

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Financial Statements

For the Year Ended 30 June 2022

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Contents

For the Year Ended 30 June 2022

	Page
Financial Statements	
Committee's Report	1
Statement of Profit or Loss	2
Statement of Assets and Liabilities	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Statement by Members of the Committee	14
Independent Audit Report	15

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Committee's Report For the Year Ended 30 June 2022

The committee members submit the financial report of the Association for the financial year ended 30 June 2022.

1. General information

Committee members

The names of committee members throughout the year and at the date of this report are:

Bob Harnas	President
Tahn Eather	Vice President
Brian Gahan	Secretary
Daniel Fitzpatrick	Treasurer
Paul McCabe	Race Director
Brett Staples	Member Liaison
Tony Prior	Promotions Officer
Tayla Harnas	Social Media

Principal activities

The principal activities of the Association during the financial year were:

- To promote karting in Canberra and Districts.
- To participate in karting competitions.
- To acquire and improve competition tracks and facilities.

Significant changes

No significant change in the nature of these activities occurred during the year.

2. Operating results

The surplus of the Association for the financial year amounted to \$ 27,181(2021: \$ 38,654).

Signed in accordance with a resolution of the Members of the Committee:

Robin Mules

Digitally signed by Robin Mules
Date: 2024.04.30 08:09:28
+10'00'

Committee member:

Bob Harnas

Digitally signed by Bob Harnas
Date: 2024.05.08 11:18:52
+10'00'

Committee member:

Dated

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Statement of Profit or Loss For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and other income	4	229,300	223,798
Accounting fees		(5,950)	(3,550)
Depreciation expense		(35,793)	(35,344)
Bank charges		(4,421)	(617)
Canteen Purchases		(11,366)	(1,251)
Electricity and water		(4,841)	(4,559)
Other expenses		(11,032)	(41,137)
Race Expenses		(77,238)	(63,317)
Rental Expenses		(13,433)	(9,231)
Repairs and Maintainance		(38,045)	(26,138)
Surplus before income taxes		27,181	38,654
Income tax expense	2(b)	-	-
Surplus after income tax		27,181	38,654

The accompanying notes form part of these financial statements.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Statement of Assets and Liabilities

As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	174,131	116,759
Inventories		-	500
TOTAL CURRENT ASSETS		174,131	117,259
NON-CURRENT ASSETS			
Plant and equipment	6	182,500	218,293
TOTAL NON-CURRENT ASSETS		182,500	218,293
TOTAL ASSETS		356,631	335,552
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	6,461	15,897
Other accruals	7	3,334	-
TOTAL CURRENT LIABILITIES		9,795	15,897
TOTAL LIABILITIES		9,795	15,897
NET ASSETS		346,836	319,655
EQUITY			
Retained earnings		346,836	319,655
TOTAL EQUITY		346,836	319,655

The accompanying notes form part of these financial statements.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2021	319,655	319,655
Surplus for the year	27,181	27,181
Balance at 30 June 2022	346,836	346,836

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2020	281,001	281,001
Surplus for the year	38,654	38,654
Balance at 30 June 2021	319,655	319,655

The accompanying notes form part of these financial statements.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Statement of Cash Flows For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		229,300	246,100
Payments to suppliers		(171,928)	(161,982)
Net cash provided by operating activities	10	<u>57,372</u>	<u>84,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		-	(19,218)
Net cash (used in) investing activities		<u>-</u>	<u>(19,218)</u>
Net increase in cash and cash equivalents held		57,372	64,900
Cash and cash equivalents at beginning of year		116,759	51,859
Cash and cash equivalents at end of financial year	5	<u>174,131</u>	<u>116,759</u>

The accompanying notes form part of these financial statements.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

The financial statements cover Canberra Kart Racing Club Incorporated as an individual entity. Canberra Kart Racing Club Incorporated is a not-for-profit Association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991* ('the Act').

The functional and presentation currency of Canberra Kart Racing Club Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements 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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(b) Income tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Plant and equipment

Each class of Plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Plant and equipment, is depreciated on a straight-line basis over the asset's useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Land Improvements	5%
Plant and Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of assets and liabilities.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Fair value through other comprehensive income - Equity instruments

The Association does not hold any investments in listed and unlisted entities.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Association does not hold any assets that fall into this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of plant and equipment

The Association assesses impairment at the end of each reporting period by evaluating conditions specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments - COVID - 19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Association based on known information. The consideration extends to the nature of the products and services offered, customers and staffing. Other than as addressed in specific notes, there does not currently appear to be either significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

4 Other Revenue and Income

Revenue from continuing operations

	2022	2021
	\$	\$
Revenue and other Income		
- Canteen income	14,643	-
- Donations Received	-	669
- Kisok Sales	-	26,892
- Member subscriptions	50,721	112,981
- Race & Gate entries	150,057	59,117
- Sponsorship income	2,909	3,227
- Sundry income	-	2,412
- Track hire	10,970	18,500
Total Revenue and other income	229,300	223,798

5 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	174,131	116,759
	174,131	116,759

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Plant and Equipment

	2022	2021
	\$	\$
Buildings		
At cost	9,616	9,616
Accumulated depreciation	(9,616)	(9,616)
Total buildings	<u>-</u>	<u>-</u>
Plant and equipment		
At cost	250,812	250,812
Accumulated depreciation	(239,174)	(214,541)
Total plant and equipment	<u>11,638</u>	<u>36,271</u>
Land Improvements		
At cost	223,197	223,197
Accumulated depreciation	(52,335)	(41,175)
Total land improvements	<u>170,862</u>	<u>182,022</u>
Total Plant and equipment	<u><u>182,500</u></u>	<u><u>218,293</u></u>

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Land Improvements	Total
	\$	\$	\$
Year ended 30 June 2022			
Balance at the beginning of year	36,271	182,022	218,293
Depreciation expense	(24,633)	(11,160)	(35,793)
Balance at the end of the year	<u><u>11,638</u></u>	<u><u>170,862</u></u>	<u><u>182,500</u></u>

7 Trade and Other Payables

	2022	2021
Note	\$	\$
CURRENT		
Trade payables	-	7,008
Deposits	-	4,320
GST payable	6,461	4,569
Accrued expenses	3,334	-
Total Trade and other payables	8 <u><u>9,795</u></u>	<u><u>15,897</u></u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Financial Risk Management

The Association is exposed to a variety of financial risks through its use of financial instruments.

The Association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Association is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

The principal categories of financial instrument used by the Association are:

- Cash at bank
- Trade and other payables

		2022	2021
		\$	\$
Financial assets			
Held at amortised cost			
Cash and cash equivalents	5	<u>174,131</u>	116,759
Total financial assets		<u>174,131</u>	116,759
Financial liabilities			
Trade and other payables	7	<u>3,334</u>	11,328
Total financial liabilities		<u>3,334</u>	11,328

9 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 30 June 2022 (30 June 2021: None).

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	\$	\$
Surplus for the year	27,181	38,654
Non-cash flows in profit:		
- Depreciation	35,793	35,344
- Inventory write off	500	-
- Gate card deposit write off	(4,320)	-
Changes in assets and liabilities:		
- (decrease)/increase in trade and other payables	(5,116)	10,120
- increase in Accruals	3,334	-
Cashflows from operations	<u>57,372</u>	<u>84,118</u>

11 Events After the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

12 Statutory Information

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

Canberra Kart Racing Club Incorporated
705 Pialligo Avenue
Majura ACT 2609

Canberra Kart Racing Club Incorporated

ABN: 73 975 059 485

Statement by Members of the Committee

The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the committee the financial report as set out on pages 2 to 13:

1. Presents fairly the financial position of Canberra Kart Racing Club Incorporated as at 30 June 2022 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of that Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Canberra Kart Racing Club Incorporated will be able to pay its debts as and when they fall due.

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

Robin Mules Digitally signed by Robin Mules
Date: 2024.04.30 08:08:08 +10'00'
.....
Committee member

Bob Harnas Digitally signed by Bob Harnas
Date: 2024.05.08 11:19:12
+10'00'
.....
Committee member

Dated

Canberra Kart Racing Club Incorporated

Independent Audit Report to the members of Canberra Kart Racing Club Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Canberra Kart Racing Club Incorporated (the Association), which comprises the statement of assets and liabilities as at 30 June 2022, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the statement by members of the committee.

In our opinion, the accompanying financial report of the Association for the year ended 30 June 2022 is prepared, in all material respects, in accordance with the Associations Incorporation Act (ACT) 1991.

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 Association in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Association in meeting the requirements of the Act. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to or used by parties other than the Association. Our opinion is not modified in respect of this matter.

Other matter

The financial report of the Entity for the year ended 30 June 2021 was reviewed by another auditor who expressed an unmodified opinion on the financial report on 08 December 2021.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act (ACT) 1991, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

Canberra Kart Racing Club Incorporated

Independent Audit Report to the members of Canberra Kart Racing Club Incorporated

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

Those charged with governance are responsible for overseeing the Association'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.



Hardwickes
Chartered Accountants



Bhaumik Bumia CA
Partner

Canberra

8/5/2024