

# Our Vision

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

# Our 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."

# Our Goals

Increase the market share.

Maximize the contribution made to the President's Fund.

Acquire and utilize modern technology effectively.

Fulfill 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 organizational goals while fostering openness, mutual respect and individual development.

## **Orientation Toward Excellence**

The employees strive to maximize the quality of service continuously.

# 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 02.

**Telephone**

011 2 333 456-8, 011 4 824 824

**Fax**

011 2 333 545

**E-mail**

devlottr@slt.lk

**Web**

[www.dlb.lk](http://www.dlb.lk)

**TIN**

409089844

**Board of Directors (2013)**

1. Dr. Chandrawansa Pathiraja - Chairman / CEO
2. Mr. Gamini Ekanayake - Working Director
3. Mr. D N Nanayakkara - Director
4. Mr. Ranjith Thenuwara - Director
5. Mr. R K Jayalath - Director

**Auditor**

Auditor General

**Internal Auditor**

M/S Sudarshana Pushpakumara & Co, Chartered Accountants

**Bankers**

Peoples Bank, Bank of Ceylon, Sampath Bank PLC.

**Branch Offices**

Kurunegala

No. 121, Kandy Road, Kurunegala.

Tel / Fax: 037 2233560, 037 4641002

**Matara**

No. 42/1, Dharmapala Mawatha, Matara.

Tel / Fax: 041 2234664

**Monaragala**

New Bus Stand, Monaragala.

Tel / Fax: 055 4498028

# History of Development Lotteries Board

The Development Lotteries Board, known as the Development Lottery Centre at the inception, was established on January 19, 1983. The main objective of the Centre was to assist the Government to raise finances.

Subsequently in 1993 the Development Lottery Centre was transformed to a Trust known as the "Development Lottery Trust". On 12th August 1997 the Trust was converted to the "Development Lotteries Board" by the Development Lotteries Board Act.20 of 1997.

The Development Lotteries Board entered into the lottery market by introducing instant lottery tickets in the year 1983 and was the first Lottery Organization to introduce Television lottery draws to the lottery market with the launch of "Shanida Wasanawa" in the year 1987. Initially "Shanida Wasanawa" was drawn only on Saturdays and later on extended to Wednesdays.

The second phase of 'Wasana Chakraya' Television draw commenced on 25th January 1998 drawing every Sunday. This was tailor made for non-winning instant scratch lottery tickets. The response to this programme from the public was very favourable. The second television draw lottery known as "Sanwardhana Wasanawa" was launched on 9th October 1998. This was drawn on Tuesdays and Fridays. The unique feature of this ticket is the introduction of 'Zodiac' symbols along with numbers to identify winnings.

On 26th January 2004 we were able to launch "Jayoda" to be drawn on Mondays and Thursdays. This ticket offers a Super Jackpot in addition to the standard jackpot and regular cash prizes. The Super Jackpot starts with an initial amount of Rs. 10 million. The regular jackpot winners are entitled to opt for the cash prize of Rs. 1 million or a house worth over Rs.1 million, for the time first in the history of lotteries in Sri Lanka.

On 10th April 2009 the Development Lotteries Board was able to launch "Jana Jaya" to be drawn on Thursdays and Sundays. To win the Super Prize the lucky person should match 04 numbers out of the 64 numbers and super number from among 12 numbers from another machine.

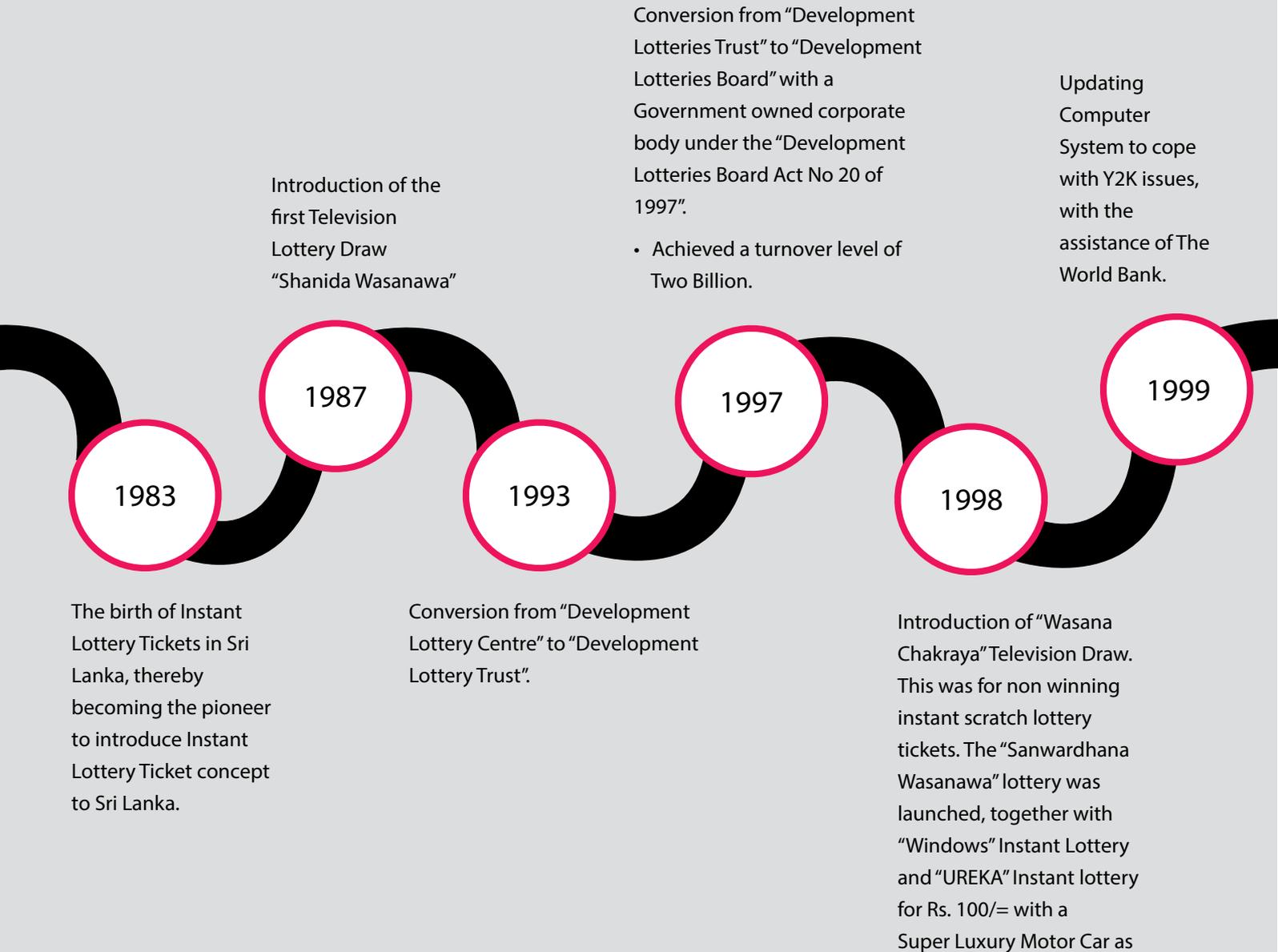
The Super Jackpot starts with an initial amount of Rs.2.5 million.

The introduction of "Super Ball" lottery on 11th July 2012 marked a great turning point in the history of lottery industry. This particular lottery starting with the largest ever lottery jackpot of Rs 30 million has been successful in attracting the general public.

The income generated by the Development Lotteries Board is credited to the President's Fund for the prime purpose of bringing prosperity to the entire Nation. 50% out of which is contributed to the Mahapola Higher Education Scholarship Trust Fund, which substantially supports the country's education. Measures are taken to contribute the rest of the amount to uplift the living standard of poor people, health needs, maintenance of religious institutions, welfare associations, improve the fields of sports and arts with the idea of creating a better future for the entire public.

# Milestones

We at DLB came across the following steps in a stone with our Development Ladder.



2004

"JAYODA" was launched with pioneering feature of option for cash prize or a house

- Achieved a turnover level of Three Billion.

2008

Sheltered in DLB's own House at No. 356, Dr. Colvin R De Silva Mawatha, Colombo 02.

- Achieved a Turnover level of Five Billion.

2010

"Jana Jaya" Lottery, with a Super Jack Pot prize was introduced.

2011

"Niyatha Jaya" Lottery was launched.

2012

"Super Ball" Lottery with the largest ever lottery jackpot of Rs. 30 million was introduced.



# Chairman's Review

"The DLB has completed 30 years of service since its incorporation in 1983. The statutory objective of DLB is to generate funds for the President's Fund. The DLB provides scholarships for university students through the Mahapola Trust Fund. Similarly, the health sector is also supported by the funds generated by DLB by assisting patients with financial hardship."

## "... during this financial year DLB has been able to contribute Rs.2.0 Billion to the presidential Fund, which is the highest contribution ever made in the history of DLB."

As Chairman of the Development Lotteries Board (DLB), it is the most important task for me to place before you our Annual Report for the year 2013, supported by the Audited Financial Statements of the DLB.

The DLB has completed 30 years of service since its incorporation in 1983. The statutory objective of DLB is to generate funds for the President's Fund. The DLB provides scholarships for university students through the Mahapola Trust Fund. Similarly, the health sector is also supported by the funds generated by DLB by assisting patients with financial hardship.

DLB has been built on treasured values based on the 'Mahinda Chinthana' where the main focus has been to treat people of our Nation on equal terms irrespective of any segregation, ensuring and safeguarding our stakeholders interests and continuing to financially benefit them at all times.

It is with great pride we announce that DLB has achieved its highest earning / revenue during this financial year 2013. During this year, DLB has been able to post a profit to our equity holders amounting to Rs.2.1 Billion, which is a 10% increase over the profit attributable to equity holders in the previous year. Our total revenue increased from RS.8.6 Billion to Rs.10.6 Billion from the previous years, thus recording a growth of 23%, achieved in terms of revenue to DLB. It should be further stated that during this financial year DLB has been able to contribute Rs.2.0 Billion to the Presidential Fund, which is the highest contribution ever made in the history of DLB.

There also exists a growth in the payout of prize money to our valued customers amounting to Rs.6.4 Billion during this year. This is an increase from Rs.5.1 Billion payout reported over DLB's previous year which is well worth noting.

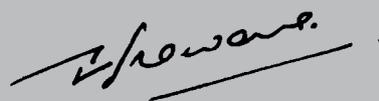
DLB is not just driven by profit margins but DLB equally focuses on Corporate Social Responsibility (CSR) of society as a whole. This equilibrium between profit and social

responsibility is emphasized by the projects undertaken by the DLB. Most of the CSR projects handled through DLB are directed at building community relationships. These well deserved humanitarian causes are supported by the DLB including projects that portray our cultural heritage. Having diversified into numerous CSR programmes, the DLB is proud to report that we have provided over 20,000 direct and indirect livelihoods to our people. Plans are also underway to stretch our CSR projects to cover more deserving areas in the future.

In conclusion on behalf of the Board of Directors, I wish to thank all our stake holders for the support extended to the Board of Management throughout the years.

I would like to thank and place on record our appreciation for all our distributors, dealers, their assistants and staff for their dedicated efforts and commitment in helping us to achieve our target and more over the objectives of the DLB. They indeed assisted us in making our presence at DLB meaningful.

My sincere appreciation is also extended to our esteemed customers and stakeholders who placed enormous loyalty and trust in our products, which gave us the support to move through to the following year with more strength and passion in continuing to make the vision of DLB a reality.



**Dr. Chandrawansa Pathiraja**

*Chairman/CEO*

Development Lotteries Board



**Dr. Chandrawansa Pathiraja**  
*Chairman / CEO*



**Mr. Gamini Ekanayake**  
*Working Director, Attorney-at-law*

**Mr. Ranjith Thenuwara**  
*Director, Development Lotteries Board*  
*Director - Mahapola Higher Education*  
*Scholarship Trust Fund*



# Board of Directors

**Mr. D N Nanayakkara**  
*Director, Development Lotteries Board,*  
*Senior Assistant Secretary to the*  
*President*



**Mr. R K Jayalath**  
*Director Development Lotteries Board*  
*Assistant Director - Ministry of Finance*  
*& Planning*



# Review of Board of Directors

With much delight I place before you the Annual Report and the review of the financials for the Financial Year concluded in 2013.

The statutory and the ultimate objective since our inception in 1983 is to credit the income generated by the Development Lotteries Board to the President's Fund and the Mahapola Higher Education Scholarship Trust Fund. It is an indeed a proud moment to announce that that the Development Lotteries Board (DLB) achieved its highest earnings/revenue. Our entity during the year has been successful to pay out the highest amount as prize payout money for winners, and to credit over Rs.2,026 million to the President's Fund and the results truly reflect that our performance is indeed commendable.

During the year under review for the Financial Year 2013 we have been innovative to introduce several new products to achieve market share with the introduction of several new 'Lottery winning options and opportunities' for the consumers.

As a major State owned Business Enterprise (SOBE) we have been able to create over 20,000 employment opportunities in the country by directly and indirectly contributing to Sri Lanka's economy through various financial avenues to help the poor people by way of uplifting their living standards, catering to the healthcare sector, providing funds for the higher education sector, along with maintenance of religious institutions, welfare societies, sports and in the field of arts.

Since our inception in 1983 we initially introduced Instant Lotteries to the market and now we have a range of lottery products introduced to the market that include Saturday Fortune, Development Fortune, Jayoda, Jana Jaya, Niyata Jaya, and Super Ball. The year 2013 was a significant year for Development Lotteries Board (DLB) as we celebrated the 30th Anniversary.

As a State owned Business Enterprise (SOBE) It is an indeed pleasure to conclude that the Board of Directors of the

Development Lotteries Board and the management of our organization continue to review the operational performance, financial performance and the efficiency while securing our organizational assets and making our compulsory financial commitments to the Government of Sri Lanka in a timely manner.

Further it is amidst great challenges that we achieved our efficiency, highest results with best performance thanks to the correct decisions and management policies measures that were adopted by the Board of Directors of DLB, commitment of our all employees, Agents and Dealers and all other stakeholders of our organization along with guidance of auditors.

**Mr. D.N. Nanayakkara**

*Director*

Development Lotteries Board.

# Management Team



**Mr. Madawa Dewasurendra**  
*General Manager*



**Mr. Anura Jayarathne**  
*Deputy General Manager - Marketing*



**Miss. Vijitha Somarathne**  
*Deputy General Manager – Finance*



**Mr. D D C Damminda**  
*Assistant General Manager - Marketing*



**Mr. Kapila Bulathsinhala**  
*Assistant General Manager - Marketing*



**Mrs. Rishini Rupasinghe**  
*Assistant General Manager - Marketing*



**Mr. Sunil Jayarathne**  
*Assistant General Manager - Finance*



**Mr. Kasun Jayasuriya**  
*Assistant General Manager - Finance*



**Major J M D A Krishantha**  
*Chief Security Officer*



**Mr. Nishan Perera**  
*Assistant General Manager - Finance*



**Mr. Chaminda Paramamana**  
*Administrative Officer*



**Mr. T Winitha Ruberu**  
*IT Consultant*



**Mr. Kapila Munasinghe**  
*Marketing Consultant*

# Operational Review

## Management Discussion and Analysis

Since our inception on January 19, 1983 the Development Lotteries Board is one of the two lottery companies operating in Sri Lanka and is a State Owned Business Enterprise (SOBE). Therefore the business of our organization depends on the prevailing socio economic environment of the country and the Government policy directives and initiatives that have been implemented from time to time in order to enhance the livelihoods and socio economic climate in Sri Lanka.

The income generated by Development Lotteries Board (DLB) is credited to the President's Fund, which in turn utilizes 50% of it for the Mahapola Higher Education Scholarship Trust Fund. The balance generates various financial avenues to the poor people by way of uplifting their living standards, catering to the health sector, providing funds for the maintenance of religious institutions, welfare societies, sports and to improve the field of arts.

## Sri Lankan Economy in 2013

According to the economic highlights of Ministry of Finance and Planning of Sri Lanka, the Sri Lankan economy grew by 7.3% in 2013, recovering from 6.3% growth recorded in 2012 amidst a challenging domestic and external environment. The economy has been in a consistent growth trajectory during the past nine years since 2005 recording an average growth rate of 6.7% in comparison to an average of 4.5% in the previous years.

However, erratic rainfall and unfavourable weather conditions, high international oil prices and associated adjustments as well as financial crisis in the US and Europe affected the economic advancement. The average growth during the last four years was 7.5% in the climate of peace underscoring the fact that the economy has moved into a high growth path. The growth benefited from post conflict peace and reconciliation, new capacity created in terms of economic and social infrastructure through improved public investments, enhanced private investments in traditional and emerging sectors in the real economy and stable macroeconomic conditions.

In 2013, the economic growth was higher than the inflation, which continued to remain in the single digit level for the fifth consecutive year. With this growth, Sri Lanka has marked an impressive progress in many aspects, including the reduction of poverty to 6.7% and maintaining

unemployment at 4.4% while increasing the per capita income to US\$ 3,280. The current trend is consistent in realizing a per capita income of over US\$ 4,000 by 2016 thereby consolidating its position as a middle income economy.

The growth in 2013 was supported by the expansion in all three sectors, particularly the gradual recovery of Industry and Services sectors in the second half of the year complemented by the strong contribution by the Agriculture sector. The rate of inflation, as measured in terms of GDP deflator, was 6.7% in 2013 in comparison to 16.3% recorded in 2008 and remained at single digit level for last five years. The unemployment rate increased marginally to 4.4% reflecting the inclusion of new job seekers in to the labour force. Market interest rates declined gradually responding to the easing of the Monetary Policy of the Central Bank. Yield rates of government securities declined across all the maturities while the lending rates moved to a range of 15% resulting in a real interest rate for lending to increase to around 8% in 2013. Financial sector continued to remain resilient and the financial system stability was preserved amidst challenging international financial environment benefiting from proactive measures adopted by the Central Bank and the government.

The budget deficit declined for the fourth consecutive year to 5.9% of GDP in 2013 in comparison to the target of 5.8% reflecting the continued efforts to strengthen fiscal consolidation while maintaining public investment at a moderate level of 5.5%.

During the year under review the financial position of key state owned business enterprises indicated a marked improvement, although the domestic price adjustments continued to lag behind international prices.

The external sector performance continued to improve reflecting the impact of policy package introduced in early 2012 to ensure macroeconomic stability while benefiting from the enhanced external demand. The slow recovery in many advanced and emerging market economies, geo political tensions in the Middle East region, fiscal crisis in the Euro Zone area and changes in the movement of international capital flows with the expectation of tapering the purchases of long term assets by major Central Banks were among the major challenges faced by the external trade and finance in the country. Imports continued to

# Operational Review

decline in 2013, in absolute terms, while exports recovered strongly thereby recording a significant decline in the trade deficit.

Sustained inflows from overseas employment, tourism and export of services as well as capital inflows helped generate a surplus in the country's Balance of Payments (BOP). As a result, gross official reserves increased to US\$ 7.5 billion by end 2013 providing sufficient safeguard to manage short term capital requirements to maintain external stability.

As a middle income economy, Sri Lanka is confronted with a number of challenges in its journey towards economic and social advancement. Lowering the debt financing of the government budget enhancement of exports, import replacement, energy conservation and enhancing the use of renewable energy, adjustments to high international petroleum prices, changing consumption patterns, effective use of new infrastructure capacity, concerted effort to promote tourism, lowering the high level of youth unemployment, productivity improvement as well as population ageing and related issues are among the key challenges that need particular attention.

## Economic Outlook for 2014

The importance of strengthening macroeconomic stability further and building sufficient buffers to improve resilience of the economy to external and domestic shocks has been clearly identified by the government.

The economy is expected to continue its high growth at above 7.5% in 2014 and at an accelerated pace of about 8% in the medium term supported by the peaceful environment, additional capacity that has been created through infrastructure projects, growth momentum in exports as well as import replacement initiatives, stable macroeconomic conditions, political stability and continued optimism on the global economy. Consequent to the success in inflation management in last five years, supported by continued reduction in budget deficit, inflation is projected to maintain at mid single digit level in 2014.

## Revenue of Government and SOBEs

During the year under review total government revenue increased by 8.1% in 2013 to Rs. 1,137 billion in comparison to Rs. 1,052 billion recorded in 2012. There was a buoyant growth in the revenue from income taxes in 2013 amidst the adjustments to a lower tax regime. In 2013, tax revenue

to GDP ratio was 11.6% in comparison to 12.0% in 2012. Meanwhile, non-tax revenue declined to 1.5% of GDP from 1.9% in the previous year mainly due to lower revenue from profits and dividends of state owned enterprises. Total revenue as a percentage of GDP accounted to 13.1% in comparison to 13.9% in 2012.

## Performance of State Owned Business Enterprises (SOBEs) in 2013

The improvement of the performance and efficiency of key State Owned Enterprises (SOEs) encompasses an important position within the overall economic strategy and a strong effort is being made by the government towards this direction. Consequently, there was a significant expansion in the SOBEs in 2013.

The asset base of the currently operational 55 State Owned Business Enterprises (SOBEs) grew by 12% to Rs 5,132 billion or 59 percent of GDP. The policy reforms introduced in early 2012 and 2013 which involved upward revision of the administrative prices of petroleum products, electricity, passenger transportation and water, were particularly conducive to improve the performance of key SOBEs.

It is important to note that 43 enterprises have been profitable in 2013 out of the 55 SOBEs, while operating in line with the policy framework of the government and delivering essential utilities and services at affordable prices. A total profit before tax of Rs. 44 billion was generated collectively by these SOBEs indicating a 162% increase in comparison to the loss of Rs. 109 billion in 2012. In 2013, SOBEs transferred Rs. 24 billion of dividends and levies to the Consolidated Fund as non-tax revenue to the government.

The management improvements and new capital infusion, which is being taken place to improve productive capacity of SOBEs, are expected to make them financially stronger institutions, according to the Ministry of Finance and Planning. Thus SOBEs are encouraged to adopt effective and innovative management practices, recruitment of skilled personnel with required expertise are being encouraged for achieving higher productivity and minimizing inefficiencies to become commercially viable entities. With these, SOBEs are expected to pay dividends as returns on investments instead of relying on the assistance from the government budget, given the government's clear policy of non-privatization of state enterprises. The audit and accounting processes of the SOBEs have been

strengthened as they are under close scrutiny of the parliamentary Committee on Public Enterprises (COPE). Annual Accounts and Annual Reports are submitted by SOBEs complying with requirements of the COPE. Further, all SOBEs follow government procurement procedures.

SOBEs are encouraged to obtain a credit rating to assess their financial strength to facilitate raising of funds on their own for future expansion and to meet development targets.

While banking and finance, insurance, energy, water, ports, construction, plantation, non-renewable resources, lotteries, marketing and distribution, media and health sectors generated profits; aviation, commuter transportation and livestock sectors made losses during the year under review.

During year 2013, 37 SOBEs contributed towards Government's non-tax revenue by way of paying dividends and levies to the Consolidated Fund totalling Rs 24 billion. Banking and Finance, Insurance and Lotteries sectors were the key contributors remitting Rs 16 billion, 5 billion and 0.5 billion, respectively.

While the SOBEs expanded providing vital social and economic benefits to the country and their overall financial positions strengthened facilitating increased profitability and dividends to the Government, the governance and management structures of SOBEs were also upgraded to conform to international best practice. Improving transparency and accountability in their financial reporting, almost all SOBEs have adopted Sri Lanka Accounting Standards, which are gradually converging with International Financial Reporting Standards/International Accounting Standards.

### **Sri Lanka's Lottery Industry in 2013**

Development Lotteries Board (DLB) and National Lotteries Board (NLB) are the only two players in the Sri Lankan lotteries market offering passive and instant lotteries while both companies being State Owned Business Enterprises have a 100% market share. According to Ministry of Finance and Planning Annual Report for 2013, the two lottery entities have recorded a total of Rs.26.62 billion in 2013 and reported a profit of Rs.2.45 billion. The lottery industry has contributed nearly 0.28% to the country's Gross Domestic Product (GDP).

NLB contributes its profits from 7 passive and 2 instant lotteries directly to the Consolidated Fund for the development of agriculture, sports, health and other projects while the entire profit of DLB from 6 passive lotteries and 3 instant lotteries are remitted to the President's Fund for the benefit of health and education sectors of the nation. According to the Ministry of Finance and Planning, in 2013 the market share of NLB was 59% while DLB's share was 41%. The total revenue of the industry grew by 23% in 2013. Both NLB and DLB has sold 1,168 million tickets with declared prizes amounting to Rs 13.6 billion in 2013 compared to Rs. 10.7 billion in 2012.

Whilst NLB made a total contribution of Rs. 1,756 million to the Consolidated Fund in 2013 which is an increase of 12%, DLB increased its contribution to the President's Fund by 20% to Rs.2,007 million in 2013.

### **Financial Review**

#### **Overview Results of Financial Performance**

Development Lotteries Board (DLB) strives to provide its customers and guests with world-class Lottery products and services that meet or exceed expectations in a socially responsible manner.

The year under review Financial Year 2013 has been a significant transition period and a remarkable financial year for Development Lotteries Board (DLB) with efforts focused on activities to support the country's growth in the future as a state owned business entity that is a major player in Sri Lanka's Lotteries industry.

In the Financial Year 2013, according to the financial statements presented the operations of the Development Lotteries Board (DLB) for the year under review had resulted in a surplus after taxation in the provision for the President's Fund amounting to Rs. 2,007.3 million as compared with the corresponding surplus after taxation of the provision for the President's Fund for the preceding year amounting to Rs. 1,648.4 million. Thus it indicates an increase of the provision for the President's Fund, as compared with the preceding year by a sum of Rs. 358.9 million or a 21% increase.

During the year under review DLB recorded the highest ever revenue crossing Rs.10.6 billion compared to Rs.8.6 billion in previous year and it is over 23.03% increase compared to the previous year.

# Operational Review

Further DLB paid out a total of Rs. 6,480.1 million as prize payout money for winners, compared to Rs. 5,113.9 million in 2012. It is a 26.7% increase compared to the last financial year and it is the highest ever amount of prizes paid in DLB's history. During the year it is also significant to note that DLB paid nearly Rs. 68.67 million as income taxes for the first time.

In 2013 DLB introduced the Super Ball Lottery with highest starting Jackpot of Rs.50 million and The lottery industry was revolutionized by introducing the Highway Dream Lottery with a jackpot value of Rs. 100 million and 50 Micro cars by DLB, which was the highest ever prize offered in the country's lottery history. The Company also introduced several lottery products priced at Rs.100 to the market. Further, the launching of the SMS lottery was also a significant achievement in 2013 for DLB.

The year 2013 became a year of higher productivity and benchmark year in revenue growth attributable to the proper policy decisions made by the Board of Directors within the year under review, efficiency of the entire staff, dedication and commitment of the sales agents and the firm guidance received from Auditors. As planned out by the Ministry of Finance and Planning the government expects to increase DLB to achieve a revenue target of Rs.12.04 billion by 2016 and the company strives to achieve that goal with commitment, dedication and with the adoption of strategic marketing initiatives and new technology.

## Overview Results of Operational Performance

DLB achieved unprecedented growth in Revenue and profitability in the year under review. During the Financial Year 2013/2014 DLB earned the highest ever revenue of Rs. 10.6 billion, and reported a profit of Rs.2.12 billion. Growth in Revenue improved the profit before tax strongly and to increase the contribution to Presidential Fund by over 21%.

## Principal Activities

The principal activity of the Development Lotteries Board is to generate funds for the President's Fund to grant Mohapola Higher Education Scholarships for the University Students and grant medical assistance for the needy public in the country through operating and managing Lottery products. The DLB is governed by the Development Lotteries Board Act No 20 of 1997.

During the year under review DLB operated the following lotteries to achieve the above key objectives.

1. Saturday Fortune
2. Development Fortune
3. Jayoda
4. Jana Jaya
5. Niyata Jaya
6. Super Ball
7. Sanwathsara Wasana
8. Avurudu Bonus
9. Highway Dream
10. Instant Lottery Tickets

## Operational Highlights

DLB currently operates with 2,200 active dealers and approximately 22,000 retail sales assistants Island wide. Around 25,000 direct and indirect employment opportunities have been created under DLB umbrella.

## New Product Launches

The year 2013 was a significant year for Development Lotteries Board (DLB) as The Company celebrated its' 30th Anniversary. Thus several new products were launched whilst existing products were re-launched with several New features.

### 'Sanwathsara Wasana'

The year started off with launching 'Sanwathsara Wasana' to be drawn on DLB's 30th Anniversary that falls on 19th January 2013. The lottery was valued at Rs.100 and the winners had to match 3 numbers, Bonus number and an English Letter to win. The 'Sanwathsara Wasana' offered a Jackpot of Rs.10 million.

### 'Avurudu Bonus'

To celebrate the Sinhala and Tamil New Year 'Avurudu Bonus' Rs.100 Lottery was launched to the market on 19th March 2013. The draw was held on 10th April 2013. Winners had to match 3 winning numbers, Bonus number and an English Letter for winnings. A Luxury Motor Car was offered as the Jackpot.

### **‘Super Ball’**

‘Super Ball’ the premier lottery of the DLB was revamped to celebrate its first anniversary on 23rd July 2013. Further the Lottery was updated to offer an exciting draw for Super Ball lottery buyers’ non-winning tickets with ‘Super Ball Ran Kasi Waram’ whereby DLB awarded Half a Sovereign 10 Gold Coins to winners after a special draw. The promotion was carried till 14th November 2013.

Further Super Ball lottery which was drawn on Monday and Thursday was introduced for Saturday in Blue colour. First Saturday draw was held on 9th November 2013.

### **‘Highway Dream’**

DLB launched a special high valued lottery priced at Rs.100 targeting the upper segment of the market titled ‘Highway Dream’. Official Lottery launch was held on 27th of October 2013, in line with the opening of Sri Lanka’s 2nd Expressway the Colombo – Katunayake Expressway. First Lottery was presented to His Excellency President Mahinda Rajapaksa by Chairman and Chief Executive Officer of Development Lotteries Board – Dr. Chandrawansa Pathiraja at the public gathering at Ja-Ela after commissioning the Colombo - Katunayake Expressway. This was the highest ever Lottery Jackpot in Sri Lankan lottery history with a Jackpot of Rs.100 million for matching all 3 numbers with super lucky number. And a Brand new Motor Car was offered for matching 3 lucky numbers.

### **‘Supiri Shandia’ Promotion for Saturday Fortune Lottery Draw - February**

The specialty of the promotion was that other than normal ‘Saturday Fortune’ Draw, special draw was held for the ‘Supiri Shandia’ Numbers printed in the same ticket and an array of Rs.100,000 prizes were awarded. For the second draw winners had to match four numbers (Numbered from 1-30) and 99 winners won Rs.100,000 prizes in addition to the normal ‘Saturday Fortune’. The Draw was held on 20th February 2013.

### **‘Janajaya’ Re-Launch with more Prizes**

Janajaya Lottery was re-launched with an array of new prizes. English Letter was introduced in lieu of Super Number in Lotteries. First Draw was held on Wednesday 23rd October 2013. A Jackpot of Rs.50 million or prevailing Jackpot was offered for matching all four numbers with the English Letter.

### **Power Ball promotion for Jayoda Lottery**

Jayoda which has won the popularity in the lottery market as one of the leading lotteries had a special draw on 4th November 2013. In the usual Jayoda Lottery ticket other than the four winning numbers and the English Letter, separate four winning numbers were printed for the ‘Power Ball’ draw.

For the ‘Power Ball’ special draw four numbers had to be matched to win Rs.100,000 prizes. From the draw DLB was able to award Rs.100,000 for more than 100 winners in addition to the normal Jayoda draw prizes.

### **‘Deyata Kirula’ National Exhibition 23rd -30th March 2013**

Development Lotteries Board (DLB) was the main financial sponsor of the ‘Deyata Kirula Exhibition’ that was held at Ampara from 23rd to 30th March 2013 with nearly Rs.100 million commitment that ensures DLB’s commitment to support government development plans. Further DLB presented prizes worth Rs.66 million to the public who witnessed the national event at Ampara by way of undertaking the responsibility of issuing tickets to general public that were entitled for a special draw that awarded 8 Three-wheelers, 8 Motor Cycles, 8 Scooters, 40 Bicycles and 80 porcelain Sets.

DLB also contributed Rs.3.3 million to Sri Lanka Army Welfare Unit for the contribution and service offered to DLB at the ‘Deyata Kirula Exhibition’. Sri Lanka Army provided manpower at the ticket counters of the ‘Deyata Kirula’ Programme. and the Eastern Commander of Army, Major General Lal Perera Received the Cheque from DLB Chairman Dr. Chandrawansa Pathiraja.

Steps were also taken towards improving Operational Systems and Processes.

### **System Analysis and Review**

With consulting assistance of KPGM, DLB initiated reviewing organization’s systems and processes to further improve organizational efficiencies with the future goal of becoming a fully-fledged ERP enabled governmental business organization. Further steps were taken to provide various training and development programmes for staff members relevant to their respective fields.

# Operational Review

## **ISO 9001-2008 Certification**

During the year under review DLB applied for ISO 9001:2008 Certification with the idea of becoming a more quality service oriented organization towards customers.

## **IT Infrastructure Upgrade and IT System Update**

In 2013 DLB introduced a new Domain for itself providing DLB's own email facilities to key staff to further expedite the communication within the organization's staff and steps were taken to automate the vehicle request flow and to implement GPS tracking to vehicles. IT Department of DLB further took steps to update security aspects of the IT systems through introduction of a new firewall and virus scanners.

## **Improvement of Infrastructure Facilities**

During the year the bridge that connects to the second building of the head office premises was constructed whilst the installation of the lift to the second building also commenced.

## **Dealer Incentive**

This incentive scheme has become very popular among dealers and distributors. This is a group incentive scheme and each distributor and dealer under them must work as a team to get the benefit of it. DLB has given them a benchmark sales target that has to be exceeded to earn the incentives. This year most of the dealers and distributors exceeded sales targets and earned incentives successfully.

# Sustainability Report

The Development Lotteries Board (DLB) has essentially been sustainable business entity for the last three decades. Since inception it Confidently believes that formulating competitive business strategies fundamentally do not become conflicting with the long term needs and values of the society at large while taking more than just the interest of the immediate stake holders in to account. The Company's Sustainability Report, consists of the Profile, Sustainability Strategy, Economic Responsibility, Social Responsibility and Environmental Responsibility.

DLB is committed to responsible growth that creates constant and sustainable value over time to the lives of Sri Lankans through their Lottery products and prizes. This report highlights the initiatives DLB has implemented to maintain social, environmental, and economic responsibility. DLB's social responsibility includes responsible business and consumer and lottery winner protection initiatives, as well as community outreach programmes. DLB monitors the environmental impacts of its corporate activities and makes energy-saving investments to achieve environmental responsibility. Economic responsibility translates into a transparent and balanced governance model.

In 2013, DLB began to modernize lottery portfolio by various ways such as the introduction of Rs.100 ticket to the market, introduction of Super Ball of lottery with the highest Jackpot of Rs.50 million, successful launch of Highway Dream special lottery ticket to the market with the highest jackpot in lottery history, launch of SMS Lottery in collaboration with state owned mobile telecom service provider Mobitel and collaboration with Sri Lanka Postal Department to sell Highway Dream tickets through Post Offices and Sub-Post offices island wide.

Further their modernization programme is about improving the customer experience, creating jobs in the industry and increasing revenue to support important services such as health care and education through donations made to President's Fund and Mahapola Trust Fund.

Modernization will also ensure that DLB is more customer focused in the delivery of lotteries and continues to provide oversight of service providers.

## Corporate Profile

Development Lotteries Board (DLB) is a State Owned Business Enterprise created by the Government of the Democratic Socialist Republic of Sri Lanka and has been enriching the lives of Sri Lankan public through its innovative lottery strategy for the nation since its establishment on January 19, 1983.

DLB is the second largest Lottery player in the country and have an employee cadre of 231 and currently operates with 2,200 active dealers and approximately 22,000 retail sales assistants all over the Island. Further around 25,000 direct and indirect employment opportunities have been created under DLB umbrella. During the year the company expanded its' lottery product portfolio to 10 lottery products and became the largest source of funds to President's Fund and Mahapola Trust Fund and through that helped a large community of people in Sri Lanka.

DLB's corporate mission guides employees in their work with customers and stakeholders. In all we do, we are asked to reflect on our purpose, realize our vision and embody clearly identified values.

## Our Purpose and Values

Our sole purpose is to make life better for people across Sri Lanka and we make it possible by generating revenue provincially and economic and social benefits locally. While we aim to create excitement and fulfill dreams our commitment is to build trust by delivering lotteries responsibly and our success is demonstrated by the profit and jobs we generate. Our strength is our sophisticated understanding of our customers. While being accountable, we accept the responsibility of setting and attaining high standards for ourselves in servicing our customers and acting in the public interest.

We act with Integrity and this means doing the right thing. We will balance what our customers and business partners ask of us with what the people of Sri Lanka expect of us. Respect our customers, employees, partners and the people of Sri Lanka. Respect starts with listening openly and honestly to the diversity of people and ideas around us.

## Human Resources

Development Lotteries Board (DLB) employees are ambassadors of corporate values. In addition to their work supporting DLB's contribution to the nation, employees

# Sustainability Report

are involved in many community initiatives. Whether it is supporting health initiatives, locally or through Health Charities and improving the environment through various campaigns DLB employees are actively making Sri Lanka a better place.

At Development Lotteries Board (DLB) our Human Resources practices are already in place to ensure that our capacity of the staff is in line pursuant of corporate objectives. This mainly involves conducting staff training and developments targeting areas including staff knowledge, skills, and attitude etc. During the year under review following programmes were held and several other initiatives were taken to improve the capacity of our staff and resources.

- Nearly 312 number of various training and development programmes were provided to staff in their respective fields.
- Connecting Bridge to second building was constructed and installation of lift to the second building commenced at a cost of nearly Rs.30.9 million.
- Implementation of GPS tracking to vehicle operations and the automation of Vehicle Request flow.
- Setting up a DLB Domain and providing DLB own email facilities to key staff.
- During the year under review DLB applied for ISO 9001:2008 Certification with the idea of becoming a more quality service oriented organization towards customers.
- Request for proposals have been called to implement a fully-fledged Enterprise Resource Planning (ERP) system at a cost of Rs.35 million.
- Annual Staff outing was held at Goldi Sands Hotel – Negombo.
- Annual Staff ‘Sinhala Avurudu Festival’ was organized.
- ‘Manioc Dansal’ was organized for public with the help of Staff members.
- Held several monthly Seminars for the Staff Members on various subjects and timely topics to improve the quality of their lives.

Following Chart shows new recruitments and resignations that took place in staff cadre during the year 2013.

## Staff Appointments

Designation	Nature of Appointment	Number of Staff
Assistant General Manager (Finance)	Contract	1
Research Assistant	Contract	1
Management Assistant	Contract	4
Driver	Contract	1
Consultant	Contract	2

## Staff Resignations

Designation	Nature of Appointment	Number of Staff
Driver	Permanent	1
Driver	Contract	1

During the Year 2013 staff members were enrolled and underwent on following programmes at a total cost of over Rs.1.48 million.

Abbreviations Used :

KKS – Office Employee Service/ Office Labour

MA – Management Assistant

DR - Driver

Programme	Number of Staff Enrolled	Month of the Year
Skills Development for KKS	11	January
Skills Development for MA	16	January
Skills Development for MA	11	February
Secretarial Practice MA	1	February
Stores and Purchasing MA	2	February
Skills Development for KKS	11	February
MA Indoor Training	35	April
MA Indoor Training	32	May
Presentation Skills	2	May
HR Diploma	1	June
DR Indoor Training	16	June
Supervisory Development	8	June
KKS Indoor Training	22	June
Transport Management	1	June
Finance Act	2	July
KKS Indoor Training	22	July
Leadership and Personality	7	July
Techniques of Time Management	3	July
Drivers Practical	16	July
Budget and Cost Control	1	July
Maintain of Personal File	2	August
Skills Development for KKS	8	August
HR Diploma	1	August
Salary Conversion	1	August
Security Indoor Part 1	10	September
MA Class 1 Indoor Training	8	October
GDS Premathilaka – Diploma	1	October
WGD Rodrigo – Electric Course	1	October
Distributor Training Lecture	60	November
Distributor Training	60	November

### Sustainability and Corporate Social Responsibility Strategy

Our Corporate Social Responsibility (CSR) policy is mainly focused towards building our business relations with our partners and enhancing the standards of Sri Lankan lives. Many of our distributors and dealers around the country are differently-abled individuals and people coming from grass root levels of the classes lower than emerging middle class of our economy. Thus we take many initiatives to

improve their livelihoods and eliminate poverty through our community development programmes.

In 2013 DLB continued its efforts to strengthen its responsible lottery business objectives by developing new products, functions and continued to build our core network of business through the Corporate Social Responsibility initiatives that were implemented to enhance the lives of our distributors and dealers. In this regard we donated bicycles, tricycles and spectacles to thousands of our business partners in 12 districts and provided 55 educational scholarships in State Universities for the children of our dealers. Further details of our community development programmes are briefly discussed under the Social Responsibility section.

DLB supports a diverse selection of Social Responsibility Initiatives around Sri Lanka focusing on education, community and employee involvement. DLB gives back to the society through the rewards of winning tickets and also with team grants, and donations to President Fund, local non-profits and significant religious activities and festivals that are celebrated during each Calendar Year.

### Economic Responsibility

According to World Lottery Association (WLA) in 2013, full-year on full-year global lottery sales grew 4.9%, moderating from 2012 full-year on full-year growth of 7.7%. The growth in worldwide lottery sales was again built on the foundations of strong performances from the Asia Pacific and Latin American regions, with both these regions having recorded double-digit growth in sales over the past three consecutive quarters. The strong performance of the Asia Pacific and Latin American markets was offset, however, by the performance of the European region, which saw full-year on full-year sales contract in 2013. For its part, the North American market registered mild year-on-year gains for 2013, while the African market for FY 2013 was basically unchanged relative to its overall position in FY 2012. The tempering of sales globally in 2013, together with recent political and economic developments worldwide such as the crisis in Ukraine and heightened economic instability in Argentina, suggests it would be prudent to adopt a cautious outlook on global lottery sales for 2014. global\_growth\_2010-2013 Indeed, global growth in world lottery sales has now slowed for two years in succession, after reaching a high point in 2011.

During the year the Asia Pacific region also fared

# Sustainability Report

impressively, with participating Asia Pacific lotteries witnessing an aggregate full-year on full-year increase in sales of 13.1%. The mainstay of growth in the Asia Pacific region was again the participating mainland Chinese lotteries.

In Sri Lanka Development Lotteries Board (DLB) is one of the only two industry players in lotteries market offering passive and instant lotteries while both being State Owned Business Enterprises having a 100% market share. According to Ministry of Finance and Planning Annual Report for 2013 the two lottery entities have recorded a total of Rs.26.62 billion in 2013 and reported a profit of Rs.2.45 billion. The lottery industry has contributed nearly 0.28% to the country's Gross Domestic Product (GDP).

The entire profit of DLB from 6 passive lotteries and 3 instant lotteries are remitted to the President's Fund for the benefit of health and education sectors of the nation. According to the Ministry of Finance and Planning in 2013, DLB's market share was 41%. The total revenue of the industry grew by 23% in 2013 and both Lottery players have sold 1,168 million tickets with declared prizes amounting to Rs 13.6 billion in 2013 compared to Rs. 10.7 billion in 2012.

During the year under review DLB recorded the highest ever revenue crossing Rs.10.6 billion compared to Rs.8.6 billion in the previous year and it is over 23.03% increase compared to the previous year. And DLB paid out a total of Rs. 6,480.1 million as prize payout money for winners, compared to Rs. 5,113.9 million in 2012. It is a 26.7% increase compared to the last financial year and it is the highest ever amount of prizes paid in DLB's history.

## Social Responsibility

Development Lotteries Board (DLB) has been continuously concerned about the concept of ethical corporate citizenship and attracted socially conscious business partners and customers. DLB has maintained strong relationships with government and other regulatory bodies and always paid attention beyond the fundamental regulation and corporate governance.

DLB has been maintaining the feeling that ethical corporate citizenship and social responsibility are not limited to the parties solely external to the organization and understand that the management and the staff too are members of the society and have similar values and highly focused on

employee morale and work life balance and encourage employees towards life time employment at DLB.

DLB dedicates more funding to Sri Lanka and people of the country by providing revenue to the government, our host communities and local charities.

The surplus of income generated by the Development Lotteries Board (DLB) is credited to the President's Fund for the prime purpose of bringing prosperity to the entire Nation; nearly 50% out of which is contributed to the Mahapola Higher Education Scholarship Trust Fund that overwhelmingly supports the country's education. Measures are taken to contribute the rest of the amount to uplift the living standard of poor people, health needs, maintenance of religious institutions, welfare associations and enhance the fields of sports and arts with the idea of creating a better future for the entire public.

During this year too over 99.01% of DLB's Surplus profits amounting to over Rs. 2,007.35 million or nearly Rs.2 billion was contributed to the President's Fund. This was over 21% increase compared to the contribution made in 2012 that was over Rs.1,648.47 million or over Rs.1.64 billion.

The President's Fund was established under an Act of Parliament in 1978, to provide funds for programmes beneficial to a large segment of the population, whose poverty and the lack of resources does not enable them to access certain specialized facilities in the health and education sector also for the promotion of religious and cultural activities. The activities of the President's Fund were reorganized to extend greater benefits later, particularly to the underprivileged and the deprived sections of our citizenry.

The President's Fund has made a significant contribution towards the construction of modern and fully equipped theater units and surgeries, which largely benefit the less affluent patients seeking treatment at government hospitals. The Fund has also assisted in the setting up of many other facilities.

The "Mahapola" concept introduced by the late Hon. Lalith Athulathmudali (P.C.) in 1980, was initially only a Trade Fair, organized by the Ministry of Trade & Shipping for the primary purpose of channeling the benefits of the open economy to the rural community. The Trade Fair and the educational exhibition were organized in

schools and the income generated from the sale of the entrance tickets were utilized to provide basic facilities to these schools. Today Mahapola Scholarships are awarded in two different methods; mainly Merit Scholarships and Ordinary Scholarships. Merit Scholarships are awarded to the students who have scored highest marks at G.C.E. A/L Examination and Ordinary Scholarships are awarded to the students from families of lower income level and on merit basis. Of the total number of Scholarships 10% will be awarded on Merit basis and balance 90% on Ordinary Scholarships. The difference is maintained by paying additional Rs.50/- to a Merit Scholarship.

Development Lotteries Board (DLB) was the main financial sponsor for the 'Deyata Kirula Exhibition' in the last financial year too, that was held at Ampara from 23rd to 30th March 2013 with nearly Rs.100 million commitment and this further ensures DLB's commitment to support government development plans. Further DLB presented prizes worth Rs.66 million to the public who witnessed the national

event at Ampara by way of undertaking the responsibility of issuing tickets to general public that were entitled for a special draw that awarded 8 Three-wheelers, 8 Motor Cycles, 8 Scooters, 40 Bicycles and 80 porcelain Sets. DLB also contributed Rs.3.3 million to Sri Lanka Army Welfare Unit for the contribution and service offered to DLB at the 'Deyata Kirula Exhibition'.

As our CSR policy is also focused toward build our core network of business through the CSR initiatives that were implemented to enhance our distributors and dealers. During the year under review we donated bicycles, tricycles and spectacles to thousands of business partners in 12 districts and the programme aim to expand to the districts of Northern and Eastern Provinces in the country over the coming years.

Following Chart outlines the number of Bicycles, Tricycles and Spectacles that were distributed among our business network to strengthen and uplift their livelihoods.

District	Location	Bicycles	Tricycles	Spectacles
Hambanthota	Rahula Mha Vidyalaya - Tangalle	50	10	324
Hambanthota	Vocational Training Centre - Tissamaharamaya	-	-	235
Gampaha	Ran Arunalu Centre	50	12	450
Kurunegala	Yakarawatta and Kuyipitiya	-	-	600
Kurunegala	Kurunegala Municipal Auditorium	108	14	520
Kalutara	Kalutara AG Office	43	28	400
Kalutara	C.W.W. Kannangara Vidyalaya	20	3	250
Matara	Sanath Jayasuriya Ground	37	24	375
Matara	Amalgoda Vidyalaya - Akuressa	-	-	125
Polonnaruwa	Polonnaruwa	12	1	375
Ampara	Mandala Maha Vihara	29	03	290
Batticaloa	YMCA - Batticaloa	10	01	195
Kandy	Keppetipola Hall	45	06	510
Colombo	(to be filled as figures for not clearly given)			
Ratnapura	Sivali Grounds	46	02	375
Galle	Galle International Stadium	80	20	520
Total				

# Sustainability Report

Furthermore DLB provided 55 educational scholarships in State Universities for the children of our dealers who excelled in their Advanced Level Examinations.

Name of The University	Number of Students Receiving Scholarships
University of Colombo	9
University of Ruhuna	6
Gampaha Wickramarachchi University	2
University of Moratuwa	5
University of Kelaniya	7
University of Sri Jayawardanapura	8
Eastern University	2
University of Peradeniya	7
Open University	1
University of Visual & Performing Arts	3
University of Wayamba	2
Defense University	1
SLIIT	1
Ocean University	1
<b>Total</b>	<b>55</b>

In addition to the above Scholarships DLB offered 6 scholarships to the students of our employees who have excelled in their studies at National Examinations.

Further apart from the above CSR activities DLB took part at several CSR initiatives that were mainly focused towards Religious activities.

- DLB's 30th Anniversary Pirith and Almsgiving Programme was held on 18th to 19th January 2013 at DLB premises.
- DLB Successfully conducted Vesak Dansala programme with participation of over 2,000 people on 28th May 2013.
- DLB laid stones and renovated path ways in the premises of The Sacred Temple of the Tooth Relic.
- DLB sponsored construction of Gold Plated Fence at historical Sithulpawwa Temple.
- DLB in general contributed largely by way of donations to several cultural and traditional religious activities and festivals including Kandy - 'Esala Perehara', Kataragama Perahara and sponsors Kandy and

Colombo 'Vesak Kalapaya' during the 2013 Vesak Festival.

## 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.

During the year we earned over Rs.6.3 million by disposing old vehicles, motor cycles and other recyclable items in our organization. Similarly the winning tickets that have been collected through our business network every six months is being sent to recycle.

Through comprehensive employee training, innovative technology and collaboration with stakeholders, DLB provides a gateway to effective community support services.

DLB is also committed to pursuing business practices that consider the health of the environment, the economic strength and vitality of communities and the quality of life of future generations. We intend to improve the environmental impact of DLB's operations and increase green awareness among customers and employees.

This year's report will serve as a baseline measure of our efforts in the area of social responsibility. Each year, through this report, we will demonstrate the progress we are making in these areas and articulate our goals for the coming year. Ultimately, our aim is to be a local leader in social responsibility reporting within our industry.

# Corporate Governance

Corporate Governance is generally agreed as the system by which companies are directed and controlled.

DLB and its Board of Directors are dedicated to the uppermost standards of governance intended to safeguard the interests of all stakeholders while upholding integrity, transparency and accountability.

Responsibilities to Equity holders, distributors, dealers, sales assistants, customers, employees, suppliers, creditors and others, as well as wider social responsibilities to the communities are of paramount importance.

DLB maintains required compliance with applicable legal and regulatory framework and all other applicable laws.

The following explains the DLB's corporate governance structure and practices that were in place during the year under review.

## The Board of Directors

The Board is headed by the Chairman and he leads the organizations as the Chief Executive Officer as well.

The Board is the highest body and carries the responsibility of directing the DLB.

The Board consists of Chairman and 4 Directors appointed as follows.

- I. Representing the President's Fund
- II. Representing the Mahapola Trust Fund
- III. Representing the Ministry of Finance & Planning
- IV. Two members appointed by the Minister in charge (One must be Chairman)

## Responsibilities of Chairman / CEO

- The Chairman should ensure the prevalence of corporate governance.
- Chair Board Meetings and ensure that proper proceedings are followed.
- All Directors should be treated equally and they should be encouraged to play a productive role, rendering maximum input in their specialized areas of knowledge.
- Unless the Chairman is the Chief Executive Officer he

must play a supervisory role and refrain from engaging in operating activities.

- The Chairman must ensure that the Board has total overall decision making power over activities of the enterprise.
- The Chairman must ensure a clear division of responsibilities and facilitate balance of power and authority.

## Role of the Board of Directors

The Board of Directors are responsible to ensure that the Enterprise is managed efficiently, in line with Government Policies. This should be achieved whilst protecting resources, maintaining proper accounts, ensuring that accurate reports are compiled and all statutory and other regulatory requirements relating to management are complied with.

The Board should ensure the following:

- Strategic aims of the Enterprise are in place.
- Leadership is given for the achievement of strategic aims.
- The CEO and the management team possess the required skills, knowledge and competencies.
- An effective system of internal – control and risk management's in place.
- Management functions of the enterprise are effectively supervised.
- Sufficient reporting is made to shareholders on financial aspects and disclosures necessary on a regular basis.
- Recourses and assets are utilized responsibly.
- The Board should appoint an Audit Committee and such other Committees; introduce a Code of Conduct and Ethics and a Corporate Governance Strategy.
- The Board should be accountable for all their actions in conformity with relevant statutes, guidelines and circulars etc.
- The Performance of the CEO and Senior Management Staff should be assessed at least annually.

## The Board Meetings

The Operations and results are closely and regularly monitored against the Budgets and relevant standards at

# Corporate Governance

Board Meetings. A Standard agenda is followed together with any other matters attended that require The Board's attention in detail. Generally the Board meets once a month and wherever necessary Special Board meetings are held.

During the year ended 31st December 2012 twelve meetings were held and attendance is given below.

Name of Director	Capacity	Number of Meetings
Dr. Chandrawansa Pathiraja	Chairman	12/12
Mr Gamini Ekanayake	Working Director	11/12
Mr. Ranjith Thenuwara	Director	12/12
Mr.D N Nanayakkara	Director	11/12
Mr R K Jayalath	Director	11/12

## Committees of the DLB

- Management Committee
- Audit and Management Committee
- Tender Board Committee
- Staff Welfare Committee
- Advertising Committee
- DLB's Cultural & Art Society

## Compliance Officer

The head of Finance Division, DGM Finance represents the Compliance officer to ensure compliance with the Regulatory and statutory Requirements and the laws and regulations governing the Board.

## The Management

The day to day operations of the Board are entrusted with top management and senior management headed by Chairman and CEO. They ensure that risks and opportunities are identified and steps are taken to achieve targets within defined time and budgets.

# Audit and Management Committee Report

## Financial Statements for the year ended 31.12.2013 Audit and Management Committee Report

### Composition of the Audit Committee

The Audit Committee comprises by following three Non-Executive Directors.

1.	Mr. Ranjith Tenuwara	Chairman of Audit & Management Committee
2.	Mr. D N Nanayakkara	Member of Audit & Management Committee
3.	Mr. R.K. Jayalath	Member of Audit & Management 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 guidelines issued by the Ministry of Finance and Planning and other relevant authorities are also followed by the Committee.

The General Manager, DGM Marketing, DGM Finance, Administration Manager, Internal Auditor and other required officers are attending the meetings. The Superintendent of audit from Auditor General Department participates as observer to the committee.

### Number of Meetings of Audit Committee

There were twelve (12) meetings conducted on monthly basis and attendance is given below.

Name of Director	Attendance	Excused
Mr. Ranjith Tenuwara	12/12	Nil
Mr. D N Nanayakkara	12/12	Nil
Mr. R. K. Jayalath	11/12	01

The Committee continually reviewed the existing systems and processes. The committee has been focusing on Internal controls, financial reporting processes, compliance with the laws regulations and other best practices for corporate governance.

The Committee focused much attention this year on reviewing more important areas such as internal controls and management lapses on budgeting and expenditures.

Follow up procedures are adopted to ascertain the recommendations of the Committee are accepted and implemented.

During the year under review the Committee focused on employee's benefits, performance, effective utilization of resources and marketing strategies for enhancing the operational performance of the board. Further the Committee insisted and reviewed the progress of Integrated Information System and Enterprise Resource Planning software in line with accomplishment of set objectives.

The Committee shared all available information with management on monthly meetings.

### Ranjith Thenuwara

*Chairman – Audit & Management Committee*

# Risk Management Report

## Risk Management Review

Risk management is an integral part of managing the Development Lotteries Board.

Development Lotteries Board (DLB) continues to use and enhance its Enterprise Risk Management Framework to effectively embed risk management practices into key organizational processes. By establishing a consistent approach for assessing and managing its business risks, Development Lotteries Board can effectively address the impact of internal and external factors and events on the achievement of its business goals and objectives.

## Approach to Managing Risk

Risk management is the responsibility of every employee in the organization and a formal Enterprise Risk Management ("ERM") function is in place at our organization. The ERM umbrella covers risk management, business continuity and crisis management. The ERM function is responsible for the ongoing development and execution of a corporate risk management framework that is aligned with international standards and requirements. Results of the risk management process are reported to the Audit and Risk Management Committee of the Board on a quarterly basis.

Development Lotteries Board's (DLB) risk management policy is based on the international standard and framework outlined above and the following philosophy and principles:

## Risk Management Philosophy

It is important to the success of DLB that it assumes the appropriate amount of risk in the pursuit of its business objectives. ERM provides a discipline and structure to help ensure that risk is managed in a considered and responsible manner. Risk awareness is embedded in the corporate culture, and employees must take ownership for managing risk.

Incorporating risk management into DLB business practices helps ensure that employees demonstrate the corporate values of accountability, integrity and respect.

This philosophy is supported by the principles that Risk Management:

- Creates and protects value
- Is an integral part of all organizational processes

- Is part of decision-making
- Explicitly addresses uncertainty
- Is systematic, structured and timely
- Is based on the best available information
- Is tailored
- Takes human and cultural factors into account
- Is transparent and inclusive
- Is dynamic, iterative and responsive to change
- Facilitates continual improvement of the organization

In the normal course of business, Development Lotteries Board (DLB) is exposed to a number of risks. These risks and the actions taken to lessen, and in some cases mitigate them are discussed below.

## Strategic Risk

Strategic risks include external environment factors and events that can impact the corporation's ability to meet its strategic goals and objectives, risks impacting the effective allocation of resources, risks that major initiatives are not aligned with the corporation's goals and objectives and are not being carried out effectively, risks of ineffective relationships with key stakeholders, as well as risks to reputation.

Development Lotteries Board remains committed to researching, recognizing and understanding changes in its external environment through market research and formalized strategic planning processes for key products and functions. Management engages in a rigorous annual business planning process for which it has received recognition for excellence in government budgeting.

Management has established a formal project methodology and is committed to developing and maintaining effective communication processes with its key stakeholders.

Development Lotteries Board is committed to being a good corporate citizen through its various social responsibility programs and initiatives.

## Prize Pay-Out Risk

AT DLB a standard prize pay-out ratio is maintained at all levels of Lottery consignments. The risk may be that due to probability of occurrences there would have been

increased prize ratio which might affect the cash flow of our business. However there is also an Insurance coverage taken from the printers to cover above risk.

#### **Economic Risk**

The socio economic and political environment in Sri Lanka has an impact over buying pattern of customers.

#### **Financial risks**

Financial risks include risks that cash flows and financial information are not efficiently and effectively managed which can compromise the corporation's decision making ability.

#### **Liquidity Risk**

Liquidity risk may arise due to early win of high tier prizes. The DLB assures that high liquid assets are being maintained to face such instances.

#### **Operational Risk**

Operations risks include risks that the DLB's operations are not efficient, do not meet customer needs, and do not protect the organization's significant monetary assets.

Further Operational risk may arise with technology, human activities and natural incidents. Fraudulent alteration of tickets, staff negligence, Computer system errors or failures, natural disasters like flood, continuous raining, tsunami, droughts etc will have an impact. Segregation of duties, internal controls, internal checks, sophisticated computer validation processes, internal audits have been in line to cover such risks.

DLB has established appropriate functional areas and developed processes to effectively provide, promote and deliver products and services to customers; recruit, develop and retain resources to meet current and future operational needs, manage hazards along with the management of information technology operations in order to achieve its goals and objectives. Management regularly reviews and assesses the amount of risk present in operating units, large scale projects, and specific business processes and develops action plans to support continuous improvement.

#### **Reputation Risk**

Reputation risk is the risk of losing public confidence of the organization. Due to high dependency on visual media, public interest and seeking assistance for souvenirs etc there might be a quantum of risk involved. These are also

closely monitored and we try to satisfy every request and all concerns in relation to media products, to ensure with quality and accurate wording before release.

#### **Legal Risk**

Legal risk may arise due to unforeseeable transactions in a court of law or the failure to successfully defend legal actions instituted against the Board. Necessary precautions have been taken with advice from legal and other professionals and actions are in place to minimize instances that may occur.

#### **IT Risk**

DLB depends on accurate, timely information from key computer systems. Plans are underway to modernize and upgrade IT infrastructure and update Software that is being used in the organization.



විගණකාධිපති දෙපාර්තමේන්තුව  
கணக்காய்வாளர் தலைமை அப்திபதி திணைக்களம்  
AUDITOR-GENERAL'S DEPARTMENT



මගේ අංකය }  
எனது இல. } FB/A/DLB/12  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය }  
திகதி } 31st December 2014  
Date }

The Chairman  
Development Lotteries Board

Report of the Auditor General on the Financial Statements of the Development Lotteries Board for the year ended 31<sup>st</sup> December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Development Lotteries Board for the year ended 31<sup>st</sup> December 2013 including financial statement of the DLB as at 31<sup>st</sup> December 2013 and comprehensive income statement, statement of changes in equity and cash flow statement and important accounting policies and the summary of the information of other clarifications was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act No. 38 of 1971 and Section 14(3) of the Development Lottery Board Act No. 20 of 1997. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act, was forwarded to the Chairman in due course

**1.2 Responsibility of the Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and the internal control decided as required in order to enable the preparation financial statements that are free from material misstatements due to fraud or error.

**1.3 Responsibility of the Auditor**

It is my responsibility to express an opinion regarding these financial statements, based on my audit. I carried out my audit in accordance with Sri Lanka Audit Standards based on International Audit Standards of esteemed Audit Institutes. These standards expect me to plan and implement the

audit in order to obtain a reasonable assurance as to whether I have complied with the required ethics and financial statements are free of material misstatements.

Audit includes the implementation of procedures for obtaining of audit evidence supportive of amounts and disclosures given in the financial statements. Selected procedures, assessment of risks of material misstatements which may cause due to fraud or errors, is also based on the Judgment of the auditor. In the assessments of such risks, although the auditor takes into consideration internal controls which are relevant to the planning of appropriate audit procedures and for the preparation and fair presentation of financial statements of the Board it is not intended to express an opinion with regard to the productivity of the internal controls of the Board. Audit includes the evolution of the suitability of accounting procedures followed by the Management and the fairness of according estimates used as well as the evolution of the overall presentation of financial statements. By Sub Sections (3) and (4) of Section 13 of the Finance Act No. 38 of 1971, the Auditor General is vested with discretionary powers to decide the scope and extent of audit.

I believe that in order to provide a basis for my audit opinion, the audit evidence obtained by me is adequate and appropriate.

**1.4 The Basis for Qualified Audit Opinion**

My opinion is being qualified, based on the matters mentioned in para 2.2 of this report.

**2 Financial Statements**

**2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Development Lotteries Board as at 31<sup>st</sup> December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 2.2 Comments on Financial Statements.

### 2.2.1 Sri Lanka Accounting Standards.

Following were observed

#### a) Sri Lanka Accounting Standards No.12

Deferred tax on assets, plant and equipment worth of Rs.90,679,944 acquired by the Lotteries Board during the year under review had not been adjusted in the Financial Statements contravening the accounting standards

#### b) Sri Lanka Accounting Standards No.18

Value Added Tax to the Value of Rs. 448,943,791 added to the Revenue from Lotteries and stated in the Financial Statements contravening the accounting standards.

### 2.2.2. Deficiencies in accounting.

The following accounting deficiencies were observed.

- a) Interest of Rs.26,698,045 during the past years from investment of deposits by sales Agents had been stated in the Financial Statements as an amount payable although it should have been identified as an income.
- b) Although bonus payable to the staff of the Lotteries Board was Rs.2,052,00, it had taken action to pay an amount of Rs.8,089,439 causing an overpayment of Rs.6,037,439.

c) Although the outstanding loan-balance as at 31st December 2013 from the sales Agents for the motorcycles provided to them on 50% of price basis was Rs.845,797, the outstanding loan balance as at the end of the year under review had been stated in financial statements as Rs.1,661,209 after adding a sum of Rs.815,412 which had been incurred by the Board for sales promotion.

d) Although the Double cab Vehicle worth of Rs.8,095,000 registered in the name of the Lotteries Board on 22.04.2008 and taken over from the supplying Company by the then chairman it had not been received by the Board until the end of the year under review. The value of that vehicle had been indicated in the financial statements under 'property' plant and equipment as a liability to a private company. Provision for depreciation to had been also provided for the year under review for the Double Cab.

### 2.3 Non-Compliance with laws, regulations and decisions

Following instances of non-Compliance were observed.

Laws, regulations and decisions –Reference	Non- Compliance
a) Development Lotteries Board Lotteries i) Act no 20 of 1997 (i) Sec.9(I),(2) and (3)	As was done in the past years lottery Draws had been conducted without formulating Laws pertinent to lottery draws and Obtaining approval therefor from the Minister in charge of that subject.
ii) Sec.ii(1 )	Although the task of the Board is to Generate funds for the President's Fund the Lotteries Board had remitted a sum of Rs.462,000,000 to the District Secretaries of the Respective districts where Deyata Kirula was held, since 2008 to 2013 , contravening the above requirement.
(iii) Sec 18(2)	As was done in the previous years, all expenses amounting to Rs 8,699,452,431 of the Lotteries Board had been incurred without obtaining approval of the secretary of the ministry in charge of the Subject of finance.

# Auditor General's Report

Laws, regulations and decisions –Reference	Non- Compliance
b) Circular No.95 dated 14.06.1994 of the Public Enterprises Department and the Guidance No.PED/12 dated 02.06.2003 on good Governance of Public Enterprises.	As was done in the former years, sum of Rs. 40,022,081 had been paid as incentives without obtaining Treasury Approval.
c) Public Enterprises Circular No.PED/12 dated 02.06.2003	
i) Sec.8.3.5 (g)	A sum of Rs.1,253,560 had been incurred for fuel expenses on account of vehicles assigned to the officers who were not entitled, during the year under review.
ii) Sec.9.7	A sum of Rs.18,080,640 had been paid as Allowance for participating in Lottery draws during the year under review, without obtaining approval from the Treasury.
	ii) During the year under review a sum of Rs. 2,379,000 had been paid as daily allowance /payment to sales promotion officers, without obtaining approval of the Treasury.
	iii) 500 Nos.Gold coins had been purchased on account of the 30th Anniversary of the Lotteries Board, Incurring an amount of Rs.16,500,000 without obtaining approval of the treasury.230 gold coins had been distributed among employees as at 31.12.2013.
d) Management Circular No. 34(i) dated 01.06.2009	A sum of Rs.1,954,400 had been paid (based on various rates) as subsistence Allowance, contravening circular instructions.
e) National Budget circular No.142 dated 31.12.2008	The sum paid in excess of the Festival Advance during the year under review(without adhering to the circular instructions) was Rs.970,000.
f) Govt. Procurement Guidelines i) Guideline 1.3.2	The Board had got two kinds of tickets valued at Rs.176,305,920 printed through a private company without adhering to the procurement procedure during the year under review.
ii) Guideline 3.4.1 and supplement 21 thereto	Gold coins and sales promotion items to the total value of Rs.46,088,600 had been procured under Market price comparison system without calling open competitive bids.
iii) Guideline 4.2	There had not been a procurement plan prepared by the Procurement Entity, to cover all procurements.

## 2.4 Receivable & Payable accounts.

Observations are as follows.

Although an Advance of Rs.8,685,360 had been paid on 01.11.2003 to the Ministry of Trade to get a building on rent for the Head office of the Lotteries Board ,later on Lotteries Board had decided not to get that building on rent. Still a balance of Rs.5,700,000 from the Advance paid was outstanding as at 31.12.2013. The board had not taken a proper course of action to recover the same.

## 3. Financial review

### 3.1 Financial result

According to the Financial statements submitted, Lotteries Board's operational excess was Rs.2126 million for the year under review as against the excess of Rs.1938 million recorded in the previous year and an increase of Rs.188 million or 9.7% was reflected in the current year.

## 4. Operational Review.

### 4.1 Management inefficiencies

#### a) Following were observed

a. A lottery 'Sanwatsara Wasana' by name had been introduced to the market to coincide with the 30th anniversary of the Lotteries Board. Although a sales target of 3054480 tickets had been anticipated the real sale had been 1,337,220 (44 %) and the number of winners had been only 3809. Although a publicity expenditure of Rs.8,000,000 had been estimated, the actual expenditure was Rs.10,967,877 representing an increase of 37%. Sales target had not been achieved.

b) Although a sum of Rs.292,150,400 had been earned ,a net revenue from sales of tickets

through the 'High way dream' Lottery during the year under review ,85% of it (Rs.250150,400) had been set aside for prizes. When the other direct expenses and relevant costs are deducted the balance amount left behind to remit to the President Fund was as low as Rs.6,228,053 (2%) of the income earned.

- c) Service of software supplier had been obtained to operate the computer system for Lottery drawing under a 5 year Service contract from 2009-2014. By 31.12.2013 the sum paid to that company was Rs.58,511,176, which had been effected without adhering to the Procurement procedure.
- d) Although quality and standard of Instant tickets should have been printed according to the Agreement entered into with the contractor, the contractor had not acted in compliance. In this regard Board had not taken action in terms of the Sec.8.11.4(a) and (b) of the Procurement Guidelines. As observed, this has resulted in declining the revenue from instant lotteries by Rs.173,199,718(29%) as against the previous year.

### 4.2 Operational inefficiencies

Observations are as follows:

- a) 'Superball' and 'High way dream' lottery tickets to the total value Rs.2,241,727,950 had been sold on 'Loan basis' without obtaining approval and guarantee from the Board of Directors.
- b) Although 19% of the revenue from Lotteries had been credited to the President's Fund in 2012 in the following manner, this amount had decreased to 17% during the year under review.

year	Revenue from lotteries Rs.Million	To the President's Fund	percentage
2012	8624	1657	19%
2013	10,611	1811	17%

# Auditor General's Report

- c) The Board had not obtained approval from the Department of Public Enterprises for its annual Publicity work according to sec.2 of the public Enterprises circular No.PED-57 dated 11.02.2011. Also in terms sec 6(111) and (iv) of that circular approval of the Minister of Finance & Planning had not been obtained in the case of sponsorships exceeding Rs.100,000 and sponsorships exceeding Rs.2 million extended to any party outside the Government.
- d) Board had not introduced criteria for selecting deserving cases in providing assistance and Sponsorship and the amount of such assistance under its sales Publicity activities.

Several instances of providing Sponsorship and assistance are given below.

- i) A sum of Rs.2,572,225 had been given under 'President Vote'. Out of that amount a sum of Rs.1,500,000 (60% of the total expenditure) had been given at three occasions, during the year under review.
- ii) A sum of Rs.64,773,026 had been expended during the year from 'general Publicity Account for sponsorship purposes. The amount incurred on account of 30 items had been in the reign of Rs.200,000-3,500,000.
- iii) During the year Board had spent a sum of Rs.69,064,164 for collective publicity activities out of which 74% (Rs.50,939,998) had been incurred for 08 items representing expenditure in the region of Rs.300,000- Rs.19,900,000. Among them there was an expenditure incurred on account of a musical show held in the Northern area on a request made by a private Organization.
- e) When comparing the publicity expenses on Lotteries and ordinary expenses on publicity an average sales profit of Rs.27.69 had been earned per rupee during the previous year. But during the year under review sales revenue earned had declined to Rs. 25.15 per rupee reflecting a downfall by Rs.2.54 per rupee on account of expenses incurred on publicity.

- f) During the year the cost incurred for printing Rs. 671,887,900 No's, tickets for draws was Rs.410,016,327 while there had been unsold tickets 83,176,950 in number. The cost therefor had been Rs.45,656,399 reflecting 11% of total cost thereof.

## 4.3 Controversial transactions

Observations are as follows.

- a) A sum of Rs.1,200,000 had been paid to a website for exhibiting the trade name and logo of the Board without entering in to a proper Agreement under the approval of the Board of Directors.
- b) An advisor had been recruited on contract the initial work to develop a computer data system through a private Source .For this purpose no advertisement had been published. Tasks assigned to his had not been accomplished until 31.03.2014, which should have been completed during 2013 according to the advisor's own time-frame. The Board had paid an allowance of Rs.1,005,000 from 31.12.2012 to 31.12.2013 to the advisor, although the work had not been completed even as at 31.03.2014.

## 4.4 Idle and underutilized assets.

Observations are as follows.

- a) Although the Board had built a studio in 2010 at a cost of Rs.38,752,448 to screen the Lottery draws it had not been used for the intended purpose.
- b) Since 3-10 years 14, kinds of sales promotion goods to the total value of Rs.1698310 have been lying in the stores.
- c) Since 01-04 years, tickets 3,857,457 in number (to the value of Rs.3,427,500) relevant to 15 Lottery draws have been lying in the Stores without being issued as was detected at the Audit query on instant lotteries , held on 13.07.2013.

## 4.5 loses identified

Observations are as follows.

- a) 'Saturday Fortune', and 'Development Fortune' lottery tickets are being printed at 56 cents each

by selected company since 2009. For this purpose Government procurement Procedure has not been followed from 2010 to 31st December 2013 'Jayoda' Lottery ticket is being printed at 48 cents each by a company selected by following procurement procedure. If action had been taken to print Saturday Fortune and Development Fortune through the same way as above by way of a selected supplier tickets could have been printed at 48 cents each. When calculated on the basis of that assumption the loss suffered by the Board from 2009 to 31st December was Rs.74,922,840.

- b) It was observed that quantifiable loss incurred by the Board due to the printing of the Highway Dream Lottery tickets without calling for quotations amounted to Rs.1,492,260

#### 4.6 Staff administration

Following were observed

- a) Although approved cadre was 190 the actual number of staff had been 229. Accordingly, there were 06 vacancies in the approved cadre and 45 were in excess as at 31st Dec.2013.
- b) 15 officers had been recruited on contract basis during the period from 06.03.2012 to 31.12.2013 without obtaining approval of the Department of Management services. 14 of them so recruited are given bonus, incentives and medical allowances (as being paid to the permanent staff) in addition to the monthly allowance paid to them as decided by the Board. In this manner, from January 2013 to 31st December, a sum of Rs.2,533,696 had been paid and 13 gold coins had been given to them.
- c) Two persons for the posts of confidential secretary and the Sales Advisor had been recruited without adhering to the circular instructions while the chief security officer had been recruited without following a proper scheme of recruitment. A security officer had been released to another institution without following the Guidelines on good Governance No12 dated 02nd June 2003.

## 5. Accountability and good Governance

### 5.1 Procurement

Following are observed

- a) 1000 Nos. push cycles and 204 Nos. wheel chairs had been purchased at a cost of Rs.16,598,600 from two suppliers for sales promotion activities without calling open competitive bids.
- b) Although the Technical Evaluation Committee had given its recommendation at the first instance to purchase 16000 nos. T-shirts and 15,000 caps, those items had been purchased from another supplier without considering the recommendation of TEC and the quoted price in the first bid. The difference in the price between the 1st bid and the second bid was Rs.2,670,000, by which transaction the Board had to pay Rs.2,670,000 more to the 2nd bidder.

## 6. Systems and Controls.

Deficiencies observed in the systems and controls were brought to the notice of chairman from time to time. Attention should be paid on the following areas.

- a) Accounting
- b) Human Resource Management
- c) Assets Management
- d) Expenditure Management.

Sgd. W.P.C. Wicramarathne  
Auditor General (Actg)

# Statement of Comprehensive Income

for the year ended 31st December	Notes	2013 Rs.	2012 Rs.
<b>Revenue</b>	01	10,611,072,672	8,624,166,662
Taxes	02	669,697,521	530,101,540
Cost of Tickets	03	410,016,327	359,844,241
Prize payout	04	6,481,076,862	5,113,981,816
Draw Cost	05	255,360,909	194,710,449
<b>Gross Profit</b>		<b>2,794,921,054</b>	<b>2,425,528,615</b>
Other Income	06	143,513,256	111,296,823
Distribution Cost	07	627,574,930	497,755,992
Administrative Expenses	08	330,967,135	280,682,321
Finance Cost	09	561,787	635,028
<b>Surplus after operating Expenses</b>		<b>1,979,330,457</b>	<b>1,757,752,098</b>
Income Tax		68,673,016	
<b>Profit after Tax</b>		<b>1,910,657,441</b>	
Prize Write back		215,780,900	180,215,100
<b>Profit for the Year</b>	10	<b>2,126,438,341</b>	<b>1,937,967,198</b>

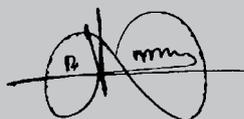
The Accounting policies and Notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



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



**Dr. Chandrawansa Pathiraja**  
Chairman/CEO

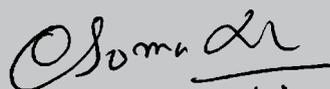


**R.K. Jayalath**  
Director

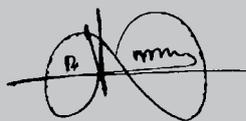
# Statement of Financial Position

As at 31st December	Notes	2013 Rs.	2012 Rs.
<b>Assets</b>			
<b>Non Current Assets</b>			
Property Plant & Equipment	11	716,603,670	633,406,303
		716,603,670	633,406,303
Investments		1,016,831,506	990,962,910
		1,016,831,506	990,962,910
<b>Total Non Current Assets</b>		<b>1,733,435,177</b>	<b>1,624,369,214</b>
<b>Current Assets</b>			
Inventories	12	137,541,092	33,232,541
Trade Debtors & Other receivable	13	34,930,406	30,513,621
Prepayment & Deposits	14	11,231,528	6,666,148
Cash in hand & at Bank	15	457,884,949	246,910,887
<b>Total Current Assets</b>		<b>641,587,976</b>	<b>317,323,197</b>
<b>Total Assets</b>		<b>2,375,023,152</b>	<b>1,941,692,410</b>
<b>Equity &amp; Liabilities</b>			
<b>Contributed Capital</b>			
President Fund		2,200,000	2,200,000
Mohapola Trust Fund		2,200,000	2,200,000
Prize Reserve Account		776,867,866	753,236,501
<b>Total Equity</b>		<b>781,267,866</b>	<b>757,636,501</b>
<b>Non Current Liabilities</b>			
Employee Benefit Liabilities		8,946,366	8,548,279
Dealer & Distributor Deposit Payable	16	27,859,381	26,586,381
<b>Total Non Current Liabilities</b>		<b>36,805,747</b>	<b>35,134,660</b>
Credit Vouchers Payable		195,769,660	142,374,030
<b>Current Liabilities</b>			
Trade & Other Payable	17	716,961,272	278,838,105
P/F & Deyata Kirula Exhibition Payable		132,775,541	493,970,843
Prize Payable	18	511,443,066	233,738,271
<b>Total Current Liabilities</b>		<b>1,361,179,879</b>	<b>1,006,547,219</b>
<b>Total Equity &amp; Liabilities</b>		<b>2,375,023,152</b>	<b>1,941,692,410</b>

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)



R.K. Jayalath  
Director



Dr. Chandrawansa Pathiraja  
Chairman/CEO

# Cash Flow Statement

for the year ended 31st December	2013 Rs.	2012 Rs.
<b>Net Profit</b>	2,126,438,341	1,937,967,198
Adjustments for		
Depreciation on Fixed Assets	32,663,631	30,580,549
Prize Reserve A/C	23,631,365	107,557,514
Prior Year Adjustments		57,281,288
Provision for Gratuity	398,087	(6,496,551)
Building Maintenance & Reserve Fund		(51,500,601)
President Fund & Deyata Kirula Paid	(2,107,375,000)	(1,720,934,704)
<b>Operating Profit before Working Capital changes</b>	75,756,424	354,454,693
Increase/Decrease in Operating Assets		
Decrease in Inventories	(104,308,551)	4,720,435
Increase/Decrease in Debtors	(4,416,785)	(6,051,772)
Increase in Deposit and Prepayments	(4,565,380)	3,821,078
Increase in Creditors	438,123,167	42,293,264
Decrease in Prize Payable	277,704,795	(9,439,384)
Increase in Credit Vouchers	53,395,630	(1,687,290)
Increase in Dealer Distributor Deposits	1,273,000	1,342,500
P/F & Deyata Kirula Exhibition Payable	(380,258,643)	
<b>Net Cash flow from Operating Activities</b>	352,703,656	389,453,524
Fixed Assets Additions	(115,860,998)	41,870,779
Profit/loss on Disposal/Revaluation		(83,864,114)
Investments in Fixed Deposits	(25,868,596)	(388,986,690)
<b>Net cash from Investing Activities</b>	(141,729,594)	(430,980,025)
	210,974,062	(41,526,501)
<b>Net Cash Increase/Decrease in cash &amp; cash Equivalents</b>	210,974,062	(41,526,501)
Cash & Cash Equivalents at the beginning of the Year	246,910,887	288,437,388
Cash & Cash Equivalents at the end of the Year	457,884,949	246,910,887

# Statement of Changes in Equity

	President Fund & Mahapola Trust Fund Rs.	Prize Reserve Account Rs.	Total Rs.
For the Year ended 31st December 2013			
Balance as at 01.01.2012	4,400,000	645,678,987	650,078,987
Additions during the year		107,557,514	107,557,514
Balance as at 31.1.2012	4,400,000	753,236,501	757,636,501
Additions during the year		23,631,365	23,631,365
Balance as at 31.12.2013	4,400,000	776,867,866	781,267,866

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

## 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. 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.

## 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	10%
Furniture & Fittings	25%
Office Equipment	25%
Machinery	12.50%
Motor Vehicles	20%
Computers & Accessories	33.33%
Branded Stalls	16.66%
Motor Bicycles	25%
Application Software	33.33%

Depreciation on Fixed Assets had been proportionately provided for the year of purchase and no depreciation has been provided for the year of disposal.

#### 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:

Development Fortune	Average Cost
Saturday Fortune	Average Cost
Jayoda	Average Cost
Jana Jaya	Average Cost
Niyatha Jaya	Average Cost
Instant	FIFO
Super Ball	Average Cost

#### 3.3. Liabilities and Provisions

##### 3.3.1. Provisions

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.

#### 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.

# Notes to the Financial Statements

## ***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.

## **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.

## **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 net of agency commissions.

### **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.

### **4.3. Income Tax**

Provision has not been made for Income Tax contingent liability since the board made a submission to His Excellency the President to grant exemption from Income Tax considering the fact the surplus of the DLB is transferred to Mahapola Trust Fund and President's Fund which are exempted from Income Tax.

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 01 - Revenue</b>		
S.Fortune	2,275,939,875	2,191,388,925
Development Fortune	2,407,147,050	1,844,549,850
Jayoda	1,323,445,200	1,558,746,750
Instant	415,293,250	588,492,968
Jana Jaya	808,684,800	995,595,975
Double Chance/Deyata Kirula/Dewara	29,324,890	120,203,200
Niyatha Jaya	964,564,425	871,947,450
Super Ball	1,933,949,325	453,857,250
Anniversary Draw	110,311,575	9,075
New Year Bonus	35,597,100	
HighWay Dream	307,778,625	
<b>Total Sales</b>	<b>10,612,036,115</b>	<b>8,624,791,443</b>
Less:Sales return	963,443	624,781
<b>Net Total Sales</b>	<b>10,611,072,672</b>	<b>8,624,166,662</b>
<b>Note 02 - Taxes</b>		
VAT 12%	448,943,792	350,629,091
NBT 2%	203,242,578	159,531,066
ESC .25%	17,511,151	19,941,383
<b>Total Taxes</b>	<b>669,697,521</b>	<b>530,101,540</b>

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 03 - Cost of Tickets</b>		
<b>Opening Stocks</b>		
Saturday Fortune	1,674,399	1,070,446
Development Fortune	1,470,977	1,051,979
Jayoda	2,388,783	2,863,690
Instant	15,077,674	22,423,875
Jana Jaya	482,651	1,090,023
Double Chance	48,747	168,973
Niyatha Jaya	646,635	564,832
Super Ball	648,253	
Anniversary Draw	632,288	
<b>Total Opening Stock</b>	<b>23,070,407</b>	<b>29,233,818</b>
<b>Add Purchases</b>		
Saturday Fortune	87,562,378	79,528,176
Development Fortune	92,034,208	71,652,470
Jayoda	47,731,181	55,436,680
Instant	31,475,332	51,437,105
Deyata Kirula	2,464,320	3,305,300
Jana jaya	31,391,464	39,272,646
Niyatha Jaya	35,127,940	32,254,963
Super Ball	76,507,755	20,161,091
Anniversary Draw	816,000	632,400
New Year Bonus	1,504,051	
Highway Dream	4,663,313	
<b>Total Purchases</b>	<b>411,277,941</b>	<b>353,680,830</b>
<b>Less - Closing Stocks</b>		
S.Fortune	2,425,775	1,674,399
Development Fortune	1,739,463	1,470,977
Jayoda	2,047,746	2,388,783
Instant	14,356,370	15,077,674
Jana jaya	1,244,717	482,651
Double Chance	48,747	48,747
Niyatha Jaya	633,078	646,635
Super Ball	1,836,126	648,253
Anniversary Draw		632,288
<b>Total Closing Stocks</b>	<b>24,332,021</b>	<b>23,070,407</b>
<b>Cost of tickets</b>	<b>410,016,327</b>	<b>359,844,241</b>

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 04 - Prize Payout</b>		
Prize Expenses-SF	1,379,357,500	1,328,114,500
Prize Expenses-DF	1,458,877,000	1,117,909,000
Prize Expenses-Instant	257,722,670	283,710,920
Prize Expenses-JF	801,088,000	944,695,000
Prize Expenses-JJ	490,112,000	603,391,500
Prize Expenses-NJ	584,584,500	528,453,000
Prize Expenses-DC/DK/Dewara	5,867,870	32,642,896
Prize Expenses-SB	1,171,090,500	275,065,000
Prize Expenses- Anniversary Draw	61,899,521	
Prize Expenses- New Year Bonus	20,282,000	
Prize Expenses-Highway Dream	250,195,300	
	6,481,076,862	5,113,981,816
<b>Note 05 - Draw Cost</b>		
S.Fortune	36,274,083	34,246,851
D.Fortune	54,334,239	37,120,134
Jayoda	37,158,053	35,350,707
Jana Jaya	36,590,801	35,139,899
Niyatha Jaya	37,070,293	35,499,023
Super Ball	53,933,438	17,353,834
	255,360,908	194,710,448

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 06 - Other Income</b>		
Anniversary ticket income 2013	8,963	
Sampath Repo Interest	378,724	331,266
Registration Fees	35,250	35,260
Sales of Receipt Books	20,790	28,925
Staff Loan Interest	901,401	1,903,138
Miscellaneous Receipt	6,171,848	5,621,402
Investment interest income	115,902,843	66,413,475
Non Refundable Deposit	312,150	234,000
Fine On Cancel tickets not return	5,000	7,500
interest Sweep Account	8,197,238	6,077,674
7 Day Call Interest Income	4,745,569	4,583,313
Ticket Destroy Income	279,136	
Circuit Bungalow Income	20,000	31,300
Disposal Items	232,260	21,100
Profit on write off items in Accrued Expenses	-	9,616,449
Instant Winning Car	-	235,714
Instant Winning items	-	151,180
Rent Income-Bus	439,244	164,383
IFRS Fair Value Adjustment	-	15,840,744
Profit on Sale of Motor Vehicle	5,421,000	
Profit on sale of Office Equipment	88,000	
Profit on Sale of Motor Bike	353,840	
<b>Total Other Income</b>	<b>143,513,256</b>	<b>111,296,823</b>

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 07 - Distribution Expenses</b>		
<b>Note '07 - I - Advertising</b>		
Saturday Fortune	32,113,927	35,444,468
Development Fortune	33,013,374	29,309,360
Jayoda	24,402,645	41,105,071
Instant	914,650	7,812,942
Deyata Kirula	27,505,967	12,510,853
Jana Jaya	25,680,173	21,194,290
Niyatha Jaya	38,988,634	32,885,492
Super Ball	42,697,170	33,179,473
Super Ball - New Tickets Promotion	-	36,539,448
Anniversary Draw	10,967,877	
New year Bonus- New Tickets Promotion	8,468,481	
Highway dream - New Tickets Promotion	23,358,432	
Jayoda Power Ball - New Tickets Promotion	14,735,373	
Corporate & Others	69,064,164	26,807,738
Seasonal Promotion	5,255,000	2,387,280
	357,165,867	279,176,414
<b>Note '07 - II - General Advertising</b>		
General Advertising	64,773,026	32,302,320
Chairman's vote	2,572,225	2,619,399
	67,345,250	34,921,719
<b>Note '07 - III - Selling &amp; Distribution Expenses</b>		
Deyata Kirula Promotion Items	1,791,265	2,533,500
Selling Expenses	10,867,991	18,778,197
Other Selling & Distribution(Scanning / Validation)	6,758,880	5,480,001
Transportation	5,344,146	5,121,528
Vehicle Branding	-	533,750
Dealer & Distributor Target	21,704,075	28,174,765
	46,466,358	60,621,740

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 07 - Distribution Expenses Contd...</b>		
<b>Note '07 - IV - Commission</b>		
Saturday Fortune	34,206,100	32,897,200
Development Fortune	36,188,100	27,704,388
Jayoda	19,894,350	23,380,588
Instant	3,514,363	6,850,538
Deyata Kirula	397,380	
Jana Jaya	12,152,075	14,925,243
Niyatha Jaya	14,511,863	13,126,900
Super Ball	29,002,713	6,770,663
Sanwathsara wasana	1,648,925	
New Year Bonus	535,938	
Highway Dream	4,545,650	
	156,597,455	125,655,518
	627,574,930	500,375,391

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 08 - Administrative Expenses</b>		
Salaries & Wages	47,616,086	45,120,680
Daily Allowance-SPO	2,379,000	2,136,000
Cost of Living Allowance	16,796,890	14,531,901
Other Allowances	16,370,392	14,459,138
Incentive	40,022,082	18,711,004
Over time & holiday pay	19,553,967	17,378,740
Gratuity	398,087	(4,650,055)
E.P.F 15%	9,069,858	8,537,557
E.T.F 3%	1,813,973	1,701,080
Pension	276,743	144,855
Bonus	8,089,440	7,230,134
Housing loan interest	3,503,881	2,046,448
Depreciation- Mobile Phone	371,592	113,797
Depreciation-Studio	1,857,008	585,267
Depreciation-Three Wheel	159,704	159,704
Depreciation-Regional office Computer & Accessories	143,344	148,292
Depreciation-Regional office office Equipment	90,765	78,756
Depreciation-Building Improvement	628,243	82,906
Depreciation-Motor Vehicles	12,302,551	10,027,963
Depreciation-Equipment	3,923,798	4,789,950
Depreciation-Computers & Accessories	2,487,103	3,147,887
Depreciation-Furniture & Fittings	1,487,911	1,642,036
Depreciation-Computer soft ware	805,176	1,101,253
Depreciation-Motor cycles	726,231	370,642
Depreciation- Building	5,623,500	5,623,500
Depreciation-Regional office Furniture & Fittings	59,553	96,297
Board Members Fees	289,000	282,300
Payments for Tender Boards	397,050	62,500
Printing & Stationery	15,920,900	13,167,517
News Papers & Periodicals	418,027	405,128
Postage/Mail delivery/collection counter	791,763	777,483
Fuel	12,393,940	9,907,536
Telephone	9,060,438	8,937,961
Electricity	9,002,499	8,412,033

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 08 - Administrative Expenses Contd...</b>		
Water charges	950,729	447,635
Cleaning charges	2,172,279	1,963,280
Internal audit fees	794,500	600,000
Other Office Equipment Maintenance	-	33,631
Rent on vehicles	554,945	-
Training & Human Resource Development	603,125	302,400
Building Maintenance	1,696,110	4,637,204
Vehicle Maintenance	5,782,404	6,984,731
Office Equipment Repairs	1,263,500	1,060,973
Building Rent	1,830,000	1,610,000
Computer Maintenance	392,117	976,424
Service Agreements	2,027,200	2,278,005
Entertainment & Welfare	2,441,795	3,552,308
Identity Cards	1,725	10,970
Software Maintenance - Lottery Management system LMS	8,712,100	8,931,197
Foreign Travelling	3,874,228	2,752,534
Lunch/Tea/Drinking water/Draw Meals	5,635,481	5,433,516
Legal Expenses	376,140	197,057
Uniform & Tailoring Charges	2,406,380	2,399,306
Sundry Expenses	1,205,076	1,309,467
Insurance-Premium	2,699,523	2,696,331
Paper Advertisements	724,272	911,099
Allowance for Medical Expenses & Hospital Payments	22,298,162	19,374,174
Vehicle License	229,820	251,155
Assessment Tax	1,307,380	1,317,440
Trade mark registration fees	3,000	10,317
Audit & Management Meetings	339,000	378,000
Software Modification	1,224,825	487,688
Local travelling	228,343	167,999
Removal of Debris	183,600	42,840
Anniversary	11,027,334	1,001,828
Deyata Kirula Other Expenses	-	7,708,900
Consultation Fees / Professional Charges	3,151,549	966,322
<b>Total Administrative Expenses</b>	<b>330,967,135</b>	<b>278,062,922</b>

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 09 - Finance Expenses</b>		
Bank Charges-General	175,641	261,024
W.H.T on 7 Day call	379,446	366,452
Bank Charges-Prize	6,700	7,550
<b>Total Finance Expenses</b>	<b>561,787</b>	<b>635,028</b>
<b>Note 10 - Profit for the Year</b>		
<b>Profit for the Year</b>	2,126,438,341	1,937,967,198
Prior Year adjustments		57,281,288
<b>Less</b>		
30th Anniversary ticket income for the Year		8,963
Jana Jaya Surplus to Deyata Kirula Exhibition	100,000,000	100,860,880
<b>Surplus Attributable to P/F</b>	<b>2,026,438,341</b>	<b>1,894,378,643</b>
<b>Appropriation to the President Fund for the year</b>	<b>2,007,375,000</b>	<b>1,648,471,000</b>
<b>Balance</b>	<b>19,063,341</b>	<b>245,907,643</b>

# Notes to the Final Accounts

## Note 11 - Fixed Assets

For the Year ended 31st December	Land	Land Tissamaharamaya	Motor Vehicles	Office Equipment	Computers & Accessories	Furniture & Fittings	Machinery	Branded Stalls	Computer Software	Building	Studio	Motor/Bicycle	Mobile Phone	T'Wheel	Building Improvement	Capital Working Progress	Total
Cost			20%	25%	331/3%	25%	12.50%	16.66%	331/3%	10%		2.5%					
Balance as at 01.01.2013	506,000,000	508,592	90,035,299	42,661,506	45,563,678	12,238,033	14,139,273	18,663,898	56,235,000	18,570,077	3,742,330	477,250	798,518	7,864,060	817,497,513		
Additions during the year			5,475,000	1,498,636	6,328,049	930,404	43,087,104	8,735,946	2,603,682	-	20,182,371	669,616	398,900	770,235	33,131,482	123,811,426	
Disposals during the year		(16,200)	(5,059,375)	(280,725)								(1,012,500)		(1,581,628)	(7,950,428)		
	506,000,000	492,392	90,450,924	43,879,417	51,891,727	13,168,437	57,226,377	8,735,946	21,267,580	56,235,000	38,752,448	3,399,446	876,150	798,518	7,052,667	33,131,482	933,358,511
Depreciation																	
Balance as at 01.01.2013			51,331,731	36,453,599	40,659,597	8,189,492	13,188,490	17,601,832	11,247,000	3,006,518	1,768,906	113,797	425,601	104,649	184,091,210		
Depreciation for the year			12,302,551	4,014,564	2,630,447	1,547,464	1,381,154	1,445,619	805,176	5,623,500	1,857,008	726,231	371,592	159,704	628,243	-	33,493,251
Depreciation for the disposals			(5,059,375)	(275,875)								(1,012,500)					(6,347,751)
Error Correction								5,518,130									5,518,130
			58,574,906	40,192,287	43,290,044	9,736,956	14,569,644	6,963,749	18,407,007	16,870,500	4,863,526	1,482,637	485,389	585,305	732,892	-	216,754,840
Net book balance as at 31.12.2013	506,000,000	492,392	31,876,018	3,687,130	8,601,683	3,431,481	42,656,733	1,772,197	2,860,573	39,364,500	33,888,922	1,916,809	390,762	213,213	6,319,775	33,131,482	716,603,670

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 12 - Inventories</b>		
<b>12.1 - Ticket Stock</b>		
Saturday Fortune	2,425,778	1,674,399
Development Fortune	1,739,463	1,470,977
Jayoda	2,047,746	2,388,783
Instant	14,356,370	15,077,674
Janajaya	1,244,717	482,651
Double Chance	48,747	48,747
Niyatha Jaya	633,078	646,635
Super Ball	1,836,126	648,253
Anniversary Draw	-	632,288
<b>Total Ticket Stocks</b>	<b>24,332,021</b>	<b>23,070,407</b>
<b>12.2 - Other Stocks</b>		
Stationery stock	1,635,689	1,480,978
Promotional items stock	111,037,979	8,145,752
Other Items Stock	535,403	535,403
<b>Total Other Stocks</b>	<b>113,209,071</b>	<b>10,162,134</b>
<b>Total Stocks</b>	<b>137,541,092</b>	<b>33,232,541</b>

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 13 - Trade Debtors &amp; Other Receivable</b>		
<b>Receivable</b>		
Other Receivables - M.A.M Ammen	2,520,000	2,520,000
Other Receivables - SF & DF	5,000	5,000
Other Receivables - Distributor computer receivable	13,000	83,000
Other Receivables - Bulding Rent Receivables	4,976,220	4,976,220
Other Receivables -Dealers Moter bike	1,661,209	1,760,209
Motor Bicycle Loan Receivable Investigation Officer	-	119,160
Employees Contribution A/C	237,000	
Recoverable Losses	1,481	1,481
Vauniya Dealer Rent Receivable	391,248	
	<b>9,805,158</b>	<b>9,465,070</b>
<b>Other Debtors</b>		
Festival Advance	430,180	438,000
Loan to Staff	23,195,554	19,208,037
Refundable Deposit	1,499,513	1,402,513
	<b>25,125,247</b>	<b>21,048,550</b>
	<b>34,930,406</b>	<b>30,513,621</b>
<b>Note 14 -Prepayment &amp; Deposits</b>		
Prepayments	1,930,340	1,987,903
Prepaid Staff Cost	-	1,512,949
Advance - Internal	333,742	1,481,523
Advance - External	8,967,444	1,683,772
	<b>11,231,528</b>	<b>6,666,147</b>

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 15 - Cash in hand &amp; at Bank</b>		
<b>Bank Balances</b>		
BOC- General	227,249,606	77,428,190
BOC General 7 day Call	138,547,793	23,536,238
BOC -Prize	(3,677,199)	(4,025,327)
Sampath Bank	42,096,176	11,514,507
Peoples Bank	(116,267,584)	975,282
Sweep account	245,466,330	127,313,591
Repo-Sampath	12,285,000	10,133,000
BOC- General New	(87,854,578)	
	457,845,545	246,875,483
Petty cash for Transport office	5,000	5,000
Petty cash-Regional Office	21,000	21,000
Imprest for Lawtier Prizes	4,000	-
D.L.B Disaster Relief Fund	9,404	9,404
	39,404	35,404
	457,884,949	246,910,887
<b>Note 16 - Dealer &amp; Distributor Deposit Payable</b>		
Dealer Deposit Payable	26,209,381	25,036,381
Distributor Deposit Payable	1,650,000	1,550,000
<b>Total Dealer &amp; Distributor Deposit Payable</b>	<b>27,859,381</b>	<b>26,586,381</b>

# Notes to the Final Accounts

For the Year ended 31st December	2013 Rs.	2012 Rs.
<b>Note 17 - Trade &amp; Other P'ble</b>		
Accruals	249,868,593	120,976,083
Interest on dealer deposits	26,698,045	26,698,045
Unpresent Cheques-Dealer Incentive	-	1,034,570
Provision for Doubtful Debts	7,496,220	7,496,220
Provision for Incentive Payments	225,554.97	225,554
Special Deductions-Chairs	-	17,806
Dealer Advance	157,487	155,979
Distributor Advance	41,959,597	34,701,948
NBT P'able	28,393,834	13,612,339
VAT P'able	59,930,200	24,407,801
Esc P'able	-	5,177,772
Payee Tax	19,022	19,022
Distributor Commission & Validation P'able	18,046,427	11,024,718
WHT P'able	20,102,793	4,870,134
Provision for External Audit Fees	400,000	400,000
Dealer & Distributor Target p'able	18,542,420	13,438,425
Un entered Cash Received	-	29,650
Payable for Studio	26,630,441	6,448,070
30 th Annuisary ticket income		8,962
Payable for United Motors	8,095,000	8,095,000
Refundable Security Deposit	900,000	
Provision for VAT P,able	32,248,153	
Provision for Income TAX P'able	177,226,426	
Vender p,ble from staff salary deductions	21,055	
<b>Total Creditors</b>	<b>716,961,272</b>	<b>278,838,105</b>
<b>Note 18 - Prize Payable</b>		
Prizes Payable	229,769,766	208,038,271
Prizes Payable High way Dream	241,397,300	
<b>Provision for Prize Payable - Non Winning-Draw Tickets</b>		
Jayoda	11,150,000	10,800,000
Development Fortune	21,800,000	14,900,000
Super Ball	7,326,000	
<b>Total Prize Payable</b>	<b>40,276,000</b>	<b>25,700,000</b>
	511,443,066	233,738,271

# Ten Year Summary

	2013 (Rs. '000)	2012 (Rs. '000)	2011 (Rs. '000)	2010 (Rs. '000)	2009 (Rs. '000)	2008 (Rs. '000)	2007 (Rs. '000)	2006 (Rs. '000)	2005 (Rs. '000)	2004 (Rs. '000)
<b>Operational Results</b>										
Income	10,611,073	8,624,166	6,884,267	5,667,809	5,220,418	4,498,179	3,947,214	3,761,749	4,102,829	3,729,539
Cost of Tickets	410,016	359,844	313,956	259,210	249,256	220,820	202,040	168,389	181,661	161,428
Prize payout	6,481,076	5,113,981	4,120,099	3,406,143	3,160,780	2,667,237	2,337,607	2,212,964	2,582,296	2,300,756
Administrative Expenses	330,967	280,682	281,397	244,214	261,700	219,833	168,486	108,288	80,615	77,007
Advertising & Distribution Expenses	627,574	497,755	325,886	350,813	581,835	563,333	277,034	243,925	225,827	262,380
Surplus after operating Expenses	1,979,330	1,757,752	1,318,519	937,913	551,708	622,527	733,409	796,113	841,325	750,511
<b>Equity</b>										
President's Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Ministry of trade & Shipping	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
P/F & Deyata Kirula Payable	132,775	493,970	220,124	148,478	63,675	84,263	19,838	78,095	184,758	45,216
Prize Reserve Account	776,867	753,236	645,679	626,994	555,674	498,883	471,057	465,046	419,455	322,922
<b>Liabilities</b>										
Non Current Liabilities	36,806	35,134	38,506	33,197	30,540	118,326	18,825	17,991	17,111	15,389
Current Liabilities	1,228,404	512,576	479,722	420,471	545,961	494,752	334,347	327,117	396,406	676,823
<b>Assets</b>										
Non Current Assets	1,733,435	1,624,369	1,202,917	1,078,595	1,020,421	940,357	707,689	771,935	738,283	570,695
Current Assets	641,588	317,323	381,078	262,150	274,625	260,267	140,778	120,714	283,848	466,058

# Comparative Statement of Financial Position

As at 31st December	2013 (Rs.'000)	2012 (Rs.'000)	Change %
<b>Assets</b>			
Non Current Assets			
Property Plant & Equipment	716,603	633,406	13%
	716,603	633,406	13%
Investments	1,016,831	990,962	3%
	1,016,831	990,962	3%
<b>Total Non Current Assets</b>	<b>1,733,435</b>	<b>1,624,369</b>	<b>7%</b>
<b>Current Assets</b>			
Inventories	137,541	33,232	314%
Trade Debtors & Other receivable	34,930	30,513	14%
Prepayment & Deposits	11,231	6,666	68%
Cash in hand & at Bank	457,884	246,910	85%
<b>Total Current Assets</b>	<b>641,587</b>	<b>317,323</b>	<b>102%</b>
<b>Total Assets</b>	<b>2,375,023</b>	<b>1,941,692</b>	<b>22%</b>
<b>Equity &amp; Liabilities</b>			
Contributed Capital			
President Fund	2,200	2,200	0%
Mohapola Trust Fund	2,200	2,200	0%
Prize Reserve Account	776,867	753,236	3%
<b>Total Equity</b>	<b>781,267</b>	<b>757,636</b>	<b>3%</b>
Non Current Liabilities			
Employee Benefit Liabilities	8,946	8,548	5%
<b>Dealer &amp; Distributor Deposit Payable</b>	<b>27,859</b>	<b>26,586</b>	<b>5%</b>
<b>Total Non Current Liabilities</b>	<b>36,805</b>	<b>35,134</b>	<b>5%</b>
Credit Vouchers Payable	195,769	142,374	38%
<b>Current Liabilities</b>			
Trade & Other Payable	716,961	278,838	157%
<b>P/F and Deyata Kirula Payable</b>	<b>132,775</b>	<b>493,970</b>	<b>119%</b>
Prize Payable	511,443	233,738	119%
<b>Total Current Liabilities</b>	<b>1,361,179</b>	<b>1,006,546</b>	<b>35%</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,375,020</b>	<b>1,941,692</b>	<b>22%</b>

# Comparative Statement of Comprehensive Income

for the year ended 31st December	2013 (Rs.'000)	2012 (Rs.'000)	Change %
Revenue	10,611,073	8,624,167	23%
Taxes	669,698	530,102	26%
Cost of Tickets	410,016	359,844	14%
Prize payout	6,481,076	5,113,982	27%
Draw Cost	255,361	194,710	31%
Gross Profit	2,794,921	2,425,529	15%
Other Income	143,513	111,297	29%
Distribution Cost	627,574	497,756	26%
Administrative Expenses	330,967	280,682	19%
Finance Cost	562	635	-12%
Surplus after operationg Expenses	1,979,330	1,757,752	13%
Income Tax	68,673	0	-
Profit after Tax	1,910,657	0	-
Profit for the Year	2,126,438	1,937,967	10%

