Racing and Sports Pty Ltd

ABN: 40 093 360 108

Financial Statements

For the Year Ended 30 June 2020

Racing and Sports Pty Ltd

ABN: 40 093 360 108

Contents

For the Year Ended 30 June 2020

Directors' Report

For the Year Ended 30 June 2020

The directors present their report on Racing and Sports Pty Ltd for the financial year ended 30 June 2020.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names
Robert Ignatius Vilkaitis
Gary Alexander Crispe

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

Principal activities and significant changes in nature of activities

The principal activities of Racing and Sports Pty Ltd during the financial year were:

The provision of B2B and B2C SaaS (Software as a Service) and DaaS (Data as a Service) solutions to the Racing and Sports Wagering industries on a global basis.

There were no significant changes in the nature of Racing and Sports Pty Ltd's principal activities during the financial year.

2. Operating results and review of operations for the year

Operating results

The profit of the Company amounted to $ 408,381, after providing for income tax.

3. Financial review

Financial position

The net assets of Racing and Sports Pty Ltd have decreased by $165,064 from $1,580,568 at 30 June 2019 to $1,415,504 at 30 June 2020. This decrease is largely due to the following factors:

Expansion of the client base for Data Services and continued growth of Data Services contract revenue, offset by the declared dividend.

4. Other items

Significant changes in state of affairs

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

4. Other items

Dividends paid or recommended

Final franked ordinary dividend of $10 per share declared in the 2020 financial year	$ 10,000
Final unfranked dividend of $563 per share declared in the 2020 financial year	$ 563,445
2019 final franked dividend declared in the prior year	$ 477,798

Events after the reporting date

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

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Gary Crispe (Bachelor Technology (Civil). Bachelor Economics, MIEAust, CPEng (Rtd)) has been the Company's Secretary since 2000.

Meetings of directors

During the financial year, 1 meeting of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Ignatius Vilkaitis	1	1
Gary Alexander Crispe	1	1

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Racing and Sports Pty Ltd.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2020 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Robert Ignatius Vilkaitis

Director: .... Gary Alexander Crispe

Dated 06 July 2021

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Hardwickes
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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Racing and Sports Pty Ltd

ABN: 40 093 360 108

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Racing and Sports Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes
Chartered Accountants

Bhaumik Bumia CA
Partner

6 July 2021

Canberra

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Racing and Sports Pty Ltd

ABN: 40 093 360 108

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue - Data services	4	**3,646,337**	3,684,623
Other income	4	**574,613**	300,170
Administrative expenses		**(145,314)**	(134,225)
Advertising and promotions		**(175,500)**	(180,524)
Amortisation expense - Intangible assets	11(a)	**(313,600)**	(209,523)
Depreciation expense- Property, plant and equipment	10(a)	**(66,225)**	(48,689)
Depreciation expense - Right-of-use assets		**(124,445)**	(115,253)
Employee benefit expenses		**(1,186,520)**	(1,130,755)
Finance costs		**(19,831)**	(31,846)
Motor vehicle expenses		**(21,630)**	(14,517)
Professional expenses		**(1,030,065)**	(921,089)
Property expenses		**(82,866)**	(70,972)
Technology expenses		**(148,056)**	(156,135)
Travel expenses		**(170,974)**	(235,852)
Profit before income tax		**735,924**	735,413
Income tax expense	5	**(327,543)**	(306,217)
Profit for the year		**408,381**	429,196
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**408,381**	429,196

The accompanying notes form part of these financial statements.

Racing and Sports Pty Ltd

ABN: 40 093 360 108

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**948,885**	1,080,739
Trade and other receivables	7	**728,950**	635,728
Loans and advances	8	**5,378**	69,725
Current tax receivable	19	**-**	71,700
Other assets	9	**21,140**	-
TOTAL CURRENT ASSETS		**1,704,353**	1,857,892
NON-CURRENT ASSETS			
Loans and advances	8	**12,526**	18,180
Property, plant and equipment	10	**288,882**	198,581
Deferred tax assets	19	**145,612**	111,754
Intangible assets	11	**1,469,687**	1,239,728
Right-of-use assets	12	**332,575**	457,020
TOTAL NON-CURRENT ASSETS		**2,249,282**	2,025,263
TOTAL ASSETS		**3,953,635**	3,883,155
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**1,366,830**	1,108,893
Borrowings	15	**45,995**	31,518
Current tax liabilities	19	**360,211**	359,898
Employee benefits	16	**207,872**	207,019
Lease liabilities	13	**64,477**	125,226
TOTAL CURRENT LIABILITIES		**2,045,385**	1,832,554
NON-CURRENT LIABILITIES			
Borrowings	15	**163,849**	81,282
Deferred tax liabilities	19	**24,243**	22,655
Employee benefits	16	**20,539**	17,504
Lease liabilities	13	**284,115**	348,592
TOTAL NON-CURRENT LIABILITIES		**492,746**	470,033
TOTAL LIABILITIES		**2,538,131**	2,302,587
NET ASSETS		**1,415,504**	1,580,568
EQUITY			
Issued capital	17	**50,925**	50,925
Retained earnings		**1,364,579**	1,529,643
TOTAL EQUITY		**1,415,504**	1,580,568

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Issued Capital $	Retained Earnings $	Total $
Balance at 1 July 2019		**50,925**	**1,529,643**	**1,580,568**
Profit for the year		**-**	**408,381**	**408,381**
Dividends paid or provided for	20	**-**	**(573,445)**	**(573,445)**
Balance at 30 June 2020		**50,925**	**1,364,579**	**1,415,504**

2019

	Note	Issued Capital $	Retained Earnings $	Total $
Balance at 1 July 2018		50,925	1,591,876	1,642,801
Restatement due to adoption of AASB 16		-	(13,631)	(13,631)
Balance at 1 July 2018 restated		50,925	1,578,245	1,629,170
Profit for the year		-	429,196	429,196
Dividends paid or provided for	20	-	(477,798)	(477,798)
Balance at 30 June 2019		50,925	1,529,643	1,580,568

The accompanying notes form part of these financial statements.

Racing and Sports Pty Ltd

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Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**4,083,588**	3,862,558
Payments to suppliers and employees		**(3,549,798)**	(2,890,895)
Interest received		**663**	2,635
Interest paid		**(19,831)**	(31,846)
Income taxes paid/(refund)		**112,643**	(368,187)
Receipt from Government subsidy - cashflow boost and jobkeeper		**92,000**	-
R&D tax offset received		**400,447**	296,487
Net cash provided by operating activities	25	**1,119,712**	870,752
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible asset		**(843,559)**	(543,091)
Purchase of property, plant and equipment		**(14,152)**	(28,313)
Net cash (used in) investing activities		**(857,711)**	(571,404)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of loans to directors, managers and employees		**70,001**	106,825
Repayment of borrowings		**(43,619)**	(38,683)
Dividends paid by parent entity		**(273,469)**	(493,486)
Principal repayment of lease liabilities		**(146,768)**	(134,372)
Net cash (used in) financing activities		**(393,855)**	(559,716)
Net (decrease) in cash and cash equivalents held		**(131,854)**	(260,368)
Cash and cash equivalents at beginning of year		**1,080,739**	1,341,107
Cash and cash equivalents at end of financial year	6	**948,885**	1,080,739

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2020

The financial report covers Racing and Sports Pty Ltd as an individual entity. Racing and Sports Pty Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Racing and Sports Pty Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

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

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

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Statement of financial position balances relating to revenue recognition

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Grant revenue - R&D tax incentive

The grant revenue from R&D tax incentive are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis

Other income

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

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

2 Summary of Significant Accounting Policies

(b) Income Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(e) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

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

Fixed asset class	Depreciation rate
Plant and equipment	10% - 66.67%
Leased motor vehicles	25%
Leasehold improvements	2.5%
General pool	30%

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

(f) Financial instruments

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

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

Financial assets

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

Classification

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

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables, loans and advances and cash and cash equivalents in the statement of financial position.

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

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Company has no strategic investments in listed and unlisted entities over which are they do not have significant influence nor control.

Financial assets through profit or loss

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

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

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

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

Trade receivables and contract assets

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

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

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

Other financial assets measured at amortised cost

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

Financial liabilities

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

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

2 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangibles

Database and software development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 4.74 years

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Summary of Significant Accounting Policies

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(j) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 Summary of Significant Accounting Policies

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled .

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

2 Summary of Significant Accounting Policies

(m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2021	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	1 January 2022	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Minor impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Critical Accounting Estimates and Judgments

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgement - Database development

Included within intangible assets at the end of the reporting period is Database development which has a net carrying value of $1,069,687 (2019: $839,728). The database has been active for over 20 years and the data is still used in the predictive modelling and analytical algorithms.

The directors have taken the position that a reasonable useful life for the database is twice the average tenure of an active racer which has more than one race in total. Based on this definition, directors believe that the useful life of database is 4.74 years.

4 Revenue and Other Income

	2020 $	2019 $
Revenue from contracts with customers		
- Data services	**3,646,337**	3,684,623
	3,646,337	3,684,623
Other income		
- Government grant - R&D tax incentive	**409,635**	268,906
- Government subsidy - Cashflow boost and jobkeeper	**104,500**	-
- Other income	**60,478**	31,264
	574,613	300,170
Total revenue and other income	**4,220,950**	3,984,793

5 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2020	2019
	$	$
Current tax expense	**359,816**	360,083
Deferred tax expense	**(32,273)**	(53,866)
	327,543	306,217

(b) Reconciliation of income tax to accounting profit:

	2020	2019
	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	**202,379**	202,239
Add:		
Tax effect of:		
- non-deductible expenses	**251,564**	180,051
	453,943	382,290
Less:		
Tax effect of:		
- non-assessable income	**126,400**	76,073
Income tax expense	**327,543**	306,217

6 Cash and Cash Equivalents

	Note	2020	2019
		$	$
Cash at bank and in hand		**948,885**	1,080,739
	18	**948,885**	1,080,739

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2020	2019
	$	$
Cash and cash equivalents	**948,885**	1,080,739
Balance as per statement of cash flows	**948,885**	1,080,739

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Trade and Other Receivables

	Note	2020 $	2019 $
CURRENT			
Trade receivables	18	**113,360**	234,930
R&D tax incentive receivable		**615,575**	400,447
Other receivables		**15**	351
Total current trade and other receivables		**728,950**	635,728

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Loans and Advances

	Note	2020 $	2019 $
CURRENT			
Loans to directors, managers and employees		**5,378**	69,725
	18	**5,378**	69,725

		2020 $	2019 $
NON-CURRENT			
Loans to directors, managers and employees	18	**12,526**	18,180
		12,526	18,180

9 Other assets

	2020 $	2019 $
CURRENT		
Prepayments	**8,640**	-
Accrued income	**12,500**	-
	21,140	-

10 Property, plant and equipment

	2020	2019
	$	$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**132,731**	118,579
Accumulated depreciation	**(95,553)**	(76,154)
Total plant and equipment	**37,178**	42,425
Leased motor vehicles		
At cost	**289,320**	183,190
Accumulated depreciation	**(101,262)**	(94,271)
Total leased motor vehicles	**188,058**	88,919
Leasehold improvements		
At cost	**69,427**	69,427
Accumulated amortisation	**(10,566)**	(9,026)
Total leasehold improvements	**58,861**	60,401
General pool		
At written down value	**4,785**	6,836
Total general pool	**4,785**	6,836
Total property, plant and equipment	**288,882**	198,581

(a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment	Leased motor vehicles	Leasehold Improvements	General pool	Total
	$	$	$	$	$
Year ended 30 June 2020					
Balance at the beginning of year	**42,425**	**88,919**	**60,401**	**6,836**	**198,581**
Additions	**14,152**	**192,664**	**-**	**-**	**206,816**
Disposals	**-**	**(50,290)**	**-**	**-**	**(50,290)**
Depreciation expense	**(19,399)**	**(43,235)**	**(1,540)**	**(2,051)**	**(66,225)**
Balance at the end of the year	**37,178**	**188,058**	**58,861**	**4,785**	**288,882**

	Plant and Equipment	Leased motor vehicles	Leasehold Improvements	General pool	Total
	$	$	$	$	$
Year ended 30 June 2019					
Balance at the beginning of year	28,665	118,558	61,965	9,769	218,957
Additions	28,313	-	-	-	28,313
Depreciation expense	(14,553)	(29,639)	(1,564)	(2,933)	(48,689)
Balance at the end of the year	42,425	88,919	60,401	6,836	198,581

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Intangible Assets

	2020	2019
	$	$
Database development		
At cost	**1,758,244**	1,214,685
Accumulated amortisation and impairment	**(688,557)**	(374,957)
Net carrying value	**1,069,687**	839,728
Software - work in progress		
At cost	**400,000**	400,000
Net carrying value	**400,000**	400,000
Total Intangible assets	**1,469,687**	1,239,728

(a) Movements in carrying amounts of intangible assets

	Software - work in progress	Database development	Total
	$	$	$
Year ended 30 June 2020			
Balance at the beginning of the year	**400,000**	**839,728**	**1,239,728**
Additions	**-**	**543,559**	**543,559**
Amortisation	**-**	**(313,600)**	**(313,600)**
Closing value at 30 June 2020	**400,000**	**1,069,687**	**1,469,687**

	Software - work in progress	Database development	Total
	$	$	$
Year ended 30 June 2019			
Balance at the beginning of the year	-	606,160	606,160
Additions	400,000	443,091	843,091
Amortisation	-	(209,523)	(209,523)
Closing value at 30 June 2019	400,000	839,728	1,239,728

12 Right-of-use assets

	Office premises $	Storage facility $	Total $
Year ended 30 June 2020			
At cost	**204,576**	**367,697**	**572,273**
Accumulated depreciation	**(175,351)**	**(64,347)**	**(239,698)**
Balance at end of year	**29,225**	**303,350**	**332,575**

	Office premises $	Storage facility $	Total $
Year ended 30 June 2019			
At cost	204,576	367,697	572,273
Accumulated depreciation	(87,676)	(27,577)	(115,253)
Balance at end of year	116,900	340,120	457,020

13 Lease Liabilities

	2020 $	2019 $
CURRENT		
Lease liabilities	**64,477**	125,226
	64,477	125,226

	2020 $	2019 $
NON-CURRENT		
Lease liabilities	**284,115**	348,592
	284,115	348,592

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Trade and Other Payables

	Note	2020 $	2019 $
CURRENT			
Accrued expense		**374,988**	239,991
Credit card liability		**184**	16,770
Deferred revenue - Government grant R&D Tax Incentive		**556,885**	350,944
Dividend payable		**375,074**	75,098
GST payable		**38,399**	50,193
Other payables		**21,300**	45,897
Other payables - Software	18	**-**	330,000
		1,366,830	1,108,893

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

15 Borrowings

	Note	2020 $	2019 $
CURRENT			
Chattel mortgage		**45,995**	31,518
Total current borrowings		**45,995**	31,518

	Note	2020 $	2019 $
NON-CURRENT			
Chattel mortgage		**163,849**	81,282
Total non-current borrowings		**163,849**	81,282
Total borrowings	18	**209,844**	112,800

Summary of borrowings

Chattel mortgages are secured by the underlying leased assets.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Employee Benefits

	2020	2019
	$	$
CURRENT		
Provision for long service leave	**80,999**	67,365
Provision for annual leave	**126,873**	139,654
	207,872	207,019

	2020	2019
	$	$
NON-CURRENT		
Provision for long service leave	**20,539**	17,504
	20,539	17,504

17 Issued Capital

	2020	2019
	$	$
1,000 (2019: 1,000) Ordinary shares	**50,925**	50,925
Total	**50,925**	50,925

(a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

18 Financial Risk Management

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

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

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

Specific risks

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

Financial instruments used

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

- Trade receivables
- Cash at bank
- Trade and other payables
- Finance lease liabilities
- Floating rate bank loans

	Note	2020 $	2019 $
Financial assets			
Held at amortised cost			
Cash and cash equivalents	6	**948,885**	1,080,739
Loans and advances	8	**17,904**	87,905
Trade and other receivables	7	**113,360**	234,930
Total financial assets		**1,080,149**	1,403,574
Financial liabilities			
Financial liabilities at fair value			
Borrowings	15	**209,844**	112,800
Trade and other payables	14	**-**	330,000
Total financial liabilities		**209,844**	442,800

18 Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Racing and Sports Pty Ltd's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Racing and Sports Pty Ltd's activities.

The day-to-day risk management is carried out by Racing and Sports Pty Ltd's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Racing and Sports Pty Ltd has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities (excluding lease liabilities for the current year - refer to note 13).

18 Financial Risk Management

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	**-**	330,000	**-**	-	**-**	330,000
Borrowings (excluding lease liabilities)	**45,995**	31,518	**163,849**	81,282	**209,844**	112,800
Total contractual outflows	**45,995**	361,518	**163,849**	81,282	**209,844**	**442,800**

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

18 Financial Risk Management

Credit risk

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company is exposed to interest rate risk when funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. At the reporting date, the Company has no exposure to changes in market interest rates through bank borrowings.

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Tax assets and liabilities

(a) Current Tax Asset

	2020 $	2019 $
Current tax	-	71,700
Current tax receivable	-	71,700

(b) Current Tax Liability

	2020 $	2019 $
Income tax payable	**360,211**	359,898
Current tax liabilities	**360,211**	359,898

(c) Deferred Tax Assets

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax assets			
Provisions - employee benefits	20,913	17,430	38,343
Superannuation payable	-	7,414	7,414
Accruals	28,524	37,473	65,997
Balance at 30 June 2019	49,437	62,317	111,754
Property, plant and equipment			
- depreciation	**-**	**3,079**	**3,079**
Provisions - employee benefits	**38,343**	**1,069**	**39,412**
Superannuation payable	**7,414**	**(7,414)**	**-**
Accruals	**65,997**	**37,124**	**103,121**
Balance at 30 June 2020	**111,754**	**33,858**	**145,612**

(d) Deferred Tax Liabilities

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax liability			
Property, plant and equipment			
- depreciation	2,489	2,779	5,268
Intangible assets - amortisation	11,715	5,672	17,387
Balance at 30 June 2019	14,204	8,451	22,655
Property, plant and equipment			

19 Tax assets and liabilities

(d) Deferred Tax Liabilities

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax liability			
- depreciation	5,268	(5,268)	-
Intangible assets - amortisation	17,387	1,042	18,429
Accrued income	-	3,438	3,438
Prepayment	-	2,376	2,376
Balance at 30 June 2020	22,655	1,588	24,243

20 Dividends

	2020	2019
	$	$
a.The following dividends were declared and paid:		
Final franked ordinary dividend of $10 (2019: $477) cents per share	**10,000**	477,798
Unfranked dividend of $563 (2019: Nil) cents per share	**563,445**	-
Total	**573,445**	477,798

Franked dividends declared or paid during the year were franked at the tax rate of 27.50%.

Franking account

The above available balance is based on the dividend franking account at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The impact on the franking credit of the dividends proposed after the end of the reporting period is to reduce it by $ 47,386 (2019: $ 181,234).

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

21 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Racing and Sports Pty Ltd during the year are as follows:

	2020	2019
	$	$
Short-term employee benefits	**249,999**	99,999
Post-employment benefits	**23,750**	9,500

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Key Management Personnel Remuneration

	2020	2019
	$	$
	273,749	109,499
Payment to management company to professional services	**195,144**	211,844
	195,144	211,844
Total key management personnel remuneration	**468,893**	321,343

22 Auditors' Remuneration

	2020	2019
	$	$
Remuneration of the auditor Hardwickes Chartered Accountants, for:)		
- auditing or reviewing the financial statements	**15,000**	15,000
Total	**15,000**	15,000

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

24 Related Parties

The Company's main related parties are as follows:

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

24 Related Parties

(a) Transactions 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.

The following transactions occurred with related parties:

	Purchases $	Other $
Entities with control, joint control or significant influence over the entity		
Rental payments - Office and storage to Racing and Sports Property Trust	183,550	-
Other related parties		
Employment remuneration of related parties - Corporate services[1]	-	353,796

[1] Five family members are employed, they are classifed as associates.

(b) Loans to related parties

Unsecured loans are made to key management personnel and other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 1 to 5 years. There is no interest payable and principal repayments are made over the terms of the loans. Loans are unsecured and repayable in cash.

	Opening balance $	Closing balance $
Loans to KMP[1]		
2020	**63,952**	**-**
2019	165,794	63,952
Loans to related parties - Motor vehicle loan[2]		
2020	**23,558**	**17,904**
2019	28,936	23,558

[1] KMP loans are short term loans which have been subsequently cleared in the 2020 financial year. No interest is paid on KMP loans

[2] A seven year motor vehicle loan to staff. Interest is charged @ 4.94%.

Notes to the Financial Statements

For the Year Ended 30 June 2020

25 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2020 $	2019 $
Profit for the year	**408,381**	429,196
Cash flows excluded from profit attributable to operating activities		
- Finance costs	**19,831**	31,846
Non-cash flows in profit:		
- amortisation - intangible assets	**313,600**	209,523
- depreciation - property, plant and equipment	**66,225**	48,689
- depreciation - right of use	**124,445**	115,253
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**121,906**	(116,669)
- (increase)/decrease in R&D tax incentive receivable	**(215,128)**	(103,960)
- (increase)/decrease in other assets	**(21,140)**	-
- (increase)/decrease in current tax asset	**71,700**	(71,700)
- (increase)/decrease in deferred tax asset	**(33,858)**	(62,317)
- increase/(decrease) in R&D deferred grant revenue	**205,941**	131,541
- increase/(decrease) in trade and other payables	**52,020**	178,896
- increase/(decrease) in income taxes payable	**313**	8,624
- increase/(decrease) in deferred tax liability	**1,588**	8,451
- increase/(decrease) in employee benefits	**3,888**	63,379
Cashflows from operations	**1,119,712**	870,752

(a) Non-cash financing and investing activities

During the year the Company acquired a motor vehicle with value of $192,664 (2019: Nil) by means of chattel mortgage. These acquisitions are not reflected in the statement of cash flows.

26 Events Occurring After the Reporting Date

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

27 Statutory Information

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

Racing and Sports Pty Ltd
RSM, "Equinox Building 4
Level 2
Deakin ACT 2600

Racing and Sports Pty Ltd

ABN: 40 093 360 108

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the Company;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Robert Ignatius Vilkaitis

Director ....
Gary Alexander Crispe

Dated 06 July 2021

Hardwickes
more than accounting

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Hardwickes Partners Pty Ltd
ABN 21 008 401 536

Liability limited by a scheme
approved under Professional
Standards Legislation

Racing and Sports Pty Ltd

Independent Audit Report to the members of Racing and Sports Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Racing and Sports Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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Racing and Sports Pty Ltd

Independent Audit Report to the members of Racing and Sports Pty Ltd

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

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

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

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

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

- 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.

Hardwickes

Hardwickes
Chartered Accountants

Bhaumik Bumia CA
Partner

Canberra

6 July 2021

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND