AUDITED FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TENNIS SA INCORPORATED
ABN 19 103 003 187

Dear Member

The 2020/21 financial year continued the significant development being undertaken by Tennis SA at Memorial Drive with the start of Stage 2 of the Centre Court upgrade which comprises the construction of a new North Stand, a new East Stand, and a refurbished South Stand.

When Stage 2 of the Centre Court upgrade is complete in the middle of 2022 there will have been a combined investment of over $65 million in Memorial Drive over the last four years. We believe this investment, funded mainly by Government grants to Tennis SA, will ensure Memorial Drive regains its place as a pre-eminent tennis facility that is truly an historic home of tennis in Australia with a history dating over 100 years.

The funding for the Stage 2 Centre Court upgrade was via a grant of $44 million from the South Australian Government, of which $7.981 million has been booked as income in the 2020/21 accounts. This relates to the percentage of the project that was completed as at 30 June 2021.

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 three financial years.

In the table below these impacts on Tennis SA's audited financial results are itemised and, after they are allowed for, a direct more meaningful comparison of the operating results of Tennis SA for the last 5 years is provided.

	2021	2020	2019	2018	2017
Total comprehensive income for the period	**7,550,947**	**8,195,794**	**5,301,225**	**133,273**	**182,183**
Includes the following abnormal items					
Government Grants - Centre Court Stage 2 Upgrade	7,981,033	-	-	-	-
Government Grants - Anchor Project	-	-	3,600,000	-	-
Government Grants - Centre Court Roof Upgrade	-	7,866,650	2,133,350	-	-
TA Grants - Centre Court Upgrade	-	563,198	-	-	-
Assets written off in line with Project	(152,777)	(10,585)	(415,246)	-	-
'One off' transactions	95,000	(51,000)	(13,830)	-	-
Depreciation - Anchor Project	(97,370)	(97,368)	(24,275)	-	-
Depreciation - Centre Court Upgrade	(302,430)	(150,377)	-	-	-
Total abnormal items	**7,523,456**	**8,120,518**	**5,279,998**	**-**	**-**
Adjusted ordinary income for the period	27,491	75,276	21,227	133,273	182,183
'Business as Usual' Depreciation	(76,728)	(83,898)	(98,342)	(94,980)	(97,055)
Adjusted ordinary income (EBITDA) for the period	104,219	159,174	119,569	228,253	279,238
COVID relief					
Reduction in TA Funding	870,788	163,838	-	-	-
Loss of Rental Income		28,994	-	-	-
JobKeeper Funding	(498,000)	(189,000)	-	-	-
ATO CashFlow Boost Payments	(37,500)	(62,500)	-	-	-
Total COVID related adjustments	335,288	(58,669)	-	-	-
Adjusted ordinary income (EBITDA) for the period without impacts of COVID	439,507	100,505	119,569	228,253	279,238

The adjusted ordinary income of Tennis SA in 2020/21 reflected as Earnings Before Interest, Tax and Depreciation ("EBITDA") was $104,219 which was comparable to the 2019/20 result of $159,174.

If we consider the loss of income from Tennis Australia and relief measures around COVID, there was a theoretical loss of ordinary income and cash to Tennis SA for 2020/21 of $335,288 which, if it hadn't occurred, would have notionally increased adjusted EBITDA to $439,507 (up from $100,505 in 2019/20).

In 2020/21 Tennis SA also benefitted from one off abnormal income of $95,000 which mainly related to income received from Tennis Australia for work it undertook to assist in the quarantining of international tennis players in January 2021. Tennis SA also took various measures during the year in relation to its normal business operations, including not filling staff vacancies, to preserve cash in the very difficult environment presented by COVID-19.

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 will provide a better reflection of Tennis SA's underlying performance.

Tennis SA remains focussed on ensuring it maintains 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

Financial Report for year ended
30 June 2021

Tennis SA Incorporated

ABN 19 103 003 187

Tennis SA Incorporated
Statement of financial position

As at 30 June 2021

	Note	2021	2020
Assets			
Cash and cash equivalents	*9*	38,133,797	702,907
Trade receivables and other assets	*10*	802,151	127,346
Total current assets		38,935,948	830,253
Property, plant and equipment	*11*	22,712,296	15,343,831
Right-of-use assets	*12*	395,878	370,058
Total non-current assets		23,108,174	15,713,889
Total assets		62,044,122	16,544,142
Liabilities			
Trade and other payables	*13*	1,953,070	183,799
Employee benefits	*14*	181,891	85,517
Deferred income	*15*	36,085,788	48,441
Lease liabilities	*16*	16,338	16,445
Total current liabilities		38,237,087	334,202
Employee benefits	*14*	35,854	20,456
Lease liabilities	*16*	389,124	358,374
Total non-current liabilities		424,978	378,830
Total liabilities		38,662,065	713,032
Net assets		23,382,057	15,831,110
Members' equity			
Retained earnings		23,314,616	15,767,144
Capital and general reserves		67,441	63,966
Total members' equity		23,382,057	15,831,110

The statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 7 to 19.

Tennis SA Incorporated
Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021	2020
Revenue from contracts with customers		569,781	568,838
Government funding		8,665,648	8,263,150
Tennis Australia funding		1,352,495	2,127,529
Donations received		11,633	13,308
Rental income		181,313	213,097
Total income	*5*	10,780,870	11,185,922
Player development expenses		-	(31,429)
Tournaments & Competitions Expenses		(199,799)	(260,017)
Tennis Development Expenses		(52,911)	(89,645)
Operations & Venues Expenses		(903,394)	(579,244)
Marketing & Communications Expenses		(74,804)	(94,062)
Finance & Administration Expenses		(2,004,280)	(1,958,556)
Total expenses	*6*	(3,235,188)	(3,012,953)
Finance income		20,429	41,122
Finance cost		(15,164)	(18,297)
Net finance income	*7*	5,265	22,825
Net surplus for the period		7,550,947	8,195,794
Other comprehensive income		-	-
Total comprehensive income for the period		7,550,947	8,195,794

The statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 7 to 19.

Tennis SA Incorporated
Statement of cash flows

For the year ended 30 June 2021

	Note	**2021**	**2020**
Cash flows from operating activities			
Cash receipts from customers		2,198,558	3,271,022
Cash paid to suppliers and employees		(5,935,557)	(3,088,901)
Interest received		20,429	41,122
Cash receipts from operating government grants		753,077	397,650
Cash receipts from captial government grants		48,400,000	-
Net cash from operating activities	*18*	45,436,507	620,893
Cash flows from investing activities			
Acquisition of property, plant and equipment	*11*	(7,976,587)	(9,055,723)
Net cash used in investing activities		(7,976,587)	(9,055,723)
Cash flows from financing activities			
Lease payments (principal and interest)		(29,030)	(29,013)
Net cash used in financing activities		(29,030)	(29,013)
Net increase/(decrease) in cash and cash equivalents		37,430,890	(8,463,843)
Cash and cash equivalents at 1 July		702,907	9,166,750
Cash and cash equivalents at 30 June	*9*	38,133,797	702,907

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 7 to 19.

Tennis SA Incorporated
Statement of changes in equity

For the year ended 30 June 2021

	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			
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
Balance at 1 July 2020	63,966	15,767,144	15,831,110
Total comprehensive income for the period			
Other comprehensive income	-	-	-
Surplus for the period	-	7,550,947	7,550,947
Allocation of fundraising money	3,475	(3,475)	-
Balance at 30 June 2021	67,441	23,314,616	23,382,057

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 7 to 19.

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 (SA). 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 (SA). These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were approved by the Members of the Committee (the "officers") on 21 September, 2021.

(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) Comparative amounts

During the year ended 30 June 2021, management reviewed the presentation of the financial statements and concluded the new presentation provides more relevant and reliable information for the members to understand the way in which the association operates.

In line with this review, the following adjustments were made to expenses in the Statement of profit or loss and other comprehensive income

	2020 audited financial statements	Adjustments	Adjusted balance
Player development expenses	(92,900)	61,471	(31,429)
Tournaments & Competitions Expenses	(558,568)	298,551	(260,017)
Tennis Development Expenses	(1,054,455)	964,810	(89,645)
Operations & Venues Expenses	(52,613)	(526,631)	(579,244)
Marketing & Communications Expenses	(117,891)	23,829	(94,062)
Finance & Administration Expenses	(1,136,526)	(822,030)	(1,958,556)
	(3,012,953)	**-**	**(3,012,953)**

(f) 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 officers' 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 officers 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 officers 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. These have been consistently applied 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 financial 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.

- 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 of financial assets

Financial assets at amortised cost

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 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.

(v) Non-derivative financial liabilities

The Association has the following non-derivative financial liabilities: interest bearing liabilities, bank overdrafts and 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.

3. Significant accounting policies (continued)

(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 and cost incurred in getting the asset ready for use. 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	7 - 40 years
• Plant and equipment	3 - 39 years
• Courts and court equipment	3 - 37 years

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

(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.

3. Significant accounting policies (continued)

(c) Impairment (continued)

(ii) Non-financial assets (continued)

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 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 the 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.

(f) Revenue and other income

(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.

3. Significant accounting policies (continued)

(f) Revenue and other income (continued)

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 gains

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.

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.

(iii) Significant estimate 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.

(g) Leases

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.

(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.

3. Significant accounting policies (continued)

(g) Leases (continued)

(i) As a lessee (continued)

Initial recognition and measurement (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 (2021:16,836). 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.

(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 classify 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.

3. Significant accounting policies (continued)

(g) Leases (continued)

(ii) As a lessor (continued)

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.

(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 Australian Taxation Office 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.

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.

5. Revenue and other income

	2021	2020
Revenue from contracts with customers - AASB 15 *Revenue from Contracts with Customers*		
Affiliation and registrations	289,387	290,099
Entry fees	229,177	183,604
Squad fees	-	46,201
Sponsorship and advertising	16,293	20,481
Event ticket sales	10,224	13,516
Other income	24,700	14,937
	569,781	568,838
Revenue recognised under AASB 1058 *Income of NFP entities*		
Government funding - capital	7,981,033	7,866,650
Government funding - operating	684,615	396,500
Tennis Australia funding	1,352,495	2,127,529
Donations received	11,633	13,308
	10,029,776	10,403,987
Revenue recognised under AASB 16 *Leases*		
Rental income	181,313	213,097
	181,313	213,097
Revenue and other income from continuing operations	10,780,870	11,185,922

6. Other expenses

The Association has the following key expenses:

	2021	2020
Depreciation expense:		
Buildings & leasehold improvements	127,348	284,929
Plant and equipment	14,277	14,537
Courts	313,720	11,448
Right-of-use assets	21,183	20,729
	476,528	331,643
Write-off of fixed assets	152,777	10,586
Salaries and related on-costs	1,867,129	1,779,653
Insurance expense	60,906	26,790

7. Finance income and finance costs

	2021	2020
Interest income on bank deposits	20,429	41,122
Total finance income	20,429	41,122
Interest expense on borrowings	(2,494)	(5,252)
Interest expense on lease liabilities	(12,670)	(13,045)
Total finance costs	(15,164)	(18,297)
Net finance income and costs	5,265	22,825

No finance income and costs are recognised through equity. This is consistent with the statement of changes in equity on page 5.

8. Auditor's remuneration

	2021	2020
Audit services		
Auditor's of the Association		
KPMG Australia: Audit and review of financial reports	15,000	15,750
KPMG Australia: Prior year additional audit fees	3,772	-
	18,772	15,750

9. Cash and cash equivalents

	2021	2020
Bank balances	17,733,797	377,665
Term deposits	20,400,000	325,242
Cash and cash equivalents	38,133,797	702,907

Of the cash on hand as at 30 June 2021, $37,177,913 relates to Government Funds for capital projects.

10. Trade and other receivables

	2021	2020
Trade receivables	30,965	10,901
Prepayments	-	11,364
Other receivables	771,186	105,081
	802,151	127,346

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 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
Assets written-off	(48,255)	(48,045)	(94,531)	-	(190,831)
Balance at 30 June 2020	16,079,957	164,645	187,591	-	16,432,193
Balance at 1 July 2020	16,079,957	164,645	187,591	-	16,432,193
Additions	-	-	-	7,976,587	7,976,587
Assets written-off	(287,589)	(20,177)	-	-	(307,766)
Reclassifications	(11,237,434)	42,087	11,195,347	-	-
Balance at 30 June 2021	4,554,934	186,555	11,382,938	7,976,587	24,101,014
Accumulated Depreciation					
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)
Assets written-off	37,669	48,045	94,531	-	180,245
Balance at 30 June 2020	(866,374)	(98,716)	(123,272)	-	(1,088,362)
Balance at 1 July 2020	(866,374)	(98,716)	(123,272)	-	(1,088,362)
Depreciation charge for the year	(127,348)	(14,277)	(313,720)	-	(455,345)
Assets written-off	135,201	19,788	-	-	154,989
Reclassifications	186,939	(30,288)	(156,651)	-	-
Balance at 30 June 2021	(671,582)	(123,493)	(593,643)	-	(1,388,718)

11. Property, plant and equipment (continued)

	Building and leasehold improvements	Plant and Equipment	Courts and court equipment	Work In Progress	Total
Carrying amounts					
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
At 1 July 2020	15,213,583	65,929	64,319	-	15,343,831
At 30 June 2021	3,883,352	63,062	10,789,295	7,976,587	22,712,296

12. Leases

(a) Leases as lessee

(i) Amounts recognised within the statement of financial position

	2021	2020
Property	355,451	372,066
Additions to right-of-use assets	47,003	-
Depreciation charge for the year	(16,775)	(16,615)
	385,679	355,451
Equipment	14,607	-
Additions to right-of-use assets	-	18,721
Depreciation charge for the year	(4,408)	(4,114)
	10,199	14,607
	395,878	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 ran until June 2021, at which time it went to a month by month agreement. A draft agreement has been received for 5 years and this is highly likely to be taken on by the association. 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

2021 - Leases under AASB 16	2021	2020
Interest on lease liabilities		
Property	12,240	12,512
Equipment	430	533
	12,670	13,045

(iii) Amounts recognised in statement of cash flows

	2021	2020
Total cash outflows for all leases	29,030	29,013

(b) Leases as lessor

The Association leases out a portion of the Memorial Drive complex. The Association has classified these as operating 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 2021 was $181,313 (2020: $213,097)

Tennis SA Incorporated
Notes to the financial statements

12. Leases (continued)

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

	2021	2020
Less than one year	115,340	58,932
Between one and five years	39,321	-
More than five years	-	-
Total	154,661	58,932

13. Trade and other payables

	2021	2020
Trade payables	75,106	-
Other payables and accrued expenses	1,877,964	183,799
	1,953,070	183,799

14. Employee benefits

	2021	2020
Current		
Provision for long-service leave - Current	31,740	25,614
Provision for annual leave	150,151	59,903
	181,891	85,517
Non-current		
Provision for long-service leave - Non-Current	35,854	20,456
	35,854	20,456

15. Deferred income

	2021	2020
Current		
Affiliation & registration	48,821	48,441
Government funding	36,036,967	-
	36,085,788	48,441

16. Lease liabilities

	2021	2020
Current		
Lease liabilities	16,338	16,445
	16,338	16,445
Non-current		
Lease liabilities	389,124	358,374
	389,124	358,374

17. Capital and general 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 (SA). 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	2021	2020
Cash flows from operating activities			
Surplus for the period		7,550,947	8,195,794
Adjusted for:			
Assets written-off		152,777	10,586
Depreciation	*11 & 12*	476,528	331,643
Lease interest	*12*	12,670	13,045
Operating surplus before changes in working capital and provisions		8,192,922	8,551,068
(Increase)/decrease in trade and other receivables		(674,805)	680,036
Increase/(decrease) in deferred income		36,037,347	(8,366,100)
Increase/(decrease) in trade and other payables		1,769,271	(192,438)
Increase/(decrease) in provisions and employee benefits		111,772	(51,673)
Net cash from operating activities		45,436,507	620,893

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, human resources, information technology and integrity and complience resources. These services are 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, Julie Day, Natalie Morley, Kerry Morrow, Gary Stratford, Joanna Lydamore (appointed July 2020), Roger Sanderson (appointed July 2020) and Col Lawson (appointed July 2020).
Officers of the Association are acting on an honorary basis.

Natalie Morley is the Chief Operating Officer of KWP! Agency. The following transactions between the association and KWP! Agency occurred during the financial year:

	2021	2020
Purchase of goods or services from entity controlled by related party	16,500	-
	16,500	-

19. Related party transactions (continued)

The key management personnel for the Association include the following employees:

Debbie Sterrey (Chief Executive Officer), Brett Hidson (Head of Operations & Venues), Matthew Fitzgerald (Head of Tennis Development), Dylan Hicks (Head of Tournaments & Competitions) and Bianca Marron (Head of Marketing & Communications).

During the period, the Company instigated a restructure, which increased the number of Key Management Personnel, which in turn, has increased the Key Management Personnel compensation for the period.

	2021	2020
Key management personal compensation		
In AUD		
Short-term employee benefits	446,444	384,352
Post-employment benefits	40,623	36,281
Total compensation	487,067	420,633

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 officers 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 3 to 19, are in accordance with the Associations Incorporation Act 1985 (SA), including:

(i) presents fairly, in all material respects, of the Association's financial position as at 30 June 2021 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 (SA);

(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 21st day of September 2021.

Signed in accordance with a resolution of the officers:

K. Thiele
President

P. Roberts
Vice President

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, in all material respects, the financial position of the Association as at 30 June 2021, 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 *Associations Incorporation Act 1985 (SA)*.

The ***Financial Statements*** comprise:

- Statement of financial position as at 30 June 2021;
- 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; and
- Statement by the Officers.

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 and distribution

The Financial Statements have been prepared to assist the Officers of Tennis SA Incorporated in complying with the financial reporting requirements of the *Associations Incorporation Act 1985 (SA)*.

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 or distributed to 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 Officers are responsible for the Other Information.

Our opinion on the 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 Officers for the Financial Statements

Officers are responsible for:

• the preparation and fair presentation of the Financial Statements in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the financial reporting requirements of the *Associations Incorporation Act 1985 (SA)*;

• 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

KPMG

Adrian Nathanielsz

Partner

Melbourne

21 September 2021