

Annual Report

Year Ending 31st December 2015



Australian Karting Association Ltd T/A Karting Australia



Uptake of the IAME KA100 Engine
met all expectations in 2015

Chairman's Report

Michael (Mick) Doohan AM

I am pleased to report to you at the end of the second full year of operation of Australian Karting Association Ltd (**Karting Australia**).

The Challenge

Prior to 2013, the national karting sporting organisation had limited resources, financial challenges, ineffective governance practices, and no professional full-time CEO to oversee and deliver on the operations of the organisation. Karting in Australia was crying out for national leadership and direction. Strategic direction, responsible and tough decisions were required to immediately turn the sport around and ensure a modern and sustainable organisation into the future.

The challenges facing the Board and management meant decisions based on the facts had to be made to create a well-governed and managed organisation. We undertook a review of the whole sport and the Board and numerous stakeholders have all played a role in contributing to our Strategic Plan which will guide the sport over the next three years.

Together with the Board, our hard-working CEO, Kelvin O'Reilly, has led and implemented much needed cultural, administrative and operational improvement with determination, integrity and professionalism. I thank him personally for his dedication.

Today Karting Australia has proper governance systems in place working towards meeting the Australian Sports Commission's Sports Governance Principles and as evidenced by our 2015



Financial Statements in this Annual Report, we are financially in a strong position.

Engines & Tyres

Addressing the future of Australian karting's competition engines that would benefit our sport for the long term was a high priority for the Board.

It was important to source cost effective engines that would have parity, regardless whether bought in 2015 or in 2022 or beyond. The previous engines had widely varying levels of parity. Many engines never changed hands, or if they did, they would do so for prices that make prototype engines seem inexpensive.

It was identified that the sport had been taken away from the average competitor and had become the domain of the engine builder. The Board decided the best position the sport could be in, was for the competitor to be able to buy an engine from your local kart shop and be competitive in order to give the sport back to the competitor. Once the sport grows, as it will, the kart industry that supports it will also grow.

A number of different engines were evaluated. New pathway engines, Vortex

and IAME covering most classes and all age groups were introduced to Karting Australia's competition, together with Rotax introducing their new EVO engine in late 2014 globally, and introduced into Australia in 2015.

I know that with this change there is some discomfort. There are some who would rather things stayed just as they were. There are thousands who love the new engines. Discomfort was inevitable and is the case whenever necessary changes are made. That is why the Vortex and IAME engines were **added to our Classes** along with all of the pre-existing engines and did not replace them.

Once the new engines are well established, a clear path of pre-owned/second hand goods, at reasonable prices will emerge, recreating the second hand entry point to the sport. We must allow time for this to happen.

With the looming expiration of our tyre supply contracts, the Board conducted a competitive tender and evaluation process for the supply of race tyres for most Competition Classes from the start of this year. Five of the world's best kart tyre manufacturers participated in the tender process and offered up for consideration world class race tyres that are used in karting competition from club to national and international competition levels right across the world. The tyres chosen are a mixture of tyres that are both familiar to us and new to general karting competition in Australia.

Making Karting Fun

I read an article on the issues with karting in the United States recently in which the author made the point that ***"Karting is what you make it."*** I think that he is spot on the money.

If it is simply the fun side of the sport that you're interested in – racing or tearing around the local track with your mates the sport remains the same and has not changed. If you are more competitive and wish to race up front, regardless if in a club day or any other race level, you have probably been paying for your engines to be overhauled regularly or you've leased the best engine you could afford. Always carrying numerous spare parts was very common as these good old engines were just that, very old engines that needed blueprinting and as such they were a real false economy.

It was also identified that we should build an Australian Championship off the back of the CIK series. This would give the sport a platform to showcase our sport, attract sponsors, media attention for teams and give drivers - young and old, the inspiration to be the best at their chosen sport if that's where they wanted to head. We recognised all the series style championships, regardless of what level, were very well attended.

We looked at other sports as well. They were all run over a series of events, regardless if it is a ball sport or motorsports. The days of national and state titles being run over a single event were out dated.

They also provided limited benefits to Clubs across the country that could only possibly host an event once in 20 years or more. That is no longer the case. With this in mind, we have NOT changed grassroots or the club day races (other than to permit each State to tailor a number of rules to suit their local needs.) You are able to still compete with a Comer or a Yamaha and run club days just as you always have been.

What we have noticed is that the competitor is looking for better structured, well organised events, regardless whether a club day, State or Zonal Series or a national level event. The huge amount of time that I know that I spend sitting around in the paddock waiting for my son to be called to race at club days doesn't make them overly exciting. They are meant to be fun! The club day needs to be revitalised to keep the interest at this level. We are working on trying to improve that now with exciting programs and resources to be rolled out over the next 12 months aimed at Clubs and the grassroots Karter.

Cultural Change

With strong leadership and direction from our Board and CEO we have created a secure financial position to have the funds and resources to deliver on initiatives for our members. The CEO is paid by the sport to manage the sport and the business. He and our staff have achieved more in two years than we could have hoped for at the outset. Very competent, professional management has enabled us to achieve a strong financial return for our investment. This return would never have been achieved with well-intentioned part time volunteers in association Executive positions as was previously the case. The sport has evolved and as such, required us to invest in paid staff.

The Board (who all generously volunteer their time and expertise – there is no remuneration) is made up of a number of individuals ranging from those whom prior to their involvement had never attended a kart race (which is a good thing as it brings independence and diversity to our organisation,) to others who have been involved directly and from the past. With the different skill sets and expertise each Director brings to the table, we are able to see wide ranging views.

Our Board has a clear set of best practice governance policies and procedures to facilitate effective governance. The Corporations Law regulates Karting Australia and its Directors; and we have a culture of integrity characterised by our Board Charter and quality decision-making processes. We also regularly evaluate the performance of our Directors.

Protecting the integrity of karting is paramount for a sport that we all love; otherwise there are broad adverse impacts, including affecting membership, sponsorship and participation.

I am one Board member on a Board of 6 hardworking Directors. As a Board we stand united behind our board room decisions. The only reason I decided to give up the little free time that I have to the world of Australian kart racing, is that I would like to see the sport prosper for many decades to come. I know I speak on behalf of all of our Directors when I tell you that we all dedicate our time solely for the betterment of the sport.

In conclusion, I would like to thank all of the individuals who give of their time so freely to run the 88 kart clubs across the country and our seven member States and Territories. Without you there would be no sport for our competitors to enjoy. Thank you!

Mick Doohan AM



**Chairman
Karting Australia**

CEO's Report

It gives me pleasure to report on the activities of Karting Australia in 2015 – a year that will be memorable for the actual start of the changes designed to modernise and secure the long term future of karting in Australia.

At the end of the 2015 competition year, it was twenty eight months since the transformation to AKA Ltd and a great deal has changed in the world of Australian karting since that time. A great deal also remains the same.

The Board has spent a huge amount of time analysing our sport and the business of the sport, defining what a modern sporting organisation with a federated structure in a niche market should be and setting long term plans in motion to achieve our identified goals.

We are just 16 months into the massive agenda of work and improvements identified in 2014's *"Whole Of Sport Review."* Some of that work has been done, a great deal remains to be developed and enacted. A significant number of the programs identified in the report will be commenced in 2016 and have already been announced.

New engines, new competition structure, new tyres, new national championship and a new vision for what we believe that karting in Australia can and should be, have been introduced.

Change brings new energy, which was needed in our sport but change also creates challenges, as new ideas and influences blend with the old to create a template for modernisation that will ignite the positives of the sport for the future.

Decisions based on a long term strategy simply had to be made on so many fronts. There was no short term 'sugar hit' that we could put in place that would somehow cure the ailments that had affected the sport in the past.

The changes needed to be well considered, measured, and needed to be made for the long

term with stability and consistency in mind. They needed also to embrace modern technology.

COMPETITION

The creation of a suitable hierarchy of competition was considered to be an early implementation imperative by the Board.

We know that all levels of competition are of vital importance to the sport but that it would not have been possible to make positive and effective change at all levels at the one time.



The competition focus for 2015 was on those events conducted under National Permits. In particular the Australian Kart Championship and State Championship events.

The focus for 2016 now becomes the grassroots level of the sport.

Increasingly there is a need to question the stereotype of just what karting competition really is and what it needs to be. It is clearly different things to different people.

First and foremost it must be fun. That is what social karting and all Clubs and Club competition needs to be about.

If you want to progress through the sport and if you have aspirations of reaching to top in motorsport then the opportunities abound to allow you to follow your dreams – Zonal Competition, State Series, State Championships, National events including Rotax Pro Tour and the Australian Kart Championship.

We are starting to see Clubs and Series organisers use the rules to their advantage rather than viewing strong regulations as a negative.

It is apparent that there is a move by many competitors to compete more regularly at Zonal and State Series events that are possessed of a higher standard of competition.

Clubs and State Associations are urged to consider this trend when establishing their State calendars of events. It is clearly overly ambitious to place a one-off feature club event adjacent to the major State and National events in the calendar and expect them to attract significant numbers of competitors.



The first year of the new look, five round Australian Kart Championship was hugely successful.

Events were held in Queensland, New South Wales, Victoria and South Australia.

AKC entries in 2015 averaged more than 200 per event. The first two AKC events in 2016 have averaged more than 250 entries per event.

The quality of the racing has been outstanding while our new style of officiating the events has proven to be a great success.

We would like to thank all of the Competitors, Teams and host venues that have shared our vision for this competition. Importantly also we would like to thank our national officiating team and all of the local officials and volunteers who have assisted us to create these wonderful events and our major sponsors Jayco and Castrol Edge.

The financial model of the Championship creates a significant financial benefit for the host Clubs – 5 in each year, not just one recipient of a single championship event.

The same can be said for the Rotax Pro Tour which also averaged in excess of 200 competitors at all events in 2015. No matter which way you look at it, this is a resounding success and a tribute to the hard work of Ian Black and his team at IKD.

ENGINES

2015 saw the introduction of the new 'Pathway Engines' to our competition. Both the Vortex Mini ROK and the IAME KA100 engines (in both restricted and unrestricted formats) have proven to be great successes.

Cadet 9 and 12, Junior and Senior National and Clubman (from Club through to State Championship level), KA12, KA Junior and KA1 at National Championship level have proven to be reliable, high performing, consistent engines with an outstanding level of parity from engine to engine.

The initial uptake of new engines has exceeded predictions and is continuing strongly in the early months of 2016.

The previous Yamaha and Comer engines remain eligible for competition at "State Association Permitted" events and will continue to be eligible for a number of years to come.

DEVELOPMENT



During the September school holidays we conducted a pilot program of our Junior Sprockets Program. Held at venues in Queensland and Victoria, we were impressed with both the

program and the uptake of the program by young people wanting to try karting in a controlled environment. It will be taken to more States in 2016.

The drawing power of Holden Racing Team V8 Supercar drivers Garth Tander and Warren Luff and the support of SP Tools has laid the foundations of what we believe will be a truly great program that targets young people to come into our sport.

TYRES

The expiration of the tyre contracts assigned to AKA Ltd from the former body meant that our competition tyre supply arrangements had to be reviewed so that we had tyres across all classes at the start of January.

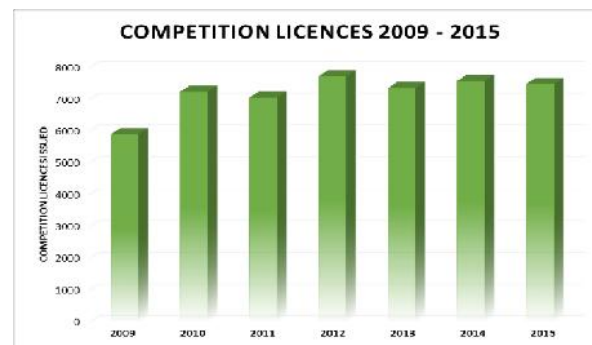
Five world class tyre manufacturers submitted tenders for the supply of tyres to us. All of them submitted quality race tyres that are used in karting right across the world for our consideration and evaluation.

At the end of the tender process and the independent evaluation of the tyres offered for consideration; Bridgestone, Dunlop and MG Tyres were selected as our new tyre suppliers (with three new dry weather tyres and two previously used tyres becoming available for general competition from the start of 2016.)

LICENCES

The number of competition licences (new and renewed) issued by Karting Australia was consistent with previous years. 1.2% lower than the number of licences issued in 2014 and 1.8% higher than the number of competition licences issued in 2013.

This is consistent with the ebbs and flows of competition licences issued over many years.



The number of **new licences** issued in 2015 was 79 more than in 2014 which was 7 less than in 2013.

2013	2014	2015
2201	2194 (-7)	2273 (+79)

Clearly the long standing issue of retention within the sport remains an issue and will be an ongoing focus for 2016 and beyond.



The Vortex Mini Rok produced some of the best racing of the year with exceptional parity "out of the box."

COMMERCIAL

For karting in Australia to be successful in the long term, it must be given a solid financial base in an environment that will encourage investment and sponsorship support of the sport.

I am pleased to advise that the controls, policies and commercial initiatives enacted are achieving that and have laid very solid financial foundations for the sport that will carry it into the future.

In 2015 we established the State Association Assistance Fund that provides financial assistance to the State Associations. This continues in 2016 along with the newly created State Championship Implementation funding that is available to all

States and collectively provides funding of \$120,000 to the States. Additionally we are funding safety improvements at Clubs valued at \$150,000 and investing heavily in "Get Started in Karting" and grassroots development programs.

In this report we are announcing a trading surplus of \$398,604 off the back of revenues of \$2,450,762.

We have worked diligently to create a commercial environment that is both responsible and financially sound allowing us to now invest in programs for the betterment and development of the sport at all levels

Profit and Loss

2015

Total Revenue \$2,450,762

Total Expenses \$2,052,158

Surplus \$398,604

In comparison, the previous five year's Profit and Loss reports were:

Audited Year	2014	2013	2012	2011	2010
Total Revenue	\$1,771,516	\$1,828,000	\$1,802,000	\$1,811,000	\$1,642,000
Total Expenses	\$1,523,291	\$1,331,000	\$1,841,000	\$1,912,000	\$1,828,000
Surplus (Deficit)	\$248,225	\$98,295	(\$39,519)	(\$100,639)	(\$186,305)

Balance Sheet

In the 28 months since AKA Ltd took over the management of sport and business, significant value has been added to the company.

The Balance Sheet is now strong and shows that the current Board and Management have added more than \$650,000.00 to the total equity of the company in that time.

Since the close of the 2012 financial year (AKA Inc.'s last full year of trading), the total equity in the company has grown by more than 55%.

We now have the financial strength required to be able to embark upon the projects necessary for the long term development of the sport.

Financial Year 2015

Total Assets \$2,031,360

Total Liabilities \$ 212,431

Net Assets \$1,818,929

Total Equity \$1,818,929

Financial Year 2014		Financial Year 2013 (AKA Inc. and AKA Ltd.)		Financial Year 2012 (AKA Inc.)	
Total Assets	\$1,533,105	Total Assets	\$1,146,087	Total Assets	\$1,163,766
Total Liabilities	\$ 112,780	Total Liabilities	\$ 146,675	Total Liabilities	\$ 356,482
Net Assets	\$1,420,325	Net Assets	\$1,244,730	Net Assets	\$1,168,707
Total Equity	\$1,420,325	Total Equity	\$1,244,730	Total Equity	\$1,168,707





Race Of Stars held at the Gold Coast's Xtreme Karting Race Track was a highlight for the third year in a row.

STRATEGIC PLAN

Our Strategic Plan has now been completed and released.

It is an important document, as it, in concert with the "Whole Of Sport Review" sets the priorities for the sport and the business of the sport for the next 3 years.

It is a "living document" that will be regularly reviewed with the realignment of priorities as and when the need is identified.

Following is a brief precis of the 2016 – 2018 Strategic Plan.

The full version can be found in the "Karting Australia" section at karting.net.au





OUR VISION MISSION & VALUES

Vision

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

Mission

Lead,
govern,
promote
and grow the
sport of Karting
in Australia

Values

Leadership
Enjoyable and fun
sporting competition
Safety
Integrity
Achievement
Excited and engaged
members
**Positive and
collaborative culture**

OUR STRATEGIC GOALS — WHAT WE WANT TO ACHIEVE

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.

OUR STRATEGIC OBJECTIVES — INITIATIVES THAT ENABLE US TO ACHIEVE OUR GOALS

Exciting, Fair & Safe Competition	Growth & Development	Cultural Improvement	Best Practice Governance
<ul style="list-style-type: none"> • Training to the “1 Sport – 1 Rule Book” philosophy • Better value for money through more time on-track at Race Meetings • Safety standards that are never compromised • Professionally organised, well run events • Consistency in the judicial process 	<ul style="list-style-type: none"> • Increase in the number of licence holders • Increase in participation at all levels of competition • Improvement in driver retention rate • Increase the number of volunteers and officials • Introduce or strengthen Zonal competition events • Overall improvement in financial standing 	<ul style="list-style-type: none"> • Shared responsibility for development of the sport • Stakeholders understand and “live our values” • A collaborative culture • Clubs, volunteers, officials and administrators who understand and deliver against our goal of exciting, fair, safe and first class competition • More effective training for our Officials 	<ul style="list-style-type: none"> • Adopt policies and procedures that reflect an evolving organisation. • Adopt an effective risk management framework. • Adopt where appropriate the Australian Sports Commission’s Sports Governance Principles. • Compliance with legal and regulatory obligations.

THE CHALLENGES

As I mentioned earlier, while change brings new energy, it also creates many challenges. Many people embrace change for the positives that it will bring, however those who are change averse will do almost anything to hold onto the past - often expressing the view that the past was better than it really was.

Making change in karting is no different.

At the end of 2015, we were confronted by individuals preaching that a return to the past with little regulation is what the sport needed.

They expressed the view that Karting Australia did not care about Club competition and that race meetings could be run safely and successfully without Stewards and a well thought out set of rules.

They could not be further from the truth.

Karting in Australia both needs and benefits from well thought out rules and a solid formal structure with links to the FIA through CAMS and CIK.

We need our Clubs to function effectively, to provide well planned, well run fun events and social engagement with and for their members.

STRUCTURE OF KARTING

The power and authority to organise and control the sport of Karting within Australia has been delegated to Karting Australia by the Federation Internationale de l'Automobile (FIA) through the Confederation of Australian Motor Sport (CAMS). International Karting is controlled by the FIA Commission Internationale de Karting (CIK-FIA).

Karting in Australia operates under a "Federated Structure".

That means that the seven (7) affiliated States and Territory's – Karting New South Wales, Karting Northern Territory, Karting Queensland, Karting South Australia, Karting Tasmania, Karting Victoria and Karting Western Australia are the direct or 'Ordinary Members' of Karting Australia.

They are separate legal entities but in affiliating with Karting Australia, our members agree to

operate in accordance with all applicable laws and Karting Australia's rules, policies and procedures.

The 88 karting clubs affiliate with our Ordinary Members and our licence holders (while being issued with a Karting Australia competition licence) are all members of the clubs that directly organise and conduct race meetings. In so doing all Drivers, Officials, Clubs and State Associations are bound by the rules promulgated by Karting Australia.



BENEFITS OF KARTING TO AUSTRALIA

Karting as a core pillar of Australian motorsport delivers undeniable benefits to Australia:

- **Economic benefit.** It is estimated that the economic contribution of Karting to the Australian economy is well in excess of \$50 million annually.

Comprised of revenue created and expended by:

- participants,
- teams,
- venues,
- clubs,
- peak bodies and associations,
- insurance,
- financial services,
- sponsors,
- coaches and instructors,
- support industries,
- importers,
- manufacturers,
- suppliers,
- fuel suppliers,
- service companies,
- trophy suppliers,

- tourist industry,
 - accommodation providers,
 - restaurants,
 - food suppliers,
 - freight and transport industry
- **Grassroots Social Participation.** Our 88 karting Clubs across Australia run family friendly karting events both for their local community and to attract people to visit their local region.
 - **National and International Driving Stars.** Whether it be the Formula 1 dream, the aspiration to race V8 Supercars, or just to compete at the highest level possible within karting or motorsport generally, almost without exception it starts in karting - **#RacingStartsHere.**
 - **Safety.** Karting provides a safe controlled environment where people of all ages from 6 through to 70+ can safely explore the limits of their kart, learn, practice and hone their driving skills.
 - **Cultural.** Motorsport is ingrained in Australia's sporting culture. Karting is integral to the cultural fabric that leads the masses to the mountain every October, to the streets of Adelaide and Melbourne in March or who dare to dream at Indianapolis in May.

Karting Australia plays a major role in delivering these benefits.

All members obtain the benefit of having a national sporting organisation administer the rules, and provide the best available insurance coverage of karting activities.

In particular, we licence and insure 88 race tracks, 7500+ participants, 1000+ volunteer officials. We regulate 1000+ events and practice days annually with more than 40,000 event participations and hundreds of thousands of competition and race laps every year.

REGULATION OF KARTING

Safety is a key priority for the Board and Management of Karting Australia. Our well governed and effective structure, rules and regulations enable our events to be sanctioned and run safely.

Karting Australia has created and imposes on its events an extensive range of rules, policies and procedures, using world's best practice as prescribed by the CIK-FIA, CAMS and FIA. These rules, policies and procedures cover all facets of the sport from competitor apparel and kart standards through to the design of a race circuit or venue.

These regulations are unapologetically stringent, as, like with several other sports, serious injuries are unfortunately a foreseeable and not infrequent part of the sport. The regulations are constantly evolving to keep pace with the increased specific and general legal standards which apply to the conduct of karting and general motor sport events.

We believe that it is critical to the maintenance of our events that Karting Australia acts at all times as a responsible sanctioning body that conducts its competition in a well-regulated, properly insured environment.



Photographic Credit



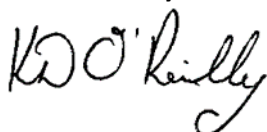
THANK YOU

In presenting the 2015 report to you, we would like to thank a few people:

- Our Executive Commissioners;
- The State Presidents and their hard working State Council members and Committees;
- CAMS Ltd – in particular President Andrew Papadopoulos, CEO Eugene Arocca and General Manager Consumer Business & Development John Murphy;
- The Clubs and their volunteer officials right across Australia for their diligence and hard work in ensuring that karting competition is available for the more than 7000 active karters across the country;
- Our drivers, their families, pit crews, sponsors and supporters who compete on a regular basis;
- The Karting Australia Staff – Lee Hanatschek, Sue Wallace, Sunil Prasad, Michael Masi;
- Our key National Officials - Mark Horsley, Les Allen, Dr. Brent May, Tom Nipperess, Warren Jeffery;
- All members of our Standing Committees and Tribunals;
- The Australian Kart Championship and Rotax Pro Tour permanent officials who have devoted untold hours to ensure that these competitions are well run;
- Karting Australia's sponsors – Castrol Edge, Jayco, Revolution Racegear, IAME, Vortex, MG Tyres, DPE Kart Technology, Dunlop, ALM Sales, SP Tools;
- Members of the karting industry that support the sport 365 days a year; and
- Karting Australia's Directors and our Company Secretary who have all so readily stepped up to chart the future direction of the sport.

The workload on our Board is very significant, so too is their resilience and single-mindedness to improve the sport and the culture within the sport along with the business of the sport so that karting has a bright future. To them we would like to express a special thank you.

Kelvin O'Reilly



Chief Executive Officer

TRACK DEVELOPMENT FUND

BACKGROUND

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

The Karting Australia Board are the Trustees of the Trust and meet separately to the Karting Australia Board.

The activities of the Trust are governed by a legally binding Trust Deed and a set of Rules that detail the processes, procedures and requirements of potential borrowers from the Trust. Bank accounts and all funds are completely separate from general Karting Australia revenue.

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

PROFIT AND LOSS & BALANCE SHEET

At the end of the 2015 financial year, the Trust had eleven (11) loans receivable at a total value of \$520,814.

No defaults of any loans have been recorded in the past year.

Total income to the Trust in 2015 was \$138,895.

The TDF levy remained at \$3.00 per entry – the same as in 2014 and the same that is being applied in 2016.

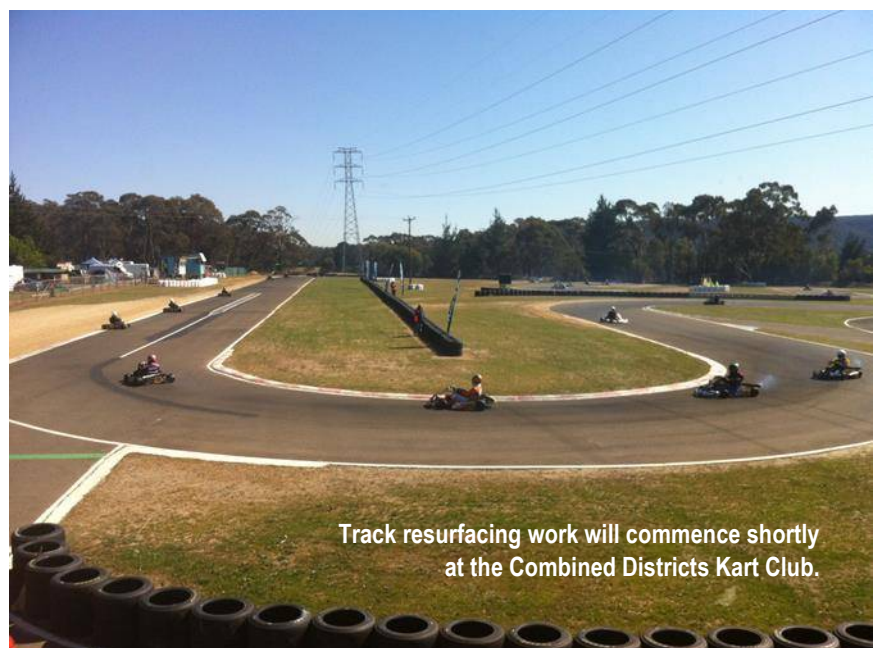
Total assets of the Trust were \$1,616,687.

LOAN APPROVALS

During 2015 the following loan applications were approved:

- Karting Victoria (Eastern Lions) \$80,000
- Karting New South Wales (Combined Districts) \$100,000
- Karting Western Australia (Hurricane) \$100,000

The Karting Victoria loan was fully drawn down in 2015 as an 'urgent' loan as a result of significant damage occurring to the Eastern Lions race track. The remaining approved loans are expected to be drawn down in 2016.





GOVERNANCE STATEMENT

Australian Karting Association Limited “KA” 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.

KA’s Mission and Guiding Principles

KA’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 KA and to ensure the effective promotion, administration and control of Karting in Australia.

The Board of KA 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 finalized and released its 3 year strategic plan which is published on the website.

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 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 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 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 KA.

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 to 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 or her 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 2015 the KA Board met 8 times);
- Receiving detailed reports from management at these Board meetings;
- Receiving additional input from management when necessary;
- Having Directors acting as Chairs of KA's various management committees i.e. Governance, Finance and Risk Management Committee, Events and Sporting Committee, National Technical Committee, Communications and Marketing Committee and National Safety and Officials Committees.

Board Members

There are six (6) Directors of KA consisting of:

5 elected Board Directors:

- Finance Director
- Administration Director
- Competition Director
- Technical Director
- Marketing Director

and an Additional Director appointed by the Board:

- Operations Director

Directors are not permitted to be KA employees or office holders.

All Board members are non-executive Directors and receive no remuneration for their services. 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 KA 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 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 KA 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 KA;
- The Chairman is ably supported by the Deputy Chairman Melissa Holzberger.

Risk Management

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

Management is responsible for establishing and implementing the risk management system that manages key business risks. During the year the Board approved changes to the Risk Management policy and commenced the development of a new risk management framework.

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 are expected to comply with relevant laws and the KA Code of Conduct. The Directors consider there are certain fundamental ethical values that underpin their role as Directors of the Company and as members of its Board. 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.

Performance Reviews

The Board undertakes regular performance evaluations that:

- reviews the performance of the Board against the requirements of the Board Charter;
- 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 will address:

- Developing and maintaining contacts in media and government
- Documenting and disseminating information to key decision makers
- Positioning and aligning KA 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 KA to KA.

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

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

Adoption of ASC Sports Governance Principles

KA has adopted, where appropriate, the sports governance principles published by the Australian Sports Commission.

2015 NATIONAL AND STATE CHAMPIONS

AUSTRALIAN KART CHAMPIONS



KZ2 – Jason Pringle
 KF2 – Liam McLellan
 KF3 – Reece Sidebottom
 X30 – Daniel Rochford
 TaG 125 – Bradley Jenner
 KA1 – James Sera
 KA Junior – Jack Doohan
 KA 12 – Jay Hanson
 AKC Manufacturers Championship – Arrow Karts



*DPE Kart Technology Team Manager Darren Hossack
 with DPE General Manager Bart Price
 Celebrate Arrow Karts win in the Manufacturers
 Championship*

ROTAX MAX AUSTRALIAN CHALLENGE CHAMPIONS



DD2 – Jason Pringle
 DD2 Masters – Adam Hunter
 Rotax Light – Pierce Lehane
 Rotax Heavy – Chris Farkas
 Junior Max – Zane Morse
 Mini Max – Bayley Douglas
 Micro Max – Jack Westbury

NEW SOUTH WALES KART CHAMPIONS



Cadet 9 – Adrian Haak
 Cadet 12 – Jaiden Pope
 Junior National Light – Benito Montalbano
 Junior National Heavy – Benito Montalbano
 Junior Clubman – Tyler Everingham
 Restricted 125 Light – Melissa Whitmore
 Restricted 125 Heavy – Michael Dorman
 Clubman Light – Nicholas Becker
 Clubman Heavy – Brett Robinson
 TaG 125 Light – Pierce Lehane
 TaG 125 Heavy – Benjamin Ritchie
 Micro Max – Cody Maynes-Rutty
 Mini Max – Kai Allen
 Junior Max – Zane Morse
 Rotax 125 Light – Daniel Rochford
 Rotax 125 Heavy – Chris Farkas
 DD2 – Jason Pringle
 DD2 Masters – Daniel Richert
 KA 12 – Jay Hanson
 KA Junior – Jack Winter
 KA1 – James Sera
 KA TaG – Bradley Jenner
 X30 – James Sera
 KF3 – Zane Morse
 KZ2 – Kyle Ensbey

NORTHERN TERRITORY KART CHAMPIONS



Cadet 9 – Adrian Haak
 Cadet 12 – Harrison Avery
 Junior National Light – Jesse Thomas
 Junior National Heavy – Eloise Avery
 Junior Clubman – Reece Webster
 Junior Max – Sam Dicker
 Restricted 125 Light – Mathew Southwood
 Restricted 125 Heavy – Simon Burt
 Clubman – Nathan Davis
 X30 Light – Royce Nott
 X30 Heavy – Simon Gwilliam
 KZ3 – Simon Gwilliam

QUEENSLAND KART CHAMPIONS



Cadet 9 – Jack Westbury
Cadet 12 – Jai Brown
Junior National Light – Jack Doohan
Junior National Heavy – Jack Bussey
Junior Performance – Joel Jamieson
Clubman Light – James Litzow
Clubman Heavy – Robert Thorburn
Restricted 125 Light – Paul Baxter
Restricted 125 Heavy – Ben Lillis
TaG 125 Light – Troy Loeskow
TaG 125 Heavy – Jake Downs
Micro Max – Marcos Flack
Mini Max – Jaiden Pope
Junior Max – Zane Morse
Rotax 125 Light – Pierce Lehane
Rotax 125 Heavy – Chris Farkas
DD2 – Troy Woolston
DD2 Masters – Adam Hunter
KA 12 – Thomas Cooper
KA Junior – Jordan Caruso
KA1 – Toby Pope
KA TaG – Nicholas Andrews
X30 – Daniel Rochford
KF3 – Zane Morse
KF2 – Scott Sorensen
KZ2 – Jason Pringle

SOUTH AUSTRALIAN KART CHAMPIONS



Cadet 9 – Christian Cowie
Cadet 12 – Adam Jr Slattery
Junior National Light – Jordan Kervers
Junior Clubman – Joshua Denton
Clubman Heavy – David Rinaldi
Restricted 125 Light – Guillaume Dombret
Restricted 125 Heavy – Craig Henderson
TaG 125 Light – Paul Pittam
X30 Light – Paul Pittam
KA 12 – Jay Hanson
KA Junior – Jack Doohan
KA1 – James Sera
KA TaG – Bradley Jenner
X30 – Bradley Jenner
KF3 – Reece Sidebottom
KF2 – Scott Sorensen
KZ2 – Jake Klarich

TASMANIAN KART CHAMPIONS



Cadet 9 – Brodie Thomson
Cadet 12 – Emerson Harvey
Junior National Light – Benito Montalbano
Junior National Heavy – Benito Montalbano
Junior Clubman – Tate Frost
National Pro – Johnah Slater
National Masters – Peter O'Neill
TaG 125 Light – Brad Marsh-Stepney
TaG 125 Heavy – Ben Walter
Clubman Light – Simon Fallon
Clubman Heavy – Zane Wyatt
X30 Light – Evan Livingston

VICTORIAN KART CHAMPIONS



Cadet 9 – Damon Woods
Cadet 12 – Jay Hanson
Junior National Light – Angelo Mouzouris
Junior National Heavy – Cody Donald
Junior Clubman – Dylan Hollis
Clubman Light – James Sera
Clubman Heavy – Remo Luciani
Restricted 125 Light – Brock Rae
Restricted 125 Heavy – Peter Gigis
TaG 125 Light – William Hawkes
TaG 125 Heavy – Aaron Hindle
X30 Light – Daniel Rochford
Micro Max – Jack Westbury
Mini Max – Bayley Douglas
Junior Max – Reece Sidebottom
Rotax 125 Light – Nathan Tigani
Rotax 125 Heavy – Chris Farkas
DD2 – Jason Pringle
DD2 Masters – Daniel Richert
KA 12 – Jay Hanson
KA Junior – Jack Doohan
KA1 – James Sera
KA TaG – Adam Lindstrom
X30 – Daniel Rochford
KF3 – Oscar Piastrì
KF2 – Liam McLellan
KZ2 – Jason Pringle

WESTERN AUSTRALIAN KART CHAMPIONS



Cadet 9 – Jett Demarte

Cadet 12 – Cody Leunen

Junior National Light – Jesse Thomas

Junior National Heavy – Sam Dicker

Junior Clubman – Sam Dicker

Senior National – Thomas Gray

Clubman Light – Thomas Schou

Clubman Heavy – Thomas Sparkes

Clubman Super Heavy – Thomas McPherson

Sportsman 100 Masters – Shane McPherson

TaG 125 Light – Adam Levi

TaG 125 Heavy – Simon Gwilliam

Open Performance – Jesse Elliott

**FINANCIAL STATEMENTS AND AUDIT
REPORT FOR AUSTRALIAN KARTING
ASSOCIATION LTD.**

**AUSTRALIAN KARTING
ASSOCIATION LTD**

ABN 97 160 100 265

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2015**

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 2015.

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	CT Denton
MK Holzberger	CJ Styring
PA Smith	R Crawford

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.

Meetings of Directors

Since the beginning of 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	8	8
MK Holzberger	8	8
PA Smith	8	8
CT Denton	8	8
CJ Styring	7	8
R Crawford	6	8

Operating Result

The surplus of the company amounted to \$398,604 (2014 - surplus of \$248,225). The company is exempt from income tax.

Principal Activities (Our Mission)

To lead, govern, promote and grow the sport of sprint kart racing in Australia.

The success of the company will ultimately be judged on our ability to grow, foster and encourage participation in karting and make the karting experience clearer, fairer and fun.

To have young members to aspire to leadership in the sport.

For the sport to become a feeder for elite motorsport in Australia.

AKA will be the springboard for motorsport in Australia by encouraging a broad base of participation and competition in karting with clear pathways to the top level in motorsport.

Member's Guarantee

The company is incorporated under the Corporations Act 2001 and is an 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 2015, the maximum amount that the members of the company are liable to contribute if the company is wound up is \$140.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Guiding Principles

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

The power and authority to organise and control the sport within Australia has been delegated to AKA by the Federation Internationale de l'Automobile (**FIA**) through the Confederation of Australian Motorsport (**CAMS**).

The Board of AKA have as our broad based objectives to encourage competition from a young age at appropriate levels, to develop excellence and to increase participation in the sport of Karting.

The Board of AKA hold as an imperative that our sporting competitions should be fun, fair, well run, and provide the best value for money that is achievable, in a quality environment where people can participate for the simple enjoyment of sport and to be able to strive for success at elite levels.

Sound principles of Board governance, administrative responsibility, decision making for a fit and proper purpose at National, State and Club levels, respectful, fairness and transparency in officiating and the conduct of the sport at all levels are matters that should not be taken lightly as to do so will alienate those who have a right and a desire to compete in Karting on a level playing field.

At all times the sport of Karting should have as its primary objective the achievement of the following functions and responsibilities:

- Increased participation in the sport through the development and implementation of proactive sport, club, community and member development programs;
- Implement a deliberate strategy to develop a consistent national regulatory regime across all areas of activity which facilitates participation in any state without any additional requirements;
- Establish and foster partnerships with key stakeholders for the betterment of the sport of Karting;
- Focus on increasing equity and diversity within the sport and organisation, including but not limited to youth, women, disabled, indigenous and culturally diverse groups;
- Contribute to the development of a National Infrastructure and Facilities Strategy to ensure the sport has access to facilities and venues of an appropriate standard into the future;
- Proactively engage with and contribute to the aims and objectives of the AKA as contained within the AKA Corporate Plan.

No significant changes in the nature of the company's activities occurred during the financial year.

Information on Directors

MS Doohan	Special Responsibilities:	Chairman & Competition Director.
	Experience:	Australian Formula 1 Grand Prix Board; GM Honda Racing Corporation (6 years); Advisory Board DORNA (8 years); 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; Member Australian Institute of Bankers.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

DIRECTORS' REPORT

Information on Directors (*continued*)

MK Holzberger	Qualifications:	GAICD; LLM Resources Law (Distinction) (Dundee, Scotland); Dip. Int. Nuclear Law (Hons) (Montpellier, France); Grad. Dip. Legal Practice (SA); LLB (Adel); BA (Adel).
	Special Responsibilities:	Deputy Chairman, Administration Director & Joint Chair Governance & Finance Committee.
	Experience:	Experienced Director and Commercial Lawyer. Adviser to multinational and leading ASX listed companies.
CT Denton	Qualifications:	Electronics Technician.
	Special Responsibilities:	Operations Director.
	Experience:	President Australian Karting Association Inc; CIK FIA Delegate for Australia; Chairman Monarto Karting Complex.
CJ Styring	Qualifications:	Bachelor of Business Management (Monash).
	Special Responsibilities:	Marketing Director.
	Experience:	Williams F1 Team - Head of Sponsorship Servicing Marketing; Richmond Football Club - General Manager – Relationship Marketing; Tennis Australia - Head of Sponsorship & Business Development; Ford Motor Company - Group Manager – Sponsorship, Events, Motorsport; EY Sweeney (Research) - General Manager – Sports & Entertainment Division; Equestrian Australia - Director & Member of Sponsorship Committee.
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 Loins, 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; Kelly Racing Team /Team Manager / Operations Manager.

Auditor's Independence Declaration

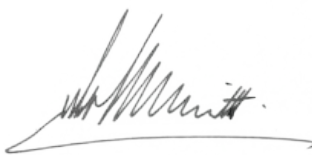
The Auditor's Independence Declaration for the year ended 31 December 2015 has been received and can be found immediately following this Directors' Report.

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
Director



PA Smith
Director

Dated this 28th day of April 2016

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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**

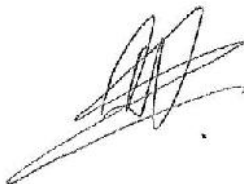
Dear Directors

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 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 28th day of April 2016
Ashmore, Queensland**

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
REVENUE & EXPENSES			
Operations revenue	2	2,437,135	1,756,191
Other revenue	2	13,627	15,325
Depreciation of property, plant and equipment	3	(26,825)	(27,096)
Employee expenses	3	(423,664)	(384,169)
Finance costs	3	(22,234)	(18,747)
Operations expenses	3	(1,579,435)	(1,093,279)
Surplus/(Deficit) before income tax expense		398,604	248,225
Income tax expense	1d	0	0
Total Surplus/(Deficit) for the year		398,604	248,225
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		398,604	248,225

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
MEMBERS' FUNDS			
RETAINED SURPLUS			
Balance at the beginning of the financial year		1,420,325	1,172,100
Surplus/(Deficit) for the year		398,604	248,225
TOTAL MEMBERS' FUNDS		1,818,929	1,420,325

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	1,420,467	1,076,170
Trade and Other Receivables	6	175,707	166,177
Inventories	7	36,338	29,351
Other Assets	8	128,671	38,448
Total Current Assets		1,761,183	1,310,146
NON-CURRENT ASSETS			
Trade and Other Receivables	6	149,904	149,904
Property, Plant and Equipment	9	120,273	73,055
Total Non-Current Assets		270,177	222,959
TOTAL ASSETS		2,031,360	1,533,105
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	10	203,411	78,542
Borrowings	11	7,011	13,235
Total Current Liabilities		210,422	91,777
NON-CURRENT LIABILITIES			
Long-term Provisions	12	2,009	21,003
Total Non-Current Liabilities		2,009	21,003
TOTAL LIABILITIES		212,431	112,780
NET ASSETS		1,818,929	1,420,325
MEMBERS' FUNDS			
Retained Surplus		1,818,929	1,420,325
TOTAL MEMBERS' FUNDS		1,818,929	1,420,325

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members & others		2,670,366	1,918,541
Payments to suppliers & employees		(2,237,195)	(1,684,473)
Interest received		13,627	15,325
Finance costs		(22,234)	(18,747)
Net cash generated from (used in) operating activities	4a	424,564	230,646
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(74,043)	(31,717)
Net cash generated from (used in) investing activities		(74,043)	(31,717)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from borrowings		676,276	57,652
Repayment of borrowings		(682,500)	(167,692)
Net cash generated from (used in) financing activities		(6,224)	(110,040)
Net increase (decrease) in cash held		344,297	88,889
Cash at the beginning of the financial year		1,076,170	987,281
CASH AT THE END OF THE FINANCIAL YEAR	5	1,420,467	1,076,170

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 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. 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 2015

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 2015, 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 2015

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 66.66%

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, long service leave and sick 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 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l. 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. New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards have been issued or amended which are not yet effective and have not been adopted in preparation of these financial statements at the reporting date. They are not expected to affect the company in future years.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

p. 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 2015

	Note	2015 \$	2014 \$
NOTE 2: REVENUE			
Operations revenue			
Advertising		83,800	79,264
Freight		5,331	3,614
Levies & fees (includes Australian Kart Championship)		426,481	206,849
Licence fees		1,586,637	1,257,714
Royalty - tyres		158,606	144,152
Sales		33,878	37,947
Sundry		142,402	26,651
Total operations revenue		2,437,135	1,756,191
Other revenue			
Interest received from other persons		13,627	15,325
Total other revenue		13,627	15,325
Total revenue		2,450,762	1,771,516
NOTE 3: EXPENSES			
Depreciation of property, plant and equipment		26,825	27,096
Employee expenses		423,664	384,169
Finance costs		22,234	18,747
Operations expenses			
Advertising & promotion		13,965	7,499
Audit and review fees		9,500	6,000
Australian Karting Championship		563,532	180,723
Bank fees & charges		10,905	4,396
CAMS fee		21,977	21,545
Computer expenses		22,456	23,284
Consultancy services		161,189	99,858
Government charges		1,469	1,445
Insurance		405,509	430,572
Legal fees		31,263	22,596
Office expenses		75,051	48,855
Other expenses		22,525	27,328
Printing, postage & stationery		79,628	22,937
Purchases for resale		47,238	68,883
Smart card expenses		21,713	16,582
Telephone		18,201	14,872
Travel, accommodation & conference		14,797	86,760
Uniforms		58,517	9,144
Total operations expenses		1,579,435	1,093,279
Total expenses		2,052,158	1,523,291

Change in recognition of revenue & payment of expenses

In the comparative period the organising clubs of the Australian Kart Championship collected the entry fees and remitted 40% to the Australian Karting Association Ltd. In the current period this has been reversed, that is, the Australian Karting Association Ltd collects the entry fees and remitted 60% to the organising clubs.

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
NOTE 4: CASH FLOW INFORMATION			
a. Reconciliation of Cashflow from Operations with Surplus/(Deficit) after Income Tax			
Surplus/(Deficit) for the year		398,604	248,225
Non cash flows			
Depreciation		26,825	27,096
Changes in assets and liabilities:			
(Increase)/Decrease in trade and other receivables		(9,530)	(12,063)
(Increase)/Decrease in inventories		(6,987)	12,368
(Increase)/Decrease in other assets		(90,223)	(23,814)
Increase/(Decrease) in trade and other payables		124,869	(17,487)
Increase/(Decrease) in provisions		(18,994)	(3,679)
Net cash generated from (used in) operating activities		424,564	230,646

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 2015 was \$17,139 (2014: \$11,765).

c. Non-Cash Financing and Investing Activities

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

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	1,420,267	1,075,970
Cash on hand	200	200
Total Cash and Cash Equivalents	1,420,467	1,076,170

NOTE 6: TRADE AND OTHER RECEIVABLES

Current

Trade receivables	175,446	143,597
Other receivables	261	22,580
Total Current Trade and Other Receivables	175,707	166,177

Non-Current

Loans to related entities	6a 149,904	149,904
Total Non-Current Trade and Other Receivables	149,904	149,904

Total Trade and Other Receivables	325,611	316,081
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a. The loan receivable is from the AKA KNSW Unit Trust and is secured by the real property at 12 Macquarie Avenue, Penrith, New South Wales.

NOTE 7: INVENTORIES

Finished Goods at Cost

Stock for sale	36,338	29,351
Total Inventories	36,338	29,351

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
NOTE 8: OTHER ASSETS			
Prepayments		128,671	38,448
Total Other Current Assets		128,671	38,448

NOTE 9: PROPERTY, PLANT AND EQUIPMENT			
Plant & equipment		195,909	121,866
Less accumulated depreciation		(75,636)	(48,811)
Total Property, Plant and Equipment		120,273	73,055

Movements in Carrying Amounts

Movements in the 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		73,055	68,435
Additions		74,043	31,716
Disposals cost		0	(12,093)
Disposals depreciation		0	12,093
Depreciation expense		(26,825)	(27,096)
Carrying amount at the end of year		120,273	73,055

NOTE 10: TRADE AND OTHER PAYABLES

Trade payables		32,841	6,041
GST payable		6,475	2,476
PAYG payable		12,042	10,064
Superannuation payable		15,043	17,115
Prize money payable		36,000	0
Bonds held in trust	12b	21,495	0
Income in advance		1,031	0
Employee benefits	1k	55,130	32,484
Employee on-costs		15,354	3,362
Accrued expenses		8,000	7,000
Total Trade and Other Payables		203,411	78,542

a. Financial Liabilities within Trade and Other Payables

Trade and other payables		203,411	78,542
Less payables that are non interest bearing		(141,075)	(65,501)
Financial liabilities as trade and other payables		62,336	13,041

NOTE 11: BORROWINGS

Current			
Credit cards		7,011	13,235
Total Current Borrowings		7,011	13,235

Total current and non-current borrowings:

Credit cards	4b	7,011	13,235
Total Borrowings		7,011	13,235

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
NOTE 12: PROVISIONS			
Long-term Provisions			
Employee benefits	12a	1,821	899
Employee on-costs		188	104
Bonds held in trust	12b	0	20,000
Total Long-term Provisions		2,009	21,003
Movements in Provisions:			
Balance at the beginning of year		21,003	24,682
Additional provisions raised/(used) during year		(18,994)	(3,679)
Carrying amount at the end of year		2,009	21,003
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.

b. The bonds held in trust relate to performance guarantees that may be claimed upon if certain events occur. It is expected that the bonds will be returned to the supplier pursuant to the terms of the agreement.

NOTE 13: 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 14: CAPITAL AND LEASING COMMITMENTS

Capital Expenditure Commitments

At the end of the financial year there were no commitments for capital expenditure.

NOTE 15: AUDITOR'S REMUNERATION

Remuneration of the auditor of the company for:

Auditing of financial report	7,000	6,000
Total Auditor's Remuneration	7,000	6,000

NOTE 16: EVENTS AFTER THE BALANCE DATE

No 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 2015

Note	2015	2014
	\$	\$

NOTE 17: 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 salary paid to the CEO as no other employee is considered a KMP.

NOTE 18: 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 close family members of KMP for goods and/or services during the year.

NOTE 19: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, 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	5	1,420,467	1,076,170
Total trade and other receivables	6	325,611	316,081
Total Financial Assets		1,746,078	1,392,251

Financial Liabilities

Trade payables	10	62,336	13,041
Total borrowings	11	7,011	13,235
Total Financial Liabilities		69,347	26,276

Net Fair Values

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

AUSTRALIAN KARTING ASSOCIATION LTD
ABN 97 160 100 265

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note	2015	2014
	\$	\$

NOTE 20: CONTINGENT LIABILITIES AND ASSETS

Court Settled Dispute

The company defended court proceedings which were ultimately found in favour of the plaintiff. To date all costs incurred through the litigation have been covered by insurance. It is anticipated that any future costs (if any) will continue to be covered by insurance.

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 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 either of the trusts.

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 2015.

Insurance Risk

The company minimises the cost of insurance by accepting the first \$50,000 of personal accident claims, if any, and when this amount is exceeded the insurer accepts the risk.

As at reporting date the personal accident claims did not exceed \$50,000 and as there are unfinalised registered claims, and possibly further claims not yet registered, the company may be liable for a further amount of \$31,572.

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.

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 Members' Funds, Statement of Financial Position, Statement of Cash Flows and Notes to the Financial Statements, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position as at 31 December 2015 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 its debts as and when they become due and payable.



MS Doohan
Director



PA Smith
Director

Dated this 28th day of April 2016

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

Report on the Financial Report

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 2015 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Members' Funds and Statement of Cash Flows for the year ended, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration.

Directors' Responsibility 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 and for such internal control relevant as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Australian Karting Association Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report


This audit report relates to the financial report of the Australian Karting Association Ltd for the year ended 31 December 2015 which may be included on the company's website. We have not been engaged to report on the integrity of this website. This audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the company's website.

Opinion

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

- (i) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

CORPORATE AUDIT AND ASSURANCE SERVICES



**IAN W BARFOOT
REGISTERED COMPANY AUDITOR**

**Dated this 28th day of April 2016
Ashmore, Queensland**

**FINANCIAL STATEMENTS AND AUDIT
REPORT FOR AKA TRACK
DEVELOPMENT FUND TRUST**

AKA TRACK DEVELOPMENT FUND TRUST

ABN 46 992 433 756

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2015**

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
REVENUE AND EXPENSES			
Revenue	2	138,894.74	154,001.39
Expenses	3	(4,770.00)	(4,678.87)
Profit/(Loss) before income tax expense		134,124.74	149,322.52
Income tax expense	1a	0.00	0.00
Profit/(Loss) after income tax		134,124.74	149,322.52
Less distribution to beneficiaries		(134,124.74)	(149,322.52)
Profit/(Loss) after adjustments and distributions to beneficiaries		0.00	0.00

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,083,395.66	905,116.85
Trade and Other Receivables	5	12,477.73	8,783.23
Loans Receivable	6	126,658.57	121,550.00
Total Current Assets		1,222,531.96	1,035,450.08
NON-CURRENT ASSETS			
Loans Receivable	6	394,154.99	445,812.13
Total Non-Current Assets		394,154.99	445,812.13
TOTAL ASSETS		1,616,686.95	1,481,262.21
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	3,300.00	2,000.00
Total Current Liabilities		3,300.00	2,000.00
NON-CURRENT LIABILITIES			
Financial Liabilities	8	1,613,385.95	1,479,261.21
Total Non-Current Liabilities		1,613,385.95	1,479,261.21
TOTAL LIABILITIES		1,616,685.95	1,481,261.21
NET ASSETS		1.00	1.00
EQUITY			
Retained Surplus		1.00	1.00
TOTAL EQUITY		1.00	1.00

AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
BENEFICIARIES ACCUMULATION SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
UNDISTRIBUTED REVENUE/(EXPENSES)			
Balance at the beginning of the financial year		1.00	1.00
Profit/(Loss) 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	484,423.97	443,531.07
Driver levies and other direct charges	34,896.00	37,035.67
Net income	3,662.34	3,857.23
Closing balance	522,982.31	484,423.97

AKA Queensland

Opening balance	304,598.95	287,378.50
Driver levies and other direct charges	23,328.00	14,721.00
Net income	2,302.53	2,499.45
Closing balance	330,229.48	304,598.95

AKA Victoria

Opening balance	352,299.84	314,227.66
Driver levies and other direct charges	32,129.00	35,339.00
Net income	2,663.73	2,733.18
Closing balance	387,092.57	352,299.84

AKA Western Australia

Opening balance	181,275.28	161,252.87
Driver levies and other direct charges	19,434.00	18,620.00
Net income	1,369.89	1,402.41
Closing balance	202,079.17	181,275.28

AKA South Australia

Opening balance	77,682.51	72,903.25
Driver levies and other direct charges	6,612.00	4,145.00
Net income	587.09	634.26
Closing balance	84,881.60	77,682.51

AKA Tasmania

Opening balance	61,789.90	56,017.46
Driver levies and other direct charges	4,716.00	5,285.00
Net income	467.44	487.44
Closing balance	66,973.34	61,789.90

AKA Northern Territory

Opening balance	17,190.76	15,094.21
Driver levies and other direct charges	1,827.00	1,965.00
Net income	129.72	131.55
Closing balance	19,147.48	17,190.76

TOTAL BENEFICIARIES ACCUMULATION	1,613,385.95	1,479,261.21
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AKA TRACK DEVELOPMENT FUND TRUST
ABN 46 992 433 756
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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. Refer to Note 12 for comparative amount changes.

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 2015

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 three months or less, and bank overdrafts.

h. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. 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 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 detailed in 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 2015

	Note	2015 \$	2014 \$
NOTE 2: REVENUE			
Interest received		15,952.74	16,424.39
Track development - Driver levies		122,942.00	137,577.00
Total Revenue		138,894.74	154,001.39
NOTE 3: EXPENSES			
Accounting fee		1,300.00	2,529.00
Audit and review fees		3,350.00	2,000.00
Bank fees & charges		120.00	149.87
Total Expenses		4,770.00	4,678.87
NOTE 4: CASH AND CASH EQUIVALENTS			
Cash at bank - Trading accounts		574,309.20	404,749.13
Cash at bank - Term deposits		509,086.46	500,367.72
Total Cash and Cash Equivalents		1,083,395.66	905,116.85
NOTE 5: TRADE AND OTHER RECEIVABLES			
Trade receivables		3,612.00	6,738.00
Interest receivable		8,541.73	1,948.23
GST receivable		324.00	97.00
Total Trade and Other Receivables		12,477.73	8,783.23
NOTE 6: LOANS RECEIVABLE			
Loans - Secured:			
NSW - Newcastle Kart Club		0.00	4,890.00
SA - Barossa Go Kart Club		25,000.00	35,000.00
QLD - Ipswich Kart Club		25,000.00	35,000.00
QLD - Mackay Kart Club		30,000.00	40,000.00
WA - Tiger Kart Club		32,500.00	42,500.00
VIC - Eastern Lions Kart Club		125,000.00	60,000.00
VIC - Mildura Kart Club		0.00	7,500.00
NSW - Tamworth Kart Club		43,316.00	53,312.00
VIC - Go-Kart Club of Victoria		4,998.00	14,994.00
NSW - North Shore Kart Club		54,166.45	64,166.41
NSW - Coffs Harbour Kart Club		64,166.41	74,166.37
SA - Go Kart Club of SA		80,000.00	90,000.00
WA - Albany City Kart Club		36,666.70	45,833.35
Total Loans Receivable		520,813.56	567,362.13
Loans - Secured:			
Current		126,658.57	121,550.00
Non-Current		394,154.99	445,812.13
Total Loans Receivable		520,813.56	567,362.13

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 2015

	Note	2015 \$	2014 \$
NOTE 7: TRADE AND OTHER PAYABLES			
Other payables		3,300.00	2,000.00
Total Trade and Other Payables		3,300.00	2,000.00
NOTE 8: FINANCIAL LIABILITIES			
Non Current			
Unsecured Beneficiary Loans:			
AKA New South Wales		522,982.32	484,423.97
AKA Queensland		330,229.48	304,598.95
AKA Victoria		387,092.57	352,299.84
AKA Western Australia		202,079.16	181,275.28
AKA South Australia		84,881.60	77,682.51
AKA Tasmania		66,973.34	61,789.90
AKA Northern Territory		19,147.48	17,190.76
Total Non Current Financial Liabilities	8a	1,613,385.95	1,479,261.21

a. The beneficiary loans are the result of the income distributed to the beneficiaries but not yet paid.

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.

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.

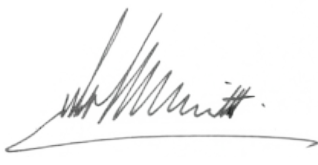
The Trustee declares that:

1. the financial report, comprising of Statement of Income, Statement of Financial Position, Beneficiaries Accumulation Summary and Notes to the Financial Statements present fairly the trust's financial position as at 31 December 2015 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 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 6th day of April 2016

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

Report on the Financial Report

We have audited the accompanying financial report of AKA Track Development Fund Trust (the Trust) which comprises the Statement of Financial Position as at 31 December 2015 and the Statement of Income and the Beneficiaries Accumulation Summary for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Declaration by Trustee.

Trustee's Responsibility for the Financial Report

The trustee is responsible for the preparation and fair presentation of the financial report and has 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 requirements of the Trust and are appropriate to meet the needs of the unitholder and the beneficiaries. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the unitholder and the beneficiaries. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

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

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

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.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of AKA Track Development Fund Trust gives a fair view of the Trust's financial position as at 31 December 2015 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 1.



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

**Dated this 6th day of April 2016
Ashmore, Queensland**



Annual Report

Year Ending 31st December 2015

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