



Racing for all ages!



Annual Report

Year ending 31 December 2018

**a strong positive
culture that
adheres to the
sport's values**



**Karting Australia
is the sole body in
Australia recognised
by the Federation
Internationale de 'l
Automobile and the
Confederation of
Australian Motor
Sport to organise
and control the
sport of Karting
in Australia.**



GIVING IT YOUR ALL and SPORTSMANSHIP
Values From Karting – Values For Life!

CHAIRMAN and CHIEF EXECUTIVE OFFICER'S REPORT

We are pleased to report on Australian Karting Association Ltd (AKA) activities for 2018.

In looking back on the 2018 karting year and when analysing what has transpired - the successes and the not completely fulfilled endeavours undertaken, it is difficult to imagine a year that developed so much positivity across almost all Australian States but so much negativity from our largest member State – New South Wales where the influence of the naysayers of our sport appeared to take hold.

The history of sports that have suffered breakaways and splinter groups from within are most often littered with factions and the personal agendas of misguided leaders whose view of the sporting world are much grander than the reality.

Very few, if any, have ever proven to be long standing and breakaways seldom if ever have become successful.

While the rest of the Australian karting community just got on with the job of trying to do the best that they could for their members and for the sport, it was extremely disappointing that Karting (New South Wales) Inc. started to conduct themselves in the manner that they have done since mid-2018, attempting to blame the national body and other States for their own high cost, poor performance. It was this conduct that ultimately resulted in their expulsion as an ordinary member of AKA by the other Ordinary Members of AKA in January 2019. For further information on some of the reasons KNSW was expelled as a member refer to the Notice of AKA's January 2019 Special General Meeting on AKA's website.

While the sport was dealing with this significant upheaval in New South Wales, the company was focused on and ensured that (as best that we could) it was business as usual and that the continuation and further development of our hallmark programs including KARM, Club Safety Grants, Get Started in Karting - including Junior Sprockets and the Australian Kart Championship – for the good of the sport overall was the order of the day.



INCREASING THE FOCUS ON CLUBS AND GRASSROOTS KARTING

Recognising the importance of Club competition and the challenges confronting it, as a Board and Management, we decided to continue a heavy focus on Club karting.

No matter what the sport, Clubs are their sporting coal face. Of all the administrative levels in sports, local Clubs – your community, have the greatest capacity to directly influence the membership base, to rise in success, to sink in failure or to venture somewhere in the middle.

Over the last three years, AKA has invested heavily in Club karting, including in the following areas, and will continue to do so in the future.

- Programs to improve circuit safety that have been supported by our **Safety Grants** Program;
- Risk Management and risk awareness programs with **Level 3 KARM** Certification now available;
- New infrastructure programs including the massive investment in the **MYLAPS** timing system;
- Initiating the **Plus 1 Project** which morphed into the **Building Better Kart Clubs** program and Conference series;
- Launched **4 Stroke Sprint (4SS)** racing – the cheapest form of karting in Australia, the first completely new class of karting in many years and the only class that is solely for use in Club karting.

4SS will take time to develop but at the end of the first year, it is showing all of the signs of a Class that will flourish and be of great benefit to the sport.

Its ticks all the boxes that a successful introductory Club Racing Class needs to be. It is:

- Uncomplicated and simple to do;
- Affordable;
- Low maintenance; and
- Fun.

Those Clubs that are actively promoting 4SS are already starting to see the benefits. In 2019, we have extended 4SS to also now incorporate the Cadet age groups.

- Development and launch of the **SP Tools Club Driver Rankings** program that allows drivers to **Race Locally and Rank Nationally** while being eligible for a share of Australian Club karting's largest ever prize pool – no matter whether you are racing in a small, remote country Club or a large metropolitan Club.

Our commitment as a Board and Management is to continue to work on the things that really matter and that

can and will make a difference when properly embraced and activated. We understand that the challenges in this area, across a country as large and diverse as Australia are not insignificant but by working together amazing things can be achieved.

The challenge now is to continue to help our Clubs to invigorate Club karting – both with competition and social karting and to positively influence the experience that our members receive at Club events.

Approximately 22% of all AKA Licence holders are solely social karters yet not enough of our Clubs provide programs to encourage this membership segment to be socially active together.

It is for that reason that we have created **Kart Fun Sessions** (Organised Social Karting) for use by our Clubs.

In framing our 2019 Rules the Clubs now have two new products – Teams Racing and Kart Fun Sessions that are available for them to use – just for fun.

The rules are in place, the formats have been developed. Our challenge now is to get our Clubs to try them and embrace them. Experience has told us that innovations like these, such as Bring A Mate, before them do take time to be embraced by the Clubs – we expect that Kart Fun and Teams Sessions will be the same.

Last year we highlighted the simple principles that we follow for Club Competition. It is worthwhile reiterating them here:

“Everyone who has a kart that complies with our Class Rules and that is eligible for Club Competition should be allowed to race at any Club Competition sanctioned by our State Associations.

No one should ever be turned away from a Club competition because of a “we don't offer that Class here” policy or attitude.”

Each State Association (and therefore, the Clubs) has control of the most critical elements of Club competition through their State Regulations which provide 18 different systems of gridding for Club competition.



INCREASING THE FOCUS ON CLUBS AND GRASSROOTS KARTING – Con't.

During 2018, as CEO, I presented our Plus 1 Project concept and background information to all State Associations and their member Clubs – except to Karting New South Wales where unfortunately, we were 'locked out' from presenting despite having made plans with them to do so at a meeting of Clubs in early May.

There is no more important initiative than the Plus 1 Project as it aims to increase membership and participation in your club.

The Plus 1 Project is simple in its objectives:

- Grow the sport by setting small targets
- Achieving those targets
- Know your membership base
- Show that you care about them
- Develop and implement achievable plans
- Work as a team and share the load
- Control the things that you control and
- Participate in the State and National processes

At its simplest it is about making a club what it should be **"a community that works together."**¹

It's about trying to make Club administration more effective - not more difficult. It's also about sharing the load and understanding your club membership – where they come from and what they want from their club.

Most importantly, it's about everyone (including the Club Committee) having some fun along the way.

Following on from our Plus 1 Project meetings the logical extension was to present our first Building Better Kart

Clubs Conference with the theme *Karting Clubs – More Than Just a Place to Race.*



Legendary AFL Coach Mark Williams Delivers the Key Note Address at Building Better Kart Clubs 2018

Planning for the 2019 Conference is underway, building on the 2018 theme. The tentative title for the event being: ***Karting - Creating Communities That Work and Play Together.***

In 2019 and beyond, we need to collectively highlight what Australian karting can achieve when clubs and their people become ambitious and work together.

In preparing our calendar of events we have announced an exciting new invitational event – solely for Club racers. Ultimate Club Racer 1 that will be held at The Bend Motorsport Park at the start of November. Its sure to be a great event for club racers.

ULTIMATE CLUB RACER 1

NOVEMBER 1-3

WHO WILL BE THE ULTIMATE CLUB RACER IN 2019?

SECURE YOUR START THROUGHOUT THE 2019 SP TOOLS CLUB DRIVER RANKINGS

THE BEND MOTORSPORT PARK



FINANCIAL RESULT

Prudent financial management is one of the overriding principles that the company has followed since inception.

In the 2018 financial year revenues remained strong and the company finished the year with a retained surplus in excess of \$2 million for the third successive year.

Revenue and Expenditure

For the fifth successive year the company exceeded its revenue targets. We have continued to invest strongly in programs for the benefit of the sport locally and nationally.

Funding and Expenditure to Develop the Sport and/or to the Benefit of Clubs and State Associations

During 2018 more than 20% of AKA's total ordinary expenditure – more than \$550,000 was expended for the development of the sport, to the direct benefit of AKC host Clubs, State Championship support, State assistance programs, Building Better Kart Clubs programs, development and new participant attraction programs and grants.



Extraordinary Items

Several extraordinary events occurred in 2018 which had a negative impact on the financial result for the year.

The company incurred an extraordinary overrun on expenses as a result of the Karting (New South Wales) Inc. issues and bringing long-term defamation proceedings (that are detailed in this report) to court.

The AKA Board took the view that the company had no option but to protect itself and our members from the extraordinary and unwarranted attacks mounted against it and our other Ordinary Members (Affiliated State and Territory Associations) by the now expelled Karting (New South Wales) Inc.

In December, we welcomed a new representative body – Karting Australia (New South Wales) Inc. - for the New South Wales Clubs that wished to share the benefits of affiliation with a national sporting body and to remain affiliated with AKA.

In this Annual Report you will find the full audited financial statements and reports of the general accounts of AKA and the AKA Track Development Fund Trust – our sole trading entities.

There are extensive notes to both sets of accounts in addition to the commentary on both matters provided below.

Defamation Action

The company incurred significant expenditure both during, and subsequent to the end of, the financial year in supporting a successful Supreme Court defamation action brought by the CEO against Peter Gerard Edgar.

The AKA Board considered that the damage that Edgar was doing to AKA, its officers and the sport through his Facebook Page was so significant that it warranted legal action. The litigation initiated by the CEO, with the support of AKA, was successfully prosecuted and led to mandatory and permanent restraining injunction orders being made against Edgar in relation to his behaviour and his Facebook Page.

Karting (New South Wales) Inc. Matter

The company incurred significant expenditure both during, and subsequent to the end of, the financial year in dealing with disputes and other problems initiated by Karting (New South Wales) Inc.

This expenditure, which is unlikely to be incurred again, included but was not limited to costs associated with Karting (New South Wales) Inc's disaffiliation from the company and disputes over Karting (New South Wales) Inc's entitlement to Track Development Fund reserves, karting governance and the jointly owned building used as AKA's National Office.

In September 2018, the member clubs of Karting (New South Wales) Inc. were asked by their management committee to vote on various resolutions, the effect of which, if carried, was to lead to the voluntary disaffiliation of Karting (New South Wales) Inc. from AKA.

The outcome of the vote was in support of the resolutions to disaffiliate from AKA. Karting (New South Wales) Inc. then repeatedly stalled disaffiliation. The allegations made by them during this time, the disruptiveness to the sport as a whole and their apparent refusal to act as a member of AKA and respect the rules of AKA, ultimately led to the Ordinary Members calling upon the AKA Board to convene a Special General Meeting to consider expulsion resolutions

On 21 January 2019, at the meeting initiated by the other Ordinary Members of AKA, those other Ordinary Members of AKA decided that the damage that Karting (New South Wales) Inc. was inflicting on our sport had to be ended. They voted at a Special General Meeting to expel Karting

(New South Wales) Inc. as an Ordinary Member of AKA for their alleged misbehaviour.

Subsequent to the Karting (New South Wales) Inc. expulsion, AKA has initiated multiple legal proceedings against Karting (New South Wales) Inc. and some of the previously affiliated member clubs to recover property belonging to and monies owing to AKA and the AKA Track Development Fund Trust. The total amounts (including default interest) for which recovery is being sought exceeds \$300,000.

Financial Recovery from Karting (New South Wales) Inc. and Affiliated Clubs

AKA Licence Fees Collected by Karting (NSW) Inc. but Not Remitted to Karting Australia	
Licence Fees - October 2018	\$20,369.00
Licence Fees - November 2018	\$14,200.00
Licence Fees - December 2018	\$11,525.00
TDF Levies Collected by Karting (NSW) Inc. but Not Remitted to the AKA Track Development Fund Trust	
TDF Driver Levies - October 2018	\$1,719.00
TDF Driver Levies - November 2018	\$1,664.00
TDF Driver Levies - December 2018	\$282.00
AKA Safety Grant Default Recovery	
Coffs Harbour Kart Club Inc.	\$10,000.00
Grenfell Kart Club Inc.	\$7,551.50
Northern Rivers Kart Club Inc. T/A	\$10,000.00
Lismore Kart Club	
Plus, Default Interest	TBC
AKA Timing System Default Recovery	
Grenfell Kart Club Inc	\$8,644.59
Canberra Kart Racing Club Inc	\$8,644.59
Port Macquarie Kart Racing Club	\$8,644.59
Wagga and District Kart Racing Club	\$8,644.59
Wollongong Kart Racing Club	\$8,644.59
Plus, Default Interest	TBC
Outstanding Principle on TDF Loan Default	
Karting (NSW) Inc. and Combined Districts Kart Club Inc.	\$80,833.18
Karting (NSW) Inc. on behalf of Coffs Harbour Kart Club Inc.	\$33,333.20
Karting (NSW) Inc. on behalf of Tamworth Kart Club Inc.	\$13,328.00
Plus, Default Interest	TBC

Additionally, AKA is commencing legal action against Karting (NSW) Inc. for Copyright infringement and Trademark infringement.

The Copyright infringement relates to AKA's National Competition Rules (the AKA Manual), Member Protection Policy, Supplementary Regulation Forms and Race Meeting Forms.

AKA will be alleging that Karting (New South Wales) Inc. by publishing on or about 22 January 2019, a volume titled "Karting New South Wales Rule Book" (KNSW Rule Book) has infringed Section 31 of the Copyright Act.

It is immediately apparent upon comparing the KNSW Rule Book with the AKA Manual that the KNSW Rule Book has been created by copying the AKA Manual and making minor edits. Large slabs of text remain unchanged.

The copying is apparent from the beginning of the substantive rules. Even the Guiding Principles found in the KNSW Rule Book are almost word for word identical with the Guiding Principles set out in the AKA. The blatant copying is also immediately apparent in the rules themselves.

As the holder of the copyright, AKA has an exclusive right to reproduce the AKA Manual in accordance with Section 31 of the Copyright Act. Such a substantial reproduction of the AKA Manual has not been authorised by AKA and is a clear infringement of our copyright in the Manual under Section 36 of the Act.

Further AKA will be alleging that Karting (New South Wales) Inc is infringing Section 120 of the Trade Marks Act using a mark that is deceptively similar to the Registered Karting New South Wales Trademark of which we are the owner.



Both the Copyright infringement and the Trademark infringement are serious intellectual property breaches that as a company we will pursue.



IMPACT OF SOCIAL MEDIA ON KARTING

To tell you that the world has changed in the digital age is not news to anyone. To tell you that a fully connected world should bring enormous positives for society and for our lives generally is also not news. Nor is it news to tell you that any medium that is largely unregulated is likely to be abused and consequently creates unwarranted risks and dangers.

The world of social media provides both positives and negatives for all communities. It certainly has proven to be the case in our sport.

It is widely used by AKA our member States and Territory and Clubs as a very effective, targeted promotional medium for our sport. They are the positives.

The largely unregulated nature of it, unfortunately means that too often it is misused, abused and used to cause harm. They are the negatives.

Cyberbullying and online harassment is deliberately using digital media to communicate false, embarrassing, or hostile information about another person or entity. It is the most common online risk and is against the law.

Representatives of AKA and before it, AKA Inc. and our State Associations have wrongly and wantonly been used as the social media online “whipping boys” of the sport by the perpetually outraged, the haters and those with an axe to grind. Aided and abetted by others who derive some perverse pleasure from cowardly attacking people who, cannot defend themselves, using at best, false and misleading information and at worst, outright lies, all through the anonymity of unregulated social media platforms.

If we are honest, we all knew that this appalling behaviour was taking place and was having a detrimental effect on our sport. Who would want to join a sport that publicly appeared to hate itself so much?

What was not so obvious was the effect that the online trolls who generally falsely claimed to be part of our sport were having on individuals in the sport and the extent of the devastation that they were wreaking on karting in Australia.

It is history now that Peter Gerard Edgar (a person with absolutely no involvement in the sport under AKA’s administration) led a cowardly 3-year vilification campaign of lies against AKA, our State President’s, Club leaders, the Board, AKA staff, AKA officials and most particularly ourselves as CEO and Chairman. He did so through various Facebook Pages that he established and administered.

The spiteful views of this man who a magistrate has described as a “vindictive menace”, and his core group of followers and friends – most of whom have little or no current involvement in our sport but who thrived on spreading misinformation and outright lies about the management of our sport, is largely responsible for creating a toxic environment that has negatively affected karting right across the country in recent years.

These people, including some who are under long term suspension from AKA engaged in the very worst of online bullying, menacing, offence and harassment over a long period of time. They did so with no regard for our sport or the people whose reputations and lives they set out to try to destroy. Edgar did so with no regard for the law.

Their behaviour was shameful and has hurt our sport. We will all have to work even harder now to repair the damage that they have done.

Recently one of our State Secretaries remarked how good it was that everything had ‘quietened down’ allowing us to just run the sport (since judgements on both criminal and civil cases against Edgar were handed down).

As Facebook repeatedly refused to act (even as recently as the day of Edgar’s conviction on criminal charges related to his Facebook Page, saying that his actions that led to his criminal conviction did not offend their community standards.) It was clear to the Board and Management of the sport that the only way to stop the damage being caused was through the courts.

Three years ago, the Board made the decision that it needed to support defamation proceedings brought against Edgar by the CEO – both for the sake of the CEO and for the betterment of the sport itself.

In 2016, complaints about Edgar were also filed with the Queensland Police Service that resulted in criminal charges being brought against him by the Commonwealth Department of Public Prosecution.

Both the civil and criminal matters came to court in late 2018 and were successfully prosecuted.

Justice Bradley in the Brisbane Supreme Court in the defamation proceedings found in favour of the CEO against Edgar.

IMPACT OF SOCIAL MEDIA ON KARTING – Con't.

He described Edgar as “...an enthusiastic retailer of distant third or fourth hand gossip” and “I have no doubt there was an element of cowardice in his conduct” and who engaged

in propagating “a gross and perverse falsehood to publish the tenth (and most serious example) post” before finding “that Mr O'Reilly was caused serious harm by Mr Edgar's on-going unlawful infringement of his right to protection of his otherwise outstanding reputation.”

In judgement, Justice Bradley imposed record damages and “mandatory and permanent restraining injunction orders” that required the removal of the defamatory material and restraining Edgar from republishing similar posts in the future.

On the criminal charges brought against Edgar, he was found guilty of breaches of section “474.17 of the Commonwealth Criminal Code - Using A Carriage Service to Menace, Harass or Cause Offence” against the CEO. On the opening day of the trial the Queensland Police Service served on him approximately 12,500 pages of posts from his Facebook Page as evidence against him.

In sentencing Edgar, Magistrate G. Finger described Edgar as being a “vindictive menace” who was “hell bent on destroying their (the CEO and the Chairman's) integrity” and who exhibited absolutely no remorse or contrition for his actions.

He found that Edgar was motivated by spite and vindictiveness and was resolute to make life hell for our

CEO. Edgar was sentenced to 6 months imprisonment, released upon entering into security by way of recognisance of \$2000, conditioned to be of good behaviour for 3 years.

The most positive results from both judgements are public vindication of the CEO, that Edgar's spiteful Facebook page has now been destroyed and that for the time being at least, the online spite and vindictiveness that was completely unwarranted and that had been dragged into our sport has been consigned to history.

While Edgar was the one who faced the courts and it is, he who now has a **criminal record**, it must be said that the active participants in his spiteful, misguided online world are just as culpable for the damage that his Facebook Page caused to our sport. Clicking a 'like' or 'share' button, commenting in support of the lies that were published only ever caused harm – both personal and to our sport.

For the good of our sport that must change. From here on in, we urge everyone in our sport to adopt the mantra “**IF ITS NOT POSITIVE FORGET IT!**”

Now there is clear air to allow the sport to repair itself and to focus on both the positives that make karting a truly great form of Australian motorsport and on building the foundations that will assist our Clubs and State Associations in solving the issues that affect the grassroots of the sport.

That is our challenge, that is our objective and it will be our ongoing focus.



NATIONAL CHAMPIONSHIP

The SP Tools Australian Kart Championship continued as an outstanding success in 2018. It becomes more popular year on year.

More competitors, outstanding racing and an ever-increasing level of professionalism in event organising, racing, officiating, team preparation and presentation are the hallmarks of the Championship and make it now one of the world's best national karting championships.

It is no coincidence that in recent years, when our drivers go overseas to race in Europe and America, they are immediately on the pace and can challenge and win against the world's best – such is the strength of national competition in both the Australian Kart Championship and Rotax Pro Tour in Australia.

In 2018, the AKC averaged 266 entries per Round.

Monarto - South Australia	287
Albury Wodonga - Victoria	273
Newcastle - New South Wales	266
Emerald - Queensland	235
Todd Rd. Melbourne - Victoria	269



As well as providing great competition and excellent racing opportunities for the nine Classes offered, it allows us to trial sporting initiatives that can then be introduced at lower competition levels that will enhance competition.

The Championship also provides a magnificent financial legacy to the host Clubs.

We budget for and have achieved a small profit from AKC activities. Our preference is to follow a financial model for the Championship where the bulk of the entry fees received for each event are returned to the Host Clubs, so that in turn they can further improve their facilities.

Ladies Trophy

In 2018, as a sport we recognised for the first time the best performed lady across all Classes of the Australian Kart Championship.

It was fitting that the inaugural Ladies Trophy was won by Taylah Agius - one of the up and coming stars of our sport.



OPERATIONS

Our CEO, has continued to lead AKA's promotion of financial stability and security, allowing appropriate development plans to be created and implemented for the future of our sport.

As a national governing body, AKA is widely respected and recognised by the motorsport community at large. We are committed to operating with integrity. We believe it is important to lead and take a firm stance in relation to issues that can affect the integrity of our sport, both on and off the karting track. The Board and Management are proud of the relationships we have formed with stakeholders and the progress made for a positive cultural change within the Australian Karting community. We will continue to raise the bar on integrity in our sport.

As the brand value proposition of AKA and our events including the Australian Kart Championship and Race of Stars continues to be developed, so too does our group of sponsors.

AKA enjoys the magnificent support of **SP Tools** as the most important sponsor across most areas of our sport – Development Programs, Club competition support and the title sponsor of the Australian Kart Championship.

SP Tools Managing Director Kevin Davis is a true champion of Australian karting and we extend the sincerest of thanks to Kevin, Tom, April and the whole team at SP Tools for the magnificent support that they continue to provide to Australian karting.

We would like to specifically thank and acknowledge the following non-karting industry companies that have chosen to support our sport and our initiatives: **Castrol EDGE, Mercedes-Benz Vans, and the Rural City of Murray Bridge.**

We would also like to thank and acknowledge the ongoing support of our karting industry partners – Bridgestone, Paul Feeney Group, Dunlop, ALM Sales, MG Tyres, DPE Kart Technology, IAME, Remo Racing, Vortex, Rotax, IKD, MOJO and Vega.



Our future champions on the Grid at the Australian Formula 1 Grand Prix

BOARD AND MANAGEMENT

As Chairman, I would like to thank our staff and all volunteers across the country for their dedication and contribution over the year.

I would like to thank our CEO Kelvin O'Reilly for his outstanding contribution and commitment. Kelvin is the public face of AKA - a difficult task at the best of times. His contribution to the sport over the past almost 6 years has been extraordinary, almost single handedly rebuilding the sport, its administration and finances into the highly respected professional sporting organisation it is today.

I would also like to express my gratitude to my fellow Board members all of whom act in an honorary capacity and who have all so readily stepped up to chart the future direction of the sport.

I particularly would like to thank Phil Smith for his diligence and hard work over the past 6 years. In accordance with the requirements of the Constitution, Phil must retire from the Board at the completion of his second term in office. Thanks Phil – you have made a wonderful contribution to our sport.

2018 has been an unnecessarily difficult year. I would particularly like to pay tribute to the Presidents and Executives of Karting Queensland, Karting Victoria, Karting Tasmania, Karting South Australia, Karting Western Australia and Karting Northern Territory for their courage to do what was right for the sport to resolve the Karting New South Wales Inc. issue.

I would also like to thank the leaders of North Shore Kart Club, Newcastle Kart Club, Grafton Sporting Car Club, Classic Kart Club and Sapphire Coast Kart Club and the new management committee of Karting Australia (New South Wales) Inc. for showing great strength, resolve and leadership in properly informing themselves and their Clubs of the real issues and doing what they believed was the right

thing for their Clubs and for the sport in New South Wales.

As CEO, I would like to thank all members of the Board for their diligence, professionalism, inspiration and support of initiatives that management has presented for consideration throughout the past year.

This sport would be nothing were it not for the outstanding work of our volunteers' officials and administrators. They deserve our greatest thanks.

I would like to thank the AKA staff for their work - not just during 2018, but since I was charged with managing the company in late 2013.

My Chief Operating Officer deserves special mention. Lee Hanatschek is a special person; he is even more special as an administrator for our sport. Possessed of the greatest of passion imaginable for karting, my job, as difficult as it can be sometimes would be even more of a challenge without Lee as my Chief Operating Officer for which I thank him sincerely.

I would also like to thank Administration Director Glen Egan for the enormous support provided and work that he undertook on the KNSW issues during 2018. It should not go unacknowledged.

Our sponsors and commercial partners assist us enormously to do what we do right across the sport.

It would be remiss of me not to make special mention of Kevin Davis and SP Tools. Kevin, your support and that of your company is magnificent, your friendship – personal and of our sport is truly valued.



CONGRATULATIONS

We would like to extend our congratulations to all who competed regularly at their Clubs throughout the year.

A special thanks to those drivers who chose to embrace the **SP Tools Club Driver Rankings** program and who, by racing locally made the top of the rankings nationally.

Similarly, we express our thanks for those competitors who chose to compete at higher levels - State Championship, National Cup - Race of Stars, National Series - Rotax Pro Tour and National Championship - Australian Kart Championship.

To our National and State Champions - and all drivers who raced internationally in 2018 and did us proud - congratulations.



THANKYOU

We would like to thank all those individuals who volunteer their time and skills to Australian Karting to help make our sport safe and fair for our Competitors. We would also like to thank the State Associations, and Presidents, their Boards and Committees, Executives and Staff for collaboratively working with the national body to progress the sport of Karting.

In presenting the 2018 report to you, we would like to thank:

- The State Presidents and their hard-working State Council members and Committees;
- CAMS Ltd – President Andrew Papadopoulos and CEO Eugene Arocca;
- The Clubs and their volunteer Officials across Australia for their diligence and hard work in ensuring that karting competition is available for our licence holders across the country;
- Our drivers, their families, pit crews, sponsors and supporters;
- The AKA Staff – Lee Hanatschek, Sue Wallace, Sunil Prasad, Matthew Gould, Michael Masi, Tony Manson, Craig Nayda;
- Our Key National Officials - Mark Horsley, Ashley Woolner, Dr. Brent May, Warren Jeffery, John Wishart, Phil Lane;
- All the members of our Standing Committees and Tribunals;
- The Australian Kart Championship and Rotax Pro Tour organisers and permanent officials who have devoted untold hours to ensure that these competitions are exceptionally well run;
- AKA's sponsors – SP Tools, Castrol EDGE, Mercedes Benz Vans, IAME, Vortex, MG Tyres, DPE Kart Technology, Dunlop, ALM Sales, Bridgestone, Paul Feeney Group, Gallagher, The Rural City Of Murray Bridge;
- The Manufacturers and Teams who supported the Australian Kart Championship while participating in the Manufacturers and Teams Championship;
- Members of the karting industry.



Mick Doohan
Chairman



Kelvin O'Reilly
Chief Executive Officer

IMPORTANT FINANCIAL INFORMATION

At the peak of the Karting (New South Wales) Inc. dispute it became apparent that the true financial relationship between AKA, the State Associations, Clubs and our Licence holders was being grossly distorted.

Numerous false and fanciful financial relationship scenarios between AKA and Karting (New South Wales) Inc. purporting to be reality were being openly distributed and detailed to Clubs and Licence holders in New South Wales.

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

To clarify once and for all, the financial relationship that exists between AKA and all member State Association we provide the following verifiable facts.

ANNUAL MEMBERSHIP FEES

- State Associations do not pay any annual affiliation fee to AKA.
- All Clubs pay the annual affiliation fee of \$50.00 to AKA. The State Association remits that fee to AKA on behalf of each affiliated Club.
- The fee has never been increased under AKA and is set by the State Associations at AKA's AGM.

EVENT ORGANISING PERMIT FEES

Permit Fees Set by and Paid to AKA:

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

Permit Fees Set by and Paid to the State Association:

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

DRIVER'S LICENCE FEES

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

RACE MEETING ENTRY FEES

Entry Fees Set by and Paid to AKA:

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

Entry Fees Confirmed by the State Association:

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

Entry Fees Set by the Club:

- Club Competition - including Championship
 - It may need to be approved by your State Association.
 - The entry fee includes any Permit Fee that the State Association requires to be paid.

All event entry fees include a \$3 Track Development Fund levy that is paid into the Track Development Fund Trust that the Trustee of the Trust makes available in the form of loans to Affiliated Clubs to develop and improve their facilities.

INSURANCE FEES AND COVER

AKA pays for and provides the full insurance program 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.

Insurance cover for all Events is provided when an AKA Organising Permit is issued either by AKA or a State Association – No Fee is charged by AKA

All Drivers receive Personal Accident Insurance cover when they purchase their competition licence.

STATE SERVICES

The State Associations provide services to all Clubs and Drivers in their State from the funds derived primarily from the Licence Fees and Organising Permit Fees collected.

THE FUTURE OF KARTING IN NEW SOUTH WALES

As has been mentioned previously in this report, there are currently issues of a very significant nature between AKA and the now expelled former Ordinary Member of AKA - Karting (New South Wales) Inc.

There is still a great deal to play out in the courts, as AKA looks to recover its property and hundreds of thousands of dollars that are owed by Karting (New South Wales) Inc to either the Track Development Fund Trust or to AKA.

Those issues will be likely to continue for some time to come, but AKA will not be satisfied until such time as karting in New South Wales is brought back together as it is in the other States.

The AKA Board and the KANSW Management Committee are very concerned about the overall negative impact that the KNSW breakaway has had on the sport in NSW.

While participation and licence numbers for the first four months for Karting Australia (New South Wales) Inc. are up on last year, there is no room for complacency. It is clear from the available information, that at least some alternate karting events in New South Wales are doing it much tougher than ever before. Previous standout one-off, series and championship events have, in 2019, recorded their lowest entry levels in the decade since CMS records began.

All karting in New South Wales in the immediate future will continue to be a challenge for the clubs and the karters – there are no winners in a divided sport. The sooner that normality returns – the better for everyone.

STANDING BY OUR CLUBS AND DRIVERS

To ensure the future of full sanctioning and international authority for licences and karting generally for New South Wales, AKA has confirmed that we will continue to stand by our Clubs and maintain a strong presence in the State.

NSW Club affiliation with AKA is guaranteed through Karting Australia (New South Wales) Inc. the replacement

association that was granted affiliation with AKA in December 2018.

North Shore Kart Club Inc., Newcastle Kart Club Inc. Grafton Sporting Car Club Inc and Classic Kart Club Inc are Foundation Members and subsequently, the Sapphire Coast Kart Club has also affiliated with KANSW. Members of these Clubs automatically retain affiliation with and membership of AKA in accordance with the Rules.

Members of the KANSW affiliated Clubs can use their AKA licences in any Australian State and the Northern Territory.

ENSURING THAT YOU CAN RACE WHERE YOU WANT, WHEN YOU WANT

“AKA will not be satisfied until such time as karting in New South Wales is brought back together as it is in the other States...”

Regardless of what may have transpired in 2018, those NSW karting Clubs that share the values, culture and vision of AKA and Karting Australia (New South Wales) Inc. and who desire to reaffiliate with AKA are welcome to apply to KANSW to become a member again.”

Mick Doohan – Chairman AKA

AKA has ensured that all other NSW licence holders at the time that KNSW ceased to be an AKA member, had their AKA racing entitlements protected by including the following provisions in our licencing Rules:

“Any person applying for a Drivers Licence (both new or renewal) must be a member of a Club which is affiliated through a SKA with KA and must remain a financial member of a Club during the term of the licence. The provision of this Rule 2(b) shall not apply to the holder of a Drivers Licence who was a member of a Club that was affiliated with Karting (New South Wales) Inc. at 21 January 2019 and that as a result of the expulsion of Karting (New South Wales) Inc. from KA on that date, became disaffiliated from KA. Those Drivers Licence holders are exempted from being required to be a member of an affiliated Club until such time as their Licence, as recorded on CMS at 21 January 2019, expires and becomes due for renewal.”

Regardless of what may have transpired in 2018, those NSW karting Clubs that share the values, culture and vision of AKA and Karting Australia (New South Wales) Inc. (KANSW) and who desire to reaffiliate with AKA are welcome to apply to KANSW to become a member again.

The details on what is required of an applicant Club and how to apply are available on the KANSW web site.

THE FUTURE OF KARTING IN NEW SOUTH WALES – Con't

BENEFITS OF AFFILIATION WITH AKA AND KA(NSW) Inc.

Affiliation with AKA and KANSW brings with it benefits including but not limited to:

- Affiliation with Australia's only karting association with delegated authority from and recognised by both CAMS and the world governing body of motorsport the FIA;
- Access to the benefits provided by CAMS under the Delegation Agreement;
- Affiliation with a National Association and State/Territory Associations that share the common values of integrity, fairness, inclusion and diversity for our sport;
- Inclusion in the national sporting body for karting with a history of credible, stable sporting administration and management extending past 50 years of consistent administration of the sport;
- Lower cost Club operating environment;
- Access to world class event live timing infrastructure;
- Access to the CMS for licensing, race management and records;
- Inclusion in the quality, comprehensive motorsport specific AKA insurance program;
- Access to and inclusion in KARM – AKA's Risk Management and Safety 1st programs;
- Trained and accredited Officials to run race meetings;
- Access to the AKA Track Development Fund Trust loans;
- Access to AKA Grants programs;
- Access to AKA national and international racing licenses including the ability to race in all Australian States/Territories under a single racing license;
- Access to AKA infrastructure including: Rules, policies and procedures;
- Access to the AKA judicial system;
- Access to AKA Permits, Supplementary Regulations and insurance, necessary to conduct an AKA sanctioned event;
- Access to world best practice motorsport safety standards, programs and policies;
- Access to world class junior development programs including the SP Tools Junior Sprockets program;
- Inclusion of your events on the State and national sporting calendar;
- Inclusion in the National Club Driver Rankings program;
- Inclusion in the Ultimate Club Racer Event.



SP TOOLS JUNIOR SPROCKETS
The leader in getting cadets started in karting.



GOVERNANCE STATEMENT

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

AKA’s Mission and Guiding Principles

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

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

Our guiding principles are:

- We will encourage participation & competition in the sport from a young age;
- We will promote excellence and integrity in the sport;
- We will provide a family oriented, fun, fair, well organised, safe, and value for money experience for all participants;
- We will establish and grow partnerships with all key stakeholders to improve the business and the sport of karting in Australia;
- We will strive to achieve diversity within the sport and the organisation;
- We will deliver on the strategic goals of the organization;
- We will promote and engage in driver education through the sport of karting.

Board Responsibilities

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

The Board of AKA is responsible for providing corporate and strategic governance to the organisation. The organisation is essentially one

which must service the needs of its members and other stakeholders and concurrently promote and regulate karting activity across a spectrum ranging from recreational, club and amateur competition to elite Karting activity. During the year the Board further refined its “Strategic Plan 2016-2018” which is published on the website. The next iteration of the Strategic Plan taking AKA through until 2022 will be developed in the coming months of 2019.

The Directors are required to understand the needs of the organisation and their legal responsibilities as Directors. If appointed because of special skills (for example financial, legal, marketing), Directors are expected to contribute those skills to the Board and the organisation.

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

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

Relationship Between Board and Management

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

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

As well as having the ultimate responsibility for the operations of the Company, the Board must be aware of and have due respect for the obligations of the Company as a matter of general law or as a result of particular obligations imposed under relevant

legislation including the Corporations Act and relating to work health and safety.

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

Board Oversight

The Board oversees and monitors management's performance by:

- Meeting at least 2 times a year (in 2018 the AKA Board met 8 times);
- Receiving detailed reports from management at these Board meetings;
- Receiving additional input from management when necessary.

Board Members

During the year, in accordance with the Constitution there were six (6) Directors of AKA.

R Crawford was re-elected as Technical Director at the 2018 Annual General Meeting.

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

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

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

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

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

The Chairman

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

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

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

Constitution

The shortcomings in the company's existing Constitution have long been apparent. It has been agreed by the Executive Commission that the shortcomings need to be addressed and the adoption of a more flexible document based on the Sport Australia's template constitution for sporting organisations – operating as a company limited by guarantee (SA Template Constitution) be adopted.

It is proposed to discuss the specific karting customisation of the SA Template Constitution with AKA's ordinary members in June 2019 with a view to having the new constitution voted upon later in the year.

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.

GOVERNANCE STATEMENT – Con’t

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

Independent Advice

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

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

The advice must be made available to all Directors.

Code of Conduct

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

- act with integrity and good faith and fairness in all dealings with each other and third parties;
- treat each other with professionalism, courtesy and respect allowing reasonable opportunity for others to put forward their views;
- not improperly influence other Board members or management;
- avoid or manage conflicts of interests and declare to the Chair and the Board material interests including any material conflicts of interest, both actual, and potential and perceived;
- work co-operatively among themselves and with management in the best interests of the Company;
- However, responsibility to act appropriately does not stop with the Board. AKA requires every Ordinary Member (State Association), Associate Member (affiliated Club) Provisional Member (club member) Life Member, Honorary Member, Temporary Member licence holder and stakeholder to comply with its Constitution, Rules, Policies including the National Club Affiliation

Requirements, the Member Protection Policy and the Code of Conduct to:

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

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



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

Performance Reviews

The Board undertakes regular performance evaluations that:

- reviews the performance of the Board against the requirements of the Board Charter;
- reviews the performance of the Committees against the requirements of their respective Terms of Reference; and

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

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

Stakeholder Engagement

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

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

The CEO is accountable for:

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

The Chair of the Board is the only board member authorised to communicate directly with the media. Communication with internal parties within AKA (e.g. staff) is ordinarily undertaken through the CEO.

Adoption of Sport Australia Sports Governance Principles

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

TRACK DEVELOPMENT FUND

BACKGROUND

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

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

The AKA Board is the Trustee of the Trust.

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

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

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

Affiliated Clubs and State Associations can apply for a loan from the Trust at any time. Information, guidelines for making a loan application and loan application forms are available on the AKA web site:

<https://www.karting.net.au/karting-australia/track-development-fund>

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

PROFIT AND LOSS, BALANCE SHEET

At the end of the 2018 financial year, the Trust had nine (9) loans receivable at a total value of \$354,395.

No loan defaults have been recorded to 31 December 2018.

Total Trust Income for 2018 \$106,090
Total Assets of the Trust \$1,950,301

During 2018 one Loan application was received. The South West Kart Club (Victoria) applied for and received approval for a loan to enable significant

track rectification, safety improvements and fencing to be undertaken at the Circuit.

The Loan was drawn down in March 2019.



**South West Kart Club - TDF & Safety Grant
Funded Track Work**

KARTING (NEW SOUTH WALES) INC.

As previously reported, in September 2018, Karting (New South Wales) Inc. voted to disaffiliate itself from AKA. It then failed to do so. The allegations made by Karting (New South Wales) Inc during this time, the disruptiveness to the sport as a whole and their apparent refusal to as a member of AKA and respect the rules of AKA, ultimately led to the Ordinary Members making the decision to expel Karting (New South Wales) Inc as an Ordinary Member of AKA at a specially convened meeting on 21 January 2019.

This has resulted in several loans coming into default:

Outstanding Principle on TDF Loan Defaults	
Karting (NSW) Inc. and Combined Districts Kart Club Inc.	\$80,833.18
Karting (NSW) Inc. on behalf of Coffs Harbour Kart Club Inc.	\$33,333.20
Karting (NSW) Inc. on behalf of Tamworth Kart Club Inc.	\$13,328.00
Plus, Default Interest	TBC

The Trustee has commenced legal proceedings in the District Court of New South Wales to recover the amounts outstanding and that are in default.



Lochie Dalton
2018 KA1 Champion

2018 NATIONAL AND STATE CHAMPIONS

AUSTRALIAN CHAMPIONS



Cadet 9 – Lewis Francis
 Cadet 12 – Harry Arnett
 KA4 Junior – Rhys Smith
 KA3 Senior – Matthew McLean
 TaG 125 – Brendan Nelson
 X30 – Cody Gillis
 KA2 – Kai Allen
 KA1 – Lachlan Dalton
 KZ2 – Aaron Cameron

ROTAX PRO TOUR CHAMPIONS



Micro Max – Peter Bouzinelous
 Mini Max – Costa Toparis
 Junior Max – Jaiden Pope
 Rotax 125 Light – Josh Hart
 Rotax 125 Heavy – Lane Moore
 DD2 – Ryan Kennedy
 DD2 Masters – Troy Woolston

2018 MANUFACTURERS CHAMPIONSHIP

	1139
	1039
	1019
	726
	686
	631
	459

NEW SOUTH WALES CHAMPIONS



Cadet 9 – Jake Rutkowski
 Cadet 12 – Cody Maynes-Rutty
 KA4 Junior Light – Rhys Smith
 KA4 Junior Heavy – Rhys Smith
 KA3 Junior – Thomas Hayman
 KA3 Senior Light – Benito Montalbano
 KA3 Senior Medium – Nicholas Cooley
 TaG 125 Light – Chris Bregonje
 TaG 125 Heavy – Brett Robinson

2018 TEAMS CHAMPIONSHIP

	914		660
	892		631
	841		567
	780		557
	748		503
			451

KA4 Junior – Rhys Smith
 KA3 Senior – Matthew Waters
 TaG 125 – Cody Brewczynski
 X30 – Pierce Lehane
 KA2 – Jaiden Pope
 KA1 – Scott Sorensen
 KZ2 – Joshua Fife

**LADIES TROPHY
 STANDINGS AFTER ROUND 5**

1. Taylah AGIUS - 147	12. Ashleigh STEWART - 17
2. Ely MORROW - 68	13. Annabelle ROLFO - 16
3. Rianna O'MEARA - HUNT - 62	14. Brianna MOYSE - 14
4. Beck CONNELL - 57	15. Tayla HEATH - 13
5. Barbara ANAGNOSTIADIS - 54	16. Nikki WATSON - 13
6. Alice BUCKLEY - 36	17. Sharnay SEAL - 11
7. Aiva ANAGNOSTIADIS - 34	18. Maddie FEATHER - 8
8. Madeline STEWART - 33	19. Mia BOSTON - 7
9. Eryn OSBORNE - 30	20. Miley MILLER - 7
10. Amber MILLER - 29	21. Holly HOLDEN-STEWART - 5
11. Olivia DALLA-ZUANNA - 21	22. Tayla HARNAS - 3

Micro Max – Jake Rutkowski
 Mini Max – Costa Toparis
 Junior Max – William Seal
 Rotax 125 Light – Josh Hart
 Rotax 125 Heavy – Lane Moore
 DD2 – Ryan Kennedy
 DD2 Masters – Jason Pringle

NORTHERN TERRITORY CHAMPIONS



Cadet 9 – Nathan Griffin
Cadet 12 – James Micucci-Allen
KA4 Junior Light – Cody Leunen
KA3 Senior Light – Zack Needham
TaG 125 light – Ryan Bender
TaG 125 Heavy – Bayley Mickler
TaG 125 Restricted Light – Brooke Miller
TaG 125 Restricted Heavy – Bruce Skyring
Open Performance – Matthew Chambers

QUEENSLAND CHAMPIONS



Cadet 9 – Max Walton
Cadet 12 – Carter Mobbs
KA4 Junior Light – Kurtis Tennant
KA3 Junior – Luke Pink
KA3 Senior Light – Samuel Battye
KA3 Senior Medium – Wayne Ohl
TaG 125 Restricted 125 Light – Scott Hoffman
TaG 125 Restricted 125 Medium – Matthew Walker
TaG 125 Light – Scott Sorensen
TaG 125 Heavy – Kris Walton

KA4 Junior – Rhys Smith
KA3 Senior – Benito Montalbano
TaG 125 – Brendan Nelson
X30 – Pierce Lehane
KA2 – Jay Hanson
KA1 – Lachlan Dalton
KZ2 – Dylan Drysdale

Micro Max – Jake Rutkowski
Mini Max – Ethan Feather
Junior Max – Ryan Wood
Rotax 125 Light – Josh Hart
Rotax 125 Heavy – Chris Farkas
DD2 – Ryan Kennedy
DD2 Masters – Troy Woolston

SOUTH AUSTRALIAN CHAMPIONS



Cadet 9 – Jensen Marold
Cadet 12 – James Piszcyk
KA4 Junior Light – Christian Cowie
KA3 Junior – Kai Allen
KA3 Senior Light – Cooper Jones
KA3 Senior Masters – David Rinaldi
TaG 125 Light – Paul Pittam
TaG 125 Heavy – Ben Edwards
TaG Restricted 125 Light – James Boden
TaG Restricted 125 Medium – Daniel Boorman

KA4 Junior – Rhys Smith
KA3 Senior – Matthew McLean
TaG 125 – Brendan Nelson
X30 – Cody Gillis
KA2 – Valentino Astuti
KA1 – Lachlan Dalton
KZ2 – Aaron Cameron

Micro Max – Jaxson Burns
Mini Max – Peter Bouzinelous
Junior Max – Jaiden Pope
Rotax 125 Light – Michael McMulloch
Rotax 125 Heavy – Paul Rodgers
DD2 – Cody Brewczynski
DD2 Masters – Kris Walton



VICTORIAN CHAMPIONS



Cadet 9 – Lewis Francis
Cadet 12 – Matthew Domaschenz
KA4 Junior Light – Fletcher Harris
KA4 Junior Heavy – James Wharton
KA3 Junior – Kai Allen
KA3 Senior Light – Matthew McLean
KA3 Senior Medium – Remo Luciani
TaG 125 Light – Brad Jenner
TaG 125 Heavy – Aaron Hindle
TaG 125 Masters – Phil Smith

KA4 Junior – Fletcher Harris
KA3 Senior – Matthew McLean
TaG 125 – Jordan Nicolaou
X30 – Harrison Hoey
KA2 – James Wharton
KA1 – Scott Sorensen
KZ2 – Joshua Fife

Micro Max – Peter Bouzinelos
Mini Max – Costa Toparis
Junior Max – Jaiden Pope
Rotax 125 Light – Ben Jurczak
Rotax 125 Heavy – Paul Rodgers
DD2 – Damian Ward
DD2 Masters – Kris Walton

WESTERN AUSTRALIAN CHAMPIONS



Cadet 9 – Sachen Smith Wei
Cadet 12 – Brandon Locke
KA4 Junior Light – Max McRae
KA4 Junior Heavy – Cody Leunen
KA3 Junior – Cody Leunen
KA3 Senior Light – Ryan Bender
KA3 Senior Medium – Jason Betts
KA3 Senior Heavy – Simon Minton
TaG 125 Restricted Masters – Roy Tester
TaG 125 Light – Brock Kenny
TaG 125 Heavy – Brenton Magri
Open Performance – Courtney Gough

RACE OF STARS



Cadet 12 – Carter Mobbs
KA4 Junior – Hugh Barter
KA3 Junior – Luke Pink
KA3 Senior – Benito Montalbano
TaG 125 – Reece Cohen
DD2 – Damien Ward
KA2 – Reuben Goodall
KZ2 – Anthony Abbasse



**FINANCIAL STATEMENTS AND
REPORTS FOR AUSTRALIAN KARTING
ASSOCIATION LTD.**

**AUSTRALIAN KARTING
ASSOCIATION LTD**

ABN 97 160 100 265

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

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 2018.

Directors

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

MS Doohan AM	KJ Reynolds
PA Smith	G Egan
R Crawford	T Bundy

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

Company Secretary

The person who has held the position of company secretary during the year and to the date of this report was RE Mallett. The qualifications of Mr Mallett are JD, B. Bus, Dip. Corp Mgt, Grad Dip. (Leg Prac). FCPA, FGIA, FCIS and he brings extensive experience as a company secretary, lawyer and senior executive having worked for a number of large, medium and small listed public companies in the resources, energy and agriculture industries including BHP Billiton Ltd, WMC, Rio Tinto, Elders, Icon Energy Ltd and Murray Irrigation. 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, 8 meetings of directors were held. Attendances by each director were as follows:

<u>Director</u>	<u>Number attended</u>	<u>Number eligible to attend</u>
MS Doohan AM	6	8
PA Smith	8	8
R Crawford	8	8
KJ Reynolds	7	8
G Egan	7	8
T Bundy	7	8

Operating Result

The deficit of the company amounted to \$174,813 (2017 - surplus of \$90,478). 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 \$20 each towards meeting any outstanding obligations of the company. At 31 December 2018, the maximum amount that the members of the company are liable to contribute if the company is wound up is \$140.

Guiding Principles

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

At all times, the company's primary activities are conducted in accordance with its Strategic Plan 2016 - 2018.

To view the Karting Australia Strategic Plan 2016 - 2018 click here:

<http://www.karting.net.au/karting-australia/strategic-plan-2016-2018>

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 31 December 2018 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

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

To lead, govern, promote and grow the sport of karting in Australia.

Vision

To be a first class leader in Australian motorsport and the sport of karting at all levels.

Our Mission

Lead, govern, promote and grow the sport of karting in Australia.

Our Values

Leadership

Enjoyable and fun sporting competition

Safety

Integrity

Achievement

Excited and engaged members

Positive and collaborative culture

Our Goals

Exciting, Fair and Safe Competition. This means that all levels of our sporting competition are carried out following the "1 Sport – 1 Rule Book" philosophy.

Growth and Development

This means sustainable growth and development in membership, competition licence numbers, volunteer officials support, and participation in events, karting industry investment and support and sponsorship and commercial partnerships.

Cultural Improvement

This means improving the overall culture in the sport at all levels of competition, administration, officiating and participation so as to ensure that karting events are well organised and always fun.

Best Practice Governance

This means ensuring effective sports governance through leadership, integrity, trust and good management.

Information on Directors

MS Doohan AM

Special Responsibilities: Chairman.

Experience: Australian Formula 1 Grand Prix Board;
GM Honda Racing Corporation (6 years);
Advisory Board DORNA (8 years); and
Sole Director - The Doohan Group.

PA Smith

Qualifications: Bachelor of Business (Economics & Marketing), MBA.

Special Responsibilities: Finance Director & Joint Chair Governance & Finance Committee.

Experience: Board Australian Red Cross; and
Member Australian Institute of Bankers.

KJ Reynolds

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

Special Responsibilities: Competition Director.

Experience: Dental Practice owner and manager 34 years;
Albury Wodonga Kart Club president - 20 years;
Karting official (Steward and clerk of course) - 20 years;
National Championship Official;
Albury Wodonga Kart Club delegate to VKA; and
Karting retail experience - Kartequip.

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

DIRECTORS' REPORT

Information on Directors (continued)

- R Crawford** Qualifications: Mechanical Trade.
Special Responsibilities: Technical Director.
Experience: 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 & 2007;
Holden Racing Team / Team Manager / Bathurst victory in 2009; and
Kelly Racing Team / Team Manager / Operations Manager.
- G Egan** Qualifications: Professional Company Manager;
Graduate of the Australian Institute of Company Directors; and
Committee member, Australian Organisation for Quality, NSW division.
Special Responsibilities: Administration Director.
Experience: General Manager Operations - Trend Windows and Doors;
CEO – Karting NSW 2013/14;
President & 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.
- T Bundy** Special Responsibilities: Marketing Director.
Experience: Porsche Australia - Motorsport Manager;
Mobil 1 HSV Racing – Commercial Director;
Supercars Australia – General Manager Sales – 2014-2016;
North Melbourne FC – General Manager Commercial;
Sydney Swans FC – General Manager Corporate Partnerships;
NRL – Commercial Manager;
V8 Supercars – Sponsorship Manager; and
News Limited - Key Account Manager.

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

Signed in accordance with a resolution of the directors.



MS Doohan AM
Director



PA Smith
Director

Dated this 24th day of April 2019

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE & EXPENSES			
Operations revenue	3	2,706,073	2,601,765
Other revenue	3	20,405	36,028
Depreciation of property, plant and equipment	4	(122,216)	(59,021)
Employee expenses	4	(831,937)	(758,200)
Finance costs	4	(10,507)	(11,137)
Operations expenses	4	(1,936,631)	(1,718,957)
Surplus/(Deficit) before income tax expense		(174,813)	90,478
Income tax expense	1d	0	0
Total Surplus/(Deficit) for the year		(174,813)	90,478
OTHER COMPREHENSIVE INCOME			
Items that will be reclassified subsequently to profit or loss		0	0
Items that will not be reclassified subsequently to profit or loss		0	0
Total Other Comprehensive Income for the year		0	0
TOTAL COMPREHENSIVE INCOME		(174,813)	90,478

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CHANGES IN COMPANY FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
COMPANY FUNDS			
RETAINED SURPLUS			
Balance at the beginning of the financial year		2,203,698	2,113,220
Surplus/(Deficit) for the year		(174,813)	90,478
TOTAL COMPANY FUNDS		2,028,885	2,203,698

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,231,600	1,309,260
Trade and Other Receivables	7	494,159	468,298
Inventories	8	82,529	63,667
Other Assets	9	121,768	165,502
Total Current Assets		1,930,056	2,006,727
NON-CURRENT ASSETS			
Trade and Other Receivables	7	160,054	160,054
Property, Plant and Equipment	10	436,568	476,835
Total Non-Current Assets		596,622	636,889
TOTAL ASSETS		2,526,678	2,643,616
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	11	388,011	266,158
Borrowings	12	86,199	145,336
Total Current Liabilities		474,210	411,494
NON-CURRENT LIABILITIES			
Borrowings	12	0	13,171
Provisions	13	23,583	15,253
Total Non-Current Liabilities		23,583	28,424
TOTAL LIABILITIES		497,793	439,918
NET ASSETS		2,028,885	2,203,698
COMPANY FUNDS			
Retained Surplus		2,028,885	2,203,698
TOTAL COMPANY FUNDS		2,028,885	2,203,698

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members & others		2,948,233	2,934,363
Payments to suppliers & employees		(2,881,534)	(2,702,009)
Interest received		20,405	36,028
Finance costs		(10,507)	(11,137)
Net cash generated from (used in) operating activities	5a	76,597	257,245
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(81,949)	(373,674)
Net cash generated from (used in) investing activities		(81,949)	(373,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from borrowings		659,640	624,313
Repayment of borrowings		(731,948)	(721,122)
Net cash generated from (used in) financing activities		(72,308)	(96,809)
Net increase (decrease) in cash held		(77,660)	(213,238)
Cash at the beginning of the financial year		1,309,260	1,522,498
CASH AT THE END OF THE FINANCIAL YEAR	6	1,231,600	1,309,260

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Australian Karting Association Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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. Comparative Figures

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

b. Critical Accounting Estimates and Judgments

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

Key judgments

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

Key estimates

Employee benefits - For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The directors expect that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period follows, accordingly, the directors believe that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, are measured at the nominal value of the expected future payments to be made to employees.

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. 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.

d. 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.

e. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

f. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses. As at 31 December 2018, all operating leases were on a month-to-month basis.

g. Cash and Cash Equivalents

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

h. Inventories

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

i. Plant and Equipment

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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</u>
Plant & equipment	10.00% to 33.00%

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

j. 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.

k. Employee Benefits

Retirement benefit obligations - superannuation benefits

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

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 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 12 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 12 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.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. 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 30 days of recognition of the liability.

m. 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).

n. 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.

o. Trust Liabilities and Right of Indemnity

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

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES			
p. New Accounting Standards for Application in Future Periods			
A number of Australian Accounting Standards have been issued or amended which are effective from 01 January 2019, therefore, they have not been adopted in the preparation of these financial statements. They are not expected to affect the company in future years.			
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		472,559	413,606
Building Better Kart Clubs		18,000	15,000
Junior Sprockets		98,384	77,248
Race of Stars		87,898	68,551
Non Program or Event Income		2,029,232	2,027,360
Total revenue	3	2,706,073	2,601,765
Program and Event Expense			
Australian Kart Championship - Direct expenses		257,939	248,355
Australian Kart Championship - Host club distribution		195,036	157,647
Building Better Kart Clubs		27,169	1,589
Club safety grants and programs		30,548	98,896
Junior Sprockets		50,701	66,496
KARM - Risk Management		956	22,010
Race of Stars		93,801	66,768
State association assistance program & display kits		45,061	55,231
State championship implementation program		20,000	41,000
Non Program or Event Expenses		2,180,080	1,789,323
Total expenses	4	2,901,291	2,547,315
NOTE 3: REVENUE			
Operations revenue			
Events		514,593	333,972
Levies and fees		19,170	21,672
Licence fees		947,434	978,812
Programs		62,610	51,732
Royalties		750,791	815,370
Sales		183,305	191,124
Sponsorship		192,630	170,624
Sundry		35,540	38,459
Total operations revenue		2,706,073	2,601,765
Other revenue			
Interest received from other persons		20,405	36,028
Total other revenue		20,405	36,028
Total revenue		2,726,478	2,637,793

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
NOTE 4: EXPENSES			
Depreciation of property, plant and equipment		122,216	59,021
Employee expenses		831,937	758,200
Finance costs		10,507	11,137
Operations expenses			
Events		562,132	361,187
Insurance		453,166	410,782
Marketing		3,283	3,934
Programs		140,752	252,165
Travel and accommodation		220,718	243,610
Board expenses		26,020	47,775
CAMS fee and CIK charges		23,955	25,236
CMS software and program fees		68,641	58,336
Defamation defence costs	4a	67,125	0
Member dispute costs	4b	100,764	0
Legal costs		35,737	80,664
Other		159,472	147,035
Rent		37,200	37,200
Printing and artwork		17,369	29,265
Telephones		20,297	21,768
Total operations expenses		1,936,631	1,718,957
Total expenses		2,901,291	2,547,315

a. Defamation Action

The company incurred significant expenditure in supporting a successful Supreme Court defamation action brought by the CEO against Peter Gerard Edgar. The company considered that the damage that Edgar was doing to Karting Australia, its officers and the sport through his Facebook Page was so significant that it warranted legal action. The litigation initiated by the CEO, with the support of Karting Australia, was successfully prosecuted and led to mandatory and permanent restraining injunction orders being made against Edgar in relation to his behaviour and his Facebook Page. The cost of preparing for trial and the legal action to Karting Australia amounted to \$67,125.

b. Karting (New South Wales) Inc Matter

The company incurred significant expenditure during the year in dealing with disputes and other problems initiated by Karting (New South Wales) Inc. This expenditure, which is unlikely to be incurred again, included but was not limited to costs associated with Karting (New South Wales) Inc's disaffiliation from the company and disputes over Karting (New South Wales) Inc's entitlement to Track Development Fund reserves, karting governance and a jointly owned building. The expenditure amounted to \$100,764.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
NOTE 5: CASH FLOW INFORMATION			
a. Reconciliation of Cashflow from Operations with Surplus/ (Deficit) after Income Tax			
Surplus/(Deficit) for the year		(174,813)	90,478
Non cash flows			
Depreciation		122,216	59,021
Changes in assets and liabilities:			
(Increase)/Decrease in trade and other receivables		(25,861)	65,838
(Increase)/Decrease in inventories		(18,862)	9,265
(Increase)/Decrease in other assets		43,734	(12,774)
Increase/(Decrease) in trade and other payables		121,853	37,762
Increase/(Decrease) in provisions		8,330	7,655
Net cash generated from (used in) operating activities		76,597	257,245

b. Credit Stand-by Arrangement and Loan Facilities

The company has the following facilities available to it from the Commonwealth Bank of Australia:

A credit card facility of \$25,000. The amount available to be called upon as at 31 December 2018 was \$20,918 (2017: \$11,368).

c. Non-Cash Financing and Investing Activities

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

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank		812,950	895,279
Term deposit - Future Fund	6a	418,450	413,781
Cash on hand		200	200
Total Cash and Cash Equivalents		1,231,600	1,309,260

a. Analysis of Term deposit - Future Fund

Allocation to fund from 2014 surplus		173,758	173,758
Allocation to fund from 2015 surplus		279,023	279,023
Allocation to fund from 2016 surplus		206,003	206,003
Allocation to fund from 2017 surplus		27,143	27,143
Amounts used (MyLaps Timing System) during 2017		(316,130)	(316,130)
Amount to be (deposited)/withdrawn after adoption of financial report		48,653	43,984
Term deposit - Future Fund balance at the end of year		418,450	413,781

Based on the company's policy, no amount is to be allocated to the Future Fund term deposit as the company returned a deficit for the 2018 financial year. No amount has been expended from the Future Fund during the year ended 31 December 2018. The term deposit is currently greater than the required amount and the excess will remain in the term deposit unless required for operational purposes.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
NOTE 7: TRADE AND OTHER RECEIVABLES			
Current			
Trade receivables		494,854	464,844
Interest receivable		3,055	324
BAS receivable		0	6,880
Less provision for doubtful debts		(3,750)	(3,750)
Total Current Trade and Other Receivables		494,159	468,298
Non-Current			
Loans to related entities	7a	160,054	160,054
Total Non-Current Trade and Other Receivables		160,054	160,054
Total Trade and Other Receivables		654,213	628,352
a. The loan receivable is from the AKA KNSW Unit Trust and is secured by the real property at 12 Macquarie Avenue, Penrith, NSW.			
NOTE 8: INVENTORIES			
Stock for sale		82,529	63,667
Total Inventories		82,529	63,667
NOTE 9: OTHER ASSETS			
Prepaid insurance		103,511	111,344
Other prepaid expenses		18,257	54,158
Total Other Current Assets		121,768	165,502
NOTE 10: PROPERTY, PLANT AND EQUIPMENT			
Plant & equipment		739,259	657,310
Less accumulated depreciation		(302,691)	(180,475)
Total Property, Plant and Equipment		436,568	476,835
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 & equipment			
Balance at the beginning of year		476,835	162,182
Additions		81,949	373,674
Depreciation expense		(122,216)	(59,021)
Carrying amount at the end of year		436,568	476,835

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
NOTE 11: TRADE AND OTHER PAYABLES			
Trade payables		81,591	60,261
Other payables		79,885	67
BAS payable		49,539	0
Superannuation payable		6,345	6,815
Income in advance		0	1,091
Employee benefits	1k	113,933	87,318
Employee on-costs		31,730	24,318
Entry fees received in advance		13,988	0
Safety grant accrual		0	74,288
Accrued expenses		11,000	12,000
Total Trade and Other Payables		388,011	266,158
a. Financial Liabilities within Trade and Other Payables			
Trade and other payables		388,011	266,158
Less payables that are non interest bearing if paid within terms		(388,011)	(266,158)
Financial liabilities as trade and other payables		0	0
NOTE 12: BORROWINGS			
Current			
Insurance premium funding loan		68,946	101,357
Credit cards		4,082	13,632
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		13,171	30,347
Total Current Borrowings		86,199	145,336
Non-Current			
Hire Purchase/Chattel Mortgage/Equipment Loan agreements		0	13,171
Total Non-Current Borrowings		0	13,171
Total current and non-current borrowings:			
Insurance premium funding loan		68,946	101,357
Credit cards	5b	4,082	13,632
Hire Purchase/Chattel Mortgage/Equipment Loan agreements	15	13,171	43,518
Total Borrowings		86,199	158,507
NOTE 13: PROVISIONS			
Non-Current Provisions			
Employee benefits (long service leave)	13a	21,142	13,674
Employee on-costs		2,441	1,579
Total Non-Current Provisions		23,583	15,253
Movements in Provisions:			
Balance at the beginning of year		15,253	7,598
Additional provisions raised/(used) during year		8,330	7,655
Carrying amount at the end of year		23,583	15,253
Number of employees (full-time, part-time or casual) at year end		5	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 1k.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$

NOTE 14: COMPANY DETAILS

The principal place of business and registered office of the company is:
 Australian Karting Association Ltd
 12 Macquarie Avenue
 Penrith NSW 2750

NOTE 15: CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments

The company has entered into an equipment loan agreement for the purchase of an Isuzu FVD Series Pantehnicon/Motorhome Truck.	200,000	0
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Finance Lease Commitments

The company has not entered into any finance lease contracts at the date of this report.

Operating Lease Commitments

The company entered into an operating lease agreement for business premises with a related party. The agreement term has expired and allows for month to month terms. Accordingly, there is no commitment as the company can vacate the premises with one month's notice.

Hire Purchase/Chattel Mortgage/Equipment Loan Commitments

Payable:

Not later than 12 months	13,362	32,069
Later than 12 months but not later than 5 years	0	13,362
Minimum hire purchase payments	13,362	45,431
Less future finance charges	(191)	(1,913)
Total Hire Purchase Liability	13,171	43,518

The company purchased race track equipment which was financed by an equipment loan from the Commonwealth Bank of Australia. The agreement expires on 24 May 2019.

The company purchased an Isuzu FVD Series Truck for \$200,000 plus GST on 05 March 2019 which was financed by an equipment loan from the Westpac Banking Corporation. The repayment amounts will be \$4,187.19 per month over 60 months. The amount has not been included in the table above.

NOTE 16: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Note	2018	2017
	\$	\$

NOTE 17: 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	1,231,600	1,309,260
Total trade and other receivables	7	654,213	628,352
Total Financial Assets		1,885,813	1,937,612

Financial Liabilities

Total borrowings	12	86,199	158,507
Total Financial Liabilities		86,199	158,507

NOTE 18: EVENTS AFTER THE BALANCE DATE

a. Defamation Action

The company incurred significant expenditure both during, and subsequent to the end of, the financial year in supporting a successful Supreme Court defamation action brought by the CEO against Peter Gerard Edgar. The company considered that the damage that Edgar was doing to Karting Australia, its officers and the sport through his Facebook Page was so significant that it warranted legal action. The litigation initiated by the CEO, with the support of Karting Australia, was successfully prosecuted and led to mandatory and permanent restraining injunction orders being made against Edgar in relation to his behaviour and his Facebook Page.

b. Karting (New South Wales) Inc Matter

The company incurred significant expenditure both during, and subsequent to the end of, the financial year in dealing with disputes and other problems initiated by Karting (New South Wales) Inc. This expenditure, which is unlikely to be incurred again, included but was not limited to costs associated with Karting (New South Wales) Inc's disaffiliation from the company and disputes over Karting (New South Wales) Inc's entitlement to Track Development Fund reserves, karting governance and a jointly owned building. On 21 January 2019 the ordinary members of Karting Australia voted at a Special General Meeting to expel Karting (New South Wales) Inc as an ordinary member of Karting Australia for alleged misbehaviour.

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 2018

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company is considered key management personnel (KMP).

No remuneration has been paid to KMP's who are directors during the year.

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

NOTE 20: 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 has not made any payments to related parties of KMP's for goods and/or services during the year.

NOTE 21: CONTINGENT LIABILITIES AND ASSETS

In rendering judgement against Peter Gerard Edgar in the defamation proceedings, Justice Bradley ordered that Edgar be required to pay the plaintiff's costs of the proceeding, to be assessed. At the time of this report, the costs of the proceedings had not been assessed. The CEO, in conjunction with the company, is expected to make a determination in relation to the assessment of costs in this matter during the 2019 financial year.

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

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

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

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

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

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

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

The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the company acting in its own right. The assets of the trust were sufficient to discharge all of the trust's liabilities as at 31 December 2018.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' DECLARATION

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

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

a. comply with Australian Accounting Standards; and

b. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay all of its debts as and when they become due and payable.



MS Doohan AM
Director



PA Smith
Director

Dated this 24th day of April 2019

MOBILE / 0413 807 660
FAX / 07 5564 9259

EMAIL / IB@CAAAS.COM.AU
WEB / WWW.CAAAS.COM.AU

PO BOX 43 NOBBY BEACH QLD 4218

CAAAS
ABN 41 109 663 489

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

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Australian Karting Association Ltd (the Company), which comprises the Statement of Financial Position as at 31 December 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Company Funds and Statement of Cash Flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

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

- i. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 (Cth) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

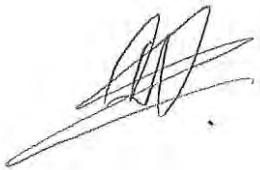
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265
(continued)**

- Evaluate the 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 24th day of April 2019
Ashmore, Queensland**

MOBILE / 0413 807 660
FAX / 07 5564 9259

EMAIL / IB@CAAAS.COM.AU
WEB / WWW.CAAAS.COM.AU

PO BOX 43 NOBBY BEACH QLD 4218

CAAAS
ABN 41 109 663 489

**THE DIRECTORS
AUSTRALIAN KARTING ASSOCIATION LTD
12 MACQUARIE AVENUE
PENRITH NSW 2750**

Dear Directors

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 (Cth) in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

CORPORATE AUDIT AND ASSURANCE SERVICES



**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 24th day of April 2019
Ashmore, Queensland**

**FINANCIAL STATEMENTS AND
REPORTS FOR
AKA TRACK DEVELOPMENT FUND TRUST**

**AKA TRACK
DEVELOPMENT FUND
TRUST**

ABN 46 992 433 756

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE AND EXPENSES			
Revenue	2	106,090.23	112,502.09
Expenses	3	(6,691.23)	(3,757.16)
Surplus/(Deficit) before income tax expense		99,399.00	108,744.93
Income tax expense	1a	0.00	0.00
Surplus/(Deficit) after income tax		99,399.00	108,744.93
Less distribution to beneficiaries		(99,399.00)	(108,744.93)
SURPLUS/(DEFICIT) AFTER DISTRIBUTIONS TO BENEFICIARIES		0.00	0.00

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from driver levies		86,305.48	101,316.10
Payments to suppliers of goods and services		(2,120.00)	(3,757.16)
Interest received		15,035.23	11,412.48
Net cash generated from (used in) operating activities	12a	99,220.71	108,971.42
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans by clubs		121,254.00	181,003.04
Issue of loans to clubs		0.00	(250,000.00)
Net cash generated from (used in) financing activities		121,254.00	(68,996.96)
Net increase (decrease) in cash held		220,474.71	39,974.46
Cash at the beginning of the financial year		1,363,620.77	1,323,646.31
CASH AT THE END OF THE FINANCIAL YEAR	4	1,584,095.48	1,363,620.77

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,584,095.48	1,363,620.77
Trade and Other Receivables	5	11,809.49	7,059.97
Loans Receivable	6	86,504.00	113,337.32
Total Current Assets		1,682,408.97	1,484,018.06
NON-CURRENT ASSETS			
Loans Receivable	6	267,891.95	362,312.63
Total Non-Current Assets		267,891.95	362,312.63
TOTAL ASSETS		1,950,300.92	1,846,330.69
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	6,814.23	2,243.00
Total Current Liabilities		6,814.23	2,243.00
NON-CURRENT LIABILITIES			
Financial Liabilities	8	1,943,485.69	1,844,086.69
Total Non-Current Liabilities		1,943,485.69	1,844,086.69
TOTAL LIABILITIES		1,950,299.92	1,846,329.69
NET ASSETS		1.00	1.00
EQUITY			
Retained Surplus		1.00	1.00
TOTAL EQUITY		1.00	1.00

The accompanying notes form **57** part of these financial statements.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
BENEFICIARIES ACCUMULATION SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
UNDISTRIBUTED REVENUE/(EXPENSES)			
Balance at the beginning of the financial year		1.00	1.00
Surplus/(Deficit) attributable to the Entity		0.00	0.00
Total Undistributed Revenue/(Expenses)		1.00	1.00
BENEFICIARIES ACCUMULATION			
The beneficiaries accumulate the income generated from driver levies charged for the specific purpose of the object known as track development, in the proportion to the amount contributed by each beneficiary.			
The beneficiaries accumulate the net income generated from sources other than those imposed on the beneficiaries, primarily interest received less expenses, in proportions based on the prior year closing balances.			
AKA New South Wales			
Opening balance		588,959.11	558,773.79
Driver levies and other direct charges		22,580.00	26,031.00
Net income		4,525.95	4,154.32
Closing balance		616,065.06	588,959.11
AKA Northern Territory			
Opening balance		23,500.70	21,329.01
Driver levies and other direct charges		1,842.00	2,013.00
Net income		180.48	158.69
Closing balance		25,523.18	23,500.70
AKA Queensland			
Opening balance		372,908.67	352,542.05
Driver levies and other direct charges		15,273.00	17,745.00
Net income		2,865.11	2,621.62
Closing balance		391,046.78	372,908.67
AKA South Australia			
Opening balance		98,682.58	92,206.50
Driver levies and other direct charges		4,347.00	5,791.00
Net income		758.79	685.08
Closing balance		103,788.37	98,682.58
AKA Tasmania			
Opening balance		74,408.60	70,783.21
Driver levies and other direct charges		2,766.00	3,099.00
Net income		571.67	526.39
Closing balance		77,746.27	74,408.60
AKA Victoria			
Opening balance		445,325.70	417,277.86
Driver levies and other direct charges		23,517.00	24,945.00
Net income		3,421.66	3,102.84
Closing balance		472,264.36	445,325.70
AKA Western Australia			
Opening balance		240,301.33	222,429.34
Driver levies and other direct charges		14,904.00	16,218.00
Net income		1,846.34	1,653.99
Closing balance		257,051.67	240,301.33
TOTAL BENEFICIARIES ACCUMULATION		1,943,485.69	1,844,086.69

The accompanying notes form **58** part of these financial statements.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

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

Accounting Policies

a. Income Tax

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

b. Comparative Figures

When required 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.

c. Critical Accounting Estimates and Judgments

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

d. Revenue

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

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

e. Expenses

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

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

f. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Cash and Cash Equivalents

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

h. Trade and Other Receivables

Trade and other receivables include but are not limited to amounts due from state karting associations for driver levies and other direct charges applied from time to time. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

i. Loans Receivable

Loans receivable include amounts due from borrowers specifically for the purpose of track development. Loans expected to be repaid within 12 months of the end of the reporting period are classified as current assets. All other loans receivable are classified as non-current assets.

j. Trade and Other Payables

Trade and other payables represent the liabilities for goods and/or services received by the trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. Beneficiary Accumulation

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

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
NOTE 2: REVENUE			
Interest received		15,035.23	11,412.48
Other		0.00	1,665.61
Track development - Driver levies		91,055.00	99,424.00
Total Revenue		106,090.23	112,502.09
NOTE 3: EXPENSES			
Audit and review fees		2,000.00	3,637.16
Bank fees & charges		120.00	120.00
Legal costs		4,571.23	0.00
Total Expenses		6,691.23	3,757.16
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank - Trading account		80,604.08	825,441.20
Cash at bank - Term deposits		1,503,491.40	538,179.57
Total Cash and Cash Equivalents		1,584,095.48	1,363,620.77
NOTE 5: TRADE AND OTHER RECEIVABLES			
Trade receivables		5,354.00	4,587.00
Interest receivable		6,255.49	2,272.97
GST receivable		200.00	200.00
Total Trade and Other Receivables		11,809.49	7,059.97
NOTE 6: LOANS RECEIVABLE			
Loans - Secured:			
NSW - Coffs Harbour Kart Club		34,166.53	44,166.49
NSW - Combined Districts Kart Club		81,666.52	91,666.60
NSW - North Shore Kart Club		24,999.90	34,999.86
NSW - Tamworth Kart Club		14,161.00	24,157.00
QLD - Ipswich Kart Club		0.00	5,000.00
QLD - Mackay Kart Club		0.00	10,000.00
SA - Barossa Go Kart Club		0.00	5,000.00
SA - Go Kart Club of SA		50,000.00	60,000.00
SA - Whyalla Go Kart Club		1,500.00	11,500.00
VIC - Albury Wodonga Club		81,652.00	91,660.00
VIC - Eastern Lions Kart Club		63,750.00	85,000.00
WA - Tiger Kart Club		2,500.00	12,500.00
Total Loans Receivable		354,395.95	475,649.95
Loans - Secured:			
Current		86,504.00	113,337.32
Non-Current		267,891.95	362,312.63
Total Loans Receivable		354,395.95	475,649.95

Loans Receivable

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

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
NOTE 7: TRADE AND OTHER PAYABLES			
Other payables		6,814.23	2,243.00
Total Trade and Other Payables		6,814.23	2,243.00
NOTE 8: FINANCIAL LIABILITIES			
Non Current			
Unsecured Beneficiary Accumulations:			
AKA New South Wales		616,065.06	588,959.11
AKA Northern Territory		25,523.18	23,500.70
AKA Queensland		391,046.78	372,908.67
AKA South Australia		103,788.37	98,682.58
AKA Tasmania		77,746.27	74,408.60
AKA Victoria		472,264.36	445,325.70
AKA Western Australia		257,051.67	240,301.33
Total Non Current Financial Liabilities	8a	1,943,485.69	1,844,086.69

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

NOTE 9: MORTGAGES, CHARGES AND SECURITIES

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

NOTE 10: EVENTS AFTER THE REPORTING DATE

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

NOTE 11: CONTINGENT LIABILITIES AND ASSETS

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

NOTE 12: CASH FLOW INFORMATION

a. Reconciliation of Cashflow from Operations with

Surplus/(Deficit) after Income Tax

Surplus/(Deficit) after income tax		0.00	0.00
Changes in assets and liabilities:			
(Increase)/Decrease in trade and other receivables		(4,749.52)	226.49
Increase/(Decrease) in trade and other payables		4,571.23	0.00
Increase/(Decrease) in beneficiary accounts		99,399.00	108,744.93
Net cash generated from (used in) operating activities		99,220.71	108,971.42

b. Credit Stand-by Arrangement and Loan Facilities

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

c. Non-Cash Financing and Investing Activities

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

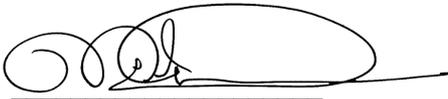
AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
DECLARATION BY TRUSTEE

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

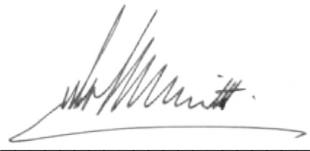
The Trustee declares that:

1. the financial report, comprising of Statement of Income, Statement of Cash Flows, Statement of Financial Position, Beneficiaries Accumulation Summary and Notes to the Financial Statements present fairly the trust's financial position as at 31 December 2018 and its performance for the year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements; and
2. in the trustee's opinion there are reasonable grounds to believe that the trust will be able to pay all of its debts as and when they become due and payable

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



Trustee



Trustee

Dated this 24th day of April 2019

MOBILE / 0413 807 660
FAX / 07 5564 9259

EMAIL / IB@CAAAS.COM.AU
WEB / WWW.CAAAS.COM.AU

PO BOX 43 NOBBY BEACH QLD 4218

CAAAS
ABN 41 109 663 489

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of AKA Track Development Fund Trust (the Trust), which comprises the Statement of Financial Position as at 31 December 2018 and the Statement of Income, Statement of Cash Flows and the Beneficiaries Accumulation Summary for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Declaration by Trustee.

In our opinion, the financial report presents fairly, in all material aspects, the financial position of AKA Track Development Fund Trust as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to the unitholder and the beneficiaries for the purpose of fulfilling the trustee's financial reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the unitholder and the beneficiaries, or for any purpose other than that for which it was prepared. Our opinion is not modified in respect of this matter.

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

The Responsibilities of the Trustee for the Financial Report

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

In preparing the financial report, the trustee is responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

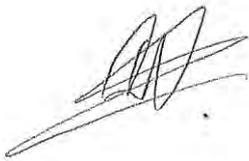
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.
- Conclude on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



**IAN W BARFOOT
Registered Company Auditor No. 219262**

**Dated this 24th day of April 2019
Ashmore, Queensland**



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