



ANNUAL REPORT

Year ending 31 December 2019

Australian Karting Association T/As Karting Australia



KARTING

AUSTRALIA



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IMAGES



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STRATEGIC OVERVIEW

Our purpose is to inspire and encourage more people to participate in the sport of karting as both a competitive sport and a recreational activity thereby enlivening and growing karting.

As the national body responsible for the sport of karting in this country, Australian Karting Association Ltd (AKA) is recognised by the Fédération Internationale de l'Automobile (FIA) Karting and Motorsport Australia.

Our vision is for Australian Karting to be recognised as a Destination Sport and the starting point of local, state, national and international motor racing with a community of karting clubs that provide motorsport activities that are enduring, inclusive, well organised, safe, exciting, fun and family friendly for people of all ages.

Our key goals include expanding karting's profile while growing membership and participation – across both competition and recreational karting activities – while enriching our people and culture.

By developing sound commercial relationships that enhance karting's brand profile and expanding our revenue streams we will ensure karting's sustainability in this country.

Our mission is to lead, govern and grow the sport of karting at all levels in Australia.



OUR VALUED PARTNERS



CHAIRMAN'S MESSAGE

In opening my message to members, I'd like to congratulate and thank our CEO Kelvin O'Reilly and our staff for their tireless work throughout what has been a challenging but rewarding and at times landmark year for our sport.

The continued leadership and contribution of Kelvin's experience to our sport's administration is one that we have benefited from for nearly seven years and one that I'm sure will leave a lasting legacy for many years to come.

2019 (and the back end of 2018) was one of the most challenging periods that our sport has faced for many years. Many of these issues for karting were created by the actions of Karting New South Wales Inc. These issues continue to take up far too much time and resources but we will continue to fight for what is right for our sport and our Members and to protect our property.

The past 12 months, while presenting their challenges have also been extremely rewarding. Our Member States have never been more united and committed to a unified approach to our sport. The working relationship between our Board, Management and the Member States has never been closer or more unified. Our goals have never been more aligned. No matter what obstacles have been thrown our way, as a sport, we have addressed them head on with a united front and purpose for karting.

Midyear, the combined Board/Executive Commission working group finalised the draft of our **"2019-2022 Strategic Plan - Planning To Create Better Karting Communities That Work And Play Together"** that was ultimately adopted by the Board as a the guiding principles, goals and objectives that underpin the sport and AKA. The Strategic Plan provides the Board, Staff and Member States and clubs with a clear direction and ensures that everyone remains focused on achieving our goals and key strategies.

While it was a long time coming, to obtain the unanimous approval of our new Constitution by the Member States at our first attempt, speaks volumes for the unity of our Members behind the leadership of the sport and the process that we implemented. Our new Constitution reflects best practice in sports governance in Australia, is based on the Sport Australia Template Constitution and will provide a set of governance rules that will carry the sport forward well into the future.

At the end of the day we are all bound by a common passion – for karting. We're all here for the betterment of the sport and everyone within the AKA – the Board, Staff, State Executives, Administrators, Club Committees, Officials, Partners and Industry – are striving to continually improve our sport and I'd like to thank everyone in our sport who did their bit during 2019.

Mick Doohan
Karting Australia - Chairman

2018 Ladies Trophy Winner Taylah Agius leading the KZ2 field at the final round of the 2019 SP Tools Australian Kart Championship in Melbourne.



A photograph of a man, likely a race official, wearing a black cap with an orange brim, glasses, and a bright yellow high-visibility vest over a black jacket. He is holding a black and white checkered flag on a wooden platform. The background is a clear blue sky with a dark brown flag and a speaker visible. The image is framed by a green diagonal border.

*"I would like to thank every
one of our State and Club
Administrators and Volunteer
Officials who dedicate so much
time to the management of our
sport and the events – at all
levels."*

MESSAGE FROM THE CEO

Every challenge and every adversity contain within them the seeds of opportunity and growth.

Over the past two years, the AKA has been challenged as never before but thanks to the leadership of the members of the Board and commitment of our Staff, Clubs, Member States and Officials, we are continuing on the right trajectory and will meet and overcome all challenges.

With the adoption of the new Constitution, finalisation of our new Strategic Plan along with State based versions of it, I can proudly sit here and write that as an organisation we are on track and moving forward.

Even though at the time of finalising my message for the Annual Report, we are now six weeks into the COVID-19 pandemic I am even more positive and optimistic now than I was a month ago, that our sport will come through this awful period in world history intact and ready to meet the challenges of whatever the new normal looks like with enthusiasm to continue to build our sport for all members.

I would like to thank every one of our State and Club Administrators and Volunteer Officials who dedicate so much time to the management of our sport and the events – at all levels.

To have a sponsor such as SP Tools, who's staff has the same vision for the sport as the members of the AKA Board and Staff, is something that we're very proud of and look forward to continuing for many years to come.

We are honoured also to have had a long association and partnership with a worldwide company like Castrol and we thank them for their support of grassroots motorsport in this country.

With the support of SP Tools, Castrol and our other commercial partners that assist us in many areas, we're able to achieve the goals we set out to all across the sport.

In December, we moved the National Office from the western Sydney city of Penrith to a modern facility on the Gold Coast where the AKA staff and equipment is now under the one roof providing a more efficiently run business. Already, we have experienced significant improvements and benefits from the move which will, I am sure continue to produce excellent results for the business.

I would like to take this opportunity to thank everyone who is a part of this great sport, from those mentioned above to the individual licence holders, industry members, mechanics and general club members. We are all a family working towards a common goal of bettering the sport we love. My Chief Operating Officer Lee Hanatschek deserves special mention for his outstanding contribution to the sport of karting over so many years and again throughout 2019.

While we have achieved much over the past 12 months, there's always a new challenge and we're always striving to continue the growth for our sport and membership into the future.

Kelvin O'Reilly
Karting Australia – Chief Executive Officer



ONE SPORT - ONE VISION

The AKA's Board and Management are rigidly fixed on providing the sport of karting with one overriding central vision – providing motorsport activities that are enduring, inclusive, well organised, safe, exciting, fun and family friendly for all ages.

So many of our actions as the national controlling body of our sport have been and will continue to be designed to underpin that vision.

BUILDING BETTER KART CLUBS

Our Clubs should be more than just a place to race. They should be a community that works together to ensure that they provide an enjoyable experience for all members.

Building on this principle, we held a second Building Better Kart Clubs Conference (BBKC) in August with 100 attendees representing Member States and Clubs from all across the country. It was at this Conference where the representatives were able to come together to discuss various ideas on continuing to build their membership base and think 'outside the square' in providing the best possible experience for their members.

The agenda for the Conference included presentations from Formula 1 World Championship Race Director Michael Masi and Formula 1 Australian Grand Prix Chief Executive Officer Andrew Westacott. Kevin Davis of SP Tools provided a very clear and eye-opening insight into how the 4SS class firmly has a place to further develop and expand the number of licence holders – at all levels.

One of the major highlights that has come out of the BBKC Conferences over the past two years has been the ability of an increasing number of Clubs to achieve growth and increased membership following the implementation of some of the BBKC principles put forward in this forum.

We are pleased to report that those Clubs who have set their sights on achieving the goals outlined in 2018 in our 'Plus 1 Project' initiatives have enjoyed some outstanding success just by applying some sound customer first and business principles to their Club administration activities.

The standout performer is Victoria's Eastern Lions Kart Club with an impressive increase of 82% in licence holders since the start of 2018, Eastern Lions, is now, based on licence holders, the largest kart club in Victoria.

The North Western Kart Club in Tasmania has also continued its upward trajectory that has seen it increase licence holders by 70% over the same period. Wimmera Kart Club left the conference and decided to start running Club days – for the first time in more than two decades.



At the end of 2019, 50% of our affiliated Clubs have recorded an increase in licence holders over the previous year

Following on from the BBKC Conference, we have continued our partnership with Sports Community that has seen us provide to our Clubs, on a free of charge basis, a number of webinar programs to make Club Administration more effective. Many of our Clubs are beginning to reap rewards from these programs throughout the first quarter of 2020.



THAT CAN'T
BE ME

RESPECT KARTING

In August, we launched 'Respect Karting' our pivotal program aimed at positively influencing behaviours in karting to bring to an end, for all time in our sport, the 'ugly parent' and the 'ugly competitor' syndrome.

As a sport we have decided to make a stand to say that it's not okay for someone to disrespect our sport, our officials, volunteers, fellow competitors, and worst of all, their own children and that we expect nothing less than for everyone in karting to treat others as they would like to be treated.

Alongside all our Member States, we have made the pledge to stamp out unacceptable behaviour in our sport.

"On behalf of the Australian Karting Community, we will call out behaviour that undermines our commitment to drive a culture of

RESPECT FOR KARTING and ALL WHO PARTICIPATE IN OUR SPORT.

We will not tolerate abuse directed towards Drivers, Teams, Officials, Administrators or Volunteers, so that we can create a safe community, free of bad behaviour, where people want to participate and where FUN is paramount."

The Respect Karting program launch combined with the release of soul enhancing Karters Creed video - where some of our officials, industry members, top level drivers - young and old, and parents made their commitments to respect our sport garnered support from around the world including from all Australian States, to New Zealand, the USA, Canada and Europe.

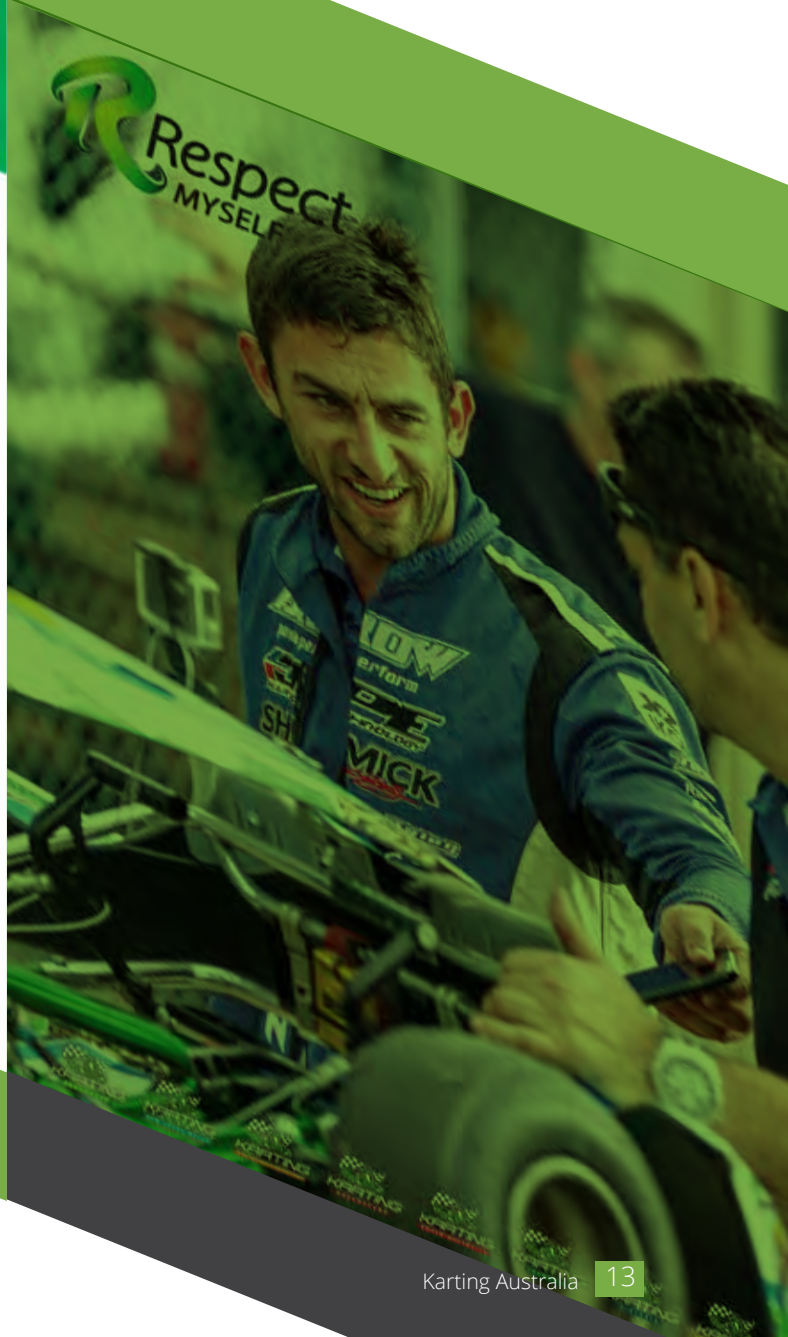
All affiliated Clubs were provided with a variety of printed material and access to various assets online for use throughout their social media campaigns.

PLEASE REMEMBER

THIS IS A SPORT

**THE OFFICIALS
ARE HUMAN**

**THEY ARE
ALSO VOLUNTEERS**



THE KARTERS CREED BY WHICH WE RACE

We, the Drivers and Team Members – the Parents, Mechanics, Pit Crew, Suppliers to and Supporters of the sport of Karting in Australia, acknowledge that participation in our sport is a privilege that we enjoy.

Being a Participant in karting brings with it, responsibilities to conduct ourselves as we ourselves would like to be treated, which means to act with Respect towards our Clubs, Opponents, Officials, Volunteers and to the sport of Karting generally.

We understand that there is great merit in winning and that success brings with it great joy, but that success must not come at all costs. Winning is only meaningful when the competition is fair.

Self-worth is not based on whether we win or lose, but how we win or lose, knowing that it is important to win with dignity and lose with grace and that sport – particularly junior sport, must always be kept in perspective.

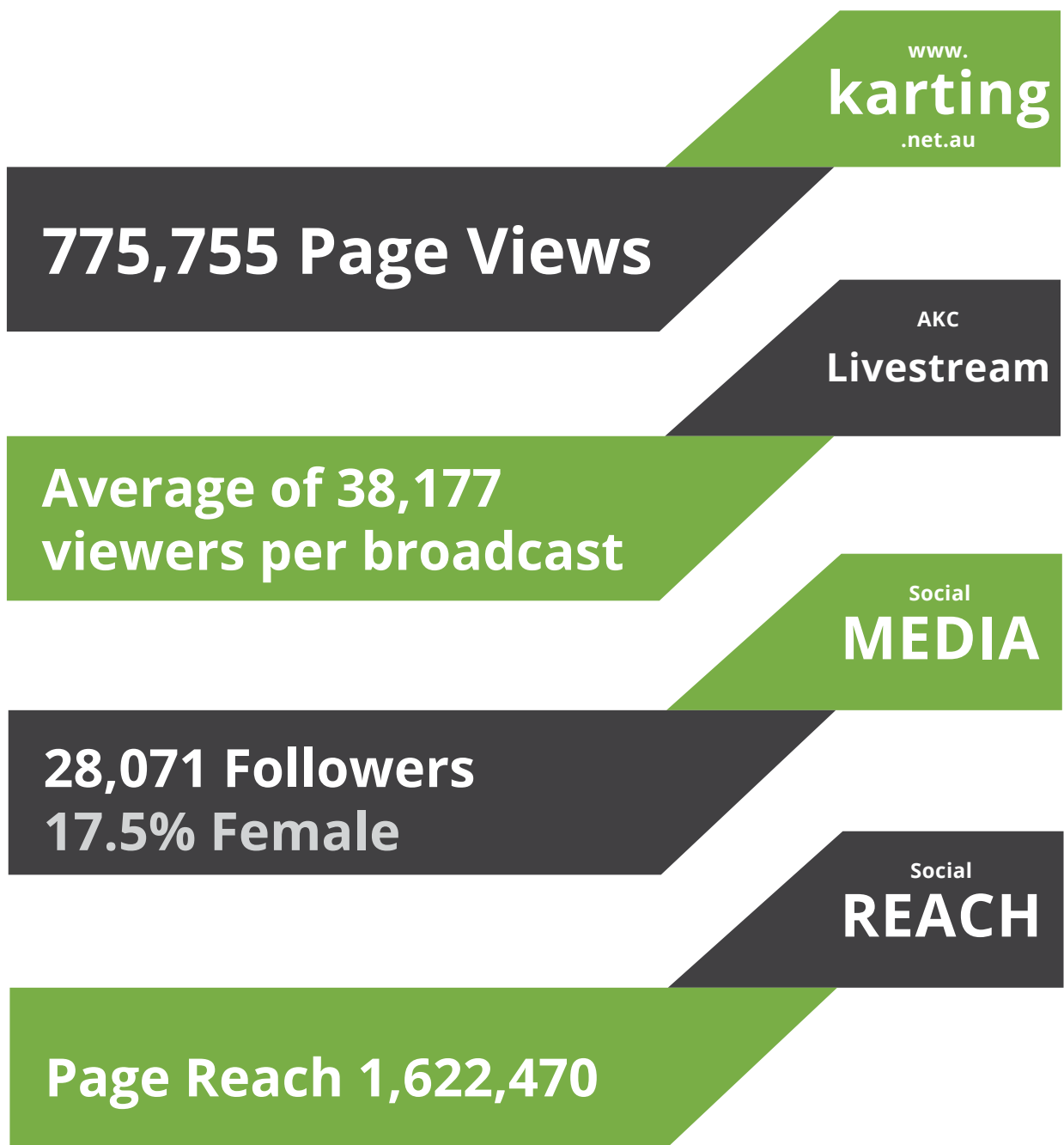
We recognise that our sport of karting is greater than ourselves as individuals; that cheating, unfair practices and unacceptable behaviour undermines the stature of our sport and all who love it and participate in it. We will always strive to keep a positive attitude and to make a positive contribution and difference to our sport and our Club for the betterment of Karting.

We acknowledge and thank our Club, Officials, Volunteers and Administrators, knowing that were it not for them, there would be no race in which to compete and no sport for us to enjoy.

What matters most is the challenge of the race, sportsmanship, maintaining our Self-Respect and Respect for our opponents while racing fairly and creating a positive sporting experience both on and off the race track, so that we can find the true joy in our sport and most of all, create a community where people want to participate and where FUN and SAFETY are paramount

AUSTRALIAN KARTER

Throughout the year, we implemented regular direct mail communication to Member States, affiliated Clubs and Licence Holders. Titled 'Australian Karter' the emails were designed to maintain regular communication direct from the Chief Executive Officer to Member States, Clubs and Licence Holders while also keeping them informed of the latest news and information.



(L-R) Cody Brewczynski, Brendan Nelson and Tyler Howard celebrate their success in the 2020 SP Tools Australian Kart Championship presented by Castrol EDGE



SPONSORSHIPS AND PARTNERSHIPS

Late in 2019, we were proud to announce leading Australian tool manufacturer Austech Industries has extended its partnership with Karting Australia with their SP Tools and Torini engines brands becoming the Premier Partners of Karting Australia.

The new multi-year arrangement sees SP Tools remain as the Title Sponsor for the Australian Kart Championship, Junior Sprockets program and Club Driver Rankings. The Automotive Tool Specialist also became a Platform Sponsor of the Ultimate Club Racer event along with Torini Engines that is now a presenting partner of Karting Australia's 'Get Started In Karting' and 'Bring a Mate' programs.

The new arrangement also provides the opportunity for Member States, Clubs and Series organisers to purchase SP Tools products at significantly discounted prices to be used as prizes and incentives for their competitors through the 'SP Tools Race Team Program'.

We have also continued our long-term partnership with global oil and lubricant manufacturer Castrol as a presenting partner of the Australian Kart Championship.

Mid-year we entered into a new and exciting promotional partnership with Supercars that has enabled the sport to have a promotional presence at all Supercar events across the country. The plans are also underway with Supercars management for an expanded program in the coming 12 months.

The Supercars partnership is in a similar vein to our ongoing partnering with Australia's highest profile motor racing event, the Rolex Formula 1 Australian Grand Prix – a massive highlight for our sport. Along with an on-track presence with a display in the Innovation and Technology area, we were delighted to be able to again provide the opportunity for 58 licence holders, including 20 FIA Formula 1 Future Stars, to be on the grid prior to the start of the Formula 1 race.

A special thank you to our staff member Matthew Gould for his dedication on the logistics. His commitment to ensuring that the 'mountain' of government paperwork that is required for this type of opportunity in Victoria was all in order to provide an incredible experience for the licence holders was appreciated.

Karting's relationship with CEO Andrew Westacott and his team at the Australian Grand Prix Corporation is a special one for our sport and one that we are immensely proud to continue.



PROGRAMS, PARTICIPATION AND SANCTIONING



After being launched at the start of 2018 as a low-cost, low-maintenance entry-level class for Australian karting, the 4SS (Four Stroke Sprint) class has continued a strong upward growth trajectory during 2019.

With almost 1,000 entries being received in events across the country throughout the year, it is undoubtedly the fastest growing class for the sport with an increase of 245% over 2018.

It is no secret that the Australian made Torini engine has become the engine of choice in 4SS - a direct testament to the drive of the team at Austech Industries. Their vision and high-level, non-stop support of this class is without doubt one of the key factors in the early success of 4SS.

The SP Tools Junior Sprockets Junior Development program provided the perfect platform for new young drivers to experience the sport of karting at various venues across the country.



Throughout the year, more than 200 participants experienced the program. They were provided with a professional introduction into the sport and a significant number of our "Sprocketeers" are now licence holders.

Highlighting the progression from the Junior Sprockets program through the sport is the success of many graduates - including Corey Carson winning the Cadet 9 class at the Ultimate Club Racer event in November.



Alongside the roll out of the SP Tools Junior Sprockets programs, we facilitated the introduction of a karting element as a part of the Motorsport Australia 'Dare to be Different' program. This program focuses on school age girls and providing them with an insight into the motorsport world.

We are extremely focused on expanding the participation of females in our sport through our 'Girls Race Too' program. This has seen an increased number of females participating at a national level where they battle for the Ladies Trophy in the Australian Kart Championship. We are also encouraging all Clubs to implement a similar program for their Club Championship in 2020.

Overall, the number of licence holders at affiliated Clubs remained steady across the country but with Victoria recording the highest increase by a Member State with an 8% increase year on year.

Comparing like for like across the six undisrupted states (not including NSW,) participation across all levels of events rose by 1.6% in 2019.

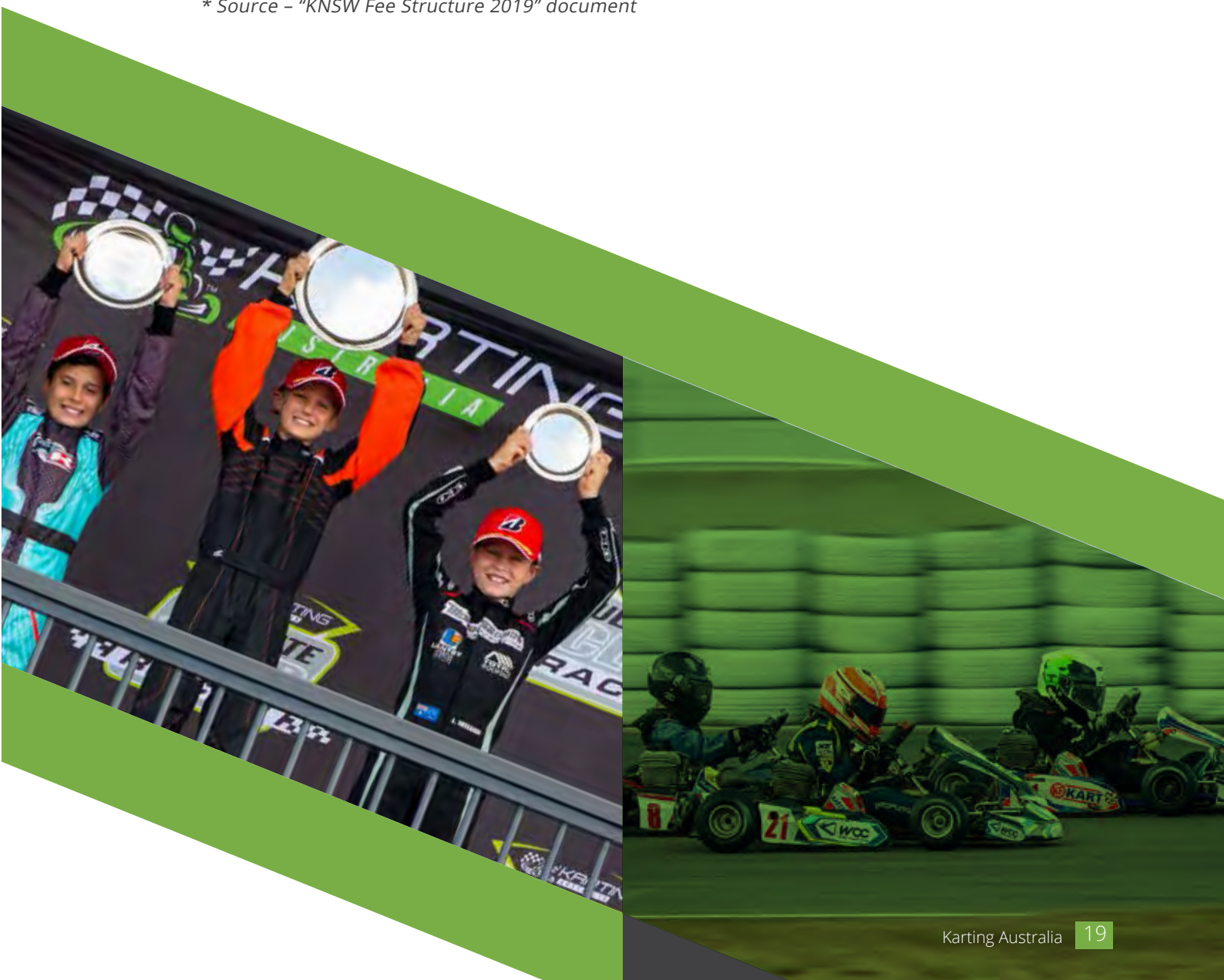


All Karting Australia New South Wales (KANSW) Clubs recorded increases in participation across the year finishing more than 26% up on 2018 and with solid increases in licenced drivers against the same period. The KANSW results can be attributed to two significant factors:

- The number of people wishing to race with a Club that has a universally recognised licence and that can be used anywhere in Australia; and
- The genuine low-cost environment created by the flat fee Organising Permit Fee that KANSW successfully implemented across all areas of racing operations. The massive cost benefit to KANSW Clubs (a saving of almost \$50,000) is illustrated in the table below:

Permit Fees Paid Under KANSW Permit Fee Structure				
Event Level	No. of Events	Basis of Fee	Fee Per Event	Total
Club	31	Per Event	\$250.00	\$7,750.00
State	1	Per Event	\$750.00	\$750.00
Total	32			\$8,250.00
Permit Fees that would have been paid if the Clubs were still Affiliated with Karting NSW				
Event Level	No. Of Entries	Basis of Fee	Fee Per Entry	Total
Club	1897	Per Entry	\$27.00*	\$51,219.00
State	161	Per Entry	\$41.00*	\$6,601.00
Total	2058			\$57,820.00
Total Permit Fee savings for KANSW Clubs compared to the KNSW Fee structure				\$49,320.00

* Source - "KNSW Fee Structure 2019" document



REVIEW OF THE MOTOR VEHICLE SPORTS (PUBLIC SAFETY) ACT - NSW

The New South Wales Office of Sport is currently conducting a review of the Motor Vehicle Sports (Public Safety) Act (Act). AKA Ltd has been actively involved with the review along with Motorsport Australia, ANDRA, Motorcycling Australia and Motorcycling NSW.

The five bodies speak with one unified voice on the key elements of the Act that are under review and the long-term role of credible motorsport sanctioning bodies.

Following is an extract from our submission to the review about what ought to constitute a recognised sanctioning body:



Motorsport Sanctioning Bodies

Review of the Motor Vehicle Sports (Public Safety) Act - NSW Office Of Sport

A review of the Motor Vehicle Sports (Public Safety) Act (Act) is currently being undertaken by the NSW Office Of Sport (OOS). Of pivotal concern in the review is the role that should be played in NSW by what is termed Motorsport Sanctioning Bodies.

CAMS, Motorcycling Australia, ANDRA, Karting Australia and Motorcycling New South Wales believe that the OOS should recognise the Australian controlling bodies (and their State affiliates) delegated with their authority from their International Federations as the Sanctioning bodies for our defined disciplines of motorsport.

That the OOS should do so in the interests of safety and integrity of motorsport participants and spectators and that it must recognise that as the internationally affiliated bodies, we are the entities best positioned to make objective and informed decisions and provide advice on matters of world's best practice rules, by-laws, policies, safety standards and Licencing frameworks for motorsport in Australia.

What Is the Role of a Motorsport Sanctioning Body?

The role of a Motorsport Sanctioning body is to control, regulate, supervise, licence, permit and insure specific disciplines of motorsport in accordance with the best practice standards promulgated or recognised by the international controlling bodies of motorsport so as to ensure that each discipline of motorsport for which we hold responsibility in Australia is conducted at all times with integrity and in the safest possible way.

What Should Be the Characteristics of a Recognised Australian Motorsport Sanctioning Body?

The Act should only recognise those bodies that exhibit the following characteristics:

1. They are affiliated with and are recognised as the pre-eminent organisation in Australia by the International Federation which is a member of Global Association of International Sports Federations.

Those international bodies are:

- The Federation Internationale de l'Automobile (FIA); and
- The Fédération Internationale de Motocyclisme (FIM)

2. The 'Australian Motorsport Sanctioning Bodies' have been appointed by those International Federations with sole responsibility to act on their behalf in accordance with their Statutes, rules, policies and procedures as the controlling body of the sport in Australia.

- They are the pre-eminent organisations taking responsibility for the development of the sport in Australia and are accountable at the national level for providing members with technically and ethically sound sports programs, policies and services;
- They are the national entities representing the sports in Australia from grass roots/community through to high performance;
- They have national influence for the sport through active members and affiliate bodies working in cohesion and adhering to the strategic direction set by the peak national body;
- They are accountable at the national level for establishing and enforcing the key policies, best practice rules, by-laws, safety standards and licencing frameworks that underpin integrity and safety in the sport;
- They possess robust disciplinary procedures with multi-level appeal processes that promote natural justice and ensure integrity;
- They are responsible for all international licencing of Australian drivers and riders who participate in the sport internationally.

Why Should the NSW Office Of Sport and the Act Recognise These Five Sanctioning Bodies?

Simply put they are credible and experienced. They are all long standing organisations that always apply world's best practice standards in their sport.

Safety and integrity are cornerstones in their motorsport sporting and governance models. Were they not, then they would not hold the Australian affiliations and delegations that they hold from the world governing Federations.

They operate nationally and play significant roles with their International Federations.

To recognise them, is to recognise the best motorsport sanctioning bodies in Australia. To look elsewhere is to seek second or third best.

CAMS, Motorcycling Australia, Karting Australia, ANDRA and Motorcycling NSW bring stability, consistency, reliability, world's best practices, immense experience and motorsport knowledge to the OOS and we do so solely and absolutely in the best interests of our sport, our members, and the community at large.

The Five Sanctioning Bodies – Specifics

In any sport, it is essential to have rules regulating its conduct. This is particularly important in the case of motorsport, where safety is vital for participants and spectators.

Our core businesses are to develop and apply the rules and regulations of the sport to ensure that motorsport is always conducted with the highest possible levels of safety and integrity.

In addition to our National Competition Rules, we devote countless hours, years of experience and knowledge garnered from Australian sources and our international affiliations to develop, implement and enforce policies that are designed to keep participants in motorsport as safe as can always be.



NATIONAL EVENTS & CHAMPIONSHIPS

AUSTRALIAN KART CHAMPIONSHIP

The 2019 SP Tools Australian Kart Championship presented by Castrol EDGE continues to increase its status on the world karting scene. It is now the largest karting Championship in the Southern Hemisphere and one of the most significant National Karting Championships in the world.

With an average of 276 entries, up 4% on 2018, across each of the five rounds -including a record 308 at the opening round in Ipswich - it's understandable that we're extremely proud of the continued growth for the top level of our sport.

At the end of the five rounds, that saw the host Clubs receive a direct income of more than \$200,000 and successful competitors share in more than \$150,000 in prizes, eight worthy Champions were crowned.

2019 AUSTRALIAN KART CHAMPIONS

KZ2 - Troy Loeskow
 KA2 - Luke Pink
 X30 - Bradley Jenner
 TaG 125 - Adam Lindstrom

KA3 Senior - Jack Bell
 KA4 Junior - Kobi Williams
 Cadet 12 - Harry Arnett
 Cadet 9 - Ky Burke



ROTAX PRO TOUR

The Rotax Pro Tour continued as a six-round National Series during 2019 with the world-wide formula resulting in six winners being able to don the number one red plate. Averaging more than 100 competitors for each round of the one-engine brand Series, Australia was again well represented by 13 drivers at the Rotax MAX Challenge Grand Final in Italy during November.

2019 ROTAX PRO TOUR SERIES WINNERS

DD2 - Troy Bretherton
DD2 Masters - Ryan Kennedy

Rotax Light - Pierce Lehane
Rotax Heavy - Lane Moore
Junior MAX - William Seal

Mini Max - Kristian Janev
Micro MAX - Jaxson Burns

RACE OF STARS

For the seventh year in succession, Race of Stars was contested at the Xtreme Karting Complex on the Gold Coast. With the support of Supercars, the event attracted the best drivers from all across the region along with numerous international stars.

As has been the case in previous years, the racing was of the highest level with seven thoroughly deserving winners walking away with the prestigious winner's surfboards.

A special thank you to Ian Holm and his dedicated team at the Xtreme Karting Complex for their tireless work preparing the venue for this incredible event and also to Raelene Hopper for her hard work behind the scenes co-ordinating the international drivers.

2019 RACE OF STARS WINNERS

KZ2 - Anthony Abbasse
KA2 - Adrian Haak

TaG 125 - Brendan Nelson
KA3 Senior - Jace Matthews
KA3 Junior - Kurtis Tennant

KA4 Junior - Kobi Williams
Cadet 12 - Harry Arnett

STATE CHAMPIONSHIPS

The honour of becoming the Champion of a State is always a prestigious one. In 2019, the majority of Member States elected to return to the one-off event for the State Championship events. There were also a number of 'blue plates' secured in the classes that are specific to the Australian Kart Championship and Rotax Pro Tour won throughout the year.

2019 STATE CHAMPIONS

New South Wales

KA4 Junior - Kobi Williams
KA3 Senior - Matthew Waters
TaG 125 - Reece Cohen
X30 - Pierce Lehane
KA2 - Rueben Goodall
KZ2 - Jason Faint
Micro Max - Jaxson Burns
Mini Max - Costa Toparis
Junior Max - Luke Pink
Rotax Light - Pierce Lehane
Rotax Heavy - Lane Moore
DD2 - Jonathon Marcusson
DD2 Masters - Kris Walton
Cadet 9 - Jenson Marold
Cadet 12 - Alex Ninovic
KA4 Junior Heavy - Josh D'ambrosio
TaG 125 Heavy - Nicholas Caruso
Tag 125 Light - Reece Cohen
TaG 125 Rest. Lgt - Benjamin Ford
TaG 125 Rest. Med - Sam Taylor
KA4 Junior Light - Jordan Shalala
KA3 Junior - William Seal
KA3 Senior Light - Cody Gillis

Northern Territory

Cadet 9 - Ky Burke
TaG 125 Rest Med - Simon Minton
TaG 125 Rest Mast - Simon Minton
Open Performance - Blake Preston
Cadet 12 - Jack Webster
KA3 Senior - Royce Nott
KA4 Junior - Chase Webster
X30 Light - Kevin Norman

Queensland

KA4 Junior - Kobi Williams
KA3 Senior - Jack Bell
TaG 125 - Tyler Howard
X30 - Bradley Jenner
KA2 - Luke Pink
KZ2 - Troy Loeskow
Micro Max - Jaxson Burns
Mini Max - Jake Rutkowski
Junior Max - Luke Pink
Rotax Light - Pierce Lehane
Rotax Heavy - Reagan Payne
DD2 - Ryan Kennedy
DD2 Masters - Scott Howard
Cadet 9 - Jaxson Burns
Cadet 12 - Michael Janusz
KA4 Junior Light - Nathan Brien
KA3 Junior - Luke Pink
KA3 Senior Light - Harrison Hoey
KA3 Senior Medium - Craig Butler
TaG Rest 125 Light - Paul McNeil
TaG Rest 125 Med - Gaven Whitmore
Tag 125 Light - Dylan Rudd

South Australia

KA4 Junior - Hugh Barter
KA3 Senior - Mathew Waters
TaG 125 - Thomas Cooper
X30 - Jaiden Pope
KA2 - Ethan Feather
KZ2 - Troy Loeskow
Cadet 9 - Noah Enright
Cadet 12 - Peter Bouzinelous
KA4 Junior Light - Christian Cowie
KA3 Junior - Hugo Simpson
KA3 Senior - Joshua Denton
TaG 125 Light - Daniel Wallis
TaG 125 Heavy - Ben Edwards
TaG 125 Rest Light - Ryan Nicholson
TaG 125 Rest Md - Chris Quinlan
X30 Light - Jaiden Pope

Victoria

KA4 Junior - Cody Maynes-Rutty
KA3 Senior - Oscar Preist
TaG 125 - Jackson Rooney
X30 - Jaiden Pope
KA2 - Fletcher Harris
KZ2 - James Golding
Micro Max - James Anagnostiadis
Mini Max - Kristian Janev
Junior Max - Hugh Barter
Rotax Light - Pierce Lehane
Rotax Heavy - Lane Moore
DD2 - Ryan Kennedy
DD2 Masters - Fraser Hart
Cadet 9 - James Anagnostiadis
Cadet 12 - Harry Arnett
KA4 Junior Light - Hugh Barter
KA4 Junior Heavy - Toby Waghorn
KA3 Junior - Nicholas Sacco
KA3 Senior Light - Corey Herbertson
KA3 Senior Medium - Taine Venables
TaG 125 Heavy - Paul Rodgers
Tag 125 Light - Adam Lindstrom
Vic Comb Masters - Glenn Riddell
X30 Light - Jaiden Pope

Western Australia

Cadet 9 - James Webster
Cadet 12 - Nash Ferraro
TaG 125 Rest Mast - Simon Minton
KA3 Senior Heavy - Aaron Chivers
KA3 Senior Light - Jason Betts
KA4 Junior Light - Luca Nici
KA4 Junior Heavy - Judd Stevens
KA3 Junior - Liam Cain
KA3 Senior Medium - Jason Betts
Tag 125 Light - Cody Leunen
TaG 125 Heavy - Lewis Reid
Open Perf - Courtney Gough



ULTIMATE CLUB RACER

As announced in 2018, the inaugural Ultimate Club Racer event was contested in November. The event was the culmination of the SP Tools Club Driver Rankings with Club Level drivers from all across Australia coming to neutral venue of The Bend Motorsport Park in South Australia to compete.

While the presentation of the silverware at the completion of the weekend was a true highlight, there were numerous others across the weekend. These included the relaxed atmosphere of the event in addition to the State pride that was shown all weekend long culminating in the inaugural State of Origin Teams race on the Saturday evening.

2019 ULTIMATE CLUB RACERS

Cadet 9 - Corey Carson	4SS Ladies - Broke Miller	TaG 125 Heavy - Harley Bishop
Cadet 12 - Jack Szewczuk	4SS Senior Light - Scott Pearce	TaG 125 Rest 125 Lgt - Joshua Healy
KA4 Jnr Light - Anthony Capobianco	4SS Senior Medium - Luke Lane	TaG 125 Rest 125 Md- Chris Quinlan
KA4 Jnr Heavy - Xavier Kokai	4SS Senior Heavy A - Anthony Baker	Combined Masters- Ian Branson
KA3 Junior - Jordan Shalala	4SS Snr Heavy B - Mitchell Branson	KA3 Senior Medium - Chantelle Hall
4SS Junior - Ethan Flynn	TaG 125 Light - Cody Leunan	

In addition to our Nationally permitted Championships and Series', a number of state-level Series continued to thrive throughout 2019. The Victorian Country Series remains as the leading Series across the country with an impressive average of 218 entries received across each of its six rounds.

The second year of the SP Tools Club Driver Rankings provided a great incentive for licence holders to be able to 'race locally and ranked nationally'. With more than 4,500 licence holders recording a ranking in the standings, it continues to provide a focus for Club-level competition with a significant prize pool on offer at the end of the year.

As indicated above, the Club Driver Rankings was the pre-cursor for the Ultimate Club Racer event that saw the best Club-level racers converge at an event specifically designed for them – a concept never seen before in Australian Karting.

Special congratulations must go to Marcus Pisani of the Oakleigh Go-Kart Racing Club, Matthew Beninca from the Go-Kart Club of Victoria, Townsville's Tyler O'Connor and Hurricane's Zane Rhodes for recording a perfect score for the year.



INTERNATIONAL

Australia had more than 40 licence holders compete in various karting events internationally, a number of whom enjoyed great success while benefiting significantly from the experience.

Based in Italy for the majority of 2019, James Wharton proved that he is one of the world's most talented young drivers with strong finishes in the FIA European Championship and WSK Series events. After securing strong finishes in the heat races, he came tantalizingly close to becoming Australia's first FIA World Karting Champion since James Courtney in 1997 before a mechanical failure ended his run in the World Championship Final.

Recently crowned Australian Champion Troy Loeskow led the Australian-owned Patrizzicorse team at the FIA KZ World Championship and KZ2 International Supercup event in Lonato, Italy during September.

The Queenslander competed against the professional drivers in the KZ class for the first

time while Victorian Henry Johnstone made his international debut in the KZ2 class. Johnstone competed alongside of New Zealanders Dylan Drysdale and Matthew Payne under the Patrizzicorse banner while New South Welshman Zac Zamprogno competed with the CRG Factory outfit.

Congratulations must go to Dutch driver Marijn Kremers for his victory in the KZ World Championship. Marijn is well known to the Australian karting community having spent two years based in Australia while competing in the Australian Kart Championship in 2015 and 2016. He has also been a regular visitor to the Race of Stars since 2014.

Victorian Peter Bouzinelos spent a significant amount of time in Italy competing in various WSK Series events in the 60 Mini class.

The 19th edition of the Rotax MAX Challenge Grand Finals held in Sarno, Italy featured 13 Australian drivers. New South Wales' Costa Toparis finished as the best of the Australian



contingent with a third placing in Mini MAX. Toparis' fellow New South Welshman Beau Pronesti, Victorian teenager Hugh Barter and Queensland veteran Kris Walton also achieved top ten results.

Highlighting the team effort, Australia finished third in the Nations Cup.

In addition to the World Final, Australia also had representation at the Rotax MAX International in France with Scott Howard competing.

At the IAME International Challenge final, five Australian drivers were in action with James Wharton finishing as the best of the Aussies. After being ranked third following the heat races, he recorded a 13th place finish in X30 Junior.

Five Australians headed to the South Garda circuit in Italy to compete in the Vortex SuperCup in Italy. New South Wales youngster Alex Ninovic was the best placed Australian driver with a 25th place finish in the final of the 60 Mini Class.

It was at America's largest karting event where Australians shone brightest on the world stage with three drivers from 'Down Under' standing on the top step of the podium. A huge contingent of 26 Australians were in action at the SKUSA Super Nationals in Las Vegas. Victorian Bradley Majman was victorious in Micro Swift, as was Kip Foster in X30 Masters and James Wharton in X30 Junior. Wharton also backed his win up with a third placing in the KA100 Junior class.

2018 Australian KZ2 Champion Aaron Cameron finished fifth at the Macau Grand Prix in December. Cameron was joined at the event by his young JC Kart team-mate Ryan MacMillan. A number of other Australians also competed at various events throughout Asia during the year as well.

It hasn't just been our drivers that featured on the world stage either. Highlighting the continual recognition of our sport within the region is the fact that our National Officials Co-ordinator Mark Horsley has regularly officiated at events throughout Asia for the IAME and Rok Series'.

Costa Toparis leading fellow Cadet 12 driver Marshall Atayan during Round Two of the 2019 SP Tools Australian Kart Championship in Newcastle, NSW.



FINANCIAL REPORT

2019 was always expected to be a difficult trading year. The stated intention of Karting NSW Inc. to breakaway and their resultant expulsion from the company by the Members in January 2019 was expected to cause a significant fall in some of the company's major revenue streams – licence sales and royalties along with an increase in direct administrative and legal expenses as we sought to recover debts and property and to protect our intellectual property.

A trading deficit for the year was recorded. This was due in part to timing issues - a number of post reporting period cash recoveries from 2019 that will be credited against the 2020 accounts would have served to significantly reduce the deficit including: settlement of the debt recovery action against KNSW (\$62,000), a refund of rescinded White Pages Directory listings from multiple years that were incorrectly charged and that have now been recovered (\$6,000). Additionally we have received a refund of an overpayment of GST to the ATO (\$41,000).

The litigation costs that resulted from the expulsion of KNSW arose as we sought to recover our property from some KNSW Clubs that chose to break away together with the cost of recovering significant funds that KNSW withheld from us for licences sold in 2018 along with costs associated with protection of our intellectual property resulted in one off abnormal expenditure on legal and administrative costs.

We are pleased to report to the Members that the debt recovery action settled on 23 April 2020 with KNSW making a settlement payment to AKA Ltd of \$62,000 (comprising the full \$49,759 claimed, plus interest and costs.)

Other matters that remain outstanding include AKA's claim against KNSW of copyright infringement relating primarily to our National Competition Rules – the Karting Manual and the repayment by several Clubs of timing equipment. There also remains the separate issue of the repayment of loans by previously affiliated Clubs to the Track Development Fund Trust.

While the financial issues we have faced have been significant, they have been properly contained, while we have also protected AKA's rights and properties.

AKA is in a strong financial position and maintains a sound business model – even allowing for the COVID-19 disruption.

The Balance sheet of the company also remains strong with a retained surplus of almost \$1.8 million and we have a very sound Current Assets Ratio.

Our funds are invested conservatively but we pursue the best available rates of interest in the market.

During the year we have undertaken some significant reshaping of our human resources that has had an immediate impact on our payroll. We have also reshaped the 2020 Budget in response to the COVID-19 pandemic.

Our contracted sporting manager Michael Masi was elevated to the position of FIA Formula 1 Race Director upon the untimely passing of Mr Charlie Whiting. Michael has been a wonderful contributor to our sport over the past five years and remains able to assist with advice from time to time as a friend of AKA while occupying the world's top motorsport job. The Board would like to thank him for his service and wish him well in what is possibly the world's most challenging motorsport role.

Other members of staff based at Penrith either resigned prior to or were offered a redundancy payment after the decision was made to relocate the office to the Gold Coast.

Assets and Grants

In recent years AKA has invested in assets that are necessary for the professional conduct of the sport at all levels.

Significant investments have been made in infrastructure projects and grants programs for the direct benefit of our member Clubs while we have also invested in necessary assets to allow for the ongoing development of our national events and Australia wide programs like Junior Sprockets.

AKA's Current Assets Ratio is 3.59 to 1.00 – a very strong result and recognition of the solid financial performance of the company. The ratio is down slightly from last year – 4.07 to 1.00 in recognition of leases to be included on the balance sheet under the new accounting standard and the recognition of the prepaid insurance and the premium funding for the insurances that re-commenced on 31 Dec 2019 (3 months earlier than in 2019.)

The definition of the Current Asset Ratio is "The ratio is mainly used to give an idea of the entity's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the entity is of paying its obligations. Low values for the Current Asset Ratio (values less than 1) indicate that an entity may have difficulty meeting current obligations."

Important Financial Information

Following is a summary of the financial relationship that exists between AKA and all member State Associations and between the Member States and Clubs.

The fee structure under which the sport operates today is the same as it was before 1 September 2013 under the former administration of AKA Inc.

ANNUAL MEMBERSHIP FEES

- State Associations do not pay any annual affiliation fee to AKA.
- Annual AKA Club Affiliation fee - \$50.00 (the fee has never been increased by AKA Ltd.)

EVENT ORGANISING PERMIT FEES

Permit Fees Set by and Paid to AKA:

- Australian Kart Championship
- Rotax Pro Tour
- Race of Stars
- Ultimate Club Racer

Permit Fees Set by and Paid to the State Association:

- State Championship
- State Cup
- State Trophy
- State Series
- Zonal Competition
- Club Competition

DRIVER'S LICENCE FEES

- The Driver's Licence is provided to each State Association by AKA at a 'wholesale' price.
- The fee that you pay for a Driver's Licence is set by your State Association.

RACE MEETING ENTRY FEES

Entry Fees Set by and Paid to AKA:

- Australian Kart Championship
- Race of Stars
- Ultimate Club Racer

Entry Fees Confirmed by the State Association and Paid to the Event Organiser:

- State Championship
- State Cup
- State Trophy
- State Series
- Zonal Competition

Entry Fees Set by the Club and paid to the Club:

- Club Karting - including Club Championship and Social Karting

Track Development Fund levy

Every event entry fee includes a levy of \$3.00 that is paid into the Track Development Fund and that is held on trust by the Trustee until the date of vesting of the Trust. The Trust makes funds available in the form of loans to Affiliated Clubs to develop and improve their facilities.

INSURANCE FEES AND COVER

AKA provides the full insurance program for the sport that includes:

- Management Liability insurance for State Associations; and
- Public and Product Liability Insurance for State Association and Clubs; and
- Personal Accident Insurance for Drivers, Officials and volunteers.

When an Event Organiser (generally a Club) obtains an Organising Permit for an Event from either AKA or a State Association, the insurance cover for the Event that is paid for and provided by AKA at no fee is automatically activated so that our Drivers, Officials, Clubs and State Associations are fully covered.

New National Office

In December 2019, AKA moved the National Office to new premises on the Gold Coast. The transition into the new premises has been a smooth one that will see an even more efficiently running business for many years to come.

Important COVID-19 Announcement

The Board has considered the impact of the COVID-19 global pandemic and the resultant forced State and Federal Government restrictions on the sport and on the business of AKA Ltd.

The financial results from the first quarter of the 2020 year are in line with expectations and were commensurate with trading in 2019.

The Board has reviewed a number of different cashflow projections for the full 2020 financial year (that all include actual first quarter figures.) The projections take account that there is expected to be a very significant downturn in the primary sources of revenue for the business – licence sales, royalties received and sponsorship recording anticipated loss of major revenue streams for periods between three and six months duration with progressive improvement after those times. Projections considered also provide for very significant cost reductions across the operation of the business and take account of requirements and initiatives being undertaken to recommence operations once government restrictions have been lifted.

It is expected that the company will be eligible to receive both the “SME and NFP Business Cash Flow Boost” stimulus payments and the “JobKeeper” SafetyNet payments that are being provided to Australian businesses by the Federal Government. The company has made application for both payments.

Programs that involve working with our Members to weather the COVID-19 crisis have been prioritised. The strong financial management of the company since September 2013 has created significant financial reserves in both our general accounts and our Future Fund to address adverse conditions. The Balance Sheet is sound. The company is in a strong financial position to withstand the negative economic impact of the COVID-19 pandemic.

The Board considers that the company will continue to be able to meet its financial obligations as and when they fall due.

The Board has approved a comprehensive “Reignition” plan developed by Management to restart and reinvigorate Australian Karting post COVID-19. Management has commenced the implementation of the plan. It has as its core pillars, three priorities:

1. To ensure that our Member States and Clubs are properly prepared and ready to recommence karting activity as soon as government restrictions allow that to happen.
2. To prepare our Member States and Clubs to conduct our sport in the ‘new normal’ environment of strained economic times and possible ongoing government restrictions.
3. To ensure that our individual Members (licence holders) and stakeholders remain engaged with our sport throughout the restricted period.

The CEO sought and obtained from the Board appropriate extended delegated authority to run, what has turned out to be an extremely changeable information and awareness program and to make informed decisions deemed necessary that are in the best interest of the sport.

Since the middle of March, Management has conducted a diligent COVID-19 communication and engagement program across all stakeholders in the sport. The full file of communications and decisions are retained on the company’s main website where they may be accessed by members and the public: <https://www.karting.net.au/administration/covid-19-information>

GOVERNANCE STATEMENT

Australian Karting Association Limited "AKA" is a company limited by guarantee, incorporated under the Corporations Act 2001. Ultimate responsibility for the governance of the company rests with the Board of Directors. This statement outlines how the Board meets that responsibility.

AKA's Mission and Guiding Principles

AKA's Mission is to lead, govern, promote and grow the sport of karting at all levels in Australia.

The Board must ensure that this mission is achieved in the most efficient manner possible while preserving the organisation's reputation and objectives identified in our Constitution, mission and guiding principles.

Our guiding principles are:

- We will provide leadership, governance and guidance to the national karting community;
- We will provide a family oriented, fun, fair, well organised, safe, and value for money experience for all participants of all ages;
- We will promote excellence and integrity in the sport;
- We will establish and grow partnerships with all key stakeholders to improve the business and the sport of karting in Australia;
- We will strive to achieve diversity and in particular female participation within the sport;
- We will provide a sporting framework that ensures that our Clubs are welcoming and inclusive;
- We will deliver on the strategic goals of the organization.

Board Responsibilities

The primary function of the Board of the Company, in accordance with its Constitution, is to oversee the management of AKA and to ensure the effective promotion, administration and control of Karting in Australia.

The Board of AKA is responsible for providing corporate and strategic governance to the organisation. The organisation is essentially one which must service the needs of its members and other stakeholders and concurrently promote and regulate karting activity across a spectrum ranging from recreational, club and amateur competition to elite Karting activity. During the year, the Board produced

the next iteration of the Strategic Plan taking AKA through until 2022.

The Directors are required to understand the needs of the organisation and their legal responsibilities as Directors. Directors are expected to contribute their skills and experience to the Board and the organisation as best they can.

In addition to this are the general key functions of all Boards, which are to set and promote the strategic direction and culture of the organisation, monitor the performance of the management of the organisation and adopt an annual budget, ensure that appropriate internal control systems are in place, and monitor the progress and results associated with these functions.

The role of a Board and its Directors is to give leadership and direction to the organisation and to accept initial responsibility for its management. It is not the Directors' role to take part in the day-to-day management of the organisation.

Relationship Between Board and Management

The responsibility for management of the Company is formally delegated by the Board to the Chief Executive Officer. However, the Board has put in place policies, procedures and structures so that it is able to discharge its role of bearing ultimate responsibility for AKA.

The Board sets the framework within which the Company operates and, to an appropriate degree, oversees and supervises its operations.

As well as having the ultimate responsibility for the operations of the Company, the Board must be aware of and have due respect for the obligations of the Company as a matter of general law or as a result of particular obligations imposed under relevant legislation including the Corporations Act and relating to work health and safety.

Subject to the oversight of the Board, it is for the Chief Executive Officer, acting within his delegated authority, to determine how to conduct the management of the Company.

Board Oversight

The Board oversees and monitors management's performance by:

- Meeting at least 6 times a year (in 2019 the AKA Board met 7 times);
- Receiving detailed reports from management at these Board meetings;
- Receiving additional input from management when necessary.

Board Members

During the year, in accordance with the Constitution there were between four (4) and five (5) Directors of AKA. At the 2019 AGM Phil Smith retired as a Director and was not replaced.

All Board members are non-executive Directors and receive no remuneration for their services. Directors are not permitted to be AKA employees or office holders.

They may be reimbursed for reasonable costs and expenses incurred in connection with Board activities.

Deeds of indemnity and access have been executed for the Directors and officers of the Company. Appropriate director's and officer's liability insurance has also been put in place.

The full Board oversees the nomination and induction process for new Directors and is responsible for ensuring the right mix of Board skills experience and expertise is available to AKA through appropriate succession planning. An external independent panel reviews each Board nomination and makes a recommendation to the Board. Elected Directors are subject to re-election by ordinary members at an annual general meeting.

Details of the current Board members are published in this report and can be viewed on the Company's website at www.karting.net.au

The Chairman

The Chairman of AKA is Mick Doohan who has held the role since 2013.

An effective Chair creates the conditions for the Board and individual Directors to carry out their duties and functions effectively. The role of the Chair is to:

- provide coherent leadership of the Board to engender a cohesive and effective team;
- promote effective relationships and open communication, both internal and external to the Boardroom between Directors, management and the Ordinary Members,
- address the development needs of the Board as a whole with a view to enhancing its overall effectiveness including identifying and meeting the development needs of individual Directors;
- promote a high standard of governance and be reasonably satisfied that Directors take proper account, and adhere to, statutory and other compliance and probity requirements;
- provide a clear structure for the effective running of Board meetings and conduct meetings of the Board so as to facilitate the full participation of Directors;
- represent the Board to external parties as an official spokesperson for the Board and AKA;

Constitution

During 2019, the Member States of AKA voted to adopt a new Constitution for the Company.

This more flexible document is based on the Sport Australia's Template Constitution for sporting organisations – operating as a company limited by guarantee. The final document has undergone significant customisation in consultation with the Member States to recognise and meet the specific needs of our sport.

Risk Management

The Board oversees the establishment, implementation and annual review of AKA's risk management system, which is designed to protect AKA's reputation and mitigate or manage

those risks that might preclude it from achieving its goals.

Management is responsible for establishing and implementing the risk management system that manages key business risks.

Independent Advice

The Board and its members have access to independent professional advice in furtherance of their duties to the Company. The Company will meet the reasonable costs of such advice provided that:

- the Chair of the Board has given prior approval to the obtaining of the advice; or
- if the Chair was unavailable or refused to give such approval, the Board gave prior approval to the obtaining of the advice.

The advice must be made available to all Directors.

Code of Conduct

Directors, management and staff and all club members, clubs and ordinary members are expected to comply with relevant laws and the AKA Code of Conduct set out in the Member Protection Policy published on the AKA website. The Karting Australia Directors consider there are certain fundamental ethical values that underpin their role as Directors of the Company and as members of its Board and its Committees. Directors will therefore:

- act with integrity and good faith and fairness in all dealings with each other and third parties;
- treat each other with professionalism, courtesy and respect allowing reasonable opportunity for others to put forward their views;
- not improperly influence other Board members or management;
- avoid or manage conflicts of interests and declare to the Chair and the Board material interests including any material conflicts of interest, both actual, and potential and perceived;
- work co-operatively among themselves and with management in the best interests of the Company;

However, responsibility to act appropriately does not stop with the Board. AKA requires every Ordinary Member (State Association), Associate Member (affiliated Club) Provisional Member (club member) Life Member, Honorary Member, Temporary Member licence holder and stakeholder to comply with its Constitution, Rules, Policies including the National Club Affiliation Requirements, the Member Protection Policy and the Code of Conduct to:

- be ethical, fair and honest in all their dealings with other people and AKA;
- treat all persons with respect and courtesy and have proper regard for their dignity, rights and obligations;
- always place the safety and welfare of Children above other considerations;
- operate within the rules and spirit of the sport;
- comply with all relevant Australian laws (Federal and State), particularly anti-discrimination and Child protection laws;
- be responsible and accountable for their conduct.

In August 2019 AKA endorsed the rollout of the 'Respect Karting' program which was designed to address and prevent unacceptable conduct in karting and promote a more positive culture amongst karting competitors, spectators and other stakeholders.

The Board has set up a disciplinary framework to enforce compliance with AKA's Rules, Policies and Code of Conduct.

In December 2018 a majority of Ordinary Members requisitioned the convening of a Special Meeting of members to be held in January 2019 to expel Karting New South Wales (KNSW) as an Ordinary Member of AKA for alleged misconduct. At the Special General Meeting held on 21 January 2019 members voted to remove KNSW as an Ordinary Member of AKA with immediate effect. For further information on the motion to expel KNSW refer to the Notice of Special General Meeting published on AKA's website.

Performance Reviews

The Board undertakes regular performance evaluations that:

- reviews the performance of the Board against the requirements of the Board Charter;
- reviews the performance of the Committees

against the requirements of their respective Terms of Reference; and

- reviews the individual performances of the Chair, the Chief Executive Officer and the Directors.

The Chair is responsible for the general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures.

Stakeholder Engagement

The Chair and the CEO are responsible for optimising the strategic engagement with Members and stakeholders with input from other individual Directors as required.

The CEO is responsible for working with stakeholders and managing the relationships, partnerships and networks on a day-to-day basis.

The CEO is accountable for:

- Developing and maintaining contacts in media and government
- Documenting and disseminating information to key decision makers
- Positioning and aligning AKA with other similar bodies
- Developing a good working knowledge of media and government.
- Lobbying and public relations opportunities
- Developing business networks and working to promote the reputation of and add value to AKA to AKA.

The Chair of the Board is the only board member authorised to communicate directly with the media.

Communication with internal parties within AKA (e.g. staff) is ordinarily undertaken through the CEO.

Adoption of Sport Australia Sports Governance Principles

AKA has adopted, where appropriate, the sports governance principles published by Sport Australia (formerly the Australian Sports Commission.)

TRACK DEVELOPMENT FUND

BACKGROUND

The AKA Track Development Fund is a separate entity from the general business of AKA.

The Fund was established as a Discretionary Trust in October 2005.

The AKA Board is the Trustee of the Trust.

The activities of the Trust are governed by a Trust Deed and a set of Rules. Bank accounts and all funds are separate from general AKA revenue.

The member States and Territories are the specified beneficiaries of the Trust.

Since the middle of March, Management has conducted a diligent COVID-19 communication

and engagement program across all stakeholders in the sport. The full file of communications and decisions are retained on the company's main website where they may be accessed by members and the public: <https://www.karting.net.au/administration/covid-19-information>

The accumulation includes income generated from driver levies levied on each driver at the time that they enter a race meeting plus income received minus expenses. The driver levies and net income are accumulated in the Trust for the specific purpose of the object known as track development. The capital and income of the Fund is held on trust for the beneficiaries until the Date of Vesting as required by the Trust Deed of the

Trust

Affiliated Clubs in conjunction with and through their State Association can apply for loans from the Trust to enable them to refurbish and develop their tracks and facilities for the overall benefit of the sport.

Affiliated Clubs and State Associations can apply for a loan from the Trust at any time. Information, guidelines for making a loan application and loan application forms are available on the AKA web site: <https://www.karting.net.au/karting-australia/track-development-fund>

The TDF levy remains unchanged since 2014 at \$3.00 per entry into a permitted event.

PROFIT AND LOSS, BALANCE SHEET

At the end of the 2019 financial year, the Trust had nine (9) loans receivable at a total value of \$332,059.

No loan defaults have been recorded to 31 December 2019.

Total Trust Income for 2019
\$111,331

Total Assets of the Trust
\$2,009,493

2019 LOAN APPLICATIONS

During 2019 two Loan applications were received.

The Goulburn Valley Kart Club (Victoria) applied for and received approval for a loan to enable significant track rectification, to be undertaken at the Circuit.

The Loan was drawn down in March 2019.

The Midwest Kart Club – Geraldton (Western Australia) applied for and received approval for a loan to enable their track to be resurfaced.

The Loan was drawn down in January 2020.

**AUSTRALIAN KARTING
ASSOCIATION LTD**

ABN 97 160 100 265

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 31 December 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

MS Doohan AM	KJ Reynolds
G Egan	T Bundy
R Crawford	PA Smith (held office until 27 May 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The person who has held the position of company secretary during the year and to the date of this report was RE Mallett. The qualifications of Mr Mallett are JD, B. Bus, Dip. Corp Mgt, Grad Dip. (Leg Prac), FCPA, FGIA, FCIS and he brings extensive experience as a company secretary, lawyer and senior executive having worked for a number of large, medium and small listed public companies in the resources, energy and agriculture industries including BHP Billiton Ltd, WMC, Rio Tinto, Elders, Icon Energy Ltd, Murray Irrigation and Murray River Council. Mr Mallett is a chartered secretary, qualified lawyer and accountant and a fellow and former Director and National President of the Governance Institute of Australia.

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director were as follows:

<u>Director</u>	<u>Number attended</u>	<u>Number eligible to attend</u>
MS Doohan AM	7	7
R Crawford	7	7
KJ Reynolds	7	7
G Egan	6	7
T Bundy	7	7
PA Smith	3	3

Operating Result

The deficit of the company amounted to \$238,317 (2018 deficit of \$174,813). The deficit was contributed in part by:

- \$94,748 in legal and administration costs associated with litigation with Karting (New South Wales) Inc of which \$62,000 (comprising \$49,759 plus interest and costs) was recovered after the end of the financial period;
- Lower revenue from licence fees and royalties primarily as a consequence of the Karting NSW issues, offset in part by an increase in revenue from events; and
- \$51,614 in Safety Grant funding paid to a number of Clubs across Australia as the company felt it was important to continue supporting its safety grants program during 2019.

The company is exempt from income tax.

Member's Guarantee

The company is incorporated under the Corporations Act 2001 (Cth) and is a company limited by guarantee. If the company is wound up, the constitution states that each ordinary member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 31 December 2019, the maximum amount that the members of the company are liable to contribute in aggregate if the company is wound up is \$7.

DIRECTORS' REPORT

Guiding Principles

The Australian Karting Association Ltd (**AKA**) is the governing body for the sport of Karting in Australia.

The Federation Internationale de l'Automobile (FIA) is recognised by the United Nations Organisation and all other relevant bodies as the world-wide organisation for the control, regulation and supervision of motor sport including the division of motor sport known as Karting.

In accordance with Article 5 of the FIA Statutes, at the request of Motorsport Australia, the General Assembly of the FIA authorised Motorsport Australia to delegate the Sporting Power for Karting in Australia to AKA which, for the avoidance of doubt, includes inter alia the control, regulation, supervision, administration and promotion of Karting in Australia.

At all times, the company's primary activities are conducted in accordance with its Constitution and Strategic Plan 2019 - 2022.

To view the Karting Australia Strategic Plan 2019 - 2022 click here:

<https://www.karting.net.au/karting-australia/strategic-plan-2019-2022>

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 31 December 2019 has been received and can be found immediately following the Independent Auditor's Report.

Principal Activities (Our Vision, Purpose, Mission, Values and Goals)

The National Vision For Our Sport Of Karting

For Australian Karting to be recognised as a destination sport and the starting point of local, state, national and international motor racing with a community of karting clubs that provide motorsport activities that are enduring, inclusive, well organised, safe, exciting, fun and family friendly for people of all ages.

Our Purpose As A Sport

Through our Karting Community – our Affiliated Clubs, Member States and Karting Australia, and Competitions at all levels, we will inspire and encourage more people to participate in the sport of karting as a competitive sport and as a recreational activity thereby enlivening and growing karting.

The Mission For Our Sport

Our Mission is to lead, govern, promote and grow the sport of karting in Australia.

- The Australian karting community will constantly strive to provide safe, fun, family oriented, well organised, time efficient, value for money motor sport for participants of all ages.
- The Karting Australia Board and Management will strive to provide leadership, governance and guidance to the national karting community.
- The Member State's Management and Executive Committee's will strive to provide effective leadership, governance and guidance with 'whole of sport' aligned objectives to their state karting community.
- The Clubs Management and Executive Committees will strive to provide effective leadership and management with 'whole of sport' aligned objectives to their Club community.
- We commit to always provide karting competition for our members that is conducted with fairness and integrity.
- We commit to provide a sporting framework that ensures that our Clubs are welcoming and inclusive.
- We commit to provide social and recreational karting for our members that is fun and well organised.
- We will strive to achieve increased diversity and in particular female participation in motorsport.
- We will develop the value of our brand and in so doing will establish and grow partnerships with key stakeholders and sponsors to improve the business and the sport of karting in Australia.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Karting's Values

Integrity	Leadership	Engagement	Safety	Fun
Achievement	Teamwork	Positive	Caring	Collaboration
Excellence	Perseverance	Inclusiveness	Fairness	Respect

Our Goals for Our Sport

Working collaboratively with Member States, Clubs and stakeholders to create better karting communities that work and play together and specifically to:

- Expand karting's profile
- Grow driver membership and participation
- Enrich our people and culture
- Address the issue of volunteer management
- Develop high performance
- Ensure karting's sustainability.

Information on Directors

MS Doohan AM	Special responsibilities Experience:	Chairman Australian Formula 1 Grand Prix Board; GM Honda Racing Corporation (6 years); Advisory Board DORNA (8 years); and Sole Director - The Doohan Group.
G Egan	Qualifications: Experience:	Professional Company Manager; Graduate of the Australian Institute of Company Directors; and Committee member, Australian Organisation for Quality, NSW division. General Manager Operations - Trend Windows and Doors; CEO – Karting NSW 2013/14; President and Life Member – Combined District Kart Club, Lithgow; Project Manager Procurement Strategy - Borg Manufacturing; Managing Director - Tradecraft Australia; General Manager - Knebel Kitchens; Operations Manager – Parbury; and Manufacturing Manager - ALSTOM Industrial Products.
KJ Reynolds	Qualifications: Experience:	Bachelor of Dental Surgery (University Of Sydney). Dental Practice owner and manager 34 years; Albury Wodonga Kart Club president - 20 years; Karting official (Steward and clerk of course) - 20 years; National Championship Official; Albury Wodonga Kart Club delegate to VKA; and Karting retail experience - Kartequip.
PA Smith	Qualifications: Experience:	Bachelor of Business (Economics and Marketing), MBA, Board Australian Red Cross; and Member Australian Institute of Bankers.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Information on Directors (continued)

R Crawford

Qualifications:

Experience:

Mechanical Trade.

Owner and Director of Waverley Service Centre;

Alan Docking Racing UK;

Arrow F1 / Race Team / Test Team Manager;

Gibson Motor Sport;

Holden Young Lions, Kmart Racing / Toll Racing / Team Manager /
Bathurst victories in 2003 and 2004 / Championship victories in
2006 and 2007;

Holden Racing Team / Team Manager / Bathurst victory in 2009;
and

Kelly Racing Team / Team Manager / Operations Manager.

T Bundy

Experience:

Porsche Australia - Motorsport Manager;

Mobil 1 HSV Racing – Commercial Director;

Supercars Australia – General Manager Sales – 2014-2016;

North Melbourne FC – General Manager Commercial;

Sydney Swans FC – General Manager Corporate Partnerships;

NRL – Commercial Manager;

V8 Supercars – Sponsorship Manager; and


News Limited - Key Account Manager.

The financial report was authorised for issue by the directors on the same date as this report.

Signed in accordance with a resolution of the directors.



MS Doohan AM
Director



R Crawford
Director

Dated this 3rd Day of May 2020

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
REVENUE & EXPENSES			
Operations revenue	3	2,589,435	2,706,073
Other revenue	3	28,210	20,405
Depreciation and amortisation	4	(109,485)	(122,216)
Employee expenses	4	(729,287)	(831,937)
Finance costs	4	(12,173)	(10,507)
Operations expenses	4	(2,005,017)	(1,936,631)
Surplus/(Deficit) before income tax expense		(238,317)	(174,813)
Income tax expense	1e	-	-
Total Surplus/(Deficit) for the year		(238,317)	(174,813)
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Total Other Comprehensive Income for the year		-	-
TOTAL COMPREHENSIVE INCOME		(238,317)	(174,813)

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CHANGES IN COMPANY FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
COMPANY FUNDS			
RETAINED SURPLUS			
Balance at the beginning of the financial year		2,028,885	2,203,698
Surplus/(Deficit) for the year		(238,317)	(174,813)
TOTAL COMPANY FUNDS		1,790,568	2,028,885

The notes to the accounts are an integral part of these financial statements.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	965,648	1,231,600
Trade and Other Receivables	7	442,444	494,159
Inventories	8	58,077	82,529
Other Assets	9	307,386	121,768
Total Current Assets		1,773,555	1,930,056
NON-CURRENT ASSETS			
Trade and Other Receivables	7	160,054	160,054
Property, Plant and Equipment	10	569,695	436,568
Right-of-Use Assets	11	387,885	-
Intangible Assets	12	5,890	-
Total Non-Current Assets		1,123,524	596,622
TOTAL ASSETS		2,897,079	2,526,678
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	209,820	388,011
Borrowings	15	302,147	86,199
Lease Liabilities	16	13,979	-
Total Current Liabilities		525,946	474,210
NON-CURRENT LIABILITIES			
Provisions	14	27,033	23,583
Borrowings	15	179,626	-
Lease Liabilities	16	373,906	-
Total Non-Current Liabilities		580,565	23,583
TOTAL LIABILITIES		1,106,511	497,793
NET ASSETS		1,790,568	2,028,885
COMPANY FUNDS			
Retained Surplus		1,790,568	2,028,885
TOTAL COMPANY FUNDS		1,790,568	2,028,885

The notes to the accounts are an integral part of these financial statements.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		2,905,265	2,948,233
Interest received		28,210	20,405
Payments to suppliers and employees		(3,334,177)	(2,881,534)
Finance costs		(12,173)	(10,507)
Net cash generated from (used in) operating activities	5a	(412,875)	76,597
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		13,636	-
Payment for property, plant and equipment		(256,288)	(81,949)
Payment for intangible assets		(6,000)	-
Net cash generated from (used in) investing activities		(248,652)	(81,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from borrowings		1,002,156	659,640
Repayment of borrowings		(606,581)	(731,948)
Net cash generated from (used in) financing activities		395,575	(72,308)
Net increase (decrease) in cash held		(265,952)	(77,660)
Cash at the beginning of the financial year		1,231,600	1,309,260
CASH AT THE END OF THE FINANCIAL YEAR	6	965,648	1,231,600

The notes to the accounts are an integral part of these financial statements.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report is for Australian Karting Association Ltd as an individual entity, incorporated under the Corporations Act 2001 (Cth) and domiciled in Australia. Australian Karting Association Ltd is a company limited by guarantee.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When required, comparative information is reclassified where appropriate to enhance comparability.

b. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key judgments

The directors were not required to make any key judgments on the carrying values disclosed in the financial report at the end of the reporting period.

Key estimates

Employee benefits - For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. The directors expect that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the twelve month period that follows. Accordingly, the directors believe that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, are measured at the nominal value of the expected future payments to be made to employees.

The directors were not required to make any other key estimates on the carrying values disclosed in the financial report at the end of the reporting period.

c. Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

e. Income Tax

No provision for income tax has been raised as the company has self-assessed that it is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

f. Revenue

Revenue recognition

The company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 01 January 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

All revenue is stated net of the amount of goods and services tax.

Revenue from the rendering of a service and/or the sale of goods was recognised in accordance with the above mentioned accounting standards in the respective years.

Dividend income

The company recognises dividends in profit or loss only when the company's right to receive payment of the dividend is established.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest income

Interest income is recognised using the effective interest method.

Contributed assets, operating grants, donations and bequests

The company did not receive any contributed assets, operating grant revenue, donations or bequests, during the current financial year or in the comparative financial year.

Capital grant

The company did not receive any capital grant revenue during the current financial year or in the comparative financial year.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

h. Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

i. Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(p) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

Revaluations

There has been no revaluation of plant and equipment since the incorporation of the company.

Depreciation

The depreciable amount of plant and equipment is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate Range</u>	<u>Depreciation Methodology</u>
Plant and equipment	10.00% - 33.33%	Prime Cost
Motor vehicles	10.00% - 25.00%	Prime Cost
Race track equipment	10.00% - 33.33%	Prime Cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surplus.

j. Intangibles

Software is recorded at cost. Software has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It has an estimated useful life of up to five years. It is assessed annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within thirty days of recognition of the liability.

l. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Employee Benefits

Retirement benefit obligations - superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are recognised as a part of current trade and other payables in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and long service leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits are recognised as a part of current trade and other payables in the Statement of Financial Position.

Long-term employee benefits

The company only classifies employees' long service leave entitlements as long-term employee benefits when they are not expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are recognised as a part of non-current provisions in the Statement of Financial Position, except where the company does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period, in which case the obligations are recognised as a part of current trade and other payables in the Statement of Financial Position.

n. Leases

The company as lessee

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of twelve months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- > fixed lease payments less any lease incentives;
- > variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- > the amount expected to be payable by the lessee under residual value guarantees;
- > the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- > lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- > payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The company as lessor

The company does not act as a lessor.

o. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Fair value is determined based on current bid prices for all quoted investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

p. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

q. Trust Liabilities and Right of Indemnity

The company acts solely as trustee of the AKA Track Development Fund Trust and liabilities have been incurred on behalf of the trust in the company's capacity as corporate trustee.

Liabilities incurred on behalf of the trust are not recognised in the financial statements if it is not probable that the company will have to meet any of the trusts liabilities from its own resources. If the company becomes obligated to meet trust liabilities, the trustee has a right to be indemnified from the trusts assets. If it is probable that there will be a deficiency in trust assets, a liability is recognised by the company to the extent of that deficiency. Details of the trust liabilities, the offsetting right of indemnity and any deficiency in the right of indemnity are disclosed by way of notes to the financial statements or in the separately audited financial statements of the trust.

r. New and Amended Accounting Policies Adopted by the Company

The company has implemented three new Accounting Standards that are applicable for the current reporting period and have come into effect, which are included in the results. AASB 15: Revenue from Contracts with Customers, AASB 1058: Income of Not-for-Profit Entities and AASB 16: Leases have been applied using the cumulative effective method; that is, by recognising the cumulative effect of initially applying AASB 15, AASB 1058 and AASB 16 as an adjustment to the opening balance of equity at 01 January 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: Revenue, AASB 117: Leases and AASB 1004: Contributions. Further information is provided below.

Initial application of AASB 16

The company would have adopted AASB 16: Leases retrospectively although there were nil. The comparatives for the 2018 reporting period would also have been restated if there were any.

There were no reclassifications from property, plant and equipment to right-of-use asset on 01 January 2019 due to implementation of AASB 16.

Initial application of AASB 15 and AASB 1058

The company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 01 January 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

The company has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application of which there were nil.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 2: PROGRAMS AND EVENTS			
These amounts describe the significant activities undertaken by the company to develop the sport of Karting and to assist in the development of state branches, clubs and their tracks.			
Program and Event Income			
Australian Kart Championship		525,513	472,559
Building Better Kart Clubs		40,000	18,000
Junior Sprockets		74,885	98,384
Race of Stars		75,294	87,898
Ultimate Club Racer		30,800	-
Non program or event income		1,871,153	2,049,637
Total revenue	3	<u>2,617,645</u>	<u>2,726,478</u>
Program and Event Expense			
Australian Kart Championship - Direct expenses		261,672	257,939
Australian Kart Championship - Host club distribution		212,356	195,036
Building Better Kart Clubs		23,150	27,169
Club safety grants and programs		-	30,548
Junior Sprockets		68,843	50,701
KARM - Risk management		-	956
Race of Stars		90,761	93,801
State association assistance programs		32,309	45,061
State championship implementation program		9,636	20,000
Ultimate Club Racer		39,310	-
Non program or event expenses		2,117,925	2,180,080
Total expenses	4	<u>2,855,962</u>	<u>2,901,291</u>
NOTE 3: REVENUE			
Operations revenue			
Events		628,450	514,593
Levies and fees		20,158	19,170
Licence fees		776,246	947,434
Programs		53,299	62,610
Royalties		664,966	750,791
Sales		180,943	183,305
Sponsorship		204,376	192,630
Sundry		60,997	35,540
Total operations revenue		<u>2,589,435</u>	<u>2,706,073</u>
Other revenue			
Interest received from other persons		28,210	20,405
Total other revenue		<u>28,210</u>	<u>20,405</u>
Total revenue		<u>2,617,645</u>	<u>2,726,478</u>
Depreciation and amortisation		109,485	122,216
Employee expenses		729,287	831,937
Finance costs		12,173	10,507

AUSTRALIAN KARTING ASSOCIATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 4: EXPENSES			
Operations expenses			
Events		732,838	562,132
Insurance		367,140	453,166
Programs		201,206	140,752
Travel and accommodation		180,911	220,718
Board expenses		27,266	26,020
CAMS fee and CIK charges		23,581	23,955
CMS software and program fees		41,250	68,641
Computer expenses		29,613	12,614
Defamation defence costs		1,936	67,125
Member dispute costs	4a	94,748	100,764
Legal costs		62,275	35,737
Other		155,744	150,141
Rent		37,200	37,200
Printing and artwork		28,615	17,369
Telephones		20,694	20,297
Total operations expenses		2,005,017	1,936,631
Total expenses		2,855,962	2,901,291

a. Karting (New South Wales) Inc (KNSW) Matter

The company incurred significant expenditure during the year in dealing with disputes and other problems associated with KNSW's move toward disaffiliation from AKA in 2018 and their eventual expulsion by members in January 2019. This expenditure, which continued on from the prior year, included but was not limited to administrative and legal costs associated with KNSW's expulsion from the company, legal proceedings to recover licence fees and levies totalling \$49,759 and property valued at \$43,223. Separate litigation seeking unspecified damages to protect the intellectual property of the company including the AKA Ltd National Competition Rules and Trade Marks is ongoing with a high probability of success. The expenditure amounted to \$94,748 (2018: \$100,764). After the end of the reporting period, KNSW settled licence fees and levies recovery proceedings paying AKA \$62,000 being the full amount of \$49,759 that was owed, plus interest and \$9,000 contribution to AKA's legal costs.

NOTE 5: CASH FLOW INFORMATION

a. Reconciliation of Cashflow from Operations with Surplus/ (Deficit) after Income Tax

Surplus/(Deficit) for the year	(238,317)	(174,813)
Non cash flows		
Depreciation	109,485	122,216
Loss on disposal of assets	149	-
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	51,715	(25,861)
(Increase)/Decrease in inventories	24,452	(18,862)
(Increase)/Decrease in other assets	(185,618)	43,734
Increase/(Decrease) in trade and other payables	(178,191)	121,853
Increase/(Decrease) in provisions	3,450	8,330
Net cash generated from (used in) operating activities	(412,875)	76,597

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 5: CASH FLOW INFORMATION (continued)			
b. Credit Stand-by Arrangement and Loan Facilities			
The company has the following facilities available to it from the Commonwealth Bank of Australia:			
> A credit card facility of \$15,000. The amount available to be called upon as at 31 December 2019 was \$8,605 (2018: \$10,918).			
c. Non-Cash Financing and Investing Activities			
There was no non-cash financing or investing activities during the year.			
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		547,198	812,950
Term deposit - Future Fund	6a	418,450	418,450
Cash on hand		-	200
Total Cash and Cash Equivalents		965,648	1,231,600
a. Analysis of Term deposit - Future Fund			
Allocation to fund from 2014 to 2017 surpluses		685,927	685,927
No allocation to fund in 2018 or 2019 due to deficit		-	-
Amounts used (MyLaps Timing System) during 2017		(316,130)	(316,130)
Amount to be (deposited)/withdrawn after adoption of financial report		48,653	48,653
Term deposit - Future Fund balance at the end of year		418,450	418,450
Based on the company's policy, no amount is to be allocated to the Future Fund term deposit as the company returned a deficit for the 2019 financial year. No amount has been expended from the Future Fund during the year ended 31 December 2019. The term deposit is currently greater than the required amount and the excess will remain in the term deposit unless required for operational purposes.			
NOTE 7: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		372,105	494,854
Interest receivable		1,403	3,055
BAS receivable		41,436	-
Deposits held by others		27,500	-
Less provision for doubtful debts		-	(3,750)
Total Current Trade and Other Receivables		442,444	494,159
Non-Current			
Loans to related entities	7a	160,054	160,054
Total Non-Current Trade and Other Receivables		160,054	160,054
Total Trade and Other Receivables		602,498	654,213
a. The loan receivable is from the AKA KNSW Unit Trust and is secured by the real property at 12 Macquarie Avenue, Penrith, NSW.			
NOTE 8: INVENTORIES			
Stock for sale		58,077	82,529
Total Inventories		58,077	82,529

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 9: OTHER ASSETS			
Prepaid insurance		300,851	103,511
Other prepaid expenses		6,535	18,257
Total Other Current Assets		307,386	121,768
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment		73,815	91,014
Less accumulated depreciation		(65,773)	(75,522)
		8,042	15,492
Memorabilia		10,000	10,000
		10,000	10,000
Motor vehicles		272,236	39,582
Less accumulated depreciation		(27,535)	(10,918)
		244,701	28,664
Race track equipment		598,662	598,662
Less accumulated depreciation		(291,710)	(216,250)
		306,952	382,412
Total Property, Plant and Equipment		569,695	436,568

Movements in Carrying Amounts

For each class of property, plant and equipment between the beginning and the end of the current financial year, are presented as follows:

Plant and equipment

Balance at the beginning of year		15,492	16,704
Additions		-	37,933
Disposals cost		(17,199)	-
Disposals depreciation		17,194	-
Depreciation expense		(7,445)	(39,145)
Carrying amount at the end of year		8,042	15,492

Memorabilia

Balance at the beginning of year		10,000	10,000
Carrying amount at the end of year		10,000	10,000

Motor vehicles

Balance at the beginning of year		28,664	32,889
Additions		256,288	1,650
Disposals cost		(23,634)	-
Disposals depreciation		9,854	-
Depreciation expense		(26,471)	(5,875)
Carrying amount at the end of year		244,701	28,664

Race track equipment

Balance at the beginning of year		382,412	417,242
Additions		-	42,365
Depreciation expense		(75,460)	(77,195)
Carrying amount at the end of year		306,952	382,412

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 11: RIGHT-OF-USE ASSETS			
The company's lease is over the property at Unit 6, 27 Ford Road, Coomera Queensland. The lease has a term of three years with two three year options. The lease commenced on 01 January 2020.			
Options to Extend or Terminate			
The option to extend or terminate are contained in the company's lease. The clauses provide the company an opportunity to manage the lease in order to align with its strategies. The extension options are exercisable by the company. The extension options which were probable to be exercised have been included in the calculation of the right-of-use asset.			
AASB 16 related amounts recognised in the balance sheet			
Leased property		387,885	-
Total Right-of-Use Assets		387,885	-
Movements in Carrying Amounts			
For each class of right-of-use asset between the beginning and the end of the current financial year, are presented as follows:			
Leased property			
Recognised on initial application of AASB 16		387,885	-
Carrying amount at the end of year		387,885	-
NOTE 12: INTANGIBLE ASSETS			
Website development		6,000	-
Less accumulated amortisation		(110)	-
Total Intangible Assets		5,890	-
Movements in Carrying Amounts			
For each class of intangible assets between the beginning and the end of the current financial year, are presented as follows:			
Website development			
Additions		6,000	-
Amortisation expense		(110)	-
Carrying amount at the end of year		5,890	-
NOTE 13: TRADE AND OTHER PAYABLES			
Trade payables		57,576	81,591
Other payables		18,977	79,885
BAS payable		-	49,539
Superannuation payable		2,152	6,345
Employee benefits	1m	94,732	113,933
Employee on-costs		26,383	31,730
Entry fees received in advance		-	13,988
Accrued expenses		10,000	11,000
Total Trade and Other Payables		209,820	388,011

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 13: TRADE AND OTHER PAYABLES (continued)			
a. Financial Liabilities within Trade and Other Payables			
Trade and other payables		209,820	388,011
Less payables that are non interest bearing if paid within terms		(209,820)	(388,011)
Financial liabilities as trade and other payables		-	-
NOTE 14: PROVISIONS			
Employee benefits (long service leave)	14a	24,235	21,142
Employee on-costs		2,798	2,441
Total Provisions		27,033	23,583
Movements in Provisions:			
Balance at the beginning of year		23,583	15,253
Additional provisions raised/(used) during year		3,450	8,330
Carrying amount at the end of year		27,033	23,583
Number of employees (full-time, part-time or casual) at year end		3	5
a. A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1m.			
NOTE 15: BORROWINGS			
Current			
Credit cards		6,395	4,082
Insurance premium funding loan		243,376	68,946
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		52,376	13,171
Total Current Borrowings		302,147	86,199
Non-Current			
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		179,626	-
Total Non-Current Borrowings		179,626	-
Total current and non-current borrowings:			
Credit cards	5b	6,395	4,082
Insurance premium funding loan		243,376	68,946
Hire Purchase/Chattel Mortgage/Equipment Loan agreements	17	232,002	13,171
Total Borrowings		481,773	86,199
NOTE 16: LEASE LIABILITIES			
Current			
Lease agreements		13,979	-
Total Current Lease Liabilities		13,979	-
Non Current			
Lease agreements		373,906	-
Total Non Current Lease Liabilities		373,906	-

a. The leases liabilities are the commitments relating to the 'right-of-use' assets recognised in Note 11.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$

NOTE 17: CAPITAL COMMITMENTS

Capital Expenditure Commitments

The company has not entered into any capital expenditure commitments at the date of this report.

Hire Purchase/Chattel Mortgage/Equipment Loan Commitments

Payable:

Not later than 12 months		63,537	13,362
Later than 12 months but not later than 5 years		194,554	-
Minimum hire purchase payments		258,091	13,362
Less future finance charges		(26,089)	(191)
Total Hire Purchase Liability		232,002	13,171

The amount being to finance the purchase of motor vehicles with repayments being made over 4 and 5 year terms.

NOTE 18: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:

Audit and/or review of financial reports		10,000	10,000
Total Auditor's Remuneration		10,000	10,000

NOTE 19: COMPANY DETAILS

The principal place of business and registered office of the company is:

Australian Karting Association Ltd
Unit 6, 27 Ford Road
Coomera QLD 4209

NOTE 20: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	6	965,648	1,231,600
Total trade and other receivables	7	602,498	654,213
Total Financial Assets		1,568,146	1,885,813

Financial Liabilities

Total borrowings	15	481,773	86,199
Lease liabilities	16	387,885	-
Total Financial Liabilities		869,658	86,199

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 21: EVENTS AFTER THE BALANCE DATE

COVID-19 Announcement

The Board has considered the impact of the COVID-19 global pandemic and the resultant forced State and Federal Government restrictions on the sport and on the business of AKA Ltd.

The financial results from the first quarter of the 2020 year are in line with expectations and were commensurate with trading in 2019.

The Board has reviewed a number of different cashflow projections for the full 2020 financial year (that all include actual first quarter figures.) The projections take account that there will be a very significant downturn in the primary sources of revenue for the business – licence sales, royalties received and sponsorship recording anticipated loss of major revenue streams for periods between three and six months duration with progressive improvement after those times. Projections considered also provide for very significant cost reductions across the operation of the business and take account of requirements and initiatives being undertaken to recommence operations once government restrictions have been lifted.

It is expected that the company will be eligible to receive both the “SME and NFP Business Cash Flow Boost” stimulus payments and the “JobKeeper” SafetyNet payments that are being provided to Australian businesses by the Federal Government. The company has made application for both payments which are expected to amount to \$174,000.

Programs that involve working with our Members to weather the COVID-19 crisis have been prioritised. The strong financial management of the company since September 2013 has created significant financial reserves in both our general accounts and our Future Fund to address adverse conditions. The Balance Sheet is sound. The company is in a strong financial position to withstand the negative economic impact of the COVID-19 pandemic.

The Board considers that the company will continue to be able to meet its financial obligations as and when they fall due.

The Board has approved a comprehensive “**Reignition**” plan developed by Management to restart and reinvigorate Australian Karting post COVID-19. Management has commenced the implementation of the plan. It has as its core pillars, three priorities:

- 1. To ensure that our Member States and Clubs are properly prepared and ready to recommence karting activity as soon as government restrictions allow that to happen.*
- 2. To prepare our Member States and Clubs to conduct our sport in the ‘new normal’ environment of strained economic times and possible ongoing government restrictions.*
- 3. To ensure that our individual Members (licence holders) and stakeholders remain engaged with our sport throughout the restricted period.*

The CEO sought and obtained from the Board appropriate extended delegated authority to run, what has turned out to be an extremely changeable information and awareness program and to make informed decisions deemed necessary that are in the best interest of the sport.

Since the middle of March, Management has conducted a diligent COVID-19 communication and engagement program across all stakeholders in the sport. The full file of communications and decisions are retained on the company’s main website where they may be accessed by members and the public:

<https://www.karting.net.au/administration/covid-19-information>

No other events have occurred subsequent to balance date which require disclosure in this report.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company is considered key management personnel (KMP). No remuneration has been paid to KMP's who are directors during the year.

The remuneration paid to KMP's who are employees during the year has not been disclosed as it is considered commercial-in-confidence. To disclose the remuneration would be to disclose the total of the salaries paid to the CEO and COO as no other employees are considered a KMP.

NOTE 23: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP individually or collectively with their close family members.

Transactions between KMP and related parties are on normal commercial terms and conditions no more favourable than those available to other persons or employees unless otherwise stated.

The company made payments to related parties of KMP's for goods and/or services during the year to the amount of \$13,059.83 (2018: Nil).

NOTE 24: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets that may become payable or receivable by the Australian Karting Association Ltd requiring disclosure in the financial report.

Insurance Risk

The company minimises the cost of insurance by accepting the first \$50,000 of personal accident claims, if any, and when this amount is exceeded the insurer accepts the risk.

As at reporting date the personal accident claims did not exceed \$50,000 and as there are unfinalised registered claims, and possibly further claims not yet registered, the company may be liable for a further amount of \$30,000.

Trust Liabilities and Right of Indemnity - AKA Track Development Fund Trust

A contingent liability exists relative to any future claims which may be made against the company arising from dealings on behalf of the trust.

The company acts as trustee of the AKA Track Development Fund Trust and liabilities have been incurred on behalf of the trust in the company's capacity as trustee. To the extent that the trust is unable to meet any obligations, the trustee may be held liable.

Liabilities incurred on behalf of the trust are therefore not recognised in the financial statements when it is not probable that the company will have to meet any of those trust liabilities from its own resources.

When it is probable that the company will have to meet some trust liabilities, a provision for trust liabilities will be brought to account. In addition, the company in their capacity as a trustee has a right to be indemnified out of trust assets for any obligation not met by the trust.

Details of the AKA Track Development Fund Trust liabilities not recognised in the financial statements of the company can be found in the audited financial statements of the trust.

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were sufficient to discharge all of the trust's liabilities as at 31 December 2019.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

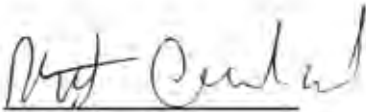
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Karting Association Ltd, the directors of the company declare that:

1. the financial statements and notes, comprising of Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Company Funds, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements, are in accordance with the Corporations Act 2001 (Cth) and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay all of its debts as and when they become due and payable.



MS Doohan AM
Director



R Crawford
Director

Dated this 3rd Day of May 2020

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CAAAS

ABN 41 160 100 265

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265**

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Australian Karting Association Ltd (the Company), which comprises the Statement of Financial Position as at 31 December 2019 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Company Funds and Statement of Cash Flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial report of Australian Karting Association Ltd is in accordance with the Corporations Act 2001 (Cth), including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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 auditor independence requirements of the Corporations Act 2001 (Cth) and 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 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 comprises the information included in the Company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
(continued)**

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.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 (Cth) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 judgement 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 Directors.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
(continued)**

- Conclude on the appropriateness of the Directors' 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.
- 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.

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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CORPORATE AUDIT AND ASSURANCE SERVICES



**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 30th day of April 2020
Ashmore, Queensland**

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ABN 41 100 862 407

**THE DIRECTORS
AUSTRALIAN KARTING ASSOCIATION LTD
PO Box 1297
OXENFORD QLD 4210**

Dear Directors

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 (CTH)**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Karting Association Ltd. As the auditor of the financial report of Australian Karting Association Ltd for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

CORPORATE AUDIT AND ASSURANCE SERVICES



**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 30th day of April 2020
Ashmore, Queensland**

**AKA TRACK
DEVELOPMENT FUND
TRUST**

ABN 46 992 433 756

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
REVENUE AND EXPENSES			
Revenue	2	111,330.88	106,090.23
Expenses	3	(45,323.24)	(6,691.23)
Surplus/(Deficit) before income tax expense		66,007.64	99,399.00
Income tax expense	1a	0.00	0.00
Surplus/(Deficit) after income tax		66,007.64	99,399.00
Less allocation to beneficiaries		(66,007.64)	(99,399.00)
SURPLUS/(DEFICIT) AFTER ALLOCATIONS TO BENEFICIARIES		0.00	0.00

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from driver levies		78,480.21	86,305.48
Payments to suppliers of goods and services		(44,700.72)	(2,120.00)
Interest received		37,545.57	15,035.23
Net cash generated from (used in) operating activities	12a	71,325.06	99,220.71
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans by clubs		90,337.33	121,254.00
Issue of loans to clubs		(68,000.00)	0.00
Net cash generated from (used in) financing activities		22,337.33	121,254.00
Net increase (decrease) in cash held		93,662.39	220,474.71
Cash at the beginning of the financial year		1,584,095.48	1,363,620.77
CASH AT THE END OF THE FINANCIAL YEAR	4	1,677,757.87	1,584,095.48

The accompanying notes form part of these financial statements.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,677,757.87	1,584,095.48
Trade and Other Receivables	5	7,114.59	11,809.49
Loans Receivable	6	91,089.67	86,504.00
Total Current Assets		1,775,962.13	1,682,408.97
NON-CURRENT ASSETS			
Loans Receivable	6	240,968.95	267,891.95
Total Non-Current Assets		240,968.95	267,891.95
TOTAL ASSETS		2,016,931.08	1,950,300.92
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	7,436.75	6,814.23
Total Current Liabilities		7,436.75	6,814.23
NON-CURRENT LIABILITIES			
Beneficiary Accumulations	8	2,009,493.33	1,943,485.69
Total Non-Current Liabilities		2,009,493.33	1,943,485.69
TOTAL LIABILITIES		2,016,930.08	1,950,299.92
NET ASSETS		1.00	1.00
EQUITY			
Retained Surplus		1.00	1.00
TOTAL EQUITY		1.00	1.00

The accompanying notes form part of these financial statements.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
BENEFICIARIES ACCUMULATION SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
UNDISTRIBUTED REVENUE/(EXPENSES)			
Balance at the beginning of the financial year		1.00	1.00
Total Undistributed Revenue/(Expenses)		1.00	1.00
BENEFICIARIES ACCUMULATION			
The accumulation includes income generated from driver levies levied on each driver at the time that they enter a race meeting plus income received minus expenses. The driver levies and net income are accumulated in the Trust for the specific purpose of the object known as track development. The capital and income of the Fund is held on trust for the beneficiaries until the Date of Vesting as required by the Trust Deed of the Trust.			
AKA New South Wales			
Opening balance		616,065.06	588,959.11
Driver levies and other direct charges		-	22,580.00
Net income		1,045.64	4,525.95
Closing balance		617,110.70	616,065.06
AKA Northern Territory			
Opening balance		25,523.18	23,500.70
Driver levies and other direct charges		1,626.00	1,842.00
Net income		43.32	180.48
Closing balance		27,192.50	25,523.18
AKA Queensland			
Opening balance		391,046.78	372,908.67
Driver levies and other direct charges		15,186.00	15,273.00
Net income		663.72	2,865.11
Closing balance		406,896.50	391,046.78
AKA South Australia			
Opening balance		103,788.37	98,682.58
Driver levies and other direct charges		3,894.00	4,347.00
Net income		176.16	758.79
Closing balance		107,858.53	103,788.37
AKA Tasmania			
Opening balance		77,746.27	74,408.60
Driver levies and other direct charges		3,150.00	2,766.00
Net income		131.96	571.67
Closing balance		81,028.23	77,746.27
AKA Victoria			
Opening balance		472,264.36	445,325.70
Driver levies and other direct charges		25,683.00	23,517.00
Net income		801.55	3,421.66
Closing balance		498,748.91	472,264.36
AKA Western Australia			
Opening balance		257,051.67	240,301.33
Driver levies and other direct charges		13,170.00	14,904.00
Net income		436.29	1,846.34
Closing balance		270,657.96	257,051.67
TOTAL BENEFICIARIES ACCUMULATION		2,009,493.33	1,943,485.69

The accompanying notes form part of these financial statements.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The trustee has prepared the financial statements of the trust on the basis that the trust is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to satisfy the information needs of the unitholder and the beneficiaries in relation to the financial performance and financial position of the trust.

Basis of Preparation

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the trustee has determined are appropriate to meet the needs of the unitholder and the beneficiaries. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historic costs unless stated otherwise in the notes.

Accounting Policies

a. Income Tax

No provision for income tax has been raised as the trust has been self-assessed by the trustee as exempt from income tax as the unitholder and the beneficiaries themselves are exempt from income tax.

b. Comparative Figures

When required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. When required, comparative information is reclassified where appropriate to enhance comparability.

c. Critical Accounting Estimates and Judgments

The trustee evaluates estimates and judgments in the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the trust.

d. Revenue

Revenue is received from driver levies for each entry in an event held in a state and any unpaid invoices are accrued as receivable.

Interest revenue is recognised in the period that it is earned and any outstanding amounts are accrued as receivable.

e. Expenses

Expenses are recognised when the goods and/or services are received or provided and any outstanding amounts are accrued as payable.

Interest expense is recognised in the period that it is incurred and any outstanding amounts are accrued as payable.

f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the Statement of Financial Position.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of twelve months or less.

h. Trade and Other Receivables

Trade and other receivables include but are not limited to amounts due from state karting associations for driver levies and other direct charges applied from time to time. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

i. Loans Receivable

Loans receivable include amounts due from borrowers specifically for the purpose of track development. Loans expected to be repaid within twelve months of the end of the reporting period are classified as current assets. All other loans receivable are classified as non-current assets.

j. Trade and Other Payables

Trade and other payables represent the liabilities for goods and/or services received by the trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within sixty days of recognition of the liability.

k. Beneficiary Accumulation

The capital and income of the Fund is held on trust for the beneficiaries until the Date of Vesting as required by the Trust Deed of the Trust.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
NOTE 2: REVENUE			
Interest received		37,545.57	15,035.23
Other		0.31	-
Track development - Driver levies		73,785.00	91,055.00
Total Revenue		111,330.88	106,090.23
NOTE 3: EXPENSES			
Audit and review fees		2,000.00	2,000.00
Bank fees and charges		120.00	120.00
Doubtful debts		3,665.00	-
Legal costs		39,538.24	4,571.23
Total Expenses		45,323.24	6,691.23
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank - Trading account		177,757.87	84,095.48
Cash at bank - Term deposits		1,500,000.00	1,500,000.00
Total Cash and Cash Equivalents		1,677,757.87	1,584,095.48
NOTE 5: TRADE AND OTHER RECEIVABLES			
Trade receivables		984.00	5,354.00
Interest receivable		4,102.34	6,255.49
GST receivable		2,028.25	200.00
Total Trade and Other Receivables		7,114.59	11,809.49
NOTE 6: LOANS RECEIVABLE			
Loans - Secured:			
NSW - Coffs Harbour Kart Club		24,999.90	34,166.53
NSW - Combined Districts Kart Club		72,499.78	81,666.52
NSW - North Shore Kart Club		14,999.94	24,999.90
NSW - Tamworth Kart Club		4,165.00	14,161.00
SA - Go Kart Club of SA		40,000.00	50,000.00
SA - Whyalla Go Kart Club		-	1,500.00
VIC - Albury Wodonga Club		71,644.00	81,652.00
VIC - Eastern Lions Kart Club		41,250.00	63,750.00
VIC - South West Kart Club		15,000.00	-
VIC - Goulburn Vally Kart Club Inc		47,500.00	-
WA - Tiger Kart Club		-	2,500.00
Total Loans Receivable		332,058.62	354,395.95
Loans - Secured:			
Current		91,089.67	86,504.00
Non-Current		240,968.95	267,891.95
Total Loans Receivable		332,058.62	354,395.95

Loans Receivable

The purpose of the loans provided to karting clubs throughout Australia were for the development of their karting tracks. The borrower for each loan is the state karting association and the karting club is the guarantor to the loan. The repayment period of the loans vary between 5 to 10 years and the interest rate is either variable or fixed.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
NOTE 7: TRADE AND OTHER PAYABLES			
Trade payables		5,436.75	-
Other payables		2,000.00	6,814.23
Total Trade and Other Payables		7,436.75	6,814.23
NOTE 8: BENEFICIARY ACCUMULATIONS			
Non Current			
Unsecured Beneficiary Accumulations:			
AKA New South Wales		617,110.70	616,065.06
AKA Northern Territory		27,192.50	25,523.18
AKA Queensland		406,896.50	391,046.78
AKA South Australia		107,858.53	103,788.37
AKA Tasmania		81,028.23	77,746.27
AKA Victoria		498,748.91	472,264.36
AKA Western Australia		270,657.96	257,051.67
Total Non Current Beneficiary Accumulations	8a	2,009,493.33	1,943,485.69

a. The beneficiary accumulations are the result of the income allocated to the beneficiaries that is available for application by the Trustee and held on trust until the Date of Vesting as required by the Trust Deed of the Trust.

NOTE 9: MORTGAGES, CHARGES AND SECURITIES

As at year end there were no mortgages, charges or securities of any description affecting any of the assets of the trust other than those disclosed elsewhere in this financial report.

NOTE 10: EVENTS AFTER THE REPORTING DATE

The Covid-19 outbreak was declared in January 2020 and will reduce the driver levies received this financial year. It is anticipated that the reduction in driver levies will not have a significant affect on the Trust.

No other events have occurred subsequent to balance date which require disclosure in this report.

NOTE 11: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets that may become payable or receivable by the AKA Track Development Fund Trust requiring disclosure in the financial report.

NOTE 12: CASH FLOW INFORMATION

a. Reconciliation of Cashflow from Operations with Surplus/(Deficit) after Income Tax

Surplus/(Deficit) after income tax	-	-
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	4,694.90	(4,749.52)
Increase/(Decrease) in trade and other payables	622.52	4,571.23
Increase/(Decrease) in beneficiary accumulations	66,007.64	99,399.00
Net cash generated from (used in) operating activities	71,325.06	99,220.71

b. Credit Stand-by Arrangement and Loan Facilities

The trust has no credit stand-by arrangement or loan facilities with financiers.

c. Non-Cash Financing and Investing Activities

There was no non-cash financing and investing activities during the financial year.


AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
DECLARATION BY TRUSTEE

The Trustee declares that the trust is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.


The Trustee declares that:

1. the financial report, comprising of Statement of Income, Statement of Cash Flows, Statement of Financial Position, Beneficiaries Accumulation Summary and Notes to the Financial Statements present fairly the trust's financial position as at 31 December 2019 and its performance for the year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements; and
2. in the trustee's opinion there are reasonable grounds to believe that the trust will be able to pay all of its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the trustee and is signed for and on behalf of the trustee by:



Trustee



Trustee

Dated this 10th day of May 2020

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**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756**

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of AKA Track Development Fund Trust (the Trust), which comprises the Statement of Financial Position as at 31 December 2019 and the Statement of Income, Statement of Cash Flows and the Beneficiaries Accumulation Summary for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by Trustee.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of AKA Track Development Fund Trust as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of 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 Trust 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 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to the unitholder and the beneficiaries for the purpose of fulfilling the trustee's financial reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the unitholder and the beneficiaries, or for any purpose other than that for which it was prepared. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
(continued)**

The Responsibilities of the Trustee for the Financial Report

The trustee of the trust is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the needs of the unitholder and the beneficiaries. The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustee is responsible for assessing the trust'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 trustee either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The trustee is responsible for overseeing the Trust's financial reporting process.

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 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 Trust's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF
AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee'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 Trust'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 Trust 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.

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

We also provide the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CORPORATE AUDIT AND ASSURANCE SERVICES



IAN W BARFOOT
Registered Company Auditor No. 219262

Dated this 10th day of May 2020
Ashmore, Queensland



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