

Tennis Townsville Inc

ABN: 15 579 672 424

Financial Statements

For the Year Ended 31 December 2022

Tennis Townsville Inc

ABN: 15 579 672 424

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For the Year Ended 31 December 2022

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

		2022	2021
	Note	\$	\$
Revenue and other income	3	253,999	779,099
Employee benefits expense		(11,280)	(63,960)
Depreciation		(93,727)	(89,688)
Loss on write-off of assets		(71,840)	-
Other expenses	4	(59,062)	(204,220)
Profit/(loss) before income tax		18,090	421,231
Income tax expense	2(b)	-	-
Profit/(loss) for the year		18,090	421,231
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		18,090	421,231

The accompanying notes form part of these financial statements.

Tennis Townsville Inc

ABN: 15 579 672 424

**Statement of Assets and Liabilities
As At 31 December 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	327,872	318,561
Trade and other receivables	6	2,896	12,556
Inventories	7	-	2,280
Prepayments	8	17,638	14,093
TOTAL CURRENT ASSETS		348,406	347,490
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,530,056	1,389,773
TOTAL NON-CURRENT ASSETS		1,530,056	1,389,773
TOTAL ASSETS		1,878,462	1,737,263
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	40,339	26,264
Other financial liabilities	11	45,445	-
Employee benefits	13	-	1,060
Other liabilities	12	35,000	48,421
TOTAL CURRENT LIABILITIES		120,784	75,745
NON-CURRENT LIABILITIES			
Other financial liabilities	11	-	44,456
Employee benefits	13	-	312
TOTAL NON-CURRENT LIABILITIES		-	44,768
TOTAL LIABILITIES		120,784	120,513
NET ASSETS		1,757,678	1,616,750
MEMBERS' FUNDS			
Asset revaluation reserve		122,838	-
Retained profits		1,634,840	1,616,750
TOTAL MEMBERS' FUNDS		1,757,678	1,616,750

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 2022

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2022	1,616,750	-	1,616,750
Profit/(loss) for the year	18,090	-	18,090
Revaluation increment	-	122,838	122,838
Balance at 31 December 2022	1,634,840	122,838	1,757,678

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2021	1,195,519	-	1,195,519
Profit/(loss) for the year	421,231	-	421,231
Balance at 31 December 2021	1,616,750	-	1,616,750

The accompanying notes form part of these financial statements.

Tennis Townsville Inc

ABN: 15 579 672 424

Notes to the Financial Statements

For the Year Ended 31 December 2022

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 2022 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

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 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Grant Income

AASB 15 – Revenue from Contracts with Customers

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 obligation is satisfied.

The performance obligations are varied based on the agreement.

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.

AASB 1058 – Income of Not-for-Profit Entities

Capital grants received to enable the Association 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.

Amounts arising from grants in the scope of AASB 1058 (i.e. contracts which are either not enforceable or do not have sufficiently specific performance obligations) 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.

Sponsorship Income

Sponsorships that have sufficiently specific and enforceable performance obligations are recognised as revenue when the specified performance obligations are met, either at a point in time or over time.

Revenue from sponsorships that do not have sufficiently specific performance obligations is recognised when the Association obtains control of the sponsorship or the right to receive the sponsorship.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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*.

(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.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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:

- amortised cost (the Association only has financial assets in this category)
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

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.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

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 2022

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.

Tennis Townsville Inc

ABN: 15 579 672 424

Notes to the Financial Statements For the Year Ended 31 December 2022

3 Revenue and other income

	2022	2021
	\$	\$
Coaching fees	-	151,841
Court hire	-	21,210
Fixtures, tournament and participation fees	-	49,820
Grant funding	118,017	409,933
Jobkeeper payments received	-	11,850
Lease and rental fees	120,535	32,659
Membership fees	-	40,181
Other income	5,127	26,572
Rotary administration recoveries	559	745
Sales from kiosk	-	27,073
Sponsorship	9,761	7,215
	<u>253,999</u>	<u>779,099</u>

4 Other expenses

	2022	2021
	\$	\$
Bank charges	268	4,839
Computer expenses	3,722	6,120
Contractors	1,356	92,267
Electricity and gas	12,719	13,577
Fees and permits	5,609	5,728
Insurance	9,419	11,134
Interest expense	2,235	4,017
Other expenses	1,741	7,969
Prizes	120	8,410
Professional fees	3,227	3,713
Purchases for kiosk	-	19,743
Rates and taxes	10,636	9,875
Repairs and maintenance	3,897	13,232
Telephone and fax	4,113	3,596
	<u>59,062</u>	<u>204,220</u>

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

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	<u>59,062</u>	<u>204,220</u>

Tennis Townsville Inc

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Notes to the Financial Statements For the Year Ended 31 December 2022

5 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	327,872	318,561
	<u>327,872</u>	<u>318,561</u>

6 Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	-	130
GST receivable	2,896	12,426
	<u>2,896</u>	<u>12,556</u>

7 Inventories

	2022	2021
	\$	\$
CURRENT		
At cost:		
Bar stock	-	2,280
	<u>-</u>	<u>2,280</u>

8 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	17,638	14,093
	<u>17,638</u>	<u>14,093</u>

Tennis Townsville Inc

ABN: 15 579 672 424

Notes to the Financial Statements For the Year Ended 31 December 2022

9 Property, plant and equipment

	2022	2021
	\$	\$
Buildings		
At fair value	547,120	-
At cost	-	380,965
Accumulated depreciation	-	(207,408)
Total buildings	547,120	173,557
Capital works in progress		
At cost	-	434,753
Total capital works in progress	-	434,753
Plant and equipment		
At cost	166,427	164,670
Accumulated depreciation	(86,370)	(74,471)
Total plant and equipment	80,056	90,200
Tennis courts		
At fair value	902,880	-
At cost	-	1,266,242
Accumulated depreciation	-	(574,979)
Total tennis courts	902,880	691,263
Total property, plant and equipment	1,530,056	1,389,773

The land and buildings were independently valued by Opteon during February 2023 in accordance with AASB 13 Fair Value. The adoption of this valuation at 31 December 2022 has resulted in a revaluation surplus of \$122,838.

10 Trade and other payables

	2022	2021
	\$	\$
CURRENT		
Credit cards	-	1,663
Other payables	-	256
Prepaid income	1,375	-
Trade payables and accruals	38,965	24,344
	40,339	26,264

Tennis Townsville Inc

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Notes to the Financial Statements For the Year Ended 31 December 2022

11 Other financial liabilities

	2022	2021
	\$	\$
CURRENT		
Unsecured notes	45,445	-
	<u>45,445</u>	<u>-</u>
NON-CURRENT		
Unsecured notes	-	44,456
	<u>-</u>	<u>44,456</u>

12 Other liabilities

	2022	2021
	\$	\$
CURRENT		
Grant contract liabilities	35,000	48,421
	<u>35,000</u>	<u>48,421</u>

13 Employee benefits

	2022	2021
	\$	\$
CURRENT		
Provision for annual leave	-	1,060
	<u>-</u>	<u>1,060</u>
NON-CURRENT		
Provision for long service leave	-	312
	<u>-</u>	<u>312</u>

14 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 December 2022 (31 December 2021:None).

15 Events after the end of the Reporting Period

The financial report was authorised for issue on the date that the Statement by Members of the Committee was signed by the Committee of Management.

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.

Tennis Townsville Inc

ABN: 15 579 672 424

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 13:

1. Presents fairly the financial position of Tennis Townsville Inc as at 31 December 2022 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 

Dated

9/3/2023



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TENNIS TOWNSVILLE INC
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, 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 2022 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 (including Independence Standards)* (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.

TOWNSVILLE

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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: 9 March 2023