

FORTUNE ON ARM'S LENGTH

Development Lotteries Board
Annual Report 2011



“Fortune at Arm’s length”

“A life is alive when enriched with education and protected with health”.

We at Development Lotteries Board certainly believe that “A life will not live alone, indeed it needs the support of others”. We enriched the higher education of our nation by granting Mahapola Higher Education scholarships to university students throughout their university life. Not only that, health is the greatest asset that an Individual and country should have in the arena of Economic Development in a country. Our entire effort will be credited to the President's Fund to look after both Education & Health.

Good Fortune is something that must be accented in order to get its harvest. A symbolic presentation of “Walampuriya” “Sankha” shows that “Fortune” needs a platform to develop. DLB, being a platform of your dream engine of “Fortune”, we assist you to surf in the fortune. In line with Sri Lankan and Asian culture the “Walampuri” will bring you good Fortune & good Luck.

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 are to face 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	19 th January 1983
Registered Office	No. 356, Dr Colvin R De Silva Mawatha, Union Place, Colombo 02.
Telephone	011 2 333 456-8, 011 4 824 824
Fax	011 2 333 545
E-mail	devlottr@slt.lk
Web	www.dlb.lk
TIN	409089844
Board of Directors (2011)	<ol style="list-style-type: none"> 1. Mr. J.R.W Dissanayaka - Chairman 2. Mr. P. Wijesiriwardhana - Working Director 3. Mr. D. N. Nanayakkara - Director 4. Mr. Ranjith Thenuwara - Director 5. Mr. D. Widanagamachchi - Director
Auditor	Auditor General
Internal Auditor	M/S Sudarshana Pushpakumara & Co, Chartered Accountants
Bankers	Peoples Bank, Bank of Ceylon, Sampath Bank PLC.
Branch Offices	<p>Kurunegala No. 121, Kandy Road, Kurunegala. Tel / Fax: 037 2233560, 037 4641002</p> <p>Matara No. 42/1, Dharmapala Mawatha, Matara. Tel / Fax: 041 2234664</p> <p>Monaragala New Bus Stand, Monaragala. Tel / Fax: 055 4498028</p>

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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 favorable.

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, which is the first in the history of lotteries in the Sri Lanka.

On 10th April 2009 the Development Lotteries Board was able to launch "Jana Jaya" to be drawn on Thursdays and Sundays. To win the Super Prize the lucky person should match 04 numbers out of the 64 numbers and super number from among 12 numbers from another machine. The super Jackpot starts with an initial amount of Rs.2.5 million.

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

Milestones

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

1983 The birth and introduction of Instant Lottery Tickets to Sri Lanka for the first time in the history, as pioneers in the Lottery industry.

1987 Introduction of the first Television Lottery Draw “Shanida Wasanawa”

1993 Conversion from “Development Lottery Centre” to “Development Lottery Trust”.

1997 • Conversion as “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.

1998 Introducing “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 winning prize.

1999 Updating of Computer System in line to cope with Y2K issue with the assistance of World Bank.

2004 • “JAYODA” was launched with Pioneering feature of option for cash prize or a house

• Achieved a turnover level of Three Billion.





- 2008**
- Sheltered in DLB's own House at No. 356, Dr. Colvin R De Silva Mawatha, Colombo 02.
 - Achieved a Turnover level of Five Billion.



- 2010**
- “Jana Jaya” Lottery with a Super Jack Pot prize was introduced.



- 2011**
- “Niyatha Jaya” Lottery was launched.



Chairman's Review

It is with pleasure and I am certainly happy to present the Annual Report of the Development Lotteries Board for the year ended 31st December 2011.

THE ORGANIZATION

The Development Lotteries Board was Born in 1983 (19.01.1983) with the sole objective of generating funds for the President's Fund and enriched the Mahapola Higher Education Trust Fund to uplift Education and Health sectors of the country. Throughout a period of over 29 years we have grown as a key government organization by climbing the ladder of growth. The year 2011, was an exultant year as we have been able to contribute the highest value to the President's Fund and the ever biggest winning baskets to our valued customers.

The Board has reported a significant growth in the year 2011 compared with the year 2010. Turnover has increased from 5,667,808,726 to 6,884,267,246, a Twenty-one percent (21%) remarkable growth in the history. The gross contribution and net surplus rose by 25% and 41% respectively during the year.

CUSTOMER FOCUSS

DLB, a fortune creator to the nation had been in a position to give Rs.4,120,098,980 as Prizes. Indeed it is a pleasure to announce that we have created 58 multi-millionaires and 191 millionaires apart from low prizes during this Financial year. Also we make Two (02) Luxury car winners to the nation.

ECONOMIC OUTLOOK

Sri Lanka's economy was at a stable range and its GDP growth rate was reported at 8%. Inflation was at 6% throughout the year and still maintained at single digit level. The country is geared for economic development with many strategic approaches. The peace prevailing in the country has opened many avenues that opens new market especially in the Northern and Eastern provinces.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

During the year the DLB has taken on many activities to fulfill its CSR aspects including arranging health campaign specially in North & East Provinces and donated spectacles to the public. School children were provided with gift packages for their education. Other noteworthy steps were taken to repair wards in rural area's hospitals.

LOOKING FORWARD

The Development Lotteries Board is equipped with talent team of Human Resource base and technology to cater to its valued customers and other stakeholders. We have paid more attention specially to serve the Northern and Eastern provinces for their wellbeing and economic development. We are very happy to mention in our Annual Report that we have been able to create over 20,000 indirect employment opportunities to the country throughout retail sales and distribution network system. This has facilitated many thousands of Individuals to be self employed and become self sufficient income earners. A plan has been in progress to develop the reseller's lives secured with the DLB on a long-term relationship.

ACKNOWLEDGEMENT

It is my greatest pleasure to thank all our customers who are with us all the time and I also thank my Board Members for their priceless and untiring efforts and guidance to achieve this excellent performance and the Team of Senior Management and all staff.

I also give noteworthy thanks to all the Draw judges, staff of the President's Fund, Mahapola Higher Education Trust Fund, Ministry of Finance & Planning, Distributors, Dealers, Re-sellers, Media, Banks, Auditors and all suppliers and stakeholders.



Dr. Chandrawansha Pathiraja
Chairman / CEO

The Present Board of Directors



1



2



3



4



5

1 Dr. Chandrawansa Pathiraja
Chairman / CEO

2 Mr. Gamini Ekanayake
Working Director,
Attorney-at-law, Unofficial Magistrate

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

4 Mr. Ranjith Thenuwara
Director Development Lotteries Board
Director Mahapola Higher Education
Scholarship Trust Fund

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

2011 Board of Directors

Mr. J.R.W Dissanayaka	- Chairman / CEO	upto 2011.12.21
Mr. P. Wijesiriwardhana	- Working Director	upto 2011.12.21
Mr. D. Widanagamachchi	- Director Development Lotteries Board, Deputy Secretary to the Treasury Ministry of Finance & Planning	upto 2011.12.21
Mr. Ranjith Thenuwara	- Director Development Lotteries Board, Director Mahapola Higher Education Scholarship Trust Fund.	
Mr. D.N. Nanayakkara	- Director Development Lotteries Board, Senior Assistant Secretary to the President.	

Directors' Report

The Directors have pleasure in presenting their Report and the Audited Accounts of the Development Lotteries Board for the year ended 31st December 2011.

The key objective of the Development Lotteries Board is to generate funds for the President's Fund by conducting Lotteries. The Mahapola Trust Fund was established for giving scholarships for Higher Education is also enriched with the funds that are contributed by the Development Lotteries Board through the President Fund. In order to achieve the above purposes and satisfy its valued customers, the DLB has through its marketing promotion activities, introduced new lotteries with attractive prize packages to the market during the year 2011. We did managed to contribute Rs. 1,376 Millions Rupees to President's Fund during the year 2011 through the accurate and timely policy decision taken by the Board members with utmost support of its staff, our distributors and dealers with their efficient strategies and dedication.

The DLB was not in a position to serve in the Northern & Eastern Provinces over the last three decades due to war the conflict environment. With the unveiled peace prevailing and established in the region, we have managed to identify potential dealers in Jaffna and expanded to Vauniya, Kilinochchi and Mannar districts to serve people in the area.

It was a tremendous achievement to introduce new Lottery tickets with the name "Niyatha Jaya" to our product family of "Shanida Wasanawa", "Sanwardhana Wasanawa", "Jayoda" and "Jana-Jaya". We are happy to announce that DLB was the Core sponsor of "Dayata Kirula" National Development Exhibition in 2011 as well.

We have been able to deliver a sound managerial input with closer supervision through Board Meetings and Audit & Management Committee Meetings. As a result an effective managerial philosophy was ensured enabling management of sales promotion, administration and finance activities in an efficient and effective way.

D N Nanayakkara
Director

The Present Management Team



1 Row

Miss. Vijitha Somarathne
Actg. Deputy General Manager – Finance

Mr. Madawa Dewasurendra
General Manager

Dr. Chandrawansa Pathiraja
Chairman / CEO

Mr. Gamini Ekanayake
Working Director
Attorney-at-law, Unofficial Magistrate

Mr. Anura Jayarathne
Deputy General Manager - Marketing

2 Row

Mr. D D C Daminda
Assistant General Manager - Marketing

Mr. Kapila Bulathsinhala
Assistant General Manager - Marketing

Mrs. Rishini Rupasinghe
Assistant General Manager - Marketing

Mr. Sunil Jayarathne
Assistant General Manager - Finance

Mr. Kasun Jayasuriya
Assistant General Manager - Finance

Major J M D A Krishantha
Chief Security Officer

Events Calendar

January

28th Birth Day celebrations of DLB. A Pirith Chanting Ceremony and Dana to Bhikkus.



February

"Dayata Kirula" Exhibition at Buttala.



March

Productivity improvement Strategy was launched in March 2011 with the assistance of the National Productivity Secretariat at the DLB.

April

Staff Welfare Art Festival with Artist Rohana Beddage and DLB Staff.



May

Ice Cream Dansela to commemorate “WESAK” on Wesak Poya Day.



June

Introduced “Rathran Warama” for “Shanida Wasanawa” tickets which were not subject to a winning at the initial draw.

July

Donation of Agricultural Water Pumps for the use of re-located people of Wallawampuram village in Wishwamadu town of Kilinochchi District.



November

Introduced “Niyataha Jaya” to the market.



Review of Operations

Marketing Highlights at a Glance

The year 2011 was a remarkable year with many turning points in the arena of marketing activities of DLB. The highest ever turnover reported during the year was touching 6.8 billion compared with 5.7 billion last year 2010. The DLB managed to transfer Rs 1,376 million to the President's Fund and in turn it was a giant achievement that the DLB ever had.

Principal Activities

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

Currently DLB is operating the following Lotteries to achieve the above key objectives

1. "Shanida Wasanawa"
2. "Sanwardhana Wasanawa"
3. "Jayoda"
4. "Jana Jaya"
5. "Niyatha Jaya"
6. Instant Lottery Tickets

Operational Highlights

The DLB Currently operates with 2,200 registered Sales Agents and approximately 20,000 Retail Sales Assistants all over the Island. The approximate employment opportunities generated within the DLB umbrella is around 25,000 and certainly they will look after over one hundred thousand people.

Performance Indicators

Turnover Vs Contribution to President's Fund												(Rupees in Millions)
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Turnover	1,890	1,519	2,267	2,996	3,730	4,103	3,762	3,947	4,498	5,221	5,688	6,884
Prize Payout	928	816	1,299	1,718	2,301	2,582	2,286	2,416	2,686	3,161	3,406	4,120
President's Fund	525	421	379	734	832	843	942	845	626	685	800	1,354
Dayata Kirula	-	-	-	-	-	-	-	-	30	50	89	92

Number of High Tier Winners Made

Description	2011	2010
Multi Millionaires	58	35
Millionaires	191	145
Motor Vehicles	02	02
Gold Coins	113	–

“Shanida Wasanawa”

In order to strengthen the “Shanida Wasanawa” ticket a new scheme was introduced in the name of “Gold Opportunity” “Rathran Warama” with effect from 1st June 2011 for lottery tickets which were not subject to a winning at the time of initial draw. The feed back from our valued customers was at high level for this strategy. We have managed to have a 12% increase in volume of “Shanida Wasana” Ticket sales from 100 million tickets to 112 million tickets in 2011 when compared with year 2010.

“Sanwardhana Wasanawa”

“Second Chance” (Dewena Warama) had continued until 1st November 2011. This was highly honored by the customers. On 4th November re-introduced additional cash prizes for non winning tickets and as a result sales volume grew up in 2011 by 17% compared with year 2010.(113 Million tickets sold in 2011 and 96 million in 2010)

“Jayoda”

The “Jayoda” product was launched to the market with innovative approach in May 2011. As a result sales went up to 96 million tickets in 2011 compared with 81 million tickets in 2010 by on 18% growth rate.

“Jana-Jaya”

“Jana-Jaya” Ticket came with many developments to the market on 26th September 2011. As a result sales increased upto 47 million tickets in 2011 compare with 31 million tickets in 2010 by on 51% growth rate. This product has contributed a lot to DLB’s performance in the year.

“Niyatha Jaya”

It was a remarkable event when DLB introduced the newest lottery by the name of “Niyatha Jaya” in November 2011. “Niyatha Jaya” captured the market as it carries a Super Winning cash prize of Rs. 10 Million at the start.

Instant Lottery

Instant Lotteries were introduced to the market with attractive cash prizes as well on luxury motor cars in colour and designs. The speciality in instant lotteries was that it came with Rs. 10/= & Rs. 20/= marked prizes which many people tried and enjoyed.

Incentive Scheme for Distributors, Sales Agents & Retailers

The DLB has introduced a special group incentive scheme under one umbrella for Distributors, Dealers and Retailers during the year. This scheme was specially designed so that every one benefited individually as well as in group context. This has resulted in an immense growth of our performance.

Other Special Marketing Activities

- ▶ A new insurance scheme for Sales Agents and retailers was arranged. With this strategy the sales network strengthened and took care of their family aspects. Many agents were given medical assistance and where 28 who passed away their families were given financial assistance. So they are not alone any longer with DLB.
- ▶ A scholarship scheme was introduced for Students of Sales Agents who qualify for University entrance.
- ▶ The DLB is an entity that provides many self-employment opportunities to the nation and generated 139 sales agencies to the nation's people.

Our Dealers in Numbers by Districts

Serial no	District	No of Dealers
01	Colombo	390
02	Gampaha	279
03	Kandy	139
04	Galle	153
05	Matale	59
06	Kegalle	111
07	Matara	88
08	Hambanthota	44
09	Kurunegala	182
10	Rathnapura	104
11	Polonnaruwa	55
12	Anuradhapura	90

Serial no	District	No of Dealers
13	Vauniya	03
14	Trincomalee	19
15	Ampara	40
16	Batticaloa	19
17	Badulla	75
18	Nuwara Eliya	36
19	Kalutara	161
20	Puttalam	74
21	Jaffna	18
22	Kilinochchi	6
23	Monaragala	39
24	Mannar	3
TOTAL		2187

Sustainability Report

Human Resources

DLB's utmost strength is in its Human Capital. All the team members at all levels are working with Team Spirit. Their dedication is un-priced and work as the heart of the DLB engine to stay at the top of the heap.

Many steps have been taken by the DLB during the year to strengthen their Knowledge, skills and attitude including the following,

- Organized a Productivity Improvement Programme with "5-S" concept by Chakra Network with the guidance of the National Productivity Secretariat .
- A one day workshop on "Team Work Spirit by Pahana Business Management Consultancy Services (Pvt) Ltd for the Senior Management.
- Fire Fighting training for the Security Staff with the guidance of the Colombo Fire Brigade.
- Art day event for staff
- Senior Management Team has participated in an overseas conference on Lottery.
- A Training session was arranged for the Drivers and Transport Section on documentation with resources assistance of M/s. Sudarshana Pushpakumara & Co. Chartered Accounts.

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

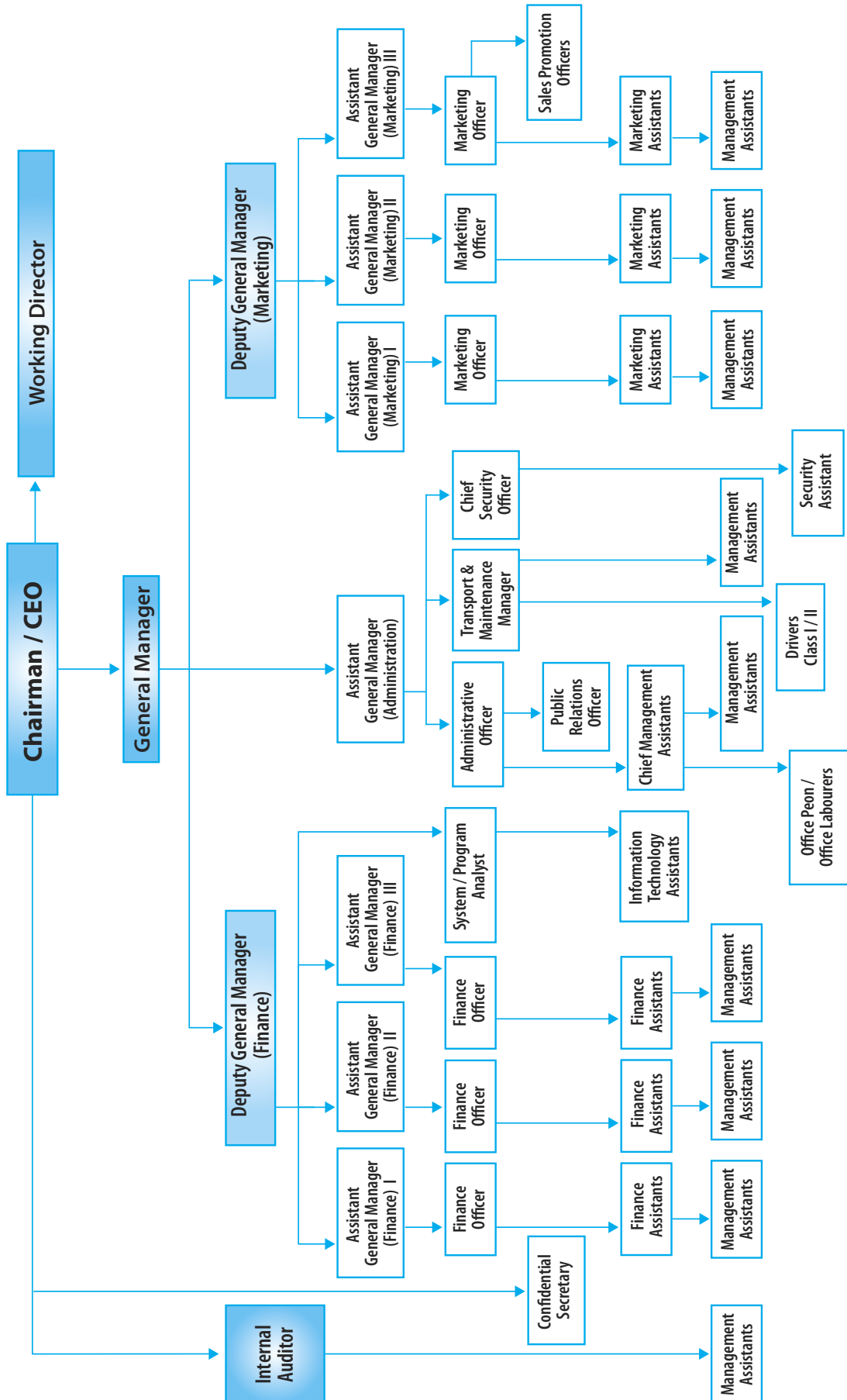
Age Analysis of Staff	
Age Group	Number
Below 25	02
Between 25 -35	102
Between 36 -45	81
Between 46 -55	31
Over 55	01
Total	217

Gender Analysis of Staff	
Gender	Number
Female	69
Male	148
Total	217

Cadre Position as at 31.12.2011

Designation	Approved Cadre	Existing Cadre	Vacant
Chairman	1	1	0
Working Director	1	1	0
General Manager	1	0	1
Deputy General Manager (Finance)	1	1* Actg.	0
Deputy General Manager (Marketing)	1	1 Permanent	0
Asst.General Manager (Marketing)	3	3 Permanent	0
Asst.General Manager (Finance)	3	3 Permanent	0
Asst.General Manager (Admin)	1	0	1
Internal Auditor	1	0	1
Administrative Officer	1	0	1
Transport & Maintenance Manager	1	1 Contract	0
Chief Security Officer	1	1	-
Finance Officer	3	0	3
Marketing Officer	3	0	3
System Analyst / Programme Analst	1	0	1
Confidential Secretary	0	1 Contract	-
Sales Promotion Officer	14	13 Permanent 1 Contract 1 Casual	-
Public Relations Officer	1	1 Casual	-
Marketing Assistant	3	0	3
Finance Assistant	3	0	3
IT Assistant	2	0	2
Chief Management Assistant	1	1 Permanent	-
Management Assistant	84	61 Permanent 8 Contract 16 Casual	0
Management Assistant (Tamil)	2	-	2
Media co-ordinators	0	1 Contract	-
Sales co-ordinators (Contract)	11	2 Contract	9
Receptionist	0	1 Contract	0
Telephone Operator	0	2 Casual	0
Drivers Class I / II	31	15 Permanent 17 Casual	0
Office Peon / Office Labourers	36	24 Permanent 20 Casual 2 Contract	0
Electrician	1	1 Casual	0
Security Officer / Assistant	3	17 Permanent 1 Contract	0
TOTAL	215	217	30

* One AGM Finance is working as Actg. DGM Finance



Corporate Governance

The Development Lotteries Board believes in the adherence to good governance procedures to ensure the integrity, accountability and transparency of all its activities and developing rules, procedures, structures in order to accomplish its objectives. The Board of Directors is responsible for the governance of the DLB.

The following explain the DLB's Corporate Governance Structure and practices that were in place during the year under review.

The Board of Directors

The Board is headed by the Chairman and he leads the 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

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

Responsibilities of Chairman / CEO

- The Chairman should ensure the prevalence of corporate governance.
- Chair Board Meetings and ensure that proper proceedings are followed.
- All Directors should be treated equally and they should be encouraged to play a productive role, rendering maximum input in their specialized areas of knowledge.
- Unless the Chairman is the Chief Executive Officer he must play a supervisory role and refrain from engaging in operating activities.
- The Chairman must ensure that the Board has total overall decision making power over activities of the enterprise.
- The Chairman must ensure a clear division of responsibilities and facilitate balance of power and authority.

Role of the Board of Directors

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

The Board should ensure the following:

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

The Board Meetings

The Operations and results are closely and regularly monitored against the Budgets and relevant standards at 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 2011 Twelve meetings were held and attendance are given below

Name of Director	Capacity	Number of Meetings
Mr. J R W. Dissanayaka	Chairman	12/12
Mr. P Wijesiriwardena	Working Director	11/12
Mr. Ranjith Thenuwara	Director	12/12
Mr. D N Nanayakkara	Director	12/12
Mr. D. Widanagamachchi	Director	02/12

Committees of the DLB

- a) Management Committee
- b) Tender Board Committee
- c) Staff Welfare Committee
- d) Advertising Committee
- e) DLB's Cultural & Art Society

Supervision of Committee on Public Enterprises (COPE)

The COPE report was discussed at the parliament on the 12th October 2011 with the participation of the Chairman, All Directors, All Deputy General Managers, Assistant General Manager Finance and Internal Auditor.

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 risk and opportunities are identified and steps are taken to achieve targets within defined time and budgets.

Audit Management Committee Report

The Board of Directors was constituted as per the guide lines of Department of Management Audit under the Ministry of Finance and Planning.

The Committee comprised of Three Non-Executive Directors,

1. Mr. Ranjith Thenuwara – Chairman – Audit & Management Committee
2. Mr. D N Nanayakkara - Non-Executive Director
3. Mr. D. Widanagamachchi – Non-Executive Director

In addition to above, representatives from Auditor General’s Department, General Manager and all Deputy General Managers together with the Internal Auditor participate at the meetings.

There were eight (08) meetings conducted during the year and attendance is given below.

Name of Director	Attendance	Excused
Mr. Ranjith Thenuwara	8/8	0
Mr. D N Nanayakkara	8/8	0
Mr. D. Widanagamachchi	3/8	5

The Committee has reviewed the progress of Targets and Budgeted revenues and profits and the Internal Auditor’s report of the Committee.

During the year under review the Committee employee’s performance, effective utilization of Board’s resources, implementation of Corporate Plan and marketing strategies and Development of Accounting System and IT Solutions, Comprehensive Integrated Information System, and Operation Manual etc. were carried out. Also many preventive and corrective measures were adopted with the findings and suggestions.

The Committee highlighted all the matters of importance to the Board on a monthly basis. COPE minutes and directions were considered for upgrading the functionality of DLB.

Ranjith Thenuwara
Chairman – Audit & Management Committee

Corporate Social Responsibility - CSR

DLB is a Government Owned Business undertaking which frequently helps the community and community based organizations voluntarily. During the financial year the DLB gets initiatives to enhance the following community based programmes

- The Principal sponsor to the "Dayata Kirula" Exhibition.
- Financial Donation worth Rs. 2,500,000 to Sri Lanka Army "Gamunu Regiment's Disabled & other soldiers welfare fund and donation of Medical Equipment worth Rs. 400,000 for the use of Soldiers of Gamunu Regiment
- Donation of Agricultural Water Pumps for the use of re-located people of Wallawampura village in Wishwamadu town of Kilinochchi District.
- Organising medical clinic and donation of eye wear for the people in the Northers Province in Kodikamam, Nelliadi, Walluwapuram, Wishwamadu, Chawakachcheri, Mulative, Walikanda and Lankapura villages with the help of Sri Lanka Army. 5,350 Spectacles were distributed at all health camps.



- The Development Lotteries Board together with The Ministry of Health has organized a Health camp and Donation of Eye Wear for needy public in remote areas of the country like Medirigiriya, Karuwalagaswewa and Siyambalanduwa.



Risk Management Report

The DLB has paid attention on the managing of its risks of operation while focusing on maximizing its opportunities. The risk management function lies with the top and senior management. The main risk elements that DLB may face are dealt 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 has an impact over buying pattern of customers.

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

Operational risk may arise with technology, human activities and natural incidents. Fraudulent alteration of tickets, staff negligence, Computer system errors or failures, natural disasters like flood, continuous raining, tsunami, droughts etc will have an impact.

Segregation of duties, internal controls, internal checks, sophisticated computer validation processes, internal audits have been in line to cover such risks.

Reputation Risk

Reputation risk is the risk of loosing public confidence. As highly dependent on visual media, public interest and seeking assistance for souvenirs etc there might be a quantum of risk involved. These are also closely monitored and we try to satisfy every request and all concern of media products are ensured with quality, wording and presence before release.

Legal Risk

Legal risk may arises 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.

Political Risk

The political policies and stability may affect the affaires of the DLB. A proper system and operational procedures and guidelines are in place to face such instances.

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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR-GENERAL'S DEPARTMENT



මගේ අංකය } EF/A/DLB/11
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 25 June 2012
திகதி }
Date }

The Chairman
Development Lotteries Board

Report of the Auditor General on the Financial Statements of the Development Lotteries Board for the year ended 31 December 2011 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 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes 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) will be furnished to the Chairman of the Board in due course.

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. 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 judgments, including the assessment of the risks of material misstatement 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 qualified 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 for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Development Lotteries Board as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

In making provisions for accrued expenses for expenditure to be incurred in the future in terms of Sri Lanka Accounting Standard 36 the commitment for such expenditure should arise from a reliable estimate. Nevertheless, it was observed that the provision of Rs.111,571,290 made for accrued expenses in the accounts for the year under review by the Board had not been made on such reliable estimates in accordance with the said Accounting Standard. The information on the variance between the provision made for accrued expenses during the 03 preceding years and the actual expenditure is given in the following table.

Year	Provision for Accrued Expenses Rs.	Actual Expenses Rs.	Over provision made Rs.
2008	137,122,097	83,252,520	53,869,577
2009	164,948,648	148,566,745	16,381,903
2010	50,672,602	49,348,882	1,323,720

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The Board had purchased a land with a building for Rs.421,199,000 on 23 September 2005 and that amount had been brought to account as lands and buildings and had not made provision for depreciation instead of computing the value of the building and providing for depreciation for the building. Subsequently, provision of 10 per cent had been made only on the capital expenditure of Rs.184,306,554 incurred on carrying out repairs to the building.
- (b) The interest received annually from the fixed deposit of Rs.44,951,587 maintained by the Board utilizing the security deposits made by the Lottery Sales Agents amounting to Rs.23,934,881 and the interest on that amounting to Rs.21,016,706 received by the Board had not been taken to income by the Board.
- (c) Four motor vehicles purchased by the Board in February 2012 at a cost of Rs.16,000,000 had been debited to the assets of the year under review and credited to the Expenditure Payable Account. As such the assets and liabilities of the year under review had been overstated by that amount.
- (d) The studio constructed by the Board in the year 2009 at a cost of Rs.42,965,051 and the sum of Rs.33,491,297 payable on the construction to the contractors as at 31 December 2010 had not been disclosed in the accounts as assets and liabilities respectively.
- (e) Even though 332 sets of plates and 1,789 sets of tea cups valued at Rs.12,553,360 purchased for awarding prizes for the Deyata Kirula Exhibition 2008 were physically available in the stores that value had not been disclosed in the accounts.

2.2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Two debtors balances amounting to Rs.7,496,220 older than 05 years had been carried forward in the accounts without taking action for recovery or any other suitable course of action.
- (b) Even though 06 balances of accounts amounting to Rs.1,539,985 shown as payments made in advance in the financial statements for the year under review, had been brought forward from the year 2007, adequate action had not been taken either to get work relating to the payments carried out to or to recover the payments made in advance.

2.2.4 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been furnished to audit.

Item	Value Rs.	Evidence not made available
(a) Branded Stalls	43,826,514	i. Register of Fixed Assets ii. Physical Verification Reports
(b) Lottery Printing Expenses	175,754,473	Evidence in support of action taken in terms of Procurement Guidelines
(c) Expenditure Introduction of Second Chance	1,942,080	Evidence in support of action taken in terms of Procurement Guidelines

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

The following non-compliances were observed during the course of audit.

Reference to Laws, Rules, Regulations and Management Deficiencies	Non-compliance
(a) Development Lotteries Board Act, No. 20 of 1997	
i. Section 18(1) and (2)	According to the Section of the Act, all income from each lottery other than the expenditure relating to the lottery draw and any other expenditure as may be specified by the Minister, should be remitted to the President's Fund. Contrary to such provisions, the Board retained a sum of Rs.35,218,000 in the Buildings Establishment Fund in addition to the depreciation on buildings.
ii. Section 19(1),(2) and (3)	Powers have been conferred by the Act to make rules on all matters stated as specified in the Act or on all matters authorized under the Act and such rules made and approved by the Minister should be published in the Gazette. Nevertheless, the Board had not made rules relating to the Lotteries conducted under the relevant section and published in the Gazette.
(b) Cabinet Memorandum No. MF2/2/DLB/TEND/02 dated 17 December 2008 and the Cabinet Paper No. 08/2356/306/145/TBR	Even though the tender for printing of the Instant Lottery had been awarded for one year in the year 2009 in accordance with the Cabinet Paper, Lottery ticket had been purchased from that company up to the year under review.
(c) Establishments Code of the Democratic Socialist Republic of Sri Lanka : Sections 12:2:5 and 12:2:6 of Chapter vii	Acting allowance amounting to Rs.90,000 had been paid in the year under review alone to an officer who had not been appointed formally without obtaining the appropriate approval.
(d) Management Service Circular No. 28 of 10 April 2006 Paragraph (d)	A post of Information Technology Executive not included in the approved cadre of the Board had been created on 01 July 2010 and a sum of Rs.300,000 at the rate of Rs.25,000 per month had been paid in that connection in the year under review.
(e) Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka Section 9.3.1	Action in terms of the Procurement Guidelines had not been taken in connection with the repairs costing Rs.971,238 carried out to motor vehicles in the under review.

2.2.6 Transactions of Contentious Nature

A sum of Rs.1,504,500 had been paid in the year under review for carrying out improvements to the Lottery Software System of the Board. Action in terms of the Procurement Guidelines had not been taken in connection with this payments while a written agreement had not been signed.

3. Financial Review

3.1 Financial Results

- (a) According to the financial statements presented the operations of the Board for the year under review had resulted in a surplus in the provision for the President's Fund amounting to Rs.1,489.93 million as compared with the corresponding surplus of the provision for the President's Fund for the preceding year amounting to Rs.1,081.98 millions , thus indicating an increase of the provision for the President's Fund, as compared with the preceding year by a sum of Rs.407.95 million or 37.70 per cent. In addition a sum of Rs.144.07 million had been added for the profit in the preceding year due to the winners of lotteries not presenting claims while the corresponding sum for the year under review amounted to Rs.174.30 million indicating an increase of Rs.30.23 million or 20.98 per cent.

An analysis of the improvement in the financial results is given below.

	Favorable Rs.(Millions)	Adverse Rs.(Millions)	Variance Rs.(Millions)
Income			
Lottery Sales Income	1,216.46		
Other Income			
Prizes not claimed by winners added to profit	30.25	32.86	
	<u>1,246.71</u>	<u>32.86</u>	1,213.85
Expenditure			
Lottery Expenses		54.75	
Prizes Awarded		713.96	
Draw Expenses		1.05	
Administration Expenditure		40.07	
Publicity and Distribution	24.92		
Finance Expenses	2.40		
Taxes		23.39	
	<u>27.32</u>	<u>833.22</u>	<u>805.90</u>
			<u>407.95</u>

(b) Ratios and Percentages

	Year	
	2010	2011
(I) Profitability Ratios		
i. Net-profit Ratio (Percentage)	16.5	19.1
ii. Return on Equity	120.2	142.7
iii. Return on Average Assets	69.9	83.0
(II) Capital		
i. Equity / Total Assets	69.9	83.0
ii. Equity / Non-current Assets	0.58	0.58
(III) Liquid Assets		
i. Current Assets Ratios	0.49	0.61
ii. Quick (Liquid) Assets Ratio	0.39	0.55

Even though the profitability ratios of the Board had indicated an improvement as compared with the preceding year, the current assets ratio and the quick ratio continue to be below the expected levels. Thus a considerable weakness in the assets management was observed.

4. Operating Review

4.1 Management Inefficiencies

According to Section 18(1) of the Development Lotteries Board Act the money remaining after, the deduction of the approved expenditure of the Board and the expenditure approved by the Minister should be credited to the President's Fund. Nevertheless, since the inception of the Fund up to date, sums less than the sums to be so credited had been credited to that Fund. The particulars of the sums so under-credited during the year under review and 03 preceding years had been as follows.

Year	Balance to be credited brought forward Rs.(Millions)	Amount to be credited to the Fund according to the Act Rs.(Millions)	Amount credited to the Fund Rs.(Millions)	Further amount due to be credited Rs.(Millions)
2008	20	720	656	84
2009	84	715	735	64
2010	64	973	889	148
2011	148	1"468	1"446	170

4.2 Idle and Underutilised Assets

The following observations are made.

- A studio constructed in the year 2010 at a cost of Rs.42,965,051 had not been used. Attention had not been paid for the utilization of the studio to earn an income by any other means.
- A Security camera system costing Rs.4,718,504 purchased in April and November 2009 and March 2010, had not been used during the period 15 November 2010 to 26 March 2012.

- (c) A stock of 2,411,750 instant lottery tickets purchased at a cost of Rs.3,222,094 in December 2009 remained in the stores even up to the end of the year under review and those had been issued to the agents at a very slow pace.

4.3 Identified Losses

The following observations are made.

- (a) A sum of 56 cents per ticket had been paid for the printing of the lottery tickets for the Saturday Fortune, Development Fortune, Janajaya and Deyata Kirula lotteries carried out through a private company without calling for quotations while a sum of 48 cents per ticket had been paid for printing of the Jayoda Lottery tickets for which the cost had been decided by calling for quotations. As such the Board had incurred a loss of Rs.24,385,865 in the year under review due to getting the tickets printed without calling for quotations.
- (b) Due to the failure to take action in terms of the instructions in the Cabinet Memorandum No. MF2/2/DLB/TEND 02 submitted to the Cabinet of Ministers on 17 December 2008 to get the Instant Lottery Tickets printed through a local company, the Board had incurred a loss of Rs.40,697,200. In addition incurred an expenditure amounting to Rs.38,466,600 as cess and Rs.14,483,186 as Customs Duty in the year under review.

5. Accountability and Good Governance

5.1 Budgetary Control

Significant variances were observed between the budgeted expenditure and the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of financial management control.

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 the following areas of control.

- (a) Accounting
(b) Human Resources Management
(c) Assets Management
(d) Expenditure Management



H.A.S.Samaraweera
Auditor General

INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Note	2011	2010
		Rs.	Rs.
Income	02	6,884,267,246	5,667,808,726
Taxes	03	(424,287,435)	(400,901,267)
Income after taxes		6,459,979,811	5,266,907,459
<u>Direct Cost</u>			
Cost of Tickets	04	(313,956,332)	(259,209,662)
Prize Payout	05	(4,120,098,980)	(3,406,142,834)
Draw Cost	06	(145,675,427)	(144,630,389)
		1,880,249,072	1,456,924,574
Other Income	07	46,816,314	79,684,626
		1,927,065,386	1,536,609,200
<u>Operating Expenses</u>			
Administrative Expenses	08	(281,397,261)	(244,214,113)
Advertising & Distribution Expenses	09	(325,886,332)	(350,813,456)
Finance Expenses	10	(1,262,786)	(3,668,440)
Surplus After Operating Expenses		1,318,519,006	937,913,192
Prize Write Back		174,301,005	144,072,400
Surplus B/F		-	63,675,633
Prior Year Adjustment	11	(24,645,840)	(108,672,320)
Total Surplus		1,468,174,172	1,036,988,905
Jana Jaya Surplus to Deyata Kirula Exhibition		(92,139,120)	(89,000,000)
Appropriation to the President's Fund		(1,354,089,880)	(799,511,000)
Surplus Payable to P/F		21,945,172	148,477,905

Significant Accounting Policies and Notes to the Financial Statements disclosed on pages (42) to (57) are integral parts of these Financial Statements.

BALANCE SHEET

AS AT 31ST DECEMBER, 2011

		2011	2010
	Note	Rs.	Rs.
Assets			
Non Current Assets			
Property Plant & Equipment	12	621,993,518	642,910,660
Fixed Deposits	13	535,971,848	394,431,028
Fixed Deposits at NSB (Dealer Deposit)	14	44,951,587	41,253,711
Total Non Current Assets		1,202,916,953	1,078,595,399
Current Assets			
Inventories	15	37,952,976	55,871,417
Trade Debtors & Other Receivables	16	47,602,264	50,407,413
Deposits & Prepayments	17	7,084,896	5,782,751
Cash and Cash Equivalents	18	288,437,388	150,088,806
Total Current Assets		381,077,524	262,150,387
Total Assets		1,583,994,477	1,340,745,786
Equity & Liabilities			
Contributed Capital			
President's Fund		2,200,000	2,200,000
Ministry Of Trade & Shipping		2,200,000	2,200,000
Surplus (P/F & Cultural Fund Payable)		220,124,372	148,477,905
Building Maintenance & F/A Reserve Fund		51,500,601	-
Prize Reserve Account		645,678,987	626,994,042
Total Equity		921,703,960	779,871,947
Non Current Liabilities			
Gratuity Provision		13,262,819	9,334,452
Dealer & Distributor Deposit Payable	19	25,243,881	23,862,881
Total Non Current Liabilities		38,506,700	33,197,333
Credit Vouchers Payable		144,061,320	107,205,650

BALANCE SHEET
AS AT 31ST DECEMBER, 2011

	Note	2011 Rs.	2010 Rs.
Current Liabilities			
Creditors	20	124,973,551	97,994,328
Prize Payable	21	243,177,655	271,803,925
Accrued Expenses		111,571,291	50,672,603
Total Current Liabilities		479,722,497	420,470,856
Total Equity & Liabilities		1,583,994,477	1,340,745,786

Significant Accounting Policies and Notes to the Financial Statements disclosed on pages (42) to (57) are integral parts of these Financial Statements.

Certification

I certify that the above Financial Statements give a true and fair view of the state affairs as at 31st December 2011 and its profit for the year ended 31st December 2011.



W.A.V.C. Somarathne
Actg. Deputy General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,



Dr. Chandrawansa Pathiraja
Chairman/CEO



Gamini Ekanayake
Working Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	President's Fund Rs.	Ministry of Trade & Shipping Rs.	Prize Reserve Account Rs.	Building Maintenance & F/A Reserve Fund Rs.	Revenue Reserve Rs.	Total Rs.
Balance as at 01.01.2010	2,200,000	2,200,000	555,674,362	-	63,675,633	623,749,995
Additions During the Year	-	-	71,319,680	-	1,081,985,592	1,153,305,272
PF & Ministry Contribution	-	-	-	-	(888,511,000)	(888,511,000)
Prior Year Adjustment	-	-	-	-	(108,672,320)	(108,672,320)
Balance as at 31.12.2010	2,200,000	2,200,000	626,994,042	-	148,477,905	779,871,947
Additions During the Year	-	-	18,684,945	51,500,601	1,489,937,901	1,560,123,447
PF & Ministry Contribution	-	-	-	-	(1,594,706,905)	(1,594,706,905)
Prior Year Adjustment	-	-	-	-	(21,763,730)	(21,763,730)
Balance as at 31.12.2011	2,200,000	2,200,000	645,678,987	51,500,601	21,945,171	723,524,759

Significant Accounting Policies and Notes to the Financial Statements disclosed on pages (42) to (57) are integral parts of these Financial Statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
Net Profit	1,616,652,076	1,081,985,592
Adjustments for		
Depreciation on Fixed Assets	48,779,355	43,038,849
Prize Reserve A/C	18,684,945	71,319,680
Prior Adjustments	21,763,730	(108,672,320)
Provision for Gratuity	3,928,367	1,350,602
Surplus President's Fund B/F	(148,477,905)	63,675,633
Building Maintenance & Reserve Fund	(25,391,714)	(2,148,083)
Prize Write Back	(174,301,005)	(144,072,400)
President's Fund & Cultural Fund Actually Paid	(1,387,198,905)	(888,511,000)
Operating Profit before Working Capital Changes	(25,561,056)	117,966,553
(Increase)/ Decrease in Operating Assets		
Decrease in Inventories	17,918,441	27,409,118
Decrease in Debtors	2,805,149	15,297,621
Increase in Deposits & Prepayment	(1,302,145)	6,314,942
Increase/(Decrease) in Operating Liabilities		
Increase in Creditors	26,979,223	(3,823,366)
Decrease in Prize Payable	(28,626,270)	(7,390,411)
Increase in Accruals	60,898,689	(101,821,773)
Increase in Credit Vouchers	36,855,670	-
Increase in Dealer Distributor Deposits	1,381,000	1,306,500
Increase in Other President Fund Payable	220,124,372	71,319,680
Net Cash Flows from Operating Activities	311,473,073	126,578,864
Cash Flow from Investment Activities		
Fixed Assets Additions	(27,631,716)	(32,878,975)
Profit on Disposal Items	(254,079)	(8,457,919)
Investments in Fixed Deposits	(145,238,696)	(76,761,569)
Net Cash from Investing Activities	(173,124,491)	(96,347,197)
Net Cash Increase/Decrease in cash & Cash Equivalents	138,348,582	30,231,667
Cash & Cash Equivalents at the Beginning of the Year	150,088,806	119,857,139
Cash & Cash Equivalents at the End of the Year	288,437,388	150,088,806

Significant Accounting Policies and Notes to the Financial Statements disclosed on pages (42) to (57) are integral parts of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The Financial statements have been prepared in accordance with generally accepted `accounting principles and the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka. No adjustments have been made for inflationary factors affecting the accounts where appropriate, significant accounting policies are explained in the succeeding notes.

1.2 ASSETS AND BASIS OF THEIR VALUATION

1.2.1 Fixed Assets

Fixed assets are stated at cost of purchase or construction, less accumulated depreciation. Cost of purchase or construction includes any attributable cost bringing the assets to working condition for it's intended use.

1.2.2 Depreciation

(a) Depreciation is provided to write off the cost of Fixed Assets on straight-line basis over their expected useful lifetime. The Annual rates used for this purpose are :

Buildings	10%
Furniture & Fittings	25%
Office Equipments	25%
Machinery	12.5%
Motor Vehicles	20%
Computers & Accessories	33 1/3%
Branded Stalls	16.66%
Motor Bicycles	25%
Application Software	33 1/3%

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

1.3 INVENTORIES

Stocks are valued on the following basis.

Development Fortune	- Average Cost
Saturday Fortune	- Average Cost
Jayoda	- Average Cost
Jana Jaya	- Average Cost
Niyatha Jaya	- Average Cost
Instant	- FIFO
Double Chance /Dewara/Deyata Kirula	- FIFO

NOTES TO THE FINANCIAL STATEMENTS CONTD...

1.4 LIABILITIES AND PROVISIONS

1.4.1 Retirement Gratuity

Provision is made in the accounts for terminal benefits under the payment of Gratuity Act No. 12 of 1983, for all employees. The payment of gratuity was made for those who have completed 5 years continued services with the Board.

1.4.2 Audit Fees

Audit fees for the year 2011 is based on the figure given by the government auditor for the year 2010

1.4.3 Expenses

Expenses are charged to profit and loss account on an accrual basis.

1.5 PROFIT & LOSS ACCOUNTS

1.5.1 Turnover

Turnover represents the actual net sales. Turnover consists of revenue from:

Saturday Fortune

Development Fortune

Jayoda

Jana Jaya

Niyatha Jaya

Instant

Double Chance

Dewara

Deyata Kirula

Revenue is generally accounted for an accrual basis.

1.5.2 Prize Payout Ratio

During the year 2011 Prize Payout ratio was 50%, for Saturday Fortune, Development Fortune, Jayoda, Deyata Kirula, Jana Jaya, Niyatha Jaya & all other Instant Games.

1.6 POST BALANCE SHEET EVENTS

1.6.1 All material events occurring after the balance sheet date have been considered and where necessary adjustments have been made in the accounts.

1.7 CONTINGENT LIABILITIES

Income Tax / Economic Service Charge

Provision has not been made for Income Tax and ESC 1% as contingent liability Considering the Inland Revenue Act No. 19 of 2009 and the Board made a submission to Secretary, Presidential Commission of Income Tax to grant 100% exemption from Income Tax considering the fact the surplus of the DLB is transferred to Mahapola Trust Fund and President's Fund which are exempted from Income Tax.

NOTES TO THE FINANCIAL STATEMENTS CONTD...

Provision has been made in these accounts in respect of Contingent Liabilities arising in the normal course of business of the Board in respect of legal action or other claims being made against the Board.

1.8 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT BALANCE SHEET DATE

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2012. Accordingly, these Standards have not been applied in preparing these Financial Statements as they were not effective for the year ended 31st December 2011.

These Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRS.

The DLB is currently in the process of evaluating the potential effects of these Standards on its Financial Statements and the impact on the adoption of these Standards have not been quantified as at Balance Sheet date.

1.9 CORPORATE INFORMATION**1.9.1 Domicile and Legal Form**

Development Lotteries Board, known as Development Lottery Centre at the inception was established on January 1, 1983. Subsequently in 1993 the Development Lottery Centre was formed to a Trust known as the "Development Lottery Trust". On 12th August 1997 the Trust was converted to "Development Lotteries Board" by the Development Lotteries Board Act.20 of 1997.

The registered office of the Company is situated at No. 356, Dr. Colvin R De Silva Mawatha, Union Place, Colombo 02.

1.9.2 Principle Activities and Nature of Operations

The Principal Activity of the Board is Conducting Lotteries to generate funds to President's Fund and "Mahapola Higher Educational Scholarship fund".

1.9.3 Numbers of Employees

The number of employees at the end of the year was 217.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(02) INCOME		
Shanida Wasanawa	1,853,745,300	1,652,531,765
Sanwardhana Wasanawa	1,871,616,450	1,598,830,035
Jayoda	1,589,795,625	1,347,209,195
Instant	355,904,123	467,204,455
Jana Jaya	786,899,850	521,588,860
Double Chance/Deyata Kirula/Dewara	319,809,800	80,566,170
Niyatha Jaya	106,634,550	-
Total Income	6,884,405,698	5,667,930,480
Sales Return	(138,452)	(121,754)
Net Total Income	6,884,267,246	5,667,808,726
(03) TAXES		
VAT 12%	280,707,332	232,176,629
NBT 2%	127,626,758	155,678,075
ESC .25%	15,953,345	13,046,563
Total Taxes	424,287,435	400,901,267
(04) COST OF TICKETS		
Opening Stock		
Shanida Wasanawa	3,316,785	3,328,002
Sanwardhana Wasanawa	3,219,577	3,113,968
Jayoda	1,163,206	1,840,974
Instant	11,930,218	9,600,866
Jana Jaya	1,416,896	1,030,857
Double Chance	8,486,491	-
Total Opening Stock	29,533,172	18,914,667
Purchases		
Shanida Wasanawa	67,496,774	66,961,957
Sanwardhana Wasanawa	69,145,397	65,223,072
Jayoda	52,627,103	47,434,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(04) COST OF TICKETS (Contd...)		
Instant	31,832,720	50,824,320
Deyata Kirula	9,503,795	1,854,000
Jana jaya	29,608,507	22,046,388
Double Chance	49,422,965	15,483,497
Niyatha Jaya	4,019,718	-
Total Purchases	313,656,978	269,828,168
Closing Stocks		
Shanida Wasanawa	1,070,446	3,316,785
Sanwardhana Wasanawa	1,051,979	3,219,577
Jayoda	2,863,690	1,163,206
Instant	22,423,875	11,930,218
Jana jaya	1,090,023	1,416,896
Double Chance	168,973	8,486,491
Niyatha Jaya	564,832	-
Total Closing Stocks	29,233,818	29,533,173
Total Cost of Tickets	313,956,332	259,209,662
(05) PRIZE PAYOUT		
Shanida Wasanawa	1,123,482,000	1,001,534,500
Sanwardhana Wasanawa	1,134,313,000	965,877,500
Instant	222,360,320	275,081,834
Jayoda	963,512,500	819,601,000
Janajaya	476,909,500	316,114,500
Niyatha Jaya	64,627,000	-
Double Chance	134,894,660	27,933,500
Total Prize Payout	4,120,098,980	3,406,142,834
(06) DRAW COST		
Shanida Wasanawa	34,943,007	32,703,598
Sanwardhana Wasanawa	35,702,359	33,299,671
Jayoda	35,604,603	33,207,398
Dayata Kirula	-	374,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(06) DRAW COST (Contd...)		
Jana Jaya	35,189,533	32,756,366
Niyatha Jaya	4,235,925	-
Double Chance	-	3,136,275
Alindaye Wasanawa	-	237,500
Lucky 07	-	30,800
Agency Commission	-	8,884,087
Total Draw Cost	145,675,427	144,630,389
(07) OTHER INCOME		
Rent Income-Kahatagaha Graphite	-	651,371
Rent Income-Branded Stalls	-	97,000
Building Rent - Buttala	-	162,000
Sampath Repo Interest Income	284,065	249,908
Registration Fees Income	45,000	43,750
Sales of Receipt Books	36,660	37,700
Staff Loan Interest Income	797,679	767,178
Miscellaneous Income	4,514,240	4,007
Investment Interest Income	36,515,922	43,876,500
Non Refundable Deposit	174,300	40,244
Fine on un-return tickets	15,000	30,000
Cancelled Cheques	20,000	-
Other Receipts	-	13,959,488
Interest (People's Bank A/c)	2,324,271	1,053,797
Call Deposit Interest Income	1,046,479	609,183
Mobitel Income (SMS Alindaye Wasanawa)	-	56,332
Ticket Scrap Sales Income	798,809	2,000
Circuit Banglow Income	42,320	35,000
Profit on Disposals	85,313	869,880
Profit on Write off Items in Accrued Expenses	-	16,281,902
Donation	-	183,000
Profit Arising on Winning Car (Mega Fiesta Ticket)	58,129	558,129
Profit Arising on Winning Car (JanaJaya Ticket)	58,129	116,257
Total Other Income	46,816,314	79,684,626

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(08) ADMINISTRATIVE EXPENSES		
Salaries & Wages	37,512,769	32,740,627
Daily Allowance-SPO	2,157,600	2,348,810
Cost of Living Allowance	13,217,643	11,196,388
Other Allowances	9,822,522	10,134,052
Incentive	12,505,158	2,699,257
Overtime & Holiday Pay	13,386,479	15,807,670
Gratuity	4,620,513	1,425,402
E.P.F 15%	7,266,694	6,827,157
E.T.F 3%	1,453,338	1,365,247
Pension	18,202	170,115
Bonus	7,066,033	6,160,161
Housing Loan Interest	1,717,822	1,422,197
Fixed Assets Depreciation	42,025,628	42,928,209
Board Members Fees	181,000	25,500
Payments for Tender Boards	81,200	-
Printing & Stationery	10,294,257	12,801,174
News Papers & Periodicals	294,673	350,380
Postage/Mail Delivery/Collection Counter	896,786	807,496
Fuel	6,361,373	8,621,322
Telephone	5,973,825	6,164,933
Electricity	6,581,155	5,683,494
Water Charges	329,537	338,388
Cleaning Charges	1,689,429	1,897,993
External Audit Fees	200,000	200,000
Internal Audit Fees	575,000	672,500
Other Office Equipment Maintenance	41,457	10,665
Rent on Vehicles	-	3,400,561
Training & Human Resource Development	1,010,730	993,132
Building Maintenance	925,448	396,447
Vehicle Maintenance	5,645,577	5,748,096
Office Equipment Repairs	641,984	284,343
Building Rent	1,620,750	1,303,800
Computer Maintenance	11,275	5,564,385

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(08) ADMINISTRATIVE EXPENSES (Contd...)		
Service Agreements	2,400,755	1,977,835
Other Office Expenses	357,303	102,310
Entertainment & Welfare	618,205	-
Identity Cards	32,745	9,580
Software Maintenance - LMS	8,569,150	12,283,375
Foreign Traveling	2,285,225	1,732,113
Lunch/Tea/Drinking Water/Draw Meals	4,398,035	5,051,710
Special Audit Assignments	-	75,000
Legal Expenses	304,022	726,874
Uniform & Tailoring Charges	2,358,232	457,195
Sundry Expenses	1,126,443	861,852
Paper Advertisements	581,798	701,307
Chairman's Vote	2,203,180	920,345
Medical Expenses & Hospital Payments	18,464,075	15,285,056
Insurance-Premium	2,267,760	2,661,809
Office Requests	-	377,777
Vehicle License	175,132	172,899
Assessment Tax	1,272,040	1,170,400
Compensation	435,300	-
Trademark Registration Fees	32,910	28,746
Hiring of Vehicles	-	127,300
Hiring of Generator	-	21,440
Audit & Management Meetings	166,500	61,500
Other Allowance for NLB Recruited Drivers	-	22,500
Software Modification	1,504,500	772,500
Doctor Fees for Medical Panels	40,000	90,000
Local Traveling	181,419	142,742
Removal of Debris	16,180	19,809
Rent on House	60,000	40,000
Bad & Doubtful Debtors	-	7,496,220
Loss of Sale of Draw Machine	-	334,018
Building Maintenance & PPE Replacement	35,218,000	-
Website Development	202,500	-
Total Administrative Expenses	281,397,261	244,214,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(09) ADVERTISING & DISTRIBUTION EXPENSES		
Shanida Wasanawa	29,082,066	22,452,833
Sanwardhana Wasanawa	20,840,620	17,554,935
Jayoda	29,544,968	20,970,233
Instant	1,432,381	1,633,232
Deyata Kirula	8,934,068	9,840,634
Jana Jaya	27,388,949	14,272,310
Niyatha Jaya	12,185,191	-
Alindaye Wasanawa	-	3,369,273
Lucky 07	-	616,048
Double Chance	-	22,115,426
Double Chance Instant	126,000	-
Agency Commission	-	13,991,534
General Advertising	9,457,808	17,583,482
Promotional Items	2,935,575	-
Corporate and Others	25,516,493	105,709,100
Other Selling Expenses	47,655,922	11,639,573
Scanning & Validation	106,864,262	85,821,715
Selling Case Expenses	-	17,808
Umbrella Expenses	-	141,045
Ticket Transportation	3,922,030	3,084,274
Total Advertising & Distribution Expenses	325,886,332	350,813,456
(10) FINANCE EXPENSES		
Debit Tax-General	733,265	2,696,200
Bank Charges-General	217,372	172,182
W.H.T. on Call Deposits	89,126	60,918
Debit Tax-Prize	210,823	731,565
Bank Charges-Prize	12,200	7,575
Total Finance Expenses	1,262,786	3,668,440
(11) PRIOR YEAR ADJUSTMENT		
Prior Year Adjustment	(24,645,840)	(28,672,320)
President's Fund Payable 2009	-	(80,000,000)
Total Prior Year Adjustment	(24,645,840)	(108,672,320)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER, 2011

Description of Assets	Balance as at	Additions	Disposals	Balance as at
	01.01.2011			31.12.2011
	Rs.	Rs.	Rs.	Rs.
(12) PROPERTY, PLANT & EQUIPMENT				
Land & Buildings	421,199,200	-	-	421,199,200
Motor Vehicles	57,271,835	18,600,000	-	75,871,835
Office Equipment	40,053,469	1,549,580	785,853	40,817,196
Computers & Accessories	40,204,421	2,398,922	-	42,603,343
Furniture & Fittings	7,216,091	3,896,138	-	11,112,229
Machinery	16,602,848	477,886	515,000	16,565,734
Branded Stalls	43,826,514	-	-	43,826,514
Interior	240,569	-	-	240,569
Computer Software	17,718,258	267,340	-	17,985,598
Building Construction	184,306,554	85,000	-	184,391,554
Motor Bicycle	1,929,476	246,250	112,500	2,063,226
Regional Office				
Furniture & Fittings	264,432	77,500	-	341,932
Computers & Accessories	567,560	-	-	567,560
Office Equipment	200,000	33,100	-	233,100
Threewheelers	798,518	-	-	798,518
Building Construction	-	750,185	-	750,185
	832,399,745	28,381,901	1,413,353	859,368,293

Depreciation	Balance as at	Additions	Disposals	Balance as at
	01.01.2011			31.12.2011
	Rs.	Rs.	Rs.	Rs.
Land & Buildings	-	-	-	-
Motor Vehicles	33,572,129	7,731,639	-	41,303,768
Office Equipment	27,482,965	4,643,872	785,853	31,340,984
Computers & Accessories	32,343,856	4,600,831	-	36,944,687
Furniture & Fittings	5,352,734	908,484	-	6,261,218
Machinery	13,039,717	2,055,783	-	15,095,500
Branded Stalls	27,678,129	4,697,945	-	32,376,074
Interior	-	-	-	-
Computer Software	11,570,848	4,929,731	-	16,500,579
Building Construction	36,754,129	18,437,739	-	55,191,868
Motor Bicycle	1,233,031	273,046	107,813	1,398,264
Regional Office				
Furniture & Fittings	114,145	75,795	-	189,940
Computers & Accessories	229,543	189,187	-	418,730
Office Equipment	11,667	53,856	-	65,523
Threewheelers	106,193	159,704	-	265,897
Building Construction	-	21,743	-	21,743
	189,489,086	48,779,355	893,666	237,374,775
	2010			2011
	Rs.			Rs.
Written Down Value	642,910,659			621,993,518

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(13) FIXED DEPOSITS		
Fixed Deposit	489,779,619	379,467,028
Building & Maintenance Fund	36,857,778	14,964,000
FD for Gratiuty Fund	9,334,452	-
Total Fixed Deposits	535,971,848	394,431,028
(14) FIXED DEPOSITS AT NSB (DEALER DEPOSIT)		
NSB Dealer Deposit	23,934,881	22,612,881
Re Investment on NSB	21,016,706	18,640,830
Total FD at NSB (Dealer Deposit)	44,951,587	41,253,711
(15) INVENTORIES		
Ticket Stock (15.1)	29,233,818	29,533,173
Other Stock (15.2)	8,719,158	26,338,244
Total Inventories	37,952,976	55,871,417
(15.1) TICKET STOCK		
Shanida Wasanawa	1,070,446	3,316,785
Sanwardhana Wasanawa	1,051,979	3,219,577
Jayoda	2,863,690	1,163,206
Instant	22,423,875	11,930,218
Janajaya	1,090,023	1,416,896
Double Chance	168,973	8,486,491
Niyatha Jaya	564,832	-
Total Ticket Stocks	29,233,818	29,533,173
(15.2) OTHER STOCK		
Stationery	1,217,756	1,741,843
Promotional Caps	3,525	1,366,231
Promotional T-Shirts	-	20,900
Push Bicycles - Instant Lottery	-	17,000
Promotional Items Bicycle -Dealers	-	78,300
Televisions (Instant Tickets)	22,000	319,000
Pedestal Fans (Instant Tickets)	21,000	87,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(15.2) OTHER STOCK (Contd...)		
Gas Cookers (Instant Tickets)	137,800	764,400
Irons (Instant Tickets)	-	4,990
Other Items	4,375	4,375
Push Bicycles	-	4,000
Gold Coins	25,350	79,950
Umbrellas	1,288	1,931
Electrical Items	39,455	55,558
Push Bicycle Stock Control A / C	-	102,000
Dayata Kirula Bicycle	-	115,000
Rice Cookers	145,080	327,600
Computers	126,917	126,917
Fax Machines	93,700	93,700
Motor Bikes	118,500	118,500
Note Counting Machines	314,786	314,786
Selling Cases	-	2,141,412
Double Fortune Tick Pens	2,693,628	6,518,586
Sarees Stock	553,608	995,544
Exercise Books	15,953	15,750
Sales Counter	-	2,302,500
Motor Car Shanida Wasanawa	-	100,000
Gold Coins Purchasing	-	909,823
Mobile Phone Alindaye Wasana	166,600	186,200
SF -Non winning Sewing Machine	14,348	71,739
Jana Jaya Motor Cars	-	4,883,743
Sathosa Gift Vouchers	707,000	1,085,000
Deyata Kirula Gas Cookers Purchasing	-	269,750
Deyata Kirula Water Filters Purchasing	31,900	147,900
Deyata Kirula FM Radio Purchasing	-	76,800
Mugs	-	132
Traveling Bags	71,225	133,200
Trouser Materials	-	15,000
Iness Materials	-	2,500
Radios	19,200	3,600

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(15.2) OTHER STOCK (Contd...)		
Torch Stocks	-	1,000
Wall Clocks	-	260,400
Wrist Watches	-	367,750
Amplifiers	30,000	30,000
Batteries	7,520	7,520
Purses	-	350
Plastic Caps	13,566	13,566
Non stick Stocks	-	10,204
Calculators	750	750
Sewing Machines	158,044	43,044
Cars	1,964,286	-
Total Other Stock	8,719,158	26,338,244
(16) TRADE DEBTORS & OTHER RECEIVABLES		
Receivable Mr.M.A.M Ammen	2,520,000	2,520,000
Dealer Insurance Receivable	-	175,000
W.H.T (With Holding Tax)	-	624,633
Other Receivables	5,000	44,284
Distributor Computer Receivable	-	279,700
Distributor Printer Receivable	270,000	-
Distributor Fax Machine Receivable	-	4,000
Bulding Rent Receivables	4,976,220	4,976,220
Interest Receivable	17,883,050	18,585,619
Interest Receivable on NSB FD	1,855,035	1,198,434
Distributor Note Counting Machine Receivable	7,821	130,107
Other Receivables - Vehicle Insurance Receivable	3,208	80,382
Motor Bicycle Loan Receivable	139,160	119,160
Employees Contribution A/C	21,096	-
Recoverable Losses	6,898	-
Festival Advance	429,500	248,100
Loan to Staff	18,193,162	19,924,793
Container Deposit	-	130,118
Refundable Deposit	1,292,114	1,366,864
Total Trade Debtors & Other Receivables	47,602,264	50,407,413

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(17) DEPOSITS & PREPAYMENTS		
Prepayments	3,468,421	4,082,492
Advance - Internal	45,718	315,220
Advance - External	3,570,757	585,040
Advance for Motor Vehicle	-	800,000
Total Deposits & Prepayments	7,084,896	5,782,751
(18) CASH AND CASH EQUIVALENTS		
Bank Balances		
BOC - General	119,396,241	69,766,495
BOC Call Deposit	101,474,077	35,173,898
BOC - Prize	(25,968,599)	(4,918,075)
Sampath Bank	11,640,960	8,225,457
Peoples Bank	3,237,412	1,785,365
Sweep Account	74,892,893	36,556,262
Repo-Sampath	3,730,000	3,470,000
	288,402,984	150,059,402
Petty Cash for Transport Office	5,000	-
Petty Cash-Kurunegala & Matara Branches	16,000	16,000
Imprest for Lottery Prizes	4,000	4,000
D.L.B Disaster Relief Fund	9,404	9,404
	34,404	29,404
Total Cash & Cash Equivalentants	288,437,388	150,088,806
(19) DEALER & DISTRIBUTER DEPOSIT PAYABLE		
Dealer Deposit Payable	23,943,881	22,612,881
Distributor Deposit Payable	1,300,000	1,250,000
Total Dealer & Distributor Deposit Payable	25,243,881	23,862,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	2011	2010
	Rs.	Rs.
(20) CREDITORS		
Payable on Consultant Fee for Stalls & Houses	-	10,000
E.P.F/E.T.F Payable	-	584
S.T.C	-	2,250
Foster Perents	-	2,427
Loan Payable	-	4,850
Payable (Ranulpatha)	-	27,800
Stamp Duty	-	4,277
Principal Collectors of Custom	-	312,880
Interest Payable to Dealers on Dealer Deposits	23,034,232	20,475,478
Unpresented Cheques	8,498	-
Unpresented Cheques-Dealer Incentive	285,635	-
Provision for Doubtful Debts	7,496,220	8,120,853
Provision for Incentive Payments	225,555	263,332
Other Liabilities	-	27,303
Payable to Singer Sri Lanka	-	323,192
Special Deductions - Chairs	31,556	31,556
Provision for Dealer Deposit Payable	1,322,000	-
Dealer Advance	157,550	153,804
Distributor Advance	22,445,256	19,219,010
Refundable Tender Deposit	-	149,800
NBT Payable	13,025,351	14,398,587
VAT Payable	29,327,042	19,137,613
ESC Payable	4,515,939	3,556,491
Payee Tax	19,022	19,022
Prizes to President's Fund	-	671,200
Distributor Commission & Validation Payable	10,834,691	7,706,589
WHT Payable	11,845,003	3,175,430
Provision for External Audit Fees	400,000	200,000
Total Creditors	124,973,551	97,994,328
(21) PRIZES PAYABLE		
Prizes Payable	215,915,655	232,372,425
<i>Provision for Prize Payable - Non Winning-Draw Tickets</i>		
Saturday Fortune (Second Chance)	5,668,500	17,580,000
Jayoda (50,000/=)	10,193,500	9,501,500
Development Fortune (100,000/=)	11,400,000	12,350,000
Total Prize Payable	243,177,655	271,803,925

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2011

(22) TRANSACTION WITH KEY MANAGEMENT PERSONNEL

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Board. The Key Management Personnel include members of the Board of Directors of the DLB. There were no transactions with key management personnel during the year.

(23) LITIGATIONS AND CLAIMS

In the normal course of business 03 Court Cases have been filed against the Company. The Company is in the view that these cases would not have any material impact on the Financial Statements.

(24) EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material events occurring after the balance sheet date which require adjustments to or disclosure in the Financial Statements.

TEN YEAR SUMMARY

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
OPERATIONAL RESULTS										
Income	6,884,267	5,667,809	5,220,418	4,498,179	3,947,214	3,761,749	4,102,829	3,729,539	2,995,514	2,266,820
Cost of Tickets	313,956	259,210	249,256	220,820	202,040	168,389	181,661	161,428	156,865	153,139
Prize payout	4,120,099	3,406,143	3,160,780	2,667,237	2,337,607	2,212,964	2,582,296	2,300,756	1,718,239	1,299,038
Administrative Expenses	281,397	244,214	261,700	219,833	168,486	108,288	80,615	77,007	67,636	60,614
Advertising & Distribution Expenses	325,886	350,813	581,835	563,333	277,034	243,925	225,827	262,380	280,606	245,887
Surplus after Operating Expenses	1,318,519	937,913	551,708	622,527	733,409	796,113	841,325	750,511	549,921	458,370
RESERVES										
President's Fund	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Ministry Of Trade & Shipping	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Surplus	220,124	148,478	63,675	84,263	19,838	78,095	184,758	45,216	123,691	484,888
Prize Reserve Account	645,679	626,994	555,674	498,883	471,057	465,046	419,455	322,922	242,084	230,051
LIABILITIES										
Non Current Liabilities	33,507	33,197	30,540	118,326	18,825	17,991	17,111	15,389	21,600	31,380
Current Liabilities	479,722	420,471	545,961	494,752	334,347	327,117	396,406	676,823	260,195	292,816
ASSETS										
Non Current Assets	1,202,917	1,078,595	1,020,421	940,357	707,689	771,935	738,283	570,695	27,131	41,452
Current Assets	381,078	262,150	274,625	260,267	140,778	120,714	283,848	466,058	603,239	970,695

SUMMARY FINANCIALS BALANCE SHEET

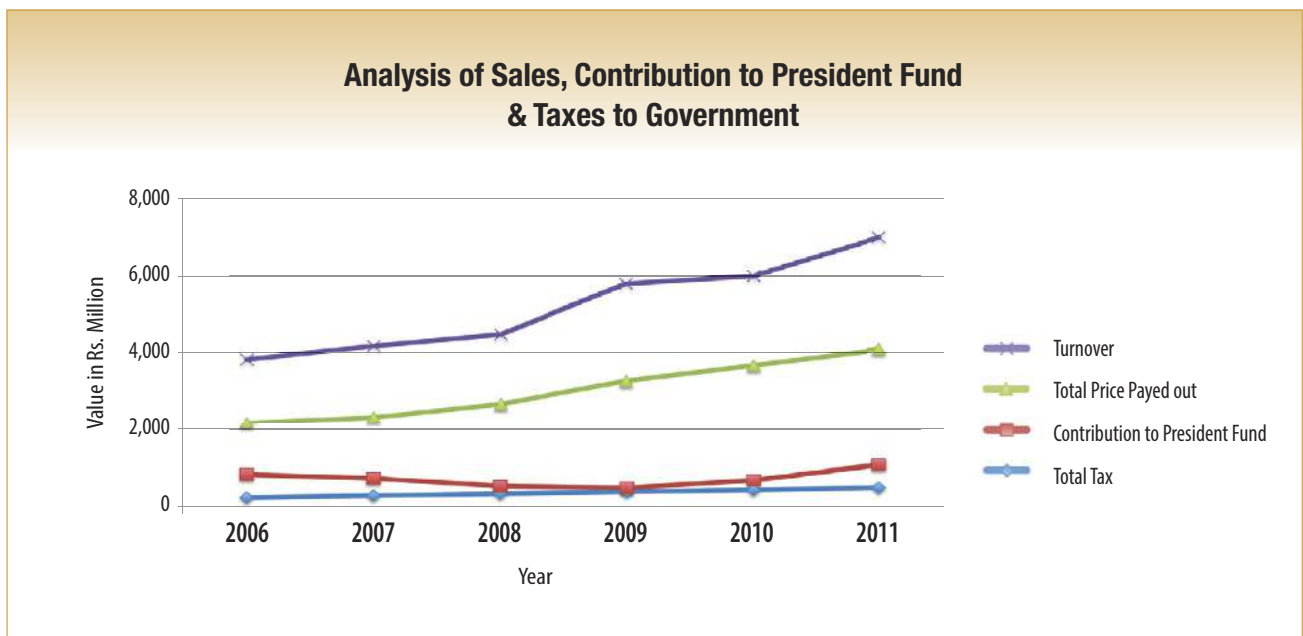
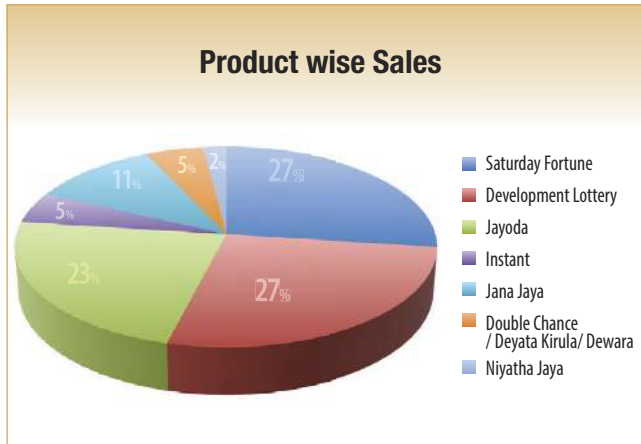
	2011 Rs.'000	2010 Rs.'000	Change %
<i>Non-Current Assets</i>			
Property Plant & Equipment	621,994	642,911	(3.3)
Fixed Deposits	535,972	394,431	35.9
FD at NSB (Dealer Deposit)	44,952	41,254	9
Total Non-Current Assets	1,202,917	1,078,595	11.5
<i>Current Assets</i>			
Inventories	37,953	55,871	(32.1)
Trade Debtors & Other receivable	47,602	50,407	(5.6)
Deposits & Prepayments	7,085	5,783	22.5
Cash and Cash Equivalents	288,437	150,089	92.2
Total Current Assets	381,078	262,150	45.4
Total Assets	1,583,994	1,340,746	18.1
<i>Equity & Liabilities Contributed Capital</i>			
President Fund	2,200	2,200	-
Ministry Of Trade & Shipping	2,200	2,200	-
Surplus (P/F & Cultural Fund Payable)	220,124	148,478	48.3
Building Maintenance & F/A Reserve Fund	51,501	-	
Prize Reserve Account	645,679	626,994	3
Total Equity	921,704	779,872	18.2
<i>Non Current Liabilities</i>			
Gratuity Provision	13,263	9,334	42.1
Dealer & Distributor Deposit Payable	25,244	23,863	5.8
Total Non Current Liabilities	33,507	33,107	1
Credit Vouchers Payable	144,061	107,206	16
<i>Current Liabilities</i>			
Creditors	124,974	97,994	27.5
Prize Payable	243,178	271,804	(10.5)
Accruals	111,571	50,673	120.2
Total Current Liabilities	479,722	420,471	14.1
Total Equity & Liabilities	1,583,994	1,340,746	18.1

SUMMARY FINANCIALS

INCOME STATEMENT

	2011	2010	Change
	Rs.'000	Rs.'000	%
Revenue	6,884,267	5,667,809	21.5
Less - Taxes	(424,287)	(400,901)	5.8
Revenue after taxes	6,459,980	5,266,907	22.7
<u>Less - Direct Cost</u>			
Cost of Tickets	(313,956)	(259,210)	21.1
Prize payout	(4,120,099)	(3,406,143)	21
Draw Cost	(145,675)	(144,630)	0.7
	1,880,249	1,456,925	29.1
Other Income	46,816	79,685	(41.2)
	1,927,065	1,536,609	25.4
<u>Operating Expenses</u>			
Administrative Expenses	(281,397)	(244,214)	15.2
Advertising & Distribution Expenses	(325,886)	(350,813)	(7.1)
Finance Expenses	(1,263)	(3,668)	(65.6)
Surplus after Operating Expenses	1,318,519	937,913	40.6
Prize Write Back	174,301	144,072	21
Surplus B/F		63,676	100
Prior year Adjustment	(24,646)	(108,672)	(77.3)
Total Surplus	1,468,174	1,036,989	41.6
<u>Less:</u>			
Jana Jaya Surplus to Deyata Kirula Exhibition	92,139	89,000	3.5
Appropriation to the President Fund	1,354,090	799,511	69.4
Surplus Payable to P/F	21,945	148,478	(85.2)

Revenue Growth Analysis



Revenue Composition - Segmental Reporting

