

Fortune

Towards a **Winning Nation**



லர்சீக லர்லை 2019 | ஆண்டறிக்ை 2019 | Annual Report 2019

கலர்சீக லுைரகீ ஡ல்வலு
அபிவலருத்தி லுாத்தர் சபை
Development Lotteries Board



Fortune

Towards a **Winning Nation**

Development Lotteries Board
Annual Report 2019



Fortune

Towards a **Winning Nation**



“Marking a year of phenomenal success we have created a sustainable impact in the lives of the people of Sri Lanka. As we move forward we present a winning proposition by contributing to provide educational opportunities as well as elevating the lives of all Sri Lankans.

Building on a successful platform we move ahead by introducing innovative IT driven platforms to meet the expectations and aspirations of our modern customers.”

Content

| | |
|---|----|
| Corporate information | 04 |
| Our Vision and Mission | 05 |
| A Glance Through History | 06 |
| Milestones | 08 |
| Financial Highlights | 10 |
| Chairman's Message and the progress report 2019 | 12 |
| Review of Board of Directors | 14 |
| Board of Directors - 2019 | 15 |
| Current Board of Directors | 15 |
| Cadre Position as at 31.12.2019 | 16 |
| Management Team | 17 |
| Junior Managers | 18 |
| Operational Review | 19 |
| Product Portfolio Overview | 22 |
| Sustainability Report | 30 |
| Corporate Governance | 34 |
| Risk Management Report | 37 |
| Audit and Management Committee Report | 39 |

Financial Report

| | |
|--|----|
| Independent Auditors Report | 42 |
| Audit Report 2019 and Action Taken by the Management | 59 |
| Statement of Comprehensive Income | 70 |
| Statement of Financial Position | 71 |
| Statement of Cash Flow | 72 |
| Statement of Changes in Equity | 73 |
| Accounting Policies | 74 |
| Segment Report | 78 |
| Notes to the Final Accounts | 80 |
| Ten Year Summary | 92 |

Corporate Information

Name of the Board

Development Lotteries Board

Legal Form

The Board was incorporated under the Act of Parliament No. 20 of 1997 Development Lotteries Board Act.

Date of Commencement

19th January 1983

Registered Office

No. 356, Dr. Colvin R. De Silva Mawatha, Union Place, Colombo 2.

Telephone

0112 333 546-8, 0114 824 824

Fax

0112 333 545

Email

info@dlb.lk

Web

www.dlb.lk

TIN

409089844

Current Board of Directors

Mr. H.G. Sumanasinghe – Chairman/CEO (Acting)

Mrs. J. M Bhadrani Jayawardane – Director

Mr. Ravindra J Wimalaweera – Director

Mrs. Janet Jayawardena -Attorney at Law- Director

Auditor

Auditor General

Bankers

People's Bank, Bank of Ceylon, Sampath Bank PLC

Vision

To be a Premier fortune making public entity in Sri Lanka.

Mission

Conducting innovative and attractive lotteries using state of the art technology, upholding trust and being excellent in fulfilling the aspirations of stakeholders at all times.

Goals

- Increase the market share
- Maximise the contribution made to the President's Fund
- Acquire and utilise modern technology effectively
- Fulfil the expectations of stakeholders

Our Core Values

| | |
|---------------------------------------|---|
| Integrity | The lotteries that we offer, and the way we conduct business is fair, honest and trustworthy |
| Positive Attitude | The DLB employees hold an optimistic approach to every challenge they face when carrying out lottery business. |
| Result Orientation | The DLB employees are confident in their roles and focus on achieving the given targets in an effective manner. |
| Innovation | The Employees of DLB are encouraged to seek ideas that will improve the business and to decide and act quickly in response to strategic and competitive market changes. |
| Team Work | The DLB Employees work together to achieve organisational goals while fostering openness, mutual respect and individual development. |
| Orientation Towards Excellence | The employees strive to maximise the quality of service continuously. |

A Glance Through History

The Evolution of the Development Lotteries Board

The Development Lotteries Board (DLB) was originally known as the Development Lottery Centre when it started operations in 1983. Its main objective was to concentrate on funding development in education and provide medical assistance inspired by its historic close ties to the President's Fund and the Mahapola Higher Education Scholarship Trust fund.

When Dr Wickrema Weerasooria envisaged setting up an ongoing income-generating scheme to finance numerous domestic, financial and social development initiatives, and therefore he requested assistance from numerous private and government institutions to launch the 'Instant' lottery scheme.

However, two favourable reactions originated from then-President J.R. Jayawardena who allocated Rs. 1.5 million and a comparable sum was invested by Minister Lalith Athulathmudali from the Mahapola Higher Education Trust Fund to start the Development Lottery Centre.

As per the Fund's strong vision, the first lotteries marketed were named 'Development lotteries' and subsequently, the Development Lottery Centre was set up on January 19, 1983, with seed funding from the President's Fund and the Mahapola Scholarship Trust Fund.

The Development Lottery Centre accomplished significant achievements and gained significant revenues within the first year of its operations. As shareholders of the initiative, both the President's Fund and Mahapola Higher Education Scholarship Trust fund received the majority of the profits. To date, the Development Lotteries Board's revenue has been attributed to the President's Fund for the primary intention of generating wealth within the country.

The President's Fund allocates 50% of the aforementioned revenues to the Mahapola Higher Education Scholarship Trust Fund, which significantly assists higher education in the country. In 1993, the Lottery Development Centre was transformed into a Trust known as the 'Lottery Development Trust.' On August 12, 1997, the Development Lotteries Board Act saw the Development Lottery Trust re-launch as the Development Lotteries Board.

The first ever 'instant/scratch' lottery cards titled 'Development Lottery' were sold for Rs. 10 each through an island-wide network of dealers. Which created two jackpot winners within 24 hours thus fuelling the venture's long-standing popularity.

In 1987, the Development Lottery Centre first introduced television lottery with the release of 'Shanida Wasanawa' which was initially

broadcast on Saturdays. The tailor-made 'Wasana Chakraya' programme for non-winning instant lottery tickets began on January 25, 1998, which was aired on television on Sundays.

In response to the programme's favourable reception, a second television draw called 'Sanwardhana Wasanawa' which was introduced by the Development Lotteries Board to be aired on Tuesdays and Fridays.

In addition to the numbers to easily recognize the winning tickets, Sanwardhana Wasanawa lottery programme launched a brand-new feature in the form of a zodiac symbol.

Apart from the standard jackpot and regular cash prizes, the Development Lotteries Board launched the 'Jayoda' draw on January 26, 2004, which was aired on television on Mondays and Thursdays. The Super Jackpot begins with an initial Rs. 10 million. In a landmark move in the Sri Lankan lottery sector Jayoda regular jackpot winners were allowed to opt for the Rs. 1 million money award or a house worth over Rs. 1 million.

The Development Lotteries Board launched 'Jana Jaya' on April 10, 2009 which was aired on Thursdays and Sundays. The lucky individual should match 4 numbers out of 64 numbers to receive the Super Prize and a super number from another machine out of 12 numbers. The starting with an initial prize of Rs.

2.5 million for the Super Jackpot. The implementation of the lottery 'Super Ball' on July 11, 2012 marked a great turning point in the history of the lottery sector. This specific lottery, beginning with a prize of Rs. 30 million was the biggest ever lottery jackpot and it succeeded in attracting a large number of customers from the general public.

In 2016, a variety of new lotteries were introduced by the Development Lotteries Board.

The Development Lotteries Board also launched 'Sanwardhana Lakshapathi' on May 14, 2016 and recorded a landmark sale of 5.6 million. 'Kotipathi Shanida,' launched with 75million Super Jackpot on 8 April 2016 and purchased 4.4 million tickets during the initial sales round.

The television lottery scheme 'Sanwardhana Wasanawa,' was launched on December 12, 2016 with a new feel and an appeal along with three cash prizes. 'Ada Kotipathi' lottery was launched on August 31, 2017.

The Development Lotteries Board was established to raise funds for the President's Fund and Mahapola Higher Education scholarships trust fund. Hence, all profits of the DLB are remitted to the President's Fund. Accordingly, during the last 37 years DLB has remitted more than Rs. 27 Billion as contribution to the President's Fund fulfilling its commitment to the people throughout the history.

Milestones

1983

Instant lottery introduced for the first time in Sri Lanka

1997

Re-launch of 'Development Lottery Trust' to 'Development Lotteries Board' as a Government-owned corporate body under the Development Lotteries Board Act No. 20 of 1997

- A total turnover level of Rs. 2 billion was achieved

1999

Computer system updated to meet technological challenges posed by the Year 2000 with the assistance of The World Bank.

1987

Introduction of the first Television Lottery Draw 'Shanida Wasanawa'

1998

Introduction of 'Wasana Chakraya' television draw for non-winning instant/scratch lottery tickets

- 'Sanwardhana Lottery; was launched together with 'Windows' and 'Ureka' Instant Lotteries for Rs. 100 with a Super Luxury Motor Car as the winning prize

1993

Transformation of 'Development Lottery Centre' to 'Development Lottery Trust'

2004

'Jayoda' launched with the option for a cash prize or a house – a pioneering feature introduced by DLB

- A total turnover of Rs. 3 billion was achieved



Moved to DLB's own house at No. 356, Dr. Colvin R. De Silva Mawatha, Colombo 2.

- A total turnover of Rs. 5 billion was achieved



Introduction of 'Jana Jaya' Lottery with a Super Jackpot prize



Launch of 'Niyatha Jaya' Lottery



Launch of 'Super Ball' with Rs. 30 million Super Jackpot



'Highway Dream' Lottery launched with the highest jackpot value



SMS Lottery selling launched



Launch of 'Sanwardana Lakshapathi', 'Kotipathi Shanida' and 'Sanwardana Wasanawa'



Launch of 'Ada Kotipathi' Lottery



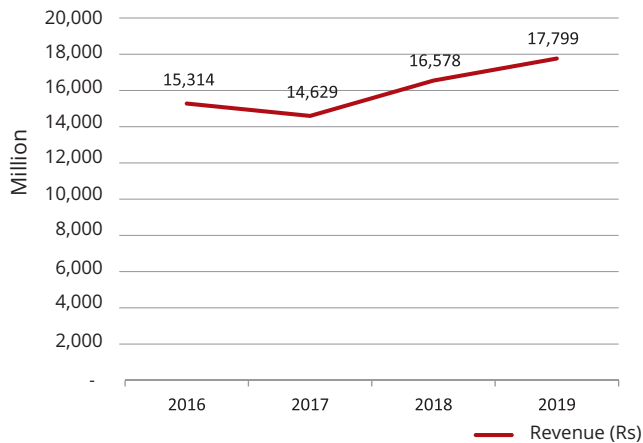
IVR and SMS results alerts launched



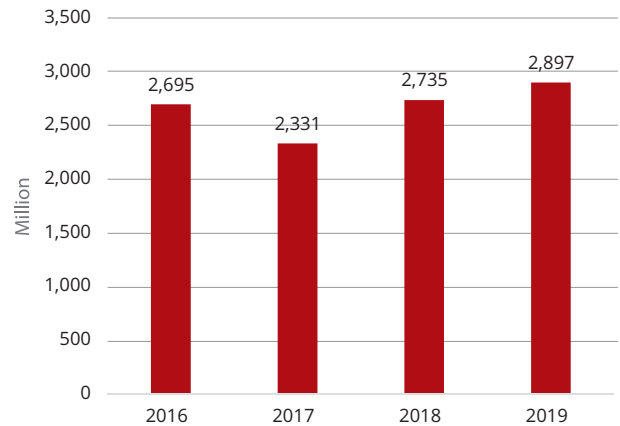
Launch of DLB Sweep App

Financial Highlights

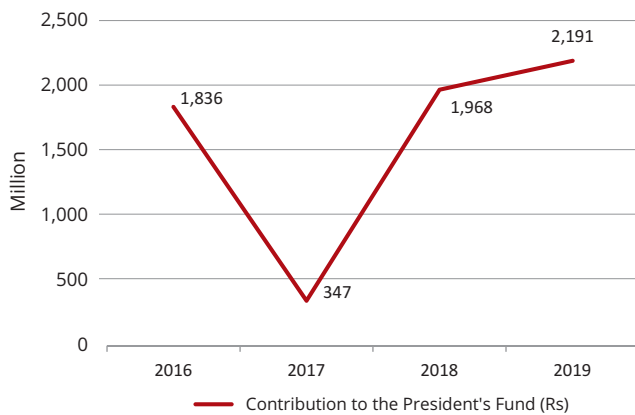
Revenue (Rs)



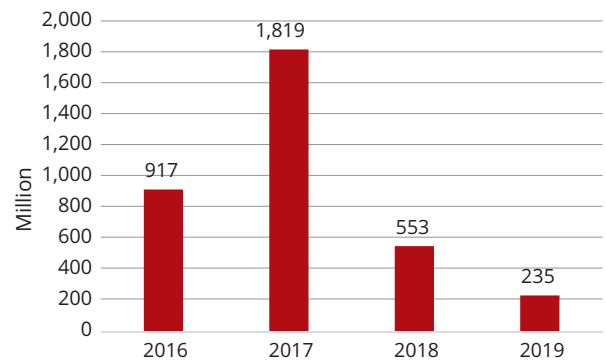
Profit Before Tax



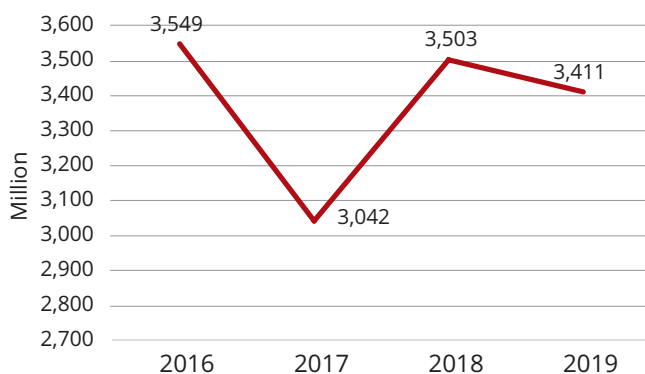
Contribution to the President's Fund (Rs)



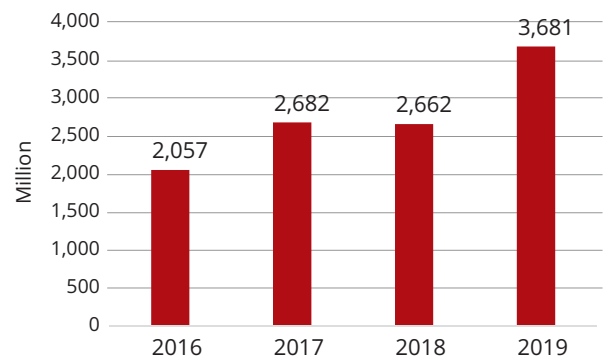
Income tax



Total Remittance to the state



Total Assets



| Operating Results | 2019 | 2018 |
|---------------------------------------|----------------|----------------|
| Revenue | 17,065,414,012 | 15,854,856,246 |
| Gross Profit | 7,117,747,971 | 6,580,641,989 |
| Profit before tax | 2,897,130,924 | 2,735,247,442 |
| Tax expenses | 235,073,385 | 553,166,576 |
| Net Profit | 2,668,792,667 | 2,187,603,956 |
| Contribution to the President's Fund. | 2,191,000,000 | 1,968,000,000 |

Statement of financial Position

Assets

| | | |
|----------------------------------|----------------------|----------------------|
| Property Plant & Equipment | 1,245,588,144 | 719,081,433 |
| Employee Benefit Assets | 7,038,067 | 2,271,294 |
| Fixed deposit | 1,451,307,572 | 1,218,142,035 |
| Inventories | 51,026,204 | 80,340,650 |
| Trade Debtors & Other receivable | 126,012,880 | 169,375,594 |
| Prepayments & Deposits | 5,212,271 | 11,633,780 |
| Cash in hand & at Bank | 795,666,048 | 461,682,393 |
| Total Assets | 3,681,851,186 | 2,662,527,179 |

Liabilities

| | | |
|--------------------------------------|-------------|-------------|
| Employee Benefits Liabilities- | - | |
| Dealer & Distributor Deposit Payable | 36,110,381 | 35,395,381 |
| Credit Voucher Payable | 160,547,860 | 94,273,760 |
| Trade & Other payable | 563,493,496 | 671,110,675 |
| President's Fund payable | 477,792,667 | 237,466,297 |
| Prize Payable | 760,794,203 | 648,835,116 |

Equity

| | | |
|---------------------------------------|----------------------|----------------------|
| President's Fund | 2,200,000 | 2,200,000 |
| Mahapola Trust Fund | 2,200,000 | 2,200,000 |
| Prize reserve account | 1,103,197,285 | 971,045,950 |
| Revaluation Surplus | 575,515,293 | |
| Total equity & liabilities | 3,681,851,186 | 2,662,527,179 |

Profitability Ratio

| | | |
|--------------------|-----|-----|
| Net Profit ratio | 17% | 17% |
| Gross Profit ratio | 42% | 42% |

Liquidity Ratio

| | | |
|----------------------------|----------|----------|
| Current Asset ratio | 1 : 1.64 | 1 : 1.37 |
| Quick(Liquid) Assets Ratio | 1 : 1.60 | 1 : 1.31 |

Chairman's Message and the progress report 2019

The Development Lotteries Board has always adapted to changing customer preferences and we are confident that we have made a significant contribution to society over the past 12 months.

I hereby present the Annual Report and Financial Statements for the year ended December 31, 2019. As a member of the Board of Directors, we ensure that Development Lotteries Board sells government regulated Lottery products to the Sri Lankan public who purchase these products as per the trust they placed on us. We believe that people too are aware of the contribution they make towards the development of our society with the purchase of each lottery ticket. During the past financial year, DLB has been able to deliver on this mandate while balancing shareholder expectations and demands from customers.

Delivering continuous returns to customers while balancing social responsibility reflects the commitment by DLB and is further justified by the executive-level decisions taken by the Board.

The Board is pleased to report that during the year 2019, it achieved a turnover of LKR 17.1 Bn – an increase in 8% compared to the previous while contributing LKR 2191 million to the President's Fund. The annual growth rate at DLB Lotteries is at 8%.

| | 2019 | 2018 | Variance | Change % |
|--|--------|--------|----------|----------|
| Revenue (Rs. Mn.) | 17,065 | 15,854 | 1,211 | 8% |
| Profit After Tax (Rs. Mn.) | 2,668 | 2,187 | 481 | 22% |
| Contribution to President's Fund (Rs. Mn.) | 2191 | 1968 | 223 | 11% |

Current Financial Review -2020

The Covid-19 pandemic has created unpredictable amount of uncertainty to the operation of the Development Lotteries Board. No operation has been conducted during the period of 18th March to 18th May 2020 due to Covid 19 lockdown prevailed in the country. This has resulted in loss of approximately Rs.3,256 Million ticket sales for the current financial year 2020. The Board is also behind the president's Fund target contribution by Rs.568 Million for the period ended 31 July 2020 as the following table shows.

| | 2020 up to July | 2020 up to July | Variance | Change % |
|--|-----------------|-----------------|----------|----------|
| | Budget | Actual | | |
| Gross Sales (Rs. Mn.) | 10,786 | 7,529 | (3,256) | -30% |
| Total Taxes (Rs. Mn.) | 1,219 | 269 | (950) | -78% |
| Profit Before Tax (Rs. Mn.) | 1,952 | 1,358 | (594) | -30% |
| Contribution to the President's Fund (Rs. Mn.) | 1,830 | 1,262 | (568) | -31 |

Our Achievements

During 2019 we contributed LKR 2,191 Million towards the President's Fund thereby allowing us to achieve our present goals while committing towards social development. In addition to that we achieved about 100% of our budgeted annual sales target for the said period. DLB achieved

a turnover of LKR 17.1 Bn – an increase in 8% compared to the previous.

New milestones

We have a responsibility towards the larger society around. As such we have been able to contribute our profits back to the society

who have made our journey a successful one over the years. Payment of prize money stood at LKR 8.9 Bn. Profits earned are mainly distributed to the President's Fund which in turn are utilized to issue scholarships for university graduates while providing medical assistance to needy people.

Our Team

The dynamic and robust team at DLB have been a fundamental element of our success story. Teams at our Marketing, Finance, IT, Procurement, Sales, Administration and Internal Audit divisions have been forefront. An exceptional selection of leaders in procurement and Human Resources have added spice to the existing team. Their innovative thinking have taken the Board to greater heights while propelling our products and bringing in newer dimensions to the lottery experience.

New Technology

From the 24-hour Interactive Voice Response system we shifted a notch further by introducing an App. The DLB Sweep App allowed users to check their winnings through their smartphone. It also allows customers to verify their winnings and related prize money by simply scanning the ticket's QR code with the mobile phone.

CSR Initiatives

We distributed 274 ticket booths among our dealers thereby providing employment opportunities. Apart from that we have sponsored and stickered 255 lottery counters, conducted a medical camp for lottery agents in the district of Ampara, Badulla, Nuwara Eliya, Galle, Hambantota and Kurunegala while distributing 63 tricycles among disabled sales assistants.

Apart from contributing to the President's Fund the DLB also introduced a scholarship scheme to assist lottery agents' children. Around 25 of them benefitted this time. We also contributed and helped local temples, religious and cultural events and did many other community service projects during this period.

Future Outlook – 2020

The industry is facing a newer challenge with the COVID-19 pandemic. However we will continue to grow amidst these challenges through hard work and discipline. Our unwavering commitment towards growth and social responsibility would be none too less.

1. To overcome the impact of the Covid 19 virus situation, the Board has introduced its four premier brands on a daily basis. Therefore, Saturday Fortune, Lagna Wasana, Ada Kotipathi and Super Ball lottery are now drawn on a daily basis. In addition, an attractive promotional second draw also has been introduced on the above draws. Board noted significant progress in our sales with these actions.
2. Arrangements have been already been conducted to introduce E-APP based selling of DLB lotteries to the market.
3. New lottery product named SASIRI has been launched and this will be a digital lottery. We expect to tap a new market to boost our sales. The target market segment of these are high spending customers in the online market.
4. Number of daily draws have been increased from four per day to five per day with the effect from September 2020 with the aim to increase sales.
5. Arrangements have been already been made to introduce SMS based lottery for mobile phone users.

I like to extend my gratitude to His Excellency the President, Honorable Minister of Finance and Secretary to the Treasury for their support and guidance. It has been

a rewarding experience to work with our various stakeholders; learning and sharing knowledge along the way with the support of a highly talented and dedicated staff over the past years and at present, who together have delivered and continue to deliver an exceptional service to our customers while supporting our communities.

I also give noteworthy thanks to all Draw judges, President's Fund staff, staff at Mahapola Higher Education Trust Fund, Distributors, Dealers, Sales assistants, Resellers, Media, Bankers, all service providers and all our executive staff officers specially General Manager, Deputy General Managers and Assistant General Managers. We are also not forgetting all our other staff members of all categories for their extra effort dedication, good work and the contribution to make our success. They have truly assisted us in making our presence at DLB meaningful. We also wish to thank all the customers who have patronaged our services, without whom we would not have been able to achieve this success. We would also thank Superintendent of Audit and the Auditor General Department for their valuable contribution.

In conclusion, I wish to thank all our stakeholders, for the trust and confidence placed in this organization and I look forward to your continued support in the coming years.



H.G. Sumanasinghe
Chairman/CEO (acting)

Review of Board of Directors

DLB is governed by the Development Lotteries Act No. 20 of 1997. The main objective is to provide funds to the President's Fund and to the Mahapola Higher Education Scholarship Trust Fund. Like in the previous year, we were able to derive a significant profit from our sales while paying a large amount of cash prizes, sometimes reviving the amounts to customers while remitting the President's Fund with LKR 2,191 Million during the year.

| | 2019 | 2018 |
|---|--------|--------|
| Revenue. (Rs.Mn) | 17,065 | 15,854 |
| Contribution to President's Fund(Rs.Mn) | 2,191 | 1,968 |
| Prize Money for winners (Rs.Mn) | 8,903 | 8,296 |

During the year under review, there were several other innovative strategies to achieve market share with the introduction of several new lottery winning options.

Our Notable Achievements

While being able to reward our customers with increased prize money we were able to develop customer experience via the DLB Sweep App. This App is available to users 24/7 where they can check winning Lotteries and claim prize monies. Apart from that 274 new booths were installed island wide thus providing employment opportunities to people as well. While planning to further expand customer experiences we have also branded 255 lottery counters,

conducted a medical camp covering 7 districts for lottery agents while distributing 63 tricycles among differently able sales assistants.

At DLB we operate the business in a socially responsible manner. We are encouraged to an education, training and review process that has earned us the status of a socially responsible and sustainable business entity. In the marketplace we ensure that our products, promotional material and advertising have our message of winning rewards which in turn contribute to society in a socially responsible manner. We continue to stay focused on our customers and dealers, providing innovative, convenient and enjoyable lottery products.

On behalf of the Board of Directors, DLB would like to sincerely thank His Excellency the President and the Honorable Minister of Finance for their support and our employees who have worked diligently in meeting the year's goals. They have ensured that not only high-quality products were delivered to the market but also enhanced customer experiences within a framework of corporate social responsibility.



Ravindra J Wimalaweera
Director

Board of Directors - 2019

S.A.P. Suriyapperuma

Chairman / CEO
From 14.09.2017 to 21.11.2019

Mr. H.C.D.L.Silva

Additional Director General
Department of Treasury
Operations
Ministry of Finance & Mass Media
Colombo 01.

Director
From 26.09.2017 to - 10.01.2020

Mr. M.P. Bandara

Director
Mahapola Higher Education
Scholarship Trust Fund

Director
From 28.01.2019 to 02.12.2019

Mr. H.R. Wimalasiri

Working Director
from 14.09.2017 to 22.11.2019

Mr. D.N. Nanayakkara

Additional Secretary to the
President and Secretary to the
President's Fund
Presidential Secretariat
Colombo 01.

Director
From 10.10.2017 to 02.12.2019

Current board of directors

Mr. H.G. Sumanasinghe

Chairman/CEO Development
Lotteries Board
Additional Secretary, Ministry of
Finance

Mr. Ravindra J Wimalaweera

Director, Development Lotteries
Board,
Chief Financial Officer, Presidential
Secretariat

Mrs. J.M. Bhadrani Jayawardane

Director, Development Lotteries
Board,
Secretary, Ministry of Trade

Mrs. Janet Jayawardena

Director, Development Lotteries
Board,
Attorney at Law

Cadre Position as at 31.12.2019

| Designation | Salary | Approved | Existing | Vacancies | Excess |
|------------------------------------|-----------|------------|------------|-----------|-----------|
| Chairman/ CEO(ACT.) | | 1 | 1 | | |
| Working Director | | 1 | | 1 | |
| General Manager | H.M - 2.1 | 1 | 1 | | |
| Deputy General Manager (Marketing) | H.M - 1.1 | 1 | 1 | | |
| Deputy General Manager (Finance) | H.M - 1.1 | 1 | 1 | | |
| Asst.General Manager (Marketing) | M.M-1.1 | 2 | 2 | | |
| Asst.General Manager (Finance) | M.M- 1.1 | 3 | 2 | 1 | |
| Asst.General Manager (Sales) | M.M- 1.1 | 2 | 1 | 1 | |
| Asst.General Manager (HRM/Adm) | M.M- 1.1 | 1 | 1 | | |
| Asst.General Manager (Procurement) | M.M- 1.1 | 1 | 1 | | |
| Asst. General Manager (Info. Tech) | M.M- 1.1 | 1 | 1 | | |
| Internal Auditor | M.M- 1.1 | 1 | 1 | | |
| Administrative Officer | J.M- 1.1 | 1 | 1 | | |
| Chief Security Officer | J.M- 1.1 | 1 | 1 | | |
| Transport Officer | J.M- 1.1 | 1 | 1 | | |
| Territory Manager | J.M- 1.1 | 10 | 10 | | |
| Finance Officer | J.M- 1.1 | 4 | 4 | | |
| System and Program Analyst | J.M- 1.1 | 1 | 1 | | |
| Procurement Officer | J.M- 1.1 | 1 | 1 | | |
| Human Resource Officer | J.M- 1.1 | 1 | 1 | | |
| Marketing & Advertising Officer | J.M- 1.1 | 1 | 1 | | |
| Sales Promotion Assistant | MA - 3 | 24 | 16 | 8 | |
| Quality control Assistant | MA - 3 | 1 | | 1 | |
| IT Assistant | MA - 3 | 4 | 2 | 2 | |
| Media & Public Relation Assistant | MA-3 | 1 | 1 | | |
| Finance Assistant | M.A-2.2 | 2 | 0 | 2 | |
| Chief Management Assistant | MA-1.2 | 1 | 1 | | |
| Personnel Assistant | MA-1.2 | 1 | 1 | | |
| Management Assistant | MA-1.2 | 137 | 129 | 8 | |
| Sales Coordinator | MA-1.1 | 5 | 3 | 2 | |
| Driver | P.L - 3 | 43 | 43 | | |
| Electrician | P.L -3 | 2 | 2 | | |
| KKS | P.L -1 | 65 | 60 | 5 | |
| Field Promoter | P.L -1 | 10 | 9 | 1 | |
| Field Mobile Vehicle Announcer | P.L -1 | 6 | 1 | 5 | |
| Security Assistant | P.L -1 | 3 | 15 | | 12 |
| TOTAL | | 342 | 317 | 37 | 12 |

Management Team

- 01 **MR. H.G. SUMANASINGHE**
Chairman/CEO(Act)
- 02 **MR. W.K.A.A. JAYARATHNA**
General Manager
- 03 **MISS. W.A.V.C. SOMARATHNA**
Deputy General Manager (Finance)
- 04 **MR. D.D.C. DAMMINDA**
Deputy General Manager (Marketing)
- 05 **MR. KAPILA BULATHSINHALA**
Assistant General Manager (Marketing)
- 06 **MRS. ASANKHAA S. GUNASINGHE**
Assistant General Manager (Marketing)
- 07 **MR. T. KASUN JAYASOORIYA**
Assistant General Manager (Finance)
- 08 **MR. NISHAN PERERA**
Assistant General Manager (Finance)
- 09 **MR. K.P. SUNIL JAYARATHNA**
Assistant General Manager (Sales)
- 10 **MR. K.R.R. PRASAD RANASINGHA**
Assistant General Manager (HRM/Adm.)
- 11 **MR. P.B. MADURA HARSHANA**
Assistant General Manager (Info. Tech.)
- 12 **MR. S.M.A. WASANTHA UDAYA KUMARA**
Internal Auditor
- 13 **Mr. P.D.U. MALINDA**
Assistant General Manager (Procurement)

Junior Managers

- | | | | |
|----|--|----|--|
| 01 | MR. E.D.I.N.S. ABEYRATHNA Administrative Officer | 12 | MR. R.M.U.S. KUMARA Territory Manager |
| 02 | MR. J.M.D.A. CHRISHANTHA Chief Security Officer | 13 | MR. N.V. INDIKA UPUL Finance Officer |
| 03 | MR. G. ROSHAN PRIYANTHA Territory Manager | 14 | MRS. R.D.C. RAJAPAKSHA Finance Officer |
| 04 | MR. C.C. AILAPPERUMA Territory Manager | 15 | MRS. M.A.L.N. GUNASEKARA Finance Officer |
| 05 | MR. M.B.M.N.K. BALAGALLA Territory Manager | 16 | MRS. R.A.W.G. RUPASINGHE Finance Officer |
| 06 | MR. G.A.R.S. RANATHUNGA Territory Manager | 17 | MR. U.G. ILLEPERUMA System Analyst/Program Analyst |
| 07 | MR. M.K.A.I.KAMALSIRI Territory Manager | 18 | MR. B.A.C.J. KARUNARATHNA Procurement Officer |
| 08 | MR. I.D. PATHMA KUMARASIRI Territory Manager | 19 | MRS. C.N. THEWARAPPERUMA Human Resource Officer |
| 09 | MR. D.M.B.L. MAHINDA Territory Manager | 20 | MR. P. PRASANNA GOKULA FERNANDO Transport Officer |
| 10 | MRS. M.L. GOWRI KAWSHALYA Territory Manager | 21 | MRS. G.D.S. PREMATHILAKA Marketing & Advertising Officer |
| 11 | MR. R.A. SUNIL RATHNAYAKA Territory Manager | | |

Operational Review

Special facts on the sales activities in year 2019

2019 can be highlighted as a year, during which the sales activities of the Development Lotteries Board were successfully carried out with proper planning. As a result of functioning in the field proving higher productivity during the year under review, Development Lotteries could remit a huge contribution to the President's Fund whilst awarding a large sum of money to DLB Lottery winners as cash prizes.

During the year 2019 DLB could enhance its sales functions with the application of following processes.

01. Promotional programmes

• Shanida Wasana

A special draw was held on **30th October 2019 (Wednesday)** for the 3255th draw on Saturday Fortune and **2.2** million lottery tickets were sold on this special draw day. Simultaneously, a series of mini draws were held from **November 1, 2019 to January 31, 2020**.

Also, a special draw was held for the 3166th draw on **March 29, 2019 (Wednesday)** with a **2.1** million lottery ticket sale and a special draw for the 3152th draw day on Saturday 23rd February 2019 with a **2.2** million lottery ticket sale.

• Lagna Wasana

Due to the high demand for the Lagna Wasana lottery ticket, the Lagna Wasana was introduced on **Thursday 17th January 2019 (Thursday)** and at the same time the prize money for 2 numbers

was changed to Rs.100. Draws for the lottery were held on **03rd (Saturday) August 2019** and **05th (Monday) 2019** respectively as the draws on **Saturday** and **Monday** taking into consideration the demand in the market for the Lagna Wasana lottery ticket. With the new change, the draws of Lagna Wasana lottery have been conducted on 07 days of the week. The 07 day schedule of the Lagna Wasana lottery draw was commenced with the launch of a monthly promotional programme titled "Double Chance".

In order to promote the Lagna Wasana brand name and further to hold draws on 07 days of the week, a special draw titled '**Lagna Wasana Supiri Dhana Yogaya**' was organised on **31st (Saturday) August 2019**. For this special draw, DLB could record sale tickets worth Rs. **1.8** million.

• Kotipathi Kapruka

A special draw was held by DLB on **29th (Tuesday) April 2019** for Kotipathi Shanida lottery titled 'Kotipathi Avurudda.' 2.1 million sales tickets were made for the special draw. In the meantime, another draw titled 'Win and Drive' was held on **30 (Saturday) July 2019** aiming to increase DLB sales. DLB sold **2.2** million lottery tickets during this draw.

The 'Kotipathi Shanida' lottery was issued to the market from **02 (Friday) August 2019** along with a new logo 'Kotipathi Kapruka' to popularize it among people. The logo included a series of new colours including pink, green and yellow. Simultaneously, a series of mini draws called "**Wasi Dhahasa**" were held from **2nd August 2019 to 29th October 2019**.

On **November 29, 2019 (Friday)** a special draw called 'Car & Cash' was held with the aim of further increasing sales. 2.1 million lottery tickets were sold on that day.

• Niyatha Jaya

This lottery ticket was removed from the market with effect from **30 (Tuesday) July 2019**.

• Jayoda

The draws of Jayoda lottery tickets were conducted as usual on Mondays and Thursdays but with the revision in schedules, the draw are now being held on Mondays and Tuesdays with effect from **05th August 2019**.

• Super Ball

Taking in to consideration the higher demand observed for Super Ball lottery, the draws of the lottery was scheduled for Sundays from **27th January 2019** and from that day onwards the starting jackpot too was increased from Rs. **40** million to Rs. **500** million.

• Sanwardana Wasana

The draws of Sanwardana Wasana lottery tickets were conducted on Wednesdays and Saturdays but the schedule was revised changing the draws to Fridays and Saturdays from **02nd August 2019**.

• Ada Kotipathi

A special draw has been held in the name of '**Ada Wishesha Kotipathi**' on **28th (Friday) June 2019** and a sale of Rs. **2.1** million lottery tickets were reported. In the meantime, another special draw titled '**Ada Wishesha Kotipathi**' was held on **01st October (Tuesday) 2019** recording a sale of Rs. **2.14** million.

A Bangkok tour was organized for Sales Agents who recorded high sales volumes in the months of July, August and September. This was done as means of motivating DLB sales agents with the aim of increasing Ada Kotipathi Lottery ticket sales

Apart from the Ada Kotipathi main draw, a mini draw was held from 01st August 2020 to 31st October 2020 in view of "Salli season".

• Instant Lotteries

In order to enhance the sales of instant lotteries, an instant lottery 'Sihina Kedella/Siri Niwasa'- was issued to the market in year 2019 and furniture sets were given away as lottery prizes.

02. Appointment of Sales Distributors and Sales Agents for year 2019

| District No. | District | Sales Distributors | Sales Agents |
|--------------|--------------|--------------------|--------------|
| 01 | Colombo | | 17 |
| 02 | Kalutara | | 06 |
| 03 | Kandy | | 09 |
| 04 | Matale | 02 | 01 |
| 05 | Nuwaraeliya | | 01 |
| 06 | Galle | | 05 |
| 07 | Matara | | 02 |
| 09 | Jaffna | | 00 |
| 10 | Mannar | | 00 |
| 12 | Batticaloa | | 01 |
| 13 | Ampara | 01 | 00 |
| 14 | Trincomalee | 01 | 00 |
| 15 | Kurunegala | | 06 |
| 16 | Puttalam | | 03 |
| 17 | Anuradhapura | | 00 |
| 19 | Badulla | | 00 |
| 20 | Monaragala | | 01 |
| 21 | Rathnapura | | 03 |
| 22 | Kegalle | | 07 |
| 23 | Gampaha | | 08 |
| 24 | Hambantota | | 03 |
| 25 | Polonnaruwa | | 01 |
| 26 | Mullativu | | 01 |
| | Total | 04 | 78 |

03. 'DLB Abimana' Meeting of the Sales Agents

The Development Lotteries Board made arrangements to hold a meeting for Sales Agents in Ampara district in year 2019.

04. Special programmes organized for the benefit of Sales Agents and Sales Assistants

- During the year 2018, 266 sales outlets have been distributed with a view to increase the sales of lottery tickets and this project has further been continued during year 2019 distributing another 274 sales outlets. The value of one sales outlet has been Rs. 43,000 and accordingly Rs. 1,178,200.00 has been spent for the project during year 2019.
- On completion of this project another project has been launched to distribute 250 sales outlets among Sales Agents and this time the value of a sales outlet has been recorded as Rs. 46000.00. Accordingly, the total amount spent for the project has been Rs. 11,500,000.00.
- During year 2019, Rs.3,825,000 (Rs. 15,000 per one sales outlet) has been spent for pasting stickers on 255 sales outlets.
- During year 2019 Development Lotteries Board has fully sponsored brand stickers to 129 sales outlets all over the Island.
- The Development Lotteries Board also launched a project in year 2018 to provide sponsorships to Sales Agents stationed islandwide to assist them in putting up 'Lottery Shops'. DLB extended its support to this project in 2019 as well.
- A programme for granting financial assistance for medical aids and other financial requirements of Sales Assistants working under Sales Agents has been launched in year 2018 subjected to the maximum of Rs. 10,000 and this programme has been continued further in year 2019.
- Further a project was launched in year 2018 to conduct 'DLB Sathkara' Medical Camps Islandwide for the benefit of Sales Agents and Sales Assistants and it has further been carried out in 2019. Accordingly, such Medical Camps have been conducted in Ampara, Nuwara Eliya, Badulla, Galle,

Hambantota, Kandy, and Kurunegala in year 2019 and medical tests were conducted free of charge in these camps whilst providing laboratory services, medicine and spectacles.

- ◆ Phase two of the programme was launched in 2019 to award scholarships to the children of Sales Agents of the Development Lotteries Board, who receive university education. The awarding ceremony was held on 08.03.2019 at the DLB auditorium. This full-time scholarship, ensuring a grant of Rs.1500 monthly till they complete university education was awarded to 25 undergraduates.
- ◆ During year 2018 Development Lotteries Board launched a project for the provision of tricycles to differently-abled Sales Assistants working all over the Island. It has been continued in 2019 as well. Accordingly, tricycles were distributed among 63 differently-abled Sales Assistants during this year.
- ◆ DLB bagged the bronze award for the Best Advertisement at Sumathi Awards Ceremony held in 2019 for the advertisement made for LagnaWasana lottery ticket.

05. Contributions for sponsorships

- ◆ Contribution of Rs. 1,000,000.00 has been made on 19.03.2019 at the national celebration to declare the Thripitaka as a world heritage.

- ◆ A sponsorship of Rs. 15,000,000.00 was given by Development Lotteries Board for the Enterprise Sri Lanka programmes held on 24, 25, 26, and 27 July 2019 at Walisingha Harishchandra ground, Anuradhapura.
- ◆ A sponsorship of Rs. 15,000,000.00 was given by Development Lotteries Board for the Enterprise Sri Lanka programmes held on 07, 08, 09, and 10 September 2019 at Mutral Veli, Jaffna.
- ◆ Another event to distribute garden umbrellas with DLB logos was held on 29.03.2019 and it was organized for the benefit of flower vendors near Kalutara Bodhi.
- ◆ In the meantime, a sponsorship of Rs. 1,000,000.00 was made in year 2019 for the Esala Perahera held at Katharagama.
- ◆ A sponsorship of Rs. 25,000.00 was made in year 2019 by Development Lotteries Board for the Dalada Perahera held in Kandy.

06. Special Programmes.

- ◆ Development Lotteries has fixed 26 hoardings islandwide at a cost of Rs. 23,353,845.00
- ◆ The DLB Sweep App was launched on 10.10.2019 to brave the challenges of the future business world by applying new technological tendencies.
- ◆ A lucky winner grabbed the super jackpot worth Rs.

145,029,213 on 27.10.2019, which is 513th draw of Kotipathi Kapruka lottery - the first ever highest jackpot of Rs. 7.5 million of the Development Lotteries Board.

- ◆ A gold pound was awarded to long serving employees who have completed 20 years at DLB as means of appreciating their service on 28.08.2019.

The Development Lotteries board (DLB) provides funding for education and for community endeavours through the President Fund. The DLB holds two product lines including **Scratch and Draw** games.

Product Portfolio Overview

- ◆ Draw games – Played by matching numbers on a game ticket to numbers drawn by the Lottery
- ◆ Scratch games – Played by scratching latex from a paper ticket to reveal any pre-determined wins.
- ◆ Brand Calendar



Monday | Wednesday | Saturday



Monday | Tuesday
Wednesday | Thursday
Friday | Saturday | Sunday



Monday | Thursday



Tuesday | Friday



Monday | Thursday
Saturday | Sunday



Wednesday | Friday



Tuesday | Friday | Sunday



Monday | Tuesday
Wednesday | Thursday,
Friday | Saturday & Sunday



01. ADA KOTIPATHI



Brand Vision

To be the Market Leader and the popular lottery in Sri Lanka.

Brand Mission

To introduce innovative prize structures by using state of the art technology and thereby to enhancing the profitability of the Board.

Game Details

Draw Days : Monday to Sunday (All 7 days)
Ticket Colors : Red, Dark Blue, Green, Purple, Orange, Pink & Light Blue
Starting Jackpot : Rs. 50,000,000/-
Game : 04/75 No's, 1/26 English Letter

Prize Structure

| Combination | Prize (Rs.) |
|---------------------------------|------------------|
| Any Single Number | Rs.20.00 |
| Any English Letter | Rs.20.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 3 Numbers | Rs.1,000.00 |
| 4 Numbers | Rs.1,000,000.00 |
| Any one Number + English Letter | Rs.40.00 |
| Any 2 Number + English Letter | Rs.1,000.00 |
| Any 3 Numbers + English Letter | Rs.100,000.00 |
| 4 Numbers + English Letter | Rs.50,000,000.00 |

02. SATURDAY FORTUNE



Brand Vision

To be a leading brand in Sri Lanka through the off-line draw lottery on Wednesdays, Saturdays and Mondays.

Brand Mission

To be a leading off-line lottery brand on Wednesdays, Saturdays and Mondays in Sri Lanka, thereby introducing innovative prize structures by state of the art technology through enhancing the profitability of the Board.

Game Details

Draw Days : Wednesdays, Saturdays and Mondays
Ticket Colors : Purple, Green & Blue
Starting Jackpot : Rs. 30,000,000
Game : 04/75 No's, 1/26 English Letter

Prize Structure

| Combination | Prize (Rs.) |
|---------------------------------|------------------|
| Any English Letter | Rs.20.00 |
| Any Single Number | Rs.20.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 3 Numbers | Rs.2,000.00 |
| 4 Numbers | Rs.1,000,000.00 |
| Any one Number + English Letter | Rs.60.00 |
| Any 2 Number + English Letter | Rs.1,000.00 |
| Any 3 Numbers + English Letter | Rs.100,000.00 |
| 4 Numbers + English Letter | Rs.30,000,000.00 |

03. KOTIPATHI KAPRUKA

◆ **Brand Vision**

The lottery brand that fulfils dreams and aspirations of people who are driven by the jackpot.

◆ **Brand Mission**

To be the preferred choice of brand among people who are driven by the jackpot.

◆ **Game Details**

Draw Days : Tuesdays, Fridays & Sundays
Ticket Colors : Pink, Green & yellow

◆ **Prize Structure**

| Combination | Prize (Rs.) |
|--------------------------------|------------------|
| Any Single Number | Rs.20.00 |
| Any English Letter | Rs.20.00 |
| Any 1 Number + English Letter | Rs.60.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 2 Numbers + English Letter | Rs.1,000.00 |
| Any 3 Numbers | Rs.2,000.00 |
| Any 3 Numbers + English Letter | Rs.100,000.00 |
| 4 Numbers | Rs.1,000,000.00 |
| 4 Numbers + English Letter | Rs.75,000,000.00 |

04. LAGNA WASANAWA

◆ **Brand Vision**

Leading lottery brand that fulfils aspirations of people who believe in fortune from zodiac symbol.

◆ **Brand Mission**

Brand that is sought-after by the people who believe in luck in fortune from the zodiac symbol.

◆ **Game Details**

Draw Days : Monday to Sunday (All 7 days)
Ticket Colors : Yellow, Red, Green, Brown, Blue, Light blue, Purple
Starting Jackpot : Rs. 2,000,000
Game : 04/62 No's, 1/12 Zodiac Symbol

◆ **Prize Structure**

| Combination | Prize (Rs.) |
|-----------------------------|-----------------|
| Any Single Number | Rs.20.00 |
| Any Zodiac Sign | Rs.20.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 3 Numbers | Rs.1,000.00 |
| 4 Numbers | Rs.500,000.00 |
| Any 1 Number + Zodiac Sign | Rs.60.00 |
| Any 2 Numbers + Zodiac Sign | Rs.200.00 |
| Any 3 Numbers + Zodiac Sign | Rs.10,000.00 |
| 4 Numbers + Zodiac Sign | Rs.2,000,000.00 |

05. SUPPER BALL



◆ Brand Vision

To be the market leader and a popular lottery in Sri Lanka.

◆ Brand Mission

To introduce innovative prize structures by using state art technology and thereby enhancing the profitability of the Board.

◆ Game Details

Draw Days : Mondays, Thursdays, Saturdays and Sundays
Ticket Colors : Purple, Green, Blue and Red
Starting Jackpot : Rs. 50,000,000
Game : 04/77 Nos, 1/26 English Letter

◆ Prize Structure

| Combination | Prize (Rs.) |
|---------------------------------|------------------|
| Any English Letter | Rs.20.00 |
| Any One Number | Rs.20.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 3 Numbers | Rs.2,000.00 |
| All 4 Numbers | Rs.1,000,000.00 |
| Any One Number + English Letter | Rs.40.00 |
| Any 2 Numbers + English Letter | Rs.1,000.00 |
| Any 3 Numbers + English Letter | Rs.100,000.00 |
| All 4 Numbers + English Letter | Rs.50,000,000.00 |

06. DEVELOPMENT FORTUNE



◆ Brand Vision

To be a popular brand on both the days it is being drawn, offering a unique, credible and a prestigious proposition, generating revenues and profits for DLB.

◆ Brand Mission

As a popular brand in Thursdays and Saturdays offline lottery in Sri Lanka by introducing innovative prize structures by state of art technology through enhancing the profitability of the Board.

◆ Game Details

Draw Days : Wednesday, Friday
Ticket Colors : Blue and Red
Starting Jackpot : Rs.10,000,000/-
Game : 03/70 No's, 1/09 Fate No, 1/26 English

◆ Prize Structure

| Combination | Prize (Rs.) |
|---------------------------------|------------------|
| Fate No | Rs.20.00 |
| English Letter | Rs.20.00 |
| Any Single Number | Rs.20.00 |
| Any 02 no's | Rs.100.00 |
| Any 03 no's | Rs.50,000.00 |
| Any 01 no with fate no | Rs.100.00 |
| Any 02 no with fate no | Rs.500.00 |
| Any 03 no with fate no | Rs.500,000.00 |
| Any 01 no with English letter | Rs.100.00 |
| Any 02 no with English letter | Rs.500.00 |
| Any 03 no with English letter | Rs.100,000.00 |
| 01 no + fate no+ English letter | Rs.200.00 |
| 02 no + fate no+ English letter | Rs.10,000.00 |
| 03 no + fate no+ English letter | Rs.10,000,000.00 |

07. JAYODA

- ◆ **Brand Vision**

To be a popular lottery brand on Monday and Thursday offering unique and credible propositions, generating revenue and profits for DLB.

- ◆ **Brand Mission**

As the most popular lottery brand on Monday and Thursday introducing innovative price structures by using state of technology through enhancing the profitability of the Board

- ◆ **Game Details**

Draw Days : Tuesdays and Thursdays.
Ticket Colors : Yellow and Orange
Starting Jackpot : Rs. 20,000,000
Game : 04/70 No's, 1/26 English Letter

- ◆ **Prize Structure**

| Combination | Prize (Rs.) |
|---------------------------------|------------------|
| Any English Letter | Rs.20.00 |
| Any One Number | Rs.20.00 |
| Any 2 Numbers | Rs.100.00 |
| Any 3 Numbers | Rs.2,000.00 |
| All 4 Numbers | Rs.1,000,000.00 |
| Any One Number + English Letter | Rs.40.00 |
| Any 2 Numbers + English Letter | Rs.1,000.00 |
| Any 3 Numbers + English Letter | Rs.50,000.00 |
| All 4 Numbers + English Letter | Rs.20,000,000.00 |

08. NIYATHA JAYA

- ◆ **Brand Vision**

To be brand that has top of the mind recalling and customer preference offering value for money.

- ◆ **Game Details**

Draw Days : Tuesdays and Fridays
Ticket Colors : Orange and Blue
Starting Jackpot : Rs.10 million
Game : 04/65 Nos., 1/26 English Letter

- ◆ **Prize Structure**

| Combination | Prize (Rs.) |
|------------------------------------|------------------|
| For the English letter | Rs.20.00 |
| Any Single Number | Rs.20.00 |
| Any 2 Numbers | Rs.60.00 |
| Any 3 Numbers | Rs.1,000.00 |
| All 04 numbers | Rs.1,000,000.00 |
| Any single number + English letter | Rs.40.00 |
| Any 2 Numbers +English letter | Rs.1,000.00 |
| Any 3 Numbers +English letter | Rs.50,000.00 |
| 4 Numbers + English Letter | Rs.10,000,000.00 |

09. GALAXY STAR



Brand Vision

To be the market leader in Sri Lanka through the off-line lottery draw held on Sunday.

Brand Mission

As a market leader of Sundays off line lottery in Sri Lanka introducing innovative prize structures by state of art technology through enhancing the profitability of the board.

Game Details

Draw Days : Sundays
Ticket Colors : Yellow
Starting Jackpot : Rs. 2,000,000/-
Game : 04/60 No's, 1/12Star Number

Prize Structure

| Combination | Prize (Rs.) |
|------------------------------|-----------------|
| Star Number | Rs.20.00 |
| Any Single Number | Rs.20.00 |
| Any 2 Numbers | Rs.40.00 |
| Any 3 Numbers | Rs.1,000.00 |
| All 4 Numbers | Rs.500,000.00 |
| Any one Number + Star Number | Rs.60.00 |
| Any 2 Number + Star Number | Rs.200.00 |
| Any 3 Numbers + Star Number | Rs.10,000.00 |
| All 4 Numbers + Star Number | Rs.2,000,000.00 |

10. DASA LAKSHAPATHI



Brand Vision

To be the market leader and a popular lottery in Sri Lanka through the off line draw lottery in Sri Lanka.

Brand Mission

To introduce innovative prize structures by using state of the art technology, thereby enhancing the profitability of the Board.

Game Details

Draw Days : Wednesdays
Ticket Colors : Green, Red and Yellow
Starting Jackpot : Brand New Car
Game : 03/55No.s, 1/26English Letter, 01/07 No.s

Prize Structure

| Combination | Prize (Rs.) |
|-----------------------------------|-----------------|
| Any Single Number | Rs.20.00 |
| Any 2 Numbers | Rs.200.00 |
| Any 3 Numbers | Rs.100,000.00 |
| Any one Number + English letter | Rs.100.00 |
| Any two Numbers + English letter | Rs.1000.00 |
| Any three Numbers +English letter | Rs.1,000,000.00 |
| Any three Numbers +English letter | |
| + Lucky Day | Rs.2,500,000.00 |
| | Motor Car |

11. INSTANT LOTTERY



◆ Introduction

Instant lottery was introduced to Sri Lanka by Development Lotteries Board in 1983 as the pioneer to the instant lottery. When introduced to the market it was a novel concept to the country.

◆ Brand Vision

To be the market leader in Sri Lanka through the off-line instant lottery.

◆ Brand Mission

As a market leader of off-line instant lottery in Sri Lanka introducing innovative prize structures and a new face using state of art technology through enhancing the profitability of the Board.

◆ Competitive landscape

After the DLB started instant lotteries to the market two brands of instant lotteries were launched by NLB to the market. These include Sevena and Samurdhi.

Sevena is a direct competitor of DLB scratch lottery. Sevena has been established as a separate entity to conduct the instant lottery, managed separately by NLB. As such, people have recognized them as a one off instant lottery business entity.



Sustainability Report

"DLB is dedicated to responsible growth, which through its Lottery products and prizes creates constant and sustainable value over time for Sri Lankans."

Sustainability Report

For the past three decades, the Development Lotteries Board (DLB) has essentially been a sustainable business entity. Since its inception, DLB confidently believes that formulating competitive business strategies does not essentially conflict with society's overall long-term needs and values while taking into account more than just the interests of the immediate stakeholders. The Sustainability Report of the Company consists of the profile, strategy for sustainability, economic responsibility, social responsibility and environmental responsibility.

DLB is dedicated to responsible growth, which through its lottery products and prizes creates constant and sustainable value over time for Sri Lankans. This report highlights DLB's initiatives to maintain social, environmental and economic accountability. Social responsibility of DLB includes responsible initiatives for the protection of business, consumers and lottery winners as well as community outreach programmes. In order to achieve environmental responsibility, DLB monitors the environmental impacts of its corporate activities and makes Eco-friendly investments. Economic responsibility translates into a model of governance that is transparent and balanced.

Our Core Values

The Development Lotteries Board continues to have a clear ambition to provide exceptional customer experience, commitment, confidence and advocacy in our selected business area. Delivering this ambition is not going to be straightforward and largely depends on our ability to prove beyond question that we are

becoming a responsible business in a sustainable manner.

And when it comes to our dedicated and highly spirited employees, we were given a great hand. That's why we're working hard to create an environment in which they're proud to be a part of. We understand that our business success depends on their job satisfaction and that is why we continue to invest in our people by offering opportunities for training and continuing education to encourage excellence and achievement in our workforce.

Our sustainability programme also aims to improve customer experience, create jobs in the industry and increase revenue to support important services such as healthcare and education through contribution to the President's Fund and Mahapola Trust Fund. DLB is more customer-oriented on the delivery of lotteries and continues to provide oversight of service providers.

Environmental Responsibility

Our efforts to reduce the impact on the environment have been successful. We are proud of the progress we are making on our Corporate Social Responsibility efforts. DLB provides a gateway to effective community support services through comprehensive employee training, innovative technology and collaboration with stakeholders. We intend to improve DLB's operations on environmental impact and increase green awareness among customers and employees. This year's report will serve as a baseline measure of our social responsibility efforts. We will demonstrate the progress we are making in these areas

each year through this report and articulate our goals for the coming year. DLB focuses on committed development through its Lottery products and prizes creating consistent and sustainable value to the lives of Sri Lankans. These activities highlight that DLB has executed to look after social, environmental and monetary obligations. DLB monitors the environmental impacts of its corporate exercises and makes energy-saving investments to accomplish environmental responsibility.

Corporate Social Responsibility

We at Development Lotteries board want to be recognized as a valued community member based on our Corporate Social Responsibility Policies. Therefore, DLB focuses on contributing to the community through meaningful, long-term partnerships and conducting business in an environmentally sustainable way. DLB commits funding to the government of Sri Lanka, host communities, local charities, and enrich the lives of our people in Sri Lanka. DLB has had the ability to launch several social venture programmed that focus on empowering entrepreneurship for individuals by providing assistance to the whole chain of lottery merchants.

To empower employment, we have:

- Distributed 274 ticket booths among our dealers
- Stickered 255 Stalls
- Sponsored lottery shops
- Organized a medical camp for the lottery agent and assistants benefitting around 400 people.
- Distributed 63 tricycles among sales assistants

Other CSR activities

A scholarship scheme was introduced for agents' children who entered universities. 25 such children benefitted from the scheme.

Our beneficiaries are living proof of the fact that we have contributed meaningfully towards impacting the lives of students by way of disbursement of scholarships to needy students in our society.

Helping Schools

We have not neglected the schools around us in our resolve to give back to the society that has been there for all these years. Temples

Our responsibility to the places of worship is commendable in the year 2019. Take a look at some of the temples around us and you will see the impacts felt in their lives.

Community Service

We have given our dues to this sector of the society as well in our own little way.

Religious functions

We have also extended fellowship in terms of material and financial contributions to these bodies during the year that concluded. Whenever they call on us, we are always there for them.

Sports meets

We are aware of this and have made worthy contributions in cash besides donating sporting equipment during sporting meets.

Conducting several meetings in villages and district levels.

We have invested in the society around us by conducting several meetings in our vicinity. Our goal is to enlighten the people on ways through which they can have a better meaning to life. The records of our activities in that direction are there for all to see.

Human Resources

We recognize our employees' important role in developing good business practices and building lasting customer relationships. We value our employees deeply

and strive to create a workplace that is innovative, supportive and engaging to show our appreciation for their many contributions.

Staff development objectives

- Create and encourage job and career opportunities
- Continue progressing with workforce planning and talent management programmed, quality recruitment and retention initiatives, development of leadership and succession planning, and continuous learning
- Ensure that our employees are empowered and rewarded for their achievements
- Ensure that our staff is well informed and aware of the company's strategic direction

Local training programmes (Short term)

| Training programme/workshop | Participant's name | Position | Training period | Training Institute |
|---|--|-----------------------------|-----------------|--------------------------|
| Emergency-based internal Audit planning | Mr. Wasantha Senadheera | Internal Auditor | 01 day | PRAG Institute |
| Essentials Of Public Procurement | Mrs. Dharshi Ratnasekara | Management assistant | 03 days | Distance learning centre |
| Advanced Functions Of MS-Excel | Mrs. Sepalika Premathilaka | Sales and Marketing officer | 02 days | Distance learning centre |
| | Mr. Nishantha Ranawaka | Sales promotion Assistant | | |
| | Mrs. Champika Wijesekara | Management assistant | | |
| | Mrs. Dharmaani Pathirana | Management assistant | | |
| | Ms. Disni Tharindra | | | |
| Fork Lift Operator Training | Mr. Suranga Kothalawala Mr. Waruna Wishwajith | KKS | 05 days | CETRAC |
| Transport management | Mr. Prasanna Gokula | Transport manager | 02 days | CETRAC |

| | | | | |
|---|--|---|----------|-------------------------------------|
| Business Communication | 35 officials | | 01 day | DEW Associates |
| Procurement guidance | Mr. Chaminda Karunarathna Mrs. Manojitha Sanjeevani | Procurement officer Assistant | 03 days | MILODA |
| Sales Team Motivation Programme | Sales Team 46 | | 01 day | Sri Lanka Foundation Institute |
| Monetary Regulations | 35 officials in finance department | | 01 day | SDFL |
| Office management and office procedure | 37 officials in transport department | | 01 day | Sri Lanka Police transport division |
| License to Sell | Mr. Roshan Priyantha Mr. Indika Kamalsiri Mr. Sunil Ratnayake | Territory Manager | 22 hours | Sri Lanka Institute of Marketing |
| Certificate In Public Procurement Management | Mrs. Manojitha Sanjeevani | Management assistant | 05 days | Miloda |
| Stock taking officers | Mrs. Wathsala Rupasinghe Mr. Ruwan Perera Mr. Madushanka Weerasinghe | Finance officer Management Assistants | 02 days | Miloda |
| Preparation of bidding document | Mr. Chamara Katukenda Ms. Irosha Abeysiriwardena | Management Assistant | 03 days | Miloda |
| Information System Auditing | Mr. Jalith Punchihewa | Management Assistant | 02 days | Miloda |
| Procurement management | Mrs. Darshi Ratnasekara | Management Assistant | 01 day | CETRAC |
| Personal Grooming | ASPA &MA (44) | | 01 day | DLB |
| Accounting Standards | 35 officials in finance department | | 01 day | DLB |
| License to Sell | Mr. Upali Samankumara Mr. Mahinda Dissanayake | Territory Manager | 22 hours | Sri Lanka Institute of Marketing |
| Discipline in public service | Mr. Nuwan Abeyratne | Administrative officer | 03 days | Miloda |
| Project Proposal Planning | Mr. Kapila Bulathsinghala | Assistant General Manager | 02 days | SLFI |
| Diesel Generator repairing | Mr. D.N.S.A Rajapaksha | Electrician | 05 days | CETRAC |
| Advanced Excel for data analysis & decision Making | Mr. Thilina Amarasinghe Mr. Kaushalya Wickramasinghe | Management Assistant | 03 days | Skills Development Fund |
| New Audit Act & Developing Internal Control System | Mr. Wasantha Senadheera | Internal Auditor | 02 days | Skills Development Fund |
| Emotional Intelligence | Mr. Prasad Ranasinghe | Assistant General Manager | 01 day | Skills Development Fund |
| 40 th Annual conference of Chartered Accountants | Mr. Nishan Perera Mr. Wasantha Senadheera | Assistant General Manager Internal Auditor | 01 day | CA Sri Lanka |

| | | | | |
|---|---|--|-----------------------|--|
| Salary Conversion | Mr. Nuwan Abeyratne | Administrative officer | 02 days | SLFI |
| Quick revision of income tax computation | Mr. Sajitha Attygalle | Management assistant | 03 days (4hrs/day) | Sri Lanka Institute of Chartered Accountants |
| James Taylor & Marketers Summit | Mrs. Asankhaa Gunasinghe Mrs. Sepalika Prematilaka | Assistant General manager Sales Promotion officer | 02 days | SLIM |
| Secretarial Practices | Ms. Pooja Hewabandu Mr. Dulan Kottage | Management assistant | 04 days | SDFL |
| Training & Development | Mr. Prasad Ranasinghe Mr. Chamila Thewarapperuma | Assistant General Manager Human resources officer | 02 days | SDFL |
| Performance Appraisal & Setting KPI'S" | DGM (M) AGM - 4 JM - 2 | | 01 day | SDFL |
| Telephone Skills & Etiquette Training | Mr. Manoj Adhikari | KKS | 02 Days | SDFL |
| Institutional Management | Mrs. Sandya Amarakoon Ms. Suseema Chandamali | Management Assistant | 01 day | PRAG Institute |
| Customer Service | 55 officials in sales and marketing departments | | 01 day | DLB |
| Office assistants' skills development | 25 office assistants | | 01 day | DLB |
| Advance MS Excel Skills | Mrs. Chathuri Lasanthi | Management assistant | 02 days | Miloda |
| Technical training | 10 management assistants | | 02 days | SDFL |
| Performance Appraisal & Setting KPI'S" | 25 staffers | | 01 day | DLB |
| Corporate etiquette and efficiency training | Mrs. Rasika Wasanthi Mrs. Dilki Wanigasekara | Management assistants | 01 day | PRAG Institute |
| Drivers' Training and Responsibility | 30 drivers | | 01 day | DLB |

Corporate Governance

The Corporate Governance System guides DLB's long-term goals and strategic plans while defining practices and guiding principles for the Board to make decisions. The Corporate Governance model outlines the authority and accountability that is broken down among different levels of DLB, particularly at levels of government, Board and Executive management. The Board establishes the company's corporate policies and provides strategic guidance for the CEO and executives, who are responsible for the smooth operation of their business.

Terms and policies defining the roles and responsibilities of corporations are as follows :

- Corporate Governance System
- Board/Executive Management Relationship
- CEO Responsibility
- Corporate Strategic Planning
- Corporate Performance Management
- Internal Audit
- Board and CEO Expenditures
- Risk Management
- Corporate Social Responsibility
- Business Plan and Budget Approval

The Board of Directors

The Chairman leads the board as Chief Executive Officer he or she also leads the organization. The Board is the highest body and is responsible for overlooking the operations and management at DLB.

The Board comprise of Chairman and four appointed directors as follows :

1. Representing President's Fund
2. Representing Mahapola Trust Fund
3. Representing Ministry of Finance
4. Two members appointed by the Minister while one of them is Chairperson

Responsibilities of the Chairperson / CEO

- Ensuring that Corporate Governance is prevalent
- Conduct and chair board meetings to ensure proper follow-up of proceedings
- Treat directors equally and encourage them to play a productive role making the maximum contribution to their specialized knowledge areas
- Play a supervisory role and refrain from participating in operating activities unless Chairperson is Chief Executive Officer
- Ensure the Board has total decision-making power over the company's activities
- Ensure a clear division of responsibilities and facilitate the balance of authority and power

Role of Board of Directors

In line with government policies, the board of directors is responsible for the organization's efficient management. This should be achieved while protecting resources, maintaining adequate accounts, ensuring accurate reports are compiled while complying with all statutory and

other management regulation requirements.

Hence, the Board should ensure the following :

- Ensure that the organization's strategic objectives are in place
- Give leadership to achieve strategic objectives
- Ensure an effective internal control and risk management system is in place
- Monitor Organization management functions effectively
- Adequately report on financial aspects and disclosures required on a regular basis is made to shareholders
- Use resources and assets responsibly
- Appoint Audit committee and other committees; and introduce a Code of Conduct and Ethics and a Corporate Governance Strategy
- Be accountable for all their actions in accordance with relevant statuses, guidelines and circulars etc.
- Assess CEO and senior management staff at least annually.

Board Meetings

Organizational operations and results at board meetings are monitored closely and regularly against budgets and relevant standards. A standard agenda is followed along with any other issues that require the attention of the Board in detail. The Board meets once a month and special board meetings are held whenever necessary.

Board of Directors & Number of Board Meetings in 2019

| Date of meeting | Name of Director | Designation | Present | Excused | Duration from | Duration to |
|-----------------|------------------------|------------------|-------------------------------------|-------------------------------------|---------------|-------------|
| 29.01.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | 14.09.2017 | 22.11.2019 |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | 14.09.2017 | 21.11.2019 |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | 23.11.2018 | 10.01.2020 |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | 11.03.2015 | 02.12.2019 |
| 26.02.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | 28.01.2019 | 02.12.2019 |
| 28.03.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |
| 30.04.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | | <input checked="" type="checkbox"/> | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |
| 31.05.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |
| 27.06.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |
| 05.08.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |
| 17.09.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | <input checked="" type="checkbox"/> | | | |
| | Mr.H.R.Wimalasiri | Working Director | <input checked="" type="checkbox"/> | | | |
| | Mr.H.C.D.L.Silva | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.D.N.Nanayakkara | Director | <input checked="" type="checkbox"/> | | | |
| | Mr.Parackrama Bandara | Director | <input checked="" type="checkbox"/> | | | |

| | | | |
|------------|-------------------------|------------------|---|
| 26.09.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | ☑ |
| | Mr.H.R.Wimalasiri | Working Director | ☑ |
| | Mr.H.C.D.L.Silva | Director | ☑ |
| | Mr.D.N.Nanayakkara | Director | ☑ |
| | Mr.Parackrama Bandara | Director | ☑ |
| 29.10.2019 | Mr.S.A.P. Suriyapperuma | Chairman / CEO | ☑ |
| | Mr.H.R.Wimalasiri | Working Director | ☑ |
| | Mr.H.C.D.L.Silva | Director | ☑ |
| | Mr.D.N.Nanayakkara | Director | ☑ |
| | Mr.Parackrama Bandara | Director | ☑ |
| 14.11.2019 | Mr.S.A.P.Suriyapperuma | Chairman / CEO | ☑ |
| | Mr.H.R.Wimalasiri | Working Director | ☑ |
| | Mr.H.C.D.L.Silva | Director | ☑ |
| | Mr.D.N.Nanayakkara | Director | ☑ |
| | Mr.Parackrama Bandara | Director | ☑ |

Development Lotteries Board Committees

1. Management Committee
2. Audit and Management Committee
3. Tender Board Committee
4. Staff Welfare Committee
5. Advertising Committee
6. DLB's Cultural and Art Society

Compliance Officer

DGM Finance, Head of Finance Division represents the Compliance Officer to ensure compliance with regulatory and statutory requirements and board governance laws and regulations.

The Management

The Board's day-to-day operations are entrusted to the Chairperson and CEO's top management and senior management teams. The teams ensure that risks and opportunities are identified and steps are taken in time and budgets are being set to achieve goals.

Risk Management Report

Effective risk management is a key factor in the business process of DLB. We seek to achieve an appropriate balance between risk and reward in our business and continue to and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment. Risk management is at the core of the DLB's operating structure. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite.

A responsible approach to risk identification and mitigation is included in the DLB risk management system. Our major focus is to create a strong risk management culture that supports risk awareness, behaviours thereby influencing decisions taken based on risk. We will continue to improve our risk strategies to ensure DLB's long-term sustainability.

The risk management strategy of DLB operates as a feedback system for specific stakeholders, managers and boards. It is unique in its position as a strategic hub for informed decision making for businesses, operations, systems and services of the Board. This provides a consistent approach at strategic and business planning, project management and business process levels to address business risks by :

- Providing a general understanding of risks across business functions and units

- Providing management with an ongoing risk assessment to facilitate improved priority setting and decision-making
- Increasing employee awareness and management responsibilities

DLB is subject to a particular set of risks as given below :

Prize Pay-Out Risk

A standard pay-out ratio of prizes must be maintained at all consignment levels. The risk may be that there would have been an increased price ratio due to the likelihood of occurrences which could affect cash flow. DLB also takes insurance coverage from the printers to cover the above-mentioned risk.

Economic Risk

DLB customers' buying patterns are influenced by the country's socio-economic and political changes.

Financial Risks

Risks associated with inefficient cash flow management and financial information could jeopardize the profitability and effectiveness of organizations. DLB uses conventional practices of financial risk management such as ensuring proper insurance coverage and coordinating cost control strategies throughout the organization.

Liquidity Risk

Liquidity risks may arise from early earnings of high-level prizes. In order to mitigate the risk, DLB maintains high cash assets. Liquidity risk arises when DLB, despite being solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations as they call due or can only do so at materially disadvantageous terms.

Operational Risk

Operational risks include potential losses resulting from system failures, human error, criminal activity and internal systematic breakdown. Such situations could harm the confidence of customers and the organizational image. In order to reduce operational risk, DLB constantly enhances internal controls. In order to mitigate the threat of organizational risk, the management of DLB carries out regular risk assessments of operational units, business processes and large-scale units.

Business Risk

Business risk relates to the potential revenue shortfall compared to the cost base due to strategic and/or reputational reasons. DLB's ability to generate revenue is impacted by, among others, the external macroeconomic environment, its chosen strategy and its reputation in the markets in which it operates.

Reputation Risk

Reputational risk results from damage to DLB's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationship.

DLB's reliance on visual media and public interest puts the Organisation at considerable reputational loss risk. DLB undertakes effective marketing campaigns to retain public interest and complies to strict systematic transparency in order to mitigate this risk.

Legal risk

Failure to defend prospective legal actions against DLB increases the risk of legal damage. DLB has taken appropriate steps to mitigate the actions in consultation with accredited legal professionals.

IT Risk

An integral part of the operational process of DLB is precise and timely information obtained from the IT system. DLB has launched a plan of action to upgrade the organization's IT system.

Audit and Management Committee Report

We are pleased to present our report for the financial year ended 31st December 2019.

Composition of the Audit Committee

The Audit Committee comprises by following three (03) Non-Executive Directors

| | |
|-------------------------|--|
| 1. Mr. H.C.D.L. Silva | Chairman of Audit & Management Committee |
| 2. Mr. D.N. Nanayakkara | Member of Audit & Management Committee |
| 3. Mr. M.P. Bandara | Member of Audit & Management Committee |

The General Manager, Deputy General Manager - Marketing, Deputy General Manager - Finance, Internal Auditor, Assistant General Manager - Human Resource & Administrative and other required officers are mandatory to attend to the meeting. The Superintendent of Audit from the Auditor General's Department participates as an observer to the committee.

Role of the Audit Committee

Development Lotteries Board is required to maintain a sound system of Internal Controls to safeguard stakeholder's interest and assets of the Board. The guild lines issued by the Ministry of Finance and relevant authorities are also followed by the Committee. The activities undertaken by the audit committee in respect of its principal responsibilities during the year ended 31st December 2019 are summarized below;

1. Observe the compliance and integrity of Annual Financial statements and review significant financial reporting judgements contained in them prior to their issuance. This included a review of accounting policies, notes and practices, major judgmental areas and compliance with legal and regulatory requirements. The Audit Committee discussed these matters with the representative from the Auditor General's Department as a part of the review of the findings from the audit of the financial statements.

2. The internal auditor submits periodic internal audit reports carried out in line with the approved annual audit plan. The internal audit reports highlight the gaps in the systems and procedures in place and recommend improvements to the existing system and procedures where necessary after negotiating with the implementation of recommendations and reports progress to the management and audit committee. The audit committee receives regular reports from internal audit, which include summaries of the key findings of each audit in the period. Management comments are also part of it and committee reviews root causes for audit observations and preventive measures to avoid repetitions.

3. With the assistance of internal audit and government audit, the committee assess the effectiveness of the Board's operational and financial controls and procedures, which include authorization limits for expenditure, revenue process and capital expenditure, signing authorities, IT application controls and developments, organizational structure, policies, segregation of duties and reviews by management. Liquidity status of the Board's Financial Position Statement was regularly monitored. The gaps identified thereon will be reported to the board with recommendation for improvement. Committee pays special attention to COPE directives issued to the Board.

Number of Meetings of Audit Committee

There were five (05) meetings conducted for the year 2019 and attendance is given below.

| Name of Director | Attendance | Excused |
|----------------------|------------|---------|
| Mr. H.C.D.L. Silva | 05/05 | Nil |
| Mr. D.N. Nanayakkara | 05/05 | Nil |
| Mr. M.P. Bandara | 05/05 | Nil |



Mr. H.C.D.L. Silva

Chairman - Audit & Management Committee

Financial Report



Content

Financial Report

Independent Auditors Report | 42

Action taken by the Management | 59

Statement of Comprehensive Income | 70

Statement of Financial Position | 71

Statement of Cash Flow | 72

Statement of Changes in Equity | 73

Accounting policies | 74

Segment Report | 78

Notes to the Final Accounts | 80

Ten Year Summary | 82

Independent Auditors Report

Independent Auditors Report

The Chairman
Development Lottery Board

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Development Lottery Board for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Development Lottery Board for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and the Finance Act, No.38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

1.2.1 Sri Lanka Accounting Standards

Sri Lanka Accounting Standard 07

Receipts and payment of Distress Loan amounting to Rs.15,075,390 and Rs.29,515,488 respectively had been adjusted under the operating activities without being separately shown under the investment activities in the cash flow statement,

1.2.2 Accounting Deficiencies

- (a) According to the final accounts as at 31 December 2019, sums of Rs.1,583,595 and Rs. 2,074,958 respectively stated as work-in-progress and advances were outstanding balances continued to exist from the year 2014, which were the expenditure incurred on suspended construction. Without making required adjustments in the accounts for such values, those had been brought forward in the accounts for a further period of 5 years. Further, another Rs.1,325,805 spent on abandoned construction had been accounted for as property, plant and equipment and no action had been taken to eliminate the relevant value from the asset account. Therefore, the value of those assets had been overstated by that amount.
- (b) Although Rs.492,392 incurred on a construction carried out on land not owned by the Board had been accounted for under lands and buildings, it was observed that the amount was due from the Tissamaharama Divisional Secretariat. As a result, the value of property, plant and equipment had been overstated, while current assets had been understated.

- (c) A sum of Rs. 1,421,842 spent in the year 2020 for a work, which had not commenced work in the year under review, had been accounted for as work-in-progress and creditors during the year under review.
- (d) The closing stock specified in the financial statements contained unusable stocks valued at Rs.2,853,172 and as such, the closing stock had been overstated by that amount.
- (e) The amount of Rs.1,515,300 further remained payable for the design of a promotional vehicle had not been brought to account and accordingly, the property, plant and equipment and the balance of payable expenditure accounts had been understated by that amount.

1.2.3 Lack of evidence for audit

Due to the lack of relevant confirmation evidence regarding the expenditure account balance of Rs.732,951 on the previous years' ticket printing shown in the financial statements, those items could not be satisfactorily vouched or verified.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Board as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented by the Board are consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- As per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018, the recommendations made by me in the preceding year on the observations specified in Paragraph 1.2.2(a) of this report had not been implemented even in the presentation of financial statements for the year under review.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Board has any direct or indirect interest in any contract entered into by the Board which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Board has not complied with any applicable written law, general and special directions issued by the governing body of the Board as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018, except for the following observation.

| Reference to Laws, Rules/Directives | Description |
|-------------------------------------|-------------|
|-------------------------------------|-------------|

-
- (a) Establishments Code of the Democratic Socialist Republic of Sri Lanka.
-

Section 4.1 of Chapter VIII

It had been specified that the field officers are not entitled to overtime pay. Nevertheless, the field officers of the Board had been paid overtime allowances of Rs.1,122,318 during the year under review.

According to the Establishments Code, the staff officers are mandatorily required to perform 08 hours of official duty per day in order to receive the 1/20 allowance, whereas in spite of these provisions, the Board had paid overtime allowances at the rate of one and a half hours per hour on the number of hours worked by the staff officers on holidays. Further, the officers had also participated in the lottery draws in those days and obtained that allowance as well.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
-

- (i) Financial Regulation 272
(3)

Although all paid vouchers should be furnished to the Auditor General no later than 6 weeks from the end of the relevant month of the vouchers, there was a delay ranging from 1 to 7 months in the submission of the payment

vouchers for the year under review by the Board.

- (ii) Financial Regulations No. 371 (2) (b) as amended by the State Finance Circular No. 3/2015 dated 14 July 2015
- Although the maximum ad hoc sub-imprest that could be given at a time was Rs.100,000, imprest of Rs.3,481,827 had been paid in excess of the maximum limit on 20 occasions during the year under review.

Although the sub-imprest should be granted only to the staff grade officers, imprest valued at Rs.10,727,741 had been granted to the non-staff grade officers in the year 2019.

As estimates had not been properly prepared for the respective works in the payment of ad hoc sub-imprest, savings of provisions of Rs. 1,680,806 were reported in 219 instances during the year under review.

- (iii) Financial Regulations No. 371 (2) (c)
- Although advances received for a specific purpose should be settled immediately upon completion of relevant work, the advance of Rs.650,500 had been settled after a delay in a period ranging from 18 to 47 days on 12 occasions from January to April 2019.

(c) Treasury Circulars

- (i) Guidelines for the Assessment of Non-Financial Assets introduced

by Circular No.4/2008of the Secretary, Ministry of Finance and Mass Media dated 31 December 2018.

Paragraph 1.1.1

Although all the vehicles owned by the Board should be assessed, the assessed value of 44motorcycles worth Rs.8,958,763and a Hyundai car purchased in the year 2009 for Rs.7,882,371 had not been obtained.

Paragraph 1.3.3

According to the provisions, vehicles are to be classified into three categories and thereafter, those should be assessed by a three-member committee appointed by the Head of the Institution, including a Motor Vehicle Inspector of the Department of Motor Traffic and an Executive Officer of the Board. Nevertheless, without doing so, assessment had been done by the Department of Valuation.

(ii) Section (a) of Paragraph 9 of the Public Finance Circular No.02/2015 dated 10 July 2015

According to the provisions, the disposal process of a vehicle should be carried out only after the registration of the ownership of such a vehicle in the name of the institution if it is not registered with the institution. However, the three-wheeler, which was bought for Rs.411,500 in the year 2013 to be given to a sales agent, had been kept in his custody until July 2017without registration and subsequently, it had been handed over to the

Board. It had not yet been registered and bids had been invited for disposal of the same on 29 June 2020.

- to state that the Board has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
- to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

(a) Delays in Procurements

The Double wheel crew cab without rear body purchased in 2018 at Rs.5,565,000 had been handed over to U-Sri institute on 18 October 2018 to be modified as a promotional vehicle. Although a period of 1 year and 8 months had passed by 30 June 2020, all that had been done up to that date was to make the frame of the lorry body, apply the outer cover and install the rear doors. Despite allocation of provision of 10.2million for the purchase of sales promotional vehicle, a decision had been so reached to suddenly convert a vehicle purchased to transport lottery tickets into a sales vehicle. Specifications had been prepared and bids had been called for without taking into account the provisions of Section 2.6 of the Procurement Guidelines and the size of the vehicle had also been changed contrary to the provisions of Section 6 (1) of the Motor Vehicles (Amendment) Act No.08 of 2009. Accordingly, due to the fact that the expiry of 08 months from one year warranty period of the goods purchased for this purpose, negligence on the security of the asset and its components, risk of registration of the vehicle and expiry of the validity of the performance security, the audit observed that the above operating activity,

which is proposed to incur a cost Rs.12,670,000, is problematic to be disclosed from the due accounts in the financial statements.

(b) Selection of Lottery Printing Press

(i) Although suppliers should be selected in terms of provisions in the State Finance Circulars No.01/2013 dated 02 January 2013 and No.04 dated 09 October 2017, Guidelines 7.6.7, 7.7.1 (a), 7.9.5 (c), 7.9.6 (b) (iii), 8.5.1 (a) and (b) of the Government Procurement Guidelines 2006 and the Cabinet Memorandum No.අප/145/306/2356/08/TRB dated 17 December 2008, it had not been so done in the selection of lottery printing press. Several such instances are as follows.

- Leaving of printing companies from the procurement process which are beneficial to the Board due to preparation of procurement documents including procurement criteria without the consent of the Department of Public Finance.
- Selection of institutions which were not in compliance with the criteria by the Technical Evaluation Committee of the Ministry for bid evaluation.
- Selection of bidders who had not responded.

(ii) Informing the Appeal Bidders of the decision of the Procurement Committee of the Ministry in disregard of the provisions of Guidelines 8.5, 8.5.1 (a) (b) (c) (d) of the Procurement Guidelines, not giving adequate time for appeals and rejecting appeals.

(iii) The Chairman of the Board is a member of the Ministry Procurement Committee and the Deputy General Manager (Finance) is a member of the Technical Evaluation Committee of the Ministry. While the Deputy General Manager (Finance) and the Assistant General Manager (Finance) in charge of this subject were aware of the typographical errors, the Technical Evaluation Committee

reported in its report that there were no errors in the printing process and that it could be satisfied on two suppliers.

(iv) Payment of an additional prize of Rs. 320,000 by the Board due to printing an erroneous prize pattern on the lottery tickets applicable to the 271 draw of the *Kotipathi Shanida* lottery drew on 25 March 2018, failure to recover the amount of Rs.320,000 due from the relevant printing company as per the agreement and failure to recover the amount of Rs.500,000 due for printing incorrect data.

(v) The fact that the party which was the Chairman of the Procurement Committee of the Ministry had sent notification letters to the unsuccessful bidders to call for appeals, served as the Chairman of the Joint Committee which was acting as the Board of Appeals and approved the re-award of the contract on the decision of that Committee. Accordingly, the transparency of this procurement process was questionable during the audit.

(c) Purchase of Prizes

(i) A sum of Rs. 672,860 had been allocated for the 20 mobile phones that were to be given away as prizes in the Super Ball Special Lottery and this purchase had been made contrary to the procurement process.

(ii) According to Section (b) of Paragraph 8.9.1 of the Procurement Guidelines, although a formal agreement should be reached to purchase goods in excess of Rs.500,000, no agreement had been reached to purchase motorcycles worth Rs.1,699,500 for the Ada Kotipathi special lottery draw.

(d) Purchase of drinking water bottles (Rs.1,911,663)

The Board had selected an institution in the year 2016 for the purchase of drinking water bottles without following the formal procurement process and had been purchasing drinking water bottles only from that institution till the date of audit in 2019.

(e) Purchasing T-shirts for instant lottery sales promotion

Due to factors such as making repurchases regardless of the availability of sufficient stocks in the warehouse, not conducting instant lotteries according to a proper sales plan and not printing and distributing instant lotteries to the market for the promotional items purchased, 17,452 T-shirts worth Rs 9,075,040 purchased for lottery sales promotions remained idle.

(f) Purchase of a fire protection system

The Board had installed a fire protection system during the year 2019 at a cost of Rs.2,357,000 and bids therefor had been invited on 03 occasions. There had been no direct involvement of the Procurement Division of the Board in the procurement process for the selection of this supplier and the recommendations of the Fire Service Department had been obtained after the selection of the supplier.

There was no evidence that bids had been invited from any of the institutions recommended by the Fire Service Department, and one of the two bidders was a subsidiary of the company selected for this purpose. Further, both institutions were not the institutions recommended by the Fire Service Department.

(i) Purchase of LED Light Board

In terms of Paragraph 2.5 and 2.6 of the Procurement Guidelines, purchases should be determined by the Procurement Evaluation Committee on the recommendations of the Technical Evaluation Committee. Nevertheless, without taking action accordingly, the Assistant General Manager (Marketing) had determined the institution for making the aforesaid purchase valued at Rs.1,358,810.

(ii) According to the Paragraph 9.8.1(b) of the Procurement Guidelines, an agreement should be reached in purchasing goods and services in excess of Rs.500,000, whereas the Board had not made this purchase in accordance with an agreement.

3. Other Significant Audit Observations

3.1 Accounts Receivable

- (a) Two motor vehicles and 01 motorcycle purchased to award as prizes in order to increase lottery sales had been given to sales agents as exhibition vehicles. Those vehicles had met with accidents during the period of exhibition, thus causing loss of Rs.236,608. Although it had been stated in the answer of the Board sent to the Audit that the above loss would be recovered from the sales agents, a sum of Rs.177,667 only had been brought to account as receivable balance and the remaining amount of Rs.58,941 had not been accounted for as a receivable balance. Out of which, Rs.12,566 only had been recovered during the year 2019.
- (b) It was observed that since the Board had ex-parte breached the agreement entered into in renting the building No.234 situated at Vauxhall Street, action had not been taken over a 15 years to recover sums totalling Rs.4,976,220 comprising the deposit amount of Rs.723,780 and a part of the rentals paid during the years amounting to Rs.4,252,440.
- (c) For the case court filed by the Board 23 years ago in order to recover a building rent deposit of Rs.2,520,000 given to an external party for a building obtained by the Board for its use, the judgment had been delivered on 11 January 2016. According to the judgment, the relevant amount should have been recovered. Nevertheless, action had not been taken to recover the relevant money although nearly a period of 03 years had elapsed from the delivery of the judgment.

3.2 Operating Inefficiencies

- (a) According to a decision taken by the top management of the Development Lottery Board, in the sale of lottery tickets on credit basis under the normal procedure, relevant credit amount should be settled on the following day and if it is not possible to do so, the sale of tickets to the relevant agent will be suspended. Nevertheless, it was observed that a sum of Rs.2,660,369 remained outstanding from 05 sales agents over a period from 08 months to 27 months.
- (b) The Board had incurred an expenditure of Rs.3,325,821 for the Enterprises Sri Lanka Exhibition held in Moneragala from 28 August to 21 September 2018 and achieved a sales income of Rs.4,100,000 which is 41 per cent of the sales target. However, although the average selling cost of a ticket is Rs. 3.50, it had increased up to Rs.16.22 in this exhibition premises, thus resulting in a drop of profit of the Board by Rs.2,607,000 than the profit earned from the average sales activity.

3.3 Idle and Underutilized Assets

The Board had borne a cost of Rs.1,000,000 during the year 2018 for the purchase of 250 flagpoles at the rate of 10 flag poles per district for use in programmes conducted simultaneously to the sales promotion activities. The stock of flagpoles so purchased had been stored in a very unsafe manner in the premises of the Board and had not been used for any promotional activities since the date of purchase.

3.4 Uneconomic Transactions

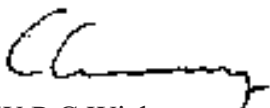
Based on the estimates submitted by a private company for the design and installation of LED billboards in the Board office premises as a publicity strategy, Rs. 952,000 had been paid to the relevant supplier for its Artwork and Production activity. But it was observed that this of Artwork and Production activity had not been done as stated in the estimate. It

was also observed that the billboards were not properly displayed to the public due to their location.

3.4 Management Activities

- (a) The computer software service currently being used by the Board for lottery draws had been obtained from a private company. Although there is an established Computer Division in the Board with a total of 08 officials receiving salaries and allowances of Rs.9 million, including 4 executive officers drawing a total salary and allowance of Rs.6.5 million per annum, this computer related work had not been carried out by them. During the period from 2009 to 31 December 2019, a sum of Rs.130,607,657 had been paid for the services obtained from this private institution.
- (b) **Retention of funds of the Board by outsiders**
-

The amount unsettled and withheld by lottery distributors during the period from 01 to 187 days from January to September 2019 was Rs.1,638,032,144. The management had not taken appropriate measures to immediately recover the money to the Board.



W.P.C. Wickramaratne

Auditor General

Audit Report 2019 and action taken by the Management

| Audit Issue – As per Audit Report 2019 | Management Action |
|---|--|
| <p>1.2.1 Sri Lanka Accounting Standards ----- Sri Lanka Accounting Standard 07</p> <p>Receipts and payment of Distress Loan amounting to Rs.15,075,390 and Rs.29,515,488 respectively had been adjusted under the operating activities without being separately shown under the investment activities in the cash flow statement,</p> | <p>Expected to rectify the matter in 2020 Financial Statements.</p> |
| <p>1.2.2 Accounting Deficiencies -----</p> <p>(a) According to the final accounts as at 31 December 2019, sums of Rs.1,583,595 and Rs. 2,074,958 respectively stated as work-in-progress and advances were outstanding balances continued to exist from the year 2014, which were the expenditure incurred on suspended construction. Without making required adjustments in the accounts for such values, those had been brought forward in the accounts for a further period of 5 years. Further, another Rs.1,325,805 spent on abandoned construction had been accounted for as property, plant and equipment and no action had been taken to eliminate the relevant value from the asset account. Therefore, the value of those assets had been overstated by that amount.</p> | <p>The Construction is to be done as per the Architectural drawing provided by the Architect.</p> |
| <p>(b) Although Rs.492,392 incurred on a construction carried out on land not owned by the Board had been accounted for under lands and buildings, it was observed that the amount was due from the Tissamaharama Divisional Secretariat. As a result, the value of property, plant and equipment had been overstated, while current assets had been understated.</p> | <p>The Board appointed a committee to solve the matter and no decision has been taken yet. Action will be taken based on the recommendations of the committee.</p> |
| <p>(c) A sum of Rs. 1,421,842 spent in the year 2020 for a work, which had not commenced work in the year under review, had been accounted for as work-in-progress and creditors during the year under review.</p> | <p>Expected to rectify the matter in 2020 Financial Statements.</p> |
| <p>(d) The closing stock specified in the financial statements contained unusable stocks valued at Rs.2,853,172 and as such, the closing stock had been overstated by that amount.</p> | <p>Rs.29,388/- Recovered from Sales Agents in 2020. 1 Rs.957,296/- Submitted for approval to take out from</p> |

| | |
|--|--|
| | <p>books. Rs.377,441/- Submitted for the approval for removal of defective material (Board Paper 2020/10/1671 Rs.5,480/- Reserved for Sample testing Valued Three-wheeler disposal for Rs.575,000/- and actions have been taken to remit it to the President Fund Rs.17,250/- will be utilized in future. Rs.921,699/- to be settle in future.</p> |
| <p>(e) The amount of Rs.1,515,300 further remained payable for the design of a promotional vehicle had not been brought to account and accordingly, the property, plant and equipment and the balance of payable expenditure accounts had been understated by that amount.</p> | <p>Expected to rectify the matter in 2020 Financial Statements.</p> |
| <p>1.2.3 Lack of evidence for audit ----- Due to the lack of relevant confirmation evidence regarding the expenditure account balance of Rs.732,951 on the previous years' ticket printing shown in the financial statements, those items could not be satisfactorily vouched or verified. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p> | <p>The action has been taken to submit the relevant file to the Government Audit.</p> |
| <p>2. Report on Other Legal and Regulatory Requirements Reference to Laws, Description Rules/Directives ----- (a) Establishments Code of the Democratic Socialist Republic of Sri Lanka. -----</p> | <p>Refer to the Ministry and approval is pending. Rectified from 01 September 2020.</p> |

| | | |
|---|---|---|
| <p>Section 4.1 of Chapter VIII</p> | <p>It had been specified that the field officers are not entitled to overtime pay. Nevertheless, the field officers of the Board had been paid overtime allowances of Rs.1,122,318 during the year under review.</p> <p>According to the Establishments Code, the staff officers are mandatorily required to perform 08 hours of official duty per day in order to receive the 1/20 allowance, whereas in spite of these provisions, the Board had paid overtime allowances at the rate of one and a half hours per hour on the number of hours worked by the staff officers on holidays. Further, the officers had also participated in the lottery draws in those days and obtained that allowance as well.</p> | |
| <p>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</p> <p>-----</p> <p>(i) Financial Regulation 272 (3)</p> | <p>Although all paid vouchers should be furnished to the Auditor General no later than 6 weeks from the end of the relevant month of the vouchers, there was a delay ranging from 1 to 7 months in the submission of the payment vouchers for the year under review by the Board.</p> | <p>Rectified the matter in 2020</p> |
| <p>(i) Financial Regulations No. 371 (2) (b) as amended by the State Finance</p> | <p>Although the maximum ad hoc sub-imprest that could be given at a time was Rs.100,000, imprest of Rs.3,481,827 had been paid in excess of the maximum limit on 20 occasions</p> | <p>A new Circular was issued on 26.06.2020 to rectify the matter. DLB informed Government</p> |

| | | |
|---|--|---|
| <p>Circular No. 3/2015 dated 14 July 2015</p> | <p>during the year under review.</p> <p>Although the sub-imprest should be granted only to the staff grade officers, imprest valued at Rs.10,727,741 had been granted to the non-staff grade officers in the year 2019.</p> <p>As estimates had not been properly prepared for the respective works in the payment of ad hoc sub-imprest, savings of provisions of Rs.1,680,806 were reported in 219 instances during the year under review.</p> | <p>Audit that this issue was unable to rectify due to practical difficulties.</p> |
| <p>(i) Financial Regulations No. 371 (2) (c)</p> | <p>Although advances received for a specific purpose should be settled immediately upon completion of relevant work, the advance of Rs.650,500 had been settled after a delay in a period ranging from 18 to 47 days on 12 occasions from January to April 2019.</p> | <p>A new Circular was issued on 26.06.2020 to rectify the matter.</p> |
| <p>Treasury Circulars</p> <p>(i) Guidelines for the Assessment of Non-Financial Assets introduced by Circular No.4/2008 of the Secretary, Ministry of Finance and Mass Media dated 31 December 2018.</p> <p>Paragraph 1.1.1</p> | <p>Although all the vehicles owned by the Board should be assessed, the assessed value of 44 motorcycles worth Rs.8,958,763 and a Hyundai car purchased in the year 2009 for Rs.7,882,371 had not been obtained.</p> | <p>The actions have been taken to value the Motor Car and 44 Motor Bikes and accordingly taken into the Fixed Assets.</p> |
| <p>Paragraph 1.3.3</p> | <p>According to the provisions, vehicles are to be classified into three categories and thereafter,</p> | <p>As per the circular issued by the Ministry of Finance, it will be corrected at the next Valuation.</p> |

| | | |
|--|---|--|
| | <p>those should be assessed by a three-member committee appointed by the Head of the Institution, including a Motor Vehicle Inspector of the Department of Motor Traffic and an Executive Officer of the Board. Nevertheless, without doing so, assessment had been done by the Department of Valuation.</p> | |
| <p>Section (a) of Paragraph 9 of the Public Finance Circular No.02/2015 dated 10 July 2015</p> | <p>According to the provisions, the disposal process of a vehicle should be carried out only after the registration of the ownership of such a vehicle in the name of the institution if it is not registered with the institution. However, the three-wheeler, which was bought for Rs.411,500 in the year 2013 to be given to a sales agent, had been kept in his custody until July 2017 without registration and subsequently, it had been handed over to the Board. It had not yet been registered and bids had been invited for disposal of the same on 29 June 2020.</p> | <p>Three Wheeler was registered on 26.08.2020 under Development Lotteries Board and disposed on 28.08.2020 for the value of 575,000/-</p> |
| <p>Delays in Procurements ----- The Double wheel crew cab without rear body purchased in 2018 at Rs.5,565,000 had been handed over to U-Sri institute on 18 October 2018 to be modified as a promotional vehicle. Although a period of 1 year and 8 months had passed by 30 June 2020, all that had been done up to that date was to make the frame of the lorry body, apply the outer cover and install the rear doors. Despite allocation of provision of 10.2million for the purchase of sales promotional vehicle, a decision had been so reached to suddenly convert a vehicle purchased to transport lottery tickets into a sales vehicle. Specifications had been prepared and bids had been called for without taking into account the provisions of</p> | | <p>The fabricating of propaganda truck/video wall is in the process of completion and is expected to complete before 21st of December 2020.</p> |

| | |
|--|---|
| <p>Section 2.6 of the Procurement Guidelines and the size of the vehicle had also been changed contrary to the provisions of Section 6 (1) of the Motor Vehicles (Amendment) Act No.08 of 2009. Accordingly, due to the fact that the expiry of 08 months from one year warranty period of the goods purchased for this purpose, negligence on the security of the asset and its components, risk of registration of the vehicle and expiry of the validity of the performance security, the audit observed that the above operating activity, which is proposed to incur a cost Rs.12,670,000, is problematic to be disclosed from the due accounts in the financial statements.</p> | |
| <p>(b) Selection of Lottery Printing Press -----</p> <p>(i) Although suppliers should be selected in terms of provisions in the State Finance Circulars No.01/2013 dated 02 January 2013 and No.04 dated 09 October 2017, Guidelines 7.6.7, 7.7.1 (a), 7.95 (c), 7.9.6 (b) (iii), 8.5.1 (a) and (b) of the Government Procurement Guidelines 2006 and the Cabinet Memorandum No. 43/08/2356/306/145/TRB dated 17 December 2008, it had not been so done in the selection of lottery printing press. Several such instances are as follows.</p> <ul style="list-style-type: none"> - Leaving of printing companies from the procurement process which are beneficial to the Board due to preparation of procurement documents including procurement criteria without the consent of the Department of Public Finance. - Selection of institutions which were not in compliance with the criteria by the Technical Evaluation Committee of the Ministry for bid evaluation. - Selection of bidders who had not responded. <p>(ii) Informing the Appeal Bidders of the decision of the Procurement Committee of the Ministry in disregard of the provisions of Guidelines 8.5, 8.5.1 (a) (b) (c) (d) of the Procurement Guidelines, not giving adequate time for appeals and rejecting appeals.</p> <p>(iii) The Chairman of the Board is a member of the Ministry Procurement Committee and the Deputy General Manager (Finance) is a member of the Technical Evaluation Committee of the Ministry. While the Deputy General Manager (Finance) and the Assistant General Manager (Finance) in charge of this subject were aware of the typographical errors, the Technical Evaluation</p> | <p>The action has been taken to review the criteria for the selection of the printers on the instructions of the Board of directors and ministry.</p> |

| | |
|--|---|
| <p>Committee reported in its report that there were no errors in the printing process and that it could be satisfied on two suppliers.</p> | |
| <p>(iv) Payment of an additional prize of Rs. 320,000 by the Board due to printing an erroneous prize pattern on the lottery tickets applicable to the 271 draw of the <i>Kotipathi Shanida</i> lottery drew on 25 March 2018, failure to recover the amount of Rs.320,000 due from the relevant printing company as per the agreement and failure to recover the amount of Rs.500,000 due for printing incorrect data.</p> | <p>There was a printing error in the ticket. DLB appointed a Quality Committee to check deviation of the ticket before issuing to the market.</p> |
| <p>(v) The fact that the party which was the Chairman of the Procurement Committee of the Ministry had sent notification letters to the unsuccessful bidders to call for appeals, served as the Chairman of the Joint Committee which was acting as the Board of Appeals and approved the re-award of the contract on the decision of that Committee. Accordingly, the transparency of this procurement process was questionable during the audit.</p> | <p>The matter had handed by the Ministry of Finance.</p> |
| <p>(c) Purchase of Prizes ----- (i) A sum of Rs. 672,860 had been allocated for the 20 mobile phones that were to be given away as prizes in the Super Ball Special Lottery and this purchase had been made contrary to the procurement process.</p> | <p>The action has been taken to procure according to the competitive bidding method and follow the relevant guideline.</p> |
| <p>(ii) According to Section (b) of Paragraph 8.9.1 of the Procurement Guidelines, although a formal agreement should be reached to purchase goods in excess of Rs.500,000, no agreement had been reached to purchase motorcycles worth Rs.1,699,500 for the Ada Kotipathi special lottery draw.</p> | <p>The action has been taken to rectify from the next Tender awarding.</p> |
| <p>(d) Purchase of drinking water bottles (Rs.1,911,663) ----- The Board had selected an institution in the year 2016 for the purchase of drinking water bottles without following the formal procurement process and had been purchasing drinking water bottles only from that institution till the date of audit in 2019.</p> | <p>The action has been taken to select a Supplier via competitive bidding for water bottles annually.</p> |
| <p>(e) Purchasing T-shirts for instant lottery sales promotion ----- Due to factors such as making repurchases regardless of the</p> | <p>The actions were taken to issue instant tickets to the Market in 2020. According</p> |

| | |
|--|---|
| <p>availability of sufficient stocks in the warehouse, not conducting instant lotteries according to a proper sales plan and not printing and distributing instant lotteries to the market for the promotional items purchased, 17,452 T-shirts worth Rs 9,075,040 purchased for lottery sales promotions remained idle.</p> | <p>T-shirts have already awarded as the prizes. No such stock at stores now.</p> |
| <p>Purchase of a fire protection system ----- The Board had installed a fire protection system during the year 2019 at a cost of Rs.2,357,000 and bids therefor had been invited on 03 occasions. There had been no direct involvement of the Procurement Division of the Board in the procurement process for the selection of this supplier and the recommendations of the Fire Service Department had been obtained after the selection of the supplier. There was no evidence that bids had been invited from any of the institutions recommended by the Fire Service Department, and one of the two bidders was a subsidiary of the company selected for this purpose. Further, both institutions were not the institutions recommended by the Fire Service Department.</p> | <p>The selected supplier is an organization approved by the Fire Department.</p> |
| <p>(i) Purchase of LED Light Board ----- In terms of Paragraph 2.5 and 2.6 of the Procurement Guidelines, purchases should be determined by the Procurement Evaluation Committee on the recommendations of the Technical Evaluation Committee. Nevertheless, without taking action accordingly, the Assistant General Manager (Marketing) had determined the institution for making the aforesaid purchase valued at Rs.1,358,810.</p> | <p>Supply of LED Board decision was taken by Chairman under delegation of Authority by the Board of directors. Service taken from selected advertising agencies and already have an agreement with them on advertising.</p> |
| <p>(ii) According to the Paragraph 9.8.1(b) of the Procurement Guidelines, an agreement should be reached in purchasing goods and services in excess of Rs.500,000, whereas the Board had not made this purchase in accordance with an agreement.</p> | <p>Agreed to enter into agreements in future tender for the supply of goods and services over Rs 500,000/-.</p> |
| <p>Other Significant Audit Observations</p> | |

| | |
|--|--|
| <p>-----</p> <p>3.1 Accounts Receivable</p> <p>-----</p> <p>(a) Two motor vehicles and 01 motorcycle purchased to award as prizes in order to increase lottery sales had been given to sales agents as exhibition vehicles. Those vehicles had met with accidents during the period of exhibition, thus causing loss of Rs.236,608. Although it had been stated in the answer of the Board sent to the Audit that the above loss would be recovered from the sales agents, a sum of Rs.177,667 only had been brought to account as receivable balance and the remaining amount of Rs.58,941 had not been accounted for as a receivable balance. Out of which, Rs.12,566 only had been recovered during the year 2019.</p> | <p>The actions have to be taken to recover the said amount from the agents.</p> |
| <p>(a) It was observed that since the Board had ex-parte breached the agreement entered into in renting the building No.234 situated at Voxshol Street, action had not been taken over a 15 years to recover sums totaling Rs.4,976,220 comprising the deposit amount of Rs.723,780 and a part of the rentals paid during the years amounting to Rs.4,252,440.</p> | <p>The Ministry of Finance has appointed a committee in accordance with Financial Regulations 105 and the Committee has submitted the recommendation to the Ministry of Finance answer is still pending.</p> |
| <p>(a) For the case court filed by the Board 23 years ago in order to recover a building rent deposit of Rs.2,520,000 given to an external party for a building obtained by the Board for its use, the judgment had been delivered on 11 January 2016. According to the judgment, the relevant amount should have been recovered. Nevertheless, action had not been taken to recover the relevant money although nearly a period of 03 years had elapsed from the delivery of the judgment.</p> | <p>look forward to the recovery actions from the Attorney General department.</p> |
| <p>3.2 Operating Inefficiencies</p> <p>-----</p> <p>(a) According to a decision taken by the top management of the Development Lottery Board, in the sale of lottery tickets on credit basis under the normal procedure, relevant credit amount should settled on the following day and if it is not possible to do so, the sale of tickets to the relevant agent will be suspended. Nevertheless, it was observed that a sum of Rs.2,660,369 remained outstanding from 05 sales agents over a period from 08 months to 27 months.</p> | <p>The actions have been taken to claim the bank guarantees from the relevant distributors. Further legal actions have been taken to recover the outstanding.</p> |

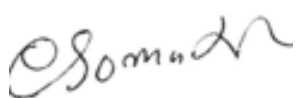
| | |
|--|---|
| <p>(a) The Board had incurred an expenditure of Rs.3,325,821 for the Enterprises Srilanka Exhibition held in Moneragala from 28 August to 21 September 2018 and achieved a sales income of Rs.4,100,000 which is 41 per cent of the sales target. However, although the average selling cost of a ticket is Rs. 3.50, it had increased up to Rs.16.22 in this exhibition premises, thus resulting in a drop of profit of the Board by Rs.2,607,000 than the profit earned from the average sales activity.</p> | <p>The DLB considered only this event as promotional activity and brand awareness programme. According to Government policy and Directions DLB has to follow/represent the Development programme of the Government.</p> |
| <p>3.3 Idle and Underutilized Assets -----</p> <p>The Board had borne a cost of Rs.1,000,000 during the year 2018 for the purchase of 250 flagpoles at the rate of 10 flagpoles per district for use in programmes conducted simultaneously to the sales promotion activities. The stock of flagpoles so purchased had been stored in a very unsafe manner in the premises of the Board and had not been used for any promotional activities since the date of purchase.</p> | <p>The actions have been taken to use these flag posts and currently, steps have been taken to in safe manner.</p> |
| <p>3.4 Uneconomic Transactions -----</p> <p>Based on the estimates submitted by a private company for the design and installation of LED billboards in the Board office premises as a publicity strategy, Rs. 952,000 had been paid to the relevant supplier for its Artwork and Production activity. But it was observed that this of Artwork and Production activity had not been done as stated in the estimate. It was also observed that the billboards were not properly displayed to the public due to their location.</p> | <p>The agreed service has been obtained from the supplier.</p> |
| <p>3.4 Management Activities -----</p> <p>(a) The computer software service currently being used by the Board for lottery draws had been obtained from a private company. Although there is an established Computer Division in the Board with a total of 08 officials receiving salaries and allowances of Rs.9 million, including 4 executive officers drawing a total salary and allowance of Rs.6.5 million per annum, this computer related work had not been carried out by them. During the period from 2009 to 31 December 2019, a sum of Rs.130,607,657 had been paid for the services obtained from this private institution.</p> | <p>The action was taken to procure the Lottery Management System. Due to the fact that scope has been changed by the management and tender has to be recalled.</p> |

| | |
|--|--|
| <p>(b) Retention of funds of the Board by outsiders</p> <p>-----</p> <p>The amount unsettled and withheld by lottery distributors during the period from 01 to 187 days from January to September 2019 was Rs.1,638,032,144. The management had not taken appropriate measures to immediately recover the money to the Board.</p> | <p>The actions have been taken to block the distributor's account and charge 25% commission from the distributor as penalty.</p> |
|--|--|

Statement of Comprehensive Income

| for the year ended 31st December | Notes | 2019 Rs. | 2018 Rs. |
|--|-------|------------------------|----------------|
| Revenue | 01 | 1 7,065,414,012 | 15,854,856,246 |
| Cost of Tickets | 02 | 4 60,097,151 | 402,322,679 |
| Prize payout | 03 | 8,903,494,383 | 8,296,413,110 |
| Draw Cost | 04 | 5 84,074,507 | 575,478,468 |
| Gross Profit | | 7,117,747,971 | 6,580,641,989 |
| Other Income | 05 | 193,820,035 | 201,525,679 |
| Distribution Cost | 06 | 4,219,036,579 | 3,950,410,156 |
| Administrative Expenses | 07 | 5 41,799,568 | 463,619,071 |
| Surplus after operating Expenses | | 2,550,731,860 | 2,368,138,441 |
| Finance Cost | 08 | 4 38,396 | 317,927 |
| Prize Write back | | 3 46,837,460 | 367,426,928 |
| Profit before Tax | | 2,897,130,924 | 2,735,247,442 |
| Income Tax | 09 | 235,073,385 | 553,166,576 |
| Profit after Income Tax | | 2,662,057,539 | 2,182,080,866 |
| Other Comprehensive income | | | |
| Defined benefit plan actuarial gain/Loss | 17.1 | 6,735,128 | 5,523,090 |
| Total Comprehensive income for the Year | 10 | 2,668,792,667 | 2,187,603,956 |

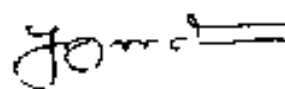
The Accounting policies and Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



W.A.V.C. Somarathne
Deputy General Manager (Finance)



Jagath P. Wijeweera
Chairman/CEO

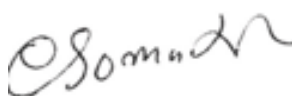


Jenet Jayawardhana
Director

Statement of Financial Position

| As at 31 st December | Notes | 2019 Rs. | 2018 Rs. |
|---------------------------------------|-------|----------------------|----------------------|
| Assets | | | |
| Non Current Assets | | | |
| Property Plant & Equipment | 11 | 1,221,373,015 | 715,038,048 |
| Capital work in progress | | 14,665,947 | 1,583,595 |
| Intangible Assets | | | |
| | 11 | 9,549,182 | 2,459,791 |
| | | 1,245,588,144 | 719,081,433 |
| Employee Benefit Assets | 17 | 7,038,067 | 2,271,294 |
| Total Non Current Assets | | 1,252,626,211 | 721,352,727 |
| Current Assets | | | |
| Inventories | 13 | 51,026,204 | 80,340,650 |
| Trade Debtors & Other receivable | 14 | 126,012,880 | 169,375,594 |
| Prepayment & Deposits | 15 | 5,212,271 | 11,633,780 |
| Fixed Deposit | 12 | 1,451,307,572 | 1,218,142,035 |
| Cash & Cash equivalent | 16 | 795,666,048 | 461,682,393 |
| Total Current Assets | | 2,429,224,975 | 1,941,174,453 |
| Total Assets | | 3,681,851,186 | 2,662,527,179 |
| Equity & Liabilities | | | |
| Contributed Capital | | | |
| President Fund | | 2,200,000 | 2,200,000 |
| Mohapola Trust Fund | | 2,200,000 | 2,200,000 |
| Prize Reserve Account | | 1,103,197,285 | 971,045,950 |
| Presidents' Fund Payable | | 477,792,667 | 237,466,297 |
| Revaluation Surplus | | 575,515,293 | - |
| Total Equity | | 2,160,905,245 | 1,212,912,247 |
| Non Current Liabilities | | | |
| Dealer & Distributor Deposit Payable | 18 | 36,110,381 | 35,395,381 |
| Total Non Current Liabilities | | 36,110,381 | 35,395,381 |
| Current Liabilities | | | |
| Trade & Other Payable | 19 | 563,493,496 | 671,110,675 |
| Prize Payable | 20 | 760,794,203 | 648,835,116 |
| Credit Vouchers Payable | | 160,547,860 | 94,273,760 |
| Total Current Liabilities | | 1,484,835,560 | 1,414,219,551 |
| Total Equity & Liabilities | | 3,681,851,186 | 2,662,527,179 |

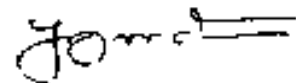
The Accounting policies and Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



W.A.V.C. Somarathne
Deputy General Manager (Finance)



Jagath P. Wijeweera
Chairman/CEO



Jenet Jayawardhana
Director

Cash Flow Statement

| As at 31 st December | Notes | 2019 Rs. | 2018 Rs. |
|--|-------|---------------------|----------------------|
| Cash Flow from Operating Activities | | | |
| Profit before tax | | 2,897,130,924 | 2,735,247,442 |
| Adjustments for | | | |
| Depreciation on Fixed Assets | | 80,242,809 | 52,893,461 |
| Prize Reserve A/C | | 132,151,335 | 161,016,492 |
| Provision for Gratuity | | 8,395,852 | 8,466,827 |
| Gratuity Paid | | (1,031,009) | (362,160) |
| Interest Income | | (173,307,868) | (184,691,737) |
| Profit from sale of Fixed Assets | | - | (5,486,000) |
| Income Tax paid | | (27,382,719) | (5,641,660) |
| Prior income tax paid | | (190,444,919) | (724,500,149) |
| President's Fund paid | | (2,428,466,297) | (2,058,000,000) |
| Operating Profit before Working Capital changes | | 297,288,108 | (21,057,483) |
| Increase/Decrease in Operating Assets | | | |
| Increase/Decrease in Inventories | | 29,314,446 | (21,985,247) |
| Increase/Decrease in Debtors | | 43,362,714 | 25,980,874 |
| Increase/Decrease in Deposit and Prepayments | | 6,421,509 | (5,160,049) |
| Increase/Decrease in Operating Liabilities | | | |
| Increase/Decrease in Creditors | | (140,214,431) | 71,753,041 |
| Increase/Decrease in Prize Payable | | 111,959,087 | (49,653,129) |
| Increase/Decrease in Credit Vouchers | | 66,274,100 | (153,153,980) |
| Net Cash flow from Operating Activities | | 414,405,553 | (153,275,974) |
| Cash from Investment Activities | | | |
| Fixed Assets Additions (Property Plant and Equipment) | | (15,882,721) | (101,448,496) |
| Fixed Assets Disposal (Property Plant and Equipment) | | - | 5,486,000 |
| Interest Income | | 173,307,868 | 184,691,737 |
| Investments in Fixed Deposits | | (238,562,026) | (215,165,497) |
| Increase in Dealer Distributor Deposits | | 715,000 | 1,912,500 |
| Net cash from Investing Activities | | (80,421,879) | (124,523,756) |
| | | 333,983,654 | (277,799,730) |
| Net Cash Increase/Decrease in cash & cash Equivalents | | 333,983,654 | (277,799,730) |
| Cash & Cash Equivalents at the beginning of the Year | | 461,682,393 | 739,482,123 |
| Cash & Cash Equivalents at the end of the Year | 16 | 795,666,048 | 461,682,393 |
| Cash at Banks | | 485,654,516 | 311,991,571 |
| Bank of Ceylon | | | |
| People's Bank | | 268,621,669 | 105,717,241 |
| Sampath Bank | | 41,373,458 | 43,957,177 |
| Cash in Hand | | 16,404 | 16,404 |
| | | 795,666,048 | 461,682,393 |

Statement of Changes in Equity

| For the Year ended 31 st December 2019 | Presidents' Fund & Mahapola Trust Fund | Prize Reserve Account | Retain Earnings | Revaluation Reserve | Total |
|--|---|-----------------------------|--------------------|------------------------|-----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 01.01.2018 | 4,400,000 | 810,029,458 | 107,862,341 | - | 922,291,799 |
| Additions during the year | | 161,016,492 | 2,187,603,956 | | 2,348,620,448 |
| Prior Year Adjustments | | | | | |
| Transfer to President Fund | | | (2,058,000,000) | | (2,058,000,000) |
| Balance as at 31.12.2018 | 4,400,000 | 971,045,950 | 237,466,297 | - | 1,212,912,247 |
| Additions during the year | | 132,151,335 | 2,668,792,667 | | 2,800,944,001 |
| Revaluation Reserve | | | | 575,515,293 | 575,515,293 |
| Appropriation to President Fund | | | (2,428,466,297) | | (2,428,466,297) |
| Balance as at 31.12.2019 | 4,400,000 | 1,103,197,285 | 477,792,667 | 575,515,293 | 2,160,905,245 |

Accounting Policies

1. REPORTING ENTITY

Development Lotteries Board incorporated under an act of parliament named Development Lotteries Board act of 20 of 1997. The address of the Board's registered office is No.356, Dr. Colvin R De Silva Mawatha Union Place, Colombo 02. During the year, the principal activity of the Board was sale of Lotteries.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements have been prepared in accordance with new Sri Lanka Accounting Standards hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Finance Regulations and Administrative Regulations of the Government of Sri Lanka.

2.2. Basis of measurement

The financial statements have been prepared on historical cost basis, except as indicated below.

Investments on Fixed Deposits

- Fair Value

Land & Building

- Revalued amounts

Gratuity Provision

- Gratuity formula and recognized at present value of the defined benefit obligation

2.3. Functional & presentation currency

The financial statements are presented in Sri Lankan

Rupees, which is the Board's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

2.4. Date of authorization for issue

The financial statements of the Board for the year ended 31st December 2019 were authorized for issue by the Board of Directors on 27 February 2020.

2.5. Use of estimates & judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and any future period affected.

2.6. Materiality and Aggregation

In compliance with LKAS 01 on presentation of financial statements, each material class of similar items is

presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not off-set in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

2.7. Income Tax

The Board is subject to income taxes and other taxes including Value Added Taxation, and Nation Building tax. Significant judgment was required to determine the total provision for current and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. IRD has issued 7 number of Income Tax and VAT assessments during the year. Board has appealed and objected. Board of the opinion is that no major liability would arise from the said assessments.

2.8. Going Concern

The Board is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the financial statements continue to be prepared on the going concern basis.

2.9. Useful life-time of the property, plant and equipment

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Property, Plant and Equipment

3.1.1. Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Board and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and

equipment are stated at cost or valuation less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

d. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an

item of property, plant and equipment. The estimated useful lives of the assets are as follows.

| | |
|-----------------------------|--------|
| Buildings/Studio | 10% |
| Furniture & Fittings | 25% |
| Office Equipment | 25% |
| Machinery | 12.50% |
| Motor Vehicles/ three wheel | 20% |
| Computers & Accessories | 33.33% |
| Branded Stalls | 16.66% |
| Motor Bicycles | 25% |
| Application Software | 33.33% |
| Mobile Phone | 50% |

Board provides depreciation from the date the assets are available for use up to the date of disposal or over the useful life.

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. All computer software cost incurred, licensed to be used by the company, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the balance sheet under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.2. Inventories

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows:

| | |
|------------------------|----------------|
| Lagna Wasana | At actual cost |
| Saturday Fortune | At actual cost |
| Jayoda | At actual cost |
| Galaxy Star | At actual cost |
| Niyatha Jaya | At actual cost |
| Instant | At actual cost |
| Sanwardana Lakshapathi | At actual cost |
| Kotipathi Kapruka | At actual cost |
| Development Fortune | At actual cost |
| Super Ball | At actual cost |
| Ada Kotipathi | At actual cost |

Galaxy Star, Niyatha Jaya and Sanwardana Lakshapathi brands were discontinued during the year.

3.3. Liabilities and Provisions

3.3.1. Liabilities

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date. Noncurrent liabilities are those balances that fall due for payment after one year from the balance sheet date.

3.3.2. Provisions

A provision is recognized if, as a result of a past event, the Board has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation against the Board

1. HC(Civil) 445/2011 – A supplier has filed a case against the board claiming sum of Rs.8,095,000. Court Order was to pay a sum of Rs. 8,095,000 together with legal interest. Board has paid a sum of 14,923,368.83 during the year.
2. WP/HCCA/COL/160/2004/F1 Board has filed a case against Mr.M.A.M. Ameen. Court has

given the verdict in favor of the Board. Attorney General Department has taken steps to collect the sum of Rs. 2,520,000 from the said individual.

3.3.3 Prize allocation

50% of the Gross Sales has been allocated for the prize expenses. Board maintains a Prize Reserve accounts to credit not won prizes in terms of the requirement mentioned in the DLB act. Prize Reserve accounts can be utilized only for the purpose of payment of prizes in subsequent periods.

3.4. Employee Benefits

a. Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Board and Employees' contribute 15% & 10% respectively on the salary of each employee respectively. Said provident fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The Board contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred

b. Defined benefit plans Retiring Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

According to the paragraph 57 of LKAS 19 the Public Corporations engaged in the sale of goods or the provision of services may opt to use a qualified actuary or use the Gratuity formula method. Therefore, the Board uses a gratuity formula method to calculate the gratuity liability. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service. Any gains or losses arising are recognized immediately in the income statement. Gratuity fund has been externally funded. Net impact from Gratuity Provision and the fund have been shown under note number 17.

3.5. Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the financial statements.

3.6. Events after the Balance Sheet Date

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

3.7. Cash Flow Statement

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7 - statement of cash flows. Cash and cash equivalents comprise net of cash in hand, cash at bank.

3.8. Segment Information

For management purposes, the Board has organized eleven operating segments based on products. Management monitors the operating results of its brands separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses.

4. INCOME STATEMENTS

4.1. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Interest income and other income are recognized on an accrual basis.

4.2. Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been

charged to revenue in arriving at the profit for the year. For the purpose of presentation of Income Statement, the Board is of the opinion that function of expense method present fairly the elements of the board's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure. Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

5. FINANCIAL ASSETS

5.1 Initial Recognition

All financial assets are initially recognized on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are

measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

5.2 Subsequent measurement

Subsequent measurement of non-derivative financial assets categorising them in to the categories of financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available - for-sale financial assets.

5.2.1 Held to Maturity Financial Assets (HTM)

Investments in fixed deposits have been classified under HTM investments. Financial Assets with fixed maturities are classified as HTM when Board has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortised cost.

5.2.2 Cash and bank balances

Cash and bank balances are defined as cash-in-hand and balances with banks. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at banks . Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Segment Report

Note 01 - I -Segment Report

| | Saturday Fortune | Lagna Wasanawa | Jayoda | Galaxy Star | Niyatha Jaya |
|--|--------------------|----------------------|--------------------|------------------|--------------------|
| SALES | 2,175,572,405 | 4,071,884,064 | 990,671,700 | 16,961,600 | 468,084,843 |
| TAXES - VAT,15% 8% | 89,704,237 | 167,893,861.4 | 0847846.92 | 699,369 | 19,300,297 |
| Revenue | 2,085,868,168 | 3,903,990,203 | 949,823,853 | 16,262,231 | 448,784,546 |
| COST OF SALES | 54,004,361 | 99,384,827 | 24,296,719 | 418,863 | 11,541,524 |
| PRIZE | 1,087,801,500 | 2,037,175,400 | 495,382,400 | 8,480,800 | 234,350,000 |
| DRAW COST | 62,582,507 | 122,374,096 | 42,180,369 | 1,208,650 | 24,431,958 |
| GROSS PROFIT | 881,479,801 | 1,645,055,880 | 387,964,365 | 6,153,918 | 178,461,063 |
| ADD - OTHER INCOME | 23,690,198 | 44,339,476 | 10,787,602 | 184,698 | 5,097,060 |
| ADVERTISING EXPENCES | 48,698,329 | 35,848,302 | 19,366,888 | 31,684 | 1,745,319 |
| MARKETING RELATED EXPENSES | 5,379,293 | 10,068,089 | 2,449,522 | 41,939 | 1,157,381 |
| Corporate & Others | 8,425,559 | 15,769,596 | 3,836,674 | 65,689 | 1,812,799 |
| DEALER COMMISSION | 392,140,567 | 740,406,850 | 178,827,273 | 2,968,280 | 81,871,412 |
| DISTRIBUTOR COMMISSION | 27,115,752 | 50,771,942 | 12,349,594 | 211,130 | 5,826,778 |
| ADMINISTRATION & FINANCE EXPENCES | 66,276,558 | 124,045,727 | 30,179,787 | 516,718 | 14,259,720 |
| SELLING & DISTRIBUTION EXPENCES | 51,268,501 | 95,956,076 | 23,345,696 | 399,709 | 11,030,664 |
| ADD - PRIZE WRITE BACK | | | | | |
| PROFIT BEFORE TAXES | 305,865,442 | 616,528,775 | 128,396,534 | 2,103,468 | 65,854,050 |
| INCOME TAX | 28,732,505 | 53,776,849 | 13,083,674 | 224,010 | 6,181,936 |
| PROFIT AFTER TAXES | 277,132,937 | 562,751,926 | 115,312,860 | 1,879,458 | 59,672,114 |
| Other Comprehensive income | | | | | |
| Difined benefit plan actuarial gain/Loss | 823,220 | 1,540,770 | 374,863 | 6,418 | 177,120 |
| Total Comprehensive income for the Year | 277,956,157 | 564,292,695 | 115,687,723 | 1,885,876 | 59,849,234 |

| Super Ball | Dasa Lakshapathi | Kotipathi Kapruka | Development Fortune | Ada Kotipathi | Instant | Total 2019 |
|--------------------|------------------|--------------------|---------------------|----------------------|--------------------|-----------------------|
| 2,214,471,980 | 16,318,200 | 1,846,507,989 | 872,097,033 | 4,560,036,405 | 566,718,000 | 17,799,324,218 |
| 91,308,162 | 672,840 | 76,136,096 | 35,958,720 | 188,021,591 | 23,367,186 | 733,910,206 |
| 2,123,163,818 | 15,645,360 | 1,770,371,893 | 836,138,313 | 4,372,014,814 | 543,350,814 | 17,065,414,012 |
| 53,889,057 | 381,582 | 50,051,548 | 21,468,233 | 108,586,476 | 36,073,962 | 460,097,151 |
| 1,107,290,000 | 8,159,100 | 923,787,800 | 436,054,400 | 2,280,553,000 | 284,459,983 | 8,903,494,383 |
| 80,314,098 | 824,612 | 62,565,190 | 43,044,151 | 144,548,877 | | 584,074,507 |
| 861,670,663 | 6,280,066 | 733,967,355 | 335,571,529 | 1,838,326,461 | 222,816,870 | 7,117,747,971 |
| 24,113,783 | 177,692 | 20,106,957 | 9,496,421 | 49,655,055 | 6,171,094 | 193,820,035 |
| 28,779,796 | 94,986 | 59,302,052 | 20,555,198 | 43,234,029 | 567,254 | 258,223,836 |
| 5,475,475 | 40,348 | 4,565,652 | 2,156,336 | 11,275,088 | 1,401,260 | 44,010,383 |
| 8,576,209 | 63,197 | 7,151,158 | 3,377,458 | 17,660,113 | 2,194,786 | 68,933,238 |
| 399,550,094 | 2,855,685 | 333,065,491 | 157,209,464 | 823,029,495 | 97,426,550 | 3,209,351,159 |
| 27,603,387 | 203,175 | 23,006,618 | 10,872,050 | 56,825,126 | 4,282,035 | 219,067,587 |
| 67,461,594 | 497,117 | 56,251,952 | 26,567,532 | 138,916,783 | 17,264,476 | 542,237,963 |
| 52,185,189 | 384,547 | 43,513,926 | 20,551,422 | 107,459,641 | 13,355,006 | 419,450,376 |
| | | | | | | 346,837,460 |
| 316,152,702 | 2,318,703 | 227,217,464 | 103,778,489 | 689,581,241 | 92,496,597 | 2,897,130,924 |
| 29,246,247 | 215,512 | 24,386,593 | 11,517,673 | 60,223,814 | 7,484,572 | 235,073,385 |
| 286,906,455 | 2,103,191 | 202,830,870 | 92,260,816 | 629,357,427 | 85,012,025 | 2,662,057,539 |
| 837,939 | 6,175 | 698,704 | 329,995 | 1,725,483 | 214,442 | 6,735,128 |
| 287,744,394 | 2,109,366 | 203,529,575 | 92,590,811 | 631,082,910 | 85,226,467 | 2,668,792,667 |

Notes to the Final Accounts

For the Year ended 31st December

| | 2019 | 2018 |
|----------------------------------|-----------------------|-----------------------|
| | Rs. | Rs. |
| Note 01 - Revenue | | |
| Gross Sales | | |
| S.Fortune | 2,175,605,225 | 2,110,926,400 |
| Lagna wasana | 4,074,350,800 | 2,324,278,400 |
| Jayoda | 990,764,800 | 969,411,000 |
| Instant | 566,718,000 | 717,916,500 |
| Galaxy Star | 16,961,600 | 367,804,000 |
| Niyatha Jaya | 468,700,000 | 819,579,200 |
| Super Ball | 2,214,580,000 | 1,800,782,000 |
| Dasa Lakshapathi | 16,318,200 | 384,709,000 |
| Kotipathi Kapruka | 1,847,575,600 | 1,800,721,100 |
| Development Fortune | 872,109,613 | 858,798,200 |
| Ada Kotipathi | 4,561,106,000 | 4,428,198,600 |
| Total Sales | 17,804,789,838 | 16,583,124,400 |
| Less: Sales return | 5,465,620 | 5,559,820 |
| Net Total Sales | 17,799,324,218 | 16,577,564,580 |
| Less: VAT | 733,910,206 | 722,708,334 |
| Revenue after Taxes | 17,065,414,012 | 15,854,856,246 |
| Note 02 - Cost of Tickets | | |
| Instant | 36,073,962 | 45,350,871 |
| Saturday Fortune | 54,004,361 | 44,637,878 |
| Lagna Wasana | 99,384,827 | 52,079,193 |
| Jayoda | 24,296,719 | 22,464,990 |
| Niyatha Jaya | 11,541,524 | 19,204,060 |
| Super Ball | 53,889,057 | 39,596,659 |
| Galaxy Star | 418,863 | 8,881,650 |
| Dasa Lakshapathi | 381,582 | 8,676,528 |
| Koatipathi Kapruka | 50,051,548 | 38,694,557 |
| Development Fortune | 21,468,233 | 21,394,786 |
| Ada kotipathi | 108,586,476 | 101,341,508 |
| | 460,097,151 | 402,322,679 |

For the Year ended 31st December

| | 2019 | 2018 |
|------------------------------------|----------------------|----------------------|
| | Rs. | Rs. |
| Note 03 - Prize Payout | | |
| Prize Expenses-SF | 1,087,801,500 | 1,055,463,200 |
| Prize Expenses-Lagna wasana | 2,037,175,400 | 1,162,139,200 |
| Prize Expenses-Instant | 284,459,983 | 363,809,160 |
| Prize Expenses-JF | 495,382,400 | 484,705,500 |
| Prize Expenses-GS | 8,480,800 | 183,902,000 |
| Prize Expenses-NJ | 234,350,000 | 409,789,600 |
| Prize Expenses-SB | 1,107,290,000 | 900,391,000 |
| Prize Expenses-Dasa Lakshapathi | 8,159,100 | 192,354,500 |
| Prize Expenses-Kotipathi Kapruka | 923,787,800 | 900,360,550 |
| Prize Expenses-Development Fortune | 436,054,400 | 429,399,100 |
| Prize Expenses-Ada Kotipathi | 2,280,553,000 | 2,214,099,300 |
| | 8,903,494,383 | 8,296,413,110 |
| Note 04 - Draw Cost | | |
| S.Fortune | 62,582,507 | 62,338,077 |
| Lagna wasana | 122,374,096 | 78,566,682 |
| Jayoda | 42,180,369 | 41,607,855 |
| Galaxy Star | 1,208,650 | 23,570,573 |
| Niyatha Jaya | 24,431,958 | 41,179,897 |
| Super Ball | 80,314,098 | 61,088,984 |
| Dasa Lakshapathi | 824,612 | 20,369,620 |
| Kotipathi Kapruka | 62,565,190 | 60,652,629 |
| Development Fortune | 43,044,151 | 43,730,781 |
| Ada Kotipathi | 144,548,877 | 142,373,372 |
| | 584,074,507 | 575,478,468 |

Notes to the Final Accounts

| For the Year ended 31st December | 2019 | 2018 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| Note 05 - Other Income | | |
| Sampath Repo Interest | 645,008 | 702,136 |
| Registration Fees | 21,500 | 47,250 |
| Sales of Receipt Books | 23,790 | 24,180 |
| Staff Loan Interest | 2,547,378 | 1,970,611 |
| Miscellaneous Receipt | 1,160,923 | 88,746 |
| Investment interest income | 145,207,283 | 155,753,901 |
| Non Refundable Deposit | 1,249,500 | 511,000 |
| Fine On Cancel tickets not return | 5,000 | 15,000 |
| Interest Sweep Account | 20,635,172 | 19,627,520 |
| 7 Day Call Interest Income | 4,273,027 | 6,637,569 |
| Paper Shredding Income | 540,408 | 1,338,596 |
| Disposal Items | 51,389 | 95,321 |
| Rent Income-Bus | 486,853 | 498,852 |
| Profit on Sale of Motor Vehicle | - | 5,400,000 |
| Profit on sale of Office Equipment | - | 35,600 |
| Profit on Sale of Computers | - | 24,500 |
| Studio Rent Income | 6,000 | 72,500 |
| Profit on Sale of Furniture & Fittings | - | 10,900 |
| Profit sales on Motor Bike | - | 15,000 |
| Distributor Deduction | 5,866,720 | 8,656,497 |
| Miscellaneous Receipt - Staff Recovery | 7,625 | - |
| Niyatha Jaya Jackpot write back | 10,441,580 | - |
| Incentive Writeback | 650,879 | - |
| Total Other Income | 193,820,035 | 201,525,679 |
| Note 06 -Distribution Expenses | | |
| Note '06-I - Advertising | | |
| Saturday Fortune | 48,698,329 | 40,822,527 |
| Lagna wasana | 35,848,302 | 29,214,868 |
| Jayoda | 19,366,888 | 23,266,883 |
| Instant | 567,254 | 8,842,828 |
| Galaxy Star | 31,684 | 23,283,559 |
| Niyatha Jaya | 1,745,319 | 26,378,666 |
| Super Ball | 28,779,796 | 23,624,273 |
| Dasa Lakshapathi | 94,986 | 19,955,441 |
| Kotipathi Kapruka | 59,302,052 | 50,308,653 |
| Development Fortune | 20,555,198 | 36,224,420 |
| Ada Kotipathi | 43,234,029 | 43,694,283 |
| Corporate & Others | 29,059,344 | 61,215,812 |
| CSR Project | - | 890,252 |
| Web Advertising | 455,795 | 710,544 |
| Enterprises Sri Lanka | 9,418,099 | 3,191,915 |
| | 327,157,074 | 391,624,924 |

| | 2019 Rs. | 2018 Rs. |
|---|----------------------|----------------------|
| Note '06-II - Marketing Related Activities | | |
| CSR Project | 11,116,745 | |
| Chairman's vote | 1,074,420 | 964,974 |
| Souvenirs & Banners | 29,001,160 | 14,195,075 |
| Marketing Related Other Expenses | 2,818,059 | |
| | 44,010,383 | 15,160,049 |
| Note '06-III - Selling & Distribution Expenses | | |
| NBT 2% | 250,694,455 | 259,104,310 |
| Selling Expenses | 62,753,531 | 53,235,862 |
| Other Selling & Distribution(Scanning / Validation) | 9,967,149 | 9,036,912 |
| Transportation | 13,306,945 | 12,523,961 |
| Vehicle Branding | - | 456,700 |
| Dealer & Distributor Mortivation Cost | 57,741,532 | 89,160,028 |
| SO/ASPO Incentive | 1,829,238 | 2,403,837 |
| Promotional Vehicles Expenses | 1,045,923 | 108,135 |
| Vehicle Rent - Ticket Selling | 455,756 | 647,900 |
| Dealer Distibutr Convention | 70,000 | 2,365,835 |
| Outdoor events/ Annual Promotion Calender | 570,540 | 1,125,778 |
| Fabricating New Outlet | 16,723,934 | 5,698,047 |
| Lottery Shop | 386,990 | 1,547,806 |
| Sales Incentive - Sales Assistant | 3,076,300 | 1,480,000 |
| Incentive for Distributor Sales Staff | 380,700 | 2,108,800 |
| New Draw Format | - | 17,000 |
| Draw Processing Charges | 447,384 | 688,500 |
| | 419,450,376 | 441,709,412 |
| Note '06-IV - Commission | | |
| Dealer Commission (1) | | |
| S.Fortune | 392,140,567 | 369,318,702 |
| Lagna wasana | 740,406,850 | 406,657,937 |
| Jayoda | 178,827,273 | 169,480,080 |
| Instant | 97,426,550 | 123,427,038 |
| Galaxy Star | 2,968,280 | 64,365,700 |
| Niyatha Jaya | 81,871,412 | 143,417,190 |
| Super Ball | 399,550,094 | 314,950,377 |
| Dasa Lakshapathi | 2,855,685 | 67,286,832 |
| Kotipathi Kapruka | 333,065,491 | 315,126,193 |
| Development Fortune | 157,209,464 | 150,184,699 |
| Ada Kotipathi | 823,029,495 | 774,656,596 |
| | 3,209,351,159 | 2,898,871,342 |

Notes to the Final Accounts

| For the Year ended 31st December | 2019 | 2018 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| Distributor Commission | | |
| Saturday Fortune | 27,115,752 | 26,263,750 |
| Lagna wasana | 50,771,942 | 28,916,310 |
| Jayoda | 12,349,594 | 12,060,635 |
| Instant | 4,282,035 | 5,631,595 |
| Galaxy Star | 211,130 | 4,581,543 |
| Niyatha Jaya | 5,826,778 | 10,208,985 |
| Super Ball | 27,603,387 | 22,409,500 |
| Dasa Lakshapathi | 203,175 | 4,785,390 |
| Kotipathi Kapruka | 23,006,618 | 22,399,079 |
| Development Fortune | 10,872,050 | 10,685,743 |
| Ada Kotipathi | 56,825,126 | 55,101,900 |
| | 219,067,587 | 203,044,429 |
| | 4,219,036,579 | 3,950,410,156 |
| Note 07 - Administrative Expenses | | |
| Staff Cost | 356,298,212 | 305,224,350 |
| Depreciation | 47,823,897 | 33,095,871 |
| Other Administrative | 137,677,459 | 125,298,850 |
| | 541,799,568 | 463,619,071 |
| Note 08- Finance Expenses | | |
| Bank Charges-General | 406,896 | 299,927 |
| Bank Charges-Prize | 31,500 | 18,000 |
| Total Finance Expenses | 438,396 | 17,927 |

| For the Year ended 31st December | 2019 | 2018 |
|---|----------------------|----------------------|
| | Rs. | Rs. |
| Note 09 - Income Tax | | |
| Income Tax | 160,780,686 | 141,793,880 |
| Prior Year Income Tax | 74,292,699 | 411,372,696 |
| Income Tax | 235,073,385 | 553,166,576 |
| Note 10 - Presidents' Fund Contribution | | |
| Total Comprehensive income for the Year | 2,668,792,667 | 2,187,603,956 |
| Appropriation to the President's Fund for the year | 2,191,000,000 | 1,968,000,000 |
| Balance | 477,792,667 | 219,603,956 |
| President's Fund Payable | - | 17,862,341 |
| Total President Fund Payable | 477,792,667 | 237,466,297 |

Notes to the Final Accounts

Note 11 - Fixed Assets RS.

| | Land | Land Tissamahar amaya | Buildings/ Improvement & Studio | Capital work in progress | Motor Vehicles/ T'Wheel/ Motor Bicycle |
|--|--------------------|-----------------------------|---------------------------------------|--------------------------------|--|
| Cost | | | | | |
| Balance as at 01.01.2019 | 506,000,000 | 492,392 | 139,449,915 | 1,583,595 | 1,533,111,187 |
| Revalue | 349,500,000 | | (30,869,915) | | 631,463 |
| Additions during the year | | | 1,228,250 | 7,517,353 | 1,666,380 |
| Transfer | | | | 5,565,000 | (5,565,000) |
| | 855,500,000 | 4,92,392 | 109,808,250 | 14,665,947 | 150,044,030 |
| Depreciation | | | | | |
| Balance as at 01.01.2019 | | | 84,569,713 | | 116,274,692 |
| Revalue | | | (84,569,713) | | (95,194,333) |
| Depreciation for the year | | | 10,918,555 | | 25,711,913 |
| | | | 10,918,555 | | 46,792,272 |
| Net book balance as at 31.12.2019 | 855,500,000 | 492,392 | 98,889,695 | 14,665,947 | 103,251,758 |

| Machinery | Office Equipment & Mobile Phone | Computers & Accessories | Furniture & Fittings | Branded Stalls | Computer Software | Website Development | Total |
|--------------------|---------------------------------|-------------------------|----------------------|------------------|-------------------|---------------------|----------------------|
| 133,559,777 | 69,809,740 | 77,874,250 | 21,289,989 | 8,735,946 | 27,068,760 | 989,655 | 1,140,165,205 |
| (3,022,893) | (36,275,742) | (39,955,287) | (7,725,475) | | (12,095,265) | | 220,186,887 |
| | 5,515,724 | 12,153,884 | 2,856,797 | | 295,840 | | 31,234,227 |
| 4,500,000 | (4,500,000) | | | | | | |
| 135,036,884 | 34,549,721 | 50,072,848 | 16,421,311 | 8,735,946 | 15,269,335 | 989,655 | 1,391,586,319 |
| 44,203,696 | 56,856,546 | 67,957,689 | 16,896,679 | 8,726,133 | 25,075,327 | 523,297 | 421,083,773 |
| (37,121,575) | (47,248,515) | (55,165,446) | (11,838,294) | | (24,190,530) | | (355,328,406) |
| 16,363,116 | 7,080,794 | 11,799,040 | 3,057,864 | 9,813 | 4,971,829 | 329,885 | 80,242,809 |
| 23,445,237 | 16,688,824 | 24,591,283 | 8,116,249 | 8,735,946 | 5,856,626 | 853,182 | 145,998,175 |
| 111,591,647 | 17,860,897 | 25,481,564 | 8,305,062 | - | 9,412,709 | 136,473 | 1,245,588,144 |

Notes to the Final Accounts

| For the Year ended 31st December | 2019 | 2018 |
|---|----------------------|----------------------|
| | Rs. | Rs. |
| Note 12 -Held to Maturity Financial Assets | | |
| Fixed Deposit -BOC/People's Bank | 1,365,380,923 | 1,141,766,603 |
| Dealer Deposits - | 85,926,650 | 76,375,432 |
| Total Fixed Deposits | 1,451,307,572 | 1,218,142,035 |
| Note 13 - Inventories | | |
| 13.1 - Ticket Stock | | |
| Saturday Fortune | 1,426,000 | 1,191,360 |
| Lagna wasana | 3,730,600 | 1,985,022 |
| Jayoda | 745,200 | 434,214 |
| Instant | 7,000,059 | 19,521,404 |
| Galaxy Star | - | 146,931 |
| Niyatha Jaya | - | 368,424 |
| Super Ball | 1,818,800 | 1,022,499 |
| Dasa Lakshapathi | - | 364,038 |
| Kotipathi Kapruka | 1,391,500 | 1,226,040 |
| Development Fortune | 890,560 | 815,796 |
| Ada Kotipathi | 4,069,620 | 3,186,480 |
| Total Ticket Stocks | 21,072,339 | 30,262,208 |
| 13.2 - Other Stocks | | |
| Stationery stock | 8,525,850 | 11,259,868 |
| Promotional items stock | 5,624,293 | 5,887,402 |
| Prize Item Stock | 14,995,427 | 32,186,878 |
| Gold Coin Stock | 64,000 | |
| Other Items Stock | 365,760 | 365,760 |
| Lagna Wasana Tea cup Sets Stock | 378,534 | 378,534 |
| Total Other Stocks | 29,953,865 | 50,078,443 |
| Total Stocks | 51,026,204 | 80,340,650 |

For the Year ended 31st December

| | 2019 | 2018 |
|---|--------------------|--------------------|
| | Rs. | Rs. |
| Note 14 - Trade Debtors & Other Receivable | | |
| Receivable | 11,386,218 | 13,341,426 |
| Debtors - Distributors | 8,562,452 | 68,798,466 |
| Loan to Staff | 63,766,345 | 49,326,248 |
| Festival Advance | 8,750 | 14,000 |
| Refundable Deposit | 1,737,114 | 1,785,114 |
| ESC Tax Credit | 32,824,620 | 31,787,714 |
| Security Deposit for Sri Lanka Railways(Gaurantee) | 1,800,000 | 1,800,000 |
| FD WHT Receivable | 13,258,499 | 10,018,846 |
| Receivable For Damage Prize Item | 165,101 | |
| | 133,509,100 | 176,871,814 |
| Less : | | |
| Provision for Doubtful Debts | 7,496,220 | 7,496,220 |
| | 126,012,880 | 169,375,594 |
| Note 15 -Prepayment & Deposits | | |
| Prepayments | 1,369,015 | 2,012,582 |
| Advance - Internal | 13,729 | 832,561 |
| Advance - External | 3,829,527 | 8,788,637 |
| | 5,212,271 | 11,633,780 |
| Note 16 - Cash & Cash equivalent | | |
| Bank Balances | | |
| BOC- General Receipt | 174,840,607 | 105,746,231 |
| BOC General 7 day Call | 141,324,975 | 150,240,195 |
| BOC -Prize | 40,757,500 | 13,838,500 |
| Sampath Bank | 41,373,458 | 8,239,177 |
| Peoples Bank | 679,465 | 901,800 |
| Sweep account | 267,842,204 | 104,715,441 |
| Repo-Sampath | - | 35,718,000 |
| BOC- General Payment | 126,753,935 | 41,168,145 |
| BOC | 977,500 | 998,500 |
| Peoples Bank | 100,000 | 100,000 |
| Bank of Ceylon - Online | 1,000,000 | |
| | 795,649,644 | 461,665,989 |
| Petty cash for Sub Stores | 2,000 | 2,000 |
| Petty cash-Regional Office | 5,000 | 5,000 |
| D.L.B Disaster Relief Fund | 9,404 | 9,404 |
| | 16,404 | 16,404 |
| | 795,666,048 | 461,682,393 |

Notes to the Final Accounts

| For the Year ended 31st December | 2019 | 2018 |
|--|---------------------|---------------------|
| | Rs. | Rs. |
| Note -17 Employee Benefit Liability | | |
| Balance at the beginning of the year | 45,691,696 | 43,110,120 |
| Provision made during the year | 1,660,725 | 2,943,737 |
| payments made during the year | (1,031,009) | (362,160) |
| balance at the end of the year | 46,321,413 | 45,691,696 |
| Fixed Deposit for Gratuity Fund | 53,359,480 | 47,962,991 |
| Net Balance | (7,038,067) | (2,271,294) |
| Note- 17.1 Provision made during the year | | |
| Interest Cost | 4,490,847 | 4,623,535 |
| Current service Cost | 3,905,006 | 3,843,292 |
| | 8,395,852 | 8,466,827 |
| Net actuarial (Gain)/Loss recognized | (6,735,128) | (5,523,090) |
| Total provision made during the year | 1,660,725 | 2,943,737 |
| | (44,589,713) | (42,747,960) |
| Note- 17.2 Cost of retirement benefits | | |
| Rate of discount | 10.05% | 10.85% |
| Rate of Salary increase | 5% | 9% |
| Retirement age | 60 | 60 |
| Fixed Deposit equivalent to Employee Benefit Liability at the end of the year has been maintained. | | |
| Note 18 - Dealer & Distributor Deposit Payable | | |
| Dealer Deposit Payable | 32,560,381 | 31,945,381 |
| Distributor Deposit Payable | 3,550,000 | 3,450,000 |
| Total Dealer & Distributor Deposit Payable | 36,110,381 | 35,395,381 |

| For the Year ended 31st December | 2019 | 2018 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| Note 19 -Trade & Other Payable | | |
| Trade Creditors | 261,825,182 | 303,001,193 |
| Dealer Advance | 671,647 | 671,454 |
| Distributor Advance | 51,177,346 | 43,951,294 |
| NBT/VAT/WHT/PAYEE TAX Payable | 43,054,283 | 45,846,591 |
| Provision for Income TAX Payable | 153,397,967 | 177,264,591 |
| Other Payable | 53,367,071 | 100,375,551 |
| Total Creditors | 563,493,496 | 671,110,675 |
| Note 20 - Prize Payable | | |
| Prizes Payable | 743,671,973 | 620,700,657 |
| Provision for Prize Payable - Non Winning-Draw Tickets | | |
| Saturday Fortune | 3,310,950 | 2,549,000 |
| Jayoda | - | 1,494,165 |
| Lagna Wasana | 2,373,700 | 5,685,245 |
| Super Ball | - | 1,804,789 |
| Koatipathi Kapruka | 7,083,580 | 3,912,550 |
| Development Fortune | - | 5,103,720 |
| Ada Kotipathi | 4,354,000 | 7,584,990 |
| Total Non Winning Prize Payable | 17,122,230 | 28,134,459 |
| Total Prize Payable | 760,794,203 | 648,835,116 |

Ten Year Summery

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) | (Rs. '000) |
| Operational Results | | | | | | | | | | |
| Revenue | 17,065,414 | 15,854,856 | 13,981,500 | 14,759,875 | 11,874,659 | 12,271,477 | 10,611,073 | 8,624,166 | 6,884,267 | 5,667,809 |
| Cost of Tickets | 460,097 | 402,323 | 387,697 | 444,990 | 325,360 | 378,157 | 410,016 | 359,844 | 313,956 | 259,210 |
| Prize payout | 8,903,494 | 8,296,413 | 7,263,437 | 7,755,659 | 6,150,951 | 6,211,302 | 6,481,076 | 5,113,981 | 4,120,099 | 3,406,143 |
| Administrative Expenses | 541,800 | 463,619 | 419,811 | 382,655 | 332,597 | 347,408 | 330,967 | 280,682 | 281,397 | 244,214 |
| Distribution cost | 4,219,037 | 3,950,410 | 3,541,284 | 3,561,410 | 2,728,440 | 3,067,688 | 627,574 | 497,755 | 325,886 | 350,813 |
| Surplus after operating Expenses | 2,550,732 | 2,368,138 | 2,034,129 | 2,412,020 | 2,134,322 | 2,145,085 | 1,979,330 | 1,757,752 | 1,318,519 | 937,913 |
| Equity | | | | | | | | | | |
| President's Fund | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| Mahapola Trust Fund | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 | 2,200 |
| President's Fund payable | 477,793 | 237,466 | 107,862 | 52,633 | 99,010 | 250,598 | 132,775 | 493,970 | 220,124 | 148,478 |
| Prize Reserve Account | 1,103,197 | 971,046 | 810,029 | 805,435 | 934,026 | 877,036 | 776,867 | 753,236 | 645,679 | 626,994 |
| Liabilities | | | | | | | | | | |
| Non Current Liabilities | 36,110 | 35,395 | 38,180 | 1,318,429 | 1,615,846 | 223,288 | 36,806 | 35,134 | 38,506 | 33,197 |
| Current Liabilities | 1,484,836 | 1,414,220 | 1,722,249 | 1,237,896 | 846,842 | 5,1768 | 1,228,404 | 512,576 | 479,722 | 420,471 |
| Assets | | | | | | | | | | |
| Non Current Assets | 1,252,626 | 721,352 | 670,526 | 1,372,755 | 1,537,875 | 1,594,826 | 1,733,435 | 1,624,369 | 1,202,917 | 1,078,595 |
| Current Assets | 2,429,225 | 1,941,174 | 2,012,195 | 84,044 | 405,087 | 342,264 | 641,588 | 317,323 | 381,078 | 262,150 |

Note : 1 Effectively from 2015 and 2014 , Gross Sales have been recorded and Agency Commission has been included under Distribution Cost.



Development Lotteries Board
No. 356, Dr. Colvin R. De Silva Mawatha,
Union Place, Colombo 02.