

EVERYONE'S A WINNER



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தேசிய லொத்தர் சபை  
NATIONAL LOTTERIES BOARD



## **NAME OF THE INSTITUTION**

National Lotteries Board

## **LEGAL FORM**

The National Lotteries Board (NLB) was established after abolishing Hospital Lotteries, under the Finance Act.No.11 of 1963. The certain sections of the above act were repealed and amended in 1997 under the Finance(amendment) Act. No. 35 of 1997.

## **YEAR OF ESTABLISHMENT**

1963

## **ACCOUNTING YEAR END**

31st December

## **REGISTERED OFFICE**

**ADDRESS:** No. 234/2,  
Galle Road,  
Colombo 03.

**TELEPHONE :** 2470662, 2470663, 4607000, 4716990 – 2

**FAX:** 2421897, 2326528, 2433631, 2470661

**EMAIL:** nlbgen@sltnet.lk

**WEB SITE:** www.nlb.lk

## **AUDITORS**

Auditor General,  
Auditor General's Department,  
Independence Square,  
Colombo 07.

## **BANKERS**

People's Bank



**For the 48<sup>th</sup> Year ended**

**31<sup>st</sup> December 2011**

**“Humble beginning to giant  
achievements over a 48 year  
journey has made ”**

**“EVERYONE A WINNER”**



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# OVERVIEW



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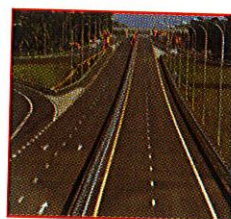
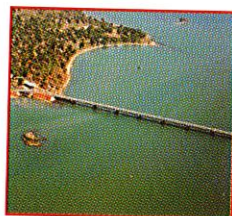
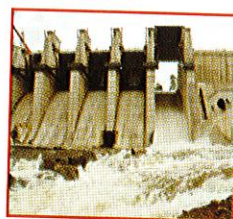
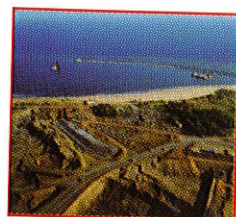


## VISION

To be the leading contributor by collecting revenue through lotteries for the Economic and Social Development of Sri Lanka.

## MISSION

To expand revenue generation through lotteries In order to increase contributions for the Economic and Social development and also for the improvement of the living conditions of the people.



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## **ORGANIZATIONAL GOALS**

- To generate funds to meet the development needs of the Government.
- To function as the best income generating institution to the government among other institutions.
- To uplift the living condition of the people.
- To contribute to the employment of the country.

## **OBJECTIVES OF THE BOARD**

- To increase the contribution to the Government by increasing present level of revenue and profitability.
- To maintain the market leadership position.
- To improve the operational efficiency.
- To improve the infrastructure facilities of the institute.
- To improve the efficiency and effectiveness among staff.
- To achieve the customer satisfaction.



## BEGINNING AND KEY MILESTONES

### Beginning

Originally the lottery was set up in Sri Lanka by the Government to finance the health services of the country. In 1949 the Minister of Local Government, proposed to the Government to set up a lottery in order to improve and expand the health services of the country. As a result of this proposal Hospital Lotteries Board was established under the Act. No. 04 of 1955.



★ A lottery draw at initial stage

In 1960s, the Government felt the need to widen the scope of activities of organized lottery in Sri Lanka. Funds were needed for development projects apart from the health services.

As a result of this, the National Lotteries Board was established after abolishing the hospital lotteries under the Finance Act. No.11 of 1963 to generate funds for the development of the country.



## **Key Milestones**

### **1963 – 1973 – 1<sup>st</sup> Decade**

- 1963 Establishment of NLB under Finance Act no. 11 of 1963
  - 1964 First draw of the Jathika lottery at Torington Square (20/02/1964)
  - 1965 First Benz car offer for a prize winner
  - 1967 Opened the first Branch office – Ratnapura
  - 1968 Implementation of Jathika Sampatha lottery
  - 1970 Converted the Jathika Sampatha lottery to Mahajana Sampatha lottery (28/07/1970)
- 

### **1974 – 1983 – 2<sup>nd</sup> Decade**

- 1975 Shifted to new Building at No.111/1, Sir Chiththampalam A Gardiner Mawatha
  - 1977 Increased the price of National Lottery from 50 cts. to Rs.1/=
- 

### **1984 – 1993 – 3<sup>rd</sup> Decade**

- 1987 Introduction of Supiri Jathika lottery (11/04/1987)
  - 1988 Increased the price of Mahajana Sampatha from Rs.1/= to Rs.8/=
  - ★ Introduction of Lotto lottery (Sep 1988)
  - ★ First draw of the Mahajana Sampatha over the the Rupavahini (10/05/1988)
  - 1989 Increased the price of Mahajana Sampatha from Rs.8/= to Rs.10/=
  - 1992 Introduction of Airport Super Draw lottery
- 

### **1994 – 2003 – 4<sup>th</sup> decade**

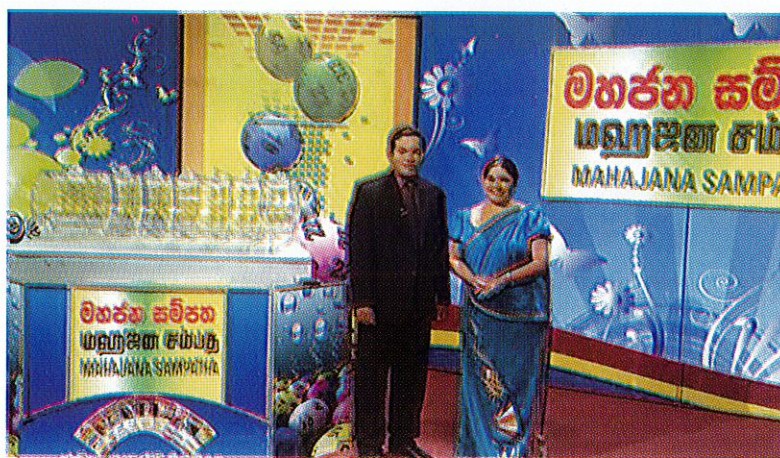
- 1994 Introduction of Vasana Sampatha lottery
  - 1995 Introduction of Govisetha lottery
  - 1996 Introduction of Samurdhi lottery
  - 1997 Introduction of Shrama Vasana lottery
  - ★ Amalgamated the sevana lottery with NLB
  - 1999 Introduction of Supiri Vasana lottery
  - 2000 Introduction of Jayaviru lottery
-



## Key Milestones

### 2004 – 2011 – 5<sup>th</sup> Decade

- 2004 Introduced Sarana lottery to generate financial assistance for Tsunami Victims
- ★ Established Welfare & Thrift funds to provide benefits to employees
- 2005 Mahajana Samapatha was awarded most preferred brand for 2005 under banking ,financial services category conducted by SLIM
- 2006 Introduced the Suwasetha lottery after abolishing the Lotto Lottery. Offered the highest ever Super Prize from the Mahajana Sampatha (Rs.61.3mn)
- 2007 Introduced New Airport lottery
- ★ The price of the Airport Super Draw lottery was increased from US \$ 25 to US\$ 50
- 2008 The price of the passive lottery tickets were increased from Rs.10/- to Rs.20/- (02/09/08)
- 2010 Introduced the Jathika Sampatha Lottery in place of Shrama Vasana and Suwasetha Lotteries
- 2011 Passed the Rs.10 billion marks in sales for the year (1st time in history)
- ★ Supiri Vasana Sampatha lottery was introduced to Wednesdays in place of Jayaviru lottery which was abolished
  - ★ Mahajana Sampatha lottery was introduced to Sundays too
  - ★ New Airport lottery was conducted. Due to poor performance this lottery was abolished
  - ★ Offered five super prizes over Rs.10 mn within a 3 week period which included 4 back to back super prizes in a row



★ A Lottery draw at present using modern and sophisticated machines.



## **Key Milestones**

### **1963 – 1973 – 1<sup>st</sup> Decade**

- 1963 Establishment of NLB under Finance Act no. 11 of 1963
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### **1994 – 2003 – 4<sup>th</sup> decade**

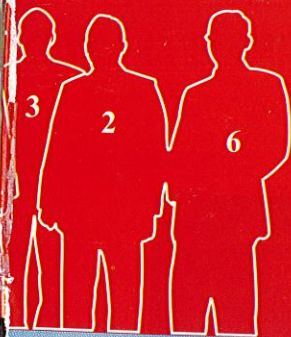
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  - 1997 Introduction of Shrama Vasana lottery
  - ★ Amalgamated the sevana lottery with NLB
  - 1999 Introduction of Supiri Vasana lottery
  - 2000 Introduction of Jayaviru lottery
-



## CHAIRMAN AND BOARD OF DIRECTORS







- |                               |   |                  |
|-------------------------------|---|------------------|
| 01. Mr.Chaminda Athuluwage    | - | Chairman         |
| 02. Mr.Janaka Sri Warnasinghe | - | Working Director |
| 03. Mr.Ravi Abeywardene       | - | Director         |
| 04. Mr.V.M.Ameen              | - | Director         |
| 05. Mr.Sampath Dissanayake    | - | Director         |
| 06. Mr.Saman Galappaththi     | - | Observer         |

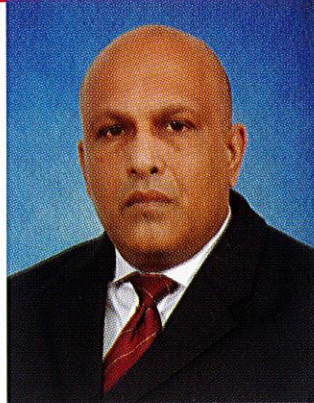




## SENIOR MANAGEMENT



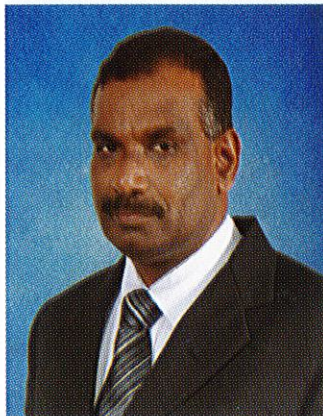
Mr.M.S.Karunaratne (B.A.)  
General Manager



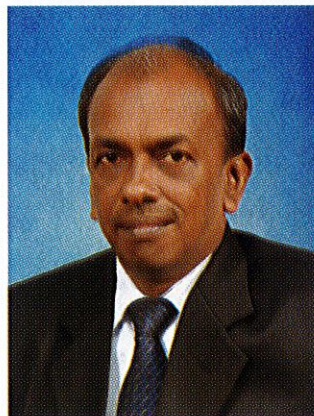
Mr.Ashok Vitharana  
Additional General Manager



Mr.Harsha Bandara  
FCMA(UK),FCCA(UK),  
MBA(USA)AMSLIM,  
FCMA(SL),FCPM,CGMA.  
Chief Financial Officer



Mr.Rohana Wijewickrama(ACA)  
Deputy General Manager  
(Corporate Finance)



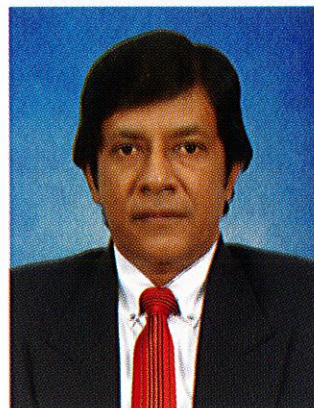
Mr.V.Sundareshwaran  
Deputy General Manager  
(Revenue Finance)



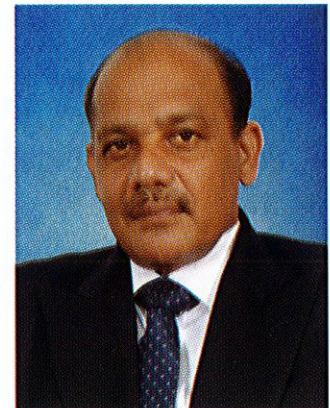
Mrs.Geetha Perera  
Deputy General Manager  
(Operational Finance)



Mr.Vijaya Samaranayake  
Deputy General Manager  
(Corporate Communication)



Mr.Ravindra Fernando  
Deputy General Manager  
(Supplies)



Mr.P.M.N.Pathiraja  
B.Com.(Special)  
Deputy General Manager  
(Sales)



# EXECUTIVE STATEMENTS



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## CHAIRMAN'S REVIEW



“The year 2011 was a special year to NLB which everyone was proud of as the Board was able to cross Rs. 10 billion mark in sales for the first time in the history.”



I am pleased to deliver my message through this review for the year ended 31<sup>st</sup> December 2011.

The year 2011 was a special year to NLB which everyone was proud of as the Board was able to cross Rs.10 billion mark in sales for the first time in the history. We were determined to achieve this and it was so predicted in my last year's review.

### **Economic atmosphere**

The country's economic growth of 8.3 percent in 2011 showed consistency having recorded over 8 percent growth year before too. Per capita income increased to USD 2,896 in 2011 from USD 2,400 in the previous year, up by 18.2 percent which showed that the policy target of USD 4,000 by year 2016 is quite achievable in the light of the current trends.

Industrial sector indicated a growth of 10.3 percent while the service sector growth was 8.6 percent which was commendable when compared to the performance of most of the other countries. However, the agriculture sector growth was only 2 percent, the setback being the adverse weather conditions at the beginning of the year.

Average annual inflation remained within single digits around 6.7 percent despite certain price increases towards end of the year. Considering the improvements shown in the macro economic data and also due to the enhanced financial stability, international agencies upgraded Sri Lanka's sovereign rating.

The reductions effected in taxes in the national budget of 2012 presented last year are expected to increase the disposable income available for consumption which looks very healthy in the coming year.

### **Performance**

The Board's overall performance in 2011 was remarkable in that it recorded improvements in

almost all the lotteries. If not for the climatic changes and heavy floods at the beginning of the year, the results would have been much better. Despite that the turnover in 2011 was Rs. 10,092 million compared to Rs. 8,862 million recorded in 2010 which showed an increase of Rs. 1,229 million. This indicated a 13.8 percent increase over the previous year. The volumes have increased appreciably at the ticket price of Rs.20/- which was in a picking up level in the previous years since the price increase in September 2008.

Mahajana Sampatha the most popular passive lottery in the country with a proud history achieved a sale of Rs. 409.9 million in the month of December almost closing on the highest sale of Rs. 411.8 million recorded by the same lottery in September 2006. Mahajana Sampatha on Sundays also did well and crossed 01 million tickets compared to around 550,000 tickets jointly sold by Shrama Vasana and Suwasetha lotteries previously. Mahajana Sampatha in overall accounted for 40.5 percent of the total turnover.

Jathika Sampatha lottery increased sales by almost 60 percent over the previous year as a result of a strategic move to change the face of the ticket which really enhanced sale of this lottery.

Sevana scratch lottery achieved a sale of Rs. 106 million in December which was the second highest recorded by that lottery, the highest being Rs.132 million way back in 1998.

The Board produced 21 super prize winners of over Rs. 10 million in year 2011 which was 6 more than the previous year (15 super prize winners in 2010) and in the process created back to back 4 super prize winners within 4 days in October which was a lottery super prize record. Further, another super prize in first week of November made it 5 super prizes inside three weeks which hugely increased the buyer confidence in the market place.

The Board's contribution to consolidated fund on sales in 2011 was Rs.1,345 million as against Rs. 1,173.4 million in 2010 (further Rs. 162.7 million was paid in 2010 in addition to normal payments) which showed an increase of Rs. 171.6 million. The total contribution to the Government along with taxes



in the current year amounted to Rs. 2,038.6 million, which was over 20 percent on sales.

The Board paid a sum of Rs. 1,874.3 million as agency commission in the year under review as against Rs. 1,638.5 million in 2010, an appreciable increase of Rs. 235.8 which was in keeping with the sales increase. This indicates very clearly that the benefits of sales increase are passed on to the dealer network so increasing their income levels. The Board's prize payments increased by Rs.562.2 million; Rs.4,857.9 million in 2011 from Rs. 4,295.7 million in 2010 thus increasing the confidence level of the lottery buyers.

The Board's other income in 2011 was Rs.178.8 million as against Rs. 212.4 million earned in 2010, the decrease was caused by the general decrease in interest rates.

The Board's operating expenses were Rs. 1,290.9 million in 2011 which was 12.7 percent on sales compared to Rs.1,186.6 million in the previous year which was 13.3 percent on sales figure in 2010. This showed a reduction as a percentage of sales. While all expenses viz, distribution expenses, administrative expenses, other expenses which include establishment expenses, marketing/sales promotion expenses & communication expenses and finance charges showed an overall decrease as a percentage of sales only printing charges indicated an increase on sales by 0.4 percent over the previous year mainly due to duty increase in scratch lottery range.

The net surplus before tax for year 2011 was Rs. 395.9 million, 3.9 percent on sales which showed an improvement of 1.0 percent as against Rs.263.0 million reported in 2010, 2.9 percent on sales. In real terms the increase was Rs. 132.9 million. The Board's net surplus after tax in 2011 was Rs. 209.1 million compared to Rs. 31.6 million in 2010 which clearly proved that the Board had conducted its affairs in a more prudent manner.

The Board monitors compliance with the internal controls, regulatory requirements and application of better practices through the Audit and Management Committee which is headed by non executive Director Mr.Ravi Abeywardene. This committee reviewed the operational and non operational areas very effectively and took corrective measures where ever

required. This committee held more meetings than the specified number of meetings and reported the affairs to the Board.

While the financial highlights are presented in the Working Director's report, the product portfolio and the graphical review of comparative performance with past results are separately presented in the subsequent pages.

### **Expectations for the next year**

The Board has budgeted for a sales figure of Rs.11,000 million in 2012 which is a 10 percent increase. This may be easily achieved considering the present trend. The Board will be focusing on six strategies to achieve expected sales levels in the coming year. These strategies involve continuation of the incentive scheme for dealers and agents; expanding Northern & Eastern markets; van sales; covering important festivals and special events in the country; commencing new channels (super markets and institutions) and provision of new counters.

In keeping with the e Government policy the Board has been planning to introduce e lotteries through internet, website, mobile phones and super markets & popular shops since this is the world trend now. It is very important to commence these lotteries if we are to survive in future as the passive and scratch lotteries will reach a saturation point within a couple of years. However, these can be started only after necessary approvals are granted by outside authorities.

The agency network will be reviewed as an ongoing process to provide better infrastructure facilities wherever required and new agents will be appointed to replace low performers and to vacant areas. The agency net work will be monitored through a mapping system via a computer software with a view to take remedial action as and when required. The Board is planning to conduct agent meetings in selected districts to provide solutions to the problems faced with a view to increase operational efficiency.

It is expected to implement an Enterprise Resource Planning (ERP) system to increase the operational efficiencies by integrating isolated applications. Sales vehicles will be monitored closely through Global Positioning System (GPS) to achieve more



effectiveness. Better working environment concept in office will be continued through the 5 S Japanese system already introduced. The Board is considering to apply for ISO 9001:2008 certification once the other operational efficiencies are achieved.

The Board expects to move to a new location with a view to provide better amenities to the staff which will result in improved performance. While the construction of a permanent building is also under consideration, the Mannar circuit bungalow construction will be continued.

### **Appreciation**

I wish to express my gratitude to all the members of the Board for the support given to me throughout the year. I wish to appreciate the management team and the entire staff for their plentiful co-operation and sheer hard work which enabled the Board to go past Rs.10 billion mark in sales for the first time in the history which I consider to be a wonderful achievement and a launching pad for many more heroic feats in the coming years.

My sincere thanks also go out to our district dealers, agents and the sellers for their unstinted support in achieving set targets which enabled us to realize our ambitions. I earnestly hope that there is more room for further expansion and as such I anticipate the entire agency network will get together to give something more to the Board in 2012 with a view to better the results in 2011. I wish to also thank all the lottery buyers for keeping trust on the product range of the National Lotteries Board. I am sure their confidence would have definitely increased as a result of producing more and more super prize winners and for giving more prizes through various other levels by the Board.

I thank the Auditor General and his staff, the internal auditors, the individual lottery auditors for extending valuable support and guidance to make improvements wherever possible, the examiner of questioned documents for examining the prizes, the printers for making available the tickets at the right time enabling us to supply to the market without delay and the People's Bank, our main banker for the outstanding

services rendered.

I wish to pay my deepest gratitude to His Excellency the President, the officials of the Presidential secretariat and the Ministry of Finance for providing valuable advice in our forward march.



Chaminda Athuluwage,  
Chairman,  
National Lotteries Board,  
29th March, 2012,  
Colombo.



## WORKING DIRECTOR'S REPORT



**“The reserves and accumulated profit as at 31st December 2011 amount to Rs. 1,892.8 mn vs Rs. 1,587.7 mn as at 31st December 2010.”**

### **Going Concern**

The Directors of National Lotteries Board are pleased to submit their report with the Audited Accounts for the year ended 31st December 2011.

The Board is satisfied that the National Lotteries Board has adequate resources to continue its operations in the foreseeable future thus adopting the “Going concern basis” in the preparation of the Financial Statements.



## Principal Activities

The Principal activity of the National Lotteries Board is conducting of both Draw and Scratch lotteries and there has been no change in the nature of such activity during the year.

## Review of Operations

The Chairman's Review on pages 132 to 135 describes the Board's affairs and highlights the important events that occurred during the year and Product portfolio on page 156 describes the operational result of the products. These reports together with the audited financial statements reflect the state of affairs of the Board.

The reserves and accumulated profit as at 31st December 2011 amount to Rs. 1,892.8 mn as against Rs. 1,587.7 mn in the previous year. The break up and the movement are shown in the statement of changes in equity in the financial statements. (Page No.144)

The Directors confirm that to the best of their knowledge all taxes and levies payable by the Board and all other known statutory obligations as were due as at the balance sheet date have been either duly paid or appropriately provided for in the financial statements.

## Human Resource Development

The Board continued various benefits granted to employees with a view to keep a contented workforce who would thus be motivated to contribute positively for the achievement of set targets by the management. Incentive schemes on lottery sales, Medical facilities, Uniform Allowance and transport allowance were some of the benefits given to the employees. Selection of monthly best employee also was a motivator.

Workshops on performance appraisal of employees were conducted at NLB Board room and Tamarind tree Hotel, Katunayake in April 2011 and June 2011 respectively.

Staff awareness programme on National Lotteries Board history and progress to date was held at Sri Lanka Foundation Institute in June 2011. The Board carried out a restructuring programme from 1st

September 2011 whereby almost all employees were transferred to other divisions with a view to expose everybody to other areas.

## Corporate Social Responsibility

The Board continued Corporate Social responsibility (CSR) activities through the Corporate Image Advertising (CIA) Budget. While we know that we are there to maximize the returns we also believe that we have to undertake certain projects and sponsorships as we have a duty to the society. Accordingly we undertook sponsorships in Dayata Kirula Exhibition, various annual perahera's and many events of national importance.

## Contribution to State

The Board remittances to state by way of direct remittances to consolidated fund and indirect remittances in the form of taxes was Rs. 2,038.8mn in 2011 as against Rs2,069.2 mn in 2010, the detail of which is given below.

During the year under review the Board invested Rs.39.6 mn in property, plant and equipment compared to Rs. 22.1 mn in 2010.

The total operational expenditure in respect of the year under review was Rs1,290.9 mn compared to Rs.1,186.6 mn in the previous year which is a 8.7% increase and this represents 12.7% of the total turnover compared to 13.3% last year. This shows that through operating expenses have increased by 8.7 % over last year, it has reduced as a percentage on sales thus bringing positive results.

## Board of Directors

The Board comprised of the following officials during the year.

Mr.Chaminda Athuluwage -	Chairman
Janaka Sri Warnasinghe -	Working Director
Mr.R.J.T.Abeywardene -	Director
Mr.V.M. Ameen -	Director
Mr.Sampath Disanayake -	Director
Mr.Saman Galappaththi -	Observer



Remittances to State	2011 Rs.	2010 Rs.
<b>Direct Remittances</b>		
Contribution to Consolidated Fund	1,345.04	1,173.46
Through Trust Fund	-	146.70
Special Levy to Treasury	-	16.00
<b>Indirect Remittances</b>	1,345.04	1,336.16
VAT	365.15	315.51
NBT	141.76	186.37
Income Tax / SRL	186.87	231.39
Total remittances to State	693.78	733.27
	<b>2,038.82</b>	<b>2,069.43</b>

Financial Highlights	2011	2010	Change
Turnover	10,092.33	8,862.86	1,229.47
Statutory Allocations	8,077.35	7,107.75	969.60
Value Added Tax	365.15	315.52	49.63
Nations Building Tax	141.76	186.38	(44.62)
Other Income	178.86	212.42	(33.56)
Operating Expenses	1,290.93	1,186.62	104.31
Net Profit before Tax	395.98	263.03	132.95
Net profit after Tax	209.10	31.63	177.46
Total Assets	2,967.02	2,702.80	264.22
Total Net Assets/ Equity	1,892.80	1,587.77	305.03
Net Profit before Tax to Turnover %	3.92%	2.97%	-
Net profit before tax to Total Assets%	13.34%	9.73%	-
Net Profit before tax to Equity %	20.92%	16.56%	-
Liquidity Ratio	2.55 :1	2.23:1	-

## Conclusion

The Directors of National lotteries Board wish to express their gratitude to the management team and the entire staff for their dedication, loyalty, creativity and hard work which have brought excellent results.

The board also wishes to extend sincere thanks to the district dealers, agents, the banker - People's Bank, the suppliers, the printers and the auditors for their continued loyalty and for the outstanding services

provided through out the year.



Janaka Sri Warnasinghe,  
Working Director,  
National Lotteries Board,  
30<sup>th</sup> March 2012,  
Colombo .



## REPORT OF THE AUDIT & MANAGEMENT COMMITTEE

### Overview

The Audit & Management Committee has been providing an invaluable service since it was formed in 2005. The committee was reconstituted in 2011 and comprised of the following members.

Mr.R.J.T. Abeywardene – Chairman  
(Non Executive Director)  
Mr.V.M.Ameen – Member  
(Treasury representative- Non Executive Director)  
Mr.S.Dissanayake – Member  
( Non Executive Director)  
Mrs.S.Balasooriya – Secretary  
(AGM – Legal / Secretary to Board)

### Observers

P.Wijewardane & Company Ltd. – Internal Auditor  
Representative – Dept. of Auditor General's Dept.

The committee held 08 meetings during year 2011 where as the requirement is four per annum (one per quarters). The General Manager and the Chief Financial officer were present by invitation when required and the other management personal were called for clarifications as and when needed.

### Responsibilities

The Audit Committee helps the Board to achieve a balance between conformance and performance. The purpose of the Committee is to assist the Board in discharging its responsibilities for the integrity of the Board's financial statements, the assessment of the effectiveness of the control environment and ensuring the objectivity and independence of external and internal auditors.

The Committee reviews the financial statements and various other reports and make recommendations wherever necessary. It focuses on their fair presenta

tion and significant accounting policies adopted in preparation of financial statements.

The committee also reviews the internal audit reports, external audit reports, Outstanding issues and make necessary recommendations. The minutes of each meeting is submitted to the Board for further review at the Board level.

Progress on implementation of internal audit recommendations is regularly followed up by the committee to ensure operating of effective internal controls and enhancement of the overall control environment.

Internal Audit function is outsourced to a leading audit firm to have more independence. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon.

The committee reviewed information and support from the management during the year to enable it to carry out its duties and responsibilities effectively.

### Compliance

The audit committee is satisfied that the Board's operational controls and accounting policies provide reasonable assurance that the affairs are conducted satisfactorily and in accordance with the accepted policies.



R.J.T. Abeywardene,  
Chairman,  
Audit & Management Committee,  
National Lotteries Board.  
30<sup>th</sup> March 2012.  
Colombo.



# FINANCIAL STATEMENTS & INFORMATION



EVERYONE'S A WINNER



# INCOME STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	Note	2011 Rs.	2010 Rs.
<b>REVENUE</b>			
<b>GROSS INCOME - VAT INCLUSIVE</b>	<b>01</b>	<b>10,092,330,623</b>	<b>8,862,869,826</b>
Less: Agency Commission	<b>02</b>	1,874,354,373	1,638,501,705
Prizes Declared	<b>03</b>	4,857,951,333	4,295,786,207
Contribution to the Consolidated Fund	<b>04</b>	1,345,046,907	1,173,460,051
Net Income to the Board Before VAT		<b>2,014,978,010</b>	<b>1,755,121,863</b>
Less: Value Added Tax		365,159,981	315,515,516
Nation Building Tax		141,767,911	186,375,756
Net Income to the Board after VAT		<b>1,508,050,118</b>	<b>1,253,230,591</b>
Add: Other Income		178,866,138	212,424,233
<b>LESS : EXPENSES</b>			
Distribution Costs	<b>05</b>	12,429,908	7,992,173
Administrative Expenses	<b>06</b>	302,061,060	292,493,432
Other Expenses	<b>07</b>	950,635,412	856,202,031
Finance Costs		25,807,844	29,936,142
<b>TOTAL EXPENSES</b>		<b>1,290,934,224</b>	<b>1,186,623,778</b>
Less: Special Levy to General Treasury		-	16,000,000
<b>NET SURPLUS BEFORE TAXATION</b>		<b>395,982,032</b>	<b>263,031,046</b>
Less: Provision for Taxation		186,878,002	231,393,156
<b>NET SURPLUS FOR THE YEAR</b>		<b>209,104,029</b>	<b>31,637,890</b>



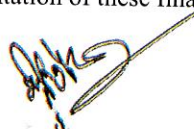
# **BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER**

	Note	2011 Rs.	2010 Rs.
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment		387,408,346	383,088,713
Lease hold property		795,016	757,620
<b>TOTAL NON CURRENT ASSETS</b>		<b>388,203,362</b>	<b>383,846,333</b>
Capital Working Progress - Building		5,331,951	-
<b>CURRENT ASSETS</b>			
Inventories / Stocks	08	71,715,536	71,799,991
Trade & Other Receivables	09	170,596,728	206,637,373
Deposit & Prepayments		10,638,724	6,180,673
Cash & Cash Equivalent		2,320,535,435	2,034,333,063
<b>TOTAL CURRENT ASSETS</b>		<b>2,573,486,423</b>	<b>2,318,951,101</b>
<b>TOTAL ASSETS</b>		<b>2,967,021,736</b>	<b>2,702,797,434</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>			
Reserves		1,892,802,542	1,587,766,210
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>	10	<b>1,892,802,542</b>	<b>1,587,766,210</b>
<b>NON CURRENT LIABILITIES</b>			
Provision for Gratuity		53,569,595	62,075,804
Deffered Tax Liability		14,787,878	15,953,117
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>68,357,473</b>	<b>78,028,921</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	783,875,058	718,990,586
VAT & NBT payable		32,679,128	32,900,264
Income Tax Payable		22,630,707	137,514,156
Accrued Expenses		166,676,830	147,597,297
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,005,861,722</b>	<b>1,037,002,303</b>
<b>TOTAL LIABILITIES</b>		<b>1,074,219,196</b>	<b>1,115,031,224</b>
<b>TOTAL EQUITY LIABILITIES</b>		<b>2,967,021,737</b>	<b>2,702,797,434</b>

The accounting policies & notes form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these financial statements.



Chaminda Athuluwage  
Chairman  
Date. 29.02.2012



Janaka Sri Warnasinghe  
Working Director



Harsha Bandara  
Chief Financial Officer



# STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	2011 Rs.	2010 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation	395,982,032	263,031,046
Less: Adjustments in respect of previous period -Over Pro IT	33,859,196	-
In/ (De) in Revenue Reserve SITST Fund Transfer to Consolidated Fund	-	(24,948,982)
Increase / (Decrease) in Prizes Reserve	62,073,107	(24,189,783)
Increase / (Decrease) in Building Reserve	-	(38,157,266)
	<b>491,914,335</b>	<b>175,735,015</b>
<b>Adjustment for</b>		
Depreciation	35,522,247	48,204,463
Provision for Gratuity	3,620,091	29,653,729
Provision for VAT & NBT	506,927,892	501,891,271
Profit on Disposal of Property, Plant and Equipment	(2,583,438)	(2,760,280)
Allocation for Prizes	4,857,951,333	4,295,786,207
Allocation for the consolidated Fund	1,345,046,907	1,173,460,051
	<b>7,238,399,366</b>	<b>6,221,970,456</b>
<b>Changes in working capital</b>		
(Increase) / Decrease in inventories /Stocks	84,455	(6,464,732)
(Increase) / Decrease in General Treasury - Building Fund	-	24,945,898
(Increase) / Decrease in Trade & Other Receivables	36,040,645	(24,069,758)
(Increase) / Decrease in Deposits & Prepayments	(4,458,052)	(431,178)
Increase / (Decrease) in Payable & Accrued Expenses	2,490,525	40,557,400
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>7,272,556,940</b>	<b>6,256,508,086</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Non Current Assets	(45,211,227)	(22,166,974)
proceeds from Disposal of Property, Plant & Equipment	2,583,438	3,950,282
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(42,627,790)</b>	<b>(18,216,692)</b>
<b>CASH FLOW FROM FINANCE ACTIVITIES</b>		
Payments made to the Consolidated Fund	(1,273,728,511)	(1,136,903,820)
Prizes paid	(4,847,796,249)	(4,311,011,946)
Gratuity payment	(12,126,300)	(5,769,850)
VAT & NBT Payment	(507,149,028)	(498,383,096)
Income Tax payment	(302,926,691)	(189,083,135)
<b>NET CASH FLOW FROM FINANCE ACTIVITIES</b>	<b>(6,943,726,779)</b>	<b>(6,141,151,847)</b>
Net Changes in Cash & Cash Equivalent during the year	286,202,372	97,139,547
Cash & Cash Equivalent at the beginning of the year	2,034,333,063	1,937,193,516
<b>Cash and Cash Equivalent at the end of the year</b>	<b>2,320,535,435</b>	<b>2,034,333,063</b>
<b>Cash and Cash Equivalent</b>	<b>2011</b>	<b>2010</b>
Short Term Investments	2,095,122,234	1,917,456,521
Cash in Hand and at Bank	225,413,201	116,876,542
<b>NET CASH &amp; CASH EQUIVALENT AT THE END OF THE YEAR</b>	<b>2,320,535,435</b>	<b>2,034,333,063</b>



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER

	Building Reserve Rs.	Prizes Reserve Rs.	Revenue Reserve Rs.	Total Rs.
<b>Balance as at 31/12/2009</b>	<b>657,000,000</b>	<b>708,827,935</b>	<b>277,596,416</b>	<b>1,643,424,351</b>
Net Change in Prizes Reserves	-	59,462,686	-	59,462,686
Transfer to Consolidated Fund from SITST Fund	(38,157,266)	(83,652,469)	(24,948,982)	(146,758,717)
Net Surplus for 2010	-	-	31,637,890	31,637,890
<b>Balance as at 31/12/2010</b>	<b>618,842,734</b>	<b>684,638,152</b>	<b>284,285,324</b>	<b>1,587,766,210</b>
Net Change in Prizes Reserves	-	62,073,107	-	62,073,107
Over provision Income Tax	-	-	33,859,196	33,859,196
Net Surplus for 2011	-	-	209,104,029	209,104,029
<b>Balance as at 31/12/2011</b>	<b>618,842,734</b>	<b>746,711,259</b>	<b>527,248,549</b>	<b>1,892,802,542</b>



## NOTES TO THE FINANCIAL STATEMENTS

Note No 01 - Gross Income	2011 Rs.	2010 Rs.
Mahajana Sampatha	4,094,195,000	3,501,117,200
Vasana Sampatha	1,080,006,800	969,626,200
Govisetha	1,285,523,000	1,148,930,400
Supiri Vasana	1,820,857,400	930,481,800
Jayaviru	153,484,400	805,344,400
Shrama Vasana	-	49,088,200
Suwasetha	-	80,860,800
Jathika Sampatha	786,494,800	492,754,800
Colombo Airport Superdraw	-	34,252,526
New Airport Lottery	5,092,723	-
Samurdhi	95,606,020	96,543,250
Sevana	771,070,480	753,870,250
<b>Total</b>	<b>10,092,330,623</b>	<b>8,862,869,826</b>

Note No 02 - Agency Commission	2011 Rs.	2010 Rs.
Mahajana Sampatha	767,619,363	656,391,062
Vasana Sampatha	202,492,378	181,759,984
Govisetha	241,024,094	215,401,995
Supiri Vasana	341,392,113	174,419,888
Jayaviru	28,777,885	150,984,226
Shrama Vasana	-	9,202,361
Suwasetha	-	15,157,508
Jathika Sampatha	147,460,416	92,383,490
New Airport Lottery	85,347	-
Samurdhi	15,105,863	15,253,844
Sevana	130,396,914	127,547,350
<b>Total</b>	<b>1,874,354,373</b>	<b>1,638,501,708</b>



<b>Note No 03 - Prizes Declared</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Mahajana Sampatha	2,006,155,550	1,715,645,948
Vasana Sampatha	507,603,196	463,757,320
Govisetha	604,195,810	550,367,835
Supiri Vasana	855,989,748	445,379,022
Jayaviru	72,137,668	385,267,208
Shrama Vasana	–	25,034,982
Suwasetha	–	41,239,008
Jathika Sampatha	369,652,556	235,219,060
Colombo Airport Superdraw	–	11,723,123
New Airport Lottery	3,837,000	–
Samurdhi	46,846,950	47,517,173
Sevana	391,532,855	374,635,529
<b>Total</b>	<b>4,857,951,333</b>	<b>4,295,786,207</b>

<b>Note No 04 - Contribution to Consolidated Fund</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Mahajana Sampatha	675,542,175	577,684,338
Vasana Sampatha	178,201,122	159,988,323
Govisetha	128,552,300	114,893,040
Supiri Vasana	182,085,740	93,048,180
Jayaviru	15,348,440	80,534,440
Shrama Vasana	–	4,908,820
Suwasetha	–	8,086,080
Jathika Sampatha	78,649,480	49,275,480
Samurdhi	9,560,602	9,654,325
Sevana	77,107,048	75,387,025
<b>Total</b>	<b>1,345,046,907</b>	<b>1,173,460,051</b>

<b>Note No 05 - Distribution Cost</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Ticket Transport Charges	4,702,971	4,368,443
Agent Relief Exp/ Cost of Returned Ticket	501,273	1,761,730
Dealers and Agents Training	25,675	–
Scholarship to Agents Children	959,000	–
Sales pro. Insetive for Dealers & Agents	2,817,228	–
Agent Medical Expenses	2,268,000	1,862,000
Agent Additional Sales promotional	1,155,761	–
<b>Total</b>	<b>12,429,908</b>	<b>7,992,173</b>



<b>Note No 06 - Administrative Costs</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Personal Emoluments	203,294,269	203,535,560
Other Administrative Costs	98,766,791	88,957,872
<b>Total</b>	<b>302,061,060</b>	<b>292,493,432</b>

<b>Note No 07 - Other Expenses</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Establishment Expenses	54,735,284	69,841,336
Ticket Printing Charges	376,528,826	293,504,383
Marketing & Sales Promotion	496,428,627	470,189,405
Communication Expenses	22,942,675	22,666,907
<b>Total</b>	<b>950,635,412</b>	<b>856,202,031</b>

<b>Note No 08 Inventories / Stocks</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Printed Tickets	48,857,409	45,869,797
Paper and Stationary	2,457,918	1,794,429
Prizes	19,342,943	23,221,954
Consumable Stocks	1,002,766	836,812
Computer Stock to Dealers & Agents	54,500	77,000
<b>Total</b>	<b>71,715,536</b>	<b>71,799,991</b>

<b>Note No 09 - Trade and Other Receivables</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Sweep / Trade Debtors	46,868,675	62,696,832
Return Cheques - Sevana & Samurdhi	1,405,967	1,490,445
	48,274,642	64,187,277
Less Provision for Doubtful Debts	(29,403,277)	(29,453,197)
	18,871,365	34,734,080
Other Debtors / Receivables	48,708,636	30,241,167
Accounts Receivables	32,655,029	52,520,085
Staff Loans	96,594,542	101,441,788
Deffered Revenue Expenditure (CASD & NAL)	(26,232,843)	(12,299,745)
	<b>170,596,728</b>	<b>206,637,373</b>



<b>Note No 10 - Reserves</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Building Reserve	618,842,734	618,842,734
Prizes Reserve	746,711,260	684,638,153
Revenue Reserve	527,248,549	284,285,324
<b>Total</b>	<b>1,892,802,542</b>	<b>1,587,766,211</b>

<b>Note No 11 - Payables</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
Payable to Consolidated Fund	214,388,391	143,069,995
Sweep Collection in Advance	84,466,045	83,429,479
Prizes Obligations	433,573,272	423,418,188
Trade & Other Creditors	51,447,351	69,072,924
<b>Total</b>	<b>783,875,058</b>	<b>718,990,586</b>



## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. General Accounting Convention**

#### **1.1.1**

The financial statements have been prepared in conformity with generally accepted accounting principles and accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka and the provision of Finance act No. 38 of 1971 which have been applied consistently on historical cost basis with no adjustments being made for inflationary factors affecting the financial statements.

#### **1.1.2 Sevana Lottery**

Sevana Lottery which was originally under the Ministry of Housing and Construction has been assigned to the National Lotteries Board from 7th November 1997 by the Ministry of Finance and Planning. Instead of amalgamating Sevana Lottery with National Lotteries Board it has been identified as one of the products of the National Lotteries Board and accounting was done accordingly.

Adequate disclosure had been made in the financial statements of National Lotteries Board where appropriate.

#### **1.1.3 Financial Year**

Financial Statements have been prepared for the calendar year ended 31<sup>st</sup> December 2011.

#### **1.1.4 Comparative Information**

Where necessary previous year figures were restated for comparative purposes.

### **1.2. Assets & Basis of their Valuation**

#### **1.2.1 Freehold Property, Plant & Equipment**

The property, Plant & Equipment are stated at cost less accumulated depreciation. The cost of the assets

is the cost of acquisition or construction together with an expense incurred in bringing the assets to its working condition for the intended use.

Expenditure incurred for the purpose of acquiring, extending 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 have been treated as capital expenditure.

#### **1.2.2 Leasehold Property**

Leasehold Property is stated at recorded carrying values as at the effective date of Sri Lanka Accounting Standard 19 – Leases. Such carrying amounts are amortized over the remaining lease term or useful life of the leased property whichever is shorter.

The Non Current Assets comprised of leasehold property located at Anuradhapura. The Board constructed a building as circuit bungalow on the land acquired in 1986 for a 30 year lease period.

##### **1.2.2.1 Restoration Cost**

Expenditure incurred on repairs or maintenance of Property, Plant & Equipment in order to maintain the future economic benefits expected from originally assessed performance is recognized as an expense when incurred.

##### **1.2.2.2 Depreciation**

Provision for depreciation is calculated by using straight line method on the cost or valuation of all property, plant and equipment, other than freehold land in order to write off such amounts over the estimated useful economic life of such assets.



The depreciation rates of the assets are as follows.

Assets	Rate of Depreciation %
Motor Vehicles	25
Computers	25
Air Conditioners, General & Office Equipment	20
Draw Barrels/Lottery Equipment	20
Furniture & Fittings	10
Buildings & Partitions	05

The useful life, residual values and depreciation methods of assets are reviewed, and adjusted if required, at the end of each financial year.

Leasehold property (Anuradhapura Bungalow) which is on a 30 year lease is amortized equally over the remaining lease period of six years from 2011.

### 1.2.3 Inventories

Inventories are valued at cost. Cost is determined on first in first out basis and includes the cost of acquisition and other incidental expenses incurred in bringing them to present location and condition.

### 1.2.4 Trade and Other Receivables

Debtors are stated at the amounts which they are expected to realize. Adequate provision has been made for bad and doubtful debts. Other receivables and dues are stated at cost.

### 1.2.5 Cash and Cash Equivalents

#### 1.2.5.1

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### 1.2.5.2

Short Term Investments in Treasury Bills, Treasury Bonds, Treasury Investments and bank Fixed Deposits are stated at cost plus interest receivables at the Balance Sheet date. All investments are considered as short term.

## 1.3. Liabilities and Provisions

### 1.3.1 Liabilities

All known liabilities have been accounted for in preparing the financial statements.

### 1.3.2 Current Liabilities

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

### 1.3.3 Non Current Liabilities

Liabilities are classified as non current when those balances fall due for payment after one year from the balance sheet date.

### 1.3.4 Retirement Benefits

#### 1.3.4.1 Defined Contribution Plans EPF & ETF

All employees who are eligible for Employees Provident Fund contribution and Employee Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations.

Contribution to defined contribution plans are recognized as expenditure in the income statement.



#### **1.3.4.2 Defined Benefit Plan Retiring Gratuity**

Provision is made in financial statements for retirement gratuities payable under the provision of Gratuity Act No. 12 of 1983 and board approval for all employees who have completed one year of continued service with the board. The board obtained an actuarial valuation report from an expert and provision for gratuity was made using the projected unit credit (PUC) method as recommended by SLAS 16.

A sum of Rs. 3,620,091/- was provided in the current year as against Rs.29,653,729/- in the previous year as it was brought and accounted PUC method first time in 2010.

#### **1.3.5 Trade and Other Payables**

Trade and other payables are stated at cost.

### **1.4. Taxation**

#### **1.4.1 Current Taxes**

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

#### **1.4.2 Deferred Taxation**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

### **1.5. Contingent Liabilities**

#### **1.5.1 Income Tax on contribution to Consolidated Fund**

The Board received an additional assessment for

Income Tax for the year of assessment 2007/2008, 2008/2009 & 2009/2010 assessed on the amounts paid to the Consolidated Fund totaling to Rs. 2.8 billion. The Board lodged appeals against the said assessment through a firm of chartered accountants and the Board may have to pay Rs.1.1 billion if appeal procedure is failed.

#### **1.5.2 Prizes Claim**

The Board may have to pay Rs.2,000,000/- to a prize winner who filed legal action against the Board for claiming a prize which has already been paid to another person who has presented the winning ticket to the Board.

### **1.6. Income Statement**

#### **1.6.1 Turnover**

The turnover represents the value of sweep tickets sold for draws conducted during the financial year.

#### **1.6.2 Revenue Expenditure**

All expenditure incurred in running the business and maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the surplus for the year.

#### **1.6.3 Borrowing Cost**

Borrowing Cost is recognized as expenditure in the period in which they are incurred.

#### **1.6.4 Disposal of Property, Plant & Equipment and Investment**

Gains or losses on revenue nature on the disposal of Property, Plant & Equipment and other non current assets including investments have been accounted for in the income and expenditure statement.



## 1.7. Revenue Recognition

- 1.7.1 Revenue from tickets sold is recognized on accrual basis.
- 1.7.2 Interest income is accrued on a time basis.
- 1.7.3 Other income is recognized on accrual basis.

## 1.8 Distribution of Funds

The Board was incorporated under the Finance Act No. 11 of 1963 as the successor to the Hospital Lotteries Board.

With the approval of the Ministry of Finance and Planning, the Board increased the Price of a ticket from Rs. 10.00 to Rs. 20.00 with effect from 02nd

September 2008. New prize structures allocating 51% (subsequently changed to 49%) of gross turnover for all draw lotteries were introduced. Agency commission too increased from 15% to 17.5% accordingly.

Prize allocation percentages of all passive lotteries excluding Mahajana Sampatha, was changed from 49% to 47% with effect from June 2010. Jathika Sampatha was introduced in place of Shrama Vasana and Suwasetha lotteries which were discontinued during the year 2010. Mahajana Sampatha was introduced on Sundays by replacing Suwasetha and Jathika Sampatha and at the same time Supiri Vasana Sampatha was introduced on Wednesday and Saturday. Distributions of income for passive lotteries are as follows.

Distributions of income for passive lotteries are as follows.

	Mahajana Sampatha	Vasana Sampatha	Govisetha	Supiri Vasana	Jathika Sampatha
Prizes	49%	47%	47%	47%	47%
Dealer Commission	17.5%	17.5%	17.5%	17.5%	17.5%
Consolidated Fund	16.5%	16.5%	10%	10%	10%
Board	17%	19%	25.5%	25.5%	25.5%

Contributions to the Consolidated Fund and the relevant Ministries through the Consolidated Fund are as hereunder.

Mahajana Sampatha	16.5%	Consolidated Fund
Vasana Sampatha	16.5%	Consolidated Fund
Govi Setha	10%	Ministry of Agriculture
Samurdhi	10%	Ministry of Samurdhi, Youth Affairs
Supiri Vasana Wednesday Draw	10%	Ranaviru Seva Authority
Saturday Draw	10%	Ministry of Sports & Ministry of Social Services.
Jathika Sampatha Wednesday Draw	10%	Ministry of Health
Saturday Draw	10%	Ministry of Labour

The Sevana Lottery Contributed 5% of gross turnover to the Consolidated Fund before price change while 10% of gross turnover has been provided after the price change.

The Board conducts the Colombo Airport Super Draw lottery on behalf of the Airport & Aviation Services(Sri Lanka) Ltd. The net proceeds are payable

to the Airport & Aviation Services (Sri Lanka) Ltd through the Consolidated Fund.

The Board discontinued the New Airport Lottery which was conducted on behalf of the Ministry of Finance and Planning for the purpose of funding the new airport as it was not viable.



# OPERATING & FINANCIAL REVIEW



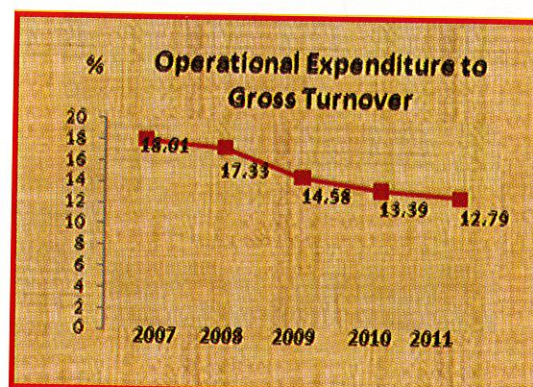
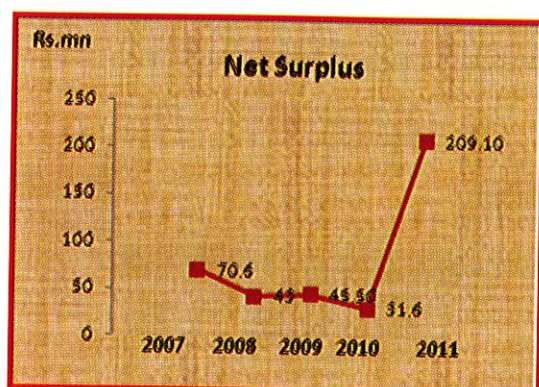
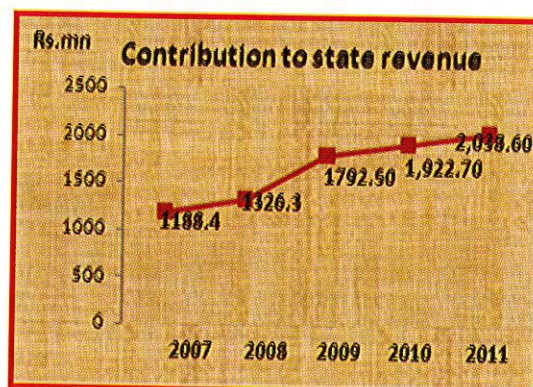
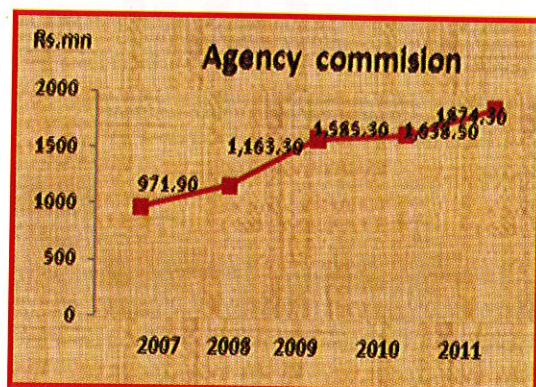
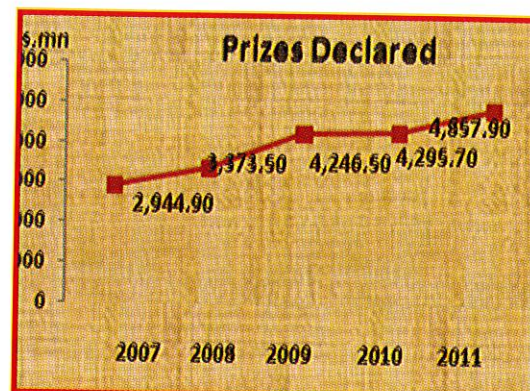
EVERYONE'S A **WINNER**







## BIG PICTURE IN GRAPHICS





## PRODUCT PORTFOLIO

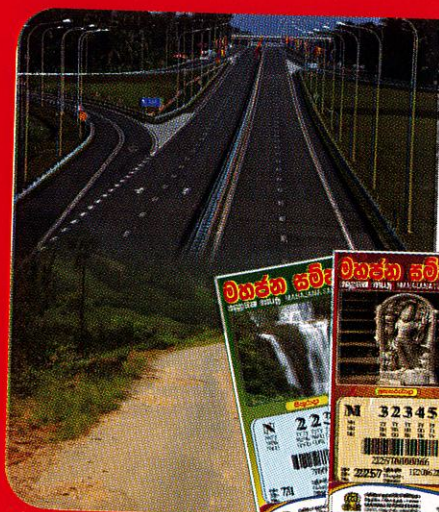
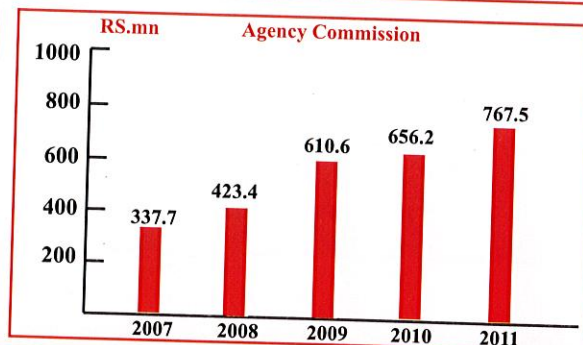
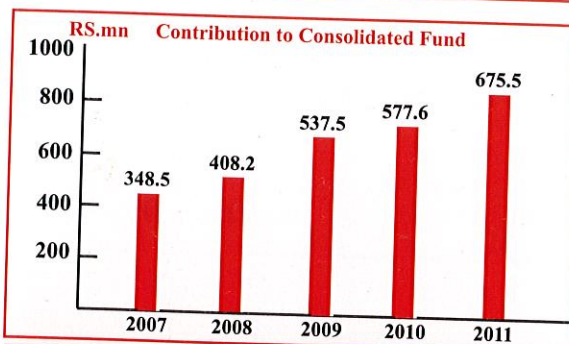
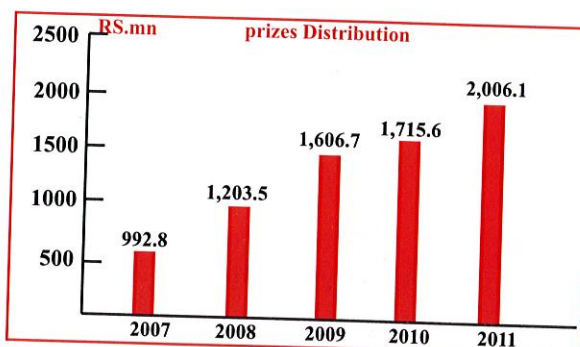
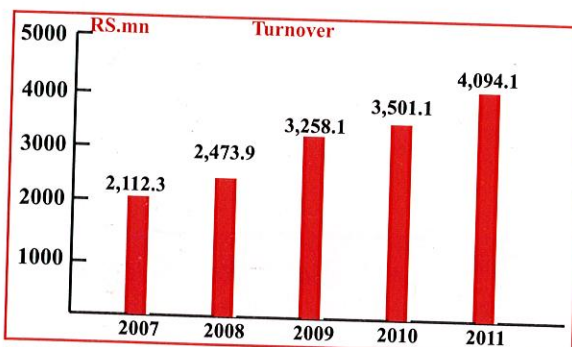
### PASSIVE LOTTERIES

#### MAHAJANA SAMPATHA

At present Mahajana Sampatha, a passive type traditional lottery is the oldest lottery among other prevailing lotteries in the Island. The lottery has created a good image among the general public as the best available lottery in the country. The lottery is conducted on Tuesdays, Fridays and Sundays of the week and telecast over the television for public view.

During the year under review, this lottery has recorded a gross turnover of Rs.4,094.1 mn compared to Rs.3,501.1 in 2010 an increase of 16.9% and Rs. 675.5 mn was allocated to the consolidated fund out of this lottery which represents 16.5 % of the turnover.

A range of prizes including a super prize of Rs.10 mn or more, a first prize of Rs.2 mn and other attractive prizes are offered under this lottery.



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# මහජන සම්පත

MAHAJANA SAMPATHA



ඕබන් හඳුනා රටත් හඳුනා

ජාතික ලොතරැයි මණ්ඩලය

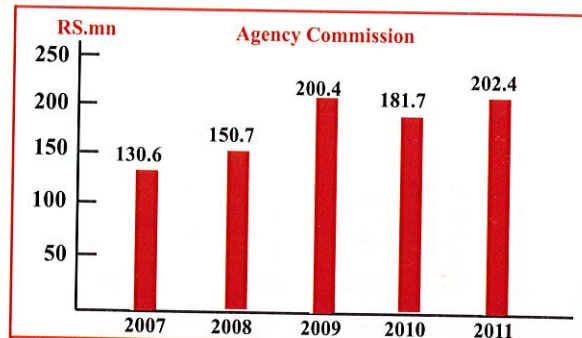
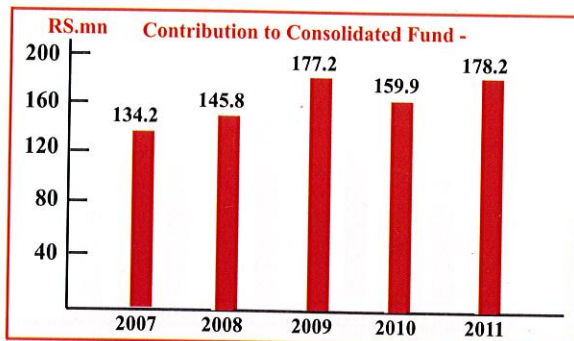
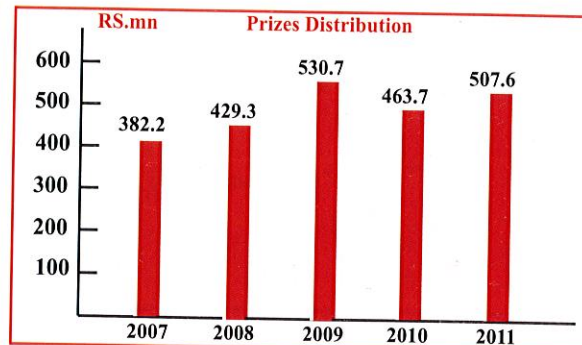
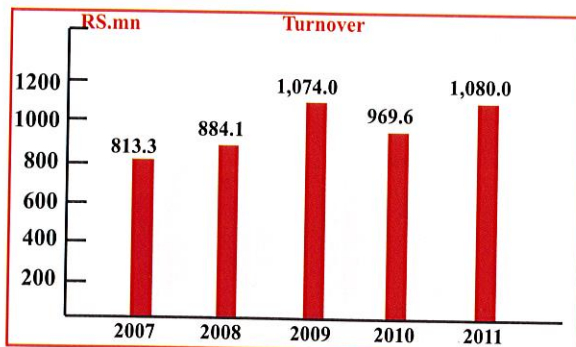


## VASANA SAMPATHA

In early 1994, lottery by the name Vasana Sampatha was introduced to the market by the Board. Draw of this lottery is conducted on every Thursday and telecast for public view.

During the year under review, the gross turnover of the Vasana Sampatha lottery was Rs. 1,080.0 mn compared to Rs.969.6 mn in 2010. Rs. 178.2 mn was allocated to the Consolidated fund out of this lottery which represents 16.5 % of the turnover.

A range of prizes including a super prize of Rs.10 mn or more, a first prize of Rs.1 mn and other attractive prizes are offered under this lottery.





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# වාසනා සම්පත

**வாசனா சம்பத் VASANA SAMPATHA**





මිබන් හඳුන රටින් හඳුන  
**ජාතික ලොතරයි මණ්ඩලය**

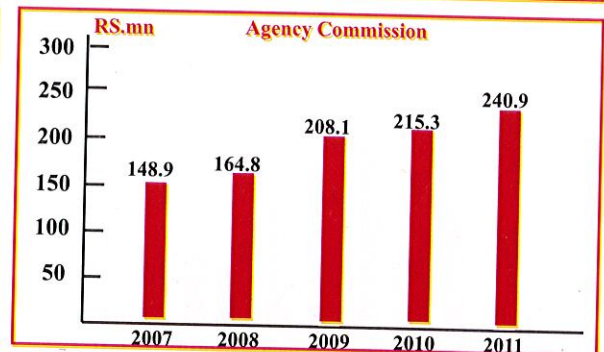
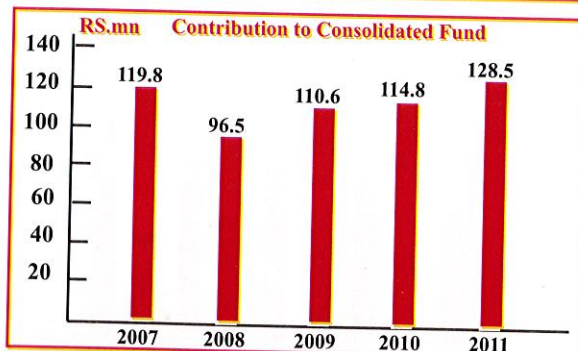
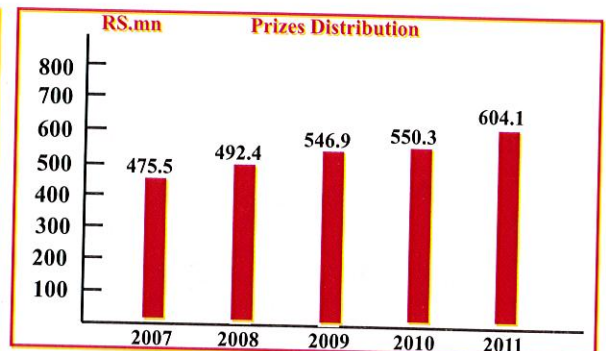
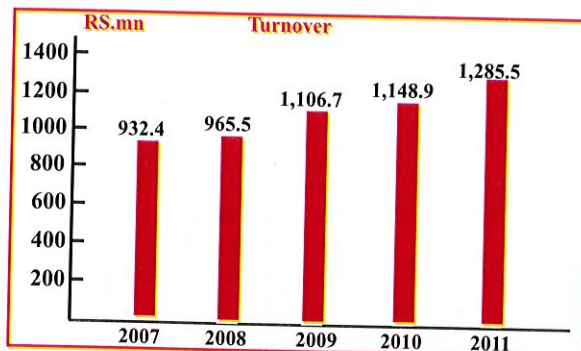


## GOVISETHA

Govisetha lottery was introduced by the Board in the year 1995 on behalf of the Ministry of Agriculture Development and Agrarian Services with the objective of generating funds for the "Farmers Fund". Draw of this lottery is conducted on every Monday.

During the year under review, the gross turnover of the Govisetha lottery was Rs.1,285.5 mn compared to Rs.1,148.9 mn in 2010 an increase of 11.8% and Rs. 128.5mn was allocated to the Consolidated fund out of this lottery which represents 10% of the turnover.

A range of prizes including a super prize of Rs.10 mn or more, a first prize of Rs.1 mn and other attractive prizes are offered under this lottery.





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# ගොවි සේන

විකාශිත Govisetha

ඔබත් හඳුන රටත් හඳුන  
ජාතික ලොතරිය මණ්ඩලය



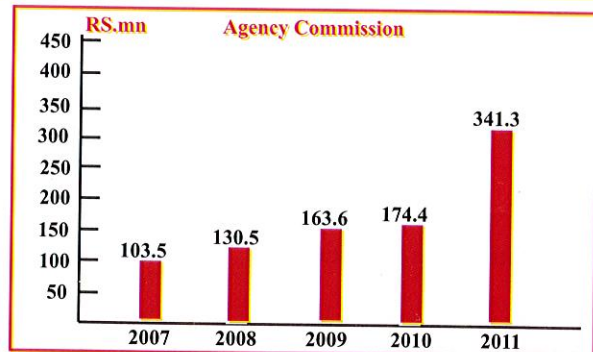
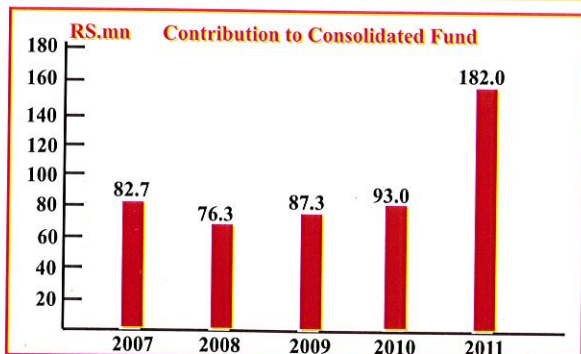
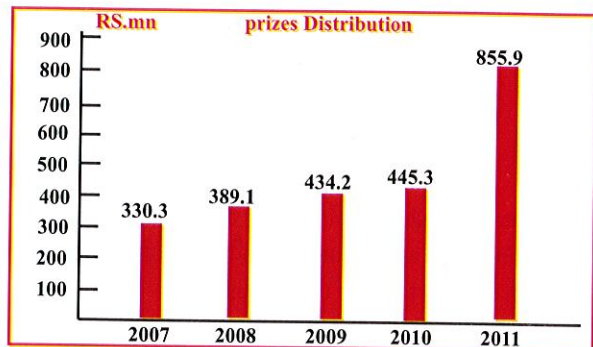
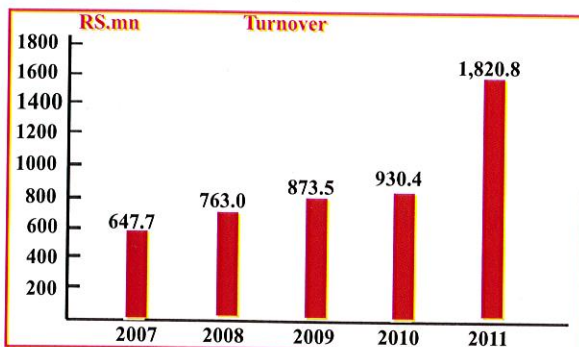
## SUPIRI VASANA SAMPATHA

Supiri Vasana Sampatha lottery was introduced in 1999. Draw of this lottery is conducted on every Saturday. Considering the better performance of this lottery, the Board decided to draw this lottery on Wednesdays also after abolishing the Jayaviru lottery from March 2011 to increase the sales.

Proceeds of the Wednesday's draw are sent to Ranaviru Sava Authority and Proceeds of the Saturday draw are equally distributed between the Ministry of Sports and Social Services.

During the year under review, the gross turnover of the Supiri Vasana Sampatha lottery was Rs. 1,820.8mn compared to Rs930.4n in 2010 an increase of 95.7% and Rs.182.0 mn was allocated to the Consolidated fund out of this lottery which represents 10% of the turnover.

A range of prizes including a super prize of Rs.10 mn or more, a first prize of Rs.1 mn and other attractive prizes are offered under this lottery.





ඉසුරු ගෙනෙ උල්පත

**සුපිරි**

**වාසනා සම්පත**

සුපිරි වාසනා සම්පත SUPIRI WASANA SAMPATHA

ඔබත් හඳුන රචන් හඳුන

**ජාතික ලොතරයි මණ්ඩලය**



## JAYAVIRU

The Board has introduced "Jayaviru" lottery in the year 2000 on behalf of the Ministry Defence, with the objective of generating funds for the "Ranaviru Seva Authority" and this lottery is drawn on every Wednesday it was replaced by Supiri Vasana lottery from March 2011.

During the year under review, the gross turnover of the Jayaviru lottery was Rs.153.4 (for three month Period). Rs.15.3 mn was allocated to the Consolidated fund out of this lottery which represents 10% of the turnover.

## JATHIKA SAMPATHA

The Board introduced this lottery in place of Suwasetha and Shrama Vasana lotteries from March 2010 and drawn on Wednesdays and Saturdays on behalf of Ministry of health and Ministry of labour. Contribution of this lottery is given equally to these two Ministries.

During the year under review, the gross turnover of the Jathika Sampatha lottery was Rs. 786.4 mn compared to Rs.492.7 mn in 2010 (nine Month period) and Rs.78.6 mn was allocated to the Consolidated fund out of this lottery which represents 10% of the turnover.

A range of prizes including a super prize of Rs.5 mn or more, a first prize of Rs.2 mn and other attractive prizes are offered under this lottery.



ජීවිතය දිනවන  
**ජාතික සම්පත**  
ஜாதிக சம்பத JATHIKA SAMPATHA  
මිබන් හඳුන රටින් හඳුන  
ජාතික ලොතරැයි මණ්ඩලය

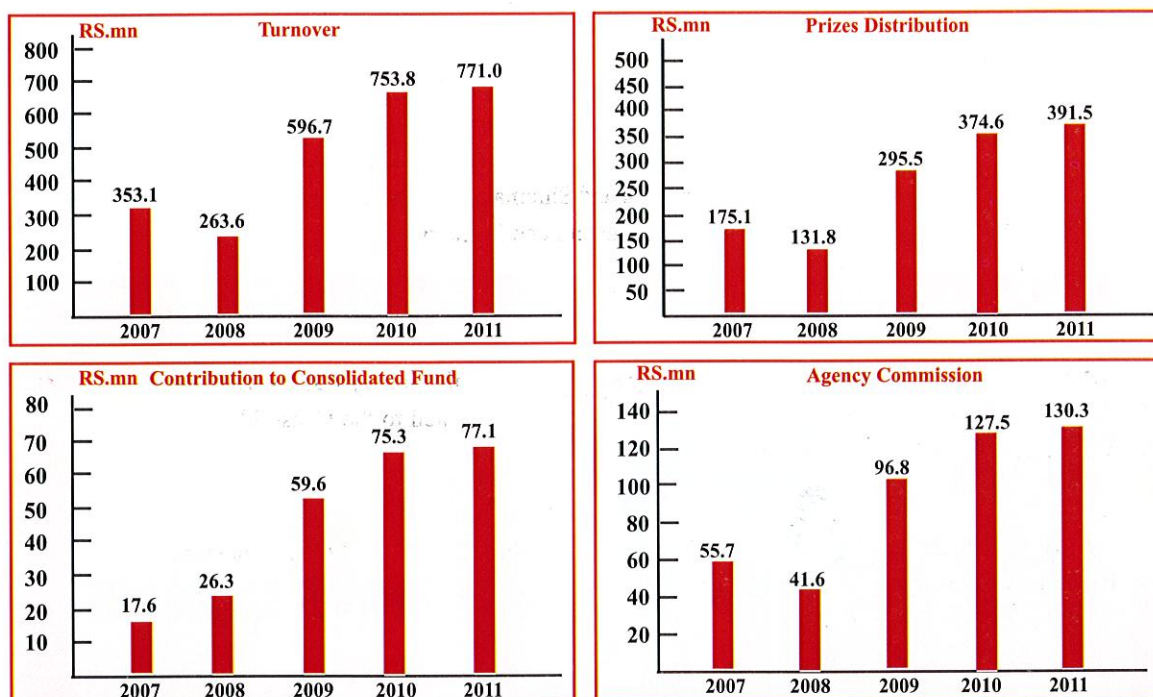


## INSTANT LOTTERIES

### SEVANA LOTTERY

Sevana Lottery was introduced in 1985 to generate funds for the construction of houses. This is a popular Scratch type lottery in the market which adopts the internationally accepted scratch and match technology. This lottery was conducted by Sevana, a separate institution and was subsequently amalgamated with NLB in the late 1990's. The price of this lottery ticket was increased from 02nd September, 2008 from Rs.10/- to Rs.20/-.

During the year under review, the gross turnover of the Sevana lottery was Rs.771.0 mn compared to Rs. 753.8 mn in 2010 an increase of 2.2% and Rs.77.1 mn was allocated to the Consolidated fund out of this lottery which represents 10% of the Turnover.





ඔබට මුදල් - රටට ගෙවල්

# සෙවන

**செவன SEVANA**

ඔබත් හඳුන රටත් හඳුන

**ජාතික ලොතරයි මණ්ඩලය**



## SAMURDHI LOTTERY

The Samurdhi lottery was introduced in August 1996 to generate funds for the Samurdhi Authority. This was the first scratch type instant lottery introduced by NLB to the market. This lottery also adopts the internationally accepted scratch & match technology to determine the winners.

The price of this lottery ticket was increased from 02nd September, 2008 from Rs.10/- to Rs.20/-.

During the year under review, the gross turnover of the Samurdhi lottery was Rs.95.6 mn compared to Rs.96.5 mn in 2010 and Rs.9.5 mn was allocated to the Consolidated fund out of this lottery.



**සමෘද්ධි**

**සුපර් රොකට්**  
Super Rocket

සායාර් ලෝකයේ



ඔබත් හඳුනා රටක් හඳුනා  
**ජාතික ලොතරැයි මණ්ඩලය**



## NEW AIRPORT SUPER DRAW

This lottery had 10,000 tickets priced at 10 US\$ each. This lottery was discontinued during the year as the tickets were moving very slowly. The draw was held which included two motor cars (TATA indigo) and three Plusma televisions of Rs. 150,000 each.

## COLOMBO AIRPORT SUPER DRAW

The National Lotteries Board introduced Airport Super Draw lottery in 1992 to generate funds for the Airport Aviation Authority. Every ticket is presently sold at 50 US\$ or its equivalent in any convertible currency. The prize shall be luxury car of which the duty free CIF value does not exceed 47 % of the gross proceeds of the lottery. The draw of this lottery is held once the specified number of tickets are sold (presently 6,000 tickets) A super luxury BMW or Benz car is offered under this lottery.





## LAST DECADE SUMMARY

	2002	2003 (Restated)*	2004	2005
<b>Gross Turnover</b>	<b>4,965,365,543</b>	<b>7,181,894,656</b>	<b>6,489,740,091</b>	<b>6,166,897,652</b>
Less: Agency Commission	742,133,045	1,074,594,281	968,625,493	968,319,771
Prize Allocation	2,343,684,869	3,398,836,469	3,064,898,835	2,952,266,317
	3,085,817,914	4,473,430,750	4,033,524,328	3,920,586,088
<b>Board Income</b>	<b>1,879,547,629</b>	<b>2,708,463,906</b>	<b>2,456,215,763</b>	<b>2,246,311,564</b>
Add Other Income	249,968,432	210,700,436	136,869,969	114,548,796
	2,129,516,061	2,919,164,342	2,593,085,732	2,360,860,360
Less: Operational Expenses	849,428,724	1,196,217,189	1,087,609,868	843,175,632
<b>Gross Surplus to Board</b>	<b>1,280,087,337</b>	<b>1,722,947,153</b>	<b>1,505,475,864</b>	<b>1,517,684,728</b>
<b>Govt. Contributions</b>				
Less: Contribution to Consolidated Fund	804,380,769	1,122,925,499	957,999,258	957,406,531
Taxation	-	327,081,509	315,474,997	402,132,646
Other Contributions	-	114,250,000	127,962,730	-
	804,380,769	1,564,257,008	1,401,436,985	1,359,539,177
Surplus before extra Ordinary items	475,706,568	158,690,145	104,038,879	158,145,551
Less: Extra Ordinary items	101,075,561	-	-	-
<b>Net Surplus to Board</b>	<b>374,631,007</b>	<b>158,690,145</b>	<b>104,038,879</b>	<b>158,145,551</b>
Govt. Contributions as a % of Turnover	16.20%	21.78%	21.60%	22.05%
Govt. Contributions as a % of Gross Surplus	62.84%	90.79%	93.09%	89.58%
Net Surplus as a % of Gross Turnover	7.54%	2.21%	1.61%	2.57%
Operational Expenditure as a % of Gross Turnover	17.11%	16.66%	16.76%	13.68%
Growth Rate of Turnover (%)	28.39%	44.64%	(.10.67%)	(.4.98%)

**Note : \* Excluding Rs.146.5 mn deducted by the Ministry through the Trust Fund balance**



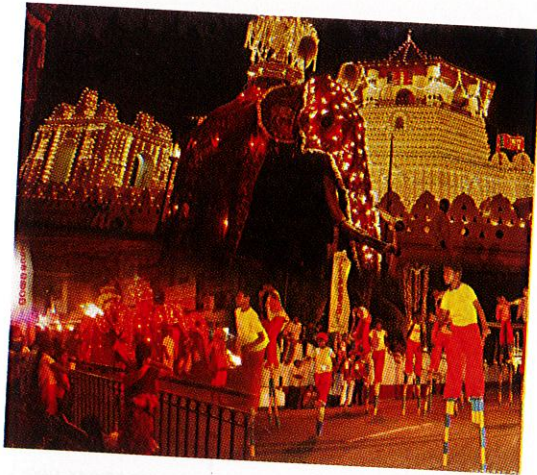
Figures in Rs.

2006	2007	2008	2009	2010	2011
<b>6,460,015,752</b>	<b>6,079,850,149</b>	<b>6,832,519,239</b>	<b>8,580,538,712</b>	<b>8,862,869,826</b>	<b>10,092,330,623</b>
1,025,881,243	971,932,383	1,163,307,511	1,585,329,388	1,638,501,705	1,874,354,373
<u>3,115,594,961</u>	<u>2,944,926,273</u>	<u>3,373,592,920</u>	<u>4,246,564,845</u>	<u>4,295,786,207</u>	<u>4,857,951,333</u>
<u>4,141,476,204</u>	<u>3,916,858,656</u>	<u>4,536,900,431</u>	<u>5,831,894,233</u>	<u>5,934,287,912</u>	<u>6,732,305,706</u>
<b>2,318,539,548</b>	<b>2,162,991,493</b>	<b>2,295,618,808</b>	<b>2,748,644,479</b>	<b>2,928,581,914</b>	<b>3,360,024,917</b>
<u>136,114,584</u>	<u>191,205,560</u>	<u>257,996,742</u>	<u>340,680,571</u>	<u>212,424,233</u>	<u>178,866,138</u>
<u>2,454,654,132</u>	<u>2,354,197,053</u>	<u>2,553,615,550</u>	<u>3,089,325,050</u>	<u>3,141,006,147</u>	<u>3,538,891,055</u>
<u>1,052,703,195</u>	<u>1,095,113,324</u>	<u>1,184,190,534</u>	<u>1,251,296,219</u>	<u>1,186,623,778</u>	<u>1,290,934,224</u>
<u><b>1,401,950,937</b></u>	<u><b>1,259,083,729</b></u>	<u><b>1,369,425,016</b></u>	<u><b>1,838,028,831</b></u>	<u><b>1,954,382,369</b></u>	<u><b>2,247,956,831</b></u>
845,908,023	767,590,790	898,282,571	1,136,298,465	1,173,460,051	1,345,046,907
466,703,676	420,814,224	428,100,646	656,217,994	733,284,428	693,805,894
-	-	-	-	16,000,000	-
<u>1,312,611,699</u>	<u>1,188,405,014</u>	<u>1,326,383,217</u>	<u>1,792,516,459</u>	<u>1,922,744,479*</u>	<u>2,038,852,801</u>
89,339,238	70,678,715	43,041,800	45,512,372	31,637,890	209,104,030
31,024,922	-	-	-	-	-
<u><b>58,314,316</b></u>	<u><b>70,678,715</b></u>	<u><b>43,041,800</b></u>	<u><b>45,512,372</b></u>	<u><b>31,637,890</b></u>	<u><b>209,104,030</b></u>
20.32%	19.55%	19.41%	20.89%	21.69%	20.20%
93.63%	94.39%	96.86%	97.52%	98.38%	90.70%
0.90%	1.16%	0.63%	0.53%	0.36%	2.07%
16.30%	18.01%	17.33%	14.58%	13.39%	12.79%
4.75%	(.5.88)%	12.37%	25.58%	3.29%	13.87%

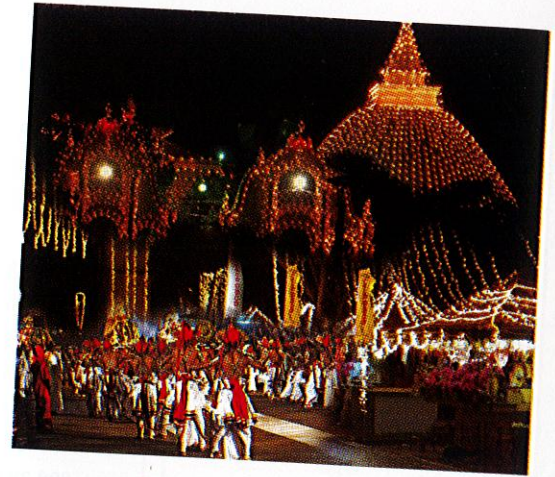


## Corporate Social Responsibility events

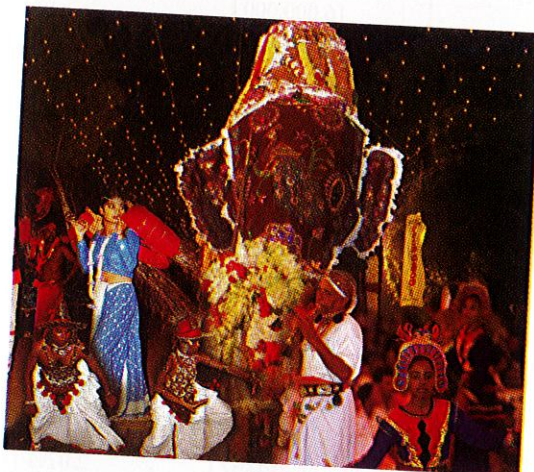
Giving Financial assistance to Arts,Cultural, Sports and Development activities



Kandy Perahara



Kelani Perahara



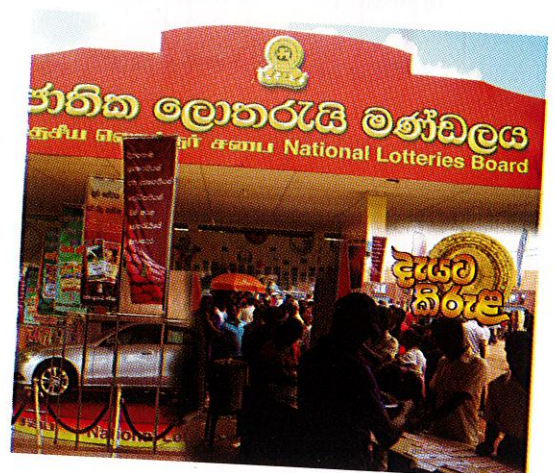
Katharagama Perahara



"Sumathi" Tele Sammana - 2011



Carlton Super Cross - 2011



Dayata Kirula - 2011





Press Conference  
Sasakawa Hall - Kollupitiya



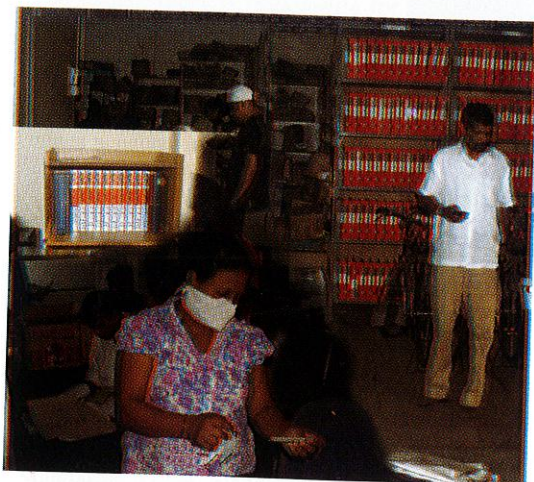
Districts Agent Conference  
Sea view Hotel -Kollupitiya



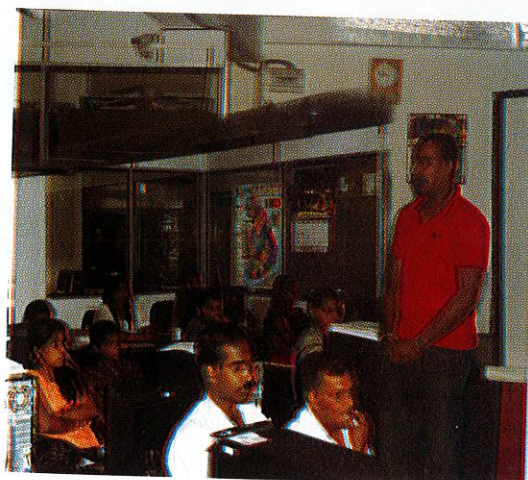
Offering Cheques for Winners of Vasana  
Sampatha Special Draw(Bangkok Tour)



Staff Motivation Programme -  
Galadari Hotel



Continuing 5S System



Work Shop for agents.





The moment of awarding the highest ever Super Prize (61.3mn) in history of lottery business by His Excellency the president Mahinda Rajapaksha.



Prize giving at Sasakawa Hall for the Super Prize winners.



## REPORT OF THE AUDITOR GENERAL

EF/A/NLB/11

The Chairman,

National Lotteries Board

19 June 2012

audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

### **Report of the Auditor General on the Financial Statements of the National 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 National 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 11(b) of the Finance Act, No.11 of 1963. 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

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 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 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 National 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 Accounting Deficiencies

The following observations are made.

(a) Even though 3,474,920 Lottery Tickets valued at Rs.1,820,507 scheduled for future draws had been handed over to the stores as at 31 December of the year under review by the suppliers, the liability to be paid to the suppliers as well as the cost of stocks had been understated in the accounts.

(b) The Board had spent sum of Rs.376,528,826 and Rs.293,504,383 on printing of lottery tickets in the year under review and the preceding year respectively. Even though such expenditure should be disclosed in the amounts as direct expenses those had been inappropriately disclosed as other expenses.

### 2.2.3 Lack of Evidence for Audit

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

Item	Value Rs.	Evidence not made available
(a) Improvements to Circuit Bungalows	7,403,596	Approval of the Ministry of Finance
(b) Jewellery purchased for awarding gifts	2,266,430	i. Report on the weight of gold content ii. Stock Verification Reports issued by a recognized institution

### 2.2.2 Accounts Receivable and Payable

The following observations are made.

(a) The loan amounting to Rs.89,601,618 given to the Building Materials Corporation by the Sevana Lottery affiliated to the National Lotteries Board and the interest amounting to Rs.96,075,562 receivable thereon had not been recovered even up to 31 December of the year under review.

(b) A sum of Rs.1,405,968 receivable by the Board from the year 1996 from the agents of the Sevana Lottery had not been recovered even by 31 December of the year under review.

(c) The service charge amounting to Rs.1,314,430 payable from the year 2003 to the District Agents continued to be carried forward as retentions without taking steps to settle the amount.



## 2.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

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

Reference to Laws, Rules, Regulations, etc.,	Non-compliance
(a) Section 20 of the Finance Act, No.11 of 1963 as amended by the Finance Act, No. 35 of 1997	The allocation of funds and structure of prizes in accordance with the draft rules forwarded to the Legal Draftsman on 22 August 2008 had not been prepared and published in the Gazette even up to the date of this report.
(b) Section 6(2)(a) of the Payment of Gratuity Act, No. 12 of 1983	According to the payment of Gratuity Act, the provision for officers should be made at 1/2 of the last drawn salary. Contrary to that, provision of Rs.65,695,595 had been made at the rate of one month's salary without formal approved. Accordingly a sum of Rs.12,126,300 had been paid to officers who retired in the year under review.
(c) Financial Regulation of the Democratic Socialist Republic of Sri Lanka	
i. Third Schedule of Appendix II to Financial Regulation 502	The Board had not maintained a Register of Fixed Assets for fixed assets with book value amounting to Rs.388,203,362. The verified assets had not been adjusted to the balance of the fixed assets. As such the losses arising from the lost or misplaced assets had not been disclosed in a financial statements.
ii. Financial Regulation 685 and National Procurement Agency Circular No. 08 of 25 January 2006	The Board had spent 29 per cent of the total operating expenditure on the printing of Lottery Tickets and out of that 20.7 per cent had been spent on printing works executed through private institutions. The Procurement procedure had not been followed for this expenditure. As such a sum of Rs.267,387,445 out of the printing expenses of the year under review had been done without calling for bids.
(d) Public Enterprises Circular No. PED/12 of 02 June 2003	
Chapter 09 Section 7	(i) The salary of Rs.25,640 relating to 3 officers recruited for the posts of Assistant General Manager, Sales, Distribution and Agency Manager had been increased to Rs.45,000 with effect from 03 January 2011 by a decision of the Board of Directors taken at the



(e) Government Procurement Guidelines -  
Section 5.4.4

(f) National Budget Circular No.142 dated 31  
December 2008 of the Ministry of Finance  
and Planning

(g) Management Services Circular No. 34(1)  
of 01 June 2009

meeting held on 20 June 2011. But the Treasury approval  
for that had not been obtained.

(ii) The approval of the Treasury had not been obtained  
for the transport allowances of Rs.7,771,220 paid to the  
staff.

Even though the maximum mobilization advance  
payable for works and services is only 20 per cent of the  
contract value, advances amounting to Rs.39,939,818  
ranging from 50 per cent to 75 per cent had been paid to  
contractors.

Even though the festival advance payable to the employ-  
ees of Corporations and Board is Rs.5,000 a sum of  
Rs.3,220,095 had been overpaid as one month's salary  
had been paid as the festival advance. .

Contrary to the rates of combined allowance recom-  
mended for the employees of Corporations and Boards  
combined allowances amounting to Rs.8,311,843 had  
been paid at various rates approved on the decisions of  
the Board of Directors.

### **3. Financial Review**

#### **3.1 Financial Result**

According to the financial statement presented, the  
financial result of the Board for the year under review  
amounted to a surplus of Rs.209 million as compared  
with the corresponding surplus of Rs.32 million for  
the preceding year, thus indicating an improvement  
of Rs.177 million or 553.12 per cent in the financial  
result for the year under review.



An analysis of the increase in the financial result is given below.

### Variance

	Favorable Rs.Millions	Adverse Rs.Millions	Rs.Millions
<b>Income</b>			
Lottery Sales Income	1,229	-	
Other Income	-	33	
	1,229	33	1,196
<b>Expenditure</b>			
Agents Commission	-	235	
Contribution to the Consolidated Fund	-	172	
Award of Prizes	-	562	
Administrative Expenditure	-	10	
Distribution Expenditure	-	04	
Finance Expenditure	04	-	
Other Expenditure	-	95	
Value Added Tax	-	49	
Nation Building Tax	44	-	
Income Tax	44	-	
Special Grant to the Treasury	16	-	
	108	1,127	1,019
			177

## 4. Operating Review

### 4.1 Operating Inefficiencies

The following observations are made.

(a) An agreement had been entered into for the constructions of a circuit bungalow for the Board at a cost of Rs.50 million in the Murunkan area in Mannar. According to the agreement the work was to be commenced on 05 May 2011 and completed in 180 days, that is, 05 November 2011. Nevertheless, the construction work had not been completed even by 31 March 2012.

(b) The Board had maintained a circuit bungalow in a building in the Anuradhapura area obtained on lease basis for the period 1986 to 2016. The modernization of the building at a cost of Rs.7,403,596 had been entrusted on 01 November 2011 to a private company and the construction work had not been completed by the

agreed date. Even though a sum of Rs. 505,253 had been paid to the institution appointed to supervise the construction, the information on the supervision exercised by the institution had not been made available to audit. Nevertheless, economically appropriateness of carrying out such repairs with only 04 years of the lease period remaining raised a questionable issue in audit.

(c) Even though a land belonging to the Janatha Estates Development Board had been purchased for a sum of Rs.300 million on 21 July 2010 for the construction of a building for the Board and a provision of Rs.619 million had been made for the construction of the building, the work had not been commenced even up to the end of the year under review. Lease rent amounting to Rs.13.58 million had been paid to an external party for the building procured on lease basis for the conduct of business activities.



(d) Expenditure amounting to Rs.4,000,000 had been incurred under the Sales Promotion Head without any prior planning.

## 4.2 Idle and Underutilized Assets

The following observations are made.

(a) Gold Sovereigns with a total value of Rs.678,451 comprising 16 Gold Sovereigns costing Rs.8,668 each, 2 Gold Sovereigns costing Rs.4,860 each and 57 Gold Sovereigns costing Rs.9,299 each purchased from the year 1996 for award as lottery prizes remained in the stores up to 31 December of the year under review without being used for the award of prizes. The current value of those Gold jewellery amounted to Rs.1,185,000.

(b) Five motorcycles and 02 three wheelers valued at Rs.1,104,536 purchased in the year 2009 for distribution as prizes had not been distributed even up to the end of the year under review. Those vehicles had been parked unprotected in the motor vehicle park of the Board.

(c) The brass lamps, bicycles, television sets, sewing machines, tea sets, T-shirts and umbrellas with a total value of Rs.536,470 purchased for publicity work of the Sevana Lottery had been kept unprotected in the stores. Those stocks had not been used for distribution as prizes or for any other purposes.

## 4.3 Identified Losses

The following observations are made.

(a) A clearing surcharge of Rs.357,291 had to be paid due to the failure to clear a stock of instant lottery tickets imported by the Board from an Indian Company within 07 days of arrival in the port.

(b) The Board had incurred a loss of Rs.67,914 as 6,700 Sevana instant lottery tickets and 32,900 Samurdhi instant lottery tickets had been destroyed by water in the year under review.

(c) The Board had incurred fruitless expenditure of Rs.47,101,200 as cess and Rs.27,703,677 as import duty in the year under review alone due to the failure to take action for printing of lottery tickets through the local suppliers in terms of the Cabinet Memorandum No. MF/2/2/DLB/TEND/02 of 17 December 2008.

(d) The Board had been deprived of the investment of Rs.5,000,000 invested in the Pramuka Bank and the interests due thereon. Provision for doubtful debtors in a sum equivalent to that investment had been made in the accounts for the year under review.

## 4.4 Human Resources Management

Even though the approved cadre had been 281, the Board had deployed a staff of 304. The position of the approved and the actual cadre of the Board and the vacancies and excess as at 31 December 2011 are given in the following table.

Category of Employees	Approved Cadre	Actual Cadre	Vacancies	Excesses
Executive Grades	25	24	01	-
Non-Executive Grades	256	242	14	-
Contract Basis	-	38	-	38
Total	281	304	15	38



## **5. Accountability and Good Governance**

### **5.1 Budgetary Control**

Significant variances were observed between the budgeted and the actual amounts thus indicating that the budget had not been made use of as an effective instrument of 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 respect of the following areas of control.

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



H.A.S. Samaraweera  
Auditor General

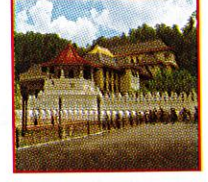
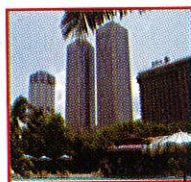


Island wide Agency Network is

**2513** and nearly

15,000 people are engaged  
in lottery business.

During the year 2011 **Rs.1,874.3 mn**  
which is 18.5% of the turnover was  
distributed as agency commission.



EVERYONE'S A **WINNER**



