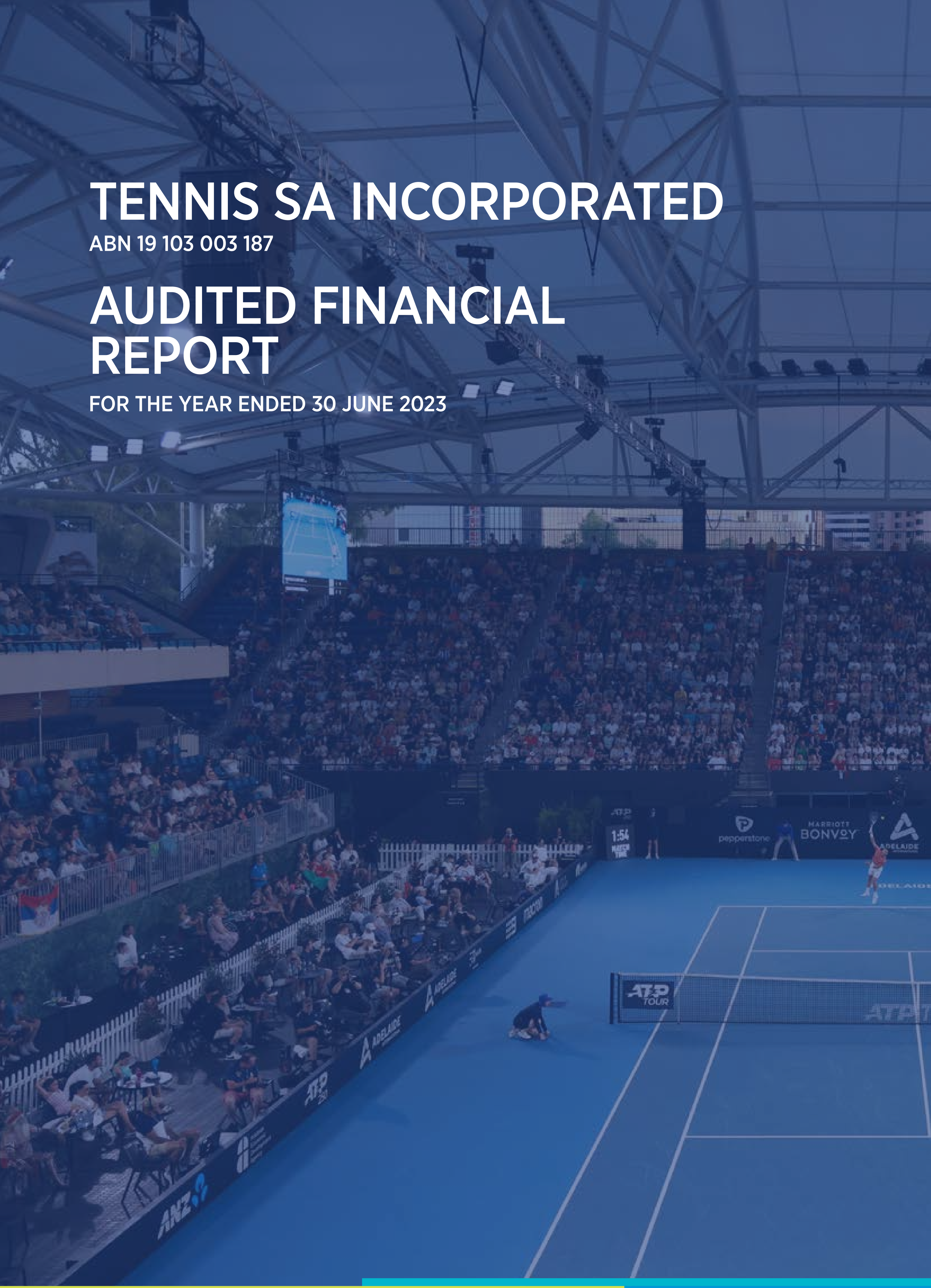
TENNIS SA INCORPORATED

ABN 19 103 003 187

AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



Dear Member

The 2022/23 financial year saw the completion of the redevelopment by Tennis SA of the Centre Court area at The Drive. This milestone was the culmination of the work of many people and the completed precinct was showcased for the first time at the Adelaide International in January 2023.The combined investment has been $68.75 million since 2018.

As a result of this investment, which was funded mainly by Government grants to Tennis SA, we believe The Drive is again a pre-eminent tennis facility and honours its unique place in Australian tennis history dating over 100 years.

In addition, The Drive now has its semi-permanent stage in place at the Western end of Centre Court which will enable it to host many different forms of entertainment and community events. The first concert at The Drive has been announced with Tom Jones performing at The Drive in March 2024.

The financial impact of the developments at the Memorial Drive tennis precinct has, in accordance with accounting standards, been reflected in Tennis SA's accounts based on the percentage of the respective project completed in each financial year since 2018/19. In addition, between 2019/20 and 2021/22 the reported results of Tennis SA were also impacted by COVID.

In the table below we have not highlighted the impact of Covid 19 as we have done in recent years as this year, we are seeking to show the underlying performance of the tennis operations of Tennis SA and The Drive separately on an EBITDA basis. This will be the focus going forward with the redevelopment complete and the impact of COVID hopefully no longer material.

The impact on Tennis SA's audited financial results of the redevelopment grants and associated depreciation (non-cash) are itemised in the table below and, after they are allowed for, a direct more meaningful comparison of the operating results of Tennis SA for the last 5 financial years is provided split between tennis operations and costs of The Drive before and after the redevelopment.

	2023	2022	2021	2020	2019
Total comprehensive income for the period	**6,227,047**	**32,475,244**	**7,550,947**	**8,195,794**	**5,301,225**
Includes the following abnormal items					
Government Grants - Centre Court Stage 2 Upgrade	6,652,979	32,965,988	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	530,000	-	-	563,198	-
Assets written off in line with Project	-	-	(152,777)	(10,585)	(415,246)
'One off' transactions	-	(31,000)	95,000	(51,000)	(13,830)
Depreciation - Anchor Project	(97,370)	(97,370)	(97,370)	(97,368)	(24,275)
Depreciation - Centre Court Upgrade	(302,430)	(302,466)	(302,430)	(150,377)	-
Depreciation - Memorial Drive Centre Court Upgrade	(228,745)	-	-	-	-
Total abnormal items	**6,554,433**	**32,535,152**	**7,523,456**	**8,120,518**	**5,279,998**
Adjusted ordinary income for the period	(327,386)	(59,908)	27,491	75,276	21,227
'Business as Usual' Depreciation	(81,090)	(68,467)	(76,728)	(83,898)	(98,342)
Adjusted ordinary income (EBITDA) for the period	(246,296)	8,559	104,219	159,174	119,569
The Drive					
The Drive - net operating deficit excluding above abnormal items	417,830	258,228	120,995	193,998	200,937
Total The Drive	417,830	258,228	120,995	193,998	200,937
Adjusted ordinary income (EBITDA) for the period without impact of The Drive	171,535	266,787	225,214	353,172	320,506

The adjusted ordinary income of Tennis SA in 2022/23 reflected as Earnings Before Interest, Tax and Depreciation ("EBITDA") was a loss of $246,296 compared to a profit of $8,559 in 2021/22.

The main reasons for this loss were the increased operational costs (such as insurance and utilities) associated with the new facilities at The Drive together with the unavoidable delay in generating revenue from the facility in the second half of 2022/23 as the facility was commissioned and approvals were obtained for the stage.

Specifically, The Drive had an EBITDA loss of $417,830 in 2022/23 compared to $258,228 in the preceding year. If the impact of The Drive is added back, the underlying tennis operations of Tennis SA achieved EBITDA of $171,534 in 2022/23 compared to $266,787 in 2021/22 with the reduction reflecting further investment in grassroots tennis post Covid 19.

The aim for Tennis SA moving forward is to generate sufficient revenue from The Drive to cover the increased operating costs of the facility, provide for its future maintenance and capital investment requirements and reinvest the remaining profit into the development of tennis in South Australia.

Tennis SA is very fortunate to have secured the funding to develop The Drive. It is a wonderful asset that will serve tennis and the South Australian community for many years to come. We are confident with the momentum that is now building for concerts and functions at The Drive that its economic viability will be secured, and it will contribute to grassroots tennis in South Australia which has always been a key outcome of the vision for the future of Tennis SA.

Tennis SA is maintaining its focus on ensuring it has a sound financial position so it can continue to serve its members and grow tennis South Australia.

Yours sincerely

Philip Roberts
President

Gary Stratford
Vice President

Tennis SA Incorporated
ABN 19 103 003 187

Annual Financial Report
30 June 2023

Tennis SA Incorporated

ABN 19 103 003 187

Tennis SA Incorporated
Statement of financial position

As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Cash and cash equivalents	*10*	717,906	7,132,543
Financial assets	*11*	50,000	-
Trade receivables and other assets	*12*	181,856	301,884
Prepaid expenses	*13*	3,432	-
Total current assets		953,194	7,434,427
Property, plant and equipment	*14*	61,714,467	55,217,427
Right-of-use assets	*15*	385,312	386,473
Total non-current assets		62,099,779	55,603,900
Total assets		63,052,973	63,038,327
Liabilities			
Trade and other payables	*16*	182,736	299,361
Employee benefits	*17*	240,310	217,285
Deferred income	*18*	56,569	6,208,019
Lease liabilities	*15*	16,816	18,297
Total current liabilities		496,431	6,742,962
Employee benefits	*17*	81,585	52,937
Lease liabilities	*15*	390,609	385,127
Total non-current liabilities		472,194	438,064
Total liabilities		968,625	7,181,026
Net assets		62,084,348	55,857,301
Members' equity			
Retained earnings		62,008,848	55,787,176
Capital and general reserves		75,500	70,125
Total members' equity		62,084,348	55,857,301

The statement of financial position 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

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenues	5	740,638	623,673
Total revenues		740,638	623,673
Other income	6	9,504,795	35,019,199
Total other income		9,504,795	35,019,199
Tournaments & Competitions Expenses		(283,909)	(170,851)
Tennis Development Expenses		(102,276)	(88,167)
Operations & Venues Expenses		(1,161,222)	(740,404)
Marketing & Communications Expenses		(216,701)	(63,523)
Finance & Administration Expenses		(2,310,216)	(2,127,526)
Total expenses		(4,074,324)	(3,190,471)
Finance income		73,106	39,914
Finance cost		(17,168)	(17,071)
Net finance income	8	55,938	22,843
Net surplus for the period		6,227,047	32,475,244

The statement of profit and loss 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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Cash receipts from customers		3,707,770	2,825,617
Cash paid to suppliers and employees		(3,708,179)	(2,809,323)
Interest received		73,106	39,914
Cash receipts from operating government grants		220,781	246,320
Cash receipts from captial government grants		543,400	3,321,169
Net cash from operating activities		836,878	3,623,697
Cash flows from investing activities			
Acquisition of property, plant and equipment	*14*	(7,167,475)	(34,594,218)
Cash investments in term deposits	*11*	(50,000)	-
Net cash used in investing activities		(7,217,475)	(34,594,218)
Cash flows from financing activities			
Lease payments (principal and interest)		(34,040)	(30,733)
Net cash used in financing activities		(34,040)	(30,733)
Net decrease in cash and cash equivalents		(6,414,637)	(31,001,254)
Cash and cash equivalents at 1 July		7,132,543	38,133,797
Cash and cash equivalents at 30 June	*10*	717,906	7,132,543

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 2023

	Reserves - Ken McGregor Fund	Retained Earnings	Total Members' Equity
Balance at 1 July 2021	67,441	23,314,616	23,382,057
Surplus for the period	-	32,475,244	32,475,244
Allocation of fundraising money	2,684	(2,684)	-
Balance at 30 June 2022	70,125	55,787,176	55,857,301
Balance at 1 July 2022	70,125	55,787,176	55,857,301
Surplus for the period	-	6,227,047	6,227,047
Allocation of fundraising money	5,375	(5,375)	-
Balance at 30 June 2023	75,500	62,008,848	62,084,348

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
For the year ended 30 June 2023

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

These are Tier 2 general purpose financial statements, prepared in accordance with Australian Accounting Standards – General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities, and the Associations Incorporation Act 1985 (SA).

The financial statements were approved by the Members of the Committee (the "officers") on 18th September 2023.

(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 22, 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.

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.

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).

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets continued)

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.

(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.

3. Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(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.

The Association assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The maximum period considered when estimating ECLs in the maximum contractual period over which the Association is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to entity in accordance with the contract and the cash flow that the Association expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance of ECL in statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(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.

3. Significant accounting policies (continued)

(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.

(iv) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contribution are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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 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.

Volunteer services

The Association has elected not to record volunteer services in the financial statements. Volunteer services received relate to 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 (2023: 18,827). 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

	Note	2023 $	2022 $
(i) Revenue from contracts with customers - AASB 15 *Revenue from Contracts with Customers*			
Affiliation and registrations		297,355	293,827
Entry fees		264,499	205,169
Sponsorship and advertising		60,924	41,214
Event ticket sales		89,259	53,043
Other revenue		28,601	30,420
		740,638	623,673
(ii) Timing of revenue recognition			
Services transferred at point in time		382,359	288,632
Services transferred over time		358,279	335,041
		740,638	623,673

6. Other income

	Note	2023 $	2022 $
Revenue recognised under AASB 1058 *Income of NFP entities*			
Government funding - capital		6,652,979	32,965,988
Government funding - operating		200,710	143,172
Tennis Australia funding		2,455,451	1,716,862
Donations received		-	9,048
		9,309,140	34,835,070
Revenue recognised under AASB 16 *Leases*			
Rental income	15 (b)	195,655	184,129
		195,655	184,129
Total other income		9,504,795	35,019,199

7. Other expenses

The Association has the following key expenses:

	Note	2023 $	2022 $
Depreciation expense:			
Buildings & leasehold improvements	14	346,323	119,514
Plant and equipment	14	11,496	11,435
Courts	14	312,616	313,387
Right-of-use assets	15 (a)	24,884	23,967
		695,319	468,303
Employee benefits		2,009,051	1,774,443
Superannuation		162,787	156,369
Insurance expense		98,872	58,351

8. Finance income and finance costs

	2023 $	2022 $
Interest income on bank deposits	73,106	39,914
Total finance income	73,106	39,914
Interest expense on borrowings	(2,850)	(2,938)
Interest expense on lease liabilities	(14,318)	(14,133)
Total finance costs	(17,168)	(17,071)
Net finance income and costs	55,938	22,843

No finance income and costs are recognised through equity. This is consistent with the statement of changes in equity on page 6.

Tennis SA Incorporated
Notes to the financial statements (continued)
For the year ended 30 June 2023

9. Auditor's remuneration

	2023 $	2022 $
Audit services		
Auditor's of the Association		
KPMG Australia: Audit and review of financial reports	16,660	15,570
	16,660	15,570

10. Cash and cash equivalents

	2023 $	2022 $
Bank balances	417,906	4,531,546
Term deposits	300,000	2,600,997
Cash and cash equivalents	717,906	7,132,543

Of the cash on hand as at 30 June 2023, $67,347 relates to Government Funds for capital projects (2022: $4,090,637). Term deposits include those with a maturity date of less than 3 months.

11. Financial assets

	2023 $	2022 $
Term deposit	50,000	-
	50,000	-

Term deposits include those with a maturity date of greater than 3 months. The Association holds a term deposit with ANZ ($50,000) earning 4.64% pa with a maturity of November 2023.

12. Trade and other receivables

	2023 $	2022 $
Trade receivables	145,410	30,261
Other receivables	36,446	271,623
	181,856	301,884

13. Prepaid expenses

	2023 $	2022 $
Current		
Prepaid expenses	3,432	-
	3,432	-

14. Property, plant and equipment

	Building and leasehold improvements	Plant and Equipment	Courts and court equipment	Work In Progress	Total
Cost					
Balance at 1 July 2021	4,554,934	186,555	11,382,938	7,976,587	24,101,014
Additions	-	-	-	32,949,467	32,949,467
Balance at 30 June 2022	4,554,934	186,555	11,382,938	40,926,054	57,050,481
Balance at 1 July 2022	4,554,934	186,555	11,382,938	40,926,054	57,050,481
Additions	7,078,262	89,213	-	-	7,167,475
Reclassifications	40,926,054	-	-	(40,926,054)	-
Balance at 30 June 2023	52,559,250	275,768	11,382,938	-	64,217,956

14. Property, plant and equipment (continued)

	Building and leasehold improvements	Plant and Equipment	Courts and court equipment	Work In Progress	Total
Accumulated Depreciation					
Balance at 1 July 2021	(671,582)	(123,493)	(593,643)	-	(1,388,718)
Depreciation charge for the year	(119,514)	(11,435)	(313,387)	-	(444,336)
Balance at 30 June 2022	(791,096)	(134,928)	(907,030)	-	(1,833,054)
Balance at 1 July 2022	(791,096)	(134,928)	(907,030)	-	(1,833,054)
Depreciation charge for the year	(346,323)	(11,496)	(312,616)	-	(670,435)
Balance at 30 June 2023	(1,137,419)	(146,424)	(1,219,646)	-	(2,503,489)
Carrying amounts					
At 1 July 2022	3,883,352	63,062	10,789,295	7,976,587	22,712,296
At 30 June 2022	3,763,838	51,627	10,475,908	40,926,054	55,217,427
At 1 July 2022	3,763,838	51,627	10,475,908	40,926,054	55,217,427
At 30 June 2023	51,421,831	129,344	10,163,292	-	61,714,467

15. Leases

(a) Right-of-use assets - Leases as lessee
(i) Amounts recognised within the statement of financial position

	2023 $	2022 $
Balance as at 1 July - Property	380,682	385,679
Additions to right-of-use assets	23,723	14,562
Depreciation charge for the year	(20,476)	(19,559)
Balance as at 30 June - Property	383,929	380,682
Balance as at 1 July - Equipment	5,791	10,199
Additions to right-of-use assets	-	-
Depreciation charge for the year	(4,408)	(4,408)
Balance as at 30 June - Equipment	1,383	5,791
	385,312	386,473

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 2026 and the printer lease operates until 2023. None of the leases have any extension options.

The property leases contain the following arrangements:

- The Association leases property from The City of Adelaide (Memorial Drive Tennis Centre) and The City of Unley (Millswood Tennis Centre);
- The Association subleases out a portion of the Memorial Drive Tennis Centre (Note 15 (b)); and
- The Association transfers out the day-to-day operations of the Millswood Tennis Centre to Tennis World (operated by Tennis Australia Limited).

(ii) Future lease payment
The total future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

	2023 $	2022 $
Less than one year	31,100	29,512
One to five years	115,890	110,579
More than five years	530,524	502,428
	677,514	642,519

Tennis SA Incorporated
Notes to the financial statements (continued)
For the year ended 30 June 2023

15. Leases (continued)

(a) Right-of-use assets - Leases as lessee (continued)

(iii) Lease liability

	2023 $	2022 $
Current		
Lease liabilities	16,816	18,297
	16,816	18,297
Non-current		
Lease liabilities	390,609	385,127
	390,609	385,127

The following table sets the terms and repayment schedule for right-of-use assets held by the Association

	Incremental borrowing rate	Years of maturity	2023 Carrying Amount	2022 Carrying Amount
Lease liabilities	3.50%	Between 1 and 35 years	407,425	403,424

(b) Operating 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 2023 was $195,655 (2022: $184,129)

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

	2023 $	2022 $
Less than one year	93,356	50,688
Between one and five years	88,200	-
More than five years	-	-
Total	181,556	50,688

16. Trade and other payables

	2023 $	2022 $
Trade payables	5,147	14,555
Other payables and accrued expenses	177,589	284,806
	182,736	299,361

17. Employee benefits

	2023 $	2022 $
Current		
Provision for long-service leave - Current	49,241	38,742
Provision for annual leave	191,069	178,543
	240,310	217,285
Non-current		
Provision for long-service leave - Non-Current	81,585	52,937
	81,585	52,937

18. Deferred income

	2023 $	2022 $
Current		
Affiliation & registrations	56,569	49,040
Government funding	-	6,158,979
	56,569	6,208,019

19. 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.

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.

20. Financial Instruments

The following table shows the carrying amounts of financial assets and financial liabilities

		2023	2022
Financial assets measured at amortised cost	*Note*	$	$
Trade receivables	*12*	145,410	30,261
Cash and cash equivalents	*10*	717,906	7,132,543
Financial assets	*11*	50,000	-
		913,316	7,162,804
Financial assets measured at amortised cost			
Trade payables	*16*	5,147	14,555
Lease Liabilities	*15*	407,425	403,424
		412,572	417,979

21. 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 compliance 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 Lydeamore, Col Lawson and Brandon Oster.

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:

	2023	2022
	$	$
Purchase of goods or services from entity controlled by related party	3,450	59,653
	3,450	59,653

21. Related party transactions (continued)

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

Debbie Sterrey (Chief Executive Officer and General Manager Adelaide Internationl), Matthew Fitzgerald (Head of Operations and Venues), Dylan Hicks (Head of Tournaments & Competitions), Bianca Marron (Head of Marketing & Communications), James Pick (Head of Tennis Development - February 2023), Benjamin Jones (Operations Lead - resigned December 2023), and Caitlin Magill (Operations Lead - resigned April 2023).

Key management personal compensation	**2023**	**2022**
In AUD	**$**	**$**
Short-term employee benefits	452,844	434,524
Post-employment benefits	31,127	37,038
Total compensation	483,971	471,562

22. 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.

23. Contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities pertaining to the Association in existence as at 30 June 2023 (2022: nil).

24. 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 2023 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the Association 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 18th day of September 2023.

Signed in accordance with a resolution of the officers:

Philip Roberts

P. Roberts
President

Liz Campbell

L. Campbell
Director