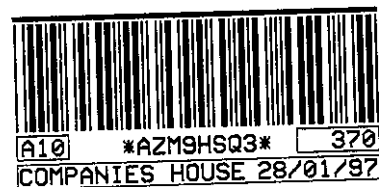


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LTA Ground Limited

Report and financial statements for the year ended 30 September 1996

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**Directors' report
for the year ended 30 September 1996**

The directors present their report and the audited financial statements for the year ended 30 September 1996.

Principal activities

The company's activity is to own properties used by The Lawn Tennis Association.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will continue in the foreseeable future.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 7 to the financial statements.

In the opinion of the directors there was no significant difference between the market value and the book value of property held at the 30 September 1996.

Results for the year

The retained loss for the year was £3,355 (1995: £112,148) and the directors recommend no dividend is paid this year (1995: £Nil).

Directors

The directors of the company throughout the year under review were:

D D Carmichael
I D Peacock
J C Robbins

Directors' responsibilities

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

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1996.

The directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the board



Ms P A Preston
Secretary

**Report of the auditors
to the members of LTA Ground Limited**

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

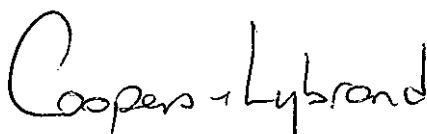
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

7 NOVEMBER 1996

**Profit and loss account
for the year ended 30 September 1996**

	Notes	1996 £	1995 £
Turnover	2	169,004	124,977
Net operating expenses	3	(175,926)	(215,232)
Operating loss		(6,922)	(90,255)
Interest receivable		3,567	2,396
Loss on ordinary activities before taxation	4	(3,355)	(87,859)
Taxation	6	-	(24,289)
Retained loss for the financial year	12	(3,355)	(112,148)


All the operations in the year were continuing. The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There was no material difference between reported result and the result on a pure historical cost basis.

Balance sheet at 30 September 1996

	Notes	1996 £	1995 £
Fixed assets	7	3,950,803	3,630,825
Current assets			
Amounts owed by group undertakings		191,973	46,376
Prepayments and accrual income	8	190,000	-
Bank and cash		63,529	104,897
		<u>445,502</u>	<u>151,273</u>
Creditors: amounts falling due within one year	9	(4,622,280)	(3,968,931)
Net current liabilities		<u>(4,176,778)</u>	<u>(3,817,658)</u>
Total assets less current liabilities		<u>(225,975)</u>	<u>(186,833)</u>
Creditors: amounts falling due after more than one year			
Deferred taxation	10	(36,000)	(71,787)
Net liabilities		<u>(261,975)</u>	<u>(258,620)</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(261,977)	(258,622)
Equity shareholders' funds	13	<u>(261,975)</u>	<u>(258,620)</u>

The financial statements on pages 4 to 10 were approved by the board of directors on 7 NOVEMBER 1996 and were signed on its behalf by:


) Directors

**Notes to the financial statements
for the period ended 30 September 1996****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The company will continue as a going concern due to the support of its ultimate parent undertaking, The Lawn Tennis Association.

Turnover

Turnover, which excludes value added tax, represents income from facilities used by The Lawn Tennis Association.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned.

Depreciation of leasehold land and buildings is charged to write off the cost of each asset over the life of the lease.

The rates used are:

	%
Site improvements - West Hants LTC	10
Freehold - International Training Centre	5

Cash flow statement

The company has satisfied the criteria of a small-sized company and is exempt from the requirement to prepare a cash flow statement under FRS 1.

Deferred taxation

Provision is made for deferred taxation, using the liability method, in all material timing differences to the extent that it is possible that a liability or asset will crystallise.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Net operating expenses

	1996 £	1995 £
Administrative expenses	<u>175,926</u>	<u>215,232</u>

4 Loss before taxation on ordinary activities is stated after charging

	1996 £	1995 £
Depreciation	162,332	214,269
Audit fees (non audit services - £100)	3,200	600
Amortisation of prepayment	10,000	-

5 Directors' emoluments and employee information

The directors did not receive any remuneration from the company during the year and the company has no employees.

6 Taxation

	1996 £	1995 £
United Kingdom corporation tax at 25/24% (1995:25%)	35,786	(5,500)
Deferred tax	<u>(35,786)</u>	<u>29,789</u>
	<u>-</u>	<u>24,289</u>

7 Fixed assets

	Site improvements £	Freehold land and buildings £	Leasehold land and buildings £	Total £
Cost				
At 1 October 1995	586,045	455,738	3,113,271	4,155,054
Additions	-	400,000	77,910	477,910
Transfers	-	2,961,863	(3,113,271)	(151,408)
At 30 September 1996	586,045	3,817,601	77,910	4,481,556
Depreciation				
At 1 October 1995	58,604	-	465,625	524,229
Charge for the year	58,604	103,728	-	162,332
Transfers	-	309,817	(465,625)	(155,808)
At 30 September 1996	117,208	413,545	-	530,753
Net book value at 30 September 1996	468,837	3,404,056	77,910	3,950,803
Net book value at 30 September 1995	527,441	455,738	2,647,646	3,630,825

The freehold land and buildings have been leased to the West Hants LTC for a lease period of 99 years from 1 August 1994, at a nominal rental for the first 10 years and thereafter at a rental to be agreed.

During the year the company acquired the freehold of the land occupied by The Lawn Tennis Association's International Training Centre. The agreed rental for the year to 30 September 1996 was £131,250 (1995: £124,977).

8 Prepayment

The prepayment represents the balance of court usage prepaid at Queenswood School, the initial cost of £200,000 is being amortised over 20 years from 1996.

9 Creditors: amounts falling due within one year

	1996 £	1995 £
Amounts owed to fellow subsidiaries	586,045	586,045
Amounts owed to group undertakings - interest free	3,975,480	3,375,481
Corporate tax payable	35,786	-
Other creditors including taxation and social security	24,969	7,405
	4,622,280	3,968,931

10 Deferred taxation

	1996	Provided 1995
	£	£
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	36,000	95,602
Less: losses available	-	(23,815)
	<u>36,000</u>	<u>71,787</u>

11 Share capital

	1996	1995
	£	£
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Profit and loss account

	1996	1995
	£	£
At 1 October	(258,622)	(146,474)
Retained loss for the financial year	<u>(3,355)</u>	<u>(112,148)</u>
At 30 September	<u>(261,977)</u>	<u>(258,622)</u>

13 Reconciliation of movements in shareholders' funds

	1996	1995
	£	£
Opening shareholders' funds	(258,620)	(146,472)
Loss for the financial year	<u>(3,355)</u>	<u>(112,148)</u>
Closing shareholders' funds	<u>(261,975)</u>	<u>(258,620)</u>

14 Capital commitments

	1996	1995
	£	£
Authorised and committed	-	400,000
	<u>-</u>	<u>400,000</u>

15 Parent undertakings

The company's immediate parent undertaking is LTA Holdings Limited, a company registered in England and Wales. The company's ultimate parent undertaking is The Lawn Tennis Association. Its principal place of business is The Queen's Club, Barons Court, West Kensington, London, W14 9EG.