

**Australian Racing Drivers Club  
Ltd ABN 85 000 110 609**  
General purpose (SDS)  
financial report for the year  
ended  
31 December 2021

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## Directors' report

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Your directors submit their report on Australian Racing Drivers Club Ltd (the "Club") for the year ended 31 December 2021.

### 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

Mr John Cotter

Ms Natalie Turmine

Mr Terrence Conroy

Mr Philip Harrison

Mr Danny Rezek

Mr Terrence Thompson

Mr Evan Jones

Ms Rachelle Stirling

Mr Jamie McDonald (Appointed: 15 September 2021)

### Names, position, experience and responsibilities

Names	Position held	Years of experience as board member	Responsibilities
A. Leithhead	President	15 years	Club director
J. Cotter	Vice president	23 years	Club director
N. Turmine	Deputy Vice President	4 years and 4 months	Club director
T. Conroy	Board member	11 years	Club director
P. Harrison	Board member	3 years and 7 months	Club director
D. Rezek	Board member	1 year and 8 months	Club director (Board appointed)
T. Thompson	Board member	14 years	Club director
E. Jones	Board member	23 years 9 months	Club Director
R. Stirling	Board member	4 years and 4 months	Club director
J. McDonald	Board member	3 months	Club director (Board appointed)

### Club secretary

G. Matthews	Secretary	11 years	Chief executive officer
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### Dividends

The Club is prevented by its Constitution from paying dividends.

### Principal activities

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

## Directors' report (continued)

### Principal activities (continued)

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 were no significant changes in the principal activities during the financial year.

### Operating results

The results of the Club for the 2021 financial year amounted to a loss of \$1,440,376 (2020: \$1,873,555), after allowing for depreciation and amortisation of \$1,978,214 (2020: \$2,031,695). The EBITDA for 2021 was \$1,341,904 (2020: \$929,044).

	<u>2021</u>	<u>2020</u>
	\$	\$
Loss before tax	(1,440,376)	(1,873,555)
Interest expense (net of interest income)	804,066	770,904
Depreciation	1,978,214	2,012,076
Amortisation	-	19,619
	<u>1,341,904</u>	<u>929,044</u>
Less impact of AASB 16 Leases	<u>815,199</u>	<u>794,879</u>
<b>Normalised EBITDA</b>	<u><b>526,705</b></u>	<u><b>134,165</b></u>

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 4,036 financial members (2020: 3,310).

The Club is exempt from income tax.

### Review of operations

The Operating Profit and EBITDA were in line with expectations, considering the effect of COVID-19 on the business.

#### COVID-19

The COVID-19 pandemic and the response of Governments in dealing with the pandemic continues to interfere with general activity levels within the community, the economy and the operations of our business. While we have not seen a significant impact on our business to date, the scale and duration of these developments remain uncertain as at the date of this report, and may have an impact on our future earnings, cash flow and financial condition.

### Significant changes in the state of affairs

On 26 February 2021, Australian Racing Drivers Club Ltd received a \$3.0m loan from NSW Government Office of Sport specifically for additional construction aligned with the Australian Racing Drivers Club Ltd (ARDC) Centre of Excellence. The specified construction costs include works on the purpose built race team facility, engineering technical and testing facilities, race broadcast operations and motorsport administration. The loan is repayable over the course of the 10 year loan term and is interest bearing.

There were no other significant changes in the state of affairs of the Club during the year.

### Significant 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.

## Directors' report (continued)

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### 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 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 \$17,811 (2020: \$18,394) 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.

### Indemnification of auditor

To the extent permitted by law, the Club has agreed to indemnify its auditor, Ernst and 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 and 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:

	<b>Number of meetings held</b>	<b>Number of meetings eligible to attend</b>	<b>Number of meetings attended</b>
Mr Andrew Leithhead	13	13	13
Mr John Cotter	13	13	13
Ms Natalie Turmine	13	13	13
Mr Terrence Conroy	13	13	11
Mr Philip Harrison	13	13	12
Mr Danny Rezek	13	13	11
Mr Terrence Thompson	13	13	13
Mr Evan Jones	13	13	13
Ms Rachelle Stirling	13	13	13
Mr Jamie McDonald	13	5	5

## Directors' report (continued)

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### 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 2021, the number of members was 4,036 (2020: 3,310).

### Auditor's independence declaration

The directors have received a declaration from the auditor of Australian Racing Drivers Club Ltd. This has been included on page 5.

Signed in accordance with a resolution of the directors.

Mr Andrew Leithhead  
President  
Sydney  
12 May 2022

DocuSigned by:  
  
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Mr John Cotter  
Vice President  
Sydney  
12 May 2022

DocuSigned by:  
  
DFBC6A8891A8459...



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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 2021, 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

Daniel Cunningham  
Partner  
Sydney  
12 May 2022

## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

		2021	2020
	Notes	\$	\$
Revenue from contracts with customers	4.1	5,467,884	4,070,334
Revenue from grants	4.2	<u>243,123</u>	<u>845,350</u>
<b>Gross trading revenue</b>		<b>5,711,007</b>	<b>4,915,684</b>
Other income	5	75,845	482,118
Motor sport event, venue and promotion costs		(872,685)	(779,451)
Employee and contractor benefits expense	6.1	(2,053,879)	(2,339,142)
Occupancy costs		(250,079)	(221,218)
Marketing costs		(302,525)	(240,636)
Repairs and maintenance - circuit and facilities		(184,606)	(157,297)
Other expenses		(781,174)	(731,014)
Interest expense net of interest income		(804,066)	(770,904)
Depreciation		(1,978,214)	(2,012,076)
Amortisation		<u>-</u>	<u>(19,619)</u>
<b>Loss before tax</b>		<b>(1,440,376)</b>	<b>(1,873,555)</b>
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<b>(1,440,376)</b>	<b>(1,873,555)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,440,376)</b>	<b>(1,873,555)</b>
Attributable to:			
Members of the Club		<u>(1,440,376)</u>	<u>(1,873,555)</u>

*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 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,330,522	786,269
Trade and other receivables	8	182,762	390,081
Other assets	9	<u>74,095</u>	<u>316,658</u>
<b>Total current assets</b>		<u>2,587,379</u>	<u>1,493,008</u>
<b>Non-current assets</b>			
Financial assets	10	3,424,931	420,772
Property, plant and equipment	11	13,149,232	13,874,315
Right-of-use assets	13	<u>9,873,439</u>	<u>10,420,808</u>
<b>Total non-current assets</b>		<u>26,447,602</u>	<u>24,715,895</u>
<b>Total assets</b>		<u>29,034,981</u>	<u>26,208,903</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	668,763	748,163
Borrowings	14	2,383,981	300,549
Lease liabilities		1,051,759	890,043
Employee benefit liabilities	15	333,361	317,919
Other liabilities	16	<u>124,442</u>	<u>162,057</u>
<b>Total current liabilities</b>		<u>4,562,306</u>	<u>2,418,731</u>
<b>Non-current liabilities</b>			
Borrowings	14	2,532,981	404,119
Lease liabilities		10,455,979	10,363,875
Employee benefit liabilities	15	64,639	40,775
Other liabilities	16	<u>115,722</u>	<u>237,673</u>
<b>Total non-current liabilities</b>		<u>13,169,321</u>	<u>11,046,442</u>
<b>Total liabilities</b>		<u>17,731,627</u>	<u>13,465,173</u>
<b>Net assets</b>		<u>11,303,354</u>	<u>12,743,730</u>
<b>Equity</b>			
Reserves	17	5,937,729	5,937,729
Retained earnings		<u>5,365,625</u>	<u>6,806,001</u>
<b>Total equity</b>		<u>11,303,354</u>	<u>12,743,730</u>

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 2021

	Retained earnings	Asset revaluation reserve (Note 17)	Capital profit reserves (Note 17)	Total equity
	\$	\$	\$	\$
<b>At 1 January 2021</b>	<b>6,806,001</b>	<b>3,678</b>	<b>5,934,051</b>	<b>12,743,730</b>
Loss for the year	<u>(1,440,376)</u>	-	-	<u>(1,440,376)</u>
Total comprehensive loss for the year	<u>(1,440,376)</u>	-	-	<u>(1,440,376)</u>
<b>At 31 December 2021</b>	<b>5,365,625</b>	<b>3,678</b>	<b>5,934,051</b>	<b>11,303,354</b>
<b>At 1 January 2020</b>	<b>8,679,556</b>	<b>3,678</b>	<b>5,934,051</b>	<b>14,617,285</b>
Loss for the year	<u>(1,873,555)</u>	-	-	<u>(1,873,555)</u>
Total comprehensive loss for the year	<u>(1,873,555)</u>	-	-	<u>(1,873,555)</u>
<b>At 31 December 2020</b>	<b>6,806,001</b>	<b>3,678</b>	<b>5,934,051</b>	<b>12,743,730</b>

*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 2021

	2021	2020
Note	\$	\$
<b>Operating activities</b>		
Receipts from customers and members	5,695,060	4,435,195
Payments to suppliers and employees	(3,683,485)	(4,013,955)
Interest received	13,162	9,682
Interest paid	(80,537)	(50,959)
Interest paid on lease liabilities	(736,691)	(729,627)
Dividends received	89	71
Government grants received	<u>243,123</u>	<u>845,350</u>
<b>Net cash flows from operating activities</b>	<b><u>1,450,721</u></b>	<b><u>495,757</u></b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	1,000	-
Purchase of property, plant and equipment	(705,762)	(176,689)
Investment in term deposits	<u>(3,000,000)</u>	<u>-</u>
<b>Net cash flows used in investing activities</b>	<b><u>(3,704,762)</u></b>	<b><u>(176,689)</u></b>
<b>Financing activities</b>		
Payment of principal portion of lease liabilities	(414,000)	(143,328)
Repayment of borrowings	(561,032)	(141,664)
Proceeds from borrowings	<u>4,773,326</u>	<u>-</u>
<b>Net cash flows from/(used in) financing activities</b>	<b><u>3,798,294</u></b>	<b><u>(284,992)</u></b>
Net increase in cash and cash equivalents	1,544,253	34,076
Cash and cash equivalents at 1 January	<u>786,269</u>	<u>752,193</u>
<b>Cash and cash equivalents at 31 December</b>	<b>7 <u>2,330,522</u></b>	<b><u>786,269</u></b>

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 2021

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### 1. Corporate information

The financial statements of Australian Racing Drivers Club Ltd (the "Club") for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 11 May 2022.

The Club is incorporated and domiciled in Australia as a company limited by guarantee. The registered office and principal place of business of the Club is 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

#### 2.1 Basis of preparation

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

These financial statements, for the year ended 31 December 2021, are the first financial statements the Club has prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures*. The Club has opted to adopt *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* ahead of its mandatory effective date of 1 July 2021. The adoption of the *Australian Accounting Standards - Simplified Disclosures* has no significant impact on the financial statements because the Club's previous financial statements were prepared in full compliance with the recognition and measurement requirements of *Australian Accounting Standards - Reduced Disclosure Requirements*.

The Club has applied the practical expedients available under Appendix E of *AASB 1053 Application of Tiers of Australian Accounting Standards (as amended by AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities)*, as follows:

- (a) relief from distinguishing the correction of errors and changes in accounting policy, for periods beginning before 1 July 2021;
- (b) relief from providing comparative information not previously disclosed in the notes, for periods beginning before 1 July 2021; and
- (c) relief from restating comparative information, for periods beginning before 1 July 2021.

The financial statements have been prepared on a historical cost basis.

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

#### 2.2 Changes in accounting policies and disclosures

##### New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on 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 2021. Other than the early adoption of *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, the Club has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies

###### a) 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.

###### b) Going concern

The financial statements have 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 2021, the Club's total current liabilities exceeded total current assets by \$1,974,927 including non-cash current liabilities of \$124,442 pertaining to member advances on Club memberships, \$173,361 of current long service leave accrued which the management does not expect to be utilised or paid out in financial year ending 31 December 2021 and \$1,051,759 of finance lease liability payable to the landlord WSPT. Comparably, as at 31 December 2020, total current liabilities exceeded total current assets by \$925,723.

The COVID-19 pandemic and the response of Governments in dealing with the pandemic continues to interfere with general activity levels within the community, the economy and the operations of our business. While we have not seen a significant impact on our business to date, the scale and duration of these developments remain uncertain as at the date of this report, and may have an impact on our future earnings, cash flow and financial condition.

Given the uncertainty over the extent of the impact of COVID-19 on the operations of the business, management have provided a detailed cash flow to support the going concern assumption to the Directors. The Directors are of the view given the positive forecasted cashflow, the financial report has been prepared on a going concern basis as the Directors are of the opinion that it is still appropriate.

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 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

###### c) Cash and cash equivalents

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

###### d) 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.

###### e) 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 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 other comprehensive income (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.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

##### (i) Financial assets (continued)

##### Subsequent measurement (continued)

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition 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 (continued)

### For the year ended 31 December 2021

#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

###### (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, other liabilities 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.

###### 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.

##### f) 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%

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

###### f) Property, plant and equipment (continued)

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.

###### g) 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 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.

###### h) 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.

###### **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 (continued)

### For the year ended 31 December 2021

#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

##### h) Leases (continued)

###### *Club as a lessee (continued)*

###### *(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
• Mower	over the lease term
• Photocopier	over the lease term

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 section (g) 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.

###### *(iii) 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.

###### *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 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 period in which they are earned.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 2. Significant accounting policies (continued)

##### 2.3 Summary of significant accounting policies (continued)

###### **i) 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.

###### **j) 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.

###### **k) 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.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### **2. Significant accounting policies (continued)**

#### **2.3 Summary of significant accounting policies (continued)**

##### **l) Interest income**

Interest income is recorded using the EIR. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

##### **m) Finance costs**

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

##### **n) 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.

##### **o) Government grants**

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

##### ***Cash flow boost***

The government introduced temporary cash flow boosts that support small and medium businesses and not-for-profit organisations during the economic downturn associated with COVID-19.

##### ***JobKeeper/JobSaver payments***

JobKeeper/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 \$228,123 in relation to JobSaver Payments (2020: \$745,350 in relation to JobKeeper payments).

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

##### **p) Taxes**

###### ***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.

###### ***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.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

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### **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 periods.

#### **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**

An 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 for 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 asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow 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 (continued)

For the year ended 31 December 2021

### 4 Revenue

#### 4.1 Revenue from contracts with customers

Disaggregated revenue information	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Type of goods or service</b>		
Membership subscriptions	295,934	304,387
Rental revenue	223,960	184,497
Rendering of services	4,947,901	3,581,379
Dividends received	89	71
<b>Total revenue from contracts with customers</b>	<b><u>5,467,884</u></b>	<b><u>4,070,334</u></b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	5,171,950	3,765,947
Services transferred over time	295,934	304,387
<b>Total revenue from contracts with customers</b>	<b><u>5,467,884</u></b>	<b><u>4,070,334</u></b>

#### 4.2 Revenue from grants

	<u>2021</u>	<u>2020</u>
	\$	\$
Government grants - Cash flow boost	-	100,000
Government grants - Business Grant Service NSW	15,000	-
Government grant - JobSaver payment	228,123	-
Government grant - JobKeeper payment	-	745,350
	<b><u>243,123</u></b>	<b><u>845,350</u></b>

### 5 Other income

	<u>2021</u>	<u>2020</u>
	\$	\$
Gain on disposal of property, plant and equipment	1,000	-
Rental concession from landlord WSPT – COVID-19	74,845	482,118
	<b><u>75,845</u></b>	<b><u>482,118</u></b>

### 6 Expenses

#### 6.1 Employee and contractor benefits expense

	<u>2021</u>	<u>2020</u>
	\$	\$
Wages and salaries	1,587,427	1,863,144
Superannuation contribution	155,985	162,438
Other employee benefit expenses	310,467	313,560
	<b><u>2,053,879</u></b>	<b><u>2,339,142</u></b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 6 Expenses (continued)

#### 6.2 Finance expenses

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest expense	80,537	50,959
Interest expense on lease liabilities	<u>736,691</u>	<u>729,627</u>
	<b><u>817,228</u></b>	<b><u>780,586</u></b>

#### 6.3 Finance income

	<u>2021</u>	<u>2020</u>
	\$	\$
Finance income	13,162	9,682

### 7. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash on hand	7,370	11,415
Cash at bank	<u>2,323,152</u>	<u>774,854</u>
	<b><u>2,330,522</u></b>	<b><u>786,269</u></b>

### 8. Trade and other receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Trade receivables	182,762	301,431
Other receivables	<u>-</u>	<u>88,650</u>
	<b><u>182,762</u></b>	<b><u>390,081</u></b>

### 9. Other assets

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Prepayments	74,095	266,658
Western Sydney Parklands Trust receivable	<u>-</u>	<u>50,000</u>
	<b><u>74,095</u></b>	<b><u>316,658</u></b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 10. Financial assets

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Non-current</b>		
Security deposit	420,063	415,904
Term deposit - Office of Sport	3,000,000	-
Shares in listed companies	<u>4,868</u>	<u>4,868</u>
	<u><b>3,424,931</b></u>	<u><b>420,772</b></u>

#### **Security deposit**

The term deposit, \$420,063 (2020: \$415,904) 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 14 for details on the loan.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 11. Property, plant and equipment

	Leasehold Leasehold improvements		Plant and machinery	Motor vehicles	Furniture, fittings and	Total
	improvements - Skidpan	- Track and Buildings			office equipment	
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At 1 January 2021	2,893,713	17,930,786	3,374,379	585,571	1,056,697	25,841,146
Additions	-	473,715	216,425	-	15,622	705,762
<b>At 31 December 2021</b>	<b>2,893,713</b>	<b>18,404,501</b>	<b>3,590,804</b>	<b>585,571</b>	<b>1,072,319</b>	<b>26,546,908</b>
<b>Depreciation</b>						
At 1 January 2021	1,591,396	6,735,527	2,328,277	479,130	832,501	11,966,831
Depreciation charge for the year	91,613	892,621	312,753	40,896	92,962	1,430,845
<b>At 31 December 2021</b>	<b>1,683,009</b>	<b>7,628,148</b>	<b>2,641,030</b>	<b>520,026</b>	<b>925,463</b>	<b>13,397,676</b>
<b>Net book value</b>						
<b>At 31 December 2021</b>	<b>1,210,704</b>	<b>10,776,353</b>	<b>949,774</b>	<b>65,545</b>	<b>146,856</b>	<b>13,149,232</b>
At 31 December 2020	1,302,317	11,195,259	1,046,102	106,441	224,196	13,874,315

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 12. Trade and other payables

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Trade creditors	261,543	514,012
Accrued expenses	102,652	130,647
Goods and services tax	264,603	60,903
Withholding taxes payable	<u>39,965</u>	<u>42,601</u>
	<b><u>668,763</u></b>	<b><u>748,163</u></b>

### 13. Leases

#### Club as a lessee

The Club has lease contracts for various items of land, mower and photocopier used in its operations. Leases of land generally have lease terms of 21 years, mower and photocopier have lease terms that are disclosed in their respective lease agreements. 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 are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<u>Land</u>	<u>Mower and photocopier</u>	<u>Total</u>
	\$	\$	\$
At 1 January 2021	10,316,758	104,050	10,420,808
Depreciation expense	<u>(493,231)</u>	<u>(54,138)</u>	<u>(547,369)</u>
<b>At 31 December 2021</b>	<b><u>9,823,527</u></b>	<b><u>49,912</u></b>	<b><u>9,873,439</u></b>

Presented below is an undiscounted maturity value analysis of future lease payments:

	<u>2021</u>
	\$
Not later than 1 year	844,654
Later than 1 year and not later than 5 years	4,483,524
Later than 5 years	<u>15,092,143</u>
	<b><u>20,420,321</u></b>

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 31 December 2021 was \$nil (2020: \$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 \$223,960 (2020: \$184,497). Please refer to Note 19 for rental leasing arrangements.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 14. Borrowings

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Office of Sport - Government Loan	319,302	-
Hire purchase liability (Note 19)	91,353	100,549
CBA Market rate loan	200,000	200,000
Western Sydney Parklands Trust loan	<u>1,773,326</u>	<u>-</u>
	<b><u>2,383,981</u></b>	<b><u>300,549</u></b>
<b>Non-current</b>		
Office of Sport - Government Loan	2,420,976	-
Hire purchase liability (Note 19)	12,005	104,119
CBA Market rate loan	<u>100,000</u>	<u>300,000</u>
	<b><u>2,532,981</u></b>	<b><u>404,119</u></b>

#### **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%.

#### **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.

### 15. Employee benefit liabilities

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Annual leave	160,000	150,512
Long service leave	<u>173,361</u>	<u>167,407</u>
	<b><u>333,361</u></b>	<b><u>317,919</u></b>
<b>Non-current</b>		
Long service leave	<u>64,639</u>	<u>40,775</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 16. Other liabilities

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Current</b>		
Membership contract liabilities	124,442	107,390
Western Sydney Parklands Trust payable	<u>-</u>	<u>54,667</u>
	<u><b>124,442</b></u>	<u><b>162,057</b></u>
<b>Non-current</b>		
Membership contract liabilities	78,222	200,173
Refundable rental deposit	<u>37,500</u>	<u>37,500</u>
	<u><b>115,722</b></u>	<u><b>237,673</b></u>

### 17. Reserves

	<u>2021</u>	<u>2020</u>
	\$	\$
Asset revaluation reserve	3,678	3,678
Capital profit reserves	<u>5,934,051</u>	<u>5,934,051</u>
	<u><b>5,937,729</b></u>	<u><b>5,937,729</b></u>

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

### 18. Related party transaction

#### Related parties

The Club's main related parties are as follows:

#### 18.1 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.

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Total compensation paid to key management personnel</b>	<u><b>462,879</b></u>	<u><b>393,116</b></u>

#### 18.2 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.

#### 18.3 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.

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

#### **18. Related party transaction (continued)**

##### **18.3 Transaction with related parties (continued)**

###### *i) 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.

###### *ii) 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.

#### **19. 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:

	<u>2021</u>	<u>2020</u>
	\$	\$
Within one year	207,685	231,122
After one year but not more than five years	830,739	924,487
More than five years	<u>3,946,011</u>	<u>3,466,825</u>
	<b><u>4,984,435</u></b>	<b><u>4,622,434</u></b>

##### **Hire purchase commitments**

Leasing commitments capitalised in the financial statements:

	<u>2021</u>	<u>2020</u>
	\$	\$
Within one year	99,097	111,598
After one year but not more than five years	<u>12,182</u>	<u>107,416</u>
Total minimum lease payments	111,279	219,014
Less amounts representing finance charges	<u>(3,863)</u>	<u>(14,346)</u>
<b>Present value of minimum lease payments</b>	<b><u>107,416</u></b>	<b><u>204,668</u></b>

There are 4 lease arrangements in place for the purchase of kitchen equipment, motor vehicles and 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 2021 (2020: \$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 2021 (2020: \$nil).

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

#### 20. 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 2021 the number of members was 4,036 (31 December 2020: 3,310).

#### 21. 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.

#### 22. 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.

#### 23. Auditors' remuneration

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

	<u>2021</u>
	\$
<i>Amounts received or due and receivable by Ernst and Young (Australia) for:</i>	
An audit or review of the financial report of the entity	44,000
Other services in relation to the entity	
Compilation of financial statements	<u>5,650</u>
<b>Total auditor's remuneration</b>	<b><u>49,650</u></b>

## Directors' declaration

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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 2021 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 2021 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  
12 May 2022

DocuSigned by:  
  
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Mr John Cotter  
Vice President  
Sydney  
12 May 2022

DocuSigned by:  
  
DFBC8A8891A8459...



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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 2021, 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 2021 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.

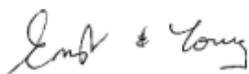
### **Auditor's responsibilities for the audit of the financial report**

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 scepticism throughout the audit. We also:

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

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



Ernst & Young



Daniel Cunningham  
Partner  
Sydney  
12 May 2022