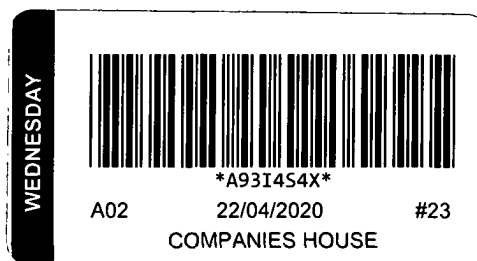


**The All England Lawn Tennis Club  
(Championships) Limited**

**Annual Report and Financial Statements  
Year Ended 31 July 2019**



# **The All England Lawn Tennis Club (Championships) Limited**

## **Annual report and financial statements 2019**

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# **The All England Lawn Tennis Club (Championships) Limited**

## **Annual report and financial statements 2019**

### **Officers and professional advisers**

#### **Directors**

P G H Brook FIA CBE (Chairman)  
I L Hewitt (Vice Chairman)  
Ms S J Ambrose  
R M Gradon  
T H Henman OBE  
Mrs A W L Innes  
Ms D A Jevans CBE  
S A Jones FRICS LVO  
Lord O'Donnell GCB KCB CB  
R T Stoakes  
A J K Tatum  
The Hon. H B Weatherill FCA

#### **Officers**

R A Lewis CBE (Chief Executive)  
R G Atkinson FCMA (Company Secretary and Financial Director)  
Ms S L Bolton OBE (Strategic Planning & Operations Director)  
R C G Deatker (Estate Director)  
M J Desmond (Commercial Director)  
M W C Guntrip (Club Director)  
W R Jinks (Information Technology Director)

#### **Registered Office**

Church Road  
Wimbledon  
London  
SW19 5AE

#### **Bankers**

HSBC Bank plc  
69 Pall Mall  
London  
SW1Y 5EZ

#### **Solicitors**

CMS Cameron McKenna Nabarro Oslwang LLP  
78 Cannon Place  
London  
EC4N 6AF

#### **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
London  
EC4A 3TR

# **The All England Lawn Tennis Club (Championships) Limited**

## **Strategic report**

The All England Lawn Tennis Club (Championships) Limited is a company incorporated in the United Kingdom and registered in England and Wales. The registered address is Church Road, Wimbledon SW19 5AE.

### **Principal activities**

The company 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 of the board of the company and up to seven nominees of LTA Operations Limited (the "LTA"). The Committee of Management acts in accordance with the Amended and Restated Principal Agreement (the "Championships Agreement") dated 25 July 2011 made between The All England Lawn Tennis & Croquet Club Limited, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc (the "Ground Company"), the company and the LTA.

### **Business review**

#### *The 2019 Championships*

The 133rd Championships were held from Monday 1 July to Sunday 14 July 2019 with players competing from more than 60 different countries across the various qualifying and main draw events. The weather was mainly sunny during the fortnight, with no play lost to rain.

The Gentlemen's Singles was won by Novak Djokovic (SRB) who defeated Roger Federer (SUI) 7-6 (7-5), 1-6, 7-6 (7-4), 4-6, 13-12 (7-3). The Ladies' Singles was won by Simona Halep (ROU) who defeated Serena Williams (USA) 6-2, 6-2. The Gentlemen's Doubles was won by Juan Sebastian Cabal (COL) and Robert Farah (COL), the Ladies' Doubles was won by Su-Wei Hsieh (TPE) and Barbora Strycova (CZE) and the Mixed Doubles was won by Ivan Dodig (CRO) and Latisha Chan (TPE).

In the UK, the television audience for the Gentlemen's Singles Final peaked at 9.6 million, despite the clash with the Cricket World Cup Final. The Gentlemen's Singles Semi-Finals peaked at 4.7 million and the Ladies' Singles Final at 4.4 million. Digital platforms including Wimbledon.com and mobile apps accounted for 18.1 million unique devices making 59.8 million visits.

#### *Significant contracts*

During the year ended 31 July 2018 the company agreed a new Official Supplier agreement with American Express, which took effect for the year ended 31 July 2019. During the year the company agreed a new Official Supplier agreement with OPPO to become the Official Smart phone of The Championships, and agreed an extension to the existing Official Supplier agreement with Rolex. New broadcast agreements were agreed for rights in France, Italy and Germany.

During the year, in addition to a number of smaller items of capital expenditure, the dressing rooms, Members' Brasserie and the front of house areas of Café Pergola were comprehensively refurbished. As a result fixed asset additions during the year totalled £14,932,000 (2018 - £17,046,000).

#### *Future activities*

The company expects The Championships to continue to be its main activity. Accordingly, many long term contracts are in place with customers and suppliers.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Strategic report (continued)**

### **Business review (continued)**

#### *Related parties*

On 25 July 2011 The All England Lawn Tennis & Croquet Club Limited, Lawn Tennis Association Limited, the Ground Company, the company and LTA signed an agreement setting out arrangements governing their relationship in respect of The Championships for at least 40 years from 1 August 2013.

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

### **Company results**

The company reported turnover of £292,071,000 (2018 - £254,873,000).

The company reported an operating profit of £50,134,000 (2018 - £42,237,000) and a Net Available Surplus from The Championships available for division under the Championships Agreement of £44,876,000 (2018 - £37,785,000).

After the division of the surplus, the company reported profit before taxation of £5,763,000 (2018 - £5,166,000) and profit after taxation of £4,800,000 (2018 - £4,426,000). The directors paid a dividend of £3,000,000 (2018 - £4,500,000).

As at 31 July 2019, the company's cash balance stood at £45,106,000 (2018 - £27,017,000) and its net assets at £16,230,000 (2018 - £15,903,000).

### **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 2024 Championships and with ESPN in the USA running up to and including the 2023 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, including Official Hospitality is another significant source of turnover. The company agrees long term contracts wherever possible with these corporate customers.

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 All England Lawn Tennis Club (Championships) Limited**

### **Strategic report (continued)**

#### **Key performance indicators**

The company 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 company also engages specialist organisations to undertake surveys of tennis fans around the world, players, spectators and debenture holders.

The board assesses the key performance indicators each year and is satisfied that the results are in line with expectations for 2019.

The strategic report was approved by the board of directors and signed on its behalf by:



R G Atkinson  
Company Secretary  
17 October 2019  
Church Road  
Wimbledon  
London  
SW19 5AE

# **The All England Lawn Tennis Club (Championships) Limited**

## **Directors' report**

The directors submit their annual report and the audited financial statements for the year ended 31 July 2019.

### **1. Company results**

The company reported a profit before tax of £5,763,000 (2018 - £5,166,000). During the year the directors declared and paid a dividend of £3,000,000 (2018 - £4,500,000). No dividends have been proposed for after year end.

### **2. Directors**

The directors who served throughout the year and to the date of this report, except where noted, were as follows:

P G H Brook FIA CBE (Chairman)  
I L Hewitt (Vice Chairman)  
Ms S J Ambrose  
R M Gradon  
T H Henman OBE  
Mrs A W L Innes  
Ms D A Jevans CBE  
S A Jones FRICS LVO  
Lord O'Donnell GCB KCB CB  
R T Stoakes  
A J K Tatum  
The Hon. H B Weatherill FCA

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.

### **3. Going concern**

The Net Available Surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The Net Available Surplus for the 2019 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2020 financial year. Cash receipts for the 2020 Championships will be received, often in instalments, during the 2020 calendar year. Cash outlays in respect of the 2020 Championships will be made throughout the 2020 calendar year but will start in late calendar year 2019. The 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 board is satisfied that on the basis of The Championships' cash flow projections it is appropriate for the financial statements to be prepared on a going concern basis.

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 agrees long term contracts with broadcasters. In this context contracts have been signed with the BBC in the UK up to and including the 2024 Championships and with ESPN in the USA running up to and including the 2023 Championships. Broadcast contracts are renegotiated before expiry.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Directors' report (continued)**

### **4. Charitable contributions**

During the year the company made charitable donations of £1,175,000 (2018 - £589,000). Donations included funds collected through the resale of show court tickets and the sale of tickets to the No1. Court Celebration which were donated to the Wimbledon Foundation.

### **5. 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 company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **6. Employee consultation**

During the year, the policy of providing employees with information about The Championships including a review of financial and economic factors has been continued through internal media channels 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.

### **7. Financial risk management objectives and policies**

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

#### *Price risk*

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

#### *Credit risk*

The company's financial assets are primarily cash and receivables.

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 company'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.



# **The All England Lawn Tennis Club (Championships) Limited**

## **Directors' report (continued)**

### **7. Financial risk management objectives and policies (continued)**

#### *Liquidity and cash flow risk*

The Net Available Surplus for division from The Championships in 2019 is payable to the LTA under the Championships Agreement. The surplus for a particular year's Championships is paid in instalments usually prior to the end 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.

This leaves the company 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 the LTA under the Championships Agreement. The board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

#### *Exchange rate risk*

A material proportion of the company's income, mostly from broadcast contracts, is denominated in US dollars, euros and other foreign currencies. The board understands that the company faces an exposure to fluctuations in the sterling value of these contracts as exchange rates change over time.

The company's Finance and Risk Management Sub-Committee is tasked with managing this exposure. It has followed a default policy of entering into hedging forward contracts a year or more in advance of cash being received but only doing so when binding income contracts are in place. In certain circumstances the Sub-Committee can choose to employ an alternative policy under which certain US\$ exposures are hedged against the US\$ value of The Championships' prize money. 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 15 to the financial statements provide details of contracts outstanding at the balance sheet date.

#### *Cyber risk*

The company has a large digital presence and attracts significant public interest, particularly in the build to and during The Championships. The board understands that it faces risk of hostile cyber attacks either to obtain personal data or to cause public relations problems, possibly as a platform to draw attention to any hackers own causes.

The company has an IT and communications policy and ensures staff are fully compliant with all policies to avoid inadvertent leaks. It undertakes regular tests of the IT infrastructure and works with its Information Technology partner, IBM, to host its website and monitor external systems.

### **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 company'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.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Directors' report (continued)**

### **8. Auditor (continued)**

Deloitte LLP were appointed as auditor on 16 March 2011 and have indicated their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an AGM.

### **9. Future developments and post balance sheet events**

The directors expect the general level of activity to grow over the next few years as the company continues to develop its income from broadcast contracts and Official Suppliers. The company will continue to monitor fluctuation in exchange rates, particularly the impact on broadcast contracts and prize money comparisons.

On 18 September 2019 the company announced a series of strategic investments into grass court tournaments. Through a series of collaborations, the company becomes owner, rights or licence holder of four new or relocated tournaments, while continuing to work closely in support of the existing tournaments.

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



R G Atkinson  
Company Secretary  
17 October 2019  
Church Road  
Wimbledon  
London  
SW19 5AE

## **The All England Lawn Tennis Club (Championships) 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 Financial Reporting Standard 102 "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 United Kingdom 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 Club (Championships) Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of The All England Lawn Tennis Club (Championships) Limited (the "company"):

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **Independent auditor's report to the Members of The All England Lawn Tennis Club (Championships) Limited (continued)**

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# **Independent auditor's report to the Members of The All England Lawn Tennis Club (Championships) Limited (continued)**

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## **Matters on which we are required to report by exception**

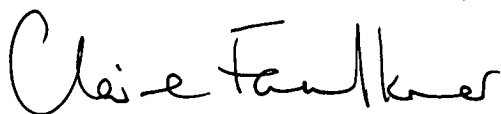
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

## **Use of our report**

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.



Claire Faulkner FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
17 October 2019

# The All England Lawn Tennis Club (Championships) Limited

## Profit and loss account Year ended 31 July 2019

	Notes	2019 £000	2018 £000
<b>Turnover</b>	1,3	292,071	254,873
Cost of sales		(162,257)	(142,351)
<b>Gross profit</b>		129,814	112,522
Administrative expenses		(79,680)	(70,285)
<b>Operating profit</b>		50,134	42,237
Net finance income	4	505	714
		50,639	42,951
<b>Division of Net Available Surplus arising from The Championships To LTA Operations Limited</b>		(44,876)	(37,785)
<b>Profit before taxation</b>	5	5,763	5,166
Taxation	6	(963)	(740)
<b>Profit after taxation</b>		4,800	4,426

All results derive from continuing operations in the United Kingdom.

# The All England Lawn Tennis Club (Championships) Limited

## Statement of comprehensive income Year ended 31 July 2019

	Notes	2019 £000	2018 £000
<b>Profit for the financial year</b>		4,800	4,426
Cash flow hedges (Losses)/ gains arising during the period		(1,294)	4,836
Actuarial (loss)/ gain on defined benefit pension scheme	19	(179)	376
Recognition of pension scheme asset	19	-	6,553
<b>Total comprehensive income</b>		<u>3,327</u>	<u>16,191</u>



# The All England Lawn Tennis Club (Championships) Limited

## Balance sheet As at 31 July 2019

	Notes	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	8	35,259	27,049
Intangible assets	9	614	346
Investments	10	9,721	9,076
Net pension asset	19	6,719	7,060
		<u>52,313</u>	<u>43,531</u>
<b>Current assets</b>			
Stock	11	1,401	1,101
Debtors - falling due within one year	12	17,146	21,525
Cash at bank and in hand		45,106	27,017
		<u>63,653</u>	<u>49,643</u>
<b>Creditors: amounts falling due within one year</b>	13	(98,934)	(76,578)
<b>Net current liabilities</b>		<u>(35,281)</u>	<u>(26,935)</u>
<b>Total assets less current liabilities</b>		17,032	16,596
Provision for liabilities and charges	16	(802)	(693)
<b>Net assets</b>		<u>16,230</u>	<u>15,903</u>
<b>Capital and reserves</b>			
Share capital	17	5,000	5,000
Profit and loss account		12,735	11,114
Hedging reserve		(1,505)	(211)
<b>Shareholders' funds</b>		<u>16,230</u>	<u>15,903</u>

These financial statements of The All England Lawn Tennis Club (Championships) Limited, company number 07546773, were approved by the board of directors on 17 October 2019 and signed on its behalf by:

  
P G H Brook  
Chairman

# The All England Lawn Tennis Club (Championships) Limited

## Statement of changes in equity As at 31 July 2019

	Share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
<b>At 1 August 2017</b>	<b>5,000</b>	<b>(5,047)</b>	<b>4,259</b>	<b>4,212</b>
Profit for the financial year	-	-	4,426	4,426
Change in fair value of forward contract valuation	-	4,836	-	4,836
Pension charge to comprehensive income	-	-	6,929	6,929
<b>Total comprehensive income</b>	<b>-</b>	<b>4,836</b>	<b>11,355</b>	<b>16,191</b>
Dividend	-	-	(4,500)	(4,500)
<b>At 31 July 2018</b>	<b>5,000</b>	<b>(211)</b>	<b>11,114</b>	<b>15,903</b>
Profit for the financial year	-	-	4,800	4,800
Change in fair value of forward contract valuation (see Note 15)	-	(1,294)	-	(1,294)
Pension credit to comprehensive income	-	-	(179)	(179)
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,294)</b>	<b>4,621</b>	<b>3,327</b>
Dividend	-	-	(3,000)	(3,000)
<b>At 31 July 2019</b>	<b>5,000</b>	<b>(1,505)</b>	<b>12,735</b>	<b>16,230</b>

# The All England Lawn Tennis Club (Championships) Limited

## Cash flow statement Year ended 31 July 2019

	Notes	2019 £000	2018 £000
<b>Net cash inflow from operating activities prior to division of surplus</b>	18	73,319	45,534
Division to LTA Operations Limited – prior year surplus		(37,785)	(30,637)
Division to The Tennis Foundation – prior year surplus		-	(3,000)
<b>Net cash inflow from operating activities after division of surplus</b>		35,534	11,897
<b>Cash flows from investing activities</b>			
Interest received		132	128
Interest paid and similar charges		(455)	(435)
Dividend paid		(3,000)	(4,500)
Purchase of fixed assets		(14,122)	(17,823)
<b>Net cash outflows from investing activities</b>		(17,445)	(22,630)
<b>Net increase/ (decrease) in cash</b>		18,089	(10,733)
<b>Cash at the beginning of the year</b>		27,017	37,750
<b>Cash at the end of the year</b>		45,106	27,017

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements** **Year ended 31 July 2019**

### **1. Accounting policies**

The company 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 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 All England Lawn Tennis & Croquet Club Limited, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc, the company and LTA Operations Limited.

These financial statements reflect the activities of the company, including the results of, and the division of the surplus arising from, The Championships. The company was incorporated in England and Wales, United Kingdom and is a private company limited by shares.

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

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land & buildings	2% - 20% per annum
Motor vehicles	25% per annum
Plant & machinery	10% - 20% per annum
Computer hardware & software	20% - 33% per annum

#### **Intangible assets**

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on the cost of each asset on a straight-line basis over its expected useful life, as follows:

Website architecture	20% per annum
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#### **Turnover**

Turnover represents amounts receivable for ticket, broadcast, marketing, retail, food and drink 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 these at an assumed rate based on receipts received by Ground Company.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements (continued)** **Year ended 31 July 2019**

### **1. Accounting policies (continued)**

#### **Pension costs**

The company operates 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 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.

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.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements (continued)** **Year ended 31 July 2019**

### **1. Accounting policies (continued)**

#### **Deferred taxation (continued)**

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.

#### **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 above).

#### **Facility fee**

A net facility fee is paid to The All England Lawn Tennis Ground plc for the use of the Wimbledon Grounds under the Championships Agreement.

#### **Investments**

Investments are stated at fair value.

#### **Stock**

Stock is stated at the lower of cost based on weighted average and net realisable value. A provision is made for obsolete, slow-moving or defective items where appropriate.

#### **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.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements (continued)** **Year ended 31 July 2019**

### **1. Accounting policies (continued)**

#### **Going concern**

The Net Available Surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2019 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2020 financial year. Cash receipts for the 2020 Championships will be received, often in instalments, during the 2020 calendar year. Cash outlays in respect of the 2020 Championships will be made throughout the 2020 calendar year but will start in late calendar year 2019. The 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 board is satisfied that on the basis of The Championships' cash flow projections 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.

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.

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements (continued)** **Year ended 31 July 2019**

### **1. Accounting policies (continued)**

#### **Financial instruments (continued)**

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.

#### **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.



# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company accounting policies, which are described in note 1, the Committee of Management 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.

No critical judgements or estimates have been identified.

### 3. Segmental reporting

	Turnover £000	Operating profit £000	Profit before tax £000	Net assets £000
<b>Year ended 31 July 2019</b>				
Activities in respect of The Championships	292,071	50,134	-	6,758
Other activities of the company	-	-	5,763	9,472
Total activities	<u>292,071</u>	<u>50,134</u>	<u>5,763</u>	<u>16,230</u>
<b>Year ended 31 July 2018</b>				
Activities in respect of The Championships	254,873	42,237	-	8,231
Other activities of the company	-	-	5,166	7,672
Total activities	<u>254,873</u>	<u>42,237</u>	<u>5,166</u>	<u>15,903</u>

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

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 4. Net finance income

	2019 £000	2018 £000
Income from investments	777	968
Other finance income (see note 19)	183	181
Total finance income	960	1,149
Interest payable and similar charges	(455)	(435)
Total finance cost	(455)	(435)
Net finance income	505	714

### 5. Profit on ordinary activities before taxation

	2019 £000	2018 £000
The profit on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation of tangible assets	6,722	7,068
Amortisation of intangible assets	154	-
Net facility fee payable to The All England Lawn Tennis Ground plc	20,083	17,685
Operating lease rentals	106	116
Foreign exchange loss	(535)	(522)
Fees payable to the company auditors for the audit of the company's financial statements	90	100
Total audit fees	90	100
Other services – tax compliance	29	47
Other services – pension	-	8
Total non-audit fees	29	55

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 6. Tax on profit on ordinary activities

	2019 £000	2018 £000
<b>Current tax</b>		
United Kingdom corporation tax at 19% (2018 – 19%)	854	598
Current year tax charge for the year	854	598
<b>Deferred Tax</b>		
Unrealised gains on investments	109	159
Impact of change in tax rate	-	(17)
Deferred tax charge	109	142
Total tax charge on profit on ordinary activities	963	740
<b>Reconciliation of total taxation charge</b>		
Profit on ordinary activities before taxation	5,763	5,166
Tax charge on profit on ordinary activities at 19% (2018 – 19%)	1,095	982
Factors affecting charge:		
Non-taxable income	(38)	(42)
Group relief claimed for nil consideration	(94)	(200)
Current taxation charge for the year	963	740

The main rate of UK corporation tax is 19%, effective from April 2017. The current tax charge therefore reflects a rate of 19%.

A further reduction in the rate of corporation tax to 17% from April 2020 had been substantively enacted at the balance sheet date.

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 7. Staff costs

The average monthly number of employees was:

	2019 No.	2018 No.
Year round staff	361	334

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	17,036	16,661
Social security costs	1,940	1,907
Other pension costs	1,177	1,098
	20,153	19,666

In addition, a further 768 staff were employed on short term contracts to support The Championships mainly during June and July 2019 (June and July 2018 - 734 staff).

### Directors' emoluments

The directors received no remuneration during the year (2018 - £nil).

### 8. Tangible assets

	Land & buildings £000	Computer equipment £000	Plant & machinery £000	Motor vehicles £000	Total £000
<b>Cost</b>					
At 1 August 2018	39,133	5,201	3,581	330	48,245
Additions	14,325	171	421	15	14,932
Disposals	(231)	-	-	-	(231)
At 31 July 2019	53,227	5,372	4,002	345	62,946
<b>Accumulated depreciation</b>					
At 1 August 2018	(13,983)	(4,250)	(2,647)	(316)	(21,196)
Disposals	231	-	-	-	231
Charge for the year	(5,856)	(616)	(240)	(10)	(6,722)
At 31 July 2019	(19,608)	(4,866)	(2,887)	(326)	(27,687)
<b>Net book value</b>					
At 31 July 2018	25,150	951	934	14	27,049
At 31 July 2019	33,619	506	1,115	19	35,259

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 9. Intangible Assets

	Website development £000	Total £000
<b>Cost</b>		
At 31 July 2018	346	346
Additions	422	422
At 31 July 2019	768	768
<b>Accumulated amortisation</b>		
At 31 July 2018	-	-
Charge for the year	154	154
At 31 July 2019	154	154
<b>Net book value</b>		
At 31 July 2018	346	346
At 31 July 2019	614	614

### 10. Investments

	2019		2018	
	Fair value £000	Cost £000	Fair value £000	Cost £000
Listed Investments:				
Unitised investment funds	9,721	5,000	9,076	5,000
	9,721	5,000	9,076	5,000

The fair value of listed investments was determined with reference to quoted market price at reporting date

### 11. Stock

Stock recognised in cost of sales during the year as an expense was £3,070,000 (2018 - £2,777,000).

An impairment loss of £66,000 (2018 - £107,000) was recognised in cost of sales against stock during the year due to shrinkage, slow-moving and obsolete stock.

### 12. Debtors: Amounts falling due within one year

	2019 £000	2018 £000
Trade debtors	6,967	10,754
Amount due from The All England Lawn Tennis & Croquet Club Limited	9	12
Amount due from The Wimbledon Foundation	3	23
Prepayments and accrued income	10,167	10,736
	17,146	21,525

Related party balances are repayable on demand, and do not incur interest

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 13. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	12,433	6,307
Amount due to The All England Lawn Tennis Ground plc	2,401	551
Amount due to The Wimbledon Park Golf Club	29	-
Amount payable to LTA Operations Limited	52,605	38,604
Corporation tax	519	262
Taxation and social security	1,597	1,522
Accruals	27,747	28,967
Deferred income	98	154
Derivative financial instruments (see note 15)	1,505	211
	<u>98,934</u>	<u>76,578</u>

Related party balances are repayable on demand, and do not incur interest

### 14. Financial instruments

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

	2019 £000	2018 £000
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 12)	6,967	10,754
Amounts due from related parties (see note 12)	12	35
Measured at amortised cost		
Cash at bank and in hand	45,106	27,017
	<u>52,085</u>	<u>37,806</u>
<b>Financial liabilities</b>		
Measured at fair value and designate in an effective hedging relationship		
Derivative financial liabilities – forward currency contracts (see note 15)	1,505	211
Measured at undiscounted amount payable		
Trade and other creditors (see note 13)	42,394	37,212
Amounts due to related parties (see note 13)	55,035	39,155
	<u>98,934</u>	<u>76,578</u>

### 15. Derivative financial instruments

	Due within one year		Due after one year	
	2019 £000	2018 £000	2019 £000	2018 £000
<b>Financial liabilities</b>				
Measured at fair value and designate in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	1,505	211	-	-
	<u>1,505</u>	<u>211</u>	<u>-</u>	<u>-</u>

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 15. Derivative financial instruments (continued)

#### Foreign currency contracts

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

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.

	Average contractual exchange rate		Notional value		Fair value	
	2019	2018	2019 £000	2018 £000	2019 £000	2018 £000
Sell Euros						
Less than one year	1.12	1.10	8,007	5,478	7,729	5,546
Sell Australian dollars						
Less than one year	1.86	1.79	1,395	1,342	1,331	1,341
Sell US dollars						
Less than one year	1.35	1.35	13,353	18,514	12,190	18,236
Total foreign currency contracts			<u>22,755</u>	<u>25,334</u>	<u>21,250</u>	<u>25,123</u>

### 16. Provisions for liabilities

	2019 £000	2018 £000
Deferred taxation movement in the year		
At 1 August	693	550
Deferred taxation charge/ (credit) to profit and loss account		
Current year	109	143
Due to rate change	-	-
	<u>802</u>	<u>693</u>
Analysis of deferred tax		
Unrealised gains on investments	802	693
Closing balance	<u>802</u>	<u>693</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 17% from 1 April 2020 was enacted by the balance sheet date, and therefore the deferred tax balances carried forward reflect these rates.

### 17. Called up share capital

	2019 £000	2018 £000
Authorised, called up, allotted and fully paid 5,000,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 18. Cash flow statement

Reconciliation of operating profit to operating cash flows

	2019 £000	2018 £000
<b>Operating profit</b>	50,134	42,237
Depreciation and other amounts written off tangible fixed assets	6,722	7,068
Amortisation and other amounts written off intangible fixed assets	154	-
Difference between pension charge and cash contributions	345	50
Increase/ (decrease) in amount owed by The All England Lawn Tennis & Croquet Club Limited	4	(2)
Increase/ (decrease) in amount owed to The All England Lawn Tennis Ground Plc	1,850	816
Increase/ (decrease) in amount owed by The Wimbledon Foundation	20	(23)
Increase in amount owed to LTA Operations Limited	6,910	2
Decrease/ (increase) in debtors	4,056	(11,342)
Increase in creditors	3,770	7,278
Corporation tax paid	(646)	(550)
<b>Net cash inflow from operating activities prior to division of surplus</b>	<b>73,319</b>	<b>45,534</b>

### 19. Pension schemes

#### Defined contribution schemes

A defined contribution scheme operates for all qualifying employees. The total expense charged to profit and loss in the period ended 31 July 2019 was £889,000 (2018 £688,000). The unpaid employer's contributions outstanding at year end were £89,000 (2018 - £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 Scheme's 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 Scheme's assets and the present value of the defined benefit obligation were carried out at 11 January 2019. The defined benefit scheme was closed to new entrants with effect from 2002.



# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 19. Pension schemes (continued)

The key assumptions used for the actuarial valuation were:

	<b>Valuation at 31 July:</b>	
	<b>2019</b>	<b>2018</b>
Discount rate	2.00%	2.60%
Rate of increase in salaries	4.05%	3.85%
Rate of increase in pensions in payment (5% cap)	3.20%	3.00%
Rate of increase in pensions in payment (3% cap)	2.50%	2.40%
Inflation assumption (increase in RPI)	3.30%	3.10%

#### Mortality assumptions

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

	<b>Valuation at:</b>	
	<b>2019 years</b>	<b>2018 years</b>
Retiring today		
Males	21.7	22.1
Females	23.5	24.0
Retiring in 20 years		
Males	23.0	23.5
Females	24.7	25.2

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
Current service cost	(764)	(458)
Net interest income	183	181
	<u>(581)</u>	<u>(277)</u>
Recognised in other comprehensive income	(179)	6,929
	<u>(760)</u>	<u>6,652</u>

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 19. Pension schemes (continued)

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Present value of defined benefit obligations	(37,488)	(34,072)
Fair value of scheme assets	44,207	41,132
	<u>6,719</u>	<u>7,060</u>
Surplus in the scheme		

The pension asset has been recognised in the current year as the board believes the asset is recoverable due to the fact that the trust deed and rules will permit repayment of the surplus to the principal employer in the future.

Movements in the present value of defined benefit obligations were as follows:	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
At 1 August	34,072	33,944
Current service cost	320	383
Past service cost	375	-
Net interest cost	879	908
Actuarial (gains) on experience	(488)	(198)
(Gain)/ loss on changes in assumptions	3,257	(336)
Benefits paid	(927)	(629)
	<u>37,488</u>	<u>34,072</u>
At 31 July		

Movements in the fair value of scheme assets were as follows:	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
At 1 August	41,132	40,497
Expected return on scheme assets	1,062	1,089
Gain on asset return	2,590	(158)
Contributions from principal employer	419	408
Death in service insurance premiums paid	(115)	(128)
Contributions from scheme members	46	53
Benefits paid	(927)	(629)
	<u>44,207</u>	<u>41,132</u>
At 31 July		

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued) Year ended 31 July 2019

### 19. Pension schemes (continued)

Analysis of scheme assets at the balance sheet date	2019 £000	2018 £000
Bonds	32,056	29,290
Equities	3,544	3,383
Net current assets	434	554
Secured pensions	8,173	7,905
Total fair value	<u>44,207</u>	<u>41,132</u>

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 2020 financial year is £265,000.

### 20. Financial commitments

	2019 £000	2018 £000
Total future payment under non-cancellable operating leases are as follows:		
Within one year	28	33
Between one and five years	51	-
After five years	-	-

### 21. Related parties

The company 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 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 All England Lawn Tennis & Croquet Club Limited, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc, the company and LTA Operations Limited.

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

	2019 £000	2018 £000
The All England Lawn Tennis Ground plc		
- Net facility fee	20,083	17,685
Wimbledon Park Golf Club		
- Licence fee	1,665	-
LTA Operations Limited		
- Subvention fees	5,000	1,000
- Officiating fees	1,373	1,346

In addition the face value of tickets for The Championships sold to LTA Operations Limited was £8,554,000 (2018 - £7,655,000).

# **The All England Lawn Tennis Club (Championships) Limited**

## **Notes to the financial statements (continued)** **Year ended 31 July 2019**

### **21. Related parties (continued)**

Balances owed at year end are shown within debtors and creditors above in notes 12 and 13 respectively.

The total remuneration for key management personnel for the period was £5,976,000 (2018 - £5,319,000).

### **22. Dividends**

A dividend of £3,000,000 (2018 - £4,500,000) has been fully paid during the year to The All England Lawn Tennis & Croquet Club Limited.

### **23. Ultimate controlling party**

The beneficial ownership and control of the company rests with The All England Lawn Tennis & Croquet Club Limited, a company incorporated in the United Kingdom. The All England Lawn Tennis & Croquet Club Limited is the smallest and largest group into which the results of the company are consolidated. The All England Lawn Tennis & Croquet Club Limited is registered at the same address as The All England Lawn Tennis Club (Championships) Limited as disclosed on page 1 within these financial statements.

### **24. Post balance sheet event**

On 18 September 2019 the company announced a series of strategic investments into grass court tournaments. Through a series of collaborations, the company becomes owner, rights or licence holder of four new or relocated tournaments, while continuing to work closely in support of the existing tournaments.