Tennis South Africa NPC (Non Profit Company)

(Registration number 2000/018796/08)
Annual Financial Statements for the year ended 31 March 2016

General Information

Country of incorporation and domicile	Republic of South Africa	
Nature of business and principal activities	To manage, promote, control and regulate the interests of tennis players and the game of tennis within the Republic of South Africa.	
Directors	Gavin Neville Crookes	appointed on 05 April 2014
	Riad Davids	appointed on 05 April 2014
	Geoffrey David Whyte	appointed on 05 April 2014
	Cedric Douglas Boltman	appointed on 05 April 2014
	Jacob Johannes Klaasen	appointed on 05 April 2014
	Petros Abraham	appointed on 05 April 2014
	Zaida Beukes	appointed on 05 April 2014
	Allan Karam	appointed on 05 April 2014
	Johannes Petrus Karel Jacobs	appointed on 05 April 2014
	John Clark Coetzee	appointed on 05 April 2014
	David Christiaan Jaquire	co - opted on 27 September 2014
	Ronald Cornelius Walterus van 't Hof	co - opted on 27 September 2014
	Rosalea Anne Van Der Meer	co - opted on 27 September 2014
	Bridget Visee	co - opted on 29 August 2015
Business address	1st Floor, Block 12 The Lords Office Estate 276 West Avenue Centurion 0157	
Postal address	P O Box 521022 Saxonwold 2132	
Bankers	ABSA Bank	
Auditors	Haroon Takolia & Company Chartered Accountants (S.A.) Registered Auditors	
Company registration number	2000/018796/08	

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities . The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

Tennis South Africa operated in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that the assets are safeguarded and the risks facing the company are controlled.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the board and committees of the board. The board believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 31, which have been prepared on the going concern basis, were approved by the board on 25 August 2016 and were signed on their behalf by:

G. ~~N. Crookes~~ - President | **R. Davids - Vice-President**

HAROON TAKOLIA & CO
Chartered Accountants (South Africa)
Public Accountants and Auditors

9-13 QUINN STREET NEWTOWN 2001
PO BOX 257 CROWN MINES 2025
TEL (011) 832-1271/2 FAX: (011) 492-1149
JOHANNESBURG SOUTH AFRICA
E-MAIL info@takolias.co.za

Independent Auditor's Report

To the members of Tennis South Africa NPC (Non Profit Company)

Report on the Financial Statements

We have audited the annual financial statements of Tennis South Africa NPC (Non Profit Company), as set out on pages 11 to 29, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements of Tennis South Africa NPC (Non Profit Company) for the year then ended 31 March 2016 present fairly, in all material respects, and its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Other reports required by Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited annual financial statements. That report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between that report and the audited annual financial statements. However, we have not audited that report and accordingly do not express an opinion thereon.

Going Concern

The continued existence of the company as a going concern depends on the future funding by way of grants and sponsorships from external sources.

Haroon Takolia & Co.

Haroon Takolia & Company
Chartered Accountants (S.A.)
Registered Auditors
25 August 2016
Johannesburg

HAROON TAKOLIA BCom Hons B Compt CA(SA) MBA (Wits)
SAICA Membership No.: 931330E • IRBA Practice No.: 621420

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Tennis South Africa NPC (Non Profit Company) for the year ended 31 March 2016.

1. Profile

Business and operations
To manage, promote, control and regulate the interests of tennis players and the game of tennis within the Republic of South Africa.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities

They are based on appropriate accounting policies which have been consistently applied, except where otherwise stated in which case full disclosure is made, and are supported by reasonable and prudent judgements and estimates.

The directors have no reason to believe the business will not be a going concern in the year ahead.

2. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

3. Internal control

The company maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets.

Such controls and systems are based on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties where feasible.

Nothing has come to the attention of the directors or the independent auditors to indicate that any material breakdown in the functioning of the internal controls and systems has occurred during the year under review.

4. Ethics

The directors and employees of the company maintain the highest ethical standards in ensuring that business practices are conducted in a manner, which, in all reasonable circumstances, is beyond reproach.

In any instance where ethical standards are called into question, the circumstances are investigated and resolved in the appropriate manner.

5. Risk management

The focus of risk management is on identifying, assessing, mitigating, managing and monitoring all known forms of risk across the company. Management is involved in a continuous process of developing and enhancing its comprehensive systems for risk identification and management.

The risks to the business include, but are not restricted to, such areas as weather, exchange rates, political and economic factors, legislation and national regulations, people skills, and general operational and financial risks.

6. Human resource and development

The company views the superior performance of its employees as a major source of sustainable competitive advantage. This has led to a deliberate focus on human resource policies, strategies and programs that channel employee capabilities towards the achievement of the company's objectives.

Employment equity
Tennis South Africa is an equal opportunity employer and has implemented programs to address historical distortion in our employment equity.

7. Black economic empowerment

The company is both proactive and supportive of the government's various initiatives in this regard, not only in respect of insisting of minimum levels of formerly disadvantaged people being selected for provincial and national teams, but also, where possible, in the awarding of supply tenders for requisites used.

Directors' Report

8. Directors emoluments

Directors emoluments paid during the year under review is set out as follows:

John Clark Coetzee

Calidascope	10 600
Davis Cup - Tournament director	158 840
IT	9 000
Livelife	32 500
Lotto	5 600
Parliament presentation	32 000
Sporty HQ	46 600
TSA office	13 700
	308 840

Allan Karam

Fed Cup - Professional fees	11 444
Junior Davis Cup	47 625
Coaches workshops	9 783
World Wide Coaches Conference	7 140
	75 992

David Christiaan Jaquire

Schools administrator	72 000

9. Directors' interests in contracts

Neither the company's business nor any part thereof was managed by a third person or by any company in which the directors have an interest.

10. Corporate social responsibility

Tennis South Africa recognises its responsibility, as a corporate and sporting body, towards its stakeholders and the country of South Africa as a whole in its capacity as the stewards of tennis.

Accordingly, the company is committed to aligning its vision and mission to that of its performance as a corporate and sporting citizen.

Corporate social investment, as a cornerstone of good corporate citizenship, forms an integral part of the company's accountability and governance programmes.

The company's social investment programme considers:

- funding projects that have a logical fit with tennis;
- engaging the full array of organisational resources, in an appropriate manner;
- considering Social Investment activities at all levels of the tennis structures;
- regularly evaluating potential and actual programmes where necessary.

11. Dividends

No dividends were declared or paid during the year.

Directors' Report

12. Directors

The directors in office at the date of this report are as follows:

Directors		
Gavin Neville Crookes	President	appointed on 05 April 2014
Riad Davids	Vice-President	appointed on 05 April 2014
Geoffrey David Whyte		appointed on 05 April 2014
Cedric Douglas Boltman		appointed on 05 April 2014
Jacob Johannes Klaasen		appointed on 05 April 2014
Petros Abraham		appointed on 05 April 2014
Zaida Beukes		appointed on 05 April 2014
Allan Karam		appointed on 05 April 2014
Johannes Petrus Karel Jacobs		appointed on 05 April 2014
John Clark Coetzee		appointed on 05 April 2014
David Christiaan Jaquire	Schools	co - opted on 27 September 2014
Ronald Cornelius Walterus van 't Hof	Seniors	co - opted on 27 September 2014
Rosalea Anne Van Der Meer	WTSA	co - opted on 27 September 2014
Bridget Visee	Coaches	co - opted on 29 August 2015

13. Limitation of liability

Each member undertakes while being a member or within one year thereafter, to contribute to the assets of the company, in the event of its being wound up, for the payment of the debts and liabilities of the company contracted before he or she ceased to be a member, and of the costs, charges and expenses of the winding up, and for adjustment of the rights of the contributors amongst themselves, an amount not exceeding R1.00 (One Rand)

14. Corporate governance

Tennis South Africa is committed to the principles embodied in the King Reports and as such subscribes to The code of corporate governance and conduct contained in the King Reports on governance.

All stakeholders can thus be assured that the company is being ethically managed in compliance with generally accepted corporate practices.

The board believes that in all material respects the company complied with the principles of the code throughout the year under review and the board continually strives to enhance compliance.

15. The Board and Board committees

The company has a unitary board of directors comprising of non - executive directors. Directors are elected by the council for their business acumen and skills pertinent to the business and goals of the company and meet the criteria of the King Reports.

The board of directors is ultimately responsible for ensuring that the business is a thriving concern, and to this end effectively controls the company and its management, and is involved in all decisions that are material for this purpose.

The board is responsible for:-
- overall strategy
- retaining full and effective control of the company;
- ensuring that the company is governed effectively in accordance with corporate governance best practices;
- appointment of subcommittees of the board and the delegation of authority and responsibility to such subcommittees and the monitoring of the functioning of these subcommittees;
- determine and set the tone of the company's values including the principles of ethical business practice;
- consideration of financial matters including the monitoring of operational performance against budget;
- effective, timeous and transparent communication with stakeholders, and;
- monitoring and evaluating the directors and other senior executives.

All directors have unrestricted access to the president.

The board of directors met seven times during the year under review.

The president encourages full and proper deliberation on all matters requiring the board's attention and thus obtains optimum input from all the directors.

Directors' Report

Attendance at board meetings is indicated below:-

Director	No. of meetings during the year	No. of meetings attended during the year
Gavin Neville Crookes	4	4
Riad Davids	4	4
Geoffrey David Whyte	4	4
Cedric Douglas Boltman	4	0
Jacob Johannes Klaasen	4	4
Petros Abraham	4	2
Zaida Beukes	4	4
Allan Karam	4	4
Johannes Petrus Karel Jacobs	4	4
John Clark Coetzee	4	4
David Christiaan Jaquire - schools	4	4
Ronald Cornelius Walterus van 't Hof - seniors	4	3
Bridget Visee - coaches	3	3
Rosalea Anne Van Der Meer - WTSA	4	1

Audit and risk committee

The audit and risk committee that reports to the board of directors comprises of two non-executive directors, Messrs. R. Van' t Hof (chairman) and G. Crookes. This committee met once during the past year on 3 March 2016. The meeting was attended per invitation, by Mr H. Takolia from the external auditors and Mr R Dawood, the company's financial manager.

The function of the committee is to assist the board in discharging its oversight responsibilities in the following areas:-

- Compliance with applicable laws and regulations;
- Transparency and integrity of financial statements;
- Effectiveness of the internal controls and risk management procedures;
- Performance of the external auditors;
- Appropriate involvement and liaison with the external auditor and audit process; and
- Overview of corporate governance.

In order to assist the committee to fulfill its duties in these areas, comprehensive reports are presented to the committee by:

- the external auditor, in respect of their audit plan and the results of the financial audit and other non-audit services provided by the the external auditor;
- the financial manager covering the financial results of the company.

The committee updates the board on all of its activities at the board meeting following the audit committee meeting. The committee's activities included:-

- a review of policies in place to identify financial as well as business risks and the appropriateness and adequacy of systems of internal and operational control to mitigate such risks;
- a review of the company's prevention and detection of fraud policy;
- understanding and confirming the method used to prepare the financial statements is accurate, balanced and consistent;
- a review of the financial statements and accounting policies which may have a material impact on the financial statements;
- confirming the company's ability to operate as a going concern;
- review the effectiveness of systems and policies for monitoring compliance with laws and regulations;
- evaluation of the independence and abilities of the independent auditor and the recommendation of their re-appointment and the fees payable to them;
- providing effective communication between the board, management and the auditors.

The committee assesses its performance both collectively and on an individual basis annually. This assessment will be reported to the board.

The external auditors have unrestricted access to this committee, whose main task is to ensure the maintenance and, where necessary, review the effectiveness of internal control in the company.

Directors' Report

Other areas covered include, but are not restricted to, the review of important accounting issues, pending litigation, specific disclosures in the financial statements and the review of the major audit recommendations.

The committee is satisfied that, based on their activities in the 2016 financial year, the company's risk and internal control processes are adequate and are generally functioning effectively, and that the company has adequate resources to continue in operational existence.

Remuneration committee
The company's remuneration committee comprises the board's management committee, the president being the chairman, and is responsible for the assessment and approval of the company's remuneration strategy.

No meetings was held of this committee during the year. Due to the nature and size of the company, it does not warrant formal meetings of this committee.

The remuneration philosophy of the company is to ensure that employees are rewarded for their contribution to the company's operating and performance levels which endeavour to take into account the needs of the various stakeholders and the goals of the company.

The committee also recommends the fees, if any, for board members that would have to be approved at the annual general meeting of the company.

The committee is responsible for the development and determination of the company's general policy on senior management remuneration, which includes the full range of benefits including basic salary, incentive schemes, medical aid schemes and retirement benefits.

The committee plays an integral part in succession planning relative to senior management.

Management committee (Manco)
The company's executive Management committee (Manco) meets to review operational performance, various new and ongoing programmes, and to assist the Company's senior management with the month to month decision making processes. In addition, consideration is given to major new project and initiative proposals as well as issues of strategic importance to the company, for recommendation to the company's board.

Director	No. of meetings during the year	No. of meetings attended during the year
Gavin Neville Crookes	2	2
Riad Davids	2	2
Geoffrey David Whyte	2	0
John Clark Coetzee	2	2

16. External auditor

The external auditor, Haroon Takolia & Company provides an independent opinion on the financial statements. The external audit provides reasonable, but not absolute, assurance of the fair presentation of the financial statements.

Haroon Takolia & Company will continue in office in accordance with Section 90 of the Companies Act of South Africa.

17. Management reporting

The company has established and is implementing comprehensive management reporting disciplines which includes presentation of detailed and meaningful management accounts at each Manco and board meeting, and which also include the preparation of annual strategic plans and budgets by the various divisions within the company.

Results and the financial status of each division are to be reported against approved budgets and compared to the year to date budgets. Surpluses and cash flow projections are reviewed and operating capital levels are closely monitored.

18. Financial statements

The company's board of directors are responsible for preparing the financial statements and other information presented in the reports to council in a manner that fairly presents the state of affairs and results of the company's financial operations. The independent auditors are responsible for carrying out an independent examination of the financial statements in accordance with the provisions of the South African Accounting Standards and reporting their findings.

Directors' Report

19. Going concern

Due to the fact that current income has decreased tremendously as is reflected in the financial statements, the continued existence of the company as a going concern depends on the future funding by way of grants and sponsorships from external sources.

20. Events after the reporting period

No material fact or circumstance has occurred between the accounting date and the date of this report.

Statement of Financial Position as at 31 March 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	64 326	52 747
Share Investment	4	1	1
Unit trust investment	5	1 552 930	1 436 515
		1 617 257	**1 489 263**
Current Assets			
Trade and other receivables	6	744 854	129 963
Cash and cash equivalents	7	6 614 373	10 075 629
		7 359 227	**10 205 592**
Total Assets		**8 976 484**	**11 694 855**
Equity and Liabilities			
Equity			
Accumulated (deficit) / surplus		(1 406 989)	578 192
Liabilities			
Current Liabilities			
Trade and other payables	8	10 383 473	11 116 663
Total Equity and Liabilities		**8 976 484**	**11 694 855**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue			
Affiliation and registration fees		1 729 756	1 540 131
Coaching courses		1 133 951	1 101 880
Donations received		-	205 000
Fair value adjustment on investment		21 678	7 272
Grants - SRSA	9	2 200 000	2 400 000
Lotto sponsorship	10	-	2 538 250
Officiating courses		22 895	38 289
Recoveries		1 014 664	-
Sponsorship, grants and competition revenue	11	3 276 709	1 115 237
Schools assistance		870 130	831 140
Surplus on disposal of assets		-	23 413
Sundry income		202 707	85 015
Tennis ball endorsements		400 000	400 000
Tournament contributions, membership and sanction fees		1 453 579	1 132 189
Wimbledon, French Open and Davis Cup ticket recoveries		302 077	256 728
		12 628 146	**11 674 544**
Operating expenses			
Competitions and events	12	5 397 981	2 906 451
Development and high performance	13	3 860 941	4 165 541
Management and administration	14	5 815 681	5 865 149
		15 074 603	**12 937 141**
Operating deficit		**(2 446 457)**	**(1 262 597)**
Dividend income		-	7 427
Interest income		465 736	499 985
Interest paid		(4 460)	(1 432)
Deficit for the year		**(1 985 181)**	**(756 617)**

Statement of Changes in Equity

Figures in Rand	Accumulated surplus / (deficit)	Total equity
Balance at 01 April 2014	**1 334 809**	**1 334 809**
Deficit for the year	(756 617)	(756 617)
Balance at 01 April 2015	**578 192**	**578 192**
Deficit for the year	(1 985 181)	(1 985 181)
Balance at 31 March 2016	**(1 406 989)**	**(1 406 989)**

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash used in operations	17	(3 763 438)	(184 898)
Interest income		465 736	499 985
Dividend income		-	7 427
Interest paid		(4 460)	(1 432)
Net cash (used in) from operating activities		**(3 302 162)**	**321 082**
Cash flows from investing activities			
Additions to property, plant and equipment	3	(42 679)	(41 903)
Proceeds on disposal of property, plant and equipment	3	-	23 424
Increase in unit trust investment		(116 415)	(101 293)
Net cash used in investing activities		**(159 094)**	**(119 772)**
Total cash movement for the year		**(3 461 256)**	**201 310**
Cash at the beginning of the year		10 075 629	9 874 319
Total cash at end of the year	7	**6 614 373**	**10 075 629**

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities Companies Act 71 of 2008. The annual financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset, net of deferred tax.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	
Office furniture and equipment	3 years
Computer equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Accounting Policies

1.2 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit,category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Accounting Policies

1.3 Financial instruments (continued)

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to shareholders, directors, managers and employees

These financial assets (liabilities) are classified as loans and receivables (payables).

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Accounting Policies

1.4 Tax (continued)

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

The company is an association incorporated under Section 21 and does not have a share capital.

Each member undertakes while being a member or within one year thereafter, to contribute to the assets of the company, in the event of its being wound up, for the payment of the debts and liabilities of the company contracted before he or she ceased to be a member and of the costs, charges and expenses of the winding up, and for adjustment of the rights of the contributors amongst themselves, an amount not exceeding R1.00 (One Rand)

Accounting Policies

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.10 Income and expenditure

Income and expenditure are brought to account as and when recorded and incurred respectively.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the company's right to receive payment has been established.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

Accounting Policies

1.12 Translation of foreign currencies (continued)

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the company is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Notes to the Annual Financial Statements

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the company is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2016 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2016 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Notes to the Annual Financial Statements

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2020 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises 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 those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	200 942	(191 516)	9 426	192 083	(187 738)	4 345
Computer equipment	162 787	(107 887)	54 900	128 978	(80 576)	48 402
Total	**363 729**	**(299 403)**	**64 326**	**321 061**	**(268 314)**	**52 747**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Office furniture and equipment	4 345	8 872	(3 791)	9 426
Computer equipment	48 402	33 807	(27 309)	54 900
	52 747	**42 679**	**(31 100)**	**64 326**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Disposals - depreciation	Depreciation	Total
Office furniture and equipment	16 352	18	(2 000)	1 999	(12 024)	4 345
Computer equipment	32 452	41 885	(49 602)	49 592	(25 925)	48 402
	48 804	**41 903**	**(51 602)**	**51 591**	**(37 949)**	**52 747**

Property, plant and equipment are depreciated as per note 1.

4. Share Investment

ITF Limited	1	1

The assets and business affairs of the International Tennis Federation were transferred to an incorporated body known as ITF Limited with effect from 1 January,1998. As a result, the association is the registered holder of nine class B shares in ITF Limited. The said shares are not transferable.

5. Unit trust investment

Nedgroup Investments		
Flexible Income Fund A	1 552 930	1 436 515

This investment is ringfenced for activities specific to seniors tennis.

6. Trade and other receivables

Trade receivables	744 854	129 963

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	58 525	7 614
Bank balances	2 272 024	3 892 979
Funds on call and fixed deposits	4 283 824	6 175 036
	6 614 373	**10 075 629**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

8. Trade and other payables

Accrued expenses	9 566 619	10 344 744
Income received in advance	816 854	771 919
	10 383 473	**11 116 663**

9. Grants - SRSA

SRSA		
Administration	200 000	200 000
Programs and projects	800 000	800 000
Disabled	200 000	200 000
School sport	800 000	1 000 000
Bloemfontein and Gauteng Open	200 000	-
Additional allocation		
Open tournaments	-	200 000
	2 200 000	**2 400 000**

10. Lotto sponsorship

	-	2 538 250

Development, capacity building, high performance, international participation, hosting of events and disabled tennis.

11. Sponsorship, grants and competition revenue

ITF	3 142 286	651 256
CAT	84 424	73 369
SASCOC	-	95 186
Sponsorships	50 000	295 426
	3 276 710	**1 115 237**

12. Competitions and events

Africa Junior Championship	1 887 077	283 613
Davis Cup		
- Davis Cup - away	17 604	407 187
- Davis Cup - home	2 476 642	1 082 419
Fed Cup		
- Event expenses	528 969	457 972
Futures		
- Event expenses	9 734	201 163
Sundry events		
- Seniors	477 955	474 097
	5 397 981	**2 906 451**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

13. Development and high performance

Lotto development expenditure and projects	332 423	502 474
Coaches	560 455	659 110
Officiating	217 824	285 937
High performance	615 139	1 036 263
WTSA	200 000	200 000
Junior tournaments	1 935 100	1 481 757
	3 860 941	**4 165 541**

14. Management and administration

Included in management and administration expenditure are the following amounts:

Auditor's remuneration	150 000	140 000
Depreciation	31 100	37 949
IT costs	152 002	92 967
Staff salary, wages and contributions	1 497 074	1 420 378

15. Expenditure grants - SRSA

Grants received from Sport and Recreation South Africa were expended as follows:

Administration	200 000	200 000
Programs and projects	800 000	800 000
Disabled	200 000	200 000
School sport	800 000	1 000 000
Bloemfontein and Gauteng Open	200 000	-
Additional allocation		
Open Tournaments	-	200 000
	2 200 000	**2 400 000**

16. Expenditure - Lotto

Grants received from the National Lotteries Board were expended as follows:
Development, hosting of events, capacity building, high performance and international participation.

	-	2 538 250

17. Cash used in operations

Deficit for the year	(1 985 181)	(756 617)
Adjustments for:		
Depreciation	31 100	37 949
Dividend income	-	(7 427)
Interest income	(465 736)	(499 985)
Interest paid	4 460	1 432
Surplus on disposal of assets	-	(23 413)
Changes in working capital:		
Trade and other receivables	(614 891)	889 423
Trade and other payables	(733 190)	173 740
	(3 763 438)	**(184 898)**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

18. Taxation

No provision has been made for taxation as the company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

19. Directors' emoluments

	Other	Total
John Clark Coetzee	308 840	308 840
Allan Karam	75 992	75 992
David Christiaan Jaquire	72 000	72 000
	456 832	**456 832**

20. Comparative figures

Certain comparative figures have been reclassified.

Where necessary, comparative figures have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

21. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Market risk management

Market risk is the risk that the company's income and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The overarching objective of market risk management is to protect the company's net surplus against adverse market movements through containing the innate interest rate and foreign currency risks within acceptable parameters, as with all risk management within the company, the market risk management resides under the authority of the board incorporating interest rate and currency risk parameters.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

21. Risk management (continued)

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Borrowings issued at fixed rates expose the company to fair value interest rate risk

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparts.

22. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Affiliation and registration fees		1 729 756	1 540 131
Tennis ball endorsements		400 000	400 000
Coaching courses		1 133 951	1 101 880
Dividend income		-	7 427
Donations received		-	205 000
Fair value adjustment on investment		21 678	7 272
Sponsorship, grants and competition revenue		84 424	73 369
Grant - ITF - Africa Junior Championship		1 844 167	3 447
Grant - ITF - Davis Cup		1 004 412	400 509
Grant - ITF - Fed Cup		162 100	42 911
Grant - ITF - other		131 606	204 389
Lotto sponsorship		-	2 538 250
Grant - SASCOC		-	95 186
Grants - SRSA		2 200 000	2 400 000
Interest income		465 736	499 985
Officiating courses		22 895	38 289
Recoveries		1 014 664	-
Schools assistance		870 130	831 140
Sponsorships		50 000	295 426
Surplus on disposal of assets		-	23 413
Sundry income		202 707	85 015
Tournament contributions, membership and sanction fees		1 453 579	1 132 189
Wimbledon, French Open and Davis Cup ticket recoveries		302 077	256 728
		13 093 882	**12 181 956**
Expenses (Refer to page 31)		**(15 079 063)**	**(12 938 573)**
Deficit for the year		**(1 985 181)**	**(756 617)**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Operating expenses			
Accounting fees		88 957	205 537
Affiliation fees - CAT / ITF		694 321	474 817
Africa Junior Championship		1 887 077	283 613
Audit fees		150 000	140 000
Bank charges		78 290	99 291
Board, Manco, council and other meeting expenses		594 759	741 451
Commission - registration fees received (Sporting HQ)		105 959	-
Courier charges		8 636	6 957
Davis Cup expenses			
- Davis Cup away		17 604	407 187
- Davis Cup home		2 476 642	1 082 419
Depreciation		31 100	37 949
Development program			
- Lotto hubs expenditure and projects		332 423	502 474
- Officiating		217 824	285 937
- Coaches		560 455	659 110
- High performance		615 139	1 036 263
Fed Cup		528 969	457 972
Futures		9 734	201 163
Gifts and donations		317	3 136
Insurance		83 541	82 186
Interest paid		4 460	1 432
IT costs		152 002	92 967
Junior tournaments and schools		1 935 100	1 481 757
Legal fees		130 222	331 388
Loyalty card expenditure		284 301	801 514
Marketing and media		733 864	515 396
Payroll administration		6 664	39 322
Printing and stationery		49 168	86 227
Refreshments and entertainment		30 676	36 811
Rent, electricity and water		291 317	264 869
Rental / purchase equipment		13 789	481
Repairs and maintenance		6 050	11 258
Senior and Open tournaments		477 955	474 097
Small assets written off		14 445	-
Staff salary, wages and contributions		1 497 074	1 420 378
Subscriptions		-	697
Sundry		403 073	84 656
Telephone and postages		155 285	161 115
University development		-	3 109
Wimbledon, French Open and Olympic games tickets		211 871	223 637
WTSA		200 000	200 000
		15 079 063	**12 938 573**

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