

AUSTRALIAN KARTING ASSOCIATION LTD. ANNUAL REPORT

Year Ending 31 December 2022

22

AUSTRALIAN KARTING ASSOCIATION
T/AS KARTING AUSTRALIA





AUSTRALIAN KARTING ASSOCIATION LTD

TABLE OF CONTENTS

INTRODUCTION

Message from **The Chair** 6

REVIEW

Chief Executive Officer's **Report** 10

Financial **Summary** 10

Governance **Statement** 16

CHAMPIONS

Australian **Champions** 22

State **Champions** 25

Ultimate Club **Racers** 28

FINANCIAL REPORTS

Financial **Report** 33

Auditor's **Statement** 57



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OUR VALUED PARTNERS



MESSAGE FROM THE CHAIR

KEVIN DAVIS



I am honoured to present the annual report for Karting Australia, covering the year ending 31 December 2022. This has been my first year as Chair, and I would like to express my gratitude to my predecessors, Mick Doohan and Glen Egan, for laying a solid foundation for the organisation.

During this year, we witnessed significant developments that have propelled our sport forward. One noteworthy addition to our Board was Garth Tander, who brings a wealth of motorsport knowledge. Having raced karts as a child before going on to remarkable success in Supercars, he is now experiencing the sport as a Parent, Garth's expertise has enriched our discussions and decision-making processes.

As the sport bounced back from a challenging couple of years Karting Australia continued to experience growth at all levels with impressive participation figures and an increase in licence numbers across the country.

As the year drew to a close, Nathan Murray stepped down from his position on the Board of Directors. I would like to extend my sincere appreciation to Nathan for his invaluable contributions to the sport and his dedication while serving on the Board.

As we moved into 2023, we were pleased to welcome experienced Motorsport Administrator Michael Masi and to welcome back Melissa Holzberger to the Board of Directors. Michael and Melissa's expertise and passion for the sport will further strengthen our Board.

At the start of 2022, the new tyre contracts were introduced with LeCont and Maxxis tyres being used in Karting Australia competition. These products have been a resounding success and well-received across the country.

Karting Australia continued to experience growth at all levels, with impressive participation figures and an increase in license numbers. This positive trend reflects the dedication and passion of our members and the support of the karting community as a whole. It shows the remarkable resilience of our sport coming out three pandemic affected years.

The SP Tools Australian Kart Championship continued to enjoy fantastic entry numbers as did the State Championship and State Series events around the country. The numbers were also pleasing at a both Club and Zonal level with some being more positive than others.

I would like to acknowledge the exceptional leadership provided by our CEO, Kelvin O'Reilly, and our Chief Operating Officer, Lee Hanatschek, along with the entire staff. Their commitment and tireless efforts have gone above and beyond, demonstrating their dedication to our sport.

The introduction of new tyre contracts was met with resounding success. Both the LeCont and Maxxis products were well-received as the competition tyres for all 2-stroke Classes across the country. These partnerships have contributed to enhancing the quality and competitiveness of our events.

During 2022 and into 2023, the Board and Management with the assistance of our Member States, worked to develop our new Strategic Plan. This plan, which was launched at the Building Better Kart Clubs event in May 2023, represents a significant milestone for our organization. I commend Kelvin for his leadership and tireless commitment to this endeavor. The strategic plan lays a robust foundation for karting in our country, paving the way for success in the coming decade.

One of the highlights of the year was the revival of the Junior Sprockets



program, which had been put on hold in previous years. It was a great pleasure to witness the program's return to our tracks, nurturing and inspiring the next generation of talented karting enthusiasts.

Entering and now well into 2023, our Board and Management team are fully focused on the future of our sport and doing what is required to make Australian Karting the best sport that it can be.

Everyone in our karting community has a part to play.

In early 2023, we welcomed several Clubs and BRP Rotax that had been outside of the Karting Australia structure for a period of time. We look forward to extending our warm embrace to more Clubs and Members in the future, as we continue to provide an inclusive and vibrant karting community.

Lastly, I would like to express our heartfelt gratitude to our sponsors and partners - SP Tools, Castrol EDGE, LeCont, Vortex

Patrizicorse, Maxxis, PRD and St George Kart Centre, IAME and Remo Racing. Their unwavering support has been instrumental in enabling us to deliver outstanding experiences and opportunities for our members.

In conclusion, I am proud of the achievements and progress made by Karting Australia in 2022. As Chair, I am committed to continuing the legacy of excellence established by my predecessors and fostering an environment where our sport can flourish. With the dedication of our Board, Management team, and the unwavering support of our Member States, Affiliated Clubs, members - including all our Officials, volunteers and competitors. I am confident that Karting Australia will continue to elevate the sport of karting and create lasting memories for years to come.

KEVIN DAVIS

Karting Australia Chair



CHIEF EXECUTIVE OFFICER'S REPORT

From Year 2022

As we reflect on the past year, we saw that there was a strong glimmer of hope that the pandemic's grip was loosening, and we were on the path to recovery and the "new normal". However, the reality presented us with ongoing challenges in reigniting our sport.

From the onset of the pandemic, our plan remained steadfast – to resume our Clubs' operations in compliance with the respective jurisdictional laws as soon as feasible. The desire for top-level karting competition never wavered; it burned brightly within our community.

While the pandemic gradually eased its grip, the eastern states faced another obstacle in the form of natural disasters. Relentless rain, spanning months, wreaked havoc in Queensland, New South Wales, and Victoria, leaving some clubs to endure repeated flood disasters. Despite these challenges, our Member States, Clubs, and Licence Holders fared remarkably well.

The role of social karting and the incorporation of flexibility into each state's competition calendars will ultimately prove to be invaluable in navigating the "new normal." These lessons extend beyond the present circumstances and offer valuable insights for the future of our sport at all levels.

Remarkably, despite the obstacles faced, participation rates in karting competitions continued to rise. Event entries for the first three months of 2023 have surged by 30% compared to 2022 and

by 16% compared to the pre-COVID year of 2019. Additionally, licence uptake has exhibited solid and sustained growth, with a significant increase observed in Victoria, the state most affected by COVID-19.

It was our intention to revive the Building Better Kart Clubs conference, and I'm delighted to report that we recently concluded an exceptional Building Better Kart Clubs conference event. The conference was well-attended, focused on the pressing issues confronting our sport, and executed with the utmost professionalism.

While we have rebounded strongly from the challenges posed by the pandemic, like many sports across Australia, we now face a critical shortage of officials and volunteers necessary to sustain our racing events and run our clubs. This shortage represents

the most significant challenge we currently confront at all levels of karting.

Our Officials' Academy boasts over 2000 enrollees; however, it appears that too many have solely trained for controlling

recreational Karting Activities. We need more individuals willing and capable of training to officiate race meetings at the club level. I encourage all those who have received basic instruction to pitch in and support your club by occasionally officiating. Our Officials and club volunteers shoulder the true burden of our sport, making it possible throughout the country. On behalf of all

Our Officials and Club Volunteers shoulder the true burden of our sport, making it possible throughout the country. I extend my heartfelt gratitude for your unwavering commitment and tireless work to make karting happen. Thank You!

our License Holders, the Karting Australia Board, and our Member States, I extend my heartfelt gratitude for your unwavering commitment and tireless work to make karting happen. Thank you!

Our Federation stands resolute, aligned with our national strategy and values. I extend my sincere appreciation to our Member States for their invaluable work and unwavering support throughout the year. The efforts of each State Executive and their administrators in fostering our sport within their respective areas are nothing short of exceptional.

To our Affiliated Clubs, you are the lifeblood of our sport. Spanning across the country, from east to west and north to south, the tireless work of club committees is the backbone of karting. Without your dedicated efforts, our sport simply would not exist. Now more than ever, as we confront the challenges of securing the future and overcoming the shortfall of trained officials, we must collaborate strongly and be open to implementing new strategies to rebuild our "Volunteer

Army" and ensure our competitions never miss a beat. Too often, too few are left to do too much. As a club member reading this report, I implore you to lend a hand occasionally, allowing many hands to make light work in preparing for and running the races that we all cherish and enjoy.

I would like to express my gratitude to all our sponsors who have played a vital role in supporting our sport. Our major sponsors, SP Tools and Castrol Edge, have been long-term partners without whom our sport would not be the same. Your unwavering support is truly appreciated.

I would also like to extend my thanks to LeCont Tyres, Vortex Engines and Patrizicorse, Maxxis Tyres, PRD Galaxy Engines and St George Karts, IAME Engines and Remo Racing, Torini Engines and Austech Industries. Your contributions and support have significantly impacted our sport, and we are grateful for your partnership.

I want to take this opportunity to express my appreciation to everyone involved in our sport, from the individuals mentioned above to our license holders, industry members, mechanics, and general club members. Your dedication, passion, and commitment have helped shape the success and growth of karting in Australia.

I am delighted to welcome back to our "Karting Australia Family" BRP Rotax, Lismore Kart Racing Club, Toowoomba and

I would like to take this opportunity to express my appreciation to everyone involved in our sport, from our board, staff, volunteer officials, club and state executives, industry, licence holders, general club members and mechanics.

Lockyer Valley Kart Club, Coffs Harbour Kart Racing Club, and Port Macquarie Kart Racing Club. We have missed your presence, and it is truly wonderful to have you back.

Over the past 24 months, our Board of Directors has actively pursued strategies to





strengthen our organisation. Today, I can proudly say that we have assembled the best motorsport board in Australia. With a diverse range of skills and a clear focus on the future, our Board is committed to driving our sport forward.

I would like to express my gratitude to Kevin Davis, who is nearing the end of his first year as Chair. His commitment to the role, leadership, and unwavering support of all things karting, including my management team, have been invaluable. Thank you, Kevin, for your outstanding contribution to our sport.

On May 5, 2023, we launched our new Strategic Plan, "Australian Karting Towards 2030." This plan establishes our purpose of leading, guiding, inspiring, and growing karting, along with our core values as a business and as a sport. It is underpinned by six key pillars: Community, Race and Recreation, Discovery, Innovation, Growth, and Excellence. This strategic plan provides us with the opportunity to address current challenges while envisioning a long-term future for our sport.

As a small management team, we consistently punch above our weight. Our efficient processes have yielded exceptional results, and Karting Australia enjoys a solid financial foundation that allows us to undertake infrastructure projects and programs benefiting the entire sport. To all of our staff – thank you!

I want to extend my deepest appreciation to everyone who works and volunteers for our sport. Your tireless efforts and unwavering dedication are the driving force behind our success.

I would like to acknowledge the outstanding contribution of our Chief Operating Officer, Lee Hanatschek. Lee's tireless work for our sport, particularly as the Australian Kart Championship Manager and as my right-hand-man, has elevated our national karting championship to one of the best in the world and our sport to one that is constantly improving. Thank you, Lee, for your exceptional commitment to our sport.

As we look ahead, let us remember that our success relies on collaboration and the collective effort of all stakeholders. We must continue to work hand in hand to address the shortage of officials and volunteers, secure the future of our sport, and ensure that karting remains a vibrant and thriving activity for years to come.

As we move forward, new challenges and goals will undoubtedly arise. However, together, as a sport, we will rise to meet them. I am incredibly grateful for the support of our Clubs, Member State associations, and the entire karting community.

Personally, I am eagerly looking forward to continuing my close collaboration with our Board, Member States, affiliated Clubs, competitors, officials, volunteers, sponsors, and stakeholders in the years to come. The future shines brighter than ever

before, and I am honoured to lead our company into this promising future.

Thank you all for your unwavering support and dedication to the sport of karting. Your commitment and enthusiasm are the driving force behind our continued success.

In conclusion, I would like to express my sincere gratitude to everyone who has contributed to the growth and development of karting in Australia. Together, we have faced unprecedented challenges and emerged stronger than ever. Our sport has rebounded with remarkable resilience, and it is a testament to the unwavering spirit of our community.

As we look ahead, let us remember that our success relies on collaboration and the collective effort of all stakeholders. We must continue to work hand in hand to address the shortage of officials and volunteers, secure the future of our sport, and ensure that karting remains a vibrant and thriving activity for years to come.

Thank you once again for your unwavering support, dedication, and passion. Together, we will continue to lead, inspire, and grow karting in Australia.

Sincerely,

Kelvin O'Reilly
CEO, Karting Australia



KARTING AUSTRALIA FINANCIAL SUMMARY

Karting Australia is in a strong financial position

AKA is in a very strong financial position and maintains a sound business model as it continues to recover from the Covid disruptions and grows the sport into the future.

The operations revenue of the company increased by 38% in the 2022 financial year, which included a 12% increase on licence revenue.

The company's total assets of \$4,422,632 as 31 December 2022 (an increase of \$999,643 on 31 December 2021).

The National Infrastructure Development Fund has a balance of \$1,274,111.

The Balance sheet of the company remains strong and 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.



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 2022:

- Australian Kart Championship
- Ultimate Club Racer II

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

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

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

- Club Competition - including Club Championship and Social Karting

National Infrastructure Development Fund levy

Every event entry fee includes a levy of \$3.00 that is paid into the National Infrastructure Development Fund. The Fund 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.

GOVERNANCE STATEMENT

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

AKA'S PURPOSE, VISION, AND GUIDING PRINCIPLES

AKA's Purpose is to lead, govern, inspire, promote, and grow the sport and recreational activity of Karting in Australia.

Our Vision is for karting to be a fun, welcoming, respectful, and inclusive sport that always focuses on safety and customer satisfaction.

The Board must ensure that this purpose is achieved in the most efficient manner possible while preserving the organisation's reputation and objectives identified in our Constitution Bylaws, Policies and Strategic Plan.

In April 2023, the Board approved our new Strategic Plan. It was publicly released to Members at the annual Building Better Kart Clubs Conference.

Titled “Australian Karting Towards 2030”, it plans for the period 2023 to 2030, the longest-term plan that the sport has ever taken on. It has been developed in accordance with the following Guiding Principles:

1. Provide clarity of purpose and direction for the Australian Karting Community.
2. Ensure alignment and focus of our Karting Community on the priority issues and risks to the sport that currently confront us.
3. Take advantage of the opportunities of a changing sporting and recreational landscape and chart a path towards future success.
4. Encourage and maximise the growth and retention of active participants in karting as drivers, officials, and administrators.
5. Encourage collaboration between all sectors and levels of our sport for the benefit of the karting Community. Maximise the visibility of karting as the starting point for participation in most current forms of 4-wheel motorsport.
6. Set ambitious targets for our Karting Community to achieve.

We will achieve our Purpose by ensuring our member states, clubs and stakeholders understand our plan, prioritise their alignment with our “Purpose” and “Vision and recognise what success looks like.

The Karting Australia Board and Management will strive to provide leadership, governance, and guidance to all parts of our Australian Karting Community.

With the development of “Australian Karting Towards 2030”, we are taking a longer-term approach in planning for Karting's future. Planning to the next decade enables us to focus on Karting as it is today and the issues that it presents, while also looking well into the future and creating a vision of what we want Karting to look like, as we steer our sport towards the second third of the century.

Board Responsibilities

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

The Board of AKA is accountable for providing corporate and strategic governance to the organization. The organisation's core objective is to cater to the needs of its members and stakeholders while simultaneously promoting and regulating karting activities across a wide spectrum, including recreational, club, amateur, and elite Karting.

Directors are expected to understand the organisation's requirements and their legal obligations as Directors. They are encouraged to contribute their skills and expertise to the Board and the organization to the best of their abilities.

Additionally, the Board has general key functions that are typical of all Boards. These include establishing and promoting the strategic direction and culture of the organization, monitoring management's performance, adopting an annual budget, ensuring the implementation of appropriate internal control systems, and monitoring the progress and outcomes associated with these functions.

The role of the Board and its Directors is to provide leadership and guidance to the organisation, accepting ultimate accountability for its management. However, it is not within the Directors' purview to engage in the day-to-day operations of the organisation.

Board Members

Long standing Director and Chairman Glen Egan retired from the Board at the May 2022 AGM and was thanked by Directors and members for his contribution to the Board and commitment to karting. Garth Tander was appointed a Director in April 2022.

At the 2022 AGM Samantha Reid and Garth Tander, who had been appointed since the previous AGM to fill casual vacancies retired as Directors in accordance with clause 13.8 of the constitution and, being eligible, were reappointed. In January 2023 Nathan Murray resigned as a Director and Melissa Holzberger a former Director and Deputy Chairman was appointed to fill a casual vacancy. Michael Masi was also appointed as an Appointed Director under clause 13.9 of the constitution.

All members of the Board are non-executive Directors and do not receive any remuneration for their services. They are not permitted to hold employment or official positions within AKA, a Member State or a Club.

However, Directors may be reimbursed for reasonable costs and expenses incurred in relation to their Board activities.

To ensure the Directors' protection, Deeds of Indemnity and Access have been executed. Additionally, appropriate Director's and Officer's liability insurance has been obtained.

The entire Board is responsible for overseeing the process of nominating and inducting new Directors. They also ensure that AKA has the appropriate mix of skills, experience, and expertise through effective succession planning. An external independent panel reviews each Board nomination and provides recommendations to the Board. Elected Directors are subject to re-election by Member States during the annual general meeting.

For detailed information about the current Board members, please refer to this report or visit the Company's website at www.karting.net.au.

Relationship Between Board and Management

The Board formally delegates the responsibility for managing the Company to the Chief Executive Officer. However, the Board establishes policies, procedures, and structures to fulfill its role of ultimate accountability for AKA.

The Board establishes the framework within which the Company operates and provides appropriate oversight and supervision of its operations.

In addition to being ultimately responsible for the Company's operations, the Board must acknowledge and comply with the Company's obligations under general law and relevant legislation, including the Corporations Act and work health and safety regulations.

Within the oversight of the Board, the Chief Executive Officer, acting within his delegated authority, has the authority to determine how to manage the Company's operations.

Board Oversight

The Board oversees and monitors management's performance by:

- Convening physical or electronic Board Meetings during the year;
- Receiving detailed reports from management at these Board meetings;
- Receiving additional input from management when necessary.

The Chairman

Kevin Davis was appointed as Chairman of AKA following the retirement of Glen Egan at the May 2022 AGM.

The role of Chairman is an honorary role and is subject to re-election each year following the AGM.

The Chair plays a crucial role in creating an environment where the Board and individual Directors can effectively fulfill their duties and functions. The responsibilities of the Chair include:

- Providing coherent leadership to the Board, fostering a cohesive and effective team.
- Promoting effective relationships and open communication among Directors, management, and Ordinary Members, both within and outside the Boardroom.
- Addressing the developmental needs of the entire Board to enhance its overall effectiveness, including identifying and meeting the individual development needs of Directors.
- Upholding a high standard of governance and ensuring that Directors duly consider and adhere to statutory, compliance, and probity requirements.
- Establishing a clear structure for the efficient conduct of Board meetings and facilitating the full participation of Directors during these meetings.
- Acting as the official representative and spokesperson for the Board and AKA when engaging with external parties.

Risk Management

The Board oversees the establishment, implementation and annual review of AKA's risk management system, which is designed to protect AKA's reputation and mitigate or manage those risks that might preclude it from achieving its goals.

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

Constitution

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

The AKA Constitution is based on the Sport Australia's Template Constitution for sporting organisations – operating as a company limited by guarantee. The AKA Constitution has been customised in consultation with the Member States to recognise and meet the specific needs of our sport.

Independent Advice

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

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

The advice must be made available to all Directors.

Code of Conduct

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

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

Responsibility to act appropriately does not stop with the Board. AKA requires every Member State, Club, Individual Member (Licence Holder) Life Member, Affiliate Member and stakeholder to comply with its Constitution, By-Laws, Rules, and Policies including but not limited to, the National Club Affiliation Requirements, the Member Protection Policy and the Code of Conduct to:

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

In 2019 AKA endorsed the roll out of the 'Respect Karting' program which was designed to address and prevent unacceptable conduct in karting and promote a more positive culture amongst karting competitors, spectators and other stakeholders. The program continues to be an important tool to build and maintain a positive culture within the sport of karting.

The Board has set up a disciplinary framework to enforce compliance with AKA's Rules, Policies and Code of Conduct and can also refer matters to the National Sports Tribunal for arbitration, mediation or appeal.

In September 2022 the Board introduced a new AKA Integrity Framework (KIF) and integrity-related Policies based on Sports Integrity Australia National Integrity Framework adapted for use by AKA.

The following integrity-related policies have been adopted under the KIF:

- Child Safeguarding Policy;
- Member Protection Policy;
- Improper Use of Drugs and Medicine Policy;
- Code of Conduct Policy;
- Social Media and Acceptable Use of Social Media Policy;
- Competition Manipulation and Sports Wagering Policy;
- Complaints and Discipline of Members By-law (By-law7); and
- KA Tribunals (By-law 8).

Performance Reviews

The Board undertakes performance evaluations from time to time that:

- reviews the performance of the Board against the requirements of the Board Charter;
- reviews the performance of the Committees against the requirements of their respective Terms of Reference; and
- review the individual performances of the Chair, the Chief Executive Officer and the Directors.

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

Stakeholder Engagement

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

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

The CEO is accountable for:

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

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

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

Adoption of Sport Australia Sports Governance Principles

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

The AKA Constitution is based on the Sport Australia's Template Constitution for sporting organisations – operating as a company limited by guarantee. The AKA Constitution has been customised in consultation with the Member States to recognise and meet the specific needs of our sport.



2022 CHAMPIONS





2023 SP TOOLS
**AUSTRALIAN KART
CHAMPIONSHIP**



KZ2
Joshua Fife



X30
Jace Matthews



KA2
Costa Toparis



TAG 125
Zac Heard



KA4 JUNIOR
Paddy Buckley



KA3 SENIOR
Alex Ninovic



CADET 12
Sebastian
Eskandari-Marandi



LADIES TROPHY
Lana Flack



CADET 9
Cruz Kelly



2022 NSW KART CHAMPIONS

Cadet 9	Carter Lamperd
Cadet 12	Riley Harrison
KA4 Junior	Samuel March
KA3 Junior	James Anagnostiadis
KA2	Lewis Cordato
KA3 Senior	Alex Ninovic
TaG 125 Restricted	Brody Nunn
TaG 125	Harrison Hoey
X30	Tyler Howard
KZ2	Jac Preston

2022 NT KART CHAMPIONS

Cadet 9	Jay Kostecki
Cadet 12	Riley Harrison
KA4 Junior	Ky Burke
KA3 Junior	Ky Burke
KA3 Senior	Aleeanz Voltz
TaG 125 Rest. Medium	Joshua Herne
TaG 125 Light	James Micucci-Allen
TaG 125 Heavy	Lloyd Nicholson
KZ2	Daniel Currey



2022 QUEENSLAND KART CHAMPIONS

Cadet 9	Cruz Kelly
Cadet 12	Sebastian Eskandari-Marandi
KA4 Junior	Xavier Avramides
KA3 Junior	Mika Lemasurier
TaG Restricted Light	Jacinta Hoey
TaG Restricted Medium	Joshua Herne
TaG Restricted Masters	Gaven Whitmore
KA3 Senior	Kurtis Tennant
TaG 125 Light	Jace Matthews
TaG 125 Heavy	Tyler Greenbury



2022 SA KART CHAMPIONS

Cadet 9	Archie Bristow
Cadet 12	Maxim Kirwan
KA4 Junior Light	Noah Enright
KA3 Junior	James Anagnostiadis
TaG 125 Restricted Light	Shane Moreland
TaG 125 Restricted Medium	Paul Pittam
KA3 Senior Light	Robert Graham
KA3 Senior Medium	Remo Luciani
TaG 125 Light	Jacob Dowson
TaG 125 Heavy	Dylan Collett



2022 TASMANIAN KART CHAMPIONS

Cadet 9	Jasper Partouche
Cadet 12	Harry Warmesley
KA4 Junior Light	Oliver Wickham
KA4 Junior Heavy	Jonty Rowbottom
KA3 Junior	Oliver Wickham
KA3 Senior Light	Ethan Wyllie
KA3 Senior Medium	Jackson Souslin-Harlow
KA4 Masters	Shane Stonehouse
TaG 125 Restricted Light	Scott Hildyard
TaG 125 Restricted Medium	Jackson Callow
TaG 125 Restricted Heavy	Joshua Herne

2022 VICTORIAN KART CHAMPIONS

Cadet 9	Cruz Kelly
Cadet 12	Sebastian Eskandari-Marandi
KA4 Junior Light	James Anagnostiadis
KA4 Junior Heavy	Cooper Stapleton
KA3 Junior	Isaac McNeill
KA3 Senior Light	Benito Montalbano
KA3 Senior Medium	Remo Luciani
Vic. Combined Masters	Anthony Pethebridge
TaG 125 Light	Harrison Hoey
TaG 125 Heavy	Leigh Nicolaou
X30 Light	Jace Matthews



2022 WA KART CHAMPIONS

Cadet 9	Jay Kostecki
Cadet 12	Connor Meyer
KA4 Junior	Bailey Riordan
KA3 Junior	Sachen Smith Wei
KA3 Senior Light	Aidan Dekkers
KA3 Senior Medium	James Micucci-Allen
KA3 Senior Heavy	Terrence Flynn-Dowell
TaG 125 Restricted Masters	Anthony Higgs
TaG 125 Restricted Medium	Shane George
TaG 125 Light	Caleb Sumich
TaG 125 Heavy	Corey Minton
WA Open Performance	Blake Preston
KZ2	Sam Dicker



ULTIMATE CLUB



	Cadet 9 – Archie Bristow	
KA4 Junior Light – Lucas Rickard		KA4 Junior Heavy – [Name]
4SS Senior Light – Wesley Bowden		4SS Senior Heavy – [Name]
	4SS Supermaxx Medium – [Name]	
	KA3 Senior Light – Core	
TaG 125 Restricted Light – Ben Press		TaG 125 Restricted Heavy – [Name]
		Tag 125 Light – Br

B RACER



KARTING
SOUTH AUSTRALIA



STATE
OF
ORIGIN

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MAXXIS



Cadet 4SS – Levi Ross Cadet 12 – Jackson Brasher
4SS Junior – Mathew Basso KA3 Junior – Joseph Belardo 4SS Junior – Luca Palombaro
4SS Senior Medium – Leigh Harrison 4SS Senior Heavy – Daniel Bowden
4SS Supermaxx Heavy – James Place
4SS Restricted Medium – Nathan Rosenzweig TaG 125 Restricted Heavy – Warren Nietz
4SS Restricted Heavy – Nathan Reading Tag 125 Heavy – Johnny Twigden
4SS State of Origin – South Australia

Their journey started here

OSCAR PIASTRI



McLaren Formula 1 Driver

Oscar began his journey at the Oakleigh Go-Kart Racing Club at 10 years old in 2011.

During his time in Australian karting he was victorious at the City of Melbourne Titles, a round of the Australian Kart Championship and finished inside the top ten in the World Championship.

After making his Formula 4 debut in the UAE in 2016, Oscar has since gone on to be crowned the Champion in the FIA Formula 3 and FIA Formula 2 categories.

In 2023, he is making his debut as a driver for the McLaren Formula 1 Team.

CHRISTIAN MANSELL



FIA Formula 3 Campos Racing

Christian started racing karts at the age of nine.

After racing Formula 4 in Australia, he headed to England at the end of 2019 and has since raced in the British F4 and GB3 Championships. In 2023, he is competing in the FIA Formula 3 Championship with Campos Racing.

HU BAI



FIA Fo Campos

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KARTING AUSTRALIA

JACK DOOHAN



Alpine Formula 1 Reserve Driver

Ipswich Kart Club in Queensland was the start of Jack Doohan's motorsport journey when he was eight years old. After winning several State Championship Events, he went on to become a two-time Australian Champion before heading to Europe to compete.

He has since progressed through the ranks of Formula 4 and Formula 3 to now be a driver in Formula 2 for the Virtuosi team. 2023 sees Jack as the Reserve Formula 1 Driver for the Alpine Team.

HUGH PORTER



Formula 3 Virtuosi Racing

Starting in karting at seven, Hugh has won numerous titles. He was selected to the Richard Mille Driver Academy in 2021. Hugh's progression into Formula 4 and his graduation to the Formula 3 Championship with Virtuosi Racing.

TOMMY SMITH



FIA Formula 3 Van Amersfoort Racing

Victorian Tommy Smith began racing karts at the age of 10 in Melbourne.

He competed in close to 100 events before progressing into the Australian Formula 4 Championship.

In 2023, Tommy will make his FIA Formula 3 debut with the Van Amersfoort Racing team.



FINANCIAL REPORT

**AUSTRALIAN KARTING
ASSOCIATION LTD**

ABN 97 160 100 265

***FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2022***

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 2022.

Directors

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

K Davis	(Chairman)	GD Tander	(appointed 29 April 2022)
KJ Reynolds		MK Holzberger	(appointed 01 January 2023)
R Crawford		FM Masi	(appointed 01 January 2023)
AJ Westacott		NI Murray	(resigned 01 January 2023)
SM Reid-Zanotto		G Egan	(resigned 26 May 2022)

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 including BHP Billiton Ltd, WMC, Rio Tinto and Elders. 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, 4 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>
K Davis	4	4
KJ Reynolds	3	4
R Crawford	4	4
AJ Westacott	3	4
SM Reid-Zanotto	4	4
GD Tander	4	4
NI Murray	3	4
G Egan	0	0

Operating Result

The surplus of the company amounted to \$1,180,758 (2021 surplus: \$250,446). Revenue of the company includes a one-off amount gifted from the AKA Track Development Fund Trust.

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 2022, the maximum amount that the members of the company are liable to contribute in aggregate if the company is wound up is \$7.

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 31 December 2022 has been received and can be found immediately following the Independent Auditor's Report.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
DIRECTORS' REPORT

Guiding Principles

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

The power and authority to organise, control and regulate Karting within Australia has been formally delegated to Karting Australia in accordance with Article 5 of the FIA Statutes by the General Assembly of the Federation Internationale de l'Automobile (FIA) through Motorsport Australia. The sporting power delegated to Karting Australia includes inter alia the control, regulation, supervision, administration and promotion of Karting in Australia.

Karting Australia is a member based, not-for-profit organisation. It has operated as a Company Limited by Guarantee with an independent Board and professional management since 1 September 2013. Karting is conducted in a federated structure, which means that our member states and clubs across the country have specific responsibilities for organising and conducting our sport.

The member state associations and their direct members, the affiliated karting clubs are legally distinct entities.

At all times, Karting Australia's primary activities are conducted in accordance with its Constitution and Strategic Plan. The Karting Australia Strategic Plan 2023 - 2030 is available at:

<https://www.karting.net.au>

Our Purpose

To lead, govern, inspire, promote, and grow the sport and recreational activity of Karting in Australia.

Our Vision

For Karting to be a fun, welcoming, respectful, and inclusive sport that always focuses on safety and customer satisfaction.

Our Values and Culture

These are the values, attitudes, and beliefs that bind us together, creating a sense of unity and purpose. A sport's culture will always be the driving force behind its success. It sets the tone for how effectively the strategy is implemented.

Our values and culture are reflected in our Strategic Pillars. Our Strategic Pillars define us as a sport and guide us in how we manage karting within our federated structure.

From Karting Australia to our member states, affiliated clubs, and participants, we strive to ensure everyone involved in karting has a positive experience.

Our Strategic Pillars

COMMUNITY

Welcoming
Family Friendly
Fun
Resilience
ESG Focus

RACE & RECREATION

Safety 1st
Fairness and Integrity
Respect and Caring
Sportsmanship

DISCOVERY

Awareness
Profile Building
Beyond the Horizon
Providing Support.

EXCELLENCE

Development
Achievement
Pathways
High Performance
Exceed Expectations

GROWTH

Inclusiveness
Increased Diversity
Women and Girls Racing
Collaboration
Business Development

INNOVATION

Continual Improvement
Leadership
Evolution
Engagement

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
DIRECTORS' REPORT

Information on Directors

K Davis

Qualifications: Chairman from 26 May 2022; and
Professional Company Director.

Experience: Founder (in 1987), owner and Executive Chairman of Austech Industries: Austech Industries is better known by its premium brand names - SP Tools, SP Air and Torini Engines.
A hands-on Executive Chairman whose strengths lie in business strategy, sales and marketing, finance, product development, general management, contract negotiation and team building.

KJ Reynolds

Qualifications: Bachelor of Dental Surgery (University of Sydney).

Experience: Dental Practice owner and manager for over 30 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.

AJ Westacott

Qualifications: Chemical Engineer;
Professional Company Manager; and
Graduate of the Australian Institute of Company Directors.

Experience: Chief Executive Officer - Australian Grand Prix Corporation (AGPC) since February 2011;
Appointed General Manager - Operations in 2006 before later being appointed Deputy CEO;
Melbourne 2006 Commonwealth Games – Group Manager for Venue Delivery & Capital Projects; and
MasterFoods Australia New Zealand and Uncle Ben's of Australia - Senior Manager in logistics, procurement and supply chain management.

SM Reid-Zanotto

Qualifications: Master of Business Administration;
Australian Institute of Company Directors - Foundations for Directors;
Graduate Certificate – Automotive Dealer Management;
Certificate IV – Training and Assessment; and
Certificate IV – Transport and Logistics.

Experience: Mazda Australia – Senior Manager Vehicle Operations;
Motorsport Australia - Non-Executive Director;
Nissan Motor Company - Product Training Senior Consultant;
Safer Road Users – Founder, Project Manager and Content Developer;
Wheels Car of the Year Judge;
Chair - Women of Australian Motor Sport (WAMS) and Australian delegate on the Federation Internationale De L'Automobile (FIA) Women in Motorsport Commission; and
Consultant - Automotive and Road Safety.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
DIRECTORS' REPORT

Information on Directors (continued)

GD Tander

Qualifications: Professional Racing Driver; and
Company Director.

Experience: Full time Supercar Driver 1998 – 2018;
Part time Supercar Driver (Endurance Specialist) 2019 – present;
Part time GT Driver 2019 to present;
Motorsport Analyst 2019 to present;
Supercar Television Analyst – 2019 to present;
Bathurst 1000 Champion – 2000, 2009, 2011, 2019, 2020, 2022;
Supercars Champion - 2007; and
Australian GT Champion - 2021.

MK Holzberger

Qualifications: Master of Laws in Resources Law & Policy (Distinction) University of Dundee, Scotland;
Diploma in International Nuclear Law (Honours) University of Montpellier, France;
Leading Sustainable Corporations, University of Oxford, United Kingdom;
Bachelor of Laws, University of Adelaide;
Bachelor of Arts, University of Adelaide;
Graduate Diploma in Legal Practice, Law Society of SA; and
Company Directors Course Diploma, AICD.

Experience: Non-Executive Director and Commercial, Energy and Resources Lawyer with over 20 years' of
experience covering the ASX200-listed, corporate, government and not-for-profit sectors.
Current roles include:
Non-Executive Director - Paladin Energy Ltd (ASX: PDN)
Non-Executive Director - Andromeda Metals Ltd ASX: ADN)
Australian Radiation Protection and Nuclear Safety Agency - Radiation Health and Safety Advisory
Council.
Previous roles include:
Director and Deputy Chair – Karting Australia Ltd.

FM Masi

Qualifications: Company Director;
Motorsport Consultant; and
Professional Motorsport Administrator.

Experience: Fédération Internationale de l'Automobile (FIA)
- Single Seater Sporting Director (November 2020 – June 2022)
- Formula 1 Race Director and Safety Delegate (March 2019 – February 2022)
- Single Seater Head of Sporting (January 2020 – November 2020)
- Formula 1 Deputy Race Director (March 2018 – March 2019)
MME Pty Ltd
- Managing Director
- Strategy, Events, Management and Motor Sport Consulting
Skaife Racing Pty Ltd
- General Manager
Motorsport Australia
- Senior Manager Motor Sport Development
- Project Director – Formula 1 Korean Grand Prix & Russian Grand Prix
- Project Consultant – inaugural Formula 1 Singapore Grand Prix
- FIA Global Training Expert
- Project Director International Programs
- Motor Sport Projects
- Executive Officer, Australian Institute for Motor Sport Safety
Supercars
- Chair Supercars Commission
- Race Director, Supercars Development Series
- Deputy Race Director, International Supercars Championship
Karting Australia
- Sporting Operations Manager
Rally Australia Pty Ltd (Promoter and Organiser of the Australian World Rally Championship Round)
- Chief Executive Officer

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
DIRECTORS' REPORT

Information on Directors (continued)

NI Murray

Qualifications: Professional Company Director;
Associate Member of the Commercial Asset Finance Brokers Association of Australia (CAFBA);
Associate Member of the Financial Services Institute of Australia (FSIA);
Member of the Australian Equipment Lessors Association (AELA);
Member of Australasian Academy of Mentoring and Coaching Training Group (AAMC);
Member of the Australian India Business Council (AIBC); and
Member of the Victorian Employers Chamber of Commerce and Industry (VECCI).

Experience: Managing Director – Morris Finance Ltd July 1998 – Current;
Managing Director – Morris Services Pty Ltd January 2007 – Current;
Managing Director - Human Resources Company December 1994 – May 1998; In-depth knowledge of the finance industry and the many related issues for SMEs across a range of industries.

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.

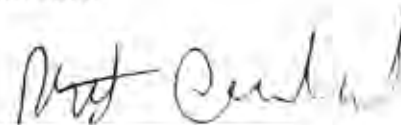
Experience: General Manager Operations - Trend Windows and Doors;
CEO – Karting NSW 2013/14;
Former President and Life Member – Combined District Kart Club, Lithgow;
Project Manager Procurement Strategy - Borg Manufacturing;
Managing Director - Tradecraft Australia;
General Manager - Knebel Kitchens;
Operations Manager – Parbury, and
Manufacturing Manager - ALSTOM Industrial Products.

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.



K Davis
Director



R Crawford
Director

Dated this 12th day of May 2023

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
REVENUE & EXPENSES			
Operations revenue	3	2,856,918	2,073,395
Other revenue	3	1,345,215	(3,995)
Depreciation and amortisation	4	(107,593)	(123,508)
Employee expenses	4	(754,045)	(612,926)
Finance costs	4	(31,935)	(32,394)
Operations expenses	4	(2,127,802)	(1,050,126)
Surplus/(Deficit) before income tax expense		1,180,758	250,446
Income tax expense	1a	-	-
Total Surplus/(Deficit) for the year		1,180,758	250,446
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		1,180,758	250,446

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
STATEMENT OF CHANGES IN COMPANY FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
COMPANY FUNDS			
RETAINED SURPLUS			
Balance at the beginning of the financial year		2,175,491	1,925,045
Surplus/(Deficit) for the year		1,180,758	250,446
TOTAL COMPANY FUNDS		3,356,249	2,175,491

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,662,383	1,655,890
Trade and Other Receivables	7	710,134	346,781
Inventories	8	42,479	46,468
Other Assets	9	435,215	425,111
Total Current Assets		2,850,211	2,474,250
NON-CURRENT ASSETS			
Trade and Other Receivables	7	651,358	214,872
Property, Plant and Equipment	10	528,220	358,388
Right-of-Use Assets	11	258,590	301,688
Intangible Assets	12	134,253	73,791
Total Non-Current Assets		1,572,421	948,739
TOTAL ASSETS		4,422,632	3,422,989
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	13	350,176	377,104
Borrowings	15	285,581	439,557
Lease Liabilities	16	40,380	36,865
Total Current Liabilities		676,137	853,526
NON-CURRENT LIABILITIES			
Provisions	14	34,908	28,312
Borrowings	15	92,244	62,186
Lease Liabilities	16	263,094	303,474
Total Non-Current Liabilities		390,246	393,972
TOTAL LIABILITIES		1,066,383	1,247,498
NET ASSETS		3,356,249	2,175,491
COMPANY FUNDS			
Retained Surplus		3,356,249	2,175,491
TOTAL COMPANY FUNDS		3,356,249	2,175,491

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		3,555,061	2,274,935
Interest received		55,128	11,950
Payments to suppliers and employees		(3,116,189)	(1,974,404)
Finance costs		(31,935)	(32,394)
Net cash generated from (used in) operating activities	5a	462,065	280,087
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		134,194	30,000
Payment for property, plant and equipment		(366,630)	(8,089)
Payment for intangible assets		(62,353)	(71,900)
Net cash generated from (used in) investing activities		(294,789)	(49,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from borrowings		630,973	494,749
Repayment of borrowings		(791,756)	(505,071)
Net cash generated from (used in) financing activities		(160,783)	(10,322)
Net increase (decrease) in cash held		6,493	219,776
Cash at the beginning of the financial year		1,655,890	1,436,114
CASH AT THE END OF THE FINANCIAL YEAR	6	1,662,383	1,655,890

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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 accruals 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. 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* (Cth).

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 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 where it is practicable to do so. 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. 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.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

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.

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.

Capital grant

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. Revenue (continued)

Contributed assets, operating grants, donations and bequests

The company received a gift (a contributed asset) from a trust following a decision by all of the beneficiaries. The gift is to be applied to the National Infrastructure Development Fund (NIDF) operated by the company. The NIDF has specific operating procedures and is to be used to provide the member states and the affiliated karting clubs access to funds to develop their infrastructure.

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

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.

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 1p 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% - 50.00%	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.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 10.5% 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 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 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. Leases (continued)

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 2022

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 as the sole 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, refer to Note 21.

r. New and Amended Accounting Standards Adopted by the Company

Initial adoption of AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The company has adopted AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: *Application of Tiers of Australian Accounting*, replaces the previous Reduced Disclosure Requirements (RDR) framework. The application of this standard has resulted in reductions in disclosures compared to RDR in Revenue, Leases and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
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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		569,029	456,913
Junior Sprockets		97,364	85,088
Ultimate Club Racer		30,154	-
Non program or event income		3,505,586	1,527,399

Total revenue

3		4,202,133	2,069,400
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Program and Event Expense

Australian Kart Championship - Direct expenses		352,713	203,647
Australian Kart Championship - Host club distribution		210,423	148,205
Building Better Kart Clubs		4,787	-
Junior Sprockets		97,634	54,070
Ultimate Club Racer		44,128	-
Non program or event expenses		2,311,690	1,413,032

Total expenses

4		3,021,375	1,818,954
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NOTE 3: REVENUE

Operations revenue

Driver levies		73,938	-
Events		413,120	304,537
Government assistance (Covid-19 programs)		-	10,000
Levies and fees		14,841	16,727
Licence fees		845,777	754,323
Programs		63,348	50,286
Royalties		945,562	654,629
Sales		140,507	91,494
Sponsorship		284,319	176,244
Sundry		75,506	15,155

Total operations revenue

	2,856,918	2,073,395
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Other revenue

Gifted funds from AKA Track Development Fund Trust		1,194,281	-
Interest received from other persons		55,128	11,950
Net gain/(loss) on disposal of property, plant and equipment		95,806	(15,945)

Total other revenue

	1,345,215	(3,995)
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Total revenue

	4,202,133	2,069,400
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NOTE 4: EXPENSES

Depreciation and amortisation		107,593	123,508
Employee expenses		754,045	612,926
Finance costs		31,935	32,394

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 4: EXPENSES (continued)			
Operations expenses			
Cost of sales		16,758	22,373
Events		442,741	263,780
Insurance		426,890	362,093
Marketing		10,081	3,961
Programs		117,499	61,518
Travel and accommodation		177,060	79,764
Board expenses		4,859	27,853
CAMS fee and CIK charges		33,150	28,987
Computer and information technology expenses		33,761	34,623
Legal costs		695,480	34,430
Minor equipment purchases		16,024	25,506
Motor vehicle expenses		15,407	5,993
Other		78,784	57,953
Software and program fees		21,575	825
Printing and artwork		13,131	8,030
Telephones		12,516	16,131
Uniforms and clothing		12,086	16,306
Total operations expenses		2,127,802	1,050,126
Total expenses		3,021,375	1,818,954

NOTE 5: CASH FLOW INFORMATION

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

Surplus/(Deficit) for the year		1,180,758	250,446
Non cash flows			
Depreciation		107,593	123,508
Loss on disposal of assets		-	15,945
Changes in assets and liabilities:			
(Increase)/Decrease in trade and other receivables		(799,839)	11,582
(Increase)/Decrease in inventories		3,989	10,666
(Increase)/Decrease in other assets		(10,104)	(77,076)
Increase/(Decrease) in trade and other payables		(26,928)	(41,473)
Increase/(Decrease) in provisions		6,596	(13,511)
Net cash generated from (used in) operating activities		462,065	280,087

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 \$35,000. The amount available to be called upon as at 31 December 2022 was \$25,223 (2021: \$30,582).

c. Non-Cash Financing and Investing Activities

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 6: CASH AND CASH EQUIVALENTS			
Cash at bank		380,668	155,363
Term deposits		1,281,715	1,500,527
Total Cash and Cash Equivalents		1,662,383	1,655,890
a. Future Fund Summary			
Balance of Future Fund at the beginning of year		612,348	437,036
Allocations to fund for current year		-	175,312
Amounts used (KOMP Software and Tyre Scanner Software)		(134,253)	-
Future Fund balance at the end of year		478,095	612,348
Based on the company's policy, and after deducting the gift and driver levies, an amount of \$nil is to be allocated to the Future Fund. The Future Fund amount is supported by the term deposits disclosed in Note 6.			
b. National Infrastructure Development Fund (NIDF) Summary			
Gifted funds from AKA Track Development Fund Trust		1,194,281	-
Driver levies		73,938	-
Interest applied		5,892	-
NIDF balance at the end of year		1,274,111	-
The NIDF balance at the end of year is supported by the cash at bank and the term deposits disclosed in Note 6, and the gifted funds to be received and the loans to clubs disclosed in Note 7.			
NOTE 7: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		326,586	342,649
Interest receivable		-	4,132
Gifted funds receivable from AKA Track Development Fund Trust		306,406	-
Loans to clubs from National Infrastructure Development Fund		77,142	-
Total Current Trade and Other Receivables		710,134	346,781
Non-Current			
Loans to clubs from National Infrastructure Development Fund		378,667	-
Loan to Australian Karting Association Inc	7a	112,637	54,818
Loan to AKA KNSW Unit Trust	7b	160,054	160,054
Total Non-Current Trade and Other Receivables		651,358	214,872
Total Trade and Other Receivables		1,361,492	561,653
a. The loan receivable is from the Australian Karting Association Inc and is secured by its interest in the AKA KNSW Unit Trust which holds a significant asset being the property at 12 Macquarie Avenue, Penrith, NSW.			
b. 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		42,479	46,468
Total Inventories		42,479	46,468
NOTE 9: OTHER ASSETS			
Prepaid insurance		311,498	419,979
Other prepaid expenses		123,717	5,132
Total Other Current Assets		435,215	425,111

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment		135,807	46,155
Less accumulated depreciation		(50,630)	(41,946)
		85,177	4,209
Memorabilia		10,000	10,000
		10,000	10,000
Motor vehicles		59,475	272,236
Less accumulated depreciation		(30,532)	(83,907)
		28,943	188,329
Race track equipment		462,495	531,480
Less accumulated depreciation		(334,379)	(375,630)
		128,116	155,850
Work-in-progress		275,984	-
		275,984	-
Total Property, Plant and Equipment		528,220	358,388
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		4,209	4,792
Additions		90,646	2,391
Disposals cost		(994)	(1,555)
Disposals depreciation		994	1,555
Depreciation expense		(9,678)	(2,974)
Carrying amount at the end of year		85,177	4,209
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		188,329	216,515
Disposals cost		(212,761)	-
Disposals depreciation		78,566	-
Depreciation expense		(25,191)	(28,186)
Carrying amount at the end of year		28,943	188,329
Race track equipment			
Balance at the beginning of year		155,850	243,347
Additions		-	5,700
Disposals cost		(68,985)	(72,882)
Disposals depreciation		68,985	26,936
Depreciation expense		(27,734)	(47,251)
Carrying amount at the end of year		128,116	155,850
Work-in-progress			
Balance at the beginning of year		-	-
Additions		275,984	-
Carrying amount at the end of year		275,984	-

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 11: RIGHT-OF-USE ASSETS			
Leased property		387,885	387,885
Accumulated depreciation		(129,295)	(86,197)
Total Right-of-Use Assets		258,590	301,688
<p>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.</p>			
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		301,688	344,787
Depreciation expense		(43,098)	(43,099)
Carrying amount at the end of year		258,590	301,688
AASB 16 related amounts recognised in the statement of profit or loss			
Depreciation charge related to right-of-use assets		43,098	43,099
Interest expense on lease liabilities		16,180	17,933
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 options are exercisable by the company. The options which were probable to be exercised have been included in the calculation of the right-of-use asset.			
NOTE 12: INTANGIBLE ASSETS			
Website and software		140,253	77,900
Less accumulated amortisation		(6,000)	(4,109)
Total Intangible Assets		134,253	73,791
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 and software			
Balance at the beginning of year		73,791	3,891
Additions		62,353	71,900
Amortisation expense		(1,891)	(2,000)
Carrying amount at the end of year		134,253	73,791
NOTE 13: TRADE AND OTHER PAYABLES			
Trade payables		75,897	141,546
Other payables		10,000	14,137
Accrued expenses		8,400	8,000
BAS payable		20,411	19,676
Entry fees received in advance		10,859	-
Employee benefits	1m	177,807	154,004
Employee on-costs		46,802	39,741
Total Trade and Other Payables		350,176	377,104
a. Financial Liabilities within Trade and Other Payables			
Trade and other payables		350,176	377,104
Less payables that are non interest bearing		(235,468)	(193,745)
Financial liabilities as trade and other payables		114,708	183,359

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 14: PROVISIONS			
Employee benefits (long service leave)	14a	30,615	24,976
Employee on-costs		4,293	3,336
Total Provisions		34,908	28,312
Movements in Carrying Amounts			
Balance at the beginning of year		28,312	41,823
Provisions used, cancelled or transferred to current liability		6,596	(13,511)
Carrying amount at the end of year		34,908	28,312
Number of employees (full-time, part-time or casual) at year end		6	4
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		9,777	8,418
Insurance premium funding loan		238,315	369,181
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		37,489	61,958
Total Current Borrowings		285,581	439,557
Non-Current			
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		92,244	62,186
Total Non-Current Borrowings		92,244	62,186
Total current and non-current borrowings:			
Credit cards	5b	9,777	8,418
Insurance premium funding loan		238,315	369,181
Hire Purchase/Chattel Mortgage/Equipment Loan agreements	20	129,733	124,144
Total Borrowings		377,825	501,743
NOTE 16: LEASE LIABILITIES			
Current			
Lease agreements		40,380	36,865
Total Current Lease Liabilities		40,380	36,865
Non Current			
Lease agreements		263,094	303,474
Total Non Current Lease Liabilities		263,094	303,474
Total of Current and Non Current Lease Liabilities			
Lease agreements		303,474	340,339
Total Lease Liabilities		303,474	340,339

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

NOTE 17: EVENTS AFTER THE BALANCE DATE

The company purchased a prime mover in January 2023 with payment over 48 months. The hire purchase commitment is disclosed in Note 20.

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 18: AUDITOR'S REMUNERATION			
Remuneration of the auditor of the company for:			
Audit and/or review of financial reports		8,400	8,000
NOTE 19: COMPANY DETAILS			
The principal place of business and registered office of the company is:			
Australian Karting Association Ltd Unit 6, 27 Ford Road, Coomera QLD 4209			
NOTE 20: CAPITAL COMMITMENTS			
Capital Expenditure Commitments			
The company has committed to the following capital purchases:			
> Prime mover for \$110,000; and			
> Refurbishment of trailer for \$50,350.			
The company has not entered into any other capital expenditure commitments at the date of this report.			
Hire Purchase/Chattel Mortgage/Equipment Loan Commitments			
Payable:			
Not later than 12 months		78,232	63,537
Later than 12 months but not later than 5 years		197,484	67,481
Minimum hire purchase payments		275,716	131,018
Less future finance charges		(35,532)	(6,874)
Total Hire Purchase Liability		240,184	124,144

The amount being to finance the purchase of motor vehicles including the prime mover with repayments being made over 48 months from the date of commencement of each agreement.

NOTE 21: 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.

NOTE 22: CORPORATE TRUSTEE

The Australian Karting Association Ltd continues to act as a corporate trustee of the AKA Track Development Fund Trust which previously provided infrastructure development funding for AKA Ltd member clubs. The Trust no longer provides this service. When it was operational liabilities were incurred on behalf of the trust in the company's capacity as trustee. To the extent that the trust is unable to meet any future 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.

If it becomes 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 its capacity as a trustee has a right to be indemnified out of trust assets for any obligation not met by the trust.

The assets of the trust were sufficient to discharge all of the trust's liabilities as at 31 December 2022.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
NOTE 23: 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	1,662,383	1,655,890
Total trade and other receivables	7	1,361,492	561,653
Total Financial Assets		3,023,875	2,217,543
Financial Liabilities			
Within trade and other payables	13	114,708	183,359
Total borrowings	15	377,825	501,743
Total lease liabilities	16	303,474	340,339
Total Financial Liabilities		796,007	1,025,441

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.

NOTE 24: 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 company since the end of the previous financial year other than the employment contract of the CEO. KMP's may obtain membership and may also obtain other services and benefits from the company on terms and conditions no more favourable than those available to other members and, if so, were immaterial in nature.

NOTE 25: 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 \$nil (2021: \$10,044).

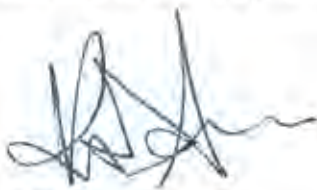
AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
DIRECTORS' DECLARATION

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

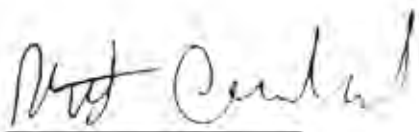
1. the financial statements and notes, comprising of Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Company Funds, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements, satisfy the requirements of the *Corporations Act 2001* (Cth) and:

- a. comply with Australian Accounting Standards – Simplified Disclosures applicable to the company; and
- b. give a true and fair view of the financial position of the company as at 31 December 2022 and of its performance for the year ended on that date.

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.



K Davis
Director



R Crawford
Director

Dated this 12th day of May 2023

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**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 2022 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, and notes to the financial statements, including a summary of significant accounting policies 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 2022 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Corporations Regulations 2001* (Cth).

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 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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 – AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

- 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 8th day of May 2023
Ashmore, Queensland**

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

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

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 2022, 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



**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 8th day of May 2023
Ashmore, Queensland**



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

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