

2022

ANNUAL REPORT



KARTING

NEW SOUTH WALES

EST 1987

"More People Karting
More Often"



KARTING (NEW SOUTH WALES) INC
ABN 80 078 024 223

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ABOUT KARTING NSW



Karting NSW is the State Sporting Organisation (SSO) for karting recognised by the New South Wales Government through the Office of Sport.

Karting NSW is a not-for-profit member-based community sport organisation focused on developing and promoting the sport of karting for the benefit of all. The organisation was incorporated in 1987.



MISSION

To develop and promote karting throughout Australia for the benefit of all.

VISION

More people karting more often.

VALUES

- Leadership
- Transparency
- Accountability
- Cooperation
- Inclusion

Karting NSW currently has over 2179 licence holders, 24 Affiliated Clubs and has over 5000 karters participating in events each year located primarily in New South Wales and the ACT. We are focused on promoting the sport, growing participation and membership as the recognised State Sporting Organisation for karting in New South Wales.

FROM THE CHAIR



KARTING
NEW SOUTH WALES

FROM THE ACTING CHAIR - PHIL MIDDLETON

As the newly appointed Acting Chair, I would firstly like to thank Paul Brennan AM for his contribution to our sport over the past 11 months.

In light of recent catastrophes, unprecedented rain and on the back of Covid 19 recovery I'm happy to report that participation rates have increased by approximately 5% over the last six months. We have to spare a thought for the Lismore Kart Club who once again has had their facility devastated by flooding.

I'm happy to announce the recent appointment of two new board members Ian Black as Director of Competition and Lisa Darley as Director of Promotion, Marketing and Media, myself and the Board are extremely confident that their knowledge and experience will benefit the skill set of the Board. I look forward to working with them into the future.

This year we saw the Hunter Valley Club form and successfully run a number of meetings at the Newcastle facility. We successfully ran four state titles NSW State Tiles at Dubbo, ACT State Titles at Canberra, Speedway, Endurance and new to state title status was the ever increasing 4SS class.

Thanks goes to Goodyear and Dunlop Tyres and Les May at ALM Sales for sponsoring and promoting the grid kids opportunity to meet drivers and teams at Sydney Motorsport Park Bearepaires Sydney Night Race at Sydney Motorsport Park and the Repco Bathurst 1000 at Mount Panorama.

Congratulations to the winners of Pro Tour that represented Australia at the Rotax World Finals in Portugal.

I am happy to say that our legal proceedings have concluded. KNSW was successful in defending Karting Australia's appeal to the NSW Court of Appeal in September 2022 in relation to KNSW's legal claim to unpaid distributions from the AKA Track Development Fund, which was being administered by Karting Australia. In addition, Karting Australia discontinued legal proceedings against KNSW which alleged trademark infringement and breach of copyright.

We would like to thank Ilona Meyer for her dedication and the enormous amount of work undertaken by her over the past five years - ensuring the right outcome was achieved for us. She played a pivotal role in the positive outcome that was achieved.

It has been a challenging 12 months, I would also like to personally thank the Club Committees, Officials, Volunteers, Graeme Abbott, Steve Fisher, Victor Maastricht, Peter Brien, Phil Twigg, Kim Freer, Greg McLandsblorough, Donna Snaidero and Eddie Ruiz that work tirelessly for our members.

I would also like to thank the admin staff Karen Newton and Holly Holden-Steward for the enormous amount of work that they do behind the scenes. And finally, the Board members Carolyn Hume, Tony Taylor, Darren Chick, Ian Black and Lisa Darley.

I'm looking forward to a bigger and better year in 2023 without the distractions we have had in the past four.

PHIL MIDDLETON

ACTING CHAIR - KARTING (NEW SOUTH WALES) INC.

FROM THE BOARD



NORTHERN ZONE DIRECTOR - DARREN CHICK

Two long time Official's Trevor White and Ian Brown passed away this year, they are a big loss for Karting NSW and the karting community. Coffs Harbour Kart Racing Club are going to rename the Over 40's to the Ian Brown Over 40's Titles Coffs Harbour ran successful race meetings with good numbers including the Over 40's, Northern Zone and Motorsport Week. Their application was successful for mega funding of \$2.16m for infrastructure on their facilities.

Lismore Kart Club started off with a race meeting early in the year unfortunately due to flooding they had to postpone races in the first half 2022. I would like to thank the Committee and members for their hard work in getting their facilities up and running for July onwards. The Northern Zone in November had almost 60 entries. Well done to Lismore Kart Club on the successful funding of \$497k for Flood Recovery.

Tamworth Kart Racing Club started off the year with good numbers, unfortunately numbers later in the year have not been as high due to wet weather conditions.

Port Macquarie Kart Racing Club held their first 2022 race meeting in November with 30 karts. We are looking forward to working with the rejuvenated committee and holding more meetings in 2023.

Manning Valley Kart Club increased participation in 2022 with the help of the Hunter Valley Kart Club. The annual Dave Hamnet Memorial with 141 drivers was the largest field for the Club in over 20 years.

As always, the Northern Clubs appreciate the support they receive from the Endurance, Retro and Vintage Clubs I have been working with the Officials Coordinators on a new training package for 2023, which includes Stewards, Clerk of Course and Scrutineering.

METROPOLITAN ZONE DIRECTOR - TONY TAYLOR

It has been a busy year in the Metro Zone as my first year on the KNSW board. There have been many changes and challenges as racing has returned to somewhat normal following Covid.

The past year has seen the formation of a new club in the Hunter Valley Kart Club (HVKC). The committee of HVKC negotiated a deal to allow KNSW members to race at the Newcastle track. Competitors have responded to HVKC's initiative to have a small number of focused race meetings with four very successful well run race meetings with very strong numbers. The club also introduced some new initiatives such as running the 4SS class on the Saturday along with practice for the other classes.

Combined Districts also had their most successful year in recent times with very strong numbers. They also introduced some innovative ideas exploring options in Tag Restricted with heavier karters using a larger restrictor to run competitively in a lighter division. They also worked on incorporating the lame 100 Reedjet into the Tag Restricted classes. Both initiatives proved successful and have been incorporated into the 2023 rule book to allow all clubs the opportunity to combine classes on club days.

The Wollongong Kart Racing Club (WKRC) have had their biggest season ever with the numbers at Eastern Creek growing significantly. They hosted the largest race meeting of the year the City of Sydney Titles in February with 209 entries running on the 1700m full Eastern Creek circuit. The club has also decided to change its name to Sydney Illawarra Kart Club (SIKC) to better reflect its changing member base whilst maintaining the history of the club.

We have also been working on a new process to develop the 2023 calendar. The process involves developing the calendar collaboratively in Zones or groups along with a philosophy of having less race meetings to reduce the strain on officials and promote larger fields. I would like to acknowledge the massive contribution of Greg McLandsborough in this and other areas in his role as Competition Co-Ordinator.

OUR CLUBS



Metro Zone

Combined Districts Kart Club
Sydney Kart Racing Club
Hunter Valley Kart Club
Sydney Illawarra Kart Club.

Northern Zone

Coffs Harbour Kart Club
Lismore Kart Club
Manning Valley Kart Club
Port Macquarie Kart Club
Tamworth Kart Racing Club
Gunnedah Kart Club

Southern Zone

Bathurst Kart Club
Canberra Kart Racing Club
Dubbo Kart Club
Grenfell Kart Club
Griffith Kart Club
Orange Kart Club
Wagga & District Kart Club

Four Stroke

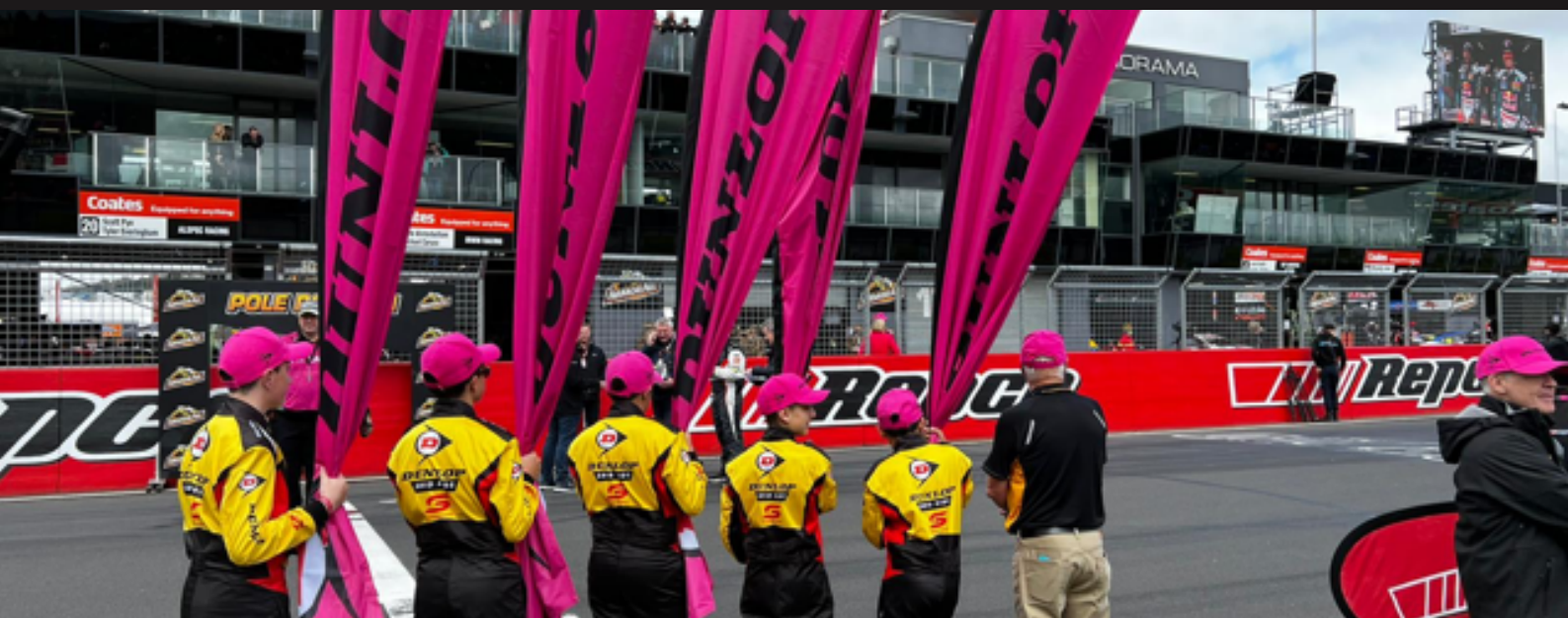
Four Stroke Karting Association (4SKA)
Sportsman Enduro Karting NSW (SEK)
The Endurance Karting Association (TEKA)

Speedway

Central Coast Speedway Kart Club
NSW Speedway Kart Club

Retro/ Vintage

Retro Karting Australia
Vintage & Historic Karts Australia



APPOINTED OFFICIALS & CO-ORDINATORS



We are incredibly grateful for the efforts, time & dedication of our Appointed Officials & Co-Ordinators.

Officials Co-Ordinator
Steve Fisher

Officials Committee
Steve Fisher
Graeme Abbott
Victor Maastricht
Peter Brien
Donna Snaidero

State Technical Officer
Graeme Abbott

Assistant State Technical Officer
Graeme Armstrong

State Tribunal Registrar
Shelby Hinde

State Prosecutor
Kim Freer

State Rulebook Coordinator
Victor Maastricht

State Training Coordinator
VACANT

Development Officer
Eddie Ruiz

Fuel Testing Officer
Graeme Abbott

State Tyre Analyst
Graeme Abbott

State Track Inspectors
Phil Middleton & Kim Freer

Historian
VACANT

Member Protection
Information Officers
Karen Newton



BOARD OF DIRECTORS



ACTING CHAIR:

Mr Phil Middleton

Phil is an experienced Workplace Trainer and a true Subject Matter Expert in this field. Additionally Phil has been a Track Inspector for Karting NSW for several years and will continue to perform this role, as well as the perform the role of Director of Member Training and Education volunteering in both capacities.



DIRECTOR OF FINANCIAL SERVICES:

Ms Carolyn Hume – B. Business (Accounting) CPA JP.

Carolyn has over 25 years of experience in senior financial roles and has held various senior executive positions with likes of Wesfarmers, News Limited and Gloria Jeans Coffee. Carolyn is a Certified Practising Accountant (CPA) and has completed a Bachelor of Business (Accounting) from the University of Western Sydney.



DIRECTOR OF COMPETITION:

Mr Ian Black

Ian has been in the sport since 1988, he started Blacktown Kart Centre in 1990 as a retail kart shop alongside his father's Auto Electrical business. These days he owns the business called International Karting Distributors based in Emu Plains, Western Sydney. Ian is passionate about improving and developing the sport of Karting in NSW, his background adds a valuable perspective to the Board of NSW.



DIRECTOR OF PROMOTION, MEDIA & MARKETING:

Ms Lisa Darley

Lisa brings has over 20 years of experience in marketing roles and has held various senior positions with the likes of Pfizer and Aventis Pasteur. Her experience covers marketing & advertising, PR, event management & communications. Since relocating back to her hometown of Orange in 2012 Lisa has devoted her time to her family and helping her husband run their family businesses and farm. Lisa's husband and son started karting in 2019 and since that time she has held the position of Vice President and Delegate for Orange Kart Club. Over this short time, she has accumulated knowledge of all areas of club administration.



DIRECTOR OF GROUP WELFARE AND KARTING OPERATIONS METRO AREA:

Mr Tony Taylor – BE (Mech), MAICD

Tony is a long-time, passionate participant in the sport who has long standing relationships which will enhance his ability to represent the Metro clubs and be of benefit with implementation of the strategic direction. He looks forward to working with the Board to continue to "develop and promote karting throughout Australia for the benefit of all". Tony is currently undertaking the Company Director's Course with the Australian Institute of Company Directors, has completed multiple leadership programmes and holds a Bachelor of Engineering.



DIRECTOR OF GROUP WELFARE AND KARTING OPERATIONS NORTHERN AREA:

Mr Darren Chick

Darren has over 14 years of Karting experience including previously holding the position of President and Delegate for Manning Valley Kart Club. Darren has raced karts for many years, and also has an extensive knowledge of all areas of club administration.

As at 12 December 2022



CORPORATE PARTNERS



JOHNSON
WINTER &
SLATTERY



ALLLIFT FORKLIFTS
& ACCESS EQUIPMENT



AUDITED FINANCIAL REPORT - 2022

Karting (New South Wales) Incorporated

ABN 80 078 024 223

Financial Statements
For the Year Ended 30 June 2022

**Karting (New South Wales) Incorporated
Board's Report
For the Financial Year Ended 30 June 2022**

Your Board submits the financial report of Karting (New South Wales) Incorporated for the financial year ended 30 June 2022.

Board Members

The names of Board Members in office at the date of this report are:

Position	Board Member
Acting Chair	Phillip Middleton
Director of Administration	Vacant
Director of Financial Services	Carolyn Hume
Director of Group, Welfare and Karting Operations (Southern)	Vacant
Director of Group, Welfare and Karting Operations (Metro)	Tony Taylor
Director of Group, Welfare and Karting Operations (Northern)	Darren Chick
Director of Member Training and Education	Vacant
Director of Competition	Ian Black
Director of Promotion, Marketing and Media	Vacant

Principal Activities

The principal activities of the association during the financial year were to promote, co-ordinate and administer all aspects of the sport of karting in NSW for the betterment of the sport and its participants.

There have been no significant changes to these operations during the year.

Operating Results

The surplus for the financial year amounted to \$680,097 (2021: \$64,539).

Significant Changes

No major changes in the nature of the business occurred during the year.

On behalf of the Board



Phillip Middleton
Acting Chair
07 December 2022



Carolyn Hume
Board Member
07 December 2022

Karting (New South Wales) Incorporated
Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue			
Revenue	4	698,633	667,414
Other income	4	735,286	32,762
Total revenue		1,433,919	700,176
Expenses			
Cost of goods sold		(1,517)	(10,554)
Administration		(546,726)	(375,210)
Advertising and marketing		(1,279)	(10,000)
Depreciation		(5,679)	(15,749)
Employee benefits		(117,390)	(134,172)
Grants provided		(20,000)	-
Impairment loss on trade receivables		(1,197)	(2,650)
Interest expense		(8,440)	(6,871)
Lease payments for short-term/low value leases		-	(2,500)
Member-related expenses		(51,594)	(77,931)
Total expenses		(753,822)	(635,637)
Net surplus before tax		680,097	64,539
Income tax expense		-	-
Net surplus for the year		680,097	64,539
Other comprehensive income		-	-
Total comprehensive income		680,097	64,539

The accompanying notes form part of these financial statements.

Karting (New South Wales) Incorporated
Statement of Financial Position
As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current			
Cash and cash equivalents	5	968,659	217,779
Trade and other receivables	6	241,217	211,385
Inventories	7	7,284	4,763
Other assets	9	40,217	45,314
Current assets		1,257,377	479,241
Non-current			
Trade and other receivables	6	29,110	39,118
Other financial assets	8	1	1
Property, plant and equipment	10	9,421	12,462
Intangible assets	11	30,760	20,000
Non-current assets		69,292	71,581
Total assets		1,326,669	550,822
Liabilities			
Current			
Trade and other payables	12	297,054	175,092
Provisions	13	27,021	43,225
Other liabilities	14	2,240	2,240
Current liabilities		326,315	220,557
Non-current			
Trade and other payables	12	29,110	39,118
Non-current liabilities		29,110	39,118
Total liabilities		355,425	259,675
Net assets		971,244	291,147
Equity			
Accumulated funds		971,244	291,147
Total equity		971,244	291,147

The accompanying notes form part of these financial statements.

Karting (New South Wales) Incorporated
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022

	Accumulated Funds \$	Total Equity \$
Balance at 1 July 2020	226,608	226,608
Surplus for the year	64,539	64,539
Other comprehensive income	-	-
Total comprehensive income	<u>64,539</u>	<u>64,539</u>
Balance at 30 June 2021	<u>291,147</u>	<u>291,147</u>
Balance at 1 July 2021	291,147	291,147
Surplus for the year	680,097	680,097
Other comprehensive income	-	-
Total comprehensive income	<u>680,097</u>	<u>680,097</u>
Balance at 30 June 2022	<u>971,244</u>	<u>971,244</u>

The accompanying notes form part of these financial statements.

**Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022**

1. General information

The Board has prepared the financial statements on the basis that the association is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report.

Karting (New South Wales) Incorporated is an association incorporated and domiciled in Australia. The financial statements are presented in Australian Dollars.

Principal place of business is Sports House, Level 2, 8 Parkview Drive, Sydney Olympic Park NSW 2127.

The financial report was authorised for issue by the Board on 7 December 2022.

2. Changes in accounting policies

New and revised standards that are effective for these financial statements

A number of revised standards became effective for the first time to annual periods beginning on or after 1 July 2021. The adoption of these revised accounting standards has not had a material impact on the entity's financial statements.

Accounting Standards issued but not yet effective and not been adopted early by the entity

A number of new and revised standards have been issued but are not yet effective and have not been adopted early by the entity. The Board is currently assessing the impact such standards will have on the entity.

3. Summary of significant accounting policies

Financial reporting framework

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Act 2009*. The Board has determined that the association is not a reporting entity.

Statement of compliance

Unless otherwise stated, these financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

Karting (New South Wales) Incorporated is a not-for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Other revenue

For any revenue streams that are not defined as contracts with customers, then the revenue is recognised when the entity gains control, economic benefits are probable and the amount of the revenue can be measured reliably.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Short-term leases and leases of low-value assets

The entity's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Income tax

No provision for income tax has been raised as the entity has self-assessed as exempt from income tax as a not-for-profit entity.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected losses. Trade receivables are generally due for settlement within 30 days.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Property, plant and equipment

Plant and equipment

Plant and equipment are measured on the cost basis less 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 recognised either in profit or loss.

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

Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	10% - 25%

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.

Intangible assets

Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of assets

At the end of each reporting period the entity determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets

Contract assets and receivables

A contract asset is recognised when the entity's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the entity's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Trade and other payables

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

Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Provision for employee benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the grant conditions are fulfilled. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the entity performs under the contract (i.e. fulfils conditions of the grant).

The conditions are usually fulfilled within twelve (12) months of receipt of the grant. Where the conditions will only be satisfied more than twelve (12) months after the reporting date, the liability is discounted and presented as non-current.

Contingencies

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. With the exception of minor reclassifications between certain financial statement line items, comparatives are consistent with prior years, unless otherwise stated.

Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An allowance for expected losses is included, where applicable, based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The allowance for expected losses is based on the best information at the reporting date.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

	2022	2021
	\$	\$
4. Revenue		
Permits and licences	541,661	590,057
Grants	110,000	25,500
Royalties	35,354	36,895
Sale of goods	-	3,069
Affiliation fees	11,618	11,893
	698,633	667,414
Other income		
Proceeds from litigation	700,900	-
JobSaver and JobKeeper	20,250	21,000
Cash Flow Boost	10,500	5,000
Net gain on sale of property, plant and equipment	2,750	-
Interest income	6	6
Other income	880	6,756
	735,286	32,762
5. Cash and cash equivalents		
Cash at bank	968,659	217,779
	968,659	217,779
6. Trade and other receivables		
Current		
Trade receivables	23,454	45,323
Allowance for expected losses	-	(4,000)
Loans to various NSW Karting Clubs	(a) 10,016	10,008
Loan to AKA KNSW Unit Trust	207,747	160,054
	241,217	211,385
Non-current		
Loans to various NSW Karting Clubs	(a) 29,110	39,118
	29,110	39,118

(a) The Australian Karting Association Ltd as trustee for the AKA Track Development Fund makes funds available from time to time for AKA affiliated go kart clubs for the purposes of track development.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

6. Trade and other receivables (continued)

As at 30 June 2022, the only existing Deed of Loan agreement involves Australian Karting Association Ltd as the lender and the entity and Combined Districts Kart Club Inc as co-borrowers. As security, Australian Karting Association Ltd has a floating charge over Revolving Assets and a fixed charge over all other Collateral of the co-borrowers.

	2022	2021
	\$	\$
7. Inventories		
Current		
Inventory on hand at cost	7,284	4,763
	<u>7,284</u>	<u>4,763</u>
8. Other financial assets		
Non-current		
Financial assets at amortised cost - investment in AKA KNSW Unit Trust	1	1
	<u>1</u>	<u>1</u>
9. Other assets		
Current		
Prepayments	40,217	45,314
	<u>40,217</u>	<u>45,314</u>
10. Property, plant and equipment		
Plant and equipment at cost	57,829	55,191
Plant and equipment accumulated depreciation	(48,408)	(42,729)
	<u>9,421</u>	<u>12,462</u>
	Plant &	Total
	Equipment	\$
	\$	\$
Net carrying amount 1 July 2021	12,462	12,462
Additions	2,638	2,638
Disposals	-	-
Depreciation	(5,679)	(5,679)
Net carrying amount 30 June 2022	<u>9,421</u>	<u>9,421</u>

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

	2022	2021
	\$	\$
11. Intangible assets		
Software - work in progress	30,760	20,000
	<u>30,760</u>	<u>20,000</u>

12. Trade and other payables

Current

Trade payables		108,210	53,865
Accrued expenses		97,117	22,011
Net GST payable		8,971	10,849
Other creditors		72,740	78,359
Loan from Australian Karting Association Ltd	(a)	10,016	10,008
		<u>297,054</u>	<u>175,092</u>

Non-current

Loan from Australian Karting Association Ltd	(a)	29,110	39,118
		<u>29,110</u>	<u>39,118</u>

(a) The Australian Karting Association Ltd as trustee for the AKA Track Development Fund makes funds available from time to time for AKA affiliated go kart clubs for the purposes of track development.

As at 30 June 2022, the only existing Deed of Loan agreement involves Australian Karting Association Ltd as the lender and the entity and Combined Districts Kart Club Inc as co-borrowers. As security, Australian Karting Association Ltd has a floating charge over Revolving Assets and a fixed charge over all other Collateral of the co-borrowers.

13. Provisions

Current

Provision for employee benefits		27,021	43,225
		<u>27,021</u>	<u>43,225</u>

14. Other liabilities

Current

Contract liabilities - grants in advance		2,240	2,240
		<u>2,240</u>	<u>2,240</u>

15. Commitments

The entity had no material unrecognised contractual commitments as at 30 June 2022.

Karting (New South Wales) Incorporated
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

16. Related parties

The entity's related parties include its key management personnel and related entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

	2022	2021
	\$	\$
<u>Trade and other receivables</u>		
Loans to various NSW Karting Clubs	39,126	49,126
Loan to AKA KNSW Unit Trust	207,747	160,054
 <u>Trade and other payables</u>		
Loan from Australian Karting Association Ltd	39,126	49,126

17. Contingencies

The entity is the joint trustee and 50% unitholder of AKA KNSW Unit Trust.

Given the audited accounts of AKA KNSW Unit Trust have not been made available to the entity for a number of years and the entity cannot reliably measure its share of any undistributed accumulated surplus/deficit of AKA KNSW Unit Trust, the entity has not recognised any such amount as at 30 June 2022.

As joint trustee for AKA KNSW Unit Trust, the entity is also party to a loan agreement, which contains a first registered mortgage over non residential real property located at 12 Macquarie Street, Penrith NSW 2751. For the financial year ended 30 June 2022, the entity has assisted AKA KNSW Unit Trust in servicing such a loan.

18. Subsequent events

As highlighted in last year's financial report, on 25 August 2021, the Supreme Court of New South Wales ruled in favour of the entity in relation to a number of matters that were disputed by Australian Karting Association Ltd, including a beneficiary accumulation amount owing to the entity and an order to pay the entity's costs of the proceedings. On 21 September 2021, Australian Karting Association Ltd paid the judgment debt of \$700,899.77 to the entity and also filed a Notice of Intention to Appeal.

On 21 September 2022, the New South Wales Court of Appeal dismissed the appeal by Australian Karting Association Ltd in relation to the previous ruling made by the Supreme Court of New South Wales. As part of this decision, Australian Karting Association Ltd is required to pay the entity's costs of the appeal. The recovery of such costs will be recognised during the financial year ended 30 June 2023.

Also as highlighted in last year's financial report, on 1 July 2019, Australian Karting Association Ltd commenced legal proceedings against the entity in relation to an alleged breach of trademark and copyright violations. Subsequent to year-end, the proceedings have been settled on confidential terms.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these accounts.

**Karting (New South Wales) Incorporated
Board's Declaration
For the Financial Year Ended 30 June 2022**

The Board declares that:

- a) the financial statements and notes are in accordance with the *Associations Incorporation Act 2009*, including:
 - i) giving a true and fair view of the entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - ii) complying with applicable Australian Accounting Standards to the extent described in the notes to the financial report and the *Associations Incorporation Regulation 2016*; and
- b) there are reasonable grounds to believe that the entity is able to pay all of its debts, as and when they become due and payable.

Signed in accordance with a resolution of the Board:



Phillip Middleton
Acting Chair
06 December 2022



Carolyn Hume
Board Member
07 December 2022

Karting (New South Wales) Incorporated
Independent Auditor's Report to the Members of Karting (New South Wales) Incorporated
For the Financial Year Ended 30 June 2022

Opinion

We have audited the financial report of Karting (New South Wales) Incorporated (the entity), which comprises the statement of financial position as at 30 June 2022, statement of profit or loss and other comprehensive income and the statement of changes in equity for the year then ended, the notes to the financial statements, including a summary of significant accounting policies, and the Board's declaration.

In our opinion, the financial report of Karting (New South Wales) Incorporated has been prepared in accordance with the *Associations Incorporation Act 2009*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with applicable Australian Accounting Standards to the extent described in the notes to the financial report and the *Associations Incorporation Regulation 2016*.

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 entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to the notes to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the entity's financial reporting responsibilities under the *Associations Incorporation Act 2009*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified further in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Board is responsible for the other information. The other information is the Board's report accompanying the financial report.

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

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

Karting (New South Wales) Incorporated
Independent Auditor's Report to the Members of Karting (New South Wales) Incorporated
For the Financial Year Ended 30 June 2022

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the Financial Report

The Board is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in the notes to the financial report is appropriate to meet the needs of the members. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of a 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 Board is responsible for assessing the entity'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 Board either intend to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/>. This description forms part of our auditor's report.



SDJA



Simon Joyce

Director

7 December 2022

Sydney, New South Wales