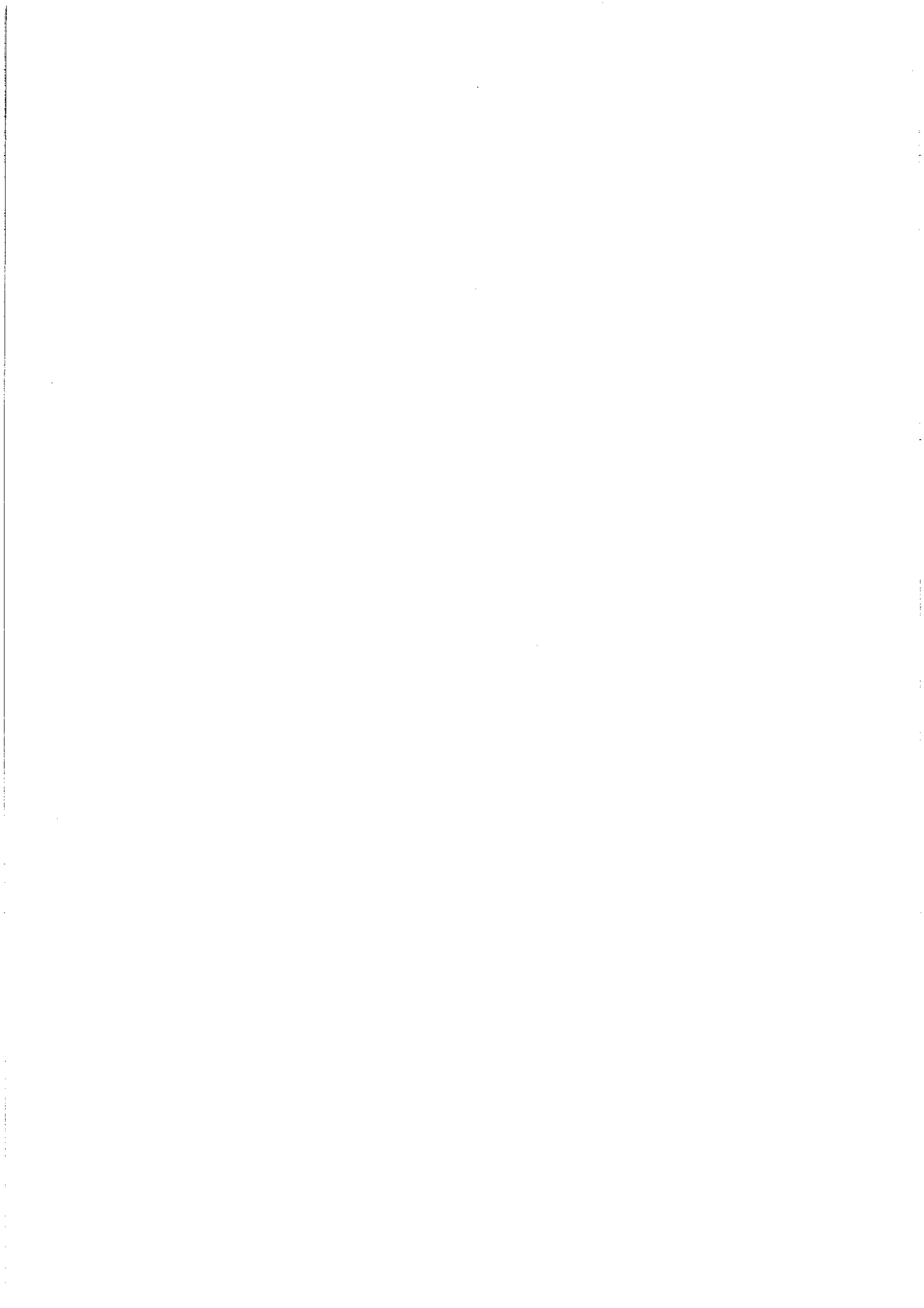


**Tennis SA Incorporated**  
**ABN 19 103 003 187**

**30 June 2011**



Tennis SA Incorporated  
Statement of comprehensive income  
For the year ended 30 June 2011

	Note	2011	2010
Player development revenue	6	110,929	86,598
Tournament and competition revenue	6	63,191	60,623
Community tennis revenue	6	738,634	765,811
Marketing and events revenue	6	118,793	83,412
Memorial Drive Tennis Centre revenue	6	144,837	157,536
<b>Total revenue</b>		1,176,384	1,153,980
Other income	7	599,549	642,200
Player development expenses		(147,076)	(123,662)
Tournament and competition expenses		(114,256)	(91,387)
Community tennis expenses		(426,393)	(330,656)
Marketing and events expenses		(150,945)	(140,150)
Memorial Drive Tennis Centre expenses		(83,200)	(116,997)
Commercial and administration expenses		(647,611)	(584,023)
<b>Total expenses</b>		(1,569,481)	(1,386,875)
Finance income	9	19,148	10,432
Finance expense	9	(18,669)	(13,434)
<b>Net finance income/(expense)</b>		479	(3,002)
<b>Net surplus/(deficit) for the period</b>		206,931	406,303
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		206,931	406,303

The statement of comprehensive income is to be read in conjunction with the notes of the financial statements set out on pages 5 to 20

Tennis SA Incorporated  
Statement of changes in equity  
For the year ended 30 June 2011

	Ken McGregor foundation	Court maint reserves	Retained earnings	Total equity
Balance at 1 July 2009	-	12,560	1,006,198	1,018,758
<b>Total comprehensive income for the period</b>				
Total other comprehensive income	-	-	-	-
Surplus/(deficit) for the period	-	-	406,303	406,303
Allocation of fundraising money	24,284	-	(24,284)	-
Balance at 30 June 2010	<u>24,284</u>	<u>12,560</u>	<u>1,388,217</u>	<u>1,425,061</u>
Balance at 1 July 2010	24,284	12,560	1,388,217	1,425,061
<b>Total comprehensive income for the period</b>				
Total other comprehensive income	-	-	-	-
Surplus/(deficit) for the period	-	-	206,931	206,931
Allocation of fundraising money	17,418	-	(17,418)	-
Balance at 30 June 2011	<u>41,702</u>	<u>12,560</u>	<u>1,577,730</u>	<u>1,631,992</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 5 to 20

Tennis SA Incorporated  
Statement of financial position  
As at 30 June 2011

	<i>Note</i>	<b>2011</b>	<b>2010</b>
<b>Assets</b>			
Cash and cash equivalents	11	508,171	438,286
Trade and other receivables	12	119,438	124,594
<b>Total current assets</b>		627,609	562,880
Property, plant and equipment	13	1,737,243	1,782,728
<b>Total non-current assets</b>		1,737,243	1,782,728
<b>Total assets</b>		2,364,852	2,345,608
<b>Liabilities</b>			
Trade and other payables	14	126,143	131,219
Employee benefits	15	51,549	95,559
Income received in advance	16	113,279	204,500
Interest bearing liability	17	57,336	55,072
<b>Total current liabilities</b>		348,307	486,350
Employee benefits	15	24,366	16,675
Interest bearing liability	17	360,187	417,522
<b>Total non-current liabilities</b>		384,553	434,197
<b>Total liabilities</b>		732,860	920,547
<b>Net assets</b>		1,631,992	1,425,061
<b>Members' equity</b>			
Retained earnings		1,577,730	1,388,217
Reserves		54,262	36,844
<b>Total members' equity</b>		1,631,992	1,425,061

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 5 to 20

**Tennis SA Incorporated**  
**Statement of cash flows**  
**For the year ended 30 June 2011**

	<i>Note</i>	2011	2010
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,636,280	1,628,866
Cash paid to suppliers and employees		(1,680,184)	(1,422,816)
Interest received		19,148	10,432
Interest paid		(18,312)	(12,382)
Cash receipts from government grants		220,000	241,527
<b>Net cash (used in)/from operating activities</b>	<b>21</b>	<u>176,932</u>	<u>445,627</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	13	(51,976)	(409,809)
<b>Net cash (used in)/from investing activities</b>		<u>(51,976)</u>	<u>(409,809)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(55,071)	(56,714)
<b>Net cash (used in)/from financing activities</b>		<u>(55,071)</u>	<u>(56,714)</u>
Net increase/(decrease) in cash and cash equivalents		69,885	(20,896)
Cash and cash equivalents at 1 July		438,286	459,182
<b>Cash and cash equivalents at 30 June</b>	<b>11</b>	<u>508,171</u>	<u>438,286</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 5 to 20

## Tennis SA Incorporated

### Notes to the financial statements

#### 1. Reporting entity

The Tennis SA Incorporated. ('Association') is an Association domiciled in Australia. The Association is Incorporated under the Associations Incorporation Act 1985. The address of the Association's registered office is;

Tennis SA Incorporated  
War Memorial Drive  
Adelaide SA 5000

The principal activities of the Association during the course of the financial year were the promotion and development of the game of tennis in South Australia.

#### 2. Basis of preparation

The financial statements were approved by the Members of the Committee on 5 September 2011.

##### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

##### (b) Basis of measurement

The financial report has been prepared on the historical cost basis.

##### (c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Association's functional currency.

##### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note:

- Note 13 – property, plant and equipment (impairment assessment and determination of useful lives)

#### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

## Tennis SA Incorporated

### Notes to the financial statements

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

##### (a) Financial instruments

###### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest-bearing liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Association's contractual rights to the cash flows from the financial assets expire or if the Association transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Association's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances.

###### (ii) Loans and receivables

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

##### (b) Property, plant and equipment

###### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

###### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Association and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

###### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

• Building and leasehold improvements	10-40 years
• Plant and equipment	4-10 years
• Courts	4-40 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.



## Tennis SA Incorporated

### Notes to the financial statements

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

##### (c) Impairment

###### (i) Financial assets (including receivables)

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised through profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised, and this reversal is recognised through profit or loss.

###### (ii) Non-financial assets

The carrying amounts of the Association's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (d) Employee benefits

###### (i) Long-term employee benefits

The Association's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Association's obligations.

###### (ii) Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

## Tennis SA Incorporated

### Notes to the financial statements

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

##### (e) Provisions

A provision is recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### (f) Revenue and other income

###### (i) Services

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to surveys of work performed.

###### (ii) Affiliation and registration fees

Revenue from affiliation and registration fees is recognised in the profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to the period to which membership relates.

###### (iii) Grants

Reciprocal grants

Grants received on the condition that specified services should be delivered or conditions fulfilled are considered reciprocal. Such grants are initially recognised as a liability and revenue recognised as services are performed or conditions fulfilled.

Non-reciprocal grants

Where a grant is received where there is no performance obligation or return obligation, revenue is recognised when the grant is received or receivable.

##### (g) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

##### (h) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest paid on borrowings.

##### (i) Income tax

The income of the Association is exempt from income tax, and accordingly, no provision has been made in the accounts for income tax payable.

Withholding tax from other jurisdictions is provided when the liability is due and payable.

## Tennis SA Incorporated

### Notes to the financial statements

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

##### (j) Goods and services tax

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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

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

##### (k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except AASB 9 *Financial Instruments*, which becomes mandatory for the Company's 2014 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

#### 4. Determination of fair values

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### Trade and other receivables

For receivables with a remaining useful life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are discounted to determine the fair value.

## Tennis SA Incorporated

### Notes to the financial statements

#### 5. Financial risk management

The Association has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Association's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Members of the Committee have overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### **Credit risk**

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's receivables from customers and investment securities.

#### **Trade and other receivables**

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Association's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 28 percent (2010: 15 percent) of the Association's revenue is attributable to transactions with a single customer.

The Association has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individual exposures.

The majority of the Association's customers have been transacting with the Association for a number of years, and losses have been minimal.

#### **Liquidity risk**

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

Typically the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## Tennis SA Incorporated

### Notes to the financial statements

#### 5. Financial risk management (continued)

##### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates; interest rates and equity prices will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### **Currency risk**

The Association is not exposed to currency risk on sales, purchases and borrowings as they only transact in their denominated currency the Australian dollar (AUD).

##### **Interest Risk**

The Company adopts a policy of ensuring that between 60 and 80 percent of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

##### **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Association's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Association's operations.

The Association's objective is to manage the operations risk so as to balance the avoidance of financial losses and damage to the Association's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Association's standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

##### **Capital management**

The Association is not subject to externally imposed capital requirements.

## Tennis SA Incorporated

### Notes to the financial statements

#### 6. Revenue

	2011	2010
Player development revenue		
- Tennis Australia grants	46,653	30,328
- Squad fees	63,617	55,665
- Course fees	205	331
- Sponsorship	454	274
	<hr/> 110,929	<hr/> 86,598
Tournaments & competitions revenue		
- Entry fees	34,543	41,609
- Sanction fees	15,813	13,814
- Other income	12,835	5,200
	<hr/> 63,191	<hr/> 60,623
Community Tennis Revenue		
- Tennis Australia grants	220,623	315,941
- Affiliation and registrations	479,728	391,042
- Sanction fees	10,000	11,400
- Entry fees	28,283	42,127
- Other income	-	5,301
	<hr/> 738,634	<hr/> 765,881
Marketing & events revenue		
- Tennis Australia grants	30,455	-
- Sponsorship	31,227	32,504
- Event ticket sales	22,483	17,461
- Fundraising income	18,712	30,747
- Other income	15,916	2,700
	<hr/> 118,793	<hr/> 83,412
Memorial Drive Tennis Centre revenue		
- Hire of venue	37,612	28,982
- Event entry fees	68,386	47,691
- Tennis Australia grants	15,000	42,192
- Court hire	23,814	22,931
- Other income	25	15,740
	<hr/> 144,837	<hr/> 157,536
Total revenue	<hr/> <hr/> 1,176,384	<hr/> <hr/> 1,153,980

#### 7. Other income

	2011	2010
Government grants	200,000	219,571
Government grants – capital upgrade funding	-	100,000
Rental income	148,166	152,702
Other income	31,308	29,927
Tennis Australia grants	220,075	88,000
Tennis court funding- Clubs	-	52,000
Total other income	<hr/> 599,549	<hr/> 642,200

#### Government grants

The Association has been awarded government grants from the Office for Recreation and Sport (ORS). The ORS grants covers funding to deliver programs and services to increase participation.

## Tennis SA Incorporated

### Notes to the financial statements

#### 8. Other expenses

The Association has the following key expenses:

	2011	2010
Depreciation expense		
- buildings & leasehold improvements	32,817	27,738
- plant and equipment	9,977	10,236
- courts	53,971	46,072
Movement in provision for employee benefits	(36,319)	19,372
Insurance expense	60,896	63,659
Operating lease rental expense	20,998	21,753

#### 9. Finance income and expense

	2011	2010
Interest income on bank deposits	19,148	10,432
Total finance income	<u>19,148</u>	<u>10,432</u>
Interest expense on borrowings	(18,669)	(13,434)
Total finance expense	<u>(18,669)</u>	<u>(13,434)</u>
Net finance income and expense	<u>479</u>	<u>(3,002)</u>

No finance income and expenses are recognised through equity. This is consistent with the Statement of changes in equity on page 2.

#### 10. Auditors' remuneration

	2011	2010
<b>Audit services</b>		
Auditors of the Association		
<i>KPMG Australia:</i>		
Audit and review of financial reports	10,300	10,000
	<u>10,300</u>	<u>10,000</u>

#### 11. Cash and cash equivalents

	2011	2010
Bank balances	508,171	438,286
Cash and cash equivalents	<u>508,171</u>	<u>438,286</u>

#### 12. Trade receivables and other assets

	2011	2010
Trade receivables	80,642	62,378
Prepayments	24,994	28,033
Other receivables	13,802	34,183
	<u>119,438</u>	<u>124,594</u>

Tennis SA Incorporated  
Notes to the financial statements  
13. Property, plant and equipment

	Building and leasehold improvements	Plant and equipment	Courts	Total
<b>Cost</b>				
Balance at 1 July 2009	916,738	227,497	1,082,666	2,226,901
Additions	228,583	8,803	172,423	409,809
Disposals	(33,270)	(6,567)	-	(39,837)
Balance at 30 June 2010	1,112,051	229,733	1,255,089	2,596,873
Balance at 1 July 2010	1,112,051	229,733	1,255,089	2,596,873
Additions	38,709	13,267	-	51,976
Disposals	(1,242)	-	-	(1,242)
Balance at 30 June 2011	1,149,518	243,000	1,255,089	2,647,607
<b>Accumulated depreciation</b>				
Balance at 1 July 2009	(291,384)	(204,276)	(264,889)	(760,549)
Depreciation charge for the year	(27,738)	(10,236)	(46,072)	(84,046)
Disposals	24,840	5,610	-	30,450
Balance at 30 June 2010	(294,282)	(208,902)	(310,961)	(814,145)
Balance at 1 July 2010	(294,282)	(208,902)	(310,961)	(814,145)
Depreciation charge for the year	(32,817)	(9,977)	(53,971)	(96,765)
Disposals	546	-	-	546
Balance at 30 June 2011	(326,553)	(218,879)	(364,932)	(910,364)
<b>Carrying amounts</b>				
At 1 July 2009	625,354	23,221	817,777	1,466,352
At 30 June 2010	817,769	20,831	944,128	1,782,728
At 1 July 2010	817,769	20,831	944,128	1,782,728
At 30 June 2011	822,965	24,121	890,157	1,737,243



Tennis SA Incorporated  
Notes to the financial statements

**14. Trade and other payables**

	2011	2010
Trade payables	29,817	39,117
Other payables and accrued expenses	96,326	92,102
	<u>126,143</u>	<u>131,219</u>

**15. Employee benefits**

**Current**

	2011	2010
Provision for long-service leave	-	41,604
Provision for annual leave	51,549	53,955
	<u>51,549</u>	<u>95,559</u>

**Non-current**

Provision for long-service leave	24,366	16,675
	<u>24,366</u>	<u>16,675</u>

**16. Income received in advance**

	2011	2010
Affiliation & registration	98,737	196,712
Other Income	14,542	7,788
	<u>113,279</u>	<u>204,500</u>

**17. Interest bearing liabilities**

**Current**

	2011	2010
Tennis Australia loan	57,336	55,072
	<u>57,336</u>	<u>55,072</u>

**Non-current**

Tennis Australia loan	360,187	417,522
	<u>360,187</u>	<u>417,522</u>

A loan was acquired from Tennis Australia in order to redevelop the Southern Stand at the Memorial Drive Complex. This loan has an overall term of ten years and quarterly repayments commenced in February 2008. The average interest rate charged on this loan during the year was 4.05%.

## Tennis SA Incorporated

### Notes to the financial statements

#### 18. Capital and Reserves

##### Ken McGregor Foundation reserve

This reserve originated in the 2009/10 financial year, with the establishment of the Ken McGregor Foundation. The foundation was set up to assist junior player development at an international level.

##### Court maintenance reserves

These are reserves set aside for the replacement and improvement of assets at the Millswood complex.

##### Members equity

The Association is a body corporate incorporated under the Associations Incorporation Act 1985. In the event of the Association being wound up the liability of members is determined by its rules.

#### 19. Financial instruments

##### Credit Risk

##### Exposure to credit risk

The carrying amount of the Association's financial assets represents the maximum credit exposure. The Association's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	2011	2010
Trade and other receivables (less prepayments)	12	94,444	96,561
Cash and cash equivalents	11	508,171	438,286
		<u>602,615</u>	<u>534,847</u>

The Association's maximum exposure to credit risk for trade and other receivables (less prepayments) at the reporting date by geographic region was \$94,444 in Australia (2010: \$96,561).

The Association's most significant customer accounts for 28% or \$23,434 of the trade receivables carrying amount at 30 June 2011(2010: 20% or \$12,640).

##### Impairment losses

The aging of the Association's trade receivables at the reporting date was:

	Gross	Gross
	2011	2010
Not past due	48,685	26,472
Past due 0-30 days	5,805	17,674
Past due 31-60 days	3,517	14,665
Past due 60 days	25,594	8,029
	<u>83,602</u>	<u>66,840</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2011	2010
Balance at 1 July	4,462	2,403
Impairment loss/(gain) recognised	(1,502)	2,059
Balance at 30 June	<u>2,960</u>	<u>4,462</u>

## Tennis SA Incorporated

### Notes to the financial statements

#### 19. Financial instruments (continued)

##### Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

##### 30 June 2011

	Carrying amount	Contractual cash flows	6 mths or less	6–12 months	1–2 years	2–5 years	More than 5 years
Trade and other payables	126,143	(126,143)	(126,143)	-	-	-	-
Loan – Tennis Australia	417,523	(476,985)	(36,691)	(36,691)	(73,382)	(220,147)	(110,074)
	<u>543,666</u>	<u>(603,128)</u>	<u>(162,834)</u>	<u>(36,691)</u>	<u>(73,382)</u>	<u>(220,147)</u>	<u>(110,074)</u>

##### 30 June 2010

	Carrying amount	Contractual cash flows	6 mths or less	6–12 months	1–2 years	2–5 years	More than 5 years
Trade and other payables	131,219	(131,219)	(131,219)	-	-	-	-
Loan – Tennis Australia	472,594	(550,364)	(36,691)	(36,691)	(73,382)	(220,147)	(183,453)
	<u>603,813</u>	<u>(681,583)</u>	<u>(36,691)</u>	<u>(36,691)</u>	<u>(73,382)</u>	<u>(220,147)</u>	<u>(183,453)</u>

Refer to note 5 for details on the Association's approach to managing liquidity risk.

##### Interest Rate Risk

##### Profile

At the reporting date the interest rate profile of the Association's interest-bearing financial instruments were:

	Association	
	Carrying amount 2011	Carrying amount 2010
<b>Fixed rate instruments</b>	-	-
<b>Variable rate instruments</b>		
Financial assets	508,171	438,286
Financial liabilities	(417,523)	(472,594)
	<u>90,648</u>	<u>(34,308)</u>

## Tennis SA Incorporated

### Notes to the financial statements

#### 19. Financial instruments (continued)

##### Liquidity Risk

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2010.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
<b>30 June 2011</b>				
Variable rate instruments	907	(907)	-	-
Cash flow sensitivity (net)	907	(907)	-	-
<b>30 June 2010</b>				
Variable rate instruments	(343)	343	-	-
Cash flow sensitivity (net)	(343)	343	-	-

##### Fair values versus carrying amounts

The carrying amount of assets and liabilities shown in the balance sheet approximate their fair value.

#### 20. Operating leases

##### Leases as lessee

Non-cancellable operating lease rentals are payable as follows

	2011	2010
Less than one year	11,971	21,388
Between one and five years	22,964	35,625
More than five years	-	-
	<u>34,935</u>	<u>57,013</u>

##### Leases as lessor

Non-cancellable operating lease rentals are receivable as follows

	2011	2010
Less than one year	117,570	155,470
Between one and five years	393,554	406,495
More than five years	135,797	311,854
	<u>646,921</u>	<u>873,819</u>

The Association leases property under non-cancellable operating leases expiring from 1 to 10 years. Leases generally provide the Association with a right of renewal at which time all terms are renegotiated. During the financial year ended 30 June 2011, \$20,998 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2010: \$21,753) and \$148,166 was recognised as income (2010: \$152,702). Rugby SA and Sport Development Australia occupy offices within the Tennis SA premises under an approved council agreement.

Tennis SA Incorporated  
Notes to the financial statements

21. Reconciliation of cash flows from operating activities

	<i>Note</i>	2011	2010
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the period		206,931	406,303
<i>Adjusted for:</i>			
Depreciation	13	96,765	84,046
Loss on disposal of property, plant and equipment		696	9,387
<b>Operating profit before changes in working capital and provisions</b>		<u>304,392</u>	<u>499,736</u>
(Increase)/decrease in trade and other receivables		5,156	(5,612)
(Decrease)/increase in income received in advance		(91,221)	(94,550)
(Decrease)/increase in trade and other payables		(5,076)	26,681
(Decrease)/increase in provisions and employee benefits		<u>(36,319)</u>	<u>19,372</u>
<b>Net cash (used in)/from operating activities</b>		<u>176,932</u>	<u>445,627</u>

## Tennis SA Incorporated

### Notes to the financial statements

#### 22. Other related party transactions

The Association being an Associate member of Tennis Australia (TA) receives shared services benefits from TA. These benefits include accounting and Information Technology resources.

The names of each person holding the position of officer of the Association during the financial year were: William Cossey, Philip Roberts, Kent Thiele, Neville Guthberlet, Neville Messenger, Rick Baldock, John MacKenzie, Graham Smart and Sylvia Mason.

Officers of the Association are acting on an honorary basis.

The key management personnel for Tennis SA include the following employees: Alistair MacDonald, Sue Barber (resigned November 2010), and Adam Renfrey.

#### Key management personnel compensation

<i>In AUD</i>	2011	2010
Short-term employee benefits	204,563	262,876
Post employment benefits	17,077	23,122
Termination benefits	40,582	-
Total compensation	<u>262,222</u>	<u>285,998</u>

#### 23. Economic Dependence

Tennis SA, being an associate member of Tennis Australia Limited, receives grant funding from Tennis Australia Limited that forms an important part of the funding it requires to deliver the services to its members in line with its objective of promoting and supporting tennis in South Australia.

In the event that grant funding from Tennis Australia Limited should cease, or be reduced, it is the view of the directors that if Tennis SA was not able to replace that funding from other sources then it would need to change the services provided to its members so that those services were consistent with the funding available while still meeting its underlying objective.

#### 24. Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Association's financial statements.

## Tennis SA Incorporated Statement by the Officers

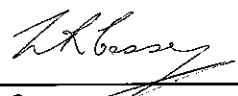
In the opinion of the officers of Tennis SA Incorporated ('the Association'):

- (a) the financial statements and notes set out on pages 1 to 20, are in accordance with the Associations Incorporation Act 1985, including:
  - (i) fair presentation of the financial position of the Association as at 30 June 2011 and of their performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Associations Incorporation Act 1985;
- (b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Dated at Adelaide.....<sup>5<sup>th</sup></sup>.....day of.....*September*.....2011.

Signed in accordance with a resolution of the officers:

  
\_\_\_\_\_  
P. Roberts  
Treasurer & Director

  
\_\_\_\_\_  
W. Cossey  
President