Dear Member

The 2019/20 financial year continued the significant development being undertaken by Tennis SA at Memorial Drive with the completion of the construction of the roof over Centre Court in December 2019, prior to the inaugural Adelaide International in January 2020. Tennis SA has a vision for further development at Memorial Drive when the opportunity arises.

The funding for the roof was via a grant of $10 million from the South Australian Government, a grant of $563,000 from Tennis Australia and a cash contribution of $500,000 from Tennis SA.

The financial impact of the developments at Memorial Drive, together with the impact of COVID-19, has, in accordance with accounting standards, been reflected in Tennis SA's accounts over the last two financial years.

In the table below these impacts on Tennis SA's financial results are itemised and, after they are allowed for, a direct more meaningful comparison of the operating results of Tennis SA between 2017/18, 2018/19 and 2019/20 is provided.

	2020	2019	2018
Total comprehensive income for the period	**8,195,794**	**5,301,225**	**133,273**
Includes the following abnormal items			
Government Grants - Centre Court Upgrade	7,866,650	2,133,350	-
Government Grants - Anchor Project	-	3,600,000	-
TA Grants – Centre Court Upgrade	563,198	-	-
Assets written off in line with Projects	(10,585)	(415,246)	-
Legal/Hire Fees - Anchor Project	-	(13,830)	-
Depreciation - Anchor Project	(97,368)	(24,275)	-
Depreciation - Centre Court Upgrade	(150,377)	-	-
Other One Off Costs	(51,000)	-	-
Total abnormal items	**8,120,518**	**5,279,998**	**-**
Adjusted ordinary income for the period	**75,276**	**21,227**	**133,273**
COVID related adjustments			
Reduction in TA Funding – Q4	163,838	-	-
Loss of Rental Income	28,994	-	-
JobKeeper Funding	(189,000)	-	-
ATO CashFlow Boost Payments	(62,500)	-	-
Total COVID related adjustments	(58,669)	-	-
Adjusted ordinary income for the period	**16,607**	**21,227**	**133,273**

The adjusted ordinary income of Tennis SA in 2019/20 was $16,607 which was comparable to the 2018/19 result of $21,227. The higher result in 2017/18 in part reflected one-off Government grant funding in that year.

In the future Tennis SA will incur substantial annual non-cash depreciation charges associated with the upgrades at Memorial Drive relating to the useful life of these assets over the balance of the Tennis SA lease at Memorial Drive which expires on 30 June 2057. Accordingly, in future years EBITDA (earnings before interest, tax, depreciation and amortisation) will provide a better reflection of Tennis SA's underlying performance.

In 2019/20 Tennis SA also made one-off non-cash provisions for future expenses of $51,000. COVID-19 adjustments in last financial year related to the reduction in funding from Tennis Australia due to Coronavirus, loss of rent income at Memorial Drive and the cash received from the Federal Government's JobKeeper and Cash Flow Boost initiatives.

Although the net COVID-19 adjustments resulted in a contribution of $58,669, which offset the one-off provisions, the pandemic had a profound impact on Tennis SA with lost revenue opportunities from event cancellation at Memorial Drive and staff vacancies not being filled to preserve cash.

Tennis SA remains focussed on ensuring it has a sound financial position to be able to continue to provide sustainable services to its members and thereby promoting tennis in South Australia.

Yours sincerely

Kent Thiele
President

Philip Roberts
Vice President

Tennis SA Incorporated
ABN 19 103 003 187

30 June 2020

Tennis SA Incorporated
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020	2019 *
Revenues from contracts with customers		781,935	871,294
Government funding		8,263,150	5,926,801
Tennis Australia funding		2,127,529	1,356,657
Donations received		13,308	6,383
Total revenue	5	11,185,922	8,161,135
Player development expenses		(92,900)	(114,211)
Tournament and competition expenses		(558,568)	(603,446)
Participation expenses		(1,054,455)	(696,544)
Places to Play expense		(52,613)	(77,244)
Marketing and events expenses		(117,891)	(196,549)
Commercial and administration expenses		(1,136,526)	(1,233,125)
Total expenses		(3,012,953)	(2,921,119)
Finance income	7	41,122	64,315
Finance costs	7	(18,297)	(3,106)
Net finance income		22,825	61,209
Net surplus for the period		8,195,794	5,301,225
Other comprehensive income		-	-
Total comprehensive income for the period		8,195,794	5,301,225

* The Association initially applied AASB 16 Leases at 1 July 2019. Under the transition method chosen, comparative information has not been restated

The statement of profit or loss and other 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 financial position

As at 30 June 2020

	Note	2020	2019 *
Assets			
Cash and cash equivalents	9	702,907	9,166,750
Trade and other receivables	10	127,346	807,382
Total current assets		830,253	9,974,132
Property, plant and equipment	11	15,343,831	6,609,608
Right-of-use assets	12	370,058	-
Total non-current assets		15,713,889	6,609,608
Total assets		16,544,142	16,583,740
Liabilities			
Trade and other payables	13	183,799	376,237
Employee benefits	14	85,517	141,605
Deferred income	15	48,441	8,414,541
Lease liabilities	16	16,445	-
Total current liabilities		334,202	8,932,383
Employee benefits	14	20,456	16,041
Lease liabilities	16	358,374	16,041
Total non-current liabilities		378,830	16,041
Total liabilities		713,032	8,948,424
Net assets		15,831,110	7,635,316
Members' equity			
Retained earnings		15,767,144	7,565,384
Reserves		63,966	69,932
Total members' equity		15,831,110	7,635,316

* The Association initially applied AASB 16 Leases at 1 July 2019. Under the transition method chosen, comparative information has not been restated

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 changes in equity
For the year ended 30 June 2020

	Ken McGregor Fund	Retained earnings	Total equity
Balance at 1 July 2018	79,623	2,254,468	2,334,091
Total comprehensive income for the period			
Total other comprehensive income	-	-	-
Surplus for the period	-	5,301,225	5,301,225
Allocation of fundraising money	(9,691)	9,691	-
Balance at 30 June 2019	69,932	7,565,384	7,635,316

	Ken McGregor Fund	Retained earnings	Total equity
Balance at 1 July 2019	69,932	7,565,384	7,635,316
Total comprehensive income for the period			
Total other comprehensive income	-	-	-
Surplus for the period	-	8,195,794	8,195,794
Allocation of fundraising money	(5,966)	5,966	-
Balance at 30 June 2020	63,966	15,767,144	15,831,110

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 cash flows
For the year ended 30 June 2020

	Note	2020	2019 *
Cash flows from operating activities			
Cash receipts from customers		3,271,022	2,133,070
Cash paid to suppliers and employees		(3,088,901)	(2,385,962)
Interest received		41,122	64,315
Cash receipts from government grants		397,650	10,183,451
Net cash from operating activities	18	620,893	9,994,874
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(9,055,723)	(2,282,443)
Net cash (used in) investing activities		(9,055,723)	(2,282,443)
Cash flows from financing activities			
Lease payments (principal and interest)		(29,013)	-
Net cash (used in) financing activities		(29,013)	-
Net increase in cash and cash equivalents		(8,463,843)	7,712,431
Cash and cash equivalents at 1 July		9,166,750	1,454,319
Cash and cash equivalents at 30 June	9	702,907	9,166,750

* The Association initially applied AASB 16 Leases at 1 July 2019. Under the transition method chosen, comparative information has not been restated

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

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 Association is a not for profit entity and 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

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Associations Incorporation Act 1985. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

This is the first set of the Association's annual financial statements in which AASB 15 *Revenues with Customers,* AASB 1058 *Income for Not-for-Profit Entities,* and AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Notes 3(l).

The financial statements were approved by the Members of the Committee (the "officers") on 3 September 2020.

(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.

(e) Going concern

As noted in Note 20, the Association is economically dependent upon Tennis Australia and receives grant funding therefrom that forms an integral part of the funding required for the Association to achieve its short and long term objectives. As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been reviewed. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations, along with our proposed responses over the course of the next 12 months. These include a range of estimated impacts primarily based on length of time various levels of restrictions are in place and the severity of the consequent impact of those restrictions on Tennis SA Incorporated. In response, the Association has introduced cost control measures and other actions to preserve the cash position of the Association going forward. In the unlikely event that grant funding from Tennis Australia Limited should cease, or be reduced, it is the view of the officers that the Association would still be able to continue meeting the above objectives, albeit to a lesser extent.

The Directors have concluded that it is appropriate that these financial statements are prepared on a going concern basis, taking regard of the above and while acknowledging the uncertainties around forecasting financials in the COVID-19 environment. The Directors acknowledge that such uncertainties do not represent material uncertainties related to going concern

3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. Other than the adoption of AASB 15, AASB 16 and AASB 1058, refer Note 3(l), these have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition, initial measurement of derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financials assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The Association's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement financial assets

Financial assets at amortised costs

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, trade and most other receivables fall into this category of financial instrument as well as long-term deposit.

The Association do not currently hold any financial assets at FVPL or FVOCI.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Association in the management of its short term commitments.

Tennis SA Incorporated
Notes to the financial statements

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(v) Non-derivative financial liabilities

The Association has the following non-derivative financial liabilities: trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(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 accumulated impairment losses. The cost of property, plant and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its cost at that date.

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.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(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 5-40 years
- Plant and equipment 3-10 years
- Courts and court equipment 5-40 years

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

3. Significant accounting policies (continued)

(c) Impairment

(i) Financial assets (including receivables)

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost.

The Association makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

(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.

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 Corporate bonds at the balance sheet date which have maturity dates approximating to the terms of the Association's obligations.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when Association can no longer withdraw the offer of those benefits and when the Association recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months at the end of the reporting, then they are discounted.

(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.

Tennis SA Incorporated
Notes to the financial statements

3. Significant accounting policies (continued)

(f) Revenue and other income

Revenue and other income policy from 1 July 2019

(i) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.
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
5) Recognise revenue

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 Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations. Costs are recognised on an accrual basis.

Grant income

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. This is generally the case for the monies from the Government and the performance obligations are varied based on the agreement.
Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.
Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

Affiliation fees

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

(ii) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Association at significantly below its fair value.
Once the asset has been recognised, the Association recognises any related liability amounts. Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants

Capital grants received under an enforceable agreement to enable the Association to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Association (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.
For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.
For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Association.

Volunteer services

The Association has elected not to record volunteer services in the financial statements. Volunteer services received relate to accounting, human resources, legal and information technology resources from Tennis Australia, as well as volunteers assisting in the organising and running of tennis events throughout the state of South Australia.

3. Significant accounting policies (continued)

(f) Revenue and other income (continued)

(iii) Significant estimates and judgements relating to revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the Association, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the Association have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

(iv) Revenue and other income policy before 1 July 2019

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Rendering of 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.

Affiliation fees

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

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) Leases

The Association has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4.

Policy applicable from 1 July 2019

At inception of a contract, the Association assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Association uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

(i) As a lessee

Initial recognition and measurement

At commencement or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Association has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Association recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Tennis SA Incorporated
Notes to the financial statements

3. Significant accounting policies (continued)

(g) Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Association by the end of the lease term or the cost of the right-of-use asset reflects that the Association will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate.
The Association determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payment
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Association is reasonably certain to exercise, lease payments in an optional renewal period if the Association is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Association is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Association's estimate of the amount expected to be payable under a residual value guarantee, if the Association changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Association presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position.

Short-term leases and leases of low-value assets
The Association has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Association recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
At inception or on modification of a contract that contains a lease component, the Association allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Leases with significantly below-market terms and conditions
The Association has the right to use the Memorial Drive Tennis Centre for a nominal amount (2020: $14,459). This property is used for the Associations administration office as well as various tennis activities. The lease term ends in 2057.
The Association has elected to measure the right of use asset arising from this lease at cost, which is based on the associated lease liability.

3. Significant accounting policies (continued)

(g) Leases (continued)

(ii) As a lessor

When the Association acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To calcify each lease, the Association makes an overall assessment of whether the lease transfer substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Association considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Association applies AASB 15 to allocate the consideration in the contract.

The Association recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of Commercial and Administrative Revenue.
The accounting policies applicable to the Association as a lessor in the comparative period were not significantly different from AASB 16.

Policy applicable before 1 July 2019

(i) Lease payments

This policy is applied to contracts entered into before 1 July 2019.
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.

(ii) Lease received

The Association recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental income'.

(h) Finance income and costs

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 costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(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.

(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 accounting standards and interpretations not yet adopted

There are no standards or amendments that have been issued but not yet effective that are expected to have a significant impact on the Association.
The Association has not adopted, and currently does not anticipate adopting any standards prior to their effective dates.

3. Significant accounting policies (continued)

(l) New accounting standards adopted

The Association initially applied the below standards from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Association's financial statements.

(i) AASB 16 Leases

The Association has applied AASB 16 Leases from 1 July 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for the year ended 30 June 2019 is not restated – i.e. it is presented, as previously reported under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

(a) Definition of a lease

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

(b) As a lessee

As a lessee, the Association leases a few assets mainly consisting of property and equipment. The Association previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Association. Under AASB 16, the Association recognises right-of-use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Association by the end of the lease term or the cost of the right-of-use asset reflects that the Association will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Association's incremental borrowing rate.

(c) Lease classified as operating leases under AASB 117

Previously, the Association classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Association's incremental borrowing rate as at 1 July 2019.

The Association used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Association:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets.

The Association recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Impact on financial statements

On transition to AASB 16, the Association recognised right-of-use assets and liabilities in respect to all leases to which it was a lessee, that had commenced as at that date, and that did not meet the necessary criteria to be classified as short-term or low value leases. The impact on transition is summarised below. When measuring lease liabilities for leases that were classified as operating leases, the Association discounted lease payments using its incremental borrowing rate at 1 July 2019.

3. Significant accounting policies (continued)

(I) New accounting standards adopted (continued)

On transition to AASB 16 on 1 July 2019, the Association recognised right-of-use assets and lease liabilities of $372,066. There was no impact to opening retained earnings.

	1 July 2019
Right-of-use assets	372,066
Lease liabilities	372,066

When measuring lease liabilities for leases that were classified as operating leases, the Association discounted lease payments using its incremental borrowing rate of 3.5% at 1 July 2019.

The impact of AASB 16 on the Association's profit or loss for the period is disclosed in Note 13 to these financial statements.

	1 July 2019
Operating lease commitments at 30 June 2019 as disclosed under AASB 117 in the Association's financial statements	649,958
Discounted using the incremental borrowing rate at 1 July 2019	372,066
Current lease liabilities	12,148
Non-current lease liabilities	359,918
	372,066

(ii) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities.

The Association has initially applied AASB 15 and AASB 1058 from 1 July 2019. The implementation of AASB 15 and AASB 1058 did not have a significant impact on the timing and recognition of the Associations revenue and other income streams.

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.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Tennis SA Incorporated
Notes to the financial statements

5. Revenue

	Note	2020	2019
Revenue from contracts with customers – AASB 15 *Revenue from Contracts with Customers*			
Affiliation and registrations		290,098	288,092
Rental income	*12(b)*	213,097	253,021
Entry fees		183,604	135,013
Squad fees		46,201	45,627
Sponsorship and advertising		20,481	49,764
Event ticket sales		13,516	44,992
Other income		14,937	54,785
		781,935	871,294
Revenue recognised under AASB 1058 *Income of NFP entities*			
Government funding – capital		7,866,650	5,733,350
Government funding – operating		396,500	193,451
Tennis Australia funding		2,127,529	1,356,657
Donations received		13,308	6,383
		10,403,987	7,289,841
Revenue from continuing operations		11,185,922	8,161,135

6. Other expenses

The Association has the following key expenses:

	2020	2019
Depreciation expense		
buildings & leasehold improvements	284,929	60,636
plant and equipment	14,537	18,542
courts	11,448	43,439
right-of-use assets	20,729	-
Loss on disposal of fixed assets	10,586	415,246
Salaries and related on-costs	1,779,653	1,356,378
Insurance expense	26,790	21,576

7. Finance income and costs

	2020	2019
Interest income on bank deposits	41,122	64,315
Total finance income	41,122	64,315
Interest expense on borrowings	(5,252)	(3,106)
Interest expense on lease liabilities	(13,045)	-
Total finance costs	(18,297)	(3,106)
Net finance income and costs	22,825	61,209

No finance income and costs are recognised through equity. This is consistent with the statement of changes in equity on page 3.

Tennis SA Incorporated
Notes to the financial statements

8. Auditors' remuneration

	2020	2019
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	15,750	15,700
	15,750	15,700

9. Cash and cash equivalents

	2020	2019
Bank balances	377,665	2,648,248
Term deposits	325,242	6,518,502
	702,907	9,166,750

10. Trade and other receivables

	2020	2019
Trade receivables	10,901	575,990
Prepayments	11,364	184
Other receivables	105,081	231,208
	127,346	807,382

Tennis SA Incorporated
Notes to the financial statements

11. Property, plant and equipment

	Building and leasehold improvements	Plant and equipment	Courts and court equipment	Work in Progress	Total
Cost					
Balance at 1 July 2018	1,249,973	332,670	1,260,110	5,496	2,848,249
Additions	3,700,023	54,566	-	2,127,854	5,882,443
Disposals	(10,858)	(174,545)	(977,988)	-	(1,163,391)
Balance at 30 June 2019	4,939,138	212,691	282,122	2,133,350	7,567,301
Balance at 1 July 2019	4,939,138	212,691	282,122	2,133,350	7,567,301
Additions	11,189,074	(1)	-	(2,133,350)	9,055,723
Disposals	(48,255)	(48,045)	(94,531)	-	(190,831)
Balance at 30 June 2020	16,079,957	164,645	187,591	-	16,432,193
Accumulated depreciation					
Balance at 1 July 2018	(569,336)	(287,386)	(726,499)	-	(1,583,221)
Depreciation charge for the year	(60,636)	(18,542)	(43,439)	-	(122,617)
Disposals	10,858	173,704	563,583	-	748,145
Balance at 30 June 2019	(619,114)	(132,224)	(206,355)	-	(957,693)
Balance at 1 July 2019	(619,114)	(132,224)	(206,355)	-	(957,693)
Depreciation charge for the year	(284,929)	(14,537)	(11,448)	-	(310,914)
Disposals	37,669	48,045	94,531	-	180,245
Balance at 30 June 2020	(866,374)	(98,716)	(123,272)	-	(1,088,362)
Carrying amounts					
At 1 July 2018	680,637	45,284	533,611	5,496	1,265,028
At 30 June 2019	4,320,024	80,467	75,767	2,133,350	6,609,608
At 1 July 2019	4,320,024	80,467	75,767	2,133,350	6,609,608
At 30 June 2020	15,213,583	65,929	64,319	-	15,343,831

Tennis SA Incorporated
Notes to the financial statements

12. Leases

(a) Leases as lessee

(i) Amounts recognised within the statement of financial position

	Property	Equipment	Total
Balance at 1 July 2019	372,066	-	372,066
Additions to right-of-use assets	-	18,721	18,721
Depreciation charge for the year	(16,615)	(4,114)	(20,729)
Balance at 30 June 2020	355,451	14,607	370,058

The Association leases two properties and a photocopier. One of the property leases is a long-term lease, running to at least 2057, and has no extension options. The other property lease runs until June 2021 and the printer lease operates until 2023. None of the leases have any extension options.

(ii) Amounts recognised within the statement of profit or loss and other comprehensive income

2020 – Leases under AASB 16	Property	Equipment	Total
Interest on lease liabilities	12,512	533	13,045
Expenses relating to short-term leases	-	-	-
Expenses relating to leases of low value assets	-	-	-
	12,512	533	13,045

2019 – Leases under AASB 117	
Lease expense	29,515
Contingent rent expense	-

(iii) Amounts recognised within the statement of cash flows

Total cash outflows for all leases	29,013

(b) Leases as lessor

The Association leases out a portion of the Memorial Drive complex. The Association has classified these as operational leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Association during 2020 was $213,097 (2019: $253,021)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

Less than one year	58,932
Between one and five years	-
More than five years	-
Total	58,932

13. Trade and other payables

	2020	2019
Trade payables	-	19,066
Other payables and accrued expenses	183,799	357,171
	183,799	376,237

Tennis SA Incorporated
Notes to the financial statements

14. Employee benefits

Current

	2020	2019
Provision for long-service leave	25,614	38,312
Provision for annual leave	59,903	103,293
	85,517	141,605
Non-current		
Provision for long-service leave	20,456	16,041
	20,456	16,041

15. Deferred income

	2020	2019
Affiliation & registration	48,441	47,891
Government funding	-	7,866,650
Tennis Australia funding	-	500,000
	48,441	8,414,541

16. Lease liabilities

	2020	2019
Current		
Lease liabilities	16,445	-
	16,445	-
Non-current		
Lease liabilities	358,374	-
	358,374	-

17. Capitals and reserves

Ken McGregor Fund reserve

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

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. Reconciliation of cash flows from operating activities

	Note	2020	2019
Cash flows from operating activities			
Surplus for the period		8,195,794	5,301,225
Adjusted for:			
Loss on disposal of assets		10,586	415,246
Assets acquired – Anchor Project		-	(3,600,000)
Depreciation	*11*	331,643	122,617
Lease interest	*12*	13,045	-
Operating surplus before changes in working capital and provisions		8,551,068	2,239,088
(Increase)/decrease in trade and other receivables		680,036	(769,875)
Increase/(decrease) in deferred income		(8,366,100)	8,335,939
Increase/(decrease) in trade and other payables		(192,438)	170,786
Increase/(decrease) in provisions and employee benefits		(51,673)	18,936
Net cash from operating activities		620,893	9,994,874

Tennis SA Incorporated
Notes to the financial statements

19. Related party transactions

The Association, being an Associate member of Tennis Australia Limited, receives shared services benefits from Tennis Australia. These benefits include accounting, legal, information technology and human resources. These services were provided for nil consideration.

The names of each person holding the position of officer of the Association during the financial year were:

Kent Thiele, Philip Roberts, Liz Campbell (appointed July 2019), Julie Day (appointed July 2019), Dr. Alice Clark (resigned June 2020), Neville Messenger (resigned June 2020), Natalie Morley, Kerry Morrow, Gary Stratford (appointed July 2019) and Debbie Sterrey (resigned October 2019).

Officers of the Association are acting on an honorary basis.

The key management personnel for the Association include the following employees:
Steve Baldas (CEO - resigned October 19), Debbie Sterrey (CEO - started November 19), Ty Allen (Tournaments, Competitions and Officiating Manager - resigned November 19), Brett Hidson (General Manager – Venues and Government Relations) and Matthew Fitzgerald (Head of Tennis Development).

Key management personnel compensation

In AUD	**2020**	**2019**
Short-term employee benefits	384,352	425,294
Post employment benefits	36,281	38,900
Total compensation	420,633	464,194

In addition to salaries paid, key management personnel receive cash incentive bonuses based on key performance indicators, which are included in the benefits listed above.

20. Economic Dependence

The Association, being an associate member of Tennis Australia, receives grant funding from Tennis Australia 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 unlikely event that grant funding from Tennis Australia should cease, or be reduced, it is the view of the officers that if the Association 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.

21. Subsequent events

In the interval between the end of the financial year and the date of this report there have been no events, items or transactions of material or unusual nature likely, in the opinion of the directors of the Association, to significantly affect the operations of the Association, the results of those operations, or the state of the affairs of the Association in future financial years.

Tennis SA Incorporated
Statement by the Officers

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

(a) the Association is not publicly accountable;

(b) 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 2020 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Associations Incorporation Act 1985;

(c) 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......3rd......day of......September......2020.

Signed in accordance with a resolution of the officers:

K.Thiele
President

Philip Roberts

P.Roberts
Vice President

KPMG

Independent Auditor's Report

To the members of Tennis SA Incorporated

Opinion

We have audited the ***Financial Statements*** of Tennis SA Incorporated (the Association).

In our opinion, the accompanying Financial Statements present fairly the financial position of the Association as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements and* the *Incorporations Act 1985.*

The ***Financial Statements*** comprise:

- Statement of financial position as at 30 June 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Association in accordance with 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 Statements in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use

The Financial Statements have been prepared to assist the Directors of Tennis SA Incorporated in complying with the financial reporting requirements of the *Associations Incorporations Act 1985*. As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Tennis SA Incorporated and should not be used by parties other than the members of Tennis SA Incorporated. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the members of Tennis SA Incorporated or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Tennis SA Incorporated's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for:

- preparing and fair presentation of the Financial Statements in accordance with the financial reporting requirements of the Incorporation Act 1985
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are 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. They 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 Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG	Gordon Sangster
	Partner
	Melbourne
	3 September 2020