Parent Company Accounts of
2578901 - LTA Ground Ltd

Company registration no: 7459469

Lawn Tennis Association Limited

LTA Finance and Governance Report for the 12 months ended 31st December 2015

www.lta.org.uk

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Strategic Report

Introduction

2015 was a very special year for British Tennis It was the year that Great Britain won the Davis Cup, becoming world champions for the first time in 79 years

That momentous achievement topped off an exceptional year for British players, which included Andy Murray finishing as world No 2, Johanna Konta and Kyle Edmund breaking into the top 50 women and top 100 men respectively and Jamie Murray becoming doubles world No 7 In wheelchair tennis, Jordanne Whiley had a stunning year winning no less than four Grand Slam titles, adding to the US Open wheelchair doubles title won by Gordon Reid

Fans responded to this success We saw record attendances at two of our grass court tournaments, The Aegon Classic and The Aegon Championships, as well as the ATP World Tour Finals and sell-out stadia for each Davis Cup tie

2015 was also the first year of putting the new four year British Tennis Strategic Plan into action This plan has one core mission to get more people playing tennis more often

For 2015 we set ourselves six business objectives, each designed to build the foundations for the strategy

The first objective was to achieve growth in monthly and weekly players in 2015 vs 2014, as measured by the Active People Survey The December figures showed that the number of people playing tennis on a weekly basis is now at 445,200 (a 16% improvement over the previous December) and the number of people playing tennis on a monthly basis is now 730,800 (a 5% improvement over the previous December) Whilst it is promising to see the number of players moving in the right direction, other data that we track indicates that there is more to be done to achieve sustainable growth

The second was to improve club satisfaction with LTA support The support we provide to clubs comes in many different forms such as new product development, licensing, safe and inclusive tennis guidance, expertise, access to facility loans and grants and online help and support We were pleased to see that club satisfaction improved from 43% to 48%

The next objective was to develop and test recreational competition formats for young people and to accelerate Park League growth, so that we can offer juniors and adults the informal, fun, social competition environment they crave We made good progress, researching and testing recreational competition formats which are ready for roll-out in 2016 We also signed a four year partnership agreement with Local Tennis Leagues to accelerate the growth of these popular leagues Our 2015 target was to set up 10 new leagues and grow the number of players from 3,500 to 5,000 We achieved 16 new leagues (taking the total number to 89) and the number of players currently stands at just under 5,000

Developing and disseminating a best practice plan to recruit, retain and recognise volunteers was a key business objective which recognised the critical role that volunteers play in supporting tennis We achieved this, launching an online support toolkit and introducing the flagship Aegon British Tennis Awards to celebrate the work of volunteers, as well as many other people involved in British Tennis

Our fifth business objective was to work out the best ways to deliver tennis in the 7,000 park courts across the country Our target was to prove reliable operational models for parks that would be ready for roll-out in 2016 Throughout the year we worked with local authorities, leisure trusts,

Strategic Report (continued)

sole operators and club outreach programmes to understand which operating models are most effective In addition, we put in place 34 partnerships with local authorities, a significant contribution towards our target of having partnership agreements in place that cover 70% of all community venues with three or more courts by 2018 By demonstrating the financial and health benefits that proper management of tennis courts can bring, we also unlocked significant funding for tennis In 2015 the local authorities we worked with invested £1 2million in tennis provision

Our final business objective was to ensure we delivered all of the above with a balanced budget. We over-delivered on this target, achieving a financial profit for the year of £1 2 million

These business objectives were our priority areas of focus during 2015 However, alongside this activity we continued to deliver and improve on other areas of our Strategic Plan which include Major Events, High Performance and Marketing and Promotion Further information about our impact in these areas can be found in the LTA Annual Review and in the Finance Review which follows

As we move into 2016 we aim to capitalise on this momentum, but we can't do this alone There are many people across the country that are passionate about delivering tennis to new audiences and we are grateful to them for their willingness to work together for the benefit of British Tennis We will continue to work with everyone who has the expertise, knowledge and reach to help bring the sport that we all love to many more people

With successes at the very highest levels and a strong first year of delivering against our British Tennis Strategic Plan, there is a lot to look forward to in 2016

Michael Downey
Chief Executive Officer

27 April 2016

This report can be read in conjunction with the LTA Annual Review 2015 which can be viewed online at www lta org uk

Strategic Report (continued)

Financial Review

Overview

The Finance and Governance Report and financial statements of Lawn Tennis Association Limited (LTA) detail the financial investments made by the LTA and its subsidiaries (together 'the LTA Group') in supporting the growth of British Tennis during the twelve months to 31 December 2015

The LTA maximises the income available to British Tennis and invests it effectively to deliver the LTA's mission of getting more people playing tennis more often whilst at the same time safeguarding the assets of the LTA Group Key considerations in determining the annual expenditure are whether an activity can be made financially sustainable over the long term and whether or not that expenditure produces a tennis return by increasing the number of people playing tennis more often

The LTA works closely with the Tennis Foundation (TF), an independent charity (charity number – 298175), to deliver jointly managed participation activity across education, disability development and community and as such the costs of providing these activities are included in this financial review In 2015, the LTA donated £7 1 million (2014 £10 3 million) towards these activities However, as an independent body, the TF is not included in the LTA Group financial statements and publishes its own financial statements that provide additional information on its remit and expenditure

In 2012, the LTA Trust was established as a registered charity (charity number 1148421) and a wholly owned subsidiary of the LTA However, the LTA Trust is not consolidated within the results of the LTA Group as the LTA has no control over the decision making of the Board of the LTA Trust The LTA Trust's objectives, as approved by the Charity Commission, are to advance for the public benefit such charitable purposes associated with the game of tennis in any part of Great Britain, the Channel Islands and the Isle of Man that are consistent with the purposes of the LTA During the year, no donation was made from the LTA (2014 £nil) Full details of the non-consolidated assets of the LTA Trust are set out in note 11

In 2014, the LTA Group changed its accounting reference date to 31 December from 30 September to improve the annual planning and budgeting cycle and to align itself to other tennis bodies As a result of this change, the prior period comparatives in this review and the financial statements are for the 15 month period ended 31 December 2014

In 2015, the LTA Group adopted FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland' and the financial statements, supporting notes and prior year comparatives have been presented on this basis The LTA Group constitutes a 'public benefit entity' as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public, community or social benefit and where any financial return is provided with a view to supporting the LTA Group's primary objectives rather than providing a financial return to shareholders As such, the LTA has applied the reporting exemptions applicable to public benefit entities under FRS 102

Financial results
(2014 comparatives relate to the 15 month period ended 31 December 2014)

For the year ended 31 December 2015, the LTA Group's revenue was £63 5 million (2014 £64 3 million) and operating expenditure was £62 7 million (2014 £67 3 million), generating an operating profit of £0 8 million (2014 £3 0 million loss)

Financial review (continued)
The LTA Group generated other income of £1 6 million (2014 £4 3 million) from net gains on its investment portfolio and from interest on the balance owed by The All England Lawn Tennis Club (Championships) Limited ("AELTC") Investments have been revalued at fair value at 31 December 2015 in accordance with FRS102 and £0 1m (2014 £1 7 million) has been recognised within other income to reflect this

A tax charge of £1 2 million (2014 £1 6 million) was incurred delivering a profit for the year of £1 2 million (2014 £0 2 million loss)

REVENUE

The LTA Group revenue was only slightly lower in the year at £63 5 million (2014 £64 3 million) despite a 15 month prior period

An analysis of the LTA Group's revenue is shown below

	Year ended 31 Dec 2015 £000s	15 months ended 31 Dec 2014* £000s	Change £000s	Change %
Revenue from the Wimbledon Championships	37,139	41,665	(4,526)	(10 9%)
Commercial	8,681	7,918	763	9 6%
Major Events	12,122	8,083	4,039	50 0%
Sport England Revenue Grant	3,409	4,060	(651)	(16 0%)
Other Revenue	2,164	2,619	(455)	(17 3%)
Total LTA revenue	**63,515**	**64,345**	**(830)**	**(1.3%)**

*Prior year comparatives have been reallocated between activities to align reporting to the LTA strategy

Revenue from the Wimbledon Championships
The £37 1 million (2014 £41 7 million) revenue from the Wimbledon Championships includes £33 9 million (2014 £32 0 million) annual surplus representing 90% (2014 90%) of the distributable surplus, £1 0 million (2014 £1 0 million) in support of the summer grass court season, £1 2 million (2014 £1 1 million) for the management and supply of umpires and other officials in partnership with the Association of British Tennis Officials, £0 6 million (2014 £0 9 million) to gross up for withholding tax incurred at the Wimbledon Championship, and £0 4 million (2014 £6 7 million) in relation to the exercise of warrants over shares on the sale of a commercial partner to a third party by AELTC on behalf of the Wimbledon Championships in the prior period (with £0 4 million remaining in deferred income)

Although there remain risks and uncertainties on the overall level of the Wimbledon Championship surplus, the long-term contract between the AELTC and the LTA in respect of the Wimbledon Championships has secured this income source until 2053

Growth in Commercial revenues
The LTA's commercial activities produced £8 7 million (2014 £7 9 million) of revenue Contracts are in place with our lead sponsor Aegon and official partners BNP Paribas, Nike and Highland Spring until December 2017 During the year Wipro was added as an official partner We continue to work alongside our official suppliers Babolat, Hackett, Moet & Chandon, Rado,

Financial review (continued)
Ricoh, Thomson Reuters, La Manga, Umag and Virgin Active During the year, Quorn, LATAM, Europcar and Movenpick became official suppliers

Increased revenue from Major Events
The revenue from the major events increased by 50 0% to £12 1 million (2014 £8 1 million) This was due to the success of the Davis Cup team and an additional week of events in the grass court calendar

2015 saw the Wimbledon Championships move back a week, a move which is fully supported by the LTA and enabled the addition and welcome return of ATP and WTA events at Nottingham

Challenger events were also added to the circuit at Ilkley, Surbiton and Manchester Despite a continued difficult economic climate, all the summer events were successful with increased ticket sales and hospitality at the Aegon Championships (at The Queen's Club), the Aegon Classic (at Edgbaston Priory Club) and the Aegon International (at Eastbourne's Devonshire Park)

The LTA continued to support the Barclays ATP World Tour Finals at The O2 arena in November 2015 and saw its profit share increase from another successful event

Sport England Revenue Grant sustained on an annual basis
Sport England revenue grants of £3 4 million (2014 £4 1 million) reflected the second and third years of the current Whole Sport Plan funding arrangements that commenced in April 2013 The reduction reflects the extended accounting period in 2014

In addition, Sport England made available £0 7 million (2014 £1 7 million) of capital grants under the Whole Sport Plan for investment in venues across England This funding is drawn down as it is committed into venues that have asked for help in developing their facilities and is not included in the LTA's income statement This is a transparent process with each pound received invested without deduction The Board and Executive continue to work in partnership with Sport England on the implementation of the participation strategy

Other Revenue sustained on an annual basis
Other revenue of £2 2 million (2014 £2 6 million) arises from a range of activities that the LTA oversees, including British Tennis membership, county association registration fees, coaching courses, other grants and programme funding

OPERATING EXPENDITURE

The operating expenditure of the LTA Group for the 12 months ended 31 December 2015 was £62 7 million (2014 £67 3 million) This decrease was as a result of the extended accounting period in 2014

Strategic Report (continued)

Financial review (continued)
A summary of the operating expenditure is shown in the table below

	Year ended 31 Dec 2015	15 months ended 31 Dec 2014*	Change	Change
	£000s	£000s	£000s	%
Direct operating expenditure				
Participation	14,726	18,692	(3,966)	(21 2%)
Capital Grants	1,198	2,682	(1,484)	(55 3%)
Performance	9,715	15,269	(5,554)	(36 4%)
Commercial, Major Events and Marketing	29,137	21,695	7,442	34 3%
Business Support	4,959	5,164	(205)	(4 0%)
Depreciation	2,999	3,845	(846)	(22 0%)
Total operating expenditure	62,734	67,347	(4,613)	(6.8%)

*Prior year comparatives have been reallocated between activities to align reporting to the LTA strategy

The expenditure is presented in line with the LTA's defined roles Participation, Performance, Commercial, Major Events and Marketing, and Business Support However, these activities are interlinked and support each other in delivering the mission of getting more people playing tennis more often The allocation assumptions of expenditure to particular areas are therefore intended to give an indication of the relative weight of investment in the different elements

Investment in Participation: Getting more people playing tennis more often
Participation expenditure of £14 7 million (2014 £18 7 million) was lower than prior period due to the extended prior period The investment was on a wide range of initiatives across our focus areas in partnership with the TF Direct investment by the LTA was £7 6 million (2014 £8 4 million) supplemented by a donation to the TF of £7 1 million (2014 £10 3 million) in support of jointly managed activities and TF's direct support of education and disability activities Including TF direct expenditure, total expenditure on participation across the LTA and TF was £18 5 million (2014 £21 5 million) The analysis below highlights LTA's investment in participation both directly and in partnership with the TF

£8 7 million (2014 £10 0 million) was invested in support of participation in community and club environments across an array of activities to drive more people to play tennis more often We put in place 34 Local Authority framework agreements, designed to open up park tennis courts to communities whilst continuing to support our registered clubs which are the backbone of British Tennis

£1 7 million (2014 £2 3 million) was invested in recreational competitions and our national competition circuit to establish a competition structure that provides both formal and informal competition for adults and juniors As part of our focus on recreational competitions, we agreed a four year partnership with Local Tennis Leagues, an organisation which operates fun, regular leagues tennis for players of all standards

£1 6 million (2014 £2 4 million) was invested across the full spectrum of coaching qualifications from level 1 to master club and performance, coach workshops and coach licensing

Strategic Report (continued)

Financial review (continued)
£6 5 million (2014 £6 8 million) was invested in tennis for disabled people and tennis in education This included £1 8 million (2014 £2 3 million) investment in education with the Schools Tennis programme continuing to grow, 20,512 (2014 19,169) schools have been supported with free teacher training, resources and equipment in primary, secondary and special schools, as well as further education and higher education colleges and universities since the inception of the programme in 2009 A further £4 7 million (2014 £4 5 million) was invested in disability development, disability events and disability performance The TF supported 44 (2014 41) disability networks across Great Britain with funding, equipment and training to enable more disabled people to play tennis In December, the NEC Wheelchair Tennis Masters was successfully staged, and saw 3,200 (2014 2,200) people attend, including 1,753 (2014 1,150) from schools, colleges and local communities 2015 was another successful year for disability performance with Jordanne Whiley, Andy Lapthorne and Gordon Reid all winning Grand Slam titles and Great Britain finished 2015 first, jointly with the Netherlands, in the Tennis Europe wheelchair tennis rankings for the first time

Capital grants· Result orientated facility investment
Financial support to improve facilities is one way we can help clubs thrive and attract new players In 2015 we reduced the red tape for loan funding and grant applications and invested £1 2 million of capital grants (2014 £2 7 million) and £3 0 million of loans (2014 £2 1 million) in facilities In addition we received and invested £0 7 million (2014 £1 7 million) of Sport England Whole Sport Plan funding resulting in a total investment in facilities of £4 9 million (2014 £6 5 million) to 68 clubs (2014 43) to improve their courts and facilities Partnership funding in support of these projects amounted to £11 0 million (2014 £17 9 million) This investment in facilities created 16 new indoor courts, 116 new floodlit courts, 122 refurbished courts, 5 clubhouses and 8 mini tennis projects

Performance: establishing a 'no compromise' High Performance programme
A key driver of our Strategic Plan is to establish a 'no compromise' High Performance programme with investment focussed on allocating resources to those players, coaches and venues with the ability to achieve the performance targets set

The focussed strategy resulted in a reduced investment in performance of £9 7 million (2014 £15 3 million)

Commercial, Major Events and Marketing: jump starting the peak summer season and applying best in class marketing and promotion
Commercial, Major Events and Marketing expenditure was £29 1 million (2014 £21 7 million), the increase due to additional Davis Cup ties and the extra grass court week that was added between the end of the French Open and the beginning of the Wimbledon Championships This new extended calendar gave us a six week window to showcase British grass court tennis to the world and to inspire and excite fans and players During that time we invested £14 2 million (2014 £9 9 million) to put on nine tournaments across the country including four new events in new locations, helping reach new fans 2015 was also a significant year for The Aegon Championships in its inaugural year as an ATP World Tour 500 event

In addition to the summer grass court season, £10 7 million (2014 £8 3 million) was invested in four Davis Cup ties (2014 two), the Barclays ATP World Tour Finals, officiating at the Wimbledon Championships and other major events, support of the elite British Tennis competition calendar and the cost of servicing sponsors

Strategic Report (continued)

Financial review (continued)

Investment in marketing was increased to £4 2 million (2014 £3 5 million) as we invested more time and resource in making tennis more visible to those who might not normally think about tennis We also increased our online activity, putting more resource than ever before behind our Twitter, Facebook, Instagram and YouTube profiles

Business support and depreciation: operating an efficient and effective Governing Body.
Expenditure on business support and depreciation of £8 0 million for the year ended 31 December 2015 compares to £9 0 million for the 15 month prior period Business support expenditure of £5 0 million (2014 £5 2 million) represents the net core business support costs required for the operation and governance of the LTA and covers the business support functions of HR, IT, Finance and Legal together with the costs of running the National Tennis Centre at Roehampton and the national governing body Secretariat

Statement of Financial Position
The LTA Consolidated Group statement of financial position shows net assets of £145 4 million (2014 £144 2 million) This excludes the independently managed assets of the TF and the LTA Trust

£78 9 million (2014 £79 0 million) is invested in long-term assets, including the National Tennis Centre During the year, the LTA commenced the amortisation of the ATP 500 sanction acquired in the prior period at a cost of £2 1 million following the upgrade of the Aegon Championships in June 2015 These costs have been capitalised as an intangible asset and are being amortised over the life of the agreement to 2022 resulting in a net book value at 31 December 2015 of £1 8 million (2014 £2 1 million) £42 7 million is invested in shares, bonds and other assets by external financial advisers and reflects the Board's decision to hold liquid assets to cover an interruption in the Group's annual income As at 31 December 2015 external investments were revalued to fair value in accordance with FRS 102

The net current assets of £66 7 million (2014 £65 6 million) include the balance of the receivable from the Wimbledon Championships for the 2015 Championship surplus of £24 9 million (2014 £16 0 million), the receivable from AELTC in respect of the sale of the All England Lawn Tennis Ground Company (AELTG) of £15 0 million (2014 £20 0 million), net loans to 'places to play' of £7 9 million (2014 £8 6 million) (repayable over up to 10 years) and the development funding for West Hants LTC of £3 6 million (2014 £3 8 million) (repayable in equal instalments over the next 25 years)

Corporate governance structure

The LTA is committed to managing and conducting its business and its corporate governance to listed company standards and aims to be a leading and forward-looking national governing body The Board embraces the principles of good governance as set out in the UK Combined Code with particular regard to integrity, transparency and accountability but also with a view to ensuring value and return on its investment in tennis The LTA has adopted certain principles associated with good governance, and further information on how these are applied is detailed below

STRUCTURE

The LTA is the national governing body for tennis in Great Britain, the Channel Islands and the Isle of Man, and its mission is to get more people playing tennis more often Its membership consists of various bodies that have an interest in the development and promotion of tennis in Great Britain including the 36 English counties, Tennis Scotland, Tennis Wales, Channel Isles LTA, Isle of Man LTA, The All England Lawn Tennis Club and the Tennis Foundation

COUNCIL

The LTA Council is the democratic forum representing counties and certain other key bodies which are members of the LTA Its composition and powers are governed by the Rules of the LTA* It consists (inter alia) of the President, Deputy President and Councillors (representatives elected from many of the various member associations) The Standing Orders* set out how the Council operates, including the appointment of Council-elected Board members and the elections for the President and Deputy President of the LTA The Council met four times in the year and at those meetings received reports from the Board

The responsibilities of the Council include review of the strategy and budget, and approval of nominations, including President, Deputy President and Council representatives to the Board, amendments to the Standing Orders, amendments to the LTA Rules (also subject to the Annual General Meeting's approval), subscription fees, any interest charged on LTA loans, and any major changes to the LTA's agreement with the All England Lawn Tennis Club Limited

THE BOARD

The composition of the Board is also governed by the Articles*, the Rules of the LTA* and the Standing Orders* These include the formal procedures for the election of the President, Deputy President and the representatives from Council who sit on the Board

The Chairman is appointed by the Board, following the recommendation of the Nominations Committee, subject to the approval of Council, for an initial term of four years With the approval of the Board and Council, the Chairman may continue to serve for up to a further six years

The President and Deputy President are elected each year and there is a convention that no President will serve longer than three years

Council Board Members are elected by Council for a term of three years and may, if re-elected, serve for a second term of three years

The President and the Chairman may, on the recommendation of the Nominations Committee, nominate one Council member who, if approved by the Board, will be appointed to the Board to serve a maximum unbroken term of six years

Independent Board Members that are not Council elected or nominated by the President are appointed by the Board, following the recommendation of the Nominations Committee, and reported to Council, for initial terms of three years With the approval of the Board, they may serve up to two further terms of three years

Strategic Report (continued)

Corporate governance structure (continued)
The Board has clear terms of reference prescribing its responsibility and role The functions of the Board are to provide leadership to the LTA, formulate the strategy, objectives and major policies before they are presented to Council and to review and monitor the LTA's operational and financial performance against that strategy and objectives Further detail on matters reserved for decisions by the Board may be found in the LTA Governance Document

There is a clear division of responsibility between the Chairman, the President and the Chief Executive Officer The two executive Board members (being the Chief Executive Officer and the Finance Director) each have a role description and limits of authority The Board meets a number of times per year in accordance with the Standing Orders During the year ended 31 December 2015 the Board met five times

The Board has ten non-executive directors, as follows

(a) the President and Deputy President, both of whom are elected by the Council,
(b) three independent directors (including the Chairman),
(c) two directors elected by Council,
(d) one director nominated by the President and the Chairman,
(e) two further non-executive directors being the Chairmen of the Tennis Performance Committee and the Tennis Development Committee respectively

These ten directors are considered independent of the Executive The Board considers its composition is appropriate in view of the size and requirements of the LTA's business The Nominations Committee reviews the composition of the Board and makes recommendations to the Board and Council on its make-up The Nominations Committee is responsible for leading the search-procedure to recommend new Board appointments

The Board is not to exceed 15 in number The Board members during the year and to the date of signing this report were

Name	**Description**	**No. of meetings attended in year**
David Gregson	Chairman of the Board	5 out of 5
Cathie Sabin	President	5 out of 5
Martin Corrie	Deputy President	5 out of 5
Richard Baker	Independent non-executive	5 out of 5
Robert Battersby	Chairman, Tennis Development Committee, non-executive Director	5 out of 5
Clare Hollingsworth	Independent non-executive	5 out of 5
Nicola Maskens	Council-elected non-executive Director	5 out of 5
David Rawlinson	Council-elected non-executive Director	5 out of 5
Richard Walmsley	Chairman, Tennis Performance Committee, non-executive Director	5 out of 5
Chelsea Warr	President's and Chairman's Nominee, non-executive Director	5 out of 5
Michael Downey	Chief Executive Officer	5 out of 5
Tim Davies	Finance Director (appointed 1 January 2015, resigned 7 December 2015)	4 out of 5

Karen Neale was the LTA's Company Secretary during the year and attended all Board meetings in that capacity From 1 January 2016, Stephen Farrow replaced Karen Neale as the LTA's Company Secretary

Corporate governance structure (continued)
New Board members receive an induction into the LTA and on-going training as required Board members also have access to the Company Secretary and any external advisors and resources if required The LTA maintains directors' liability insurance on behalf of its Board

BOARD PERFORMANCE
The Chairman of the Board is responsible for leading the Board and ensuring its effectiveness The Chairman on behalf of the Board reviews its performance and effectiveness during each year The process includes a variety of methods, including questionnaires and interviews with Board members conducted by an external company Issues addressed include the function of the Board and each of its committees and includes an assessment of the independent Chairman by his peers The results are considered first by the Chairman, then by the Board The Board also debates and agrees the key priorities and ways of working These are intrinsically linked to the delivery of the strategy and working priorities of the Executive management team

THE EXECUTIVE
The Executive is responsible for the implementation of the strategy, objectives and major policies of the LTA It is directly accountable to the Board, and responsible for briefing and updating the Board with relevant information As at 31 December 2015, the Executive Team consisted of

Michael Downey, Chief Executive Officer
Alastair Marks, Participation Director
Vicky Williams, Director of People, HR & Development
Alex Mawer, Marketing & Communications Director
Oliver Scadgell, Director of Major Events & Competitions
Stephen Farrow, LTA Legal Director and Tournament Director - Aegon Championships
James Mercer, Commercial Director
Andrew Poxon, Interim Finance Director
Peter Keen, Interim Performance Director

BOARD COMMITTEES
The Board has a number of sub-committees which have delegated responsibility for key areas Each committee has terms of reference and all committees report back to the Board Minutes are circulated to all Board members

i) Audit Committee
The main role and responsibilities of the Audit Committee are to monitor the integrity of the financial statements of the LTA, the internal financial controls, financial risk management systems, performance of the investment advisory group, to manage the appointment, independence and performance of the external and internal auditors' and to review and recommend the annual financial statements to the Board for approval Its terms of reference are set out in the LTA Governance Structure Document

The Audit Committee members during the year were

Name	Description	No. of meetings attended in year
Clare Hollingsworth (Chair)	Independent Non-Executive	4 out of 4
David Rawlinson	Council-elected Non-Executive Director	4 out of 4
Martin Corrie	Deputy President	3 out of 4
Margaret Ewing*	Co-opted Independent External Member	3 out of 3

*appointed June 2015

The Finance Director, Chief Executive Officer, President and the LTA's external auditors attended the Committee meetings in 2015 by invitation

Corporate governance structure (continued)
The Audit Committee reports to the Board and meets four times a year It makes an annual report to Council

Grant Thornton was appointed in December 2015 to review the risk management processes of the LTA and to develop an internal audit plan for approval by the Audit Committee Internal audit reviews will be undertaken by Grant Thornton in 2016 and the Committee will assess findings and recommendations

The Audit Committee considers and receives reports from the Executive on the nature of risks facing the LTA, the categories of risk that are acceptable, the likelihood and impact of risks materialising, the LTA's ability to reduce this likelihood and impact on its business of the risks and the costs of operating the particular controls relative to the benefit obtained in managing the identified risks

PricewaterhouseCoopers LLP, the independent external auditor, also provides tax advice to the LTA via separate engagement teams The Audit Committee is satisfied that the provision of tax advice does not compromise the auditor's objectivity and independence

ii) Nominations Committee
The Board Nominations Committee was set up in 2009 with the purpose of keeping the composition of the Board under review and considering the appointments of Councillors and succession planning at senior levels of management

The Nominations Committee members during the year were

Name	Description	No. of meetings attended in year
Cathie Sabin (Chair)	President	3 out of 3
Martin Corrie	Deputy President	3 out of 3
David Gregson	Chairman of the Board	3 out of 3
David Rawlinson	Council-elected Non-Executive Director	3 out of 3
Michael Downey	Chief Executive Officer	3 out of 3

The nomination procedures for board, committees and panels are set out in the LTA Governance Structure Document

iii) Remuneration Committee
The main role of the Remuneration Committee is to determine the LTA's policy on remuneration and to advise on the total remuneration packages of the Chief Executive Officer and senior executives, making any necessary comparisons with market rates The Remuneration Committee engages independent external consultants to benchmark remuneration levels as required Its terms of reference are set out in the LTA Governance Structure Document

The LTA's remuneration strategy is to pay executives the appropriate market remuneration packages to attract and retain high-calibre individuals to manage and fulfil the LTA's objectives No remuneration is paid to the Non-Executive Board members

Corporate governance structure (continued)
The Remuneration Committee members during the year were

Name	Description	No. of meetings attended in year
Richard Baker (Chair)	Independent Non-Executive member of the Board	2 out of 2
Cathie Sabin	President	2 out of 2
David Gregson	Chairman of the Board	2 out of 2

The Chief Executive Officer and Director of People, HR and Development attended the Committee meetings in 2015 as appropriate

The strategic report on pages 3 to 15 was approved and authorised for issue by the Board on 27 April 2016 and is signed on its behalf by

Michael Downey
Chief Executive Officer

* All of the documents mentioned in this report can be accessed and downloaded via the LTA website at http //www lta org uk/About-Us/

Report of the Directors of the Lawn Tennis Association Limited for the 12 months ended 31 December 2015

INTRODUCTION

The directors present their report, strategic report and the audited Group financial statements of Lawn Tennis Association Limited (LTA) and its subsidiaries for the 12 months ended 31 December 2015

PRINCIPAL ACTIVITIES

The LTA is the governing body of tennis in Great Britain, the Channel Islands and the Isle of Man Its mission is to get more people playing tennis more often The Company also acts as the holding company for the Group's investment portfolio

GOVERNANCE

Details of the governance structure of the LTA, the role of the Board, key committees and the names of the Board members are set out in the Corporate Governance Structure section of this report

RESULTS AND DIVIDENDS

The Group profit for the year after taxation amounted to £1 2 million (2014 £0 2 million loss) Under the LTA Rules, the LTA may not pay a dividend or distribute its retained reserves or funds to its members

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks which could affect the LTA's long-term performance and financial position The Executives are responsible for identifying and reviewing the risks to the Group and reporting these to the Audit Committee and the Board Controls and suitable actions are put in place to mitigate these identified risks as far as is possible and practical The Audit Committee is responsible for assessing the LTA's internal controls

A key business risk relates to the certainty of future revenue streams, notably from the Wimbledon Championships, Sport England and commercial partners Revenue from the Wimbledon Championships is secured under a long term agreement for thirty eight years Whilst the current funding from Sport England and certain commercial partners is due to expire in 1 year and 2 years respectively, these risks are mitigated by the strong relationships with these stakeholders and work is underway to extend these agreements Given the large contribution that the Wimbledon Championships makes to the LTA's total results, the Group is still exposed to a potential catastrophic loss of revenue in any single year due to cancellation or severe curtailment of the Wimbledon Championships Further steps to mitigate or protect against this risk are in place for future years particularly with respect to the roof over Centre Court providing protection against weather losses and insurance covering major curtailment or abandonment risks where possible There are isolated risks which are not insurable or capable of mitigation in relation to the Wimbledon Championships and also within LTA organised major events that could have a material impact on revenue streams associated with these events but these are considered remote The LTA maintains adequate cash balances and reserves to mitigate any short-term financial impact from these risks

The LTA faces an element of credit risk in its on-going business relationship with major commercial partners Risks are managed as part of on-going due diligence and credit management but cannot be completely mitigated

The Group holds investments in shares, hedge funds, fixed income products and corporate bonds as part of its overall investment strategy The Group has appointed independent specialist investment advisers who manage the portfolio on the LTA's behalf in accordance with the agreed medium/low risk profile However, it is recognised that any investment portfolio is subject to market fluctuations and external factors The investment policy is approved by the Board and the

Investment Advisory Group oversees the implementation of this policy The LTA does not use financial instruments for speculative purposes

In addition to the measures described above, the LTA has an element of natural risk mitigation in that a large element of its expenditure in the sport is discretionary in each financial year and can be reduced in subsequent years without breaching legal commitments

The risk of non-delivery of our strategy and mission of getting more people playing tennis more often is mitigated through our commitment to working alongside all the people and organisations that share our mission including volunteers, coaches, players, local authorities, clubs, and other Grand Slam nations We have a long term strategic plan and resources allocated appropriately to deliver on our mission Further information on the delivery of the strategy can be found in the Annual Report

As permitted by the Articles of Association, the directors 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 last financial year and is currently in force The LTA also purchases directors' and officers' liability insurance in respect of itself and its directors

EQUALITY

The LTA is committed to making tennis accessible and open to everyone who wants to be involved in the game Its policy is to treat everyone equally, fairly and consistently

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes of the applicants In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate re-training is made available The LTA's policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees

Creating a safe and inclusive tennis environment wherever people play tennis is of paramount importance to us and we work in partnership with a wide range of organisations to ensure that we achieve this It sits right at the heart of our mission, helping to maintain a positive image for the sport and allowing us to reach a wide and diverse audience of potential new players

Safeguarding training is now mandatory for accredited coaches, Welfare Officers at Tennismark venues and British Tennis colleagues This work has meant that we have maintained our NSPCC assessment rating of green – the highest possible level

EMPLOYEE ENGAGEMENT

During the year the policy of providing employees with information about the LTA and British Tennis has continued through internal communications A formal employee engagement survey was undertaken for the first time in 2015 and will be repeated annually The results have been addressed through formal team-specific actions and through the creation of a 'Talking Points' group made up of a cross-section of employees who work together to address areas that are of a company-wide nature Management and employees meet regularly to allow a free flow of information and ideas and the LTA values the views and involvement of its employees In 2015, the LTA's values of 'passion, excellence, teamwork and integrity' were launched together with the development of supporting behaviours in consultation with employees

DIRECTORS

The directors of the company who served during the year and up to the date of signing the financial statements are listed below
Richard Baker
Robert Battersby
Martin Corrie
Michael Downey
Clare Hollingsworth (appointed 1 January 2015)
David Gregson
Nicola Maskens (appointed 1 January 2015)
David Rawlinson
Cathie Sabin
Richard Walmsley
Chelsea Warr (appointed 1 January 2015)
Tim Davies (appointed 1 January 2015, resigned 7 December 2015)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the group and parent company financial statements (the "financial statements") in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) (adopted in 2015 for the first time and applicable from 1 October 2013)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

Report of the directors (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

David Gregson

On behalf of the Board

27 April 2016

Independent auditor's report to the Members of the Lawn Tennis Association Limited

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Lawn Tennis Association Limited's group financial statements and company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

WHAT WE HAVE AUDITED

The financial statements, included within the LTA Group Finance and Governance Report and financial statements (the "Annual Report"), comprise

- the group and parent company statements of financial position as at 31 December 2015,
- the group income statement for the year then ended,
- the group statement of cash flows for the year then ended,
- the group and parent statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the Members of the Lawn Tennis Association Limited (continued)

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of directors' responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company'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

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit

Independent auditor's report to the Members of the Lawn Tennis Association Limited (continued)

evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2016

Group Income Statement

	Notes	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Revenue	2	**63,515**	**64,345**
Operating expenses		(62,734)	(67,347)
Operating profit/(loss)	3	**781**	**(3,002)**
Net finance income	5	1,262	1,526
Net gains on fixed asset investments		329	2,802
Profit on ordinary activities before taxation		**2,372**	**1,326**
Tax on profit on ordinary activities	6	(1,207)	(1,578)
Profit/(loss) for the financial year/period		**1,165**	**(252)**

Statement of Comprehensive Income

Profit/(loss) for the financial year/period	1,165	(252)
Other comprehensive income:		
Foreign exchange gain	-	33
Other comprehensive income for the year/period, net of tax	-	33
Total comprehensive income/(expense) for the year/period	1,165	(219)

All of the Group's activities are continuing

There are no material differences between the profit on ordinary activities before taxation and the profit/(loss) for the financial year/period stated above and their historical cost equivalents for either 2015 or 2014

The notes on pages 28-53 form an integral part of these financial statements

Group Statement of Financial Position

	Notes	31 Dec 2015 £'000s	31 Dec 2014 £'000s
Non current assets			
Intangible assets	7	1,820	2,080
Property, plant and equipment	8	34,389	34,466
Fixed asset investments	9	42,655	41,523
Deferred tax assets	14	-	965
		78,864	**79,034**
Current assets			
Trade and other receivables – amounts falling due within one year	13	39,545	28,568
Trade and other receivables – amounts falling due after more than one year	13	27,785	34,036
Cash and cash equivalents		14,294	18,400
		81,624	**81,004**
Trade and other payables – amounts falling due within one year	15	(14,961)	(15,375)
Net current assets		**66,663**	**65,629**
Total assets less current liabilities		**145,527**	**144,663**
Trade and other payables – amounts falling due more than one year	16	-	(418)
Deferred tax liability	14	(117)	-
Net assets		**145,410**	**144,245**
Equity			
Retained earnings		120,410	144,245
Retained earnings - other	17	25,000	-
Total equity		**145,410**	**144,245**

The financial statements on pages 23 to 53 were approved and authorised for issue by the Board on 27 April 2016 and were signed on their behalf by

Michael Downey
Chief Executive Officer

The notes on pages 28-53 form an integral part of these financial statements

Company Registration No: 7459469

Lawn Tennis Association Limited 'the Company' Statement of Financial Position

	Notes	31 Dec 2015 £'000s	31 Dec 2014 £'000s
Non current assets			
Intangible assets	7	1,820	2,080
Fixed asset investments	9	54,451	53,319
		56,271	**55,399**
Current assets			
Trade and other receivables – amounts falling due within one year	13	88,422	86,064
Trade and other receivables – amounts falling due after more than one year	13	10,000	15,000
Cash and cash equivalents		3,624	1,511
		102,046	**102,575**
Trade and other payables – amounts falling due within one year	15	(1,176)	(1,813)
Net current assets		**100,870**	**100,762**
Total assets less current liabilities		**157,141**	**156,161**
Deferred tax liability		(593)	-
Net assets		**156,548**	**156,161**
Equity			
Retained earnings		156,548	156,161
Total equity		**156,548**	**156,161**

The financial statements on pages 23 to 53 were approved and authorised for issue by the Board on 27 April 2016 and were signed on their behalf by

Michael Downey
Chief Executive Officer

Statement of Changes in Equity

Group	Retained earnings £'000s	Total equity £'000s
Balance as at 1 October 2013	142,292	142,292
FRS 102 impact – restatement of investments to market value	2,172	2,172
Loss for the 15 month financial period (restated)	(252)	(252)
Other comprehensive income for the period – movement in hedging reserve	33	33
Total comprehensive income for the period (restated)	1,953	1,953
Balance as at 31 December 2014 (restated)	**144,245**	**144,245**
Profit for the financial year	1,165	1,165
Total comprehensive income for the year	**1,165**	**1,165**
Balance as at 31 December 2015	**145,410**	**145,410**

Company	Retained earnings £'000s	Total Equity £'000s
Balance as at 1 October 2013	150,279	150,279
FRS 102 impact – restatement of investments to market value	2,172	2,172
Profit for the 15 month financial period (restated)	3,677	3,677
Other comprehensive income for the period – movement in hedging reserve	33	33
Total comprehensive income for the period (restated)	5,882	5,882
Balance as at 31 December 2014 (restated)	**156,161**	**156,161**
Profit for the financial year	387	387
Total comprehensive income for the year	**387**	**387**
Balance as at 31 December 2015	**156,548**	**156,548**

Group Statement of Cash Flows

	Notes	Year ended 31 Dec 2015	Period ended 31 Dec 2014
		£'000s	£'000s
Net cash from operating activities			
Group operating profit/(loss)		781	(3,002)
Depreciation charge (net of profit/loss on disposal)	3	2,343	3,339
Amortisation charge	3	260	-
(Increase)/decrease in debtors		(9,888)	1,554
Decrease/(increase) in outstanding loans to places to play		683	(7)
(Decrease)/increase in creditors		(656)	1,436
Taxation paid		(259)	(222)
Net cash (outflow)/inflow generated from operating activities		**(6,736)**	**3,098**
Cash flow from investing activities			
Payments to acquire intangible fixed assets		(214)	(429)
Payments to acquire tangible fixed assets		(2,515)	(2,423)
Receipts from sale of fixed asset investments		7,984	16,273
Payments to acquire fixed asset investments		(8,887)	(17,997)
Receipts in relation to investment hedging instruments		-	33
Proceeds from sale of joint venture		5,000	5,000
Interest received		314	403
Dividends received		948	1,123
Net cash generated from investing activities		**2,630**	**1,983**
Net (decrease)/increase in cash and cash equivalents		**(4,106)**	**5,081**
Cash and cash equivalents at the beginning of the year/period		**18,400**	**13,319**
Cash and cash equivalents at the end of the year/period		**14,294**	**18,400**
Cash and cash equivalents consists of:			
Cash at bank and in hand		14,294	18,400
Cash and cash equivalents		**14,294**	**18,400**

The notes on pages 28-53 form an integral part of these financial statements

Notes to the financial statements

1. Accounting policies

General information

Lawn Tennis Association Limited ('the Company') is a private company limited by guarantee having no share capital and is incorporated and domiciled in United Kingdom The address of its registered office is National Tennis Centre, 100 Priory Lane, London, SW15 5JQ

Statement of compliance

The Group and Company financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") The Group and Company have also early adopted the Amendments to FRS 102 (issued in July 2015)

Lawn Tennis Association Limited constitutes a public benefit entity ('PBE') as defined by FRS 102

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

a) Basis of preparation

The Group and Company financial statements are prepared on a going concern basis, under the historical cost convention This is the first year in which the financial statements have been prepared under FRS 102 The date of transition to FRS 102 is 1 October 2013 Details of the transition to FRS 102 are disclosed in note 22

b) Going concern

On the basis of their assessment of the Group financial position and resources, the directors believe that the Company is well placed to manage its business risks Therefore the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

c) Exemptions for qualifying entities under FRS 102
As the Company is a member of the Group whose consolidated financial statements are publicly available it meets the exemption for qualifying entities as defined by FRS 102 As a qualifying entity it is entitled to certain disclosure exemptions, subject to certain conditions that have been complied with, including notification of, and no objection to, the use of exemptions by the Company's members

The Company has taken advantage of the following exemptions

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows,
- from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11 39 to 11 48A and paragraphs 12 26 to 12 29, as the information is provided in the consolidated financial statement disclosures,
- from disclosing the Company's key management personnel compensation, as required by FRS 102 paragraph 33 7 as the information is provided in the consolidated financial statement disclosures

The LTA Group constitutes a 'public benefit entity' as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public

Notes to the financial statements

1. Accounting policies (continued)

d) Lawn Tennis Association Limited

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company, Lawn Tennis Association Limited, is not presented as part of these financial statements The parent company's profit for the year ended was £1 0 million (period ended 31 Dec 2014 £3 7 million)

e) Basis of consolidation

The Group financial statements consolidate the financial statements of the Lawn Tennis Association Limited ('the Company') and its subsidiary undertakings (but excluding the LTA Trust) made up to 31 December 2015 The profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal

Uniform accounting policies are used for all the companies included in the LTA Group consolidation

f) Quasi subsidiaries

In determining whether a company controls another entity, regard should be had to who in practice directs the entity's financial and operating policies The Lawn Tennis Association (unincorporated) is not directly owned by the Group but meets the definition of a quasi-subsidiary under paragraph 9 1 and 9 11 of FRS 102 as it is managed on a unified basis by the Company As such, it has been accounted for in the same way as other subsidiaries and has been fully consolidated into the Group financial statements

The LTA Trust was established (a registered charity) as a wholly owned subsidiary of Lawn Tennis Association Limited in 2012 (charity number 1148421) During the year, the Board of The LTA Trust comprised two LTA Directors and four Independent Trustees and therefore, as the LTA Group does not exercise control over the operating decisions of The LTA Trust, it has not been consolidated into the results of the LTA Group

g) Accounting for unincorporated joint arrangement – The Wimbledon Championships

The Lawn Tennis Championships (The Wimbledon Championships) are held annually at Wimbledon In these financial statements the Wimbledon Championships are accounted for as an unincorporated joint arrangement The joint arrangement is governed by an agreement between The All England Lawn Tennis & Croquet Club (the Club) and the LTA, whereby the Wimbledon Championships are controlled, managed and promoted by the Committee of Management which consists of members representing the Club and the LTA The Wimbledon Championships prepares its financial statements to 31 July

The allocation of the financial surplus of the Wimbledon Championships is also governed by this agreement The financial arrangements are designed to advance the interests of British Tennis 90% of the surplus is distributed to the LTA with a customary donation of £3 0 million (2014 £3 0 million) made to the Tennis Foundation from the distribution as agreed by the Joint Finance Committee

h) Revenue

Revenue includes the gross surplus of The Championships due to the LTA, exercise of warrants over shares, income from facility and hospitality fees from tennis tournaments, commercial and sponsorship income, government grants, advertising income and subscriptions less any refunds or returns and is stated net of VAT

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration This is recorded at the value of the consideration due Where a contract has only been partially completed at the statement of financial position date, turnover represents the value of the service provided to date based on a proportion of the total contract value Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year The Group follows the cost model under Section 24 of FRS 102

1. Accounting policies (continued)

i) Grants

Grant income is recognised in the income statement either on receipt or in the period in which the related expenditure is incurred, depending on the nature of the grant when the entity complies with the conditions attaching to them Section 24 of FRS 102,'Government grants' permits either the performance model or the accrual model to recognise government grants Grants relating to revenue are recognised in income on a systematic basis over the period in which the Group recognised the related costs for which the grant is intended to compensate

Grant expenditure is recognised in the income statement in the period in which the grant was made or committed to other third parties

j) Foreign currencies

(i) Functional and presentation currency

The Group and Company's functional and presentation currency is the sterling pound

(ii) Transactions and balances

Foreign currency transactions arising during the period are translated at the rates prevailing at the date of the transactions unless covered by a forward exchange contract, in which case the contract rate is used Balances outstanding at the period end are translated at the rate ruling on that date unless covered by a forward exchange contract Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined

Foreign exchange gains and losses resulting from the settlement of transactions and'from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges

k) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term

l) Intangible fixed assets and amortisation

Intangible fixed assets are stated in the statement of financial position at cost less provision for amortisation

Amortisation is calculated to write off the cost of intangible assets over their expected lives by equal instalments The expected life of each intangible asset is determined on an individual basis, dependent on the duration of its economic benefit The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets The useful economic lives and residual values are re-assessed annually They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets

Commercial rights are amortised over the contractual period to which they relate

m) Property, plant and equipment and depreciation

Property, plant and equipment are stated in the statement of financial position at cost less provision for depreciation Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use

1. Accounting policies (continued)

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment over their expected lives by equal annual instalments Depreciation is provided on all property, plant and equipment apart from freehold land and assets under construction The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets The useful economic lives and residual values are re-assessed annually They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets

The following asset lives are used	
Long leasehold land and buildings	125 years
Freehold buildings and tennis courts	10 to 50 years
Motor vehicles	4 years
Furniture and equipment	3 to 20 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period The effect of any change is accounted for prospectively

n) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit)

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation Thereafter any excess is recognised in the income statement

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods A reversal of an impairment loss is recognised in the income statement

o) Investments

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

Third party investments comprises of shares or stocks Investments where no control, joint control or significant influence are held i e other investments, are measured at fair value with movements going through profit and loss Where fair value cannot be measured reliably, investments are measured at cost less impairment

1. Accounting policies (continued)

p) Hedging

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies

Derivatives, including interest rate swaps and forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies, are not basic financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value Changes in the fair value of the derivatives are recognised in profit or loss in finance costs or income as appropriate

Where foreign currency borrowings (including forward exchange contracts) are used to finance or provide a hedge against the exchange risk associated with existing foreign fixed-asset investments denominated in foreign currency, the investments are re-translated at each statement of financial position date at the exchange rates ruling at the period end with movements taken to reserves These foreign exchange movements are offset by the re-translation of the forward exchange contracts to the extent of the exchange differences arising on the fixed-asset investments Foreign exchange movements arising from the re-translation of forward exchange contracts in place at the statement of financial position date are also taken to reserves

q) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate The impairment loss is recognised in profit or loss immediately

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised The impairment reversal is recognised in profit or loss immediately

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Accounts payable are classified as current liabilities if payment is due within one year or

1. Accounting policies (continued)

less If not, they are presented as non-current liabilities Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires

The Company does not hold or issue derivative financial instruments

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously

Loans paid and received are offset and the net amounts presented in the financial statements as doing so enhance the understanding of the cash flows

r) Cash and cash equivalents

Cash and cash equivalents includes bank balances and short term maturity deposits held at call Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position Cash and cash equivalents are stated at face value

s) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period Taxation represents the amount estimated to be payable or recoverable in respect of the taxable profit or loss for the period, along with adjustments to estimates in respect of previous periods

Current or deferred taxation assets and liabilities are not discounted

Current tax:
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end

Deferred tax:
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements

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

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference

t) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements

Short term benefits:
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received

1. Accounting policies (continued)

Termination benefits:
Termination benefits are recognised as an expense in the period in which the benefits are provided to the employees or are expensed and accrued when the Group has committed to make payments in the future If there is an uncertainty about the number of employees who will accept an offer of termination benefits, the contingent liabilities is disclosed unless the possibility of an outflow in settlement is remote

Pension costs:
Contributions payable to defined contribution schemes are charged to the income statement in the period to which they relate There are no defined benefit pension obligations

u) Concessionary loans

Concessionary loans made are initially measured at the amount paid In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any accrued interest payable or receivable

To the extent that a loan that has been made is irrecoverable, an impairment loss is recognised in the income statement

v) Critical judgements and estimates in applying the accounting policy

The preparation of the financial statements requires management and the Board to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses Actual results may differ from these estimates

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected No material judgements and estimates have been made in the current year or prior period

w) Future amendments to FRS 102

The following amendments to FRS 102 (issued in July 2015) have been early adopted by the Group in these financial statements

i) Amendments to Section 4: Statement of financial position:
The Group has early adopted the amendments to para 4 2 of FRS 102 for the first time in the current year The Group has chosen to apply IFRS format in presenting the Statement of financial position The terminology has been changed as per IFRS The presentational change has no such material impact in the Group's financial statements

ii) Amendments to Section 5: Income statement and statement of other comprehensive income:
The Group has early adopted the amendments to para 5 10 of FRS 102 for the first time in the current year The Group has chosen to apply IFRS format in presenting the Statement of income and Statement of comprehensive income The terminology has been changed as per IFRS The presentational change has no such material impact in the Group's financial statements

iii) Amendments to Section 18: Intangible assets including goodwill:
The Group has early adopted the amendments to para 18 19 and 18 20 of FRS 102 for the first time in the current year The amendments to para 18 19 clarifies if an entity is unable to make a reliable estimate of the useful life of an intangible asset, the useful life limit should not exceed ten years As the Group does not have any intangible assets with indefinite useful life, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements

Notes to the financial statements

1. Accounting policies (continued)

iv) Amendments to Section 27: Impairment of assets:
The Group has early adopted the amendments to para 27 31 of FRS 102 for the first time in the current year The amendments to para 27 31 clarify the removal of hierarchy for reversing impairment charges, with the entity no longer required to allocate the amount of impairment reversal in a particular order This is largely due to the fact that goodwill impairment reversals are no longer permitted under FRS 102 As the Group does not have any impairment charges that qualify for reversal, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements

v) Amendments to Section 33· Related party disclosures:
The Group has early adopted the amendments to para 33 2(viii) of FRS 102 for the first time in the current year The amendments clarifies the increase in scope of related parties by including an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity, as being a related entity As the Group already discloses all of its parent-subsidiary relationships in note 21, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements

2. Revenue analysis

Revenue arises materially from trading activities in the UK Minimal revenue is earned from the participation of British teams in Davis Cup and Fed Cup ties overseas

	Revenue		Profit/(loss) on ordinary activities before taxation	
	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Group	63,515	64,345	781	(3,002)
Net gains on fixed asset investments			329	2,802
Net finance income (note 5)			1,262	1,526
Total	**63,515**	**64,345**	**2,372**	**1,326**

Net assets	**2015 £'000s**	**2014 £'000s**
LTA Group	145,410	144,245

The LTA Group figures above include the Lawn Tennis Association Limited, LTA unincorporated association and all Lawn Tennis Association Limited subsidiaries (excluding The LTA Trust)

Analysis of revenue by category:

	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Major events	12,122	8,083
Sport England Revenue Grant	3,409	4,060
Revenue from the Wimbledon Championships	37,139	41,665
Commercial	8,681	7,918
Other	2,164	2,619
	63,515	64,345

Notes to the financial statements

3. Group operating profit/(loss)

Group operating profit/(loss) is stated after charging/(crediting):	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Amortisation of intangible fixed assets (note 7)	260	-
Depreciation of fixed assets (note 8)	2,343	3,339
Operating lease and other hire charges		
- Plant and machinery	82	233
- Other	275	354
Auditors' remuneration		
- Audit fee for parent company and consolidated financial statements	43	49
- Audit fee for audit of subsidiaries	2	14
- Other audit advisory services	17	-
- Tax compliance services	54	54
- Tax advisory services	103	114
Donations payable		
- Tennis Foundation (note 21)	7,076	10,330
Grant income	(4,026)	(4,820)

4. Employees and directors

The average monthly number of employees of the Group during the year/period was 296 (2014 294) as follows

	Year ended 31 Dec 2015	Period ended 31 Dec 2014
Participation	104	108
Performance	48	58
Commercial, major events and marketing	57	42
Business support and governance	87	86
	296	294

The Company has no (2014 no) employees

Notes to the financial statements

4. Employees and directors (continued)

The aggregate amounts payable to employees of the Group during the year/period were

Group employees	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Wages and salaries	13,276	15,865
Social security costs	1,537	1,867
Other pension costs	762	803
	15,575	**18,535**
Charge to the Tennis Foundation (note 21)	(2,670)	(3,457)
	12,905	**15,078**

Directors' remuneration	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Aggregate salaries and benefit in kind	526	629
Compensation for loss of office	-	120
Variable pay due under short term incentive schemes	75	224
Company pension contributions to money purchase scheme	33	47
	634	1,020
One-time relocation costs	-	190
Compensation for international cost of living impact	40	-
Aggregate emoluments	674	1,210

The aggregate emoluments were paid to two directors employed for all or part of 2015 (2014 three) Variable pay is based upon personal objectives, agreed targets and performance measures Retirement benefits are accruing to two (2014 two) directors under a money purchase scheme

Notes to the financial statements

4. Employees and directors (continued)

Highest paid director	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Aggregate salaries and benefit in kind	309	323
Variable pay due under short term incentive schemes	75	73
Company pension contributions to money purchase scheme	30	38
	414	434
One-time relocation costs	-	190
Compensation for international cost of living impact	40	-
Aggregate emoluments	454	624

One-time relocation costs in the prior period relate to agreed international relocation costs and have been paid, as required, after deduction of the appropriate income taxes The highest paid director participates in a long term incentive plan where he could earn up to a maximum of his first year's salary at the end of five years, subject to achieving set performance criteria

5. Net finance income

	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Group interest receivable	14	28
Interest on deferred consideration	300	375
Income from fixed asset investments	948	1,123
Net finance income	1,262	1,526

6. Taxation on profit/(loss) on ordinary activities

Group taxation:	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
a) Tax expense included in Group income statement		
Current tax:		
UK corporation tax on results for the year	263	1,308
Overseas tax	479	-
Adjustment in respect of prior years	(617)	(21)
Total current tax	**125**	**1,287**
Deferred tax:		
Origination and reversal of timing differences	197	-
Effect of future corporation tax rate changes	46	205
Adjustment in respect of previous years	839	86
Total deferred tax	**1,082**	**291**
Tax on profit/(loss) on ordinary activities	**1,207**	**1,578**

The tax assessed for the year/period is higher (2014 higher) than the standard rate of corporation tax in the UK of 20 25% average for the year/period (2014 21 8%) The differences are explained below

b) Reconciliation of Group total tax charge	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
Profit on ordinary activities before tax	2,372	1,326
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 20 25% (2014 21 8%) for large entities and 20% (2014 20%) for smaller entities	479	269
Effects of		
Expenses not deductible for tax purposes	418	1,898
Accelerated capital allowances and other timing differences	217	(250)
Utilisation of brought forward tax losses	-	(55)
Capital gains	-	1,683
Income not taxable	(711)	(2,290)
Other adjustments	487	53
Adjustments in respect of prior years	(324)	(21)
Adjustments in respect of previous periods – deferred tax	595	86
Effect of future corporation tax rate changes	46	205
Total tax charge	**1,207**	**1,578**

6. Taxation on profit/(loss) on ordinary activities (continued)

In 2015, the UK Corporation tax rate was changed from 21% to 20%, effective from 1 April 2015 Deferred tax balances at 31 December 2015 and 31 December 2014 are being measured at a revised rate of 18% for all entities following the enactment in 2015 of the reduced corporation tax rate from 20% to 19% in April 2017 and from 19% to 18% in April 2020

7. Intangible assets

	Group and Company Commercial Rights
	£'000s
Cost:	
At 1 January 2015/ 31 December 2015	**2,080**
Accumulated Amortisation:	
At 1 January 2015	-
Charge for the year	260
At 31 December 2015	**260**
NBV at 31 December 2015	**1,820**
NBV at 1 January 2015	2,080

During the prior period, LTA Group acquired the sanction to upgrade the Aegon Championships to an ATP 500 event from June 2015 An initial amount of £429,000 was paid with the remaining balance payable over the 8 years of the sanction

8. Property, plant and equipment

Group	Land and buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Assets under construction £'000s	Total £'000s
Cost:					
At 1 January 2015	36,689	64	15,835	266	52,854
Additions	40	17	2,475	-	2,532
Disposals	-	-	-	(266)	(266)
At 31 December 2015	**36,729**	**81**	**18,310**	-	**55,120**
Accumulated Depreciation:					
At 1 January 2015	5,655	60	12,673	-	18,388
Charge for the year	769	6	1,568	-	2,343
Disposals	-	-	-	-	-
At 31 December 2015	6,424	66	14,241	-	20,731
NBV at 31 December 2015	**30,305**	**15**	**4,069**	-	**34,389**
NBV at 1 January 2015	31,034	4	3,162	266	34,466

The NBV of land and buildings comprises long leasehold assets

9. Investments

Group	Third party investments £'000s
Cost:	
At 1 January 2015	41,523
Additions	7,823
Disposals	(7,984)
Fair value adjustment	1,293
At 31 December 2015	**42,655**

9. Investments (continued)

Company	Third party investments £'000s	Subsidiaries £'000s	Total £'000s
Cost:			
At 1 January 2015	41,523	11,796	53,319
Additions	7,823	-	7,823
Disposals	(7,984)	-	(7,984)
Fair value adjustment	1,293	-	1,293
At 31 December 2015	**42,655**	**11,796**	**54,451**

The subsidiaries below are all incorporated in the UK and were wholly owned by the Lawn Tennis Association Limited at 31 December 2015

Subsidiary	Nature of activities
LTA Operations Limited *	Trading entity of the LTA Group
LTA Property Limited *	Holding company for land and buildings of the LTA Group
LTA Holdings Limited *	Holding company for the previous Lawn Tennis Association unincorporated subsidiaries
LTA Nominees Limited	Nominee company for the LTA
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Services Limited	Provides manpower services
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)
The LTA Trust*	Independent charity to promote community participation (non-consolidated)

* Direct subsidiaries of Lawn Tennis Association Limited

The directors believe that the carrying value of investments is supported by the underlying net assets

Lawn Tennis Association Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2015

Subsidiary	Nature of activities
LTA Holdings Limited	Holding company for the previous Lawn Tennis Association unincorporated subsidiaries
LTA Nominees Limited	Nominee company for the LTA
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Services Limited	Provides manpower services
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)

10. Lawn Tennis Association

The income statement and statement of financial position of the unincorporated entity Lawn Tennis Association are included in the group financial statements and are provided below on the grounds that they are treated as a quasi-subsidiary managed on a unified basis by the management of the LTA Group

Income statement	**Year ended 31 Dec 2015 £'000s**	**Period ended 31 Dec 2014 £'000s**
Operating profit	-	-
Profit before tax	-	-
Loss for the financial year/period	(9)	-

Statement of financial position	**2015 £'000s**	**2014 £'000s**
Debtors due less than one year	285	1,003
Cash at bank and in hand	997	230
Creditors due less than one year	(59)	-
Net assets	1,223	1,233

Notes to the financial statements

11. The LTA Trust

The LTA Trust was established as a registered charity within the LTA Group as a wholly owned subsidiary of Lawn Tennis Association Limited in 2012 (charity number 1148421) During the year, the Board of The LTA Trust comprised two LTA Directors and four Independent Trustees and therefore as the LTA Group does not exercise control over the operating decisions of The LTA Trust, it has not been consolidated into the results of the LTA Group During the year, The LTA Trust changed its year end date to align itself to other tennis organisations The key financial information in respect of The LTA Trust is as follows

	Period ended 31 Dec 2015 £'000s	Year ended 30 Sept 2014 £'000s
Total incoming resources	720	460
Total resources expended	(937)	(83)
Net (outgoing)/incoming resources before other recognised gains or losses	(217)	377
Gains on investment assets	677	444
Net movement in funds	460	821
Gross assets		
Investments	27,874	24,635
Cash at bank and in hand	1,048	3,042
	28,922	27,677
Gross liabilities		
Liabilities due within one year	(785)	-
	(785)	-
Net assets	28,137	27,677
Unrestricted funds	28,137	27,677

12. Financial instruments by category

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
Financial instruments by category				
The Group has the following financial instruments				
Financial assets at fair value through profit and loss:				
Investments (note 9)	**42,655**	41,523	**42,655**	41,523
Financial assets that are debt instruments measured at amortised cost:				
Trade and other receivables (note 13)	1,365	2,385	-	-
Other receivables (note 13)	58,071	51,642	98,422	101,064
Concessionary loans (note 13)	7,894	8,577	-	-
Cash at bank and in hand	14,294	18,400	3,624	1,511
	81,624	**81,004**	**102,046**	**102,575**
Financial liabilities measured at amortised cost:				
Trade and other payables (note 15)	163	125	-	-
Corporation tax (note 15)	-	211	-	228
Other Payables (note 15)	14,798	15,039	1,176	1,585
	14,961	**15,375**	**1,176**	**1,813**

13. Trade and other receivables

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
Amounts falling due within one year:				
Trade receivables	1,365	2,385	-	-
Amounts owed by Group undertakings	-	-	83,389	81,041
Amounts owed by the Wimbledon Championships	24,900	16,040	-	-
Amounts owed by AELTC for sale of AELTG (i)	5,000	5,000	5,000	5,000
Amounts owed by the Tennis Foundation	1,534	710	-	-
Concessionary loans (ii)	1,296	1,353	-	-
Tennis developments (iii)	178	164	-	-
Corporation tax	516	-	-	-
Other receivables	1,587	835	30	23
Prepayments and accrued income	3,169	2,081	3	-
	39,545	**28,568**	**88,422**	**86,064**
Amounts falling due after more than one year:				
Amounts owed by AELTC for the sale of AELTG (i)	10,000	15,000	10,000	15,000
Concessionary loans (ii)	6,598	7,224	-	-
Tennis developments (iii)	3,630	3,769	-	-
Prepayments and accrued income	7,557	8,043	-	-
	27,785	**34,036**	**10,000**	**15,000**

(i) The book profit from the sale of AELTG was £32,126,000 with the consideration of £55,000,000 being offset by the interest in the joint venture of £22,874,000 The £55,000,000 is being received in instalments, with £30,000,000 received on 1 August 2013, £5,000,000 received on 1 August 2014 and £5,000,000 received on 1 August 2015 £15,000,000 is to be paid in equal instalments on 1 August over the next 3 years The amount has not been discounted, as discounting is not material

(ii) Concessionary loans

Group	2015 £'000s	2014 £'000s
Amounts falling due within one year	1,296	1,353
Amounts falling due after more than one year	6,598	7,224
	7,894	8,577

The loans represent interest free loans issued by LTA Operations Limited to clubs, indoor facilities, parks and schools to improve tennis facilities The loans are repayable over 10 years or longer

13. Trade and other receivables (continued)

(iii) Included within amounts falling due after more than one year is £3,630,000 (2014 £3,769,000) that represents an amount repayable over a 20 year period, that commenced in 2005, from The West Hants LTC for loans that assisted with the development of the club In 2006 a moratorium was agreed, deferring the instalments due in the calendar years 2007 and 2008, thus extending the repayment period to 22 years In 2010 it was agreed to extend the repayment period to 30 years and repayments are being made on this basis

14. Deferred tax (liability)/assets

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
At 1 January	965	1,256	-	-
Charged to the profit and loss account	(1,082)	(291)	(593)	-
At 31 December	**(117)**	**965**	**(593)**	**-**

The gross deferred tax liability (2014 asset) comprises

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
Deferred capital allowances	474	1,569	-	-
Short term timing differences	(591)	(604)	(593)	-
Deferred tax (liability)/asset	**(117)**	**965**	**(593)**	**-**

15. Trade and other payables - amounts falling due within one year

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
Trade payables	163	125	-	-
Corporation tax	-	211	-	228
Other payables	1,694	870	-	-
Accruals and deferred income	13,104	14,169	1,176	1,585
	14,961	**15,375**	**1,176**	**1,813**

16. Trade and other payables - amounts falling due after more than one year

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
Accruals and deferred income	-	418	-	-
	-	418	-	-

17. Retained earnings – other

	Group 31 Dec 2015 £'000s	Group 31 Dec 2014 £'000s	Company 31 Dec 2015 £'000s	Company 31 Dec 2014 £'000s
At 1 January	-	-	-	-
Transfer from retained earnings	25,000	-	-	-
At 31 December	**25,000**	-	-	-

Retained earnings - other represents consideration in respect of the sale of AELTG by the LTA in 2013 It is management's intention that the consideration should be ring fenced for investment in legacy projects rather than in day to day operations

18. Pension commitments

The Group operates various defined contribution pension schemes for its employees

The LTA Group Money Purchase Personal Pension Plan (Money Purchase Scheme) 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 Company All new contributions are paid into the LTA Group Personal Pension Plan ('the scheme') or private personal pension plans The scheme is funded by contributions from the LTA and its employees Annual contributions to the scheme by the LTA are related to pensionable salaries During the prior period, the LTA auto enrolled its employees in accordance with the Pensions Act 2008 At 31 December 2015, 275 (2014 243) employees were members of the scheme

The contributions to the LTA schemes were

	Year ended 31 Dec 2015 £'000s	Period ended 31 Dec 2014 £'000s
LTA Group personal pension plan (the scheme)	746	738
LTA private personal pension plans	16	65
Total Group contributions	**762**	**803**

No contributions were outstanding at the year end (2014 £nil)

19. Financial commitments

At 31 December the Group had future minimum lease payments under non-cancellable operating leases for assets, other than land and buildings, and other financial commitments as follows

	2015 £'000s	2014 £'000s
Operating leases which expire		
within one year	70	14
within two to five years	314	223
	384	**237**

In addition to the commitments under non-cancellable operating leases noted above, there are loans of £2,423,000 (2014 £773,000) that have been approved for payment to places to play but have not yet been paid out

At 31 December 2015 the LTA has forward exchange commitments of $Nil (2014 $2,108,000) with a fair-value loss of £Nil (2014 £9,700 loss) at the year-end exchange rate

20. Contingent liabilities

The LTA and AELTC are currently in dispute with HM Revenue and Customs ("HMRC") regarding the tax treatment of the disposal in 2003 of certain shares by AELTC AELTC maintain that the Club was acting as undisclosed agent of the Wimbledon Championships in holding the shares and that both the gain and the associated tax liability should pass to the LTA as part of the Wimbledon Championships surplus Should the matter be finally settled or found against the LTA and AELTC, the LTA would be required to pay around £1 million plus interest and associated legal costs Both the LTA and AELTC believe that the gain and tax have been correctly accounted for and therefore no provision for this amount has been recognised

As disclosed in note 9 the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries The Company guarantees the liabilities of the relevant companies at the end of the year until those liabilities have been settled in full The contingent liability at the year end was £3,393,000 (2014 £1,925,000)

21. Related party transactions

The Group has opted to take advantage of the exemption available in Section 33 1A of FRS 102 not to disclose transactions between Group entities that have been eliminated on consolidation

Please refer to note 4 for director's remuneration and key management personnel compensation in total

The Wimbledon Championships
The LTA operates a joint arrangement under an agreement for the governance and operation of the Wimbledon Championships with The Club, AELTG and The All England Lawn Tennis Club (Wimbledon) Limited In 2015 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2014 90%) in line with the terms of the sale of the Ground Company effective 1 August 2013 which secured the 90% distribution of the net Championship surplus for the next 38 years The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2014 and 2015

The gross surplus of the Wimbledon Championships amounted to £37,139,000 (2014 £41,665,000) Net of withholding tax, officiating income, subvention income and income from the exercise of warrants over shares the surplus receivable by the LTA amounted to £33,900,000 (2014 £32,048,000) The amount due from the Wimbledon Championships at 31 December 2015 was £24,900,000 (31 December 2014 £16,040,000)

During the prior period The All England Lawn Tennis Club (Championships) Limited on behalf of The Championships, exercised warrants over shares in a commercial partner on the sale of that partner to a third

21. Related party transactions (continued)

party As a result The Championships attributed 85% of the gain on the sale of the shares being £6,329,000 to the LTA reflecting an agreement made between the LTA and the AELTC at the time the warrants were granted In addition the commercial partner paid £1,475,000 in return for a three year contract extension commencing 2014 and 85% was distributed to the LTA with £417,000 recognised in the prior period, £417,000 included within revenue for the year and £419,000 included in deferred income

The costs of officiating services are charged to the Wimbledon Championships This represents the LTA's work in partnership with the Association of British Tennis Officials to manage, supply and pay the umpires and other officials who work at the Wimbledon Championships each year In 2015 the LTA recharged the Wimbledon Championships £1,184,000 (2014 £1,006,000) for these services

In 2015 the LTA received £1,000,000 (2014 £1,000,000) subvention payment from the Wimbledon Championships to help fund grass-court tournaments in the periods before and after the Wimbledon Championships The LTA also purchased £2,331,000 (2014 £2,325,000) of tickets at face value from the Wimbledon Championships for onward sale and distribution

Tennis Foundation (TF)

Under agreement, the LTA and the TF run a number of programmes in partnership for the advancement of tennis across the areas of schools, community and tennis facilities Currently, 95 employees (2014 89) are employed jointly by the TF and the LTA to administer these charitable programmes and an appropriate proportion of these costs are recharged to the TF

In 2015 the LTA donated £7,076,000 (2014 £10,330,000) to the TF During the year the TF was charged £2,670,000 (2014 £3,457,000) for employment costs from the LTA In addition, the TF was recharged on an arm's length basis £1,400,000 (2014 £1,750,000) by the LTA for support, administrative and management services to the TF The amount owed by the TF at the year-end was £1,534,000 (2014 £710,000)

During the year, the Wimbledon Championships made a charitable donation of £3,000,000 (2014 £3,000,000) to the TF

LTA Trust

During the year, the LTA did not make a donation to the LTA Trust (2014 £nil) for investment in tennis legacy facility projects for the benefit of the public

22. Transition to FRS 102

This is the first year that the Group has presented its results under FRS 102 FRS 102 has been adopted by the Group for year ended 31 December 2015 The last financial statements under the UK GAAP were for the 15 months ended 31 December 2014 The date of transition to FRS 102 was 1 October 2013 Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 October 2013 and 31 December 2014 between UK GAAP as previously reported and FRS 102

Qualifying entity exemptions

The Company has taken advantage of the following exemptions

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows,
- from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11 39 to 11 48A and paragraphs 12 26 to 12 29, as the information is provided in the consolidated financial statement disclosures,
- from disclosing the Company's key management personnel compensation, as required by FRS 102 paragraph 33 7 as the information is provided in the consolidated financial statement disclosures

The LTA Group constitutes a 'public benefit entity' as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public

22. Transition to FRS 102 (continued)

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided as below

Reconciliation of loss for the year/period

	2014
	£'000s
Loss for the year as previously reported under UK GAAP	(1,917)
Adjustments on transition	1,698
Loss for the year as reported under FRS 102	(219)

Reconciliation of other comprehensive income for the year

	2014
	£'000s
Other comprehensive income for year as previously reported under UK GAAP	33
Adjustments on transition	-
Other comprehensive income for the year as reported under FRS 102	33

Reconciliation of equity as at 1 October 2013 and 31 December 2014

	Note	2014	2013
		£'000s	£'000s
Total equity as previously reported under UK GAAP		140,408	142,292
Adjustments on transition		3,837	2,173
Total equity as reported under FRS 102		144,245	144,465

FRS 102 requires investments where no control, joint control or significant influences are held, to be measured at fair value with movements going through profit and loss Under UK GAAP such investments were measured at historical cost

Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the financial year, the following adjustments have arisen which have had no effect on net assets or statement of comprehensive income but which have affected the presentation of these items in the financial statements

a) Cash Flow Statement

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1 In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand' The FRS 1 definition is more restrictive

22. Transition to FRS 102 (continued)

Lawn Tennis Association Limited

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided as below

Reconciliation of profit for the year/period

	2014
	£'000s
Profit for the year as previously reported under UK GAAP	2,011
Adjustments on transition	1,698
Profit for the year as reported under FRS 102	3,709

Reconciliation of other comprehensive income for the year

	2014
	£'000s
Other comprehensive income for year as previously reported under UK GAAP	33
Adjustments on transition	-
Other comprehensive income for the year as reported under FRS 102	33

Reconciliation of equity as at 1 October 2013 and 31 December 2014

	Note	2014	2013
		£'000s	£'000s
Total equity as previously reported under UK GAAP		152,324	150,279
Adjustments on transition		3,837	2,173
Total equity as reported under FRS 102		156,161	152,452