

THE BRITISH TENNIS FOUNDATION
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
30th SEPTEMBER 2006



Registered in England - Number 2138124
Charity Number 298175

THE BRITISH TENNIS FOUNDATION

Report of the Board

The Board of The British Tennis Foundation ("The Foundation") submits its report, together with the audited financial statements, for the year ended 30th September 2006. The Trustees have prepared this report and the financial statements in accordance with the Companies Act 1985 and the Charities Act 1993. The Foundation has prepared its financial statements for the first time in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005). This has resulted in the comparatives included in the Statement of Financial Activities being restated to reflect changes to presentation required by the new SORP.

Structure, governance and management

The British Tennis Foundation was incorporated on 5th June 1987 as The Lawn Tennis Foundation of Great Britain (company number 2138124), a company limited by guarantee and having no share capital. It was registered by the Charity Commissioners as a charity (number 298175) on 29th December 1987 and its name was changed to The LTA Trust on 7th October 1988 and then to The British Tennis Foundation on 9th January 1997. The Foundation is governed by its Memorandum and Articles of Association as updated on 7th June 2004. The Foundation is not empowered to make distributions to its members.

The activities of The Foundation are split into the following significant areas - development (including county and club), schools and coaching, junior competition and a programme for people with disabilities.

The day-to-day management and decision making of The Foundation is delegated by the trustees to staff led by Sue Wolstenholme. The activities of the Foundation are overseen by the Board of Trustees who met four times during the year under review. At each meeting of the Board, a written and oral report is delivered by Sue Wolstenholme and the Treasurer presents a financial report. The Board considers these reports and reviews strategy and performance generally. The Board also receives written reports from the Indoor Tennis Initiative ("ITI") Committee and the Fundraising Committee which are both made up of Trustees and Members of The Foundation with specific terms of reference. The Board gives final approval to all ITI grants made by The Foundation as proposed by the ITI Committee.

Any project that is eligible for grant aid is developed, assessed and approved by the appropriate committee or board. Grants include those to clubs, schools and county associations. Grants are awarded to clubs to assist in their development and to support the junior performance programmes. These are approved by the appropriate county committee and the BTF director. Small grants to facilitate tennis in schools are approved by the BSTA management committee who consider all applications received. Finally the county tranche payments to assist with coaching and development programmes at a county level, are awarded on the size and specific needs of the county. These are approved by the Head of Tennis Development.

The Trustees (who are regarded as directors for Companies Act purposes), all of whom served throughout the year to 30th September 2006, are listed on page 4.

The Board may from time to time and at any time appoint any member of the company as a member of the Board, either to fill a casual vacancy or by way of addition to the Board. No person shall be admitted as a member of the company unless they are first approved by the Board and the Board shall have absolute discretion as to the admission of any person. On appointment new trustees are provided with information about the activities of The Foundation including copies of minutes of previous Board meetings, copies of the financial statements and details of trustees' responsibilities in law. Trustees are also encouraged to take a direct interest in The Foundation and to attend events such as school competitions, disability events and development activities.

Objectives and activities

The objectives of The Foundation are:

- (a) the advancement, for the benefit of the public, of the education of young persons who are pupils at School or University by organising or providing facilities which will enable and encourage them to play tennis or Mini Tennis (being a version of tennis adapted for children) and thereby ensuring that due attention is given to the physical education of such pupils as well as to the development and occupation of their minds;
- (b) the organisation or provision (or assistance in the organisation or provision) of facilities for recreation in the interests of social welfare in any part of the United Kingdom (with the object of improving the conditions of life for the persons for whom the facilities are primarily intended) either for persons who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social or economic circumstances and for members of the public at large; and
- (c) for the benefit of the public to promote community participation in healthy recreation by providing facilities for playing tennis. Mini Tennis or other sports ("facilities" means land, buildings, equipment and organising sporting activities).

The key objectives for the year were to attract and retain more players of all ages and ability across all tennis venues, to increase the frequency of play with an emphasis on encouraging more young players into competition, and to set up the infrastructure and facilities to provide the opportunities to players to develop their game.

In order to fulfil the objectives, programmes are organised to increase the number and the standard of coaches through coach education qualifications, coaching opportunities and courses for Mini Tennis and the full game. The Foundation is also involved in junior competitions, disability programmes and the creation and enhancement of facilities at clubs, local authority courts (including the ITI programme) and in educational establishments.

The Indoor Tennis Initiative ("ITI") was set up in 1986 with the principle objective of establishing pay and play tennis centres in the local authority and school sectors opening to all, of introducing tennis to a new range of players from the broadest possible social spectrum.

The Foundation works closely with The All England Lawn Tennis & Croquet Club and The Lawn Tennis Association in the pursuit of its charitable objectives. As such, these organisations are significant and major benefactors to The Foundation providing the majority of the covenants and gift aid resources received.

THE BRITISH TENNIS FOUNDATION

Report of the Board (continued)

Achievements and performance

Measurements of achievements and performance are reviewed each year to assess the outcomes in each area of activity and to decide what changes, if any, are required for the following year. In the year under review there has been a 3.5% increase in the number of qualified and licensed coaches - this has exceeded the target set by nearly 100 and the total number now stands at almost 3,000.

There has been an approximate increase of 2% in the number of people participating in tennis clubs and there were 7% more recorded matches by the juniors competing, although the number of juniors competing in more than 6 matches a year has stayed fairly constant. In schools, via the Physical Education Secondary School Club Links scheme ("PESSCL"), there has been an increase of 4% in the number of schools offering tennis and a very encouraging increase of 7% in the links formed between schools and clubs.

Tennis for people with disabilities has again grown with nearly 400 new players being offered the opportunity to participate in wheelchair, deaf and learning disability tennis at camps, open days and coaching sessions. The Foundation has worked closely with a number of organisations throughout the year. These have included the National Wheelchair Tennis Association, UK Sport, BPA, the ITF, the British Deaf Tennis Association, UK Deaf Sport, the British Deaf Children's Society, Special Olympics GB and UK Sport for People with a Learning Disability. Entries for the competitions were up in all three disability categories and more than 50 coaches have attended disabled awareness training during the year.

The number of indoor courts in all sectors has been growing steadily in line with the policy of offering year round opportunities. The current number of 1,350 has seen a rise in provision of 10% in the last three years.

During the year The Foundation adopted The Lawn Tennis Association's new equality and diversity policy.

In broad terms, the organisation has performed to expectations this year with greater investment in the organisation's activities which is reflected in the increase in resources expended.

Principal funding sources to The Foundation are The Lawn Tennis Association and The Championships.

Incoming resources have increased 1% to £9,426,000 on last year. This is due primarily to the £670,000 increase in voluntary income in the form of grants received particularly from PESSCL as well as an increase in restricted donations for Give it Your Max, Seed Legacy Fund, Dan Maskell Tennis Trust and Clissold Park. The effect of this increase has been negated by the £171,000 reduction in investment income, due to a lower gift aid receipt from the subsidiary company and a £500,000 reduction in gift aid received from The Championships.

The reduction in tennis development outgoing resources is due to a £464,000 reduction in grants made in respect of capital investment and city tennis club grants.

County and club outgoing resources have increased due to additional recharged costs for club development officers and tennis managers from related parties.

Coach education outgoing resources have increased by £574,000 on last year. This reflects The Foundation's intent to focus more resources into this area and spend has increased 42% on last year. The rationale is to ensure more coaches are properly qualified, licensed and educated and much work has been undertaken in preparation for the introduction of the UKCC Coaching Certificate. The organisation has also made Advance Apprenticeship in Sporting Excellence ("AASE") grants of £105,000 this year which were not made in the previous year.

Schools outgoing resources remain broadly comparable with the previous year. There is a slight increase due to the additional £155,000 PESSCL grants made due to the higher level of funding received. The increase is mitigated by reductions in other costs. The overall costs of running and administering all the events and tournaments have risen by £139,000. This is due to an accumulation of additional costs, including accommodation, court hire, officials, equipment and transport.

The Foundation has invested more resources into disability tennis, an increase of £159,000, which has resulted in attracting more disabled players. The main reason for this increase is additional coaching costs of £63,000. There have also been purchases of specialist wheelchairs to further athlete performance costing £35,000.

There were no additions or disposals of fixed asset investments during the year. The realised gain on investments for the year was £318,000 (2005: £554,000). The Board considers the performance of the investments to be satisfactory and in line with expectations.

THE BRITISH TENNIS FOUNDATION

Report of the Board (continued)

Financial review and reserves policy

The net movement in funds for the year was £28 000 expended (2005 Incoming £1 369 000) At the year end the unrestricted reserve held by The Foundation amounted to £4,248,000 (2005 £4 609 000) The Board of Trustees has set a target for its free reserves of one year's expenditure on its programmes for tennis development (county and club), schools and coaching plus the cost of their administration This has been based on the fact that these expenses are ongoing approved programmes rather than one-off activities and a reserve fund is needed in case of a shortfall in income in any one year At present unrestricted reserves do not reach the target level due to restrictions on funding The Board reviews this target and the policy with regard to reserves annually

The activities of The Foundation are established and will continue on similar lines in 2007 when it will again look for support from sources other than those already committed to sport in general and the game of tennis in particular

The Foundations subsidiary BTF Enterprises Limited receives sponsorship and undertakes other commercial activities on behalf of The Foundation Details of the performance of the subsidiary are set out in note 9 to the financial statements BTF Enterprises Limited generated a profit after taxation of £8 000 for the year ended 30th September 2006 (2005 £10 000) The Company performed according to plan and the directors are satisfied with the outcome

Investments policy

Investments are held with the Charities Aid Foundation and with Schroder Investment Management in order to maximise returns on The Foundation's free reserve balance The Board reviews the performance of the investments at each Board Meeting and seeks professional advice if it wishes to consider any other options In line with its reserves policy the Board of Trustees have set an objective to accumulate funds to equate to one year's gift aid income

Risk policy

The Board of Trustees have assessed the major risks to which the charity is exposed and have taken appropriate action to mitigate any significant exposure to such risks

The Board of Trustees reviewed areas of potential risk including too few sources of income, negative publicity failure to meet statutory requirements, financial and record keeping exposure to fraud and keeping adequate insurance cover It concluded that operationally there were no major risks as the record keeping was done by a large organisation with adequate internal controls insurance cover was reviewed every year and a lawyer was on hand whenever needed The exposure to a loss of income had been taken into account when the investments and reserves policy had been agreed Further long term commitments are not made without already having the cash in hand

Indemnity provisions

An amount of £7 587 (2005 £7 750) of funds belonging to The Foundation was used to purchase insurance to indemnify the trustees against the consequence of any neglect or default on their part

Plans for future periods

The Foundation plans to continue to support the existing programmes that meet the objectives of the charity

The overall aim is to attract and retain more players of all standards and ability into the game from the broadest possible social spectrum and to provide programmes that will offer participants every opportunity to improve their standard whatever that might be In order to achieve this it is vital to train new, committed coaches and to provide continuous learning opportunities

It is planned to enhance tennis within the community in schools and on local authority facilities although no firm decisions have yet been taken as to how this will be achieved

The programmes that The Foundation will continue to support in order to achieve our aims will include -

Coach Education	Four levels of coach qualification, coach development courses for continuous learning, mentoring and the Coach Licensing Scheme, the benchmark of British tennis coaching
Mini Tennis	A modified version of the game Mini Tennis is a fun and exciting introduction to tennis, primarily for children but it is a fun way to play tennis for all ages and abilities Mini Tennis is an ideal way to start to learn to compete and plans are being made to increase the amount of competition available
Schools Programmes	Teacher training competitions links with County Sport Partnerships, School Sport Co-ordinators the PESSCL programme and benefits for member schools
Disabilities Development/Junior Tournaments	Introductory camps coaching training competitions for wheelchair, deaf and learning disability players Support for development programmes within counties and clubs and a full junior competitive structure
Facilities	Facility provision and enhancement in clubs local authorities and educational establishments In 2006 loans totalling £298 000 have been made to Clubs affiliated to The Lawn Tennis Association making a total balance of £993 000 outstanding as at year end

Statement of the Board of Trustees' Responsibilities in Respect of the Financial Statements

The Board of Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP)

Company and charity law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Foundation and the incoming resources including the net income or expenditure of The Foundation for that year

In preparing those financial statements the trustees are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that The Foundation will continue in operation

The Board of Trustees confirm that the financial statements comply with the above requirements

THE BRITISH TENNIS FOUNDATION

Report of the Board (continued)

Statement of the Board of Trustees' Responsibilities in Respect of the Financial Statements (continued)

The Board of Trustees is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of The Foundation and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of The Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board of Trustees

The Board of Trustees of The Foundation at 30th September 2006 and throughout the year comprised

Sir Geoffrey Cass - Chairman
Mrs A M Butler
Mrs L Davison
Mrs S M Hamilton
The Lord Kindersley

Mr J C U James OBE
Mrs J M Maher
Mr C D Palmer-Tomkinson
Mr I D Peacock OBE
Mr J E Tucker

All the above trustees are members of The Foundation

Secretary and Registered Office

S E Wolstenholme
The Queen's Club
West Kensington
London W14 9EG

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Banks

National Westminster Bank, Hammersmith
Barclays Bank, Wimbledon Common
HSBC, Poultry and Princes Street
Royal London Cash Management Limited, Gracechurch Street

Solicitors

Bates, Wells & Braithwaite
Cheapside House, 138 Cheapside
London EC2V 6BB

Investment Managers

Charities Aid Foundation, West Malling, Kent
Schröder Investment Management, London EC2V 8AS


Auditors

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be put to the members at the Annual General Meeting

The trustees of The Foundation who held office on the date of approval of this annual report set out above each confirm that

- so far as they are aware, there is no relevant audit information (information needed by The Foundation's auditors in connection with preparing their report) of which The Foundation's auditors are unaware, and
- they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that The Foundation's auditors are aware of that information

Approved and authorised for issue by the Board of Trustees on 13th December 2006 and signed on its behalf by



S E Wolstenholme
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH TENNIS FOUNDATION ('THE FOUNDATION')

We have audited the financial statements of The British Tennis Foundation for the year ended 30th September 2006 which comprise the statement of financial activities (incorporating an income and expenditure account), the balance sheet, the cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

As described in the Statement of the Board of Trustees' Responsibilities on pages 3 and 4 the charitable company's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The trustees are also directors of The British Tennis Foundation for the purpose of Company Law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Board is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

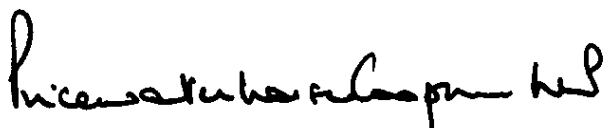
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 30th September 2006 and of its net outgoing resources, including its income and expenditure and cashflows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Board is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

13th December 2006

THE BRITISH TENNIS FOUNDATION
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
Year ended 30th September 2006

		Unrestricted Funds 2006 £000	Restricted Funds 2006 £000	Total Funds 2006 £000	* Restated Total Funds 2005 £000
Incoming resources	Note				
Incoming resources from generated funds					
Gift aid	2	6,750	-	6,750	7,250
Voluntary income (donations and grants)		250	996	1,246	576
Investment income	3	441	47	488	659
Incoming resources from charitable activities					
Coach education and licence fees		506	-	506	442
Events and tournaments income		187	-	187	141
Disability tennis income		21	-	21	2
Schools income		2	184	186	201
Other		42	-	42	70
Total incoming resources		8,199	1,227	9,426	9,341
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		39	-	39	54
Charitable activities	4				
Tennis development		868	137	1,005	1,379
County and club		4,652	-	4,652	4,207
Coach education		1,942	-	1,942	1,401
Schools		449	691	1,140	1,071
Events and tournaments		525	-	525	386
Disability tennis		375	66	441	282
Indoor Tennis Initiative grants	15f	-	-	-	(270)
		8,811	894	9,705	8,456
Governance costs	5	28	-	28	17
Total resources expended		8,878	894	9,772	8,527
Net (outgoing) / incoming resources					
- net (expenditure)/income for the year		(679)	333	(346)	814
Other recognised gains and losses					
Unrealised gains on investments	9	318	-	318	554
Net movement in funds		(361)	333	(28)	1,368
Fund balances brought forward	12	4,609	5,367	9,976	8,608
Fund balances carried forward	12	4,248	5,700	9,948	9,976

The net outgoing resources for the year derive from the continuing activities of The Foundation


The Foundation had no recognised gains or losses during the year other than those reflected in the above Statement of Financial Activities and hence a separate Statement of Total Recognised Gains and Losses has not been presented

* The Statement of Financial Activities for the year ended 30th September 2005 has been restated to reflect changes to presentation required following first time adoption of SORP 2005 and showing incoming resources on a gross basis item (note 8)

THE BRITISH TENNIS FOUNDATION
Balance Sheet
As at 30th September 2006

	Note	2006 £000	2005 £000
Fixed assets			
Investments	9	<u>3,530</u>	<u>3,212</u>
Current assets			
Debtors amounts falling due within one year	10	436	4,427
Debtors amounts falling due after one year	10	890	635
Cash at bank and on hand - IT1 and other restricted funds		5,726	5,693
Cash at bank		<u>7,016</u>	<u>186</u>
		14,068	10,941
Current liabilities			
Creditors amounts falling due within one year	11	(7,650)	(4,177)
Net current assets		<u>6,418</u>	<u>6,764</u>
Net assets		<u>9,948</u>	<u>9,976</u>
Funds			
Unrestricted funds	12	4,248	4,609
Restricted funds	12	5,700	5,367
		<u>9,948</u>	<u>9,976</u>

Approved and authorised for issue by the Board of Trustees
on 13th December 2006 and signed on its behalf by



Sir Geoffrey Cass
Chairman

THE BRITISH TENNIS FOUNDATION
Cash Flow Statement
Year ended 30th September 2006

	Note	2006 £000	2005 £000
Net cash inflow/(outflow) from operating activities	14	6,509	(2,846)
Returns on investments and servicing of finance			
Interest received		257	282
Investment income received		96	82
Increase/(decrease) in cash in the year		<u>6,862</u>	<u>(2,482)</u>

Reconciliation of net cash flow to movement in net cash

Increase/(decrease) in cash	6,862	(2,482)
Opening cash	5,879	8,361
Closing cash	<u>12,741</u>	<u>5,879</u>

The increase in cash relates solely to movements in cash and deposits

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements
Year ended 30th September 2006

1 Statement of accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market value and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The financial statements also comply with the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities - issued in March 2005 (SORP 2005)

The company has adopted FRS 21 'Events after the balance sheet date' and FRS 25 'Financial instruments: disclosure and presentation' in these financial statements. The adoption of these standards represents a change in accounting policy; however, there has been no effect on the results or financial position for either the current year or the comparatives.

b) Consolidation

The British Tennis Foundation has one wholly owned subsidiary, BTF Enterprises Limited. As the results of the subsidiary are not considered material, consolidated financial statements have not been prepared.

c) Fund accounting

The Foundation's funds comprise

- unrestricted funds which are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of The Foundation and which have not been designated for other purposes,
 - designated funds which are unrestricted funds earmarked by the Board of Trustees for particular purposes, and
 - restricted funds which may only be used in accordance with specific restrictions imposed by the donor.
- The aim and use of each restricted fund is set out in the notes to the financial statements.

d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when The Foundation is entitled to the income and the amount can be quantified with reasonable accuracy.

i) Gift aid

Donations under gift aid together with income tax recoverable are recognised when the donation is receivable.

ii) Performance-related contract funding

Where The Foundation receives grant funding that is essentially a payment in return for services with a specific measurable output, The Foundation only recognises income to the extent that The Foundation has provided the service. Income is deferred when funds have been received in advance of the level of services provided. Full provision is made for losses on all contracts in the year in which they are first foreseen.

iii) Voluntary income - donations and grants

Other donations are included in incoming resources on receipt. Such income would be deferred only if the donor had imposed conditions which must be met before The Foundation has unconditional entitlement. Grant income which includes government grants is recognised in the profit and loss account either on receipt or in the period in which the related expenditure is incurred, depending on the nature of the grant. Grant expenditure is recognised in the profit and loss account in the period in which the grant was made or committed to other third parties.

iv) Legacies

Incoming legacies are included in the Statement of Financial Activities when receipt is virtually certain and the amount receivable can be quantified with reasonable accuracy.

v) Investment income

Investment income from fixed asset investments and cash at bank is recognised on an accruals basis. Credit is taken for interest in the period in which The Foundation is entitled to receipt.

vi) Incoming resources from charitable activities

Incoming resources from charitable activities are recognised on an accruals basis.

vii) Volunteers

The value of services provided by volunteers has not been included.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that activity.

Costs pertaining to performance related contracts are recognised as services are supplied.

i) Costs of generating voluntary income

Costs of generating funds comprise the costs directly associated with attracting voluntary income and overhead and support costs relating to this activity. It also includes investment management fees.

ii) Charitable activities

Charitable activities comprise expenditure related to carrying out the various projects and programmes of The Foundation in advancement of its objects. Expenditure includes directly attributable costs and overhead and support costs.

iii) Allocation of overhead and support costs

Overhead and support costs are allocated between The Foundation's activities on the basis of the percentage of the total costs the activity absorbs.

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

1 Statement of accounting policies (continued)

e) Resources expended (continued)

iv) Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of The Foundation and include audit fees and costs linked to the strategic management of the charity

f) Pensions

The employees of The British Tennis Foundation are members of The Lawn Tennis Association (the "LTA") pension scheme. The LTA Group Money Purchase Pension Plan is closed for new contributions and members but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of the Lawn Tennis Association. All new contributions for The Foundation's employees are paid into the LTA Group Personal Pension Plan. The pension plan is funded by contributions from The Foundation and its employees.

g) Taxation

No charge to corporation tax arises as the company is a charity registered under the Charities Act 1993. The Foundation is registered for value added tax (VAT) and accordingly, all its expenditure is recorded exclusive of any VAT incurred.

h) Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

i) Grants payable

Grants are recorded as liabilities on approval of the grant by the Board of Trustees with the exception of those in respect of the Indoor Tennis Initiative (ITI) which are recognised as liabilities when the grant offers have been accepted and work has commenced on site. ITI grants are regarded as approved when the ITI Committee commits future funding to a scheme.

j) Investments

Listed investments are stated at market value based on the closing price at the balance sheet date. Surpluses or deficits on sale or revaluation are dealt with in the Statement of Financial Activities within the fund owning the investments. Other investments are shown at cost and are reviewed regularly for impairment.

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

2	Gift aid	2006	2005
		£000	£000
	The Lawn Tennis Association	3,750	3,750
	The Championships	3,000	3,500
		<u>6,750</u>	<u>7,250</u>
3	Investment income	2006	2005
		£000	£000
	Income from listed investments and investment funds	96	82
	Interest from cash deposits	257	282
	BTF Enterprises Limited (gift aid)	135	295
		<u>488</u>	<u>659</u>
	All investment income relates to assets held in the UK		
4	Charitable activities	2006	2005
		£000	£000
	Tennis development		
	- Grants payable (note 15a)	422	886
	- Other tennis development running costs	276	199
	- Staff costs	179	168
	- Support costs (note 6)	128	126
		<u>1,005</u>	<u>1,379</u>
	County and club		
	- Grants payable (note 15b)	2,010	2,079
	- Recharge for club development officers and tennis managers	1,724	1,584
	- Support costs (note 6)	590	383
	- Other county and club costs	189	161
	- Travel and other related county costs	139	-
		<u>4,652</u>	<u>4,207</u>
	Coach education		
	- Coaches, temporary staff and tutors used to assist coach education	567	506
	- Other coach education costs	284	257
	- Support costs (note 6)	246	163
	- Staff costs	214	190
	- Grants payable (note 15c)	145	-
	- Resources to assist in coaching	142	21
	- Court hire	112	110
	- Travelling expenses	102	33
	- Criminal Records Bureau costs	72	83
	- Accommodation costs	58	38
		<u>1,942</u>	<u>1,401</u>
	Schools		
	- Grants payable (note 15d)	618	473
	- Other schools costs	250	408
	- Support costs (note 6)	146	98
	- Staff Costs	76	70
	- Accommodation costs	33	16
	- Travelling expenses	17	6
		<u>1,140</u>	<u>1,071</u>
	Events and tournaments		
	- Court hire	143	115
	- Other costs associated with running events	95	88
	- Referees fees and umpires expenses	76	59
	- Support costs (note 6)	67	35
	- Accommodation costs	60	49
	- Catering	33	11
	- Prize money	31	22
	- Equipment hire	20	7
		<u>525</u>	<u>386</u>

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

4	Charitable activities (continued)	2006	2005
	Disability tennis		
	- Other disability costs	123	102
	- Temporary and coaching staff used to assist disability tennis	108	45
	- Travelling expenses	82	33
	- Support costs (note 6)	56	26
	- Equipment purchases	41	6
	- Accommodation costs	26	22
	- Grants payable (note 15e)	5	48
		<u>441</u>	<u>282</u>
	Indoor Tennis Initiative grants (note 15f)	-	(270)
		<u>-</u>	<u>(270)</u>
	Total cost of charitable activities	<u>9,705</u>	<u>8,456</u>
5	Governance costs	2006	2005
		£000	£000
	Auditors remuneration - audit services current year	12	7
	Auditors remuneration - audit services prior year	5	-
	Trustees liability insurance	8	7
	Support costs (note 6)	3	3
		<u>28</u>	<u>17</u>

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

6 Allocation of overhead and support costs

Overhead and support costs	Costs of generating funds £000	Tennis development £000	County and club £000	Coach education £000	Schools £000	Events and tournaments £000	Disability tennis £000	Governance costs £000	Total 2006 £000	Total 2005 £000
Staff costs										
Property costs	1	32	146	61	36	16	14	1	307	175
Management	-	11	52	22	13	6	5	-	109	25
Marketing	1	36	166	69	41	19	16	1	349	294
Finance	-	2	8	3	2	1	1	-	17	9
Information technology	-	3	15	6	4	2	1	-	31	176
Printing, postage & stationery	1	25	115	48	28	13	11	1	242	104
Office running costs	-	1	7	3	2	1	1	-	15	6
Legal and professional	-	4	19	8	5	2	2	-	40	21
Travel and subsistence	-	-	-	-	-	-	-	-	-	(6)
Events and tournaments costs	-	5	22	9	5	2	2	-	45	12
Player and coaching costs	-	8	35	15	9	4	3	-	74	17
	-	1	5	2	1	1	-	-	10	-
	3	128	590	246	146	67	56	3	1,239	833

Total costs excluding support costs

2006

2006

Percentage of total costs

2006

2006

36

0.4%

877

10.3%

4,062

47.6%

1,696

19.9%

994

11.6%

458

5.4%

385

4.5%

25

0.3%

8,533

100%

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

7 Employees

	2006 Number	2005 Number
The average monthly number of persons (excluding trustees) employed directly by The Foundation during the year was		
Tennis development	3	4
Schools	2	2
Administration	4	4
	<u>9</u>	<u>10</u>

	2006 £000	2005 £000
Direct staff costs relating to the above persons		
Wages and salaries	328	321
Social security costs	39	38
Other pension costs	22	22
	<u>389</u>	<u>381</u>

78 employees are employed jointly by LTA Services Limited and The Foundation (2005 67) LTA Services Limited charges The Foundation for the provision of these staff at cost plus a 1% administration charge

The recharge of £2,024,000 (2005 £1,940,000) comprises, wages and salary costs of £1,665,000 (2005 £1,596,000), social security costs of £205,000 (2005 £196,000), pension costs of £78,000 (2005 £75,000) and other operating expenses relating to these staff of £76,000 (2005 £73,000)

The number of BTF employees whose emoluments exceeded £60,000 were

	2006 Number	2005 Number
£70,001 - £80,000	<u>1</u>	<u>1</u>

For the staff member whose emoluments exceeded £60,000 pension contributions amounting to £7,065 (2005 £6,082) were paid for the provision of money purchase benefits. The staff member has benefits accruing under a money purchase pension scheme only

Trustees' remuneration

Neither the trustees nor any person connected with them received any remuneration from The Foundation during the year. Three trustees (2005 one trustee) received reimbursement totalling £1,417 for travel and accommodation expenses (2005 £79). None of the trustees were accruing benefits under the defined contribution pension scheme

Pension costs

The employees of The British Tennis Foundation are members of The Lawn Tennis Association (the "LTA") pension scheme. The LTA Group Money Purchase Pension Plan is closed for the new contributions and members but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of the Lawn Tennis Association. All new contributions for The Foundation's employees are paid in to the LTA Group Personal Pension Plan. The pension plan is funded by contributions from The Foundation and its employees. Annual contributions to the scheme by The Foundation were related to pensionable salaries and length of service and the total pension cost charged for the year amounted to £21,581 (2005 £21,827). There were no outstanding or prepaid contributions as at 30th September 2006 (2005 £nil).

8 Prior year adjustment

In the previous year income of £75,000 relating to Criminal Records Bureau checks had been netted off against the expense. The 2005 comparatives have been restated to show the relevant income and expense gross. This has had no impact on the overall net movement in funds for the year.

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

9 Investments

	2006 £000	2006 £000	2006 £000	2005 £000
	Schroder Investment Mgt	Charities Aid Foundation	Total	Total
Listed securities at market value				
Balance at beginning of year	1,507	1,705	3,212	2,658
Realised gain in year	157	161	318	554
Balance at end of year	1,664	1,866	3,530	3,212
BTF Enterprises Limited 100 shares at £1 each (100% of the company)			-	-
			3,530	3,212
Listed securities at historical cost			3,000	3,000

All investments are held in the UK to provide an investment return for The Foundation

The principal activity of the subsidiary undertaking (BTF Enterprises Limited) is to receive sponsorship and undertake other commercial activities on behalf of The Foundation

A summary of the audited results of BTF Enterprises Limited at 30th September is shown below

	2006 £000	2005 £000
Turnover	135	305
Net profit for year after taxation	7	10
Net assets		
At beginning of year	86	76
At end of year	94	86

10 Debtors

	2006 £000	2005 £000
Amounts falling due within one year		
Trade debtors	39	12
Loans repayable by affiliated clubs	103	60
Other debtors	1	-
Prepayments	16	-
Other tax	277	105
Accrued income	-	4,250
	436	4,427
Amounts falling due after one year		
Loans repayable by affiliated clubs	890	635

During the year new loans totalling £386,000 (2005 £695,000) were made to tennis clubs affiliated to The Lawn Tennis Association. The interest rate applicable to these loans is 0% and the repayment terms of the loans vary from five to fifteen years

11 Creditors - amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	113	7
Other creditors - ITI grants payable	-	347
Amounts due to subsidiary undertaking	29	-
Amounts due to LTA group companies	6,693	2,690
Accruals	802	1,133
Other taxes and social security costs	13	-
	7,650	4,177

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

12 Statement of funds

	Income £000	Writback/ (expenditure) £000	Net income/ (expenditure) £000	Fund at beginning £000	Fund at end £000
Unrestricted Funds					
General unrestricted funds	8,199	(8,878)	(679)	4,055	3,376
Other unrestricted recognised gains	318	-	318	554	872
Total unrestricted funds	8,517	(8,878)	(361)	4,609	4,248
Restricted Funds					
ITI Fund	32	-	32	3,735	3,767
Dan Maskell Tennis Trust	149	(57)	92	460	552
Capital Grant Fund	-	-	-	516	516
Barclays Capital City Tennis Programme	-	(81)	(81)	316	235
BSTA	282	(299)	(17)	182	165
UK Sport	104	(1)	103	-	103
Give it Your Max	126	(50)	76	17	93
PESSCL	455	(389)	66	-	66
Seed Legacy Fund	64	-	64	-	64
Murton Pitts	-	(3)	(3)	62	59
Intercity Challenger Fund	-	(1)	(1)	42	41
Clissold Park	10	-	10	10	20
Young Players	2	-	2	13	15
BWTA Junior Fund	-	(3)	(3)	5	2
NEC Player Support Fund	-	(4)	(4)	6	2
Wall Trust	-	-	-	1	1
Hornchurch School Fund	-	(2)	(2)	2	-
TASS	3	(4)	(1)	-	(1)
Total restricted funds	1,227	(894)	333	5,367	5,700
Total funds	9,744	(9,772)	(28)	9,976	9,948

Purposes of each fund

ITI Fund - Relates to the Indoor Tennis Initiative for the development of property

Dan Maskell Tennis Trust - To help disabled people to play tennis

Capital Grant Fund - Grants for Indoor Tennis Centre from The All England Lawn Tennis & Croquet Club

Barclays Capital City Tennis Programme - To fund training programmes for financially disadvantaged juniors

BSTA - British Schools Tennis Association to promote tennis in schools

UK Sport - To support wheelchair athletes on the Worldclass Performance Pathway in preparation for the Paralympic Games

Give it Your Max - To support junior programmes in the London Borough of Merton and in the Reading area

PESSCL - Received from Sport England to support the Club Links Programme and is used to increase the number of accredited clubs, school sport partnerships and the number of young people participating in accredited clubs

Seed Legacy Fund - To support Junior Development Programmes

Murton Pitts - For the development of young players in Kent

Intercity Challenger Fund - To promote competition for inner-city tennis clubs

Clissold Park - Performance Squad for young players

Young Players - For the development of young players needing financial support

BWTA Junior Fund - For junior girls' competitions

NEC Player Support Fund - To support players to compete in wheelchair tournaments

Wall Trust - Scholarship fund for young players in need

Hornchurch School Fund - For the improvement of tennis facilities in Essex

TASS - To support disabled tennis

The Foundation is currently reviewing its restricted funds with a view to increasing expenditure in the coming years

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

13 Analysis of net assets between funds

The net assets are held for the various funds as follows

	2006 £000	2006 £000	2006 £000	2005 £000
	Investments	Net current assets	Total	Total
Restricted funds	-	5,700	5,700	5,367
Designated funds	-	7	7	305
Unrestricted funds	3,530	711	4,241	4,304
Total	3,530	6,418	9,948	9,976

During 2004 the Board of Trustees set aside a designated fund of £1,000,000 to provide loans to tennis clubs affiliated to The Lawn Tennis Association. During the year, loans totalling £386,000 (2005 £695,000) were made from this fund leaving £7,000 still designated at the year end. The repayment terms of these loans are given in note 10.

14 Reconciliation of net income to net cashflow from operating activities

	2006 £000	2005 £000
Net (outgoing)/incoming resources before other recognised gains and losses	(346)	814
Interest receivable	(257)	(282)
Investment income receivable	(96)	(82)
Decrease/(increase) in debtors	3,735	(4,890)
Increase in creditors	3,473	1,594
Net cash inflow/(outflow) from operating activities	6,509	(2,846)

15 Grants payable

15a Tennis development grants

	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
Accredited Coaching Plan	61	-	-	-
Barclays Capital City Tennis Programme	20	-	161	-
Capital Investment	15	-	297	-
Community Revenue Grants	208	-	314	-
Development	-	-	92	-
Give It Your Max	31	-	-	-
Tennis Development Officer Grants	83	-	22	-
Walter Development Scheme	4	-	-	-
Total tennis development grants	422	-	886	-

Significant tennis development grants made to institutions

Name of institution	Purpose of grant	Total value of grants made to that institution 2006 £000	Total value of grants made to that institution 2005 £000
Comberton Village College	Capital Investment	15	-
Westway Development Trust	Accredited Coaching Plan	11	4
Avon County LTA	Barclays Capital City Tennis Programme	10	5

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

15b	County and club grants	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
	Active Sports Funding	96	-	-	-
	County Accredited Performance Programmes	2	-	-	-
	County Tranche Payments	1,502	-	1,462	-
	Virtual Budgeting System	410	-	617	-
	Total county and club grants	2,010	-	2,079	-

Significant county and club grants made to institutions

Name of institution	Purpose of grant	Total value of grants made to that institution 2006 £000	Total value of grants made to that institution 2005 £000
Bedfordshire County LTA	County Tranche Payments	174	31
Tennis Scotland	County Tranche Payments	164	332
Tennis Wales Limited	County Tranche Payments	118	189

15c	Coach education grants	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
	Advanced Apprenticeship in Sporting Excellence	105	-	-	-
	Assistance Grants	-	8	-	-
	Coach Led Scheme	-	30	-	-
	National Individualised Coach Development Programme (ICDP)	2	-	-	-
	Total coach education grants	107	38	-	-

Significant coach education grants made to institutions

Name of institution	Purpose of grant	Total value of grants made to that institution 2006 £000	Total value of grants made to that institution 2005 £000
Sutton Tennis Centre	Advanced Apprenticeship in Sporting Excellence	18	-
Gosling/Batchwood Tennis Centre	Advanced Apprenticeship in Sporting Excellence	17	-
Brighton Esporta Tennis Centre	Advanced Apprenticeship in Sporting Excellence	14	-

15d	Schools grants	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
	British Schools Tennis Association (BSTA)	88	-	118	-
	Hornchurch School Fund	2	-	29	-
	Physical Education Secondary School Club Links (PESSCL)	389	-	234	-
	Revenue Grants - Schools & Universities	139	-	92	-
	Total schools grants	618	-	473	-

Significant schools grants made to institutions

Name of institution	Purpose of grant	Total value of grants made to that institution 2006 £000	Total value of grants made to that institution 2005 £000
Cumbria County LTA	PESSCL	30	15
Loughborough University	Revenue Grants - Schools & Universities	25	25
University of Bath	Revenue Grants - Schools & Universities	25	25

THE BRITISH TENNIS FOUNDATION
Notes to the Financial Statements (continued)
Year ended 30th September 2006

15e Disability tennis grants

	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
Dan Maskell Tennis Trust	5	-	47	-
Disabled Events	-	-	1	-
Total disability tennis grants	5	-	48	-

Significant disability tennis grants made to institutions

Name of institution	Purpose of grant	Total value of grants made to that institution 2006 £000	Total value of grants made to that institution 2005 £000
Buckinghamshire County LTA	Dan Maskell Tennis Trust	2	-
Disability Challenges	Dan Maskell Tennis Trust	1	2
Cumbria Schools Disabilities Sports Association	Dan Maskell Tennis Trust	1	-

15f Indoor Tennis Initiative (ITI) grants

	Grants to institutions total 2006 £000	Grants to individuals total 2006 £000	Grants to institutions total 2005 £000	Grants to individuals total 2005 £000
Adjustment for amounts over accrued in previous years	-	-	(270)	-
Total Indoor Tennis Initiative (ITI) grants	-	-	(270)	-

No ITI property grants were paid during the year (2005 nil). During 2005 a review of the amounts accrued for ITI grants was carried out. Amounts over accrued in previous years and accruals for projects which have subsequently been withdrawn were written back. This resulted in a net credit to the Statement of Financial Activities in 2005 of £270,000.

16 Related parties

BTF Enterprises Limited is a wholly owned subsidiary of The Foundation whose principal activity is to receive sponsorship and undertake other commercial activities on behalf of The Foundation. During the year BTF Enterprises Limited donated £135,000 (2005 £295,000) to The Foundation. At the balance sheet date £29,000 (2005 £nil) was due to BTF Enterprises Limited.

The Lawn Tennis Association ("the LTA") is the governing body of tennis in Great Britain, the Channel Islands and the Isle of Man. Its objects are to promote and develop tennis and to advance and safeguard the interests of the sport and the governing body. During 2006 the LTA donated £3,750,000 (2005 £3,750,000) to The Foundation. At the balance sheet date £nil (2005 £3,750,000) was due from the LTA in respect of this transaction.

Under agreement, the LTA and The Foundation run a number of programmes jointly in partnership for the advancement of tennis across the areas of schools, juniors and tennis facilities. 78 employees (2005 67) are employed jointly by LTA Services Limited (a subsidiary of the LTA) and The Foundation in order to operate and administer these charitable programmes. During the year, the LTA and its subsidiaries charged The Foundation £2,024,000 (2005 £1,940,000) for the provision of staff and £1,399,000 (2005 £638,000) for support, administrative and management services provided to The Foundation. At the balance sheet date £6,693,000 (2005 £2,690,000) was due to the LTA and its subsidiaries in respect of these transactions.

The Lawn Tennis Championships ("The Championships") are held annually at Wimbledon. The Championships are controlled, managed and promoted by a Committee of Management consisting of members representing The All England Lawn Tennis & Croquet Club and the LTA respectively. During the year The Championships made a donation to The Foundation of £3,000,000 (2005 £3,500,000). At the balance sheet date £nil (2005 £500,000) was due from The Championships in respect of this transaction.