BlueBet Pty Ltd

ABN 42 607 521 835

Annual Report - 30 June 2020

The sole director presents his report, together with the financial statements, on the company for the year ended 30 June 2020.

Director

The following person was the sole director of BlueBet Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Sullivan

Principal activities

The principal activities of the company during the financial year were the offering of sports and racing betting products and services to online and telephone clients, via its innovative online wagering platform and mobile applications.

Dividends

Dividends paid during the financial year were as follows:

	2020 $	2019 $	Unaudited 2018 $
Dividend for the year ending 30 June 2020	902,558	-	-

Review of operations

The profit for the company after providing for income tax amounted to $4,484,601 (30 June 2019: loss of $373,721; 30 June 2018: loss of $2,021,525).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

On 31 December 2020 the company declared a fully franked dividend of $12,250.32 per share, amounting to $1,225,032.

Furthermore, on 15 January 2021, the company extended a loan of $6,000,000 to the sole director. It is the company's expectation that this loan will be settled in May 2021. The loan is non-interest bearing, unsecured and repayable on demand.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australia Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the sole director believes it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers

The company has indemnified the sole director and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the sole director and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Michael Sullivan
Director

29 March 2021

General information

The financial statements cover BlueBet Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is BlueBet Pty Ltd's functional and presentation currency.

BlueBet Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

A H Tighe & Associates Pty Ltd
98-100 Riley Street
Darlinghurst NSW 2010

Principal place of business

1 High Street
Kensington NSW 2033

A description of the nature of the company's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the sole director, on 29 March 2021. The sole director has the power to amend and reissue the financial statements.

BlueBet Pty Ltd
Statements of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 $	2019 $	Unaudited 2018 $
Wagering revenue	4	16,808,125	9,574,834	7,708,175
Cost of sales		(6,858,620)	(4,558,789)	(5,045,562)
Gross profit		9,949,505	5,016,045	2,662,613
Expenses				
Employee benefits expense		(1,977,448)	(1,937,369)	(1,978,444)
Advertising and marketing expense		(1,620,751)	(1,860,158)	(1,213,145)
Memberships and subscriptions		(428,520)	(738,276)	(662,643)
IT expense		(244,653)	(144,262)	(59,139)
Administration expense		(215,573)	(200,722)	(50,457)
Depreciation and amortisation expense	5	(132,262)	(143,941)	(144,240)
Impairment of receivables		-	(27,711)	(279,013)
Loss on disposal of assets		(18,469)	-	-
Other expenses		(409,095)	(297,579)	(232,904)
Finance costs	5	(63,740)	(39,748)	(64,153)
Profit/(loss) before income tax expense		4,838,994	(373,721)	(2,021,525)
Income tax expense	6	(354,393)	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of BlueBet Pty Ltd		4,484,601	(373,721)	(2,021,525)
Other comprehensive income for the year, net of tax		-	-	-
Total comprehensive income for the year attributable to the owners of BlueBet Pty Ltd		4,484,601	(373,721)	(2,021,525)
		$	$	$
Basic earnings per share	23	44,846.01	(3,737.21)	(20,215.25)
Diluted earnings per share	23	44,846.01	(3,737.21)	(20,215.25)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

BlueBet Pty Ltd
Statements of financial position
As at 30 June 2020

	Note	2020 $	2019 $	Unaudited 2018 $
Assets				
Current assets				
Cash and cash equivalents		4,742,048	554,584	305,349
Trade and other receivables	7	6,509	-	27,711
Other assets		53,262	50,000	37,500
Total current assets		4,801,819	604,584	370,560
Non-current assets				
Property, plant and equipment	8	205,273	131,911	164,190
Right-of-use assets	9	89,143	178,286	267,430
Intangibles	10	22,964	40,942	58,919
Deferred tax asset	6	110,431	-	-
Total non-current assets		427,811	351,139	490,539
Total assets		5,229,630	955,723	861,099
Liabilities				
Current liabilities				
Trade and other payables	11	2,812,566	1,748,507	1,191,775
Borrowings	12	33,954	794,353	1,191,859
Lease liabilities	18	95,575	90,887	86,429
Income tax payable	6	464,824	-	-
Employee benefits	13	236,172	186,620	160,938
Client deposits on hand	14	1,535,783	1,730,685	1,318,315
Total current liabilities		5,178,874	4,551,052	3,949,316
Non-current liabilities				
Borrowings	12	146,024	-	78,536
Lease liabilities	18	-	95,575	186,463
Employee benefits	13	49,626	36,033	-
Total non-current liabilities		195,650	131,608	264,999
Total liabilities		5,374,524	4,682,660	4,214,315
Net liabilities		(144,894)	(3,726,937)	(3,353,216)
Equity				
Issued capital	15	100	100	100
Reserves	16	36	36	36
Accumulated losses		(145,030)	(3,727,073)	(3,353,352)
Total deficiency in equity		(144,894)	(3,726,937)	(3,353,216)

The above statements of financial position should be read in conjunction with the accompanying notes

	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2017	100	32	(1,331,827)	(1,331,695)
Loss after income tax expense for the year	-	-	(2,021,525)	(2,021,525)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,021,525)	(2,021,525)
Transactions with owners in their capacity as owners:				
Share-based payments	-	4	-	4
Balance at 30 June 2018	100	36	(3,353,352)	(3,353,216)

	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2018	100	36	(3,353,352)	(3,353,216)
Loss after income tax expense for the year	-	-	(373,721)	(373,721)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(373,721)	(373,721)
Balance at 30 June 2019	100	36	(3,727,073)	(3,726,937)

	Issued capital $	Share-based payment reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2019	100	36	(3,727,073)	(3,726,937)
Profit after income tax expense for the year	-	-	4,484,601	4,484,601
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	4,484,601	4,484,601
Transactions with owners in their capacity as owners:				
Dividends paid (note 17)	-	-	(902,558)	(902,558)
Balance at 30 June 2020	100	36	(145,030)	(144,894)

The above statements of changes in equity should be read in conjunction with the accompanying notes

	Note	2020 $	2019 $	Unaudited 2018 $
Cash flows from operating activities				
Receipts from customers (Client deposits)		42,831,021	39,623,349	30,602,096
Payments to customers (Client withdrawals)		(24,577,631)	(28,560,458)	(21,803,198)
Payments to suppliers and employees (inclusive of GST)		(12,286,772)	(10,205,077)	(9,154,143)
		5,966,618	857,814	(355,245)
Interest and other finance costs paid		(63,740)	(39,748)	(64,153)
Net cash from/(used in) operating activities	22	5,902,878	818,066	(419,398)
Cash flows from investing activities				
Payments for property, plant and equipment	8	(98,503)	(4,541)	(2,016)
Net cash used in investing activities		(98,503)	(4,541)	(2,016)
Cash flows from financing activities				
Proceeds from chattel mortgage		193,800	-	-
Repayment of leases		(99,978)	(88,248)	(83,681)
Repayment of chattel mortgage		(92,358)	(12,503)	(11,959)
Repayment of director loan		(715,817)	(463,539)	(157,650)
Dividends paid	17	(902,558)	-	-
Net cash used in financing activities		(1,616,911)	(564,290)	(253,290)
Net increase/(decrease) in cash and cash equivalents		4,187,464	249,235	(674,704)
Cash and cash equivalents at the beginning of the financial year		554,584	305,349	980,053
Cash and cash equivalents at the end of the financial year		4,742,048	554,584	305,349

The above statements of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are the first set of general purpose financial statements of BlueBet Pty Ltd. In preparing these financial statements, the company has applied the requirements of Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared on a going concern basis and under the historical cost basis except for certain financial assets and financial liabilities (including derivative instruments) that are measured at fair value through profit and loss (“FVTPL”).

Effect of adoption of AASB 1

AASB 1 requires a first-time adopter to retrospectively apply all AASB effective as at the end of its first annual reporting period, which is 30 June 2019 for the company. AASB 1 also provides a first-time adopter certain optional exemptions and requires certain mandatory exceptions from full retrospective application. Most of these exemptions must be applied as at the date of transition, which is 1 July 2017 for the company. As these are the first set of general purpose financial statements prepared by the company, and the company is not transitioning from another accounting framework, most of these exceptions and exemptions have limited applicability.

The application of the mandatory exceptions did not impact amounts reported in the consolidated financial statements on the date of transition. The company did not apply any optional exemptions available under AASB 1.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. AASB 9, AASB 15 and AASB 16 were early adopted as they have been applied from 1 July 2017.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 July 2017. The standard introduced classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The company has adopted AASB 15 from 1 July 2017. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases
The company has early adopted AASB 16 from 1 July 2017. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption
The impact of adopting AASB 16 on opening retained profits as at 1 July 2017 was $nil as the company started a new lease for its office premises on that date.

Practical expedients applied
In adopting AASB 16, the company has used the following practical expedients permitted by the standard:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets; and
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the sole director. The sole director is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
The company recognises revenue as follows:

Wagering revenue
Wagering revenue is recognised as the residual value after deducting the return to customers from betting turnover. Fixed odds betting revenue is classified as revenue and recognised as the net win or loss on an event. Amounts received from clients are presented as a financial liability (client deposits on hand). When a bet is placed on an event, the amount is reclassified to another category of financial liability (trade and other payables - pending bets). When the outcome of the event is determined, the revenue is brought to account. Open fixed odds betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue. Variable odds betting revenue is recognised when the uncertainty associated with the variable consideration is subsequently resolved, which is when the event is complete.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate in Australia adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	4 to 10 years
Motor vehicles	8 years

Note 1. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed at least annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website (research and development)
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Patents and trademarks
Costs associated with patents and trademarks are treated as indefinite life intangible assets. They are tested at least annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 1. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of BlueBet Pty Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. The sole director does not believe there is either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The company generated an operating profit after tax of $4,484,601 for the year ended 30 June 2020 and operating loss after tax of $373,721 for the year ended 30 June 2019 (30 June 2018: loss of $2,021,525). At 30 June 2020, the company currently had a net current liability position of $377,055 (2019: $3,946,468 and 2018: $3,578,756) and total deficiency in equity of $144,894 (2019: $3,726,937 and 2018: $3,353,216).

Since 30 June 2020, the company has achieved significant positive growth in revenue and profit after tax. This has strengthened the company’s underlying financial position, and has resulted in a positive net current asset and net asset position post year end.

Furthermore, the company has completed a detailed assessment of going concern, effective as at the date of signing of the financial report, which includes an assessment of net current assets and net assets under different cash flow forecast scenarios. This assessment indicates that the company will have net current assets and net assets for a period of at least 12 months from the date of signing of the financial report.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

On the basis of the above, the sole director of the company believes the company will be able to pay its debts as and when they become due and payable and as such the adoption of the going concern basis is appropriate.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Operating segments

Identification of reportable operating segments
The company is organised into one operating segment operated predominantly in Australia being sport and race betting services. This assessment is based on the internal reports that are reviewed and used by the sole director (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided in the financial statements reflects the one operating segment and therefore not repeated here.

The information reported to the CODM is on a monthly basis.

Major customers
The company has no major customers.

Note 4. Wagering revenue

	2020 $	2019 $	Unaudited 2018 $
Revenue from wagering			
Betting turnover	170,968,711	153,504,426	129,407,932
Payouts on betting	(150,106,376)	(139,430,372)	(117,789,520)
	20,862,335	14,074,054	11,618,412
Promotions given	(4,054,210)	(4,499,220)	(3,910,237)
Wagering revenue	16,808,125	9,574,834	7,708,175

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2020 $	2019 $	Unaudited 2018 $
Major product lines			
Revenue from betting on:			
Sports	1,123,738	763,847	568,562
Horse racing	8,240,563	4,679,402	4,511,140
Greyhound racing	5,215,095	2,987,357	1,802,834
Harness racing	2,280,114	1,319,442	920,693
On track bets	(51,385)	(175,214)	(95,054)
	16,808,125	9,574,834	7,708,175
Geographical regions			
Australia and New Zealand	16,808,125	9,574,834	7,708,175

BlueBet

Note 5. Expenses

	2020 $	2019 $	Unaudited 2018 $
Profit/(loss) before income tax includes the following specific expenses:			
Depreciation			
Plant and equipment	15,804	22,270	22,569
Motor vehicles	9,337	14,550	14,550
Land and buildings right-of-use assets	89,143	89,144	89,143
Total depreciation	114,284	125,964	126,262
Amortisation			
Website	17,978	17,977	17,977
Total depreciation and amortisation	132,262	143,941	144,239
Finance costs			
Interest and finance charges paid/payable on borrowings	56,446	27,995	49,652
Interest and finance charges paid/payable on lease liabilities	7,294	11,753	14,501
Finance costs expensed	63,740	39,748	64,153
Superannuation expense			
Defined contribution superannuation expense	165,310	159,983	162,460

Note 6. Income tax

	2020 $	2019 $	Unaudited 2018 $
Income tax expense			
Current income tax expense	464,824	-	-
Deferred income tax (benefit)	(110,431)	-	-
Aggregate income tax expense	354,393	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate			
Profit/(loss) before income tax expense	4,838,994	(373,721)	(2,021,525)
Tax at the statutory tax rate of 27.5%	1,330,723	(102,773)	(555,919)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment expenses	9,787	8,956	14,654
Sundry items	2,059	172	(560)
	1,342,569	(93,645)	(541,825)
Current year temporary differences not recognised	-	50,957	34,431
Other	(31,318)	-	-
First time recognition of deferred tax assets on temporary differences	(110,431)	-	-
Current year tax losses not recognised	-	42,688	507,394
Prior year tax losses not recognised now recouped	(846,427)	-	-
Income tax expense	354,393	-	-

BlueBet

Note 6. Income tax (continued)

	2020 $	2019 $	Unaudited 2018 $
Deferred tax assets not recognised (tax losses)			
Unused tax losses for which no deferred tax asset has been recognised	-	3,077,918	2,922,690
Potential tax benefit @ 27.5%	-	846,427	803,740

The above potential tax benefit for tax losses during the years ending 30 June 2019 and 30 June 2018 have not been recognised in the statement of financial position as the recovery of this benefit was not probable at that time.

	2020 $	2019 $	Unaudited 2018 $
Deferred tax assets not recognised (temporary differences)			
Deferred tax assets not recognised comprises temporary differences attributable to:			
Employee benefits	-	61,229	44,257
Accrued expenses	-	78,030	45,581
Total deferred tax assets not recognised	-	139,259	89,838

The above potential tax benefit, which excludes tax losses, for deductible temporary differences was not recognised in the statement of financial position as the recovery of this benefit was not probable.

	2020 $	2019 $	Unaudited 2018 $
Deferred tax asset			
Deferred tax asset comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Employee benefits	78,594	-	-
Accrued expenses	31,837	-	-
Deferred tax asset	110,431	-	-
Movements:			
Opening balance	-	-	-
Credit to profit or loss	110,431	-	-
Closing balance	110,431	-	-

	2020 $	2019 $	Unaudited 2018 $
Provision for income tax			
Provision for income tax	464,824	-	-

Note 7. Trade and other receivables

	2020 $	2019 $	Unaudited 2018 $
Current assets			
Other receivables	6,509	-	27,711

The company has recognised a loss of $nil (2019: $27,711; 2018: $279,013) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

Note 8. Property, plant and equipment

	2020 $	2019 $	Unaudited 2018 $
Non-current assets			
Plant and equipment - at cost	135,896	128,540	123,999
Less: Accumulated depreciation	(94,673)	(78,869)	(56,599)
	41,223	49,671	67,400
Motor vehicles - at cost	173,387	116,403	116,403
Less: Accumulated depreciation	(9,337)	(34,163)	(19,613)
	164,050	82,240	96,790
	205,273	131,911	164,190

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2017	87,953	111,340	199,293
Additions	2,016	-	2,016
Depreciation expense	(22,569)	(14,550)	(37,119)
Balance at 30 June 2018	67,400	96,790	164,190
Additions	4,541	-	4,541
Depreciation expense	(22,270)	(14,550)	(36,820)
Balance at 30 June 2019	49,671	82,240	131,911
Additions	7,356	173,387	180,743
Disposals	-	(82,240)	(82,240)
Depreciation expense	(15,804)	(9,337)	(25,141)
Balance at 30 June 2020	41,223	164,050	205,273

Note 9. Right-of-use assets

	2020 $	2019 $	Unaudited 2018 $
Non-current assets			
Land and buildings - right-of-use	356,573	356,573	356,573
Less: Accumulated depreciation	(267,430)	(178,287)	(89,143)
	89,143	178,286	267,430

There were no additions to the right-of-use assets during the year ended 30 June 2020.

The company leases land and buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Land and buildings $
Balance at 1 July 2017	-
Additions	356,573
Depreciation expense	(89,143)
Balance at 30 June 2018	267,430
Depreciation expense	(89,144)
Balance at 30 June 2019	178,286
Depreciation expense	(89,143)
Balance at 30 June 2020	89,143

For other AASB 16 related disclosures, refer to the following:
- Refer note 5 for details of depreciation on right-of-assets, interest on lease liabilities and other lease expenses;
- Refer note 18 for undiscounted future lease commitments; and
- Refer to statement of cash flows for repayment of lease liabilities.

Note 10. Intangibles

	2020 $	2019 $	Unaudited 2018 $
Non-current assets			
Website - at cost	89,887	89,887	89,887
Less: Accumulated amortisation	(83,799)	(65,821)	(47,844)
	6,088	24,066	42,043
Patents and trademarks - at cost	16,876	16,876	16,876
	22,964	40,942	58,919

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

Note 10. Intangibles (continued)

	Website $	Trademarks $	Total $
Balance at 1 July 2017	60,020	16,876	76,896
Amortisation expense	(17,977)	-	(17,977)
Balance at 30 June 2018	42,043	16,876	58,919
Amortisation expense	(17,977)	-	(17,977)
Balance at 30 June 2019	24,066	16,876	40,942
Amortisation expense	(17,978)	-	(17,978)
Balance at 30 June 2020	6,088	16,876	22,964

Note 11. Trade and other payables

	2020 $	2019 $	Unaudited 2018 $
Current liabilities			
Trade payables	1,309,850	887,683	346,269
Pending bets	96,838	106,071	98,375
Other payables	1,405,878	754,753	747,131
	2,812,566	1,748,507	1,191,775

Refer to note 18 for further information on financial instruments.

Note 12. Borrowings

	2020 $	2019 $	Unaudited 2018 $
Current liabilities			
Chattel mortgage on motor vehicles	33,954	78,536	12,503
Unsecured loan from sole director	-	715,817	1,179,356
	33,954	794,353	1,191,859
Non-current liabilities			
Chattel mortgage on motor vehicles	146,024	-	78,536

Refer to note 18 for further information on financial instruments.

Assets pledged as security
The chattel mortgage is secured over the motor vehicles of the company.

The unsecured loan from the sole director did not incur any interest charges and was repaid during the year.

Note 13. Employee benefits

	2020 $	2019 $	Unaudited 2018 $
Current liabilities			
Annual leave	236,172	186,620	160,938
Non-current liabilities			
Long service leave	49,626	36,033	-

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2020 $	2019 $	Unaudited 2018 $
Employee benefits obligation expected to be settled after 12 months	118,086	93,310	80,469

Note 14. Client deposits on hand

	2020 $	2019 $	Unaudited 2018 $
Current liabilities			
Client deposits on hand	1,535,783	1,730,685	1,318,315

Client deposits represents monies held on behalf of players to facilitate convenient betting. Client deposits are interest free and refundable to clients on demand.

Note 15. Issued capital

	2020 Shares	2019 Shares	2018 Shares	2020 $	2019 $	Unaudited 2018 $
Ordinary shares - fully paid	100	100	100	100	100	100

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 15. Issued capital (continued)

The company has issued call options over ordinary shares in the company to a number of founding employees. Collectively, the options entitle the employee holders to 36% of the ordinary capital in the company in the event of their full collective exercise. The options, issued in September 2015, vest on fulfillment of the following terms:

- the employee completing two years of continuance service for the company; and
- the company must have been granted a bookmaker's license by the Northern Territory Racing Commission (or other suitably qualified regulator) which allows it to operate in the Northern Territory.

The options, vested or otherwise, do not entitle the option holder to dividends, prior to being exercised for ordinary shares. As at 30 June 2019 and 30 June 2020, all option holders had completed two years of continuance service for the company. As at the date of signing of the financial statements, the company had not been granted a bookmaker's license by the Northern Territory Racing Commission (or other suitably qualified regulator) which allows it to operate in the Northern Territory.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 16. Reserves

	2020 $	2019 $	Unaudited 2018 $
Share-based payments reserve	36	36	36

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and the sole director as part of their remuneration, and other parties as part of their compensation for services.

Note 17. Dividends

Dividends paid during the financial year were as follows:

	2020 $
Dividend for the year ending 30 June 2020	902,558

Note 18. Financial instruments

Financial risk management objectives
The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of wagering liabilities and liquidity.

Note 18. Financial instruments (continued)

Risk management is carried out by the finance team ('finance') under policies approved by the sole director. These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the sole director on a monthly basis.

Market risk

Foreign currency risk
The company is not exposed to any significant foreign currency risk

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 18. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,309,850	-	-	-	1,309,850
Pending bets	-	96,838	-	-	-	96,838
Other payables	-	1,405,878	-	-	-	1,405,878
Client deposits on hand	-	1,535,783	-	-	-	1,535,783
Interest-bearing - variable						
Lease liability	5.00%	98,182	-	-	-	98,182
Chattel mortgage	4.43%	41,242	41,242	113,274	-	195,758
Total non-derivatives		4,487,773	41,242	113,274	-	4,642,289

2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
Non-derivatives						
Non-interest bearing						
Trade payables	-	887,683	-	-	-	887,683
Pending bets	-	106,071	-	-	-	106,071
Other payables	-	754,753	-	-	-	754,753
Client deposits on hand	-	1,730,685	-	-	-	1,730,685
Loan from director	-	715,817	-	-	-	715,817
Interest-bearing - variable						
Lease liability	5.00%	98,182	98,182	-	-	196,364
Chattel mortgage	4.45%	81,020	-	-	-	81,020
Total non-derivatives		4,374,211	98,182	-	-	4,472,393

Unaudited 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
Non-derivatives						
Non-interest bearing						
Trade payables	-	346,269	-	-	-	346,269
Pending bets	-	98,375	-	-	-	98,375
Other payables	-	747,131	-	-	-	747,131
Client deposits on hand	-	1,318,315	-	-	-	1,318,315
Loan from director	-	1,179,356	-	-	-	1,179,356
Interest-bearing - fixed rate						
Lease liability	5.00%	98,181	98,182	98,182	-	294,545
Chattel mortgage	4.43%	16,308	81,020	-	-	97,328
Total non-derivatives		3,803,935	179,202	98,182	-	4,081,319

Note 18. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Remuneration of auditors

The following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

	2020 $	2019 $	Unaudited 2018 $
Audit services - Ernst & Young			
Audit of the financial statements	132,500	132,500	-

Note 20. Contingent liabilities

The company had no contingent liabilities as at 30 June 2020, 30 June 2019 and 30 June 2018.

Note 21. Related party transactions

Parent entity
BlueBet Pty Ltd is the parent entity.

Transactions with related parties
The following related party transactions occurred during the years ended 30 June 2020, 30 June 2019 and 30 June 2018:

	2020 $	2019 $	Unaudited 2018 $
Net repayments of loan from director	715,817	463,539	157,650
Dividends paid to director	902,558	-	-
Director salary and employment benefits	197,100	197,100	197,100
Lease payments for director motor vehicle	28,174	16,308	16,308
Company lease liability for director motor vehicle	179,978	78,536	91,039

Refer to note 25 for details of related party transactions subsequent to year end.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2020 $	2019 $	Unaudited 2018 $
Current borrowings:			
Loan from director	-	715,817	1,179,356

Terms and conditions
The loan from director was interest free and repayable on demand.

Note 22. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2020 $	2019 $	Unaudited 2018 $
Profit/(loss) after income tax expense for the year	4,484,601	(373,721)	(2,021,525)
Adjustments for:			
Depreciation and amortisation	132,262	143,941	144,239
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables	(6,509)	27,711	19,784
Increase in deferred tax assets	(110,431)	-	-
Increase in prepayments	(3,262)	-	-
Increase in other operating assets	-	(12,500)	-
Increase in trade and other payables	1,073,150	558,550	388,793
Increase in provision for income tax	464,824	-	-
Increase/(decrease) in employee benefits	63,145	61,715	(4,176)
Increase/(decrease) in other operating liabilities	(194,902)	412,370	1,053,487
Net cash from/(used in) operating activities	5,902,878	818,066	(419,398)

Note 23. Earnings per share

	2020 $	2019 $	Unaudited 2018 $
Profit/(loss) after income tax attributable to the owners of BlueBet Pty Ltd	4,484,601	(373,721)	(2,021,525)

	Number	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	100	100	100
Weighted average number of ordinary shares used in calculating diluted earnings per share	100	100	100

	$	$	$
Basic earnings per share	44,846.01	(3,737.21)	(20,215.25)
Diluted earnings per share	44,846.01	(3,737.21)	(20,215.25)

As disclosed in note 15, a number of founding employees hold options over the company's ordinary shares, for which vesting is contingent upon receipt of a bookmaker's license by the Northern Territory Racing Commission. As of the date of signing of the financial statements, the contingency is unresolved. If the options had vested as of reporting date, the total number of ordinary shares outstanding would have been 156.

Note 24. Changes in liabilities arising from financing activities

	Chattel mortgage $	Unsecured loan $	Total $
Balance at 1 July 2017	102,998	1,337,006	1,440,004
Repayments	(11,959)	(157,650)	(169,609)
Balance at 30 June 2018	91,039	1,179,356	1,270,395
Repayments	(12,503)	(463,539)	(476,042)
Balance at 30 June 2019	78,536	715,817	794,353
Loans received	193,800	-	193,800
Repayments	(92,358)	(715,817)	(808,175)
Balance at 30 June 2020	179,978	-	179,978

Note 25. Events after the reporting period

On 31 December 2020 the company declared a fully franked dividend of $12,250.32 per share, amounting to $1,225,032.

Furthermore, on 15 January 2021, the company extended a loan of $6,000,000 to the sole director. It is the company’s expectation that this loan will be settled in May 2021. The loan is non-interest bearing, unsecured and repayable on demand.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australia Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

In the sole director's opinion:

- the attached financial statements and notes comply with the Accounting Standards and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the sole director.

Michael Sullivan
Director

29 March 2021

Building a better
working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of BlueBet Pty Limited

Opinion

We have audited the financial report of BlueBet Pty Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019 and 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 30 June 2019 and 30 June 2020, and its financial performance and its cash flows for the years then ended in accordance with Australian Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Company in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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. We have nothing to report in this regard.

Building a better working world

Responsibilities of the director for the financial report

The director of the Company is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the director determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Building a better working world

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Ernst + Young

Ernst & Young
Sydney
29 March 2021