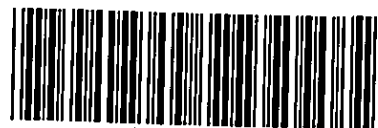


LTA Ground Limited

Report and financial statements

For the year ended 30 September 2006

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LTA Ground Limited

Report and financial statements

For the year ended 30 September 2006

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LTA Ground Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 September 2006

Principal activities

The company's principal activity is to own and manage properties which are used by entities within the Lawn Tennis Association group

Review of business

Both the level of business and the year end position were satisfactory. There are no significant financial risks facing the company.

Results and dividends

The profit for the year was £19,671 (2005 £17,275 loss) and the directors recommend that no dividend is paid this year (2005 £nil)

Directors

The directors of the company who served during the year are listed below

R J Draper (appointed 3 April 2006)
D P Howorth
S G Smith (appointed 28 February 2006)
J A Crowther (resigned 3 April 2006)
C R Trippe (resigned 28 February 2006)

No directors have beneficial interests in the company

Directors' responsibilities

The directors are responsible for preparing the report and financial statements in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP)

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 2006. The directors also confirm that applicable accounting standards have been used and that the financial statements have been prepared on the going concern basis

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

LTA Ground Limited

Directors' report (continued)

Auditors

In accordance with the provisions of section 379A of the Companies Act 1985 (as amended) the company has elected pursuant to section 386 of the Act to dispense with the obligation to appoint auditors annually

So far as each director is aware, there is no information relevant to the audit of which the company's auditors are unaware. Each director has taken all steps that he ought to have taken in order to make himself aware of any information relevant to the audit and to establish that the company's auditors are aware of that information.

Small companies provisions

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



P A Preston
Secretary

17 April 2007

Independent Auditors' report to the members of LTA Ground Limited

We have audited the financial statements of LTA Ground Limited for the year ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our audit 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Independent Auditors' report to the members of


LTA Ground Limited

(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit 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 Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

17 April 2007

LTA Ground Limited

Profit and loss account

For the year ended 30 September 2006

	Notes	2006 £	2005 £
Turnover		285,533	269,109
Operating expenses		(232,813)	(236,971)
Operating profit	2	<u>52,720</u>	<u>32,138</u>
Interest receivable		1,549	5,178
Profit on ordinary activities before taxation		<u>54,269</u>	<u>37,316</u>
Tax on profit on ordinary activities	3	(34,598)	(54,591)
Profit/(loss) for the financial year	10	<u><u>19,671</u></u>	<u><u>(17,275)</u></u>

All the operations in the year are continuing

The company has no recognised gains or losses other than the profits and losses above and no separate statement of total recognised gains and losses has therefore been presented

The notes on pages 7 to 11 form part of these financial statements

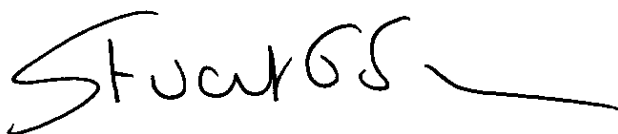
LTA Ground Limited

Balance sheet

As at 30 September 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	4	3,003,441	3,163,032
Current assets			
Debtors	5	248,401	415,306
Cash at bank and in hand		27,634	72,646
		<u>276,035</u>	<u>487,952</u>
Creditors, amounts falling due within one year	6	(3,153,127)	(3,543,078)
Net current liabilities		<u>(2,877,092)</u>	<u>(3,055,126)</u>
Total assets less current liabilities		<u>126,349</u>	<u>107,906</u>
Provisions for liabilities and charges	7	(25,209)	(26,437)
		<u>101,140</u>	<u>81,469</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	101,138	81,467
Equity shareholders' funds	11	<u>101,140</u>	<u>81,469</u>

The financial statements on pages 5 to 11 were approved and authorised for issue by the board of directors on 17 April 2007 and were signed on its behalf by



S G Smith
Director

The notes on pages 7 to 11 form part of these financial statements

LTA Ground Limited

Notes to the financial statements

For the year ended 30 September 2006

1. Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable UK accounting standards. The principal accounting policies are set out below.

Changes in accounting policies

The presentational requirements of FRS 25 Financial Instruments: Disclosures and Presentation have been adopted in the year. The company has taken advantage of the exemption not to restate comparative figures. However, no significant adjustments would be required for the comparatives to be FRS 25 compliant.

Cash flow statement and related party disclosure exemptions

The company is a wholly-owned subsidiary of the Lawn Tennis Association and is included in the group financial statements of the Lawn Tennis Association, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996).

The company is also exempt under Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Lawn Tennis Association group.

Turnover

Turnover, which excludes value added tax, consists entirely of revenue generated in the UK. It represents income from properties used by the Lawn Tennis Association and from other rental income.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less provision for depreciation.

Depreciation is calculated to write off the cost, less estimated residual value, of tangible fixed assets over their expected lives by equal annual instalments. Depreciation is provided on all tangible fixed assets apart from freehold land and leasehold property, where depreciation is considered immaterial as the property is held under a 999 year lease.

The following asset lives are used:

Freehold buildings	20 years
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Taxation including deferred tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed, by the balance sheet date. The provision for deferred tax is not discounted. Deferred tax assets are only recognised to extent that it is regarded that they will be recovered.

LTA Ground Limited

Notes to the financial statements (continued)

For the year ended 30 September 2006

1. Accounting policies continued

Operating lease rentals received

Rentals received under operating leases are charged to income on a straight line basis over the lease term

2 Operating profit

Operating profit is stated after charging

	2006	2005
	£	£
Depreciation	159,591	159,591

The directors received no remuneration from the company during the year

The company had no employees

Auditors' remuneration was borne by the company's ultimate parent undertaking, the Lawn Tennis Association

3. Taxation

	2006	2005
	£	£
Current tax		
UK corporation tax on profits for the year	61,570	54,604
Adjustment in respect of previous years	(25,744)	828
Total current tax	35,826	55,432
Deferred tax		
Origination and reversal of timing differences (note 7)	(1,228)	(841)
Tax on profit on ordinary activities	34,598	54,591
Reconciliation of current tax charge		
Profit on ordinary activities before taxation	54,269	37,316
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 30% (2005 30%)	16,281	11,195
Effects of		
Expenses not deductible for tax purposes	44,290	43,891
Accelerated capital allowances and other timing differences	1,228	841
Marginal relief	(229)	(1,323)
Adjustment in respect of previous years	(25,744)	828
Total current tax charge	35,826	55,432

LTA Ground Limited

Notes to the financial statements (continued)

For the year ended 30 September 2006

4 Tangible fixed assets

	Freehold Land £	Freehold Buildings £	Long Leasehold Property £	Total £
Cost:				
At 1 October 2005	1,687,305	3,191,815	77,911	4,957,031
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 September 2006	1,687,305	3,191,815	77,911	4,957,031
Depreciation:				
At 1 October 2005	-	1,793,999	-	1,793,999
Charge for the year	-	159,591	-	159,591
Disposals	-	-	-	-
At 30 September 2006	-	1,953,590	-	1,953,590
NBV at 30 September 2006	1,687,305	1,238,225	77,911	3,003,441
NBV at 30 September 2005	1,687,305	1,397,816	77,911	3,163,032

The company owns the freehold of the Lawn Tennis Association's International Training Centre for which the rentals receivable for the year to 30 September 2006 were £171,235 (2005 £165,765)

5. Debtors

	2006 £	2005 £
Trade debtors	-	253
Amounts owed by ultimate parent undertaking	-	224,149
Amounts owed by group undertakings	134,597	90,904
Prepayments and accrued income	113,804	100,000
	248,401	415,306

Prepayments of £113,804 include £90,000 (2005 £100,000) which represents the balance of court usage prepaid at Queenswood School. The initial cost of £200,000 is being amortised evenly over 20 years from 1996. At 30 September 2006 £80,000 (2005 £90,000) falls due after more than one year.

LTA Ground Limited

Notes to the financial statements (continued)

For the year ended 30 September 2006

6. Creditors amounts falling due within one year

	2006	2005
	£	£
Trade creditors	4,716	-
Amounts owed to ultimate parent undertakings	3,062,983	3,403,135
Corporation tax	36,251	54,604
Other creditors	49,177	45,599
Accruals and deferred income	-	39,740
	3,153,127	3,543,078

7. Provisions for liabilities and charges

	2006	2005
	£	£
At 1 October	26,437	27,278
Deferred tax credit in profit and loss account (note 3)	(1,228)	(841)
At 30 September	25,209	26,437
Provision for deferred tax		
Accelerated capital allowances	25,209	26,437

8. Post balance sheet events

On 12th December 2006 LTA Ground Limited purchased the freehold of The Queen's Club from The Queen's Club Limited for the sum of £1 5 million

Subject to the acquisition of the shares of The Queen's Club Limited completing (this acquisition has to be completed by 29th May 2007) LTA Ground Limited is to grant a 120 year lease over the freehold land and buildings it owns to QC Holdings Limited, a company currently held on trust for the members of the Queen's Club (or to an associated company of QC Holdings Limited) LTA Ground Limited will retain the freehold

9 Called up share capital

	2006	2005
	£	£
Equity share capital		
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

LTA Ground Limited

Notes to the financial statements (continued)

For the year ended 30 September 2006

10 Reserves

**Profit and
Loss account
£**

At 1 October 2005	81,467
Profit for the financial year	19,671
At 30 September 2006	<u>101,138</u>

11 Reconciliation of movements in shareholders' funds

**2006
£**

**2005
£**

At 1 October	81,469	98,744
Profit/(loss) for the financial year	19,671	(17,275)
At 30 September	<u>101,140</u>	<u>81,469</u>

12. Parent undertakings

The company's immediate parent undertaking is LTA Holdings Limited, a company registered in England and Wales

The company's ultimate parent undertaking is the Lawn Tennis Association. Copies of its group financial statements, which include the company, are available from The National Tennis Centre, 100 Priory Lane, Roehampton, London, SW15 5JQ