

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

**Annual Report and Financial Statements
Year Ended 31 July 2020**

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The All England Lawn Tennis Club (Championships) Limited

Annual report and financial statements 2020

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The All England Lawn Tennis Club (Championships) Limited

Annual report and financial statements 2020

Officers and professional advisers

Directors

I L Hewitt (appointed Chairman 3 December 2019)
Ms S J Ambrose
R A Baker (appointed 3 December 2019)
P G H Brook FIA CBE (resigned 3 December 2019)
R M Gradon (resigned 3 December 2019)
K J Havelock (appointed 3 December 2019)
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) (retired 31 July 2020)
R G Atkinson FCMA (Company Secretary and Financial Director)
Ms S L Bolton OBE (promoted from Strategic Planning & Operations Director to Chief Executive 1 August 2020)
R C G Deatker (Estate Director)
M J Desmond (Commercial Director)
Ms M J Dite (Operations Director) (appointed 5 May 2020)
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.

1. 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.

2. Business review

The 2020 Championships

As a result of the Coronavirus pandemic ("Covid-19") and following advice from the UK Government and public health authorities The Championships 2020 were cancelled, the first time since the end of World War II. This was announced on 1 April 2020. Insurance was in place providing insurance coverage in the event of a cancellation and the company has worked hard to liaise with ticket holders, partners and suppliers to manage relationships, arrange refunds, provide financial support to players, umpires and line judges and also to ensure that costs have been kept to appropriate levels. As sporting events have re-commenced The Championships 2021 is being planned for on the basis of a number of different scenarios.

During the scheduled Wimbledon fortnight, the BBC hosted a programme celebrating the best of Wimbledon to provide viewers with insight and this reached audiences of 7.8 million. This was during a time when the UK has been looking at the return of sporting events, and with the general public being able to play tennis, being one of the first sports permissible post the UK national enforced lockdown period.

Significant contracts

During the year ended 31 July 2020 the company agreed new Official Supplier agreements with existing partners Ralph Lauren, Jaguar and Lavazza. As with all other Official Supplier agreements these were refunded for The Championships 2020.

Championships expenditure

During the year, in addition to a number of smaller items of capital expenditure, The Terrace Restaurant was comprehensively refurbished, a multi-year project to replace key components of the Centre Court roof was started and upgrades were made to the Millennium Building Competitors Restaurant. As a result fixed asset additions during the year totalled £10,144,000 (2019 - £14,932,000).

The All England Lawn Tennis Club (Championships) Limited

Strategic report (continued)

2. Business review (continued)

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. All decisions with respect to the future activities, long term contracts and operational activities are reviewed and agreed by the relevant committees and presented to the board for approval. The company and its stakeholders are committed to upholding the integrity of tennis acting in the best interests of the sport and hosting the Championships.

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.

3. Company results

The company reported turnover of £3,810,000 (2019 - £292,071,000).

The company reported an operating profit of £40,452,000 (2019 - £50,134,000) which includes other operating income received from the insurance policy following cancellation of The Championships 2020 totalling £174,000,000, and a Net Available Surplus from The Championships available for division under the Championships Agreement of £35,892,000 (2019 - £44,876,000).

After the division of the surplus, the company reported profit before taxation of £5,403,000 (2019 - £5,763,000) and profit after taxation of £4,607,000 (2019 - £4,800,000). No dividend was declared or paid during the year (2019 - £3,000,000).

As at 31 July 2020, the company's cash balance stood at £48,884,000 (2019 - £45,106,000) and its net assets at £20,098,000 (2019 - £16,230,000).

4. Principal operational risks and uncertainties

The company has continued to evaluate its principal operational risks and uncertainties following Covid-19. The below remain significant for management and the directors to monitor and are being closely considered in preparation for The Championships 2021.

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.

The All England Lawn Tennis Club (Championships) Limited

Strategic report (continued)

4. Principal operational risks and uncertainties (continued)

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 the Official Hospitality partner, 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.

Following the Covid-19 pandemic, there is an additional risk in that cancellation insurance against Covid-19 will not be obtainable for the year to 31 July 2021.

5. Section 172 reporting

The directors have always taken decisions for the long term, and collectively and individually aim to always uphold the highest standards of conduct. The directors understand that the business can only grow and prosper over the long term by understanding and respecting the views and needs of our key stakeholders.

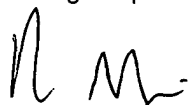
As the principal activity of the company is to undertake the day-to-day operations of The Championships, the board balances outcomes for our key stakeholders as set out in the Strategic Report and Directors' Report with respect to the interests of employees, suppliers, the community and the environment. As a wholly owned subsidiary of The All England Lawn Tennis & Croquet Club Limited, key stakeholders are aligned with our ultimate parent company. Reporting requirements in accordance with s172 have been included within the Strategic Report and relevant sections in the Directors' Report with respect to interest of employees, suppliers, the community and the environment.

6. 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. For 2020 the success has been considered in respect of engagement with ticketholders, partners and suppliers in dealing with the cancellation of the event.

The board assesses the key performance indicators each year. Following the cancellation of The 2020 Championships results have not been in line with expectations for 2020.

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



R G Atkinson
Company Secretary
15 October 2020
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 2020.

1. Company results

The company reported a profit before tax of £5,403,000 (2019 - £5,763,000). No dividend was declared or paid during the year (2019 - £3,000,000). No dividends have been proposed for after year end.

2. Directors

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

I L Hewitt (appointed Chairman 3 December 2019)
Ms S J Ambrose
R A Baker (appointed 3 December 2019)
P G H Brook FIA CBE (resigned 3 December 2019)
R M Gradon (resigned 3 December 2019)
K J Havelock (appointed 3 December 2019)
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 arising for The Championships 2020 will be paid in instalments as discussed with the LTA to ensure appropriate resources remain with The Championships for funding the 2021 Championships and paid to the LTA for its operations. 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.

Following the cancellation of the Championships 2020 the board has further focused on the available cashflows for the future operations of the company. Despite the cancellation of The Championships 2020 income was received as a result of the cancellation insurance policy. The board have assessed going concern considering a number of scenarios. The base case model is in line with planning for the Championships 2021 assuming a restricted capacity. The worst case model assumes that the Championships 2021 would be played behind closed doors. The board consider that cancellation of the Championships 2021 is a remote possibility considering other Grand Slams have taken place and various UK sporting events which are taking place. Under both the base case and worst case models there is sufficient funding available to continue operations, and should mitigating actions be required to manage cashflows The Championships has access to a banking facility of £20 million effective from 2 July 2020, to be repaid by 1 June 2021.

The board will continue to review cashflow projections as government guidance on hosting of future sporting events becomes available during the Covid-19 pandemic and will, when necessary, take mitigating actions with respect to managing cashflows and drawing down further funding. The board is satisfied that, on the basis of The Championships' 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 Club (Championships) Limited

Directors' report (continued)

4. Charitable contributions

During the year the company made charitable donations of £1,040,000 (2019 - £1,175,000). In previous years donations included funds collected through the resale of show court tickets and the sale of tickets to the No.1 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. In the current year there has been a strong focus on providing support to staff in light of the Covid-19 pandemic including staff surveys to understand the needs and demands of employees as well as wellbeing workshops. This is in addition to the regular one-to-one meetings held.

7. Supplier consultation

The company values its relationships with its suppliers, partners and all attendees at The Championships. It conducts a survey annually of its partners and actions are taken to ensure any issues are resolved to ensure the smooth delivery of future Championships. In addition, all ticket holders are invited to complete a feedback survey following attendance at The Championships and workshops are held to discuss and address feedback received.

8. Sustainability and the community

Streamlined Energy and Carbon Reporting (SECR) requirement was introduced in the year, this has been disclosed in the accounts of The All England Lawn Tennis & Croquet Club Limited consolidated financial statements. Details of our wider environment positive approach are outlined in more detail at www.wimbledon.com/sustainability

The company has a strong responsibility to the local community and is committed to fostering the best interests of tennis both nationally and internationally. Where possible the company will support local businesses and as part of the wider All England Lawn Tennis & Croquet Club Limited group has invested into local tennis facilities at its Sports Ground in Raynes Park which is available to the local community. As set out above the company makes donations to The Wimbledon Foundation annually which makes grants to charities locally, nationally and internationally.

The All England Lawn Tennis Club (Championships) Limited

Directors' report (continued)

9. 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 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 investments, cash and receivables. The investments consist of units in a balanced fund managed by Baillie Gifford & Co. The company 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 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.

Liquidity and cash flow risk

The Net Available Surplus for division from The Championships in 2020 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. Following cancellation of The Championships 2020 discussions have been held with the LTA to agree a payment schedule to ensure appropriate resources remain with the company for funding the 2021 Championships and paid to the LTA for its operations.

The All England Lawn Tennis Club (Championships) Limited

Directors' report (continued)

9. Financial risk management objectives and policies (continued)

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 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 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 16 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.

10. 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.

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.

The All England Lawn Tennis Club (Championships) Limited

Directors' report (continued)

11. Future developments and post balance sheet events

The future of hosting live sport events with attendance by the public is dependent on how Covid-19 is contained over the next 6 to 12 months. Live sport is starting to occur with reduced spectators and plans are being made to host The Championships 2021 based on a number of different scenarios. A reduced spectator audience will result in lower income levels and the company will focus on working with the broadcasters and Official Suppliers to ensure that The Championships is delivered but also the profitability of the company to ensure that the future of The Championships is secured for future years.

There were no post balance sheet events expected as at the date of this report.

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



R G Atkinson
Company Secretary
15 October 2020
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 2020 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 25.

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. 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

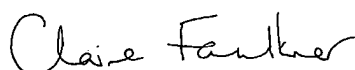
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
19 October 2020

The All England Lawn Tennis Club (Championships) Limited

Profit and loss account Year ended 31 July 2020

	Notes	2020 £000	2019 £000
Turnover	1,3	3,810	292,071
Cost of sales		(80,874)	(162,257)
Gross (loss)/profit		(77,064)	129,814
Other operating income	4	174,000	-
Administrative expenses		(56,484)	(79,680)
Operating profit		40,452	50,134
Net finance income	5	843	505
		41,295	50,639
Division of Net Available Surplus arising from The Championships			
To LTA Operations Limited		(35,892)	(44,876)
Profit before taxation	6	5,403	5,763
Taxation charge	7	(796)	(963)
Profit after taxation		4,607	4,800

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 2020

	Notes	2020 £000	2019 £000
Profit for the financial year		4,607	4,800
Cash flow hedges			
Gains/(losses) arising during the period		1,627	(1,294)
Actuarial (loss) on defined benefit pension scheme	20	(2,366)	(179)
Total comprehensive income		<u>3,868</u>	<u>3,327</u>

There is no tax effect of the above items.

The All England Lawn Tennis Club (Championships) Limited

Balance sheet As at 31 July 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	39,159	35,259
Intangible assets	10	3,718	614
Investments	11	11,011	9,721
Net pension asset	20	4,444	6,719
		<u>58,332</u>	<u>52,313</u>
Current assets			
Stock	12	2,884	1,401
Debtors	13	34,932	17,146
Cash at bank and in hand		48,884	45,106
		<u>86,700</u>	<u>63,653</u>
Creditors: amounts falling due within one year	14	(123,792)	(98,934)
Net current liabilities		<u>(37,092)</u>	<u>(35,281)</u>
Total assets less current liabilities		21,240	17,032
Provision for liabilities and charges	17	(1,142)	(802)
Net assets		<u>20,098</u>	<u>16,230</u>
Capital and reserves			
Share capital	18	5,000	5,000
Profit and loss account		14,976	12,735
Hedging reserve		122	(1,505)
Shareholders' funds		<u>20,098</u>	<u>16,230</u>

These financial statements of The All England Lawn Tennis Club (Championships) Limited, company number 07546773, were approved by the board of directors on 15 October 2020 and signed on its behalf by:



I L Hewitt
Chairman

The All England Lawn Tennis Club (Championships) Limited

Statement of changes in equity As at 31 July 2020

	Share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
At 1 August 2018	5,000	(211)	11,114	15,903
Profit for the financial year	-	-	4,800	4,800
Change in fair value of forward contract valuation (see note 16)	-	(1,294)	-	(1,294)
Pension charge to comprehensive income (see note 20)	-	-	(179)	(179)
Total comprehensive income	-	(1,294)	4,621	3,327
Dividend	-	-	(3,000)	(3,000)
At 31 July 2019	5,000	(1,505)	12,735	16,230
Profit for the financial year	-	-	4,607	4,607
Change in fair value of forward contract valuation (see note 16)	-	1,627	-	1,627
Pension credit to comprehensive income (see note 20)	-	-	(2,366)	(2,366)
Total comprehensive income	-	1,627	2,241	3,868
Dividend	-	-	-	-
At 31 July 2020	5,000	122	14,976	20,098

The All England Lawn Tennis Club (Championships) Limited

Cash flow statement Year ended 31 July 2020

	Notes	2020 £000	2019 £000
Net cash inflow from operating activities prior to division of surplus	19	50,826	73,319
Division to LTA Operations Limited – prior year surplus		(33,000)	(37,785)
Net cash inflow from operating activities after division of surplus		17,826	35,534
Cash flows from investing activities			
Interest received		127	132
Interest paid and similar charges		(711)	(455)
Dividend paid		-	(3,000)
Purchase of fixed assets		(13,464)	(14,122)
Net cash outflows from investing activities		(14,048)	(17,445)
Net increase in cash		3,778	18,089
Cash at the beginning of the year		45,106	27,017
Cash at the end of the year		48,884	45,106

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements

Year ended 31 July 2020

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 is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. Its registered address is Church Road, Wimbledon, London SW19 5AE.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The principal accounting policies are summarised below. All have been applied consistently throughout the year and preceding year for the company.

Accounting convention

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Financial Reporting Standard (FRS 102) issued by the Financial Reporting Council and comply with the Companies Act 2006.

Going concern

The Net Available Surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The Net Available Surplus arising for The Championships 2020 will be paid in instalments as discussed with the LTA to ensure appropriate resources remain with The Championships for funding the 2021 Championships and paid to the LTA for its operations. 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.

Following the cancellation of The Championships 2020 the board has further focused on the available cashflows for the future operations of the company. Despite the cancellation of The Championships 2020 income was received as a result of the cancellation insurance policy. The board have assessed going concern considering a number of scenarios. The base case model is in line with planning for The Championships 2021 assuming a restricted capacity. The worst case model assumes that The Championships 2021 would be played behind closed doors. The board consider that cancellation of The Championships 2021 is a remote possibility considering other Grand Slams have taken place and various UK sporting events which are taking place. Under both the base case and worst case models there is sufficient funding available to continue operations, and should mitigating actions be required to manage cashflows The Championships has access to a banking facility of £20 million effective from 2 July 2020, to be repaid by 1 June 2021.

The board will continue to review cashflow projections as government guidance on hosting of future sporting events becomes available during the Covid-19 pandemic and will, when necessary, take mitigating actions with respect to managing cashflows and drawing down further funding. The board is satisfied that, on the basis of The Championships' 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 Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

1. Accounting policies (continued)

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.

Income from insurance has been recognised in the year only at the point that it is virtually certain.

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

A full year of depreciation is recorded in the first year of use. A review of the expected useful life of assets was performed following cancellation of The Championships 2020.

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
Tournament sanctions	10% per annum

An assessment for impairment is conducted annually.

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.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

1. Accounting policies (continued)

Pension costs (continued)

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.

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.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

1. Accounting policies (continued)

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).

Facility fee

A net facility fee is paid to the Ground Company 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.

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 Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

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 Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

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 the 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 company 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.

The following is the key source of estimation uncertainty that the board have made in the process of agreeing the accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Depreciation

Determining the appropriate componentisation and useful economic 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.

No critical judgements have been identified.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

3. Segmental reporting

	Turnover £000	Operating profit £000	Profit before tax £000	Net assets £000
Year ended 31 July 2020				
Activities in respect of The Championships	3,810	40,452	-	6,020
Other activities of the company	-	-	5,403	14,078
Total activities	3,810	40,452	5,403	20,098
Year ended 31 July 2019				
Activities in respect of The Championships	292,071	50,134	-	6,758
Other activities of the company	-	-	5,763	9,472
Total activities	292,071	50,134	5,763	16,230

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

Other activities consist of investing activities in listed investments.

Operating profit includes other operating income, see note 4.

4. Other operating income

Other operating income received in the year reflects income from insurance receipts of £174,000,000 following cancellation of The Championships 2020. £157,000,000 was received during the year. An amount of £17,000,000 was agreed post year end and has been accrued. As at 15 October 2020 the final claim amount was still to be agreed with the insurers.

5. Net finance income

	2020 £000	2019 £000
Income from investments	1,418	777
Other finance income (see note 20)	136	183
Total finance income	1,554	960
Interest payable and similar charges	(711)	(455)
Total finance cost	(711)	(455)
Net finance income	843	505

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

6. Profit on ordinary activities before taxation

	2020 £000	2019 £000
The profit on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation of tangible assets	6,231	6,722
Amortisation of intangible assets	516	154
Net facility fee payable to The All England Lawn Tennis Ground plc	17,805	20,083
Operating lease rentals	69	106
Foreign exchange loss	(1,222)	(535)
	<u>86</u>	<u>90</u>
Fees payable to the company auditors for the audit of the company's financial statements	86	90
	<u>86</u>	<u>90</u>
Total audit fees	86	90
Other services – tax compliance	44	29
Other services – capital allowances	38	-
	<u>82</u>	<u>29</u>
Total non-audit fees	82	29

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

7. Tax on profit on ordinary activities

	2020 £000	2019 £000
Current tax		
United Kingdom corporation tax at 19% (2019 – 19%)	462	854
Adjustment in respect of prior years	(6)	-
Current year tax charge for the year	456	854
Deferred Tax		
Unrealised gains on investments	245	109
Impact of change in tax rate	95	-
Deferred tax charge	340	109
Total tax charge on profit on ordinary activities	796	963
Reconciliation of total taxation charge		
Profit on ordinary activities before taxation	5,403	5,763
Tax charge on profit on ordinary activities at 19% (2019 - 19%)	1,026	1,095
Factors affecting charge:		
Non-taxable income	(24)	(38)
Group relief claimed for nil consideration	(295)	(94)
Impact of change in tax rate	95	-
Adjustment in respect of prior years	(6)	-
Current taxation charge for the year	796	963

The standard rate of UK corporation tax applied throughout the year was 19%.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

8. Staff costs

The average monthly number of employees was:

	2020 No.	2019 No.
Year round staff	403	361

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	18,255	17,036
Social security costs	2,158	1,940
Other pension costs	1,438	1,177
	21,851	20,153

In the current year no further staff were employed on short term contracts to support The Championships during June and July (June and July 2019 - 768 staff).

Directors' emoluments

The directors received no remuneration during the year (2019 - £nil).

9. Tangible assets

	Land & buildings £000	Computer equipment £000	Plant & machinery £000	Motor vehicles £000	Total £000
Cost					
At 1 August 2019	53,227	5,372	4,002	345	62,946
Additions	9,893	140	32	79	10,144
Disposals	(13)	-	-	-	(13)
At 31 July 2020	63,107	5,512	4,034	424	73,077
Accumulated depreciation					
At 1 August 2019	(19,608)	(4,866)	(2,887)	(326)	(27,687)
Disposals	-	-	-	-	-
Charge for the year	(5,464)	(496)	(246)	(25)	(6,231)
At 31 July 2020	(25,072)	(5,362)	(3,133)	(351)	(33,918)
Net book value					
At 31 July 2019	33,619	506	1,115	19	35,259
At 31 July 2020	38,035	150	901	73	39,159

Depreciation was not charged on assets totalling £9,092,000 (2019: nil) which were completed by 31 July 2020 but did not become available for use prior to that date.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

10. Intangible Assets

	Website development £000	Tournament Sanctions £000	Total £000
Cost			
At 31 July 2019	768	-	768
Additions	-	3,620	3,620
At 31 July 2020	768	3,620	4,388
Accumulated amortisation			
At 31 July 2019	(154)	-	(154)
Charge for the year	(154)	(362)	(516)
At 31 July 2020	(308)	(362)	(670)
Net book value			
At 31 July 2019	614	-	614
At 31 July 2020	460	3,258	3,718

11. Investments

	2020		2019	
	Fair value £000	Cost £000	Fair value £000	Cost £000
Listed Investments:				
Unitised investment funds	11,011	5,000	9,721	5,000
	<u>11,011</u>	<u>5,000</u>	<u>9,721</u>	<u>5,000</u>

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

12. Stock

Stock of £2,884,000 (2019: £1,401,000) was held at the year end. Stock recognised in cost of sales during the year as an expense was £526,000 (2019 - £3,070,000).

An impairment loss of £1,143,000 (2019 - £66,000) was recognised in cost of sales against stock during the year due to shrinkage, slow-moving and obsolete stock.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

13. Debtors: Amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	1,136	6,967
Amount due from The All England Lawn Tennis & Croquet Club Limited	11	9
Amount due from The Wimbledon Foundation	5	3
Amount due from The Wimbledon Park Golf Club	92	-
VAT and other debtors	17,755	3,695
Prepayments and accrued income	15,535	6,472
Derivative financial instrument (see note 16)	398	-
	<u>34,932</u>	<u>17,146</u>

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

14. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	62,995	12,433
Amount due to The All England Lawn Tennis Ground plc	95	2,401
Amount due to The Wimbledon Park Golf Club	-	29
Amount payable to LTA Operations Limited	53,769	52,605
Corporation tax	122	519
Taxation and social security	626	1,597
Accruals, sundry creditors and deferred income	5,909	27,845
Derivative financial instruments (see note 16)	276	1,505
	<u>123,792</u>	<u>98,934</u>

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 2020

15. Financial instruments

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

	2020 £000	2019 £000
Financial assets		
Measured at fair value and designate in an effective hedging relationship		
Derivative financial assets – forward currency contracts (see note 16)	398	-
Measured at undiscounted amount receivable		
Trade and other debtors (see note 13)	1,136	6,967
Other debtors (see note 13)	17,755	3,695
Accrued income (see note 4)	12,000	-
Amounts due from related parties (see note 13)	108	12
Measured at amortised cost		
Cash at bank and in hand	48,884	45,106
	<u>80,281</u>	<u>55,780</u>
Financial liabilities		
Measured at fair value and designate in an effective hedging relationship		
Derivative financial liabilities – forward currency contracts (see note 16)	276	1,505
Measured at undiscounted amount payable		
Trade and other creditors (see note 14)	62,995	12,433
Accruals (see note 14)	5,930	27,747
Amounts due to related parties (see note 14)	53,864	55,035
	<u>123,065</u>	<u>96,720</u>

16. Derivative financial instruments

	Due within one year		Due after one year	
	2020 £000	2019 £000	2020 £000	2019 £000
Financial assets				
Measured at fair value and designate in an effective hedging relationship				
Derivative financial assets – forward currency contracts	398	-	-	-
	<u>398</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Measured at fair value and designate in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	276	1,505	-	-
	<u>276</u>	<u>1,505</u>	<u>-</u>	<u>-</u>
Net hedging reserve	<u>122</u>	<u>(1,505)</u>	<u>-</u>	<u>-</u>

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

16. 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 2020.

	Average contractual exchange rate		Notional value		Fair value	
	2020	2019	2020 £000	2019 £000	2020 £000	2019 £000
Sell Euros						
Less than one year	1.14	1.12	7,881	8,007	7,628	7,729
Sell Australian dollars						
Less than one year	-	1.86	-	1,395	-	1,331
Sell US dollars						
Less than one year	1.28	1.35	13,277	13,353	13,652	12,190
Total foreign currency contracts			<u>21,158</u>	<u>22,755</u>	<u>21,280</u>	<u>21,250</u>

17. Provisions for liabilities

	2020 £000	2019 £000
Deferred taxation movement in the year		
At 1 August	802	693
Deferred taxation charge to profit and loss account		
Current year	245	109
Due to rate change	95	-
	<u>1,142</u>	<u>802</u>
Analysis of deferred tax		
Unrealised gains on investments	1,142	802
Closing balance	<u>1,142</u>	<u>802</u>

Deferred taxation is provided for at rates expected to apply when the timing differences reverse, based on current tax rates and law. The deferred tax balances carried forward reflect UK corporation tax rate of 19%.

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued) Year ended 31 July 2020

18. Called up share capital

	2020 £000	2019 £000
Authorised, called up, allotted and fully paid 5,000,000 Ordinary shares of £1 each	5,000	5,000

19. Cash flow statement

Reconciliation of operating profit to operating cash flows:

	2020 £000	2019 £000
Operating profit	40,452	50,134
Depreciation and other amounts written off tangible fixed assets	6,231	6,722
Amortisation and other amounts written off intangible fixed assets	516	154
Difference between pension charge and cash contributions	46	345
Non-cash FX derivative movement	(1,294)	-
Increase/ (decrease) in amount owed by The All England Lawn Tennis & Croquet Club Limited	(2)	4
(Increase)/ decrease in amount owed by The Wimbledon Foundation	(2)	20
(Increase)/decrease in amount owed by Wimbledon Park Golf Club	(121)	-
(Decrease)/ increase in amount owed to The All England Lawn Tennis Ground Plc	(2,306)	1,850
(Decrease)/ increase in amount owed to LTA Operations Limited	(1,729)	6,910
(Increase) in stock	(1,483)	(300)
(Increase)/ decrease in debtors	(17,293)	4,356
Increase in creditors	28,667	3,770
Corporation tax paid	(856)	(646)
Net cash inflow from operating activities prior to division of surplus	50,826	73,319

20. 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 2020 was £1,122,000 (2019 - £889,000). The unpaid employer's contributions outstanding at year end were £114,000 (2019 - £89,000).

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 All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

20. Pension schemes (continued)

Defined benefit schemes (continued)

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 10 January 2020. The defined benefit scheme was closed to new entrants with effect from 2002.

The key assumptions used for the actuarial valuation were:

	Valuation at 31 July:	
	2020	2019
Discount rate	1.30%	2.00%
Rate of increase in salaries	3.65%	4.05%
Rate of increase in pensions in payment (5% cap)	2.90%	3.20%
Rate of increase in pensions in payment (3% cap)	2.40%	2.50%
Inflation assumption (increase in RPI)	2.90%	3.30%

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:

	Valuation at:	
	2020 years	2019 years
Retiring today		
Males	22.4	21.7
Females	23.7	23.5
Retiring in 20 years		
Males	24.6	23.0
Females	25.7	24.7

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

20. Pension schemes (continued)

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:	2020 £000	2019 £000
Current service cost	(294)	(764)
Net interest income	136	183
	(158)	(581)
Recognised in other comprehensive income	(2,366)	(179)
	(2,524)	(760)

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

	2020 £000	2019 £000
Present value of defined benefit obligations	(43,029)	(37,488)
Fair value of scheme assets	47,473	44,207
Surplus in the scheme	4,444	6,719

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:	2020 £000	2019 £000
At 1 August	37,488	34,072
Current service cost	328	320
Past service cost	-	375
Net interest cost	744	879
Actuarial (gains) on experience	(77)	(488)
Loss on changes in assumptions	5,180	3,257
Benefits paid	(634)	(927)
At 31 July	43,029	37,488

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

20. Pension schemes (continued)

Movements in the fair value of scheme assets were as follows:	2020 £000	2019 £000
At 1 August	44,207	41,132
Expected return on scheme assets	880	1,062
Gain on asset return	2,738	2,590
Contributions from principal employer	248	419
Death in service insurance premiums paid	(6)	(115)
Contributions from scheme members	40	46
Benefits paid	(634)	(927)
At 31 July	<u>47,473</u>	<u>44,207</u>

Analysis of scheme assets at the balance sheet date	2020 £000	2019 £000
Bonds	34,856	32,056
Equities	3,212	3,544
Net current assets	603	434
Secured pensions	8,802	8,173
Total fair value	<u>47,473</u>	<u>44,207</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 2021 financial year is £274,000.

21. Financial commitments

Capital commitments are as follows:	2020 £000	2019 £000
Contracted for but not provided for tangible fixed assets	<u>1,955</u>	<u>-</u>
Total future payment under non-cancellable operating leases are as follows:		
Within one year	37	28
Between one and five years	83	51
After five years	<u>-</u>	<u>-</u>

The All England Lawn Tennis Club (Championships) Limited

Notes to the financial statements (continued)

Year ended 31 July 2020

22. 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:

	2020 £000	2019 £000
The All England Lawn Tennis Ground plc		
- Net facility fee	17,805	20,083
Wimbledon Park Golf Club		
- Licence fee	1,705	1,665
LTA Operations Limited		
- Subvention fees	5,000	5,000
- Officiating fees	450	1,373

In addition the face value of tickets for The Championships sold to LTA Operations Limited was £nil (2019 - £8,554,000).

Balances owed at year end are shown within debtors and creditors above in notes 13 and 14 respectively.

The total remuneration for key management personnel for the period was £6,763,000 (2019 - £5,976,000).

23. Dividends

No dividend was paid or declared to The All England Lawn Tennis & Croquet Club Limited in the year (2019 - £3,000,000).

24. 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.

25. Post balance sheet event

There are no post balance sheet events to report.