

The Tennis Foundation

The Tennis Foundation

**Report and financial statements
for the year ended 31 December 2019**



Registered in England – Company Number 2138124

Charity Number 298175

The Tennis Foundation

Annual Report for the year ended 31 December 2019

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Report of the Trustees for the year ended 31 December 2019

The Board of Trustees of The Tennis Foundation (the **Foundation**) submits its report, together with the audited financial statements, for the year ended 31 December 2019. The Trustees have prepared this report and financial statements in accordance with the Companies Act 2006, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS102).

Administrative details of the Foundation

The Foundation was incorporated on 5 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 Commission as a charity (Charity Number 298175) on 29 December 1987, and its name was changed to The LTA Trust on 7 October 1988, and then to The British Tennis Foundation on 9 January 1997. On 6 September 2007, The Foundation changed its name to The Tennis Foundation.

The Foundation is governed by its Memorandum and Articles of Association, as updated most recently on 18 March 2019. The Foundation is not empowered to make distributions to its members.

At an Extraordinary General Meeting held on 18 March 2019 the members of the Foundation approved changes to the Articles so that LTA Operations Limited (the trading entity of the Lawn Tennis Association Group (LTA)) became the sole member of the Foundation and changes to the composition of the Board of Trustees.

TF Enterprises Limited (the **Company**) is the non-charitable trading subsidiary of the Foundation (company number 14724499). The Company's principal activities are to receive sponsorship and conduct other commercial activities on behalf of the Foundation.

Charitable Objectives of the Foundation

The Foundation's objectives, as approved by the Charity Commission are:

- (a) the advancement, for the benefit of the public, of the education of children and young persons who are pupils at schools, colleges or universities 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 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 or for members of the public at large;
- (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); and
- (d) to promote all purposes recognised as charitable under the law of England and Wales from time to time, in particular through an association with tennis.

Public Benefit

The Trustees confirm that they have complied with the duty under section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and seek to meet the Foundation's charitable purposes in following its objectives.

Structure, Governance and Management

The Trustees

The activities of the Foundation are overseen by a Board of Trustees who met three times (2018: eight) during the year under review. Following the repurposing of the Foundation during the year, five (2018: none) Trustees were appointed to the Board.

On appointment, new trustees are provided with copies of the Articles of Association of the Foundation, minutes of previous Board meetings, copies of Annual Reports and Financial Statements and details of their responsibilities as trustees in law. New trustees receive an induction pack which provides detailed information on

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the working of the Foundation. They also receive training from the Company Secretary and any other relevant personnel. Safeguarding training is provided to new Trustees as part of the induction process.

The appointment of the Trustees is governed by the Foundation's Articles of Association. The recruitment and selection of new Trustees was an open process, resulting in the appointment of a diverse Board of Trustees with the skills and experience the charity needs. At every annual general meeting a trustee who has served for a term of three years shall retire and may be reappointed by the Trustees provided that a trustee who has served three consecutive periods shall usually, unless exceptional circumstances apply, take a break from office and shall not be reappointed for four years. The appointment or reappointment of a trustee shall be announced at the annual general meeting. It is the policy of the Foundation to recruit via an open recruitment process which includes advertising the position and an interview process resulting in making a recommendation to the Board Nominations Committee and final approval by the Board. There can be a minimum of five and a maximum of eight trustees.

Management

A major aspect of the Foundation's work is the provision of revenue grants. Applications that are eligible for funding are assessed, in principle, on behalf of the Foundation by the LTA Operations Limited in line with the charitable objectives of the charity. Final approval on how funds are invested is at the Board's discretion as the ultimate decision maker.

Strategic Report

Achievements, Performance and Future Plans

2019 was a transformative year for the Foundation. On 1st January 2019, the operations of the Foundation were transferred to LTA Operations Limited. The transfer is mutually beneficial as it allows the LTA to gain access to key skills and knowledge that the Foundation has while also providing a platform to scale-up the Foundations activities within the LTA structure – benefiting from deeper insight, a wider contact base and broader reach.

Following the transfer of operations, the Foundation is being repurposed as a revenue grant giving charity. A diverse Board of Trustees has been recruited who are working to finalise a new vision and strategy for the Foundation. The Foundation has been looking at the tennis charity landscape holistically to consider how best it could be an aggregating force in tennis. The Foundation's vision will be aligned to LTA's Tennis Opened Up and is looking to finalise its core mission in 2020 - which will likely be centered on helping young people to improve their life opportunities through tennis. In particular, the Foundation is intending to focus its support on young people with disabilities, young people from BAME communities and young people in lower socio-economic groups who are under-represented in tennis, providing opportunities for participation in tennis and developing personal and life skills. The Foundation is considering the development of an appropriate fundraising strategy to support delivery of the mission and objectives of the charity.

Financial Review

The Statement of Financial Activities for the year is set out on page 11 of the financial statements.

Incoming resources were £74,000 (2018: £4,867,000). The primary source of income in the prior year was a donation from the LTA Operations Limited. Further details are shown in Note 2.

The total net movement in funds for the year was a surplus of £358,000 (2018: deficit of £2,640,000). The surplus of unrestricted funds was £346,000 after £368,000 of revaluation gains (2018: deficit of £2,634,000 after £115,000 of revaluation losses). Note 4 details the total expenditure on the various elements of the Foundation's charitable activities. Details of the net movement in restricted funds' surplus of £12,000 (2018: £6,000 deficit), are given under note 14.

Details of the performance of the Foundation's subsidiary, TF Enterprises Limited, are set out in note 8 to the financial statements. TF Enterprises Limited generated a loss after taxation of £1,000 (2018: £19,000 profit after taxation). The Company performed according to plan and the directors are satisfied with the outcome.

Responsibilities and Policies

The Board of Trustees has adopted many of the LTA policies, including those related to, Anti-bribery Policy, Equality and Diversity Policy and Safeguarding Policy.

Reserves Policy

The reserves policy of the Foundation is to maintain free reserves equal to approximately six months net expenditure of the Foundation. Use of reserves should always be planned and approved in advance by Trustees

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and should be accompanied by a clear business case, articulating, as far as possible, how the money is intended to be used, in a self-sustaining way. The policy is reviewed annually.

At the year-end, total unrestricted reserves held by the Foundation amounted to £4,322,000 (2018: £3,976,000). The restricted reserves held by the Foundation were £415,000 (2018: £403,000).

Risk Management

The Trustees have assessed the major risks to which the charity is exposed as including: too few sources of income, negative publicity, failure to meet legal requirements, exposure to fraud and not having adequate insurance cover.

Trustees have reviewed these areas of potential risk and concluded that, operationally, these risks are significantly mitigated; record keeping is performed by the LTA Operations Limited which has adequate internal controls, insurance cover is reviewed every year and a lawyer is on hand when needed. The exposure to a loss of income was taken into account when the investments and reserves policy was agreed. Long term commitments are not made without having the cash in hand.

Investment Policy

The Trustees are responsible for oversight of the implementation of the investment policy and monitoring the performance of the Foundation's investments. The Board seeks professional advice when required. The Board gives guidance as to the balance required between income and capital growth, risk parameters and the investment strategy having due regard to the law and regulations on the investment of charitable assets.

The investment policy of the Foundation is to generate a positive financial return on funds over a medium to long term period through a balanced portfolio with a low risk profile and low capital volatility.

The investments are managed by Rothschild Wealth Management (UK) Ltd.

Indemnity Insurance

The Trustees have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the period under review and is currently in force. Directors' and Officers' Liability Insurance to indemnify the Trustees against the consequence of neglect or default on their part was purchased by the LTA Operations Limited but not recharged to the Foundation and has been treated as a gift in kind.

Related Parties

The Foundation works closely with the LTA, the governing body of tennis in Great Britain in the pursuit of its charitable objectives.

The Foundation also has a wholly owned subsidiary, TF Enterprises Limited, whose principal activity is to receive sponsorship and undertake other commercial activities on behalf of the Foundation.

For further information on related parties see Note 18 of the Financial Statements.



T Lawler
Trustee

19 June 2020

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Administrative Information

Board of Trustees

Mr T Lawler (appointed 18 July 2019)
Ms F Awoderu (resigned 1 May 2019)
Mr M Corrie (resigned 1 May 2019)
Rt Hon. Baroness M Ford (resigned 1 May 2019)
Mr N Fuller (resigned 1 May 2019)
Rt. Hon. Baroness T Grey-Thompson (resigned 1 May 2019)
Mr B Horne (resigned 1 May 2019)
Mr J Jordan (resigned 1 May 2019)
Ms K Keohane (resigned 1 May 2019)
Ms C Muller
Mr H Patel (appointed 18 July 2019)
Mr A Pitt (appointed 18 July 2019)
Mr O Scadgell (appointed 1 May 2019)
Mr S Steele (appointed 1 May 2019)

Company Secretary

Ms A Lacroux (resigned 20 March 2020)

Registered (and Principal) Office

National Tennis Centre
100 Priory Lane
Roehampton, London SW15 5JQ

Independent Auditors

PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
1 Embankment Place, London WC2N 6RH

Bankers

Coutts Bank,
44 Strand, London WC2R 0QS

Solicitors

Bates, Wells & Braithwaite London LLP,
10 Queen Street Place, London EC4R 1BE

Investment Managers

Rothschild Wealth Management (UK) Ltd
New Court
St Swithin's Lane
London EC4N 8AL

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Statement of Trustees' Responsibilities

The trustees (who are also directors of Tennis Foundation Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved and authorised for issue by the Board of Trustees on 5 June 2020 and signed on its behalf by



T Lawler
Trustee

19 June 2020

The Tennis Foundation

Independent Auditors' Report to the Members of the Tennis Foundation

Report on the audit of the financial statements

Opinion

In our opinion, the Tennis Foundation Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities, and the cash flow statement for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or

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- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'P. Stokes', with a horizontal line underneath.

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 June 2020

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Statement of Financial Activities Incorporating an Income and Expenditure Account For the year ended 31 December 2019

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
		Year to 31st Dec 2019 £000	Year to 31st Dec 2019 £000	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000	Year to 31st Dec 2018 £000	Year to 31st Dec 2018 £000
Income from	Note(s)						
Donations and legacies	2	18	27	45	4,694	10	4,704
Income from investments	3	39	1	40	40	1	41
Income from Charitable activities		5	(16)	(11)	122	-	122
Total income		62	12	74	4,856	11	4,867
Expenditure on							
Charitable activities	4 & 5	84	-	84	7,375	17	7,392
Total expenditure		84	-	84	7,375	17	7,392
Net (expenditure)/income before net gains/(losses) on investments		(22)	12	(10)	(2,519)	(6)	(2,525)
Net gains/(losses) on investments	12	368	-	368	(115)	-	(115)
Net income/(expenditure)		346	12	358	(2,634)	(6)	(2,640)
Net income/(expenditure) after gains/(losses) on investments		346	12	358	(2,634)	(6)	(2,640)
Net movement in funds		346	12	358	(2,634)	(6)	(2,640)
Fund balances brought forward at 1 January	14	3,976	403	4,379	6,610	409	7,019
Fund balances carried forward at 31 December	14	4,322	415	4,737	3,976	403	4,379

The net movement in funds for the current and prior year derive from the continuing activities of the Foundation.

The company has no recognised losses other than those included in the results above.

There is no material difference between the net outgoing resources before other recognised gains and losses and the net movement in funds for the financial year stated and their historic cost equivalents.

The notes on pages 14 to 26 form part of these financial statements.

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Balance Sheet As at 31 December 2019

	Note	31st Dec 2019 £000	31st Dec 2018 £000
Fixed assets:			
Investments in Subsidiary undertaking	8	-	-
Tangible assets	9	2	12
Total fixed assets		2	12
Current assets:			
Stock	10	-	110
Debtors: amounts falling due within one year	11	40	170
Debtors: amounts falling due after one year	11	27	48
Investments	12	3,707	3,332
Cash at bank and in hand		1,068	2,022
Total current assets		4,842	5,682
Creditors: amounts falling due within one year	13	(107)	(1,315)
Net current assets		<u>4,734</u>	<u>4,367</u>
Total assets less current liabilities		<u>4,737</u>	<u>4,379</u>
The funds of the charity:			
Restricted income funds	14	415	403
Unrestricted income funds	14	4,322	3,976
Total charity funds		<u>4,737</u>	<u>4,379</u>

The financial statements on pages 11 to 26 were approved by the Board of Trustees on 5 June 2020 and signed on its behalf by



T Lawler
Trustee

19 June 2020

The notes on pages 14 to 26 form part of these financial statements.

Charity Number 298175
Company Number 2138124

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Cash Flow Statement For the year ended 31 December 2019

		Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000
Net cash outflow from operating activities	16	(987)	(4,069)
Cash flows from investing activities			
Payments to acquire investments	12	(376)	(438)
Receipts from disposal of investments	12	182	1,674
Fund cash movements	12	195	266
Realised (loss) on disposal	12	(8)	-
Interest received	3	2	3
Investment income received	3	38	38
Decrease in cash in the year		<u>(954)</u>	<u>(2,526)</u>

Reconciliation of net cash flow to movement in net funds

Decrease in cash	(954)	(2,526)
Opening cash	2,022	4,548
Closing cash	<u>1,068</u>	<u>2,022</u>

The movement in cash relates solely to movements in cash and deposits.

The notes on pages 14 to 26 form part of these financial statements.

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Notes to the Financial Statements For the year ended 31 December 2019

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 2006, Charities Act 2011 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 (SORP under FRS102). The Foundation has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Foundation activities. The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently.

b) Consolidation

The Tennis Foundation has one wholly owned subsidiary, TF Enterprises Limited. As the results of the subsidiary are not considered material, consolidated financial statements have not been prepared in accordance with the exemption under Companies Act 2006 s400.

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;
- 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 income is included in the Statement of Financial Activities when the Foundation is entitled to the income, the amount can be quantified with reasonable accuracy, and it's probable that the cash will be received.

i) Gift aid

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

ii) Voluntary income - donations and grants

Donations and grants are recognised as incoming resources when commitment has been confirmed. Where a grant has been received for a specific purpose, it is recognised as incoming resources in the Statement of Financial Activities when receivable and held in a restricted reserve. Grants receivable would be deferred only if the grant was subject to donor imposed or performance related conditions that specified a future time period when the expenditure of resources should take place.

iii) Legacies

Incoming legacies are included in the Statement of Financial Activities when receipt is probable and the fair value amount receivable can be estimated with reasonable accuracy.

iv) Investment income

Investment income from 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.

v) Events income

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

vi) Incoming resources from charitable activities

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

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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.

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.

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.

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

Contributions payable to defined contribution schemes are charged to the profit and loss account in the year to which they relate. There are no defined benefit pension obligations.

g) Taxation

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

h) Irrecoverable VAT

Where irrecoverable VAT is incurred, it is charged to the Statement of Financial Activities as an overhead cost, 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 and its communication to the recipient.

j) Investments

Listed investments are stated at fair value based on the closing price at the balance sheet date. Surpluses or deficit on sale or revaluation are dealt with in the Statement of Financial Activities within the fund owning the investments. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

Investments are classified as current assets to reflect the fact that they are short term in nature and are not part of a long term investment strategy.

k) Depreciation

Tangible fixed assets are stated in the balance sheet at cost less provision for depreciation. Accumulated depreciation is calculated to write off the costs, less estimated residual value, of tangible fixed assets over their expected lives by equal annual instalments. Depreciation is provided on all tangible fixed assets.

The following asset lives were used:

Field Equipment	5 years
Technology Development	4 years

l) Investments

Investments in subsidiaries are stated at cost less any provision considered necessary for permanent diminution in value.

m) Stock

Stock is stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

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n) Loans

Loans made on an interest free basis are initially recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

o) Termination Benefits

Termination benefits are recognised as a liability and an expense only when employment is terminated before the normal retirement date or as a result of an offer made in order to encourage voluntary redundancy.

2. Donations and legacies

	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000
LTA Operations Limited	-	4,463
TF Enterprises Limited	-	20
Other	45	221
	<u>45</u>	<u>4,704</u>

The amounts above from LTA Operations Ltd and TF Enterprises Limited were donations in the prior year.

3. Income from Investments

	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000
Income from listed investments and investment funds	38	38
Interest from cash deposits	2	3
	<u>40</u>	<u>41</u>

All investment income relates to assets held in the UK.

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4. Charitable activities

	Direct costs £000	Grant funding (note 17) £000	Support costs (note 6) £000	Total Year to 31st Dec 2019 £000	Total Year to 31st Dec 2018 £000
Junior tennis development	-	-	-	-	5
Community	108	(35)	91	164	939
Tennis development	-	-	-	-	600
Coaching	-	-	-	-	336
Education	(92)	28	-	(64)	2,133
Competitions	-	-	-	-	(23)
Disability tennis	(71)	50	-	(21)	3,390
	<u>(55)</u>	<u>43</u>	<u>91</u>	<u>79</u>	<u>7,379</u>

5. Governance costs

	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000
Auditors' remuneration - audit services	5	9
Support costs (note 6)	-	4
	<u>5</u>	<u>13</u>

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6. Allocation of overhead and support costs during the year

		TOTAL	Junior tennis development	Community	Tennis development	Coaching	Education	Competitions	Disability tennis	Governance costs	Total Year to 31st Dec 2019	Total Year to 31st Dec 2018
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Office support costs		-	-	-	-	-	-	-	-	-	-	991
Management costs		39	-	39	-	-	-	-	-	-	39	1,072
Property costs		-	-	-	-	-	-	-	-	-	-	85
Finance		52	-	52	-	-	-	-	-	-	52	283
		<u>91</u>	<u>-</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91</u>	<u>2,431</u>
Total costs excluding support costs	2019		-	73	-	-	(64)	-	(21)	5	(7)	
Percentage of total costs	2019		0%	100%	0%	0%	0%	0%	0%	0%	100%	
Total costs excluding support costs	2018		3	630	403	225	1,432	(16)	2,276	9		4,961
Percentage of total costs	2018		0%	13%	8%	5%	29%	0%	46%	0%		100%
			<u>-</u>	<u>320</u>	<u>687</u>	<u>403</u>	<u>459</u>	<u>72</u>	<u>470</u>	<u>3</u>		<u>2,414</u>

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7. Employees

The average monthly headcount of full time employees (excluding Trustees) employed directly by The Foundation was:

	Year to 31st Dec 2019 Number	Year to 31st Dec 2018 Number
Disability Tennis	-	19
Education	-	4
Administration	-	7
Community	-	4
	-	34

	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000
Direct staff costs relating to the above persons:		
Wages and salaries	11	1,708
Social security costs	3	184
Other pension costs	-	90
	14	1,982

Termination costs, included above, amounted to £11,000 (2018: 393,000).

Currently no employees are employed jointly by LTA Services Limited and The Foundation (2018: 54). LTA Services Limited charges The Foundation for the provision of these staff at cost plus a 1% administration charge. The recharge of £nil (2018: £752,000) comprises; wages and salary costs of £nil (2018: £635,000), social security costs of £nil (2018: £69,000), pension costs of £nil (2018: £43,000) and other operating expenses relating to these staff of £nil (2018: £5,000).

The number of the Tennis Foundation employees whose emoluments exceeded £60,000 were:

	2019 Number	2018 Number
£60,001 - £69,999	-	3
£70,000 - £79,999	-	-
£100,000 - £109,999	-	-
£130,000 - £139,999	-	1
£150,000 - £159,999	-	1
£190,000 - £199,999	-	-
£220,000 - £229,999	-	1
	-	6

No member of staff's (2018: six) annual emoluments exceeded £60,000, pension contributions amounting to £nil (2018: £31,069) were paid in the year for the provision of money purchase benefits.

Total emoluments to the zero (2018: six) key management personnel were £nil (2018: £689,813).

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Trustees' remuneration

None of the Trustees (2018: none) received remuneration from The Foundation. Two Trustees (2018: three) received reimbursement totalling £985 for travel and accommodation expenses (2018: £1,505). No Trustees were accruing benefits under the money purchase pension scheme (2018: none).

Pension costs

The employees of The 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. Annual contributions to the scheme by The Foundation were related to pensionable salaries and the total pension cost charged for the year amounted to £nil (2018: £89,786). There were no outstanding or prepaid contributions as at 31 December 2019 (2018: £nil).

8. Investments in Subsidiary undertaking

The principal activity of the subsidiary undertaking (TF Enterprises Limited) is to receive sponsorship and undertake other commercial activities on behalf of The Foundation. A summary of the audited results of TF Enterprises Limited for the year ended 31 December is shown below:

	31st Dec 2019 £000	31st Dec 2018 £000
Turnover	-	20
(Loss)/profit for year after taxation	(1)	19
Net assets:		
At beginning of year	8	9
At end of year	8	8
TF Enterprises Limited		
100 (2018: 100) ordinary shares of £1 each (100% of the company)	-	-

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9. Tangible Assets

	Technology Development £000	Field equipment £000	Total £000
Cost:			
at 1 January 2019	29	19	48
Additions	-	-	-
Disposals	-	-	-
at 31 December 2019	29	19	48
Accumulated depreciation:			
at 1 January 2019	(20)	(16)	(36)
Charge for the year	(7)	(3)	(10)
Disposals	-	-	-
at 31 December 2019	(27)	(19)	(46)
NBV at 31 December 2019	2	0	2
NBV at 31 December 2018	9	3	12

10. Stock

	31st Dec 2019 £000	31st Dec 2018 £000
Tennis Equipment	-	110

Tennis equipment is stated at the lower of cost and net realisable value.

11. Debtors

	31st Dec 2019 £000	31st Dec 2018 £000
Amounts falling due within one year:		
Trade debtors	10	8
Amounts due from subsidiary	7	7
Loans repayable by places to play	20	20
Other debtors	3	119
Accrued income	-	16
	40	170
Amounts falling due after one year:		
Loans repayable by places to play	27	48

Loans made to places to play are made on an interest-free basis repayable over 10 years.

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12. Investments

	31st Dec 2019 £000	31st Dec 2018 £000
Listed securities at market value:	Total	Total
Balance at beginning of year	3,332	4,949
Additions during the year	376	438
Disposals during the year	(182)	(1,674)
Realised (loss)/gain on disposal	(8)	9
Fund cash movement	(195)	(266)
Unrealised gain/(loss) on revaluation to market value	384	(124)
Balance at end of year	3,707	3,332
Listed securities at historical cost	3,327	3,336

All investments are held in the UK and provide an investment return for the Foundation. The Directors believe that the carrying value of the investments is supported by the underlying net assets.

13. Creditors: amounts falling due within one year

	31st Dec 2019 £000	31st Dec 2018 £000
Trade creditors	-	57
Amounts owed to LTA group companies	56	598
Taxation and social security	-	131
Accruals and deferred income	51	529
	107	1,315

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14. Statement of funds

	Fund at start of year	Income	Expenditure	Net (expenditure) / income	Fund at end of year
	£000	£000	£000	£000	£000
Unrestricted Funds					
General unrestricted funds	2,900	62	(84)	(22)	2,878
Other unrestricted recognised gains	1,076	368	-	368	1,444
Total unrestricted funds	3,976	430	(84)	346	4,322
Restricted Funds					
ITI Fund	33	(15)	-	(15)	18
Cliff Richard Tennis Trail - General	138	-	5	5	143
Cliff Richard Tennis Trail - Suffolk	11	-	(6)	(6)	5
Seed Legacy Fund	60	-	-	-	61
PESSYP	57	-	-	-	58
Murton Pitts	24	-	-	-	24
Intercity Challenger Fund	41	-	-	-	41
BSTA	3	-	-	-	3
The Harris Fund	10	-	-	-	10
Keith Baker Fund	23	-	-	-	23
Comic Relief	3	-	1	1	2
GIYM Tennis Ball	-	27	-	27	27
Total restricted funds	403	12	(0)	12	415
Total funds	4,379	442	(85)	358	4,737

The purposes of each fund are provided below:

ITI Fund:	To provide capital and revenue grant aiding for indoor and outdoor tennis facilities on local authority land
Cliff Richard Tennis Trail – General:	For the development of tennis in primary schools
Cliff Richard Tennis Trail – Suffolk:	For the development of tennis in Suffolk
Seed Legacy Fund:	To support Junior Development Programmes
PESSYP:	To support the Club Links Programme to increase the number of accredited clubs, school sports partnerships and the number of young people participating in accredited clubs
Murton Pitts:	For the development of young players in Kent
Intercity Challenger Fund:	To promote competition for inner-city tennis clubs
BSTA:	British Schools Tennis Association to promote tennis in schools
The Harris Fund	For the support of Kent LTA
Keith Baker Fund	For the support of deaf tennis
Comic Relief	For the support of the Serves programme in named sites in Manchester, Birmingham and 2 sites in London
GIYM Tennis Ball	To provide coaches to children in primary schools within the state sector

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions.

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15. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	31st Dec 2019	31st Dec 2019	31st Dec 2019	31st Dec 2018
	£000	£000	£000	£000
Cash	654	415	1,068	2,022
Investments	3,707	-	3,707	3,332
Fixed Assets	2	-	2	12
Other current assets	67	-	67	328
Creditors: amounts falling due within one year	(107)	-	(107)	(1,315)
Total	4,322	415	4,737	4,379

In order to maximise efficiencies in relation to its working capital, the Foundation manages its cash jointly across unrestricted and restricted funds.

16. Reconciliation of net outgoing resources to net cash flow from operating activities

	Year to 31st Dec 2019	Year to 31st Dec 2018
	£000	£000
Net income/(expenditure) before gains/(losses) on investments	(10)	(2,525)
Interest receivable	(2)	(3)
Investment income receivable	(38)	(38)
Depreciation	10	12
Decrease/(increase) in stocks	110	(110)
Decrease in debtors	151	90
(Decrease) in creditors	(1,208)	(1,495)
Net cash outflow from operating activities	(987)	(4,069)

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17. Grants

	Grants to institutions Total	Grants to individuals Total	Grants to institutions Total	Grants to individuals Total
	Year to 31st Dec 2019 £000	Year to 31st Dec 2019 £000	Year to 31st Dec 2018 £000	Year to 31st Dec 2018 £000
Community	(35)	-	166	-
Tennis development	-	-	-	3
Coaching	-	-	(28)	-
Education	28	-	957	-
Disability Tennis	42	8	296	85
Total grants	35	8	1,391	88

18. Related parties

TF 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 TF Enterprises Limited donated £nil (2018: £20,000) to the Foundation. At the balance sheet date £6,175 was due from TF Enterprises Limited (2018: £6,175).

Lawn Tennis Association Limited ("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 2019 LTA Operations Ltd donated £nil (2017: £4,463,000) to The Foundation. At the balance sheet date £nil (2018: £nil) 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. No employees (2018: 54) 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 period, the LTA and its subsidiaries charged The Foundation £nil (2018: £752,000) for the provision of staff and £nil (2018: £989,000) for support, administrative and management services provided to the Foundation. At the balance sheet date £56,102 (2018: £598,000) was due to the LTA and its subsidiaries in respect of these transactions and this was included within the creditors balance as at 31 December 2019.

During the year, The Foundation incurred costs of £nil (2018: £16,603) from Edcoms Ltd, a company controlled by N Fuller, a trustee of The Foundation and another director who is not a trustee of The Foundation. At the balance sheet date, £nil (2018: £nil) was due to Edcoms Ltd.

19. Ultimate Controlling Party

The Tennis Foundation is a company limited by guarantee and the members undertake to contribute £1 in the event of the company being wound up.

At an Extraordinary General Meeting held on 18 March 2019 the members of the Foundation approved changes to the Articles so that LTA Operations Limited became the sole member of the Foundation (2018: 58).

The Tennis Foundation

20. Non-adjusting event after the end of the reporting period

On 30 January 2020, the World Health Organisation (WHO) declared the COVID-19 outbreak to be a public health emergency of international concern. The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. However, the Trustees have concluded that this uncertainty does not cast significant doubt upon the entity's ability to continue as a going concern.