

TENNIS TOWNSVILLE INC.

ABN: 19 579 672 424

# FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019



**TENNIS TOWNSVILLE INC.**

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**TENNIS TOWNSVILLE INC.**

**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
<b>Income</b>		
Canteen catering	25	1,099
Coaching fees	132,305	113,946
Court hire - external	18,590	16,338
Claims on insurance	100,667	-
Donations received	3,583	11,416
Facility hire	227	459
Fixtures fees	40,564	55,918
Fundraising proceeds	2,702	481
Grants capital	70,617	7,209
Grants non capital	4,854	13,500
Interest income	769	1,029
Participation fees	8,669	6,321
Registration - membership ordinary	28,423	24,677
Sales - balls & grips	1,337	450
Sales - canteen GST free	1,635	1,987
Sales - canteen with GST	21,277	28,231
Solar rebates	1,858	2,087
Special income - lease land	33,557	28,698
Sponsorship	11,183	15,300
Sponsorship in kind	3,653	1,681
Sundry income	471	1,743
Tournament fees	11,253	17,020
Rotary administration	48,068	58,525
<b>Total income</b>	<u>546,287</u>	<u>408,115</u>
<b>Expenditure</b>		
Advertising	4,271	5,193
Assets below \$1,000	-	3,101
Bank fees	342	329
Computer repairs & maintenance	2,183	1,129
Consumables	3,755	3,057
Contractors	34,296	31,891
Depreciation	86,112	81,425
Donations	-	760
Electricity & gas	17,112	19,253
Employee leave provision expense	3,927	(5,776)
Freight & Courier	12	364
Fundraising expenses	350	273
Hire of equipment or services	231	345
Insurances Building assets	7,531	8,387
Interest expense	4,262	4,430
Internet / web site	900	743
Lease - office equipment	1,511	1,328
Legal/ bookkeeping/ professional fee	8,318	7,730
Licences, fees & subscription	1,278	3,302
Loss on assets write off	43,001	2,882
Merchant fees	5,680	3,785

*The accompanying notes are an integral part of these financial statements.*

**TENNIS TOWNSVILLE INC.**

**STATEMENT OF INCOME AND EXPENDITURE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Expenditure</b>		
Office supplies & stationery	526	1,505
Prizes, trophies & giveaways	9,553	11,373
Purchases - canteen (ball & grips, other tennis items)	1,293	2,596
Purchases - canteen GST free	2,206	4,782
Purchases - canteen with GST	6,377	11,470
Rates, rents & land taxes	14,963	13,008
Repairs - electrical repairs to tennis lights	3,720	9,341
Repairs - office equipment & kiosk	1,394	86
Repairs & maintenance - courts, grounds & fences	6,455	5,538
Repairs & maintenance buildings	447	1,317
Software	4,647	2,268
Sundry account	-	958
Superannuation	10,095	10,186
Telephone / fax / postage	3,918	3,880
Tennis balls	5,631	4,566
TQ affiliation fee	4,748	4,633
Training / course fees	-	40
Travel Assistance for players, staff	515	1,978
Volunteer expenses	26	1,963
Wages and salaries	156,551	168,313
Wages and salaries - bonus payments	19,985	18,268
Workcover insurance	1,907	2,052
<b>Total expenditure</b>	<u>480,029</u>	<u>454,052</u>
<b>Surplus/(Deficit) for the year before income tax</b>	<u>66,258</u>	<u>(45,936)</u>
Income tax	-	-
<b>Surplus/(Deficit) for the year after income tax</b>	<u>66,258</u>	<u>(45,936)</u>
<b>Retained surplus at the beginning of the year</b>	<u>1,007,714</u>	<u>1,053,651</u>
<b>Retained surplus at the end of the year</b>	<u><u>1,073,972</u></u>	<u><u>1,007,714</u></u>

*The accompanying notes are an integral part of these financial statements.*

TENNIS TOWNSVILLE INC.

ASSETS AND LIABILITIES STATEMENT  
AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	443,391	65,034
Accounts receivable		5,113	15,398
Stock on hand - bar & balls		511	1,923
Stock – ballroom		1,079	3,722
Prepayment of expenses		2,333	7,887
<b>Total current assets</b>		<u>452,427</u>	<u>93,964</u>
<b>Non-current assets</b>			
Property and equipment	3	1,018,728	1,066,395
<b>Total non-current assets</b>		<u>1,018,728</u>	<u>1,066,395</u>
<b>Total assets</b>		<u>1,471,155</u>	<u>1,160,359</u>
<b>Current liabilities</b>			
Accounts payable		10,920	5,314
Business visa card		866	1,551
Unexpended grants		258,540	35,864
GST payable		31,131	3,334
PAYG withholdings payable		2,461	6,734
Prepaid income		16,408	16,278
Superannuation payable		3,428	2,003
Annual leave		3,719	-
Unsecured notes		66,328	16,034
<b>Total current liabilities</b>		<u>393,801</u>	<u>87,112</u>
<b>Non-current liabilities</b>			
Unsecured notes		-	62,358
Provision for long service leave		3,382	3,174
<b>Total non-current liabilities</b>		<u>3,382</u>	<u>65,532</u>
<b>Total liabilities</b>		<u>397,183</u>	<u>152,644</u>
<b>Net assets</b>		<u>1,073,972</u>	<u>1,007,714</u>
<b>Equity</b>			
Retained surplus		1,007,714	1,053,651
Current year surplus / (deficit)		66,258	(45,937)
<b>Total equity</b>		<u>1,073,972</u>	<u>1,007,714</u>

The accompanying notes are an integral part of these financial statements.

TENNIS TOWNSVILLE INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Summary of Significant Accounting Policies

**Financial Reporting Framework**

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act 1981. The association is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards. The committee has determined that the association is not a reporting entity.

**Statement of Compliance**

The financial report has been prepared in accordance with the Associations Incorporation Act 1981, the recognition and measurement basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: *Presentation of Financial Statements*, AASB 107: *Cash Flow Statements*, AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054: *Australian Additional Disclosures*.

**Basis of Preparation**

The financial statements have been prepared on an accrual basis and are based on historical costs. They do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

**(a) Income Tax**

The Association has self-assessed itself as exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

**(b) Property and Equipment**

Building improvements, Tennis courts and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The carrying amount of property and equipment is reviewed annually by the committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash inflows have been discounted to their present values in determining recoverable amounts.

**Depreciation**

The depreciable amount of all property and equipment is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Building improvements- Straight line	2.5 – 10%
Office equipment – Straight line	5 – 20%
Tennis Courts – Straight line	2.5 – 10%

The asset's residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income and expenditure statement.

## TENNIS TOWNSVILLE INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

#### **(d) Impairment of Assets**

At the end of each reporting period, the committee reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

#### **(e) Trade and Other Receivables**

Trade and other receivables include amounts due from members as well as amounts receivable from donors and sponsors.

Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### **(f) Employee Provisions**

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

#### **(g) Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### **(h) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

The Association has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

#### **Sale of goods**

Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customers.

#### **Interest revenue**

Interest is recognised using the effective interest method.

## TENNIS TOWNSVILLE INC.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### (i) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

#### (j) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### (k) Leases

##### The Association as Lessee

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date.

The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

##### Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-8 and measures the right-of-use assets at cost on initial recognition.

#### (l) New and Amended Accounting Policies Adopted by the Association

The following accounting standards have been adopted during the period as they are applicable to annual periods beginning on or after 1 January 2019:

- AASB 16: Leases
- AASB 1058: Income of Not-for-Profit Entities
- AASB 15: Revenue from Contracts with Customers

The entity has adopted the above standards and noted there was no impact on its financial statements in the current or prior periods.



**TENNIS TOWNSVILLE INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>2. Cash and Cash Equivalents</b>		
Business Everyday Account	15,405	2,916
Business Saver Account	427,486	61,718
Cash Float on Hand	500	400
	<u>443,391</u>	<u>65,034</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>3. Property and Equipment</b>		
Building Improvements at Cost	389,299	350,274
Less Accumulated Depreciation	<u>(185,880)</u>	<u>(171,068)</u>
	<u>203,419</u>	<u>179,207</u>
Tennis Courts at Cost	1,182,537	1,282,022
Less Accumulated Depreciation	<u>(459,309)</u>	<u>(466,078)</u>
	<u>723,228</u>	<u>815,944</u>
Equipment at Cost	144,807	112,425
Less Accumulated Depreciation	<u>(52,726)</u>	<u>(41,181)</u>
	<u>92,081</u>	<u>71,244</u>
Total Property and Equipment	<u>1,018,728</u>	<u>1,066,395</u>

**4. Related Party Transactions**

Transactions with Committee Members of the association and their related entities made during the year are on arm's length terms and conditions that are no more favourable than those with which it is reasonable to expect the association to have adopted with non-related suppliers.

**5. Subsequent Events**

No matters or circumstances have arisen since the end of the reporting period, which have significantly or may significantly affect the operations, or state of affairs of the association in subsequent financial years.

**6. Commitments and Contingencies**

The committee members are not aware of any commitments or contingencies that exist at the date of signing this report.

**7. Association Details**

The principal place of business of the association is 32 Burke Street, North Ward, QLD, 4810.


**TENNIS TOWNSVILLE INC.**

**COMMITTEES' DECLARATION  
FOR THE YEAR ENDED 31 DECEMBER 2019**

In accordance with a resolution of the committee of Tennis Townsville Inc., the members of the committee declare that:

1. The financial statements as set out on pages 1 to 7, present a true and fair view of the financial position of Tennis Townsville Inc. as at 31 December 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the Associations Incorporation Act 1981; and
2. At the date of this statement, there are reasonable grounds to believe that Tennis Townsville Inc. will be able to pay its debts as and when they fall due.

This statement is signed for and on behalf of the committee by:

President ..... 

Treasurer ..... 

Dated: 27/02/2020.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TENNIS TOWNSVILLE INC  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Report on the Audit of the Financial Report**

**Qualified Opinion**

We have audited the financial report of Tennis Townsville Inc. (the association), which comprises the assets and liabilities statement as at 31 December 2019, the income and expenditure statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 31 December 2019 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporation Act 1981*.

**Basis for Qualified Opinion**

It is not always practicable for the association to establish control over all sources of income prior to receipt of these funds by the association and accordingly, it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the association. Our audit report is thus qualified on the completeness of income.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of the *Associations Incorporation Act 1981*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Committee for the Financial Report**

The committee is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporation Act 1981* and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**JESSUPS**



**Paul Sapelli**  
Director

Level 1, 211 Sturt Street, Townsville QLD 4810

Dated: 27 February 2020