

Registered number: 07475460

LTA OPERATIONS LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2022

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LTA OPERATIONS LIMITED

Company Information

Directors

Lord M Davies
R Baillache
S Bennison
S Bhandari
R Colabawalla (appointed 1 January 2023)
L Cundy
R Cutler (appointed 1 January 2023)
C Haworth (resigned 31 December 2022)
A Jhingan
N Jordan (appointed 1 January 2023)
S Lloyd
S Procter
D Rawlinson (resigned 31 December 2022)
R Staniland (resigned 31 December 2022)
S Steele
Sir D Tanner

Registered number

07475460

Registered office

The National Tennis Centre
100 Priory Lane
Roehampton
London
SW15 5JQ
England, United Kingdom

LTA OPERATIONS LIMITED

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LTA OPERATIONS LIMITED

Strategic Report For the Year Ended 31 December 2022

The directors present their Strategic Report on the Company for the year ended 31 December 2022.

LTA Operations Limited is a wholly owned subsidiary of Lawn Tennis Association Limited and is the trading company of the Lawn Tennis Association Limited Group (the "LTA Group"). Its mission to grow tennis by making it relevant, accessible, welcoming and enjoyable.

The financial statements have been 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 Company has also adopted the Amendments to FRS 102 (issued in July 2015).

LTA Operations Limited 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, LTA Operations Limited has applied the reporting exemptions applicable to public benefit entities under FRS 102.

Review of the business

The Strategic Report of the LTA Group is available in the published group financial statements. This is considered to cover LTA Operations Limited. A summary is provided below.

Revenue increased during the year to £79.8m (2021: £60.7m). The importance of our partnerships with All England Lawn Tennis Club (Championships) Limited ("AELTC"), Sport England and our commercial partners are recognised within our income streams and we continue to work closely with all parties to maximise their investment within British Tennis.

Revenue from AELTC has increased to £49.7m (2021: £45.8m). The increase in the distributable surplus in 2022 was due to increased fan attendance and profitability of The Championships compared to 2021 as a result of no capacity restrictions, with attendance partially restricted for The Championships in 2021 under the UK Government and Public Health England COVID-19 regulations. Funding received from AELTC in relation to officials increased due to agreeing rate increases for umpires and officials at the Championships.

Although there remain risks and uncertainties on the absolute level of the Wimbledon Championships' surplus in any given year, the long-term contract between the AELTC and the LTA in respect of the Wimbledon Championships runs through until 2053, with not less than 70% of the surplus continuing to be paid to the LTA in the 20 years following any termination of the contract.

The LTA's commercial activities produced £6.7m (2021: £4.1m) of revenue. Key contracts included the second year of the agreement with Cinch as title sponsor of the championships at the Queen's Club, a new agreement with Rothesay as title sponsor of LTA grass court events at Nottingham, Eastbourne and Birmingham, as well as a renewed contract with BNP Paribas. The LTA is currently in active negotiation in relation to further opportunities for both 2023 and beyond.

The revenue earned from the major events of £17.0m (2021: £5.3m) significantly increased due to the return of the summer grass court tennis calendar to full spectator capacity, including the Cinch Championships (at The Queen's Club), the Rothesay International (at Eastbourne's Devonshire Park), the Rothesay Classic (at Edgbaston Priory Club), and the Rothesay Open (at Nottingham Tennis Centre). Additional revenue was also generated from the Davis Cup Finals Group Stage in September and Billie Jean King Cup Finals in November, both hosted at the Emirates Arena in Glasgow.

LTA OPERATIONS LIMITED

Strategic Report (continued) For the Year Ended 31 December 2022

Sport England revenue grants of £2.5m (2021: £2.2m) reflected the final 3 months of the agreement that began in April 2017 and expired at the end of March 2022, in addition to 9 months of the new agreement which began in April 2022. Other revenue of £3.9m (2021: £3.2m) arises from a range of activities, including the LTA's Advantage scheme for fans, players and competitors; competitions, coaching courses, other grants, National Tennis Centre income and programme funding. The increase on prior year is driven through these income streams as well as by income received from Nottingham Tennis Centre.

At 31 December 2022, LTA Operations Limited's Statement of financial position showed a net liability of £29.1m (2021: net liability of £20.3m).

LTA Operations Limited invests its funds in line with its vision "Tennis Opened Up" and the mission for all those working to deliver the vision is to grow tennis by making it relevant, accessible, welcoming and enjoyable. The expenditure is presented in line with the LTA's defined operational functions:

- Participation - opening tennis up across our strategic focus areas of clubs, communities, children and young people
- Capital grants - result oriented facility investment
- Performance - establishment of a world class high performance programme
- Commercial, major events and marketing - jump starting the peak summer season and targeting programmes and marketing to our priority player groups
- Business support and depreciation - operating an efficient and effective Governing Body

An exceptional item of £1.4m has been recorded which represents the fines imposed on the LTA by ATP and WTA for excluding Russians and Belarusians from the tournaments in 2022.

Operating expenditure after exceptional items across these areas in the year was £86.3m (2021: £63.2m).

The loss for the financial year was £8.7m (2021: £2.6m). The operating loss before exceptional items for the year was £7.3m (2021: £2.6m).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the LTA Group and are not managed separately. The financial statements of the LTA Group are publicly available and detail the principal risks and uncertainties in the strategic report.

Financial key performance indicators

Each year the LTA sets business objectives to measure its performance in key areas under the 7 strategic pillars that were identified in the 2019-23 strategic plan. Alongside these yearly business objectives there are 6 headline objectives for the overall 5-year plan relating to participation, elite player performance, inclusion and fans.

This year has been an extremely positive year for the business as it has met 5 of these business objectives a year ahead of schedule.

Despite the challenging legacy of the COVID-19 pandemic and an emerging cost of living crisis, adult tennis participation has grown rapidly in 2022, with annual participation 43% higher in 2022 than in 2021, bringing numbers well above pre-pandemic levels. There has been significant success in getting more people playing tennis, more often; with growth across almost all demographics, regions and nations, particularly amongst 16-34 year-olds and those from lower socio economic backgrounds (C2DE).

For adults, the LTA finished the year at 4.7 million annual participants, the best performance since late 2017, against a target of 3.8 million. For those playing monthly it saw the highest levels since it started tracking this measure. The frequency of adults playing tennis at least once a month has increased to 2 million, against a target of 1.4 million.

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Strategic Report (continued) For the Year Ended 31 December 2022

Child participation has rebounded to some extent after the inevitable decline as a result of schools and after-school clubs being closed due to COVID-19, and activity being restricted for large periods of 2021. 3.6 million children (aged 4-15 of which 49% are female) are now playing tennis, which represents an increase of 418,000 during 2022. Children's sport remains heavily seasonal, but weekly participation figures have been on an upward trend across the course of the year. Sport England's most recent Active Lives report showed tennis was one of the very few sports to record higher participation numbers amongst children than pre-pandemic.

LTA Youth Schools (LTAYS) has once again played a major role in engaging children as well as helping make the sport more accessible. The LTAYS business measure of 10,000 teachers trained has been achieved with new trainees across both primary and secondary schools – with the initial focus being on primary schools. The LTA's recent Impact Survey showed for every teacher trained, an average of 201 children play tennis in that school. In addition, more than 20,000 teachers have registered on LTAYS and the LTA Tennis Foundation has provided more than 5,000 schools with a £250 voucher to support them in their delivery of tennis.

One year on since the publication of the LTA's 3-year Inclusion Strategy (LTA Inclusion Strategy 2021-23), the target of 65% of actions delivered for 2022 was achieved. 2022 also saw the LTA publish 3 plans to drive participation and engagement with women and girls with She Rallies, underserved communities with Breaking Down Barriers and people with an impairment with Open for All. Work will continue at pace during 2023 to continue to deliver on actions in these plans.

One of the LTA's most successful projects in reaching underserved communities is the LTA's SERVES programme which helps young people who might not previously have been given access to tennis get active. For the LTA SERVES programme, a record high of 14,138 players playing once per month was recorded during the year. This is the largest number of children and young people to date from underserved groups taking part in the programme and well over the target of 10,000.

Alongside this, the number of players playing once per month in the LTA's Open Court Programme, a national scheme that actively promotes and delivers opportunities for disabled people to get involved in tennis, reached just under 10,000 people.

The LTA continued to develop and implement the infrastructure, support and programmes that will support future growth in participation. Venue registration continued to expand to include schools, universities, parks and padel facilities, ending the year with 13,542 LTA registered venues.

There was also implementing a significant transformation of coach education and development. As part of this the LTA launched a new video making significant enhancements to coaches' Continuous Professional Development (CPD) ensuring it is more flexible, relevant and personalised.

Over the past 2 years the LTA's work has continued with County and Island Associations to reform County and Island Association governance and funding. This included co-creating and implementing a County and Island Association Governance Framework, developing the core role of the County and Island Association and moving towards a new funding model to help all County and Island Associations deliver their core role of delivering and supporting tennis in their local communities.

As part of the LTA's investment in performance tennis, the organisation developed a new enhanced domestic and international performance competition calendar in 2022 to better support each age and stage of the player pathway. This led to 40 weeks of enhanced international ranking point and prize money earning opportunities for players. As part of this new calendar, the LTA doubled the number of ITF WTT events (16 each for men and women) staged in Great Britain and also held twice the number of international events for juniors, compared to the period between 2017-19.

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Strategic Report (continued) For the Year Ended 31 December 2022

On the international tours, 2022 saw Great British elite players make strong progress across singles, doubles, and wheelchair events. A peak of 17 male and female players reached the top 250 in singles rankings, with 7 making the top 100 in 2022, the highest figure since 1984. More Great British players reached Wimbledon's second round than any time since that same year and 5 new singles players have broken into the top 100 since 2018.

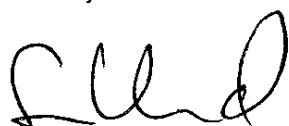
The year finished with 4 Great British men in the world top 50, the most there's been since the start of the ATP rankings in 1973. Great Britain's women's team reached the semi-finals of the Billie Jean King Cup for the first time since 1981. Neil Skupski finished the year as the world number one male doubles player and Alfie Hewitt finished the year ranked number 1 in the men's wheelchair tennis tour rankings.

Elsewhere, the popularity and profile of padel continues to increase, providing a gateway into tennis and helping provide clubs and venues with a new source of revenue. There was significant progress on the LTA's Padel Development Plan, with the LTA supporting venues and operators to enhance the infrastructure of over 200 courts across the country. The LTA's padel performance programme was initiated, and the Great Britain Men's team qualified for the World Championships in November.

The Company has commenced its work with LTA Tennis Foundation and the UK Government to invest over £30m into transforming local authority park tennis facilities across Great Britain. These venues are vital in providing accessible and affordable opportunities for local communities and they are also a significant enabler of participation and access to tennis for those from lower socioeconomic groups. Over the course of 2022 the LTA has worked with local authorities to develop a pipeline of projects where activity is ready to start on site and be delivered by the end of 2024.

The LTA continues to build on its plans for customer engagement with tennis fans and members. The number of Advantage members on the LTA database has risen to 1.2 million ahead of a target of 1 million. One of the primary channels for fan engagement, and the LTA strategy to raise the visibility of tennis to drive greater participation, is through social media. Continued developments in content and approach saw a growth in followers to 634,861. Alongside this, the LTA also achieved a cumulative 3-minute broadcast reach for its events and tournaments (including the Billie Jean King Cup Finals) of 21.7 million against a target of 19 million.

The Strategic report was approved and authorised for issue by the board on 9 May 2023 and is signed on its behalf by:



S Lloyd
Director

LTA OPERATIONS LIMITED

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activities

LTA Operations Limited is a wholly owned subsidiary of Lawn Tennis Association Limited and is the trading company of the Lawn Tennis Association Limited Group (the "LTA Group"). Its mission is to grow tennis by making it get more relevant, accessible, welcoming and enjoyable.

Results and dividends

The loss for the year, after taxation, amounted to £8.7m (2021 - loss 2.6m).

The directors recommend that no dividend is paid this year (2021: £nil).

Directors' indemnities

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 Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Directors

The directors who served during the year and up to the date of signing these financial statements were:

Lord M Davies
R Baillache
S Bennison
S Bhandari
R Colabawalla (appointed 1 January 2023)
L Cundy
R Cutler (appointed 1 January 2023)
C Haworth (resigned 31 December 2022)
A Jhingan
N Jordan (appointed 1 January 2023)
S Lloyd
S Procter
D Rawlinson (resigned 31 December 2022)
R Staniland (resigned 31 December 2022)
S Steele
D Tanner

Future developments

As the LTA moves into the last year of its current 5-year strategic cycle, there are a number of key developments to come in 2023 that will continue to drive its vision of Tennis Opened Up and build on the progress made this year. The LTA will continue to enhance the Performance Competitions Calendar, building on last year's successes. In 2023 there will be 45 weeks of either international ranking point or prize money earning opportunities in Great Britain covering all ages from under 9 through to Pro players.

The LTA will continue to develop the overall infrastructure of padel, working with venues and operators to increase the number of padel courts. It will also develop a Padel Performance Competition Calendar in a similar vein to the Performance Competitions Calendar.

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Directors' Report (continued) For the Year Ended 31 December 2022

This will be a crucial year for delivery of the Parks project. The Company, with the LTA Tennis Foundation (LTA TF), will invest in digital infrastructure including funding and installation of gate access systems as well as investing in resurfacing, repainting and fence repairs at existing facilities, for those facilities that are in the worst condition.

The LTA will work with local authorities to support make it easier for players to find and book a court and tennis activity. A Free Parks Tennis product is in development to provide cost free, accessible tennis in parks across the country, which alongside Local Tennis Leagues will drive participation in new and established players.

The LTA and Nottingham City Council successfully completed an agreement for the LTA to acquire the long-term lease and management of Nottingham Tennis Centre in 2022. As part of ambitious plans for new investment in the centre, work has been carried out on re-surfacing to the outdoor hard courts, upgrading of outdoor floodlights, new fencing around outdoor courts and an upgrade of the existing air bubble covering 3 courts. Site development will continue over 2023 including the installation of a new bubble covering 4 further courts.

Wider facility investment will also progress over the next 12 months with a number of key projects across the UK, including plans to continue to invest in Scottish indoor tennis with new indoor tennis centres at Moray and Heriot-Watt universities under construction.

Work will also continue to scale LTA Schools and LTA Youth Compete to increase the number of children playing tennis in schools and tennis competitions. In 2023 there will be the opportunity to reach even more families with the launch of a new community strand of LTA Youth called LTA Youth Go! which will be delivered through key partnerships with Scouts, Guides and national leisure centre operators.

The LTA invested heavily in digital in the last strategic cycle to deliver its digital strategy, which enables and accelerates the overall LTA strategy and will build on this in 2023. As part of this, it will work to significantly improve the coaching experience via the coach portal. Developing more activity around open data and strategic partnerships will also be a key focus.

The LTA published its first Environmental Sustainability Plan in 2022, setting out how it will work with everyone involved in the sport to secure a lasting future for tennis in Great Britain, through positive action on climate change and leadership in sustainability.

As well as taking action across LTA facilities, operations and major events, the LTA has already produced guidance and is providing support for tennis venues across the country to reduce their energy usage, as well as looking at how sustainability considerations can be incorporated into the LTA's facility investment programme. The organisation will continue to work hard to deliver the actions and targets identified in the plan whilst also embedding sustainability considerations into business processes and decision-making processes.

2023 is the last year of the LTA's current 5-year strategy cycle. The organisation will develop forward plans for 2024-26 and beyond.

Section 172 Statement

The Board believes that, individually and together, it has acted in the way it considers, in good faith, would be most likely to promote the success of the LTA for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. The Board has demonstrated throughout this report how it engages with customers, suppliers and other stakeholders, the impact of its activities on the community, the environment, and the LTA's good reputation for business conduct. The Board engages in formal and informal consultation with a range of stakeholders, both inside and outside the sport, to understand the impact of decisions on those groups. Board effectiveness reviews are completed at regular intervals which help to ensure it continues to promote the success of the LTA and engage with stakeholders in the best possible way.

LTA OPERATIONS LIMITED

Directors' Report (continued) For the Year Ended 31 December 2022

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Lawn Tennis Association Limited. The directors have received confirmation that Lawn Tennis Association Limited intends to support the Company for at least one year after these financial statements are signed.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and 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 Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law, 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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

This report was approved by the board on 9 May 2023 and signed on its behalf by:



S Lloyd
Director

LTA OPERATIONS LIMITED

Statement of Income and Retained Earnings For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	79,784	60,650
Administrative expenses		(84,900)	(63,161)
Exceptional item		(1,424)	-
Operating loss	5	<u>(6,540)</u>	<u>(2,511)</u>
Interest receivable and similar income	6	31	6
Interest payable and expenses	7	(287)	(12)
Loss before taxation		<u>(6,796)</u>	<u>(2,517)</u>
Tax on loss	8	(1,919)	(60)
Loss after taxation		<u><u>(8,715)</u></u>	<u><u>(2,577)</u></u>
Statement of retained earnings			
Accumulated losses at the beginning of the year		(30,335)	(27,758)
Loss for the financial year		(8,715)	(2,577)
Accumulated losses at the end of the year		<u><u>(39,050)</u></u>	<u><u>(30,335)</u></u>

All operations in the current year and prior year are continuing.

The Company has no items of other comprehensive income or had any transactions with equity-holders between 1 January 2021 and 31 December 2022 so a Statement of retained earnings has therefore been presented in place of a Statement of comprehensive income and Statement of changes in equity.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and the historical equivalents for either 2022 or 2021.

The notes on pages 10 to 28 form part of these financial statements.

LTA OPERATIONS LIMITED
Registered number: 07475460

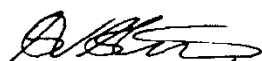
Statement of Financial Position
As at 31 December 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	9	10,711	8,762
Tangible assets	10	5,042	4,402
Investments	11	332	332
		<u>16,085</u>	<u>13,496</u>
Current assets			
Stocks	12	227	173
Debtors: amounts falling due after more than one year	13	11,750	13,542
Debtors: amounts falling due within one year	13	37,060	45,267
Deferred tax	14	3,178	4,468
Cash at bank and in hand	15	22,907	23,558
		<u>75,122</u>	<u>87,008</u>
Creditors: amounts falling due within one year	16	(106,814)	(106,474)
Net current liabilities		<u>(31,692)</u>	<u>(19,466)</u>
Creditors: amounts falling due after more than one year	17	(13,406)	(14,312)
Provisions for liabilities			
Other provisions	18	(37)	(53)
Net liabilities		<u>(29,050)</u>	<u>(20,335)</u>
Capital and reserves			
Called up share capital	20	10,000	10,000
Accumulated losses		(39,050)	(30,335)
	21	<u>(29,050)</u>	<u>(20,335)</u>

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006. The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 May 2023.



S Steele
Director

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

LTA Operations Limited is a private company limited by share capital and is incorporated and domiciled in England and Wales. The address of its registered office is National Tennis Centre, 100 Priory Lane, London, SW15 5JQ, England.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Lawn Tennis Association Limited as at 31 December 2022 and these financial statements may be obtained from Companies House and www.lta.org.uk.

2.3 Consolidation

LTA Operations Limited has one wholly owned subsidiary, Local Tennis Leagues Limited, consolidated financial statements have not been prepared in accordance with the exemption under Companies Act 2006 s400. LTA Tennis Foundation is a registered charity (charity number 1148421) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity. During the year LTA Operations Limited did not make a donation to LTA Tennis Foundation (2021: £nil). The Tennis Foundation (Legacy) is a registered charity (charity number 298175) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity.

2.4 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Lawn Tennis Association Limited. The directors have received confirmation that Lawn Tennis Association Limited intends to support the Company for at least one year after these financial statements are signed.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.5 Revenue

Revenue includes the gross surplus of The Championships due to the LTA, Sport England grant, income from ticketing 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 Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met.

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 Company recognised the related costs for which the grant is intended to compensate.

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

2.6 Foreign currency translation

(i) Functional and presentation currency

The Company's functional and presentation currency is the sterling pound. Figures are rounded to thousands.

(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.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.7 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

2.8 Business combinations

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

2.9 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 and economic utilisation.

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

Computer software	4-5 years
Assets under construction	0 years

Assets under construction are amortised once their useful lives commence and in accordance with their asset class.

The computer softwares are amortised over 4-5 years with their useful economic lives and residual values re-assessed annually.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 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.

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:

Furniture, computers and equipment	- 3 to 20 years
Motor vehicles	- 4 years
Assets under construction	- not depreciated (see note below)

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.

Assets under construction are depreciated once their useful lives commence and in accordance with their asset class.

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

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

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 Property, plant and equipment and depreciation (continued)

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.

2.11 Financial instruments

Hedging

The Company does not 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.

The Company 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.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.11 Financial instruments (continued)

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 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 expired.

The Company does not hold or issue derivative financial instruments.

2.12 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.

2.13 Current and deferred 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 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 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

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.13 Current and deferred taxation (continued)

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.

2.14 Concessionary loans

Concessionary loans made are initially measured at the amount paid and recognised in the Statement of financial position as the separate line item. 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.

2.15 Stocks

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the year in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. At the end of each reporting year inventories are assessed for impairment.

If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

2.16 Borrowing costs

All borrowing costs are recognised in the profit or loss in the year in which they are incurred.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. 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.

The annual depreciation/amortisation charge for tangible/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.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

4. Revenue

An analysis of LTA Operations Limited's revenue is shown below:

	2022 £000	2021 £000
Revenue from the Wimbledon Championships	49,704	45,760
Commercial	6,744	4,140
Major Events	16,988	5,336
Sport England Revenue Grant	2,471	2,185
Other Revenue	3,877	3,229
Total revenue	79,784	60,650

5. Operating loss

Operating loss is stated after charging:

	2022 £000	2021 £000
Amortisation of intangible fixed assets (note 9)	2,739	1,867
Depreciation of tangible fixed assets (note 10)	1,064	954
Auditors' remuneration		
- Audit fee of Lawn Tennis Association Limited Group and its subsidiary companies	114	102
- Tax compliance services for the Lawn Tennis Association Limited Group borne by the Company	88	57
- Other non-audit services of the Lawn Tennis Association Limited Group borne by the Company	11	28
Operating lease charge	38	37

LTA Operations Limited bears the audit and tax fees for the LTA Group and its subsidiaries.

The directors received no remuneration in respect of their services to the Company during the year (2021: £nil). Directors' emoluments in relation to the LTA Group are disclosed in the Group financial statements which are publicly available.

The Company had no employees (2021: none). The Group's employees are employed by LTA Services Limited and the related costs recharged to the Company.

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

6. Interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	31	6
	<u>31</u>	<u>6</u>

7. Interest payable and similar expenses

	2022 £000	2021 £000
Other loan interest payable	287	12
	<u>287</u>	<u>12</u>

8. Tax on loss

	2022 £000	2021 £000
Corporation Tax		
UK corporation tax on loss for the year	-	667
Overseas tax	596	-
Adjustment in respect of previous years	36	-
	<u>632</u>	<u>667</u>
Deferred Tax		
Origination and reversal of timing differences	1,050	661
Adjustment in respect of previous years	(94)	(196)
Rate differences - deferred tax	331	(1,072)
	<u>1,287</u>	<u>(607)</u>
Deferred tax	1,287	(607)
Total current tax	<u>1,919</u>	<u>60</u>

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

8. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Loss before taxation	(6,796)	(2,517)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,291)	(484)
Effects of:		
Expenses imputed or non-deductible for tax purposes	1,794	1,809
Group relief	207	-
Adjustment in respect of previous years	(55)	(196)
Deferred tax movements	4	-
Tax rate changes	331	(1,073)
Excess gross roots deduction	329	-
Double taxation relief	596	4
Transfer pricing adjustments	4	-
Total tax charge for the year	1,919	60

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

9. Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 January 2022	1,483	10,189	11,672
Additions	397	4,399	4,796
Additions - internal	-	1,483	1,483
Disposals	(1,483)	(572)	(2,055)
At 31 December 2022	<u>397</u>	<u>15,499</u>	<u>15,896</u>
Amortisation			
At 1 January 2022	-	2,910	2,910
Charge for the year	-	2,739	2,739
On disposals	-	(464)	(464)
At 31 December 2022	<u>-</u>	<u>5,185</u>	<u>5,185</u>
Net book value			
At 31 December 2022	<u>397</u>	<u>10,314</u>	<u>10,711</u>
At 31 December 2021	<u>1,483</u>	<u>7,279</u>	<u>8,762</u>

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

10. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Total £000
Cost			
At 1 January 2022	16,589	79	16,668
Additions	1,711	-	1,711
Disposals	(2,337)	-	(2,337)
At 31 December 2022	<u>15,963</u>	<u>79</u>	<u>16,042</u>
Depreciation			
At 1 January 2022	12,204	62	12,266
Charge for the year on owned assets	1,061	3	1,064
Disposals	(2,330)	-	(2,330)
At 31 December 2022	<u>10,935</u>	<u>65</u>	<u>11,000</u>
Net book value			
At 31 December 2022	<u>5,028</u>	<u>14</u>	<u>5,042</u>
At 31 December 2021	<u>4,385</u>	<u>17</u>	<u>4,402</u>

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Fixed asset investments

On 10 March 2020, LTA Operations Limited acquired a 100% interest in Local Tennis Leagues Limited, a private company limited by shares and incorporated in England and Wales which is engaged in facilitating tennis leagues in parks across the UK.

Consideration of £332,000 was paid to acquire the shares of Local Tennis Leagues Limited.

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2022	332
At 31 December 2022	<u>332</u>

12. Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	227	173
	<u>227</u>	<u>173</u>

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Debtors

	2022 £000	2021 £000
Due after more than one year		
Loans repayable by Places to Play (iii)	4,929	5,949
Prepayments and accrued income	6,439	6,708
Hardship loans to coaches and venues	382	885
	<u>11,750</u>	<u>13,542</u>
	2022 £000	2021 £000
Due within one year		
Trade debtors	3,118	3,335
Amounts owed by AELTC (i)	25,762	35,831
Amounts owed by the Tennis Foundation (LEGACY) & LTA Tennis Foundation (ii)	352	143
Loans repayable by Places to Play (iii)	1,333	1,429
Other debtors	23	614
Prepayments and accrued income	5,979	3,416
Hardship loans to coaches and venues (iv)	493	499
	<u>37,060</u>	<u>45,267</u>

(i) Amounts owed by AELTC represents the amount owing from All England Lawn Tennis Club (Championships) Limited in respect of The 2022 Championships surplus, Wimbledon. The annual surplus owed is interest free and measured at cost.

(ii) Amounts owed by the Tennis Foundation (LEGACY) and LTA Tennis Foundation represents costs covered by LTA Operations Limited and are measured at cost, interest free and repayable on demand.

(iii) Loans repayable by Places to Play 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 3-10 years or longer and are recorded net of any bad debt provision.

(iv) Hardship loans issued to coaches and venues to support them through the COVID-19 pandemic. The loans are measured at cost, interest free and repayable over 3 years.

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

14. Deferred tax

	2022 £000	2021 £000
At 1 January	4,468	3,861
Charged to Income Statement	(1,290)	607
At 31 December	<u>3,178</u>	<u>4,468</u>

The deferred tax asset, of which £3,178,415 (2021: £4,468,146) has been recognised in these Financial Statements, is made up as follows:

	2022 £000	2021 £000
Deferred capital allowances	4,159	5,437
Short term timing differences	(72)	(969)
FRS102 adjustment	15	-
Pensions	(924)	-
	<u>3,178</u>	<u>4,468</u>

15. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	22,907	23,558
	<u>22,907</u>	<u>23,558</u>

During 2022 the LTA rearranged an overdraft facility of £10m (2021: £15m), secured against the parent company's, Lawn Tennis Association Limited, £23m fixed asset investments, to mitigate any unexpected fluctuations in its forecast working capital. At the time of signing the Finance and Governance Report, the overdraft facility had not been drawn upon.

The terms of the overdraft include an annual arrangement fee at 0.25% of the facility and interest charged at 2.5% above base rate on the amount drawn down.

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

16. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade payables	315	725
Amounts owed to parent undertaking (i)	87,940	88,393
Amounts owed to group undertakings (ii)	3,472	4,393
Other creditors	1,000	1,281
Accruals and deferred income	11,952	11,682
DCMS Loan	1,192	-
Other taxation and social security	943	-
	<u>106,814</u>	<u>106,474</u>

(i) Amounts owed to parent undertakings represents intercompany loans that are measured at cost, interest free and repayable on demand.

(ii) Amounts owed to group undertakings represents intercompany loans that are measured at cost, interest free and repayable on demand.

17. Trade creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Amounts falling due between one and five years		
DCMS Loan	7,150	6,268
	<u>7,150</u>	<u>6,268</u>
Amounts falling due after more than five years		
DCMS Loan	6,256	8,044
	<u>6,256</u>	<u>8,044</u>
Total creditors falling due after more than one year	<u>13,406</u>	<u>14,312</u>

Secured loans

During 2021 the LTA received a loan of £14.3m from the Department of Digital, Culture, Media and Sport as part of the Government's 2020 COVID winter support package.

The terms of the loan include an annual arrangement fee at 0.5% of the facility and interest charged at 2%; biannual repayments of equal value will commence on 30 September 2023 until the full loan and interest has been repaid on 31 March 2031.

LTA OPERATIONS LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

18. Provisions for liabilities

	Legal expenses	Total
	£000	£000
At 1 January 2022	53	53
Amounts utilised	(53)	(53)
Charged to income statement	37	37
At 31 December 2022	<u>37</u>	<u>37</u>

Provisions include legal expenses (£37k).

19. Financial Commitments

At 31 December, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Not later than 1 year	13	22
	<u>13</u>	<u>22</u>

In addition to the commitments under non-cancellable operating leases noted above, there is £22k (2021: £599k) of loans which have been approved for payment to Places to Play but have not yet been paid out.

20. Called up share capital

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
10,000,000 (2021 - 10,000,000) Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

21. Reconciliation of movements in equity

	2022	2021
	£000	£000
At 1 January	(20,335)	(17,758)
Loss for the financial year	(8,715)	(2,577)
At 31 December	<u>(29,050)</u>	<u>(20,335)</u>

LTA OPERATIONS LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

22. Related party transactions

David Lloyd Leisure Limited

David Lloyd Leisure Limited is deemed a related party by virtue of common directorship. Scott Lloyd is a Non-Executive Director of Deuce Acquisitions Limited which is the holding company of David Lloyd Leisure Limited. In 2022, the LTA received income of £30 (2021: £nil) and incurred costs of £13,640 (2021: £3,008) from David Lloyd clubs across the UK. The balance owed by David Lloyd clubs at 31 December 2022 was £nil (2021: £288).

The Wimbledon Championships

The LTA Group 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 2022, the Joint Management Committee of The Championships allocated 90% (2021: 90%) of the net surplus of The Championships to LTA Operations Limited. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2021 and 2022.

The gross surplus of The Championships amounted to £43.0m (2021: £39.5m). Net of withholding tax, officiating income, subvention income and income from the exercise of warrants over shares the surplus receivable by LTA Operations Limited amounted to £42.4m (2021: £38.8m). The amount due from the Wimbledon Championships at 31 December 2022 was £25.8m (31 December 2021: £35.8m).

The costs of officiating services are charged to The 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 Championships each year. In 2022 LTA Operations Limited recharged The Championships £1.6m (2021: £1.0m) for these services.

In 2022, LTA Operations Limited received £5.2m (2021: £5.2m) subvention payment from The Championships to help fund grass-court tournaments in the periods before and after The Championships and a further £0.1m (2021: £0.2m) to support the grass court venues of the Trophy Series and the prize money at the Men's ATP Challenger/Women's ITF Pro-circuit. LTA Operations Limited also purchased £0.6m (2021: £4.2m) of tickets at face value from The Championships for onward sale and distribution.

23. Ultimate parent undertaking

The company's ultimate parent undertaking and controlling party is Lawn Tennis Association Limited, which is the parent undertaking and the smallest and largest group to consolidate these financial statements. Copies of the Lawn Tennis Association Limited financial statements are available from Companies House.