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Gordon Sangster
KPMG
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21 August 2017

Dear Gordon,

Representation letter - audit of financial report for period 1 July 2016 to 30 June 2017

This representation letter is provided in connection with your audit of the annual financial report of Tennis SA Incorporated (the Association) which comprises the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes including a summary of significant accounting policies, for the purpose of expressing an opinion as to whether the financial report presents fairly, in all material respects, the financial position of the Association and its financial performance and its cash flows in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act 1985*.

Certain representations in this letter are described as being limited to matters that are material. We understand that omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- 1 We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 11 May 2015, for the preparation and fair presentation of the financial report in accordance with applicable Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) and the *Associations Incorporation Act 1985*.

2 In preparing the financial report:

- We have determined that based on AASB 1053 *Application of Tiers of Accounting Standards* the Association is not publicly accountable and have therefore applied Tier 2 reporting requirements
- We have adopted appropriate Australian Accounting Standards – Reduced Disclosure Requirements and accounting policies, including complying with all applicable recognition, measurement and disclosure requirements of the Australian Accounting Standards – Reduced Disclosure Requirements. All further references to Australian Accounting Standards in this document are to the equivalent Australian Accounting Standards – Reduced Disclosure Requirements standard.
- Measurement methods, significant assumptions or data used by us in making accounting estimates, including those measured at fair value, are reasonable.

3 We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

4 All transactions have been recorded in the accounting records and reflected in the financial report.

5 We acknowledge our responsibility for such internal control as we determine necessary for the preparation of the financial report that is free from material misstatement whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We have disclosed to you the results of management's assessment of the risk that the financial report may be materially misstated as a result of fraud.

6 We understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements or omissions of amounts or disclosures in financial reports to deceive financial report users. Misstatements resulting from misappropriations of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

7 There have been no:

- (a) Fraud or suspected fraud that we are aware of and that affects the Association and involves:

- Management;
- Employees who have significant roles in internal control; or
- Others where the fraud could have a material effect on the financial report.

(b) Allegations of fraud, or suspected fraud, affecting the Association's financial report communicated by employees, former employees, analysts, regulators or others.

- 8 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws or regulations whose effects should be considered when preparing the financial report. Further, we have disclosed to you and have appropriately accounted for and/or disclosed in the financial report in accordance with Australian Accounting Standards all known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
- 9 We have disclosed to you the identity of the Association's related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with AASB 124 *Related Party Disclosures*.
- 10 All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- 11 The Association has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities. We believe the carrying value of all material assets will be recoverable.
- 12 The measurement, presentation and disclosure of fair values are in accordance with Australian Accounting Standards. The measurement methods and significant assumptions used in determining fair values are appropriate in the circumstances and the resulting valuations and disclosures are reasonable.
- 13 We have recorded all liabilities and disclosed all contingent liabilities in the financial report in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.
- 14 All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to you and accounted for and/or disclosed in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Except as disclosed in the notes to the financial report, we are not aware of any additional claims that have been or are expected to be received that could have a material effect on the financial report.
- 15 The Association has satisfactory title to all assets and there are no liens or encumbrances on the Association's assets other than those reflected in the financial report.
- 16 There are no plans to abandon product lines, or other plans or intentions that will result in excess or obsolete inventory, and no inventory stated at an amount in excess of net realisable value.
- 17 We have no non-current assets or disposal groups that are required by AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, to be classified as held for sale.

- 18 We have identified each part of an item of property, plant and equipment that is significant in relation to the total cost of the item and depreciated each item separately in accordance with AASB 116 *Property, Plant and Equipment*.
- 19 There were no material contractual commitments for capital or other expenditure at year end not included in the financial report.
- 20 Throughout the period the Association has conformed with all aspects of contractual agreements that could have a material effect on the financial report in the event of non-compliance, including the requirements of its debt, including all financial and non-financial covenants.
- 21 As at the statement of financial position date, the Association had measured appropriately any obligations arising from:
 - Onerous contracts, i.e. those contracts under which the unavoidable costs of meeting the obligations exceed the economic benefits to be received under it;
 - Liabilities for interest on deposits and other indebtedness, including subordinated notes and participation loans;
 - Losses from transactions not recognised in the statement of financial position.
- 22 The revenue recognition criteria have been applied to the separately identifiable components within a single transaction to reflect the substance of the transaction in accordance with AASB 118 *Revenue*.
- 23 All sales transactions are final and there are no side agreements with customers or other terms that allow for the return of merchandise, except for conditions covered by the usual and customary warranties.
- 24 Disclosures in respect of financial instruments as required by AASB 7 *Financial Instruments: Disclosures* have been appropriately incorporated in the financial report. Information relating to the Association's exposures to risk arising from financial instruments and how those exposures arise, including a description of our objectives, policies and processes for managing the risk arising from financial instruments and the methods used to measure this risk, has been appropriately disclosed in the financial report as required by AASB 7.
- 25 We have reviewed all financial assets and financial liabilities within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, and confirm that they have been recorded and classified appropriately as either:
 - Financial liabilities held for trading;
 - Financial liabilities designated at fair value through profit or loss;
 - Financial assets at fair value through profit or loss; or
 - Financial asset at amortised cost

- 26 We believe the assumptions and techniques used by us regarding fair value of financial assets and financial liabilities are appropriate and that all fair value measurements are determined in accordance with AASB 13 *Fair value measurement*. In circumstances where the fair value of a financial asset or liability at initial recognition is different from the transaction price, we have immediately recognised a gain or loss equal to the difference in the income statement if and only if the fair value measurement is evidenced by a quoted price in an active market for an identical asset or liability, or is based on a valuation technique that uses only data from observable markets. If the fair value measurement at initial recognition does not meet either of these conditions, then the difference is deferred and subsequently recognised as a gain or loss only to the extent it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.
- 27 The Association has applied the principles in AASB 132 *Financial Instruments: Presentation* appropriately in determining the presentation of financial instruments as financial liabilities or equity.
- 28 When we have applied hedge accounting, we have complied with the applicable hedge designation, documentation, periodic effectiveness assessment and accounting requirements of AASB 139.
- 29 The following have been properly disclosed in the notes to the financial report:
- (a) Judgements, apart from those involving estimations, management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements including:
- classification and reclassification of financial instruments
 - recognition of impairment on financial and non-financial assets

We have made available to you all minutes of meetings of shareholders and the board of directors, and, when applicable, summaries of actions of meetings held after the reporting period for which minutes have not yet been applied.

- 30 With respect to the publication of the financial report on our website, we:
- acknowledge we are responsible for the electronic presentation of the financial report;
 - will ensure that the electronic version of the audited financial report and the audit report on the website will be the same as the final signed hard copy version;
 - will clearly differentiate audited and unaudited information on the website and that the absence of appropriate controls to address this issue increases the risk of potential misrepresentation to users;
 - have assessed the controls over the security and integrity of the data on the website and that adequate procedures are in place to ensure the integrity of the information published; and

- will not present the audit report on the full financial report with extracts only of the full financial report.

31 We have made an assessment of the Association's ability to continue as a going concern taking into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Association's ability to continue as a going concern.

Yours Sincerely



Philip Roberts

Treasurer