Tennis SA Incorporated
ABN 19 103 003 187

30 June 2012

Tennis SA Incorporated
Statement of comprehensive income
For the year ended 30 June 2012

	Note	2012	2011
Player development revenue	6	110,459	110,929
Tournament and competition revenue	6	131,305	63,191
Community tennis revenue	6	797,704	738,634
Marketing and events revenue	6	110,940	118,793
Memorial Drive Tennis Centre revenue	6	130,742	144,837
Total revenue		1,281,150	1,176,384
Other income	7	651,284	599,549
Player development expenses		(112,978)	(147,076)
Tournament and competition expenses		(198,081)	(114,256)
Community tennis expenses		(552,630)	(426,393)
Marketing and events expenses		(149,643)	(150,945)
Memorial Drive Tennis Centre expenses		(73,829)	(83,200)
Commercial and administration expenses		(754,126)	(647,611)
Total expenses		(1,841,287)	(1,569,481)
Finance income	9	28,873	19,148
Finance expense	9	(19,519)	(18,669)
Net finance income		9,354	479
Net surplus for the period		100,501	206,931
Other comprehensive income		-	-
Total comprehensive income for the period		100,501	206,931

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

Tennis SA Incorporated
Statement of changes in equity
For the year ended 30 June 2012

	Ken McGregor foundation	Court maint reserves	Retained earnings	Total equity
Balance at 1 July 2010	24,284	12,560	1,388,217	1,425,061
Total comprehensive income for the period				
Total other comprehensive income	-	-	-	-
Surplus for the period	-	-	206,931	206,931
Allocation of fundraising money	17,418	-	(17,418)	-
Balance at 30 June 2011	41,702	12,560	1,577,730	1,631,992
Balance at 1 July 2011	41,702	12,560	1,577,730	1,631,992
Total comprehensive income for the period				
Total other comprehensive income	-	-	-	-
Surplus for the period	-	-	100,501	100,501
Allocation of fundraising money	2,943	-	(2,943)	-
Balance at 30 June 2012	44,645	12,560	1,675,288	1,732,493

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

Tennis SA Incorporated
Statement of financial position
As at 30 June 2012

	Note	2012	2011
Assets			
Cash and cash equivalents	*11*	580,092	508,171
Trade and other receivables	*12*	142,867	119,438
Total current assets		722,959	627,609
Property, plant and equipment	*13*	1,652,449	1,737,243
Total non-current assets		1,652,449	1,737,243
Total assets		2,375,408	2,364,852
Liabilities			
Trade and other payables	*14*	155,459	126,143
Employee benefits	*15*	52,276	51,549
Income received in advance	*16*	54,918	113,279
Interest bearing liability	*17*	64,914	57,336
Total current liabilities		327,567	348,307
Employee benefits	*15*	15,949	24,366
Interest bearing liability	*17*	299,399	360,187
Total non-current liabilities		315,348	384,553
Total liabilities		642,915	732,860
Net assets		1,732,493	1,631,992
Members' equity			
Retained earnings		1,675,288	1,577,730
Reserves		57,205	54,262
Total members' equity		1,732,493	1,631,992

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

Tennis SA Incorporated
Statement of cash flows
For the year ended 30 June 2012

	Note	2012	2011
Cash flows from operating activities			
Cash receipts from customers		1,786,268	1,636,280
Cash paid to suppliers and employees		(1,899,356)	(1,680,184)
Interest received		28,873	19,148
Interest paid		(20,172)	(18,312)
Cash receipts from government grants		243,500	220,000
Net cash (used in)/from operating activities	*21*	139,113	176,932
Cash flows from investing activities			
Acquisition of property, plant and equipment	*13*	(13,982)	(51,976)
Net cash (used in)/from investing activities		(13,982)	(51,976)
Cash flows from financing activities			
Repayment of borrowings		(53,210)	(55,071)
Net cash (used in)/from financing activities		(53,210)	(55,071)
Net increase/(decrease) in cash and cash equivalents		71,921	69,885
Cash and cash equivalents at 1 July		508,171	438,286
Cash and cash equivalents at 30 June	*11*	580,092	508,171

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

Tennis SA Incorporated
Notes to the financial statements

1. Reporting entity

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

Tennis SA Incorporated
War Memorial Drive
Adelaide SA 5000

The Association is a not for profit entity and the principal activities of the Association during the course of the financial year were the promotion and development of the game of tennis in South Australia.

2. Basis of preparation

The financial statements were approved by the Members of the Committee on 20 August 2012.

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act 1985.

The standards relevant to the Association that have been adopted during the year are:

- AASB 1054 Australian Additional Disclosures
- AASB 2009-12 Related Party Disclosures
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

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

3. Significant accounting policies

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

Tennis SA Incorporated
Notes to the financial statements
Significant accounting policies (continued)

(a) Financial instruments

(i) Non-derivative financial instruments

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

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

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

Cash and cash equivalents comprise cash balances.

(ii) Loans and receivables

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

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

3. Significant accounting policies (continued)

(c) Impairment

(i) Financial assets (including receivables)

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

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

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

All impairment losses are recognised through profit or loss.

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

(ii) Non-financial assets

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

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

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

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

(d) Employee benefits

(i) Long-term employee benefits

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

(ii) Short-term benefits

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

3. Significant accounting policies (continued)

(e) Provisions

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

(f) Revenue and other income

(i) Services

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

(ii) Affiliation and registration fees

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

(iii) Grants

Reciprocal grants

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

Non-reciprocal grants

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

(g) Lease payments

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

(h) Finance income and expenses

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

(i) Income tax

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

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

Tennis SA Incorporated
Notes to the financial statements

3. Significant accounting policies (continued)

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(k) New standards and interpretations not yet adopted

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

4. Determination of fair values

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

Trade and other receivables

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

5. Financial risk management

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

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

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

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

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

Credit risk

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

Trade and other receivables

The Association's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Association's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. Approximately 40 percent (2011: 28 percent) of the Association's revenue is attributable to transactions with a single customer.

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

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

Liquidity risk

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

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

5. Financial risk management (continued)

Market risk

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

Currency risk

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

Operational risk

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

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

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

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

Capital management

The Association is not subject to externally imposed capital requirements.

Tennis SA Incorporated
Notes to the financial statements

6. Revenue

	2012	2011
Player development revenue		
Tennis Australia grants	40,252	46,653
Squad fees	70,193	63,617
Course fees	14	205
Sponsorship	-	454
	110,459	110,929
Tournaments & competitions revenue		
Tennis Australia grants	57,600	-
Entry fees	30,568	34,543
Sanction fees	28,015	15,813
Other income	15,122	12,835
	131,305	63,191
Community Tennis Revenue		
Tennis Australia grants	391,009	220,623
Affiliation and registrations	312,697	479,728
Sanction fees	9,000	10,000
Entry fees	83,998	28,283
Other income	1,000	-
	797,704	738,634
Marketing & events revenue		
Tennis Australia grants	29,545	30,455
Sponsorship	32,637	31,227
Event ticket sales	42,217	40,940
Fundraising income	4,741	255
Other income	1,800	15,916
	110,940	118,793
Memorial Drive Tennis Centre revenue		
Tennis Australia grants	18,182	15,000
Hire of venue	43,227	37,612
Event entry fees	44,097	68,386
Court hire	25,236	23,814
Other income	-	25
	130,742	144,837
Total revenue	1,281,150	1,176,384

7. Other income

	2012	2011
Government grants	221,364	200,000
Rental income	168,357	148,166
Other income	19,063	31,308
Tennis Australia grants	242,500	220,075
Total other income	651,284	599,549

Government grants

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

Tennis SA Incorporated
Notes to the financial statements

8. Other expenses

The Association has the following key expenses:

	2012	2011
Depreciation expense		
buildings & leasehold improvements	37,656	32,817
plant and equipment	7,148	9,977
courts	53,972	53,971
Movement in provision for employee benefits	(7,690)	(36,319)
Insurance expense	61,711	60,896
Operating lease rental expense	21,840	20,998

9. Finance income and expense

	2012	2011
Interest income on bank deposits	28,873	19,148
Total finance income	28,873	19,148
Interest expense on borrowings	(19,519)	(18,669)
Total finance expense	(19,519)	(18,669)
Net finance income and expense	9,354	479

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

10. Auditors' remuneration

	2012	2011
Audit services		
Auditors of the Association		
KPMG Australia:		
Audit and review of financial reports	10,800	10,300
	10,800	10,300

11. Cash and cash equivalents

	2012	2011
Bank balances	580,092	508,171
Cash and cash equivalents	580,092	508,171

12. Trade receivables and other assets

	2012	2011
Trade receivables	86,196	80,642
Prepayments	19,593	24,994
Other receivables	37,078	13,802
	142,867	119,438

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

	Building and leasehold improvements	Plant and equipment	Courts	Total
Cost				
Balance at 1 July 2010	1,112,051	229,733	1,255,089	2,596,873
Additions	38,709	13,267	-	51,976
Disposals	(1,242)	-	-	(1,242)
Balance at 30 June 2011	1,149,518	243,000	1,255,089	2,647,607
Balance at 1 July 2011	1,149,518	243,000	1,255,089	2,647,607
Additions	13,982	-	-	13,982
Disposals	-	-	-	-
Balance at 30 June 2012	1,163,500	243,000	1,255,089	2,661,589
Accumulated depreciation				
Balance at 1 July 2010	(294,282)	(208,902)	(310,961)	(814,145)
Depreciation charge for the year	(32,817)	(9,977)	(53,971)	(96,765)
Disposals	546	-	-	546
Balance at 30 June 2011	(326,553)	(218,879)	(364,932)	(910,364)
Balance at 1 July 2011	(326,553)	(218,879)	(364,932)	(910,364)
Depreciation charge for the year	(37,656)	(7,148)	(53,972)	(98,776)
Disposals	-	-	-	-
Balance at 30 June 2012	(364,209)	(226,027)	(418,904)	(1,009,140)
Carrying amounts				
At 1 July 2010	817,769	20,831	944,128	1,782,728
At 30 June 2011	822,965	24,121	890,157	1,737,243
At 1 July 2011	822,965	24,121	890,157	1,737,243
At 30 June 2012	799,291	16,973	836,185	1,652,449

Tennis SA Incorporated
Notes to the financial statements

14. Trades and other payables

	2012	2011
Trade payables	42,997	29,817
Other payables and accrued expenses	112,462	96,326
	155,459	126,143

15. Employee benefits

Current

	2012	2011
Provision for annual leave	52,276	51,549
	52,276	51,549

Non-current

Provision for long-service leave	15,949	24,366
	15,949	24,366

16. Income received in advance

	2012	2011
Affiliation & registration	41,718	98,737
Other Income	13,200	14,542
	54,918	113,279

17. Interest bearing liabilities

Current

	2012	2011
Tennis Australia loan	64,914	57,336
	64,914	57,336

Non-current

Tennis Australia loan	299,399	360,187
	299,399	360,187

A loan was acquired from Tennis Australia in order to redevelop the Southern Stand at the Memorial Drive Complex. This loan has an overall term of ten years and quarterly repayments commenced in February 2008. The average interest rate charged on this loan during the year was 3.82%.

Tennis SA Incorporated
Notes to the financial statements

18. Capitals and reserves

Ken McGregor Foundation reserve

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

Court maintenance reserves

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

Members equity

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

19. Financial instruments

Credit Risk

Exposure to credit risk

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

		Carrying amount	
	Note	**2012**	**2011**
Trade and other receivables (less prepayments)	*12*	123,274	94,444
Cash and cash equivalents	*11*	580,092	508,171
		703,366	602,615

The Association's maximum exposure to credit risk for trade and other receivables (less prepayments) at the reporting date by geographic region was $123,274 in Australia (2011: $94,444).

The Association's most significant customer accounts for 17% or $18,056 of the trade receivables carrying amount at 30 June 2012 (2011: 28% or $23,434).

Impairment losses

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

	Gross 2012	**Gross 2011**
Not past due	70,911	48,685
Past due 0-30 days	9,447	5,805
Past due 31-60 days	1,335	3,517
Past due 61 days	25,934	25,594
	107,627	83,601

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

	2012	**2011**
Balance at 1 July	2,960	4,462
Impairment loss/(gain) recognised	18,471	(1,502)
Balance at 30 June	21,431	2,960

Tennis SA Incorporated
Notes to the financial statements

19. Financial instruments (continued)

Liquidity Risk

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

30 June 2012

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Trade and other payables	155,459	(155,459)	(155,459)	-	-	-	-
Loan – Tennis Australia	364,313	(390,068)	(36,691)	(36,691)	(73,382)	(220,147)	(23,157)
	519,772	(545,527)	(192,150)	(36,691)	(73,382)	(220,147)	(23,157)

30 June 2011

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

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

Interest Rate Risk

Profile

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

	Association Carrying amount 2012	2011
Fixed rate instruments		
Financial assets	300,000	-
	300,000	-
Variable rate instruments		
Financial assets	280,092	508,171
Financial liabilities	(364,313)	(417,523)
	(84,221)	90,648

Tennis SA Incorporated
Notes to the financial statements

19. Financial instruments (continued)

Liquidity Risk

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2011

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2012				
Variable rate instruments	(842)	842	-	-
Cash flow sensitivity (net)	(842)	842	-	-

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2011				
Variable rate instruments	907	(907)	-	-
Cash flow sensitivity (net)	907	(907)	-	-

Fair values versus carrying amounts

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

20. Operating leases

Leases as leasee

Non cancellable operating lease rentals are payable as follows

	2012	2011
Less than one year	7,562	11,971
Between one and five years	15,124	21,513
More than five years	-	-
	22,686	33,484

Leases as lessor

Non cancellable operating lease rentals are payable as follows

	2012	2011
Less than one year	121,906	115,405
Between one and five years	348,967	357,491
More than five years	35,237	112,820
	506,110	585,716

The Association leases property under non-cancellable operating leases expiring from 1 to 10 years. Leases generally provide the Association with a right of renewal at which time all the terms are renegotiated.
During the financial year ended 30 June 2012, $21,840 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2011: $20,998) and $168,357 was recognised as income (2011: $148,166). Rugby SA and Sport Development Australia occupy offices within the Tennis SA premises under an approved council agreement

Tennis SA Incorporated
Notes to the financial statements

21. Reconciliation of cash flows from operating activities

	Note	2012	2011
Cash flows from operating activities			
Surplus/(deficit) for the period		100,501	206,931
Adjusted for:			
Depreciation	13	98,776	96,765
Loss on disposal of property, plant and equipment		-	696
Operating profit before changes in working capital and provisions		199,277	304,392
(Increase)/decrease in trade and other receivables		(23,429)	5,156
(Decrease)/increase in income received in advance		(58,361)	(91,221)
(Decrease)/increase in trade and other payables		29,316	(5,076)
(Decrease)/increase in provisions and employee benefits		(7,690)	(36,319)
Net cash (used in)/from operating activities		139,113	176,932

Tennis SA Incorporated
Notes to the financial statements

22. Other related party transactions

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

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

William Cossey, Philip Roberts, Kent Thiele, Neville Guthberlet, Neville Messenger, Rick Baldock, John MacKenzie, Graham Smart and Sylvia Mason.

Officers of the Association are acting on an honorary basis.

The key management personnel for Tennis SA include the following employees:
Steve Baldas, CEO (commenced April 2012), Alistair MacDonald, CEO (resigned March 2012), and Adam Renfrey, Community Tennis Manager.

Key management personnel compensation

In AUD	**2012**	**2011**
Short-term employee benefits	151,513	204,563
Post employment benefits	13,474	17,077
Termination benefits	37,353	40,582
Total compensation	202,340	262,222

23. Economic Dependence

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

24. Subsequent events

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

Tennis SA Incorporated
Statement by the Officers

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

(a) the financial statements and notes set out on pages 1 to 20, are in accordance with the Associations Incorporation Act 1985, including:

(i) fair presentation of the financial position of the Association as at 30 June 2012 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Associations Incorporation Act 1985;

(b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Dated at Adelaide 21ST day of August 2012.

Signed in accordance with a resolution of the officers:

P. Roberts
Treasurer & Director

W. Cossey
President