

KARTING AUSTRALIA ANNUAL REPORT

20

Year Ending 31 December 2020



AUSTRALIAN KARTING ASSOCIATION LTD.
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KART
CHAMPIONS

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KARTING
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KARTING AUSTRALIA

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OUR VALUED PARTNERS





LUCKY DESIGN

B. JENNER

OMP

FA
ALPINE RACING

REPORT FROM THE CHAIRMAN

◆
Glen Egan



It gives me pleasure to report to you as Chairman of Karting Australia.

This is my first report as Chairman having been elected by my fellow Directors early this year following the retirement of inaugural Chair Mick Doohan.

The Company

I am pleased to report that the sport is in great shape and is rebounding strongly from the trauma and disruption caused by COVID during 2020.

The company, Australian Karting Association Ltd (AKA Ltd), is in excellent financial shape and continues to be well managed from both the business and sporting perspectives. Our Balance Sheet is extremely healthy, and the sport is firing on all cylinders post Covid.

We are reporting that the company achieved a surplus in 2020 of \$134,477 after depreciation and amortisation. This is despite lower-than-expected revenue due to Covid. Total company funds at the end of the financial year sit just shy of \$2 million in reserves.

We are well equipped to meet any and all of our financial obligations as and when they fall due and to run the sport well into the future.

The surplus enables us to add to our Future Fund in accordance with our By Laws.

Australian Karting Association Ltd. is in excellent financial shape and continues to be well managed from both the business and sporting perspectives. Our Balance Sheet is extremely healthy, and the sport is firing on all cylinders post Covid.

I would like to take this opportunity to clear up a couple of common misconceptions about Karting Australia. AKA Ltd is a Not for Profit (NFP) company that is limited by guarantee which trades as the NFP organisation Karting Australia.

- NFP organisations provide services to the community and do not operate to make a profit for their members (or shareholders, if applicable). Most sports clubs and associations are Not for Profit organisations. All profits generated must go back into the services the organisation provides and must not be distributed to members, even if the organisation winds up.¹
- A company limited by guarantee is a public company registered under the Corporations Act and it must comply with the provisions of the Act. It cannot pay dividends to its shareholders or members and is required to report annually to ASIC.

A company limited by guarantee will usually have a constitution that sets out specific rules governing the internal affairs of the company.²

- In October 2019, the Member States unanimously approved a new Constitution that governs how Karting Australia operates.³
- The Directors of the company all act in a volunteer capacity.⁴

Board and Management

I would like to thank my fellow Directors and our staff for their work and efforts throughout the year.

For a national sporting organisation, we operate with a small but extremely dedicated staff that is very well led by our CEO Kelvin O'Reilly. Their work over many years has been exceptional. Their work in 2020 faced with the massive challenges created by Covid has been extraordinary. On behalf of the Board, I would like to thank them for their dedication and achievements over the past year.

I would like to acknowledge and thank retiring Chairman Mick Doohan for his work as the inaugural Chairman of the company. Eight years as our Chair is a great innings – particularly so when the initial brief was to effect change, modernise the company, give it a solid financial base so that it has a long-term future and to solve a number of long-term stalled issues like 'future engines'.

For a national sporting organisation, we operate with a small but extremely dedicated staff that is very well led by our CEO Kelvin O'Reilly. Their work over many years has been exceptional. Their work in 2020 faced with the massive challenges created by Covid has been extraordinary. On behalf of the Board, I would like to thank them for their dedication and achievements over the past year.

I have had the pleasure of working with Mick for the past four years and have inherited the reins of a sporting organisation that is well managed and in good shape. Mick should be pleased with the legacy he has left as karting is a much stronger sport now than it has ever been.

During 2020 the company undertook a process of Board renewal which has strengthened the Board. Kevin Davis - Managing Director of Austech Industries and Andrew Westacott - CEO of the Australian Grand Prix – organisers of the Australian Formula 1 Grand Prix and Moto GP both joined the Board during the year adding greater depth and experience in business management and motorsport management in particular.

As we look to the future, I am confident that our Board will continue to add value to our business and the sport of karting.

2020

We entered 2020 with an enormous amount of positive energy and plans for what we thought 2020 would look like and what we thought we could achieve. We adopted a new Constitution and developed a new Strategic Plan in the last quarter of 2019 that will take us through to 2023. We had a very clear and well-defined direction that our management team and our Member States have started to implement. Then, in March 2020, the world as we used to know it changed. Our complete focus shifted to leading our State Associations and our Affiliated Clubs through the dramatic impact of the pandemic.

Kelvin and Lee devoted many long hours to our response to COVID and in my opinion, led the sport magnificently. No one had a manual to follow, they worked on instinct and common sense. They took the best advice on the health issues from the State and Federal Government Health Departments and Dr Brent May our Chief Medical Officer and developed our "Re-ignition Plan" for the sport. It worked exceptionally well and in conjunction with the herculean efforts and commitment of our Clubs and Member States, has been largely responsible for the transition back to normal.

From that point in time, the work of our Clubs and Member States has been simply outstanding. They got themselves 'Covid' organised, they implemented the plans and through their efforts succeeded in maintaining the health of their clubs and the sport. You have embraced social karting; you have started racing again in numbers that we have not seen for a long time.

There is still a lot to do to build on our early success from the back half of 2020. Now is the time for our members to renew their commitment to support their Clubs.

Club competition and social karting activities were the first activities to be back up and running and now all of our higher-level State competitions and the SP Tools Australian Kart Championship presented by Castrol Edge is well underway, despite the continual (currently minor) disruptions caused by Covid.

The pandemic brought forward our plans to conduct most of our Officials' training on-line. We now have 18 on-line courses and over 1,200 people who have enrolled in the Karting Australia Officials Academy powered by Rosche Paper.

Programs that we were forced to put on hold due to Covid like Junior Sprockets are now running again.

Our promotional partnership with Supercars has been refreshed and as further large event restrictions ease, these will become more prominent. We look forward to the Formula 1 Grand Prix's return in November and to working with the organisers to actively promote karting as the point of entry for all Grand Prix drivers and motorsport in general.

The pandemic brought forward our plans to conduct most of our Officials' training on-line. We now have 18 on-line courses and over 1,200 people who have enrolled in the Karting Australia Officials Academy powered by Rosche Paper. This is an amazing result after starting from scratch in April and one that ensures that Clubs can continue to run their events and ensure that social karting activities can be conducted in a structured and safer way than ever before.

Thanks

In conclusion, I would like to thank Member States and our Clubs, their tireless committees and volunteers. To our volunteer Officials we acknowledge that there would be no sport of karting without you. Our drivers, parents, participants, teams, members of the karting industry. We all collectively do what we do for you but without you there would be no purpose and no sport. Thank you all.

I'd also like to thank Karting Australia's partners. Firstly, our premier (non-industry) sponsors – SP Tools, Castrol EDGE and Rosche Paper. Thank you sincerely for what you do for the sport. Our industry partners – Patrizicorse - Vortex engines, Ricciardo karts, and Bridgestone tyres, DPE Kart Technology – MG Tires, ALM Sales – Dunlop tyres, International Karting Distributors – Rotax engines, Mojo tyres and Vega tyres, Remo Racing – Torini engines, Formula 1 Rolex Australian Grand Prix, Supercars – thank you all for your support.



GLEN EGAN
Chairman of the Board



REEVL

KARTING AUSTRALIA

IKON

SP

SP

KARTING AUSTRALIA

ARROW

4

Junior SPROCKETS

SP

CHIEF EXECUTIVE OFFICER'S REPORT

2020 was a year that promised so much, delivered so little and one that will be remembered for eternity for so many wrong reasons.

The challenge of writing my report for this year's Annual Report is to mention things that are not Covid related. It is almost impossible to do, such was the impact that Covid-19 had on 2020.

Highlights

At the time of writing, our karting organisation and activities are in great shape.

- Participation in karting events from Club level through to the Australian Kart Championship is up right across the country.
- Our licence numbers have bounced back strongly as we continue to come out of the Covid-enforced restrictions.
- Karting Australia is reporting a significant trading surplus of \$134,477 (after depreciation and amortisation) for the year ending 31 December 2020, despite significantly reduced revenues affected by Covid-19.
- Our Clubs and Member States across the country have all emerged from Covid energised and full of enthusiasm.
- Social Karting is now a key element of the overall karting mix.
- Innovations brought about by Covid including on-line registration for social activities, standard Driver's briefings, and electronic scrutineering, are here to stay.
- The Karting Australia Officials Academy powered by Rosche Paper that was launched early in the pandemic to respond to the call for officials to help our sport, now has over 1200 people enrolled in it with most courses conducted on-line making them more accessible.
- Our key sponsors SP Tools and Castrol EDGE have maintained their support of our karting activities even while so many competitions and programs like the SP Tools Junior Sprockets program were in the Covid induced hiatus.

The COVID Impact and Response

At the outset, I must thank our Chief Operating Officer Lee Hanatschek, our Chief Medical Officer Dr Brent May and the Board.

The Board for putting their complete faith and support in me as CEO, in Lee as my most dedicated "right hand man" and in Brent for the excellent and very timely medical advice that saw us develop plans and implement things that had never been contemplated before to ensure that our Member States, Affiliated Clubs and Licence holders got back on track largely unscathed by COVID.

Our priorities were :

1. To ensure that our Member States and Affiliated Clubs were properly prepared and ready to recommence karting activity as soon as government restrictions allow that to happen.
2. To prepare our Member States and Affiliated Clubs to conduct our sport in the 'new normal' covid affected environment of strained economic times.
3. To ensure that our individual Members (licence holders) and stakeholders remain engaged with our sport.

The Karting Australia staff invested thousands of hours into all things COVID!

We all know that there was no manual, no play book to follow. Instinct and experience borne from many decades as sports administrators kicked in and carried us through.

We did everything that we could to make sure that nobody got left behind. Drivers' licences were extended to cover the lock down periods when people were not allowed to be at our racetracks.

We held webinars, training and information sessions and sent more than 40 written advices to Member States and Affiliated Clubs - every time that something changed - no matter whether it was nationally or in a State or region. This was our new normal.

When the 2020 pandemic became reality, competitions were immediately put on hold, programs were shut down, Clubs were locked down, gross uncertainty on many fronts was everywhere.

During the first three months of the pandemic, it was normal for Lee and I to both be working 100-hour weeks. The speed at which things changed in the early months was simply astounding. Quite often by the time we had finished writing advices to our Clubs based on morning media conferences and directions, things had changed and we needed to do it over again.

We made submissions to all levels of Government, were responsible for the AIS Rebooting Sport stages for karting. We wrote comprehensive "How To" manuals for our Clubs and members who would be attending our Tracks – five of them in total (plus updates), multiple new pro-forma forms, regulations, methods of operation, and plans to get things back to normal.

We developed and successfully implemented our "Road Out Of Lockdown" – and with the benefit of hindsight, we got it right – both in the timeframes and the level of activity that could be undertaken.

I don't think that I have ever been prouder of our entire karting community. The adaptation and flexibility that our Member States and Clubs showed in the face of adversity, along with the enormous desire to get back on track safely and as quickly as possible was simply amazing. The reaction of our Drivers in getting back on track was simply awesome.

The majority of the members of our karting industry are all reporting record trading years – something that in April and May 2020, we could never have contemplated in our wildest dreams.

At no stage until the worst of the 2020 pandemic had passed did I ever contemplate just how successful our plan and work would be. The bounce back has been incredible. Our karters are more positive and confident and are racing and engaging with their Clubs in ways that have never been seen before.

A special thank you must go to Steve Pallas of Sports Community who helped to guide Karting Australia, our Member States and Affiliated Clubs all throughout the process,

he worked closely with myself and Lee all the way.

Karting Australia Board

Throughout the pandemic I could not have wished for a more supportive Board. We identified at the onset of Covid that we were in exceptional times and that it called for exceptional measures. I asked the Board for their support to manage our Covid response which they willingly provided.

Karting was one of the, if not the, first national sports to be back up and running across the country. We achieved that safely and in full compliance with the laws and the prevailing restrictions – something that not all sports were able to do. It did not happen by chance. It was due to a lot of very hard work and lateral thinking, but it was totally worthwhile.

I am proud of what we achieved with the full support of the Board and indeed our full karting community. I would like to thank the Board and you, our members, for allowing my staff and I to provide the guidance and leadership to you that has produced an outstanding outcome.

With the end of the year also came the end of Mick Doohan's term as Chair of the company. Mick has served as Chair of the company since its inception in 2013. His long-term vision for the sport, strength of character, integrity, drive and willingness to make hard decisions are hallmarks of his time as our Chair. It has been an honour for me to work with Mick and to develop our relationship across the journey to now be one of friendship.

When asked, Mick accepted the invitation of the founding members of the Australian Motorsport Council Ltd (AMC) to become the inaugural Chairman of the AMC. This, along with ever increasing time commitments overseas has necessitated Mick standing down as our Chair.

Stepping into Mick's shoes in January, current Chair Glen Egan has worked tirelessly with the Board and management to ensure that we continue to capitalise on the Covid bounce back.

Thanks

In conclusion, I would like to thank every one of our State and Club Administrators and Volunteer Officials who dedicate so much of their time to the management of

our sport and the events – at all levels.

To have a sponsor such as SP Tools, whose 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 across the sport.

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, parents, mechanics and general club members. We are all a 'family' working towards a common goal of bettering the sport we love. We have one of the smallest administration staff in Australian motorsport and together we punch well above our weight. I would like to thank Lee, Mandy and Matthew for their dedication and tremendous work ethic. Tony Manson for his efforts on safety, risk and compliance and my wife Barbara for assisting me and allowing me to do what I do, regardless of the 'crazy' hours that this job sometimes entails.

While we have achieved much more in the past 12 months than we could ever have imagined in March and April last year, there's always a new challenge and we're always striving to develop our sport.



Kelvin O'Reilly

Karting Australia – Chief Executive Officer

KARTING AUSTRALIA FINANCIAL SUMMARY

Significant surplus recorded for 2020 Financial Year

Given the prevailing circumstances of the pandemic throughout most of 2020, the financial results for Australian Karting Association Ltd (AKA) achieved for the year ending 31 December 2020 were exceptional and are largely because of the plans that the company developed and that were successfully implemented in conjunction with the Member States and Affiliated Clubs to recommence karting activity as soon government restrictions permitted.

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

A trading surplus of \$134,477 after depreciation and amortisation (\$277,499 before depreciation) was recorded. Consequently, based on the company's policy, an amount of \$18,586 is to be allocated to the Future Fund term deposit during 2021.

The Balance sheet of the company remains strong with a retained surplus of \$1.925 million (\$1.79 million for financial year 2019). The company has a very sound Current Assets Ratio.

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

The pandemic caused management to reshape most areas of the business including the 2020 Budget to account for the negative impact that COVID had on our programs, national competitions, royalties, and licence sales. Like most Australian businesses, the company qualified for the Federal Government financial support during the pandemic through the Cash Flow Boost and Job Keeper programs.

There are ongoing litigation costs that resulted from the expulsion of KNSW. We have been forced to look to the courts to recover valuable 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.



Debt recovery action that the company was forced to commence against KNSW following their expulsion in 2019 was 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.)

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

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
- National Series Events
- National Cup Events

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 Drivers pay for a Competition or Recreational Licence is set by your State Association.

RACE MEETING ENTRY FEES

Entry Fees Set by and Paid to AKA in 2020:

- Australian Kart Championship

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

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

Race Meeting 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.





COVID-19 RESPONSE

Karting Australia's response to the COVID-19 Pandemic

Like the majority of Australia, Friday March 13, 2020 is a day that the karting community will never forget - particularly the Karting Australia staff. It was the day that the sporting world came to a grinding halt with the cancellation of the 2020 Formula 1 Australian Grand Prix in Melbourne due to the COVID-19 Pandemic. From that point on, Karting Australia staff guided the Member States and Clubs through the most tumultuous period that the sport has ever seen.



From the moment that the Federal and State Governments started to impose restrictions due to the COVID-19 Pandemic, Karting Australia began to make plans on how the sport would emerge from the stoppage in a Covid-safe environment.

On the afternoon of Friday March 13, Karting Australia's Chief Executive Officer and Lee Hanatschek conducted the first of numerous teleconferences with Member States and Key Industry Members advising them of the latest information from the authorities and how it would affect the sport of karting - both in the short and long term.

The first communication direct to States, Members and Clubs was distributed on Sunday March 15 and continued to flow all throughout the year.

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.

Following the effective 'shut down' of the sport from March 25, Karting Australia's objectives were set:

1. Keep everyone in the Karting Australia Family properly and responsibly advised with fact-based information – not news reports and social media spin. We are relying upon firsthand Government sources and advice from our Chief Medical Officer. If a National or State Chief Medical Officer or the government doesn't say it, we won't rely on it.
2. Protect our Members and to play our part in protecting the Australian community – particularly those who are most vulnerable.
3. Keep the wheels spinning at our Clubs when we are able to do so in accordance with Government restrictions to make sure that every Affiliated Club and State Association is prepared as best that they can be to hit the ground running with social and competition karting as soon as we are cleared to continue.
 - Plan and Prepare so we are all ready to proceed – particularly at Club level once we get the green light.



With seven state governments all managing the restrictions in different manners, Karting Australia continuously made contact with the various state authorities for health, sport and recreation while continually monitoring the press conferences by state premiers.

being ahead of the wave when it came to procedures and contact tracing for all attendees.

When launching the re-ignition plan in April to the Member States and Clubs, it was guided by the Chief Medical Officer who consulted with his colleagues at

the Australian Institute of Sport (AIS) and various governments, this work enabled Karting Australia to be recognised in the AIS' Framework for rebooting sport in a COVID-19 Environment.

This re-ignition plan outlined the 'Roadmap' ahead for the sport over the following months to enable the sport to return to a 'new-normal' throughout the second half of the year.

During the height of the pandemic, Karting Australia hosted webinars, held training and information sessions in conjunction with Sports Community and sent more than 40 written advices to Member States and Affiliated Clubs - every time that something changed - no matter whether it was nationally or in a State or region.

Karting Australia assisted Members States and Affiliated Clubs throughout the period to provide clear and consistent messaging through standardised artwork - both for on-line and at their venues.

Due to the enforced lockdowns, all current Karting Australia licence holders, or those that renewed within April to June, received an additional three months on their licence - a benefit that was later extended for the Victorian licence holders after having to endure a second lengthy lockdown due to the outbreak in their state.

Beginning with Social Karting Activities



By continuing to follow the Public Health Orders and Directions enabled the sport of karting to be one of the first sports to return to competition, while also

in limited numbers once restrictions started to ease, Karting Australia Clubs then were able to move towards Club-level competition and into larger level competitions at the majority of places across the country.

Throughout the entire journey, Karting Australia continued to focus on the objectives of keeping the clubs informed while investigating Covid-safe ways to 'keep the wheels spinning', all of which in turn led to the clubs who embraced the opportunities when they arose gaining a significant increase in participation upon their return to competition.

While it was a significantly challenging time for all involved in the sport, the manner in which the Pandemic and accompanying restrictions were handled by Karting Australia Staff, Member States, Affiliated Clubs and Licence holders provided the sport with significant opportunities - both in the short and long term. Many of these innovations and opportunities are outlined in the following pages.



Club Checklist

- Government legislated restrictions complied with
- COVIDSafe Supplementary Regulations submitted and approved
- Booking system in place and available to members

Member Checklist

- Booking made with the Club to secure my spot
- COVIDSafe Declaration submitted by all people attending
- Kart propped, race gear, hand sanitiser packed



COVID-19 INNOVATIONS & OUTCOMES

From the challenges of COVID-19 came innovation

ELECTRONIC CHECK IN



Well before the State Government's made it compulsory for attendees to electronically check-in to venues, Karting Australia implemented a QR code for all attendees at Karting Australia Club Facilities to ensure the karting community was Covid-safe.

The QR Code process also assisted Clubs to be able to register other aspects such as Scrutineering Forms.

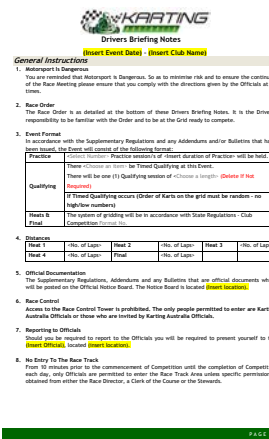
SOCIAL KARTING DAYS

Social karting plays an important role in Australian karting, however, it has regularly been done with little or no supervision, which in turn led to no personal accident insurance being available. This has been the case for decades.

With all activities in a Covid-safe environment needing to be managed and supervised by the owner of the property (in the case of karting the Clubs), it provided the circuit breaker to implement Organised Social Karting Days to provide a more enjoyable and safer experience for all Licence Holders.

Throughout the year, Karting Australia worked closely with Clubs to streamline the process while engaging members through the Online Officials Academy to better educate them and assist in providing a great social atmosphere at the circuit. After all, karting is more fun when you're doing it with your mates.

STANDARD DRIVER'S BRIEFING NOTES



With Covid restrictions enforcing strict limits on gathering in groups, Karting Australia produced a standard pro-forma Driver's Briefing Notes for all clubs to utilize rather than a gathering on the Out Grid as Clubs had become accustomed to.

This standard notes was further enhanced by local track requirements and some Clubs also introduced videos for their Competitors to view.

ONLINE SCRUTINEERING FORMS

With a focus on limiting gatherings, including the lining up to hand in a hand written scrutineering form, Karting Australia implemented an on-line scrutineering record for Karting Australia Events.

The implementation of the electronic format allowed drivers to complete their form prior to the day, therefore allowing a more streamlined approach towards their racing - also allowing a cross reference by officials to ensure that all forms are completed ahead of race day.

The on-line scrutineering form will continue to be developed throughout 2021 to be a significant step forward for karting as it emerges from the Covid pandemic.



ONLINE OFFICIALS ACADEMY POWERED BY ROSCHE PAPER

Shortly after the Covid-19 pandemic took hold, Karting Australia launched a market-leading On-line Officials Training Academy thanks to a new partnership with Rosche Paper.

The ground-breaking Academy for Australian karting providing the opportunity for Officials, both current and new, from all across Australia to be able to undertake training on a regular basis to compliment the traditional 'face-to-face' training that takes place annually, or bi-annually, in each State.

The Officials Academy features multiple programs including the core officiating courses – Stewarding, Technical and other segments, it will provide a new fresh look at providing Karting Australia Officials with the best tools and education through the latest on-line technology. Following the principle of 1 Sport – 1 Rule Book, all Officials are now able to receive a consistency of message with everyone able to access exactly the same content in each Course.

Launched initially with five separate courses, the Officials Academy will cater for various levels of Officials – from beginners to the highest grade in the sport. There are currently 18 courses available for Officials to complete and more than 1,200 people have registered through the platform.

AUSTRALIAN KART CHAMPIONSHIP



NATIONAL EVENTS AND STATE CHAMPIONS

AUSTRALIAN KART CHAMPIONSHIP

The 2020 SP Tools Australian Kart Championship presented by Castrol EDGE began with more than 300 entries for the opening round held at The Bend Motorsport Park in South Australia.

Shortly after the opening round, the COVID-19 pandemic struck and subsequently brought the Championship to a grinding halt.

Two of the scheduled five rounds in the 2020 SP Tools Australian Kart Championship presented by Castrol EDGE were completed before COVID-19 restrictions and subsequent border closures brought the Championship to a halt. As a result, no National Champions were crowned in 2020.

After a significant amount of planning, and many hours spent liaising with the NSW Government, a second round was contested in Newcastle in a covid-safe environment. However, a third round was unable to be contested due a COVID-19 outbreak and subsequent border restrictions. With only two of the five originally scheduled rounds completed, Karting Australia was left with no option but to not crown any National Champions for 2020.

ROUND 1 WINNERS

The Bend Motorsport Park, SA

KZ2	James Golding (Vic)
KA2	Hugh Barter (Vic)
X30	Jaiden Pope (NSW)
TaG 125	Taylor Hazard (NSW)
KA3 Senior	Oscar Priest (NSW)
KA4 Junior	Hayden Crossland (NSW)
Cadet 12	Lincoln Taylor (QLD)
Cadet 9	William Calleja (Vic)

ROUND 2 WINNERS

Newcastle Kart Racing Club, NSW

KZ2	Troy Loeskow (QLD)
KA2	Adrian Haak (NSW)
X30	Jackson Souslin-Harlow (NSW)
TaG 125	Cody Brewczynski (NSW)
KA3 Senior	Jace Matthews (QLD)
KA4 Junior	Alex Ninovic (NSW)
Cadet 12	Jaxson Burns (QLD)
Cadet 9	Sebastian Eskandari-Morandi (QLD)



STATE CHAMPIONS

NSW

Sapphire Coast Kart Club
Bega, NSW

Cadet 9 - Corey Carson
 Cadet 12 - Lewis Cordato
 KA4 Junior Light - Alex Ninovic
 KA4 Junior Heavy - Zackary Thompson
 KA3 Junior - William Newell
 KA2 - Adrian Haak
 KA3 Senior Light - Oscar Priest
 TaG 125 Restricted Light - Bailey Walker
 TaG 125 Restricted Medium - Angus McLean
 TaG 125 Light - Jackson Souslin-Harlow
 TaG 125 Heavy - Nicholas Caruso

TASMANIA

Launceston Kart Club
Launceston, TAS

Cadet 9 - Blake Purvis
 Cadet 12 - James Anagnostiadis
 KA4 Junior Light - Oliver Wickham
 KA4 Junior Heavy - Zach Findlay
 KA4 Masters - Andrew Walter
 KA3 Senior Light - Gemma Wyllie
 KA3 Senior Medium - Mitchel Evans
 TaG 125 Restricted Light - Zevie Eisentraut
 TaG 125 Restricted Medium - Daniel Hinds
 TaG 125 Restricted Heavy - Scott Wrigley

QUEENSLAND

Cooloola Coast, Ipswich & Warwick Kart Clubs
Ipswich, QLD

Cadet 9 - Basilio Micale
 Cadet 12 - Jenson Burns
 KA4 Junior Light - Carter Mobbs
 KA3 Junior - Marcos Flack
 KA3 Senior Light - Harrison Hoey
 TaG 125 Restricted Light - Dallas Oksanen
 TaG 125 Restricted Medium - Ben Lillis
 TaG 125 Restricted Masters - Justin Beeton
 TaG 125 Light - Luke Pink
 TaG 125 Heavy - Brendan Nelson
 DD2 Masters - Troy Bretherton
 KZ2 - Troy Loeskow

WESTERN AUSTRALIA

Mid West Kart Club
Geraldton, WA

Cadet 9 - Campbell Thompson
 Cadet 12 - Nash Ferraro
 KA4 Junior Light - Noah Lisle
 KA3 Junior - Thomas Loughton
 KA3 Senior Light - Hugh McGuire
 KA3 Senior Medium - Brandon Duncombe
 KA3 Senior Heavy - Lochlen Harvey
 TaG 125 Restricted Masters - Simon Minton
 TaG 125 Light - Kip Foster
 TaG 125 Heavy - Simon Gwilliam
 WA Open Performance - Nathan Phillips
 KZ2 - Thomas Sparkes

AUSTRALIAN MOTORSPORT COUNCIL

Karting Australia is a foundation member of the Australian Motorsport Council

In December 2020, Australia's Internationally Recognised Motorsport Bodies established a united National advocacy voice for 2-wheel and 4-wheel motorsport across the country - the Australian Motorsport Council.

In a first for Australian motorsport, the sole Australian 2-wheel and 4-wheel sanctioning and organising bodies recognised by the Global Association of International Sports Federations - the Federation Internationale de 'l Automobile (FIA) and the Federation Internationale de Motocyclisme (FIM) - have committed to work collectively to provide leadership and advocacy to Australian governments and motorsport stakeholders on key motorsport issues that are of mutual concern.

The role of the AMC will be to provide industry wide leadership and advocacy through a national voice for motorsport.

Motorsport Australia, Motorcycling Australia, Karting Australia and the Australian National Drag Racing Association (ANDRA) make up the foundation membership of the AMC.

The Chief Executives of the foundation members will make up the Board, with Australian Motorsport Hall of Fame Legend and five-time MOTO Grand Prix World Champion Mick Doohan AM to Chair the AMC.

The foundation AMC members – all not-for-profit, membership-based organisations, have a combined history of almost 260 years and currently control, regulate, supervise, promote, licence, permit, insure, develop and manage the overwhelming majority of motorsport in Australia.

Together the AMC members represent over 1000 affiliated Motorsport Clubs, 460 Licenced Racetracks and more than 335,000 active participants including 60,000 licence holders and 18,000 trained Officials across all Australian states and territories.



OBJECTIVES OF THE AUSTRALIAN MOTORSPORT COUNCIL

- Identify and address issues that impact the interests of the member bodies;
- Provide a credible united voice and effective advocacy for Australian motorsport, to benefit competitors, officials, venue owners and event organisers;
- Represent the interests of the member bodies and their stakeholders to governments and other concerned bodies;
- Continue to develop and grow motorsport beyond the existing levels of participation;
- Unify the resources and passion of the member bodies to harness the economic, political and social significance of motorsport;
- Ensure that motorsport in Australia is always conducted in accordance with the highest standards of rules, policies and procedures with integrity and in the safest and fairest possible way;
- Advocate for all levels of motorsport to be conducted with the highest levels of governance;
- Improve and promote the safety and innovative developments directly attributable to motorsport.



Castrol **EDGE**

SP4
Tools

Energy 437

437

FINANCIAL REPORT

AUSTRALIAN
KARTING
ASSOCIATION LTD

ABN 97 160 100 265

***FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2020***

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 2020.

Directors

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

G Egan	K Davis	(appointed 07 April 2020)
KJ Reynolds	AJ Westacott	(appointed 20 August 2020)
R Crawford	MS Doohan AM	(resigned 31 December 2020)
T Bundy		

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>
G Egan	6	7
KJ Reynolds	6	6
R Crawford	7	7
T Bundy	7	7
K Davis	6	7
AJ Westacott	2	2
MS Doohan AM	7	7

Operating Result

The surplus of the company amounted to \$134,477 (2019 deficit: \$238,317). Revenue of the company was substantially negatively affected by the COVID-19 pandemic.

Prudent management and controls put in place in April 2020 with the help of the Federal Government stimulus and JobKeeper receipts (\$211,600) contributed to the surplus as did a reduction in event operations of \$638,532, insurance premiums of \$79,262, general programs of \$56,652, employee expenses of \$174,301, travel and accommodation \$121,910.

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 2020, the maximum amount that the members of the company are liable to contribute in aggregate if the company is wound up is \$7.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

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 2020 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.

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

Information on Directors

G Egan	Qualifications:	Chairman from 01 January 2021 Professional Company Manager; Graduate of the Australian Institute of Company Directors; and Committee Member, Australian Organisation for Quality, NSW division.
	Experience:	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:	Bachelor of Dental Surgery (University Of Sydney).
	Experience:	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.
R Crawford	Qualifications:	Mechanical Trade.
	Experience:	Manager Crawford Collective; 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.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Information on Directors (continued)

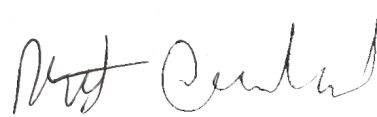
T Bundy	Experience:	Porsche Australia - Motorsport Manager; Mobil 1 HSV Racing – Commercial Director; Supercars Australia – General Manager Sales – 2014-2016; North Melbourne FC – General Manager Commercial; Sydney Swans FC – General Manager Corporate Partnerships; NRL – Commercial Manager; V8 Supercars – Sponsorship Manager; and News Limited - Key Account Manager.
K Davis	Qualifications:	Professional Company Director
	Experience:	Founder (in 1987), owner and Managing Director of Austech Industries. Austech Industries is better known by its premium brand names - SP Tools, SP Air and Torini Engines. A hands-on Managing Director whose strengths lie in business strategy, sales and marketing, finance, product development, general management, contract negotiation and team building.
AJ Westacott	Qualifications:	Chemical Engineer Professional Company Manager; Graduate of the Australian Institute of Company Directors
	Experience:	Chief Executive Officer of the Australian Grand Prix Corporation (AGPC) since February 2011; AGPC in 2006 as the General Manager, Operations before later being appointed Deputy CEO; MasterFoods Australia New Zealand. and Uncle Ben's of Australia - Senior Manager in logistics, procurement and supply chain management; Melbourne 2006 Commonwealth Games - Group Manager for Venue Delivery and Capital Projects.
MS Doohan AM	Special Responsibilities:	Chairman until 31 December 2020
	Experience:	Australian Formula 1 Grand Prix Board; GM Honda Racing Corporation (6 years); Advisory Board DORNA (8 years); and Sole Director - The Doohan Group.

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.



G Egan
Director



R Crawford
Director

Dated this 27th day of April 2021

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
REVENUE & EXPENSES			
Operations revenue	3	1,711,440	2,589,435
Other revenue	3	15,366	28,210
Depreciation and amortisation	4	(143,022)	(109,485)
Employee expenses	4	(554,986)	(729,287)
Finance costs	4	(38,397)	(12,173)
Operations expenses	4	(855,924)	(2,005,017)
Surplus/(Deficit) before income tax expense		134,477	(238,317)
Income tax expense	1e	-	-
Total Surplus/(Deficit) for the year		134,477	(238,317)
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		134,477	(238,317)

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CHANGES IN COMPANY FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
COMPANY FUNDS			
RETAINED SURPLUS			
Balance at the beginning of the financial year		1,790,568	2,028,885
Surplus/(Deficit) for the year		134,477	(238,317)
TOTAL COMPANY FUNDS		1,925,045	1,790,568

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,436,114	965,648
Trade and Other Receivables	7	413,181	442,444
Inventories	8	57,134	58,077
Other Assets	9	348,035	307,386
Total Current Assets		2,254,464	1,773,555
NON-CURRENT ASSETS			
Trade and Other Receivables	7	160,054	160,054
Property, Plant and Equipment	10	474,654	569,695
Right-of-Use Assets	11	344,787	387,885
Intangible Assets	12	3,891	5,890
Total Non-Current Assets		983,386	1,123,524
TOTAL ASSETS		3,237,850	2,897,079
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	418,577	209,820
Borrowings	15	354,355	302,147
Lease Liabilities	16	33,567	13,979
Total Current Liabilities		806,499	525,946
NON-CURRENT LIABILITIES			
Provisions	14	41,823	27,033
Borrowings	15	124,144	179,626
Lease Liabilities	16	340,339	373,906
Total Non-Current Liabilities		506,306	580,565
TOTAL LIABILITIES		1,312,805	1,106,511
NET ASSETS		1,925,045	1,790,568
COMPANY FUNDS			
Retained Surplus		1,925,045	1,790,568
TOTAL COMPANY FUNDS		1,925,045	1,790,568

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 2020

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		1,893,485	2,905,265
Interest received		15,483	28,210
Payments to suppliers and employees		(1,379,851)	(3,334,177)
Finance costs		(38,397)	(12,173)
Net cash generated from (used in) operating activities	5a	490,720	(412,875)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	13,636
Payment for property, plant and equipment		(2,999)	(256,288)
Payment for intangible assets		-	(6,000)
Net cash generated from (used in) investing activities		(2,999)	(248,652)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from borrowings		484,934	1,002,156
Repayment of borrowings		(502,189)	(606,581)
Net cash generated from (used in) financing activities		(17,255)	395,575
Net increase (decrease) in cash held		470,466	(265,952)
Cash at the beginning of the financial year		965,648	1,231,600
CASH AT THE END OF THE FINANCIAL YEAR	6	1,436,114	965,648

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

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).

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.

Dividend income

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

Interest income

Interest income is recognised using the effective interest method.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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% - 25.00%	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 2020

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 2020

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.

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).

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 these 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.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
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		174,488	525,513
Building Better Kart Clubs		-	40,000
Junior Sprockets		18,737	74,885
Race of Stars		-	75,294
Ultimate Club Racer		-	30,800
Non program or event income		1,533,581	1,871,153
Total revenue	3	<u>1,726,806</u>	<u>2,617,645</u>
Program and Event Expense			
Australian Kart Championship - Direct expenses		111,282	261,672
Australian Kart Championship - Host club distribution		47,618	212,356
Building Better Kart Clubs		14,879	23,150
Junior Sprockets		16,371	68,843
Race of Stars		-	90,761
State association assistance programs		-	32,309
State championship implementation program		-	9,636
Ultimate Club Racer		-	39,310
Non program or event expenses		1,402,179	2,117,925
Total expenses	4	<u>1,592,329</u>	<u>2,855,962</u>
NOTE 3: REVENUE			
Operations revenue			
Events		122,591	628,450
Government assistance (Cash Flow Boost and JobKeeper)		211,600	-
Levies and fees		7,757	20,158
Licence fees		660,927	776,246
Programs		7,265	53,299
Royalties		497,504	664,966
Sales		32,020	180,943
Sponsorship		114,314	204,376
Sundry		57,462	60,997
Total operations revenue		<u>1,711,440</u>	<u>2,589,435</u>
Other revenue			
Interest received from other persons		15,483	28,210
Net gain/(loss) on disposal of property, plant and equipment		(117)	-
Total other revenue		<u>15,366</u>	<u>28,210</u>
Total revenue		<u>1,726,806</u>	<u>2,617,645</u>
Depreciation and amortisation		143,022	109,485
Employee expenses		554,986	729,287
Finance costs		38,397	12,173

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
NOTE 4: EXPENSES			
Operations expenses			
Events		94,306	732,838
Insurance		287,878	367,140
Programs		144,554	201,206
Travel and accommodation		59,001	180,911
Board expenses		14,440	27,266
CAMS fee and CIK charges		27,563	23,581
CMS software and program fees		10,838	41,250
Computer expenses		8,272	29,613
Defamation defence costs		-	1,936
Member dispute costs	4a	20,718	94,748
Legal costs		43,695	62,275
Other		128,134	155,744
Rent		-	37,200
Printing and artwork		5,005	28,615
Telephones		11,520	20,694
Total operations expenses		855,924	2,005,017
Total expenses		1,592,329	2,855,962

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

The company continued to incur significant legal costs during the year in dealing with disputes and other problems associated with KNSW's expulsion from the company. Litigation seeking unspecified damages to protect the intellectual property of the company including the AKA Ltd National Competition Rules is ongoing with a high probability of success.

Legal proceedings to recover licence fees and levies totalling \$49,759 were settled with KNSW 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.

Proceedings against five KNSW affiliated Clubs that retained AKA Ltd property valued at \$43,223 has been settled by agreement. However only two of the five Clubs have complied fully with the agreed terms of settlement - the return of the equipment, binding obligations not to use the software provided by AKA Ltd and a contribution to AKA Ltd's legal costs. Despite the other three clubs agreeing to the settlement terms, their failure to meet the obligations to which they agreed, will see the matter return to court later in 2021.

NOTE 5: CASH FLOW INFORMATION

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

Surplus/(Deficit) for the year	134,477	(238,317)
Non cash flows		
Depreciation	143,022	109,485
Loss on disposal of assets	117	149
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	29,263	51,715
(Increase)/Decrease in inventories	943	24,452
(Increase)/Decrease in other assets	(40,649)	(185,618)
Increase/(Decrease) in trade and other payables	208,757	(178,191)
Increase/(Decrease) in provisions	14,790	3,450
Net cash generated from (used in) operating activities	490,720	(412,875)

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
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 Bendigo Bank:			
> A credit card facility of \$39,000. The amount available to be called upon as at 31 December 2020 was \$36,370 (2019: \$8,605).			
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		1,017,664	547,198
Term deposit - Future Fund	6a	418,450	418,450
Total Cash and Cash Equivalents		1,436,114	965,648
a. Analysis of Term deposit - Future Fund			
Allocation to fund from 2014 to 2018 surpluses		685,927	685,927
Allocations to fund for 2020 and 2019		67,239	-
Amounts used (MyLaps Timing System) during 2017		(316,130)	(316,130)
Amount to be (deposited)/withdrawn after adoption of financial report		(18,586)	48,653
Term deposit - Future Fund balance at the end of year		418,450	418,450
Based on the company's policy, an amount of \$18,586 is to be allocated to the Future Fund term deposit during 2021. No amount has been expended from the Future Fund during the year ended 31 December 2020. The term deposits can be accessed for operational purposes if required.			
NOTE 7: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		407,878	372,105
Interest receivable		1,235	1,403
Short-term loan to other entity		4,068	-
BAS receivable		-	41,436
Deposits held by others		-	27,500
Total Current Trade and Other Receivables		413,181	442,444
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		573,235	602,498
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		57,134	58,077
Total Inventories		57,134	58,077

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
NOTE 9: OTHER ASSETS			
Prepaid insurance		337,491	300,851
Other prepaid expenses		10,544	6,535
Total Other Current Assets		348,035	307,386
 NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment		45,319	73,815
Less accumulated depreciation		(40,527)	(65,773)
		4,792	8,042
Memorabilia		10,000	10,000
		10,000	10,000
Motor vehicles		272,236	272,236
Less accumulated depreciation		(55,721)	(27,535)
		216,515	244,701
Race track equipment		598,662	598,662
Less accumulated depreciation		(355,315)	(291,710)
		243,347	306,952
Total Property, Plant and Equipment		474,654	569,695

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		8,042	15,492
Additions		2,999	-
Disposals cost		(31,495)	(17,199)
Disposals depreciation		31,378	17,194
Depreciation expense		(6,132)	(7,445)
Carrying amount at the end of year		4,792	8,042

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		244,701	28,664
Additions		-	256,288
Disposals cost		-	(23,634)
Disposals depreciation		-	9,854
Depreciation expense		(28,186)	(26,471)
Carrying amount at the end of year		216,515	244,701

Race track equipment

Balance at the beginning of year		306,952	382,412
Depreciation expense		(63,605)	(75,460)
Carrying amount at the end of year		243,347	306,952

AUSTRALIAN KARTING ASSOCIATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		\$	\$
NOTE 11: RIGHT-OF-USE ASSETS			
Leased property		387,885	387,885
Accumulated depreciation		(43,098)	-
Total Right-of-Use Assets		344,787	387,885

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.

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

Balance at the beginning of year		387,885	-
Recognised on initial application of AASB 16		-	387,885
Depreciation expense		(43,098)	-
Carrying amount at the end of year		344,787	387,885

AASB 16 related amounts recognised in the statement of profit or

Depreciation charge related to right-of-use assets		43,098	-
Interest expense on lease liabilities		19,355	-

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.

NOTE 12: INTANGIBLE ASSETS

Website development		6,000	6,000
Less accumulated amortisation		(2,109)	(110)
Total Intangible Assets		3,891	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

Balance at the beginning of year		5,890	-
Additions		-	6,000
Amortisation expense		(1,999)	(110)
Carrying amount at the end of year		3,891	5,890

AUSTRALIAN KARTING ASSOCIATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
NOTE 13: TRADE AND OTHER PAYABLES			
Trade payables		52,472	57,576
Other payables		1,523	18,977
BAS payable		39,475	-
Superannuation payable		-	2,152
Entry fees received in advance		161,409	-
Employee benefits	1m	120,217	94,732
Employee on-costs		33,481	26,383
Accrued expenses		10,000	10,000
Total Trade and Other Payables		418,577	209,820
a. Financial Liabilities within Trade and Other Payables			
Trade and other payables		418,577	209,820
Less payables that are non interest bearing		(315,107)	(121,115)
Financial liabilities as trade and other payables		103,470	88,705
NOTE 14: PROVISIONS			
Employee benefits (long service leave)	14a	37,494	24,235
Employee on-costs		4,329	2,798
Total Provisions		41,823	27,033
Movements in Provisions:			
Balance at the beginning of year		27,033	23,583
Additional provisions raised/(used) during year		14,790	3,450
Carrying amount at the end of year		41,823	27,033
Number of employees (full-time, part-time or casual) at year end		4	3
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		2,630	6,395
Insurance premium funding loan		296,243	243,376
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		55,482	52,376
Total Current Borrowings		354,355	302,147
Non-Current			
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		124,144	179,626
Total Non-Current Borrowings		124,144	179,626
Total current and non-current borrowings:			
Credit cards	5b	2,630	6,395
Insurance premium funding loan		296,243	243,376
Hire Purchase/Chattel Mortgage/Equipment Loan agreements	17	179,626	232,002
Total Borrowings		478,499	481,773

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
NOTE 16: LEASE LIABILITIES			
Current			
Lease agreements		33,567	13,979
Total Current Lease Liabilities		33,567	13,979
Non Current			
Lease agreements		340,339	373,906
Total Non Current Lease Liabilities		340,339	373,906

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

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	63,537
Later than 12 months but not later than 5 years		131,017	194,554
Minimum hire purchase payments		194,554	258,091
Less future finance charges		(14,928)	(26,089)
Total Hire Purchase Liability		179,626	232,002

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

NOTE 18: 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	1,436,114	965,648
Total trade and other receivables	7	573,235	602,498
Total Financial Assets		2,009,349	1,568,146

Financial Liabilities

Within trade and other payables	13	103,470	88,705
Total borrowings	15	478,499	481,773
Lease liabilities	16	373,906	387,885
Total Financial Liabilities		955,875	958,363

Net Fair Values

For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
NOTE 19: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the company for:			
Audit and/or review of financial reports		10,000	10,000

NOTE 20: 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 21: EVENTS AFTER THE BALANCE DATE

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

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.

No KMP has entered into a material contract with the association since the end of the previous financial year. KMP's may obtain membership and may also obtain other services and benefits from the association on terms and conditions no more favourable than those available to other members and, if so, were immaterial in nature.

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 \$19,516 (2019: \$13,059).

**AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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, the company may be liable for a further amount of \$40,000.

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 2020.

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:

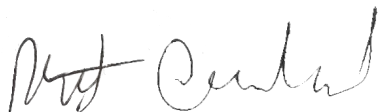
a. comply with Australian Accounting Standards; and

b. give a true and fair view of the financial position as at 31 December 2020 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.



G Egan
Director



R Crawford
Director

Dated this 27th day of April 2021

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CAAAS
ABN 41 109 663 489

**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 2020 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 2020 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 2020, 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.

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.

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

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.
- 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.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 27th day of April 2021
Ashmore, Queensland**

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PO BOX 43 NOBBY BEACH QLD 4218



**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 (Cth), 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 2020, 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 (Cth) in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

CORPORATE AUDIT AND ASSURANCE SERVICES

A handwritten signature in black ink, appearing to be 'IAN W BARFOOT', is enclosed in a thin black rectangular border.

**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 27th day of April 2021
Ashmore, Queensland**



AKA TRACK DEVELOPMENT FUND

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: 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: 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 2020 financial year, the Trust had nine (9) loans receivable at a total value of \$299,052.

No loan defaults have been recorded to 31 December 2020.

Total Trust Income for 2020	\$76,098	Total Assets of the Trust	\$2,004,629
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The Trust has continued to incur significant legal costs during the year as it deals with issues associated with the expulsion of Karting (New South Wales) Inc. (KNSW) in 2019. Legal proceedings to recover loan funds and accrued related to loans made by the Trust to clubs affiliated with KNSW have been delayed as a result of a cross claim made by KNSW for more than \$600,000 of Trust funds.

The majority of the expenses have been incurred in defending the claim made by KNSW for Trust funds in order to protect the funds held in the Trust for the benefit of ALL beneficiaries of the Trust and to uphold the intention and Purpose of the Trust as the Trustee is duty bound to do.

FINANCIAL REPORT

AKA
**TRACK DEVELOPMENT
FUND**

•

ABN 46 992 433 756

***FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2020***

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
REVENUE AND EXPENSES			
Revenue	2	76,098.17	111,330.88
Expenses	3	(80,962.33)	(45,323.24)
Surplus/(Deficit) before income tax expense		(4,864.16)	66,007.64
Income tax expense	1a	-	-
Surplus/(Deficit) after income tax		(4,864.16)	66,007.64
Less allocation to beneficiaries		4,864.16	(66,007.64)
SURPLUS/(DEFICIT) AFTER ALLOCATIONS TO BENEFICIARIES		-	-

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from driver levies and other income		50,454.28	78,480.21
Interest received		24,671.63	37,545.57
Payments to suppliers of goods and services		(78,707.29)	(44,700.72)
Net cash generated from (used in) operating activities	12a	(3,581.38)	71,325.06
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans by clubs		83,006.34	90,337.33
Issue of loans to clubs		(50,000.00)	(68,000.00)
Net cash generated from (used in) financing activities		33,006.34	22,337.33
Net increase (decrease) in cash held		29,424.96	93,662.39
Cash at the beginning of the financial year		1,677,757.87	1,584,095.48
CASH AT THE END OF THE FINANCIAL YEAR	4	1,707,182.83	1,677,757.87

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,707,182.83	1,677,757.87
Trade and Other Receivables	5	8,086.85	7,114.59
Loans Receivable	6	77,508.02	91,089.67
Total Current Assets		1,792,777.70	1,775,962.13
NON-CURRENT ASSETS			
Loans Receivable	6	221,544.26	240,968.95
Total Non-Current Assets		221,544.26	240,968.95
TOTAL ASSETS		2,014,321.96	2,016,931.08
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	9,691.79	7,436.75
Total Current Liabilities		9,691.79	7,436.75
NON-CURRENT LIABILITIES			
Beneficiary Accumulations	8	2,004,629.17	2,009,493.33
Total Non-Current Liabilities		2,004,629.17	2,009,493.33
TOTAL LIABILITIES		2,014,320.96	2,016,930.08
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 2020

	Note	2020 \$	2019 \$
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		617,110.70	616,065.06
Net income		(14,601.01)	1,045.64
Closing balance		602,509.69	617,110.70
AKA Northern Territory			
Opening balance		27,192.50	25,523.18
Driver levies and other direct charges		1,656.00	1,626.00
Net income		(643.38)	43.32
Closing balance		28,205.12	27,192.50
AKA Queensland			
Opening balance		406,896.50	391,046.78
Driver levies and other direct charges		13,272.00	15,186.00
Net income		(9,627.28)	663.72
Closing balance		410,541.22	406,896.50
AKA South Australia			
Opening balance		107,858.53	103,788.37
Driver levies and other direct charges		3,222.00	3,894.00
Net income		(2,551.96)	176.16
Closing balance		108,528.57	107,858.53
AKA Tasmania			
Opening balance		81,028.23	77,746.27
Driver levies and other direct charges		2,583.00	3,150.00
Net income		(1,917.15)	131.96
Closing balance		81,694.08	81,028.23
AKA Victoria			
Opening balance		498,748.91	472,264.36
Driver levies and other direct charges		11,298.00	25,683.00
Net income		(11,800.54)	801.55
Closing balance		498,246.37	498,748.91
AKA Western Australia			
Opening balance		270,657.96	257,051.67
Driver levies and other direct charges		10,650.00	13,170.00
Net income		(6,403.84)	436.29
Closing balance		274,904.12	270,657.96
TOTAL BENEFICIARIES ACCUMULATION		2,004,629.17	2,009,493.33

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 2020

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 2020

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 2020

	Note	2020 \$	2019 \$
NOTE 2: REVENUE			
Doubtful debts recovered		3,665.00	-
Interest received		24,671.63	37,545.57
Other		238.54	0.31
Track development - Driver levies		47,523.00	73,785.00
Total Revenue		76,098.17	111,330.88
NOTE 3: EXPENSES			
Audit and review fees		2,000.00	2,000.00
Bank fees and charges		113.67	120.00
Doubtful debts		-	3,665.00
Legal costs		78,846.97	39,538.24
Other		1.69	-
Total Expenses		80,962.33	45,323.24
<p>The Trust has continued to incur significant legal costs during the year as it deals with issues associated with the expulsion of Karting (New South Wales) Inc (KNSW) in 2019. Legal proceedings to recover loan funds and accrued interest related to loans made by the Trust to clubs affiliated with KNSW have been delayed as a result of a cross claim made by KNSW for more than \$600,000 of Trust funds.</p> <p>The majority of the expenses have been incurred in defending the claim made by KNSW for Trust funds in order to protect the funds held in the Trust for the benefit of ALL beneficiaries of the Trust and to uphold the intention and Purpose of the Trust as the Trustee is duty bound to do.</p>			
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank - Trading account		107,182.83	177,757.87
Cash at bank - Term deposits		1,600,000.00	1,500,000.00
Total Cash and Cash Equivalents		1,707,182.83	1,677,757.87
NOTE 5: TRADE AND OTHER RECEIVABLES			
Trade receivables		3,321.00	984.00
Interest receivable		2,259.60	4,102.34
GST receivable		2,506.25	2,028.25
Total Trade and Other Receivables		8,086.85	7,114.59
NOTE 6: LOANS RECEIVABLE			
Loans - Secured:			
NSW - Coffs Harbour Kart Club		13,333.28	24,999.90
NSW - Combined Districts Kart Club		60,833.02	72,499.78
NSW - North Shore Kart Club		4,999.98	14,999.94
NSW - Tamworth Kart Club		-	4,165.00
SA - Go Kart Club of SA		30,000.00	40,000.00
VIC - Albury Wodonga Club		61,636.00	71,644.00
VIC - Eastern Lions Kart Club		28,750.00	41,250.00
VIC - South West Kart Club		12,000.00	15,000.00
VIC - Goulburn Valley Kart Club Inc		42,500.00	47,500.00
WA - Midwest Kart Club		45,000.00	-
Total Loans Receivable		299,052.28	332,058.62
Loans - Secured:			
Current		77,508.02	91,089.67
Non-Current		221,544.26	240,968.95
Total Loans Receivable		299,052.28	332,058.62

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		\$	\$

NOTE 6: LOANS RECEIVABLE (continued)

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.

NOTE 7: TRADE AND OTHER PAYABLES

Trade payables		7,691.79	5,436.75
Other payables		2,000.00	2,000.00
Total Trade and Other Payables		9,691.79	7,436.75

NOTE 8: BENEFICIARY ACCUMULATIONS

Non Current

Unsecured Beneficiary Accumulations:

AKA New South Wales		602,509.69	617,110.70
AKA Northern Territory		28,205.12	27,192.50
AKA Queensland		410,541.22	406,896.50
AKA South Australia		108,528.57	107,858.53
AKA Tasmania		81,694.08	81,028.23
AKA Victoria		498,246.37	498,748.91
AKA Western Australia		274,904.12	270,657.96
Total Non Current Beneficiary Accumulations	8a	2,004,629.17	2,009,493.33

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

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		(972.26)	4,694.90
Increase/(Decrease) in trade and other payables		2,255.04	622.52
Increase/(Decrease) in beneficiary accumulations		(4,864.16)	66,007.64
Net cash generated from (used in) operating activities		(3,581.38)	71,325.06

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.

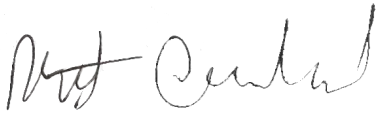
The trustee declares that:

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 2020 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 27th day of April 2021

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PO BOX 43 NOBBY BEACH QLD 4218

CAAAS
ABN 41 109 663 489

**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 2020 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 2020 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.

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

- 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 27th day of April 2021
Ashmore, Queensland





**AUSTRALIAN KARTING ASSOCIATION LTD.
T/AS KARTING AUSTRALIA**

PO Box 1297
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