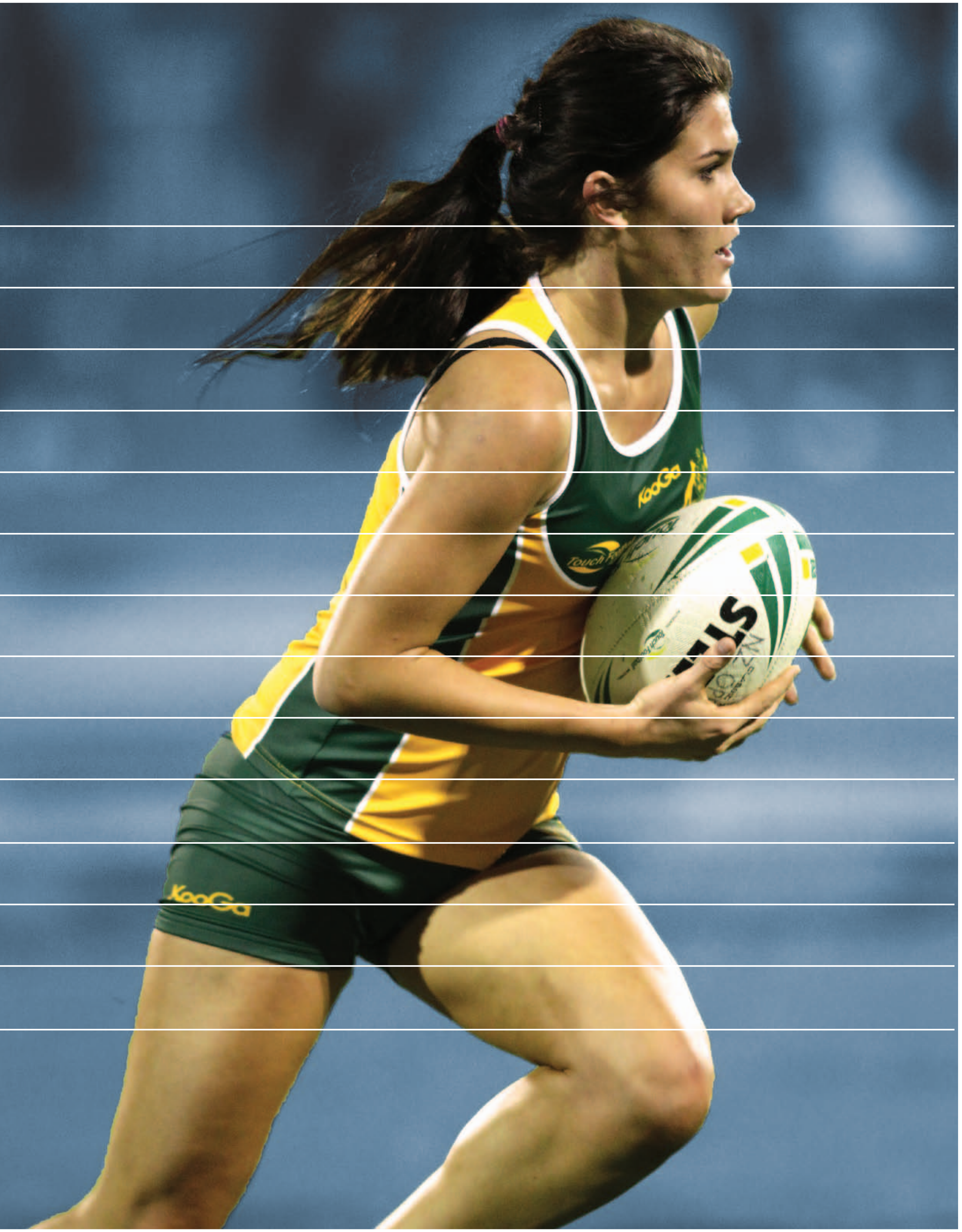
Touch Football AUSTRALIA

FINANCIAL REPORT 2011/2012



FINANCIAL REPORT 2011/2012

Touch Football Australia
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2012 Financial Year

Managing Touch Football Australia's Financial Resources

Operating Result

Touch Football Australia (TFA) achieved an operating surplus of $196,529 for the financial year ended 30 June 2012. TFA reported a surplus in 2011 of $303,047. The operating result for 2012 reflects TFA's operations in the reporting year, which accounts for the delivery of strategic priorities and operational management within the unified management structure, including leadership in the sport as the national body for Touch Football in Australia. The Financial Statements for 2012 reports on the consolidated operations of all States (Australian Capital Territory, Victoria, Tasmania, South Australia, Northern Territory and Western Australia) within the unified model, in addition to leadership and national operations.

Delivering efficiency

TFA's demonstrated ability over the past several years to achieve financial resilience has provided the organisation with the confidence to initiate activities in areas of participation and retention. It has also allowed a focus on workforce reform within the organisation, with structural reviews and the adoption in December 2011 of the 2011 Certified Agreement which reflects best practice responsibilities for TFA employees. In addition, TFA continues to identify further opportunities for staff and to secure the retention of suitable talent.

TFA are in the position to do this is because of the operational and financial efficiencies that have been delivered in recent years, augmented by the prioritisation of expenditure in line with the strategic resolves set out in the 2011 – 2015 Strategic Plan. Total costs in relation to human resource expenditure was $2,426,332 in 2012 ($2,307,137 in 2011). This expenditure (36 percent of all outgoings) remains appropriate for a national sporting body and well within performance targets.

TFA has committed undertakings with Federal and State government bodies in relation to specific government grants. Although these undertakings come with additional financial obligations, these opportunities provide TFA the financial security to plan operations and prioritise expenditure to best serve the needs of affiliates.

Maintaining capabilities

The four strategic priorities of TFA (Corporate Leadership; Sport Management; Sport Development and Operational Services) provided the context within which TFA's Budget for 2012 was developed. These strategic priorities are reflected in organisation-wide strategic budget allocations, as well as the operational plans for individual state offices. The additional key priority area in the 2012 Financial Year is the adoption and planning of TFA's Participation Plan. This also included the awarding of TFA grants to several affiliates throughout the sport.

As previously reported in 2011, TFA has implemented, and continues to review and renew, a number of strategies to ensure that the organisation remains in a position financially and resourcefully to respond quickly to external influences and economic pressures. The financial resilience of TFA over several recent years is evident. TFA has been able to maintain and progress the Mission, Vision, Values and Strategic Priorities as assured to members, with vigour.

Budget strategies and operational initiatives work in parallel and are designed to:

- Continue to focus TFA's operational activities and resources profile (staff and financial) in areas of strength – including post 2011 World Cup operations renewal
- Improve the quality of activities, services and outcomes; and
- Ensure that TFA remains financially capable and viable by a combination of strategies and improved efficiencies.

TFA's Economic Mission reflects the focus of the organisation in this area: To preserve the ongoing economic viability of the organisation while ensuring the financial accessibility of the sport of Touch Football remains.

The financial performance of TFA in the 2012 reporting year satisfies the outcomes in achieving this Mission.

Throughout the 2012 financial year, TFA operated within key budget guidelines and boundaries and revised parameters approved by the Board of Management. As advised to Members in previous years, the reporting environment, systems and structures are critical to maintaining financial and corporate management outcomes, with valuable oversight and guidance provided by the Board of Management.

TFA's organisational robustness reflected in the unified management model is confirmed by equity of $3.578m. This equity includes $2.040m retained earnings to 30 June 2012. The increase in equity is a significant progress towards the strategic goal of achieving $4m equity by 2015.

Reported revenue activities as a contribution to total revenue:

% Of Total Operating Revenue	2012 %	2011%
HR/Corporate Development	0.0%	0.26%
Sport Management	51.64%	47.68%
Sport Development	18.80%	18.71%
Sport Operations	24.05%	20.46%
High Performance	3.46%	10.51%
Business Operations	1.25%	1.46%
Property and Information Technology	0.76%	0.92%
Total	100%	100%

Reported expense activity as a contribution to total costs:

Operating Expenses % of Total	2012 %	2011 %
Human Resources	36.47%	32.00%
Corporate Development	1.44%	1.73%
Sport Management	16.82%	14.74%
Sport Development	13.59%	13.75%
Sport Operations	16.43%	14.76%
High Performance	3.23%	11.47%
Business Operations	7.22%	7.10%
Property and Information Technology	4.75%	4.45%
Total	100%	100%

Analysis of revenue and cost drivers

Key financial ratios

TFA has been ongoing in maintaining and supporting a continuous improvement culture. This can be evidenced by the measurement in the presented table above where cost relativities have been maintained for strategic objectives. In the reporting year costs were maintained to continuously deliver programs. In addition, and comparatively to 2011, the reporting year of 2012 was a year to renew focus and dynamism post the 2011 World Cup.

Continuing financial sustainability

As at 30 June 2012, the ongoing financial sustainability of TFA is reported as sound.

Utilising the reported information by applying relative analysis on both the financial performance and position, and considering other information, a reasonable indication can be gained as to the ability to sustain the strategic purpose of TFA's enterprise.

In terms of relative measures of financial sustainability, some analysis of reported results can be examined as follows:

Measuring Stability

Financial stability indicators can be obtained by examining reported financial statements using ratio analysis for the purposes of expressing the relationship and interpretation of reported information.

Liquidity	2012	2011
current assets / current liabilities (often described as current ratio)	= 2.96 : 1	=3.50: 1

This indicator is the most common demonstration of an organisation's ability to settle short term debts. The above analysis demonstrates in 2012 TFA has $2.96 in current assets to meet every $1 in short term debt. This is an important representation of TFA's ongoing financial stability.

The 'liquidity conversion' aspect of TFA's net assets is sound, given the major element of the net assets being property, plant and equipment. Working capital management and the components of the working capital cycle (summer and winter seasons) have been continually improving as well. This is clearly evidenced by financial management of costs and creditor payments cycle with recognition of an improved debtor payment culture.

Solvency	2012	2011
Debt/solvency ratio : total assets / total liabilities	= 5.13: 1	= 6.59: 1

The above analysis demonstrates the TFA's overall solvency and organisational robustness in that TFA has $5.13 in assets to meet every $1 in debt for 2012.

Stability	2012	2011
Debt to equity ratio : total liabilities / total equity	= 0.242: 1	= 0.179: 1

The above analysis examines TFA's ability to withstand adverse conditions and meet overall long term obligations. TFA demonstrates that for every .24 cent debt there is $1 member's equity available. Effectively, this means that 76 cents per $1 equity would be returned to members if liquidated, as at 30 June 2012. TFA member's interests are being continually protected.

Measuring Performance

The reported operating result for TFA obviously indicates a reasonably modest surplus for 2012. Analysis and revision mid year allowed additional programs and support in areas that were risk managed to accommodate out-of-budget initiatives. It must be noted that an element of cost containment also occurred based on long term projections on key revenue items such as affiliation.

Operating return	2012	2011
Return on equity : net profit / equity	= 6%	= 9%
Safety margin	**2012**	**2011**
Safety margin : net income / total revenue	= 2.9%	= 4.0%

The safety margin indicator is an amount by percentage by which revenue is able to drop before TFA's breakeven is reached. On examination it is identified that the safety margin for TFA is reasonably low historically (as with a not-for-profit enterprise) and large movements in revenue may place operations at risk.

This would be particularly so if there was a major decrease in member affiliation.

Summary

It is the management of challenges, maintaining strategic priorities and TFA's preparations for the future which have driven the result for the year. The modest surplus for the year of $196,529, or 2.8% of income, is appropriate as it reflects a broad matching of income and expenditure, whilst providing some headroom for unforeseen events or costs, future growth and capital reserves.

Garry Foran
Chief Commercial Officer

October 2012

TOUCH FOOTBALL AUSTRALIA INCORPORATED

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2012

TOUCH FOOTBALL AUSTRALIA INCORPORATED

BOARD REPORT

Your Board members submit the financial report of the Touch Football Australia Incorporated (the Association).

BOARD MEMBERS

The names of the Board members throughout the year and at the date of this report are:

Michael Rush	Chairman	Re-elected 26 November 2011 - Continuing
Jane Russo	Director	Re-elected 26 November 2011 - Continuing
Jim Yeo	Director	Continuing
Graham Quinlivan	Director	Continuing
Barry McNamara	Director	Elected 26 November 2011

Principal Activities

The principal activity of the Association during the financial year to 30 June 2012 was the administration of the sport of Touch Football.

Significant Changes

There were no significant changes in the state of affairs of the association during the financial year. Constitutional Amendment October 2011 incurring changes of references to wording. This was agreed by the membership at a Special General Meeting on 20 October, 2011.

Subsequent Events

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

Operating Result

The operating surplus amounted to $196,529 (2011: $303,047 operating surplus). In reporting the operating result for 2012, the Members of the Board further report that Touch Football Australia provides the reported results for the controlled operations of the National Office and the States of South Australia, Western Australia, Northern Territory, Victoria, Tasmania and the Australian Capital Territory.

TOUCH FOOTBALL AUSTRALIA INCORPORATED

BOARD REPORT

The Board commends to members, stakeholders and interested parties the reported operating result and the supporting Financial report for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Members of the Board.

Chairman

Chief Executive Officer

Dated this 10th day of September 2012

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Independent auditor's report to the members of Touch Football Australia Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Touch Football Australia Incorporated (the association), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

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 *Association Incorporation Act 1981* and for such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Opinion

In our opinion, the financial report of Touch Football Australia Incorporated is in accordance with the *Association Incorporation Act 1981,* including:

(a) giving a true and fair view of the association's financial position as at 30 June 2012 and of its performance for the year ended on that date, and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements.

PricewaterhouseCoopers

Shane Bellchambers
Partner

Canberra
1• September 2012

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TOUCH FOOTBALL AUSTRALIA INCORPORATED

STATEMENT BY MEMBERS OF THE BOARD

In the opinion of the directors the financial report as set out on pages 6 to 23:

1. Presents a true and fair view of the financial position of Touch Football Australia Incorporated as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that Touch Football Australia Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Directors and is signed for and on behalf of the Board by:

Michael

Chairman

Chief Executive Officer

Dated this 10th day of September 2012

TOUCH FOOTBALL AUSTRALIA INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue	2	6,875,122	7,512,654
Less expenditure:			
Human Resources		2,436,332	2,307,137
Corporate Development		96,458	124,807
Sport Management		1,123,997	1,085,592
Sport Development		907,929	991,253
Sport Operations		1,097,890	1,064,004
High Performance		215,828	827,098
Business Operations		482,603	488,591
Property and Information Technology		317,556	321,126
Profit from Operations		**196,529**	**303,047**
Other comprehensive income			
State equity movements		(49,057)	215,468
Total other comprehensive income		(49,057)	215,468
Total comprehensive income attributable to the members of the association		**147,472**	**518,515**

TOUCH FOOTBALL AUSTRALIA INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**5**	1,502,736	824,551
Trade and other receivables	**6**	675,567	959,156
Inventories	**7**	269,929	258,146
TOTAL CURRENT ASSETS		2,448,232	2,041,853
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	1,995,533	2,002,606
TOTAL NON-CURRENT ASSETS		1,995,533	2,002,606
TOTAL ASSETS		4,443,765	4,044,459
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**9**	473,771	298,146
Income in advance	**10**	97,994	50,091
Employee benefits	**11**	255,170	233,716
TOTAL CURRENT LIABILITIES		826,935	581,953
NON-CURRENT LIABILITIES			
Employee benefits	**11**	38,442	31,590
TOTAL NON-CURRENT LIABILITIES		38,442	31,590
TOTAL LIABILITIES		865,377	613,543
NET ASSETS		3,578,388	3,430,916
EQUITY			
Reserves		1,365,962	1,365,962
Net State Equity		172,112	221,169
Retained earnings		2,040,314	1,843,785
TOTAL EQUITY		3,578,388	3,430,916

The accompanying notes form part of these financial report.

TOUCH FOOTBALL AUSTRALIA INCORPORATED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Retained Earnings $	Asset Revaluation Reserve $	State Equity Movements $	Total $
Balance at 30 June 2010	1,540,738	1,365,962	5,701	2,912,401
Asset revaluation – Land & Building	-	-	215,468	215,468
Profit attributable to the members	303,047	-	-	303,047
Balance at 30 June 2011	1,843,785	1,365,962	221,169	3,430,916
State equity movements	-	-	(49,057)	(49,057)
Profit attributable to the members	196,529	-	-	196,529
Balance at 30 June 2012	**2,040,314**	**1,365,962**	**172,112**	**3,578,388**

The accompanying notes form part of these financial report.

TOUCH FOOTBALL AUSTRALIA INCORPORATED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		7,217,060	7,534,198
Interest received		38,280	19,918
Payments to suppliers and employees		(6,433,289)	(7,472,646)
Interest paid		-	(391)
Net GST Remitted		(50,260)	(38,456)
Net cash provided by operating activities		771,791	42,623
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale of property, plant & equipment		-	2,601
Purchase of property, plant & equipment		(93,606)	(98,098)
Net cash (used in) investing activities		(93,606)	(95,497)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(18,198)
Capital paid - States		-	215,468
Net cash provided by/ (used in) financing activities		-	197,270
Net increase/(decrease) in cash held		678,185	144,396
Cash at beginning of the financial year		824,551	680,155
Cash at end of the financial year	5	**1,502,736**	**824,551**

The accompanying notes form part of these financial report.

TOUCH FOOTBALL AUSTRALIA INCORPORATED

NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 – Statement of Significant Accounting Policies

Basis of Preparation

Touch Football Australia Inc has elected to early adopt the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 1 July 2010.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Associations Incorporation Act of 1981.* 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 stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, 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.

Accounting Policies

a) Income Tax

The Association is exempt from income tax under the provisions of Section 50-5 of the *Income Tax Assessment Act 1997.*

b) Inventories

Inventories consist of clothing, publications and videos and are measured at the lower of cost and net realisable value.

c) Property, Plant and Equipment

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

NOTE 1 – Statement of Significant Accounting Policies (continued)

c) Property, Plant and Equipment (continued)

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

The carrying amount of plant and equipment is reviewed annually by the Association to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated. The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use means the 'depreciated replacement cost' of an asset when the future economic benefits of the asset are not primarily dependant on the assets ability to generate net cash inflows and where the entity would if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less where applicable, accumulated depreciation calculated on the basis of such costs to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost of which the gross future economic benefits of that asset could currently be obtained in normal course of business.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over their useful lives to the association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Competition infrastructure (lighting, mobile grandstand/seating) is depreciated on a straight line basis over ten years.

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

Class of asset	***Depreciation rate***
Buildings	2.5%
Fixtures & Fittings	15%
Plant & Office Equipment	15% – 33.33%
Software and computing	15% – 33.33%
Competition Infrastructure	10% (Straight line)

TOUCH FOOTBALL AUSTRALIA INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 – Statement of Significant Accounting Policies (continued)

c) Property, Plant and Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the association becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

NOTE 1 – Statement of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit of loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;

(ii) less principal repayments;

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

NOTE 1 – Statement of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit and loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

f) Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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.

NOTE 1 – Statement of Significant Accounting Policies (continued)

g) Employee Benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(ii) Long-term service benefits

The Association's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Association's obligations.

(iii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date,

including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating monetary and non-monetary benefits, such as medical care, sick leave, housing, cars and free or subsidised goods and services, are expensed based on net marginal cost to the Association as the benefits are taken by the employees.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

NOTE 1 – Statement of Significant Accounting Policies (continued)

j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

k) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Income in Advance and Prepaid Expenditure

Affiliation revenue is recognised based on competition commencement dates. Where a competition commences in 'Season 1', which runs from 1 January to 30 June or where a competition commences in 'Season 2', which runs 1 July to 31 December, affiliation revenue is invoiced and recognised in the relevant financial year. This policy has been conservatively applied for a number of years. In the reporting year a more consistent treatment has been applied. Grants received from government relating to calendar years are apportioned evenly over the financial year to which they relate.

m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Any rounding is in whole dollar presentation. From 2008/09 the presentation and format of the financial statements have been aligned with the TFA strategic plan and reporting of activities.

n) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

NOTE 1 – Statement of Significant Accounting Policies (continued)

n) Critical accounting estimates and judgements (continued)

Key Estimates – Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the asset class that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

o) Treatment of Equity

Prior to 1 July 2008 incurred amounts for the operations of the States of Victoria, West Australia, Tasmania and Northern Territory had been accumulated against State Entities within the ledger structures of the National Office (South Australia was reported as national operations prior 2008). This has been treated as Equity rather than an asset or liability of the National Office. Upon entering the Model the accumulated funds of each State have been offset against any net costs paid by Touch Football Australia, or added to any net contributions made to Touch Football Australia, as disclosed above.

	2012 $	2011 $
Note 2 – Revenue		
Operating activities:		
Corporate Development	-	19,780
Sport Management	3,550,889	3,581,732
Sport Development	1,293,156	1,405,613
Sports Operations	1,653,972	1,537,347
High Performance	237,969	789,248
Business Operations	86,414	109,727
Property and Information Technology	52,722	69,207
Total Revenue	6,875,122	7,512,654

	2012 $	2011 $
Note 3 – Profit		
Profit has been determined after:		
a. Expenses		
Rental expenses on operating lease:		
- minimum lease payments	60,242	70,494
Finance costs	-	391
Note 4 – Auditors Remuneration		
Remuneration of the auditor of the association for:		
– Auditing or reviewing the financial statements	27,050	25,200
	27,050	25,200
Note 5 – Cash and Cash Equivalents		
Cash on hand	3,634	16,661
Cash at bank	1,499,102	807,890
	1,502,736	824,551

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2012 $	2011 $
Cash and cash equivalents	1,502,736	824,551
Note 6 – Trade and Other Receivables		
CURRENT		
Trade receivables	520,962	560,314
Provision for doubtful debts	(10,400)	(11,200)
Security deposits	1,040	2,040
Prepayments	52,411	34,030
	564,013	585,184
Accrued revenue	83,060	275,961
Other receivables	28,494	98,011
	675,567	959,156

	2012 $	2011 $
Note 7 – Inventories		
CURRENT		
Merchandising stock, at cost	269,929	258,146
Note 8 – Property, Plant and Equipment		
Leasehold buildings – at valuation (re-valued at 30 June 2010 as Strata Title)	1,680,000	1,680,000
Accumulated depreciation – Leasehold buildings	(84,000)	(42,000)
Total leasehold land and buildings (Strata Title)	1,596,000	1,638,000
Fixtures & fittings – at cost	130,676	104,061
Accumulated depreciation	(88,265)	(84,690)
	42,411	19,371
Plant & office equipment – at cost	590,768	551,983
Accumulated depreciation	(327,664)	(290,396)
	263,104	261,587
Vehicles – at cost	5,234	5,234
Accumulated depreciation	(1,963)	(763)
	3,271	4,471
Computers & Software – at cost	160,703	132,498
Accumulated depreciation	(99,955)	(83,321)
	60,747	49,177
Intellectual Property - Ellwood Park competition 2010	37,980	37,980
Accumulated amortisation	(7,980)	(7,980)
	30,000	30,000
Total Property, Plant and Equipment	1,995,533	2,002,606

Note 8 – Property, Plant and Equipment (continued)

Movements in carrying amounts

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

	Leasehold Land & Buildings $	Fixtures & Fittings $	Plant & Office Equipment $	Software $	Intellectual Property $	Vehicle $	**TOTAL** $
Balance at 1 July 2011	1,638,000	19,371	261,587	49,177	30,000	4,471	2,002,606
Additions	-	26,615	38,785	28,207	-	-	93,607
Revaluations	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation expense	(42,000)	(3,575)	(37,268)	(16,637)	-	(1,200)	(100,680)
Balance at the end of year 30 June 2012	**1,596,000**	**42,411**	**263,104**	**60,747**	**30,000**	**3,271**	**1,995,533**

	2012 $	2011 $
Note 9 – Trade and other payables		
CURRENT		
Trade creditors	380,633	194,409
National squad bond	29,200	-
NTL permit holder bond	15,000	15,000
Sundry creditors	48,938	88,737
	473,771	298,146
Note 10 – Income in Advance		
Prepaid income – general	97,994	50,091
	97,994	50,091
Note 11 – Employee Benefits		
Analysis of Employee Benefits		
Current annual leave	206,611	188,889
Current long service leave	48,559	44,827
	255,170	233,716
Non-current long service leave	38,442	31,590
	293,612	265,306

	2012 $	2011 $
Note 12 – Leasing Commitments		
Operating Lease Commitments		
Being for rent of office Payable		
- not later than 1 year	52,798	62,817
- later than 1 year but not later than 5 years	39,499	62,216
	92,297	125,033

These commitments represent rent payable monthly in advance with respect of four non-cancellable property leases. One lease, Victoria Sports House, has executed one of its 3 year options as of 2011 with the option of a further 3 years for determination by 2014. This lease agreement requires minimum lease payments to be increased annually by CPI. The second lease agreement, South Australia Office, enters its final year of its three year term, with an option of a further three years to be determined. This lease agreement requires minimum lease payments to be increased by 5% per annum. The third lease is for WA Sports Lotteries House which had entered its final year in 2011, however a new lease has been entered for two years from 1st July 2012 to 30th June 2014. The fourth lease is for the Tasmania office in Launceston of which the lease commenced in August 2011 and runs for 2 years to 2013 with an option to extend annually. The minimum lease payment is to be increased annually by CPI.

Note 13 - Reserves

Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets.

State Equity Movements

The state equity movements reserve consists of funds allocated from the state bodies on amalgamation into the Association.

Note 14 – Contingent Liabilities and Contingent Assets

As at balance date the Association has no contingency that will or may affect the reported assets and liabilities of the Association.

Note 15 – Events after the Balance Sheet Date

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

TOUCH FOOTBALL AUSTRALIA INCORPORATED
NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Note 16 – Related Party Transactions

The names of the Members of the Board of Touch Football Australia during the financial year are outlined below.

No Board member receives either directly or indirectly any fees, salaries or bonuses. However, the following honorariums were due to be paid during the financial year:

Michael Rush	Chairman	$6,018
Jane Russo	Director	$4,012
Jim Yeo	Director	$4,012
Graham Quinlivan	Director	$4,012
Barry McNamara	Director	$2,016

Note 17 – Segment Reporting

The Association operates solely in the sports administration industry and its revenue is predominantly derived from operations associated with that source. The Association operates in Australia and is therefore one geographical area for reporting purposes.

Note 18 – Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2012 $	2011 $
Financial assets		
Cash and cash equivalents	1,502,736	824,551
Loans and receivables	564,013	585,184
Total financial assets	2,066,749	1,409,735
Financial liabilities		
Financial liabilities at amortised cost:		
– trade and other payables	473,771	298,146
– borrowings	-	-
Total financial liabilities	473,771	298,146

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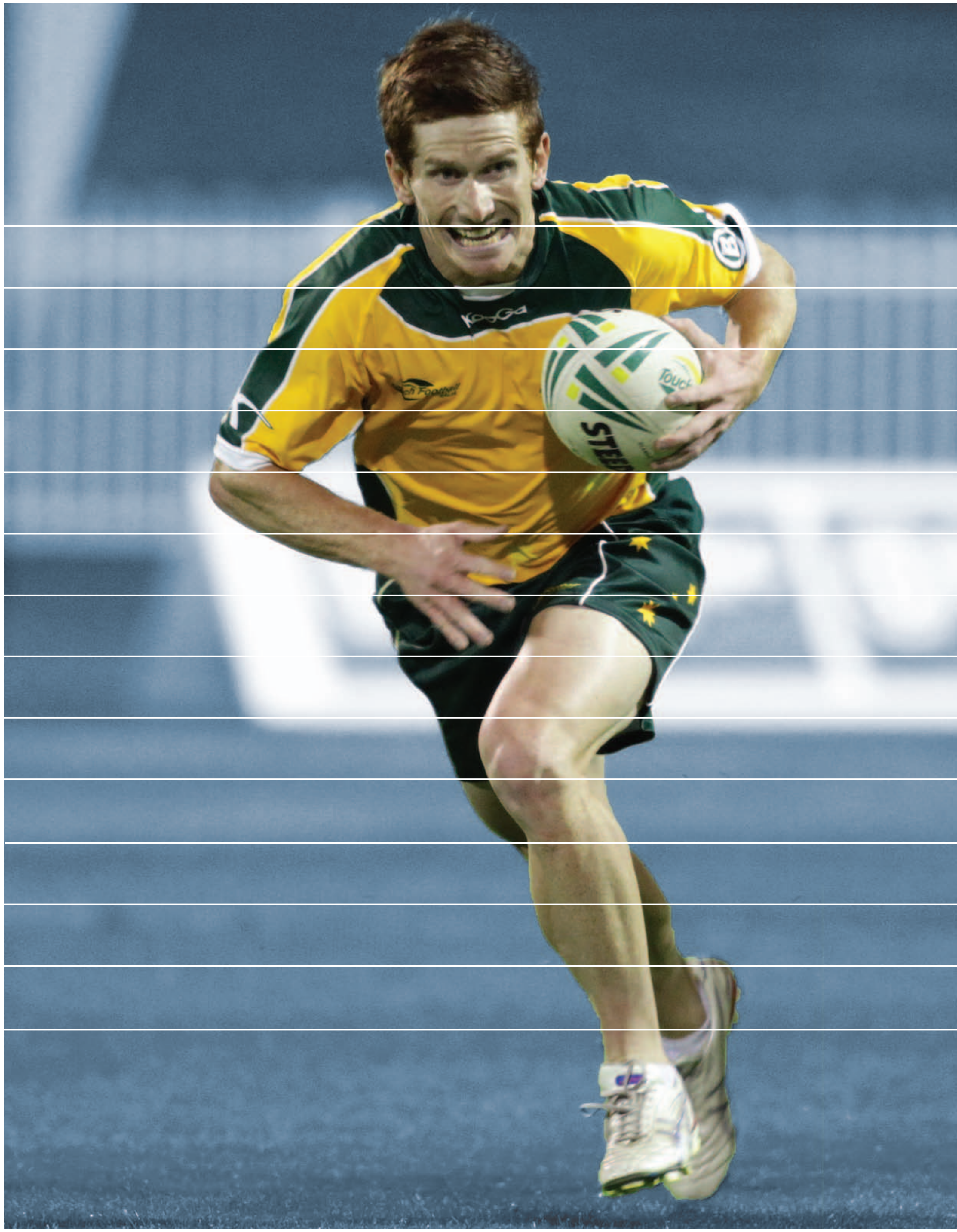
Note 19 – Key Management Personnel

	Short Term Benefits	Long Term Employment Benefits	Total
	$	$	$
2012			
Total compensation	310,768	35,074	345,842
2011			
Total compensation	286,460	31,315	317,775

Note 20 – Association Details

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

Touch Football Australia Incorporated
18 Napier Close
DEAKIN ACT 2600



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