LTA FINANCE & GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2017

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OUR MISSION

Get more people playing tennis, more often

OUR VALUES

Teamwork, Integrity, Passion, Excellence

INTRODUCTION

In 2017 much progress was made towards our goal to get more people playing tennis more often. We saw a 14% year on year increase in players participating in programmes in our focus parks, a 5% increase in club membership, record attendances at all of our major events, a 7% year on year rise in participation during the summer months, over 22,500 kids taking part in our Tennis for Kids programme, almost 20,000 new British Tennis Members and, in October, a high of +15.8% growth amongst female participation (against a declining trend).

This progress would not have been possible without the passion and dedication of those in the British Tennis family. We would like to thank colleagues, partners, sponsors, volunteers, officials, Councillors and coaches for their tireless commitment to bringing the sport that we love to so many. We were proud to reach our ninth and final year with Lead Partner Aegon, and we'd like to take this opportunity to thank them for all their support in making the Partnership such a success. We would also like to thank HRH The Duchess of Cambridge, who became Patron of the Lawn Tennis Association at the start of 2017 and who visited the National Tennis Centre in October, for raising awareness of the sport to millions across the globe.

By the end of 2017 ('this year') there was a slight (0.3%) dip in monthly participation against a very strong year in 2016, reminding us there is still a great deal of work to do to ensure a full recovery and stable growth for the sport across the country. However, over a two year period we believe that we have now stabilised the severe participation decline seen over the last decade and put our sport in a strong position to grow. Over the next few pages we set out how our achievements against our 2017 business objectives contributed to that stabilisation.

Growing our sport in the right way is of paramount importance to us and this year several high profile safeguarding cases in the world of sport, including tennis, provided a stark reminder that above all else, safeguarding must always remain our very highest priority. We are committed to having the best safeguarding procedures possible at every level of the game which is why we commissioned an independent inquiry to look at the lessons that tennis can learn from a particular case at Wrexham Tennis Centre. We also appointed a new Head of Safeguarding, and continued to provide support and guidance to those involved in tennis in Britain to ensure that together we set and uphold the highest possible safeguarding standards.

Over the year our relentless drive to keep our Values alive was recognised in several award ceremonies. We were proud to see Vicky Williams, our People Director, win HR Director of the Year in the Personnel Today Awards, at the EE 2017 UK & Europe Employee Engagement Awards the LTA was named Employee Engagement Small/ Medium Business Company of the Year and we were shortlisted for four 2017 HR Excellence Awards (Outstanding Employee Engagement Strategy, Best HR team, Leading Transformation and HR Director of the Year). We were also delighted to be shortlisted for National Governing Body of the Year at the BT Sports Industry Awards.

We are committed to ensuring everyone working at the LTA has the opportunity to reach their full potential. This year we finalised our Gender Pay Gap report (published in January 2018) which showed the LTA has a mean (average) gender pay gap of 31% and a median (middle) gender pay gap of 18%. This is in line with the current national median average of 18.1%. However we are not satisfied with this and we are aware we have work to do in closing this gap. The report showed that women and men in like-for-like roles are remunerated equally however we offer a greater percentage of part-time roles than ever before and these roles attract a higher proportion of women which is one of the reasons for this gap. We are committed to using this opportunity to look at how we can most effectively tackle the gap which exists, which is why, at the end of 2017, we put new processes in place to: ensure inclusion and diversity is at the heart of everything we do; attract and develop the best female talent; develop our people; and provide mentoring programmes to support Colleagues, particularly those in under-represented groups and at key career milestones. These will continue to be key priorities for us in 2018 and beyond.

In 2017 we said farewell to Michael Downey, who was Chief Executive Officer of the LTA until his departure in June. On behalf of everyone who worked with Michael we would like to express our gratitude to him. The organisation during his tenure has rallied behind our mission, made great inroads towards achieving it and embedded an award-winning Values-driven culture across the organisation. As we look to the future, we warmly welcome our new Chief Executive Officer Scott Lloyd who has the passion for tennis, experience and business acumen to continue to build the strength and profile of tennis in Britain.

I have been privileged to have been Chairman of the LTA for over five years. Earlier in 2018, I confirmed my intention to step down when my second three year term is completed at the end of 2018. During my time as Chairman, we have taken huge strides to make tennis more accessible and to encourage many more people into the sport at a grassroots level. However, there's still much to do and I look forward to playing my own part in this very important journey over the remainder of 2018, working with everyone involved in British Tennis to get more people playing tennis, more often.

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David Gregson
Chairman
26 April 2018

This report can be read in conjunction with the LTA Annual Review 2017 which can be viewed online at www.lta.org.uk.

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SECTION ONE

BUSINESS OBJECTIVES REVIEW

BUSINESS OBJECTIVES REVIEW

Each year we set ourselves business objectives, each of which plays a critical role in achieving our mission to get more people playing tennis more often. Below is a review of our achievements against each of these objectives.

MONTHLY PARTICIPATION

By the end of 2017 there was a slight (0.3%) dip in monthly participation (vs a target of +1%) against a very strong year in 2016, reminding us there is still a great deal of work to do to ensure a full recovery and stable growth for the sport across the country.

Encouragingly in 2017 the critical summer months performed well with an average year on year growth of 7.3% seen between May and September. In October we saw strong growth in female participation, with a high of 15.8%. We were also proud to work with Judy Murray to grow She Rallies, a programme to attract and retain more women and girls in tennis. In less than a year, 52 female coaches have been trained by Judy, who have in turn trained 600 female Activators to deliver fun courses to females in their local area.

However, participation in the over 30s Male segment has performed less well than in previous years, potentially through moving back to winter sports earlier this year driven by poorer comparative weather patterns.

Viewing these results in the round, over a two year period we believe that we have now stabilised the severe participation decline we have seen over the last decade and put our sport in a strong position to grow.

COMMUNITY DEVELOPMENT

A strong infrastructure with inspiring, accessible places to play are critical components of achieving future growth which is why this year we launched the largest ever capital investment programme the sport has ever seen. The intended £250m Transforming British Tennis Together fund (£125m LTA funding and £125m match-funding) will transform facilities, community by community, working with more than two local partners on each project over the next decade. Our ambition is that through these projects, we will double the number of children playing tennis and those adults that play infrequently will play twice as often.

We remain as focused as ever on finding ways to open up park tennis courts to anyone who wants to play. Over the year, through our partnerships with local authorities and park court operators, we exceeded our target to increase the number of court bookings at the 256 'focus parks' that we support; 631,000 bookings were made vs a target of 558,000. This support has led to a 14% year on year growth in players participating in programmes in focus parks and 30% growth in court hours booked in parks.

We also reached our target to install 100 gate access systems in parks, allowing players to get on court easily using keypad technology. This system has now supported over 21,000 unique players (vs a target of 9,600) with over £125,000 in pay and play revenues generated.

We made good progress in ensuring recreational tennis remains affordable. Through our Tennis for Kids programme, Great British Tennis Weekends and our Tennis For Free partnership, this year over 82,000 people enjoyed playing tennis for free.

CLUB DEVELOPMENT

At the start of the year we set out to grow overall club membership by 5%, and we met this target. Encouragingly where we are working directly with focus clubs, membership grew by 6.5% year on year. We were also pleased to see club satisfaction rise from 47% to 56%. This shows good progress but also indicates that we still have more to do to deliver relevant support to clubs.

BRITISH TENNIS MEMBERSHIP

In May we launched the new British Tennis Membership scheme, allowing us to improve our engagement with British Tennis fans who can now enjoy a vastly improved membership package and communications across all membership options.

By the end of the year there was an increase of 25,000 British Tennis Members (paid and non-paid categories), bringing the total to 600,000. In addition, nearly 20,000 tennis fans and players had signed up to the new paid tier, 'Team' membership package, in order to receive exclusive benefits which help them to get closer to the sport. These included the new digital magazine #ACE and 'Money Can't Buy' competitions which saw 22 lucky individuals win a variety of prizes including a doubles coaching session with Jamie Murray and Louis Cayer and a baking experience with Johanna Konta and Great British Bake Off Winner Candice Brown.

This much improved experience has led to very strong engagement and satisfaction levels amongst Team members, 88% of whom have indicated that they are very or quite likely to renew their membership with British Tennis. This is a promising sign as we continue to grow British Tennis Membership.

CHILDREN AND YOUNG PEOPLE

As we bid to attract more juniors and young people into the game we were pleased to see our programmes making an impact. Over 22,500 kids (vs a target of 20,000) took part in our Tennis for Kids programme (up from 13,250 in 2016) and we met our target to ensure 50% of participants converted onto other courses and memberships afterwards (vs 42% in 2016).

In order to address the drop in tennis participation amongst teenagers, we also launched a new format called Team Challenge which had been successfully piloted in 2015/16. Team Challenge allows junior teams, made up of players who are new or inexperienced to competition, to compete against other teams of friends within local clubs and venues. It has been a huge success; from a starting point of zero 12 months ago, we have recruited and trained over 150 organisers (vs a target of 100) to work in local 'cluster areas' to deliver nearly 11,000 playing opportunities (vs a 10,000 target) at over 600 events across the country.

PERFORMANCE

The last five years have seen significant professional success for British tennis. We now have British men and women competing consistently in major events which has produced some inspiring and memorable moments. Although we can be proud of the performance of our senior players, we have precious few high potential juniors and young professionals. The current performance system is disjointed, and we do not have any truly world-class, full-time training environments for our best 11 to 18 year olds. There has not been a consistent approach to player development due to the constant chopping and changing of plans in recent years.

As a result, we were pleased to finalise the new ten year Performance Strategy (announced in January 2018) which will address these challenges by creating a seamless pathway that will knit together the best existing programmes with new ones into a clear route from Mini-Red to major tournament success. We need more aspiring professionals in or around the top 100, many more juniors competing at each stage of the pathway and more world-class coaches and environments to support their development.

Our ambition and the focus of this new ten-year Performance Strategy for British Tennis is to make Great Britain one of the most respected nations in the world for player development by 2028.

Alongside many impressive individual performances on the word stage, Great Britain's Davis Cup and Fed Cup teams gave the nation a lot to cheer about in 2017. The Davis Cup Team reached the Quarter Finals beating Canada in Ottawa, meeting the target to reach this stage. Although the Fed cup team fell short of reaching the World Group II, our leading women demonstrated their commitment to the Fed Cup Team, reaching the World Group II playoff and eventually losing a tough tie against Romania.

OTHER AREAS

A strong set of achievements against our 2017 business objectives has made a significant contribution to stabilising tennis participation. However, there is also a great deal of work that takes place each year that falls outside of our specific business objectives, but which plays a vital role in getting more people playing tennis more often.

Mention must go to the 25,000 volunteers and thousands of inspirational coaches who make things happen, on the ground, every day. We simply could not deliver without them which is why we continue to improve the support we offer to them.

Our eight grass-court events had a stand-out year with all-time record ticket sales and attendance at every event. Improvements were seen across the board including LTA investment in the Aegon Championships at The Queen's Club to increase centre court capacity by 30%, the re-combining of Eastbourne (to be both a men's and women's event) and a new look combined event in Nottingham. We also upgraded our ATP Challenger and ITF Pro-Circuit Tournaments in Surbiton, Manchester and Ilkley, and added a brand new tournament in Southsea. Increases in prize money means that Great Britain now has the highest value Challenger / ITF Pro-Circuit in the world before a Grand Slam.

Existing programmes such as the highly successful Great British Tennis Weekends, Quorn Family Tennis Cup, Benenden Tennis Festivals, Highland Spring Mini Tennis and Local Tennis Leagues all continued to inspire and motivate thousands of people to get on court. Across all of these activities, our marketing team ensured that everything we do is insight-led, and that we inspire existing and new players through fun, engaging and creative marketing.

Thanks go to every person who contributed to these activities in 2017. Together we have achieved a lot but we know that there is a still a huge task at hand to scale up the work we do so that we can have greater impact. As we move into 2018, we look forward to working with you as we build on these foundations to sustainably grow our sport at scale.

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SECTION TWO

STRATEGIC REPORT

- Financial Review
- Principal Risks and Uncertainties and Future Developments
- Corporate Social Responsibility Statement

FINANCIAL REVIEW

OVERVIEW

The Finance and Governance Report and financial statements of Lawn Tennis Association Limited (LTA) are for the LTA and its subsidiaries (the "LTA Group") for the year ended 31 December 2017 and details the financial investments made by the LTA Group in supporting the growth of British tennis during the year.

The LTA's mission is to get more people playing tennis more often. Investment into the game is critical in supporting the LTA's strategic priorities to deliver this mission. Each year the LTA works to maximise the amount it invests into British Tennis with the aim of using this investment effectively to deliver its mission. Key considerations in determining the annual expenditure are whether an activity can be made financially sustainable over the long term and whether or not that expenditure produces a tennis return by increasing the number of people playing tennis.

The LTA works closely with The Tennis Foundation (TF), an independent charity (charity number – 298175), to deliver jointly managed participation activity across education, disability development and community and as such the costs of providing these activities are included in this financial review. In 2017, the LTA donated £7.4m (2016: £7.1m) towards these activities. However, as an independent body, the TF is not included in the LTA Group financial statements and publishes its own financial statements that provide additional information on its remit and expenditure.

In 2012, The LTA Trust was established as a registered charity (charity number 1148421) and a wholly owned subsidiary of the LTA. However, The LTA Trust is not consolidated within the results of the LTA Group as the LTA has no control over the decision making of the Board of The LTA Trust. The LTA Trust's objectives, as approved by the Charity Commission, are to advance for the public benefit such charitable purposes associated with the game of tennis in any part of Great Britain, the Channel Islands and the Isle of Man that are consistent with the purposes of the LTA. During the year, no donation was made from the LTA (2016: £nil). Full details of the non-consolidated assets of The LTA Trust are set out in note 11.

The financial statements have been prepared under FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'. The LTA Group constitutes a 'public benefit entity' as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public, community or social benefit and where any financial return is provided with a view to supporting the LTA Group's primary objectives rather than providing a financial return to shareholders. As such, the LTA has applied the reporting exemptions applicable to public benefit entities under FRS 102.

FINANCIAL RESULTS

For the year ended 31 December 2017, the LTA Group's revenue was £60.6m (2016: £64.5m) and operating expenditure was £68.0m (2016: £66.4m), generating an operating loss of £7.4m (2016: £1.9m loss).

The LTA Group generated other income of £3.1m (2016: £3.5m) from net gains on its investment portfolio (including £1.4m (2016: £1.9m) gain on revaluation of the investments to fair value at 31 December 2017, in accordance with FRS 102) and from interest on the consideration owed by The All England Lawn Tennis Club (Championships) Limited ("AELTC") in relation to the sale by the LTA of the investment in the All England Lawn Tennis Ground Company ("AELTG") in 2013.

A tax charge of £0.4m (2016: £2.6m) was incurred delivering a loss for the year of £4.7m (2016: £1.0m loss).

REVENUE

The LTA Group revenue decreased during the year to £60.6m (2016: £64.5m).

An analysis of the LTA Group's revenue is shown below:

	2017 £'000s	2016 £'000s	Change £'000s	Change %
Revenue from the Wimbledon Championships	33,604	37,719	(4,115)	(11%)
Commercial	9,551	9,456	95	1%
Major Events	13,363	12,128	1,235	10%
Sport England Revenue Grant	2,833	3,492	(659)	(19%)
Other Revenue	1,287	1,683	(396)	(24%)
Total LTA revenue	**60,638**	**64,478**	**(3,840)**	**(6%)**

REVENUE FROM THE WIMBLEDON CHAMPIONSHIPS

The £33.6m (2016: £37.7m) revenue from the Wimbledon Championships includes £30.6m (2016: £34.4m) annual surplus, representing 90% (2016: 90%) of the distributable surplus; £1.0m (2016: £1.0m) in support of the summer grass court season; £1.3m (2016: £1.3m) for the management and supply of umpires and other officials in partnership with the Association of British Tennis Officials; £0.7m (2016: £0.6m) to gross up for withholding tax incurred at the Wimbledon Championship; and £nil (2016: £0.4m) in relation to the exercise of warrants over shares on the sale of a commercial partner to a third party by AELTC on behalf of the Wimbledon Championships in 2014. The fall in the distributable surplus from 2016 to 2017 is as a result of major structural works at the AELTC and this revenue is expected to recover in 2018.

Although there remain risks and uncertainties on the overall level of the Wimbledon Championships' surplus in the future, the long-term contract between the AELTC and the LTA in respect of the Wimbledon Championships has secured this income source until 2053.

COMMERCIAL REVENUES

The LTA's commercial activities produced £9.6m (2016: £9.5m) of revenue. The contracts with our lead sponsor Aegon and official partners BNP Paribas, Highland Spring, Nike and Wipro were in place until December 2017. At the time of writing, a title sponsor has been secured for The Queen's Championships for the next three years. Negotiations are on-going in respect of renewals and further new sponsors for 2018 onwards.

MAJOR EVENTS REVENUES

The revenue from the major events grew to £13.4m (2016: £12.1m) despite no Davis Cup home ties compared with two in the prior year. Notwithstanding the continuing difficult economic climate, all the summer grass court events successfully increased revenue at our ATP and WTA events at the Aegon Championships (at The Queen's Club), the Aegon Classic (at Edgbaston Priory Club), Aegon International (at Eastbourne's Devonshire Park) and Aegon Open events (at Nottingham Tennis Centre).

The LTA continued to support the Nitto ATP Finals at The O2 Arena in November 2017.

SPORT ENGLAND REVENUE

Sport England revenue grants of £2.8m (2016: £3.5m) and capital grants of £nil (2016: £1.3m) reflected the fourth and final year of the previous Whole Sport Plan funding arrangements that commenced in April 2013 and the first year of the new four year agreement that began in April 2017. Though there was a reduction in grant funding from Sport England, this represented almost all of the total amount which was bid for and was a robust performance given the reduction in governing body awards seen in other traditional sports.

Under the new Sport Governance Code the LTA is now required to show the income from public investors and to clearly account for the expenditure of these funds. The analysis and use of Sport England funds received is shown below:

	2017 £'000s	2016 £'000s
Total Sport England income	**2,800**	**3,500**
Talent	896	962
Disability	669	574
Club & Commercial	117	461
Community	285	1,133
Education	67	265
Satellite Clubs	27	105
SERVES programme	335	-
Women & Girls	404	-
Total spend	**2,800**	**3,500**

The Board and Executive continue to work in partnership with Sport England on the implementation of the participation strategy.

Since Sport England stated their continued support of British Tennis for a further four years shortly prior to publication of this report last year, we have begun to operate under the new agreement and continue to work with them on the previously announced £1.2m conditional award (dependent on the delivery of agreed outcomes) that relates to our talent and participation programmes across the LTA Group and TF.

OTHER REVENUE

Other revenue of £1.3m (2016: £1.7m) arises from a range of activities that the LTA oversees, including British Tennis Membership, county association registration fees, coaching courses, other grants, National Tennis Centre income and programme funding. The reduction during the year was partially due to the inclusion of a full twelve months of outsourcing the day to day management of the National Tennis Centre to 14forty, a division of the Compass Group, compared to eight during the previous year.

OPERATING EXPENDITURE

The operating expenditure of the LTA Group for the 12 months ended 31 December 2017 was £68.0m (2016: £66.4m). This increase was primarily as a result of planned increased investments in Performance and in Participation, in line with our mission of getting more people playing tennis more often, as well as the additional costs of running our Major Events during the year.

A summary of the operating expenditure is shown in the table below:

	2017 £'000s	2016 £'000s	Change £'000s	Change %
Direct operating expenditure				
Participation	19,398	18,846	552	2.9%
Performance	9,349	8,473	876	10.3%
Commercial, Major Events and Marketing	30,679	29,612	1,067	3.6%
Business Support	3,975	4,909	(934)	(19.0%)
Depreciation, Amortisation and Prepaid court time charge	3,350	3,082	268	8.7%
Capital Grants	1,265	1,436	(171)	(11.9%)
Total operating expenditure	**68,016**	**66,358**	**1,658**	**2.5%**

The expenditure is presented in line with the LTA's defined roles: Participation, Performance, Commercial, Major Events and Marketing, and Business Support. However, these activities are interlinked and support each other in delivering our mission. The allocation assumptions of expenditure to particular areas are, therefore, intended to give an indication of the relative weight of investment in the different elements.

Investment in Participation: Getting more people playing tennis more often

Participation expenditure of £19.4m (2016: £18.8m) was on a wide range of initiatives across our strategic focus areas of clubs, communities, children and young people in partnership with the TF. Direct investment by the LTA was £12.0m (2016: £11.5m) supplemented by a donation to the TF of £7.4m (2016: £7.3m) in support of jointly managed activities and the TF's direct support of education and disability activities. Including TF direct expenditure, total expenditure on participation across the LTA and TF was £23.0m (2016: £22.8m). The analysis below of the £23.0m (2016: £22.8m) highlights the LTA's investment in participation both directly and in partnership with the TF.

£12.6m (2016: £12.1m) was invested in support of participation in community and club environments across an array of activities. We continued to build on our successful Tennis for Kids programme launched in 2016 that provided free lessons and equipment to over 22,500 5-8 year olds (2016: 13,250); increased the number of Local Authority framework agreements designed to open up park tennis courts to communities; and continued to support our registered clubs which are the backbone of British tennis.

£2.1m (2016: £2.1m) was invested in recreational and national competitions to establish a structure that provides both formal and informal competition for adults and juniors.

Recreational competitions such as The Quorn Family Tennis Cup and the Benenden Tennis Festivals continued during 2017 alongside our partnership with Local Tennis Leagues, which continued to be a success with its number of leagues increasing from 158 in 2016 to 175 in 2017.

£1.6m (2016: £1.9m) was invested across the full spectrum of coaching qualifications from level 1 to master club and performance level, coach workshops and the development and launch of the new and improved Coach Accreditation Scheme.

£6.7m (2016: £6.7m) was invested in tennis for disabled people and tennis in education. This included £1.6m (2016: £1.8m) invested in education with the Schools Tennis programme continuing to grow. 22,750 schools (2016: 21,800) have been supported with free teacher training, resources and equipment in primary, secondary and schools for those with special needs since the inception of the programme in 2009. A further £5.1m (2016: £4.8m) was invested in disability development, disability events and disability performance. The TF supported 380 (2016: 333) venues across Great Britain with funding, equipment and training to enable more disabled people to play tennis. In addition to hosting seven wheelchair ITF events, bespoke competition offers were created for each impairment group that the TF works with following consultation with players, parents and carers to understand players' needs. 2017 was another successful year for disability performance with 51 titles won on the ITF Wheelchair Tennis Tour.

Investment in Performance

As previously indicated a key driver of our Strategic Plan is the continued establishment of a world class High Performance Programme, with investment focused on allocating resources to those players, coaches and venues with the ability to achieve the performance targets set. During 2017 we established the guiding principles which will take this forward resulting in the launch of our new Performance Strategy at the outset of 2018. This is a ten year vision for British Tennis that aims to make Great Britain one of the most respected nations in the world for player development.

Our new long-term strategy will address the lack of high potential juniors and aspiring young professional players in or around the ATP / WTA top 100 by creating a seamless Player Pathway that nurtures people, teams and leaders.

Ahead of the launch of our new performance pathway we increased our investment in performance to £9.3m (2016: £8.5m) as we prepare for the roll out of the strategy throughout tennis centres across Great Britain.

Commercial, Major Events and Marketing

Commercial, Major Events and Marketing expenditure was £30.7m (2016: £29.6m).

Across the Major Event grass court calendar we invested £18.9m (2016: £15.1m) to put on eight tournaments around the country with the main cost increases coming from our Queen's and Eastbourne events.

In addition to the summer grass court season, £6.3m (2016: £8.7m) was invested in two Davis Cup ties (2016: three), the Nitto ATP World Tour Finals, officiating at the Wimbledon Championships and other major events and the cost of servicing sponsors.

Investment in marketing was £5.5m (2016: £5.8m) as we continue to place more emphasis on attracting new participants to tennis through online activity.

Business support and depreciation

Expenditure on business support and depreciation decreased to £7.3m (2016: £8.0m). Business support expenditure of £4.0m (2016: £4.9m) represents the net core business support costs required for the operation and governance of the LTA and covers the business support functions of HR, IT, Finance and Legal together with the costs of running the National Tennis Centre at Roehampton and the national governing body secretariat.

Capital grants

Financial support to improve facilities is one key way the LTA helps clubs thrive and attract new players. In 2017 we invested £1.3m of capital grants (2016: £1.4m) and £2.7m of loans (2016: £2.8m) in facilities. No capital grant funding was received in 2017 (2016: £1.3m) from Sport England's Whole Sport Plan, resulting in a total investment in facilities of £4.0m (2016: £5.5m) in 92 projects (2016: 81) to improve their courts and facilities. Partnership funding from applicants in support of these projects amounted to £8.2m (2016: £23.2m). This investment in facilities created 12 new or refurbished indoor courts, 98 new floodlit courts, 249 outdoor new or refurbished courts and 15 clubhouses.

FINANCIAL POSITION

The LTA Group Statement of Financial Position remains strong with retained earnings of £139.7m (2016: £144.4m). This excludes the independently managed assets of the Tennis Foundation and The LTA Trust. The decrease in retained earnings is due to the loss for the year of £4.7m (2016: £1.0m loss). LTA Group reserves are in line with the reserves policy and leave the LTA Group in a strong position to carry out its strategic priorities going forward.

Intangible fixed assets of £3.5m (2016: £3.2m) primarily consist of the expansion of the Centre Court at the The Queen's Club Championships tournament site, The Queen's Club Championships ATP 500 sanction and facility improvements at other LTA tournament sites that increase the future economic benefit of the LTA tournaments held there. In 2016, the LTA committed to the expansion of the Centre Court at The Queen's Club Championships in partnership with The Queen's Club. The cost of the intangible fixed asset is £2.1m (2016: £1.6m) and is being amortised over 20 years, representing the anticipated life of the asset with amortisation commencing in June 2017. The LTA continued the amortisation of the ATP 500 sanction acquired in 2014 at a cost of £2.1m following the upgrade of The Queen's Club Championships. This cost is being amortised over the life of the agreement to 2022 resulting in a net book value at 31 December 2017 of £1.3m (2016: £1.6m).

Tangible fixed assets primarily comprise the investment in the National Tennis Centre. The decrease in net book value to £32.8m (2016: £34.3m) represents the depreciation charge for the year of £2.5m partially offset by additions and disposals during the year.

£47.7m (2016: £45.8m) is held in the LTA's investment portfolio in shares, bonds and other assets by external investment managers and reflects the Board's decision to hold free reserves to cover long-term working capital requirements and a possible (but not anticipated) interruption in the LTA Group's annual income. As at 31 December 2017, external investments were revalued to fair value in accordance with FRS 102.

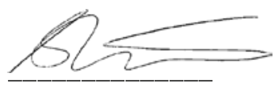
The overall trade and other receivables – amounts falling due within one year has decreased to £41.9m (2016: £46.9m). The decrease is largely due to a decrease of £2.8m in amounts owed by the Wimbledon Championships to £28.6m (2016: £31.4m) and a decrease of £1.4m in prepayments and accrued income to £3.3m (2016: £4.7m).

Trade and other receivables – amounts falling due after more than one year have decreased to £20.2m (2016: £23.9m) mainly due to the receipt of £5m from All England Lawn Tennis Club (AELTC) in respect of amounts owing from the sale of the All England Lawn Tennis Ground Company (AELTG). Net movement of concessionary loans falling due after one year is an increase of £1.2m to £9.3m (2016: £8.1m). Concessionary loans are interest free loans to clubs, indoor facilities, parks and schools to improve tennis facilities that are repayable over 10 years. Tennis developments represent West Hants LTC development funding of £3.4m (2016: £3.5m) repayable in equal instalments over the next 23 years.

Trade and other payables – amounts falling due within the year has decreased to £12.0m (2016: £16.5m). The main liabilities included in this balance are accruals and deferred income of £11.0m (2016: £13.8m) which include capital grant commitments to club venues of £1.9m (2016: £2.1m) and deferred income of £1.1m (2016: £1.1m) relating to future ticket sales and British Tennis Membership.

CASH FLOWS

During 2017 there was a net cash outflow from operating activities of £6.3m (2016: outflow £9.7m) and a net cash inflow of £3.8m (2016: inflow £2.6m) from investing activities. This resulted in a net cash decrease of £2.5m (2016: decrease £7.1m) for the year.



Simon Steele

Finance Director

26 April 2018

PRINCIPAL RISKS & UNCERTAINTIES AND FUTURE DEVELOPMENTS

PRINCIPAL RISKS & UNCERTAINTIES

The LTA's risk management process is designed to improve the likelihood of delivering the business objectives, protect the interests of key stakeholders, enhance the quality of decision making, and assist in the safeguarding of LTA assets, including people, finances, property and reputation.

The Board has oversight for risk management with a focus on the most significant risks facing the LTA, including strategic, operational, financial, reputational and legal and compliance risks. The Board reviews existing risks and identifies new risks on a half yearly basis. Suitable controls are implemented and action plans established to mitigate risks.

The Audit Committee oversees the identification and mitigation of risks for the LTA Group and discusses with management the LTA's risk assessment and risk management practices. When reviewing and approving the annual internal audit plan for the LTA, the committee prioritises areas to be audited based on their residual potential risk. The Audit Committee also oversees the policies, processes and risks relating to the financial statements, the financial reporting process, compliance and auditing.

A key business risk relates to the certainty of future revenue streams, notably from the Wimbledon Championships, Sport England and commercial partners. The risk of non-receipt of revenue from the Wimbledon Championships is mitigated by a long term contract in place until 2053. Given the large contribution that the Wimbledon Championships makes to the LTA's total results, the LTA Group is still exposed to a potential loss of revenue in any single year due to cancellation or severe curtailment of the Wimbledon Championships. Steps to mitigate or protect against this risk are being put in place for future years particularly with respect to the roofs over Centre Court and No.1 Court providing protection against weather losses and insurance covering major curtailment or abandonment risks where possible. There are isolated risks which are not insurable or capable of mitigation in relation to the Wimbledon Championships and also within LTA organised major events that could have a material impact on revenue streams associated with these events but these are considered remote. A key contract with Sport England was signed during 2017 which secured funding for the next four years. A number of contracts with commercial partners were agreed during the year while discussions are still underway to secure a lead sponsor for British Tennis. The LTA maintains adequate cash balances and reserves to mitigate any short-term financial impact from these risks.

The LTA faces an element of credit risk in its on-going business relationship with major commercial partners. Risks are managed as part of on-going due diligence and credit management but cannot be completely mitigated.

The LTA Group holds investments in shares, hedge funds, fixed income products and corporate bonds as part of its overall investment strategy. The LTA Group has appointed independent specialist investment managers who manage the portfolio on the LTA's behalf in accordance with the agreed medium/low risk profile. However, it is recognised that any investment portfolio is subject to market fluctuations and external factors. A new Investment Policy Statement was approved by the Board in November 2017 which will result in a lower overall risk profile for investment portfolio. The Investment Advisory Group oversees the implementation of this policy. The LTA does not use financial instruments for speculative purposes.

In addition to the measures described above, the LTA has an element of natural risk mitigation in that a large element of its expenditure in the sport is discretionary in each financial year and can be reduced in subsequent years without breaching legal commitments.

The risk of non-delivery of our strategy and mission of getting more people playing tennis more often is mitigated through our commitment to working alongside all the people and organisations that share our mission including volunteers, coaches, players, local authorities, clubs, and other Grand Slam nations. We have a long term strategic plan and resources are allocated appropriately to deliver on our mission. Further information on the delivery of the strategy can be found in the Annual Review.

As in any sport or organisation which engages children and young people, there is a risk of historic or current safeguarding issues arising which may threaten the reputation of the LTA and the sport. This is a risk the LTA takes extremely seriously, and, with our new Safeguarding Strategy (see further below) and expanded team to deliver it, alongside the existing controls provided by our independent Safeguarding Committee and regular updates to the Board and Executive, we believe we are taking all necessary steps to mitigate this risk.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The LTA also purchases directors' and officers' liability insurance in respect of itself and its Directors.

FUTURE DEVELOPMENTS

As we move into 2018, we will transform tennis facilities across the country through the Transforming British Tennis Today fund. Tried and tested initiatives such as Tennis for Kids, Team Challenge and Great British Tennis Weekends will continue to receive our support so that they can bring the fun and enjoyment of tennis to more people than ever before. We'll also continue to improve our support for coaches and work tirelessly to implement the new Performance strategy so that we can deliver a seamless pathway for British Tennis Champions that nurtures people, teams and leaders. Players and fans alike will be treated to world-class experiences at our grass court Major Events and through our vastly improved British Tennis Membership. Above all else, safeguarding will remain our very highest priority, ensuring that we take the recommendations from internal reviews and an independent safeguarding review to set and uphold the highest possible safeguarding standards.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our Values of Teamwork, Integrity, Passion and Excellence guide how we deliver the British Tennis strategy, ensuring that we do so in the right way. This means being aware of the community, social and environmental impact we have.

During the summer season, we run a series of grass-court major events at locations across the country and we work hard to ensure that the communities around these events are positively impacted.

This year, the Aegon Championships at The Queen's Club raised approximately £175,000 for charity. This included raising £150,000 in a live Children in Need auction on the Chris Evans Show, with 8 winners receiving an unforgettable tennis experience at the event. Once again The Royal Marsden Cancer Charity was the official tournament charity which received all proceeds from our Charity Ticket Resale (£10,277), all proceeds from used tennis balls (£302) and £5 from every evening ground admission ticket sold from Monday to Thursday (£1,880). We also encouraged donations through on-site marketing and inviting two Royal Marsden patients to be our mascots on semi-finals day. We also donated tickets to local schools, the London Fire Brigade, Met Police and London Ambulance Service.

Separately to the Aegon Championships, LTA colleagues organised a charity tennis tournament at the National Tennis Centre to raise funds for the Royal Marsden Cancer Charity which raised almost £13,000.

The Aegon Championships also supported Starlight, a children's charity which brightens the lives of children and teenagers suffering from a serious or terminal illness, by arranging a meeting, and an on-court hit, with Andy Murray at The Queen's Club, for a young cancer patient.

Just before the event began this year, the tragic Grenfell Tower disaster took place in London, not far from the Aegon Championships. To show our support, we made a £10,000 donation to those affected on behalf of the tournament, alongside Andy Murray (who donated his prize money) and The Queen's Club (which matched our donation). In addition, colleagues across the LTA pulled together to donate rackets, balls, toys, blankets and clothes, using the National Tennis Centre as a central collection point.

In May, another devastating incident took place just before the major events season began - the terror attack at the Manchester Arena on May 22. We took the decision to show our support for those affected by donating ticket income from the Aegon Manchester Trophy tournament to the We Love Manchester Emergency Fund (over £10,000).

In Eastbourne, the Aegon International Eastbourne supported Friends of Sussex Hospices, donating 50% of gate receipts on Family Day (£7,000) and allocating them a trade stand to advertise and collect donations. The enormously popular event directly brings approximately £5m into the local community from secondary spectator spend. In addition, we try to employ/engage with local contractors and suppliers which includes 150 marshals, 120 ball crew, 50 catering plus approximately 100 additional staff, the vast amount being local. Through our partnership with Tennis Sussex, we bring the excitement of a major event to local school children who are invited to the event and offered free entry on the first day of qualifying.

The Aegon Open Nottingham named Rainbows Hospice for Children and Young People as the official charity partner, helping raise almost £12,500. The first Monday of the event was named 'Donation Day', whereby customers gave a donation of their choice to get a ticket to the event that day and 100% of ticket sales went to the charity. In addition, centre court ticket resales on the day went to the charity and a pair of Ladies Final Wimbledon tickets were auctioned off to raise further funds.

To coincide with the event, the Nottingham Primary Schools Programme ran a school festival that saw 1,512 primary school children from across 43 different schools in and around Nottingham participate during the week. This resulted in 242 children joining a tennis programme at either Nottingham Tennis Centre (the site of the Aegon Open Nottingham) or a park site in Nottingham. Once again the very able ball crew was selected from local children and we recruited approximately 35 local students and young people to be part of the Grounds Team for the event.

The Aegon Classic Birmingham supported the Queen Elizabeth (QE) Hospital Birmingham Charity donating approximately 500 tickets that they could sell to fundraise. The Monday was a dedicated QE Charity Day with a broad range of activities in place to encourage donations. Further charity activity included ticket donations to the Royal Marsden Cancer Charity, Birmingham Irish Cycle Appeal, Children's Liver Disease Foundation, Tickets for Troops, Marie Curie and St John Ambulance.

Our Corporate Social Responsibility activity does not just take place during the summer. This year we continued to support Tennis First, investing £67,500 to help ensure grant aid is available for aspiring players to help meet the significant costs of becoming a tour player. The National Tennis Centre is based in south west London and our employment strategy specifically encourages job applications from members of the local community. We run a Flexible Talent Bank of local workers who cannot commit to a regular position, but can offer hugely valuable skills on a flexible basis, and for whom a short commute can mean the difference between being able to work and not being able to work. We also understand that many members of the local community, particularly parents trying to find a way back into work, need part-time or flexible working arrangements and we offer a broad range of working options to accommodate this. We are proud that we have made many roles open to more flexible working and that 15% of our work force are part time compared to 0% three years ago.

A broad range of social impacts are achieved through the work of The Tennis Foundation, Great Britain's leading tennis charity, which we work with and support. This includes: providing anybody, with any disability the opportunity to play tennis; helping young people in education reach their potential, both on and off the tennis court; and using tennis as a vehicle to unite, educate and inspire young people in disadvantaged communities through the SERVES programme. To read more about the impact of the work of The Tennis Foundation, visit www.tennisfoundation.org.

The Strategic Report on pages 15 to 24 was approved and authorised for issue by the Board on 26 April 2018 and is signed on its behalf by:

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David Gregson
Chairman
26 April 2018

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SECTION THREE

- DIRECTORS' REPORT
- STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

DIRECTORS' REPORT

INTRODUCTION

The Directors present their report, Strategic Report and the audited Group financial statements for the Lawn Tennis Association Limited (LTA) and its subsidiaries (the "LTA Group") for the year ended 31 December 2017.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the LTA and the LTA Group have adequate resources to continue in operational existence for the foreseeable future.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in Note 1 b) to the financial statements.

EQUALITY

The LTA Group is committed to making tennis accessible and open to everybody. The LTA Group's policy is to treat everyone fairly and work with individuals to enable them to participate in tennis.

All applications for employment are considered based only on merit. The LTA actively promotes equal opportunities in employment and aims to ensure everyone has an opportunity in British Tennis, regardless of age, gender, race, nationality, ethnic origin, colour, sexual orientation, gender reassignment, marital status, religion or belief, ability or disability.

Creating an inclusive tennis environment wherever people play tennis is of paramount importance to us and we work in partnership with a wide range of organisations to achieve this. It sits right at the heart of our mission, helping to maintain a positive image for sport and allowing us to reach a wide and diverse audience of potential new players.

SAFEGUARDING

The safeguarding and protection of all those playing our sport remains a significant priority for the LTA. Safeguarding training is mandatory for accredited coaches, Welfare Officers at Tennismark venues and LTA colleagues. In addition, each county now has a trained County Welfare Officer. This work has meant that we have maintained our NSPCC assessment rating of green, the highest possible level. Staff also receive diversity and inclusion training. From October 2018, it will be mandatory for all registered venues to have a safeguarding trained Welfare Officer, and from October 2019, mandatory for all registered venues to only engage accredited coaches. This work is part of a detailed safeguarding action plan which the LTA is driving forward.

CODE FOR SPORTS GOVERNANCE

The LTA was delighted to be the joint first sport to fully adopt the provisions of the new Code for Sports Governance, following a vote by Council at the LTA Annual General Meeting in May 2017. This enshrined significant governance changes, notably the introduction of nine year term limits for Councillors, together with changes to the structure of the Board, such as increasing the number of independent non-executive directors from two to three, and opening up the positions of chair of the Tennis Development Committee and the Tennis Performance Committee to external applicants. A new Diversity Action Plan has also been approved by the Board and Council.

DISABILITY

The LTA Group is an equal opportunities employer and makes reasonable adjustments as needed.

EMPLOYEE CONSULTATION

The LTA Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting the performance of the LTA Group. This is achieved through formal and informal meetings, employee consultation forum, monthly newsletters, weekly bulletins and staff surveys. Monthly 'All Colleague' meetings are held which afford everyone the opportunity to share information, hear about the organisations plans and progress and to ask questions.

CORPORATE GOVERNANCE

THE BOARD

The composition, role and powers of the Board are covered by the Articles of Association, the Rules of the LTA and the Standing Orders. The Board provides leadership to the LTA and is ultimately responsible for its performance. Its broad areas of responsibility include:

- establishing the vision, mission and values;
- determining the strategy, objectives and supporting major policies;
- ensuring the financial viability including monitoring risks and conflicts;
- monitoring operational and financial performance
- selecting and supporting the CEO;
- ensuring accountability and effective governance; and
- to role model the values of Passion, Integrity, Teamwork and Excellence.

The Board is led by an independent Chairman who is appointed to the Board, following the recommendation of the Nominations Committee and the approval of Council. The President and Deputy President, two Council elected board members, the chairs of our Tennis Development Committee and Tennis Performance Committee, and three independent board members together are the 10 non-executive members of the Board. The Board also has two executive members, the Chief Executive Officer and the Finance Director.

The Board considers its composition is appropriate in view of the size and requirements of the LTA's business. The Board Nominations Committee reviews the composition of the Board and makes recommendations to the Board and Council on its makeup. The Board Nominations Committee is responsible for leading the search procedure to recommend new Board appointments.

The terms of appointment to the Board are as follows: the Chairman and the three independent Board members are appointed for an initial term of three years, and with the approval of the Board and Council, may continue to serve for up to two further terms of three years. The President and Deputy President are elected each year, within a convention that no President serves for longer than three years. Council elected Board members are elected to the Board for a term of three years, and may, if re-elected, serve for up to two further terms of three years. The chairs of the Tennis Development Committee and the Tennis Performance Committee are appointed for an initial term of three years and may serve for up to five years with the annual approval of Council.

There is a clear division of responsibility between the Chairman, President and the Chief Executive Officer. The two executive Board members each have a role description and limits of authority. The Board meets a number of times per year in accordance with the Standing Orders, and in 2017 it met six times.

The Board members at the date of signing this report were:

DAVID GREGSON

David was appointed Chairman of the LTA Board on 20 December 2012. David is currently also a Director of the London Legacy Development Corporation, which is transforming East London following the 2012 Games, and a member of the Advisory Boards of both the Sutton Trust, promoting social mobility through education, and of the Apeldoorn Conference Series, which promotes shared understanding between the British and Dutch in areas of common interest. Previously, David was a co-founder and Chairman of Phoenix Equity Partners, a leading UK mid-market private equity business. Over his career, he has been a director or Chairman of some thirty companies or charities. Most recently, David was Chairman of CGL, the UK's largest social and health care charity. David is an avid tennis supporter.

MARTIN CORRIE

Martin joined the LTA Council representing Hertfordshire in 2003, where he has been a member since 1993 and Treasurer since 2000. In 2002 he was appointed Chairman of the County Tennis Committee responsible for Talent Identification and Performance Tennis. Martin served on the LTA Funding Committee before joining the Professional Tennis Advisory and Scrutiny Board of which he was appointed Chairman in 2009 and joined the Board of the LTA. He was Chairman of the Tennis Performance Committee until the end of 2012 and was elected a Council-Elected Board member in 2013. He was elected Deputy President at the LTA AGM in December 2013. Martin, who remains an active tennis player representing Hertfordshire in the appropriate veterans' age groups, is currently senior partner in Hicks & Co chartered accountants and chairman of I-Financial Services Group Plc. Martin was a Tennis Europe Board member (and Treasurer) from 2014-2017. In 2015 he was elected to the Board of the ITF where he serves as Chairman of the Remuneration Committee, Wheelchair Tennis Committee and the Technical Commission; he is also a member of the ITF Finance Committee.

RICHARD BAKER

Richard was appointed as an Independent Board Member of the LTA in December 2010 and is currently Chair of the Remuneration Committee. He is also a Senior Operating Partner at Advent International and up until February 2018 was the Chairman of Whitbread Plc. Prior to these appointments, Richard was Chairman of DFS Plc 2010-2017, Board Advisor to Aimia (owners of Nectar Card) 2009-2017, Chairman of Virgin Active 2008-2014, Chief Executive of Alliance Boots Plc 2003-2007 departing after completing its £11bn sale to KKR, Chief Operating Officer at ASDA, and Marketing Director for Mars. Richard is a passionate tennis player.

CRAIG HAWORTH

Craig was appointed to the Board as a Council elected member from January 2017. He is Managing Director of Passing Shots Community Interest Company that runs Corby Tennis Centre and has been at the Centre since 1991. He previously represented Great Britain as a player and National Coach for 15 years and represented Buckinghamshire and, more recently, Northamptonshire at County level and has coached a number of Junior National Champions. He is on the LTA Property Limited Board, LTA Operations Limited Board and the LTA Council Nominations Committee. He has served on the LTA Tennis Performance Committee and the Facilities Advisory Funding Group. He is also a member of the East Regional Forum Committee and the LTA Councillor for Northants LTA as well as being the County's Lead Volunteer, a member of the County LTA Committee and a member of the Tennis Europe Professional Tennis Committee.

CLARE HOLLINGSWORTH

Clare joined the LTA Board as a Council elected member in January 2015. She is currently Chairman of Eurostar International Ltd, having joined the Board in 2010. She has worked in a variety of industries, including travel, healthcare and real estate, and has held a number of non-executive directorships. In addition to her Eurostar role and as an Independent Non-Executive Director of the LTA and Chair of LTA Audit Committee, she currently holds a Non-Executive Director position at Molnlycke AB. She is also a regular volunteer at The Listening Place charity. Her executive career includes being Chief Executive of Spire Healthcare and positions as Managing Director BUPA Hospitals (1999-2007) and Caledonian Airways (1990-1997). Her early career was spent with British Airways. Clare is a keen tennis follower and supporter.

SCOTT LLOYD

Scott was appointed CEO of the Lawn Tennis Association on 8 January 2018. Prior to joining the LTA, Scott has had a successful business career in the sports and leisure industry. He founded the health, fitness and racquets club group, Next Generation Clubs, in 1997 and expanded the company internationally, developing an Australian portfolio of clubs alongside the UK portfolio. In 2006, he led the sale of the UK business to London & Regional Properties and stayed with the company as CEO. A year later, he sold the Australian portfolio to Kings Park Capital and chaired the investment until 2014. In 2007, the Company purchased David Lloyd Leisure from Whitbread plc. As Group Chief Executive of David Lloyd Leisure, Scott headed up the integration and subsequent growth of the business through to a successful sale to TDR Capital in September 2013. Scott stayed with the company as CEO before stepping up to the role of Deputy Chairman and continues to hold a Non-Executive Director role.

NICOLA MASKENS

Nicola was appointed to the LTA Board in September 2014; she served as a Council elected member in 2015 and 2016, as Chairman of the Tennis Development Committee from 2017 and is also a member of the Council Nominations Committee. She has worked in marketing throughout her career with an expertise in the field of shopper behaviour working with retailers and manufacturers such as Boots, Tesco, Poundland, Pfizer, Mondelez and Warburtons. Nicola joined the LTA Council in 2008 representing Oxfordshire. She is currently the Chairman of the County Association having in the past been Chairman of the Junior County Closed and undertaking various roles on the Management Committee. At the LTA, in addition to chairing the Tennis Development Committee, Nicola serves on the Licensing & Registration and Safeguarding & Protection Committees. Nicola is also a member of the Tennis Europe Tennis Development Committee. Nicola has been involved in tennis throughout her life, as a junior, tennis parent, club member, club membership secretary, team captain and an active player in the local summer and winter leagues.

SANDI PROCTER

Sandi is a former PE teacher turned tennis coach and now Manager of Bromley Indoor Tennis Centre. She has a particular passion for mini tennis and, for the LTA, created the Mini Tennis Red, Orange and Green programme and the Tennis Leaders Programme, with resources, training materials and delivery to British coaches. Sandi joined the LTA Board in January 2017 as a Council Elected Board Member. On the LTA Council she represents Kent where she is the Lead Volunteer and has been involved in a wide range of Kent activities and projects for over 25 years. At the LTA Sandi is a member of the Tennis Development Committee and the Council Nominations Committee. Sandi is also a member of the Tennis Europe Junior Tennis Committee.

DAVID RAWLINSON

David joined the LTA Council in 2006 representing Bedfordshire where he has served as Treasurer, Sponsorship Co-ordinator, Men's Captain and Lead Volunteer. David is President of Riverside LTC in Bedford. He took up the role of LTA Deputy President in January 2017. He chairs the Investment Advisory Group and serves on the Tennis Development, Audit and Council and Board Nominations Committees and chairs the Selectors of Seniors Tennis Great Britain. Previously, he has served on the Funding and Tennis Performance Committees and is now a Tennis Europe Board Member & Treasurer having been appointed in March 2017. He is a member of the ITF Seniors Committee and is also an active player and competes in National and International Seniors' Tournaments. He has represented Bedfordshire at County level in the Men's and Seniors' teams and has played for England in the Four Nations Seniors' competition. David is a practising Chartered Accountant and a Rotarian.

SIMON STEELE

Simon is the Finance Director at the LTA, joining in October 2016, and is also responsible for National Tennis Centre operations and technology. He has over 10 years' experience in sports across a number of different organisations. Most recently he was Head of Finance and Business Development at Team Sky, advising stakeholders including the owners, team principle and athletes on both financial and commercial issues. In this role he also worked with British Cycling and the wider Sky organisation on their participation programme. Prior to this Simon spent 15 years at Sky, leading finance teams supporting business areas including marketing, technology and Sky Sports, where he was part of the management team responsible for acquiring sports media rights as well as all other aspects of sports broadcast and distribution. Simon is a member of the Institute of Chartered Accountants in England and Wales, having trained and qualified with KPMG.

Listed below are the persons who served as Directors during the year and their attendance at Board meetings held:

Name	Description	No. of meetings attended in year
Richard Baker	Independent Non-Executive Director	5 out of 6
Robert Battersby	Council-elected Non-Executive Director (resigned 6 March 17)	1 out of 1
Martin Corrie	Non-Executive Director	6 out of 6
Michael Downey	Chief Executive Officer (resigned 30 June 2017)	3 out of 3
David Gregson	Chairman of the Board	6 out of 6
Craig Haworth	Council-elected Non-Executive Director (appointed 6 January 2017)	6 out of 6
Clare Hollingsworth	Independent Non-Executive Director	6 out of 6
Scott Lloyd	Chief Executive Director (appointed 8 January 2018)	3 out of 3
Nicola Maskens	Non-Executive Director	6 out of 6
Sandi Procter	Council-elected Non-Executive Director (appointed 6 January 2017)	6 out of 6
David Rawlinson	Deputy President and Non-Executive Director	6 out of 6
Simon Steele	Finance Director	6 out of 6

Scott Lloyd was appointed Chief Executive Officer elect in June 2017 and attended the July, September and November Board meetings in that capacity. Stephen Farrow was the LTA's Company Secretary during the year and attended five of the six Board meetings.

New Board members receive an induction into the LTA and on-going training as required. Board members also have access to the Company Secretary and any external advisors and resources as required. The LTA maintains director's liability insurance on behalf of its Board.

The Chairman is responsible for ensuring the Board's effectiveness. An external review of the Board's effectiveness was undertaken in the early months of 2017. The report highlighted a number of significant improvements since the previous external review. However the report also identified areas for improvement, including the need to: continue to focus the LTA on a smaller number of strategic priorities; align the agenda more closely with these focus areas; and ensure more effective new Board member induction.

THE EXECUTIVE

The Executive is responsible for the implementation of the strategy, financial plans, objectives and major policies of the LTA. It is directly accountable to the Board, and responsible for briefing and updating the Board with relevant information. The Executive team at the date of signing this report consisted of:

Name	Description
Scott Lloyd	Chief Executive Officer
Simon Steele	Finance Director
Stephen Farrow	Legal Director and The Queen's Club Championships Tournament Director
Alastair Marks	Participation Director
James Mercer	Commercial Director
Niall O'Keefe	Interim Marketing Director
Oliver Scadgell	Director of Major Events and Competitions
Simon Timson	Performance Director
Vicky Williams	People Director

BOARD COMMITTEES

The Board has a number of sub-committees which have delegated responsibility for key areas. Each committee has terms of reference approved by the Board and all committees report back to the Board. Minutes of sub-committee meetings are circulated to all Board members.

i) Audit Committee

The main role and responsibilities of the Audit Committee are to monitor the integrity of the financial statements of the LTA, the internal financial controls and financial risk management systems, performance of the investment advisory group, manage the appointment, independence and performance of the external and internal auditors and to review and recommend the annual financial statements to the Board for approval. Its terms of reference are set out in the LTA Governance Structure Document*.

The Audit Committee reports to the Board and meets four times a year. The Audit Committee Chair makes an annual report to Council.

The Audit Committee members during the year were:

Name	Description	No. of meetings attended in year
Margaret Ewing	Co-opted Independent External Member	4 out of 4
Clare Hollingsworth (Chair)	Independent Non-Executive Director	4 out of 4
David Rawlinson	Deputy President and Non-Executive Director	4 out of 4

The President, Chief Executive Officer, Finance Director, Head of Group Finance and the LTA's internal and external auditors attended the Audit Committee meetings in 2017 by invitation as appropriate.

Grant Thornton was appointed as internal auditors to the LTA in December 2015. Findings and recommendations from internal audit reviews undertaken in 2017 were presented to the Committee.

The Audit Committee considers and receives reports from the Executive on the nature of risks facing the LTA, the categories of risk that are acceptable, the likelihood and impact of risks materialising, the LTA's ability to reduce or mitigate this likelihood and impact of risks on its business and the costs of operating the particular controls relative to the benefit obtained in managing the identified risks.

PricewaterhouseCoopers LLP, the independent external auditor, also provides tax advice to the LTA via separate engagement teams. The Audit Committee is satisfied that the provision of tax advice does not compromise the external auditor's objectivity and independence.

ii) Nominations Committee, Board Nominations Committee and Council Nominations Committee

The Nominations Committee keeps the composition of the Board under review and considers the appointments of Councillors and independent members of the Board and succession planning at senior levels of management. A decision was taken during the year, in accordance with the provisions of the Code for Sports Governance, to split the Committee into the Board Nominations Committee and the Council Nominations Committee.

a) The Nominations Committee met once prior to the split and comprised the following members:

Name	Description	No. of meetings attended in year
Martin Corrie (Chair)	Non-Executive Director	1 out of 1
Michael Downey	Chief Executive Officer	0 out of 1
David Gregson	Chairman of the Board	1 out of 1
Sandi Procter	Council-elected Non-Executive Director	1 out of 1
David Rawlinson	Deputy President and Non-Executive Director	1 out of 1

Stephen Farrow was the LTA's Company Secretary during the year and attended the meeting in that capacity.

b) The Board Nominations Committee met three times during the year and comprised the following members:

Name	Description	No. of meetings attended in year
Richard Baker	Independent Non-Executive Director	3 out of 3
Martin Corrie	Non-Executive Director	3 out of 3
David Gregson (Chair)	Chairman of the Board	3 out of 3
Clare Hollingsworth	Independent Non-Executive Director	3 out of 3
David Rawlinson	Deputy President and Non-Executive Director	3 out of 3

Scott Lloyd attended one meeting during the year in his capacity of Chief Executive elect. Stephen Farrow was the LTA's Company Secretary during the year and attended all three meetings in that capacity.

c) The Council Nominations Committee met four times during the year. Following the second meeting, membership of the committee was expanded to include two additional members as follows:

Name	Description	No. of meetings attended in year
Martin Corrie (Chair)	Non-Executive Director	4 out of 4
Craig Haworth	Council-elected Non-Executive Director	2 out of 2
Nicola Maskens	Non-Executive Director	2 out of 2
Sandi Procter	Council-elected Non-Executive Director	3 out of 4
David Rawlinson	Deputy President and Non-Executive Director	4 out of 4

Stephen Farrow attended all meetings in the capacity of the LTA's Company Secretary.

The nomination procedures for Board, committees and panels are set out in the LTA Governance Structure Document*.

iii) Remuneration Committee

The main role of the Remuneration Committee is to determine the LTA's policy on remuneration and to advise on the total remuneration packages of the Chief Executive Officer and senior executives, making any necessary comparisons with market rates. The Remuneration Committee engages independent external consultants to benchmark remuneration levels as required. Its terms of reference are set out in the LTA Governance Structure Document.

The LTA's remuneration strategy is to pay executives appropriate market remuneration packages to attract and retain high-calibre individuals to manage and fulfil the LTA's objectives. No remuneration is paid to the Non-Executive Board members.

The Remuneration Committee members during the year were:

Name	Description	No. of meetings attended in year
Richard Baker (Chair)	Independent Non-Executive Director	4 out of 4
Martin Corrie	Non-Executive Director	2 out of 4
David Gregson	Chairman of the Board	4 out of 4
David Rawlinson	Deputy President and Non-Executive Director	3 out of 4

The Chief Executive Officer and People Director attended the Committee meetings in 2017 as appropriate.

iv) Safeguarding and Protection Committee

The Safeguarding and Protection Committee make decisions in safeguarding cases in accordance with the Safeguarding Procedures (Appendix Two to the Disciplinary Code). The Safeguarding and Protection Committee also advise generally on matters of safeguarding and protection of children, young people and adults at risk, as well as on policies, strategy and procedures.

The Safeguarding and Protection Committee members during the year were:

Name	Description
Eleanor Brazil (QC)	Independent Chair
Funke Awoderu	Council Member
Gary Bye	Independent Member
Nicola Dean	Independent Member
Nicola Maskens	Council Member
Liz McMahon	Independent Member
Pat Monro	Independent Member
Richard Smallbone	Independent Member
Liz Sweeting	Council Member

Five meetings were held during 2017. The quorum for any meeting is three, with the chairperson selecting a minimum of two other members to consider any case. The Legal Director, Head of Safeguarding and Safeguarding Manager attended the Committee meetings in 2017 as appropriate.

COUNCIL

The LTA Council is the democratic forum of member associations and other key interest groups in British tennis. Its composition and powers are governed by the Rules of the LTA, and the way it operates is covered by the Standing Orders. The Council is led by the President, who with their Deputy and the other Councillors has the following broad areas of responsibility:

- to represent the views and interests of their member organisation or stakeholder group;
- to contribute their knowledge and experience to the development and review of strategy;
- to approve key appointments, and any changes to the LTA's primary governance documents;
- to communicate and champion the strategy; and
- to role model the values of Passion, Integrity, Teamwork and Excellence.

The Council met four times in the year and at those meetings received reports from the Board.

The Directors' Report was approved and authorised for issue by the Board on 26 April 2018 and is signed on its behalf by:

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David Gregson
Chairman
26 April 2018

* All of the documents mentioned in this report can be accessed and downloaded via the LTA website at www.lta.org.uk/about-the-lta/

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

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SECTION FOUR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAWN TENNIS ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAWN TENNIS ASSOCIATION LIMITED

OPINION

In our opinion, Lawn Tennis Association Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Finance and Governance Report, which comprise: the Group and Company Statements of Financial Position as at 31 December 2017; the Group Income Statement and Group Comprehensive Income Statement, the Group Statement of Cash Flows, and the Group and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Finance and Governance Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 36, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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Philip Stokes

(Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors

London

26 April 2018

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SECTION FIVE

GROUP STATEMENTS

GROUP INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 £'000s	2016 £'000s
Revenue	2	**60,638**	**64,478**
Operating expenses		(68,016)	(66,358)
Operating loss	3	**(7,378)**	**(1,880)**
Net finance income	5	1,144	1,147
Net gains on fixed asset investments		1,968	2,310
(Loss)/profit before taxation		**(4,266)**	**1,577**
Tax on (loss)/profit	6	(441)	(2,623)
Loss for the financial year		**(4,707)**	**(1,046)**

Group Statement of Comprehensive Income For the year ended 31 December 2017	2017 £'000s	2016 £'000s
Loss for the financial year	(4,707)	(1,046)
Total comprehensive expense for the year	**(4,707)**	**(1,046)**

All of the Group's activities are continuing.

There are no material differences between the (loss)/profit before taxation and the loss for the financial year stated above and their historical cost equivalents for either 2017 or 2016.

The notes on pages 51-75 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 £'000s	2016 £'000s
Fixed assets			
Intangible assets	7	3,541	3,190
Property, plant and equipment	8	32,842	34,289
Investments	9	47,650	45,762
		84,033	**83,241**
Current assets			
Trade and other receivables – amounts falling due after more than one year	13	21,113	23,858
Trade and other receivables – amounts falling due within one year	13	41,886	46,914
Cash and cash equivalents	14	4,671	7,167
		67,670	**77,939**
Trade and other payables – amounts falling due within one year	15	(12,046)	(16,528)
Net current assets		**55,624**	**61,411**
Total assets less current liabilities		**139,657**	**144,652**
Deferred tax liability	16	-	(288)
Net assets		**139,657**	**144,364**
Equity			
Retained earnings		114,657	119,364
Retained earnings - other	17	25,000	25,000
Total equity		**139,657**	**144,364**

The financial statements on pages 43-75 were approved and authorised for issue by the Board on 26 April 2018 and were signed on their behalf by:

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Scott Lloyd
Chief Executive Officer

The notes on pages 51-75 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

Fixed assets	Note	**2017 £'000s**	**2016 £'000s**
Intangible assets	7	1,300	1,560
Investments	9	59,446	57,558
		60,746	**59,118**
Current assets			
Trade and other receivables – amounts falling due after more than one year	13	-	5,000
Trade and other receivables – amounts falling due within one year	13	102,058	96,522
Cash and cash equivalents	14	300	218
		102,358	**101,740**
Trade and other payables – amounts falling due within one year	15	(1,032)	(1,145)
Net current assets		**101,326**	**100,595**
Total assets less current liabilities		**162,072**	**159,713**
Deferred tax liability	16	(1,004)	(999)
Net assets		**161,068**	**158,714**
Equity			
Retained earnings		161,068	158,714
Total equity		**161,068**	**158,714**

The financial statements on pages 43 to 75 were approved and authorised for issue by the Board on 26 April 2018 and were signed on their behalf by:

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Scott Lloyd
Chief Executive Officer

The notes on pages 51-75 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

Group 2016	**Retained earnings £'000s**	**Total equity £'000s**
Balance as at 1 January 2016	145,410	145,410
Loss for the financial year	(1,046)	(1,046)
Balance as at 31 December 2016	**144,364**	**144,364**

Group 2017	**Retained earnings £'000s**	**Total equity £'000s**
Balance as at 1 January 2017	144,364	144,364
Loss for the financial year	(4,707)	(4,707)
Balance as at 31 December 2017	**139,657**	**139,657**

Company 2016	**Retained earnings £000s**	**Total equity £'000s**
Balance as at 1 January 2016	156,548	156,548
Profit for the financial year	2,166	2,166
Balance as at 31 December 2016	**158,714**	**158,714**

Company 2017	**Retained earnings £000s**	**Total equity £'000s**
Balance as at 1 January 2017	158,714	158,714
Profit for the financial year	2,354	2,354
Balance as at 31 December 2017	**161,068**	**161,068**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017 £'000s	2016 £'000s
Net cash used in operating activities		
Operating loss	(7,378)	(1,880)
Depreciation charge (net of profit/(loss) on disposal)	2,483	2,426
Amortisation charge	323	260
Decrease/(increase) in debtors	5,028	(7,410)
Increase in outstanding loans to places to play	(1,299)	(1,544)
Decrease in creditors	(3,807)	(1,322)
Taxation paid	(1,683)	(213)
Net cash used in operating activities	**(6,333)**	**(9,683)**
Cash flow from investing activities		
Payments to acquire intangible fixed assets	(752)	(991)
Payments to acquire tangible fixed assets	(1,066)	(1,436)
Receipts from sale of fixed asset investments	6,671	11,324
Payments to acquire fixed asset investments	(7,160)	(12,488)
Proceeds from sale of joint venture	5,000	5,000
Interest received	131	240
Income from fixed asset investments	1,013	907
Net cash generated from investing activities	**3,837**	**2,556**
Net decrease in cash and cash equivalents	(2,496)	(7,127)
Cash and cash equivalents at the beginning of the year	7,167	14,294
Cash and cash equivalents at the end of the year	**4,671**	**7,167**
Cash and cash equivalents consists of:		
Cash at bank and in hand	4,671	7,167
Cash and cash equivalents	**4,671**	**7,167**

The notes on pages 51-75 form an integral part of these financial statements

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SECTION SIX

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Lawn Tennis Association Limited ('the Company') is a private company limited by guarantee having no share capital and is incorporated and domiciled in United Kingdom. The address of its registered office is National Tennis Centre, 100 Priory Lane, London, SW15 5JQ, England.

STATEMENT OF COMPLIANCE

The Group and Company financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The Group and Company have also adopted the Amendments to FRS 102 (issued in July 2015).

Lawn Tennis Association Limited constitutes a public benefit entity ('PBE') as defined by FRS 102. being an entity whose primary objective is to provide goods and services for the general public.

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Group and Company financial statements are prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

b) Going concern

On the basis of their assessment of the Group financial position and resources, the directors believe that the Group is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Exemptions for qualifying entities under FRS 102

As the Company is a member of the Group whose consolidated financial statements are publicly available it meets the exemption for qualifying entities as defined by FRS 102. As a qualifying entity it is entitled to certain disclosure exemptions, subject to certain conditions that have been complied with, including notification of and no objection to, the use of exemptions by the Company's members.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

d) Lawn Tennis Association Limited

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company, Lawn Tennis Association Limited, is not presented as part of these financial statements. The parent company's profit for the year ended 31 December 2017 was £2.4 million (2016: £2.2 million).

1. ACCOUNTING POLICIES (CONTINUED)

e) Basis of consolidation

The Group financial statements consolidate the financial statements of the Lawn Tennis Association Limited ('the Company') and its subsidiary undertakings (but excluding the LTA Trust) made up to 31 December 2017. The profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal.

Uniform accounting policies are used for all the companies included in the LTA Group consolidation.

f) Quasi subsidiaries

In determining whether a company controls another entity, regard should be had to who in practice directs the entity's financial and operating policies. The Lawn Tennis Association (unincorporated) is not directly owned by the Group but meets the definition of a quasi-subsidiary under paragraph 9.1 and 9.11 of FRS 102 as it is managed on a unified basis by the Company. As such, it has been accounted for in the same way as other subsidiaries and has been fully consolidated into the Group financial statements.

The LTA Trust was established (a registered charity) as a wholly owned subsidiary of Lawn Tennis Association Limited in 2012 (charity number 1148421). During the year, the Board of The LTA Trust comprised two LTA Directors and four Independent Trustees and therefore, as the LTA Group does not exercise control over the operating decisions of The LTA Trust, it has not been consolidated into the results of the LTA Group.

g) Accounting for unincorporated joint arrangement – The Wimbledon Championships

In these financial statements the Wimbledon Championships are accounted for as an unincorporated joint arrangement. The joint arrangement is governed by a 1934 principal agreement which has been supplement and amended by various agreements or deeds, most recently in 2013 between The All England Lawn Tennis & Croquet Club (the Club) and the LTA, whereby the Wimbledon Championships are controlled, managed and promoted by the Committee of Management which consists of twelve members representing the Club and seven members representing the LTA. The Wimbledon Championships prepares its financial statements to 31 July.

The allocation of the financial surplus of the Wimbledon Championships is also governed by this agreement. The financial arrangements are designed to advance the interests of British tennis. 90% of the surplus is distributed to the LTA with a donation made to The Tennis Foundation from the distribution as agreed by the Joint Finance Committee.

h) Revenue

Revenue includes the gross surplus of the Wimbledon Championships due to the LTA, Sport England grant, exercise of warrants over shares, income from ticketing and hospitality fees from tennis tournaments, commercial and sponsorship income, government grants, advertising income and subscriptions less any refunds or returns and is stated net of VAT.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration. This is recorded at the value of the consideration due. Where a contract has only been partially completed at the statement of financial position date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. The Group follows the cost model under Section 24 of FRS 102.

i) Grants

Grant income is recognised in the income statement either on receipt or in the period in which the related expenditure is incurred, depending on the nature of the grant when the entity complies with the conditions attaching to them. Section 24 of FRS 102,'Government grants' permits either the performance model or the accrual model to recognise government grants. Grants relating to revenue are recognised in income on a systematic basis over the period in which the Group recognised the related costs for which the grant is intended to compensate.

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

1. ACCOUNTING POLICIES (CONTINUED)

j) Foreign currencies

(i) Functional and presentation currency

The Group and Company's functional and presentation currency is the sterling pound.

(ii) Transactions and balances

Foreign currency transactions arising during the period are translated at the rates prevailing at the date of the transactions unless covered by a forward exchange contract, in which case the contract rate is used. Balances outstanding at the period end are translated at the rate ruling on that date unless covered by a forward exchange contract. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

k) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

l) Intangible fixed assets and amortisation

Intangible fixed assets are stated in the statement of financial position at cost less provision for amortisation.

Amortisation is calculated to write off the cost of intangible assets over their expected lives by equal instalments. The expected life of each intangible asset is determined on an individual basis, dependent on the duration of its economic benefit. The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation.

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

m) Property, plant and equipment and depreciation

Property, plant and equipment are stated in the statement of financial position at cost less provision for depreciation. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment over their expected lives by equal annual instalments. Depreciation is provided on all property, plant and equipment apart from freehold land and assets under construction. The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The following asset lives are used:

Land & buildings	10-125 years
Motor vehicles	4 years
Furniture, computers & equipment	3 to 20 years
Assets under construction	0 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Assets under construction are depreciated once their useful lives commence and in acordance with their asset class.

n) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to

1. ACCOUNTING POLICIES (CONTINUED)

n) Impairment of non-financial assets (continued)

determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

o) Investments

Investments in subsidiaries are stated at cost less any provision considered necessary for permanent diminution in value.

Third party investments comprises of shares or stocks. Investments where no control, joint control or significant influence are held i.e. other investments, are measured at fair value with movements going through income statement. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

p) Hedging

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Derivatives, including interest rate swaps and forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives are recognised in profit or loss in finance costs or income as appropriate.

Where foreign currency borrowings (including forward exchange contracts) are used to finance or provide a hedge against the exchange risk associated with existing foreign fixed-asset investments denominated in foreign currency, the investments are re-translated at each statement of financial position date at the exchange rates ruling at the period end with movements taken to reserves. These foreign exchange movements are offset by the re-translation of the forward exchange contracts to the extent of the exchange differences arising on the fixed-asset investments. Foreign exchange movements arising from the re-translation of forward exchange contracts in place at the statement of financial position date are also taken to reserves.

q) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

1. ACCOUNTING POLICIES (CONTINUED)

q) Financial instruments (continued)

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss immediately.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

The Company does not hold or issue derivative financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Loans paid and received are offset and the net amounts presented in the financial statements as doing so enhance the understanding of the cash flows.

r) Cash and cash equivalents

Cash and cash equivalents includes bank balances and short-term maturity deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position. Cash and cash equivalents are stated at face value.

s) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Taxation represents the amount estimated to be payable or recoverable in respect of the taxable profit or loss for the period, along with adjustments to estimates in respect of previous periods.

Current or deferred taxation assets and liabilities are not discounted.

1. ACCOUNTING POLICIES (CONTINUED)

s) Taxation (continued)

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed, by the statement of financial position date. The provision for deferred tax is not discounted. Deferred tax assets are only recognised to the extent that it is regarded that they will be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

t) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements.

Short-term benefits:

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Termination benefits:

Termination benefits are recognised as an expense in the period in which the benefits are provided to the employees or are expensed and accrued when the Group has committed to make payments in the future. If there is an uncertainty about the number of employees who will accept an offer of termination benefits, the contingent liabilities is disclosed unless the possibility of an outflow in settlement is remote.

Pension costs:

Contributions payable to defined contribution schemes are charged to the income statement in the period to which they relate. There are no defined benefit pension obligations.

u) Concessionary loans

Concessionary loans made are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any accrued interest payable or receivable.

To the extent that a loan that has been made is irrecoverable, an impairment loss is recognised in the income statement.

v) Critical judgements and estimates in applying the accounting policy

The preparation of the financial statements requires management and the Board to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. No material judgements and estimates have been made in the current year or prior period.

w) Amendments to FRS 102

The following amendments to FRS 102 (issued in July 2015) have been adopted by the Group in the 2015 financial statements.

i) Amendments to Section 4: Statement of financial position:

The Group has adopted the amendments to para 4.2 of FRS 102. The Group has chosen to apply IFRS format in presenting the Statement of financial position. The terminology has been changed as per IFRS. The presentational change has no such material impact in the Group's financial statements.

1. ACCOUNTING POLICIES (CONTINUED)

w) Amendments to FRS 102 (continued)

ii) Amendments to Section 5: Income statement and statement of other comprehensive income:

The Group has adopted the amendments to para 5.10 of FRS 102. The Group has chosen to apply IFRS format in presenting the Statement of income and Statement of comprehensive income. The terminology has been changed as per IFRS. The presentational change has no such material impact in the Group's financial statements.

iii) Amendments to Section 18: Intangible assets including goodwill:

The Group has adopted the amendments to para 18.19 and 18.20 of FRS 102. The amendments to para 18.19 clarifies if an entity is unable to make a reliable estimate of the useful life of an intangible asset, the useful life limit should not exceed ten years. As the Group does not have any intangible assets with indefinite useful life, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

iv) Amendments to Section 27: Impairment of assets:

The Group has adopted the amendments to para 27.31 of FRS 102. The amendments to para 27.31 clarify the removal of hierarchy for reversing impairment charges, with the entity no longer required to allocate the amount of impairment reversal in a particular order. This is largely due to the fact that goodwill impairment reversals are no longer permitted under FRS 102. As the Group does not have any impairment charges that qualify for reversal, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

v) Amendments to Section 33: Related party disclosures:

The Group has adopted the amendments to para 33.2(viii) of FRS 102. The amendments clarify the increase in scope of related parties by including an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity, as being a related entity. As the Group already discloses all of its parent-subsidiary relationships in note 21, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

2. REVENUE

Revenue arises materially from trading activities in the UK. Minimal revenue is earned from the participation of British teams in Davis Cup and Fed Cup ties overseas.

Analysis of revenue by category:

	2017 £'000s	2016 £'000s
Rendering of services	57,227	60,477
Grant income	3,411	4,001
	60,638	**64,478**

Analysis of revenue by subcategory:

	2017 £'000s	2016 £'000s
Revenue from the Wimbledon Championships	33,604	37,719
Commercial	9,551	9,456
Major Events	13,363	12,128
Sport England revenue and other grants	3,411	3,492
Other revenue	709	1,683
	60,638	**64,478**

3. OPERATING LOSS

	2017 £'000s	2016 £'000s
Operating loss is stated after charging/(crediting):		
Amortisation of intangible fixed assets (note 7)	323	260
Depreciation of fixed assets (note 8)	2,543	2,426
Loss on disposal of fixed assets	62	61
Operating lease and other hire charges:		
- Plant and machinery	115	119
- Motor	231	*211
Auditors' remuneration:		
- Audit fee for parent company and group financial statements	52	51
- Audit fee for audit of subsidiaries	2	2
- Tax compliance services	44	57
- Tax advisory services	-	64
Donations payable:		
- The Tennis Foundation (note 21)	7,442	7,348
Grant income	(3,411)	(4,001)

* 2016's Other hire charges have been restated from £21,000 to £211,000 to reflect the true cost recognised in the 2016 Group Income Statement.

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees, including directors, of the Group during the year was 275 (2016: 300) as follows:

	2017 Number	2016 Number
Participation	86	96
Performance	45	50
Commercial, major events and marketing	67	70
Business support and governance	77	84
	275	**300**

The Company has no (2016: nil) employees. The reduced headcount in Participation is due to the timing of vacancies being filled during the year.

The aggregate amounts payable to employees of the Group during the year were:

	2017 £'000s	2016 £'000s
Group employees		
Wages and salaries	13,622	13,582
Social security costs	1,536	1,530
Other pension costs	778	759
	15,936	**15,871**
Charge to The Tennis Foundation (note 21)	(2,475)	(2,516)
	13,461	**13,355**

	2017 £'000s	2016 £'000s
Directors' remuneration		
Aggregate salaries and benefit in kind	351	357
Variable pay due under short-term incentive schemes	36	67
Company pension contributions to money purchase scheme	33	32
	420	**456**
Compensation for international cost of living impact	22	40
Aggregate emoluments	**442**	**496**

The aggregate emoluments were paid to two (2016: two) directors, one of whom was employed for only part of 2017 (2016: one). Variable pay is based upon personal objectives, agreed targets and performance measures. Retirement benefits are accruing to two (2016: two) directors under a money purchase scheme.

4. EMPLOYEES AND DIRECTORS (CONTINUED)

	2017 £'000s	2016 £'000s
Highest paid director		
Aggregate salaries and benefit in kind	174	314
Variable pay due under short-term in-centive schemes	36	67
Company pension contributions to money purchase scheme	16	31
	226	**412**
Compensation for international cost of living impact	-	40
Aggregate emoluments	**226**	**452**

5. NET FINANCE INCOME

	2017 £'000s	2016 £'000s
Group interest receivable	6	15
Interest on deferred consideration	125	225
Income from fixed asset investments	1,013	907
Net finance income	**1,144**	**1,147**

6. TAX ON (LOSS)/PROFIT

	2017 £'000s	2016 £'000s
Group taxation:		
Current tax		
UK corporation tax on results for the year	1,212	1,878
Adjustment in respect of prior years	472	592
Total current tax	**1,684**	**2,470**
Deferred tax:		
Origination and reversal of timing differences	(704)	645
Effect of future corporation tax rate changes	83	18
Adjustment in respect of prior years	(622)	*(512)
Total deferred tax	**(1,243)**	**153**
Tax on (loss)/profit	**441**	**2,623**

*2016's Adjustment in respect of prior years has been corrected from £511,000 to £512,000 to reflect the true status at 31 December 2016.

6. TAX ON (LOSS)/PROFIT (CONTINUED)

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% average for the year (2016: 20%). The differences are explained below:

	2017 £'000s	2016 £'000s
Factors affecting tax charge		
(Loss)/profit before tax	(4,266)	1,577
(Loss)/profit before tax multiplied by standard corporation tax rate in the UK of 19.25% (2016: 20%) for large entities and 19.25% (2016: 20%) for smaller entities	(821)	315
Effects of:		
Expenses not deductible for tax purposes	1,906	2,670
Accelerated capital allowances and other timing differences	54	-
Income not taxable	(634)	(716)
Other adjustments	-	254
Adjustments in respect of prior years	(150)	82
Deferred tax not recognised	3	-
Effect of future corporation tax rate changes	83	18
Total tax charge	**441**	**2,623**

Under the Finance Act 2015, the main rate of corporation tax reduced from 20% to 19% effective from 1 April 2017. The Act included a further reduction to 18% with effect from 1 April 2020. The Finance Act 2016 provided a further reduction to the main rate of corporation tax to 17% from 1 April 2020. The deferred tax balances at this date have been measured at 17%, the rate at which the deferred tax asset is expected to reverse.

7. INTANGIBLE ASSETS

	Group Commercial Rights £'000s	Company Commercial Rights £'000s
Cost:		
At 1 January 2017	3,710	2,080
Additions	674	-
At 31 December 2017	**4,384**	**2,080**
Accumulated Amortisation:		
At 1 January 2017	520	520
Charge for the year	323	260
At 31 December 2017	**843**	**780**
Net book value		
At 31 December 2017	**3,541**	**1,300**
At 31 December 2016	3,190	1,560

In 2017, the works for extending the capacity of the Centre Court at the Aegon Championships were completed. The cost of the works at the Aegon Championships are being capitalised as an intangible asset and amortised over 20 years representing the anticipated life of the asset and the future economic benefit that will be flow to the Group. In 2014, LTA Group acquired the sanction to upgrade the Aegon Championships to an ATP 500 event from June 2015. An initial amount of £429,000 was paid with the remaining balance payable over the 8 years of the sanction. Whilst the Group, in partnership with Ilkley club, has commenced works for tennis court extension and renovation works in Ilkley which are due to be completed in 2018.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Assets under construction £'000s	Total £'000s
Cost:					
At 1 January 2017	36,738	103	18,860	1,248	56,949
Additions	43	-	790	343	1,176
Disposals	-	(20)	(120)	-	(140)
Transfers between classes	-	-	1,248	(1,248)	-
At 31 December 2017	**36,781**	**83**	**20,778**	**343**	**57,985**
Accumulated Depreciation:					
At 1 January 2017	7,157	71	15,432	-	22,660
Charge for the year	706	7	1,830	-	2,543
Disposals	-	(20)	(40)	-	(60)
At 31 December 2017	**7,863**	**58**	**17,222**	**-**	**25,143**
Net book value:					
As at 31 December 2017	**28,918**	**25**	**3,556**	**343**	**32,842**
As at 31 December 2016	29,581	32	3,428	1,248	34,289

The net book value of land and buildings comprises long leasehold assets.

The Company does not hold any Property, plant and equipment (2016: £nil).

9. INVESTMENTS

Group	Third party investments £'000s
Net book value	
At 1 January 2017	45,762
Additions	7,160
Disposals	(5,551)
Fair value adjustment	1,399
Movements in cash	(1,120)
At 31 December 2017	**47,650**

Company	Third party investments £'000s	Subsidiaries £'000s	Total £'000s
Net book value			
At 1 January 2017	45,762	11,796	57,558
Additions	7,160	-	7,160
Disposals	(5,551)	-	(5,551)
Fair value adjustment	1,399	-	1,399
Movements in cash	(1,120)	-	(1,120)
At 31 December 2017	**47,650**	**11,796**	**59,446**

9. INVESTMENTS (CONTINUED)

The subsidiaries below are all incorporated in the UK, were wholly owned by the Lawn Tennis Association Limited at 31 December 2017 and are registered at National Tennis Centre, 100 Priory Lane, Roehampton, London, SW15 5JQ.

Subsidiary	Nature of activities
LTA Operations Limited *	Trading entity of the LTA Group
LTA Property Limited *	Holding company for land and buildings of the LTA Group
LTA Holdings Limited *	Holding company for the previous Lawn Tennis Association unincorporated subsidiaries
LTA Nominees Limited	Nominee company for the LTA
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Services Limited	Provides manpower services
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)
The LTA Trust*	Independent charity to promote community participation (non-consolidated)

* Direct subsidiaries of Lawn Tennis Association Limited.

The directors believe that the carrying value of investments is supported by the underlying net assets.

Lawn Tennis Association Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2017.

Subsidiary	Nature of activities
LTA Holdings Limited	Holding company for the previous Lawn Tennis Association unincorporated subsidiaries
LTA Nominees Limited	Nominee company for the LTA
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Services Limited	Provides manpower services
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)

10. LAWN TENNIS ASSOCIATION

The income statement and statement of financial position of the unincorporated entity Lawn Tennis Association are included in the group financial statements and are provided below on the grounds that they are treated as a quasi-subsidiary managed on a unified basis by the management of the LTA Group.

	2017 £'000s	2016 £'000s
Income statement		
Operating result	-	-
Profit before tax	-	-
Profit for the financial year	-	-

	2017 £'000s	2016 £'000s
Statement of financial position		
Debtors due less than one year	1,055	-
Cash at bank and in hand	168	1,289
Creditors due less than one year	-	(66)
Net assets	1,223	1,223

11. THE LTA TRUST

The LTA Trust was established as a registered charity within the LTA Group as a wholly owned subsidiary of Lawn Tennis Association Limited in 2012 (charity number 1148421). During the year, the Board of The LTA Trust comprised two LTA Directors and four Independent Trustees and therefore, as the LTA Group does not exercise control over the operating decisions of The LTA Trust, it has not been consolidated into the results of the LTA Group. In the prior year, The LTA Trust changed its year end date to align itself to other tennis organisations. The key financial information in respect of The LTA Trust is as follows:

	2017 £'000s	2016 £'000s
Total incoming resources	**611**	**629**
Total resources expended	(163)	249
Net incoming resources before other recognised gains or losses	**448**	**878**
Gains on investment assets	682	456
Net movement in funds	**1,130**	**1,334**
Gross assets		
Investments	30,011	28,855
Cash at bank and in hand	1,027	1,050
	31,038	**29,905**
Gross liabilities		
Liabilities due within one year	(437)	(434)
Total assets less current liabilities	**30,601**	**29,471**
Net assets	**30,601**	**29,471**
Unrestricted funds	**30,601**	**29,471**

12. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Financial instruments by category				
The Group & Company has the following financial instruments:				
Financial assets at fair value through income statement:				
Third party investments (note 9)	47,650	45,762	47,650	45,762
	47,650	**45,762**	**47,650**	**45,762**
Financial assets that are debt instruments measured at amortised cost:				
Trade and receivables (note 13)	627	1,007	-	-
Other receivables (note 13)	50,680	60,327	102,058	101,522
Concessionary loans (note 13)	10,737	9,438	-	-
Cash at bank and in hand (note 14)	4,671	7,167	300	218
	66,715	**77,939**	**102,358**	**101,740**
Financial liabilities measured at amortised cost:				
Trade and payables (note 15)	165	464	-	-
Other payables (note 15)	11,467	14,975	1,032	1,145
	11,632	**15,439**	**1,032**	**1,145**

2016's corporation tax liability of £1,089,000 has been removed from Financial instruments by category, because corporation tax does not meet FRS 102's Financial instrument recognition criteria.

13. TRADE AND OTHER RECEIVABLES

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Amounts falling due within one year:				
Trade receivables	627	1,007	-	-
Amounts owed by Group undertakings (i)	-	-	97,037	91,372
Amounts owed by the Wimbledon Championships	28,637	31,388	-	-
Amounts owed by AELTC for sale of AELTG (ii)	5,000	5,000	5,000	5,000
Amounts owed by the Tennis Foundation	1,117	1,045	-	-
Concessionary loans (iii)	1,457	1,382	-	-
Tennis developments (iv)	150	178	-	-
Other receivables	1,637	2,222	21	150
Prepayments and accrued income	3,261	4,692	-	-
	41,886	**46,914**	**102,058**	**96,522**
Amounts falling due after more than one year:				
Amounts owed by AELTC for the sale of AELTG (ii)	-	5,000	-	5,000
Concessionary loans (iii)	9,280	8,056	-	-
Deferred tax asset	955	-	-	-
Tennis developments (iv)	3,379	3,491	-	-
Prepayments and accrued income	7,499	7,311	-	-
	21,113	**23,858**	**-**	**5,000**

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

(ii) The book profit from the sale of AELTG was £32,126,000 with the consideration of £55,000,000 being offset by the interest in the joint venture of £22,874,000. The £55,000,000 is being received in instalments, with £30,000,000 received on 1 August 2013, £5,000,000 received on 1 August 2014, £5,000,000 received on 1 August 2015, £5,000,000 received on 1 August 2016 and £5,000,000 received on 1 August 2017. The final £5,000,000 is due to be paid in 2018. The amount has not been discounted, as discounting is not material. Interest receivable on deferred consideration is calculated at 1% per annum plus the average Bank of England base rate for the year.

(iii) Concessionary loans

	2017 £'000s	2016 £'000s
Group		
Amounts falling due within one year	1,457	1,382
Amounts falling due after more than one year	9,280	8,056
	10,737	**9,438**

The loans represent interest free loans issued by LTA Operations Limited to clubs, indoor facilities, parks and schools to improve tennis facilities. The loans are repayable over 10 years or longer and are recorded net of any bad debt provision.

(iv) Included within amounts falling due after more than one year is £3,379,000 (2016: £3,491,000) that represents an amount repayable over a 20 year period, that commenced in 2005, from The West Hants LTC for loans that assisted with the development of the club. In 2006 a moratorium was agreed, deferring the instalments due in the calendar years 2007 and 2008, thus extending the repayment period to 22 years. In 2010 it was agreed to extend the repayment period to 30 years and repayments are being made on this basis.

14. CASH AND CASH EQUIVALENTS

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Cash at bank and in hand	4,671	7,167	300	218
	4,671	**7,167**	**300**	**218**

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Trade payables	165	464	-	-
Corporation tax	414	1,089	-	-
Other payables	494	1,156	-	-
Accruals and deferred income	10,973	13,819	1,032	1,145
	12,046	**16,528**	**1,032**	**1,145**

16. DEFERRED TAX ASSET/(LIABILITY)

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
At 1 January	(288)	(117)	(999)	(593)
Credited/(charged) to income statement	1,243	(171)	(5)	(406)
At 31 December	**955**	**(288)**	**(1,004)**	**(999)**

The gross deferred tax asset (2016: liability) comprises:

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Deferred capital allowances	2,539	1,312	-	-
Pension surplus	(593)	(575)	-	-
Short-term timing differences	(1,018)	(1,007)	(1,004)	(999)
FRS 102 Adjustment	27	136	-	-
Deferred tax provision	-	(154)	-	-
Deferred tax asset/(liability)	**955**	**(288)**	**(1,004)**	**(999)**

17. RETAINED EARNINGS – OTHER

	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
At 1 January and 31 December	**25,000**	25,000	-	-

Retained earnings - other represents consideration in respect of the sale of AELTG by the LTA in 2013. It is management's intention that the consideration should be ring fenced for investment in legacy projects rather than in day to day operations.

18. PENSION COMMITMENTS

The Group operates various defined contribution pension schemes for its employees.

The LTA Group Money Purchase Personal Pension Plan (Money Purchase Scheme) is closed for new contributions and members, but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of the Company. All new contributions are paid into the LTA Group Personal Pension Plan ('the scheme') or private personal pension plans. The scheme is funded by contributions from the LTA and its employees. Annual contributions to the scheme by the LTA are related to pensionable salaries. In 2014, the LTA auto enrolled its employees in accordance with the Pensions Act 2008. At 31 December 2017, 289 (2016: 276) employees were members of the scheme.

The contributions to the LTA schemes were:

	2017 £'000s	2016 £'000s
LTA Group personal pension plan (the scheme)	778	759
Total Group contributions	**778**	**759**

No contributions were outstanding at the year end (2016: £nil)

19. FINANCIAL COMMITMENTS

At 31 December, the Group had future minimum lease payments under non-cancellable operating leases for assets, other than land and buildings, and other financial commitments as follows:

	2017 £'000s	2016 £'000s
Operating leases which expire:		
within one year	73	177
within two to five years	7	147
	80	**324**

In addition to the commitments under non-cancellable operating leases noted above, there are loans of £2,270,000 (2016: £2,181,000) that have been approved for payment to places to play but have not yet been paid.

At 31 December, the Company had no future minimum lease payments under non-cancellable operating leases for assets and other financial commitments.

20. CONTINGENT LIABILITIES

As disclosed in note 9 the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. The Company guarantees the liabilities of the relevant companies at the end of the year until those liabilities have been settled in full. The contingent liability at the year end was £2,371,589 (2016: £2,726,000).

21. RELATED PARTY TRANSACTIONS

The Group has opted to take advantage of the exemption available in Section 33.1A of FRS 102 not to disclose transactions between Group entities that have been eliminated on consolidation.

Transactions with key management personnel
Total compensation of key management personnel (including the directors) in the year amounted to £1,570,100 (2016: £1,871,000).

David Lloyd Leisure Limited
David Lloyd Leisure Limited is deemed a related party by virtue of common directorship. Scott Lloyd is a Non-Executive Director of Deuce Acquisitions Limited which is the holding company of David Lloyd Leisure Limited. In 2017, the LTA received income of £69,201 (2016: £62,956) and incurred costs of £345,721 (2016: £220,497) from David Lloyd clubs across the UK. The balance owed by David Lloyd clubs at 31 December 2017 was £72,530 (2016: £nil).

21. RELATED PARTY TRANSACTIONS (CONTINUED)

The Wimbledon Championships
The LTA operates a joint arrangement under an agreement for the governance and operation of the Wimbledon Championships with The Club, AELTG and The All England Lawn Tennis Club (Wimbledon) Limited. In 2017 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2016: 90%) in line with the terms of the sale of the Ground Company effective 1 August 2013 which secured the 90% distribution of the net Championship surplus for the next 36 years. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2016 and 2017.

The gross surplus of the Wimbledon Championships amounted to £33,604,000 (2016: £37,719,000). Net of withholding tax, officiating income, subvention income and income from the exercise of warrants over shares the surplus receivable by the LTA amounted to £30,637,000 (2016: £34,388,000). The amount due from the Wimbledon Championships at 31 December 2017 was £28,637,000 (31 December 2016: £31,388,000).

The costs of officiating services are charged to the Wimbledon Championships. This represents the LTA's work in partnership with the Association of British Tennis Officials to manage, supply and pay the umpires and other officials who work at the Wimbledon Championships each year. In 2016 the LTA recharged the Wimbledon Championships £1,225,000 (2016: £1,284,000) for these services.

In 2017, LTA Operations Limited received £1,000,000 (2016: £1,000,000) subvention payment from The Championships to help fund grass-court tournaments in the periods before and after The Championships and a further £381,614 to support the grass court venues of the Aegon Trophy Series and the prize money at the Men's ATP Challenger/Women's ITF Pro-circuit. LTA Operations Limited also purchased £5,612,965 (2016:£5,056,000) of tickets at face value from The Championships for onward sale and distribution.

The Tennis Foundation (TF)
Under agreement, the LTA and the TF run a number of programmes in partnership for the advancement of tennis across the areas of schools, community and tennis facilities. Currently, 78 employees (2016: 84) are employed jointly by the TF and the LTA to administer these charitable programmes and an appropriate proportion of these costs are recharged to the TF.

In 2017 the LTA donated £7,441,740 (2016: £7,348,000) to the TF. During the year the TF was charged £2,475,000 (2016: £2,516,000) for employment costs from the LTA. In addition, the TF was recharged on an arm's length basis £1,400,000 (2016: £1,400,000) by the LTA for support, administrative and management services to the TF. The amount owed by the TF at the year-end was £1,117,000 (2016: £1,045,000).

During the year, the Wimbledon Championships made a charitable donation of £3,000,000 (2016: £3,000,000) to the TF.

The LTA Trust
During the year, the LTA did not make a donation to The LTA Trust (2016: £nil).

HEAD OFFICE

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