

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

**Annual Report and Financial Statements  
Year Ended 31 July 2018**



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

## **Annual report and financial statements 2018**

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

## **Annual report and financial statements 2018**

### **Officers and professional advisers**

#### **Directors**

P G H Brook FIA (Chairman)  
Ms S J Ambrose  
R M Gradon  
T H Henman OBE  
I L Hewitt  
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 Clarke (Championships Director) resigned 31 January 2018  
Ms S L Bolton OBE (Strategic Planning & Operations Director) appointed 1 February 2018  
R C G Deatker (Estate Director)  
M J Desmond (Commercial Director)  
M W C Guntrip (Club Director)  
W R Jinks (Information Technology Director) appointed 16 April 2018  
T J Wilson (Information Technology Director) retired 31 July 2018

#### **Registered Office**

Church Road  
Wimbledon  
London  
SW19 5AE

#### **Bankers**

HSBC Bank plc  
Pall Mall  
London  
SW1Y 5EZ

#### **Solicitors**

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

#### **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
London  
EC4A 3BZ

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

## **Strategic report**

The All England Lawn Tennis Club (Championships) Limited is a company incorporated in England and Wales and 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 nominated by 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 2018 Championships*

The 132<sup>nd</sup> Championships were held from Monday 2 July to Sunday 15 July 2018 with players competing from 65 different countries across the various qualifying and main draw event. The weather was hot and sunny for the entire fortnight.

The Gentlemen's Singles was won by Novak Djokovic (SRB) who defeated Kevin Anderson (ZAF) 6-2, 6-2, 7-6(3). The Ladies' Singles was won by Angelique Kerber (GER) who defeated Serena Williams (USA) 6-3, 6-3. The Gentlemen's Doubles was won by Mike Bryan (USA) and Jack Sock (USA), the Ladies' Doubles was won by Barbora Krejciokova (CZE) and Katerina Siniakova (CZE) and the Mixed Doubles was won by Alexander Peya (AUT) and Nicole Melichar (USA).

Television audience figures were impacted by the World Cup to some extent. In the UK, the audience for the Gentlemen's Singles final peaked at 4.5 million, with both Gentlemen's Semi-Finals and the Ladies' Final peaking at over 4 million. Digital platforms including Wimbledon.com and mobile apps received 13.5 million unique users who made 49.5 million visits.

#### *Significant contracts*

During the year ended 31 July 2017 the company agreed an extension to the BBC contract giving the BBC broadcast rights up to 2024. As part of that agreement, from 2018 the company took on responsibility for the host broadcast coverage of The Championships. During the year the company signed contracts covering rights to broadcast The Championships in Spain.

New Official Supplier agreements were signed with HSBC returning as the official bank and Evian as the official water of The Championships.

During the year, in addition to a number of smaller items of capital expenditure, the Broadcast Centre, Courtside Restaurant and Championships dressing rooms were refurbished. As a result fixed asset additions during the year totalled £17,046,000 (2017 - £7,372,000).

#### *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)**

### **2. 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 continues 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 £254,873,000 (2017 - £216,145,000).

The company reported an operating profit of £42,237,000 (2017 - £37,294,000) and a surplus from The Championships available for division under the Championships Agreement of £37,785,000 (2017 - £33,637,000).

After the division of the surplus, the company reported profit before taxation of £5,166,000 (2017 - £4,932,000) and profit after taxation of £4,426,000 (2017 - £4,214,000). The directors paid a dividend of £4,500,000 (2017 - £5,000,000).

As at 31 July 2018, the company's cash balance stood at £27,017,000 (2017 - £37,750,000) and its net assets at £15,951,000 (2017 - net assets £4,212,000).

#### **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, with ESPN in the USA running up to and including the 2023 Championships and with NHK in Japan running up to and including the 2019 Championships.

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

Income from companies who are Official Suppliers of services to The Championships or corporate hospitality customers is another significant source of turnover. The company agrees long term contracts wherever possible with these corporate customers.

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



R G Atkinson  
Company Secretary and Financial Director  
18 October 2018  
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 2018.

### **1. Company results**

The company reported a profit before tax of £5,166,000 (2017 - £4,932,000). During the year the directors declared and paid a dividend of £4,500,000 (2017 - £5,000,000). No dividends have been proposed for after year end.

### **2. Directors**

The directors who served throughout the year, except where noted, were as follows:

P G H Brook FIA (Chairman)  
Ms S J Ambrose  
R M Gradon  
T H Henman OBE  
I L Hewitt  
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 surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2018 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2019 financial year. Cash receipts for the 2019 Championships will be received, often in instalments, during the 2019 calendar year. Cash outlays in respect of the 2019 Championships will be made throughout the 2019 calendar year but will start in late calendar year 2018. 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 £589,000 (2017 - £505,000). Donations included funds collected through the resale of show court tickets, which were donated to the Wimbledon Foundation. In addition the Tennis Foundation received £nil (2017 - £3,000,000) as part of the division of the surplus under the terms of the Championships Agreement.

### **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 has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between management and employees to allow a free flow of information and ideas.

### **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 and exchange rate 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, short-term deposits 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 surplus available for division from The Championships in 2018 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**

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.

In addition, the company will need to make arrangements to deal with the work being undertaken on No.1 Court over the next few years and the impact on The Championships in 2019.

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



R G Atkinson  
Company Secretary and Financial Director  
18 October 2018  
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 2018 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;
- the statement of accounting policies; and
- the related notes 1 to 23.

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**

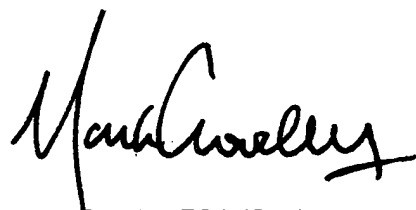
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Mark Goodey FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

18 October 2018

# The All England Lawn Tennis Club (Championships) Limited

## Profit and loss account Year ended 31 July

	Notes	2018 £000	2017 £000
<b>Turnover</b>	1,3	254,873	216,145
Cost of sales		(142,351)	(124,895)
<b>Gross profit</b>		112,522	91,250
Administrative expenses		(70,285)	(53,956)
<b>Operating profit</b>		42,237	37,294
Net finance income	4	714	1,275
		42,951	38,569
<b>Division of net available surplus arising from The Championships</b>			
To The Tennis Foundation		-	(3,000)
To LTA Operations Limited		(37,785)	(30,637)
<b>Profit before taxation</b>	5	5,166	4,932
Taxation	6	(740)	(718)
<b>Profit after taxation</b>		4,426	4,214

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

	Note	2018 £000	2017 £000
<b>Profit for the financial year</b>		4,426	4,214
Cash flow hedges			
Gains arising during the period		4,836	5,659
Actuarial gain/ (loss) on defined benefit pension scheme	19	376	(119)
Recognition of pension scheme asset	19	6,553	15
<b>Total comprehensive income</b>		<u>16,191</u>	<u>9,769</u>



# The All England Lawn Tennis Club (Championships) Limited

## Balance sheet As at 31 July

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible assets	8	27,049	17,071
Intangible assets	9	346	-
Investments	10	9,076	8,237
Net pension asset	19	7,060	-
		<u>43,531</u>	<u>25,308</u>
<b>Current assets</b>			
Stock		1,101	837
Debtors - falling due within one year	12	21,525	10,687
Cash at bank and in hand		<u>27,017</u>	<u>37,750</u>
		49,643	49,274
<b>Creditors: amounts falling due within one year</b>	13	<u>(76,578)</u>	<u>(69,684)</u>
<b>Net current liabilities</b>		<u>(26,935)</u>	<u>(20,410)</u>
<b>Total assets less current liabilities</b>		16,596	4,898
Creditors: amounts falling due after more than one year		-	(136)
Provision for liabilities and charges	16	<u>(693)</u>	<u>(550)</u>
<b>Net assets</b>		<u>15,903</u>	<u>4,212</u>
<b>Capital and reserves</b>			
Share capital	17	5,000	5,000
Profit and loss account		11,114	4,259
Hedging reserve		<u>(211)</u>	<u>(5,047)</u>
<b>Shareholders' funds</b>		<u>15,903</u>	<u>4,212</u>

These financial statements of The All England Lawn Tennis Club (Championships) Limited, company number 07546773, were approved by the board of directors on 18 October 2018 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

	Share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
<b>At 1 August 2016</b>	<b>5,000</b>	<b>(10,706)</b>	<b>5,149</b>	<b>(557)</b>
Profit for the financial year	-	-	4,214	4,214
Change in fair value of forward contract valuation	-	5,659	-	5,659
Pension charge to comprehensive income	-	-	(104)	(104)
<b>Total comprehensive income</b>	<b>-</b>	<b>5,659</b>	<b>4,110</b>	<b>9,769</b>
Dividend	-	-	(5,000)	(5,000)
<b>At 31 July 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 (see Note 15)	-	4,836	-	4,836
Pension credit 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>

# The All England Lawn Tennis Club (Championships) Limited

## Cash flow statement Year ended 31 July

	Notes	2018 £000	2017 £000
<b>Net cash inflow from operating activities prior to division of surplus</b>	18	45,534	49,067
Division to LTA Operations Limited – prior year surplus		(30,637)	(31,388)
Division to The Tennis Foundation – prior year surplus		(3,000)	(3,000)
<b>Net cash inflow from operating activities after division of surplus</b>		11,897	14,679
<b>Cash flows from investing activities</b>			
Interest received		128	107
Interest paid and similar charges		(435)	(95)
Dividend paid		(4,500)	(5,000)
Purchase of tangible fixed assets		(17,823)	(6,941)
<b>Net cash flows outflows from investing activities</b>		(22,630)	(11,929)
<b>Net (decrease)/ increase in cash</b>		(10,733)	2,750
<b>Cash at the beginning of the year</b>		37,750	35,000
<b>Cash at the end of the year</b>		27,017	37,750

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

## **Notes to the financial statements**

**Year ended 31 July**

### **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

#### **Turnover**

Turnover represents amounts receivable for ticket, broadcast, marketing, food and beverage 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**

### **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**

#### **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**

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

##### **Going concern**

The surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2018 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2019 financial year. Cash receipts for the 2019 Championships will be received, often in instalments, during the 2019 calendar year. Cash outlays in respect of the 2019 Championships will be made throughout the 2019 calendar year but will start in late calendar year 2018. 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**

#### **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 measure 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

### 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.

#### Critical judgement in applying accounting policies

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

#### Depreciation

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

### 3. Segmental reporting

	Turnover £000	Operating profit £000	Profit before tax £000	Net assets £000
<b>Year ending 31 July 2018</b>				
Activities in respect of The Championships	254,873	42,237	-	8,231
Other activities of the company	-	-	5,166	7,720
Total activities	<u>254,873</u>	<u>42,237</u>	<u>5,166</u>	<u>15,951</u>
<b>Year ending 31 July 2017</b>				
Activities in respect of The Championships	216,145	37,294	-	(3,534)
Other activities of the company	-	-	4,932	7,746
Total activities	<u>216,145</u>	<u>37,294</u>	<u>4,932</u>	<u>4,212</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**

**4. Net finance (cost)/income**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Income from investments	968	1,196
Other finance income (see note 19)	181	174
Total finance income	1,149	1,370
Interest payable and similar charges	(435)	(95)
Total finance cost	(435)	(95)
Net finance income	714	1,275

**5. Profit on ordinary activities before taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
The profit on ordinary activities before taxation is stated after charging/ (crediting):		
Depreciation of tangible fixed assets	7,068	4,952
Net facility fee payable to The All England Lawn Tennis Ground plc	17,685	16,692
Operating lease rentals	116	93
Foreign exchange gain	(522)	(567)
Fees payable to the company auditors for the audit of the company's financial statements	100	127
Total audit fees	100	127
Other services – tax compliance	47	44
Other services – pension	8	12
Total non-audit fees	55	56

**The All England Lawn Tennis Club (Championships) Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 July**

**6. Tax on profit on ordinary activities**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
United Kingdom corporation tax at 19 % (2017 – 19.67%)	598	555
	<u>598</u>	<u>555</u>
Current year tax charge for the year	598	555
<b>Deferred Tax</b>		
Unrealised gains on investments	142	196
Impact of change in tax rate	-	(33)
	<u>142</u>	<u>163</u>
Deferred tax charge	142	163
	<u>740</u>	<u>718</u>
<b>Total tax charge on profit on ordinary activities</b>	<u>740</u>	<u>718</u>
<b>Reconciliation of total taxation charge</b>		
Profit on ordinary activities before taxation	5,166	4,932
	<u>982</u>	<u>970</u>
Tax charge on profit on ordinary activities at 19 % (2017 – 19.67%)	982	970
Factors affecting charge:		
Non-taxable income	(42)	(76)
Group relief claimed for nil consideration	(200)	(176)
	<u>740</u>	<u>718</u>
Current taxation charge for the year	<u>740</u>	<u>718</u>

At the Summer Budget 2015, the government announced legislation which provided for a reduction in the main rate of UK corporation tax from 20% to 19%, effective from April 2017. The current tax charge therefore reflects the fall in rate to 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**

**7. Staff costs**

The average monthly number of employees was:

	<b>2018 No.</b>	<b>2017 No.</b>
Year round staff	<u>334</u>	<u>286</u>

Their aggregate remuneration comprised:

	<b>2018 £000</b>	<b>2017 £000</b>
Wages and salaries	16,661	14,170
Social security costs	1,907	1,629
Other pension costs	1,098	984
	<u>19,666</u>	<u>16,783</u>

In addition, a further 734 staff were employed on short term contracts to support The Championships mainly during June and July 2018 (June and July 2017 - 690 staff).

**Directors' emoluments**

The directors received no remuneration during the year (2017 - £nil).

**8. Tangible assets**

	<b>Land &amp; buildings £000</b>	<b>Computer equipment £000</b>	<b>Plant &amp; machinery £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 August 2017	23,455	4,025	3,389	330	31,199
Additions	<u>15,678</u>	<u>1,176</u>	<u>192</u>	<u>-</u>	<u>17,046</u>
At 31 July 2018	<u>39,133</u>	<u>5,201</u>	<u>3,581</u>	<u>330</u>	<u>48,245</u>
<b>Accumulated depreciation</b>					
At 1 August 2017	(8,097)	(3,270)	(2,456)	(305)	(14,128)
Charge for the year	<u>(5,886)</u>	<u>(980)</u>	<u>(191)</u>	<u>(11)</u>	<u>(7,068)</u>
At 31 July 2018	<u>(13,983)</u>	<u>(4,250)</u>	<u>(2,647)</u>	<u>(316)</u>	<u>(21,196)</u>
<b>Net book value</b>					
At 31 July 2017	<u>15,358</u>	<u>755</u>	<u>933</u>	<u>25</u>	<u>17,071</u>
At 31 July 2018	<u>25,150</u>	<u>951</u>	<u>934</u>	<u>14</u>	<u>27,049</u>

**The All England Lawn Tennis Club (Championships) Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 July**

**9. Intangible Assets**

	Website development £000	Total £000
<b>Cost</b>		
At 31 July 2017	-	-
Additions	346	346
At 31 July 2018	346	346
<b>Accumulated depreciation</b>		
At 31 July 2017	-	-
Charge for the year	-	-
At 31 July 2018	-	-
<b>Net book value</b>		
At 31 July 2017	-	-
At 31 July 2018	346	346

**10. Investments**

	2018		2017	
	Fair value £000	Cost £000	Fair value £000	Cost £000
Listed Investments:				
Unitised investment funds	9,076	5,000	8,237	5,000
	9,076	5,000	8,237	5,000

**11. Stock**

Stock recognised in cost of sales during the year as an expense was £2,777,000 (2017 - £2,780,000).

An impairment loss of £107,000 (2017 - £155,000) was recognised in cost of sales against stock during the year due to shrinkage, slow-moving and obsolete stock.

**12. Debtors: Amount falling due within one year**

	2018 £000	2017 £000
Trade debtors	10,754	4,023
Amount due from The All England Lawn Tennis & Croquet Club Limited	12	11
Amount due from The All England Lawn Tennis Ground plc	-	265
Amount due from The Wimbledon Foundation	23	-
Prepayments and accrued income	10,736	6,388
	21,525	10,687

**The All England Lawn Tennis Club (Championships) Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 July**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	6,307	6,171
Amount due to The All England Lawn Tennis Ground plc	551	-
Amount due to The Wimbledon Foundation	-	5
Amount payable to LTA Operations Limited	38,604	34,454
Corporation tax	262	262
Taxation and social security	1,522	1,474
Accruals	28,967	22,302
Deferred income	154	105
Derivative financial instruments (see note 15)	211	4,911
	<u>76,578</u>	<u>69,684</u>

**14. Financial instruments**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 12)	10,754	4,023
Amounts due from related parties (see note 12)	35	276
Measured at fair value through profit and loss		
Cash at bank and in hand	27,017	37,750
	<u>37,806</u>	<u>42,049</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)	211	5,047
Measured at undiscounted amount payable		
Trade and other creditors (see note 13)	37,164	30,314
Amounts due to related parties (see note 13)	39,155	34,459
	<u>76,530</u>	<u>69,820</u>

**15. Derivative financial instruments**

	<b>Due within one year</b>		<b>Due after one year</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Financial liabilities</b>				
Measured at fair value and designate in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	211	4,911	-	136
	<u>211</u>	<u>4,911</u>	<u>-</u>	<u>136</u>

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

**The All England Lawn Tennis Club (Championships) Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 July**

**15. Derivative financial instruments (continued)**

Foreign currency contracts

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

	Average contractual exchange rate		Notional value		Fair value	
	2018	2017	2018 £000	2017 £000	2018 £000	2017 £000
Sell Euros						
Less than one year	1.10	1.16	5,478	8,646	5,546	8,281
Sell Australian dollars						
Less than one year	1.79	1.66	1,342	1,447	1,341	1,457
Sell US dollars						
Less than one year	1.35	1.49	18,514	36,195	18,236	31,639
Greater than one year	-	1.35	-	18,515	-	18,379
Total foreign currency contract			<u>25,334</u>	<u>64,803</u>	<u>25,123</u>	<u>59,756</u>

**16. Provisions for liabilities**

	2018 £000	2017 £000
Deferred taxation movement in the year		
At 1 August	550	387
Deferred taxation charge/ (credit) to profit and loss account		
Current year	143	197
Due to rate change	-	(34)
	<u>693</u>	<u>550</u>
Analysis of deferred tax		
Unrealised gains on investments	<u>693</u>	<u>550</u>
Closing balance	<u>693</u>	<u>550</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**

	2018 £000	2017 £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

#### 18. Cash flow statement

Reconciliation of operating profit to operating cash flows

	2018 £000	2017 £000
<b>Operating profit</b>	42,237	37,294
Depreciation and other amounts written off tangible fixed assets	7,068	4,952
Difference between pension charge and cash contributions	50	70
(Decrease) in amount owed by The All England Lawn Tennis & Croquet Club Limited	(2)	(11)
Increase/ (decrease) in amount owed to The All England Lawn Tennis Ground Plc	816	(1,124)
(Decrease) in amount owed by The Wimbledon Foundation	(23)	-
Increase in amount owed to LTA Operations Limited	2	2,922
(Increase)/ decrease in debtors	(11,342)	6,436
Increase/ (decrease) in creditors	7,278	(754)
Corporation tax paid	(550)	(718)
<b>Net cash inflow from operating activities prior to division of surplus</b>	<u>45,534</u>	<u>49,067</u>

#### 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 2018 was £688,000 (2017 £513,000). The unpaid employer's contributions outstanding at year end were £nil (2017 - £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 2017. The defined benefit scheme was closed to new entrants with effect from 2002.



# All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued)

### Year ended 31 July

#### 19. Pension schemes (continued)

The key assumptions used for the actuarial valuation were:

	<b>Valuation at 31 July:</b>	
	<b>2018</b>	<b>2017</b>
Discount rate	2.60%	2.70%
Rate of increase in salaries	3.85%	4.00%
Rate of increase in pensions in payment	2.60%	2.70%
Inflation assumption (increase in RPI)	3.10%	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:

	<b>Valuation at:</b>	
	<b>2018 years</b>	<b>2017 years</b>
Retiring today		
Males	22.1	22.4
Females	24.0	24.1
Retiring in 20 years		
Males	23.5	23.5
Females	25.2	25.0

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

	<b>2018 £000</b>	<b>2017 £000</b>
Current service cost	(458)	(502)
Net interest income	181	174
	<b>(277)</b>	<b>(328)</b>
Recognised in other comprehensive income	6,929	(104)
	<b>6,652</b>	<b>(432)</b>

# The All England Lawn Tennis Club (Championships) Limited

## Notes to the financial statements (continued)

### Year ended 31 July

#### 19. Pension schemes (continued)

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

	2018 £000	2017 £000
Present value of defined benefit obligations	(34,072)	(33,944)
Fair value of scheme assets	41,132	40,497
Restriction of pension scheme asset	-	(6,553)
Surplus in the scheme	7,060	-

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:	2018 £000	2017 £000
At 1 August 2017 and 2016	33,944	33,029
Current service cost	383	376
Net interest cost	908	885
Actuarial (gains) on experience	(198)	(490)
(Gain)/ loss on changes in assumptions	(336)	828
Benefits paid	(629)	(684)
At 31 July	34,072	33,944

Movements in the fair value of scheme assets were as follows:	2018 £000	2017 £000
At 1 August 2017 and 2016	40,497	39,597
Expected return on scheme assets	1,089	1,059
Gain on asset return	(158)	560
Contributions from principal employer	408	432
Death in service insurance premiums paid	(128)	(184)
Contributions from scheme members	53	58
Change in secured pensioners value due to scheme experience	-	(341)
Benefits paid	(629)	(684)
At 31 July	41,132	40,497

**The All England Lawn Tennis Club (Championships) Limited**  
**Notes to the financial statements (continued)**  
**Year ended 31 July**

**19. Pension schemes (continued)**

Analysis of scheme assets at the balance sheet date	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Bonds	29,290	26,379
Equities	3,383	5,582
Net current assets	554	302
Secured pensions	7,905	8,234
Total fair value	<u>41,132</u>	<u>40,497</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 2018 financial year is £253,000.

**20. Financial commitments**

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Non-cancellable operating leases expiry date between one and five years	<u>33</u>	<u>33</u>

**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:

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
The All England Lawn Tennis Ground plc		
- Net facility fee	17,685	16,692
LTA Operations Limited		
- Subvention fees	1,000	1,000
- Officiating fees	<u>1,346</u>	<u>1,225</u>

In addition the face value of tickets for The Championships sold to LTA Operations Limited was £7,655,000 (2017 - £7,235,000).

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 £5,319,000 (2017 - £4,952,000).

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

## **Notes to the financial statements (continued)**

### **Year ended 31 July**

#### **22. Dividends**

A dividend of £4,500,000 (2017 - £5,000,000) has been fully paid during the year to the All England Lawn Tennis & Croquet Club Limited.

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

The company's parent company and ultimate controlling party is The All England Lawn Tennis & Croquet Club Limited. The company's results are included in the consolidated financial statements of that company, copies of which are available from its registered office at Church Road, Wimbledon, SW19 5AE.