
Bendigo Tennis Association Inc.

ABN: 13 593 978 840

Financial Statements

For the Year Ended 30 June 2019

Bendigo Tennis Association Inc.

30 June 2019

CONTENTS	Page
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Annual Statements Give True and Fair View of Financial Position	21
Independent Audit Report	22

Bendigo Tennis Association Inc.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	2	818,471	734,004
Cost of goods sold	3	(196,309)	(152,549)
Advertising and promotion expenses		(9,480)	(18,314)
Affiliation expenses		(2,455)	(2,405)
Competition expense		(4,663)	(6,291)
Depreciation expense	3	(12,331)	(19,087)
Event expenses		(12,500)	(20,189)
Finance costs		(3,540)	(3,100)
Function costs		(7,622)	(9,099)
Fundraising costs		(323)	(2,994)
General administration expenses		(39,189)	(56,872)
Membership expenses		-	(1,142)
Motor vehicle expenses		(713)	(3,268)
Occupancy and associated costs		(43,507)	(40,797)
Repairs and maintenance expense		(35,291)	(45,139)
Salaries and employee benefits expense		(316,744)	(221,089)
Squad expenses		(18,872)	(14,821)
Tournament expenses		(63,772)	(71,608)
Other expenses		(20,928)	(8,476)
Surplus before income tax expense		30,232	36,764
Income tax expense	1(c)	-	-
Surplus after income tax expense		30,232	36,764
Other comprehensive income		-	-
Total comprehensive income attributable to members of the entity		30,232	36,764

The accompanying notes form part of these financial statements

Bendigo Tennis Association Inc.

Statement of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	4	31,492	41,097
Trade and other receivables	5	33,567	24,488
Inventory	6	34,216	25,428
Total current assets		99,275	91,013
Non-current assets			
Property, plant and equipment	7	162,240	172,071
Total non-current assets		162,240	172,071
Total assets		261,515	263,084
Current liabilities			
Trade and other payables	8	108,689	116,799
Financial liabilities	9	25,205	38,366
Provisions	10	2,167	360
Total current liabilities		136,061	155,525
Non-current liabilities			
Financial liabilities	9	15,476	27,813
Total non-current liabilities		15,476	27,813
Total liabilities		151,537	183,338
Net assets		109,978	79,746
Equity			
Retained surplus		109,978	79,746
Total equity		109,978	79,746

Bendigo Tennis Association Inc.

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Retained Surplus \$	Total Equity \$
Balance at 1 July 2017	42,982	42,982
Surplus attributable to the entity	36,764	36,764
Total other comprehensive income for the year	-	-
Balance at 30 June 2018	79,746	79,746
Surplus attributable to the entity	30,232	30,232
Total other comprehensive income for the year	-	-
Balance at 30 June 2019	109,978	109,978

Bendigo Tennis Association Inc.

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		868,188	729,344
Payments to suppliers and employees		(846,705)	(710,044)
Interest received		450	305
Interest paid		(3,540)	(3,100)
Net cash provided by operating activities	12	18,393	16,505
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,500)	(3,549)
Proceeds from sale of property plant & equipment		-	14,591
Net cash provided by / (used in) investing activities		(2,500)	11,042
Cash flows from financing activities			
Net proceeds/(repayments) from borrowings		(22,946)	(9,876)
Net cash used in financing activities		(22,946)	(9,876)
Net increase / (decrease) in cash held		(7,053)	17,671
Cash and cash equivalents at the beginning of the financial year		25,678	8,007
Cash and cash equivalents at the end of the financial year	4	18,625	25,678

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The financial statements were authorised for issue on 14 October 2019 by the committee.

Basis of preparation

The Bendigo Tennis Association Inc. applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and with the *Associations Incorporation Reform Act 2012*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going concern

At 30 June 2019 the association has a net working capital deficiency, with current liabilities of \$136,061 being greater than current assets of \$99,275. However, the association recorded a surplus after income tax expense of \$30,232 and produced operating cash inflows of \$18,393 for the year then ended. In addition, total assets were \$261,515 and total liabilities were \$151,537 as at 30 June 2019.

The financial position of the association, its cash flows, liquidity position and borrowing arrangements are described in the financial statements, with the association's working capital deficiency improving from the previous reporting period following the completion of redevelopment works to the association's premises and facilities during the year ended 30 June 2019.

As part of the \$6 million four-stage redevelopment, the cost of which has been jointly funded by the Federal Government, State Government, Local Government, Tennis Australia and Bendigo Tennis Association Inc., subsequent to year-end, in September 2019, the association entered into a five-year funding agreement with the City of Greater Bendigo to pay for its \$200,000 contribution towards the project. This agreement requires the association to make five annual payments of \$40,000 to the City of Greater Bendigo, with the first payment due on 30 April 2020.

The associations forecasts and projections show that the association's turnover and profitability is expected to continue improving given the new revenue streams now accessible to the association. These include, but are not limited to, earning revenue from the operation of a café and function rooms, as-well as an increase in demand for the facility from players and members of the community.

Furthermore, the redevelopment of the premises and facilities have allowed the association to continue attracting events of a National and International significance to the Bendigo region and to that end, supports the association's strategic objective to improve its future financial performance, position and long term viability.

Whilst the committee have instituted measures to preserve cash, to secure additional finance and to undertake fundraising activities in the community (including the introduction of a fundraising sub-committee), the net working capital deficiency and commitment to contribute \$200,000 to the City of Greater Bendigo by 30 April 2024 creates material uncertainty over the ability to pay debts as and when they fall due.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Going concern (continued)

After making enquiries and considering the uncertainties described above, the committee acknowledge the association is dependent on continued support from the City of Greater Bendigo and without such ongoing support the association may not have the necessary resources to pay its debts as and when they fall due. At the date of the financial statements, the committee have no reason to believe the City of Greater Bendigo will not continue to support the association and as such, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting policies

(a) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from the sale of goods is recognised upon the delivery of goods to customers.
- Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.
- Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.
- Donations and bequests are recognised as revenue when received.
- Revenue from membership fees are recognised progressively over the period to which the membership relates. Membership fees are levied on a financial year basis.
- Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(b) 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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(c) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

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

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on an average cost basis.

(f) Trade and other receivables

Trade and other receivables include amounts from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to note 1(h) for further discussions on the determination of impairment losses.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (i) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial period which they occur.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are generally depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Refer to Note 1(o) for further information.

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

Class of Fixed Asset	Depreciation Rate
Building improvements	10%
Grounds improvements	2.5% - 20%
Plant and equipment	4% - 40%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(h) Financial instruments

The association's financial instruments consist mainly of deposits with banks, receivables, payables and loans.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets are classified into amortised costs. The association does not utilise hedging instruments.

Classifications are determined by both:

- the association's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The association's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

The association makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Classification and measurement of financial liabilities

The association's financial liabilities include trade and other payables and borrowings. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. The association does not utilise derivative financial instruments.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(h) Financial instruments (continued)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(i) Impairment of assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be 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 immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and when the association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(j) Trade and other payables

Trade 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, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) 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 using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Employee benefits

Short-term employee benefits

Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of trade and other payables in the statement of financial position.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(l) Employee benefits (continued)

Other Long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(m) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(n) Key estimates

Impairment

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporates various key assumptions.

(o) Key judgments

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the association expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the association believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

Useful life of building improvements

Leasehold improvements are generally depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements, unless the committee believe it is probable that a new lease agreement will be entered into subsequent to expiry. In August 2018, the association entered into a nine-year lease agreement with the City of Greater Bendigo for the use of the association's premises and facilities. The association remains economically dependent on the City of Greater Bendigo for the continued use of these facilities. As the committee of the association has no reason to believe the City of Greater Bendigo will not continue to support the association in future years, when estimating the useful life of building improvements, the estimated useful life of the improvements has been used to determine the applicable depreciation rate even where this useful life exceeds the remaining lease term with the City of Greater Bendigo.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for applications in future periods

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatory applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2016-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts; and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The committee members have considered the impact AASB 15 may have on the association's financial statements following adoption and do not believe it will be material to the financial statements.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for applications in future periods (continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The committee members have performed an initial assessment and anticipate that the adoption of AASB 16 is expected to increase the association's right-of-use assets and lease liabilities, however this is not expected to be material to the financial statements. Refer to Note 11(b) for further information regarding such operating lease commitments at 30 June 2019.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations. The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: retrospectively to each prior reporting period presented in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*; or retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

The committee members have performed an initial assessment and anticipate that the initial adoption of AASB 1058 will not have a material impact on the association's financial statements. The association plans to adopt AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* which will provide the association with a temporary option to elect not to measure right-of-use assets in peppercorn leases at initial recognition at fair value. Rather, the right-of-use asset will be valued based on the fair value of the lease liability. The association's lease arrangement, as disclosed under Note 11(b), meets the definition of a peppercorn lease arrangement.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 2. Revenue	2019 \$	2018 \$
Operating activities:		
- Bar sales	18,115	13,957
- Club affiliation fees	1,000	818
- Coaching	12,831	11,405
- Competitions	67,259	124,105
- Court hire	12,035	14,654
- Donations	10,624	3,647
- Facility hire	16,827	16,416
- Functions income	199,743	51,392
- Fundraising income	4,000	39,583
- Gift vouchers	158	25
- Kiosk sales	143,725	127,639
- Memberships	52,650	40,185
- Pro event funding	27,908	51,870
- Pro-shop sales	43,862	49,224
- Social tennis	325	1,549
- Special events	-	504
- Sponsorship	78,526	27,045
- Squad income	24,426	20,861
- Sundries	67	8,503
- Tournaments	101,440	113,494
Total revenue from operating activities	815,521	716,876
Non-operating activities:		
- Grants received	2,500	2,232
- Interest received	450	305
- Gain on disposal of property, plant and equipment	-	14,591
Total revenue from non-operating activities	2,950	17,128
Total revenue	818,471	734,004
Note 3. Expenditure		
Cost of sales:		
- Bar	5,821	4,361
- Functions	8,071	4,113
- Kiosk	139,120	84,111
- Other	7,133	13,641
- Pro shop	36,164	46,323
	196,309	152,549
Depreciation of property, plant and equipment	12,331	19,087
Bad debts expense	8,556	1,835

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 4. Cash and Cash Equivalents	Note	2019	2018
		\$	\$
<i>CURRENT</i>			
Cash at bank and on hand	13	31,492	41,097
(a) Reconciliation of cash and cash equivalents.			
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		31,492	41,097
Bank overdraft	9	(12,867)	(15,419)
		18,625	25,678
Note 5. Trade and Other Receivables			
<i>CURRENT</i>			
Trade receivables		43,960	26,323
Provision for doubtful debts		(10,393)	(1,835)
		33,567	24,488
<i>Financial asset classified as loans and receivables</i>			
Trade and other receivables:			
- total current	13	33,567	24,488
Note 6. Inventory			
<i>CURRENT</i>			
Stock at cost:			
- Kiosk		5,678	5,065
- Pro shop		23,528	16,428
- Other		5,010	3,935
		34,216	25,428
Note 7. Property, Plant and Equipment			
<i>NON-CURRENT</i>			
Building improvements			
At cost		5,390	5,390
Accumulated depreciation		(4,128)	(3,987)
		1,262	1,403
Ground improvements			
At cost		272,124	272,124
Accumulated depreciation		(155,090)	(144,928)
		117,034	127,196

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 7. Property, Plant and Equipment (continued)	2019	2018
	\$	\$
<i>NON-CURRENT</i>		
Plant and equipment		
At cost	70,269	67,769
Accumulated depreciation	(26,325)	(24,297)
	<u>43,944</u>	<u>43,472</u>
Total property, plant and equipment	<u>162,240</u>	<u>172,071</u>

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2019	Building improvements \$	Ground improvements \$	Plant and equipment \$	Total \$
Balance at beginning of year	1,403	127,196	43,472	172,071
Additions	-	-	2,500	2,500
Disposals	-	-	-	-
Depreciation expense	(141)	(10,162)	(2,028)	(12,331)
Balance at end of year	<u>1,262</u>	<u>117,034</u>	<u>43,944</u>	<u>162,240</u>

Note 8. Trade and Other Payables	Note	2019	2018
		\$	\$
<i>CURRENT</i>			
Trade payables		53,920	73,013
Sundry payables		17,214	10,916
Other payables (net amount of GST payable)		37,555	32,870
		<u>108,689</u>	<u>116,799</u>
<i>Financial liabilities at amortised cost classified as trade and other payables</i>			
Trade payables and other payables:			
- total current		108,689	116,799
Less other payables (net amount of GST payable)		(37,555)	(32,870)
Financial liabilities as trade and other payables	13	<u>71,134</u>	<u>83,929</u>

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 9. Financial Liabilities	Note	2019	2018
		\$	\$
<i>CURRENT</i>			
Unsecured loan - Tennis Australia		-	11,406
Lease liability	11(a)	12,338	11,541
Bank overdraft		12,867	15,419
		<u>25,205</u>	<u>38,366</u>
<i>NON-CURRENT</i>			
Lease liability	11(a)	15,476	27,813
		<u>15,476</u>	<u>27,813</u>
Total financial liabilities	13	<u>40,681</u>	<u>66,179</u>
Note 10. Provisions			
<i>CURRENT</i>			
Employee benefits - annual leave		2,167	360
Total provisions		<u>2,167</u>	<u>360</u>

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the association does not expect the full amount of the long service leave balance classified as current liabilities to be settled within the next 12 months.

However, these amounts must be classified as current liabilities since the association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed as per Note 1 (l).

The committee have estimated the provision for long service leave and despite the association having no employees who have reached the vesting period at 30 June 2019, the committee acknowledge there is a probability that some employees may reaching this vesting period. The committee have considered the likelihood of such entitlements becoming vesting and do not consider the provision to be material to the financial statements. For this reason, a provision for long service leave has not been disclosed in the financial statements.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 11. Capital and Leasing Commitments	Note	2019 \$	2018 \$
(a) Finance lease commitments			
Payable – minimum lease payments			
- not later than 12 months		13,827	13,827
- between 12 months and 5 years		16,132	29,959
- greater than 5 years		-	-
Minimum lease payments		29,959	43,786
Less future finance charges		(2,145)	(4,432)
Present value of minimum lease payments	9	27,814	39,354
(b) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
- not later than 12 months		500	500
- between 12 months and 5 years		2,000	2,000
- greater than 5 years		1,042	1,542
		3,542	4,042
<p>The land lease with the City of Greater Bendigo is a non-cancellable operating lease contracted for but not capitalised in the financial statements. The current agreement was entered into in August 2018 and expires August 2027.</p>			
(c) Capital and other expenditure commitments			
Expenditure commitments contracted for but not capitalised in the financial statements:			
- not later than 12 months		40,000	-
- between 12 months and 5 years		40,000	-
- greater than 5 years		120,000	-
		200,000	-

At 30 June 2019, the association had committed to contribute \$200,000 to the City of Greater Bendigo to fund the development to the association's premises and facilities, however the payment dates were yet to determined. Subsequent to year-end, in September 2019, the association entered into a five-year funding agreement with the City of Greater Bendigo to pay for its \$200,000 contribution towards the project. This agreement requires the association to make five annual payments of \$40,000 to the City of Greater Bendigo, with the first payment due on 30 April 2020. There are no other material capital and other expenditure commitments contracted for but not capitalised in the financial statements.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

		2019	2018
		\$	\$
Note 12. Cash Flow Information			
Reconciliation of cash flow from operations with surplus after income tax			
Surplus after income tax expense		30,232	36,764
Non-cash flows in surplus:			
- depreciation expense		12,331	19,087
- gain on disposal of property, plant and equipment		-	(14,591)
- bad debts expense		8,556	1,835
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		(17,635)	(20,644)
- (increase)/decrease in inventory		(8,788)	1,061
- increase/(decrease) in trade and other payables		(8,110)	9,460
- increase/(decrease) in provisions		1,807	(16,467)
Cash flows from operations		<u>18,393</u>	<u>16,505</u>
Note 13. Financial Risk Management			
The association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.			
The totals of each category of financial instruments, measured in accordance with AASB 9 detailed in the accounting policies to these financial statements, are as follows:			
<i>Financial assets</i>			
Cash and cash equivalents	4	31,492	41,097
Trade and other receivables	5	33,567	24,488
Total financial assets		<u>65,059</u>	<u>65,585</u>
<i>Financial liabilities</i>			
Financial liabilities at amortised cost:			
- trade and other payables	8	71,134	83,929
- financial liabilities	9	40,681	66,179
Total financial liabilities		<u>111,815</u>	<u>150,108</u>

Note 14. Related Party Disclosures

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No committee members have entered into any material contract with the association since the end of the previous financial year and there were no material contracts involving committee members interests subsisting at year end. There were no loans to committee members.

Bendigo Tennis Association Inc.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 15. Economic Dependency

The association is dependent on the City of Greater Bendigo and their ongoing lease of the premises located at 21A Nolan St, Bendigo, known as the Bendigo Tennis Complex. The current lease agreement was entered into in August 2018 and expires in 2027.

At the date of this report, the committee have no reason to believe the ongoing lease agreement with the City of Greater Bendigo will not continue for the foreseeable future.

Note 16. Contingent Liabilities and Assets

The committee are not aware of any contingent liabilities or assets as at the date of signing this financial report.

Note 17. Events after the Reporting Period

Subsequent to the end of the financial year, Bendigo Tennis Association entered into a funding agreement with City of Greater Bendigo to contribute \$200,000 as part of the Bendigo Tennis Centre redevelopment. This agreement is due to commence April 2020 and be completed by April 2024.

There have been no other matters of circumstances that have arisen since the end of the financial year that have significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Note 18. Associations Details


The registered office and principal place of business is:

Bendigo Tennis Association Inc.
1 Nolan St
Bendigo VIC 3550

Bendigo Tennis Association Inc. Annual Statements Give True and Fair View of Financial Position of Incorporated Association

We, Sheryle Watson, and Ashley Hill, being members of the committee of the Bendigo Tennis Association Inc., certify that –
The statements attached to this certificate give a true and fair view of the financial position and performance of Bendigo Tennis Association Inc. during and at the end of the financial year of the association ending on 30 June 2019.

Committee Member



Sheryle Watson

Treasurer



Ashley Hill

Dated this 14th day of October 2019

Independent Auditor's Report to the Members of Bendigo Tennis Association Inc.

Report on the audit of the financial statements

Qualification

Revenue

As is common for organisations of this type, it was not practical for Bendigo Tennis Association Inc. to establish accounting control over donations, memberships, fundraising activities and income from remaining sources prior to their receipt in the accounting records of the association. Accordingly, it was not practical in relation to such income to extend our examination beyond the amounts recorded in the accounting records of the association, and as such our audit in relation to this revenue was limited to the amounts recorded.

Cost of goods sold

Our 30 June 2018 audit opinion was qualified over the existence and valuation of inventory at 30 June 2018. This was because although Bendigo Tennis Association Inc. performed a stocktake at 30 June 2018, we did not observe the counting of the physical inventories at the end of the reporting period and in the absence of the association utilising an inventory system to manage its inventory, we were unable to satisfy ourselves by alternative means concerning inventory quantities held and valuations recorded at 30 June 2018.

Since the opening balance of inventories enter into the determination of cost of goods sold and the association's overall financial performance for the year ended 30 June 2019, we were unable to determine whether adjustments might have been necessary in respect of cost of goods sold for the year reported in the statement of profit or loss and other comprehensive income.

Qualified opinion

In our opinion:

The accompanying financial report of Bendigo Tennis Association Inc., except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, is in accordance with the *Associations Incorporation Reform Act 2012*, including:

- i. giving a true and fair view of the association's financial position as at 30 June 2019 and of its performance for the year ended on that date and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements.

What we have audited

Bendigo Tennis Association Inc. (the association) financial report comprises the:

- ✓ statement of financial position as at 30 June 2019
- ✓ statement of profit or loss and other comprehensive income for the year then ended
- ✓ statement of changes in equity for the year then ended
- ✓ statement of cash flows for the year then ended
- ✓ notes comprising a summary of significant accounting policies and other explanatory notes, and
- ✓ the certification by members of the committee that the annual statements give a true and fair view of the financial position of the association.

Basis for opinion

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

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the association has a working capacity deficiency with current liabilities of \$136,061 being greater than current assets of \$99,275. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt as to the association's ability to continue as a going concern and therefore, the association may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other information

The association may prepare an annual report that may include the financial statements, committee's report and declaration and our audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The committee members are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the committee members and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Independence

We are independent of the association in accordance with the auditor independence 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.

Committee's responsibility for the financial report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporation Reform Act 2012* and for such controls as the committee determines is necessary to enable preparation of the 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 related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the association or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

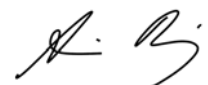
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart

61 Bull Street, Bendigo, 3550

Dated this 14th day of October 2019



Adrian Downing
Lead Auditor