

Tennis Townsville Inc

ABN: 15 579 672 424

Financial Statements

For the Year Ended 31 December 2020

Tennis Townsville Inc

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For the Year Ended 31 December 2020

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Tennis Townsville Inc

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

		2020	2019
	Note	\$	\$
Revenue	3	504,347	546,287
Employee benefits expense		(169,545)	(190,557)
Depreciation		(85,376)	(86,112)
Impairment loss on non-financial assets		(5,464)	(43,001)
Other expenses	4	(122,415)	(160,358)
Profit/(loss) before income tax		121,547	66,258
Income tax expense	2(b)	-	-
Profit/(loss) for the year		121,547	66,258
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		121,547	66,258

The accompanying notes form part of these financial statements.

Tennis Townsville Inc

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Statement of Assets and Liabilities

As At 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		393,142	443,391
Trade and other receivables	5	4,239	5,113
Inventories		1,839	1,590
Prepayments		-	2,333
TOTAL CURRENT ASSETS		399,220	452,427
NON-CURRENT ASSETS			
Land and buildings	6	186,500	203,419
Plant and equipment	6	884,029	815,309
TOTAL NON-CURRENT ASSETS		1,070,529	1,018,728
TOTAL ASSETS		1,469,749	1,471,155
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	13,796	65,215
Unsecured notes		-	66,328
Employee benefits	8	6,043	7,101
Contract liabilities		193,176	258,540
TOTAL CURRENT LIABILITIES		213,015	397,183
NON-CURRENT LIABILITIES			
Unsecured notes		61,214	-
TOTAL NON-CURRENT LIABILITIES		61,214	-
TOTAL LIABILITIES		274,229	397,183
NET ASSETS		1,195,520	1,073,972
MEMBERS' FUNDS			
Retained profits		1,195,519	1,073,972
TOTAL MEMBERS' FUNDS		1,195,519	1,073,972

The accompanying notes form part of these financial statements.

Tennis Townsville Inc

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Statement of Changes in Equity For the Year Ended 31 December 2020

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2020	1,073,972	1,073,972
Profit/ (loss) for the year	121,547	121,547
Balance at 31 December 2020	1,195,519	1,195,519

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2019	1,007,714	1,007,714
Profit/(loss) for the year	66,258	66,258
Balance at 31 December 2019	1,073,972	1,073,972

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

The financial statements cover Tennis Townsville Inc as an individual entity. Tennis Townsville Inc is a not-for-profit Association incorporated in Queensland under the *Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2007)* ('the Act').

The principal activities of the Association for the year ended 31 December 2020 were the operation of a tennis club for the benefit of members.

The functional and presentation currency of Tennis Townsville Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. 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 to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Grant income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and 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 input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058).

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Association considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be under the Association's control and which is enforceable 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.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Association.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(b) Income Tax

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

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

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 Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

(d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Association, commencing when the asset is ready for use.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

- amortised cost

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of assets and liabilities.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, bank and other loans and lease liabilities.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies

(i) Employee benefits

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 benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

3 Revenue and Other Income

	2020	2019
	\$	\$
Cashflow boost	20,000	-
Coaching fees	113,472	132,305
Fixtures, tournament and participation fees	28,813	60,486
Grant funding	125,209	75,471
Insurance claims	8,830	100,667
Jobkeeper payments received	97,500	-
Lease and rental of facilities	50,250	52,374
Membership fees	30,374	28,423
Other income	12,023	9,385
Rotary administration recoveries	545	48,068
Sales from kiosk	14,455	24,273
Sponsorship	2,875	14,835
	504,347	546,287

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Notes to the Financial Statements For the Year Ended 31 December 2020

4 Other expenses

	2020	2019
	\$	\$
Advertising	3,516	4,271
Bank charges	4,604	6,021
Computer expenses	10,583	7,730
Consumables	1,658	3,755
Contractors	19,982	34,296
Electricity and gas	13,132	17,112
Fees and permits	5,939	6,026
Insurance	10,822	9,439
Interest expense	4,311	4,262
Other expenses	2,940	3,169
Prizes	2,094	9,553
Professional fees	3,050	8,318
Purchases for kiosk	10,842	15,508
Rates and taxes	12,680	14,963
Repairs and maintenance	12,472	12,017
Telephone and fax	3,790	3,919
	122,415	160,358

5 Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	1,210	5,113
Accrued revenue	3,029	-
	4,239	5,113

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Tennis Townsville Inc

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Notes to the Financial Statements For the Year Ended 31 December 2020

6 Property, plant and equipment

	2020 \$	2019 \$
Buildings		
At cost	379,492	389,299
Accumulated depreciation	(192,991)	(185,880)
Total buildings	186,500	203,419
Capital works in progress		
At cost	36,083	-
Total capital works in progress	36,083	-
Plant and equipment		
At cost	156,232	144,807
Accumulated depreciation	(58,282)	(52,726)
Total plant and equipment	97,949	92,081
Tennis Courts		
At cost	1,266,242	1,182,537
Accumulated depreciation	(516,245)	(459,309)
Total tennis courts	749,997	723,228
Total plant and equipment	884,029	815,309
Total property, plant and equipment	1,070,529	1,018,728

7 Trade and Other Payables

	2020 \$	2019 \$
Trade payables	2,776	11,358
Prepaid income	-	16,408
GST payable	2,815	31,130
Credit cards	4,283	866
Payroll liabilities	3,923	5,452
	13,796	65,215

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 31 December 2020

8 Employee Benefits

	2020	2019
	\$	\$
Long service leave	939	3,382
Provision for annual leave	5,104	3,719
	6,043	7,101

9 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 December 2020 (31 December 2019:None).

10 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

11 Statutory Information

The registered office and principal place of business of the company is:

Tennis Townsville Inc
32 Burke Street
North Ward QLD 4810

Tennis Townsville Inc

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Statement by Members of the Committee


The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 11:

1. Presents fairly the financial position of Tennis Townsville Inc as at 31 December 2020 and its performance for the year ended on that date.
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 made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President 

Treasurer 

Dated

16 March 2021



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TENNIS TOWNSVILLE INC
FOR THE YEAR ENDED 31 DECEMBER 2020

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 statement of assets and liabilities as at 31 December 2020, the statement of profit or loss and other comprehensive income 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 effects 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 2020 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. This description forms part of our auditor's report.

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Paul Sapelli

Partner

Level 1, 211 Sturt Street, Townsville QLD 4810

Dated: 11 March 2021