

**The All England Lawn Tennis &
Croquet Club Limited**

**Annual Report and Consolidated Financial Statements
Year Ended 31 July 2016**

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The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2016

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The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2015

Officers and professional advisers

Directors

P G H Brook FIA (Chairman)
Ms S J Ambrose (appointed 1 December 2015)
N A Basing
R M Gradon
T H Henman OBE
I L Hewitt
Mrs A W L Innes
Mrs A S Jones CBE (resigned 1 December 2015)
S A Jones FRICS LVO
G M Newton
Lord O'Donnell GCB KCB CB (appointed 1 December 2015)
R T Stoakes
A J K Tatum (appointed 1 December 2015)
K F Weatherley (resigned 1 December 2015)

Officers

R A Lewis CBE (Chief Executive)
R G Atkinson FCMA (Company Secretary and Financial Director)
M W C Guntrip (Club Director)

Registered Office

Church Road
Wimbledon
London
SW19 5AE

Bankers

HSBC Bank plc
Pall Mall
London
SW1Y 5EZ

Solicitors

CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
2 New Street Square
London
EC4A 3BZ

The All England Lawn Tennis & Croquet Club Limited

Strategic report

1. Principal activities

The company is a private members' tennis club. Its 100% subsidiary, The All England Lawn Tennis Club (Championships) Limited (the "AELTC"), undertakes the day-to-day operations of, and is the principal contracting party for, The Championships. The Championships are controlled, managed and promoted by the Committee of Management, consisting of up to twelve members nominated by the company and up to seven nominees of LTA Operations Limited. The Committee of Management acts in accordance with the Amended and Restated Principal Agreement (the "Championships Agreement") dated 25 July 2011 made between the company, Lawn Tennis Association Limited (the "LTA"), The All England Lawn Tennis Ground plc (the "Ground Company"), the AELTC and LTA Operations Limited.

The company holds 100% of the shares of The All England Lawn Tennis Club (Wimbledon) Limited in whose name trademarks relating to The Championships are registered in numerous territories around the world. The company also holds 100% of the shares of the Ground Company, whose principal activities are the ownership and development of the Grounds in Wimbledon, at which The Championships are staged.

2. Business Review

Private members' tennis club

The All England Club enjoyed a busy and successful year staging tours to and matches in the United States, Germany and Spain. 27 matches were played during the season, of which 13 were won. The bridge and croquet sections also enjoyed an active year.

The company holds an investment portfolio comprising a mixture of listed UK and international equities, collective investment funds and fixed interest investments. The company invests relatively prudently as it seeks to balance capital preservation with income generation and capital growth. During the period, the market value of the portfolio increased modestly.

The 2016 Championships

The 130th Championships were held from Monday 27 June to Sunday 10 July 2016 with players competing from 70 different countries. The weather was damp and variable during the first week resulting in play occurring on the Middle Sunday, the first time since 2004. The Centre Court roof was shut due to poor weather on 5 days of The Championships.

The Gentlemen's Singles was won, for the second time, by Andy Murray (GBR) who defeated Milos Raonic (CAN) 6-4, 7-6(3), 7-6(2). The Ladies' Singles was won, for the seventh time, by Serena Williams (USA) who defeated Angelique Kerber (GER) 7-5, 6-3. The Gentlemen's Doubles was won by Pierre-Hugues Herbert (FRA) and Nicolas Mahut (FRA), the Ladies' Doubles was won by Serena and Venus Williams (USA) and the Mixed Doubles was won by Heather Watson (GBR) and Henri Kontinen (FIN).

Television audience figures remain encouraging across most of the world. In the UK, the audience for the Gentlemen's Singles final peaked at 13.3 million. Digital platforms including Wimbledon.com and mobile apps received 20.9 million unique users who visited the site 69.4 million times. Social media, including YouTube and Twitter, continued to receive high levels of traffic.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

2. Business review (continued)

Significant contracts

During the year ended 31 July 2016 the company signed contracts covering rights to broadcast The Championships in Australia, China and the Middle East.

A new Official Supplier agreement was signed with Haagen Dazs becoming the Official ice cream of Wimbledon.

Wimbledon Master Plan

In late 2011, the company and other entities involved with The Championships began a planning process for further development of the Grounds over the next decade or so. The outcome of this process was the Wimbledon Master Plan which was designed to ensure that the Grounds and buildings would continue to provide The Championships with the best possible facilities and environment and, therefore, help to ensure that The Championships would continue to be widely regarded as being the world's premier tennis tournament.

The key components of the vision outlined in the Wimbledon Master Plan are: the comprehensive redevelopment of No.1 Court including the installation of a new fixed and retractable roof, expected to be completed by 2019; the construction of new covered courts and new clay courts on the Grounds to the west of Somerset Road; a thorough refurbishment of the Millennium Building to provide expanded and improved facilities for players, Members and the press; a major redevelopment of the area to the north of No.1 Court including new Championship courts; removal of the clay courts and a reorganisation of the Championship courts at the southern end of the Grounds to improve spectator circulation and viewing opportunities; the creation of new accommodation underground for staff and support operations; and a commitment to do all this following the aesthetic of 'tennis in an English garden'.

During the year ended 31 July 2015, construction of basements under Courts 14 and 15 was completed and work continued on the implementation of the Master Plan including design and planning for the redevelopment of No.1 Court and the new Somerset Road facility. On the No.1 Court project a detailed tender process was undertaken to select a main contractor. Sir Robert McAlpine were appointed in September 2015.

During the year ended 31 July 2016, a fixed price contract for the construction of the No.1 Court project was agreed with Sir Robert McAlpine. Preliminary works were undertaken including piling and strengthening of building cores to ensure a rapid commencement of construction works immediately after the 2016 Championships. In addition the company completed the construction of six tennis courts, including three covered by an air dome at its Raynes Park site.

In order to finance the No.1 Court project and other Master Plan projects a £175,000,000 secured loan and revolving credit facility with HSBC was signed on 20 October 2015.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

2. Business review (continued)

Related parties

On 25 July 2011 the company, the LTA, the Ground Company, the AELTC and LTA Operations Limited signed an agreement setting out arrangements governing their relationship in respect of The Championships and other matters for at least a further 40 years from 1 August 2013.

Under this agreement since 1 August 2013 the AELTC is entitled to a 10% share of the surplus generated by The Championships and the Ground Company continues to be paid a facility fee in respect of the AELTC's use of the Grounds at Church Road, Wimbledon.

3. Group results

The Championships produced a surplus before division of £42,236,000 (2015 - £41,126,000) of which the net available surplus for division under the Championships Agreement to LTA Operations Limited and The Tennis Foundation is £37,388,000 (2015 - £36,918,000). The AELTC's share of the surplus of £4,154,000 (2015 - £4,102,000) is recognised within the group's profit before tax of £33,973,000 (2015 - £25,220,000).

The Ground Company produced a profit before taxation of £1,728,000 (2015: £3,716,000). This was primarily due to the expenses incurred in the year as part of the No.1 Court debenture issue and to writing off fixed asset balances relating to the No.1 Court roof.

Upon consolidation of the Ground Company within the group accounts an additional £25,385,000 (2015 - £16,385,000) was recognised within operating profit, representing a pro rata share of the debenture premia relating to the 2016 Championships together with amortisation of the negative goodwill.

The parent company reported a profit before tax of £4,654,000 (2015 - £7,815,000).

The group reported a profit before taxation of £33,973,000 (2015 - £25,220,000).

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

4. Key performance indicators

The group considers a range of quantitative performance measures to gauge the success of The Championships including television audiences, ballot applications, attendance figures and the surplus generated. The group also engages specialist organisations to undertake surveys of tennis fans around the world, players, spectators and debenture holders. The performance of major construction works undertaken by the Ground Company is monitored through variance to forecast costs and time frames.

5. Principal operational risks and uncertainties

Income from broadcasters represents more than half of the company's turnover and a small number of key broadcast markets, notably the UK and the USA, provide the majority of that income. The company is, therefore, exposed to the risk that such income may fall, for example, due to changes in market dynamics or regulatory regimes in these key broadcast markets. The company manages these risks by agreeing long term contracts with broadcasters. In this context contracts have been signed with the BBC in the UK up to and including the 2020 Championships, with ESPN in the USA running up to and including the 2023 Championships, with NHK in Japan running up to and including the 2019 Championships.

Income from tickets is also a significant source of the company's turnover. Demand for tickets for The Championships has been robust in recent years with historically high attendances being reported and with applications for tickets through the public ballot meaningfully exceeding supply. However, the company accepts that demand is dependent on the popularity of tennis as a sport and the board consciously tries to ensure that tickets are reasonably priced.

Income from companies who are Official Suppliers of services to The Championships or corporate hospitality customers is another significant source of turnover. The company agrees long term contracts wherever possible with these corporate customers. The board was pleased to note that turnover from these sources increased meaningfully during the year.

Certain costs of staging The Championships are subject to risks: the need to offer competitive and attractive prize money, elevated levels of terrorist threat and related security measures, energy prices and government regulation can all cause costs to increase significantly faster than the headline inflation rate.

The group also faces risk in relation to construction work around the Grounds. This risk involves the cost of construction materials, the use of sub-contract labour, changes in project scope and design, and the pressure to complete the construction work and clear the Grounds in time for each year's Championships.

The group manages these risks by primarily working with experienced contractors, purchasing materials as much in advance as practicable to limit exposure to price changes and by continuing actively to manage and control capital expenditure through regular reporting and management review meetings. In relation to the No.1 Court project the company has agreed a fixed price contract with the main contractor.

The experience of the Ground Company directors and Secretary with major construction projects and their financial implications and the employment of staff experienced in managing construction projects, contribute significantly to the management of these risks.

The risks are increasing in size as the company's capital expenditure increases as work on the Wimbledon Master Plan expands.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

6. Financial risk management objectives and policies

The board recognises that the group's activities expose it to a number of financial risks including price risk, construction risk, credit risk, liquidity and cash flow risk and exchange rate risk. The board recognises these risks and the importance of managing them through the AELTC's suitably qualified Finance and Risk Management Sub-Committee and through the Ground Company's suitably qualified board.

Price risk

The group is exposed to price risk on some elements of its cost base. With around 5,000 people employed or engaged as contractors at The Championships, labour cost pressures can have an adverse effect. Also, with heavy usage of electricity and gas, energy prices can have an adverse effect.

The AELTC board receives reports regularly giving financial projections highlighting any price risks and drawing attention to mitigating measures.

Construction risk

The group is also exposed to price risk in the construction industry, in the context of the group's ongoing development of the Grounds. Construction price pressures have increased significantly recently but the group's quantity surveyors continue to prepare regular formal reports with forecasts of capital expenditure.

Credit risk

The group's financial assets are primarily investments, cash, short-term deposits and receivables. The group's investments consist of units in a balanced fund managed by Baillie Gifford & Co., together with a broader investment portfolio managed by Cannacord Genuity Wealth Management. The group ensures that suitable custody arrangements are in place.

The credit risk on liquid funds is limited because HSBC, the counterparty, is a bank which has strong credit ratings assigned by international credit rating agencies and which has not required any explicit government support.

The group's credit risk is attributable to receivables with a small number of customers accounting for a large proportion of turnover. The board is aware of this concentration of risk but is reassured that its material receivables are with large companies with strong credit ratings or with government owned broadcasters such as the BBC.

Liquidity and cash flow risk

The surplus available for division from The Championships in 2016 is payable to the LTA and to The Tennis Foundation under the Championships Agreement. The surplus for a particular year's Championships is paid in instalments between the June of that year and the third quarter of the subsequent year. Cash receipts in respect of a particular year's Championships are received, often in instalments, during the calendar year. Cash outlays in respect of a particular year's Championships are made throughout the calendar year in which The Championships take place but start in the second half of the previous calendar year.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

6. Financial risk management objectives and policies (continued)

Liquidity and cash flow risk (continued)

This leaves the group exposed to liquidity and cash flow risk as it balances its operating cash flow for the current year's Championships with the need to pay the surplus from the prior year's Championships to LTA Operations Limited and to The Tennis Foundation under the Championships Agreement. The AELTC Finance Department monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

In order to finance the No.1 Court project and other Master Plan projects a £175,000,000 secured loan and revolving credit facility with HSBC was signed on 20 October 2015.

Exchange rate risk

A material proportion of the group's income, mostly from broadcast contracts, is denominated in US dollars, euros and other foreign currencies. The board understands that the group faces an exposure to fluctuations in the sterling value of these contracts as exchange rates change over time, particularly given the significant movements in both the US dollar and Euro since June 2016.

The Finance and Risk Management Sub-Committee of the AELTC is tasked with managing this exposure. It has followed a disciplined policy of entering into forward contracts a year or more in advance of cash being received but only doing so when binding contracts are in place. Where appropriate spot transactions and forward contracts within the financial year are undertaken for non-contractual receipts. Such forward contracts help eliminate uncertainty and provide a sound basis for financial planning. Note 19 to the financial statements provides details of contracts outstanding at the balance sheet date.

7. Future developments

Over the next few years the company aims to deliver the key components of the vision outlined in the Wimbledon Master Plan including the comprehensive redevelopment of No.1 Court with the installation of a new fixed and retractable roof, which is expected to be completed by the 2019 Championships. This Master Plan is consistent with the group's objective of ensuring that The Championships remain the premier tennis tournament in the world.



R G Atkinson
Company Secretary and Financial Director

20 October 2016

Church Road
Wimbledon
London
SW19 5AE

The All England Lawn Tennis & Croquet Club Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2016.

1. Group results

The directors do not recommend the payment of a dividend (2015 - £nil). Profit of £33,250,000 (2015 - £21,759,000) was retained in reserves.

2. Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 July 2016 were equivalent to 15 days' purchases (2015 - 21 days), based on the average daily amount invoiced by suppliers during the year.

3. Directors

The directors who served throughout the year and up to the date of signing, were as follows:

P G H Brook FIA (Chairman)
Ms S J Ambrose (appointed 1 December 2015)
N A Basing
R M Gradon
T H Henman OBE
I L Hewitt
Mrs A W L Innes
Mrs A S Jones CBE (resigned 1 December 2015)
S A Jones FRICS LVO
G M Newton
Lord O'Donnell GCB KCB CB (appointed 1 December 2015)
R T Stoakes
A J K Tatum (appointed 1 December 2015)
K F Weatherley (resigned 1 December 2015)

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

4. Going concern

Within the AELTC the surplus arising from The Championships is payable to LTA Operations Limited and The Tennis Foundation under the Championships Agreement. The surplus for a particular year's Championships is paid in instalments between the June of that year and the spring of the subsequent year. Cash receipts for a particular year's Championships are received, often in instalments, during the calendar year. Cash outlays in respect of a particular year's Championships are made throughout the calendar year in which The Championships take place but start in the second half of the previous calendar year. The AELTC board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

The Ground Company is funded on an ongoing basis by the issue of debentures. The Ground Company board receives regular cash flow forecasts to ensure that its capital expenditure can be funded satisfactorily and has secured a loan for development to be incurred which has not yet been drawn down.

The board takes further comfort from its portfolio of relatively liquid investments which could be converted to cash as required. The board is satisfied that on the basis of the group's cash flow projections and the funding sources in place, it is appropriate for the financial statements to be prepared on a going concern basis.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

5. Charitable contributions

During the year the group made charitable donations of £420,000 (2015 - £409,000). Donations included funds collected through the resale of show court tickets, which were donated to The Wimbledon Foundation. The Tennis Foundation received £3,000,000 (2015 - £3,000,000) as part of the division of the surplus under the terms of the Championships Agreement.

6. Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

7. Employee consultation

During the period, the policy of providing employees with information about The Championships and the wider activities of the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between management and employees to allow a free flow of information and ideas.

8. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor on 1 August 2011 and have expressed their willingness to accept reappointment as auditor of the group for a further term in accordance with the provisions of the Companies Act 2006.

This report was approved by the board of directors on 20 October 2016 and signed on its behalf by:



R G Atkinson
Company Secretary and Financial Director

20 October 2016

Church Road
Wimbledon
SW19 5AE

The All England Lawn Tennis & Croquet Club Limited

Statement of directors' responsibilities

The directors are responsible for the preparation of the annual report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 hence for taking steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of The All England Lawn Tennis & Croquet Club Limited

We have audited the financial statements of The All England Lawn Tennis & Croquet Club Limited for the year ended 31 July 2016 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation 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".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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).

Scope of the audit of the financial statements

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 parent 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. 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2016 and of the group's profit 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.

Independent auditor's report to the members of The All England Lawn Tennis & Croquet Club Limited (continued)

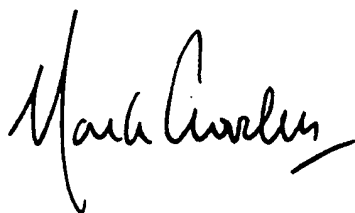
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Goodey FCA (Senior Statutory Auditor)
For and on behalf of
Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
20 October 2016

The All England Lawn Tennis & Croquet Club Limited

Consolidated profit and loss account

Year ended 31 July

	Notes	2016 £000	2015 £000
Turnover	1,3	204,765	181,488
Cost of sales	4	(91,085)	(83,183)
Gross profit		113,680	98,305
Administrative expenses		(44,822)	(38,034)
Operating profit		68,858	60,271
Gain/(loss) on disposal of fixed assets		12	(5)
Net finance income	6	2,909	2,290
		71,779	62,556
Division of net available surplus arising from The Championships			
To The Tennis Foundation		(3,000)	(3,000)
To LTA Operations Limited		(34,388)	(33,918)
Division of income from other fixed asset investments			
To LTA Operations Limited		(418)	(418)
Profit before taxation	7	33,973	25,220
Taxation charge	8	(723)	(3,461)
Profit after taxation		33,250	21,759

All results derive from continuing operations in the United Kingdom

The All England Lawn Tennis & Croquet Club Limited
Consolidated statement of comprehensive income

Year ended 31 July

	Note	2016 £000	2015 £000
Profit for the financial year		33,250	21,759
Cash flow hedges			
Losses arising during the period		(12,625)	(901)
Actuarial (loss)/ profit relating to the pension scheme	23	(129)	143
Increase in restriction of pension scheme asset	23	(125)	(556)
Total comprehensive income		<u>20,371</u>	<u>20,445</u>

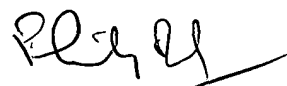
The All England Lawn Tennis & Croquet Club Limited

Consolidated balance sheet

As at 31 July

	Note	2016 £000	2015 £000
Fixed assets			
Negative goodwill	11	(70,070)	(73,255)
Tangible assets	12	361,732	342,558
Investments	13	30,291	27,640
		<u>321,953</u>	<u>296,943</u>
Current assets			
Stock	14	33	37
Debtors - falling due within one year	15	19,433	15,549
Debtors - falling due after one year	15	-	824
Cash at bank and in hand		93,671	68,942
		<u>113,137</u>	<u>85,352</u>
Creditors: amounts falling due within one year	16	<u>(104,490)</u>	<u>(92,456)</u>
Net current assets/ (liabilities)		<u>8,647</u>	<u>(7,104)</u>
Total assets less current liabilities		330,600	289,839
Creditors: amounts falling due after more than one year	17	(84,873)	(62,683)
Provisions for liabilities and charges	20	(14,711)	(16,571)
Net assets		<u>231,016</u>	<u>210,585</u>
Capital and reserves			
Share capital	21	-	-
Profit and loss account		129,631	96,570
Debenture premium reserve		112,035	112,040
Hedging reserve		(10,706)	1,919
Other reserves		56	56
Total reserves		<u>231,016</u>	<u>210,585</u>

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 20 October 2016 and signed on its behalf by:



P G H Brook
Chairman



R G Atkinson
Company Secretary and Financial Director

The All England Lawn Tennis & Croquet Club Limited

Company balance sheet

As at 31 July

	Note	2016 £000	2015 £000
Fixed assets			
Investments	13	<u>52,841</u>	<u>50,848</u>
Current assets			
Stock	14	33	37
Debtors - falling due within one year	15	13	27
Cash at bank and in hand		<u>10,111</u>	<u>12,450</u>
		10,157	12,514
Creditors: amounts falling due within one year	16	<u>(5,147)</u>	<u>(5,158)</u>
Net current assets		5,010	7,356
Creditors: amounts falling due after more than one year	17	<u>(10,000)</u>	<u>(15,000)</u>
Provisions for liabilities and charges	20	<u>(2,148)</u>	<u>(1,986)</u>
Net assets		<u>45,703</u>	<u>41,218</u>
Capital and reserves			
Share capital	21	-	-
Profit and loss account		<u>45,703</u>	<u>41,218</u>
Total reserves		<u>45,703</u>	<u>41,218</u>

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 20 October 2016 and signed on its behalf by:



P G H Brook
Chairman



R G Atkinson
Company Secretary and Financial Director

The All England Lawn Tennis & Croquet Club Limited **Consolidated statement of changes in equity**

As at 31 July

	Cash flow hedge reserve £000	Profit and loss account £000	Debenture premium reserve £000	Other reserves £000	Total £000
At 1 August 2014 as previously stated	-	65,418	111,723	56	177,197
Changes on transition to FRS102	2,820	9,662	461	-	12,943
At 1 August 2014 as restated	2,820	75,080	112,184	56	190,140
Change in fair value of forward contract valuation	(901)	-	-	-	(901)
Profit for the year	-	21,759	-	-	21,759
Pension charge to comprehensive income	-	(413)	-	-	(413)
Transfer of Debenture fair value adjustment	-	144	(144)	-	-
At 1 August 2015 as restated	1,919	96,570	112,040	56	210,585
Change in fair value of forward contract valuation	(12,625)	-	-	-	(12,625)
Profit for the year	-	33,250	-	-	33,250
Pension charge to comprehensive income	-	(254)	-	-	(254)
Transfer of Debenture fair value adjustment	-	65	(65)	-	-
Debenture fair value adjustment	-	-	60	-	60
At 31 July 2016	(10,706)	129,631	112,035	56	231,016

Company statement of changes in equity

As at 31 July

	Cash flow hedge reserve £000	Profit and loss account £000	Debenture premium reserve £000	Other reserves £000	Total £000
At 1 August 2014 as previously stated	-	26,678	-	-	26,678
Changes on transition to FRS102	-	6,970	-	-	6,970
At 1 August 2014 as restated	-	33,648	-	-	33,648
Profit for the year	-	7,570	-	-	7,570
At 1 August 2015 as restated	-	41,218	-	-	41,218
Profit for the year	-	4,485	-	-	4,485
At 31 July 2016	-	45,703	-	-	45,703

The All England Lawn Tennis & Croquet Club Limited

Consolidated cash flow statement

Year ended 31 July

	Note	2016 £000	2015 £000
Net cash inflow from operating cash flow prior to division of surplus	22	50,500	58,456
Division to LTA Operations Limited – prior year surplus		(26,918)	(25,040)
Division to LTA Operations Limited – current year surplus		(3,000)	(7,000)
Division to The Tennis Foundation – current year surplus		(3,000)	(3,000)
Net cash inflow from operating cash flow after division of surplus		17,582	23,461
Cash flows from investing activities			
Interest received		257	267
Investment income received		401	333
Interest paid		(509)	(521)
Purchase of tangible fixed assets		(35,503)	(34,073)
Purchase of Investments		-	(601)
Sale of tangible fixed assets		1	3
Net cash inflow from investing activities		(35,353)	(34,592)
Cash flows from financing activities			
Repayment of long term loan		-	(15,000)
Debentures: Proceeds of 2016-2020 Centre Court Series		37,500	37,500
Debentures: Proceeds of First Tranche 2017-2021 No.1 Court Series		10,000	-
Instalment payment for the purchase of Ground Company		(5,000)	(5,000)
Net cash inflow from financing		42,500	17,500
Increase in cash at bank and in hand		24,729	6,324
Cash at beginning of year		68,942	62,618
Cash at end of year		93,671	68,942

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements

Year ended 31 July

1. Accounting policies

The company is a private members' tennis club. Its 100 per cent subsidiary, the AELTC, undertakes the day-to-day operations of, and is the principal contracting party for, The Championships. The Championships are controlled, managed and promoted by the Committee of Management, consisting of twelve members nominated by the AELTC and up to seven members nominated by LTA Operations Limited. The Committee acts in accordance with the Amended and Restated Principal Agreement (the "Championships Agreement") dated 25 July 2011 made between the company, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc (the "Ground Company"), the AELTC and LTA Operations Limited (the "LTA").

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council and comply with the Companies Act 2006.

The prior year financial statements were restated for material adjustments on the adoption of FRS102 in the current year. Details of the material adjustments required on adoption of FRS102 are presented in note 28.

Basis of consolidation

The group's financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 July 2016. All subsidiaries are 100% owned by the company but are only included within the consolidated financial statements where the company has control over the subsidiary via the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. The Wimbledon Foundation is specifically excluded from the consolidated figures as the company is not able to exercise control over the board of trustees of that company.

On acquisition the assets and liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the fair value of the consideration transferred to the vendor at the date of acquisition and does not include transaction costs.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a group company transacts with a joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the joint venture.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Sports pavilion	4% per annum
Motor vehicles	25% per annum
Plant & machinery	5% - 20% per annum
Fixtures and fittings	20% per annum
Computer hardware & software	33% per annum
Museum equipment	10% - 20% per annum
Museum exhibits, library books, films etc	0% - 10% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Land is not depreciated.

Assets in the course of construction are not depreciated. Once the asset is completed it is transferred to the relevant fixed asset category and depreciation is applied at the appropriate rate.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Turnover

Turnover represents amounts receivable for ticket, broadcast, marketing and other income arising in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

The Championships provides tickets to holders of Debentures issued by the Ground Company along with access to debenture facilities during The Championships. Revenue is recognised in respect of debenture premia at an assumed rate based on receipts received by Ground Company.

Pension costs

The group operated a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The scheme was closed to new entrants with effect from 2002 from which date a defined contribution plan has been operating.

For the defined benefit scheme the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising of actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Deferred taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current taxation

Current taxation, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Withholding tax deducted from broadcast receipts is included within cost of sales.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments in subsidiaries were acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, unless covered by a forward exchange contract, in which case the contract rate is used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below).

Negative goodwill

Negative goodwill has been recognised following the acquisition of 50% of the Ground Company from the LTA in 2013, representing the excess of fair value over the identifiable assets and liabilities acquired over the consideration paid. The negative goodwill is capitalised and is being written off to the profit and loss account over its useful economic life, which has been calculated on the basis of the remaining asset life of the fixed assets acquired.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Debenture premia

Debenture premia in relation to future Championships are included within creditors and recognised within the consolidated financial statements in the profit and loss account within turnover on a straight line basis over the five years of each debenture issue.

The nominal value in respect of debentures issued is considered a liability and classified as a basic financial instrument and is consequently measured at present value of future payments discounted at a market rate of interest for a similar debt instrument.

Stock

Stock is stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Going concern

Within the AELTC the surplus arising from The Championships is payable to LTA Operations Limited and The Tennis Foundation under the Championships Agreement. The surplus for a particular year's Championships is paid in instalments between the June of that year and the spring of the subsequent year. Cash receipts for a particular year's Championships are received, often in instalments, during the calendar year. Cash outlays in respect of a particular year's Championships are made throughout the calendar year in which The Championships take place but start in the second half of the previous calendar year. The AELTC board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

The Ground Company is funded on an ongoing basis by the issue of debentures. The Ground Company board receives regular cash flow forecasts to ensure that its capital expenditure can be funded satisfactorily and has secured a loan for the development to be incurred which has not yet been drawn down.

The board takes further comfort from its portfolio of relatively liquid investments which could be converted to cash as required. The consolidated balance sheet shows net current assets and accordingly the board is satisfied that, on the basis of the group's cash flow projections and the funding sources in place, it is appropriate for the financial statements to be prepared on a going concern basis.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Financial instruments (continued)

Non-current debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through the profit and loss account.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The Championships uses derivative financial instruments to reduce exposure to foreign exchange risk. The Championships does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit and loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated using a valuation method.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Financial instruments (continued)

Hedge accounting

The Championships designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, The Championships documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge The Championships determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement apart from those involving estimations (which are dealt with separately below), that the Committee of Management have made in the process of The Championships accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Depreciation

Determining the appropriate useful life of fixed assets held in order to attribute appropriate depreciation rates. This is in addition to understanding the remaining useful economic lives of the components of each asset to identify that the remaining period over which they are depreciated is appropriate.

Negative goodwill

Determining the appropriate useful life of the negative goodwill realised on the purchase of 50% of the Ground Company in order to calculate the appropriate amortisation.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

3. Segmental reporting

	Turnover £000	Operating profit/(loss) £000	Profit before tax £000	Net assets £000
Year ended 31 July 2016				
Activities in respect of The Championships	204,719	69,343	31,469	183,930
Other activities of the group	46	(485)	2,504	47,806
Total activities	204,765	68,858	33,973	231,016
Year ended 31 July 2015				
Activities in respect of The Championships	181,442	60,688	23,812	165,039
Other activities of the group	46	(417)	1,408	45,546
Total activities	181,488	60,271	25,220	210,585

There are no geographical segments as all turnover is recognised in the UK.

Other activities consist of the running of the private members tennis club and investing activities in both listed and unlisted investments.

4. Cost of sales

During 2014 the group exercised warrants over shares in a commercial partner on the sale of that partner to a third party. £492,000 has been recognised within cost of sales in the current and prior year for a 3 year contract extension to the commercial agreement with the partner which is amortised over the life of the contract.

5. Income from other fixed asset investments

During 2014 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 party. As a result 7,462,687 shares were purchased at an exercise price of \$1.34 per share for a total cost of \$10,000,000. These shares were sold to the new owners of the commercial partner for a premium of \$1.678 per share resulting in a gain of \$12,520,000. In addition the commercial partner has paid \$2,480,000 for a three year contract extension. Consequently £492,000 has been included within cost of sales within both the current and prior two years representing the 3 year contract extension. Accordingly the company recorded £7,938,000 within the 2014 financial year following the sale of the commercial partner, of which 85% (£6,747,000) was attributable to LTA Operations Limited.

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)

Year ended 31 July

6. Net finance income

	2016	2015
Group	£000	£000
Interest receivable and similar income	138	578
Interest payable and similar charges	(583)	(501)
Income from investments	519	480
Fair value of investments	2,661	1,626
Debenture finance cost	(65)	(144)
Other finance costs – see note 23	239	251
	<u>2,909</u>	<u>2,290</u>

7. Profit on ordinary activities before taxation

	2016	2015
	£000	£000
The profit on ordinary activities before taxation for division is stated after charging:		
Depreciation of tangible fixed assets:		
- owned assets	18,219	16,721
Negative goodwill written back	(3,185)	(3,185)
Hire of machinery and equipment	105	116
	<u>56</u>	<u>54</u>
Fees payable to the company's auditor for the audit of the company's financial statements	56	54
Fees payable to the group's auditor for the audit of the group's financial statements	246	133
	<u>302</u>	<u>187</u>
Total audit fees	302	187
Other services - tax	109	120
Total non-audit fees	<u>109</u>	<u>120</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

8. Tax on profit on ordinary activities

	2016 £000	2015 £000
Current Tax		
Tax at the corporation tax rate of 20% (2015 – 20.67%)	3,134	3,397
Adjustment in respect of prior years – corporation tax	(551)	29
Current tax charge for the year	2,583	3,426
Deferred Tax		
Adjustment in respect of prior years – deferred taxation	(190)	-
Impact of change in tax rate	(1,635)	-
Deferred taxation – capital allowances in excess of depreciation (see note 20)	(567)	(292)
Deferred taxation – unrealised gains on investment	532	327
Total tax charge on profit on ordinary activities	723	3,461
Reconciliation of current year taxation charge		
Group profit on ordinary activities before tax	33,973	25,220
	33,973	25,220
Tax charge on profit on ordinary activities at 20% (2015 – 20.67%)	6,795	5,212
Factors affecting charge:		
Expenses not deductible for taxation purposes	1,524	1,703
Non-taxable income	(5,220)	(3,494)
Tax losses carried forward not recognised for deferred tax	-	-
Effect of current year changes in statutory tax rate	(1,635)	11
Prior period adjustments	(741)	29
Current taxation charge for the year	723	3,461

The Finance Act 2013 which provided for a reduction in the main rate of UK corporation tax from 21% to 20% effective from 1 April 2015 was enacted on 17 July 2013. The current tax charge therefore reflects the fall in rate to 20% which gives an effective statutory rate of 20%.

A further reduction in the rate of corporation tax to 19% from April 2017 and 18% from April 2020 had been announced but had not been substantively enacted at the balance sheet date. The Finance Act 2016 was subsequently enacted on 15 September 2016.

HMRC has submitted a request for information from the group in respect of the year ended 31 July 2014. It is too early to state whether this review, which could take some months, will result in any additional corporation tax liabilities.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

9. Staff costs

The average monthly number of employees was:

	2016 No.	2015 No.
Year round staff	240	220

Their aggregate remuneration comprised:

	2015 £000	2015 £000
Wages and salaries	11,807	9,824
Social security costs	1,241	1,081
Other pension costs	635	667
	13,683	11,572

In addition, a further 435 staff were employed on short term contracts to support The Championships mainly during June and July 2016 (June and July 2015 - 413 staff).

Short term temporary and voluntary personnel working during The Championships are not included within the employee remuneration figures.

The total remuneration for key management personnel for the period was £2,119,000 (2015: £2,056,000)

Directors' emoluments

The directors received no remuneration during the year (2015 - £nil).

10. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit and loss account includes a profit after taxation of £4,485,000 (2015 – £7,570,000) which is attributable to the parent company.

11. Intangible assets

Group	Negative goodwill £000
Cost	
At 31 July 2015 and 2016	(79,625)
Amortisation	
At 31 July 2015	6,370
Amount written back during the year	3,185
At 31 July 2016	9,555
Net book value	
At 31 July 2015	(73,255)
At 31 July 2016	(70,070)

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

11. Intangible assets (continued)

Negative goodwill has been recognised upon the acquisition of 50% of The All England Lawn Tennis Ground plc from the LTA in 2013, representing the excess of fair value over the identifiable assets and liabilities acquired over the consideration paid. The negative goodwill is capitalised and is being written off to the profit and loss account over 42 years being its useful economic life, which has been calculated on the basis of the remaining asset life of the fixed assets acquired.

There was no goodwill in the original 50% shareholding of the Ground Company.

12. Tangible assets

	Land & buildings £000	Assets under development £000	Plant & equipment £000	Motor vehicles £000	Museum artefacts £000	Total £000
Cost						
At 31 July 2015	447,013	16,398	7,223	303	1,703	472,640
Assets completed	2,176	2,176	-	-	-	-
Additions	6,915	28,737	1,250	-	491	37,393
Disposals	-	-	-	-	-	-
At 31 July 2016	456,104	42,959	8,473	303	2,194	510,033
Accumulated depreciation						
At 31 July 2015	124,372	-	4,664	262	784	130,082
Charge for the year	16,904	-	1,293	22	-	18,219
Disposals	-	-	-	-	-	-
At 31 July 2016	141,284	-	5,949	284	784	148,301
Net book value						
At 31 July 2015	322,633	16,398	2,567	41	919	342,558
At 31 July 2016	314,820	42,959	2,524	19	1,410	361,732

Freehold land and buildings have been provided as security against the £175,000,000 loan and revolving credit facility which was signed on 20 October 2015.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

13. Investments

	Other Fair Value £000	Other Cost £000	Subsidiaries Cost £000	Total £000
Group				
At 31 July 2015	27,280	360	-	27,640
Disposals	(10)	-	-	(10)
Change in fair value of investments	2,661	-	-	2,661
At 31 July 2016	29,931	360	-	30,291
Company				
At 31 July 2015	20,789	-	30,059	50,848
Disposals	(10)	-	-	(10)
Change in fair value of investments	2,003	-	-	2,003
At 31 July 2016	22,782	-	30,059	52,841

Other investments include investments in unitised or managed funds. The fair value of listed investments was determined with reference to the quoted market price at reporting date. The cost of the shares on acquisition was £10,844,000 (2015 - £10,853,000)

At 31 July 2016, the following undertakings were subsidiaries of the company:

	Country of incorporation	Activity	Class of share	% shares held
The All England Lawn Tennis Club (Championships) Limited	England & Wales	Tennis Championships	Ordinary	100
The All England Lawn Tennis Ground plc	England & Wales	Property	Ordinary	100
The All England Lawn Tennis Club (Wimbledon) Limited	England & Wales	Holds trademarks	Ordinary	100
The Championships, Wimbledon Limited	England & Wales	Dormant	Ordinary	100
The All England Lawn Tennis Motor Park Limited*	England & Wales	Dormant	Ordinary	100
The Wimbledon Lawn Tennis Museum Limited*	England & Wales	Dormant	Ordinary	100

* Acquired during the year ended 31 July 2015

The company is the sole member of The Wimbledon Foundation (the "Foundation"), a company registered in England & Wales and limited by guarantee. The Foundation is a registered charity and the company does not exercise control over the Foundation's income and expenditure and therefore the Foundation is not included with the group's consolidation.

14. Stock

	2016 £000	2015 £000
Group and Company		
Stock	33	37

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

15. Debtors

	2016 £000	2015 £000
Group		
Falling due within one year		
Trade debtors	13,151	7,894
Other debtors	6	-
Prepayments and accrued income	6,276	6,560
Derivative financial assets (see note 19)	-	1,095
	<u>19,433</u>	<u>15,549</u>
Falling due after one year		
Derivative financial assets (see note 19)	-	824
	<u>-</u>	<u>824</u>
	2016 £000	2015 £000
Company		
Falling due within one year		
Trade debtors	13	21
Corporation tax	-	6
	<u>13</u>	<u>27</u>

16. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Group		
Trade creditors	7,700	9,251
Amount payable to LTA Operations Limited	32,283	26,433
Corporation tax	866	2,079
Taxation and social security	2,267	1,575
Accruals and deferred income	53,854	47,875
Debenture creditor	999	5,243
Derivative financial instruments (see note 19)	6,521	-
	<u>104,490</u>	<u>92,456</u>
	2016 £000	2015 £000
Company		
Trade creditors	114	140
Amount due to The All England Lawn Tennis Club (Championships) Limited	-	1
Accruals and deferred income	5,033	5,017
	<u>5,147</u>	<u>5,158</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

17. Creditors: Amounts falling due after more than one year

	The group		The company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Due to LTA Limited	10,000	15,000	10,000	15,000
Debentures: 2017-2021 No.1 Court Series	940	-	-	-
Debentures: 2016-2020 Centre Court Series	4,748	4,687	-	-
Debentures: 2012-2016 No. 1 Court Series	-	496	-	-
Debenture premia	65,000	42,500	-	-
Derivative financial instrument (see note 19)	4,185	-	-	-
	<u>84,873</u>	<u>62,683</u>	<u>10,000</u>	<u>15,000</u>

On 1 August 2013, the company purchased 13,217 'B' ordinary £1 shares from the LTA for a deferred consideration of £25,000,000, of which £10,000,000 is due in more than one year..

The nominal value of the debentures issued is measured at fair value. The interest charged for the year is calculated by applying an effective interest rate.

The 2017-2021 No.1 Court debentures which are free of interest and unsecured are repayable at par on 2 August 2021. The interest charged for the year is calculated by applying an effective interest rate of 0.70% per cent to the liability component.

The 2016-2020 Centre Court debentures which are free of interest and unsecured are repayable at par on 3 August 2020. The interest charged for the year is calculated by applying an effective interest rate of 1.30% per cent to the liability component.

The 2012-2016 No.1 Court debentures which are free of interest and unsecured are repayable at par on 1 August 2016. The interest charged for the year is calculated by applying an effective interest rate of 0.91% per cent to the liability component.

The amount that falls due after more than five years is £940,000.

18. Financial instruments

The carrying value of The Championships financial assets and liabilities are summarised by category below

	2016	2015
	£000	£000
Financial assets		
Measured at fair value and designated in an effective hedge relationship		
Derivative financial assets – forward currency contracts (see note 19)	-	1,919
Measured at undiscounted amount receivable		
Trade and other debtors (see note 15)	19,433	14,454
Measured at fair value through profit and loss		
Cash at bank and in hand	93,671	68,942
	<u>113,104</u>	<u>85,315</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

18. Financial instruments (continued)

	2016 £000	2015 £000
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities – forward currency contracts (see note 19)	10,706	-
Measured at undiscounted amount receivable		
Trade and other creditor (see note 16)	65,686	66,023
Trade and other creditor due after more than one year (see note 16)	80,688	62,683
Amounts due to related parties (see note 16)	32,283	26,433
	<u>189,363</u>	<u>155,139</u>

19. Derivative financial instruments

	Due within one year		Due after one year	
	2016 £000	2015 £000	2016 £000	2015 £000
Financial assets				
Measured at fair value and designated in an effective hedge relationship				
Derivative financial assets – forward currency contracts	-	1,095	-	824
	<u>-</u>	<u>1,095</u>	<u>-</u>	<u>824</u>
Financial liabilities				
Measured at fair value and designated in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	6,521	-	4,185	-
	<u>6,521</u>	<u>-</u>	<u>4,185</u>	<u>-</u>

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted exchange rates matching maturities of the contract.

Foreign currency contracts

The Championships have entered into a number of forward contracts to sell US dollars, Euros and Australian dollars to manage the effect of future exchange rate fluctuations on foreign currency receipts from contracted income in the years to 2019.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

19. Derivative financial instruments (continued)

	Average contractual exchange rate		Notional value		Fair value	
	2016	2015	2016 £000	2015 £000	2016 £000	2015 £000
Sell Euros						
Less than one year	1.29	1.30	7,374	6,938	6,654	7,449
Sell US dollars						
Less than one year	1.51	1.54	42,436	37,996	36,635	38,579
Greater than one year	1.44	1.51	54,710	26,105	50,525	26,930
Total foreign currency contract			<u>104,520</u>	<u>71,039</u>	<u>93,814</u>	<u>72,958</u>

20. Provisions for liabilities and charges

Deferred taxation movement for the year:

	The group		The company	
	2016 £000	2015 £000	2016 £000	2015 £000
At 1 August	16,571	16,538	1,986	1,742
Deferred taxation:				
Charge to profit and loss account:				
Current year	(35)	33	401	246
Due to rate change	(1,635)	-	(239)	-
Prior years	(190)	-	-	-
At 31 July	<u>14,711</u>	<u>16,571</u>	<u>2,148</u>	<u>1,986</u>
Analysis of deferred tax				
Unrealised gains on investments	2,535	2,285	2,148	1,986
Capital allowances in excess of depreciation	12,176	14,286	-	-
Closing balance	<u>14,711</u>	<u>16,571</u>	<u>2,148</u>	<u>1,986</u>

Deferred taxation is provided for at rates expected to apply when the timing differences reverse, based on current tax rates and law. A fall in the main UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 was enacted by the balance sheet date, and therefore the deferred tax balances carried forward reflect these rates.

A further reduction in the rate of corporation tax to 17% from April 2020 (replacing the 18% previously announced) has been announced but had not been substantively enacted at the balance sheet date. As this legislation was not substantively enacted at the balance sheet date, the rate reduction is not reflected in these financial statements. The impact of the rate reduction will be reflected in the next reporting period when it is estimated to reduce the Company's deferred tax liability at 31 July 2017 by £0.8m.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

21. Share Capital

The company does not have any allocated, called up or shares in issue, as it is a members club limited by guarantee.

Other reserves comprise the Lord Ritchie Library Fund and General Reserve.

22. Reconciliation of operating profit to operating cash flows

	2016 £000	2015 £000
Operating profit	68,858	60,271
Amortisation of intangible fixed assets	(3,185)	(3,185)
Depreciation and other amounts written off tangible fixed assets	18,219	16,721
Loss/ (profit) on sale of tangible fixed assets	11	(8)
Debenture premia	(22,200)	(13,200)
Difference between pension charge and cash contributions	(15)	(346)
FRS102 timing adjustment	202	(202)
Increase in Debenture fair value adjustment	65	144
Decrease/ (increase) in stock	4	5
(Decrease)/ increase in amount owed to LTA Operations Limited	760	(239)
(Increase)/ decrease in debtors	(4,986)	1,667
(Decrease)/ increase in creditors	(3,439)	57
Corporation tax	(3,794)	(3,229)
Net cash inflow from operating activities prior to division of surplus	<u>50,500</u>	<u>58,456</u>

23. Pension schemes

Defined contribution schemes

A defined contribution scheme operates for all qualifying employees. The total expense charged to profit or loss in the period ended 31 July 2016 was £504,000 (2015 £429,000). The unpaid employer's contributions outstanding at year end were £nil (2015 - £nil).

Defined benefit schemes

The AELTC operates a defined benefit pension scheme on behalf of The Championships. The assets of the scheme are held in a separate trustee administered fund.

The Scheme is a defined benefit pension scheme. Benefits due to members are linked to their pensionable salaries at, and pensionable service to, the date of retirement or earlier date of death or withdrawal. The Scheme's liabilities thus originate from benefits due to active members, deferred members and pensioners. These are not directly dependent on the return achieved on the Scheme's investments.

The Trustees recognise that pension liabilities are essentially bond-like in their characteristics and so bonds represent the closest investable "matching asset". As such, a portfolio of bond type investments is the strategy that will best protect the funding level against changes in the value of the liabilities. Over the longer term, the Trustees aim to achieve a return on the investments that is consistent with the long-term assumptions of the actuary in determining the funding on the Scheme.

The present value of the defined benefit obligation is determined by an independent qualified actuary on the basis of triennial valuations, using the attained age method. The most recent valuation of the schemes assets and the present value of the defined benefit obligation were carried out at 11 January 2014. The defined benefit scheme was closed to new entrants with effect from 2002.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

23. Pension schemes (continued)

The key assumptions used for the actuarial valuation were:

	Valuation at 31 July:	
	2016	2015
Discount rate	2.70%	3.70%
Rate of increase in salaries	3.65%	3.95%
Rate of increase in pensions in payment	2.90%	3.20%
Inflation assumption (increase in RPI)	2.90%	3.20%

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancy on retirement at age 65 are:

	Valuation at:	
	2016 years	2015 years
Retiring today		
Males	22.5	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.7	23.5
Females	25.3	25.4

The assets and liabilities of the defined benefit pension scheme operated by the AELTC at 31 July are shown below:

	2016 £000	2015 £000
Present value of defined benefit obligations	(33,029)	(29,521)
Fair value of scheme assets	39,597	35,964
Restriction of pension scheme asset	(6,568)	(6,443)
(Deficit) in the scheme	-	-

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

23. Pension schemes (continued)

The pension asset has been restricted in the current year as the Committee of Management believes the asset is not recoverable due to the fact that the trust deed and rules will not permit recovery of contributions by the principal employer.

Movements in the present value of defined benefit obligations were as follows	2016 £000	2015 £000
At 1 August 2015 and 2014	29,521	26,634
Current service cost	400	447
Net interest cost	1,077	1,138
Experience gain on liabilities	(359)	(211)
Actuarial losses	3,245	2,072
Change in secured pensioners value due to scheme experience	195	13
Benefits paid	(1,050)	(572)
At 31 July	33,029	29,521

Movements in the fair value of scheme assets were as follows	2016 £000	2015 £000
At 1 August 2015 and 2014	35,964	32,521
Expected return on scheme assets	1,316	1,389
Gain on asset return	2,757	2,004
Contributions from principal employer	525	650
Death in service insurance premiums paid	(179)	(133)
Contributions from scheme members	69	92
Change in secured pensioners value due to scheme experience	195	13
Benefits paid	(1,050)	(572)
At 31 July	39,597	35,964

Analysis of scheme assets at the balance sheet date	2016 £000	2015 £000
Index-linked gilts	11,365	7,616
Bonds	14,954	12,835
Equities	4,742	7,316
Net current assets	180	319
Secured pensions	8,356	7,878
Total fair value	39,597	35,964

The overall rate of return has been determined on a weighted average basis.

The estimated amount of contributions expected to be paid to the scheme during 2017 financial year is £262,000.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

24. Commitments

	2016 £000	2015 £000
Capital commitments are as follows:		
Committed but not provided for in these accounts	192,318	18,865
Annual commitments under non-cancellable operating leases are as follows:		
Expiry date between two and five years	34	116

The All England Lawn Tennis & Croquet Club Limited has provided a parent company guarantee to the value of £20,000,000 over foreign exchange contracts held by the AELTC.

25. Related parties

The value of goods and services bought by the group during the period from related parties is listed below:

	2016 £000	2015 £000
LTA Operations Limited		
- subvention fees	1,000	1,000
- officiating fees	1,284	1,184

In addition the value of tickets for The Championships sold to LTA Operations Limited was £8,278,000 (2015 - £8,064,000).

Balances owed at year end are shown within creditors above in note 16.

26. Ultimate controlling party

The company, a members' club, is a company limited by guarantee and there is no ultimate controlling party.

27. Post balance sheet events

In September 2016 the company extended the £175,000,000 loan and revolving credit facility with HSBC to 31 July 2023 in order to finance the No.1 Court project and other Master Plan projects. The loan is secured on the company's Grounds at Church Road and will be repaid from future debenture receipts.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

28. Explanation of transition to FRS 102

The Group has restated its UK GAAP financial statements for the year ended 31 July 2015 under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. As a consequence of restating the financial statements under FRS 102, the accounting policy for financial instruments has changed to comply with that standard.

Under FRS 102 the debenture liability has been restated at fair value with the liability to be repaid discounted back to the present value. The discount rate applied is based upon borrowing rate at the date of inception of the debentures.

	1 August 2014 £000	31 July 2015 £000
Group		
Equity reported under previous UK GAAP	177,197	197,587
Adjustments to equity on transition to FRS 102		
Foreign exchange difference due to spot rate	-	(202)
Foreign exchange contracts fair valued	2,820	1,919
Final salary scheme pension reserve	-	184
Final salary scheme increase in pension costs	-	(184)
Unrealised gains on investments	11,622	13,251
Deferred taxation	(1,960)	(2,287)
Debenture creditor nominal value discounted to fair value	543	461
Debenture creditor finance cost	(82)	(144)
Equity reported under FRS 102	<u>190,140</u>	<u>210,585</u>
		£000
Profit for the financial year under previous UK GAAP		20,988
Debenture finance cost		(144)
Unrealised gains on investments		1,630
Deferred taxation		(329)
Foreign exchange difference due to spot rate		(202)
Final salary scheme pension reserve		(184)
Profit for the financial year under FRS 102		<u>21,759</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

28. Explanation of transition to FRS 102 (continued)

Company	1 August 2014 £000	31 July 2015 £000
Equity reported under previous UK GAAP	26,678	33,269
Adjustments to equity on transition to FRS 102		
Unrealised gains on investments	8,714	9,934
Deferred taxation	(1,744)	(1,985)
Equity reported under FRS 102	<u>33,648</u>	<u>41,218</u>
		£000
Profit for the financial year under previous UK GAAP		6,591
Unrealised gains on investments		1,220
Deferred taxation		(241)
Profit for the financial year under FRS 102		<u>7,570</u>

The application of FRS102 has resulted in the following changes to accounting policies:

The debenture liability has been restated at fair value with the liability to be repaid discounted back to the present value. The discount rate applied is based upon borrowing rate at the date of inception of the debentures.

The foreign currency balances at the balance sheet date are translated at the spot rate and recognised through the profit and loss.

Financial assets and/or liabilities are recognised on the balance sheet resulting from the market to market valuation of forward foreign exchange contracts.

The net interest costs relating to the defined benefit pension scheme are calculated based in the discount rate, previously the interest cost was based on the discount rate and the expected return on the plan assets.

Investments are recognised on the balance sheet at the market value, the resulting unrealised gains are recognised in the profit and loss. As a consequence of recognising unrealised investment gains deferred tax has been accounted for in these financial statements.