

**Queensland Lottery Corporation Pty Ltd**

**ACN 124 921 311**

**Financial Report  
for the year ended  
30 June 2020**

Queensland Lottery Corporation Pty Ltd  
ACN 124 921 311

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## **DIRECTOR'S REPORT**

The Director submits the following report for the year ended 30 June 2020 made in accordance with a resolution of the Director.

### **DIRECTORS**

The name of the sole Director of Queensland Lottery Corporation Pty Ltd (QLC) in office during or since the end of the financial year is I Munro.

(R Somerville is an alternate director for I Munro).

The Director did not hold any interests in shares or options of QLC.

### **PRINCIPAL ACTIVITIES**

QLC was formed as part of the privatisation of Golden Casket Lottery Corporation Limited (GCLC) in April 2007. QLC holds the Queensland lottery licence and Golden Casket brands and trademarks on behalf of the State Government, which are licensed to the Tatts Group through GCLC.

### **DIVIDENDS**

No dividends were paid during the year (2019: nil).

### **REVIEW AND RESULTS OF OPERATIONS**

The net loss after tax of QLC for the financial year was \$15 646 (2019: \$5 799 profit).

Other than interest revenue on cash holdings, there were no significant sources of income for the year, as all revenue for the licencing agreement with GCLC was received upfront.

### **EVENTS SUBSEQUENT TO BALANCE DATE**

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of QLC.

### **LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS**

There are no known matters or circumstances which are likely to significantly affect the operations or results of QLC in the future.

### **PERFORMANCE IN RELATION TO ENVIRONMENTAL LEGISLATION**

The sole Director is not aware of any breaches of environmental regulations during or since the end of the financial year.

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**DIRECTORS REMUNERATION**

Remuneration was paid to the independent director of QLC during the financial year.

Details of the nature and amount of each major element of the remuneration of the director are as follows:

	Base Salary 2020 \$	Super 2020 \$	Total 2020 \$	Base Salary 2019 \$	Super 2019 \$	Total 2019 \$
I Munro	5 071	482	5 553	5 071	482	5 553
<b>Total</b>	<b>5 071</b>	<b>482</b>	<b>5 553</b>	<b>5 071</b>	<b>482</b>	<b>5 553</b>

There are no other monetary or non-monetary benefits paid to the independent director during the financial year.

**INDEMNIFICATION OF OFFICERS AND AUDITORS**

QLC has not, during the financial year, in respect of any person who is or has been an officer or auditor of QLC or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings, or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

The State has indemnified all company officers for certain liabilities which they may incur by reason of acting as an officer of QLC or related corporations.

The auditor of QLC for the year ended 30 June 2020 is the Auditor-General of Queensland.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the Director.



I Munro  
Director

10 August 2020

**AUDITOR'S INDEPENDENCE DECLARATION**

To the Director of Queensland Lottery Corporation Pty Ltd

This auditor's independence declaration has been provided pursuant to s307C of the *Corporations Act 2001*.

*Independence Declaration*

As lead auditor for the audit of Queensland Lottery Corporation Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been –

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



P CHRISTENSEN  
Director  
(as Delegate of the Auditor-General of Queensland)

10 August 2020  
Queensland Audit Office  
Brisbane

Queensland Lottery Corporation Pty Ltd  
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**Statement of Comprehensive Income**

**For the year ended 30 June 2020**

	Notes	2020 \$	2019 \$
<b>Income</b>			
Interest revenue	3	43 636	73 839
<b>Total income</b>		<b>43 636</b>	<b>73 839</b>
<b>Expenses</b>			
Licence fees		39 400	38 600
Audit fees		3 800	3 700
Management fee - QTC		4 118	4 113
Company secretarial & accounting services - QTC		12 525	14 106
Directors remuneration		5 553	5 553
Other		591	487
<b>Total expenses</b>		<b>65 987</b>	<b>66 559</b>
<b>(Loss)/profit before income tax</b>		<b>(22 351)</b>	<b>7 280</b>
Income tax (benefit)/expense	4	(6 705)	1 481
<b>(Loss)/profit for the year after income tax</b>		<b>(15 646)</b>	<b>5 799</b>
<b>Total comprehensive income/(loss) attributable to equity holders of Queensland Lottery Corporation Pty Ltd</b>		<b>(15 646)</b>	<b>5 799</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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**BALANCE SHEET**

As at 30 June 2020

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	5	2 730 624	2 742 116
Prepayments		-	9 700
Receivables		1 857	5 328
Deferred tax asset		7 171	-
<b>Total current assets</b>		<b>2 739 652</b>	<b>2 757 144</b>
<b>TOTAL ASSETS</b>		<b>2 739 652</b>	<b>2 757 144</b>
<b>Current liabilities</b>			
Payables	6	6 874	7 578
Tax liability		-	1 142
<b>Total current liabilities</b>		<b>6 874</b>	<b>8 720</b>
<b>TOTAL LIABILITIES</b>		<b>6 874</b>	<b>8 720</b>
<b>NET ASSETS</b>		<b>2 732 778</b>	<b>2 748 424</b>
<b>Equity</b>			
Retained profits		2 732 777	2 748 423
Contributed equity	7	1	1
<b>TOTAL EQUITY</b>		<b>2 732 778</b>	<b>2 748 424</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

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**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 30 June 2020**

	<b>Contributed Equity</b>	<b>Retained Profits</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2018	1	2 742 624	2 742 625
Profit for the year	-	5 799	5 799
<b>Balance at 30 June 2019</b>	<b>1</b>	<b>2 748 423</b>	<b>2 748 424</b>
Balance at 1 July 2019	1	2 748 423	2 748 424
Loss for the year	-	(15 646)	(15 646)
<b>Balance at 30 June 2020</b>	<b>1</b>	<b>2 732 777</b>	<b>2 732 778</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Queensland Lottery Corporation Pty Ltd  
ACN124921311

STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Interest received		47 033	73 870
Payments to suppliers and employees		(57 256)	(67 407)
Income tax (paid)/refund		(1 609)	(470)
GST received from the ATO		1 696	1 765
GST paid to suppliers		(1 356)	(1 431)
<b>Net cash provided/(used in) by operating activities</b>	12	<b>(11 492)</b>	<b>6 327</b>
Net increase/(decrease) in cash and cash equivalents held		(11 492)	6 327
Cash and cash equivalents at beginning of financial year		2 742 116	2 735 789
<b>Cash and cash equivalents at end of financial year</b>	5	<b>2 730 624</b>	<b>2 742 116</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to and forming part of the financial statements for the year ending 30 June 2020

**1. General Information**

Queensland Lottery Corporation Pty Ltd (QLC) is a for profit company incorporated and domiciled in Brisbane, Australia. The address of its registered office is Level 31, 111 Eagle Street, Brisbane.

The financial report of QLC for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the director on 10 August 2020.

QLC is wholly owned by Queensland Treasury Holdings Pty Ltd. It was formed following the privatisation of Golden Casket Lottery Corporation Limited (GCLC). QLC holds the Queensland lottery licence and Golden Casket brands and trademarks on behalf of the State Government, which are licensed to the Tatts Group through GCLC.

**2. Significant Accounting Policies and other explanatory information**

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

**(a) Basis of preparation**

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the requirements of the *Corporations Act 2001*.

**Basis of measurement**

These financial statements have been prepared on an historical cost basis.

**Functional and presentation currency**

These financial statements are presented in Australian dollars, which is QLC's functional currency.

**Use of estimates and judgements**

QLC has made no judgements or assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

**Comparative information**

No changes have been made to comparative figures in the current year.

**(b) Income tax**

QLC is subject to the National Tax Equivalents Regime (NTER). Under the NTER, QLC is required to make payments to the State Treasurer equivalent to the amount of Commonwealth income tax under the Income Tax Assessment Act (ITAA).

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

**(c) Cash and cash equivalents**

For the purpose of the Balance Sheet and Statement of Cash Flows, cash includes cash at bank and deposits at call.

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Notes to and forming part of the financial statements for the year ending 30 June 2020

2. Significant Accounting Policies and other explanatory information (continued)

(d) Payables

These amounts represent liabilities for goods and services provided to QLC prior to the end of the financial year that are unpaid at 30 June. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

*Interest revenue*

Interest revenue is recognised using the effective interest rate method. Accrued interest is recognised as a receivable.

(g) Lottery licence fees

Lottery licence fees are paid quarterly in advance and recognised in the period to which they relate.

(h) New accounting standards and interpretations

All new and amended accounting standards effective for the financial year were adopted. No accounting standards that apply for the first time in 2019-20 have any material impact on the financial statements.

**Standards and interpretations not yet adopted**

Certain new accounting standards have been issued that are not mandatory for the current reporting period. It is not expected that these new standards will significantly impact the financial position or financial performance of QLC. QLC does not plan to early adopt any of these standards.

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Notes to and forming part of the financial statements for the year ending 30 June 2020

	2020	2019
	\$	\$
<b>3. Interest revenue</b>		
Interest – QTC Cash Fund	43 628	73 825
Interest – Bank	8	14
	43 636	73 839
<b>4. Income tax expense</b>		
Current tax expense	(6 705)	1 481
<b>Numerical reconciliation of income tax expense to prima facie tax payable:</b>		
(Loss)/profit from continuing operations before income tax expense	(22 351)	7 280
Tax at the Australian tax rate of 30%	(6 705)	2 184
Prior year income tax (refund)/expense	-	(703)
<b>Current tax expense</b>	(6 705)	1 481
<b>5. Cash and cash equivalents</b>		
Cash at bank	648	609
QTC Cash Fund	2 729 976	2 741 507
	2 730 624	2 742 116
<b>6. Payables</b>		
Accrued audit fees	3 700	3 600
Accrued PAYG	261	261
Creditors – QTC	2 913	3 717
	6 874	7 578
<b>7. Contributed equity</b>		
<b>(a) Issued and paid up capital</b>		
<b>Issued and Paid up</b>		
Ordinary class shares	1	1
	1	1
<b>(b) No movement has occurred in the number of shares on issue.</b>		

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Notes to and forming part of the financial statements for the year ending 30 June 2020

**8. Related party transactions**

**(a) Ultimate controlling entity**

Queensland Treasury Holdings Pty Ltd (QTH) is the sole shareholder of QLC. The ultimate parent entity of QLC is the State of Queensland.

**(b) Key management personnel**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of QLC, being the sole Director.

**i. Compensation - director**

Compensation includes income paid or payable to the independent director of QLC during the financial year:

	2020	2019
	\$	\$
<b>Independent directors</b>		
Short-term employee benefits	5 071	5 071
Post-employment benefits	482	482
<b>Total</b>	<u>5 553</u>	<u>5 553</u>

**ii. Compensation - Other officers**

QLC does not employ any other officers. All administration is outsourced to Queensland Treasury Corporation (QTC), a related party.

**iii. Other related party transactions – key management personnel**

There were no loans to/from key management personnel during the financial year. Nor were there any other transactions between related parties and key management personnel.

**(c) Other related party transactions**

**Queensland Treasury Corporation**

During the year, the following transactions were undertaken between QLC and QTC. All transactions were at normal commercial terms and conditions unless otherwise stated.

- Funds invested in the QTC Cash Fund totalled \$2 729 976 (2019: \$2 741 507) and interest revenue received, net of management fees paid during the year totalled \$39 510 (2019: \$69 712); and
- QTC provides company secretariat and accounting services to the company. A fee of \$12 525 (2019: \$14 106) was charged for these services.

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Notes to and forming part of the financial statements for the year ending 30 June 2020

**9. Remuneration of auditor**

	2020	2019
	\$	\$
Amount paid, or due and payable, to the Auditor-General of Queensland for:		
<b>Audit of accounts</b>	<b>3 800</b>	<b>3 700</b>

The Auditor-General of Queensland provides no other services to QLC.

**10. Contingent liabilities**

As at 30 June 2020, QLC had no contingent liabilities.

**11. Commitments**

As at 30 June 2020, QLC had no material capital or other expenditure commitments.

**12. Reconciliation of profit after income tax to cash flows from operating activities**

(Loss)/profit after income tax	(15 646)	5 799
Changes in assets and liabilities		
- Decrease/(increase) in receivables	3 471	25
- Decrease/(increase) in prepayments	9 700	(200)
- Decrease/(increase) in deferred tax assets	(7 171)	-
- Increase/(decrease) in tax liability	(1 142)	1 011
- Increase/(decrease) in payables	(704)	(308)
<b>Net cash provided by/(used in) operating activities</b>	<b>(11 492)</b>	<b>6 327</b>

**13. Financial risk management**

QLC has only minimal exposure to financial risk which includes market risk, liquidity risk and credit risk. QLC manages these exposures in consultation with QTC.

**(a) Market risk**

*Interest rate risk*

QLC is exposed to interest rate risk through its investment in the QTC Cash Fund and cash held at the Commonwealth Bank. These accounts receive variable interest returns, and QLC aims to maximise deposits in the QTC Cash Fund.

**(b) Liquidity risk**

QLC has limited exposure to liquidity risk in the normal course of business. Current assets are valued at \$2 739 652 while current liabilities are valued at \$6 874.

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Notes to and forming part of the financial statements for the year ending 30 June 2020

**13. Financial risk management (continued)**

**(c) Credit risk**

QLC is exposed to credit risk through its investments primarily in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed.

The maximum credit risk exposure of QLC is represented by the carrying amounts of assets recognised in the Balance Sheet.

**(d) Fair values of assets and liabilities**

The carrying amounts represent fair value of financial assets and liabilities of QLC at balance date. These consist of deposits with QTC at prevailing market rates and short term payables and receivables.

**(e) Fair value hierarchy**

The fair value hierarchy has not been produced as all financial assets held at balance date represent short term receivables or balances of cash holdings. Cash holdings are primarily in the QTC Cash Fund and fair value is based on the net realisable value. For the purposes of the fair value hierarchy, these financial assets are classified as Level 2.

**14. Events subsequent to balance date**

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of QLC, the results of those operations or the state of affairs of QLC in future years.

**Director's Declaration**

The Director of Queensland Lottery Corporation Pty Ltd declares that:

The financial statements and associated notes as set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:

- (a) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance for the financial year then ended on that date.

In the Director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Director and is signed by:



I Munro  
Director

10 August 2020



## INDEPENDENT AUDITOR'S REPORT

To the Members of Queensland Lottery Corporation Pty Ltd

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of Queensland Lottery Corporation Pty Ltd.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and *Australian Accounting Standards*.

The financial report comprises the balance sheet as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the director's declaration.

#### Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am 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* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*. I am also independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the director of the company, would be in the same terms if given to the director as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

Other information comprises the information included in the entity's financial report for the year ended 30 June 2020, but does not include the financial statements and my auditor's report thereon.

Those charged with governance are responsible for the other information.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

#### **Responsibilities of the director for the financial report**

The company's director is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards, and for such internal control as the company's director determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's director is also 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

My 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 my 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 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*, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the company's director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



P CHRISTENSEN  
as delegate of the Auditor-General

12 August 2020  
Queensland Audit Office  
Brisbane