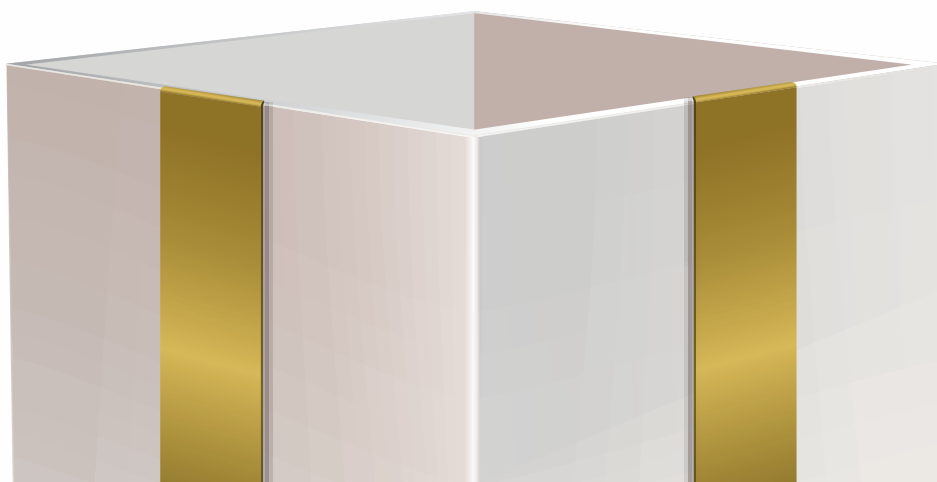
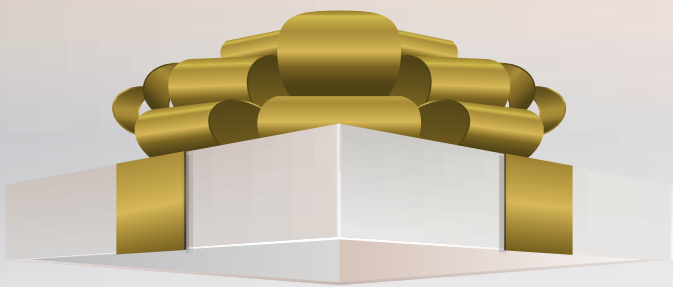


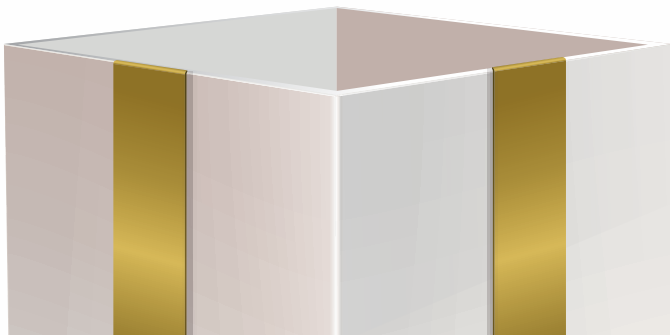
A Year of Rewards

Development Lotteries Board | Annual Report 2015





A Year of Rewards



While some of us may sometimes find ourselves longing for a revival of that extraordinary spirit, the truth is that it wasn't extraordinary; it was simply a manifestation of what Sri Lankans can and must achieve when they stand together as one. Let us never forget that we are an organization built on the power of dreams, and that those who dare to dream are very often those who are best empowered to change fortunes, to build communities, to make a meaningful difference to the lives of millions. We are pleased to be able to say that in 2015, we were able to make many dreams come true, and to plant the seeds of an even greater tomorrow for all.

Content

Corporate Information	5
History of Development Lotteries Board	6
Milestones	7
Financial Highlights	8
Chairman's Message	10
Board of Directors (2015)	12
Review of the Board of Directors	13
Management Team	14
Operational Review	15
Sustainability Report	20
Corporate Governance	24
Risk Management Report	26
Audit and Management Committee Report	28

Financial Reports

Independent Auditors' Report	30
Statement of Comprehensive Income Statement	45
Statement of Financial Position	46
Cash Flow Statement	47
Statement of Changes in Equity	48
Notes to the Financial Statements	49
Ten Year Summary	69



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 2 333 546-8, 011 4 824 824

Fax

011 2 333 545

E-mail

devlottr@slt.lk

Web

www.dlb.lk

TIN

409089844

Board of Directors (2015)

1. Mr. Romesh Jayawardana - Chairman / CEO
2. Mrs. R.I. Wimalasena - Vice Chairman
3. Mr. D N Nanayakkara - Director
4. Dr. Wickrema Weerasooria - Director
5. Mr. M.S.D. Ranasiri - Director

Auditor

Auditor General

Bankers

Peoples Bank, Bank of Ceylon, Sampath Bank PLC.

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 first time in the history of lotteries in Sri Lanka.

On the 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 the 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

1987



Introduction of the first Television Lottery Draw “**Shanida Wasanawa**”

Conversion from “**Development Lottery Centre**” to “**Development Lottery Trust**”.

1993



1997



Conversion from “**Development Lotteries Trust**” to “**Development Lotteries Board**” with a Government owned corporate body under the “**Development Lotteries Board Act No 20 of 1997**”.

- Achieved a turnover level of Two Billion.

Introduction of “**Wasana Chakraya**” Television Draw. This was for non winning instant scratch lottery tickets. The “**Sanwardhana Wasanawa**” lottery was launched, together with “**Windows**” Instant Lottery and “**UREKA**” Instant lottery for Rs. 100/= with a Super Luxury Motor Car as the winning prize.

1998



1999



Updating Computer System to cope with Y2K issues, with the assistance of The World Bank.

“**JAYODA**” was launched with pioneering feature of option for cash prize or a house

- Achieved a turnover level of Three Billion.

2004



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.

“**Jana Jaya**” Lottery, with a Super Jackpot prize was introduced.

2010



2011



“**Niyatha Jaya**” Lottery was launched.

“**Super Ball**” Lottery with the largest ever lottery jackpot of Rs.30 Mn was introduced.

2012



2013



Launch of Highway Dream lottery with highest jackpot value.

2014



Launch of SMS lottery selling.

Financial Highlights

	Year ended 31st December	
	2015	2014
Operating Results		
Revenue	11,874,659,603	12,271,477,490
Gross Profit	5,137,214,449	5,409,516,014
Profit before tax	2,389,616,614	2,422,222,956
Tax expenses	56,356,927	68,976,618
Net Profit	2,333,259,687	2,353,246,338
Statement of financial Position		
Assets		
Property Plant & Equipment	730,360,335	709,275,189
Held to Maturity Financial Assets	807,514,816	885,551,607
Inventories	32,603,696	43,580,565
Trade Debtors & Other receivable	35,401,941	34,126,920
Prepayments & Deposits	5,631,264	14,993,931
Cash in hand & at Bank	338,946,957	249,562,916
Total Assets	1,950,459,010	1,937,091,128
Liabilities		
Employee Benefits Liabilities	30,303,482	22,950,327
Dealer & Distributor Deposit Payable	28,380,381	27,314,881
Credit Voucher Payable	203,705,730	173,022,800
Trade & Other payable	441,763,122	344,061,901
President's Fund payable	99,010,739	250,598,866
Prize Payable	208,869,321	237,706,166
Equity		
President's Fund	2,200,000	2,200,000
Mahapola Trust Fund	2,200,000	2,200,000
Prize reserve account	934,026,234	877,036,186
Total equity & liabilities	1,950,459,010	1,937,091,128
Profitability Ratio		
Net Profit ratio	20%	19%
Gross Profit ratio	43%	44%
Liquidity Ratio		
Current Asset ratio	0.63	0.58
Quick(Liquid) Assets Ratio	0.58	0.51

MANAGEMENT REPORTS



Chairman's Message

"The DLB has completed 32 years of service since its incorporation in 1983.

The statutory objective of DLB is to generate funds for the President's Fund."

With much pleasure I place before you the Annual Report for Development Lotteries Board for the year ended 31st December 2015, supported by the Audited Financial Statements of the Development Lotteries Board, a corporation that makes significant contributions to our community through revenue generation, job creation, economic spin-offs, community partnerships and employee volunteerism. DLB values the importance of being as transparent as possible and we will share all information related to our programs, initiatives, and projects as soon as that information can be shared.

A drop in sales was recorded during the year 2015 due the reason of non-payment of income taxes between the period of 2001 to 2014, which resulted in the Department of Inland Revenue temporarily freezing our bank accounts. Development Lotteries Board took the initiative to address this issue with the relevant authorities and resolved this dilemma appropriately. Sri Lanka faced two national elections during this financial period, which too impacted our decline in sales. In spite of the challenges faced the

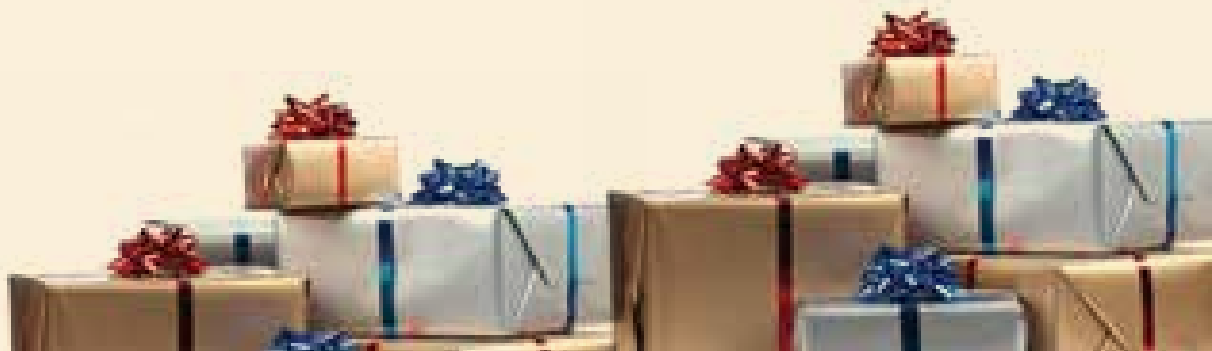
board was able to maintain a healthy net profit of Rs 2.3 Billion through the implementation of vibrant cost management principles.

Previous management of DLB had not taken steps to pay income taxes and as a result, default tax liability amounting to Rs 3,715 Mn had accumulated. The current management has made arrangements to clear this tax liability with the Inland Revenue Department within the agreed time period. A total of Rs 554 Mn was settled during the financial year 2015 which subsequently resulted in a reduced contribution to the president's fund.

We have established an internal audit department with a qualified internal auditor along with an audit section, additionally we set up a stock control unit implementing new procedures, documents and standards to control stocks during the financial year 2015.

We have started new ventures in the Jaffna province by establishing sales centers and new dealers, our participation in the Nallur festival contributed to our promotional activities. Incentives schemes to offer free ticket books to performing sales dealers and sales representatives assisted in the growth of sales volumes and increased the mutual understanding between DLB and the Lottery ticket sales community. During the year the DLB has taken on many activities to fulfill its CSR aspects including arranging 92 scholarships for students of dealers and arranging health campaigns where 61 dealers received medical assistance.

During the latter half of the year in October, Mr. Daya Pelpola resigned as Chairman/CEO of Development Lotteries Board to accept a post in the diplomatic service as an ambassador to Italy. On behalf of the Board, I extend my sincerest appreciation to Mr. Daya Pelpola for his exceptional service in his role.



Further, I would like to specially thank Ministry of Finance, Board of Directors, the Vice-Chairman and General Manager for their support and advice. And I have found rewarding to work with our various stakeholders; learning and sharing knowledge along the way supported by a highly talented and dedicated staff, past and present, who together have delivered and continue to deliver exceptional service to our customers all while supporting our communities.

I also give noteworthy thanks to all the Draw judges, staff of the President's Fund, Mahapola Higher Education Trust Fund, Distributors, Dealers, Sales Assistants, Media, Banks, Auditors and all suppliers. They have truly assisted us in making our presence at DLB meaningful.

Romesh Jayawardana

Chairman/CEO

Development Lotteries Board



Board of Directors (2015)

Mr. Daya Pelpola

Chairman/CEO (resigned w.e.f. 20.10.2015)

Mr. Romesh Jayawardana

Current Chairman/CEO (w.e.f. 29.10.2015)

Mrs. R. I. Wimalasena

Vice Chairman

Mr. Wickrema Weerasooria

Director

Mr. D. N. Nanayakkara

Director

Mr. M. S. D. Ranasiri

Director

Review of the Board of Directors

It is with great delight that I present this Board of Director's review for the Annual Report 2015 of Development Lotteries Board. The main objective of the Development Lotteries Board is to provide funds to the Mahapola Higher Education Scholarship Fund through the President's Fund. During the year under review, the progress we have achieved is evident from the facts that we were able to derive a significant profit from our sales while paying a large amount of cash prizes to our valued customers as well as remitting the president's Fund by Rs.1692 million.

During the year 2015 the following activities were achieved as a part of our role.

- New Lotteries were introduced to the market to customers satisfaction.
- Sales promotions carried out by introducing new attractive prize structures.
- Being able to maintain a good financial discipline.
- Being able to sort-out the issues by conducting lottery distributor meetings .
- Paying a significant amount of money to the government as tax during the year.

It is hereby worth mentioning that the Development Lotteries Board contributed immensely to elevate financial status of its customers by awarding them cash prize and providing incentives to sales assistants nearly twenty thousand in number. Also DLB did not hesitate to provide Health and the Higher Education sectors with financial assistance. Factors such as making decisions through Board of Director Meetings, maintaining internal control system in an orderly manner by holding Accounting and Management Committee Meetings and due to dedication and perseverance of staff and the guidance of the Auditors and thanks to the faithful customers, made it possible for the institution to reach the optimum levels of productivity. We are looking forward to better these achievements in the upcoming year too.

D.N. Nanayakkara

Director

Management Team

Mr. J. M. Saman Jayasinghe

General Manager

Mr. Anura Jayarathne

Deputy General Manager – Marketing

Miss. Vijitha Somarathne

Deputy General Manager – Finance

Mr. Chanaka Dodangodage

Assistant General Manager – Marketing

Mr. Kapila Bulathsinhala

Assistant General Manager – Marketing

Asankhaa S Gunasinghe

Assistant General Manager – Marketing

Mr. Sunil Jayarathne

Assistant General Manager – Finance

Mr. Kasun Jayasuriya

Assistant General Manager – Finance

Mr. Nishan Perera

Assistant General Manager – Finance

Mr. Wasantha Senadeera

Internal Auditor

Mr. Nuwan Abeyarathne

Administrative Officer

Major J. M. D. A. Krishantha

Chief Security Officer

Operational Review

Management Discussion and Analysis

Management is responsible for the reliability and timeliness of the information disclosed in the Management Discussion and Analysis and does so by implementing and monitoring the appropriate existence and effectiveness of systems, controls and procedures used by Development Lotteries Board (DLB).

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

DLB will continue to advance an environment and workplace that promotes innovation, efficiency and effectiveness. These strategic directions and priorities are supported by the managing committee to ensure sound and progressive planning processes, financial management, policy, standards and procedures, and performance measurement.

Sri Lankan Economic outlook for 2015

Growth

Real economic growth in Sri Lanka in 2015 registered 4.8 per cent, compared with 4.9 per cent in 2014. A slowdown in the growth of demand in Sri Lanka's traditional export markets impacted the growth of the export sector while a strengthening US economy prompted short term capital outflows. The impact of these developments was offset to some extent by lower international commodity prices. Nevertheless, domestic consumption rebounded as incomes grew, particularly among public sector workers. Agriculture and services related activities grew by 5.5 per cent and 5.3 per cent, respectively, while industry related activities grew by 3.0 per cent during 2015.

Inflation

Inflation, as measured by the year on-year change in the Colombo Consumers' Price Index (CCPI), was in negative territory during July September 2015, mainly due to subdued commodity prices. This was the first time that inflation turned negative since March 1995. However, by end 2015, year-on-year headline inflation was recorded at 2.8 per cent, compared to 2.1 per cent at the end of 2014. Correspondingly, core inflation, which switches out energy and selected food items from the CCPI basket, grew from 0.8 per cent, on a year on-year basis in February 2015, to reach 4.5 per cent at the end of the year. This was driven

primarily by the enhanced growth of bank credit as well as higher wages afforded to government workers and employees in other sectors of the economy.

Foreign Direct Investments and GDP

Meanwhile, despite substantial gains from the lower oil prices and continued positive trends in the tourism sector, slowing down of net foreign exchange inflows, including worker remittances, and capital outflows, generated an overall deficit in the balance of payments (BOP). Efforts to reverse the downward trend in government tax and non-tax revenues were moderately successful, but overruns on the expenditure side of the government budget meant that the budget deficit grew to 7.4 per cent of Gross Domestic Product (GDP), as against the targeted deficit of 4.4 per cent. Central government debt grew to 76.0 per cent of GDP by the end of 2015. The new coalition government formed after the Presidential election in January 2015 focused on implementing the 100-day program before the general election that was held in August 2015.

Principal Activities

The principal activity of the Board is to generate funds for the President's Funds to grant Mahapola Higher Education Scholarships for the University Students and grant medical assistant 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 its key objectives:

OUR LOTTERY PRODUCTS PORTFOLIO

Saturday Fortune

Lagna wasana

Jayoda

Galaxy Star

Niyatha Jaya

Super Ball

Instant

Operational Review

Highlights of Performance Indicators for 2015

	2015	2014
Highest Jackpot	56,974,540	100,000,000
Average number of winners per month	12,237,438	12,317,547
Total Sales (Annual)	11,874,659,603	12,271,477,490
Total prize payout	6,150,951,795	6,211,302,790
Number of Prize winners	146,849,258	147,810,558
Number of Millionaires created	575	583
Contribution to the President fund	1,628,053,000	1,834,814,000

Marketing and Operational highlights

The utilization of coordinated marketing activities during the year 2015 has brought in success. Development Lotteries Board was able to offer considerable amounts of money to the President's Fund on account of judicious promoting approaches, high profitability and efficiencies at the same time the winners were compensated liberally by method for giving them all the more winning chances and higher prizes.

The subsequent functions mentioned below can be defined the enhancement of marketing activities:

Re-branding and Special Promotional Launches

Re-branding Jana Jaya lottery Ticket to Galaxy star

Jana Jaya lottery was rebranded and gave a new face lift with a style and another prize structure was presented with an exceptionally appealing ticket. Name was changed to Galaxy Star, which drew in more customers, which eventually lead to sales growth.

Introducing a larger sized lottery ticket for the Christmas season

"Lagneta Kalinma Naththal" a larger size lottery ticket compared to the other tickets was introduced for the Christmas season, and additional prizes were given to this special draw and sales of 2.33 million in December 01st, 2015 were achieved.

Super Ball Super Bonus special launch for Christmas season

Super Bonus larger size lottery ticket in addition to the Super ball lottery ticket was launched for the Christmas season and increased the sales of 2.8 million as at December 31st 2015.

Transforming the appearance of lottery tickets

In the third quarter of this year the board decided to change the lottery ticket art works for every product brand with a specific end goal to draw in consumer loyalty and create a perceived differentiation for the new looking lottery tickets.

Re-naming Development Fortune to Lagna Wasanawa

To fulfill customers demand, Development Fortune changed its name as a result Lagna Wasanawa was introduced to the market on the 3rd of July 2015 in order to sell more lottery tickets. This change has been a success.

Super Ball ticket jackpot increased forty Million (40Mn)

DLB was able to increase the Super Ball jackpot value from of Rs.30 million to Rs.40 million, starting from the draw on October 29th 2015. This resulted in attracting customer demand and favorable customer feedbacks.

Giving Prizes for non-winning tickets

From a month long period, beginning from the 30th October 2015 the Lagna wasana lottery draw offered prizes (T-sets) for non-winning lottery tickets. This scheme was popular among customers.

Financial Review

Overview Results of Financial Performance

DLB is an Organization build on partnerships, which have all been created to help reach goals, realize dreams and impact lives in a positive way. As we continually search for new ways to build strong connections with our community, our employees, our suppliers and our customers, we become even stronger ourselves.

According to the financial statements presented for the financial year 2015 the operations of the Development Lotteries Board (DLB) under review had resulted in the board paying significant amount of taxes to the state amounting to Rs 606,195,948 as prior income taxes, compared to Rs 284,896,813 paid as prior income taxes in 2014. As a result the contribution to the Presidents fund dropped by 11% to Rs 1,628,053,000 during the year 2015 due to the agreement with Inland Revenue Department to resolve tax issues pertaining to the period 2001 to 2009.

During the year under review DLB recorded a profit of Rs 2,333,259,687 compared to Rs 2,353,246,338 in the previous year.

Total prize payouts and number of winner's Product wise performance in 2015

Lottery Products	Prize Payouts Rs.	Number of Winners
Saturday Fortune	1,270,434,000	27,181,310
Lagna Wasana	1,491,265,928	40,350,419
Jayoda	712,092,000	18,433,106
Galaxy Star	551,431,323	15,028,507
Niyatha Jaya	588,235,500	15,228,196
Super Ball	1,261,931,500	30,627,030

Incentive schemes for distributors, sales agents & retailers

As a means to grow sales dealers who achieved their respective sales targets were given free ticket book. This has been very popular among sales community and mutually benefiting both dealers and DLB resulting higher sales growth

Higher Educational Scholarships-

A scholarship scheme was implemented for registered dealer's children who are studying in universities. DLB provided 92 scholarships for the year 2015. And Rs. 828,000 has been spent on this.

Medical Facilities

Development Lotteries Board has provided medical facilities for sales assistants and sales representatives, 61 of sales representatives and sales assistants have been provided with medical facilities in 2015. For this Rs. 12,94,069 has been spent.

Dealer / Agent Meetings

The following agents meeting have been held in the following districts 2015.

Date	District	Venue
2015.09.10	Jaffna	Jaffna
2015.09.19	Ampara/ Baticoloa	Ampara
2015.09.20	Badulla/ Monaragala/ Nuwara Eliya	Bandarawela
2015.09.27	Rathnapura	Rathnapura
2015.12.13	Hambantota/ Monaragala	Tissamaharama

New Distributor appointments for 2015

District	Number of Distributors
Colombo	03
Galle	02
Kurunagala	01
Anuradhapura	01
Monaragala	01
Rathnapura	01
Gampaha	02
Kilinochchi	01
Total	12

Operational Review

Appointment of Agents during the year 2015

District	Number of Agents
Colombo	10
Kalutara	03
Kandy	05
Matale	04
Batticaloa	02
Ampara	02
Trincomalee	01
Kurunegala	08
Nuwara Eliya	01
Galle	07
Matara	02
Jaffna	02
Mannar	02
Ratnapura	03
Gampaha	09
Puttalam	03
Anuradhapura	03
Polonnaruwa	02
Badulla	04
Monaragala	03
Kegalle	02
Mulativu	01
Total	79

SUSTAINABILITY REPORT



Sustainability Report

Our Purpose and Values

Development Lotteries Board continues to have a clear ambition to provide exceptional customer experience, engagement, trust and advocacy in our chosen business area. Delivery of this ambition will not be straightforward and depends in large part on our ability to demonstrate beyond question that we are becoming a responsible company doing business in a sustainable way.

And we have been dealt a great hand when it comes to our dedicated and high spirited employees. That is why we work diligently to create an environment they are proud to be a part of. We understand that our business success is contingent upon their job satisfaction and that is why we continue to invest in our people by offering training and continuing education opportunities to encourage employee excellence and achievement.

It is great when things come together. Around here, our due diligence to Operational Excellence has paid off through principles and practices that ensure DLB is operated in an efficient, secure and ethical manner. We carefully consider the impact of our business activities. We hold this responsibility well beyond mere obligation, as we strive to enrich the quality of life for our customers, employees, suppliers and stakeholders, as well as for our community, the environment and society at large.

Human Resources

We recognize the important role our employees play in developing good business practices and building lasting customer relationships. We deeply value our people and strive to create an innovative, supportive and engaging workplace to show our appreciation for their many contributions.

Staff development objectives:

- Create and promote career and employment opportunities
- Continue to advance workforce planning and talent management programs, quality recruitment and retention initiatives, leadership development and succession planning and continuous learning.
- Ensure our employees are empowered and celebrated for their achievements.
- Ensure our employees continue to be aware and informed.

Staff training and developments programs held during the Year

Training Program of - 2015					
No	Institute Name	Cause Name	Number of Staff	Division	Cause Duration
1	The Knowledge Agent Pvt Ltd	Seminar on Public Accounting Standards	4	Finance	01 Day
2	Skills Development Fund Ltd.	Duties & Responsibilities of Drivers & Helpers	17	Admin	02 Day
3	CADD Centre Lanka (Pvt) Ltd.	Office Awareness Training Program	65	03 Division	02 Day
4	Skills Development Fund Ltd.	Driver Role & Responsibilities	17	Admin	02 Day
5	Skills Development Fund Ltd.	Role & Responsibilities of Security officers	16	Admin	02 Day
6	Prag Services (Pvt) Ltd	Detailed Procurement Procedure	3	Finance	03 Day
7	Skills Development Fund Ltd.	Transport Management	2	Admin	01 Day
8	National Institute Of Business Management (NIBM)	Workshop On Writing Effective E- mails & Written Communication Techniques	4	03 Division	02 Day
9		Fire Training	KKS / Office Labor	03 Division	01 Day

Training Program of - 2015					
No	Institute Name	Cause Name	Number of Staff	Division	Cause Duration
10	Prag Services (Pvt) Ltd	Expenditure & Payment Procedure	9	Finance	01 Day
11	Employee Provident Fund	EPF through Online banking	2	Finance	01 Day
12	SriLanka Media Training Institute	Rupavahini Programme Presentations and Announcing	1	Admin	16 Day
13	Srilanka Institute Of Marketing	Postgraduate Diploma in Marketing - III	1	Marketing	06 month
14	National Institute Of Business Management (NIBM)	Advance Certificate Course in HRM(S) Commencement	3	Admin	04 Month
15	CADD Centre Lanka (Pvt) Ltd.	Office Awareness Training Program	6	Finance	01 Day
16	National Institute of labor Studies	Skills Development Training for Receptionist and Telephone operators	2	Admin	01 Day
17	Adams Skills Development Centre	Microsoft Excel - Advanced Analysis Tools	6	Finance	01 Day
18	PRAG Institute	Principles Of Public Sector Management	1	Admin	01 Day
19	SriLanka Institute of Printing	Training Programe on Microsoft Office	9	03 Division	04 Month
20	Sri Lanaka Institute of Development Administration (SLIDA)	“Doctor And Actor” - A novel Interactive Learning Experience	3	Senior MGT	01 Day

DLB is focused on committed development that makes consistent and sustainable value to the lives of Sri Lankans through their Lottery products and prizes. These activities highlight that DLB has executed to look after social, environmental, and monetary obligations. DLB's social responsibility incorporates dependable business, customer and lottery winner protection initiatives, as well as community outreach programs. DLB monitors the environmental impacts of its corporate exercises and makes energy saving investments to accomplish environmental responsibility.

Sustainability Report

Staff positions as at 31-Dec-2015

Designation	Specialization	Approved Cadre			Existing Cadre		
		Permanent	Casual	Contract	Permanent	Casual	Secondment
Chairman		1			1		
Vice Chirman		1			1		
General Manager		1					1
Deputy General Manager		2			2		
Asst.General Manager	Mgrs	9			6		
Intrenal Auditor		1				1	
Administrative Officer	Admns	1			1		
Trans & Maint Manager		1					
Chief Security Officer		1			1		
Marketing officer		3					
Finance officer		1					
Sys.Anlyst/Prog. Anlyst		1					
Procument officer		1					
Human Resource officer		1					
Sales Promotion Assistant		14			14	2	
Public Relation Officer		1					
ITAssistant		2					
Finance Assistant		2					
Chief Management Assistant		1			1		
Personel Assistant Management Assistant		1			1		
Management Assistant		88			86	10	
Management Assistant	Tamil	2			3		
Sales Cordinator (Contract)		11			2	7	
Drivers	DS	34			32	1	1
OES / Office Labour		36			46	2	
Electrition		1					
Security Officer / Assistant		3			16		
Total		221	0	0	213	23	2

Age Category (Yrs)	No. of Employees		
	Male	Female	Total
< 25	2	7	9
25 - 35	55	30	85
36 - 45	55	28	83
46 - 55	45	13	58
> 55	2	1	3

Basic Recruitment Qualification	Number of Employees
Bachelors Degree in Engineering or Chartered Engineering Qualifications	-
LLB Degree or an Attorney-at-Law	-
Bachelors Degree in Finance / Accountancy / Commerce or Intermediate level qualification of the Chartered Institute of Management (CIMA) / Association of Certified Chartered Accountants of Sri Lanka (ICASL)	25
Certificate in NVQ level 5 or NVQ level 6 in the relevant field	-
Certificate in NVQ level 4 in the relevant field	-

Retirement Benefit Plan

All the staff of the DLB should contribute to the Employees Provident Fund, 15% is contributed by the DLB and 10% contribution to be made by the Employee while 3% of employee benefit is contributed by the DLB to Employees Trust Fund. Provision for Gratuity as per the requirement of Gratuity Act No 12 of 1983.

Corporate Social Responsibility

We at Development Lotteries board want to be recognized as a valued member of the community based on our Corporate Social Responsibility policy, DLB is a leader in offering socially responsible products, in contributing to the community through meaningful and long-term partnerships, and in conducting business in an environmentally sustainable manner.

DLB commits all the more financing to Sri Lankan government, host communities, Local charities and enriching the lives of our Sri Lankan people.

DLB has possessed the capacity to launch several social venture programs concentrating on empowering entrepreneurship for individuals related with the business by providing assistance to the whole chain of lottery merchants.

Table below illustrates the CSR Program offering Tricycles and Bicycles to dealers in 2015

District	Tricycles	Bicycles
Colombo	02	02
Badulla	02	-
Ampara	03	-
Galle	01	01

Other notable CSR activities

A scholarship scheme was actualized for enrolling dealer's children who are studying in universities. DLB provided 92 scholarships for the year 2015 for which Rs 828,000 was donated.

As a way to develop dealers who accomplished their individual sales targets were given free ticket books. This activity has been exceptionally prominent among the sales community and mutually benefiting both dealers and DLB resulting higher sales growth.

DLB has granted Rs. 1,294,069 providing medical facilities for sixty one sales assistants and sales representatives in 2015.

Corporate Governance

Corporate Governance guides the long-term goals and strategic plans of Development Lotteries Board and sets out the practices and guiding principles to help us make decisions. Our corporate governance model outlines the authority and accountability among the different levels of DLB, particularly at the Government, Board and Executive Management levels. The Board sets corporate policy for the corporation and provides strategic direction to the CEO and senior executives, who are responsible for our business operations.

The corporate governance policies and terms articulate corporate roles and responsibilities below:

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

The Board of Directors

The Board is headed by the Chairman and he leads the organization 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:

1. Representing the President's Fund
2. Representing the Mahapola Trust Fund
3. Representing the Ministry of Finance
4. 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.
- Resources 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 Board meetings. A Standard agenda is followed together with any other matters attended that require 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 2015 , 8 meetings were held and attendances are given below:

Name of Director	Attended	Excused
Mr. Daya Pelpola - Former Chairman / CEO(resigned w.e.f. 20.10.2015)	06	0
Mr. Romesh Jayawardana - Chairman / CEO (w.e.f. 29.10.2015)	02	0
Mrs. R.I.Wimalasena - Vice Chairman	08	0
Dr. Wickrema Weerasooria - Director	08	0
Mr. D.N.Nanayakkara - Director	08	0
Mr. M.S.D.Ranasiri - Director	08	0

Committees of the DLB

1. Management Committee
2. Audit and Management Committee
3. Tender Board Committee
4. Staff Welfare Committee
5. Advertising Committee
6. 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.

Risk Management Report

Development Lotteries Board operates through an effective and efficient risk management framework. Consequently DLB firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of strategic objectives. Risk Management operates as a feedback system to relevant stakeholders, management and Board of Directors. It is uniquely positioned as a strategic hub for providing informed decision making to the Business, Operations, Systems and Services of the Company.

This provides a consistent approach for addressing business risks at the strategic and business planning, project management and business process levels by:

- Providing a common understanding of risks across business functions and units;
- Providing management with an on-going assessment of potential risks to facilitate improved priority setting and decision making;
- Raising employee awareness and responsibility for managing these risks.

Managing Risk using Enterprise Risk Management (ERM)

Development Lotteries Board's risk management policy is based on the international standard and framework outlined below and the following philosophy and principles.

Enterprise Risk Management Framework operates with the following objectives:

- 1. Ensure** protection of the interests of our policyholders, shareholders, joint-venture partners, employees, and relevant stakeholders and adherence to internally devised value framework.
- 2. Ensure** complete adherence to applicable regulatory guidelines mandated by regulatory authorities are met unequivocally maintaining an ethical and strong corporate governance culture.
- 3. Ensure** proactive identification, assessment, measuring, monitoring, management and reporting of risks with unambiguous objective of minimizing risk and maximizing opportunities.

4. Assure providing a systematic, structured, clear, comprehensive and dynamic mechanism for taking smarter yet informed decisions whilst addressing risk and uncertainty pragmatically.

5. Assure risk management is tailor-made and not one size fits all taking human and cultural factors into account in building lean yet effective processes and promoting strong risk culture.

In the normal course of business, DLB is exposed to a number of risks which are reviewed below

Prize Pay-Out Risk

A standard prize pay-out ratio must be 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 cash flow. Also there is 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. Financial impact arising from risks are allayed through traditional risk management practices, such as maintaining adequate insurance coverage and coordinating cost control strategies across the organization.

Liquidity Risk

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

Operational Risk

Operating risk associated with processes, technology and people addresses the risk of loss resulting from events such as system failures, breakdown in internal controls, human error and criminal activity. It has been proven that losses such as a measurable decline in client confidence and corporate image can be as damaging for an organization as a direct financial loss.

DLB management remains committed to strengthening the existing system of internal controls and minimizing operational risk as much as possible. This has already been partially addressed by assessing the amount of risk present in operating units, large scale projects as well as specific business processes.

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.

Legal Risk

Legal risk may arise due to un-forcible 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.

Audit and Management Committee Report

We are pleased to present our report for the financial year ended 31st December 2015

Composition of the Audit Committee

The Audit Committee comprises by following Two Non-Executive Directors

1.	Mr. M.S.D. Ranasiri	Chairman of Audit & Management Committee
2.	Mr. D.N. Nanayakkara	Member of Audit & Management Committee

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

Role of the Audit Committee

Development Lotteries Board is required to maintain a sound system of Internal Controls to safeguard stakeholder's interest and assets of the Board. The guidelines issued by the Ministry of Planning and relevant authorities are also followed by the Committee. The activities undertaken by the audit committee in respect of its principal responsibilities during the year ended 31st December 2015 are summarized below.

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

The internal auditor submits periodic internal audit reports carried out in line with the approved annual audit plan. The internal audit reports highlight the gaps in the systems and procedures in place and recommend improvements to the existing system and procedures where necessary after negotiating with the implementation of recommendations and reports progress to the management and audit committee. The audit committee receives regular reports from internal audit, which include summaries of the key findings of each audit in the period. Management

comments are also part of it and committee reviews root causes for audit observations and preventive measures to avoid repetitions.

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

Number of Meetings of Audit Committee

There were five (05) meetings conducted for the year 2015 and attendance is given below.

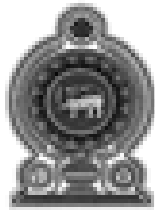
Name of Director	Attendance	Excused
Mr. M.S.D. Ranasiri	05/05	Nil
Mr. D.N. Nanayakkara	05/05	Nil

Mr. M.S.D. Ranasiri

Chairman - Audit & Management Committee

FINANCIAL REPORT





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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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எனது இல. }
My No. }

PUR/F/DLB/I/15/FS1

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உமது இல. }
Your No. }

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திகதி }
Date }

21 October 2016

The Chairman,

Development Lotteries Board.

Report of the Auditor General on the Financial Statements of the Development Lotteries Board for the year ended 31 December 2015 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 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information 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 Lotteries 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 issued to the Chairman of the Board on 17 June 2016.

1.2 Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.





1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2:2 of this report.



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except 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 December 2015 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 Public Sector Accounting Standards

The following instances of non-compliances were observed.

(a.) Sri Lanka Accounting Standard 01

- (i) Even though assets and liabilities should not be set off against each other unless otherwise required or permitted by Sri Lanka Accounting Standards, the credit balance of Rs.201,187,108 that had not been confirmed by the Board as overdrafts, was shown in the statement of financial position by setting off against the bank balance.

- (ii) Even though the nature and objective of the Prize Reserve Account valued at Rs.934,026,234 should have been disclosed, the Board had not done so.

(b.) Sri Lanka Accounting Standard 07

- (i) Instead of separately identifying and showing in the financial statement, the provision for the payment of gratuity in the year under review amounting to Rs.8,161,089, and a sum of Rs.807,934 paid in



the year as gratuity had been set off and the gratuity provision for the year had been shown as Rs.7,353,155.

(ii) In adjusting the working capital movements while preparing the cash flow statement, movements of non-current liabilities valued at Rs.31,748,430 had also been adjusted.

(c.) Sri Lanka Accounting Standard 08

As an outstanding tax liability of Rs.1,557,163,004 arisen as a result of defaulting income tax for the period from the year 2001 to 2009, had not been retrospectively adjusted to financial statements, the equity of the Board in the preceding year amounting to Rs.1,132,035,053, had unusually eroded to a minus value of Rs.519,726,031.

(d.) Sri Lanka Accounting Standard 19

Matters relating to the employee gratuity that should have been disclosed in the financial statements, had not disclosed as per the Standard.

2.2.2 Accounting Deficiencies

A sum of Rs.606,195,948 paid to the Commissioner General of Inland Revenue during the year under review by the Board in respect of the income tax for the preceding years, had been deducted from the contribution payable to the President's Fund without being adjusted to the statement of comprehensive income.



2.3 Non-compliances with Laws, Rules, Regulations, and Management Decisions

The following non-compliance were observed

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
(a) The Development Lotteries Board Act, No. 20 of 1997	
(i) Section 18(3)	Only in the event that funds in sufficient for awarding the prizes of subsequent development lotteries, funds of the Prize Reserve Account can be utilised. However, in accordance with the decisions taken by the Board of Directors, a sum of Rs.405,000,000 had been used from the Prize Reserve Account for the acquisition of the land and the building in which the office of the Board had been located.
(ii) Sections 19(1), (2), and (3)	A sales income of Rs.10,119,457,760 had been earned by conducting scratch-and-win lotteries and drawing lotteries even in the year under review as in the preceding years without formulating rules on lotteries in accordance with provisions in the Act, and without obtaining the approval of the Minister in charge of the subject and publishing in the Gazette. Out of that amount, a sum of Rs.6,150,951,795 had been allocated for prizes and granted sales agents commission of Rs.2,146,551,646 on the approval of the Board of Directors.



- (b) Section 11 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, and the letter No. MF2/DLB/GEN/VOL/1 of the Ministry of Finance and Planning, dated 09 December 2014. Contrary to the provisions on the Government property loans, the Board had paid interests amounting to Rs.160,527 and Rs.402,772 to the banks in the years 2014 and 2015 respectively by considering personal bank loans totaling Rs.9,125,000 obtained by 14 officers, as property loans.
- (c) Government Procurement Guidelines of 2006.
- (i) Guideline 9.3.1 (a) Even though it had been stated that repairs could be done through the manufacturers or the Agents, only if the fairness of the quotations furnished are satisfied, vehicles of the Board had been repaired at a value of Rs.1,321,914 in 07 instances by considering only the quotations furnished by the Agents.
- (ii) Guideline 9.3.1 (b) Approval of the Secretary to the Line Ministry should be obtained for the repair of motor vehicles exceeding Rs.200,000. Contrary to that, a sum of Rs.853,907 had been spent on repairs in 02 instances.
- (d) Government Procurement Guidelines, Public Enterprises Circular, No. PED/28, dated 31 January 2005, and the Letter No. PE/LO/DLB/GEN/2015 dated 12 November 2015 of the Director General of Public Enterprises. A vehicle had been obtained at a monthly rental of Rs.198,000 by deviating from the procurement procedure and without obtaining the approval of the Director General of Public Enterprises.



- (e) Sections 9.7 and 9.12 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003
- Without obtaining the approval of the Treasury, the Board had paid Medical assistance amounting to Rs.12,468,593 to the employees solely on the decision of the Board of Directors during the year under review and a sum of Rs.9,713,405 had been paid without source documents to establish the transaction included in that amount.
- (f) Public Enterprises Circular, No. PED/1/2015 dated 25 May 2015, and Section 8.3.5 of the Public Enterprises Circular, No. PED/12 dated 02 June 2003.
- Contrary to the provisions of the Circulars, and despite the non-availability of budgeted provisions, official vehicles had been assigned to 06 Assistant General Managers of the Board and fuel allowances of Rs.969,890 had been granted. A sum of Rs.2,664,340 had also been paid as salaries and allowances of the drivers of those vehicles.
- (g) Paragraph 02 of the Ministry of Finance and Planning Circular, No. PED/57 dated 11 February 2011.
- Even though an expenditure of Rs.180,746,018 had been incurred by the Board on publicity and promotional expenses in terms of the provisions of the Circular, the annual publicity programme approved by the Department of Public Enterprises in that connection, was not been made available to audit.
- (h) National Budget Circular, No.02, dated 24 July 2003
- Diviating to the provisions of the Circular, a vehicle with the cylinder capacity of 2690 had been obtained on rent basis.



- (i) Circular, No. When vehicles are obtained on rent, and the Board MDPI/MPRD/VEN dated 11 provides the driver and fuel, the insurance and repairs October 2002 of the Ministry should be provided by the supplier of the vehicles. of Policy Planning and Contrary to those provisions, agreement had been Implementation. entered into in a manner that the said expenses would be incurred by the Board.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Board for the year under review had been a surplus of Rs.2,333,259,687 as compared with the corresponding surplus of Rs.2,353,246,338 for the preceding year, thus indicating a deterioration of Rs.19,986,651 in the financial result of the year under review as compared with the preceding year. Although the expenditure of the year under review had decreased by Rs.491,581,670, the decrease in the income by a sum of Rs.511,568,321 had attributed to this deterioration.

In analyzing the financial results of the year under review and the 04 preceding years, the financial result had continuously improved from the year 2011 up to 2014. Nevertheless, the surplus had deteriorated in the year under review as compared with the year 2014. After adjustments had been made in respect of employee emoluments, depreciation on the non-current assets, and the taxes paid to the Government, the contribution for the year 2011 amounting to Rs.2,056,854,697 had continuously improved up to 2014, and it amounted to Rs.3,853,950,488 in the year under review.

3.2 Analytical Financial Review

An analysis of profitability and working capital ratios of the Board in respect of the year under review and the preceding year, is given below.



	<u>2015</u>	<u>2014</u>
(i) Gross Profit Ratio (per cent)	43	44
(ii) Net Profit Ratio (per cent)	19	19
(iii) Current Ratio	1:1.6	1:1.5
(iv) Quick Ratio	1:1.5	1:1.5

The following observations are made.

- (a.) Although the income from sale of lottery tickets had decreased by Rs.396,817,887 or 3.2 per cent in the year under review as compared with the preceding year, the decrease cost of sales by Rs.124,516,322 or 1.8 per cent had attributed to the constant gross profit ratio.
- (b.) Other income, and taking over of un-wined prizes had decreased by Rs.92,519,356 and Rs.22,231,080 respectively. However, the comparative decrease in the distribution cost of the lotteries by Rs.93,853,621 had attributed to the constant net profit ratio.
- (c.) The current liabilities of the Board exceeded its current assets, and the Board had not drawn its attention on the management of working capital even in the year under review.

3.3 Legal Cases Instituted by the Board

Even though a case had been filed by the Board to recover a sum of Rs.2,520,000 that remained recoverable from an external person, the Court proceedings had not come to an end by 31 December 2015.



4. Operating Review

4.1 Performance

The following observations are made.

(a.) In terms of Section 11 of the Development Lotteries Board Act, No. 20 of 1997, the objectives of the Board are as follows.

(i) To conduct, or arrange for the conduct of lotteries for the purpose of generating funds for the President's Fund.

(ii) To remit the proceeds of lotteries so conducted to the President's Fund.

In order to accomplish the said objectives, 8 lotteries had been conducted in the year under review by generating a sum of Rs.1,727 million, out of which a sum of Rs.1,628 million had been remitted to the President's Fund.

(b.) Comparison of the Sale of Tickets and the cost of publicity

Name of the Lottery	Sales Income				Cost of Publicity			
	2014	2015	Variation	Percentage	2014	2015	Variation	Percentage
	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	%
Sharda	2,007,008,025	2,096,216,100	89,208,075	4.44	7,791,985	26,927,823	19,135,838	245.58
Watanara								
Sarvantiara/Lagna	2,492,645,100	2,424,368,575	(68,076,525)	(2.73)	27,738,856	30,233,422	2,494,566	9.00
Watanara								
Jyotsna	1,255,317,525	1,174,951,800	(80,365,725)	(6.40)	26,562,805	24,484,608	(2,078,197)	(7.82)
Janajya/Galaxy	854,071,350	906,953,850	52,882,500	6.19	10,795,643	27,748,443	16,952,800	157.03
Star								
Niyatha Jaya	1,025,266,275	970,588,575	(54,677,700)	(5.33)	24,502,245	26,113,147	1,610,902	6.57
Super Hall	2,314,937,625	2,082,186,975	(232,750,650)	(10.05)	39,286,399	30,310,818	(8,975,581)	(22.85)



The following observations are made.

- (i) The cost of publicity of the *Shanida Wasana* and *Jangjaya / Galaxy Star* lotteries had increased by 246 per cent and 157 per cent respectively in the year under review as compared with the preceding year. However, the percentage by which the sales income had increased, was as low as 4 per cent and 6 per cent respectively.
- (ii) Although the cost of publicity of the lottery "*Niyatha Jaya*" had increased by 6.57 per cent in the year under review as compared with the preceding year, a deterioration in the sales income by 5.33 per cent was observed.
- (iii) As compared with the preceding year, a deterioration of 10.05 per cent was observed in the sales income of the "*Saper Ball*" lottery.
- (iv) Although the cost of publicity of the lottery "*Sanwardana/Lagna Wasana*" lottery had increased by 9 per cent in the year under review as compared with the preceding year, a deterioration in the sales income by 2.73 per cent was observed.

4.2 Management Activities

The following observations are made.

- (a.) As cash had been withdrawn by terminating the fixed deposit investments valued at Rs.131,270,475 in the year under review in order to settle the outstanding taxes resulted in due to defaulting taxes in the preceding years, the Board had been deprived of the receivable interest income of Rs.4,815,246.
- (b.) In issuing lottery tickets on credit basis for promoting sales, it had been decided to give one ticket free for every 25 lottery tickets purchased. In comparing the progress before and after this promotional activity had been carried out with respect to 13 draws for 02 lotteries, sales of 42,227 ticket



books had decreased . Accordingly, whether the value of Rs. 107,250 relating to the 130 tickets books issued free was a futile expenditure, could not be ruled out in audit.

- (c.) A supplier had been selected in the year 2009 for the installation of an information system for draws of the lotteries without following the procurement procedure, and a service agreement had been entered into up to 31 August 2014. Even though the relevant company had been granted 02 extensions from that date up to 31 August 2016 and paid a sum of Rs.81,997,776 , the information system had not been installed even by 13 July 2016.

4.3 Operating Activities

The Board had sold Rs.52,298,100 weekly-drawn lottery tickets valued at Rs.862,918,650 on credit during the period from 01 April 2015 to 31 March 2016 without obtaining a surety / security.

4.4 Transactions of Contentious Nature

The following observations are made.

- (a.) For promoting the sales of the lottery "*Galaxy Star*", a sum of Rs. 308,000 had been spent on the distribution of 700 umbrellas on which the emblem of the "*Galaxy Star*" to be imprinted. However, the expected objectives of the Board had not been achieved as the umbrellas with the supplier's trade mark had been distributed.
- (b.) It was revealed that the Double Cab motor vehicle valued at Rs. 8,095,000 and registered in the name of the Board on 22 April 2008 had been acquired by the then Chairman from the supplier company. But, the said vehicle had not been handed over to the Board even up to the last date of the year under review, and the Board had failed to confirm the physical existence of the



vehicle to audit. Nevertheless, the vehicle had been accounted as an asset of the Board and its corresponding liability had been shown as a liability under the trade and other payables.

4.5 Idle and Underutilized Assets

Even though a studio had been constructed by the Board in the 2010 by incurring a sum of Rs.38,752,448 in order to film the drawing of lotteries, it had not been utilized for the intended purpose, and the Board had not taken action to implement the recommendations made by the Rupavahini Corporation in the year 2012 after studying the existing weaknesses of the studio. As such, the National Rupavahini Corporation had been paid a sum of Rs.36,850,000 in the year under review as the drawing of lotteries had been carried out through the National Rupavahini Corporation without making use of the studio owned by the Board, whereas the studio of the Board had been used as an auditorium.

4.6 Identified Losses

Due to reasons such as, failure to make procurements by preparing a Procurement Plan properly, and failure to enter into agreements for printing lottery tickets within the specific period, the activities relating to printing had caused a loss of Rs. 6,093,297 to the Board.

4.7 Uneconomic Transactions

Even though a total sum of Rs.3,472,393 had been spent in the year under review on the installation of a network information system, this expenditure had become fruitless as the said activity had been cancelled subsequently.



4.8 Personnel Administration

Even though the approved cadre had been 221, the actual cadre was 238. The number of vacancies existed in the approved cadre of the Board as at 31 December 2015 was 19, whereas there was a surplus of 36.

5. Accountability and Good Governance

5.1 Corporate Plan

As the Performance Reports or Progress Reports approved by the Board of Directors were not made available to audit, it could not ensure whether the Board had reached the targets stated in the Corporate Plan in terms of Section 05 of the Public Enterprises Circular, No. PED/ 12, dated 02 June 2003.

5.2 Procurement Plan

A proper Procurement Plan had not been prepared for the year under review.

5.3 Budgetary Control

As variances ranging from 10 per cent to 94 per cent were observed between the budgeted income and expenditure, and the actuals of the year under review, it was observed that the Budget had not been made use of as an effective instrument of financial control.

5.4 Commitment to the Environmental and Social Responsibilities

It was observed that around 4 per cent of the value of the prizes are not claimed by the winners in each year, and the unclaimed value during the 05 preceding years amounted to Rs. 1,103,636,625. Out of the lottery tickets that had not been claimed for during a period of 07 months in the year under review, there had been 49 Lotteries the values ranged from Rs.50,000 to Rs.1,000,000. Awarding relevant prizes to the winners shall build the public confidence thereby uplifting the reputation of the



Board. Nevertheless, attention of the Board had not been drawn as to implement any methodology whatsoever to minimize the prizes becoming unclaimed.

6. Systems and Controls

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

Areas of Systems and Controls	Observations
<hr/>	<hr/>
(a) Accounting	Failure to identify and disclose taxes of the Board and the prizes payable in the final accounts. Failure to maintain a computerized accounting system.
(b) Personnel Administration	Department of a considerable number of staff on contract basis, in addition to the approved cadre.
(c) Assets Management	Failure to prepare a methodology to conduct an impairment test on the studio of the Board.
(d) Stores Control	Failure to maintain proper stores registers.


H.M. Gamini Wijesinghe,

Auditor General

Statement of Comprehensive Income Statement

For the year ended 31st December		2015	2014
	Notes	Rs.	Rs.
Revenue	01	11,874,659,603	12,271,477,490
Cost of Tickets	02	325,360,130	378,157,596
Prize payout	03	6,150,951,795	6,211,302,790
Draw Cost	04	261,133,229	272,501,090
Gross Profit		5,137,214,449	5,409,516,014
Other Income	05	58,146,101	150,665,457
Distribution Cost	06	2,728,440,701	3,067,688,297
Administrative Expenses	07	332,597,185	347,408,024
Surplus after operating Expenses		2,134,322,664	2,145,085,149
Finance Cost	08	260,350	647,572
Prize Write back		255,554,300	277,785,380
Profit before Tax		2,389,616,614	2,422,222,956
Income Tax		56,356,927	68,976,618
Profit after Income Tax	09	2,333,259,687	2,353,246,338

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)



Romesh Jayawardana

Chairman/CEO



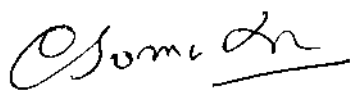
R.I. Wimalasena

Vice Chairman

Statement of Financial Position

As at 31st December		2015	2014
	Notes	Rs.	Rs.
Assets			
Non Current Assets			
	10		
Property Plant & Equipment		728,776,741	707,938,513
Capital work in progress		1,583,595	1,336,676
		730,360,335	709,275,189
Held to Maturity Financial Assets	11	807,514,816	885,551,607
		807,514,816	885,551,607
Total Non Current Assets		1,537,875,151	1,594,826,796
Current Assets			
Inventories	12	32,603,696	43,580,565
Trade Debtors & Other receivable	13	35,401,941	34,126,920
Prepayment & Deposits	14	5,631,264	14,993,931
Cash & Cash equivalent	15	338,946,957	249,562,916
Total Current Assets		412,583,859	342,264,333
Total Assets		1,950,459,010	1,937,091,128
Equity & Liabilities			
Contributed Capital			
President's Fund		2,200,000	2,200,000
Mohapola Trust Fund		2,200,000	2,200,000
Prize Reserve Account		934,026,234	877,036,186
President's Fund Payable		99,010,739	250,598,866
Default tax liabilities		(1,557,163,004)	
Total Equity		(519,726,031)	1,132,035,053
Non Current Liabilities			
Employee Benefit Liabilities	16	30,303,482	22,950,327
Dealer & Distributor Deposit Payable	17	28,380,381	27,314,881
Credit Vouchers Payable		203,705,730	173,022,800
Provision for default tax		1,557,163,004	
Total Non Current Liabilities		1,819,552,597	223,288,008
Current Liabilities			
Trade & Other Payable	18	441,763,122	344,061,901
Prize Payable	19	208,869,321	237,706,166
Total Current Liabilities		650,632,443	581,768,068
Total Equity & Liabilities		1,950,459,010	1,937,091,128

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)



Romesh Jayawardana

Chairman/CEO



R.I. Wimalasena

Vice Chairman

Cash Flow Statement

For the year ended 31st December		2015	2014
		Rs.	Rs.
		Note	
Cash Flow from Operating Activities			
Profit before tax		2,389,616,614	2,422,222,956
Adjustments for			
Depreciation on Fixed Assets		44,154,780	34,968,392
Prize Reserve A/C		56,990,048	100,168,320
Provision for Gratuity		7,353,155	14,003,961
interest Income		(47,400,187)	(136,238,335)
proceeds from sale of Computers		(126,000)	
Income Tax paid		(51,732,464)	
Prior income tax paid		(641,843,494)	(479,453,042)
President's Fund paid		(1,825,912,341)	(1,950,526,200)
Operating Profit before Working Capital changes		(68,899,889)	5,146,053
Increase/Decrease in Operating Assets			
Decrease in Inventories		10,976,869	93,960,527
Increase/Decrease in Debtors		(1,275,021)	803,486
Decrease in Deposit and Prepayments		9,362,667	(3,762,403)
Increase/Decrease in Operating Liabilities			
Increase in Creditors		75,984,777	(247,319,760)
Decrease in Prize Payable		(28,836,845)	(273,736,900)
Increase in Credit Vouchers		30,682,930	(22,746,860)
Increase in Dealer Distributor Deposits		1,065,500	(544,500)
Net Cash flow from Operating Activities		29,060,989	(448,200,357)
Cash from Investment Activities			
Fixed Assets Additions(Property Plant and Equipment)		(65,239,926)	(27,639,910)
proceeds from sale of Computers		126,000	
Interest Income		47,400,187	136,238,335
Investments in Fixed Deposits		78,036,791	131,279,899
Net cash from Investing Activities		60,323,052	239,878,324
		89,384,041	(208,322,034)
Net Cash Increase/Decrease in cash & cash Equivalents		89,384,041	(208,322,034)
Cash & Cash Equivalents at the beginning of the Year		249,562,916	457,884,949
Cash & Cash Equivalents at the end of the Year	15	338,946,957	249,562,916
Cash at Banks	Bank of Ceylon	243,899,107	220,208,174
	People's Bank	70,099,656	21,206,119
	Sampath Bank	24,918,790	8,099,220
Cash in Hand		29,404	49,404
		338,946,957	249,562,916

Statement of Changes in Equity

For the Year ended 31st December 2015	Presidents' Fund & Mahapola Trust Fund		Prize Reserve Account	Retain Earnings	Default tax liabilities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01.01.2014	4,400,000	776,867,866				781,267,866
Additions during the year		100,168,320	2,353,246,338			2,453,414,658
Appropriation to President Fund			(1,834,814,000)			(1,834,814,000)
Transfer to President's Fund Payable			17,063,341			17,063,341
Prior Year Adjustments			(284,896,813)			(284,896,813)
Balance as at 31.12.2014	4,400,000	877,036,186	250,598,866			1,132,035,053
Additions during the year		56,990,048	2,333,259,687	(1,557,163,004)		833,086,731
Prior Year Adjustments			(606,195,948)			(606,195,948)
Appropriation to President Fund			(1,628,053,000)			(1,628,053,000)
Balance as at 31.12.2015	4,400,000	934,026,234	99,010,739	(1,557,163,004)		(519,726,031)

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

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.

3.7 Board maintains a Prize Reserve accounts to credit not won prizes in terms of the requirement mentioned in the DLB act. Prize Reserve accounts can be utilized only for the purpose of payment of prizes in subsequent periods.

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.

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

Default Tax liability for the year ended 2015 remained at 1,557 Million. Board has made arrangement with Inland Revenue Department to pay above arrears on instalment basis. Necessary provisions have been made.

A provision has been made with regard to Super Gain Tax.

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 01 - Revenue		
Gross Sales		
S.Fortune	2,540,868,000	2,432,737,000
Lagna wasana / DF	2,938,871,000	3,021,388,000
Jayoda	1,424,184,000	1,521,597,000
Instant	577,502,000	458,504,880
Jana Jaya / Galaxy Star	1,099,338,000	1,035,238,000
Double Chance / Deyata Kirula / Dewara	-	27,439,350
Niyatha Jaya	1,176,471,000	1,242,747,000
Super Ball	2,523,863,000	2,805,985,000
HighWay Dream		186,829,000
Total Sales	12,281,097,000	12,732,465,230
Less: Sales return	641,348	349,871
Net Total Sales	12,280,455,652	12,732,115,359
Less: VAT 11%	405,796,049	460,637,869
Revenue after Taxes	11,874,659,603	12,271,477,490

Note 01 - I - Segment Report

	Saturday Fortune	Lagna Wasanawa	Jayoda	Galaxy Star	Niyatha Jaya	Super Ball	Instant	Total 2015
Revenue	2,456,903,606	2,841,655,708	1,377,123,186	1,063,011,415	1,137,560,890	2,440,459,132	557,945,667	11,874,659,603
Cost Of Sales	56,764,986	66,021,635	39,568,784	28,265,079	29,692,884	61,351,201	43,695,560	325,360,130
Prize	1,270,434,000	1,491,265,928	712,092,000	551,431,323	588,235,500	1,261,931,500	275,561,544	6,150,951,795
Draw Cost	44,497,930	54,265,031	36,117,319	35,851,431	35,484,344	54,917,173		261,133,229
Gross Profit	1,085,206,689	1,230,103,114	589,345,082	447,463,582	484,148,161	1,062,259,257	238,688,563	5,137,214,449
Add - Other Income								58,146,101
Advertising Expenses	26,927,823	30,233,422	24,484,608	27,748,445	26,113,147	30,310,818	10,160,017	175,978,279
Marketing Related Expenses	294,007	340,048	164,794	127,206	136,127	292,039	66,767	1,420,987
Corporate & Others	692,453	800,891	388,128	299,599	320,610	687,818	157,251	3,346,751
Dealer Commission	444,651,900	514,302,425	249,232,200	192,384,150	205,882,425	441,676,025	113,510,115	2,161,639,240
Distributor Commission	31,433,250	36,324,288	17,624,663	13,659,325	14,582,750	31,256,775	4,051,315	148,932,365
Administration & Finance Expenses	68,869,248	79,654,200	38,602,018	29,797,179	31,886,869	68,408,295	15,639,726	332,857,535
Selling & Distribution Expenses	49,061,495	56,744,545	27,499,541	21,227,096	22,715,762	48,733,118	11,141,523	237,123,079
Profit Before Taxes	907,928,414	1,026,005,720	480,581,330	354,604,732	388,392,897	882,570,395	197,471,964	2,134,062,314
Income Tax	11,660,422	13,486,448	6,535,803	5,045,034	5,398,844	11,582,376	2,648,000	56,356,927
Profit After Taxes	896,267,992	1,012,519,272	474,045,528	349,559,699	382,994,053	870,988,018	194,823,964	2,077,705,387
Add - Prize Write Back	50,115,700	64,046,880	31,341,680	23,396,980	27,527,520	59,125,540		255,554,300
Net Surplus	946,383,692	1,076,566,152	505,387,208	372,956,679	410,521,573	930,113,558	194,823,964	2,333,259,687

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 02 - Cost of Tickets		
Opening Stocks		
Saturday Fortune	1,394,392	2,425,775
Lagna wasana / DF	1,973,735	1,739,463
Jayoda	1,281,834	2,047,746
Instant	13,245,549	14,356,370
Jana Jaya/ Galaxy Star	642,604	1,244,717
Double Chance	48,747	48,747
Niyatha Jaya	787,292	633,078
Super Ball	1,833,652	1,836,126
Total Opening Stock	21,207,806	24,332,021
Add Purchases		
Saturday Fortune	57,068,480	63,898,237
Lagna wasana / DF	66,264,687	78,685,075
Jayoda	39,169,743	44,963,795
Instant	39,416,234	22,744,700
Deyata Kirula	-	1,683,000
Jana Jaya/ Galaxy Star	27,987,941	33,180,143
Niyatha Jaya	29,479,209	42,362,061
Super Ball	61,235,253	81,304,796
Highway Dream	-	6,211,575
Total Purchases	320,621,546	375,033,381
Less - Closing Stocks		
S.Fortune	1,697,886	1,394,392
Lagna wasana / DF	2,216,786	1,973,735
Jayoda	882,793	1,281,834
Instant	8,966,224	13,245,549
Jana Jaya/ Galaxy Star	365,465	642,604
Double Chance	48,747	48,747
Niyatha Jaya	573,616	787,292
Super Ball	1,717,704	1,833,652
Total Closing Stocks	16,469,222	21,207,806
Cost of tickets	325,360,130	378,157,596

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 03 - Prize Payout		
Prize Expenses-SF	1,270,434,000	1,216,368,500
Prize Expenses-Lagna wasana / DF	1,491,265,928	1,488,872,500
Prize Expenses-Instant	275,558,544	149,726,550
Prize Expenses-JF	712,092,000	760,798,500
Prize Expenses-JJ/ GS	551,431,323	517,619,000
Prize Expenses-NJ	588,235,500	621,373,500
Prize Expenses-DC/DK/Dewara	3,000	3,954,333
Prize Expenses-SB	1,261,931,500	1,402,992,500
Prize Expenses-Highway Dream	-	49,597,407
	6,150,951,795	6,211,302,790

Note 04 - Draw Cost		
S.Fortune	44,497,930	36,902,299
Lagna wasana / Development Fortune	54,265,031	54,254,263
Jayoda	36,117,319	36,910,136
Jana Jaya / Galaxy Star	35,851,431	35,985,203
Niyatha Jaya	35,484,344	36,741,633
Super Ball	54,917,173	71,707,556
	261,133,229	272,501,090

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 05 - Other Income		
Sampath Repo Interest	472,234	246,874
Registration Fees	23,250	42,750
Sales of Receipt Books	15,515	25,025
Staff Loan Interest	1,014,291	953,996
Miscellaneous Receipt	6,477,725	9,881,662
Investment interest income	39,051,046	125,558,443
Non Refundable Deposit	581,000	171,000
Fine On Cancel tickets not return	25,000	25,000
Interest Sweep Account	6,126,200	7,012,166
7 Day Call Interest Income	1,750,706	3,420,852
Paper Shredding Income	449,466	627,878
Circuit Bungalow Income	52,500	20,000
Disposal Items	-	91,943
Rent Income - Bus	374,863	437,094
Profit on Sale of Motor Vehicle	-	1,700,000
Profit on sale of Office Equipment	-	12,100
Profit on Sale of Computers	126,000	36,000
Supplier Deduction	1,606,304	402,675
Total Other Income	58,146,101	150,665,457

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 06 - Distribution Expenses		
Note '06 - I - Advertising		
Saturday Fortune	26,927,823	6,304,723
Lagna wasana / Development Fortune	30,233,422	26,249,594
Jayoda	24,484,608	25,075,543
Instant	10,160,017	1,266,775
Deyata Kirula	-	25,494,604
Jana Jaya / Galaxy Star	27,748,445	9,308,383
Niyatha Jaya	26,113,147	23,014,983
Super Ball	30,310,818	37,799,137
Highway dream - New Tickets Promotion		30,148,807
Jayoda Power Ball - New Tickets Promotion		4,032,344
Niyatha Jaya-New Ticket Promotion	-	4,916,283
Supiri Shanida -New Ticket Promotion		3,199,964
DF Power Star-New Ticket Promotion		2,690,000
Marketing Related Activities	-	100,000
Corporate & Others	3,346,751	45,099,908
Seasonal Promotion	-	746,000
	179,325,030	245,447,049
Note '06 - II - Marketing Related Activities		
Marketing Related Expenses	521,987	49,718,945
Chairman's vote	899,000	2,892,310
	1,420,987	52,611,255
Note '06 - III - Selling & Distribution Expenses		
NBT 2%	194,300,769	198,540,485
Deyata Kirula Promotion Items		1,683,122
Selling Expenses	22,517,880	15,886,880
Other Selling & Distribution(Scanning / Validation)	6,795,691	7,058,455
Transportation	5,563,431	5,604,950
Vehicle Branding	224,800	19,415
Dealer & Distributor Target/ Incentive	958,755	4,263,545
Deyata Kirula Development Project	-	36,807,205
Atha Hitha-Prizes to Dealers/Distributors	5,503,462	1,417,569
Incentive	1,258,291	
	237,123,079	271,281,625

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note '06 - IV - Commission		
Dealer Commission (1)		
S.Fortune	444,651,900	425,728,975
Lagna wasana / DF	514,302,425	528,742,900
Jayoda	249,232,200	266,279,475
Instant	113,510,115	196,416,310
Jana Jaya/ Galaxy Star	192,384,150	181,166,650
Double Chance/Deyata Kirula/Dewara		4,792,590
Niyatha Jaya	205,882,425	217,480,725
Super Ball	441,676,025	491,047,375
HighWay Dream		32,695,075
	2,161,639,240	2,344,350,075
Distributor Commission		
Saturday Fortune	31,433,250	30,168,213
Lagna wasana / Development Fortune	36,324,288	37,466,450
Jayoda	17,624,663	18,866,813
Instant	4,051,315	2,210,355
Deyata Kirula	-	-
Jana Jaya/Galaxy Star	13,659,325	12,831,100
Niyatha Jaya	14,582,750	15,399,938
Super Ball	31,256,775	34,801,275
Highway Dream		2,254,150
	148,932,365	153,998,293
	2,728,440,701	3,067,688,297

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 07 - Administrative Expenses		
Salaries & Wages	53,186,148	51,603,233
Interim Allowance	22,299,500	
Daily Allowance - SPO	657,000	2,870,400
Cost of Living Allowance	20,227,220	20,232,226
Other Allowances	14,556,070	16,780,279
Incentive	28,685,559	29,288,667
Over time & holiday pay	14,845,466	18,035,359
Gratuity	8,161,089	14,502,770
E.P.F 15%	10,619,585	9,943,493
E.T.F 3%	2,123,920	1,988,701
Pension	114,250	261,781
Bonus	8,359,853	8,635,849
Housing loan interest	5,951,700	5,836,164
Depreciation - Mobile Phone	657,358	573,017
Depreciation - Studio	3,875,245	3,875,245
Depreciation - Three Wheel	71,810	141,404
Depreciation - Regional office Computer & Accessories	24,028	116,142
Depreciation - Regional office office Equipment	3,575	87,375
Depreciation - Building Improvement	2,836,930	697,517
Depreciation - Motor Vehicles	5,060,345	12,311,614
Depreciation - Equipment	3,309,598	1,824,226
Depreciation - Computers & Accessories	4,813,961	3,956,277
Depreciation - Furniture & Fittings	1,617,644	1,512,970
Depreciation - Computer soft ware	1,885,680	1,448,180
Depreciation - Motor cycles	868,408	726,959
Depreciation - Building	5,623,500	5,623,500
Depreciation - Regional office Furniture & Fittings	20,023	62,988
Board Members Fees	177,500	277,500
Payments for Tender Boards	490,325	351,325
Printing & Stationery	6,937,534	14,644,424
Results Printing	5,626,070	
News Papers & Periodicals	377,292	440,412
Postage / Mail delivery / collection counter	1,099,058	901,443
Fuel	6,550,246	12,624,172
Telephone	8,065,588	8,697,031
Electricity	8,320,997	9,621,661
Water charges	542,842	933,367
Cleaning charges	3,010,726	2,365,225

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Internal audit fees	457,680	790,000
Rent on vehicles	743,710	1,609,668
Training & Human Resource Development	930,350	62,000
Building Maintenance	2,018,044	2,594,649
Vehicle Maintenance	5,060,661	7,152,270
Office Equipment Repairs	2,051,398	544,146
Building Rent	795,000	1,533,000
Computer Maintenance	-	816,704
Service Agreements	-	1,739,995
Entertainment & Welfare	3,086,237	3,198,424
Identity Cards	5,115	66,150
Software Maintenance - Lottery Management system LMS	11,119,442	9,108,034
Foreign Travelling	-	3,117,803
Lunch / Tea / Drinking water / Draw Meals	7,999,263	6,959,559
Legal Expenses	546,161	227,500
Uniform & Tailoring Charges	1,607,500	1,826,863
Sundry Expenses	1,290,822	848,485
Insurance-Premium	2,767,756	2,844,867
Paper Advertisements	2,352,748	944,500
Allowance for Medical Expenses & Hospital Payments	22,181,998	25,141,298
Vehicle License	269,929	367,833
Assessment Tax	1,224,780	1,327,440
Trade mark registration fees	102,956	52,024
Audit & Management Meetings	172,500	370,500
Software Modification	-	2,181,975
Software Development	471,750	
Local travelling	83,218	213,976
Removal of Debris	183,600	189,600
Anniversary	-	542,464
Consultation Fees / Professional Charges	(2,177,250)	4,870,052
AC Repairs & Maintenance	1,260,801	1,157,422
Hardware Maintenance	1,870,935	
Annual Report	1,605,990	
Art work Charges - Instant	571,965	
Staff Loan Written off	288,484	
ISO 9001	-	1,215,930
Total Administrative Expenses	332,597,185	347,408,024

For the Year ended 31st December	2015	2014
	Rs.	Rs.

Note 08 - Finance Expenses

Bank Charges - General	241,320	352,280
W.H.T on 7 Day call	-	273,413
Bank Charges - Prize	19,030	21,880
Total Finance Expenses	260,350	647,572

Note 09 - Presidents' Fund Contribution

Profit for the Year	2,333,259,687	2,353,246,338
Prior Year Income Tax	606,195,948	284,896,813
Surplus Attributable to President's Fund	1,727,063,739	2,068,349,525
Appropriation to the President's Fund for the year	1,628,053,000	1,834,814,000
Balance	99,010,739	233,535,525
President's Fund Payable	-	17,063,341
Total President Fund Payable	99,010,739	250,598,866

Notes to the Financial Statements

Note 10 - Fixed Assets Rs.

	Land	Land Tissamah aramaya	Building	Studio	Building Improvement	Capital work in progress	Motor Vehicles
			10%				20%
Cost							
Balance as at 01.01.2015	506,000,000	492,392	56,235,000	38,752,448	32,627,766	1,583,595	103,227,709
Additions during the year					5,652,561		53,650,000
Disposals during the year							
Error Correction							
	506,000,000	492,392	56,235,000	38,752,448	38,280,327	1,583,595	156,877,709
Depreciation							
Balance as at 01.01.2015			22,494,000	8,738,771	1,430,408		66,386,519
Depreciation for the year			5,623,500	3,875,245	2,836,930		12,467,845
Depreciation for the disposals							
Error Correction							
			28,117,500	12,614,016	4,267,339		78,854,364
Net book balance as at 31.12.2015	506,000,000	492,392	28,117,500	26,138,432	34,012,989	1,583,595	78,023,346

T'Wheel	Motor Bicycle	Machinery	Office Equipment	Computers & Accessories	Furniture & Fittings	Branded Stalls	Computer Software	Mobile Phone	Total
	25%	12.50%	25%	33.33%	25%	16.66%	33.33%		
798,518	4,298,630	57,226,377	52,334,792	57,598,536	14,098,536	8,735,946	25,162,775	1,825,400	960,998,421
		638,400	1,718,381	3,909,529	1,991,907		260,075	389,681	68,210,534
				(126,000)					(126,000)
			(399,565)	(709,100)	(534,623)		(1,201,320)		(2,844,608)
798,518	4,298,630	57,864,777	53,653,608	60,672,965	15,555,820	8,735,946	24,221,530	2,215,082	1,026,238,347
726,708	2,209,596	20,236,425	42,103,888	47,061,204	11,250,414	8,171,706	19,855,187	1,058,405	251,723,232
71,810	868,408	5,680,117	3,318,173	4,837,989	1,637,667	525,059	2,085,900	657,358	44,486,000
				(126,000)					(126,000)
			(5,000)				(200,220)		(205,220)
798,518	3,078,004	25,916,542	45,417,061	51,773,193	12,888,080	8,696,765	21,740,866	1,715,764	295,878,012
	1,220,626	31,948,235	8,236,547	8,899,773	2,667,740	39,181	2,480,664	499,318	730,360,335

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 11 -Held to Maturity Financial Assets		
Fixed Deposit -BOC/People's Bank	754,794,866	823,716,700
Investment in-NSB	36,335,633	35,625,527
Dealer Deposits-	16,384,317	26,209,381
Total Fixed Deposits	807,514,816	885,551,607
Note 12 - Inventories		
12.1 - Ticket Stock		
Saturday Fortune	1,697,886	1,394,392
Lagna wasana / Development Fortune	2,216,786	1,973,735
Jayoda	882,793	1,281,834
Instant	8,966,224	13,245,549
Jana Jaya / Galaxy Star	365,465	642,604
Double Chance	48,747	48,747
Niyatha Jaya	573,616	787,292
Super Ball	1,717,704	1,833,652
Total Ticket Stocks	16,469,222	21,207,806
12.2 - Other Stocks		
Stationery stock	2,580,515	1,834,709
Promotional items stock	12,447,183	20,002,648
Other Items Stock	535,403	535,403
Lagna Wasana Tea cup Sets Stock	571,373	
Total Other Stocks	16,134,474	22,372,760
Total Stocks	32,603,696	43,580,565

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 13 - Trade Debtors & Other Receivable		
Receivable		
Other Receivables - M.A.M Ammen	2,520,000	2,520,000
Other Receivables - W.H.T	157,383	
Other Receivables - SF & DF	5,000	5,000
Other Receivables - Distributor computer receivable	-	-
Other Receivables - Bulding Rent Receivables	4,976,220	4,976,220
Other Receivables -Dealers Moter bike	668,442	757,204
Employees Contribution A/C		206,000
Recoverable Losses	1,481	1,481
Vauniya Dealer Rent Receivable	391,248	336,086
DK Sales Outlet Receivable		2,992
Vehicle Insurance Receivable	170,825	19,143
Sales Outlets Receivable - Gampaha & Colombo	25,000	235,000
Push Bicycle - CSR - Dealer Recoveries	25,000	25,000
Hospital Bill-Recovery from Staff - Medical Bill	12,567	20,567
Dealer recovery for sales outlet	18,500	-
	8,971,665	9,104,693
Loan to Staff	24,163,163	23,157,714
Festival Advance	310,000	413,000
Refundable Deposit	1,957,114	1,451,514
	26,430,276	25,022,227
	35,401,941	34,126,920
Note 14 - Prepayment & Deposits		
Prepayments	1,295,897	10,375,231
Advance - Internal	268,840	687,923
Advance - External	4,066,527	3,930,777
	5,631,264	14,993,931

Notes to the Financial Statements

For the Year ended 31st December	2015	2014
	Rs.	Rs.

Note 15 - Cash & Cash equivalent

Bank Balances		
BOC- General	221,097,489	177,647,242
BOC General 7 day Call	143,962,300	179,616,372
BOC Prize 7 day Call	-	165,426
BOC -Prize	(53,247,169)	(47,261,696)
Sampath Bank	17,388,790	8,099,220
Peoples Bank	(80,026,426)	(24,719,203)
Sweep account	150,126,082	45,925,322
Repo-Sampath	7,530,000	-
BOC- General New	(67,913,513)	(89,959,170)
	338,917,553	249,513,512
Petty cash for Transport office	5,000	5,000
Petty cash-Regional Office	5,000	21,000
Imprest for Lawtier Prizes	-	4,000
D.L.B Disaster Relief Fund	9,404	9,404
Petty Cash for Admin	10,000	10,000
	29,404	49,404
	338,946,957	249,562,916

Note -16 Employee Benefit Liability

Balance at the beginning of the year	22,950,327	8,946,366
Provision made during the year	8,161,089	14,502,770
payments made during the year	(807,934)	(498,809)
balance at the end of the year	30,303,482	22,950,327
Rate of discount	12%	12.6%
Rate of Salary increase	9%	10%
Retirement age	60	60

Fixed Deposit equivalent to Employee Benefit Liability at the end of the year has been maintained.

For the Year ended 31st December	2015	2014
	Rs.	Rs.

Note 17 - Dealer & Distributor Deposit Payable

Dealer Deposit Payable	26,180,381	25,714,881
Distributor Deposit Payable	2,200,000	1,600,000
Total Dealer & Distributor Deposit Payable	28,380,381	27,314,881

Note 18 - Trade & Other P'ble

Accruals	183,924,051	121,590,409
Provision for Doubtful Debts	7,496,220	7,496,220
Provision for Incentive Payments	225,555	225,555
Dealer Advance	157,503	199,333
Distributor Advance	48,726,956	34,722,053
NBT P'able	18,997,163	19,257,767
VAT P'able	27,574,680	39,891,290
Payee Tax	700	-
Distributor Commission & Validation P'able	14,612,196	13,208,072
WHT P'able	21,749,016	12,536,960
Provision for External Audit Fees	400,000	400,000
Dealer & Distributor Target p'able	1,635,510	1,644,275
Un entered Cash Received	26,950	-
E.P.F/E.T.F P'able	1,624,435	-
Payable for United Motors	8,095,000	8,095,000
Refundable Security Deposit	900,000	900,000
Provision for VAT P,able	12,953,872	14,918,350
Provision for Income TAX P'able	92,657,539	68,976,618
Staff Salary Deduction for Recoveries	5,775	-
Total Creditors	441,763,122	344,061,901

Notes to the Financial Statements

For the Year ended 31st December	2015 Rs.	2014 Rs.
Note 19 - Prize Payable		
Prizes Payable	206,496,851	231,543,776
Provision for Prize Payable - Non Winning-Draw Tickets		
Jayoda	-	2,026,390
Development Fortune	1,950,520	2,136,000
Super Ball	421,950	-
Saturday Fortune	-	2,000,000
Total Prize Payable	2,372,470	6,162,390
	208,869,321	237,706,166

Ten Year Summery

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Operational Results										
Revenue	11,874,659	12,271,477	10,611,073	8,624,166	6,884,267	5,667,809	5,220,418	4,498,179	3,947,214	3,761,749
Cost of Tickets	325,360	378,157	410,016	359,844	313,956	259,210	249,256	220,820	202,040	168,389
Prize payout	6,150,951	6,211,302	6,481,076	5,113,981	4,120,099	3,406,143	3,160,780	2,667,237	2,337,607	2,212,964
Administrative Expenses	332,597	347,408	330,967	280,682	281,397	244,214	261,700	219,833	168,486	108,288
Distribution cost	2,728,440	3,067,688	627,574	497,755	325,886	350,813	581,835	563,333	277,034	243,925
Surplus after operating Expenses	2,134,322	2,145,085	1,979,330	1,757,752	1,318,519	937,913	551,708	622,527	733,409	796,113
Equity										
President's Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Mahapola Trust Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
President's Fund payable	99,010	250,598	132,775	493,970	220,124	148,478	63,675	84,263	19,838	78,095
Prize Reserve Account	934,026	877,036	776,867	753,236	645,679	626,994	555,674	498,883	471,057	465,046
Liabilities										
Non Current Liabilities	1,819,552	223,288	36,806	35,134	38,506	33,197	30,540	118,326	18,825	17,991
Current Liabilities	650,632	581,768	1,228,404	512,576	479,722	420,471	545,961	494,752	334,347	327,117
Assets										
Non Current Assets	1,537,875	1,594,826	1,733,435	1,624,369	1,202,917	1,078,595	1,020,421	940,357	707,689	771,935
Current Assets	412,583	342,264	641,588	317,323	381,078	262,150	274,625	260,267	140,778	120,714

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

