# Tennis SA Incorporated
# ABN 19 103 003 187

## 30 June 2010

# Tennis SA Incorporated
## Statement of comprehensive income
**For the year ended 30 June 2010**

| | Note | 2010 | 2009 |
|---|---|---|---|
| Player development revenue | 5 | 86,598 | 82,180 |
| Tournaments and competitions revenue | 5 | 44,460 | 40,259 |
| Community tennis revenue | 5 | 742,885 | 607,016 |
| Marketing and events revenue | 5 | 83,412 | 59,564 |
| Memorial Drive Tennis Centre revenue | 5 | 196,625 | 155,498 |
| **Total revenue** | | 1,153,980 | 944,517 |
| Other income | 6 | 642,200 | 409,274 |
| Player development expenses | | (123,662) | (191,800) |
| Tournaments and competition expenses | | (15,583) | (28,357) |
| Community tennis expenses | | (312,607) | (312,212) |
| Marketing and events expenses | | (140,150) | (117,309) |
| Memorial Drive Tennis Centre expenses | | (162,242) | (130,841) |
| Commercial and administration expenses | | (632,631) | (621,125) |
| **Total expenses** | | (1,386,875) | (1,401,644) |
| Finance income | 8 | 10,432 | 9,714 |
| Finance expense | 8 | (13,434) | (22,944) |
| **Net finance expense** | | (3,002) | (13,230) |
| **Net surplus/(deficit) for the period** | | 406,303 | (61,083) |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the period** | | 406,303 | (61,083) |

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 2010**

| | *Note* | Ken McGregor Foundation | Court Maint Reserves | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| Balance at 1 July 2008 | | - | 12,560 | 1,067,281 | 1,079,841 |
| **Total comprehensive income for the period** | | | | | |
| Total other comprehensive income | | - | - | - | - |
| Surplus/(deficit) for the period | | - | - | (61,083) | (61,083) |
| Allocation of fundraising money | | - | - | - | - |
| Balance at 30 June 2009 | | - | 12,560 | 1,006,198 | 1,018,758 |
| | | | | | |
| Balance at 1 July 2009 | | - | 12,560 | 1,006,198 | 1,018,758 |
| **Total comprehensive income for the period** | | | | | |
| 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 | | 24,284 | 12,560 | 1,388,217 | 1,425,061 |

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 2010**

| | Note | 2010 | 2009 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 10 | 438,286 | 459,182 |
| Trade receivables and other assets | 11 | 124,594 | 118,982 |
| **Total current assets** | | 562,880 | 578,164 |
| Property, plant and equipment | 12 | 1,782,728 | 1,466,352 |
| **Total non-current assets** | | 1,782,728 | 1,466,352 |
| **Total assets** | | 2,345,608 | 2,044,516 |
| **Liabilities** | | | |
| Trade payables and other liabilities | 13 | 131,219 | 104,538 |
| Employee benefits | 14 | 95,559 | 82,272 |
| Income received in advance | 15 | 204,500 | 299,050 |
| Interest bearing liability | 16 | 55,072 | 53,055 |
| **Total current liabilities** | | 486,350 | 538,915 |
| Employee benefits | 14 | 16,675 | 10,590 |
| Interest bearing liability | 16 | 417,522 | 476,253 |
| **Total non-current liabilities** | | 434,197 | 486,843 |
| **Total liabilities** | | 920,547 | 1,025,758 |
| **Net assets** | | 1,425,061 | 1,018,758 |
| **Members' Equity** | | | |
| Retained earnings | | 1,388,217 | 1,006,198 |
| Reserves | | 36,844 | 12,560 |
| **Total members' equity** | | 1,425,061 | 1,018,758 |

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 2010**

| | Note | 2010 | 2009 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | 1,480,787 | 1,124,478 |
| Cash paid to suppliers and employees | | (1,251,728) | (1,300,762) |
| Interest received | | 10,432 | 9,714 |
| Interest paid | | (13,434) | (12,209) |
| Cash receipts from government grants | | 219,570 | 356,000 |
| **Net cash from operating activities** | 21 | 445,627 | 177,221 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 12 | (409,809) | (34,757) |
| **Net cash from investing activities** | | (409,809) | (34,757) |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | (56,714) | (10,623) |
| **Net cash from financing activities** | | (56,714) | (10,623) |
| Net increase in cash and cash equivalents | | (20,896) | 131,841 |
| Cash and cash equivalents at 1 July 2009 | | 459,182 | 327,341 |
| **Cash and cash equivalents at 30 June 2010** | 10 | 438,286 | 459,182 |

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 with its financial year end as at 30 June 2010. The Association is Incorporated under the Associations Incorporations Act 1985. The address of the Association's registered office is;

Tennis SA
War Memorial Drive
North 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 1 September 2010.

### (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 notes:

- Note 12 – 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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, 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.

*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:

- Leasehold Improvements 10-40 years
- Plant and equipment 4-10 years
- Tennis courts 14-40 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 in 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 in 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, annual leave and sick 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.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Association has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# 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

(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.

### (g) Other income

(i) Government grants

Grants that compensate the Association for expenses incurred are recognised as other income in the statement of comprehensive income when funding is received or conditions satisfied.

### (h) 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.

### (i) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.
Finance expenses comprise interest paid on borrowings.

### (j) Income tax

The Association's income relates to its activities as an Association established for the encouragement of sport. In following the Income Tax Assessment Act of 1997 Div 50 s.50-45, the Association's income is therefore considered exempt from income tax.

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)

### (k) 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.

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.

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

The following amendments have been identified which may impact the entity in the period of initial application. These are available for early adoption at 30 June 2010, but have not been applied in preparing these financial statements:

AASB 1053 Application of Tiers of Australian Accounting Standards includes traditional provisions for various different situations including for entities that previously prepared special purpose financial statements and are not required to prepare financial statements under either Tier 1 or 2 as well as for those entities transitioning between the different tiers AASB 1053 will become mandatory for the year ended 30 June 2014. The entity has not yet determined the potential effect of the standard.

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 will become mandatory for the entity 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The entity has not yet determined the potential effect of the standard.

AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Association's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Association's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

# Tennis SA Incorporated
# Notes to the financial statements

## 4. 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 15 percent (2009:20 percent) of the Association's revenue is attributable to sales 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

## 4. 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).

### 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

## 5. Revenue

| | 2010 | 2009 |
|---|---|---|
| Player development revenue | | |
| - Tennis Australia grants | 30,328 | 29,277 |
| - Squad fees | 55,665 | 48,146 |
| - Course fees | 331 | 4,385 |
| - Other income | 274 | 372 |
| | 86,598 | 82,180 |
| Tournaments & competitions revenue | | |
| - Entry fees | 25,446 | 19,159 |
| - Sanction fees | 13,814 | 20,645 |
| - Other income | 5,200 | 455 |
| | 44,460 | 40,259 |
| Memorial Drive Tennis Centre revenue | | |
| - Hire of venue | 28,982 | 17,909 |
| - Event entry fees | 86,780 | 70,771 |
| - Tennis Australia grants | 42,192 | 30,000 |
| - Court hire | 22,931 | 14,317 |
| - Other income | 15,740 | 22,501 |
| | 196,625 | 155,498 |
| Community Tennis Revenue | | |
| - Tennis Australia grants | 315,941 | 186,933 |
| - Affiliation and registrations | 391,042 | 383,610 |
| - Sanction fees | 11,400 | 10,000 |
| - Entry fees | 19,201 | 16,121 |
| - Other income | 5,301 | 10,352 |
| | 742,885 | 607,016 |
| Marketing & events revenue | | |
| - Sponsorship | 32,504 | 49,978 |
| - Event ticket sales | 17,461 | 9,586 |
| - Fundraising income | 30,747 | - |
| - Other income | 2,700 | - |
| | 83,412 | 59,564 |
| Total revenue | 1,153,980 | 944,517 |

## 6. Other income

| | 2010 | 2009 |
|---|---|---|
| Government grants | 219,571 | 256,000 |
| Government grants – capital upgrade funding | 100,000 | - |
| Rental income | 152,702 | 149,184 |
| Other income | 29,927 | 4,090 |
| Tennis Australia grants | 88,000 | - |
| Tennis court funding | 52,000 | - |
| Total other income | 642,200 | 409,274 |

**Government grants**

The Association has been awarded government grants from the Office for Recreation and Sport (ORS) and the Adelaide City Council. The ORS grants cover the Association's Memorial Drive upgrade and funding to deliver programs and services to increase participation.

# Tennis SA Incorporated
# Notes to the financial statements

## 7. Other expenses

The Association has the following key expenses:

| | 2010 | 2009 |
|---|---|---|
| Depreciation expense | | |
| - plant and equipment | 10,236 | 11,837 |
| - buildings & leasehold improvements | 27,738 | 21,354 |
| - courts | 46,072 | 42,397 |
| Employee benefits expense | 19,372 | 13,157 |
| Insurance expense | 63,659 | 64,082 |
| Operating lease rental expense | 21,753 | 20,763 |

## 8. Finance income and expense

| | 2010 | 2009 |
|---|---|---|
| Interest income on bank deposits | 10,432 | 9,714 |
| Total finance income | 10,432 | 9,714 |
| Interest expense on borrowings | (13,434) | (22,944) |
| Total finance expense | (13,434) | (22,944) |
| Net finance income and expense | (3,002) | (13,230) |

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

## 9. Auditors' remuneration

| | 2010 | 2009 |
|---|---|---|
| **Audit services** | | |
| Auditors of the Association | | |
| *KPMG Australia:* | | |
| Audit and review of financial reports | 10,000 | 9,000 |
| Other | - | 1,500 |
| | 10,000 | 10,500 |

## 10. Cash and cash equivalents

| | 2010 | 2009 |
|---|---|---|
| Bank balances | 438,286 | 459,182 |
| Cash and cash equivalents | 438,286 | 459,182 |

## 11. Trade receivables and other assets

| | 2010 | 2009 |
|---|---|---|
| **Current** | | |
| Trade receivables | 62,378 | 66,919 |
| Prepayments | 28,033 | 23,695 |
| Other receivables | 34,183 | 28,368 |
| | 124,594 | 118,982 |

# Tennis SA Incorporated
# Notes to the financial statements

## 12. Property, plant and equipment

| | Building and Leasehold Improvements | Plant and equipment | Courts | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 July 2008 | 887,982 | 225,604 | 1,078,558 | 2,192,144 |
| Additions | 28,756 | 1,893 | 4,108 | 34,757 |
| Disposals | - | - | - | - |
| Balance at 30 June 2009 | 916,738 | 227,497 | 1,082,666 | 2,226,901 |
| 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 |
| **Accumulated Depreciation** | | | | |
| Balance at 1 July 2008 | (270,030) | (192,439) | (222,492) | (684,961) |
| Depreciation charge for the year | (21,354) | (11,837) | (42,397) | (75,588) |
| Disposals | - | - | - | - |
| Balance at 30 June 2009 | (291,384) | (204,276) | (264,889) | (760,549) |
| 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) |
| **Carrying amounts** | | | | |
| At 1 July 2008 | 617,952 | 33,165 | 856,066 | 1,507,183 |
| At 30 June 2009 | 625,354 | 23,221 | 817,777 | 1,466,352 |
| 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 |

# Tennis SA Incorporated
# Notes to the financial statements

## 13. Trade and other payables

| | 2010 | 2009 |
|---|---|---|
| Trade payables | 39,117 | 22,692 |
| Other payables and accrued expenses | 92,102 | 81,846 |
| | 131,219 | 104,538 |

## 14. Employee benefits

### Current

| | 2010 | 2009 |
|---|---|---|
| Provision for long-service leave | 41,604 | 42,916 |
| Provision for annual leave | 53,955 | 39,356 |
| | 95,559 | 82,272 |

### Non-current

| | | |
|---|---|---|
| Provision for long-service leave | 16,675 | 10,590 |
| | 16,675 | 10,590 |

## 15. Income received in advance

### Current

| | 2010 | 2009 |
|---|---|---|
| Affiliation & Registration | 196,712 | 194,329 |
| Other Income | 7,788 | 4,721 |
| Other Grant Income | - | 100,000 |
| | 204,500 | 299,050 |

## 16. Interest Bearing Liabilities

### Current

| | 2010 | 2009 |
|---|---|---|
| Tennis Australia Loan | 55,072 | 53,055 |
| | 55,072 | 53,055 |

### Non-current

| | | |
|---|---|---|
| Tennis Australia Loan | 417,522 | 476,253 |
| | 417,522 | 476,253 |

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. During the year ended 30 June 2009 Tennis SA had a moratorium in place with Tennis Australia where no repayments were required between September 2008 and August 2009. Any interest in this period was capitalised. Repayments began in the 2009/10 year.

The average interest rate charged on this loan during the year was 2.67%.

# Tennis SA Incorporated
# Notes to the financial statements

## 17. Capital and Reserves

### Ken McGregor Foundation reserve

This reserve has originated in this 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.

## 18. 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*** | **2010** | **2009** |
| Trade and other receivables (less prepayments) | *11* | 96,561 | 95,287 |
| Cash and cash equivalents | *10* | 438,286 | 459,182 |
| | | 534,847 | 554,469 |

The Association's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was $62,378 in Australia (2009: $66,919).

The Association's most significant customer accounts for 20.26% or $12,640 of the trade receivables carrying amount at 30 June 2010 (2009: 20.95% or $14,520).

### Impairment losses

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

| | **Gross 2010** | **Gross 2009** |
|---|---|---|
| Not past due | 26,472 | 10,868 |
| Past due 0-30 days | 17,674 | 29,731 |
| Past due 31-60 days | 14,665 | 4,863 |
| Past due 60 days | 8,029 | 23,860 |
| | 66,840 | 69,322 |

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

| | **2010** | **2009** |
|---|---|---|
| Balance at 1 July | 2,403 | 18,625 |
| Impairment loss/(gain) recognised | 2,059 | (16,222) |
| Balance at 30 June | 4,462 | 2,403 |

# 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 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) | - | - | - | - | - |
| Loan – Tennis Australia | 472,594 | (550,364) | (36,691) | (36,691) | (146,765) | (220,147) | (110,074) |
| | 603,813 | (681,583) | (36,691) | (36,691) | (146,765) | (220,147) | (110,074) |

**30 June 2009**

| | 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 | 104,538 | (104,538) | - | - | - | - | - |
| Loan – Tennis Australia | 529,308 | (597,392) | (35,141) | (35,141) | (140,563) | (210,844) | (175,703) |
| | 633,846 | (701,930) | (35,141) | (35,141) | (140,563) | (210,844) | (175,703) |

Refer to note 4 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 2010 | 2009 |
|---|---|---|
| **Fixed rate instruments** | - | - |
| **Variable rate instruments** | | |
| Financial assets | 438,286 | 459,182 |
| Financial Liabilities | (472,594) | (529,308) |
| | (34,308) | (70,126) |

# 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 2009.

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | 100bp increase | 100bp decrease | 100bp increase | 100bp decrease |
| **30 June 2010** | | | | |
| Variable rate instruments | (343) | 343 | - | - |
| Cash flow sensitivity (net) | (343) | 343 | - | - |

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | 100bp increase | 100bp decrease | 100bp increase | 100bp decrease |
| **30 June 2009** | | | | |
| Variable rate instruments | (701) | 701 | - | - |
| Cash flow sensitivity (net) | (701) | 701 | - | - |

### 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

| | 2010 | 2009 |
|---|---|---|
| Less than one year | 21,388 | 21,820 |
| Between one and five years | 35,625 | 47,925 |
| More than five years | - | 7,529 |
| | 57,013 | 77,274 |

### Leases as lessor

Non-cancellable operating lease rentals are receivable as follows

| | 2010 | 2009 |
|---|---|---|
| Less than one year | 155,470 | 158,235 |
| Between one and five years | 406,495 | 475,732 |
| More than five years | 311,854 | 258,124 |
| | 873,819 | 892,091 |

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 2010, $21,753 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2009: $20,763) and $152,702 was recognised as income (2009: $149,184). Rugby SA and Sport Dev Australia occupy offices within the Tennis SA premises under approved council agreement.

# Tennis SA Incorporated
# Notes to the financial statements

## 21. Reconciliation of cash flows from operating activities

| | Note | 2010 | 2009 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Surplus/(deficit) for the period | | 406,303 | (61,083) |
| *Adjusted for:* | | | |
| Depreciation | 12 | 84,046 | 75,588 |
| Additional loan principal | | - | 10,734 |
| Loss on disposal of property, plant and equipment | | 9,387 | - |
| **Operating profit before changes in working capital and provisions** | | 499,736 | 25,239 |
| | | | |
| (Increase)/decrease in trade and other receivables | | (5,612) | 41,845 |
| (Decrease)/increase in income received in advance | | (94,550) | 87,770 |
| (Decrease)/increase in trade and other payables | | 26,681 | 9,210 |
| (Decrease)/increase in provisions and employee benefits | | 19,372 | 13,157 |
| **Net cash from operating activities** | | 445,627 | 177,221 |

# 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, Lisa Matthews, Neville Guthberlet, Neville Messenger, Rick Baldock, John MacKenzie and Graham Smart.

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, and Adam Renfrey. Sean Barrett left during the financial year 09/10.

### Key management personnel compensation

| *In AUD* | 2010 | 2009 |
|---|---|---|
| Short-term employee benefits | 262,876 | 265,508 |
| Post employment benefits | 23,122 | 23,896 |
| Total compensation | 285,998 | 289,404 |

## 23. 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 5 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 2010 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......1st..................day of..........September..............2010.

Signed in accordance with a resolution of the officers:

Philip Roberts

P. Roberts
Treasurer & Director

W. Cossey
President