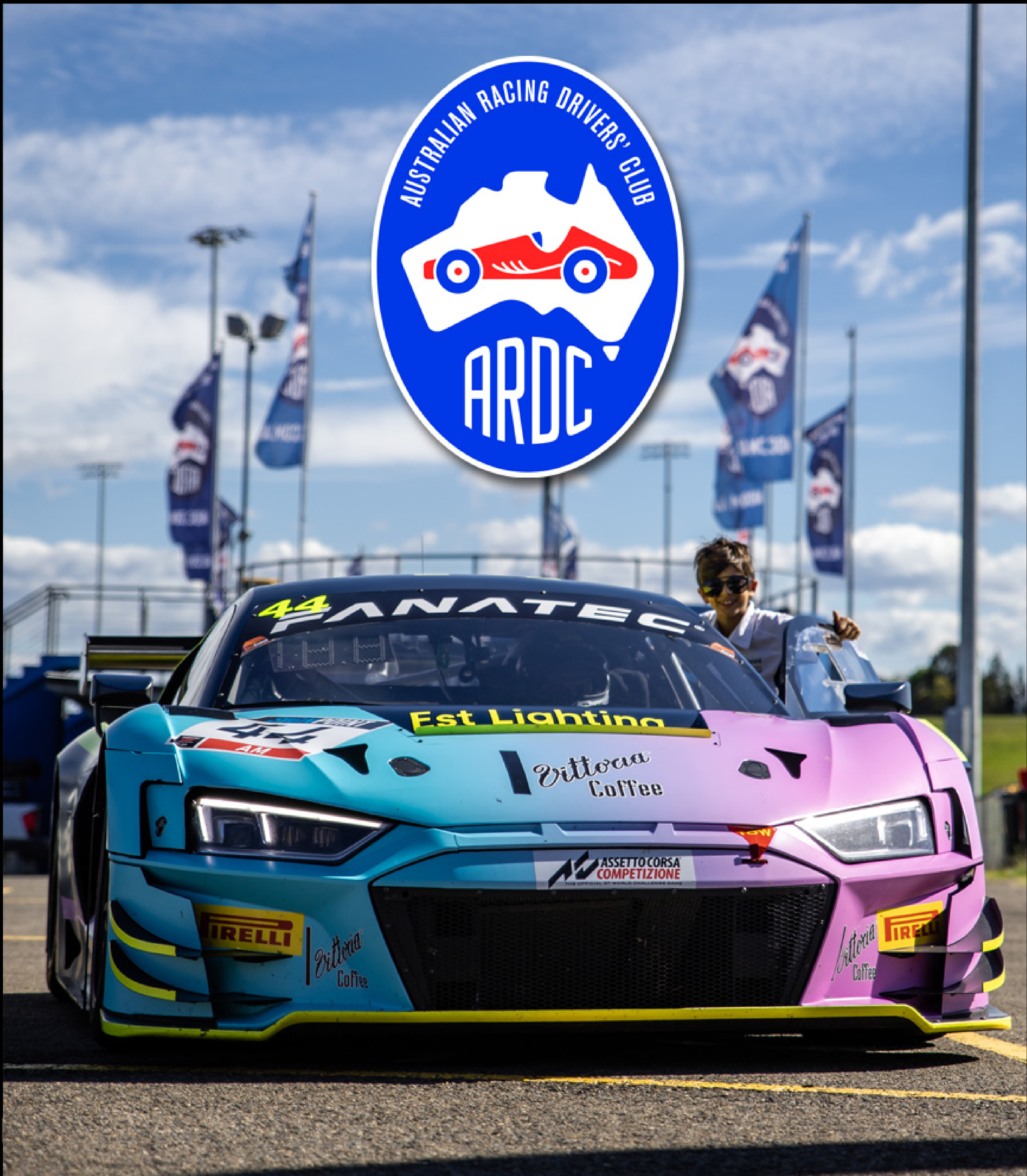

AUSTRALIAN RACING DRIVER'S CLUB FINANCIAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2022

ABN 85 000 110 609

Australian Racing Drivers Club Ltd

ABN: 85 000 110 609

General Purpose (SDS) Financial Report

For the year ended 31 December 2022

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Directors' report

For the year ended 31 December 2022

Your directors submit their report on Australian Racing Drivers Club Ltd (the "Club") for the year ended 31 December 2022.

Directors

The names and details of the Club's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

Mr Andrew Leithhead	
Ms Natalie Turmine	
Mr Philip Harrison	
Mr Danny Rezek	
Mr Terrence Thompson	
Ms Rachelle Stirling	
Mr Jamie McDonald	
Mr Terrence Conroy	(Resigned: 12 January 2023)
Mr John Cotter	(Resigned: 14 December 2022)
Mr Evan Jones	(Resigned: 14 December 2022)

Names, position, experience and responsibilities

Names	Position held	Years of experience as board member	Responsibilities
A. Leithhead	President	16 years	Club director
N. Turmine	Vice President	5 years and 4 months	Club director
J. Cotter	Deputy Vice president	24 years	Club director (Resigned)
T. Conroy	Board member	12 years	Club director (Resigned)
P. Harrison	Board member	4 years and 7 months	Club director
D. Rezek	Board member	2 years and 8 months	Club director (Board appointed)
T. Thompson	Board member	15 years	Club director
E. Jones	Board member	24 years and 9 months	Club director (Resigned)
R. Stirling	Board member	5 years and 4 months	Club director
J. McDonald	Board member	1 year and 3 months	Club director (Board appointed)
Club secretary			
G. Matthews	Secretary	12 years	Chief executive officer

Dividends

The Club is prevented by its Constitution from paying dividends.

Directors' report

For the year ended 31 December 2022

Principal activities

The main objective of the Club is to promote and conduct the sport of motor racing for both cars and motor cycles.

The principal activities of the Club during the year were the promotion and conducting of motor racing, and the promotion of Sydney Motorsport Park as a venue.

There have been no significant changes in the nature of these activities during the year.

Operating results

The results of the Club for the 2022 financial year amounted to a profit of $215,166 (2021: loss of $1,440,376), after allowing for depreciation and amortisation of $1,946,728 (2021:$ 1,978,214). The earning before interest, taxes, depreciation and amortisation (EBITDA) for 2022 was $2,024,738 (2021: $526,705).

	2022 $	2021 $
Profit/(loss) before tax	215,166	(1,440,376)
Interest expense (net of interest income)	765,184	804,066
Depreciation	1,946,728	1,978,214
	2,927,078	1,341,904
Less impact of AASB 16 Leases	(902,340)	(815,199)
Normalised EBITDA	2,024,738	526,705

The EBITDA financial metric is a non-IFRS measure and has been included by management as it is deemed an important financial metric to indicate the performance of the business to the users of the financial statements.

At the end of the financial year there were 3,800 financial members (2021: 4,036).

The Club is exempt from income tax.

Review of operations

The profit from ordinary activities after income tax amounted to $215,166 (2021: loss of $1,440,376. The profit from ordinary activities after income tax excluding impact of AASB 16 leases amounted to $567,518 (2021: loss of $971,515).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Club during the year.

Directors' report

For the year ended 31 December 2022

Significant events after the reporting period

There were no significant events occurring after the reporting period which may affect either the Club's operations or results of those operations or the Club's state of affairs.

Likely developments and expected results

The likely developments in the operations of the Club and the expected results of those operations in future financial years are as follows:

- The completion of the permanent lights project is delivering the projected increase in capacity of the venue and is an enabler for greater opportunities. This will lead to the creation of a permanent ‘night economy’ creating more opportunities for the Club to: increase employment; introduce more motorsport products; help drive tourism in Western Sydney; and help cement Sydney Motorsport Park as an Innovation and Education Hub.
- The first building of the Australian Motorsport Precinct (AMIP) is scheduled for completion on mid-2023. An anchor tenant is in place, and this will help establish a cluster of Motorsport related business in the precinct.
- The Australian Motorsport Precinct (AMIP) has been constructed for the purpose of driving innovation and technology.
- Improvements to internal efficiencies by implementing the market leading Salesforce CRM system, to help drive customer satisfaction, growth of the business and achieve administrative improvements.
- Significant investment into the Mylaps safety system to ensure the highest level of safety standards, required to be the leading motorsport venue within Australia.
- The Board continues to examine a number of opportunities in relation to Track and Property development at Sydney Motorsport Park.
- The Board continues to review and improve our Brand and relevance, Marketing, Membership and Masterplans.

Environmental regulation and performance

The Club is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Indemnification and insurance of directors and officers

The Club has paid premiums of $18,984 (2021: $17,811) to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of director of the Club, other than conduct involving a wilful breach of duty in relation to the Club.

Directors' report

For the year ended 31 December 2022

Indemnification of auditor

To the extent permitted by law, the Club has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Directors' meetings

The number of meetings of directors held during the year and the number of meetings they were eligible to attend by each director were as follows:

	Number of meetings held	Number of meetings eligible to attend	Number of meetings attended
Mr Andrew Leithhead	11	11	10
Mr John Cotter	11	11	9
Ms Natalie Turmine	11	11	10
Mr Terrence Conroy	11	11	11
Mr Philip Harrison	11	11	10
Mr Danny Rezek	11	11	9
Mr Terrence Thompson	11	11	11
Mr Evan Jones	11	11	11
Ms Rachelle Stirling	11	11	11
Mr Jamie McDonald	11	11	11

Proceedings on behalf of the Club

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Club, or to intervene in any proceedings to which the Club is a party, for the purpose of taking responsibility on behalf of the Club for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Club with leave of the Court under section 237 of the *Corporations Act 2001.*

Members Guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member and members within the prior year are required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Club. As at 31 December 2022, the number of members was 3,800 (2021: 4,036).

Directors' report

For the year ended 31 December 2022

Auditor's independence declaration

The directors have received an independence declaration from the auditor, Ernst & Young (Australia). This has been included on page 7 of the report.

For and on behalf of the Board:

Mr Andrew Leithhead

President

Sydney

19 April 2023

Ms Natalie Turmine

Vice President

Sydney

19 April 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's independence declaration to the directors of Australian Racing Drivers Club Ltd

As lead auditor for the audit of the financial report of Australian Racing Drivers Club Ltd for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Racing Drivers Club Ltd.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
19 April 2023

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Notes	2022 $	2021 $
Revenue from contracts with customers	4.a	8,845,501	5,467,884
Revenue from grants	4.b	-	243,123
Gross trading revenue		8,845,501	5,711,007
Other income	5.a	25,909	75,845
Motor sport event, venue and promotion costs		(1,526,100)	(872,685)
Employee and contractor benefit expenses	5.b	(2,376,224)	(2,053,879)
Occupancy costs		(429,534)	(250,079)
Marketing expenses		(402,214)	(302,525)
Repairs and maintenance - circuit and facilities		(247,378)	(184,606)
Depreciation		(1,946,728)	(1,978,214)
Other expenses		(962,882)	(781,174)
Interest expense net of interest income	5.c, 5.d	(765,184)	(804,066)
Profit/(loss) before tax		215,166	(1,440,376)
Income tax expense		-	-
Profit/(loss) for the year		215,166	(1,440,376)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		215,166	(1,440,376)
Attributable to:			
Members of the Club		215,166	(1,440,376)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2022

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	1,499,830	2,330,522
Trade and other receivables	7	111,990	182,762
Other assets	8	146,735	74,095
Total current assets		1,758,555	2,587,379
Non-current assets			
Financial assets	9	2,436,103	3,424,931
Property, plant and equipment	10	13,012,613	13,149,232
Right-of-use assets	12	9,330,295	9,873,439
Total non-current assets		24,779,011	26,447,602
Total assets		26,537,566	29,034,981
Liabilities			
Current liabilities			
Trade and other payables	11	669,858	668,763
Borrowings	13	423,934	2,383,981
Lease liabilities		960,307	1,051,759
Employee benefit liabilities	14	361,110	333,361
Other liabilities	15	188,605	124,442
Total current liabilities		2,603,814	4,562,306
Non-current liabilities			
Borrowings	13	2,159,881	2,532,981
Lease liabilities		10,086,066	10,455,979
Employee benefit liabilities	14	72,890	64,639
Other liabilities	15	96,395	115,722
Total non-current liabilities		12,415,232	13,169,321
Total liabilities		15,019,046	17,731,627
Net assets		11,518,520	11,303,354
Equity			
Reserves	16	5,937,729	5,937,729
Retained earnings		5,580,791	5,365,625
Total equity		11,518,520	11,303,354

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2022

	Retained earnings $	Asset revaluation reserve (Note 16) $	Capital profit reserves (Note 16) $	Total equity $
At 1 January 2022	5,365,625	3,678	5,934,051	11,303,354
Profit for the year	215,166	-	-	215,166
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	215,166	-	-	215,166
At 31 December 2022	5,580,791	3,678	5,934,051	11,518,520

	Retained earnings $	Asset revaluation reserve (Note 16) $	Capital profit reserves (Note 16) $	Total equity $
At 1 January 2021	6,806,001	3,678	5,934,051	12,743,730
Loss for the year	(1,440,376)	-	-	(1,440,376)
Other comprehensive income	-	-	-	
Total comprehensive loss for the year	(1,440,376)	-	-	(1,440,376)
At 31 December 2021	5,365,625	3,678	5,934,051	11,303,354

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2022

	Notes	2022 $	2021 $
Operating activities			
Receipts from customers and members		8,922,793	5,695,060
Payments to suppliers and employees		(5,917,843)	(3,683,485)
Interest received		18,301	13,162
Interest paid		(71,937)	(80,537)
Interest paid on lease liabilities		(711,548)	(736,691)
Dividends received		62	89
Government grants received		-	243,123
Net cash flows from operating activities		2,239,828	1,450,721
Investing activities			
Purchase of property, plant and equipment		(1,266,966)	(705,762)
Proceeds from/(investment in) term deposit		990,958	(3,000,000)
Net cash flows used in investing activities		(276,008)	(3,705,762)
Financing activities			
Payments of principal portion of lease liabilities		(461,365)	(414,000)
Repayments of borrowings		(2,333,147)	(561,032)
Proceeds from borrowings		-	4,773,326
Net cash flows (used in)/from financing activities		(2,794,512)	3,798,294
Net (decrease)/increase in cash and cash equivalents		(830,692)	1,544,253
Cash and cash equivalents at 1 January		2,330,522	786,269
Cash and cash equivalents at 31 December	6	1,499,830	2,330,522

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2022

1. Corporate information

The financial statements of Australian Racing Drivers Club Ltd (the Club) for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 19 April 2023.

Australian Racing Drivers Club Ltd is a limited company incorporated and domiciled in Australia as a company limited by guarantee. The registered office is located at 1 Brabham Drive, Eastern Creek, NSW 2766.

Further information on the nature of the operations and principal activities of the Club is provided in the directors' report.

2. Significant accounting policies

a. Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards - Simplified Disclosures* and other authoritative pronouncements of the Australian Accounting Standards Board. The Club is a not-for-profit entity, private sector entity which is not publicly accountable for the purposes of preparing these financial statements.

The Club has prepared the financial statements on a historical cost basis.

The financial statements are presented in Australian dollars ($).

b. Changes in accounting policies and disclosures

New and amended standards and interpretations

The new and amended Australian Accounting Standards and Interpretations that apply for the first time in 2022 do not materially impact the financial statements of the Club.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting year ended 31 December 2022. The Club intends to adopt the new or amended standards or interpretations when they become effective.

Notes to the financial statements

For the year ended 31 December 2022

c. Current versus non-current classification

The Club presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Club classifies all other liabilities as non-current.

d. Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2022, the Club 's total current liabilities exceeded total current assets by $845,259 including non-cash current liabilities of $188,605 pertaining to member advances on Club memberships, $181,110 of current long service leave accrued which the management does not expect to be utilised or paid out in financial year ending 31 December 2023 and $960,307 of finance lease liability payable to the landlord WSPT. Comparably, as at 31 December 2021, total current liabilities exceeded total current assets by $1,974,927.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. The financial statements have been prepared based upon conditions existing at 31 December 2022 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

Based on the Club's cash flow forecast for the next 12 to 16 months, the Club is in a position to generate sufficient cash to pay debts as and when they become due and payable.

e. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand.

f. Trade and other receivables

Trade and other receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Trade receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

g. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Club’s business model for managing them. The Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Club's financial assets at amortised cost includes trade and other receivables and other assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

This category includes listed equity investments which the Club had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a club of similar financial assets) is primarily derecognised (i.e., removed from the Club's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Club has transferred substantially all the risks and rewards of the asset, or (b) the Club has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Club continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Club also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Club has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Club could be required to repay.

Impairment

The Club recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the financial statements

For the year ended 31 December 2022

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

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

The Club's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

Financial liabilities at amortised cost

For purposes of subsequent measurement, financial liabilities are classified into the following categories:

- Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Notes to the financial statements

For the year ended 31 December 2022

h. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Club depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation rates used for each class of depreciable asset are:

Leasehold improvements - Skidpan	2.5 to 10%
Leasehold improvements - Track and Buildings	2.5 to 10%
Plant and machinery	10 to 27%
Motor vehicles	12.5 to 25%
Furniture, fittings and office equipment	12.5 to 25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i. Impairment of non-financial assets

The Club assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Club estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Club estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

j. Leases

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

i. Club as a lessee

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the financial statements

For the year ended 31 December 2022

i. Right-of-use assets

The Club recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	21 years

If ownership of the leased asset transfers to the Club at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.i Impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Club recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Club and payments of penalties for terminating the lease, if the lease term reflects the Club exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Club uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the financial statements

For the year ended 31 December 2022

Short-term leases and leases of low-value assets

The Club applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

ii. Club as a lessor

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned.

k. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Club 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.

l. Employee benefit liabilities

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave and annual leave

The Club does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Club recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements

For the year ended 31 December 2022

m. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Rendering of services

The Club recognises revenue from rendering of services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Club from the rendering of a service is recognised upon the delivery of the service to the customer.

Membership subscriptions

Membership income is recognised as revenue over the period to which it relates to. The Club collects club membership fees in advance. At any point in time, the services for those membership fees have not yet been provided and has been recorded as deferred revenue.

Dividends

Revenue is recognised when the Club's right to receive the payment is established, which is generally when the Club declares dividend.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature.

n. Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provision and foreign currency losses.

o. Income received in advance

Where the Club has received sums or billed income in respect of future periods, these unearned amounts are shown as Income in advance in the accounts. Such income will be brought to account during the period to which the income relates.

p. Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Notes to the financial statements

For the year ended 31 December 2022

Business grant service NSW

The business grant provides cash flow support to businesses across NSW that have been impacted by the Greater Sydney lockdown and increased restrictions in regional NSW, including businesses in the southern border region.

JobSaver payments

JobSaver payments are government grants which relates to wages and salaries. They are recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed.

The Club has received no income (2021: $228,123) in relation to JobSaver Payments.

The Club has recognised a receivable and income when it obtained control over the funding during the year.

q. Taxes

i. Current income tax

The Club is classified as a tax exempt body, due to its current activities and structure and the provisions of current tax legislation. Accordingly no income tax expense or provision for deferred tax has been recorded.

ii. 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.

r. Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation of assets and liabilities but resulting in no impact to the over all profit for the year.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Club's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Club is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Leases - Estimating the incremental borrowing rate

The Club cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Club would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Club 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Club estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Notes to the financial statements

For the year ended 31 December 2022

4. Revenue from contracts with customers

a. Disaggregated revenue information

Set out below is the disaggregation of the Club's revenue from contracts with customers:

	2022 $	2021 $
Type of goods or service		
Membership subscriptions	299,528	295,934
Rental revenue	472,550	223,960
Rendering of services	8,073,361	4,947,901
Dividends received	62	89
Total revenue from contracts with customers	8,845,501	5,467,884
Timing of revenue recognition		
Goods transferred at a point in time	8,545,973	5,171,950
Services transferred over time	299,528	295,934
Total revenue from contracts with customers	8,845,501	5,467,884

b. Revenue from grants

	2022 $	2021 $
Government grant - Business grant service NSW	-	15,000
Government grant - JobSaver payment	-	228,123
	-	243,123

5. Other income/expenses

a. Other income

	2022 $	2021 $
Gain on disposal of property, plant and equipment	-	1,000
Rental concession from landlord WSPT – COVID-19	25,909	74,845
	25,909	75,845

Notes to the financial statements

For the year ended 31 December 2022

b. Expenses

Employee and contractor benefits expense

	2022 $	2021 $
Wages and salaries	1,829,616	1,587,427
Superannuation contribution	192,098	155,985
Other employee benefit expenses	354,510	310,467
	2,376,224	2,053,879

c. Finance expenses

	2022 $	2021 $
Interest expense	71,937	80,537
Interest expense on lease liabilities	711,548	736,691
	783,485	817,228

d. Finance income

	2022 $	2021 $
Finance income	18,301	13,162

6. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	4,793	7,370
Cash at bank	1,495,037	2,323,152
	1,499,830	2,330,522

Notes to the financial statements

For the year ended 31 December 2022

7. Trade and other receivables

Current	2022 $	2021 $
Trade receivables	111,928	182,762
Other receivables	62	-
	111,990	182,762

8. Other assets

Current	2022 $	2021 $
Prepayments	146,735	74,095

9. Financial assets

Non-current	2022 $	2021 $
Security deposit	422,193	420,063
Term deposit - Office of Sport	2,009,042	3,000,000
Shares in listed companies	4,868	4,868
	2,436,103	3,424,931

Security deposit

The security deposit $422,193 (2021: $420,063) is a rental bond which relates to a guarantee the Club has provided for the long term lease of the premises.

Term Deposit - Office of Sport

The proceeds from the loan received from NSW Government Office of Sport have been placed into a term deposit until such a time that the funds are able to be used for the Centre of Excellence project. Refer to Note 13 for details on the loan.

Notes to the financial statements

For the year ended 31 December 2022

10. Property, plant, and equipment

	Leasehold improvements - Skidpan $	Leasehold improvements - Track and Buildings $	Plant and machinery $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost						
At 1 January 2022	2,893,713	18,404,501	3,590,804	585,571	1,072,319	26,546,908
Additions	-	38,277	973,218	-	255,469	1,266,964
At 31 December 2022	2,893,713	18,442,778	4,564,022	585,571	1,327,788	27,813,872
Depreciation						
At 1 January 2022	1,683,009	7,628,148	2,641,030	520,026	925,463	13,397,676
Depreciation for the year	91,613	891,851	297,747	29,902	92,471	1,403,584
At 31 December 2022	1,774,622	8,519,999	2,938,777	549,928	1,017,934	14,801,260
Net book value						
At 31 December 2022	1,119,092	9,922,779	1,625,245	35,643	309,854	13,012,613
At 31 December 2021	1,210,704	10,776,353	949,774	65,545	146,856	13,149,232

Notes to the financial statements

For the year ended 31 December 2022

11. Trade and other payables

Current	2022 $	2021 $
Trade creditors	407,585	261,543
Accrued expenses	165,352	102,652
Goods and services tax	52,053	264,603
Withholding taxes payable	44,868	39,965
	669,858	668,763

12. Leases

Club as a lessee

The Club has lease contracts for land used in its operations. Leases of land generally have lease terms of 21 years. The Club's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Club is restricted from assigning and subleasing the leased assets and some contracts require the Club to maintain certain financial ratios.

The Club also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Club applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below is the carrying amount of the right-of-use asset recognised and the movement during the year:

	Land $	Mower and photocopier $	Total $
At 1 January 2022	9,823,527	49,912	9,873,439
Depreciation expense	(493,232)	(49,912)	(543,144)
At 31 December 2022	9,330,295	-	9,330,295

Notes to the financial statements

For the year ended 31 December 2022

Presented below is a maturity analysis of future lease payments:

	2022 $	2021 $
Within one year	849,646	844,654
After one year but not more than five years	3,165,480	4,483,524
More than five years	14,244,660	15,092,143
	18,259,786	20,420,321

There was no expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 31 December 2022 (2021: $221,218)

Club as a lessor

The Club has entered into operating leases of certain property, plant and equipment. The Club leases out offices, function rooms and manufacturing spaces owned and operated by the Company when they are not in use. Rental income recognised by the Club during the year is $472,550 (2021: $223,960). Please refer to Note 18 for rental leasing arrangements.

13. Borrowings

	2022 $	2021 $
Current		
Office of Sport - Government Loan	290,286	319,302
Hire purchase liability	11,999	91,353
CBA Market rate loan	100,000	200,000
Western Sydney Parklands Trust loan	21,649	1,773,326
	423,934	2,383,981
Non-current		
Office of Sport - Government Loan	2,159,881	2,420,976
Hire purchase liability	-	12,005
CBA Market rate loan	-	100,000
Total	2,159,881	2,532,981

Office of Sport - Government Loan

The loan from NSW Government Office of Sport has been granted specifically for the additional construction aligned with the the Club's Centre of Excellence. The loan is repayable over the course of the 10 year loan term. Interest is charged at 1.25%.

Notes to the financial statements

For the year ended 31 December 2022

Western Sydney Parklands Trust loan

The Western Sydney Parklands Trust ("WSPT") loan relates to funding received for the Club's light towers and Centre of Excellence projects. The loan is interest free. The loan is repayable on demand.

CBA Market rate loan

This loan is unsecured, bears interest at 1.75% and is repayable in full on 1 June 2023.

14. Employee benefit liabilities

Current	2022 $	2021 $
Annual leave	180,000	160,000
Long service leave	181,110	173,361
	361,110	333,361

Non-current	2022 $	2021 $
Long service leave	72,890	64,639

15. Other liabilities

	2022 $	2021 $
Current		
Membership contract liabilities	188,605	124,442
Non-current		
Membership contract liabilities	32,177	78,222
Refundable rental deposit	37,500	37,500
Prepaid Track Hire	26,718	-
	96,395	115,722

Notes to the financial statements

For the year ended 31 December 2022

16. Reserves

	2022 $	2021 $
Asset revaluation reserve	3,678	3,678
Capital profit reserves	5,934,051	5,934,051
	5,937,729	5,937,729

The capital profits reserve represents profit made on the sale of non tradable assets in prior years.

17. Related party transaction

The Club's main related parties are as follows:

a. Key management personnel

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

Compensation expense of key management personnel amounted to $346,246 during the year ended 31 December 2022 (2021: $462,879).

b. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

c. Transaction with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and Members

Directors of the Club are able to purchase foods, services or tickets from the Club at normal commercial prices. Members, including directors, are entitled to free tickets to certain events conducted by the Club.

Reimbursement of director's of the Club

Directors of the Club are reimbursed for the reasonable costs associated with attending board meetings including travel and trip reimbursements.

Notes to the financial statements

For the year ended 31 December 2022

18. Commitments and contingencies

Rental leasing arrangements

The Club, as lessor, has entered into various rental lease agreements with organisations operating at the Sydney Motorsport Park.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2022 $	2021 $
Within one year	567,951	207,685
After one year but not more than five years	1,700,723	830,739
More than five years	4,452,004	3,946,011
	6,720,678	4,984,435

Hire purchase commitments

Leasing commitments capitalised in the financial statements:

	2022 $	2021 $
Within one year	12,091	99,097
After one year but not more than five years	-	12,182
Total minimum lease payments	12,091	111,279
Less amounts representing finance charges	(92)	(3,863)
Present value of minimum lease payments	11,999	107,416

There are 2 lease arrangements in place for the purchase of electrical/communication equipment. These lease arrangements are for term of 2 to 4 years.

Capital expenditure commitments

The Club has no capital commitments at 31 December 2022 (2021: $nil).

Contingencies

There are no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Club 's financial statements as at 31 December 2022 (2021: $nil).

Notes to the financial statements

For the year ended 31 December 2022

19. Members guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member and members within the prior year are required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Club. As at 31 December 2022 the number of members was 3,800 (31 December 2021: 4,036).

20. Operating segments

The Club's operations are predominantly in one business segment, being the promotion of motor sport and track and venue hire, and one geographical segment, being in Western Sydney.

21. Events after the reporting period

There have been no events subsequent to period end which require adjustment of or disclosure in the financial report or notes thereto.

22. Auditor's remuneration

The auditor of Australian Racing Drivers Club Ltd is Ernst & Young (Australia).

	2022 $	2021 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity	52,150	44,000
Non-audit services	6,046	5,650
	58,196	49,650

Directors' declaration

In accordance with a resolution of the directors of Australian Racing Drivers Club Ltd, I state that:

In the opinion of the directors:

a. the financial statements and notes of Australian Racing Drivers Club Ltd for the financial year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Club's financial position as at 31 December 2022 and its performance for the year ended on that date; and
   ii. complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*;

b. there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mr Andrew Leithhead

President

Sydney

19 April 2023

Ms Natalie Turmine

Vice President

Sydney

19 April 2023

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Independent auditor's report to the members of Australian Racing Drivers Club Ltd

Opinion

We have audited the financial report of Australian Racing Drivers Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Building a better working world

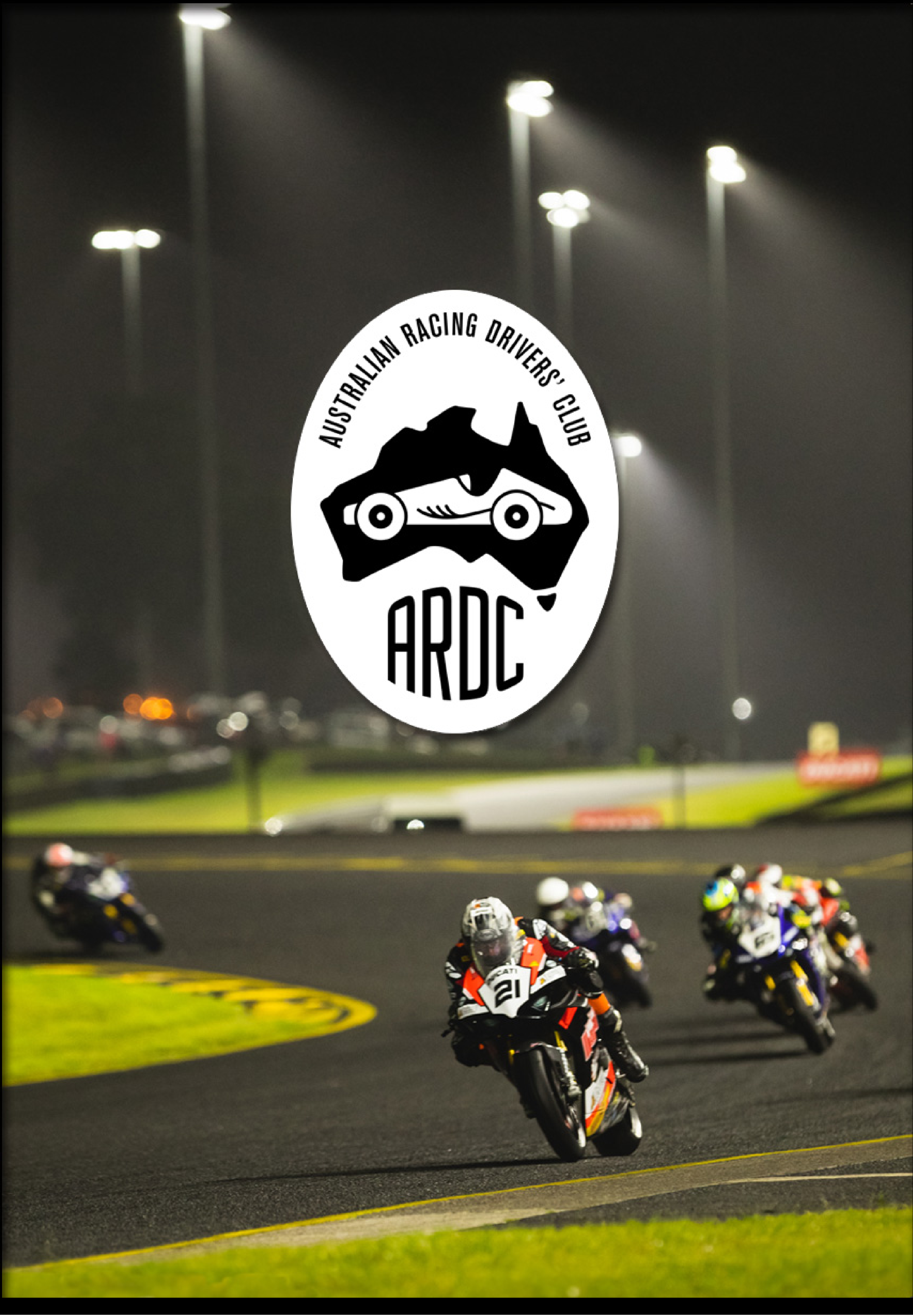
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
19 April 2023


AUSTRALIAN RACING DRIVERS' CLUB
ARDC