

Chairman's Foreword



This is my first year as the Chairman for Bhutan Lottery Limited and I am pleased to present the *Annual Report 2021* with great pleasure and satisfaction.

At the outset, I would like to take this opportunity to convey my appreciation to the outgoing Chairman for his continuous support and tremendous efforts in bringing Bhutan Lottery Limited (BLL) to this level. Bhutan Lottery Limited, established six years ago has an impressive track record of providing fun and entertainment to public while providing employment opportunities and generating revenue for the government.

I am excited to be part of the team to serve the organization in providing dedicated service to the King, Country and People of Bhutan. Bhutan Lottery Limited during the past six years expanded its business through new initiatives and innovations. BLL's expansion has evolved from the traditional paper lotteries to e-lottery games based on the market demand and player's taste. BLL continues with the sale of its existing products through online sales channels to cater to the different market segments. These tremendous reforms in doing business are evident during 2021, when BLL withstood the harsh impacts from the COVID-19 pandemic and remained resilient.

All of the above concerted efforts in its mission of giving various entertainment option and alternatives to its players were targeted towards achieving its mandates responsibly.

Year 2021 has been a fulfilling year for BLL despite the pandemic and the Company demonstrated exceptional performance in negating the impact from the pandemic whilst ensuring financial sustainability in achieving the targets as per their Compact for the year.

The annual report 2021 contains activities of BLL's past one year's operations. A particular highlight is on the financial performance that the BLL has exhibited during the year (2021). Given its market concentration in the domestic economy coupled with the limits posed by the pandemic, BLL has sustained sufficiently and managed consistency in terms of its financial performance exemplifying strength and resilience by the company. As a result, BLL generated Nu. 132.87million profits before tax in 2021.

BLL continues its noble program toward waste management where BLL buys all the used lotteries, pay those collectors of waste lotteries and provide it free of cost to YDF for recycling into egg trays fulfilling the organization's effort toward achieving its long-term vision of responsible gaming and upholding corporate social responsibilities

I also take this opportunity to convey our appreciation on behalf of the entire board members to BLL's management and all the employees for their outstanding achievement in the year 2021 and carrying forth the organization's vision of becoming a responsible gaming organization and enduring commitment in serving the Royal Government of Bhutan and the public throughout their service with Bhutan Lottery Limited.


(KESANG DEKI)

CHAIRMAN, BHUTAN LOTTERY LIMITED.

Chairman

Bhutan Lottery Limited, Phuntsholing, (PABX)05-253089/(CEO)05-253090 (AFD)05-253087
(Market)05-253088 Website: www.blil.bt E-mail: info@blil.bt |

"Changing People's lives".

Our Motto

Phenphay R. Drukpa
CEO



Message from the Chief Executive Officer

I would like to begin this report by offering my heartfelt welcome to new chairman of our board, Dasho Kezang Deki, Secretary, Ministry of Finance and I am very confident that with her wise guidance and support Bhutan Lottery Limited (BLL) will go a long way achieving its targets. I would also like to take this opportunity to thank our outgoing chairman who has guided and supported BLL during his tenure of 5 years. It is his support and initiatives that brought Bhutan Lottery to this level.

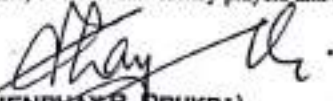
Year 2021 was a busy year for Bhutan Lottery limited (BLL) with the introduction of online lottery, a transition from its traditional paper lottery operation to online lottery. Although the preparation started in 2020, the actual development of software and final preparation of the terminal sales outlets were completed in the first quarter of 2021.

Amid lockdowns and protocol restrictions in 2021 due to pandemic, BLL managed to start the sale of online lottery on 14th May 2021. This day was the turning point for BLL in 2021, as the sales for paper lotteries including scratch cards were badly affected and sliding down due to pandemic but the sales in our online lotteries started increasing day by day. Within few months of the introduction of the online lottery, BLL was able to meet its annual target.

Last six years, BLL has worked responsibly in achieving its mandates, changing people's lives and maximizing revenue generations for the government. With the introduction of new innovative products, BLL was able to provide quality entertainment options to our players in the market. BLL provides transparent and fair schemes for every game with protection to buyers through enhanced security features on the games to gain trust of our players to ultimately achieve its vision of becoming a responsible gaming organization. I am proud to mention that in the year 2021 our Lottery winners have collected over Nu. 497 m, in prizes reflecting our efforts towards changing people's fortune.

BLL generated Nu. 93.2 million as profit after tax for year 2021, which is over six times of the previous year's profit without unduly influencing our players through incorporation of social measures in the system and dissemination of clear and accurate information of our products and services. BLL is also able to achieve its mandate of generating employment opportunities through appointment of agents, sub-agents and sellers throughout 20 dzongkhags.

Finally I would like mention that our success would not be possible without the guidance of our board of directors, support from hardworking and dedicated employees, retail partners and valued players and therefore, I take this opportunity to offer my sincere *Kadrinchey* to my board directors, regional sales agents, our valuable lottery players and my hard working BLL team. Thank You.


(PHENPHAY R. DRUKPA)
CEO, BHUTAN LOTTERY LIMITED

Bhutan Lottery Limited, Phuntsholing, (PABX)05-253089 (CEO)05-253090 (AFD)05-253087
(Marketing)05-253088 Website: www.bl.bt E-mail: info@bl.bt |
PHUENTSHOLING : BHUTAN

Bhutan Lottery Limited

Directors Report For the Year Ended 31 December 2021

To the Shareholders,

On behalf of the board of directors of Bhutan Lottery Limited and on my own behalf, I am pleased to report on the status and the financial performance of the company for the financial year 2021.

VISION, MISSION & CORE VALUES

Vision:

"Be a responsible gaming organization"

Mission:

"To provide quality entertainment options through promotion of innovative games with wide range of attractive prizes while generating revenue in an ethical manner"

Core Values:

- **Integrity and Responsibility** — Bhutan Lottery Limited works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings and operational facilities. We value and require ethical behavior by our employees, licensees and vendors.
- **Innovation** — Bhutan lottery limited strives to incorporate innovation into our products to provide the citizens of Bhutan with the best entertainment experience available through our products.
- **Financial Responsibility** — We recognize our responsibility in generating revenue for the Government of Bhutan without unduly influencing players to participate in our games.
- **Customer Awareness** — Bhutan Lottery Limited takes pride in providing exemplary service to the people of Bhutan through the courteous dissemination of clear and accurate information about our products, services and regulatory functions.
- **Teamwork** — We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.
- **Quality** — We strive for excellence by taking a position of leadership on issues that impact the organization and achieve challenging goals by focusing on our core values.

Operating Result

The year 2021 was also a challenging and a difficult year for most of the companies in the world due to the pandemic. Similarly, the sale of products like Phuensum mid Dharim (PMD) and scratch cards for BLL requiring open outlets for sale were also hampered. While BLL suffered reduction in the sale of these products compared to pre-covid years, BLL worked hard to explore alternative ways of distribution and sales of these existing products and also provided alternative products.

In order to make up for the loss of sales in some products and to cater to the changing demands of the players BLL introduced new innovative online lottery with three different online games in the market in May 2021. This step came out as a very successful solution to mitigate the impact of lockdowns and protocol restrictions due to COVID -19. Of the 3 games two were fully online starting from the purchase till the payout for the winners. The sales performance of online lottery was beyond the company's initial expectation and the company generated operating profit before tax of **Nu.132.98m** and a profit after tax of **Nu.93.74m**.

Despite, many challenges to the business operation of the company due to pandemic, year 2021 can be regarded as a very successful business year for BLL as the total revenue generated for the year 2021 is Nu.696.33m which is more than four folds increase compared to the revenue generated in 2020, while most of the organizations are facing difficulty in even maintaining break even in their business due to the pandemic which hit the economy of the whole world badly.

Equity:

BLL received a total equity of Nu. 60 million as of 31st December 2021 against the total approved Government's equity of Nu. 100million.

Winning Tax Paid:

Following the notification from the RGOB vide letter No.DRC/TAX-M&E/NOT-01/2020/2242 dated 14th May, 2020, 20% tax on all the winnings of Nu.5000/- and above introduced in 2020, BLL collected and paid a total of **Nu.13.77** million as winning tax to the government in the Year 2021. BLL continued to mitigate the impact on sales from the tax on winnings by timely adjusting the scheme and managed to increase the level of sales of the different products.

Besides the winning tax, BLL will also be paying Nu. 39.200m as corporate income tax for the year 2021.

Review of Operations

A review of the company's operations and results during the financial year are as follows:

The Royal Government of Bhutan established Bhutan Lottery Limited (BLL) as a State-Owned Enterprise under the Ministry of Finance with two main objectives

1. To generate revenue
2. To generate employment opportunities

A multi-sectoral board of directors chaired by the Finance Secretary with senior representatives from the Ministry of Foreign Affairs, Home and Cultural Affairs and Economic Affairs has been formed. The Chief Executive Officer of BLL also represents the board as one of the members.

Principal Activities

The major activities of the company during the financial year were:

The Company introduced the e-lottery games in the second quarter of the year to cater to the changing demand of the players and to mitigate the impact of Covid-19 pandemic on the sale of lottery tickets being sold in the counters due to repeated lockdowns. The Company shifted its focus on its products and services from the traditional lottery sale to the online games which was a major milestone achievement for BLL in 2021.

The company continued to strictly follow the standard operating procedures (SoP) issued by the Southern Covid Task Force and tried to work from home using remote facilities during the nationwide lock downs to provide continuous services to our agents and players. All the services like winning payouts, settlement of dues related to online lotteries were provided virtually and online.

Despite of all the challenges, BLL managed to get the existing products distributed and sold through remote platforms to keep our players entertained along with the e-lottery platforms opened for different market segments and managed very well even during lockdown.

Human Resource

Organizational structure of BLL:

The Executive Department, under the direction of the Chief Executive Officer, provides leadership for all activities of the Lottery to carry out its objectives and overall statutory mission to maximize net revenues for the Lottery's beneficiaries.

The Administration & Finance department, under the direction of the Sr. AFD Manager, performs all the activities associated with the financial and accounting functions of the Lottery. Besides the normal financial and administrative functions, AFD also manages the human resource development through the human resource committee under the direct supervision of the CEO. The AFD also manages the ACC requirements for Asset Declaration and Organizational Integrity Plan (OIP) which is being reviewed by ACC on timely basis.

The Marketing department, under the direction of the Marketing Manager, is responsible for implementing, managing and administering the activities associated with marketing the Lottery and its products, including advertising, television drawings, promotions and special events. The marketing department also manages the draw procedures and supervises Draw officer.

Marketing Department develops schemes and designs through the scheme development committee prior to approval from the management.

The Information Technology department, under the direction of the IT Manager oversees all the activities associated with the systems and data processing functions of the Lottery, in addition, the management of the lottery's network is overseen by the IT Department. The IT Department also oversees the management of software for e-lottery games by working closely with the software developing firm. Any work related to e-lottery games are managed by IT Department through the e-lottery Core Team by working closely with the software developer.

The Legal Officer/Company Secretary, under the direction of the CEO is responsible for developing the Lottery Act, rules and regulations for the operation of lottery and ensures all Legal affairs of the organization is well understood and adequately managed.

The Internal Auditor under the direct supervision of the CEO is responsible for timely (quarterly) Auditing of the different fields like financial, operations and supervisory level on timely basis and Addressing any sort of issues at an initial stage to prevent major lapses.

After the introduction of online lottery, BLL strengthened all its divisions with additional manpower to meet the additional work load due to online lottery sales. One Finance officer added to AFD, 5 sales executives and a marketing assistant to Marketing Division and Customer care executive to IT division in 2021.

Regional Sales Agent

BLL had a total of 10 Dzongkhag Lottery agents appointed through an open selection process in 2018 for a term of 3 years to sell lottery products on commission basis. However, during the course of the year some agents failed to abide by the agreement terms and were terminated. Today we have 7 agents and five Sales Executives (SE) appointed on contract basis by BLL who are responsible for the sale of lottery tickets in the Dzongkhags not covered by agents.

The agents were licensed to sell lottery tickets on behalf of BLL and some agents covered more than one Dzongkhags due to non-availability of applicants from the rest of the dzongkhags. The Sales Executives are Class XII pass youths who were unemployed during the time of selection.

There are more than 150 sub sellers working under the Dzongkhag Lottery Agents on commission basis.

The Sales Agents and Sales Executives are catering to the Dzongkhags as follows:

Slno	Agents	Dzongkhags covered
Agent 1	Bhutan Smart Lottery	Thimphu
Agent 2	Kelden Enterprise	Chhukha
Agent 3	Kuenjung Lottery	Zhemgang
Agent 4	Bhutan Lottery Agent	Samdrupjongkhar&P/ Gatsel
Agent 5	Indo General Lottery	Paro and Haa
Agent 6	Menjong Lottery	Sarpang
Agent 7	TashiWangchukTshongkhang	Mongar, Lhuntse, T/Gang and T/Yantse
SE 1	Punakha	Punakha
SE 2	Wangdue	Wangdue
SE 3	Trongsa	Trongsa
SE 4	Bumthang	Bumthang
SE 5	Samtse	Samtse

Some of the Dzongkhags are without agents due to termination of previous Agents and BLL was not able to appoint new agents due to the continuous lockdowns in Phuntsholing and other regions amid covid-19 pandemic. However, BLL managed to sell the tickets online to facilitate the players in the Dzongkhags without Agents or sales executives.

Appointment of Printer

BLL extended the contract period with the printing firm Kuensel Corporation Limited, Thimphu, Bhutan for printing of paper lottery tickets for a period of one year since open tender was hampered due to continuous lockdown in Phuentsholing. However, the printing firm for printing scratch card tickets, Secure Print Solutions, Kolkata, India withdrew their contract with BLL after completion of their term as they were not able to fulfill the print orders since they were hit hard by the covid-19 Pandemic followed by some flood in Kolkata.

Therefore, BLL managed to appoint another printing firm called KLHI-Tech from Hyderabad, India recommended by the previous printing firm at the same quoted rate to avoid wastage of time and resources for timely printing of tickets amid covid-19 pandemic where selection of printing firms through open tender was not possible due to the continuous lockdowns in Phuentsholing in 2021. Moreover, the printing price quoted by the previous printing firm was the lowest quoted in 2019 prior to the covid-19 pandemic and BLL could negotiate the same price with the new printer which will not be possible even if open tender happened because of the cost escalation during the pandemic.

Products:

The following are the products of BLL and the year of launch for individual products.

PhuensumDharim- 2016

Thuensum Scratch Games- 2017

PhuensumMidDharim- 2018

Thuensum Quick Cash – 2018

Thuensum Scratch (New Game)- 2019

E-lottery Games – 2021

- Lotto Jackpot 5/36
- Thuensum Crosswords
- Bingo Games

In the fiscal year 2021, BLL witnessed drastic increase in the sales figure by 555.5million and a drastic increase in the profit after tax by Nu.79.70 million compared to the fiscal year 2020.The increase in sale and profit was mainly because of the introduction of e-lottery games during nationwide lockdowns as most of the physical sale of tickets were affected. BLL's goal of exploring profitable alternative lottery products to curb the impact of such pandemic and to meet the taste of those customers who prefer instant & convenient entertainment product was achieved by the second quarter of the year 2021 with the introduction of online lottery with 3 different but interesting games.

During the year 2021, Bhutan Lottery Limited paid over Nu. 497.42 million to its players as lottery prizes achieving its aim of changing peoples' lives.

Key achievements of the company during the fiscal year were:

- Introduction of e-lottery games by kicking off with three different products.
- Continued to generate revenue, despite the Covid-19 pandemic, BLL has been able to make a profit after tax of Nu. 93.73 m.
- Employment generation as regular employees, Sales Executives, Dzongkhag lottery agents, Sub agents and sellers across the country.
- Corporate Social responsibility in the form of buy back of expired/used tickets spending huge amount of money every year since 2017. The impact of this CSR on the environment is directly visible as no used BLL lottery tickets can be seen littered.
- Continuous up gradation of in-house lottery management system without hiring any expertise. The Lottery Management System has been upgraded incorporating all the current requirements to enhance the accuracy of the information which in turn protects the buyers and reduces agent's work.
- Development of e-lottery software and e-lottery games.

Key Financial Figures:

Particulars	Figures in million	
	2020	2021
Revenue	146.93	702.34
PBT	20.13	132.97
Income Tax	6.08	39.27
PAT	14.04	93.69
Dividend	6.00	80.00

Ratio Analysis

S.No.	Ratios	Basis	2021	2020
1	Earnings per share	(Profit After Tax/ No. of shares issued)	156.17	23.41
2	Net Profit Ratio (%)	(Net Profit/ Turnover * 100)	13.46	9.98
3	Return on Assets (%)	(Net Profit/ Total Assets *100)	35.27	10.88
4	Return on Equity (%)	(Net Profit/ Owner's Equity *100)	156.23	23.40
5	Current Ratio	Current Asset/ Current Liability	4.06	8.15

Corporate Social responsibility undertaken and their impacts:

Bhutan lottery limited has been buying back used and expired lottery tickets from the public at Nu.25/- for 100 tickets since 2017. All the buybacks are given away free of cost to Youth Development Fund for recycling into egg trays which are sold to generate revenue for their organization. Every year the budget for buybacks increases according to the quantity of tickets printed. In 2021 the buyback of tickets is less compared to the previous years due to covid-19 pandemic and lockdowns in most of the regions in the country. However, BLL expects more buyback of tickets once the lockdowns are eased as the transportation of tickets from other Dzongkhags to Phuentsholing was hampered in 2021.

The impact of buyback is that there is no waste and garbage seen anywhere like other paper waste since every single ticket is collected by the people and sold back to BLL.No issues on waste from lottery tickets with any Thromdey and Municipality offices since the start till date.

During the fiscal year, BLL paid over Nu. 0.72 million as CSR for buying back their expired lotteries from the market to keep the country free of waste from used lottery tickets.

Challenges, risk and audit observations

Challenges:

1. Slow internet in Bhutan which slows down the e-lottery games.
2. Smooth running of payment gateways due to limited choices and options in the country to integrate with e-lottery game software.
3. Competition from illegal lotteries penetrating domestic market through online forums like WeChat, WhatsApp, Facebook and Messenger.
4. Limited Market (only domestic market).
5. Collecting unsold physical tickets from sub agents in the remote corners of the country is one of the challenges BLL faces.
6. Lottery scams such as fake websites impersonating as Bhutan Lottery Limited. The major risk is the fear of such fake sites bringing down the goodwill and the image of BLL.
7. Inconvenience faced in many different ways due to covid-19 pandemic in the year 2021.

Significant Audit Observations:

There are no significant audit observations from any of the audits done so far.

After Balance Date Events

No matters of circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of BLL, the results of those operations, or the state of affairs of the company in the future financial years. The provision for bad and doubtful debts from 2020 will be adjusted back as the debt recovered in full from the agent.

Way Forward (Investments and business plans for the next three years):

BLL intends to establish lottery sales outlets in the empty Dzongkhags where there are no agents for e-lottery (terminal based) and generate employment opportunities for the youth

Bhutan lottery Limited, Jordan Lam, Phuentsholing. (PABX)05-253089/(CEO)05-253090 (AFD)05-253087 (Marketing)05-253091 (ICT)05-253088 Website: www.bll.bt E-mail: info@bll.bt |

who are enthusiastic to be our sales executives in those sales outlets.

By mid2022, BLL intends to adopt the best sales modalities for sale of tickets in all the 20 Dzongkhags by keeping in view the previous year's experiences to increase its market base.

By end of 2022, BLL will have the existing e-lottery games stabilized in the domestic markets and will be preparing for expanding into the regional markets to meet its goal of increasing the market base.

BLL will be working on increasing the player third country using the existing payment gateways. By end of 2022 BLL will be entering into the regional markets and international markets to generate foreign currency.

BLL will be continuing with the existing products of Paper lottery, scratch card games and special bumpers.

BLL will be developing additional lottery schemes to meet the changing taste of buyers and will continue with the constant increase in the revenue and employment generation.

Incorporate new technologies in the lottery management system and BLL will be having our own data stored in the office building with extra security features in place.

Continue being a responsible gaming organization.

However, the expected results of those operations in future financial years have not been included in this report.

Board of Directors and Employee details:

Bhutan Lottery Limited was initially governed by a five-member Board of Directors, appointed by the Government. However, after the resignation of DashoKesangWangdi, the board has only four board members.

The current board directors are:

Sl.No	Name	Designation	Address
1.	KezangDeki	Chairman	Finance Secretary, MoF, Thimphu.
2.	TashiPenjore	Board Director	Director, Law and Order, MoHCA, Thimphu
3.	Sonam Tenzin	Board Director	Director, DoT, MoEA, Thimphu.
4.	Phenphay R. Drukpa	CEO	Bhutan Lottery Limited.

The Directors meet once each quarter and more often as needed. At their meetings the Directors:

- adopt, amend, or repeal rules, policies and procedures necessary for the operation of the Lottery;
- approve, disapprove, and amend, or modify the original budget for the succeeding fiscal year and any revised budget during a fiscal year;

- review and discuss current financial information and the Lottery's performance to the approved budget for the fiscal year;
- approve or disapprove all procurements and the resulting award of contracts;
- approve the financial audit contract after (or pending) and hold an audit exit conference;
- listen to and discuss Lottery updates on sales, issues, etc.;
- review, discuss, and accept internal audit reports; and
- Discuss, and when necessary, approve or disapprove other matters that should properly come before the Directors in their fiduciary duty for the efficient and effective operation, profitability, integrity, and security of the Lottery.

Number of employees bifurcated into top management and regular employees along with employees on contract the 5 sales executives appointed in February 2021.

Name	Designation
Phenphay R Drukpa	Chief Executive Officer
LekiWangmo Saran Gurang Gayley Dorji	AFD Manager IT Manager Marketing Manager
Rakesh Pradhan YesheyChoden Karma Choden KelzangNorbu KinzangDorji Sher BdrMongar	Internal Auditor Legal Officer Finance Officer Public relations Officer IT officer Asst. Finance Officer
Tshewang Yuden SherabGyeltshe KuenzangTshomo MelamZangmo Sonam Choki Karma Cheki	Personal Assistant to CEO Adm Assistant Office Assistant Finance Assistant Marketing Assistant Customer Care Executive
DamchoTenzin	Driver
Thou	Caretaker

Sales Executives on contract:

1	Tshering Phuntsho	Trongsa outlet
2	Tashi Dolma	Punakha outlet
3	KezangPelden	Samtse outlet
4	Meto Choden	Wangdi outlet
5	Yangri Dema	Bumthang outlet

Conclusion

Although 2021 was a challenging year for BLL due to the impact of pandemic on the sales of its paper lottery products, BLL achieved almost all its compact targets for 2021. The BLL was able to achieve 100% of its financial targets in the compact for 2021 while also working strongly towards achieving its long-term vision of responsible gaming organization.

The fiscal year 2021 was considered a very successful year for BLL despite of facing countless numbers of issues and problems due to Covid-19 pandemic as BLL could achieve a huge milestone in their financial performance generating 4 times the revenue of the previous year. Therefore, I would like to express my appreciation to the focal Ministry for their timely support and the management team of the company for their dedication and hard work to achieve the company's goals.


(Kezang Deki)
Chairman, Bhutan Lottery Limited

Chairman
Bhutan Lottery Limited
Phuentsholing : Bhutan



AUDIT REPORT ON THE FINANCIAL
STATEMENTS OF BHUTAN LOTTERY LIMITED,
PHUENTSHOLING

PERIOD: JANUARY 1, 2021 to DECEMBER 31, 2021

TITLE SHEET

Title	:	Audit Report on the financial statements of Bhutan Lottery Limited, Phuentsholing
AIN:		COAD-2022-126
Head of the Agency	:	Mr. Phenphay R Drukpa, Chief Executive Officer CID No. 10811001086
Finance Personnel	:	Ms. Karma Choden, Finance Officer CID No. 10903000168
Period Audited	:	Jan. 1, 2021 - Dec. 31, 2021
Schedule of Audit	:	Planning: 21 Feb, 2022 - 11 March, 2022 Actual: March 7 - April 7, 2022 Reporting:
Composition of Audit Team	:	<u>Team Leader:</u> Yeshi Jamtsho, Managing Partner CID No. 10711001985 <u>Team Members:</u> 1. Dawa Tamang, Deputy Chief Auditor CID No. 11303002896 2. Cheku Wangchuk, Sr. Audit Officer CID No. 10905005653 3. Jamyang Tshering, Audit Associate CID No. 11312003189
Supervising Officer	:	Yeshi Jamtsho, Managing Partner
Engagement Letter	:	Appointment letter dated Dec. 10, 2021
Focal Person	:	Yeshi Jamtsho Email: yeshi.jamtsho939@gmail.com Phone: 17606922
Date of Exit Conference	:	8 th April, 2022



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5	Ratio analysis
6	Compliance Calendar and Compliance Checklist
7	Management Report



INDEPENDENT AUDITORS REPORT



Dechok & Associates Private Limited
Auditing, Accounting and Tax Services
Thimphu: Bhutan

INDEPENDENT AUDITOR'S REPORT

To
The Shareholders of Bhutan Lottery Limited

Opinion

We have audited the financial statements of Bhutan Lottery Limited (the company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with the Bhutanese Accounting Standards for Small and Medium Enterprises (BAS for SMEs).

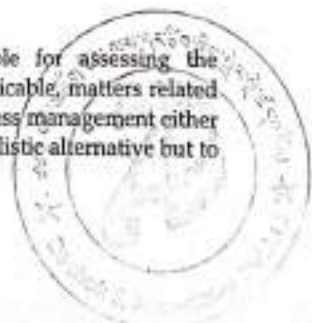
Basis for Opinion

We conducted our audit report in accordance with International Standards on Auditing (ISAs). Our Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with the Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BAS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

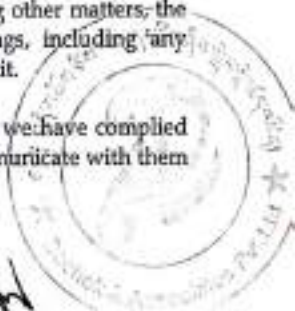
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them



all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 266 of the Companies Act of Bhutan 2016 (on the Minimum Audit Examination and Reporting Requirements) we enclose in the Annexure - A, a statement on the matters specified therein to the extent applicable.

As required by Section 265 of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- c) The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report have been prepared in accordance with Bhutanese Accounting Standards and are in agreement with the books of account.
- d) In our opinion, the Company has complied with all other legal and regulatory requirements to the extent applicable.

For Dechok & Associates Pvt. Ltd.

Yeshi Jamtsok

Membership No. 2641177

Place: Thimphu

Date: 15/04/2022



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**REPORT ON MINIMUM AUDIT EXAMINATION
REQUIREMENTS**

BHUTAN LOTTERY LIMITED

For the ended on 31st December 2021ANNEXURE REFERRED TO OUR REPORT OF EVEN DATE
MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

General:

- a) The Company adheres to the Corporate Governance Guidelines issued by the Ministry of Finance.
 - b) In our opinion those charged with governance and the management of the Company has pursued a prudent and sound financial management practice in managing the affairs of the Company as it revealed from our audit.
 - c) The financial statements of the Company are prepared to the extent applicable by applying the Bhutanese Accounting Standards for SMEs issued by the Accounting and Auditing Standards Board of Bhutan (AASBB).
 - d) The Company has maintained proper books of accounts and the financial statements for the year ended 31st December 2021 are in agreement with the underlying accounting records.
 - e) The Company has maintained the applicable registers as specified under Section 228 of the Companies Act of Bhutan 2016.
 - f) The Company has fulfilled its obligation social and otherwise as entrusted to it.
 - g) The Company has computed the amount of tax correctly and the same has been reflected in the financial statements
1. In our opinion and according to the information and explanations given to us, the Company has maintained proper records to show full particulars including quantitative details of its Fixed Assets. The Company's Management had conducted physical verification on fixed assets during the period and no material discrepancies were noticed on physical verification.
 2. In our opinion and according to the information and explanations given to us, none of the fixed assets were revalued during the period under consideration.
 3. In our opinion and according to the information and explanation given to us, Company does not have any inventory; accordingly the reporting requirements under this clause is not applicable to the company.
 4. In view of comments in Para 3 above this clause is not applicable.



6. In view of comments in Para 3 above this clause is not applicable.
7. In our opinion and according to the information and explanations given to us, Company has not taken any loan; accordingly the reporting requirements under this clause is not applicable to the company.
8. The Company has not granted any secured or unsecured loans to the companies, firms and other parties and to companies under the same management.
9. In view of comments in Para 8 above this clause is not applicable.
10. The advances to the officers/staffs of the Company are in keeping with the provisions of its service rules and no excessive/frequent advances have been granted and accumulation of large advance against particular individual is usually avoided.
11. In our opinion and according to the information and explanations given to us, Company has established a system of internal control to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well to ensure adherence to the rules/ regulations and systems and procedures. However, the same needs to be strengthened.
12. In our opinion and according to the information and explanations given to us, the system of comparative biddings has been introduced for the purchase of goods and services and including plant and machinery, equipment's and other assets.
13. A) In our opinion and according to the information and explanations given to us, the company has not entered into any contracts or arrangements for purchases and sale transaction of goods and services with the directors or any other parties related to the directors or with the company or firms in which the directors are directly or indirectly interested.

B) This clause is not applicable in view of comments in 13 (a) above.
14. In our opinion and according to the information and explanations given to us, Company falls under other service sector companies, therefore reporting requirements under this clause is not applicable to the company.
15. This clause is not applicable in view of comments in 14 above.
16. This clause is not applicable in view of comments in 14 above.
17. This clause is not applicable in view of comments in 14 above.
18. The company is generally regular in depositing rates and taxes, duties, royalties, provident fund and other statutory dues with the appropriate authority.
19. Statutory dues outstanding at the year end was Nu. 102,985.95



20. As per explanations and information given to us, it was found that no personal expenses have been charged to the Company's accounts except for expenses incurred in the ordinary course of business or under contractual obligations.
21. This clause is not applicable in view of comments in 14 above.
22. This clause is not applicable in view of comments in 14 above.
23. This clause is not applicable in view of comments in 14 above.
24. This clause is not applicable in view of comments in 14 above.
25. This clause is not applicable in view of comments in 14 above.
26. This clause is not applicable in view of comments in 14 above.
27. This clause is not applicable in view of comments in 14 above.
28. In our opinion and according to the information and explanations given to us, the system of screening commission agents for sale of lottery tickets is adequate and the agency commission structure is in keeping with the industrial norms. It is informed to us that the company has a system of evaluating performance of each agent on periodic basis.
29. In our opinion and according to the information and explanations given to us, there is a reasonable system for continuous follow up with the debtors and other parties for recovery of outstanding amounts. Age wise analysis of outstanding amount was carried out for management information and follow up action. However, the same needs to be strengthened.
30. The management of liquid resources particularly cash/ bank etc. needs to be more strengthened as despite of making fixed deposits during the year of its idle fund in interest bearing accounts, company still have constant excessive amount lying idle in non-interest bearing accounts which needs improvement. Further, the company has not taken any interest bearing loan during the period.
31. According to the information and explanation given to us, and on the basis of examination of books and records on test check basis, the activities carried out by the Company, in our opinion are lawful and intra-vires to the Articles of Association of the Company.
32. In our opinion and according to the information and explanations given to us, the activities/ investment decisions are made subject to prior approval of the Board and investment in new projects are made only after ascertaining the technical and economic feasibility of such new ventures.
33. At present, the company is following formal budgetary control system.
34. This clause is not applicable in view of comments in 14 above.



35. The details of remuneration paid to the Chief Executive Officer and other Directors has been disclosed in note no. 18 of the Notes on Accounts.
36. According to the information and explanations given to us, the directives of the Board have been generally complied with.
37. This clause is not applicable in view of comments in 14 above.

Computerized Accounting Environment

1. Company is in the initial stages of using Tally accounting software for financial accounting. The employees are required further training for maximum utilization of accounting software.
2. The company has adequate safeguard measures and back up facilities.
3. The company is keeping back up files at different and remote locations.
4. The operational controls are found adequate to ensure correctness and validity of input data and output information.
5. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally adequate.

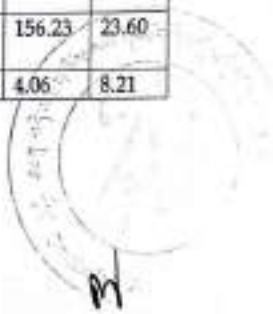
Going Concern

Based on the company's financial statement for the year ended on 31.12.2021 audited by us; we have no reason to believe the company is not a going concern. Accordingly, the financial statements have been prepared under the going concern basis.

RATIO ANALYSIS

Financial and operational ratio analysis in respect of the company is as follows:

Sl. No	Ratios	Basis	2021	2020
1	Earnings per share	(Profit after tax/ No. of shares issued)	156.17	23.61
2	Net profit ratio (%)	(Net profit/ Turnover * 100)	13.46	10.06
3	Return on Assets (%)	(Net profit/ Total Assets * 100)	35.27	10.97
4	Return on Equity (%)	(Net profit/ Owner's Equity * 100)	156.23	23.60
5	Current Ratio	Current Asset/ Current Liability	4.06	8.21



Compliance with the Companies Act of Bhutan, 2016

The company has complied with the provisions of the Companies Act of Bhutan, 2016 to the extent applicable as reported in the Minimum Audit Examination Requirements.

Adherence to Laws, Rules and Regulations

The Audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of audit is limited to the examination and review of the financial statement as produced to us by the management. In the course audit, we have considered the compliance of the provisions of the said Companies Act and its Articles of Incorporation and we are unable to state that the Company has been complying with applicable laws (other than the Companies Act), rules and regulations, system, procedures and practices.



FINANCIAL STATEMENTS

**BHUTAN LOTTERY LIMITED
PHUENTSHOLING**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Particulars	Notes	31-Dec-21	31-Dec-20
ASSETS			
Non-current Assets -			
Property, Plant and Equipment	2		64,94,782.00
Furniture and Fittings	2	4,04,382	
Plant & Electrical Equipment	2	11,93,761	
Data Processing Equipment	2	28,53,494	
Vehicle	2	42,48,241	
Intangible Assets	3	6,083	21,056
Total Non-current Assets		87,05,961	65,15,838
Current Assets -			
Trade and Other Receivables	4	2,31,96,377	2,30,66,240
Other Assets	5	9,52,60,599	6,88,10,960
Cash and Bank Balances	6	13,85,86,901	3,06,91,958
Total Current Assets		25,70,43,878	12,25,69,159
Total Assets		26,57,49,838	12,90,84,997
EQUITY AND LIABILITIES			
Capital and Reserves -			
Share Capital	7.1	6,00,00,000	6,00,00,000
Retained Earnings	7.2	13,99,61,979	5,22,26,683
Total Equity		19,99,61,979	11,22,26,683
Non-current Liabilities -			
Net Retirement Benefit Liability	8	19,84,419	14,99,609
Deferred Tax Liability	9	4,77,444	3,18,581
Total Non-current Liabilities		24,61,863	18,18,190
Current Liabilities -			
Trade and Other Payables	10	2,31,98,397	81,92,437
Other Liabilities	11	5,94,951	2,84,901
Short Term Provisions	12	3,95,32,648	62,62,785
Total Current Liabilities		6,33,25,996	1,50,40,123
Total of Equity and Liabilities		26,57,49,838	12,90,84,997

Significant Accounting Policies

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Other Informatory Notes

18-22

This is the Statement of Financial Position referred to in our report of even date.

For Dechok & Associates Pvt. Ltd.



(Signature)
 (Director)
 Chairman
 Bhutan Lottery Ltd
 Thimphu, Bhutan

(Signature)
 Phenphay R
 Drukpa
 HCEO/HAY R. DRUKPA
 CHIEF EXECUTIVE OFFICER
 BHUTAN LOTTERY LTD.
 PHUENTSHOLING : BHUTAN
 Date : 15/04/2022
 Place : Phuentsholing

**BHUTAN LOTTERY LIMITED
PHUENTSHOLING**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER
2021**

Particulars	Notes	31-Dec-21	31-Dec-20
INCOME -			
Operating Revenue :			
Sale of Lottery Tickets		69,63,32,740	14,07,67,220
Other Income	13	60,16,004	61,65,552
Total Income		70,23,48,744	14,69,32,772
EXPENDITURE -			
Operating Expenses	14	52,48,34,298	10,69,55,037
Employee Benefits Expense	15	98,53,593	86,34,575
Other Expenses	16	3,32,09,167	78,53,145
Provision for Bad Debts		-	20,09,673
Depreciation and Amortisation Expenses	2	14,73,603	13,46,578
Total Expenditure		56,93,70,660	12,67,99,008
Profit Before Tax		13,29,78,084	2,01,33,764
Less : Income Tax Expense		3,92,78,687	60,86,593
Profit after Tax		9,36,99,397	1,40,47,172
OTHER COMPREHENSIVE INCOME -			
Actuarial Gain/ (Loss) on Post Employment		35,900	(4,930)
Net Other Comprehensive Income		35,900	(4,930)
Total Comprehensive Income		9,37,35,297	1,40,42,242

Basic and Diluted Earnings per Share 17 156.23 23.40

Significant Accounting Policies 1

Other Informatory Notes 18-22

This is the Statement of Comprehensive Income referred to in our report of even date.

For Dechok & Associates Pvt. Ltd.



Yeshi Jigme Sho

Membership No. 2641177

Date : 15/04/2022

Place : Thimphu




(Director)

Chairman

Bhutan Lottery Ltd

Thimphu, Bhutan



Phenphay R

Drukpa

PHUENTSHOLING R. DRUKPA

CHIEF EXECUTIVE OFFICER

BHUTAN LOTTERY LTD.

PHUENTSHOLING : BHUTAN

Date : 15/04/2022

Place : Phuentsholing

**BHUTAN LOTTERY LIMITED
PHUENTSHOLING**

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Particulars	31-Dec-2021	31-Dec-2020
1 CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (loss) before tax	13,29,78,084	2,01,33,764,363
Adjustment for:		
Depreciation	14,73,603	13,46,578,317
Increase in Gratuity Provision	4,84,810	3,77,420,000
Actuarial gain	35,900	79,939,000
Operating Profit before working capital changes	13,49,72,397	2,19,37,701,680
Adjustment for:		
(Increase) / Decrease in Trade and Other Receivables	(1,30,137)	17,58,081,640
(Increase) / Decrease in Other Current Assets	(2,06,62,342)	(5,84,941,510)
Increase / (Decrease) in Trade and Other Payables	1,47,05,960	(49,44,874,850)
Increase / (Decrease) in Other Current Liabilities	3,10,050	(1,33,921,500)
Increase / (Decrease) in Short term provisions	68,239	10,279,580
Income Tax Paid	(1,17,05,495)	(1,01,95,912,940)
Cash generated from / (used in) Operations	11,75,58,670	78,46,412,100
Net cash from / (used in) Operating Activities	11,75,58,670	78,46,412,100
2 CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of Property, Plant and Equipment	(36,63,726)	(44,750,317)
Increase / (Decrease) in Capital Work-in-Progress		
Net cash from / (used in) Investing Activities	(36,63,726)	(44,750,317)
3 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital		
Dividend Paid	(60,00,000)	(2,00,00,000,000)
Net Cash from / (Used in) Financing activities	(60,00,000)	(2,00,00,000,000)
4 Net increase / (decrease) in cash and cash equivalents	10,78,94,944	(1,21,98,338,217)
5 Cash and Cash equivalents at the beginning of the year	3,06,91,958	4,28,90,295,390
5 Cash and Cash equivalents at the end of the period	13,85,86,901	3,06,91,957,840

Notes:

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Bhutanese Accounting Standard-7 on Cash Flow Statement.
- Cash and cash equivalents consist of Cash and balance in current account with bank.

This is the Statement of Cash Flow referred to in our report of even date.
For Dechok & Associates Pvt. Ltd.



(Director)
**Chairman
Bhutan Lottery Ltd
Thimphu, Bhutan**

Phentray R.
Drukpa
(CEO)
**PHENTRAY R. DRUKPA
CHIEF EXECUTIVE OFFICER
BHUTAN LOTTERY LTD.
PHUENTSHOLING : BHUTAN**

BHUTAN LOTTERY LIMITED
PHIEN TSHOLING

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	Ordinary Shares		Total Value of Shares	Retained Earnings	Total
	No. of Shares (issued and fully paid up)	Par value per Share			
Balance as at 1st January 2020	6,00,000.00	100.00	6,00,00,000.00	5,81,84,441.00	11,81,84,441.00
Profit after income-tax				1,40,47,171.53	1,40,47,171.53
Other Comprehensive Income for the year				(4,500.00)	(4,500.00)
Shares allotted against money received from MoF					
Less: Net Prior year Adjustments					
Less: Payments of Dividend for the year 2019					
Balance as at 31st December 2020	6,00,000.00	100.00	6,00,00,000.00	(2,00,00,000.00)	(2,00,00,000.00)
Profit after income-tax				5,22,26,682.53	11,22,26,682.53
Other Comprehensive Income for the year				9,36,99,396.85	9,36,99,396.85
Shares allotted against money received from MoF				35,900.00	35,900.00
Less: Net Prior year Adjustments					
Less: Payments of Dividend for the year 2020					
Balance as at 31st December 2021	6,00,000.00	100.00	6,00,00,000.00	(60,00,000.00)	(60,00,000.00)
This is the Statement of Changes in Equity referred to in our report of even date.				13,99,61,979.37	13,99,61,979.37

For Dechok & Associates Pvt. Ltd.


 Yechhi Jamtsho
 Membership No. 2641177


 Chairman
 Bhutan Lottery Ltd
 Thimphu, Bhutan


 Phengpay R. Drukpa
 PHENPAY R. DRUKPA
 CHIEF EXECUTIVE OFFICER
 BHUTAN LOTTERY LTD.
 PHIEN TSHOLING : BHUTAN

ACCOUNTING POLICIES & NOTES TO ACCOUNT

BHUTAN LOTTERY LIMITED

Notes to Financial Statements

Note No. 1: Significant Accounting Policies

a) General Information

Bhutan Lottery Limited was incorporated into a limited liability Public Company under the Companies Act of the Kingdom of Bhutan, 2000 on 2nd October 2015. The Ministry of Finance, Royal Government of Bhutan is Company's sole Shareholder.

The BLL got license to conduct the lottery and associated business from Ministry of Economic Affairs, Royal Government of Bhutan vide approval MOEA/ DT/ TRMD-2/2015/ 1406 dated 21.10.2015 on 28.07.2016 and primarily engaged in the lottery business having office at lower market, Phuentsholing Thromde, Chukha Dzongkhag.

b) Basis of Preparation

The 'Accounting and Auditing Standards Board of Bhutan' (AASBB), decided to adopt IFRS in phases with minor changes. These standards are referred to as Bhutanese Accounting Standards (BAS). The first phase is being introduced over the period 2013 to 2015 and the second phase is being introduced from 01.01.2016. The Company being Small and Medium Enterprises (SMEs) in compliance with the Companies Act of Bhutan 2016 has adopted all the applicable standards to SMEs in the current year. The financial statements have been prepared in accordance with Bhutanese Accounting Standards (BAS) and under the accrual, historical cost and going concern conventions.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Fixed assets: critical judgments are expected period of use, condition of the asset, technological advances, regulation, and residual values.
- Actuarial valuation of employee benefits: expected uptake of the gratuities and the discount rate used in the valuation.

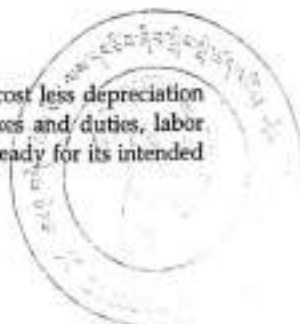
The functional currency is the Bhutanese Ngultrum.

c) Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchases price, taxes and duties, labor cost, other direct costs incurred up to the date the asset is ready for its intended use.



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Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation on all assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives, as follows:

Asset Class	Useful Life
Furniture and building	10 Years
Data Processing Equipment	4 Years
Vehicles	10 Years with 20% residual value
Plant & Electrical Equipment	10 Years
Office Equipment	10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other Income' or 'Other Expenses' as the case may be, in the income statement.

Assets received free of cost as gifts are accounted at the fair value of the assets received by debiting the PPE and crediting other income if no strings are attached to the gifts received.

d) Intangible Asset

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 4 years.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

e) Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. The Company's loans and receivables comprise 'Trade and Other Receivables' and 'Cash and Cash Equivalents' in the Statement of Financial Position (Notes 4, 5 and 6)

f) Trade and Other Receivables



Trade and Other Receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

g) Cash and Cash Equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand and balance in current account with banks.

h) Trade and Other payables

Trade and other payables are initially recognized at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

i) Current and Deferred Income-tax

The tax expense for the period comprise current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company operated and generates taxable income.

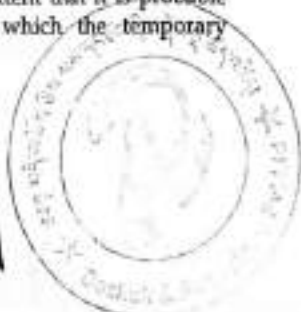
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the balance date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

j) Employment Benefits

1. Retirement Benefits -
Under defined Benefit Scheme -



The company makes retirement payments based on the final salary and years of service.
The gratuity is accrued on the basis of actuarial valuation.

2. Other Benefits:

Other benefits such as leave encashment are accrued at period end.

k) Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. A contingent liability is only disclosed in the notes to the account if an outflow of resources embodying economic benefits is possible.

l) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as describes below:

i) Sale of Lottery Tickets:

Sale of Lottery Tickets is made to the public through regional sales agent. Revenue is recognized for sold tickets for each scheme when tickets are sold to public and the related draw for the scheme has occurred.

ii) Interest Income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable when no significant uncertainty as to measurability or collectability exists.

m) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

n) Comparative information:

Where necessary, certain comparative information has been reclassified and updated in order to provide a more appropriate basis for comparison.



Bhutan Lottery Limited
Phuentsholing: Bhutan

Note 2 : Property, Plant & Equipment

(All figures in Bhutanese Ngultrims unless otherwise stated)

Particulars	Furniture and Fittings	Data Processing Equipment	Vehicles	Plant & Electrical Equipment	Total
Balance as at 31-Dec-2020					
Cost	3,96,762.45	24,61,258.50	70,14,044.00	17,36,713.00	1,16,08,777.95
Accumulated Depreciation	1,33,566.29	21,08,284.25	22,04,677.08	6,47,668.64	51,13,996.26
Book Value as at 31 December 2020	2,43,196.16	3,52,974.25	48,09,366.92	10,89,044.36	64,94,781.69
Changes in the Book Value during the Year -					
Additions	2,33,308.00	33,85,130.00	-	45,288.00	36,63,726.00
Deletion / Adjustments					
Depreciation for the Year	55,192.38	6,77,132.83	5,61,123.52	1,65,181.08	14,59,629.81
Total Changes	1,78,115.62	27,07,997.17	(5,61,123.52)	(1,19,893.08)	22,05,096.19
Balance as at 31-Dec-2021					
Cost	6,30,070.45	58,46,388.50	70,14,044.00	17,82,001.00	1,52,72,503.95
Accumulated Depreciation	2,08,758.67	27,85,417.08	27,65,800.60	8,12,649.72	65,72,626.08
Book Value as at 31 December 2021	4,21,311.78	30,60,971.42	42,48,243.40	9,69,351.28	86,99,877.87



Bhutan Lottery Limited
Phuentsholing, Bhutan

Note 3 : Intangibles Assets

(All figures in Bhutanese Ngultrums unless otherwise stated)

Particulars	Software
Cost	74,000.00
Accumulated Depreciation	52,944.00
Book Value as at 31 December 2020	21,056.00
Changes in the Book Value during the period -	
Additions	
Deletion / Adjustments	
Depreciation for the Period	14,973.00
Total Changes	(14,973.00)
Cost	74,000.00
Accumulated Depreciation	67,917.00
Book Value as at 31 December 2021	6,083.00



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**Bhutan Lottery Limited
Phuentsholing, Bhutan**

(All figures in Bhutanese Ngultrums unless otherwise stated)

Note 4: Trade and Other Receivables

Particulars	31-Dec-21	31-Dec-20
Trade Receivables from Third Parties	2,31,96,377.15	2,51,61,003.75
Less: Provision for Doubtful Debts*	-	20,94,763.39
Total	2,31,96,377.15	2,30,66,240.36

Note 5: Other Assets

Particulars	31-Dec-21	31-Dec-20
Advance Payments to Third Parties	-	-
Advance Payments to Employees	19,907.00	20,379.60
Lottery Tickets in Hand	8,59,550.00	3,77,100.00
Advance Income Tax	1,07,59,702.03	48,62,219.94
TDS Receivable	62,035.48	1,10,185.12
Short Term Deposits with Bank*	8,00,00,000.00	6,00,00,000.00
Interest accrued on Short Term Deposits	18,75,616.44	22,84,932.00
Gold in Hand (for Prize Payouts)	-	-
Prepaid Expenses	19,908.74	38,884.39
Gratuity Fund with RCBL	16,13,879.42	11,17,259.40
Security Deposits	50,000.00	-
Total	9,52,60,599.11	6,88,10,960.45

* Short Term Deposits with Bank was not considered as Cash & Cash Equivalent as the pending maturity period is more than 3 months on 31.12.2021

Note 6: Cash and Bank Balances

Particulars	31-Dec-21	31-Dec-20
Cash in Hand	96,682.68	26,122.68
Imprest with employees	-	-
Bank Balances:		
Balances with Local Bank -Bank of Bhutan in current account	13,84,90,218.65	3,06,65,835.16
Total	13,85,86,901.33	3,06,91,957.84

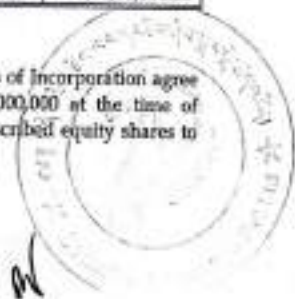
Note 7: Issued Capital, Retained Earnings & General Reserve

7.1 - Issued Capital

Particulars	31-Dec-21	31-Dec-20
Authorized Capital	50,00,00,000.00	50,00,00,000.00
Issued Capital		
600,000 fully paid Equity shares of Nu 100 each	6,00,00,000.00	6,00,00,000.00
Total	6,00,00,000.00	6,00,00,000.00

All shares are of same class and have the same right attached

Ministry of Finance, Royal Government of Bhutan as a subscriber of Articles of Incorporation agree to take 1,000,000 Equity Shares of Nu 100 each amounting to Nu 100,000,000 at the time of incorporation of company on 02.10.2015. However till 31.12.2021 it has subscribed equity shares to the extent of 600,000 numbers only amounting to Nu 60,000,000.



7.2 - Retained Earnings

Particulars	31-Dec-21	31-Dec-20
Opening Balance	5,22,26,682.53	5,81,84,441.00
Less: Dividend Paid for the year 2020	(60,00,000.00)	(2,00,00,000.00)
Add: Comprehensive Income / (Loss) during the Year	9,37,35,296.85	1,40,42,241.53
Less: Net Prior year adjustments	-	-
Total	13,99,61,979.37	5,22,26,682.53

Note 8 : Net Retirement Benefit Liability

Particulars	31-Dec-21	31-Dec-20
Retirement Benefit Obligations - Gratuity	19,84,419.42	14,99,609.40
Total	19,84,419.42	14,99,609.40

Note 8.1 : Net Retirement Benefit Obligations**a) Defined Benefit Scheme**

Qualifying employees are members of defined benefit scheme maintained by the Company. The obligation for the scheme is subject to risks in respect of employee attrition and Salary rates.

Employee attrition: The obligation is based on Management's estimate of the expected number of staff who will resign before reaching the standard retirement age. If the number of staff resigning is greater or less than the expected rate, the outstanding obligation will be affected.

Salary risk: Since the benefit is dependent on the employee's final salary, there is a risk that salary increases will be greater than those included in the actuarial valuation. Salary increases cover regular increases for length of service as well as periodic increases of salary scales for inflation.

The valuation of the actuarial obligation of the defined benefit scheme was carried out by Willis Towers Watson, registered actuaries of Kolkata, India.

b) Statement of Comprehensive Income

Particulars	31-Dec-21	31-Dec-20
Current service cost	3,90,530.00	3,58,140.00
Past service cost - plan amendments		
Curtailment cost / (credit)		
Settlement cost / (credit)		
Service cost	3,90,530.00	3,58,140.00
Net interest on net defined benefit liability / (asset)	15,910.00	19,280.00
Immediate recognition of (gains)/losses - other long term employee benefit plans		
Cost recognized in Statement of Income	4,06,440.00	3,77,420.00

c) Other Comprehensive Income (OCI)

Particulars	31-Dec-21	31-Dec-20
Actuarial (gain)/loss on liability experience	(1,16,750.00)	(53,700.00)
Actuarial (gain)/loss on liability assumption changes	84,060.00	66,760.00
Return on plan assets (greater)/less than discount rate	(3,210.00)	(8,130.00)
Actuarial (gain)/losses recognized in OCI	(35,900.00)	4,930.00



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d) Movements in the Present Value of Defined Benefit Obligation

Particulars	31-Dec-21	31-Dec-20
Opening Defined Benefit Obligation	14,99,630.00	10,37,320.00
Current service cost	3,90,530.00	3,58,140.00
Interest cost	1,26,950.00	91,110.00
Actuarial (gain)/loss on experience adjusted	(1,16,750.00)	(53,700.00)
Benefits paid		
Actuarial (gain)/loss due to change in demographic assumptions		
Actuarial (gain)/loss due to change in financial assumptions	84,060.00	66,760.00
Closing Defined Benefit Obligation	19,84,420.00	14,99,630.00

e) Expected benefit payments for the year ending

	31-Dec-21	31-Dec-20
December 31, 2021	28,300.00	12,280.00
December 31, 2022	37,630.00	29,630.00
December 31, 2023	6,95,210.00	39,340.00
December 31, 2024	40,020.00	7,21,110.00
December 31, 2025	48,380.00	41,930.00
December 31, 2026 to December	4,61,170.00	3,68,840.00

e) Weighted Average Duration of Defined Benefit Obligation

	31-Dec-21	31-Dec-20
	16 Years	16 Years

f) Sensitivity Analysis

i) Discount Rate-

	31-Dec-21	31-Dec-20
Discount Rate as at 31 December 2019	8.20%	8.5%
Effect on DBO due to 1% increase in Discount Rate	(2,61,110.00)	(2,06,940.00)
Effect on DBO due to 1% decrease in Discount Rate	3,21,630.00	2,56,600.00

ii) Salary Escalation Rate-

	31-Dec-21	31-Dec-20
Salary Escalation rate as at 31 December 2019	8.00%	8.00%
Effect on DBO due to 1% increase in Salary Escalation Rate	3,19,110.00	2,55,370.00
Effect on DBO due to 1% decrease in Salary Escalation Rate	(2,63,810.00)	(2,09,590.00)

Note 9 : Taxation

Particulars	31-Dec-21	31-Dec-20
Profit Before Tax for the Year 2020 as per BAS F5	13,29,78,083.92	
Add: Expenses disallowed as per the Provision of Income Tax:		
Depreciation on PPE	14,73,602.81	
Provision for Gratuity	4,06,440.00	
Non deductible expenditure		
Fines and Penalties	15,658.93	
Donation	59,000.00	
	19,54,701.74	
Less : Exempt Income / Allowed expenses as per the Provision of Income Tax:		
Depreciation for the year as per the provisions of Income Tax	20,32,167.21	
Reversal of Bad Debts provision already disallowed	20,94,763.99	
Gratuity Provision for 2021 deposited in 2022 before tax assessment considered as allowable expense by DRC	4,06,440.00	
	45,33,370.60	
Net/Taxable profit	13,03,99,415.06	
Tax (%)	30%	
Income Tax @ 30%	3,91,19,824.52	

Bhutan Lottery Limited
Phuntsholing, Bhutan

B. Balances outstanding/transactions with related parties

Transaction/Outstanding Balance	Parent (State)		Key Management Personnel		State Owned Enterprises on which Share holder of the company has significant influence	
	2021	2020	2021	2020	2021	2020
I. Transaction during the year						
Compensation:						
- Remuneration			15,08,573.00	8,80,500.00		
- Other Benefits			2,85,500.00	5,15,212.00		
- Director's Sitting Fees			80,000.00	45,000.00		
Equity Contribution in Cash						
Sharing of Expenses						
Dividend Paid	66,80,000.00	2,60,00,000.00				
Bank Paid					32,20,141.08	43,99,047.68
II. Balances at the year end						
Equity Contribution						
Other Receivables						
Other Payables						

Note 20 : Audit Fees & Expenses

Particulars	2021	2020
Statutory Audit Fee	1,05,000.00	1,05,000.00
Statutory and Other audits expenses	1,05,150.00	1,43,917.00
Total	2,10,150.00	2,48,917.00

Note 21 : Disclosures Regarding Leases

The company has new lease agreement of online lottery software for three years. The agreement will be renewable on mutual agreement of both the party. Lease payment of the online lottery software ledger 4% variable cost is shown in Note 18 - 'Other expenses'

Minimum Lease Payment	2021	2020
Not later than 1 Year	2,28,59,195.64	
Later than 1 year but not later than 5 Years	2,28,59,195.64	
More Than 5 Years		

The company's significant leasing arrangements are in respect of operating leases of premises for office. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Lease payments in respect of premises are shown as Rent in Note 16 - 'Other expenses'

Minimum Lease Payment	2021	2020
Not later than 1 Year	32,20,141.08	43,99,047.68
Later than 1 year but not later than 5 Years	32,20,141.08	43,99,047.68
More Than 5 Years		

Note 22 : Other Information

- (a) Contingent liability as at 31.12.2021 is Nil.
- (b) Office rent to Department of National Properties Ministry of Finance Nu 418,967.43 monthly
- (c) Lease payment to Beasoo Pk for the online lottery software for three years from 2021 to 2023, 4% on Gross sales monthly
- (d) Wherever the balance confirmation is not available from the parties, the balances as appearing in the books of accounts have been considered.
- (e) Previous year figures have been regrouped, reorganized and / or reclassified wherever considered necessary to conform to current year's classifications.

For Dechok & Associates Pvt. Ltd.


Yeshi Dorjito
Membership No. 2841177
Date: 15/04/2022
Place: Thimphu


Chairman
Bhutan Lottery Ltd.
Thimphu, Bhutan


Phengpay R. Drukpa
(CEO)
PHENPAY R. DRUKPA
CHIEF EXECUTIVE OFFICER
BHUTAN LOTTERY LTD.
PHUNTSHOLING : BHUTAN

RATIO ANALYSIS

BHUTAN LOTTERY LIMITED

Phuentsholing, Bhutan

Ratio Analysis.

Financial and Operational Ratio Analysis in respect of the Company are given in below:

S.No.	Ratio	Basis	2021	2020
1	Earnings per share	(Profit After Tax/ No. of shares issued)	156.17	23.41
2	Net Profit Ratio (%)	(Net Profit/ Turnover * 100)	23.46	9.98
3	Return on Assets (%)	(Net Profit/ Total Assets *100)	35.27	10.88
4	Return on Equity (%)	(Net Profit/ Owner's Equity *100)	156.23	23.40
5	Current Ratio	Current Asset/ Current Liability	4.06	8.15



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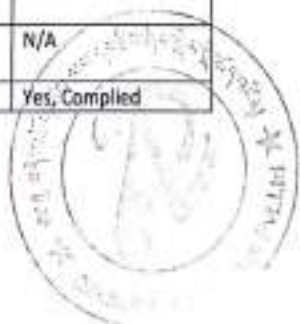
COMPLIANCE CALENDAR & COMPLIANCE CHECKLIST

Compliance calendar to provision of the companies Act of Bhutan, 2016

NAME OF THE COMPANY:		BHUTAN LOTTERY LIMITED		
REGISTERED NO:		20151002TH10491		
Sl. No.	Activity	Section		Audit Remarks
1	Submission of Annual Return	257		
a)	Companies listed with Royal Securities Exchange of Bhutan Limited		On or before 31 st May	a) N/A
b)	All unlisted companies includes: i) Duly filled form as per Annual Return Form ii) Balance sheet iii) Profit & Loss Account iv) Auditor's report v) Directors report		On or before 31 st July	b) Yes, Complied
2	Annual General Meeting	177		
a)	Listed Companies		On or before 30 th April	a) N/A
b)	Unlisted Companies		On or before 30 th June	b) N/A
c)	Government Companies		Same timing	c) Yes, Complied
3	Notice Calling General Meetings	185	21 days before the AGM	Yes, Complied
4	Payment of Dividend	204	Within 30 days of declaration in AGM	Yes, Complied
5	Presentation of B/S, P&L A/c and Cash Flow Statement at every AGM	244		Yes, Complied
6	Filing of Documents with Register	257		Yes, Complied
7	a) Appointment of auditor GCC & GC Reappointment. Removal	251	Every AGM Notify the Registrar within 15 days from passing the resolution	a) Auditors appointed by RAA
	b) Resignation	260 - 262	Convene the EGM within 14 days to discuss resignation	b) N/A
8	Consent to act as directors	140	Within 30 days if appointment or reappointment with the registrar	Yes, Complied
9	Board Meetings 1 st BM 2 nd BM 3 rd BM 4 th BM	146 & 149	3 months after last BM 3 months after last BM 3 months after last BM 3 months after last BM	Yes, Complied
10	Appointment of CEO	210	Every 5 years	Yes, Complied
11	Power of Regulatory Authority to accord approval	412	Approval of Regulatory Authority	Yes, Complied
12	Appointment of Company Secretary	213	As per prescribed by MTI	N/A
13	Statutory Record and Inspection	228	All times	Yes, Complied



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CHECK LIST FOR COMPLIANCE OF PROVISION OF THE COMPANIES ACT OF BHUTAN, 2016

NAME OF THE COMPANY:		BHUTAN LOTTERY LIMITED				
REGISTERED NO:		20151002TH0491				
No.	Ss.	PARTICULARS	YES	NO	NA	REMARKS
INCORPORATION OF A COMPANY & SECURITIES						
1	28	Changes to Articles/ Approval		✓		
2	47	Change of name/ Approval		✓		
3	123	Increase or consolidation of share capital		✓		
4	124	Reduction of share capital		✓		
5	82	License Copy and share Certificate filing	✓			
6	107	Public offer of shares & Debentures-ROC Approval			✓	
MANAGEMENT & ADMINISTRATION						
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			
8	221	Publication of name by company (Letter Head, Seals and Sign Board)	✓			
9	241	Financial Year of Companies as of 31 st Dec.	✓			
	242	Extension up to 15 months – ROC approval			✓	
	243	Extension up to 18 months – Authority's approval			✓	
	245	Financial Statements to follow BAS	✓			Compliance to be audited strictly
10	267	Annual Return Submission On/ before 31 st May for listed; others 31 st July	✓			
11	177	Annual General Meeting (Minutes)	✓			
12	180	Extraordinary General Meeting (Minutes)		✓		No Requirement of EGM, No EGM conducted
13	185	Notice for calling general meeting		✓		As we call general meeting tentatively
	187	Listed Co. – written as well as in media Public Co/Private Co. – Written notice			✓	
14	190	Chairman of meeting (CEO can not chair)		✓		CEO is not a Chair
15	192	Representation of corporations at meetings (appointed by Board Directors)	✓			
16	193	Ordinary and special resolutions (Minutes)		✓		
17	195	Minutes of Annual General Meeting and Board Meetings (maintained ss.195 – 198)	✓			
18	199	Declaration and payment of dividend (199 – 209)	✓			
19	232	Books of account to be kept by the company (location & time period)	✓			Intimation with ROC within 7 days
20	250	Boards report (signed by Chairman)	✓			
21	252	Appointment and removal of Auditors Need to re-appoint annually (251 – 259)	✓			Non-appointment within 7 days of AGM have to intimate ROC



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No.	Ss.	PARTICULARS	YES	NO	NA	REMARKS
22	260	Resignation of Auditors from office (Annual Resignation)		✓		
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓			
24	133	Number of Directors (Minimum No. & retirement on rotation)	✓			2 for Pvt. Co and 3 for Public Co.
25	139	Additional directors		✓		
26	140	Consent to act as directors	✓			Filing within 30 days
27	141	Certain persons not to be appointed as Directors			✓	
28	142	Resignation by a director		✓		
29	143	Removal of directors		✓		Either in EGM or AGM
30	146	Board meetings (4 Meetings for Public Cos & 2 Meetings for Pvt)		✓		Conducted only 3 board meeting due to pandemic
31	152	General powers of the Board	✓			
32	156	Restrictions on powers of Board		✓		
33	210	Appointment of Chief Executive Officer (Max 5 years terms & 2 consecutive terms only)		✓		
34	414	Appointment of selling or buying agents (govt. Approval obtained or not)	✓			
35	157	No loans to directors (only for Public Co.)		✓		Only exempt if provided by other law
36	53	Inter - corporate investments (Investments to be disclosed) apply old rule		✓		
37	158	Contracts in which Directors are interested		✓		Disclose and approved by Board of Directors
38	213	Company Secretary Required in all Public Companies	✓			(Paid up cap 100 m). CS to comply s. 124
39	161	Standard of care required by directors (Reckless decision)	✓			Check 162 duty is complied when making decisions by Board
STATUTORY RECORD AND INSPECTION						
40	228	Statutory record and inspection				
	a)	Register of buy - back of shares			✓	
	b)	Register of transfers			✓	
	c)	Register of charges			✓	
	d)	Register of inter - corporate loans			✓	
	e)	Register of inter - corporate investments			✓	
	f)	Register of contracts in which directors are interested			✓	
	g)	Register of directors	✓			
	h)	Register of directors' shareholding			✓	
		OTHERS				None

For Dechok & Associates Pvt. Ltd

Yeshi Jamtsho

Membership No. 2641177

Place: Thimphu

Date: 15/04/2022

Phenphay R. Drukpa

(Chief Executive Officer)
PHENPHAY R. DRUKPA
CHIEF EXECUTIVE OFFICER
BHUTAN LOTTERY LTD.
 PHUENTSOLING : BHUTAN

BHUTAN LOTTERY LIMITED
MANAGEMENT REPORT 2021

1. Un-reconciled differences between the Accounting Records and the online lottery platform System for Players Trust Fund (3.3.7)

We observed that Bhutan Lottery Limited had introduced online lottery games where players initially deposit funds into the Bank accounts of Bhutan Lottery Limited. Sales and winnings are routed through the players trust balance in the online lottery system. We noticed that the players trust balances between the accounting system and the online lottery platform system showed differences as follows.

Balance as on 31 December 2021 as per accounting system	Nu: 931,062.30
Balance as on 31 December 2021 as per Online lottery system	Nu. 1,209,169.89
Difference	Nu. 278,107.59

The management may provide justifications for the above difference.

Management Response:

We are in the process of reconciling the differences. We have informed our online lottery software company; Bonobo Plc about this issue and they have agreed to sort out the differences, the main difference between the online game report and accounting system is mainly because of following reasons;

- 1. In the online lottery game report, the total cashout in the process has been taken into consideration while in accounting system real time cashout has been recorded after its affected in the bank.*
- 2. Another difference is due to the difference on the basis of incorporation of the payout in the online lottery game report, while accounting system incorporate on the basis of actual payout payment.*

Auditor's Further Comments:

The management must reconcile the differences between the Accounting System and the Online lottery System and outcome intimated to RAA for review and comments.

Who is Accountable?

Direct Accountability: Ms. Karma Choden, 10903000168

Supervisory Accountability: Ms. Leki wangmo, 10811000561



PRIOR YEAR AUDIT FOLLOW UP REPORT

Bhutan Lottery Limited
For the year ended on 31 December 2021

Follow-up report on Previous Years' management report

Summary of Follow-up Report

Accounting Year	Total No. of recommendations provided	No. of recommendations implemented	No. of recommendations partially implemented	Balance recommendations to be implemented
2020	2	2		0
2019	2	2		0
2018	7	7		-
2017	11	10	1	-
2016	14	14		-

Follow-up Report for the period ended 31 December 2019 (AIN 16758)

Para No.	Observations in brief	Management's response - current status	Status of Compliance
2	Non-provisioning of impairment for receivables	<p>As reported in the previous ATR, the management after following up with Phuentsholing Dangkha Court once the lockdown is lifted, the court sent out an arrest warrant to RBP, Trashigang and Trashiyangtse as the Agent is residing in the above-mentioned Dzongkhags.</p> <p>With that action from the court, the agent has paid the outstanding due amounting to Nu. 2,057,762.77 out of the total due amount of Nu. 2,157,762.77 and the balance of Nu.100,000/- will be deposited by the end of April, 2022.</p>	Submitted Action report on 7 th April 2022. Based on the the ATR, RAA may consider the observation as settled.



Follow-up Report for the period ended 31 December 2020

Para No.	Observations in brief	Management's response - current status	Status of Compliance
1	Risk of default by agents to deposit outstanding sale proceeds of lottery not covered by Security Deposit (3.3.18)	As instructed by the board in the 26 th Board meeting, the management presented the report on the basis for the existing bank guarantees (BG) for security deposit fixed for each agent and proposed that the existing BG will be continued due to unavailability of Agents but the distribution of tickets and settlements of accounts will be monitored on timely basis till the existing agent's tenure expires. The board endorsed the proposal and instructed the management to have the check and balance as proposed.	Submitted Action taken on 7 th April 2022. Since the Board has endorsed the proposal submitted by the management, the observations may also be considered as settled.
2	Settlement of accounts for instant scratch cards.	As reported in the management's response and as per the auditor's recommendation, the management has revisited the clause and amended the clause that the agents should settle the accounts of scratch card tickets during the submission of the next requisition or sixty days after the distribution of tickets whichever is earlier. The amended clause is presented to the 27 th Board meeting and the board members endorsed the amended clause	Submitted Action taken on 7 th April 2022. Based on the Boards endorsement, the observation may be treated as settled.

