



FINANCE & GOVERNANCE

Report 2019



TENNIS
FOR BRITAIN



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INTRODUCTION

INTRODUCTION

Welcome to the LTA's Finance and Governance Report for 2019.

I wrote last year that it was a great honour to be appointed as Chairman of the LTA, and that I was excited to be a part of the work being done to take our sport forward. Twelve months on, and both that pride and that excitement very much remain after a year that has seen us make real, demonstrable progress towards our goal of opening tennis up.

We are still only one year into the delivery of our strategy and the full impact of much of what we undertook last year and will be doing this year will only be seen in the coming months and years. However, under the direction of our Chief Executive Officer Scott Lloyd, we have already seen positive results and encouraging signs for the future as we work to grow the sport by making it relevant, accessible, welcoming and enjoyable to anyone.

It can be easy to overlook much of the work being done, but the sheer scope of activity being delivered across our nations and regions is something I am immensely proud to be a part of.

Our two lead participation programmes, Tennis for Kids and Big Tennis Weekends continued to bring thousands of new children and families into tennis, while more broadly we saw an increase the number of people playing tennis on both a monthly and weekly basis – particularly encouraging was the growth in participation among children shown by Sport England's annual survey. We staged home Fed Cup ties for the first time in a generation,



and we reached a milestone moment in the delivery of our long-term performance strategy with the opening of two new National Academies. Beyond this, we continued to ensure tennis was at the forefront of safeguarding in sport with the implementation of safeguarding standards for coaches working at LTA Registered Venues, and being rated "excellent" across all five categories by the NSPCC's Child Protection in Sport Unit as part of its annual assessment of what we do in this area.

These were just some of the many highlights from last year, but the vast range of work being done alongside this, covering areas such as technology, disability, disadvantaged communities, competitions, coach education and investment in the National Tennis Centre is all contributing to the progress we are making.

The investment we made in these areas and others last year is set out in the following pages, and it is pleasing to have delivered so much, but done so in line with our budget for the year. As a not-for-profit organisation, we are committed to investing our net revenues back into tennis and the delivery of our five-year strategy. The performance of The Championships, Wimbledon and the necessary LTA financial governance in 2019 has allowed us to replenish our financial reserves following three years of planned losses. These reserves are in place for the long term future of tennis, including to invest in our facilities strategy over the next ten years.

Returning to more immediate issues, the coronavirus is having an unprecedented impact on our society. It is too early to fully assess what implications the pandemic will have on tennis in Britain, but the financial governance measures we have in place will help ensure we are in the strongest position we can be to address the challenges that may come. Our goal will be to provide the right support, for the right people, at the right time, so that tennis in Britain emerges from this period in as strong and healthy position as possible, and the sport is able to resume its unique role in keeping the nation active.

Finally, while much was achieved last year, a particularly sad note for everyone involved in tennis was the loss of Nicky Maskens, who passed away in May 2019. Nicky served on the LTA Board as both a Council-elected Non-Executive Director and Chairman of the Tennis Development Committee, and made a huge contribution to our sport in so many ways and over so many years.

These are difficult times for us all and badly affecting all sports. We at the LTA are doing our utmost to limit the damage to the sport we all love watching and playing.

Keep well.

E. Mervyn Davies

Lord Davies of Abersoch

Chairman

13 May 2020





STRATEGIC *Report*

FINANCIAL REVIEW

OVERVIEW

The Finance and Governance Report and financial statements of Lawn Tennis Association Limited (the “LTA”) are for the LTA and its subsidiaries (the “LTA Group”) for the year ended 31 December 2019 and details the financial investments made by the LTA Group in supporting the growth of tennis in Britain during the year.

Investment in the game is critical in supporting the LTA’s strategic priorities to deliver its new mission. Each year the LTA works to maximise the amount it invests into tennis in Britain with the aim of using this investment as effectively as possible to open tennis up. Key considerations in determining annual expenditure are whether or not an activity can be made financially sustainable over the long term and whether the expenditure helps achieve the LTA’s strategic priorities.

In creating a broader mission for tennis, the remit of The LTA now captures the previous scope and role of the Tennis Foundation (TF), a registered charity (charity number 298175). On 1 January 2019, the operations of the TF were integrated with those of the LTA as part of a wider restructure of operations to better align the organisation to deliver the LTA’s new strategy. On 18 March 2019, a vote was passed at an Extraordinary General Meeting of the TF for LTA Operations Limited to become its sole member. As such, the TF is now part of the LTA Group and is included in the LTA Group financial statements.

The integration of the TF’s operations is mutually beneficial as it allows the LTA to gain access to key skills and knowledge that the TF has while also providing a platform to scale-up the TF activities within the LTA structure – benefiting from deeper insight, a wider contact base and broader reach.

The LTA Trust is a registered charity (charity number 1148421) and a wholly owned subsidiary within the LTA Group. LTA Operations Limited is the sole member of the charity. 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 the LTA donated £8.0m (2018: £nil) to The LTA Trust.

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 2019, the LTA Group’s revenue was £77.3m (2018: £64.5m) and operating expenditure was £72.9m (2018: £70.8m). Other operating income of £4.4m represents the inclusion of the TF in the consolidated financial statements in the form of a gain on subsidiary acquisition during the year. Operating profit generated for the year was £8.7m (2018: £6.3m loss).

The LTA Group generated investment income of £1.0m (2018: £1.4m) and a net gain on its investment portfolio of £6.0m (2018: £3.6m loss). Investments were revalued to fair value at 31 December 2019 in accordance with FRS102.

A tax charge of £1.3m (2018: £0.3m) was incurred delivering a profit for the year of £14.4m (2018: £8.8m loss).

REVENUE

The LTA Group revenue increased during the year to £77.3m (2018: £64.5m).

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

	2019 £’000s	2018 £’000s	Change £’000s	Change %
Revenue from the Wimbledon Championships:				
Surplus	45,706	38,510	7,196	19%
Grass Court Support	5,000	1,000	4,000	400%
Officiating	1,366	1,311	55	4%
Commercial	6,066	5,488	578	11%
Major Events	14,672	14,295	377	3%
Sport England Revenue Grant	2,454	2,535	(81)	(3%)
Other Revenue	2,038	1,340	698	52%
Total LTA revenue	77,302	64,479	12,823	20%

Revenue from the Wimbledon Championships

The revenue from the Wimbledon Championships includes the gross surplus of £45.7m (2018: £38.5m) representing 90% (2018: 90%) of the distributable surplus; £5.0m (2018: £1.0m) in support of the summer grass court season; and £1.4m (2018: £1.3m) for the management and supply of umpires and other officials in partnership with the Association of British Tennis Officials. The increase in the distributable surplus in 2019 was as a result of an improved financial performance at the 2019 Championships, in part linked to the completion of the roof on No.1 Court which had reduced the surplus over the past number of years. The growth in the support for the summer grass court season helps fund the increased investment in the Pre-Wimbledon grass court events since the introduction of the three week gap in 2015.

The increase in the support received for the summer grass court season reflects a renewed collaboration agreement between the LTA and The All England Lawn Tennis & Croquet Club (“AELTC” or the “Club”) in support of the Pre-Wimbledon grass court events until 2028 and on a rolling basis thereafter.

Although there remain risks and uncertainties on the absolute level of the Wimbledon Championships’ surplus in any given year, the long-term contract between the AELTC and the LTA in respect of the Wimbledon Championships runs through until 2053, with not less than 70% of the surplus continuing to be paid to the LTA in the 20 years following any termination of the contract.

Commercial revenues

The LTA’s commercial activities produced £6.1m (2018: £5.5m) of revenue. The key contracts that contributed to this were a continuation of existing sponsors including Fever-Tree, BNP Paribas, Nature Valley, Weston Cider, Adidas and Nyetimber, alongside new deals including Oppo and Amazon. The LTA is currently in negotiation in relation to further opportunities for both 2020 and beyond.

Major Events revenues

The revenue from the major events grew to £14.7m (2018: £14.3m). This is despite significant refunds being paid out for rain affected days at the Fever-Tree Championships (at The Queen’s Club), and the Nature Valley Open (at Nottingham Tennis Centre) totaling £0.8m. This was offset by increased revenues across the LTA’s ATP and WTA summer grass court events at the Fever-Tree Championships, the Nature Valley Classic (at Edgbaston Priory Club), Nature Valley International (at Eastbourne’s Devonshire Park) and Nature Valley Open. Additional revenue was also generated from two Federation Cup ties, in February at Bath University and in April at the Copper Box Arena in London.

Sport England revenue

Sport England revenue grants of £2.5m (2018: £2.5m) reflected the second full year of the current four year agreement that began in April 2017.

Under the Sport Governance Code the LTA is 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.

	2019 £'000s	2018 £'000s
Talent	750	774
Disability	640	676
SERVES programme	569	602
Women & Girls	395	483
Safeguarding	100	-
Total spend	2,454	2,535

The LTA continues to work in partnership with Sport England in relation to developing its participation strategy and introducing the benefits of tennis throughout the community. An application for funding as part of Sport England’s next funding cycle starting from April 2021 is expected to be submitted later in 2020.

Other Revenue

Other revenue of £2.0m (2018: £1.3m) arises from a range of activities, including British Tennis Membership, coaching courses, other grants, National Tennis Centre income and programme funding.

OPERATING EXPENDITURE

The operating expenditure of the LTA Group for the year ended 31 December 2019 was £72.9m (2018: £70.8m). This increase was primarily as a result of planned increased investments in Performance to support the strategy launched in 2018, additional costs of running Major Events and additional capital grants. A reduction in exceptional costs linked to an internal reorganisation partially offsets the increase in operating expenditure.

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

	2019 £'000s	2018 £'000s	Change £'000s	Change %
Direct operating expenditure				
Participation	16,198	18,317	(2,119)	(12%)
Performance	13,466	10,065	3,401	34%
Commercial and Marketing	6,117	4,831	1,286	27%
Major Events	27,152	26,368	784	3%
Business Support	5,003	4,783	220	5%
Exceptional Items	207	1,862	(1,655)	(89%)
Depreciation, amortisation and prepaid court time charge	2,937	3,768	(831)	(22%)
Capital Grants	1,864	820	1,044	127%
Total operating expenditure	72,944	70,814	2,130	3%

The expenditure is presented in line with the LTA’s defined operational functions: Participation, Performance, Commercial and Marketing, Major Events and Business Support. However, these activities are interlinked and support each other in delivering the LTA’s mission.

Investment in Participation

Participation expenditure of £16.2m (2018: £18.3m) was on a wide range of initiatives across the LTA’s strategic focus areas of counties, clubs, volunteers, parks, communities, education, disability, competitions, coaching and safeguarding. Though the figure was down on last year, this has come following the integration and the associated efficiencies of the Tennis Foundation’s key operational activities into the LTA since the 1st of January 2019, alongside the initiation of new strategies and structures for Participation programmes and activities. As such we expect spend in this area to grow through 2020 as we launch new programmes to help drive greater engagement across all user groups.

During the year the LTA continued to deliver the successful Tennis for Kids programme launched in 2016 that provides lessons and equipment to over 19,000 5-8 year olds for a small fee of £25; increased the number of Local Authority framework agreements designed to open up park tennis courts to communities; continued to support our registered clubs which remain the backbone of British tennis; invested in recreational and national competitions to further establish a structure that provides both formal and

informal competition for adults and juniors; delivered recreational competitions such as The Quorn Family Tennis Cup and Team Tennis alongside the partnership with Local Tennis Leagues; and provided coaching qualifications from level 1 to master club level, coach workshops and the Coach Accreditation Scheme.

Investment in Performance

One of the LTA's strategic priorities 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.

At the outset of 2018, the LTA launched its new Performance Strategy. This is a ten year vision that aims to make Great Britain one of the most respected nations in the world for player development. This long-term strategy will address the limited number 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.

This has been further expanded in 2019 to incorporate wheelchair tennis following the integration of the TF into the LTA. The continued development of a world class wheelchair pathway will look to ensure continued and improved success of British players at both Grand Slams and the Olympics in Tokyo 2021 and beyond.

This expansion, alongside the continued roll out of the strategy throughout tennis centres across Great Britain, including the opening of National Academies at Loughborough & Stirling University in September 2019, has led to an increase in investment in Performance in 2019 to £13.5m (2018: £10.1m).

Commercial and Marketing

Investment in Commercial and Marketing was £6.1m (2018: £4.8m) as the LTA works to continue to attract new participants to tennis through online activity as well as covering the cost of servicing sponsors.

Major Events

Across the Major Event grass court calendar the LTA invested £17.2m (2018: £18.2mm) to put on seven tournaments around the country, the decrease in expenditure reflecting both efficiencies made in the cost base of these events and other non-recurring benefits.

In addition to the summer grass court season, £10.0m (2018: £8.2m) was invested in two home Federation cup ties (2018: two away), the Davis Cup finals in Madrid (2018: two qualifying ties), the Nitto ATP World Tour Finals, officiating at the Wimbledon Championships and other Major Events including eleven International Pro Series events and seven disability events.

Business support and depreciation

Expenditure on business support and depreciation decreased to £7.9m (2018: £8.6m). Business support costs of £5.0m (2018: £4.8m) reflect the costs incurred by the functions of HR, IT, Finance and Legal, together with costs of running the National Tennis Centre in Roehampton.

Depreciation decreased to £2.9m (2018: £3.8m), as a result of asset write downs in 2018 in relation to National Tennis Centre refurbishment that were not repeated in 2019. With an increase in capital investment occurring in 2019 and a similar level expected in 2020 across the National Tennis Centre and the LTA's technology infrastructure, the corresponding depreciation charge is expected to increase in 2020.

Exceptional items

Exceptional expenditure of £0.2m (2018: £1.9m) included costs relating to staff restructuring costs and associated professional fees linked to the reorganisation in 2018.

Capital grants

Financial support to improve facilities is one key way the LTA helps venues thrive and attract new players. In 2019 the LTA invested £1.9m of capital grants (2018: £0.8m) and £0.9m of loans (2018: £1.7m) in facilities. Partnership funding from applicants in support of these projects

amounted to £8.2m (2018: £5.3m). Funding in this area, particularly in the provision of loan funding support, is expected to increase through 2020 based on the pipeline of activity for the various facility investment schemes.

Financial position

The LTA Group Statement of Financial Position remains strong with total equity of £175.8m (2018: £161.4m) which includes the assets of The LTA Trust and the TF. The increase in retained earnings is due to profit for the year of £14.4m (2018: £8.8m loss). The LTA Group reserves are in line with the reserves policy and leave the LTA Group in a position to carry out its strategic priorities going forward.

Intangible fixed assets of £3.9m (2018: £2.6m) primarily consist of capitalised software costs which include the development of a new Customer Relationship Management system and The Queen's Club Championships ATP 500 sanction. LTA acquired this sanction 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 2019 of £0.8m (2018: £1.0m).

Tangible fixed assets primarily comprise the investment in the National Tennis Centre. The increase in net book value to £32.7m (2018: £32.0m) represents additions during the year which were partially offset by disposals and the depreciation charge for the year. Facility improvements at LTA tournament sites (including The Queen's Club Championships site) that increase the future economic benefit of the tournaments are classified as tangible fixed assets.

£75.2m (2018: £66.2m) 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 potential interruption in the LTA Group's annual income. As at 31 December 2019, external investments were revalued to fair value in accordance with FRS 102.

The overall trade and other receivables falling due within one year have increased to £44.6m (2018: £41.4m). The increase is mainly attributable to an increase of £4.1m in amounts owing from AELTC to £36.9m (2018: £32.8m).

Trade and other receivables falling due after more than one year have increased to £20.7m (2018: £20.4m) mainly due to an increase in prepayments and accrued income of £0.7m to £7.2m (2018: £6.5m). 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 £3.1m (2018: £3.2m) repayable in equal instalments over the next 21 years. The net movement of concessionary loans falling due after one year was a decrease of £1.1m to £7.8m (2018: £8.9m).

Trade and other payables – amounts falling due within the year have increased to £16.1m (2018: £14.3m). The main liabilities included in this balance are accruals and deferred income of £13.2m (2018: £11.4m) which include capital grant commitments to club venues of £3.3m (2018: £2.3m) and deferred income of £1.6m (2018: £1.8m) relating to ticket sales for future events.

Cash flows

During 2019 there was a net cash inflow from operating activities of £3.5m (2018: outflow £4.9m) and a net cash outflow of £2.2m (2018: inflow £12.8m) from investing activities. This resulted in a net cash increase of £1.3m (2018: increase £7.9m) for the year.



Simon Steele
Finance Director
13 May 2020

PRINCIPAL RISKS & UNCERTAINTIES, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

PRINCIPAL RISKS & UNCERTAINTIES

The LTA's risk management process is designed to improve the likelihood of delivering 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 determines the risk appetite of the organisation, 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 residual potential risk, size of delay between current and residual risk and areas of significant revenue or expenditure. The Audit Committee also oversees the policies, processes and risks relating to the financial statements, the financial reporting process, compliance and auditing.

As in any sport or organisation which engages with children, young people and vulnerable adults, there is a risk of safeguarding issues arising. This is a risk the LTA takes extremely seriously, with the protection and wellbeing of those that are

involved in our sport being our highest priority. With the new Safeguarding Strategy and expanded team in place to deliver it, alongside the existing controls provided by the independent Safeguarding and Protection Committee and regular updates to the Board and Executive, we believe we are taking all necessary steps to mitigate this risk.

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 with not less than 70% of the surplus continuing to be paid to the LTA in the 20 years following any termination of the contract. 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 have been 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 the LTA organised major events that could have a material impact on revenue streams. However, the business interruption insurance policy in place helps mitigate the risk of non-receipt of revenue as a result of the cancellation of the Wimbledon Championships in 2020.

The impact of the COVID-19 pandemic presents a business risk however the LTA maintains adequate cash balances and reserves to mitigate the potential short-term financial impact of this risk.

The LTA faces an element of credit risk in its on-going business relationships 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. The Investment Advisory Group, which consists of the Finance Director, a second Board member and an independent investment advisor, oversees the implementation of the investment policy and reports to the Audit Committee on this area. 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 is mitigated through our commitment to working alongside all the people and organisations that share our vision including volunteers, coaches, players, local authorities and clubs. We have a long term strategic plan and resources are allocated appropriately to deliver our mission.

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.

KEY PERFORMANCE INDICATORS

Each year the LTA sets business objectives to measure its performance in key areas, with headline objectives relating to participation, performance and fans.

After a number of years of decline in the number of people playing tennis, the targets for 2019 had been to slow the rate of decline. However, early signs of a reversal in that trend were seen in 2019, with the number of adults playing tennis on a monthly basis increasing by 6% and weekly play up 15%. There is still work to do to sustain these numbers and increase them further, however these are encouraging signs. Of particular significance is that weekly child participation grew 8% last year.

Following the successful introduction of raised safeguarding standards for venues in 2018, the LTA achieved its 2019 target for the next phase of the project with 100% of LTA registered venues using only LTA Accredited Coaches (Level 3 and above).

In addition to more people playing tennis, the LTA also surpassed its target for the number of registered fans on our database with an 8% increase.

FUTURE DEVELOPMENTS

After the launch of the LTA's new long-term strategy last Spring around a new vision of 'Tennis Opened Up', we have a number of exciting new developments ready for year two of the strategy. These will include the introduction of the new LTA Youth programme to get more children and young people to play and stay in tennis, the national roll out of the Rally digital tool piloted in 2019 to make the journey of finding and booking a court simpler and easier, and new and more relevant venue registration and membership offers.

These developments and many more are designed to help the LTA grow the sport by making it relevant, accessible, welcoming and enjoyable to anyone who has an interest, from players of all abilities and backgrounds, to its many millions of fans.

The introduction of many of these developments have, inevitably, been delayed as a result of the spread of the coronavirus. More broadly, the coronavirus pandemic is having a far reaching and unprecedented impact on our society.

While the situation is ongoing, it is impossible to yet fully assess what the long-term implications will be for tennis in Britain and all those involved in our sport. However, our initial focus will be to ensure tennis coaches, venues, volunteers, officials and players are supported as best they can be, so that tennis in Britain emerges from this period in as strong and healthy position as possible, and the sport is able to resume its role in keeping the nation active.

The Strategic Report on pages 8 to 17 was approved and authorised for issue by the Board on 13 May 2020 and is signed on its behalf by:

E. Merwyn Davies

Lord Davies of Abersoch

Chairman

13 May 2020





DIRECTORS' *Report*

DIRECTORS' REPORT

INTRODUCTION

The Directors present their report, the Strategic Report and the audited Group financial statements for Lawn Tennis Association Limited ("the LTA") and its subsidiaries and associates (altogether "the LTA Group") for the year ended 31 December 2019.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The full impact of the COVID-19 pandemic is not yet known however 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 at the LTA, regardless of age, sex, race, nationality, ethnic origin, colour, sexual orientation, gender reassignment, pregnancy and maternity, marital status, religion or belief, ability or disability.

Creating an inclusive tennis environment wherever people play tennis is of paramount importance to the LTA and we work in partnership with a wide range of organisations to seek to achieve this. Inclusivity sits at the heart of the LTA's mission, helping to maintain a positive image for sport

and enabling the organisation to reach a wide and diverse audience of potential new players.

DISABILITY

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

SAFEGUARDING

The safeguarding and protection of all those playing our sport remains a key priority for the LTA. In 2019 we made it mandatory for all coaches qualified at level 3 and above to be accredited if working at registered LTA venues, which is a significant achievement for the sport. Regional Safeguarding Officers led a process of safeguarding support visits at venues to ensure best practice is embedded and visited almost 700 venues in 2019. Safeguarding training is mandatory for accredited coaches, Welfare Officers and LTA colleagues, and all LTA colleagues are trained to a level 1 safeguarding standard. This work and more meant that we achieved a rating of 'excellent' from the NSPCC in our 2019 inspection – the highest possible level. We continue to progress our detailed safeguarding action plan which aims to ensure the LTA is leading the way in safeguarding in sport with the launch of a new augmented reality safeguarding tool in collaboration with Sport England in 2020.

CODE FOR SPORTS GOVERNANCE

The LTA is proud to be the joint first sports governing body to fully adopt the provisions of the

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 and opening up the position of chair of the Tennis Development Committee to external applicants. A new Diversity Action Plan has also been implemented by the LTA Group.

EMPLOYEE CONSULTATION

The LTA Group places significant value on the involvement of its employees and keeps them informed on matters affecting the performance of the LTA Group. This is achieved through formal and informal meetings, employee engagement surveys, employee consultation fora, monthly newsletters, weekly bulletins and staff surveys. Monthly 'All Colleague' meetings are held which afford everyone the opportunity to share information, hear about the organisation's 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 LTA Rules and the LTA 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
- 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 Board Nominations Committee and the approval of Council. The President and Deputy President, two Council elected board members, the chair of our Tennis Development Committee and four independent board members together are the other nine 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 appropriate in view of the size and requirements of the LTA's business. The Board Nominations Committee reviews the composition of the Board from time to time and, as appropriate, 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 when applicable.

The terms of appointment to the Board are as follows: the Chairman and the four independent Board members are appointed for an initial term of three years, and with the approval of the Board (Chairman to be approved by Council also), may continue to serve for up to two further terms of three years. The President and Deputy President are elected each year, but they may not serve in that respective position 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 chair of the Tennis Development Committee is appointed for an initial term of three years and, thereafter, may serve as chair for up to a total of 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 LTA Standing Orders, and in 2019 it met five times.

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

Lord Davies of Abersoch

Lord Davies joined the LTA Board as Chairman on 27 September 2018 and is a member of the Remuneration Committee and Board Nominations Committee. He is a Partner and the Chairman of Corsair Capital, a private equity firm specialising in financial services. Lord Davies is also the Chairman of LetterOne, an Adviser to Teneo, and the Chairman of UK India Business Council. He became a peer in 2010 and was awarded a CBE for his services to the financial sector and the community in Hong Kong in June 2002. Lord Davies is a keen tennis player, particularly doubles, and also enjoys watching tennis.

Rachel Baillache

Rachel joined the LTA Board on 26 September 2018 as an Independent Non-Executive Director. She is Chair of the Remuneration Committee and also serves on the Audit Committee. Rachel is a partner at KPMG where she served as a member of the firm's global management team for eight years as the global Head of People, Performance and Culture. She was also the executive responsible for global internal and external communications. Rachel is the Chair of Minds@Work and a member of the Advisory Board for the Conference Board's Diversity and Inclusion Centre. Rachel is an avid tennis supporter.

Sara Bennison

Sara joined the LTA Board on 6 June 2018 as an Independent Non-Executive Director and is a member of the Remuneration Committee. She is currently the Chief Marketing Officer for Nationwide Building Society and plays an active role in the wider marketing industry as Vice President of the Incorporated Society of British Advertisers, a member of the Industry Advisory Panel for the Advertising Standards Authority and a Fellow of the Marketing Society. She is a keen tennis fan.

Lesley Cundy

Lesley joined the LTA Board on 1 January 2020 as a Council-elected Non-Executive Director, and is a member of the LTA Tennis Development Committee and the Council Nominations Committee. As Chair of Berkshire LTA since 2017, Lesley has contributed to tennis at all levels especially grassroots, teacher training and tennis in schools. She has played County tennis since a junior and competed successfully in National competitions at various age groups. Lesley currently supports the Charity 'Learning to work' and has recently become a Trustee of the Dan Maskell Trust.

Craig Haworth

Craig was appointed to the Board as a Council-elected Non-Executive Director on 6 January 2017, and is a member of the LTA Tennis Development Committee and the Council Nominations Committee. Craig 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. Craig 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.

Clare Hollingsworth

Clare joined the LTA Board as an Independent Non-Executive Director on 1 January 2015 and is currently the Senior Independent Director, Chair of the Audit Committee and member of the Board Nominations Committee. She has worked in a variety of industries, including travel, healthcare and real estate, and has held a number of non-executive directorships. She is Chairman of Go-Ahead Group plc, Non-Executive Director at Molnlycke Healthcare AB and UK Government Investments Limited and is a regular volunteer at The Listening Place charity. Clare is a keen tennis supporter and follower.

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. 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 until July 2015 and continues to hold a Non-Executive Director role.

Sandi Procter

Sandi joined the LTA Board on 6 January 2017 as a Council-elected Non-Executive Director and then became LTA Deputy President in January 2020 (and, as such, a Board member ex officio). On the LTA Council she represents Kent where she is the Lead Volunteer and has been involved in a wide range of Kent's activities and projects for over 25 years. Sandi is a member of the LTA Tennis Development Committee, the Council Nominations Committee and the Board Nominations Committee. She is also a member of the Tennis Europe Development Committee. Sandi is a former PE teacher turned tennis coach and has a particular passion for mini tennis. She created the Mini Tennis Red, Orange and Green programme and the Tennis Leaders Programme for the LTA, with resources, training materials and delivery to British coaches.

David Rawlinson

David joined the LTA Board in 2014 as a Council-elected Non-Executive Director, and thereafter became (and remains) a Board member, ex officio, as the LTA Deputy President on 1 January 2017 and then as LTA President from 1 January 2020. He joined the LTA Council in 2006 representing Bedfordshire where he has served as Treasurer, Sponsorship Co-ordinator, Men's Captain and Lead Volunteer. David serves on the Remuneration Committee, the Council Nominations Committee and the Board Nominations Committee. He is a Tennis Europe Board Member & Treasurer having been appointed in March 2017 and is also a member of the ITF Olympic Committee. David is 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.

Roy Staniland

Roy joined the LTA Board on 4 December 2019 as a Non-Executive Director (ex officio) by virtue of his appointment as the Chair of the LTA Tennis Development Committee. He has represented Surrey on the LTA Council for the past 14 years and plays an active role in the work of the county, taking the roles of Surrey County Lead, Surrey LTA Secretary and heading up the Surrey Commercial Team. Roy is Director of Surbiton Racket & Fitness Club Ltd and has carried out the role of tournament chairman at the Nature Valley International at Eastbourne for the last five years.

Simon Steele

Simon is the Finance Director at the LTA, joining on 3 October 2016. He is a member of the Investment Advisory Group and is also responsible for the LTA's legal and technology departments. Simon has over 10 years' experience in the sports industry across a number of different organisations. Prior to joining the LTA, Simon was Head of Finance and Business Development at Team Sky and prior to that spent 15 years at Sky, leading finance teams supporting business areas including marketing, technology and Sky Sports. Simon is a member of the Institute of Chartered Accountants in England and Wales, having trained and qualified with KPMG.

Sir David Tanner

Sir David joined the LTA Board on 1 August 2018 as an Independent Non-Executive Director and is a member of the Board Nominations Committee. He was the Performance Director for British Rowing until he stepped down in February 2018 after 21 years in the role. Sir David is a medal-winning Olympic coach and has had a successful full-time career in education. He is a Non-Executive Director on the Board of the English Institute of Sport and is Chair of Governors at

Orleans Park Academy in Twickenham. Sir David was appointed OBE in 2003, CBE in 2009 and received a knighthood from the Queen in 2013 for services to the London 2012 Olympic and Paralympic Games. He is an ardent tennis supporter.

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
Lord Davies of Abersoch	Chairman of the Board	5 out of 5
Rachel Baillache	Independent Non-Executive Director	5 out of 5
Sara Bennison	Independent Non-Executive Director	4 out of 5
Martin Corrie	President and Non-Executive Director (resigned on 25 September 2019)	0 out of 4
Craig Haworth	Council-elected Non-Executive Director	4 out of 5
Clare Hollingsworth	Senior Independent Non-Executive Director	5 out of 5
Scott Lloyd	Chief Executive Officer	5 out of 5
Nicola Maskens	Chair of Tennis Development Committee and Non-Executive Director (resigned on 24 May 2019)	1 out of 2
Sandi Procter	Council-elected Non-Executive Director	5 out of 5
David Rawlinson	Deputy President and Non-Executive Director	5 out of 5
Roy Staniland	Chair of Tennis Development Committee and Non-Executive Director (appointed on 4 December 2019)	1 out of 1
Simon Steele	Finance Director	5 out of 5
Sir David Tanner	Independent Non-Executive Director	5 out of 5

Pamela Woodman replaced Stephen Farrow as the LTA's Company Secretary on 24 May 2019.

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 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:

- Scott Lloyd, Chief Executive Officer
- Simon Steele, Finance Director
- Stephen Farrow, Director of International Events and Professional Game
- Julie Porter, Chief Operating Officer
- Oliver Scadgell, Participation Director
- Simon Timson, Performance Director
- Vicky Williams, People Director

BOARD COMMITTEES

The Board has a number of committees which have delegated responsibility for key areas. Each committee has terms of reference approved by the Board and most committees report back to the Board. Minutes of 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.

The Audit Committee reports to the Board and meets at least three times a year. The Audit Committee Chair presents an annual report to Council.

The Audit Committee members during the year were:

Name	No. of meetings attended in year
Rachel Baillache	3 out of 3
Clare Hollingsworth (Chair)	3 out of 3
David Rawlinson	3 out of 3

The Chief Executive Officer, Finance Director, Head of Group Finance and the LTA's internal and external auditors attended the Audit Committee meetings in 2019 by invitation as appropriate.

Grant Thornton, internal auditors to the LTA presented findings and recommendations from internal audit reviews, undertaken in 2019, to the Audit 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 auditors' objectivity and independence.

(ii) Board Nominations Committee and Council Nominations Committee

The Board Nominations Committee keeps the composition of the Board under review, considers the appointments of independent members of the Board and takes part in succession planning at senior levels of management. The Council Nominations Committee considers the appointments of Councillors and other individuals to external and internal committees while also considering succession planning.

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

Name	No. of meetings attended in year
Lord Davies of Abersoch (Chair)	3 out of 3
Martin Corrie (resigned on 25 September 2019)	0 out of 3
Clare Hollingsworth	3 out of 3
David Rawlinson	3 out of 3
Sir David Tanner	3 out of 3

Pamela Woodman attended one meeting in the capacity of the LTA's Company Secretary during the year.

b) The Council Nominations Committee met four times during the year and comprised the following members:

Name	No. of meetings attended in year
Craig Haworth	4 out of 4
Martin Corrie (resigned on 25 September 2019)	0 out of 3
Nicola Maskens (resigned on 24 May 2019)	1 out of 1
Sandi Procter	4 out of 4
David Rawlinson (Chair)	4 out of 4

Pamela Woodman attended three meetings and Stephen Farrow attended one meeting in the capacity of the LTA's Company Secretary during the year. Roy Staniland attended one meeting during the year by invitation.

(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. The Remuneration Committee engages independent external consultants to benchmark remuneration levels as required.

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

The Remuneration Committee members during the year were:

Name	No. of meetings attended in year
Rachel Baillache (Chair)	2 out of 2
Lord Davies of Abersoch	1 out of 2
Sara Bennison	2 out of 2
Martin Corrie (resigned on 25 September 2019)	0 out of 1
David Rawlinson	2 out of 2

The Chief Executive Officer and People Director attended the Remuneration Committee meetings in 2019 as appropriate.

(iv) Safeguarding and Protection Committee

The Safeguarding and Protection Committee makes 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 the 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 (resigned 17 December 2019)

Name	Description
Funke Awoderu	Council Member (resigned 22 January 2019)
Cameron Brown	Independent Member (appointed 13 February 2019)
Antonia Corp	Independent Member (appointed 13 February 2019)
Gary Bye	Independent Member
Nicola Dean	Independent Member
Nicola Maskens	Council Member (resigned 22 January 2019)
Liz McMahon	Independent Member
Pat Monro	Independent Member (resigned 17 December 2019)
Richard Smallbone	Independent Member
Liz Sweeting	Council Member (resigned 22 January 2019)
Ann Wolton (Barnett)	Independent Member (appointed 13 February 2019)

Fifteen meetings were held during 2019 (2018: ten). The quorum for any meeting is three, with the chairperson selecting a minimum of two other members to consider any case. A number of members stepped down during the year following the end of their terms. A robust recruitment process was undertaken to identify and appoint the new committee members. The Head of Legal, Head of Safeguarding and Safeguarding Manager attended the Committee meetings in 2019 as appropriate.

COUNCIL

The LTA Council is the forum of member associations and other key interest groups in British tennis. Its composition and powers are governed by the Articles of Association, the LTA Rules, and the LTA 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 but in the interests of British tennis as a whole
- 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
- 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.

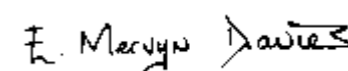
DIRECTORS' CONFIRMATIONS

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.

Information on the Group's risk management and future developments can be found on pages 15-17 as part of the Strategic Report while information on related party transactions is disclosed on pages 70-71 as part of the notes to the financial statements.

The Directors' Report was approved and authorised for issue by the Board on 13 May 2020 and is signed on its behalf by:



Lord Davies of Abersoch
Chairman
13 May 2020



STATEMENT OF DIRECTORS' RESPONSIBILITIES

*in Respect of the
Financial Statements*

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 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 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.





**INDEPENDENT
AUDITORS'
REPORT TO THE
MEMBERS OF**
*Lawn Tennis
Association Limited*

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2019 and of the Group's profit 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 (the "Annual Report"), which comprise: the Group Statement of Comprehensive Income for the year ended 31 December 2019, the Group and Company Statements of Financial Position as at 31 December 2019, 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 where:

- 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 Annual 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 2019 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 Directors' Responsibilities Statement set out on page 31, 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.



Philip Stokes

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

13 May 2020





GROUP

Financial Statements

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 £'000s	2018 £'000s
Revenue	2	77,302	64,479
Administrative expenses		(72,944)	(70,814)
Other operating income		4,381	-
Operating profit/(loss)	3	8,739	(6,335)
Other interest receivable and similar income	5	982	1,433
Net gains/(losses) on fixed asset investments		6,009	(3,586)
Profit/(loss) before taxation		15,730	(8,488)
Tax on profit/(loss)	6	(1,324)	(350)
Profit/(loss) and comprehensive (income)/expense for the year		14,406	(8,838)

All of the Group's activities are continuing.

There are no material differences between the profit/(loss) before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents for either 2019 or 2018.

The notes on pages 46 to 71 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 £'000s	2018 £'000s
Fixed assets			
Intangible assets	7	3,926	2,637
Property, plant and equipment	8	32,660	32,007
Investments	9	75,229	66,206
		111,815	100,850
Current assets			
Inventories	12	459	-
Trade and other receivables – amounts falling due after more than one year	13	20,732	20,394
Trade and other receivables – amounts falling due within one year	13	44,632	41,423
Cash and cash equivalents	14	14,900	13,562
		80,723	75,379
Trade and other payables – amounts falling due within one year	15	(16,149)	(14,314)
Net current assets		64,574	61,065
Total assets less current liabilities		176,389	161,915
Provisions for liabilities			
Other provisions	16	(563)	(495)
Net assets		175,826	161,420
Equity			
Retained earnings		123,451	107,214
Other reserves	18	52,375	54,206
Total equity		175,826	161,420

The financial statements on pages 40 to 71 were approved and authorised for issue by the Board on 13th May 2020 and were signed on their behalf by:



Scott Lloyd
Chief Executive Officer

The notes on pages 46 to 71 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 £'000s	2018 £'000s
Fixed assets			
Intangible assets	7	780	1,040
Investments	9	43,874	47,741
		44,654	48,781
Current assets			
Trade and other receivables – amounts falling due within one year	13	111,347	111,928
Cash and cash equivalents	14	160	18
		111,507	111,946
Trade and other payables – amounts falling due within one year	15	(615)	(994)
Net current assets		110,892	110,952
Total assets less current liabilities		155,546	159,733
Deferred tax liability	17	(1,004)	(450)
Net assets		154,542	159,283
Equity			
Retained earnings		154,542	159,283
Total equity		154,542	159,283

The Lawn Tennis Association Limited made a loss after taxation of £4.7m in the year (2018: loss £1.8m). This was largely due to a transfer of £8.0m (2018: £nil) from Lawn Tennis Association Limited to The LTA Trust, enabled given the strong financial performance across the LTA Group. The transferred funds will be used to support and invest in tennis facilities in Britain under the LTA Group's Facility Investment Strategy.

The financial statements on pages 40 to 71 were approved and authorised for issue by the Board on 13th May 2020 and were signed on their behalf by:



Scott Lloyd
Chief Executive Officer

The notes on pages 46 to 71 form an integral part of these financial statements.

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

Group	Restated Retained earnings £'000s	Restated Other reserves £'000s	Total equity £'000s
Balance as at 1 January 2018	114,657	55,601	170,258
Loss and comprehensive expense for the year	(7,443)	(1,395)	(8,838)
Balance as at 31 December 2018	107,214	54,206	161,420
Balance as at 1 January 2019	107,214	54,206	161,420
Profit/(loss) and comprehensive income/(expense) for the year	16,237	(1,831)	14,406
Balance as at 31 December 2019	123,451	52,375	175,826
Company	Retained Earnings £'000s	Other reserves £'000s	Total equity £'000s
Balance as at 1 January 2018	161,068	-	161,068
Loss for the financial year	(1,785)	-	(1,785)
Balance as at 31 December 2018	159,283	-	159,283
Balance as at 1 January 2019	159,283	-	159,283
Loss for the financial year	(4,741)	-	(4,741)
Balance as at 31 December 2019	154,542	-	154,542

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 £'000s	2018 £'000s
Cash flows from operating activities		
Operating profit/(loss)	8,739	(6,335)
Depreciation charge (net of loss on disposal)	1,559	2,070
Amortisation charge	959	1,279
Decrease/(increase) in stocks	(459)	-
(Increase)/decrease in debtors	(4,584)	(4,022)
Decrease/(increase) in outstanding loans to places to play	1,031	204
Increase/(decrease) in creditors	1,252	2,352
Gain on acquisition of subsidiary	(4,381)	-
Taxation paid	(634)	(436)
Net cash generated from/(used in) operating activities	3,482	(4,888)
Cash flow from investing activities		
Payments to acquire intangible fixed assets	(2,342)	(809)
Payments to acquire tangible fixed assets	(1,922)	(903)
Receipts from sale of fixed asset investments	7,704	69,833
Payments to acquire fixed asset investments	(7,448)	(61,802)
Proceeds from sale of joint venture	-	5,000
Acquisition of TF	882	-
Interest received	42	88
Income from fixed asset investments	940	1,345
Net cash (used in)/generated from investing activities	(2,144)	12,752
Net increase/(decrease) in cash and cash equivalents	1,338	7,864
Cash and cash equivalents at the beginning of the year	13,562	5,698
Cash and cash equivalents at the end of the year	14,900	13,562
Cash and cash equivalents consists of:		
Cash at bank and in hand	14,900	13,562
Cash and cash equivalents	14,900	13,562

The notes on pages 46 to 71 form an integral part of these financial statements.

NOTES TO THE *financial statements*

I. 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 The 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.

Summary of significant 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. The Group holds sufficient short-term investments to manage the potential impact of COVID-19 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;

I. ACCOUNTING POLICIES (CONTINUED)

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.

e) Basis of consolidation

The Group financial statements consolidate the financial statements of the Lawn Tennis Association Limited ('the Company') and its subsidiary undertakings (including The LTA Trust and TF) made up to 31 December 2019. The profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal.

During the year, a vote was passed at an Extraordinary General Meeting of the TF for LTA Operations Limited to become its sole member. As such, the TF is now part of the LTA Group and is included in the LTA Group financial statements. Income and expenditure relating to the TF have been included in the consolidated accounts from the date at which the entity became part of the LTA Group. Upon joining the group, the fair value of assets exceeded the fair value of liabilities in the TF and the resulting gain has been recognised separately within operating income (see note 3).

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. 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.

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 supplemented and amended by various agreements or deeds, most recently in 2013 between 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 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, 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. ACCOUNTING POLICIES (CONTINUED)

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.

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 transaction 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.

Computer software's amortisation period has been increased from 4 years to between 4 and 5 years to reflect the expected future economic benefit of the new customer relations platform.

Assets under construction are amortised once their useful lives commence and in accordance with their asset class.

I. ACCOUNTING POLICIES (CONTINUED)

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 accordance 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 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.

I. ACCOUNTING POLICIES (CONTINUED)

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 is 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 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.

(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.

I. ACCOUNTING POLICIES (CONTINUED)

(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.

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.

I. ACCOUNTING POLICIES (CONTINUED)

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 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.

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-subsidary relationships in note 22, 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. Revenue is earned from the participation of British teams in Davis Cup and Fed Cup ties overseas however this is immaterial.

Analysis of revenue by category:

	2019 £'000s	2018 £'000s
Rendering of services	74,603	61,583
Grant income	2,699	2,896
	77,302	64,479

Analysis of revenue by subcategory:

	2019 £'000s	2018 £'000s
Revenue from the Wimbledon Championships	52,072	40,821
Commercial	6,066	5,488
Major events	14,672	14,295
Sport England revenue and other grants	2,454	2,535
Other revenue	2,038	1,340
	77,302	64,479

3. OPERATING PROFIT/(LOSS)

	2019 £'000s	2018 £'000s
Operating profit/(loss) is stated after charging/(crediting):		
Amortisation of intangible assets (note 7)	959	1,279
Depreciation (note 8)	1,547	1,547
Loss on disposal of assets	12	524
Operating lease and other hire charges:		
- Plant and machinery	88	89
- Motor vehicles	132	163
Auditors' remuneration:		
- Audit fee for parent company and consolidated financial statements	60	54
- Audit fee for audit of subsidiaries	10	5
- Tax compliance services	48	46
- Non-audit services	57	79
Donations payable:		
- The Tennis Foundation	-	4,443
- The LTA Trust	8,000	-
Gain on acquisition of subsidiary	(4,381)	-
Grant income	(2,699)	(2,896)

Gain on acquisition of subsidiary represents the value of net assets acquired by the LTA Group when TF became part of the group on 18 March 2019.

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees, including directors, of the Group during the year was 279 (2018: 282) as follows:

	2019 Number	2018 Number
Participation	101	87
Performance	68	54
Commercial, major events and marketing	54	75
Business support and governance	56	66
	279	282

The Company has no (2018: nil) employees.

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

	2019 £'000s	2018 £'000s
Group employees		
Wages and salaries	16,913	15,358
Social security costs	2,010	1,729
Other pension costs	1,007	907
	19,930	17,994
Charge to The Tennis Foundation	-	(752)
	19,930	17,242

Directors' remuneration

	2019 £'000s	2018 £'000s
Aggregate salaries and benefit in kind	533	521
Variable pay due under short-term incentive schemes	111	110
Company pension contributions to money purchase scheme	17	16
Aggregate emoluments	661	647

Company pension contributions made during 2018 in the amount of £28k have been reclassified to aggregate salaries and benefits in kind. Total emoluments for 2018 remain the same at £647k.

The aggregate emoluments were paid to two (2018: two) directors, both of whom were employed for the whole of 2019 (2018: two). Variable pay is based upon personal objectives, agreed targets and performance measures. Retirement benefits are accruing to one (2018: one) director under a money purchase scheme.

4. EMPLOYEES AND DIRECTORS (CONTINUED)

	2019 £'000s	2018 £'000s
Highest paid director		
Aggregate salaries and benefit in kind	355	345
Variable pay due under short-term incentive schemes	74	76
Aggregate emoluments	429	421

Company pension contributions made during 2018 in the amount £28k have been reclassified to aggregate salaries and benefits in kind. Total emoluments for 2018 remain the same at £421k.

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000s	2018 £'000s
Group interest receivable	46	13
Interest on deferred consideration	-	75
Income from fixed asset investments	936	1,345
Net finance income	982	1,433

6. TAX ON PROFIT/(LOSS)

	2019 £'000s	2018 £'000s
Group taxation		
Current tax		
UK corporation tax on results for the year	2,089	1,347
Adjustment in respect of prior years	25	(167)
Total current tax	2,114	1,180
Deferred tax:		
Origination and reversal of timing differences	(561)	(1,318)
Effect of future corporation tax rate changes	59	139
Adjustment in respect of prior years	(288)	349
Total deferred tax	(790)	(830)
Tax on profit/(loss)	1,324	350

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

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% average for the year (2018: 19%). The differences are explained below:

	2019 £'000s	2018 £'000s
Factors affecting tax charge		
Profit/(loss) before taxation	15,730	(8,488)
Profit/(loss) before taxation multiplied by standard corporation tax rate in the UK of 19% (2018: 19%) for large entities and 19% (2018: 19%) for smaller entities	2,989	(1,613)
Effects of:		
Expenses not deductible for tax purposes	1,178	2,086
Accelerated capital allowances and other timing differences	-	(231)
Income not taxable	(2,614)	(214)
Effect of gains	(26)	-
Adjustment in respect of prior years	(262)	181
Deferred tax not recognised	-	2
Effect of future corporation tax rate changes	59	139
Total tax charge	1,324	350

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. A revised Budget Resolution was passed on 17 March 2020 which reverses the two planned reductions, with the existing 19% rate substantively enacted as continuing. The corporation tax rate will therefore remain at 19% for the foreseeable future.

7. INTANGIBLE ASSETS

Group	Commercial rights £'000s	Assets under construction £'000s	Computer software £'000s	Total £'000s
Cost:				
At 1 January 2019	2,080	452	5,426	7,958
Additions	-	730	1,518	2,248
Transfer	-	(452)	452	-
At 31 December 2019	2,080	730	7,396	10,206
Accumulated Amortisation:				
At 1 January 2019	1,040	-	4,281	5,321
Charge for the year	260	-	699	959
At 31 December 2019	1,300	-	4,980	6,280
Net book value				
At 31 December 2019	780	730	2,416	3,926
At 31 December 2018	1,040	452	1,145	2,637
Company	Commercial rights £'000s			
Cost:				
At 1 January 2019	2,080			
Additions	-			
At 31 December 2019	2,080			
Accumulated Amortisation:				
At 1 January 2019	1,040			
Charge for the year	260			
At 31 December 2019	1,300			
Net book value:				
At 31 December 2019	780			
At 31 December 2018	1,040			

Commercial rights consist of The Queen's Club Championships ATP 500 sanction. The LTA acquired this sanction 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 2019 of £0.8m (2018: £1.0m).

8. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Total £'000s
Cost:				
At 1 January 2019	35,892	81	19,104	55,077
Additions	1,402	-	810	2,212
Disposals	-	-	(52)	(52)
At 31 December 2019	37,294	81	19,862	57,237
Accumulated Depreciation:				
At 1 January 2019	8,196	71	14,803	23,070
Charge for the year	683	9	855	1,547
Disposals	-	-	(40)	(40)
At 31 December 2019	8,879	80	15,618	24,577
Net book value:				
As at 31 December 2019	28,415	1	4,244	32,660
As at 31 December 2018	27,696	10	4,301	32,007

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

The Company does not hold any Property, plant and equipment (2018: £nil).

9. INVESTMENTS

Group	Third party investments £'000s		
Net book value			
At 1 January 2019	66,206		
Inclusion of TF's investments	3,332		
Additions	7,641		
Disposals	(7,460)		
Fair value adjustment	5,703		
Movements in cash	(193)		
At 31 December 2019	75,229		
Company	Third party investments £'000s	Subsidiaries £'000s	Total £'000s
Net book value			
At 1 January 2019	35,945	11,796	47,741
Additions	3,971	-	3,971
Disposals	(11,479)	-	(11,479)
Fair value adjustment	3,454	-	3,454
Movement in cash	187	-	187
At 31 December 2019	32,078	11,796	43,874

The subsidiaries below are all incorporated in the UK, were wholly owned by the Lawn Tennis Association Limited at 31 December 2019 and are registered at The 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 through capital grant and loan funding
The Tennis Foundation	Independent charity to promote community participation through revenue grant funding
TF Enterprises Limited	Trading entity of The Tennis Foundation

*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 2019.

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

Subsidiary	Nature of activities
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.

	2019 £'000s	2018 £'000s
Income statement		
Operating result	-	-
Result before tax	-	-
Result for the financial year	-	-
Statement of financial position		
Debtors due after more than one year	1,212	1,188
Cash at bank and in hand	11	35
Creditors due less than one year	-	-
Net assets	1,223	1,223

II. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Financial instruments by category				
The Group & Company have the following financial instruments:				
Financial assets at fair value through income statement:				
Third party investments (note 9)	75,229	66,206	32,078	35,945
Financial assets that are debt instruments measured at amortised cost:				
Trade and receivables (note 13)	1,863	1,805	-	-
Other receivables (note 13)	51,424	47,694	111,347	111,928
Concessionary loans (note 13)	9,502	10,533	-	-
Cash at bank and in hand (note 14)	14,900	13,562	160	18
	77,689	73,594	111,507	111,946
Financial liabilities measured at amortised cost:				
Trade and payables (note 15)	989	613	-	-
Other payables (note 15)	14,118	13,314	615	885
	15,107	13,927	615	885

II. INVENTORIES

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Inventories	459	-	-	-
	459	-	-	-

III. TRADE AND OTHER RECEIVABLES

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Amounts falling due within one year:				
Trade receivables	1,863	1,805	-	-
Amounts owed by Group undertakings (i)	-	-	111,341	111,921
Amounts owed by the Wimbledon Championships	36,878	32,785	-	-
Amounts owed by The Tennis Foundation	-	598	-	-
Concessionary loans (ii)	1,698	1,638	-	-
Tennis developments (iii)	150	114	-	-
Other receivables	106	1,620	6	7
Prepayments and accrued income	3,937	2,863	-	-
	44,632	41,423	111,347	111,928
Amounts falling due after more than one year:				
Concessionary loans (ii)	7,804	8,895	-	-
Deferred tax asset	2,575	1,785	-	-
Tennis developments (iii)	3,101	3,240	-	-
Prepayments and accrued income	7,252	6,474	-	-
	20,732	20,394	-	-

(i) Amounts owed by Group undertakings

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

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Concessionary loans

Group	2019 £'000s	2018 £'000s
Amounts falling due within one year	1,698	1,638
Amounts falling due after more than one year	7,804	8,895
	9,502	10,533

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.

(iii) Tennis Developments

Included within amounts falling due after more than one year is £3,101,000 (2018: £3,240,000) 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 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Cash at bank and in hand	14,900	13,562	160	18
	14,900	13,562	160	18

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

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Trade payables	989	613	-	-
Corporation tax	1,042	387	-	109
Amounts owed to group undertakings	-	-	156	156
Other payables	963	1,890	-	-
Accruals and deferred income	13,155	11,424	459	729
	16,149	14,314	615	994

16. OTHER PROVISIONS

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
At 1 January	495	400	-	-
Charged to income statement	68	95	-	-
At 31 December	563	495	-	-

Provisions relate to payroll costs of £400,000 and legal expenses of £163,000 and are expected to be used during 2020.

17. DEFERRED TAX ASSET/(LIABILITY)

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
At 1 January	1,785	955	(450)	(1,004)
Credited/ (charged) to income statement	790	830	(554)	554
At 31 December	2,575	1,785	(1,004)	(450)

The gross deferred tax asset/(liability) comprises:

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
Deferred capital allowances	4,266	2,863	-	-
Pension surplus	(590)	(547)	-	-
Short-term timing differences	(1,037)	(472)	(1,004)	(450)
FRS 102 Adjustment	19	24	-	-
Tax Losses carried forward	28	28	-	-
Deferred tax not recognised	(111)	(111)	-	-
Deferred tax asset/(liability)	2,575	1,785	(1,004)	(450)

18. OTHER RESERVES

	Group 2019 £'000s	Group 2018 £'000s	Company 2019 £'000s	Company 2018 £'000s
At 1 January	54,206	55,601	-	-
Charged to income statement	(1,831)	(1,395)	-	-
At 31 December	52,375	54,206	-	-

Other reserves represent the balance of consideration in respect of the sale of the LTA's holding in AELTG in 2013. Other reserves are ring fenced for investment in legacy projects rather than for day to day operations.

19. 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 2019, 314 (2018: 278) employees were members of the scheme.

The contributions to the LTA schemes were:

	2019 £'000s	2018 £'000s
LTA Group personal pension plan (the scheme)	1,007	907
Total Group contributions	1,007	907

There were no contributions outstanding at the year-end (2018: £nil).

20. 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:

	2019 £'000s	2018 £'000s
Operating leases which expire:		
within one year	53	59
within two to five years	22	75
	75	134

In addition to the commitments under non-cancellable operating leases noted above, there are loans of £4,310,000 (2018: £2,160,000) that have been approved for payment to places to play but have not yet been paid.

At 31 December 2019, the Company had no future minimum lease payments under non-cancellable operating leases for assets and other financial commitments.

21. 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 £14,720,663 (2018: £3,038,865).

22. 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 £1,841,978 (2018: £1,541,434).

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 2019, the LTA received income of £86,926 (2018: £89,094) and incurred costs of £288,624 (2018: £335,160) from David Lloyd clubs across the UK. The balance owed by David Lloyd clubs at 31 December 2019 was £288 (2018: £2,429).

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 2019 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2018: 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 35 years. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2018 and 2019.

The gross surplus of the Wimbledon Championships amounted to £45,706,226 (2018: £38,509,674). Net of withholding tax, the surplus receivable by the LTA amounted to £44,878,528 (2018: £37,800,000). The amount due from the Wimbledon Championships at 31 December 2019 was £36,878,000 (31 December 2018: £32,785,000).

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 2019 the LTA recharged the Wimbledon Championships £1,366,468 (2018: £1,311,000) for these services.

In 2019, LTA Operations Limited received £5,000,000 (2018: £1,000,000) from The Championships to help fund grass-court tournaments in the periods before and after The Championships and a further £497,351 (2018: £442,855) to support the grass court venues of the Trophy Series and the prize money at the Men's ATP Challenger/ Women's ITF Pro-circuit. LTA Operations Limited also purchased £6,908,100 (2018: £5,970,513) of tickets at face value from The Championships for onward sale and distribution.

23. ULTIMATE PARENT AND CONTROLLING PARTY

Lawn Tennis Association Limited is the ultimate parent undertaking and controlling party of the LTA Group, as detailed in Note 9.

24. NON-ADJUSTING EVENT AFTER THE END OF THE REPORTING PERIOD

On 10 March 2020, the LTA Group acquired a 100% interest in Local Tennis Leagues Limited, a private company limited by shares and incorporated in England and Wales which is engaged in facilitating tennis leagues in parks across the UK. Local Tennis Leagues Limited will be consolidated with effect from 10 March 2020.

On 30 January 2020, the World Health Organisation (WHO) declared the COVID-19 outbreak to be a public health emergency of international concern. Following the suspension of professional tennis due to the escalating COVID-19 pandemic, the Group announced the cancellation of its summer grass court events and The British Open Wheelchair Championships on 1 April 2020, with the AELTC announcing the cancellation of the Wimbledon Championships on the same day. The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. However, the group has carried out sensitivity analysis on its cash position with the directors concluding that this uncertainty does not cast significant doubt upon the entity's ability to continue as a going concern.





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