost of Rs. 2 million.
- Construction of a water activity area for children has been deferred during this financial year. Hence, the balance funds are held in fixed deposits.

Properties

A summary of freehold land and building of the group is given in table 8 below.

Table 8: Freehold Land and Building

Company	Location	Extend of Land (Perches)	No. of Buildings
Hiniduma Beach Resort PLC	Hiniduma	312	1
Wakwella Beach Resort PLC	Wakwella	1,265	1
Wakwella Beach Resort PLC	Wakwella	1,322	
Kalutara Beach Resort PLC	Kalutara	6,772	
Negombo Beach Resorts Limited	Negombo	1,986	

Following rates given in the table 9 were used to ascertain fair values of above freehold land and buildings for the purpose of revaluation.

Table 9: Rates Applicable for Freehold, Land and Building

Land	Rate per Perch (Rs.)	Group Buildings	Rate per Square Foot (Rs.)
Hiniduma Beach Resorts PLC	1 million	Ground floor	15,000 to 11,750
Wakwella Beach Resorts PLC	500,000	Second floor	15,000 to 3,325
Kalutara Beach Resorts PLC	281,250	Third floor	15,000, 14,000 and 5,500
Negombo Beach Resorts Limited	150,000	Roof Top and Other	2,750 and .2,500

Management is in a view that it is the time for the group to go beyond traditional tourism and therefore the company should think of stepping on the niche markets such as green tourism, eco-tourism, community-based ecotourism, cultural tourism by assessing the capabilities of the company and opportunities available. Management in general admits this view but sees a possibility of facing huge challenges to confront with government agencies as some tourism authorities vow to protect ecosystems and natural resources which are likely to be affected due to constructions for tourism facilities.

Like other industries, tourism is also now characterized by concentrations of people, mass production, and mass activities including recreations and exotic activities. These include wide range of activities including shopping, attending conferences, playing golf, cheering at big sporting events (soccer, rugby, cricket etc...), gambling in casinos, enjoying in theme parks and relaxing at spa resorts. Shopping has globally expanded everywhere to cater for customer desires in the same fast food chains, supermarkets and famous brand shops thus tourism becoming a truly global business.

Hence, the management sees a potential risk of reaching to non-marketable social values, norms, civic lives and other rights of people in the tourism sector despite the fact there would be resistance from the society. Whatever the opportunities created in the market and challenges that groups has to face, it is utmost important to establish a good value system an ethical business practices across the group business operations throughout the country after the amalgamation.

SLP holds 138,436,500 shares in SW, 111,653,901 shares in SK and 51,127,239 in SH. Shareholding Structures of SLP, SH, SW and SK are given in table 10 below.

Table 10: Shareholders and Number of shares held

SLP	SK	SH	SW
Martine & Company Ltd/ 27,501,500	Star Leisure PLC (SLP) 111,653,901	Star Leisure PLC (SLP) 51,127,239	Star Leisure PLC(SLP) / 138,436,501
Kamal (Pvt) Ltd/ 9,590,030	J.P. Holdings Ltd 15,002,827	Mr. S.M. Abeyweera 5,222,268	SORA Plc / 31,460,997
SORA PLC / 8,672,810	Mrs. R.S. Perera 4,072,655	Crystal Investments Ltd/195,116	Mrs. R.S. Perera /4,680,277
Martine Engineering Ltd /8,389,400	Mr. D.P. Hasitha 3,500,000	Mr. A.M. Chathuranga / 96,956	Mr. E.M. Harishchandra /4,224,722
N.M. Technologies Ltd/ 7,063,819	Mr. E.M. Harishchandra 3,182,346	Lee Chang Holdings (Pvt) Ltd/41,081	Mr. K. Panabokka /3,890,087
J.P. Holdings Ltd/7,241,789	Mr. S.A. Satharasinha 1,069,917	Mr. O.P. Balawardena /35,190	Mr. D.P. Hasitha/ 2,698,987
Sachin Ceramics/ 2,768,276	Mr. A.M. Fernando 1,000,000	Kansai Investments Ltd,32659	Sachin Ceramics Lanka PLC/1,400,145
Jane Tea Stores /1,585,331	Ms. N.P. Balakrishnan 636,460	Mr. S.P. Ismail /32,659	Bandara Holdings Ltd/1,000,000
Lalin Holding Limited /1,500,000	Mr. Aravinda Kumara 526,695	Mr. N.T. Kularathne and Mrs. D.P. Kularathne /31,214	Ms. J.P. Somapala ,646,000
Others/22,337,472	Others/20,555,209	Others/738,432	Others/13,309,199

Companies in the group mainly operate for local clientele, corporate clients, and as a popular wedding destination. Management has been able to maintain high levels of occupancy rates despite the fact that performance has been impaired by the intense price competition among players in the industry. SH maintained an occupancy rate of more than 75 over last 5 years whereas SW maintained around 70% of occupancy rate.

Tourism Sector and Sri Lanka

Tourism industry is viewed as a driving force for economic development. The relevance of this view for Sri Lanka is further highlighted owing to unique characteristics of the country, being an island which is rich in natural recourses, having widespread tourist attractions around the country, historical monuments, attractive beaches, affordability etc. On the other hand, inconvenience and lack facilities, tourist harassments, competitiveness from other countries, negative comments in social media are likely to have negative impacts on attracting tourists to Sri Lanka.

However, it is highlighted that tourism industry can help Sri Lanka, from a broader perspective to earn more dollars which in turn help to improve foreign reserves, maintain a healthy foreign exchange rate, and to reduce poverty, creation of more job opportunities, and to improve economic growth. On the other hand due to increasing competing and awareness, it is less likely that tourists are ready to pay high premium for the good and services they want to buy. Players engage in tourism businesses will have to depend on small margins if they want to be competitive and sustain. The cost to the society and environment due to operations of tourism industry is unlikely to be recovered from the prices paid by customers. Who is going to pay for this? This question is unanswered yet and it is more likely that general public will have to bear this cost too.

Government is in a policy decision to promote tourism and in parallel, some mega infrastructure projects have already been carried out and some more are planned. Many of the projects have been financed with external borrowings. Whether the benefits of tourism can be distributed among different parties involved in the industry in a just and fair manner is questionable. There is likelihood that big money-spinners may get a big junk while large number of local residents would get peanuts.

Globalization has on one hand, opened opportunities for everyone to engage in business in global scales but poor countries are always at the losing end when the final balance sheet is assessed. Developed countries engage in lobbying and negotiations to pressurize developing countries to abolish restrictions on foreign ownership and to allow a high degree of self-regulation by allowing transnational companies to enter into any business sector. These involve selling or leasing out of public land to private developers. As a result, tourism-related industries in developing countries are experiencing unprecedented mergers and acquisitions and likely to face huge competition. Climate crisis, natural disasters, oil price hikes, exchange rate fluctuations and unstable political situations can be seen as major external threats for the tourism industry for which companies cannot find solutions individually.

Tourism is capable of creating direct and indirect employment opportunities despite the fact that most of them are uncertain, seasonal and part-time. Job discrimination in tourism industry is seen to have bringing disadvantages to most women and women are also less paid and highly exploited. Infamous reputation for promoting the sex industry paves the way creating social issues as well. This may lead to erosion of social values, culture, traditions, morality, dignity and humane qualities.

Human trafficking in women and girls for sex work in tourist destinations is taking place all over the world and no concrete measures have been able to curb it substantially. In many cases people become victims of human trafficking and are exposed to health risks. On the other hand drugs, crime, gang violence, mafia-style politics are connected to tourism and sex industry in collaboration with corruption. Marketization of everything can crowd out non- marketable social values and norms in the name of new concepts of tourism and may lead to exploit indigenous and local communities for tourist entertainment.

Tourism Strategic Plan

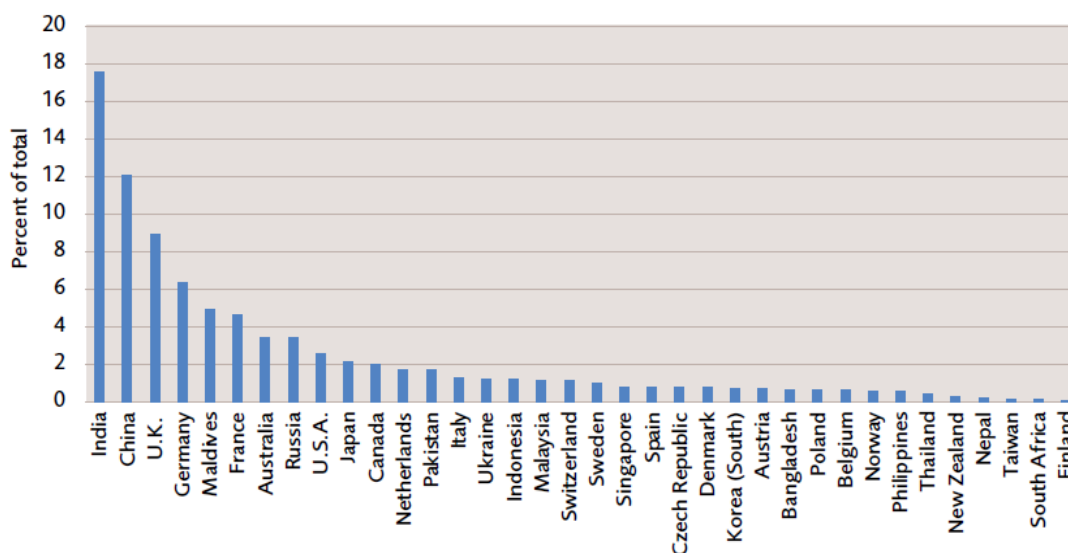
Sri Lanka Tourism Strategic Plan (TSP) for 2017-2020, identifies tourism as the third largest export earner in the economy and intends to make Sri Lanka competitive in the global travel market place by implementing actions for the next four years, with a long-term view toward Tourism Vision 2025 while achieving the United Nations sustainable development goals.

The growth of tourist arrival to Sri Lanka is significantly increasing at an average rate above 20% per year of which more than 80% are coming on holidays. Tourist arrival surpassed the number 2 million in the year 2016. A summary of tourist arrival from the year 2016 to July 2017 is given in table 11. Average tourist stay time is about 10 days, and expected a gross revenue of approximately US dollar 3.5 billion. TSP further expects the industry to create 600,000 direct and indirect employments with women accounting for 10% of the workforce and to increase daily tourist spending of US dollars 210 per tourist.

Table 11: Tourist Arrival

Month/Year	No of Tourist Arrived	
	2016	2017
January	194,280	219,360
February	197,697	197,517
March	192,841	188,076
April	136,367	160,249
May	125,044	121,891
June	118,038	123,351
July	209,351	205,482
August	186,288	
September	148,499	
October	150,419	
November	167,217	
December	224,791	
Total	2,050,832	1,215,926

Lonely planet has nominated Sri Lanka as the number one tourist destination in the world to visit in the year 2013 whereas, Forbes magazine ranked Sri Lanka among the “top ten coolest countries” to visit. Condé nast Traveler, rough guides, Lonely Planet, The Guardian, and The New York Times identified Sri Lanka as a top location to visit in 2016. Tourist arrival by segment in 2015 revealed that India and China account for 30% of arrivals. Figure 1 depicts details of tourist arrival by source segments during the year 2015.

Figure 1: Arrival of Tourists by Market Segments in 2015

Source: Sri Lanka Tourism Development Authority Annual Reports

However, there is not significant change in the proportion of tourist arrival distributed around the world. Table 12 shows that one of world tourist travel to Europe. America accounts for little more that 15% whereas East Asia and Pacific attracts 23% of world tourists in the year 2016. The rest is divided among other regions of the world.

Table 12: Distribution of World Tourist Arrival 2013-2016

	2013	2014	2015	2016
Africa	5.0	4.9	4.5	4.7
America	15.5	15.9	16.1	16.3
East Asia and Pacific	21.5	21.6	21.9	22.9
Europe	52.1	51.7	51.4	50.2
Middle East	4.4	4.4	4.6	4.3
South Asia	1.5	1.5	1.5	1.6
World %	100.0	100.0	100.0	100.0

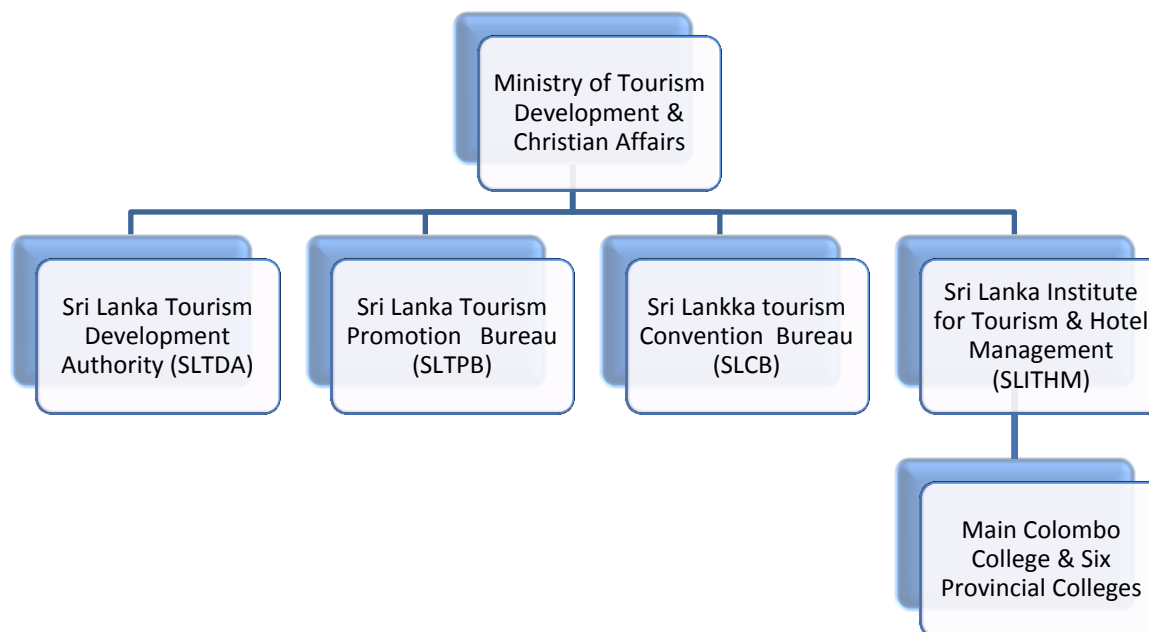
Table 13 shows occupancy rates and indicates that it is roughly around 75% all over the country.

Table 13: Occupancy Rate Based on the region 2015-2016

Occupancy Rate	2015	2016
Kandy City	76.4	76.7
Greater Kandy	74.4	75.2
South Coast	74.3	74.2
East Coast	74.1	74.9
Up Country	74.8	75.2
Ancient Cities	75.2	75.6
Northern Region	72.0	69.5

Current public sector Institutional Framework for Tourism is given in the figure 2 below.

Figure 2: Public Sector Institutional Framework for Tourism

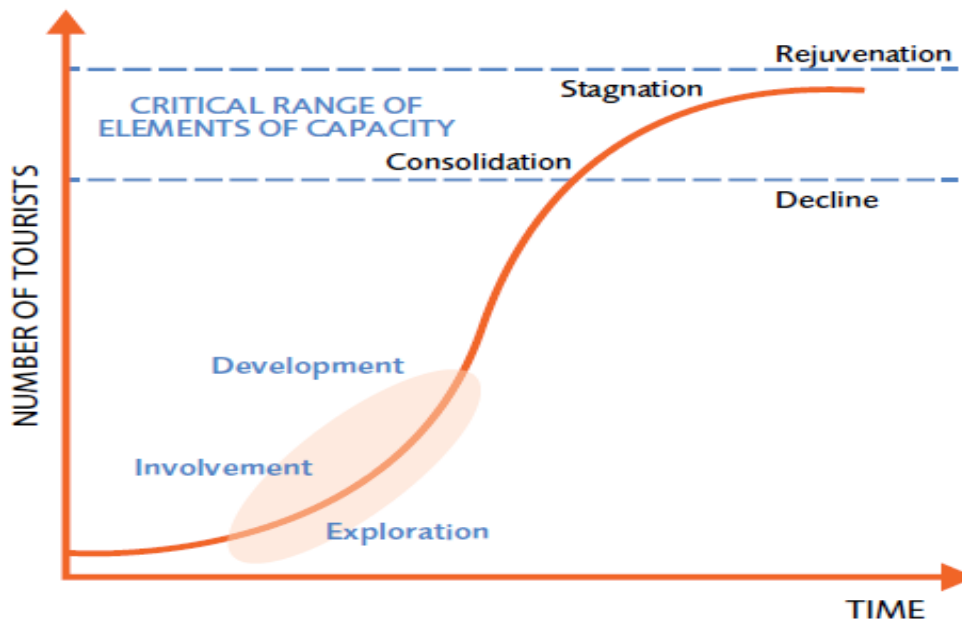


In addition, following institutions are intended to be brought under National Tourism Industry Council to create a Private Sector Institutional Setup.

- The Hotels Association Of Sri Lanka (THASL)
- Sri Lanka Association Of Inbound Tour Operators (SLAITO)
- Travel Agents Association Of Sri Lanka (TAASL)
- Association Of Small And Medium Enterprises In Tourism Sri Lanka (ASMET)
- National Tour Guides Association (NTGA)
- Chauffeur Tourist Guides Lecturers Association (CTGLA)
- Ceylon Hotel School Graduates Association (CHSGA)
- Sri Lanka Association Of Professional Conference, Exhibition & Event Organizers (SLAPCEO)
- The Ceylon Chamber Of Commerce (CCC)
- The National Chamber Of Commerce Of Sri Lanka (NCCSL)
- European Chamber Of Commerce Of Sri Lanka (ECCSL)
- The American Chamber Of Commerce In Sri Lanka (AMCHAM)

Like other industries, tourism sector also lives with its own life cycle. Accordingly involvement, exploration, development, consolidation, stagnation, decline have been identified as major stages. Then rejuvenation is needed to revive the industry. Behaviour of tourist arrival with reference to different stages is given in life cycle figure 3 below.

Figure 3: Tourism Life Cycle and Tourist Arrivals



Source: Tourism Strategic Plan 2017-2020 cited in Butler, R.W. 1980. "The concept of a Tourism area Life cycle of evolution: implications for management of resources." *The Canadian geographer* 24 (1): 8.

CMA INTEGRATIVE CASE STUDY – (ICS - 501)

October 2017 Examination - Marking Grid

	Marks	A	B	C	D	E
1. Management Accounting Sound technical knowledge in Management Accounting	20	High level of Management Accounting awareness relating to world examples 17-20	Good Management Accounting awareness relating to case study examples 11-16	Some level of Management Accounting awareness relating to few case study examples 10-14	Low level Management Accounting awareness 5-9	Lack of Management Accounting awareness 0-4
2. Application of theories Diverse knowledge clearly applied in an analytical and practical manner in solving the problems in the case study.	20	High level of application of theory in an analytical manner in solving problems in the case study 17-20	Good level of application of theory in an analytical manner solving problems in the case study. 11-16	Some level of application of theory in an analytical manner solving problems in the case study. 10-14	Low level of application of theory in solving problems in the case study 5-9	Lack of application of theory in solving problems 0-4
3. Identifying key issues Issues to be identified and prioritized in a logical manner with a clear rationale.	10	High level of recognition of key issues and these being prioritized logically with a clear rationale. 8-10	Good level of recognition of issues and these being prioritized logically 5-7	Some level of recognition of issues and these being prioritized 3-4	Low level of recognition of issues 1-2	Lack of recognition of issues 0
4. Decision making skills Ability to recognize and present appropriate alternate solutions and make effective judgment in a logical & rational manner.	20	High level of ability to recognize and present appropriate alternate solutions and make effective judgment in a logical and rational manner 17-20	Good level of ability to recognize and present alternate solutions and make effective judgment in a logical and rational manner. 11-16	Some level of ability to recognize and present alternate solutions in a logical and rational manner 10-14	Low level of ability to recognize alternate solutions 5-9	Lack of ability to recognize alternate solutions 0-4
5. Logical arguments Ability to communicate effectively with realistic recommendations in a concise and logical manner.	20	High level of ability to communicate effectively with realistic recommendations in a concise and logical manner 17-20	Good level of ability to communicate effectively with realistic recommendations in a concise manner 11-16	Some level of ability to communicate effectively with realistic recommendations in a concise manner 10-14	Low level of ability to communicate effectively 5-9	Lack of ability to communicate effectively 0-4
6. Communication skills Style and synthesis in evaluation of a good report to higher management.	10	High level of combining ideas and experiences in a professional manner using relevant appendixes 8-10	Good style in writing a Management Report encompassing ideas and recommendations with some appendixes 5-7	Some style in writing a Management Report encompassing ideas and recommendations 3-4	Poor style in writing a Management Report 1-2	Lack of knowledge in writing a Management Report 0
TOTAL	100					