

# Annual Report

2023



**BHUTAN LOTTERY LIMITED**

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# འགུལ་ལྷན་ཁོག་གི་འཛིན་པ། BHUTAN LOTTERY LIMITED

(State Owned Enterprise, Ministry of Finance)

## Message from the Chairperson's Desk



I am pleased to present our Annual Report for the fiscal year 2023. As Chairman of Bhutan Lottery Limited (BLL), it is my honor to reflect on the progress we have made and the milestones we have achieved throughout the past years.

Despite the uncertainties and challenges posed significantly, I am proud to say that BLL has continued to thrive, demonstrating resilience, adaptability, and unwavering commitment to our mission and values, thus enabling us to maintain projected sales growth and to successfully achieve our targets.

Over the last eight years, Bhutan Lottery Limited has expanded its operations by introducing new initiatives and innovations. Three new e-lottery games have been launched by BLL to meet market demands and cater to consumer preferences. Additionally, BLL replaced its traditional paper lottery, Phuensum Mid Dharim (PMD), with a new scheme named Phuensum Weekly Lottery (PWL) in May 2023. BLL also continued to distribute its existing online products through BLL website, while also offering offline lottery products through Dzongkhag sales agents and public sellers. BLL continued its commitment towards social responsibility and carried out various CSR activities.

In 2023, MoF, RCoB decided to transfer the shares of Bhutan Lottery Limited to the De-suung Skilling Program, His Majesty's Secretariat with the aim to render support towards further expanding and sustaining of De-suung Skilling Program. The signing of the share transfer agreement was executed on 19<sup>th</sup> October 2023.

The annual report 2023 encompasses activities of BLL's past one year's operations, particularly highlighting on the financial performance. Even with only domestic market in hand, BLL has placed itself in a very favorable financial position, with annual sales revenue which witnessed a remarkable growth of 14.3%, from Nu. 948.7 million in 2022 to Nu. 1084.4 million in 2023. Additionally, the Profit Before Tax (PBT) saw a substantial increase of 16% from Nu. 186.6million in 2022 to Nu. 216.4million in 2023. This consistent growth in the company's financial performance is a testament to the exceptional efforts of our management team.

On behalf of the Board, I extend our sincere gratitude to the management and all the employees of BLL for their unwavering commitment in upholding our vision of becoming a responsible gaming organization. We commend them for their outstanding achievements in 2023. With their dedication and exceptional efforts, we have full confidence that BLL will continue to foster this spirit and pursue even greater accomplishments in 2024.

*Kayde*

(Keshing Deki)

Chairman

Bhutan Lottery Limited



# འགན་ཁུར་གྲུབ་སྐབས་འཛིན་གྲུབ། BHUTAN LOTTERY LIMITED

(State Owned Enterprise, Ministry of Finance)

*Embrace the odds, chase the dreams: Play  
Lottery but not excess.*



Phenphay R. Drukpa  
CEO

## Message from the Chief Executive Officer

Filled with pride and satisfaction I write this message for Bhutan Lottery Limited's (BLI) Annual Report 2023. Year 2023 marks another year of success for Bhutan Lottery. As we navigate through challenges, Bhutan Lottery stood strong and committed towards its stakeholders and players. Although the market for traditional paper lotteries were affected due to constantly evolving preferences and tastes of the customers, BLI managed to increase the sales revenue to meet the compact targets with innovative products and schemes in its online lottery operations.

BLI understands that success is not solely measured by financial performance but by being a responsible gaming organization through transparent operations, sustainable initiatives and ethical practices while generating revenue for the Government. Through its attractive lottery schemes, BLI paid Nu. 769.1million to the winners in 2023 showcasing the efforts made by the company towards achieving its motto "Changing people's lives". In addition, BLI has provided support in the areas of education, communities, and environment through its CSR budget.

BLI generated the highest level of sales revenue and profit in its 8 years of lottery operations in this reporting period, 2023. The annual sales revenue grew by 14% from Nu. 954.67 million in 2022 to Nu. 1092.7million in 2023 and the profit before tax increased by 16% from Nu. 186.63million in 2022 to Nu. 216.4 million in 2023. I am sure that this consistent growth in the financial performance of the company is due to the proactive initiatives by BLI meeting the changing tastes and preferences of its customers through its innovative products and dynamic lottery schemes. We also take pride in our efforts towards providing protection to our lottery players through increasing security features in our games, providing fair and transparent schemes and most importantly our responsible gaming measures.

Phenphay R. Drukpa  
Chief Executive Officer  
Bhutan Lottery Limited  
BHUANTHOMING, BHUTAN

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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

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**To the Shareholders,**

It is with great pleasure that I present the Annual Director's Report on behalf of the board of directors of Bhutan Lottery Limited (BLL) for the financial year 2023. Over the past year, we have continued to grow and innovate, driven by our foundational principles and strategic objectives.

**Objectives:**

Bhutan Lottery Limited was established by the Royal Government of Bhutan as a State-Owned Enterprise under the Ministry of Finance with dual primary objectives:

- To generate revenue:
- To generate employment opportunities:
- To provide quality entertainment to Public:

These objectives guide our strategic decisions and operations, ensuring that we not only achieve financial success but also contribute positively to the broader socio-economic goals of Bhutan. By aligning our daily operations with these objectives, we continue to demonstrate our value and commitment to the development of the nation.

As we reflect on our achievements and challenges, it is essential to revisit the core ideas that guide our operations and aspirations:

**Vision:**

*"Be a responsible gaming organization."*

Our vision to be a responsible gaming organization shapes every aspect of our operations, ensuring that we maintain integrity and trust in all our engagements.

**Mission:**

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

This mission compels us to continually innovate and expand our offerings, ensuring that we not only entertain but also contribute positively to our community and the national economy.



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

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**Core Values:**

Our core values are the pillars that support our vision and mission, guiding our daily operations and long-term strategic decisions.

- **Integrity and Responsibility:**

Commitment to ethical behavior and public trust defines our approach to managing our lottery games and systems.

- **Innovation:**

We strive to lead the market in providing innovative entertainment options that meet the evolving needs of our customers.

- **Financial Responsibility:**

Our operations are conducted with an acute awareness of our financial responsibilities, both to our stakeholders and to the broader community.

- **Customer Awareness:**

We ensure that our interactions with customers are informative and respectful, enhancing their overall experience.

**Teamwork:**

Collaborative efforts and mutual respect within our team drive our success and foster a productive workplace environment.

- **Quality:**

Our commitment to quality underpins our goal to lead in our sector and deliver outstanding products and services.

This report details our efforts to embody these values in our work throughout the year and outlines our plans for continued growth and excellence in the future.

**Board of Directors**

Bhutan Lottery Limited operates under the guidance of a five-member Board of Directors appointed by the Government. The board, chaired by the Cabinet Secretary, includes senior representatives from the Ministry of Finance, Ministry of Foreign and External Trade and Ministry of Industry, Commerce and Employment. The Chief Executive Officer of BLL also serves on the board and functions as the member secretary.



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

The current board directors are:

Sl. No	Name	Designation	Address
1	Kesang Deki	Chairperson	Cabinet Secretary, Thimphu
2	Tashi Penjore	Board Director	Consulate General, Kolkata, India
3	Sonam Tenzin	Board Director	Director General, DoT, MoEA, Thimphu
4	Norbu Dendup	Board Director	Director, Department of Treasury and Accounts, MoF, Thimphu
5	Phenphay R. Drukpa	CEO	Bhutan Lottery Limited

A total of eight board meetings were conducted in the year 2023.

### **Operating Result**

The operations of Bhutan Lottery Limited in 2023 have been dynamic, reflecting both challenges and successes as we strive to adapt to the evolving preferences of our players and expand our market reach.

This year marked a significant shift in our product offerings. The Phuensum Mid Dharim (PMD), launched in 2018, was replaced by the Phuensum Weekly Lottery (PWL) on 11th May 2023. The PWL, with weekly draws every Thursday, offers players more frequent opportunities to win, aligning with our mission to provide quality entertainment.

Innovation continued with the introduction of three new online games aimed at invigorating the domestic market. One of these games is set for future expansion into the international market, pending the completion of payment integration and the development of a multi-currency conversion system. These initiatives are part of our strategy to not only meet local demand but also to tap into regional and international markets, reflecting our core value of innovation.

Financially, 2023 was a robust year. Sales from the lottery increased by 14.3%, from Nu.948.7 million in 2022 to Nu. 1084.4 million in 2023. Total revenue for the year, including interest revenue of Nu.8.3 million, reached Nu.1092.7 million, making 2023 a notably successful year for BLL.

The operating profit before tax was Nu.216.4 million and the net profit after tax was Nu.151.4 million, surpassing our target of Nu.148.3 million. The increase in sales and profit is largely



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(State Owned Enterprise, Ministry of Finance)

## Directors Report For the Year Ended 31<sup>st</sup> December 2023

attributed to the proactive approach in catering to the changing tastes of the market and the commitment to being a responsible gaming organization that positively impacts lives.

In alignment with our vision, BLL distributed over Nu.769.1 million in lottery prizes, an increase of 11.6% from 2022, reaffirming our dedication to transforming lives through gaming.

Furthermore, the financial statements for the year 2023 have been audited by Jigme Auditing firm based in Thimphu, ensuring our continued commitment to financial responsibility and integrity.

This operational review underscores our ongoing efforts to align daily activities with our strategic objectives, thereby fulfilling our mission to deliver exceptional and ethical entertainment, and contributing meaningfully to the social and economic fabric of Bhutan.

The financial performance of BLL increased steadily over the years as presented in the table below (Amount in Nu. million).

Detail	2021	2022	2023
Revenue	702.38	954.67	1092.7
Cost	569.37	767.74	876.66
Profit before Tax	133.01	186.93	216.35
Profit After Tax	93.73	130.93	151.44
Dividend	80.00	100.00	
Staff Strength	19	19	21

### Equity:

As of December 31 2023, BLL had a total equity of Nu. 60 million.

### Winning Tax Paid:

In the financial year 2023, BLL made significant contributions to the national treasury through collection and remittance of Nu. 28.7 million as winning tax. In addition, BLL also paid Nu. 64.9 million as corporate income tax, underscoring our role as a responsible corporate citizen and our commitment to supporting the national economy.



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

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**Highlights for the Year:**

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

**i. Launch of Phuensum Weekly Lottery (PWL)**

In response to declining sales of the Phuensum Mid-Dharim (PMD), Bhutan Lottery introduced the Phuensum Weekly Lottery (PWL) on May 11, 2023. This new scheme, features weekly draws every Thursday, increasing the draw frequency from fortnightly to increase player engagement. Following the change, sales that had dropped from August 2022 to April 2023, began to improve, reaching Nu. 4.6 million in May and peaking at Nu. 6.8 million in August 2023.

**ii. Live Streaming of Lotto Draw**

The draw dates for the Lotto Jackpot 5/36 have been adjusted from ‘Wednesday and Sunday’ to ‘Monday and Thursday effective 17<sup>th</sup> February, 2023. Further, the previously RNG-based Lotto Jackpot 5/36 draws have transitioned to machine-based draws starting from 27<sup>th</sup> February, 2023. These draws are now live-streamed on the Facebook Page, starting with the draw on the same date to enhance the trust and transparency to the players.

**iii. Payment Integration using mBoB Application**

To broaden the market reach for our existing online products and cater beyond the domestic market, we have introduced an additional payment by integrating the mBoB application with BLL’s existing payment system, effective from 8<sup>th</sup> April 2023. This enhancement is specifically aimed at enabling Bhutanese players living abroad to participate more easily. Through this we have been able to get more than 500 new registered Bhutanese players.

**iv. Launch of New Online Games**

To cater to the changing demands of the players and provide more options, three new additional online games are introduced in the domestic market:

- a. ThuensumTerdrup
- b. Thuensum Race 6
- c. Bhutan Weekly Raffle

Of the three games, the Bhutan Weekly Raffle is a pilot project set to be launched in the international market following the establishment of an international payment gateway and development of a multi-currency conversion system.





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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

Despite the inconsistent internet connection and payment gateway, online lottery is the key revenue generation for BLL.

**v. Increase in Deposit Limit**

Based on feedback from players and stakeholders regarding the potential to increase daily deposit limits for e-lottery games, it was raised from Nu. 600 to Nu. 1000, effective from October 30, 2023. This change aimed to attract more players and enhance sales. As a result, there was a noticeable increase in daily revenue from October 29, 2023 to October 31, 2023.

**vi. Term Extension of CEO**

Mr. Phenphay R. Drukpa, incumbent CEO of Bhutan Lottery Limited has served the position for two consecutive terms and received a special one-year term extension from 1<sup>st</sup> September 2022 to 30<sup>th</sup> August 2023.

In compliance with the Companies Act and CG Guidelines, the selection and appointment of the new CEO were conducted through an Open Competition process. Unfortunately, the sole shortlisted candidate did not achieve the required score during the selection interview. Consequently, as an interim measure, the incumbent CEO will continue to serve as the interim CEO for an additional year, effective from 1st September 2023, until a suitable replacement is appointed.

**vii. Training Program**

Two groups, each comprising four members, visited two lottery companies- ‘Vietnam Lottery Company (VIETLOTT)’ in Vietnam and ‘The Government Lottery Office (GLO)’ in Thailand. These visits were organized to observe the Lotto Live Draws and to gain insights into the operational processes involved in conducting these draws. The first group was sent before the implementation of the machine-based Live Draw of Lotto 5/36, while the second group attended after the launch of this new system. BLL conducted over 80 machine-based live draws in 2023 smoothly following all the operational security procedures observed from those two visits.

**viii. Share Transfer to De-suung Skilling Programme**

Towards the end of the year 2023, a pivotal change occurred with the transfer of the shares of Bhutan Lottery Limited, State-Owned Enterprise to the De-suung Skilling Program. This transition was aimed to support the expansion and sustainability of De-suung Skilling Programs which aims to enhance the skills of our youth and their contribution to nation building.



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

The share transfer agreement between the parties was signed on 19<sup>th</sup> October 2023. However, the transfer of absolute ownership of the shares will be executed upon the completion of due process.

**ix. Corporate Social Responsibilities**

As part of its Corporate Social Responsibility initiatives, BLL engages in buying back expired or used tickets from the market to minimize waste from lottery products, while also giving back to the community through various CSR activities.

**x. Upgraded the In-house Lottery Management System (LMS)**

The in-house Lottery Management System (LMS) underwent upgrades, including the addition of a module to facilitate the distribution of paper lotteries in the LMS. Additionally, an e-invoice was introduced for agents through an online portal system, simplifying transactions and record-keeping procedures. To enhance convenience for players, an Online Result Check feature was implemented in the e-lottery system, allowing for quick and easy access to lottery results. Furthermore, to improve security and authenticity, barcodes and QR codes were integrated for all scratch card games, ensuring transparency and verification for players.

**Human Resource**

As of December 2023, there are a total of 21 employees in Bhutan Lottery Limited:

- 11 males and 10 females
- 1 Contract Employee and 20 Regular Employees

During the year, a total of 3 employees resigned from the service. A total of 5 new employees were recruited at various positional levels in the year to replace the outgoing employees of the year and the previous year.

**Regional Sales Agent**

At the start of 2023, BLL had 7 Dzongkhag Lottery Agents, appointed through an open selection process in 2022 for a one-year term to sell lottery products on a commission basis. Their contracts expired on 29<sup>th</sup> April, 2023. Subsequently, on 1<sup>st</sup> May 2023, 11 new Dzongkhag Lottery Agents were appointed for a one-year term through a similar selection process. One agent was terminated for failing to adhere to the contract terms.

At present more than 70 sub-sellers operate under the Dzongkhag Lottery Agents on a commission basis.



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

In addition, at the beginning of the year, BLL employed 3 Sales Executives (SE) on a contractual basis. Their contracts, initiated in 2021 and extended in 2022, concluded on 28/02/2023, due to unimproved sales and financial losses from continued operational costs.

In response, BLL implemented a **Mixed Selling Modality**, appointing Public/Open Sellers in markets without agents to sell lottery products from their outlets. These sellers receive tickets from BLL on an upfront payment basis and earn commissions and incentives similar to the agents.

**The Sales Agents and Open Sellers catering to the various Dzongkhags are as follows:**

Sl. No.	Agents	Dzongkhags/Market Covered
Agent 1	Bhutan Smart Lottery	Thimphu
Agent 2	Blessed Lottery	Thimphu
Agent 3	Indo Lottery Agent	Paro
Agent 4	Tashi Wangchuk Bhutan Lottery Agent	Mongar
Agent 5	Kuenjung Lottery Agent	Zhemgang
Agent 6	Bhutan Lottery Agent	Samdrup Jongkhar
Agent 7	Menjong Lottery	Sarpang
Agent 8	Draduel's Delight	Wangdue
Agent 9	Kuenphen Lottery	Chhukha
Agent 10	Gyeltshen Lottery Agent	Tsirang
Open Seller 1	Deki Lhamo	Trongsa
Open Seller 2	Pema Chuki	Tashigang
Open Seller 3	Phuntsho Wangdi	Nganglam
Open Seller 4	Jigme Dorji	Trongsa

**Products:**

The existing products of BLL in the year 2023 are as follows:

**A. Paper Lottery**

- i. Phuensum Mid-Dharim (2018 - April 2023)
- ii. Phuensum Weekly Lottery (11<sup>th</sup> May 2023)

*\*Note: Phuensum Mid-Dharim is replaced with Phuensum Weekly Lottery*





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**BHUTAN LOTTERY LIMITED**  
 (State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

- iii. Special Bumpers
  - a. Monsoon Bumper
  - b. Thruabab Special Bumper
  - c. Special Losar Bumper



- iv. Instant Scratch Cards
  - Thuensum Scratch Cards (T-30)



- Thuensum Quick Cash (T-20)



**B. E-lottery Games – 2021**

- i. **E-lottery (Terminal):**
  - a. Phuensum Lotto 5/36 – 14<sup>th</sup> May, 2021
- ii. **E-lottery (Interactive)**
  - a. Thuensum Crosswords – 14<sup>th</sup> May, 2021
  - b. Thuensum Bingo – 14<sup>th</sup> May, 2021
  - c. Thuensum Terdrup – 6<sup>th</sup> March 2023
  - d. Thuensum Race 6 – 8<sup>th</sup> November, 2023
  - e. Bhutan Weekly Raffle – 20<sup>th</sup> December, 2023
  - f. Bhutan Daily Raffle – 28<sup>th</sup> January, 2024



(\*Note: Bhutan Weekly Raffle is replaced with Bhutan Daily Raffle)

**Significant Audit Observations**

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



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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Directors Report**  
**For the Year Ended 31<sup>st</sup> December 2023**

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**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.

**Way Forward**

1. BLL remains committed to refining and implementing strategies that will enable BLL to effectively expand its market reach to regional and international markets, ensuring sustained growth and broader customer base.
2. As part of our ongoing efforts to enhance operational efficiency and security. BLL plans to significantly upgrade its lottery management system and optimize the data storage facility with high end security features to further strengthen the data protection. These advancements are in line with our commitment to maintaining our status as a responsible gaming organization and ensuring the integrity and reliability of our operations.
3. Ensure smooth transition to the new Board of Directors of BLL appointed by the new Shareholders.

**Conclusion**

Bhutan Lottery's annual report underscores a year of resilience, innovation, and commitment. Despite economic and operational challenges, the company has remained steadfast to its core values of transparency, integrity, and responsible gaming practices, nearly meeting all its strategic targets for 2023. This has ensured a robust domestic presence and significant contribution to government revenues.

Finally, I extend my gratitude to the Ministry of Finance for their ongoing support, and to our board members and management team for their dedication to achieving our goals.

(Kesang Deki)

**Chairman**

**Bhutan Lottery Limited**

# Corporate Social Responsibility Report, 2023



**BHUTAN LOTTERY LIMITED**

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**BHUTAN LOTTERY LIMITED**  
(State Owned Enterprise, Ministry of Finance)

**Annual Report on Corporate Social Responsibility (CSR) Activities for the  
Financial Year 2023**

**Brief Outline on CSR Policy of the Company**

The Company has in place a Corporate Social Responsibility Policy framed pursuant to the provisions of Section 164 & 165 of the Companies Act of Bhutan, 2016 and Corporate Governance Guidelines for State Enterprise, 2019.

This Policy is a guideline for Company's CSR activities intended to make stronger communities and enrich the lives of underprivileged people on a variety of socially desirable activities with a view to enable high impact and to ensure measurable outcomes of the funds deployed towards such activities.

**Objective**

BLL, in pursuit of its vision and mission, significantly contributes to community support through its corporate social responsibility (CSR) endeavors. The primary goal is to contribute to society by preserving the natural environment, safeguarding and promoting cultural heritage and religious identity, alleviating poverty, addressing sickness or disability, advancing education for vulnerable individuals, and promoting other public initiatives that benefit the Bhutanese Community.

**Background**

Bhutan Lottery Limited prioritizes its social responsibility and carries out charitable and socially conscious endeavors, in addition to conducting business ethically. BLL is also committed to minimizing waste generated from lottery products by buying back used (or expired) tickets and recycling them. These used (or expired) tickets are given to small business startups for repurposing into egg trays and other products. This helps minimize waste while simultaneously assisting small business startups with raw materials.

In 2023, the budget allocated for the Buy-back policy is Nu. 1.2 million, with an additional budget of Nu.1 million allocated for other CSR activities, as approved in the 33rd Board meeting. In total, the budget allocated for the financial year is Nu.2.2 million.

**Committee Members for CSR**

Based on the management resolution, Bhutan Lottery Limited (BLL) has duly constituted the CSR Committee, comprising of the following members;

1. Dy. General Manager, IT
2. Dy. General Manager, AFD



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## BHUTAN LOTTERY LIMITED

(State Owned Enterprise, Ministry of Finance)

3. Marketing Manager
4. Internal Auditor
5. Finance Officer
6. Legal Officer

### Past CSR Activities

Bhutan Lottery Limited has been fulfilling CSR mandates by implementing its own "Buyback" policy for used or expired tickets from the general public. BLL continues to uphold the Buyback policy, purchasing used and expired lottery tickets at Nu.25/- for every 100 tickets since 2017. Buying these used tickets helps protect the environment. Furthermore, donating them for free assists small startup businesses, communities, and various NGOs in transforming them into finished products.

BLL has been giving used/expired tickets to Mr. Hasta Moni Rai who has started producing egg trays business at Chefumchen in Dorokha, Samtse. As per Mr. Hasta Moni Rai,



Hasta Moni Rai, the man behind the tray company

*"I warmly like to say thank you to Bhutan Lottery management for your waste support to private sector like me. With rapid changing world, the waste management is big concern; therefore we aim to recycle paper waste 55kgs/hrs into 750 numbers of egg trays. To these notes, we the team would like to warmly thank your waste lottery support indeed."*

### Yearly breakup report for buy-back policy

Yearly	Amount (in Nu)
2018	10,75,921.98
2019	12,12,534.82
2020	5,99,707.97
2021	7,18,410.50
2022	8,83,501.00
2023	9,28,072.00
<b>Total amount</b>	<b>54,18,148.27</b>





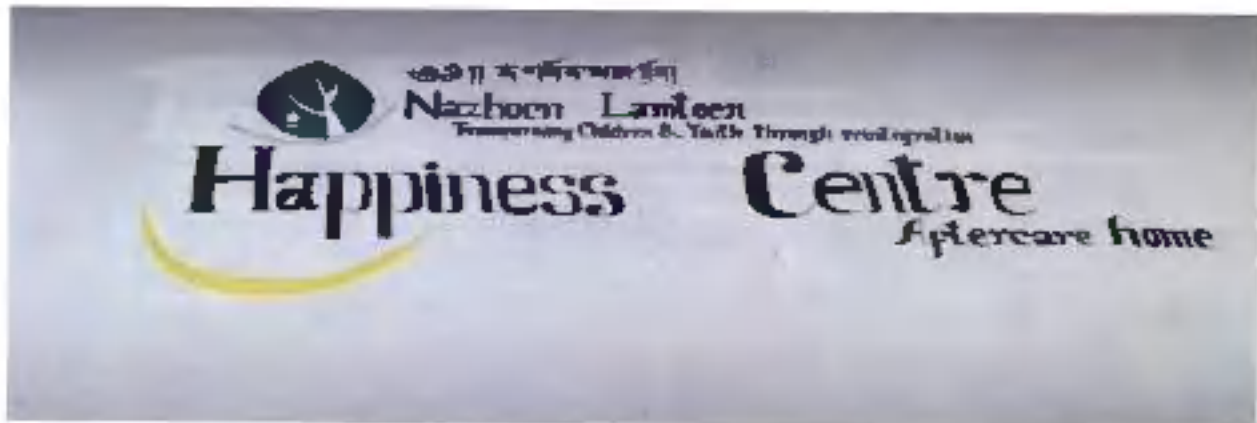
### Activities:

To achieve the objective of giving back to the society, CSR Committee has discussed and identified that BLL will support the communities as part of our corporate social responsibilities in the following activities:

1. Disable school and underprivileged children.
2. Underprivileged citizen
3. Environment conversation
4. Contribute during unforeseen situations
5. Recognized CSOs

Apart from 'buying back policy,' BLL supported in the following activities in line with the afore-mentioned activities identified by the CSR committee:

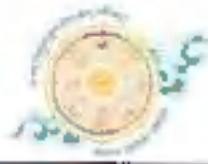
#### 1. Happiness Centre, Phuntsholing



Happiness Centre, Phuntsholing is affiliated with Nazhorn Lamtoen, where it is registered as a public benefit organization under a Civil Society Organization Act of Bhutan 2007. With support from Phuntsholing Thromde, RBP and Communities, the Happiness Centre has been provided with a temporary shelter. The shelter was a life-saving Centre for many destitute recovering youths.

The Center provides food, shelter, clothing, educational session, yoga, meditation, and assistance with reintegrating individuals. It also initiates outreach programs. Additionally, the Happiness Center serves as a temporary refuge for elderly homeless individuals during crises, eventually referring them to a retirement home in Thimphu. According to the Project Director, the Happiness Centre is finding an increasing number of clients, making long-term sustainability difficult for them to provide the beneficiaries with quality service.

As part of its Corporate Social Responsibility, BLL supported the Happiness Centre, Phuntsholing with necessary items worth Nu.100,000/- (One Hundred Thousand) only for the



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(State Owned Enterprise, Ministry of Finance)

financial year 2023. The support was given in the form of kinds such as foods and stationeries to all the clients in Happiness Centre, Phuntsholing.

## 2. Sonamgang Primary School,

Sonamgang Primary School has been providing education for the students with disabilities for almost a year. The Special Educational Needs (SEN) Programme has been relocated to Sonamgang School from Phuntsholing Middle Secondary for the academic year 2023 based on the availability of integrated toilet facilities and the close proximity to the hospital.



As per the School's Management, "On behalf of Sonamgang Primary School's management, we extend our heartfelt appreciation to your revered CEO and the entire team of Bhutan Lottery Limited for their remarkable contribution to providing financial aid in procuring furniture for differently-abled children. Your generosity has greatly improved the learning environment for these students, fostering inclusivity and comfort in their educational journey. Your commitment to our community's welfare is truly commendable, and we are sincerely grateful for your support."

To improve the learning environment for disabled students, fostering inclusivity and comfort in their educational journey, BLL provided financial aid of Nu.3,47,608/- (Three Hundred Forty-Seven Thousand Six Hundred and Eight) only in procuring varieties of special classrooms furniture for differently-abled children's use.





# འབྲུག་རྒྱལ་སྐོར་ལོ་རྒྱུ་

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### 3. Rangj Ngotak

BLL contributed Nu.150,000/- (One Hundred Fifty Thousand) only to "Rangj Ngotak", an educational entertainment show which aims to advocate and raise awareness on various significant issues. Given the show's coverage, the organizer's popularity, and its ability to reach a broad and varied audience, the program created a forum for the promotion and advocacy of the lottery products.

### 4. Staff Welfare Fund

The Board approved the provision of a lump sum amount of Nu.150,000/- as seed money from CSR budget towards the SWF contribution. Such support was mainly intended to motivate and encourage our people who are directly involved.



### 5. Wastes Dustbin Distribution

As a part of Corporate Social Responsibility activities, BLL has distributed waste bins in the following areas:

- Sangye Migyur Ling Lhakhang
- Druk Namgyal Choling Buddhist Institute
- Khaibandi Gompa Monastery
- Zangto Pelri Lhakhang
- Palden Tashi Cholling Sheidra

Bhutan lottery Limited hopes that these initiatives will help reduce littering the trash around the surrounding area and help promote cleaner and safer environment. The total amount allocated to

the project was 73,100/- (Seventy-Three Thousand One Hundred) only.

### 6. Contribution to National Day

To commemorate the joyous occasion of 116<sup>th</sup> National Day and to foster a sense of unity and civic pride, BLL also contributed Nu.700,000/- (Seven Hundred Thousand) only towards the national event.



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### 7. Other Contribution

To promote diversity and inclusivity of community, B.L.L. also contributed a total amount of Nu.130,000/- (One Hundred Thirty Thousand) for the activities:

- i. Bazaguru Dzungdrup held in Phuentsholing Sheydra, Phuentsholing Drungkhag
- ii. Sponsorship for 'Jigme Singye Wangchuck Prestigious Award' organized by Journalist Association of Bhutan (JAB)
- iii. Sponsorship for Football Team of Department of Revenue and Custom

### Conclusion

The manifestation of Corporate Social Responsibility highlights that the incorporation of social and environmental considerations into business strategies is not merely a choice but a duty. Going beyond mere compliance, CSR emerges as a strategic necessity that not only mitigates risks but also generates opportunities for innovation and long-term sustainability. Corporations actively participating in philanthropy, environmental conservation, and ethical labor practices signify a transition towards more conscientious and sustainable future.

In essence, Corporate Social Responsibility is not merely a passing trend or a marketing tactic, it is a foundational principle aligning business success with societal advancement. As stakeholders increasingly demand transparency, accountability, and ethical conduct from corporations, embracing CSR is not merely an alternative – it is a route to sustainable growth, collective prosperity, and better future for all.

(Tshering Choden)  
Legal Officer

(Karma Tenzin)  
Finance Officer

(Karma Chophel)  
Mkt. Manager

(Saran Gurung)  
Dy. GM, IT

AIN No. 60A0-2024-111

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**JIGMI Audit & Financials**

(A Private Limited Company)

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

PERIOD: 01/01/2023 to 31/12/2023

**March - 2024**

JIGMI Audit & Financials Pvt. Ltd.  
Ladrey Lam 11/B, P.O. Box No. 689  
Thimphu 11001, Bhutan  
Tel. +975 2 350868/350869  
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Website: [www.jaf.bt](http://www.jaf.bt)  
Email: [pjrinzin@gmail.com](mailto:pjrinzin@gmail.com), [jatpic2018@gmail.com](mailto:jatpic2018@gmail.com)  
Facebook: JIGMI Audit & Financials

## TITLE SHEET

<b>Title:</b>	Financial Audit Report of Bhutan Lottery Ltd., Phuentsholing
<b>AIN:</b>	COAD-2024-11
<b>Head of the Agency:</b>	Phenphay R Drukpa, Chief Executive Officer, CID No.10811001086 Email: phenphay@bl.bt
<b>Finance Personnel:</b>	1. Karma Tenzin, Finance Officer (From 26/11/2023 - till date) CID No. 10710001239 Email: <a href="mailto:karmatenzin@bl.bt">karmatenzin@bl.bt</a>  2. Leki Wangmo, Dy. GM, AFD (Till 25/11/2023) CID No.10811000561 Email: <a href="mailto:lekiwangmo@bl.bt">lekiwangmo@bl.bt</a>
<b>Period Audited:</b>	01/01/2023 - 31/12/2023
<b>Schedule of Audit:</b>	Planning: 5 - 10 February 2024 Field: 12 - 18 February 2024 Reporting: .....
<b>Composition of Audit Team:</b>	i. Jigmi Rinzin FCCA, Partner, CID No. 10905002564 ii. Narapati Nepal, Team Leader, CID No.11810000280 ii. Laxmi Prasad Giri, Senior Audit Associate, CID No. 11214001226
<b>Supervising Officer:</b>	Jigmi Rinzin FCCA, Partner
<b>Engagement Letter:</b>	RAA(SA-39)COAD/2023/ 819 Dated: 7 November 2023
<b>Focal Person:</b>	Jigmi Rinzin, Partner, CID No.10905002564 Email: <a href="mailto:jirinzin@gmail.com">jirinzin@gmail.com</a> Email: <a href="mailto:jafpk2018@gmail.com">jafpk2018@gmail.com</a>
<b>Date of Audit Exit Meeting:</b>	11/03/2024

## ACRONYMS AND ABBREVIATIONS

AASEB:	Accounting and Auditing Standards Board of Bhutan
AFD:	Administration & Finance Department
AGM:	Annual General Meeting
AIN:	Audit Information Number
BAS:	Bhutanese Accounting Standards
BFRS:	Bhutanese Financial Reporting Standards
BoB:	Bank of Bhutan Limited
BLL:	Bhutan Lottery Limited
BNB:	Bhutan National Bank
CEO:	Chief Executive Officer
CID:	Citizenship Identity Card
DBO:	Defined Benefit Obligation
DLO:	Department of Law and Order
DoT:	Department of Trade
EPS:	Earnings Per Share
FCCA:	Fellow Chartered Certified Accountant
FD:	Fixed Deposit
FS:	Financial Statement
IFRS:	International Financial Reporting Standards
ISA:	International Standards on Auditing
IT:	Information Technology
JAF:	JIGMI Audit & Financials Pvt. Ltd.
KAM:	Key Audit Matter
KMPs:	Key Management Personnel
LMS:	Lottery Management System
MoF:	Ministry of Finance
MoHA:	Ministry of Home Affairs
MoICE:	Ministry of Industry, Commerce and Employment
NBV:	Net Book Value
Nu:	Ngultrum
OCI:	Other Comprehensive Income
PAT:	Profit After Tax
P/L:	Profit & Loss
PPE:	Plant, Property and Equipment
PF:	Provident Fund
P.L.C:	Public Limited Company
P.O.:	Post Office
PSU:	Public Sector Undertaking
PY:	Prior/Previous Years
RAA:	Royal Audit Authority
RGoB:	Royal Government of Bhutan
RICBL:	Royal Insurance Corporation of Bhutan Limited
ROC:	Registrar of Companies
SoCE:	Statement of Changes in Equity
SOE:	State Owned Enterprise
TDS:	Tax Deducted at Source



## TABLE OF CONTENTS

TITLE SHEET.....	i
ACRONYMS and ABBREVIATIONS .....	ii-iii
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF BHUTAN LOTTERY LTD. FOR THE YEAR ENDED 31 DECEMBER 2023 .....	1-4
MINIMUM AUDIT EXAMINATION REPORTING REQUIREMENTS .....	5-7
FINANCIAL STATEMENTS .....	8-12
Statement of Financial Position as at 31 December 2023 .....	9
Statement of Comprehensive Income for the year ended 2023 .....	10
Cash Flow Statement for the year ended 31 December 2023 .....	11
Statement of Changes in Equity for the year ended 31 December 2023 .....	12
ACCOUNTING POLICIES & NOTES TO ACCOUNTS .....	13-27
ANNEXURES .....	28-33
Annexure I: Ratio Analysis .....	29
Annexure II: Compliance Calendar and Compliance Checklist .....	30-33
MANAGEMENT APPRAISAL REPORT .....	34-36
FOLLOW-UP REPORT .....	37-38



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF  
BHUTAN LOTTERY LTD. FOR THE YEAR ENDED 31 DECEMBER 2023**

The Shareholder(s) of Bhutan Lottery Limited  
Phuentsholing.

**Opinion**

We have audited the financial statements of **Bhutan Lottery Limited (BLL)** which comprises of the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity, and the 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 present fairly, in all material respect, of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Bhutanese Accounting Standards (BAS).

**Basis for Opinion**

We conducted our audit 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 this 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.

**Key Audit Matters (KAM)**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. We have nothing to report under KAM for the current audit period.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for other information which comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent





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with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, we have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with BAs, and for such internal control as the 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, the 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 the 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.

**Auditors' 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 misstatements, 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. Misstatements can arise from fraud or error and are considered material if, individually or in the 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:

- 1. 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;



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- ii. 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 purpose of expressing an opinion on the effectiveness of the Company's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the Company to cease to continue as a Going Concern; and
- v. 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, actions taken to eliminate threats or safeguards applied.

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 audit 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, we enclose the Minimum Audit Examination and Reporting Requirements as *Appendix - I* with statements on the matters specified therein to the extent applicable.

Lotrey Lam 11/B, P.O. Box. No. 689, Thimphu 11001, Bhutan. Tel. +975 2 350868, +975 2 350869;  
Mobile: +975 17601963, +975 77719447. Email: jafpic@18@gmail.com, pjrinzin@gmail.com



Further, as required under Section 265 of the Companies Act of Bhutan 2016, we report that:

- a. We have obtained all information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Company's 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 are in agreement with the books of accounts; and
- d. The Company has complied with other legal and regulatory requirements to the extent applicable to the company.

For JIGMI Audit & Financials Pvt. Ltd


Jigmi Rinzin, FCCA  
(Membership No. 0283308)  
Partner

Date: 28.03.2024



## MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

As required by Section 266 of the Companies Act of Bhutan, 2016, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we report, to the extent applicable, that:

1. The Company has maintained proper records of Property, Plant & Equipment (PPE) in the Assets Register to show full particulars including quantitative details and situation of the assets.
2. None of the PPEs have been revalued during the year.
3. The Company has not availed any loans, secured or unsecured.
4. The Company has not granted any loans to other companies, firms or other parties.
5. Loans and advances granted by the company to its officers/staff are as per the provisions of service rules. No instance of excessive/frequent advances or accumulation of large advance against particular individuals has been noted during our test verification.
6. In our opinion, there are adequate system of internal controls 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 as to ensure adherence to the rules/regulations, system and procedures. The Company has adopted, and following, the policies and system and procedures, as approved by the Board or the other higher authorities to ensure the existence of a prudent and sound financial management in managing the affairs of the Company.
7. In our opinion, there is adequate system of competitive biddings, commensurate with the size of the Company and nature of its business, for the purchase of PPEs and other items, such as, stationeries and related expendable items, etc.
8. Transactions of advancing of loans and for purchase of services, etc., made in pursuance of contracts or arrangements entered into with the Director/s or any other party related to the Director/s or with companies or firms in which the Director/s are directly or indirectly interested have been made at prices, which are reasonable having regard to the prevailing market rates/prices for such loans or services or at rates/prices at which the transactions for similar loans or services have been made with other parties.
9. To the best of our knowledge, expenses charged to the Company's accounts represent legitimate business expenses and no personal expenses have been debited to the Statement of Comprehensive Income other than those payable under contractual obligations/service rules.
10. In our opinion, the Company is regular in depositing rates, taxes, duties, royalties, provident funds, and other statutory dues with appropriate authorities. Further, the corporation tax was



found to be adequately computed and deposited timely in accordance with the current applicable taxation laws, and has been appropriately disclosed in the financial statements.

11. Considering the requirements of funds in the normal business, the management of the Company's liquid resources, particularly, cash/bank and short-term deposits etc. are adequate and no excessive amount is lying idle in non-interest-bearing accounts.
12. In our opinion and to the best of our knowledge, activities carried out by the Company are lawful and *intra vires* the Articles of Incorporation of the Company.
13. The Company has system and procedures for obtaining approvals of the Board/delegated authority for all capital investment and also for investments. Investments made in the Fixed Deposit in banks and investments in new projects/ventures are made after considering the technical and economic feasibility of such projects as per the stipulated procedures.
14. In our opinion, the Company has established an effective budgetary control system.
15. In our opinion, other than the remunerations to the Chief Executive Officer, and sitting fees to other Directors, no other payments in cash or in kind, has been paid to them or any of their relatives, in the nature of remuneration or commission. Remunerations and sitting fees paid to the Chief Executive Officer, and the Directors, are disclosed in the Financial Statement under *Note 18: Key Management Personnel*.
16. Directives of the Board have been found to be complied with by the Company.
17. Price sensitive information, to the best of our knowledge, have not been transmitted by any officer of the Company, unauthorized to any other person with intent to benefit themselves.
18. Proper records are kept for Inter-Sales Agent transactions and services.
19. In our opinion, the Company has generally maintained adequate documents and records for loans and advances granted, and has also drawn up adequate agreements for the same.
20. In our opinion, provisions towards permanent diminution, in the value of investments is made wherever, required and considered necessary.

#### Computerized Accounting Environment:

1. In our opinion, size and nature of IT (Computer) system and installations are adequate for organizational system development and other relevant internal control.
2. In our opinion, the Company has adequate safeguard measures and back-up facilities.
3. In our opinion, there are back-up facilities of keeping files at different and remote locations.
4. In our opinion, operational controls are adequate to ensure correctness and validity of input data and output information.



5. In our opinion, measures to prevent unauthorized access over the computer installation and files are in existence and adequate.

## General

### 1. Going Concern

Based on the net asset position reflected in the statement of financial position as at 31 December 2023, audited by us in accordance with the ISAs and on basis of such other tests, as we considered necessary in this regard, we have no reason to believe that the Company is not a going concern on the date of statement of financial position and is not likely to become sick in near future.

### 2. Ratio Analysis (attached separately)

Significant ratios indicating the financial health and performance of the Company are provided under *Annexure-I* of this Report.

### 3. Compliance with the Companies Act of the Kingdom of Bhutan, 2016

The Company has complied with the applicable provisions of the Companies Act of Bhutan, 2016. Details of Compliance calendar and Compliance checklist are given under *Annexure-II* of this Report.

### 4. 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 examination and reviews of the financial statements as produced to us by the Management. In the course of the audit, we have considered the compliance of provisions of the said Companies Act, its Articles of Incorporation and applicable Bhutanese Accounting Standards.

For JIGMI Audit & Financials Pvt. Ltd

Jigmi Rinzin, FCCA  
(Membership No. 0283308)  
Partner



Date: 28-03-2024





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**FINANCIAL STATEMENTS**

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**BHUTAN LOTTERY LIMITED, PHUENTSHOLING**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

(All in Ngultrums)

Particulars	Notes	31-Dec-23	31-Dec-22
<b>ASSETS</b>			
<b>Non-current Assets -</b>			
Property, Plant and Equipment	2	11,465,925.55	12,149,640.53
<b>Total Non-current Assets</b>		<u>11,465,925.55</u>	<u>12,149,640.53</u>
<b>Current Assets -</b>			
Trade and Other Receivables	3	18,905,993.38	11,987,227.31
Other Assets	4	205,408,735.73	113,528,909.70
Cash and Bank Balances	5	154,937,144.55	185,291,595.10
<b>Total Current Assets</b>		<u>379,251,873.66</u>	<u>310,807,732.11</u>
<b>TOTAL ASSETS</b>		<u>390,717,799.21</u>	<u>322,957,372.64</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves -</b>			
Share Capital	6.1	60,000,000.00	60,000,000.00
Retained Earnings	6.2	242,016,514.70	190,889,651.39
<b>Total Equity</b>		<u>302,016,514.70</u>	<u>250,889,651.39</u>
<b>Non-current Liabilities -</b>			
Net Retirement Benefit Liability	7	1,916,999.37	1,733,557.79
Deferred Tax Liability	8.a	828,541.00	718,999.60
<b>Total Non-current Liabilities</b>		<u>2,745,540.37</u>	<u>2,452,557.39</u>
<b>Current Liabilities -</b>			
Trade and Other Payables	9.a	17,837,256.32	12,680,244.75
Other Liabilities (Performance Security Deposits)	9.b	2,831,055.50	798,660.50
Short Term Provisions	10	68,287,432.32	56,136,258.61
<b>Total Current Liabilities</b>		<u>88,955,744.14</u>	<u>69,615,163.86</u>
<b>Total of Equity and Liabilities</b>		<u>390,717,799.21</u>	<u>322,957,372.64</u>

For JIGMI Audit & Financials Pvt. Ltd.

For Bhutan Lottery Limited

*[Handwritten Signature]*



Jigmi Rinzin, FCCA  
 (Membership No. 0283308)  
 Partner

Date: 28.03.2024

*[Handwritten Signature]*

Karma Tenzin  
 Finance Officer

Finance Officer  
 Bhutan Lottery Ltd.  
 Phuentsholing : Bhutan

*[Handwritten Signature]*

Phenphay R. Drukpa  
 Chief Executive Officer  
 PHENPHAY R. DRUKPA  
 CHIEF EXECUTIVE OFFICER  
 BHUTAN LOTTERY LTD.  
 PHUENTSHOLING : BHUTAN

*[Handwritten Signature]*  
 Kesari Deki  
 Chairman

Chairman  
 Bhutan Lottery Limited  
 Phuentsholing : Bhutan

**BHUTAN LOTTERY LIMITED, PHUNTSOLING**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**  
**31 DECEMBER 2023**

*(All in Ngultrons)*

Particulars	Notes	31-Dec-23	31-Dec-22
<b>INCOME -</b>			
<b>Revenue</b>			
Sale of Lottery Tickets	11	1,084,393,060.00	948,704,386.50
Less: Prize Winning Payouts	12	<u>(769,100,294.56)</u>	<u>(689,408,940.00)</u>
<b>Net Revenue from Sales of Lottery Tickets</b>		<b>315,292,765.44</b>	<b>259,295,446.50</b>
Other Income	13	<u>8,617,851.12</u>	<u>5,667,328.23</u>
<b>Gross Revenue</b>		<b>323,910,616.56</b>	<b>264,962,774.73</b>
Less: Direct Expenses	14.a	<u>(74,694,821.09)</u>	<u>(54,478,275.23)</u>
<b>Gross Profit</b>		<b>249,215,795.47</b>	<b>210,484,499.50</b>
<b>EXPENDITURE -</b>			
Operating Expenses	14.b	396,832.23	494,527.74
Employee Benefits Expense	15	13,509,594.80	9,545,058.34
Other Expenses	16	16,590,874.36	12,033,619.61
Depreciation and Amortization	2	<u>2,366,697.78</u>	<u>1,779,216.87</u>
<b>Total Expenditure</b>		<b>32,863,999.17</b>	<b>23,852,422.56</b>
<b>Profit Before Tax</b>		<b>216,351,796.30</b>	<b>186,632,076.94</b>
Less: Income Tax Expense		<u>64,910,813.72</u>	<u>56,004,294.65</u>
<b>Profit after Tax</b>		<b>151,440,982.58</b>	<b>130,627,782.29</b>
<b>OTHER COMPREHENSIVE INCOME -</b>			
Actuarial Gain/(Loss) on Post-Employment		<u>(314,119.27)</u>	<u>302,053.00</u>
<b>Net Other Comprehensive Income</b>		<b>(314,119.27)</b>	<b>302,053.00</b>
<b>Total Comprehensive Income</b>		<b>151,126,863.31</b>	<b>130,929,835.29</b>
Basic and Diluted Earnings per Share	17	252.40	218.22

For JIGMI Audit & Financials Pvt. Ltd.


Jigmi Rinzin FCCA  
 (Membership No.0283308)  
 Partner

Date: 28-03-2024

For Bhutan Lottery Limited

  
 Karma Tenzin  
 Finance Officer

Finance Officer  
 Bhutan Lottery Ltd.  
 Phuntsoling : Bhutan

  
 Phenphay R Drukpa  
 Chief Executive Officer  
 PHENPHAY R. DRUKPA  
 CHIEF EXECUTIVE OFFICER  
 BHUTAN LOTTERY LTD.  
 PHUNTSOLING : BHUTAN

  
 Keening Deki  
 Chairperson  
**Chairman**  
 Bhutan Lottery Limited  
 Phuntsoling : Bhutan

**BHUTAN LOTTERY LIMITED PHUENTSHOLING  
STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2023**

*(All in Ngultrums)*

Particulars	31-Dec-23	31-Dec-22
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (loss) before tax	216,351,796.30	186,632,076.94
Adjustment for:		
Depreciation	2,366,697.78	1,779,216.87
Increase in Gratuity Provision	183,441.58	(250,861.63)
Actuarial gain	(314,119.27)	302,053.00
<b>Operating Profit before changes in working capital (i)</b>	<b>218,587,816.39</b>	<b>188,462,485.18</b>
(Increase)/Decrease in Trade and Other Receivables	(6,918,766.07)	11,209,149.84
(Increase)/Decrease in Other Current Assets	(83,347,864.34)	257,407.38
Increase/(Decrease) in Trade and Other Payables	5,157,011.57	(10,518,152.59)
Increase/(Decrease) in Other Current Liabilities	2,032,395.00	203,710.00
Increase/(Decrease) in Short term provisions	112,640.00	(39,303.58)
Income Tax Paid	(64,288,569.06)	(57,645,543.70)
<b>Net Cash flow with changes in working capital (ii)</b>	<b>(147,253,152.90)</b>	<b>(56,532,732.65)</b>
<b>Net cash flow from Operating Activities (A= i+ii)</b>	<b>71,334,663.49</b>	<b>131,929,752.53</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Property, Plant and Equipment	(1,689,114.04)	(5,222,895.49)
Prior Period adjustment	-	(2,163.27)
<b>Net cash flow from Investing Activities (B)</b>	<b>(1,689,114.04)</b>	<b>(5,225,058.76)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(100,000,000.00)	(80,000,000.00)
<b>Net Cash from/(Used in) Financing activities (C)</b>	<b>(100,000,000.00)</b>	<b>(80,000,000.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(30,354,450.55)</b>	<b>46,704,693.77</b>
Cash and Cash equivalents at the beginning of the year	185,291,595.10	138,586,901.33
Cash and Cash equivalents at the end of the year	154,937,144.55	185,291,595.10

For JIGMI Audit & Financials Pvt. Ltd.

For Bhutan Lottery Limited



Jigmi Rinzin PCCA  
(Membership No. 0283308)  
Partner

Date: 28.03.2024

  
Karma Tenzin  
Finance Officer

Finance Officer  
Bhutan Lottery Ltd.  
Phuentsholing : Bhutan

  
Phenphay R Drukpa  
Chief Executive Officer  
PHENPHAY R. DRUKPA  
CHIEF EXECUTIVE OFFICER  
BHUTAN LOTTERY LTD.  
PHUENTSHOLING : BHUTAN

  
Kesang Deki  
Chairperson  
Chairman  
Bhutan Lottery Limited  
Phuentsholing : Bhutan

**BHUTAN LOTTERY LIMITED PHUENTSHOLING**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER**  
**2023**

(All in Ngultrons)

Particulars	Ordinary Shares			Retained Earnings	Total
	No. of Shares (issued and fully paid up)	Value per Share	Total Value of Shares		
Balance as at 1 January 2022	600,000	100.00	60,000,000.00	199,961,979.38	199,961,979.38
Profit after tax				130,627,782.29	130,627,782.29
Other Comprehensive Income for the year				302,053.00	302,053.00
Less: Net Prior year Adjustments				(2,163.27)	(2,163.27)
Less: Payment of Dividend	=	=	=	(80,000,000.00)	(80,000,000.00)
Balance as at 31 December 2022	600,000	100.00	60,000,000.00	190,889,651.40	290,889,651.40
Profit after income-tax				151,440,982.58	151,440,982.58
Other Comprehensive Income for the year				(314,119.27)	(314,119.27)
Less: Net Prior year Adjustments				-	-
Less: Payment of Dividend	=	=	=	(100,000,000.00)	(100,000,000.00)
Balance as at 31st December 2023	<u>600,000</u>	<u>100.00</u>	<u>60,000,000.00</u>	<u>242,016,514.70</u>	<u>302,016,514.70</u>

For JIGMI Audit & Financials Pvt. Ltd.

For Bhutan Lottery Limited


  


Jigmi Rinzin PCCA  
 (Membership No.0283308)  
 Partner

Date: 28-03-2024

  
 Karma Tenzin  
 Finance Officer

Finance Officer  
 Bhutan Lottery Ltd.  
 Phuentsholing : Bhutan

  
 Phenphay R Drukpa  
 Chief Executive Officer  
 PHENPHAY R. DRUKPA  
 CHIEF EXECUTIVE OFFICER  
 BHUTAN LOTTERY LTD.  
 PHUENTSHOLING : BHUTAN

  
 Kesang Deki  
 Chairperson

Chairman  
 Bhutan Lottery Limited  
 Phuentsholing : Bhutan

**ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

## Note 1: SIGNIFICANT ACCOUNTING POLICIES

### 1.1 CORPORATE INFORMATION

Bhutan Lottery Limited (BLU) was incorporated a Limited Liability Public Company under the Companies Act of the Kingdom of Bhutan 2000 (Amendment, 2016) on 2 October 2015 vide Certificate of Incorporation Registration No.20151002TH10491. The Ministry of Finance (MoF), Royal Government of Bhutan is the Company's sole Shareholder. However, on 19 October 2023 the agreement was executed between MoF and De-suung Skilling Programme (DSP), His Majesty's Secretariat (HMS), on the transfer of shares from MoF to DSP. Transfer of absolute ownership of the shares is expected to be executed upon the completion of 8<sup>th</sup> Annual General Meeting.

BLU is entrusted to carry out lottery and associated business and primarily engaged in the lottery business. It has its Head Office in Phuentsholing Thromde, Chhukha Dzongkhag.

The consolidated financial statements for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors.

### 1.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for available for sale investments, Land & Buildings, defined benefit plan, and financial assets & liabilities, which are recognized at fair value. The consolidated financial statements are presented in Bhutanese Currency, Ngultrum (Nu.)

### 1.3 Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards (BAS).

### 1.4 Presentation of financial statements

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date are current and more than 12 months after the reporting date are non-current.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

### 1.5 Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues,



expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions, if and when they occur.

Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgment and/or estimates are collated below with respect to judgments/estimates involved

### 1.6 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, and balance in current accounts with banks.

### 1.7 Property, Plant and Equipment

All Property, Plant and Equipment (PPE) are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labor cost, other direct costs incurred up to the date the asset is ready its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that further economic benefit associated with the item will flow to the company and the cost of the items 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 is calculated using the straight-line method to write down the cost of PPE to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

<i>Asset Type</i>	<i>Useful Life</i>
Furniture & Fitting	10 Years
Office Equipment	10 Years
Motor Vehicles	10 Years (20% residual value)
Data Processing Equipment	4 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.

### **1.8 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.

### **1.9 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.

#### **1.10 Trade and 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.

#### **1.11 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.

#### **1.12 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.

#### **1.13 Current and Deferred Income-tax**

Tax expense for the period comprises 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 prevailing on the balance sheet date.

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.

#### **1.14 Employee Benefits**

##### **1.14.1 Retirement Benefits**

Under the Defined Benefits Scheme, the company makes retirement payments based on the final salary and years of service. Gratuity is accrued on the basis of actuarial valuation.

##### **1.14.2 Other Benefits:**

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

#### **1.15 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.

#### **1.16 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;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities, as described 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.

**1.17 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.

**1.18 Comparative information:**

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

**Note 2 : Property, Plant & Equipment (PPE)**

*(All in Ngultrums)*

Particulars	Furniture and Fixings	Data Processing Equipment	Vehicles	Plant & Electrical Equipment	Software	Total
<b>Cost:</b>						
At 1 Jan. 2022	630,070.44	5,846,388.50	7,014,044.00	1,782,000.99	74,000.00	15,346,503.95
Additions	-	9,000.00	-	5,213,895.49	-	5,222,895.49
Adjustment	33,270.00	(55,731.00)	-	22,461.01	-	0.01
Disposals	-	-	-	-	-	-
<b>At 1 January 2023</b>	<b>663,340.44</b>	<b>5,799,657.50</b>	<b>7,014,044.00</b>	<b>7,018,357.49</b>	<b>74,000.00</b>	<b>5,222,895.50</b>
Additions	111,440.00	1,477,674.04	-	100,000.00	-	1,689,114.04
Disposals	(7,685.20)	-	-	-	-	(7,685.20)
Adjustment	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>767,095.24</b>	<b>7,277,331.54</b>	<b>7,014,044.00</b>	<b>7,118,357.49</b>	<b>74,000.00</b>	<b>6,904,328.34</b>
<b>Depreciation and impairment:</b>						
As at 1 January 2022	208,758.67	2,785,417.08	2,765,800.60	812,649.72	67,917.00	6,640,543.07
Disposals	-	-	-	-	-	-
For the year	66,334.05	820,246.01	561,123.52	325,432.30	6,081.00	1,779,216.87
Adjustment	3,533.27	(41,596.43)	1.92	38,060.20	-	(1.04)
<b>At 31 December 2022</b>	<b>278,625.99</b>	<b>3,564,066.66</b>	<b>3,326,926.04</b>	<b>1,176,142.22</b>	<b>73,998.00</b>	<b>8,419,758.90</b>
Disposals	(1,553.96)	-	-	-	-	(1,553.96)
For the year	67,680.79	1,042,466.55	561,123.52	695,426.92	-	2,366,697.78
Adjustment	-	-	-	-	-	-
<b>At 31 December 2023</b>	<b>344,752.82</b>	<b>4,606,533.21</b>	<b>3,888,049.56</b>	<b>1,871,569.14</b>	<b>73,998.00</b>	<b>10,784,902.72</b>
<b>Net book value:</b>						
At 31 December 2022	384,714.46	2,235,590.84	3,687,117.96	5,842,215.27	2.00	12,149,640.53
At 31 December 2023	422,342.43	2,670,798.33	3,125,994.44	5,246,788.35	2.00	11,465,925.55



**Note 3: Trade and Other Receivables**

Particulars	2023 (Nu.)	2022 (Nu.)
Gyeltshen Lottery Agent (Tsirang)	109,681.49	240,464.00
Indo Lottery Agent, Pam	2,586,762.60	1,859,679.51
Jigme Dorji (Trongsa)	(509.00)	(32,680.00)
Kuenjung Lottery Agent	274,921.65	343,247.00
Leki Lhamo (Dagana)	-	(113,320.00)
M/s Bhutan Lottery Agent, S/jongkhar	1,572,700.24	260,720.86
M/s Bhutan Smart Lottery, Thimphu	1,353,726.42	3,835,305.09
M/s Kelden Enterprise, P/ling	-	1,578,828.58
M/s Menjong Lottery, Sarpang	2,085,987.93	1,452,618.77
Punakha-SE 1	-	72,960.00
Samtse-SE 1	-	139,490.00
Tashi Wangchuk Lottery Agent, Mongar	3,562,258.49	2,164,056.00
Uden Tshomo	-	121,017.50
Wangdue-SE 1	-	66,840.00
Blessed Lottery-Thimphu	4,794,469.75	-
Deki Lhamo (Trongsa Open Seller)	(23,440.00)	-
Draduel's Delight-Wangdue	977,690.76	-
Kuenphen Lottery - Phuentsholing	1,660,143.55	-
Pema Chuki Trashigang Open Seller	23,905.50	-
Phuntsho Wangdi (Nganglam Open Seller)	(72,306.00)	-
<b>Total</b>	<b>18,905,993.38</b>	<b>11,987,227.31</b>

**Note 4: Other Assets**

Particulars	2023 (Nu.)	2022 (Nu.)
Advance Payments to Third Parties	229,818.00	-
Lottery Tickets in Hand	969,000.00	606,775.00
Advance Income Tax	37,817,381.69	29,285,420.00
TDS Receivable	187,500.00	110,000.00
Short Term Deposits with Bank*	160,000,000.00	80,000,000.00
Interest accrued on Short Term Deposits	3,242,465.75	1,358,493.15
Apple Watch (For Giveaway Prize Payouts)	44,990.00	-
I Phone 15 Pro Max (For Giveaway Prize Payouts)	123,000.00	-
Samsung Phone A34 (For Giveaway Prize Payouts)	149,994.00	-
Prepaid Expenses	13,985.91	19,127.76
Gratuity Fund with RICBL	2,630,600.38	2,127,693.79
Security Deposits	-	21,400.00
<b>Total</b>	<b>285,408,735.73</b>	<b>113,528,909.71</b>

\* Short Term Deposits with Bank was not considered as Cash & Cash Equivalent as the pending maturity period is more than 3 months on 31.12.2023

**Note 5: Cash and Bank Balances**

Particulars	2023 (Nu.)	2022 (Nu.)
Cash In Hand	30,045.41	30,986.77
Imprest with employees	20,000.00	-



**Bank Balances:**

T.Bank A/C No.77011051604001	1,000.00	1,000.00
BNB A/C No.0100095991001	1,050.00	1,077.50
BOB A/C No.203114940	92,213,363.46	151,095,560.31
BOB A/C No.100929335	10,446,508.29	1,409,471.76
BOB A/C No.200849423	<u>52,225,177.39</u>	<u>32,753,498.76</u>
<b>Total</b>	<b><u>154,937,144.55</u></b>	<b><u>185,291,595.10</u></b>

**Note 6 : Issued Capital, Retained Earnings & General Reserve****6.1 - Issued Capital**

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Authorized Capital</b>	500,000,000.00	500,000,000.00
<b>Issued Capital:</b> 600,000 Equity shares of Nu.100 each	60,000,000.00	60,000,000.00

NB: All shares are of same class and have the same right attached.

**6.2 - Retained Earnings**

Particulars	2023 (Nu.)	2022 (Nu.)
Opening Balance	190,889,651.40	139,961,979.38
Less: Dividend paid during the year	(100,000,000.00)	(80,000,000.00)
Add: Comprehensive Income/ (Loss) for the year	151,126,863.31	130,929,835.29
Less: Net Prior year adjustments	-	(2,163.27)
<b>Total</b>	<b><u>242,016,514.70</u></b>	<b><u>190,889,651.40</u></b>

**Note 7: Retirement Benefit Obligations**

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Retirement Benefit Obligations -</b>		
Gratuity	<u>1,916,999.37</u>	<u>1,733,557.79</u>
<b>Total</b>	<b><u>1,916,999.37</u></b>	<b><u>1,733,557.79</u></b>

**Note 7.1: 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 Druk Infinity Consulting, a registered actuary firm in the country.

**b) Statement of Comprehensive Income**

Particulars	2023 (Nu.)	2022 (Nu.)
Current service cost	431,576.59	395,596.00
Past service cost - plan amendments	-	-
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Service cost	431,576.59	395,596.00
Net interest on net defined benefit liability/(asset)	(64,369.28)	(36,959.00)
Immediate recognition of (gains)/losses - other long term employee benefit plans	-	-
<b>Cost recognized in Statement of Income</b>	<b>367,207.31</b>	<b>358,637.00</b>

**c) Other Comprehensive Income (OCI)**

Particulars	2023 (Nu.)	2022 (Nu.)
Actuarial (gain)/loss on liability experience	119,029.21	(362,740.00)
Actuarial (gain)/loss on liability assumption changes	-	2,395.00
Return on plan assets (greater)/less than discount rate	195,090.06	58,292.00
<b>Actuarial (gain)/losses recognized in OCI</b>	<b>314,119.27</b>	<b>(302,053.00)</b>

**d) Movements in the Present Value of Defined Benefit Obligation**

Particulars	2023 (Nu.)	2022 (Nu.)
Opening Defined Benefit Obligation	1,733,557.79	1,984,420.00
Current service cost	440,558.92	395,596.00
Interest cost	121,738.45	128,707.00
Actuarial (gain)/loss on experience adjusted	119,029.21	(362,740.00)
Benefits paid	(497,835.00)	(414,820.00)
Actuarial (gain)/loss due to change in demographic assumptions	-	2,395.00
Actuarial (gain)/loss due to change in financial assumptions	-	-
<b>Closing Defined Benefit Obligation</b>	<b>1,916,999.37</b>	<b>1,733,558.00</b>

**e) Expected benefit payments for the year ending**

31 December 2024	853,950.24	697,556.00
31 December 2025	16,748.08	21,482.00
31 December 2026	25,873.95	26,251.00
31 December 2027	43,103.19	50,874.00
31 December 2028	52,984.29	-
31 December 2029 to 31 December 2033	736,398.84	802,673.00
31 December 2034 to 31 December 2043	10,891,821.88	12,270,195.00
<b>Weighted Average Duration of Defined Benefit Obligation</b>	<b>19 Years</b>	<b>19 Years</b>

**f) Sensitivity Analysis**

i) Discount Rate-		
Discount Rate as at 31 December 2023	8.20%	8.20%
Effect on DBO due to 1% increase in Discount Rate	(91,080.36)	(100,789.00)
Effect on DBO due to 1% decrease in Discount Rate	100,423.98	111,441.00

**ii) Salary Escalation Rate-**



Salary Escalation rate as at 31 December 2023	8.00%	8.00%
Effect on DBO due to 1% increase in Salary Escalation Rate	106537.57	116,576.00
Effect on DBO due to 1% decrease in Salary Escalation Rate	(97,612.47)	(106,386.00)

#### Note 8: Taxation

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Profit Before Tax for the Year 2023 as per BAS FS</b>	<b>216,351,796.30</b>	<b>186,632,076.94</b>
<b>Add: Expenses disallowed as per the Income Tax Act (ITA):</b>		
Depreciation on PPE	2,366,697.78	1,779,216.87
Provision for Gratuity	367,207.31	358,637.00
Fines and Penalties	26,698.35	1,100.00
<b>Total disallowed expenses</b>	<b>2,760,603.44</b>	<b>2,138,953.87</b>
<b>Less: Exempt Income/Allowed expenses as per the ITA:</b>		
Depreciation for the year as per the provisions of Income Tax	2,740,951.35	2,536,598.45
Gratuity Provision for 2023 deposited in 2024	367,207.31	358,637.00
<b>Total allowed expenses</b>	<b>3,108,158.66</b>	<b>2,895,235.45</b>
<b>Net Taxable profit</b>	<b>216,004,241.08</b>	<b>185,875,795.36</b>
Tax (%)	30%	30%
<b>Income Tax @ 30%</b>	<b>64,801,272.32</b>	<b>55,762,738.61</b>

<b>Income Tax payable</b>		
Current tax in respect of current year	64,801,272.32	55,762,738.61
Previous year tax adjustment	-	-
<b>Total Income Tax payable</b>	<b>64,801,272.32</b>	<b>55,762,738.61</b>
Deferred tax payable - current year	109,541.40	241,556.04
<b>Total Income Tax Expense Recognized</b>	<b>64,910,813.72</b>	<b>56,004,294.65</b>

Reconciliation of Tax on Operating Income/(Loss)		
Profit Before Tax	216,351,796.30	186,632,076.94
Income Tax Expense calculated @ 30%	64,905,538.89	55,989,623.08
<b>Adjustment required for:</b>		
- Difference between tax and accounting depreciation	(112,276.07)	(227,214.47)
- Non Deductible expenditure	8,009.51	330.00
- Deductible expenditure of Payment of Gratuity	-	-
- Reversal of Bad Debts provision already disallowed	-	-
<b>Current Tax Payable</b>	<b>64,801,272.32</b>	<b>55,762,738.61</b>
<b>Effective Tax Rate</b>	<b>30%</b>	<b>30%</b>

The tax rate used for the year is the comparable tax rate of 30% payable by corporate entities on taxable profits as per the prevailing Income Tax Rules and Regulations.

#### Note 8.a: Deferred Tax

Particulars	2023 (Nu.)	2022 (Nu.)
Opening as per BLL system	718,999.60	477,443.56
Provision for tax due to timing differences	109,541.40	241,556.04



<b>Closing Balance</b>	<b>828,541.00</b>	<b>718,999.60</b>
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**Note 8.b: Computation of Actual Tax Liability**

Particulars	2023 (Nu.)	2022 (Nu.)
Provision Income Tax for 2023	64,801,272.32	55,762,738.61
Less: Advance Income Tax	(37,817,381.69)	(29,285,420.00)
Less: TDS Retain	(187,500.00)	(110,000.00)
<b>Net payable Income Tax</b>	<b>26,796,390.63</b>	<b>26,367,318.61</b>

**Note 9.a: Trade and Other Payables – Current**

Particulars	2023 (Nu.)	2022 (Nu.)
Trade Payables to Prize Winners	7,920,810.00	8,529,741.94
Trade Payables to Others	7,375,007.77	4,099,772.04
Payables to Employees	191,523.00	-
TDS Payable	2,155,401.55	-
Statutory Dues Payable	79,514.00	50,730.77
Outstanding Liabilities : Audit Fees	135,000.00	-
Outstanding Liabilities : Consultancy Fees	10,000.00	-
<b>Total</b>	<b>17,837,256.32</b>	<b>12,680,244.75</b>

**Note 9.b: Other Current Liabilities**

Particulars	2023 (Nu.)	2022 (Nu.)
Performance Security Deposit received from suppliers	1,010,510.50	798,660.50
Security Deposit (Received)	1,520,545.00	-
Lotto Security Deposit	300,000.00	-
<b>Total</b>	<b>2,831,055.50</b>	<b>798,660.50</b>

**Note 10: Short Term Provisions**

Particulars	2023 (Nu.)	2022 (Nu.)
Retirement Benefit Obligations - Leave Encashment	486,160.00	373,520.00
Provision for Income Tax	64,801,272.32	55,762,738.61
<b>Total</b>	<b>65,287,432.32</b>	<b>56,136,258.61</b>

**Note: 11: Sales of Lottery Tickets**

Particulars	2023 (Nu.)	2022 (Nu.)
Sales E-Lottery Interactive	891,835,060.00	844,816,396.50
Sales E-Lottery Lotto	9,150,750.00	7,838,040.00
Sales Special Reydrup Bumper	-	7,961,100.00
Sales (Thuensum Mid-Dharim)	63,321,350.00	40,168,750.00
Sales Special Tshe-Jur Bumper	-	7,692,900.00
Sales Special Losar Bumper	10,236,300.00	-
Sales Monsoon Bumper	10,259,400.00	-
Sales Thruetab Bumper	10,871,400.00	-
Sales (Thuensum Quick Cash Cards)	45,910,000.00	22,107,200.00
Sales (Thuensum Scratch Cards)	42,808,800.00	18,120,000.00





Total Sales of Lottery Tickets	1,084,393,060.00	948,704,386.50
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**Note 12: Prize Winning Payouts**

Particulars	2023 (Nu.)	2022 (Nu.)
E-Lottery Interactive	645,131,734.00	627,033,170.00
E-Lottery Lotto	10,493,700.56	3,445,860.00
Bumper	16,712,000.00	10,458,000.00
Phuensum Mid-Dharim	42,725,700.00	26,208,000.00
Thuensum Scratch Cards	27,172,160.00	11,864,120.00
Thuensum Quick Cash	26,865,000.00	10,399,790.00
<b>Total</b>	<b>769,100,294.56</b>	<b>689,408,940.00</b>

**Note 13: Other income**

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Interest Income on fixed deposits:</b>		
- FD Account No.203369636- BOBL	-	256,438.36
- FD Account No.201141375 - BOBL	-	407,617.23
- FD Account No.770TC051604004 - T Bank	-	860,327.97
- FD Account No.770TC051604005 - T Bank	-	384,931.51
- FD Account No.770TC051604001 T Bank	330,136.97	-
- FD Account No.7100095991005 - BNBL	-	726,575.34
- FD Account No.770TC051604004 - T Bank	-	34,931.51
- FD Account No.770TC051604007 - T Bank	998,630.14	-
- FD Account No.7100095991007 - BNBL	-	212,054.79
- FD Account No.0100095991001- BNBL	2,061,369.87	-
- FD Account No.7100095991008 - BNBL	729,863.01	-
- FD Account No.7100095991009 - BNBL	1,257,534.25	-
- FD Account No.7100095991010 - BNBL	256,438.36	-
Interest Income on Gratuity Fund	144,269.59	-
Misc. Income	2,839,608.93	2,784,451.52
<b>Total</b>	<b>8,617,851.12</b>	<b>5,667,328.23</b>

**Note 14.a: Direct Expense**

Particulars	2023 (Nu.)	2022 (Nu.)
Prize Money to Agents	7,020,596.78	4,264,100.00
Printing of Lottery tickets	7,150,725.00	2,901,275.00
Commission to Agents	24,484,067.11	13,214,019.54
4% Variable cost to Bonobo PLC	36,039,432.20	34,098,880.69
<b>Total</b>	<b>74,694,821.09</b>	<b>54,478,275.23</b>

**Note 14.b: Operating Expenses (Maintenance Expenses)**

Particulars	2023 (Nu.)	2022 (Nu.)
Plant & Equipment	161,815.66	36,556.00
Office Building	54,510.00	264,582.00
Motor Vehicles	180,506.57	193,389.74
<b>Total</b>	<b>396,832.23</b>	<b>494,527.74</b>



**Note 15: Employee Benefits Expense**

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Payroll and Related Expenses:</b>		
Salary to Staff	8,422,663.00	7,558,123.00
Staff Welfare	212,058.50	224,266.00
<b>Post Employments Benefit:</b>		
Provident Fund Contribution	754,979.00	678,386.00
Gratuity Provision	367,207.31	358,637.00
<b>Other Employee Benefits:</b>		
Leave Encashment	569,627.99	537,981.34
Leave Travel Concession	379,958.00	187,675.00
Bonus	2,803,101.00	-
<b>Total</b>	<b>13,509,594.80</b>	<b>9,545,058.34</b>

**Note 16: Other Expenses**

Particulars	2023 (Nu.)	2022 (Nu.)
Board Sitting Fee & Meeting Expenses	270,787.00	142,743.00
Fees & Subscription	45,500.00	88,753.00
Printing & Stationery	229,417.00	592,245.50
Advertisement & Sales Promotion Expenses	2,719,192.40	2,025,583.00
Travelling Expenses	408,147.00	381,386.00
Communication Internet & Telephone Charges	568,381.70	928,508.13
License and Registration	13,120.00	60,000.00
Electricity Charges	80,377.00	90,835.59
Training, Recruitment & Development	1,239,341.84	85,529.50
Hospitality Expenses	110,304.35	265,533.50
Professional Fees	10,000.00	10,000.00
CSR Expenses	2,574,835.00	883,501.00
Rent Expenses	5,583,633.92	5,286,438.26
Miscellaneous Expenses	2,175,649.30	852,488.15
Insurance Expenses	37,597.85	34,709.98
Audit Fees & related expenses	254,655.00	107,000.00
Draw Result's Communication Expenses	269,435.00	198,365.00
<b>Total</b>	<b>16,590,874.36</b>	<b>12,033,619.61</b>

**Note 17: Earning Per Share**

Particulars	2023 (Nu.)	2022 (Nu.)
Profit/(loss) after Income tax	151,440,982.58	130,627,782.29
Other comprehensive income for the year	(314,119.27)	302,053.00
<b>Profit used to determine basic Earnings Per Share</b>	<b>151,126,863.31</b>	<b>130,929,835.29</b>
Number of shares at the beginning of the year	600,000.00	600,000.00
Number of shares at the end of the year	600,000.00	600,000.00
Weighted average number of ordinary shares in issue	600,000.00	600,000.00
<b>Basic and Diluted Earnings Per Share</b>	<b>252.40</b>	<b>218.22</b>



#### Note 18: Key Management Personnel

Key Management Personnel (KMPs) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly including any director whether executive or otherwise.

Key management personnel of the company for the purpose of disclosure of compensation including the Chief Executive Officer as required by the Companies Act of the Kingdom of Bhutan, 2016, with details of transactions for 2022 year are as under:

- Kesang Deki - Chairperson, Hon'ble Secretary of Lhengye Zhungtshog;
- Tashi Penjor - Consulate General, Ministry of Foreign Affairs and External Trade;
- Sonam Tenzin - Director General, National Statistics Bureau;
- Norbu Dendup - Director, Department of Treasury & Accounts; and
- Pheriphay R Drukpa - Member Secretary, Chief Executive Officer of the Company.

#### Managerial Remuneration

Particulars	2023 (Nu.)	2022 (Nu.)
<b>Remuneration to Chief Executive Officer</b>		
Salary and allowances	1,701,563.00	1,541,244.00
Other Benefits	369,000.00	110,250.00
Sitting Fees	40,000.00	20,000.00
<b>Sitting fees to other Board of Directors</b>	<b>147,500.00</b>	<b>55,000.00</b>
<b>Total</b>	<b>2,258,063.00</b>	<b>1,726,494.00</b>

#### Note 19: Related Party Disclosures

The Company is a wholly owned Public Sector Undertaking (PSU) of Ministry of Finance (MoF), Royal Government of Bhutan.

#### Balances outstanding/transactions with related parties:

Transaction/ Outstanding Balance	Parent (State)		State Owned Enterprises on which Share holder of the company has significant influence	
	2023 (Nu.)	2022 (Nu.)	2023 (Nu.)	2022 (Nu.)
Dividend Paid	100,000,000.00	80,000,000.00	-	-
Rent Paid	-	-	5,530,633.92	55,286,438.26

#### Note 20: Audit Fees & Expenses

Particulars	2023	2022
Statutory Audit Fee	105,000.00	105,000.00
Statutory and Other audits expenses	149,655.00	2,000.00
<b>Total</b>	<b>254,655.00</b>	<b>107,000.00</b>

#### Note 21: Disclosure 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 14.a: Direct Expenses.



Minimum Lease Payment	2023 (Nu.)	2022 (Nu.)
Not later than 1 Year	36,039,432.20	34,098,880.69
Later than 1 year but not later than 5 Years	36,039,432.20	34,098,880.69
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-cancelable. Lease payments in respect of premises are shown as Rent in *Note 16: 'Other Expenses'*.

**Note 22: Other Information**

- a) Contingent liability as at 31.12.2023 is Nil;
- b) Monthly office rent to Department of National Properties, Ministry of Finance, is Nu.460,886.16;
- c) The Lease payment to Bonobo PLC for the online lottery software for three years from 2021 to 2023 is at the rate of 4% on monthly gross sales basis;
- d) Wherever the balance confirmation is not available from the parties, balances appearing in the books of accounts have been considered; and
- e) Previous year figures have been regrouped, rearranged and/or reclassified wherever considered necessary to conform to current year's classification.

For JIGMI Audit & Financials Pvt. Ltd.

For Bhutan Lottery Limited




Jigmi Rinzin FCCA  
(Membership No.0283308)  
Partner

Date: 28-03-2024

  
 Karma Tenzin  
Finance Officer

Finance Officer  
Bhutan Lottery Ltd.  
Phuentsholing : Bhutan

  
 Phentphay R Drukpa  
Chief Executive Officer  
PHENPHAY R. DRUKPA  
CHIEF EXECUTIVE OFFICER  
BHUTAN LOTTERY LTD.  
PHUENTSHOLING : BHUTAN

  
 Kesang Deki  
Chairperson  
Chairman  
Bhutan Lottery Limited  
Phuentsholing : Bhutan

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## ANNEXURES

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## BHUTAN LOTTERY LIMITED, PHUENTSHOLING

### ANNEXURE - I: Ratio Analysis

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

Sl. No.	Ratios	Basis	2023	2022	Ratios
1	Earnings per share	(Profit After Tax/ No. of shares issued)	252.40:1	218.22:1	Earnings per share
2	Net Profit Ratio (%)	(Net Profit/ Turnover * 100)	14%	14%	Net Profit Ratio (%)
3	Return on Assets (%)	(Net Profit/ Total Assets *100)	39%	41%	Return on Assets (%)
4	Return on Equity (%)	(Net Profit/ Owner's Equity *100)	252%	218%	Return on Equity (%)
5	Current Ratio	Current Asset/ Current Liability	4.41:1	4.46:1	Current Ratio



## ANNEXURE II: COMPLIANCE CALANDER & COMPLIANCE CHECKLIST

Check List for Compliance to Provision of the Companies Act of Bhutan, 2016

Incorporation Registration No.: U20151002PHU0491

Sl. No.	Sec.	Incorporation of a company & securities	Compliance checklist			Remarks
			Yes	No	NA	
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	✓			The Company has only one business activities bearing License No. R2003204 (issued on 28.07.2016) for Bhutan Lottery which was renewed on 20.07.2023
6	107	Public offer of shares & Debentures - ROC Approval			✓	
<b>MANAGEMENT &amp; ADMINISTRATION</b>						
7	217	Registered Office of Company (Postal Address & Contact Number)	✓			P.O. Box No. 51, Lower Market, Phuentsholing, 21011, 21101, 021102, Bhutan. PABX: 05-253089
8	221	Publication of name by Company (Letter Head, Seals and Sign Board)	✓			
9	241	Financial Year of Companies as of 31st Dec.	✓			
	242	Extension up to 15 months - ROC approval			✓	
	243	Extension up to 18 months - Authority's approval			✓	
	245	Financial Statements to follow BAS	✓			
10	267	Annual Return Submission (On/before 31 May for listed; others 31 July)	✓			Annual returns for the year 2022 was filed vide BLL/AFD/AR/12/2023-584 dated 16/06/2023
11	177	Annual General Meeting (Minutes)	✓			7th AGM was held on 29.04.2023.
12	180	Extraordinary General Meeting (Minutes)			✓	No Extraordinary General Meeting was held during the year.
13	185	Notice for calling general meeting	✓			Notice calling AGM was made vide email to board members on 25.04.2023.



	187	Listed Co. - written as well as in media. Public Co/Private Co. - Written Notice			✓
14	190	Chairman of meeting (CEO cannot chair)	✓		Board Meetings during the year were chaired by Kesang Deki (Hon'ble Cabinet Secretary), Chairperson.
15	192	Representation of corporations at meetings (Appointed by Board Directors)	✓		CEO is a representative of the company.
16	193	Ordinary and special resolutions (Minutes)	✓		A total of Eight Board Meetings and one Annual General Meeting were held during the year as under: i. 32 <sup>nd</sup> Board Meeting held on 13.02.2023 ii. 33 <sup>rd</sup> Board Meeting held on 29.04.2023 iii. 34 <sup>th</sup> Board Meeting held on 03.06.2023 iv. 35 <sup>th</sup> Board Meeting held on 27.06.2023 v. 36 <sup>th</sup> Board Meeting held on 16.07.2023 vi. 37 <sup>th</sup> Board Meeting held on 29.07.2023 vii. 38 <sup>th</sup> Board Meeting held on 30.09.2023 viii. 39 <sup>th</sup> Board Meeting held on 02.12.2023
17	195 - 198	Board Meetings Minutes of Annual General Meeting and Board Meetings	✓		See Sl. No. 16 above.
18	199	Declaration and payment of dividend (199-209)	✓		Declaration of Dividend for the year 2022 was done in the 7 <sup>th</sup> AGM and paid vide BLL/AFD/12/23-458 dated 11.05.2023
19	232, 233	Books of account to be kept by company (Location & time period)	✓		Consolidated Books of Accounts of the Company is maintained at its Head Office in P.O Box No.52, Jorden Lam, Phuentsholing.
20	250	Board's report (signed by Chairman)	✓		The Board's report was signed by Kesang Deki, Chairperson.
21	252 - 255	Appointment and removal of Auditors. Re-appoint annually (251-259)			As a MoF owned company, the incumbent auditor was appointed by Royal Audit Authority vide Appointment Order





			✓		No. RAA(SA-39)/COAD/2023/819 dated 07 November, 2023.
22	260	Resignation of Auditors from office (Annual Resignation)		✓	Appointment and resignation of auditors for SOEs are within the authority of Royal Audit Authority.
23	266	Auditing standards (Audit using Auditing Standards issued by AASBB)	✓		
24	133	Number of directors			The Company had four Board Directors in 2023 including the CEO, as under: i. <b>Chairman:</b> Kesang Deki, Cabinet Secretary; ii. <b>Board Director:</b> Tashi Penjore, Consulate General, Ministry of Foreign Affairs and External Trade, was reappointed on 25 May 2023; iii. <b>Board Director:</b> Sonam Tenzin, Director General, National Statistics Bureau, was reappointed on 25 May, 2023; iv. <b>Board Director:</b> Norbu Dhendup, Director, Department of Treasury, was appointed on 25 May, 2023; and v. <b>Board Director:</b> Phenphay R Drukpa, Chief Executive Officer, appointed on 01 September, 2023.
25	134	One Third of all Public Companies shall be independent		✓	
26	138	(Minimum No. & retirement on rotation)	✓		Minimum two directors retired in April 2023 and two were reappointed and one additional appointed in the AGM as per Minutes of AGM dated 29.04.2023.
27	139	Additional directors		✓	As a MoF owned company, selection and appointment of Board of Directors is managed by MoF.
28	140	Consent to act as directors		✓	
29	141	Certain persons not to be appointed as Directors		✓	
30	142	Resignation by a director		✓	
31	143	Removal of directors /Change of Directors.	✓		Since B.L.I. is a SoE under MoF, all the directors are ex-officials and the removal and change of directors are managed by the shareholder, MoF.
32	146	Board meetings (Four Meetings for Public Companies and two Meetings for Private Companies)	✓		Refer Sl. No. 16-17 above.



33	152	General powers of the Board	✓			
34	156	Restriction on powers of Board	✓			
35	210	Appointment of Chief Executive Officer. (Max. 5 years terms & 2 consecutive terms only)	✓			CEO's term was extended by the Cabinet until the Board selects new candidate vide MoF/DMD/ICGD/09/2022-23/398 dated 21.08.2023.
36	213	Company Secretary required in all Public Companies			✓	
37	414	Appointment of selling or buying agents. (Government Approval obtained or not)			✓	
38	157	No loans to directors (only for Public Co.)			✓	No loans to directors were given.
39	53	Inter-corporate investments. (Investments to be disclosed) apply old rule			✓	No Inter-corporate investments.
40	158	Conflict of Interest Transaction by Board			✓	No such cases existed with the company.
41	161	Standard of care required by directors. (Reckless decision)			✓	No conflicting events were witnessed in the company.

**STATUTORY RECORD AND INSPECTION**

42	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			✓	No 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			✓	

*For JIGMI Audit & Financials Pvt. Ltd.*



Jigmi Rinzin FCCA  
 (Membership No.0283308)  
 Partner

Date: 28.03.2024

*For Bhutan Lottery Limited*

  
 Karma Tenzin  
 Finance Officer

Finance Officer  
 Bhutan Lottery Ltd  
 Phuentsholing : Bhutan

  
 Phenthay R. Drukpa  
 Chief Executive Officer  
 PHENPHAY R. DRUKPA  
 CHIEF EXECUTIVE OFFICER  
 BHUTAN LOTTERY LTD.  
 PHUENTSHOLING : BHUTAN

  
 Gesang Deki  
 Chairperson

Chairman  
 Bhutan Lottery Limited  
 Phuentsholing : Bhutan

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**MANAGEMENT APPRAISAL REPORT**

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## MANAGEMENT APPRAISAL REPORT

### 1. Requirement of Revaluation of Assets (2.2.38)

The Asset rule mandates that those assets completely depreciated should be maintained in the Asset list with value Nu.1.

On review of the Assets and depreciation schedule, the audit team noted that the list of assets contained several items of assets with value Nu.1 or Zero Value after the expiry of the useful life. On enquiry, it was learned that some assets with value of Nu.1 are still in use while a few may be obsolete and not in working condition.

The audit opines if fully depreciated assets with book value of Nu.1 are still serviceable, the management may consider taking up the issue with relevant authority for appropriate advises and if those obsolete items are unserviceable assets, appropriate decision needs to be taken to dispose it off so that the asset record remains clean and complete.

#### Management Response:

*The management appreciate the auditor's comment and as per the BAS the depreciation is charged annually and some assets values are fully depreciated. In line with the auditor's advice the management will be writing to AASBB to seek clarification on the recommendations as discussed during the exit meeting.*

#### Para was treated as settled:

*Based on the assurance provided to put up the matter to the relevant authority for advice, the observation may not be pursued further.*

#### Compliance to be made by the Management:

*Compliance with the advice of AASBB shall be reviewed during the subsequent audits.*

### 2. Interest Differential on Fixed Deposits with Bank (3.3.7)

In a normal business course, the investor of money should look for the best option to receive the maximum return from the investment.

On review of the investment made by the BLL on Fixed Deposits, It was observed that the BLL has invested surplus funds in the form of fixed deposits with various banks in Bhutan for generating additional income to the company. The total amount of FDs made was at Nu.160.00 million with four bank accounts.

Out of these total four fixed deposits, one fixed deposit amounting to Nu50.00 million with T Bank was invested @ 3.00% p.a. on 3 May 2023 for one year as opposed to FDs maintained with Bhutan National Bank @ 6.00% p.a. This clearly indicates an interest differential and a loss of 50% revenue by way of interest income for 2023 as compared to that FDs income from BNBL.



Such types of investment without proper study and analysis will have a detrimental effect to the overall income and management decision processes.

**Management Response:**

The management has embraced the auditor's feedback constructively. As previously communicated during the initial exit meeting, Bhutan National Bank Limited chose not to accept the additional deposit. Consequently, we have decided to utilize the services of T Bank Limited, which offers the second-highest interest rate. Nonetheless, management remains committed to exploring better options for investment upon the maturity of the fixed deposit and the action will be communicated to audit.

**Para was treated as settled:**

The response of the management is noted and the observation shall not be pursued further. However, the BLL management, on maturity of the current FDs, should explore better options to avoid such financial losses to the company.

**Compliance to be made by the Management:**

Compliance by the management as assured above shall be reviewed during the subsequent audits.

**3. Increasing amount of Sundry Debtors (2.1.19)**

As of 31 December 2023, a total amount of Nu.19.06 million has been reflected as Receivables/Sundry Debtors from the Lottery Agents as compared to that of Nu.11.99 million in 2022. Such increase may pose risk towards unwarranted transactions during the period under review. To avoid risk of not collecting amounts due to the above transaction, an ageing analysis needs to be done to ascertain the actual amount of receivables and avert potential risk of default of such amounts in the subsequent months.

**Management's Response:**

Management regards the auditor's comment positively. The escalation in sundry debtors is primarily a result of the increased number of draws and agents. We assure timely settlement of sales from the current month in the subsequent months. Moreover, we have implemented bank guarantees to mitigate the risk associated with outstanding collections. Given that dues are typically settled within 45 days from the sale date, an aging analysis is considered unnecessary as it falls comfortably within the 90-day timeframe.

**Para was treated as settled:**

The Para shall not be pursued further in view of the above justifications provided to establish appropriate controls in place to settle the debtors on time.

**Compliance to be made by the Management:**

Compliance by the management as assured above shall be reviewed during the subsequent audits.



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**PRIOR YEAR AUDIT FOLLOW-UP REPORT**

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**BHUTAN LOTTERY LIMITED**

**Follow-up Report on Previous Years' management report  
Summary of the Follow-up Report**

Accounting Year	Total No of recommendations provided	No of recommendations implemented	No of recommendations partially implemented	Balance recommendations to be implemented
2022	1	1	-	0

Para No.	Observations in brief (2022 Report)	Management's response- current status	Status of compliance
1	Un-reconciled differences between the Accounting Records and the Online Lottery Platform System for Players Trust Fund.	The management is recommended to work out periodic reconciliation of balances between the Accounting System and the Online Lottery System for transparent accounting records and maintaining of desired information trail for ex-post review and scrutiny	Attempts have been made to reconcile the difference periodically, however it was explained to audit that making the difference to zero is not possible because of nature of business. <b>The Para is treated as settled.</b>

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