



BRITISH TENNIS IN REVIEW

ANNUAL REPORT AND ACCOUNTS 2014



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WELCOME

We're delighted to present the 2014 Annual Report

2014 has been a period of change at the LTA under the leadership of our new Chief Executive Michael Downey who joined us in January 2014. With the support of our Chairman David Gregson and President Cathie Sabin, we have tried to establish a more focused, strategic approach which has resulted in changes across our organisation to enable us to focus on our mission to get more people playing tennis more often. Our purpose is to enrich lives through tennis.

We've welcomed a new Executive team who are working hard behind the scenes to really drive growth through the development of a new strategic plan. One of the major appointments was Bob Brett, our Director of Player Development, who has already started to implement the cultural changes that will without doubt hugely benefit high performance players and coaches. We've also established a set of values: integrity, passion, excellence and team work that will underpin everything that we do and how we do it moving forward.

We refer to the urgency of having to deliver better results as our 'burning platform'. Sport England gave us a burning platform in 2014 and we are a better organisation because of it. We need to work diligently to deliver sustainable results, without compromising the quality of what we and our partners do. To do this, we've made huge strides in attempting to understand places to play, players and coaches better. We know a lot more today through research based consumer insight. That said, we know we can't do everything ourselves, which is why it's vital that we continue to work with our partners to grow the great game of tennis.

On court highlights in 2014 included the Davis Cup team reaching the quarter-finals of the World Group, whilst Andy Murray made a heroic run at the end of the season to qualify for the ATP World Tour Finals. What an incredible role model he continues to be. A number of players reached career high rankings, including James Ward, Liam Broady and Kyle Edmund, whilst Heather Watson got back to some of her best form by re-entering the world's top 50. Jordanne Whaley sealed the calendar Grand Slam in wheelchair doubles whilst Wimbledon and the ATP World Tour Finals remained two highlights of the calendar. We were reminded once again just how lucky we are to have these events in this country. We wish all our players the very best next season, but we should also take a moment to remember our friend Elena Baltacha – one of the bravest people both on and off court and our thoughts and prayers continue to be with her family and friends.

Finally, as we move forward into 2015 and beyond, we look forward to embedding our new long term strategy and strengthening our major events, starting with our Davis Cup home tie in March against the USA, followed by the new three week grass court window between Roland Garros and Wimbledon. There is an awful lot to look forward to, but we are only too aware that there is much to do. We relish the challenges ahead, and look forward to successfully delivering on our mission to get more people playing tennis more often with the help of our partners.



Cathie Sabin
Cathie Sabin
President



David Gregson
David Gregson
Independent Chairman



Michael Downey
Michael Downey
Chief Executive

BOARD AND EXECUTIVE TEAM

Meet the members of the LTA Board, who bring expertise and experience to the organisation from a wide range of backgrounds.



David Gregson
Chairman of the Board

David was appointed Chairman of the LTA Board on 12 December 2012. David is also Chairman of CRI, a leading national social care charity; a Director of the London Legacy Development Corporation, which is transforming the Queen Elizabeth Olympic Park after the London 2012 Games; and a member of the Advisory Boards of both The Sutton Trust and the Education Endowment Foundation. David was previously Chairman and co-founder of Phoenix Equity Partners, a leading UK mid-market private equity company and has been Chairman, a director or trustee of nearly thirty companies and charities.



Martin Corrie
Deputy President

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



Cathie Sabin
President

Cathie is a former Assistant Head of a Specialist Sports College and was one of the original members of the Education and Young People Committee at the LTA. She has an interest in all sports playing netball, cricket, hockey, lacrosse and tennis and continues to play tennis for Shropshire senior teams. Cathie chaired the Shropshire Management Committee and co-ordinated the County Closed for many years. She is eager to promote opportunities for young people and she is a supporter of the Youth Group whose Chairman will now be an LTA Councillor. Her education experience includes school governor and chair of education groups from pre-school to post 16. Living in Much Wenlock, the birthplace of the modern Olympics, she is a founding trustee of the William Penny Brookes Foundation, promoting cultural and sporting opportunities for young people. Cathie is chair of the Education Advisory Group. She was elected to the LTA Council in 2000 and has served on a number of committees. She was Deputy President from 2011-2013 and was elected President at the LTA AGM in December 2013.



Richard Baker
Independent Non-Executive Director

Richard is Chairman of Whitbread Plc, Chairman of DFS Furniture Holdings Plc, Chairman of the Advisory Board for Aimia Europe, Middle East and Africa (owners of the Nectar Card), and an Operating Partner at Advent International. Prior to these appointments, Richard was Chief Executive of Alliance Boots Plc from 2003 until 2007. Richard is the chair of the Remuneration Committee.



Clare Hollingsworth
Independent Non-Executive Director

Clare is Chairman of Eurostar and a non executive director of Virgin Healthcare and Molnlycke AB. Clare has over 30 years experience in senior positions within customer facing businesses and organisations undergoing significant change. Her recent executive director appointments include being Managing Director of Caledonian Airways and Chief Executive of Spire Healthcare. She is a keen supporter of tennis.



Chelsea Warr
Independent Non-Executive Director

Chelsea has 18 years' experience as a leader in high performance sport with specialist expertise in talent identification and performance development. Beginning her career with the Australian Institute of Sport, Chelsea moved to British sport in 2002 when she became British Swimming's World Class and Potential Director. In 2005 Chelsea joined UK Sport's performance programme where she worked directly with Performance Directors and Head Coaches of various sports to identify areas of underperformance. In 2009 she was appointed Head of Athlete Development ahead of the London Olympic Games and in 2013 Chelsea became the Deputy Director of Performance at UK Sport.



Bob Battersby
Independent Non-Executive Director

Bob joined the LTA Council in 2003 representing Hampshire & Isle of Wight. He is a past Chairman of the County Association and is at present Deputy Chairman and sits on the County Executive Committee. At the LTA he has served on the Audit Committee, the Councillor Liaison Committee and Operations Board and he was Chairman of the Risk Advisory Group. He served on the Tennis Development Committee as Deputy Chair and was appointed Chair for 2013. Bob has been on the Board since 2011 and was appointed as the LTA Board representative on the LTA Trust Board in 2014. He has played County tennis throughout his life and continues to be active in seniors' tennis. Bob is a Chartered Engineer by profession and has worked in the petrochemical industry throughout his working life, most recently as Managing Director of Polimeri Europa UK, a subsidiary of ENI, the Italian oil and gas multinational.



Richard Walmsley
Independent Non-Executive Director

Richard joined the Board in 2013 having been an LTA Councillor since 2001, initially representing Sussex where he was formerly Men's County Captain, and still sits on the County Executive. Richard is a business graduate who reached national management roles with leading financial brands before switching into commercial sports consultancy in 2003. Alongside this business career there has been a constant passion for competitive tennis, allied to a belief that sport, and particularly tennis, is a force for good in society. An active tournament player over the years, latterly Richard has won national seniors titles and achieved a top 20 world ranking in his age group. Voluntary LTA roles have included Tournament Chairman of the Aegon International ATP and WTA event in Eastbourne and, since 2013, Chair of the Tennis Performance Committee, an advisory body to which he has recruited several former but recent tour players to contribute their highly relevant knowledge.



David Rawlinson
Independent Non-Executive Director

David joined the LTA Council in 2006 representing Bedfordshire LTA where he has served as Treasurer, Sponsorship Co-ordinator, Men's Captain and Lead Volunteer. David is President of Riverside LTC in Bedford. At the LTA he has served on the Funding, Investment and Tennis Performance Committees and has chaired the Selectors of Seniors Tennis Great Britain. He 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, a Director of an Educational Charity and a Rotarian.



Nicola Maskens
Independent Non-Executive Director

Nicola joined the LTA Council in 2008 representing Oxfordshire. She is currently the Chairman of the County Association having in the past been Chairman of the Junior County Closed and undertaking various roles on the Management Committee. At the LTA Nicola serves on the Licensing & Registration Committee and the Tennis Development Committee. She was appointed to the LTA Board in September 2014 for the three year period from 2015-2018. Nicola has been involved in tennis throughout her life, as a Junior, as a tennis parent, as a Club member, Club Membership Secretary, Team Captain and an active player in the local summer and winter leagues. Nicola has worked in Marketing throughout her career and is currently specialising in the field of shopper behaviour working in the Retail and Leisure industries.



Michael Downey
Chief Executive

Michael Downey joined the LTA in January 2014 after nine successful years as President and Chief Executive Officer of Tennis Canada, during which time the sport has enjoyed significant growth, both at grassroots and at the elite level. As CEO, Michael is responsible for leading the execution of the LTA's long term strategy, all day-to-day management decisions, and acts as a liaison between the Board and management of the LTA. Michael was formerly Regional President for Canada's largest brewery, Molson Canada, and Vice President, sales and marketing, for the Toronto Raptors (NBA), the Toronto Maple Leafs (NHL) and the Air Canada Centre.



Tim Davies
Finance Director

Tim Davies joined the LTA in January 2015 after seven successful years as Finance Director of Whitworth Group having previously been the CEO of Leicester City Football Club. Tim also brings many years of tennis experience having been on an LTA County Board, Chairman of a tennis club, Non-Executive director of an indoor tennis centre as well as being vice-chairman of the body that brought the Special Olympics to Leicester in 2009.

EXECUTIVE TEAM

The new LTA Executive team was established in 2014 to support the development and roll-out of our organisational strategy. We believe we now have the right people in place to lead their own individual teams and to execute the key strategies that have been put in place.



Michael Downey
Chief Executive



Alastair Marks
Participation Director



Bob Brett
Director of Player Development



Alex Mawer
Director of Marketing and Communications



Tim Davies
Finance Director



James Mercer
Commercial Director



Stephen Farrow
Director of Legal and Tournament
Director Aegon Championships



Oliver Scadgell
Head of Major Events and Competitions



Simon Jones
Head of Performance Support



Vicky Williams
Director of People

OUR BUSINESS MEASURES

While working to define our new strategic plan, we continued to reference the previous measures of success set out by our Board to guide the organisation.

The Active People Survey (APS) delivered by Sport England measures the weekly and monthly adult participation in tennis. The APS 8 results for the period to October 2014 were down from 777,900 the year before to 694,100 for monthly players and from 406,000 to 384,200 for weekly players over the same time frame.

The number of Regularly Competing Juniors (RCJ) is the measure of junior players who compete in six or more competitive matches in a year. For the period ending September 2014 this stood at 66,520 (62,962 for the same period in 2013).

The final two measures were the average ranking of our top 10 women's and men's singles players as monitored by the WTA and ATP respectively. The total ranking of the top 10 GB women's players at the end of the 2014 season was 2,774, an improvement from 3,292 the year before. On the men's side the average rankings improved from 2,657 to 1,999.

Whilst the figures from the latest APS survey are disappointing, we have to be realistic in how fast the decline can be halted and sustainable growth achieved. Effective implementation of our new strategic plan in tandem with our numerous participation partners will be central to this turnaround but it will not happen immediately.



180
refurbished or
new courts



4,100
accredited
coaches



1,127
venues for the
Great British
Tennis Weekend



122,000
players participated
in a Mini Tennis
programme



67,000
juniors compete
regularly



25,000
Aegon team
tennis players



19,000
schools are
supported by the
LTA and the Tennis
Foundation



11,500
LTA approved
tournaments



2,700
registered places
to play



840,000
monthly adult
players



900+
Clubmark
clubs



10,000
weekly cardio
tennis players



1,100
licensed
officials



3,200
qualifications
achieved



£37.5m
invested in tennis
facilities including
partnership funding



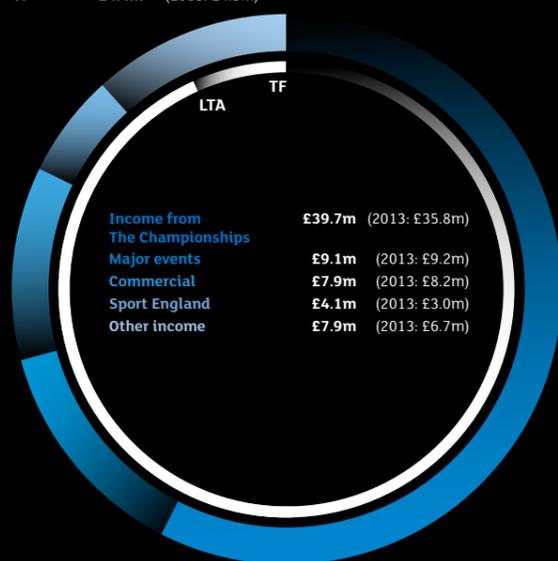
510,000
British Tennis
Members

2014 has seen the LTA Group change its accounting reference date to 31 December from 30 September to improve the annual planning and budgeting cycle and to align itself to other tennis bodies. The LTA made a loss for the period of £1.9 million, (2013 profit £7.8 million). The current period loss was a consequence of a change to a 15 month accounting period with sponsorship revenue being recognised when the economic benefit arose between March and September. Hence a year's worth of income has been recognised, but 15 month's of overhead. All current year figures are for a 15 month period. Prior year figures are for a 12 month period.

Income

£68.7m (2013: £62.9m)

LTA £64.3m (2013: £58.4m)
TF £4.4m (2013: £4.5m)



INCOME

Income increased in the period from the LTA and TF to £68.7 million (2013: £62.9 million). Key highlights:

Increased income from The Championships

The Championship surplus distributed to the LTA reduced to £32.0 million representing 90% (2013: 100%) of the distributable surplus (2013: £35.1 million) in line with the terms of the sale of All England Lawn Tennis Ground Company in 2013 from LTA to All England Lawn Tennis Club (AELTC). The surplus was supplemented during the period by AELTC on behalf of The Championships following the one-off exercise of warrants over shares in a commercial partner on the sale of that partner to a third party.

Sport England grants increased

Grants of £4.1 million (2013: £3.0 million) reflected the first and second years of the current Whole Sport Plan Funding arrangements which commenced in April 2013.

Income from Commercial, Major Events and other areas sustained

The LTA's commercial strategy delivered £7.9 million (2013: £8.2 million) of turnover with continued long term commitments from key sponsors, official partners and official suppliers including Aegon as Lead Partner of British Tennis.

Major events delivered £9.1 million (2013: £9.2 million). The reduction in turnover resulted from a change in accounting treatment following the outsourcing of hospitality management. Excluding the change, turnover would have increased by 10%.

Other income which includes items such as tournament income, coaching courses and other increased by 72%.

EXPENDITURE

Total expenditure by the LTA and TF including facility grants increased to £70.3 million (2013: £65.3 million) mostly due to the change in accounting period. Key highlights:

Participation investment increased

£25.5 million (2013: £21.4 million) was spent on initiatives in partnership with the TF to help get more people playing tennis more often.

Performance investment reduced

£13.4 million (2013: £13.4 million) was in support of the development of talent across the country and their transition into the professional game.

Commercial, major events and marketing expenditure reduced

£22.3 million (2013: £22.6 million) was invested in support of the LTA summer grass court events, two Davis Cup ties and the Barclays ATP World Tour Finals as well as the staging and supporting of the elite British Tennis competition calendar.

Business support and depreciation expenditure reduced

Expenditure of £9.1 million for the 15 month period compares to £7.9 million for the 12 month period. On a 12 month comparative basis, costs reduced by 8%.

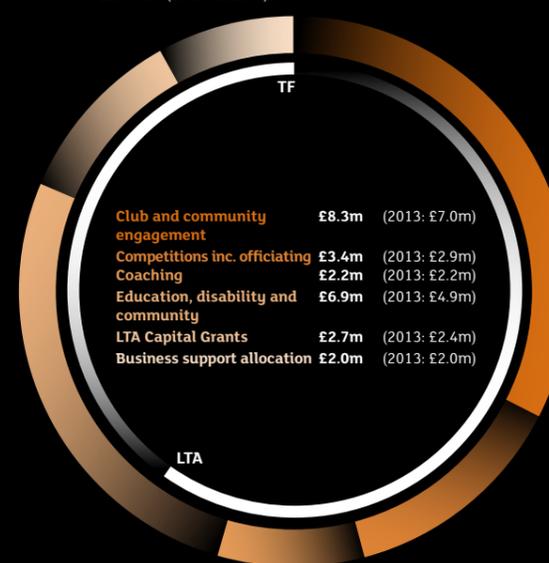
Places to play facility investment

£6.5 million (2013: £5.6 million) was invested in total in places to play facilities including £1.7 million from Sport England (2013: £1.1 million) across 43 projects. This investment in facilities created 27 new indoor courts, 104 new floodlit courts and 664,000 additional playing hours to enable the game to grow in parks, schools, clubs and tennis centres.

Investment in participation

£25.5m (2013: £21.4m)

LTA £14.6m (2013: £10.1m)
TF £10.9m (2013: £11.3m)



Investment in performance

£13.4m (2013: £13.4m)

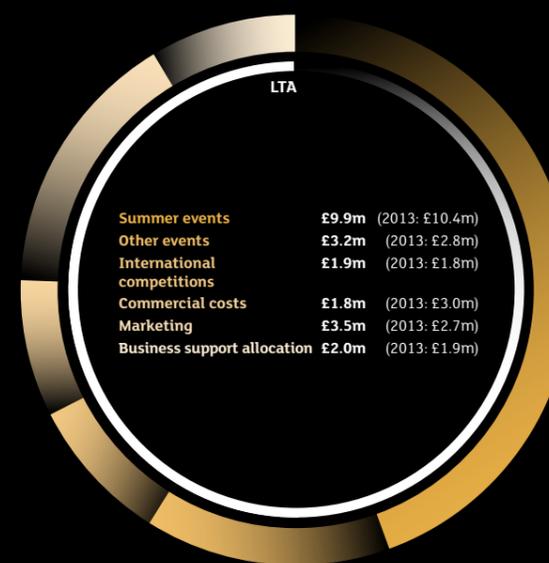
LTA £13.4m (2013: £13.4m)



Investment in promotion

£22.3m (2013: £22.6m)

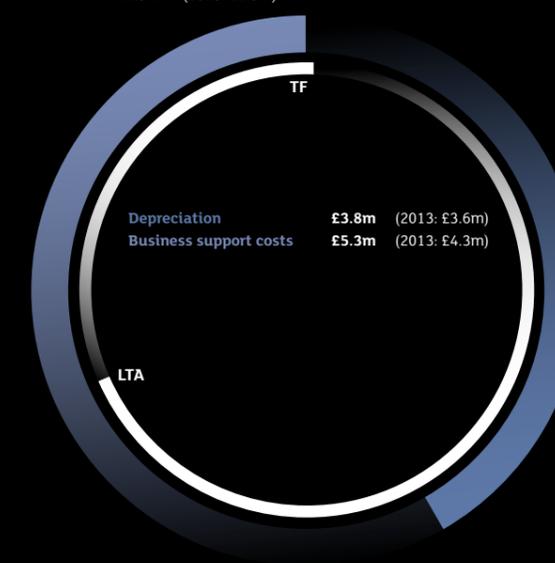
LTA £22.3m (2013: £22.6m)



Support and depreciation

£9.1m (2013: £7.9m)

LTA £7.2m (2013: £6.4m)
TF £1.9m (2013: £1.5m)



The Tennis Foundation (TF) does not form part of the audited report and accounts of Lawn Tennis Association Limited, but income and expenditure figures of TF, extracted from the audited accounts of TF, have been presented here to show an aggregated view of the activities of the LTA and the TF together.

CLUBS

The heart of British tennis is its clubs, of which there are around 3,200, incorporating 600,000 tennis members.

Throughout 2014 a series of nationwide forums were held with more than 2,000 volunteers and club administrators attending 61 events. These meetings look to engage and support tennis clubs in delivering our mission to get more people playing tennis more often.

Through our regional participation teams we continue to support clubs and have developed an enhanced support package to drive membership, improve community outreach and to help them work towards financial independence.



EDUCATION

The Tennis Foundation, working in partnership with the LTA, continue to work closely to help more 2 to 22-year-olds play tennis in schools, colleges and universities.

Nearly 20,000 schools have been supported by the award winning Schools Tennis programme, with free teacher training, resource and equipment.

The Further Education Tennis programme has now supported more than 85 colleges, helping more teenagers play tennis. The programme focuses on curriculum support, workforce development and creating links with local tennis venues.

University Tennis continues to grow, with 55 universities now being supported by one of our three programmes. There are now 27 University Tennis Coordinators across the country. These part time post-graduate students develop tennis through creating opportunities for students to play, compete and receive the latest training packages as volunteers or coaches. It also creates a 'first step' into the tennis industry for the coordinators who have an ideal base from which to become a future part of the workforce for British tennis.

FACILITIES

2014 saw more than £37.5 million invested by the LTA and its partners in developing tennis facilities across the country. This leveraged funding included support from Sport England, Local Authorities and leisure facility providers such as Parkwood Leisure Limited and delivered improvements on 43 sites.

Projects focused on the refurbishment and floodlighting of park and club courts. Examples include:

- £40,000 of LTA support to Merchiston Tennis Club, Edinburgh for the upgrading and resurfacing of three all-weather courts.
- Rainford Tennis Club, Jubilee Recreation Ground in Lancashire was awarded £65,000 in LTA grants and loans for addition of three new courts.
- Halton Tennis Centre, Buckinghamshire received £60,000 of LTA support to convert four courts to allow year round use.

There were also major contributions towards new facilities at Portsmouth Tennis Centre, the rebuild of Batchwood Sports Centre and a commitment of £15 million towards the redevelopment of The Graves Tennis and Leisure Centre in Sheffield.

In total 160 new or refurbished tennis courts were delivered with LTA and partner funding.

The LTA's new facilities development strategy has been developed in 2014 and will be introduced this year.



Leeds City Council – Case study

The partnership between the LTA and Leeds City Council which started in 2011 has resulted in the following:

- The resurfacing of 36 courts, developed membership programmes and promotion of the role of volunteers in venue management roles
- The University of Leeds Tennis Club is now the largest student run tennis club in the country with over 400 members accessing 10 Local Authority courts
- The LTA providing assistance to clubs across the city to develop their booking systems to offer flexible and affordable memberships
- Facility upgrades such as at Chapel Allerton Park where LTA advice enabled the venue to access the Sport England Improvement Fund



PARKS

Nearly 40% of people who play tennis in Britain do so in public parks. We know through the insight work we have done around parks tennis that this area represents the biggest area for potential growth across our sport which is exactly why in 2014 we have worked with 36 Local Authorities to maximise the use of the existing 1,200 park courts across priority areas. We recognise that we cannot grow parks tennis alone, and only by working in partnership with Local Authorities and other organisations will we be able to really drive participation.



Unbelievable day @wimbledon, thanks for having us! Get on the court for free with ow.ly/ytD1Z @BritishTennis!

Niall Horan
@NiallOfficial



HRH, The Duke of Cambridge, Prince William attended the Great British Tennis Weekend event at Coventry's War Memorial Park

GREAT BRITISH TENNIS WEEKEND

2014 saw the second summer of the Great British Tennis Weekend – our national campaign to get more people on court by offering completely free tennis to everybody. Building on the success of the events in year one, the 2014 weekends were once again staged in May, June and July and saw clubs and parks nationwide open up their doors to welcome players of all ages and abilities. War Memorial Park in Coventry even had the royal seal of approval after a visit from His Royal Highness the Duke of Cambridge, whilst two members of boy band One Direction also encouraged budding tennis fans to get involved. In total, more than 22,000 players took part in almost 2,000 sessions which included coaching, Cardio Tennis, Mini Tennis parent and child classes and women only sessions.

1,127 venues



1,917 events



22,400 people



93% would return



MISS-HITS

Miss-Hits is a brand new programme for girls aged 5-8 years-old that has been designed and delivered by Judy Murray in partnership with the LTA to get more girls playing tennis. It is a great way to make the sport more attractive to girls and enables them to discover the skills they never knew they had. Set in a social environment, Miss-Hits is a 12 week fun starter programme which prepares girls for entry into Mini Tennis with improved coordination and an understanding of tennis. This is backed up by a website and an app which introduces girls to fun competition and how to keep score. With the help of six characters who champion the programme, Miss-Hits aims to lay the foundations for future female tennis stars and encourage young girls to lead healthy and energetic lives. Judy launched the programme in the summer, and in the autumn the team took to the road to help train female coaches in Bristol, London, Stirling, Birmingham, Cardiff and Bolton.



HIGHLAND SPRING MINI TENNIS MONTH

The inaugural National Mini Tennis Month was held in May 2014. The series of events was a celebration of the adapted form of the game that is the pathway to our sport for thousands of young players. 71 venues across the country welcomed nearly 7,000 players and parents to free sessions that included venues opening their doors to local schools. 2015 will see an expansion of the festival involving more clubs and bringing the game to more young players.



“We need girls to have really positive first experiences of the sport and Miss-Hits does just that.”

Judy Murray

TENNIS TUESDAYS

Tennis Tuesdays is a programme derived from research insight that was successfully trialled at 14 sites across London in 2014. Tennis Tuesdays targets women who live and work in cities, who want to play more but they don't have anyone to play with.

All equipment is provided for the sessions and they are arranged at convenient venues at times to fit busy lifestyles. 66% of participants said they would now play tennis more regularly and the programme is to be rolled out to six more cities in 2015.



“It’s this type of scheme that will get women and girls enjoying their sport again and hopefully they will want to make it a habit for life.”

Helen Grant, MP

14

sites across London in 2014

6

other cities joining in 2015



PREMIER LEAGUE 4 SPORT (PL4S)

The LTA and the Tennis Foundation collaborated with Premier League 4 Sport in 2014 to deliver the PL4S National Tennis competition. The competition involved 12 football clubs and over 1,000 participants with the finals held at the National Tennis Centre.

The PL4S is part of the Premier League’s Creating Chances initiative to provide legacy opportunities beyond London 2012. Working with Sport England, Youth Sports Trust and national governing bodies including the LTA, PL4S offers sporting opportunities outside of school hours.

The LTA continues to support the work of PL4S in 2015 with plans to further increase the tennis provision through the programme.



CARDIO TENNIS

2014 saw another great year for the Cardio Tennis programme. The high energy fitness class, inspired by tennis, is now being held in more than 600 venues across the country. Cardio Tennis can help to develop a vibrant programme within clubs and other venues by attracting and retaining members, developing additional revenue and allowing parents to participate alongside Mini Tennis sessions.

The programme has also been developed with support from the Tennis Foundation so it can be run in secondary schools. The sessions are adapted and run by existing PE teachers following LTA funded training sessions.



600 clubs



2,345 classes



PARTNERSHIPS

We are continuing to grow the sport and ensure tennis is available to a wider audience through supporting and utilising relationships with existing partners, as well as sourcing new ones.

The help from valuable partners such as leisure providers David Lloyd, Virgin Active, Parkwood Leisure, Places for People, and GLL has enabled us to provide greater opportunities for players of all abilities who want to play tennis more often.

The organisation is enjoying a successful relationship at grass roots level with Local Tennis Leagues (LTL) who deliver 67 active leagues across Britain. In 2014 alone, LTL, founded in Highbury in 2005 by Nigel Billen and Sally Kinnes, has seen 3,500 players take part in Park Tennis leagues. From Glasgow and Aberdeen in Scotland to Southampton and Worthing on the south coast of England the LTL ensures players have got a positive and competitive environment to play tennis.



British Tennis ambassador Greg Rusedski, on court with young players at the opening of the Portsmouth Tennis Centre. The £1.13 million facility, which is run by Parkwood Leisure, received £850,000 from the LTA and Tennis Foundation, with support from Sport England, with the additional funding coming from Portsmouth City Council.



BRITISH TENNIS YOUTH GROUP

The British Tennis Youth Group entered into their first full year of aiming to inspire more children, teenagers and young adults to enjoy tennis.

Formed in November 2013, the 13 ambassadors for British Tennis, aged between 16 and 25, drive forward key local and national projects and look to demonstrate to a wider audience the benefits tennis has given them.

This year the volunteers delivered a Student Tennis Conference and focused on developing a youth legacy fund while ensuring young people's views were taken into account when new programmes were being discussed at the NTC.

Chairperson Harry Stow said: "I have been overwhelmed by the enthusiasm of the group, what a team we've got and so many ideas! I am honoured to be representing such inspiring young people."



13
ambassadors

TIM LORD HOPKINS – POINTS OF LIGHT AWARD

The Points of Light is awarded by the office of the Prime Minister and recognises outstanding individual volunteers – people who are making a change in their community.

Tim Lord Hopkins is a member of the British Tennis Youth Group and works tirelessly to promote both grass roots and disability tennis particularly in his home town of Portsmouth.

Tim was awarded the Point of Light award for his outstanding contribution to volunteering and inspiring other young volunteers.

The LTA President, Cathie Sabin commented: "I am delighted that Tim has received this award as he is a truly dedicated volunteer, a great asset to British Tennis and an example of the passion young people can bring to our sport to help inspire others. He is a wonderful role model for all young volunteers and a very worthy recipient of this prestigious award".



COACHES

The LTA is developing the sport by committing to a dedicated and continued programme to support and improve our coaches.

More than 3,200 coaches undertook qualifications throughout the year which included 2,082 people who began their coaching career through obtaining a Level 1 Award.

A series of successful forums were held to communicate on and off court issues and 2014 also saw the return of the Annual Coaches Conference at the NTC where a variety of topics were covered over a two day period and the first ever Aegon Annual Coaching Awards were presented.

In order to give women better opportunities to launch a career in coaching, more flexible courses have been introduced alongside a pilot female mentoring programme.

The Player to Coach Pathway, designed to bring talented players into performance coaching, continues to grow. Former British number one Anne Keothavong is one of the latest players to join the programme.



2,082
new LTA
Level 1 coaches



297
new LTA
Level 3 coaches



779
new LTA
Level 2 coaches



36
other higher
coaches



REGIONAL RESTRUCTURE

2014 saw significant changes made to the way we structured our regional teams across the country.

After a thorough review and consultation, we understood that the best way to support and co-ordinate our mission was to organise our own workforce on a regional basis which saw overall participation responsibility be devolved to five new regions: North, Midlands, East, South East and South West. These teams now have overall responsibility for delivering our participation strategy at local level and are fully supported by the team at the National Tennis Centre. Regional heads were appointed, and are accountable for the expenditure and outcomes in their regions, overseeing the LTA team and working with delivery partners. They are supported by Participation Managers, Regional Tennis Competition Co-ordinators and Regional Tennis Services Assistants. With the teams now in place, their focus is very much geared towards growing participation across three key areas: Community, Clubs and Education.



TENNIS WALES

In 2014 the LTA in partnership with Tennis Wales and Sport Wales developed a tripartite agreement to establish a closer and more effective working partnership between the three organisations with the same mission of getting more people playing tennis more often.

COMMUNITY

The LTA and the Tennis Foundation continue to work in key locations across the UK to bring tennis opportunities to all. The eight Community Tennis Pilots are acting as 'tennis laboratories', trying out new approaches, investment strategies and working practices not just to achieve greater participation but also to develop a sport that has mass appeal to people from all walks of life.



CLUBS

Tennis clubs are the backbone of tennis in Britain. Developing the links with clubs, county associations and the LTA's new regional teams has been an important area of work to ensure clubs are supported in getting more people playing tennis more often.



EDUCATION

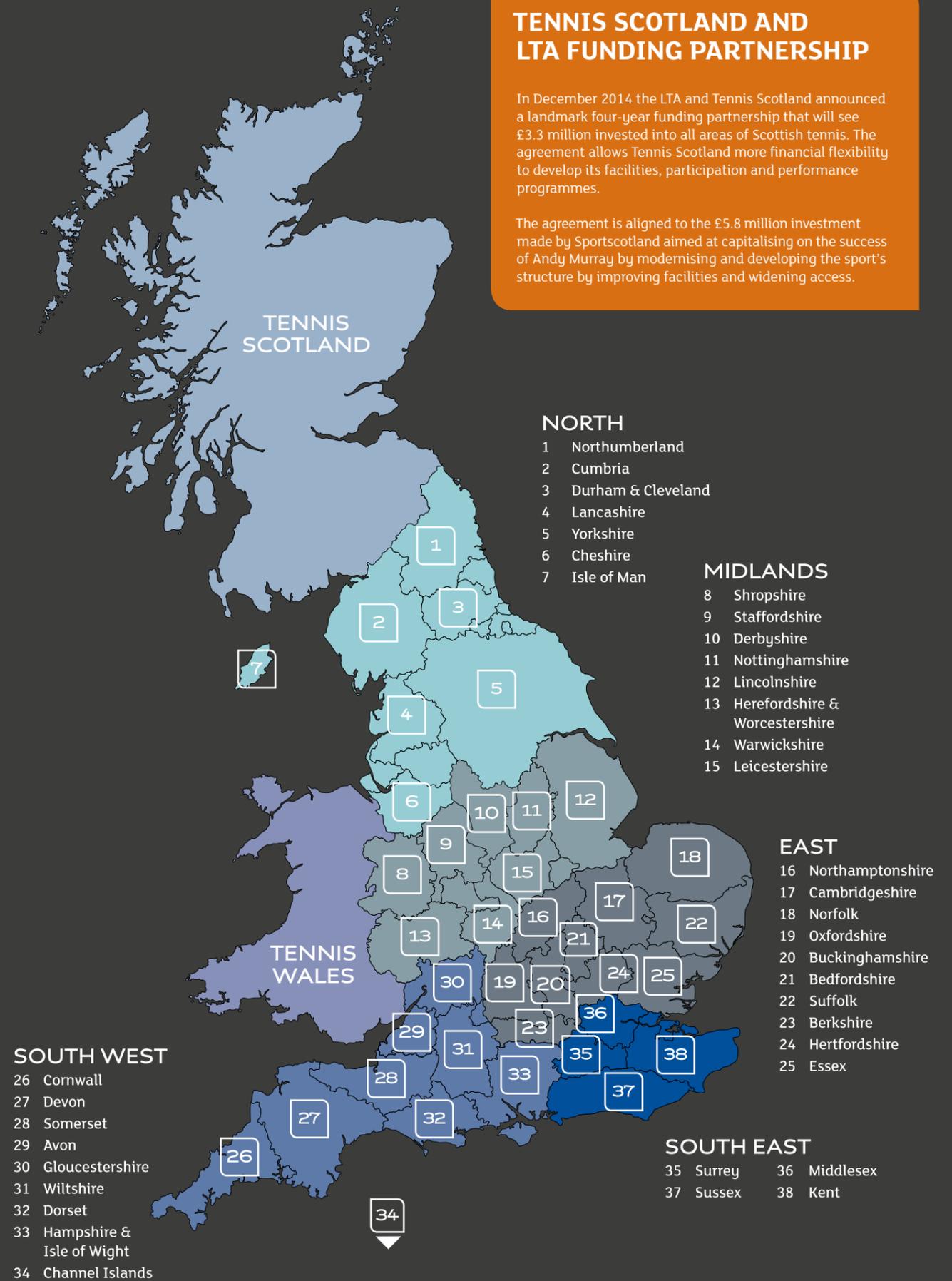
Including a renewed focus on Further Education colleges and Early Years providers, our regional teams continue to work with the Tennis Foundation to improve the provision of tennis across all areas of education.



TENNIS SCOTLAND AND LTA FUNDING PARTNERSHIP

In December 2014 the LTA and Tennis Scotland announced a landmark four-year funding partnership that will see £3.3 million invested into all areas of Scottish tennis. The agreement allows Tennis Scotland more financial flexibility to develop its facilities, participation and performance programmes.

The agreement is aligned to the £5.8 million investment made by SportsScotland aimed at capitalising on the success of Andy Murray by modernising and developing the sport's structure by improving facilities and widening access.



HIGH PERFORMANCE

Cultural change was at the heart of high performance in 2014. Whilst players were encouraged to aim higher, changes were implemented across the LTA performance network that affected how we support players and how we distributed our funding. We also moved to a more decentralised approach to training to give players the best possible chance of reaching their potential. Bob Brett with support from his team spent much of the latter part of 2014 planning the high performance strategy which will be unveiled in 2015.

One of the on court highlights this year was undoubtedly Britain's performance in the Davis Cup. Having returned to the World Group for the first time since 2008, the British team took on the USA in San Diego in round one, and despite being underdogs, saw an inspired James Ward victory against Sam Querrey coupled with two singles wins for Andy Murray clinch the tie and send the team into the quarter-finals. Here the team came up against a very strong Italian side featuring Fabio Fognini and Andreas Seppi who ended the British team's hopes of a semi-final place. A wonderful tie saw incredible travelling support and much anticipation build ahead of the 2015 campaign.

The last few months of the year saw excellent performances from a number of players who went on to reach career high rankings including James Ward (102), Liam Broady (188) and Kyle Edmund (192). Andy Murray wasn't able to defend his Wimbledon crown, but he did finish the year in style with back-to-back tournament wins in Vienna and Valencia which helped to secure his place at the Barclays ATP World Tour Finals. Meanwhile on the women's side, Heather Watson made up for a disappointing 2013 plagued by glandular fever, and had a fantastic end to the year which saw her rise back into the world's top 50. It wasn't such good news for Heather's Fed Cup team mate Laura Robson, who after competing in the 2014 Australian Open, was ruled out for the rest of the season after requiring surgery on an on-going wrist injury.



PLAYER DEVELOPMENT

In September 2014, following his review of the high performance structure of British Tennis, Bob Brett was appointed as the LTA's Director of Player Development. Since then Bob has continued the work to develop the player funding strategy and overseen the review of the high-performance centre network. These changes include developing the role of the National Tennis Centre and establishing a series of national camps that ultimately raises the bar and improves standards across high-performance.



WHEELCHAIR TENNIS

The Tennis Foundation continues to manage the performance programme for GB's top disabled athletes and 2014 saw British tennis history made thanks to world top five wheelchair tennis player Jordanne Whaley. The 22-year-old became the first ever British player to win a calendar Grand Slam as she took all four titles in the women's doubles with Japan's Yui Kamiji. Andy Lapthorne also made his mark on the world stage as the Londoner won his first singles Grand Slam title in the quad division at the US Open in September. Meanwhile, Scotland's Gordon Reid charged up the rankings to end 2014 as world No.3 in the men's division and finished third, along with Whaley, at the year-end NEC Wheelchair Tennis Masters held at Lee Valley Hockey and Tennis Centre in Queen Elizabeth Olympic Park.

There are also performance pathways in deaf and learning disability tennis and Britain has some of the top players in the world with Fabrice Higgins currently ranked world No.1 for players with an intellectual disability.





AEGON CHAMPIONSHIPS

An exciting new champion in Bulgaria's Grigor Dimitrov capped a capacity week at the Aegon Championships at The Queen's Club. It was announced ahead of the tournament that in 2015 the tournament would be promoted to an ATP 500 event.



AEGON CLASSIC

In its first year since the completion of a substantial refurbishment the Edgbaston Priory Club hosted a top class player field for the Aegon Classic. The tournament celebrated its first year as a WTA Premier event and saw Ana Ivanovic take the title.



AEGON INTERNATIONAL

Record crowds at Devonshire Park were treated to stunning conditions at the seaside tournament. Heather Watson reached the semi-final of the women's event defeating Flavia Pennetta, her first top 20 victory. Dominic Inglot and his partner Treat Huey took the men's doubles title in a dramatic 10-8 final set, to further delight the home fans. The winner was Madison Keys for the women's and Feliciano Lopez for the men's.



AEGON TROPHY

Nick Kyrgios took the title in Nottingham. The Australian teenager's success in Nottingham was rewarded with a wild card entry in to Wimbledon where he caused the upset of the tournament when he knocked out Rafael Nadal in the fourth round.

MAJOR EVENTS

The LTA's series of grass court events continued to form the perfect build up to The Championships, Wimbledon and attracted some of the world's best players to Great Britain to find their feet on the grass courts following the clay court season.

In its 40th year, the Aegon International in Eastbourne attracted record crowds. 1.3 million fans watched the final of the Aegon Championships at The Queen's Club on the BBC, whilst the Aegon Classic in Birmingham saw a 20% rise in ticket sales across the week.

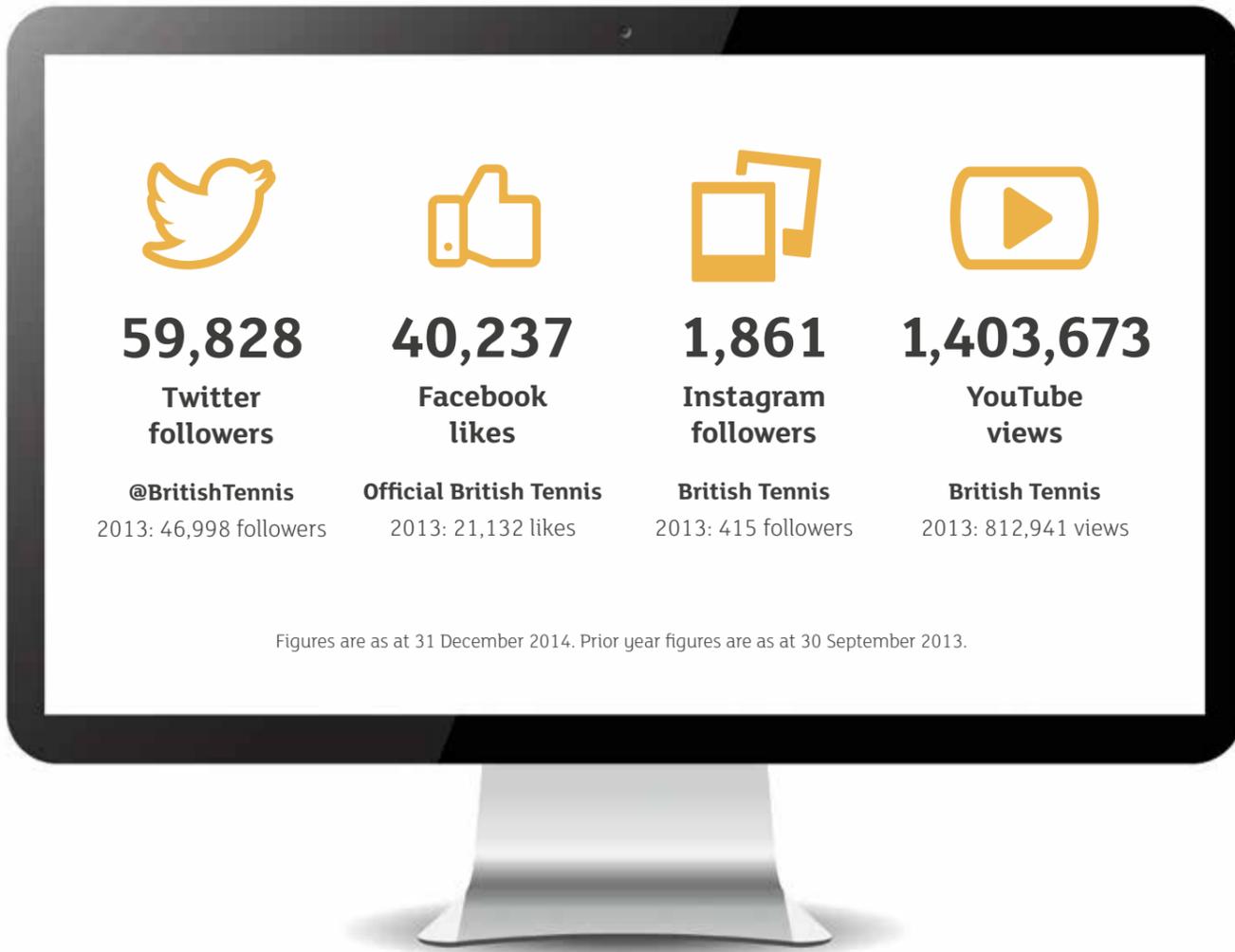
The Barclays ATP World Tour Finals returned to London for the final showdown of the 2014 ATP season. The event, delivered in partnership with the LTA, attracted a record attendance of 263,500 to the O2 Arena over the eight days of competition which saw Novak Djokovic being crowned the champion.

These events remain a vital part of the British Tennis calendar and provide a fantastic shop window for us to generate interest in our sport.



DIGITAL AND WEB

Digital is a key driver for success within the promotion of tennis in Britain. Reach and engagement on all British Tennis digital channels have seen considerable growth over the last year, with an increase of 50% in fans on social channels alone.



Driven by insight, we continue to deliver engaging and innovative campaigns including a variety of activities across all platforms with fans, players and the tennis workforce.

Our email campaigns are an important tool to share news and marketing information with tennis people. Continued work to improve the targeting and personalisation of these emails has improved their effectiveness.

The focus at our summer events was the production of exciting video content as the centrepiece of our social media campaign, resulting in our most popular social media moments.

Throughout 2014 we have continued to develop the British Tennis website in response to user feedback and are proud to be launching a new website in 2015.

The new website will provide a more effective and engaging way to find information about tennis in Britain, whether it's booking a court, entering a competition or buying a ticket to our summer events.

TRY TENNIS FOR FREE

FAMILIES

KIDS

ADULTS

GREAT BRITISH TENNIS WEEKEND

For dates and to book lta.org.uk/gbtw

LTA BRITISH TENNIS IN PARTNERSHIP WITH Tennis FOUNDATION

LOOKING AHEAD

The next twelve months will see a real focus on:

- **Our Mission** – to get more people playing tennis more often
- **Our Purpose** – to enrich lives through tennis
- **Our Values** – Teamwork, Integrity, Passion, Excellence

A new strategic plan will be introduced in 2015 with key highlights noted below



PARTICIPATION

Our participation will focus on:

Delivering a great service to our clubs

- Helping more clubs to help themselves through simple easy to access funding, best practice and simple tools to help run clubs more easily.

- Through investment in support for clubs seeking to grow and broaden their reach into communities that surround them.

Building partnerships in the community

Forming long term working partnerships with Local Authorities and local tennis providers to better understand the environments in parks and communities that players want to play in, whilst trialling new facility initiatives from cafes, canopies on community courts and new access systems.

Enhance the tennis offer in education

Strengthening the schools offer whilst maximising playing opportunities at colleges and universities and developing links between educational establishments and other places where tennis is played.

We will drive this participation focus by:

- Delivering greater value and relevance to tennis coaches through better support, investment, and tennis experiences that will help them reach more players of all ages.

- Refocusing on recreational competitions.

The provision of fun, engaging local competition formats for all ages.

- Results orientated facility investment by re-invigorating LTA loans and grants scheme for clubs.

- Applying best-in-class marketing and promotion.

Including rolling out a variety of tennis experiences to suit every player, from our established Mini Tennis programme, to Great British Tennis Weekends and the women only Tennis Tuesdays. We will make programmes more accessible for everyone through providing activities in over a thousand locations and greater marketing promotion to signpost where they are and what's available.

- Jump starting the peak summer season with a new 3 week grass court major event season leading into Wimbledon.

- Establishing a no compromise high performance programme with focus.

We have already begun to raise the bar in terms of expectations for our high performance players. A lot has changed in 2014 and we can expect further changes with regards to our high performance strategy in 2015 including changes to the way we fund our players, and how we support high performance centres.

We will enable this by striving to be a more efficient and effective LTA in terms of financial stewardship, new revenue generation and being 'Best in Class' in terms of a lean operating and governance model.

We will also harness our full resource network by striving to maximise communication and connectivity between partners, including county associations for the benefit of the game.



MAJOR EVENTS

2015 promises to be a very exciting year. We start with the Davis Cup tie against the USA at the Emirates Arena in March. The event sold out almost immediately so the appetite to watch the team competition seems higher than ever as Andy Murray returns to play a competitive match in Scotland for the first time since becoming Wimbledon Champion in 2013. It was announced in 2014 that summer 2015 would see The Championships, Wimbledon start a week later creating a three week grass court season and two new tournaments, both an ATP and a WTA event in Nottingham. Furthermore The Aegon Championships at The Queen's Club will become an ATP 500 event for the first time. We also have new grass court Challengers at Eastbourne, Manchester, Surbiton and Ilkley.



KEY DATES

April

Highland Spring Mini Tennis Month

16 – 17 May

Great British Tennis Weekend 1

30 May – 5 June

Aegon Eastbourne Trophy

31 May – 7 June

Aegon Manchester Trophy

6 – 14 June

Aegon Surbiton Trophy

8 – 14 June

Aegon Open Nottingham, WTA

13 – 14 June

Great British Tennis Weekend 2

13 – 21 June

Aegon Ilkley Challenger

15 – 21 June

Aegon Classic Birmingham

15 – 21 June

Aegon Championships, The Queen's Club London

21 – 27 June

Aegon International Eastbourne

22 – 27 June

Aegon Open Nottingham, ATP

29 June – 12 July

The Championships, Wimbledon

1 – 2 August

Great British Tennis Weekend 3

15 – 22 November

Barclays ATP World Tour Finals, London

25 – 29 November

NEC Wheelchair Masters

A FRIEND REMEMBERED

In May 2014 we were deeply saddened when Elena Baltacha, one of the shining lights of British women's tennis, passed away following a short battle with liver cancer. She was only 30-years-old. Our President Cathie Sabin recounts some of her own memories of our 'Bally'.

I was so proud to have known Bally and to have counted her amongst my friends. What an athlete she was, what an incredible person and it was my privilege to watch her grow into this world class athlete in spite of all the health struggles she battled since her teens.

One of my fondest memories of Bally was watching her represent Great Britain in the Fed Cup. I wasn't in Israel in 2012 to watch the team, but I did watch 'that' match over the internet and I couldn't believe my eyes when I saw Bally demolish Tamira Paszek from Austria in the group stages without barely dropping a point. She showed such focus. I don't think I've ever seen anybody with as much drive as Bally had during that match. It was a clear demonstration of the real passion she embodied whenever she pulled on her GB tracksuit.

Then who could forget those courtside tears when she was told after winning her first round match at Wimbledon that she'd been awarded a wild card for the London 2012 Olympics. It was beyond emotional, and we were all so happy for her as we knew how much it meant to her and how much it was a lifetime ambition fulfilled.

Life can be so very cruel sometimes, and the loss of Bally really put things into perspective. It was such a human tragedy – a beautiful young lady taken far too soon with the rest of her life to look forward to having recently married her husband Nino Severino. Bally was venturing into pastures new by dedicating herself to life after tennis with the Elena Baltacha Academy, and it was lovely to see her former Fed Cup teammates Anne Keothavong and Laura Robson plus their captain Judy Murray head down to the academy to meet the children who have all been so inspired by Bally.

We will never forget you Bally, and everything you did for our sport. So on behalf of everybody within British tennis, we say a simple 'thank you', and we will endeavour to carry on what you started by promoting tennis to children of all backgrounds in your home town of Ipswich.

www.justgiving.com/rallyforbally

We will never forget you Bally, and everything you did for our sport. So on behalf of everybody within British tennis, we say a simple 'thank you'.

COMPANY REGISTRATION NO: 7459469

LAWN TENNIS ASSOCIATION LIMITED

LTA Group Finance and Governance Report and financial statements for the 15 months ended 31 December 2014



LTA Finance Director's financial review

BACKGROUND

The Finance and Governance Report and financial statements of Lawn Tennis Association Limited (LTA) detail the financial investments made by the LTA and its subsidiaries (together 'the Group') in supporting the growth of British Tennis during the fifteen months to 31 December 2014. This report contains the financial statements of the LTA Group and complies with the reporting requirements of the Companies Act 2006.

2014 has seen the LTA Group change its accounting reference date to 31 December from 30 September to improve the annual planning and budgeting cycle and to align itself to other tennis bodies. The change allows the organisation to review its summer programme of participation events and the summer grass court circuit of major events ahead of commencing the planning and budgeting process for the following year enabling effective resource allocation in support of our mission of getting more people playing tennis more often.

The financial statements presented within the report therefore represent a 15 month period from 1 October 2013 to 31 December 2014 with a 12 month prior year comparative from 1 October 2012 to 30 September 2013.

The Board's challenge to its Executive team is to ensure that the LTA maximises the income available to invest in British Tennis and to invest it effectively to deliver the LTA's mission whilst at the same time safeguarding the assets of the Group. Key considerations in determining the annual expenditure are whether an activity can be maintained and made financially sustainable over the long term and whether or not that expenditure produces a tennis return by increasing the number of people playing tennis more often. The Board believes it is important to ensure that places to play that receive LTA funding are operated on a similar basis.

The Board recognises the importance of the annual surplus received from the Wimbledon Championships in funding annual activity and notes that the size of the surplus was previously not confirmed until July each year, ten months into the LTA financial year. With the change in the accounting reference date to December, the surplus will now be confirmed seven months into the year. Whilst the surplus is known earlier in the year, the Board believes that it is important to maintain an amount equivalent to the annual surplus in free reserves, in order to insulate the LTA against any unexpected external factors. This prudent financial management approach is kept under review and the Board will also consider opportunities to utilise part of its reserves where it feels that development can be accelerated by early investment.

The LTA works closely with the Tennis Foundation (TF) which is an independent body (charity number – 298175) to deliver jointly managed participation activity which is described in this review. As an independent body, the TF is not included in the LTA accounts and publishes its own financial statements that provide additional information on its remit and expenditure. The TF also works in the wider community, promoting inclusion and tennis as a sport for life, while emphasising health and social benefits.

In 2012, the LTA Trust was established as a registered charity (charity number 1148421) as a wholly owned subsidiary of the LTA. However, the LTA Trust is not consolidated within the results of the LTA Group as the LTA has no control over the decision making of the Board of the LTA Trust. During the year, no donation was made from the LTA (2013: £24.0 million). It is anticipated that investment in tennis legacy facility projects for the benefit of the public will commence in 2016 and beyond. Full details of the non-consolidated assets of the LTA Trust are set out in note 11.

OVERVIEW

The financial objective of the 15 months ending 31 December 2014 was to continue to direct more expenditure in support of growing participation whilst at the same time balancing the income and expenditure. The overall loss before tax for the 15 months was £0.3m (year ended 30 September 2013: £8.8m profit). This loss resulted from the change in accounting period; although sponsorship agreements are annual, the LTA has historically recognised revenue under these annual contracts on a pro rata time basis between March and September given that this is when the LTA tournaments occur and when the economic benefit is received by the sponsors. As a consequence of this treatment, only one year of revenue has been recognised from sponsorship agreements despite an extended 15 month accounting period which includes 15 months of overhead.

The prior year profit was due to the sale of the All England Lawn Tennis Ground Company (AELTG) to The All England Lawn Tennis Club (Championships) Limited ("AELTC") on 1 August 2013 which, after gift aid of £24.0 million donated to the LTA Trust, contributed £8.1 million towards profit before tax.



TOTAL TURNOVER

The turnover of the LTA for the period was £64.3 million (2013: £58.4 million), an increase of £5.9 million due to the extended period and as a result of an increase in income from The Championships and additional income from Sport England.

Income Summary	Period ended 31 Dec 2014 £000s	Year ended 30 Sept 2013 £000s	Change £000s	Change %
LTA				
Income from The Championships	39,660	35,829	3,831	11%
Commercial	7,918	8,275	(357)	(4%)
Major Events	9,083	9,203*	(120)	(1%)
Sport England revenue grant	4,060	2,992	1,068	36%
Other income	3,624	2,109	1,515	72%
Total LTA turnover	64,345	58,408	5,937	10%

* includes 100% income from hospitality at Aegon Championship

The All England Lawn Tennis Club (Championships) Limited ("AELTC") Committee of Management (on which the LTA is represented) reported a Net Championships' surplus available for distribution to the LTA of £32.0 million (2013: £35.1 million). This represented 90% of the distributable surplus (2013: 100%) in line with the terms of the sale of AELTG effective from 1 August 2013 from LTA to AELTC, which entitled AELTC to a 10% share of the surplus. This was supplemented during the period by AELTC on behalf of The Championships following the exercise of warrants over shares in a commercial partner on the sale of that partner to a third party. As a result The Championships attributed £6.3 million, representing 85% of the gain on the sale of the shares to the LTA reflecting an agreement made between the LTA and the AELTC at the time the warrants were granted. In addition the commercial partner paid £1.5 million in return for a three year contract extension commencing 2014 and 85% was distributed to the LTA with £0.4 million included within revenue for the period and £0.8 million included in deferred income.

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

The LTA's commercial activities produced £7.9 million (2013: £8.3 million) of turnover. Long term contracts are in place with our lead sponsor Aegon and official partners BNP Paribas and Highland Spring until December 2017 and with Nike as official partner of our elite junior competitions until December 2016. We continue to work alongside our official suppliers, Babolat, Europcar, Hackett, Moët & Chandon, Optimum Nutrition, Rado, Ricoh, Thomson Reuters and Virgin Active. During the year, La Manga and Umag Tennis Academy were added to our official suppliers.

The turnover from the major events staged was approximately in line with prior year at £9.1 million (2013: £9.2 million). However, this reflects the net impact of a change in accounting treatment following the outsourcing of hospitality management at the Aegon Championships in 2014 under a profit share arrangement which reduced the gross turnover. Despite a continued difficult economic climate, all the summer events were a great success with increased ticket sales and hospitality at the Aegon Championships (at The Queen's Club), the Aegon Classic (at Edgbaston Priory Club) and the Aegon International (at Eastbourne's Devonshire Park). 2015 sees the Championships at Wimbledon move back a week, a move which is fully supported by the LTA and enables the addition and welcome

return of ATP and WTA events at Nottingham. Challenger events have also been added to the circuit at Ilkley, Surbiton and Manchester. The LTA continued to support the Barclays ATP World Tour Finals at The O2 arena in November 2014 and saw its profit share increase from another successful event. In addition, two Davis Cup by BNP Paribas ties were held, an excellent away win in the USA and a very close defeat to Italy in April, which sees Great Britain remain in the World Group with another match versus the USA in Glasgow in March 2015.

Sport England's revenue grant of £4.1 million (2013: £3.0 million) reflects the first and second years of the current Whole Sport Plan funding arrangements which commenced in April 2013. This increase reflects the extended accounting period. In addition, Sport England made available £1.7 million (2013: £1.3 million) of capital grants under the Whole Sport Plan for investment in places to play across England. This funding is drawn down as it is committed into places to play which have asked for help in developing their facilities and is not included in the LTA's profit and loss account. This is a transparent process with each pound received invested without deduction. The Board and Executive have continued to work in partnership with Sport England in the development of the facilities investment strategy and the continued implementation of the participation strategy. The LTA is pleased that Sport England have confirmed funding for its education programme delivered by the Tennis Foundation for the full four years of the latest Whole Sport Plan cycle.

Other income arises from a range of activities that the LTA oversees, including tournament and officials' income, county association registration fees, coaching courses and other grant and programme funding. In addition to the extended period, the increase is largely due to the management of the Advanced Apprenticeship in Sporting Excellence moving from the TF to the LTA in April 2013 due to a change in the contract with the Skills Funding Agency and the associated 15 month grant funding provided to deliver this programme.

TOTAL OPERATING EXPENDITURE

The operating expenditure of the LTA for the 15 months before donations was £67.3 million (2013: £61.8 million). This increase is as a result of the extended accounting period.

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

Expenditure in British Tennis	15 months ended 31 Dec 2014 £000s	Year ended 30 Sept 2013 £000s	Change £000s	Change %
LTA				
Direct operating expenditure				
Participation	19,992	15,537	4,455	29%
Capital Grants	2,682	2,394	288	12%
Performance	13,386	13,393	(7)	–%
Commercial, Major Events and Marketing	22,278	22,645	(367)	(2%)
Business Support	5,164	4,223	941	22%
Depreciation	3,845	3,605	240	7%
Total operating expenditure	67,347	61,797	5,550	9%
Gift aid to the LTA Trust	–	24,000	(24,000)	–
Total LTA expenditure	67,347	85,797	18,450	(22%)

PARTICIPATION – DEVELOPING THE SPORT THROUGH SUPPORTING PARTNERS WHO CAN GROW TENNIS PARTICIPATION

Participation expenditure of £20.0 million (2013: £15.5 million) was spent on a wide range of initiatives in partnership with the TF. Including TF direct expenditure which is disclosed in the financial statements of the TF, total expenditure on participation across both the LTA and TF was £25.5 million (2013: £21.4 million).

The mission of the LTA is to get more people playing tennis more often and 2014 saw the first year of implementation of the participation strategy developed with the support of Sport England, using customer insight, to make tennis offers to customers through three channels of engagement; Clubs, Community and Education. This strategy has been supplemented by the development of a 4 year strategic plan which places participation at the heart of all activity undertaken by the LTA. Customer insight highlights there is a significant opportunity to get more people playing tennis more often in parks and a strategy has been developed to maximise this opportunity in conjunction with key partners. We are establishing framework agreements with Local Authorities to govern how we work together to increase court utilisation and we continue to explore the optimal model for delivery of programmes on park courts. Equally important is sustaining regular activity in our clubs. We will continue to enable clubs to attract and retain members by offering support through providing resources, technology, guidance and promotional support. We are developing our competition structure to ensure that we invest in recreational competition as well as structured tournaments and resources will be allocated accordingly in 2015. We continue to recognise the importance of coaches and volunteers and will work with them to ensure they are equipped to attract, recruit and retain more regular players.

We will seek to focus on key partnerships and geographic areas where we believe we can have the greatest impact in getting more people playing tennis more often.

£7.8 million was invested in support of participation in community and club environments through both the LTA and the TF (2013: £7.5 million) across an array of activities to drive getting more people playing tennis more often. We increased our community investment in key delivery partners from Local Authorities to commercial partners and restructured our workforce to better support our participation strategy. Frameworks are in place with several Local Authorities and growth in this area will be a key focus in 2015. A 4 year partnership was agreed with Tennis Scotland and Tennis Wales to maximise the opportunity of growing participation in these areas. The TF continues to support the Community Indoor Tennis Centres with an objective of establishing a vibrant network that is fully sustainable. The Great British Tennis Weekend launched in 2013 was again a success and the LTA supported venues to deliver 4 events over weekends in May, June and July. In total, 1,127 venues took part in these free events with 22,400 individuals attending, 54% of participants either being infrequent players or not playing at all. The Highland Spring Mini Tennis month was also a success with 5,000 children and 1,650 parents participating. Both events provided participants with a positive tennis experience and offered routes for them to continue playing locally. We continued to support the network of LTA registered clubs and a Clubspark club management system was launched during the year to help clubs attract and retain members.

Investment in Coach education and support is also important to increasing participation. As a result £2.2 million (2013: £2.2 million) was invested across the full spectrum of coaching qualifications from level 1 to master club and performance, coach workshops and coach licensing. As at 31 December 2014 there were 2,678 licensed coaches and 1,506 registered coaches, totalling 4,184 accredited coaches (2013: 3,705).

A further £2.1 million (2013: £1.8 million) was spent on the non-elite competitions calendar, a key element in increasing participation. This included the delivery and support of the national junior, adult and senior competition structure including Aegon team tennis, Aegon county cup and team tennis schools competitions – a total of 11,654 events (2013: 10,364). Schools competitions have seen continued growth, with 52,927 (2013: 50,664) children and young people now competing in inter-school tennis competitions.

LTA capital grants of £2.7 million (2013: £2.4 million) and loans of £2.1 million (2013: £2.1 million) were invested in places to play facilities together with £1.7 million (2013: £1.1 million) of grants received from Sport England resulting in a total investment of £6.5 million (2013: £5.6 million) across 43 projects. This investment in facilities created 27 new indoor courts, 104 new floodlit courts and 664,000 additional playing hours to enable the game to grow in parks, schools, clubs and tennis centres. A facility strategy and guide was developed during the period and is set to be launched early in 2015 with the objective of promoting the availability and ease of access to funding.

PARTICIPATION – DEVELOPING THE SPORT THROUGH SUPPORTING TF

During the period, the TF increased its investment in tennis for disabled people and tennis in education to £5.4 million. (2013: £3.8 million). Through £2.4 million (2013: £1.8 million) investment in education, the Schools Tennis programme has continued to grow; now supporting 19,169 schools (2013: 16,701). More than half the schools in Great Britain have been supported with teacher training, resources and equipment in primary, secondary and special schools, as well as further education and higher education colleges and universities.

In disability, the TF supported 41 disability networks across Great Britain with funding, equipment and training to enable more disabled people to play tennis. By 31 December 2014, there were 2,400 weekly participants, an increase of 21% since September 2013. In addition, the TF held a number of camps, events and disability awareness courses attended by 1,200 participants.

The TF's support of disability performance tennis continued and in January 2014 Gordon Reid won both the Men's Singles and Doubles titles at the Super Series event in Sydney. This success was followed up in June at the World Team Cup event in Netherlands where Britain achieved its best overall result, Gold in Quads, Silver in Women's and Bronze in Men's.

In September Jordanne Whiley became the first British player to win a calendar Grand Slam when she partnered Yui Kamiji to the Women's Doubles title at the US Open. Further success was seen at this tournament when Andy Lapthorne claimed his first Grand Slam singles title in the Quad event.

In November 2014, the inaugural UK ITF Singles Masters event was successfully staged by the TF at the Lee Valley Hockey and Tennis Centre.



PERFORMANCE – DEVELOPING THE SPORT THROUGH OUR SUPPORT FOR BRITISH PLAYERS AND COACHES, WHO WILL INSPIRE MORE PEOPLE TO PLAY TENNIS MORE OFTEN

Performance expenditure of £13.4 million (2013: £13.4 million) was spent in support of the development of talented players across the country and their transition into the professional game. During 2014, Bob Brett was appointed to undertake a review of the performance strategy. Working with UK Sport, the results of this review are to be implemented in 2015 with an increased focus on resource allocation to those players, coaches and venues with the ability to achieve the performance targets set.

£4.2 million (2013: £4.1 million) was spent supporting the performance network of centres and the young players who attend them. At 31 December 2014 there were 19 High Performance Centres (2013: 21) and 59 Performance Centres (2013: 69), spread geographically around the country, providing coaching for the junior players, competitions, education and sports science support. The current funding agreements for these centres are due to end in September 2015 with the network of both High Performance and Performance Centres to be consolidated and aligned to the new Performance strategy at this time. The talent management programme continues to be held in high regard by Sport England and has been guaranteed funding for four years in the 2013-2017 Whole Sport Plan cycle. £2.3 million (2013: £2.2 million) was spent on the performance support infrastructure based at the National Training Centre in Roehampton and a further £4.0 million (2013: £4.3 million) on direct support to the men's and women's game through coaching, funding and player performance bonus incentive scheme arrangements.

PROMOTING THE SPORT BY INCREASING THE APPEAL AND AWARENESS OF TENNIS

Commercial, major events and marketing expenditure was £22.3 million (2013: £22.6 million), the reduction due to operational savings across the three summer events. £1.9 million (2013: £1.8 million) was spent on staging and supporting the elite British Tennis competition calendar including the Aegon GB Pro series, the Aegon British tour and the Aegon junior international competitions.

A new Head of Marketing was appointed during the period to establish a new marketing strategy based on getting more people playing tennis more often. This will be implemented in 2015 and will see increased investment in support of participation campaigns and experiential events. Insight has continued to be at the heart of strategy development and implementation and is a core part of our Marketing activity. An example of the effectiveness of customer insight was demonstrated by the success of 'Tennis Tuesdays' which was launched in partnership with Nike. The campaign was piloted in a number of parks in London targeted at increasing participation amongst women and delivered positive results with a 92% customer satisfaction rating and a 300% increase in weekly participation from those attending. The plan for 2015 is to roll out the programme to a wider audience across several cities.

PROVIDING BUSINESS SUPPORT TO BRITISH TENNIS BY PROVIDING LEADERSHIP TO PROMOTE AND SAFEGUARD THE INTEGRITY OF TENNIS

Business support expenditure of £5.2 million (2013: £4.2 million) represents the net core business support costs required for the operation and governance of the LTA. Business support covers the business support functions of HR, IT, Finance and Legal together with the costs of running the National Tennis Centre at Roehampton and the national governing body secretariat. The increase on the previous year is wholly driven by the extended 15 month period and on a 12 month comparative basis has reduced by 10%. Reducing the cost of business support to reinvest in participation continues to be a focus whilst maintaining the quality of service to the other business areas.

BALANCE SHEET

The LTA Consolidated Group balance sheet shows net assets of £140.4 million (2013: £142.3 million). This excludes the independently managed assets of the TF and the LTA Trust.

£74.2 million (2013: £71.3 million) is invested in long-term assets including the National Tennis Centre. During the period, the LTA acquired the sanction to upgrade the Aegon Championships to an ATP 500 event from June 2015. These costs have been capitalised as an intangible asset and are being amortised over the life of the agreement. £37.7 million is invested by external financial advisers and reflects the LTA Board's decision to hold cash reserves to cover an interruption in the Group's annual income. This cash is invested to provide a financial return on these funds over the long term by maintaining a balanced and diversified portfolio with a medium/low risk profile. The LTA Board's policy is that no investments are made in unethical companies. This strategy is overseen, reviewed and monitored by the Board and its Investment Advisory Group. During the year, the investment portfolio continued to be managed by Canaccord, Charles Stanley, HSBC and Standard Life.

On 1 August 2013, the investment in the All England Lawn Tennis Ground Company (AELTG) was sold to the AELTC and therefore AELTG is no longer consolidated into the results of the LTA Group. The £20.0 million consideration outstanding has been recognised as a debtor split between less than one and greater than one year. Interest is receivable on the outstanding balance with £0.4 million received during the period.

The net current assets of £66.6 million (2013: £71.0 million) includes the receivable from the Championships for the 2014 Championship surplus of £16.0 million, the receivable from AELTC in respect of the sale of The Ground Company of £20.0 million, net loans to places to play of £8.6 million (repayable over up to 10 years), the development funding for West Hants LTC and cash balances held to fund 2015 expenditure.

Corporate governance structure

The LTA is committed to managing and conducting its business and its corporate governance to listed company standards and aims to be a leading and forward-looking national governing body. The Board embraces the principles of good governance as set out in the UK Combined Code with particular regard to integrity and accountability but also with a view to ensuring value and return on its investment in tennis. The LTA has adopted certain principles associated with good governance, and further information on how these are applied is detailed below.

STRUCTURE

The LTA is the national governing body for tennis in Great Britain, the Channel Islands and the Isle of Man, and its mission is to get more people playing tennis more often. Its membership consists of various bodies that have an interest in the development and promotion of tennis in Great Britain including the 36 English counties, Tennis Scotland, Tennis Wales, Channel Isles LTA, Isle of Man LTA, The All England Lawn Tennis Club and the Tennis Foundation.

COUNCIL

The LTA Council is the democratic forum representing those bodies which are members of the LTA. Its composition and powers are governed by the Rules of the LTA*. It consists (inter alia) of the President, Deputy President and Councillors (representatives elected from many of the various member associations). The Standing Orders* set out how the Council determines the composition of, and appointment to, the Board (and other working groups and committees) and delegates its power to the Board. The LTA Council met four times in the period and at those meetings received reports from the LTA Board.

The responsibilities of the Council include: review of the strategy and budget; the annual report and financial statements, and approval of nominations, including President, Deputy President and Council representatives to the Board; amendments to the Standing Orders; amendments to the LTA Rules (also subject to the Annual General Meeting's approval); subscription fees; interest charged on LTA loans; and the approval of any major changes to the LTA's agreement with the All England Lawn Tennis Club Limited.

Name	Description	No. of meetings attended in year
David Gregson	Chairman of the Board	8 out of 8
Cathie Sabin	President	8 out of 8
Martin Corrie	Deputy President	8 out of 8
Robert Battersby	Independent non-executive	8 out of 8
Richard Walmsley	Independent non-executive	8 out of 8
David Rawlinson	Independent non-executive (appointed 1 January 2014)	7 out of 7
Nicola Maskens	Independent non-executive (appointed 1 January 2015)	n/a
Richard Baker	Independent non-executive	8 out of 8
Clare Hollingsworth	Independent non-executive (appointed 1 January 2015)	n/a
Chelsea Warr	Independent non-executive (appointed 1 January 2015)	n/a
Michael Downey	Chief Executive Officer (appointed 6 January 2014)	7 out of 7
Tim Davies	Finance Director (appointed 1 January 2015)	n/a
Peter Bretherton	President (resigned 12 December 2013)	1 out of 1
Tony Lemons	Independent non-executive (resigned 31 December 2014)	8 out of 8
Peter Littlewood	Independent non-executive (resigned 31 December 2013)	1 out of 1
Val Gooding	Independent non-executive (resigned 31 December 2013)	1 out of 1
Nick Humby	Chief Operating Officer (resigned 10 October 2014)	6 out of 6
Simon Long	Chief Commercial Officer (resigned 7 December 2013)	2 out of 2

Karen Neale, is the LTA's Company Secretary and attends all Board meetings in that capacity.

THE BOARD

The composition of the Board is also governed by the Articles*, the Rules of the LTA* and the Standing Orders*. These include the formal procedures for the election of the President, Deputy President and the representatives from Council who sit on the Board.

The President and Deputy President are elected each year and there is a convention that no President will serve longer than three years. The remaining non-executive Board members are also considered for re-election every year.

The Board has clear terms of reference and a clear understanding of its responsibility and role. The functions of the Board are to provide leadership to the LTA, formulate the strategy, objectives and major policies before they are presented to Council and to review and monitor the LTA's operational and financial performance against that strategy and objectives. Further detail on matters reserved for decisions by the Board may be found in the LTA Governance Document. There is a clear division of responsibility between the Chairman, the President and the Chief Executive and each executive Board member has a role description and limits of authority. The Board meets a designated number of times per year in accordance with the Standing Orders. During the period to 31 December 2014 the Board met eight times.

The Board is not to exceed 15 in number. The Board members during the period and to the date of signing this report were:

The Board is satisfied with the balance between executive and non-executive Board members which allows it to make objective decisions and exert proper control over the LTA's assets. The Board has seven nominated Independent Non-Executive members including the Chairman, who are considered independent of the executive reflecting members' interests accordingly. The Board considers its composition is appropriate in view of the size and requirements of the LTA's business. The Nominations Committee reviews the composition of the Board and makes recommendations to the Board and Council on its make-up. The Nominations Committee is responsible for leading the search-and-review procedure to recommend new Board appointments.

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 if required. The LTA maintains directors' liability insurance on behalf of its Board.

BOARD PERFORMANCE

The Chairman of the Board is responsible for leading the Board and ensuring its effectiveness. The Chairman on behalf of the Board reviews its performance and effectiveness during each year. The process includes a variety of methods, including questionnaires completed by and interviews with Board members conducted by an external company. Issues addressed include the function of the Board and each of its committees and includes an assessment of the independent Chairman by his peers. The results are considered first by the Chairman, then by the Board. The Board also debates and agrees the key priorities and ways of working. These are intrinsically linked to the delivery of the strategy and working priorities of the executive management team.



THE EXECUTIVE

A new Executive Team was implemented during the year and consists of Michael Downey – Chief Executive Officer, Bob Brett – Director of Player Development, Tim Davies – Finance Director (appointed 1 January 2015), Stephen Farrow – Director of Legal and Tournament Director Aegon Championships, Simon Jones – Head of Performance Support, James Mercer – Commercial Director, Alastair Marks – Participation Director, Alex Mawer – Marketing and Communications Director, Oliver Scadgell – Head of Major Events and Competitions, Vicky Williams – Director of People.

The Executive is responsible for the implementation of the strategy, 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.

BOARD COMMITTEES

The Board has a number of sub-committees which have delegated responsibility for key areas. Each committee has terms of reference and all committees report back to the Board. Minutes 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, review the LTA's internal financial controls, financial risk management systems and to manage the appointment, independence and performance of the external auditors. Its terms of reference are set out in the LTA Governance Structure Document.

The Audit Committee is chaired by Martin Corrie, the Deputy President. The other members of the Committee are Independent Non-Executives, Clare Hollingsworth and David Rawlinson. Tim Davies, Finance Director and Michael Downey, Chief Executive Officer and the LTA's audit partner attend the Committee as invited.

The Audit Committee reports to the Board and also to Council on any audit matters. The Audit Committee meets three times a year and in line with its terms of reference reviews the annual financial statements before they are approved by the Board.

There is currently no internal audit function and the Audit Committee and the Board believe that this is appropriate for the organisation, based on its size and activities. This will be reviewed annually when the need for any internal audit will be considered.

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

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 of risks materialising, the LTA's ability to reduce this likelihood and impact on its business of the risks and the costs of operating the particular controls relative to the benefit obtained in managing the identified risks.

ii) Nominations Committee

The nomination procedures for board, committees and panels are set out in the LTA Governance Structure Document. The Board Nominations Committee was set up in 2009 with the purpose of keeping the composition of the Board under review and considering the appointments of Councillors and succession planning at senior levels of management. The Nominations Committee is chaired by Cathie Sabin, President. The other members of the Committee are Martin Corrie, Deputy President, David Gregson, the Chairman of the Board, David Rawlinson, Independent Non-Executive and Michael Downey, Chief Executive Officer.

iii) Remuneration Committee

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

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

The Remuneration Committee is chaired by Richard Baker, Independent Non-Executive member of the Board. The other members of the Committee are Cathie Sabin, President, David Gregson, Chairman of the Board with Michael Downey, Chief Executive Officer and Vicky Williams, Director of People in attendance as appropriate. The Remuneration Committee has met seven times during the financial year.

The strategic report on pages 3 to 37 was approved and authorised for issue by the Board on 26 February 2015 and is signed on their behalf by:

Tim Davies
Finance Director
26 February 2015

Report of the Directors of the Lawn Tennis Association Limited for the 15 months ended 31 December 2014

INTRODUCTION

The Directors present their report and the audited Group financial statements of Lawn Tennis Association Limited (the LTA) and its subsidiaries for the 15 months ended 31 December 2014.

PRINCIPAL ACTIVITIES

The LTA is the governing body of tennis in Great Britain, the Channel Islands and the Isle of Man. Its mission is to get more people playing tennis more often. The Company also acts as the holding company for the Group's investment portfolio.

GOVERNANCE

Details of the governance structure of the LTA, the role of the Board, key committees and the names of the Board members are set out in the Corporate Governance Structure section of this report.

RESULTS AND DIVIDENDS

The Group loss for the period after taxation amounted to £1.9 million (2013: profit £7.8 million). Under the LTA Rules, the LTA may not pay a dividend or distribute its retained reserves or funds to its members.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks which could affect the LTA's long-term performance and financial position. As detailed in the Corporate Governance Structure section, the Executive are responsible for identifying and reviewing the risks to the Group and reporting these to the Audit Committee and the Board. Controls and suitable actions are put in place to mitigate these identified risks as far as is possible and practical. The Audit Committee is responsible for assessing the LTA's internal controls. 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 Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

A key business risk relates to the certainty of future revenue streams, notably from the Championships, Sport England and commercial partners. These risks are mitigated by the long-term contracts which secure these various revenue sources over the next 39 years, one year and three years respectively. Given the large contribution that The Championships, Wimbledon make to the LTA's total results, the Group is still exposed to a potential catastrophic loss of revenue in any single year due to cancellation or severe curtailment of The Championships. Further steps to mitigate or protect against this risk were in place during the year particularly with respect to the roof over Centre Court providing protection against weather losses and insurance covering major curtailment or abandonment risks where possible. There are isolated risks which are not insurable in relation to The Championships and also within LTA-run major events which could have a material impact on revenue streams associated with these events but these are considered remote. The LTA maintains adequate cash balances and reserves to mitigate any short-term financial impact from these risks.

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

The Group holds investments in shares, hedge funds, fixed income products and corporate bonds as part of its overall investment strategy. The Group has appointed independent specialist investment advisers 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. Some investments are held in foreign currency and the LTA enters into financial instruments to mitigate any exchange risk on these investments. This policy is approved by the Board and the Investment Advisory Group oversees the implementation of this policy. The LTA does not use financial instruments for speculative purposes.

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

EQUALITY

The LTA is committed to making tennis accessible and open to everyone who wants to be involved in the game. Its policy is to treat everyone equally, fairly and consistently.

Applications for employment by disabled persons are always fully considered, taking into account the aptitudes of the applicants. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate re-training is made available. The LTA's policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical with those of other employees.

EMPLOYEE ENGAGEMENT

During the year the policy of providing employees with information about the LTA and British Tennis has continued through internal communications in which employees have also been encouraged to present their suggestions and views. A formal employee engagement survey is to be undertaken in 2015. Management and employees meet regularly to allow a free flow of information and ideas and the LTA values the views and involvement of its employees.



DIRECTORS

The directors of the company who served during the year and up to the date of signing the financial statements are listed below:

R Baker
R Battersby
P Bretherton (resigned 12 December 2013)
M Corrie
T Davies (appointed 1 January 2015)
C Hollingsworth (appointed 1 January 2015)
M Downey (appointed 6 January 2014)
V Gooding (resigned 31 December 2013)
D Gregson
N Humby (resigned 10 October 2014)
A Lemons (resigned 31 December 2014)
P Littlewood (resigned 31 December 2013)
S Long (resigned 7 December 2013)
N Maskens (appointed 1 January 2015)
D Rawlinson (appointed 1 January 2014)
C Sabin
R Walmsley
C Warr (appointed 1 January 2015)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Finance and Governance Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved, that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Martin Corrie

On behalf of the Board
26 February 2015



Independent auditor's report to the Members of the Lawn Tennis Association Limited

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

Lawn Tennis Association Limited's financial statements comprise:

- the Group balance sheet as at 31 December 2014;
- the Group profit and loss account and statement of total recognised gains and losses for the period then ended;
- the Group cash flow statement for the period then ended;
- the Company's balance sheet at 31 December 2014 and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of directors' responsibilities set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the LTA Group Finance and Governance Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Philip Stokes (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 February 2015

Group profit and loss account

	Notes	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Turnover		64,345	66,878
Less: Discontinued operations:			
Share of turnover of joint venture	2	–	(8,470)
Group turnover	2	64,345	58,408
Operating expenses		(67,347)	(61,797)
Gift Aid to the LTA Trust		–	(24,000)
Group operating loss	3	(3,002)	(27,389)
Discontinued operations:			
Share of operating profit of joint venture	2	–	1,996
Total operating loss		(3,002)	(25,393)
Profit on sale of joint venture	12	–	32,126
Profit on disposal of fixed asset investments		1,137	1,334
Net interest receivable and similar income	5	1,526	729
(Loss)/profit on ordinary activities before taxation		(339)	8,796
Tax on (loss)/profit on ordinary activities	6	(1,578)	(964)
(Loss)/profit for the financial period/year	17	(1,917)	7,832

Group Statement of total recognised gains and losses

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
(Loss)/profit for the financial period/year	(1,917)	7,832
Foreign exchange gain/(loss)	33	(17)
Total recognised (losses)/gains	(1,884)	7,815

All of the Group's activities are continuing with the exception of the results of the joint venture in the Ground Company which was disposed of during the prior year. Hence these have been classified as discontinued above.

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial period/year stated above and their historical cost equivalents for either 2014 or 2013.

The notes on pages 45-59 form an integral part of these financial statements

Group balance sheet

	Notes	31 Dec 2014 £'000s	30 Sept 2013 £'000s
Fixed assets			
Intangible assets	7	2,080	–
Tangible assets	8	34,466	35,619
Fixed asset investments	9	37,686	35,693
		74,232	71,312
Current assets			
Debtors – amounts falling due within one year	13	28,568	29,501
Debtors – amounts falling due after more than one year	13	34,036	39,647
Deferred tax assets	14	965	1,256
Cash at bank and in hand		18,400	13,319
		81,969	83,723
Creditors – amounts falling due within one year	15	(15,375)	(12,743)
Net current assets		66,594	70,980
Creditors – amounts falling due more than one year	16	(418)	–
Net assets		140,408	142,292
Total shareholders' funds			
Profit and loss account	17	140,408	142,292
Other reserves	18	–	–
Total shareholders' funds	19	140,408	142,292

The financial statements on pages 41 to 59 were approved and authorised for issue by the Board on 26 February 2015 and were signed on their behalf by:

[Tim Davies](#)
Finance Director

The notes on pages 45–59 form an integral part of these financial statements.

Lawn Tennis Association Limited balance sheet

	Notes	31 Dec 2014 £'000s	30 Sept 2013 £'000s
Fixed assets			
Intangible assets	7	2,080	–
Fixed asset investments	9	49,482	47,489
		51,562	47,489
Current assets			
Debtors – amounts falling due within one year	13	86,064	83,185
Debtors – amounts falling due after more than one year		15,000	20,000
Cash at bank and in hand		1,511	–
		102,575	103,185
Creditors – amounts falling due within one year	15	(1,813)	(395)
Net current assets		100,762	102,790
Total assets less current liabilities		152,324	150,279
Total shareholders' funds			
Profit and loss account	17	152,324	150,279
Total shareholders' funds		152,324	150,279

The financial statements on pages 41 to 59 were approved and authorised for issue by the Board on 26 February 2015 and were signed on their behalf by:

[Tim Davies](#)
Finance Director

The notes on pages 45–59 form an integral part of these financial statements.

Group cash flow statement

	Notes	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Reconciliation of Group operating loss to net cash inflow from operating activities			
Group operating loss		(3,002)	(27,389)
Depreciation charge (net of profit/loss on disposal)	3	3,339	2,751
Amortisation charge	3	–	528
Loss on disposal		–	140
Decrease in debtors		1,554	1,248
(Increase)/decrease in outstanding loans to places to play		(7)	811
Increase in creditors		1,436	1,755
Net cash inflow/(outflow) from operating activities		3,320	(20,156)
Returns on investments and servicing of finance			
Interest received		403	48
Dividends received		1,123	830
		1,526	878
Taxation paid			
		(222)	(300)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(429)	–
Payments to acquire tangible fixed assets		(2,423)	(1,477)
Receipts from sale of fixed asset investments		16,273	21,213
Payments to acquire fixed asset investments		(17,997)	(22,625)
Receipts/(Payments) in relation to investment hedging instruments		33	(19)
Non consolidation of LTA Trust		–	(3,000)
Net cash outflow for capital expenditure and financial investment		(4,543)	(5,908)
Acquisitions			
Proceeds from sale of joint venture		5,000	30,000
Financing			
Repayment of loan to AELTC		–	(6,059)
Increase/(decrease) in cash in the period/year	20	5,081	(1,545)

The notes on pages 45–59 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

BASIS OF PREPARATION

The Group and Company financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

LAWN TENNIS ASSOCIATION LIMITED

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company, Lawn Tennis Association Limited is not presented as part of these financial statements. The parent company's profit for the 15 months was £2.0 million (year ended 30 Sept 2013: £32.7 million).

Lawn Tennis Association Limited has taken advantage of the exemption from preparing a company cash flow statement in accordance with Financial Reporting Standard 1 (revised 1996) – Cash Flow Statements.

THE LTA TRUST

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

(A) BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Lawn Tennis Association Limited and its subsidiary undertakings made up to 31 December 2014 and its share of the results and post-acquisition reserves of joint ventures. The profits and losses of subsidiaries and joint ventures are consolidated from the date of acquisition to the date of disposal.

The Group's share of the results and net assets of joint ventures are included in the consolidated profit and loss account and consolidated balance sheet, respectively, in accordance with the gross equity method.

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

QUASI SUBSIDIARIES

In determining whether a company controls another entity, regard should be had to who in practice directs the entity's financial and operating policies. The Lawn Tennis Association (unincorporated) is not directly owned by the group but meets the definition of a quasi-subsubsidiary under FRS 5 as it is managed on a unified basis as 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.

ACCOUNTING FOR UNINCORPORATED JOINT ARRANGEMENT – THE CHAMPIONSHIPS

The Lawn Tennis Championships (The Championships) are held annually at Wimbledon. In these financial statements The Championships are accounted for as an unincorporated joint arrangement. The joint arrangement is governed by an agreement

between The All England Lawn Tennis & Croquet Club (The Club) and the LTA, whereby The Championships are controlled, managed and promoted by the Committee of Management which consists of members representing the Club and the LTA. The Championships prepares its financial statements to 31 July.

On 14 May 2009, the Lawn Tennis Association, The All England Lawn Tennis & Croquet Club (AELTC), The All England Lawn Tennis Ground plc (AELTG) and The All England Lawn Tennis Club (Wimbledon) Limited agreed arrangements for the continuation of their relationship in respect of The Championships for at least a further 40 years. This agreement was subsequently novated and amended by a New Amended and Restated Principal Agreement dated 25 July 2011 between The All England Lawn Tennis & Croquet Club Limited, Lawn Tennis Association Limited, AELTG, the AELTC and Lawn Tennis Association. This agreement came into effect during the previous year on 1 August 2013.

The allocation of the financial surplus of The Championships is also governed by this agreement. The financial arrangements are designed to advance the interests of British Tennis. A donation of £3.0 million is made to the Tennis Foundation with the remainder of the surplus distributed 90% to the LTA, 10% to the AELTC in the current period compared to 100% to the LTA in the previous year.

ACCOUNTING FOR INCORPORATED JOINT VENTURE – ALL ENGLAND LAWN TENNIS GROUND PLC

The All England Lawn Tennis Ground Plc (AELTG) is the owner of grounds in Wimbledon, London, SW19, which it makes available for the playing of lawn tennis and croquet. AELTG prepares its financial statements to 31 July.

The shares in AELTG were held equally between the LTA and The Club. Accordingly, AELTG was accounted for as a joint venture until its sale in August 2013. The share of the operating profit up to the date of disposal has been treated as discontinued operations in the prior year.

(B) TURNOVER

Turnover includes the gross surplus of The Championships, exercise of warrants over shares, income from facility 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.

Turnover 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 balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

(C) GRANTS

Grant income is recognised in the profit and loss account either on receipt or in the period in which the related expenditure is incurred, depending on the nature of the grant. Grant expenditure is recognised in the profit and loss account in the period in which the grant was made or committed to other third parties.

(D) FOREIGN CURRENCIES

Foreign currency transactions arising during the period are translated at the rates prevailing at the date of the transactions unless covered by a forward exchange contract, in which case the contract rate is used. Balances outstanding at the period end are translated at the rate ruling on that date unless covered by a forward exchange contract.

(E) OPERATING LEASES

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(F) INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets are stated in the balance sheet 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.

Commercial rights are amortised over 8 years based on the contractual period to which they relate.

(G) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated in the balance sheet at cost less provision for depreciation.

Depreciation is calculated to write off the cost, less estimated residual value, of tangible fixed assets over their expected lives by equal annual instalments. Depreciation is provided on all tangible fixed assets apart from freehold land and assets under construction.

The following asset lives are used:

Long leasehold land and buildings	125 years
Freehold buildings and tennis courts	10 to 50 years
Motor vehicles	4 years
Furniture and equipment	3 to 20 years
Computer equipment	4 years

(H) INVESTMENTS

Investments held as fixed assets are stated at cost less any provision considered necessary for permanent diminution in value. Investments denominated in foreign currency are re-translated at the rate ruling at the balance sheet date, with any exchange differences taken to reserves.

(I) HEDGING

The Group has not adopted FRS 26, 'Financial instruments: Recognition and measurement' and accordingly accounts for forward exchange contracts and related hedges in accordance with SSAP 20, "Foreign Currency Translation".

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 balance sheet 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 balance sheet date are also taken to reserves.

(J) TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The change in the UK corporation tax rate from 23% to 21% from 1 April 2014 and 20% from 1 April 2015 were substantively enacted on 2 July 2013 and are therefore reflected in these financial statements.

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed, by the balance sheet 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.

(K) PENSION COSTS

Contributions payable to defined contribution schemes are charged to the profit and loss account in the period to which they relate. There are no defined benefit pension obligations.

2. Segmental reporting

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

	Turnover Period ended 31 Dec 2014 £'000s	Turnover Year ended 30 Sept 2013 £'000s	(Loss)/Profit before tax Period ended 31 Dec 2014 £'000s	(Loss)/Profit before tax Year ended 30 Sept 2013 £'000s
Group	64,345	58,408	(3,002)	(27,389)
Discontinued operation – Joint venture: The All England Lawn Tennis Ground Plc	–	8,470	–	1,996
Discontinued operation – profit on sale of Joint venture: The All England Lawn Tennis Ground Plc			–	32,126
Profit on disposal of fixed asset investments			1,137	1,334
Net interest receivable and similar income (note 5)			1,526	729
Total	64,345	66,878	(339)	8,796
			2014	2013
Net assets			£'000s	£'000s
LTA Group			140,408	142,292

The LTA Group figures above include the Lawn Tennis Association Limited, LTA unincorporated association and all Lawn Tennis Association Limited subsidiaries. The LTA Group includes within turnover the gross surplus of £33,919,000 (2013: £36,785,000) from The Championships and within loss/profit for the financial period/year the net surplus of £32,048,000 (2013: £35,100,000) (note 24).

3. Group operating loss

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Group operating loss is stated after charging/(crediting):		
Amortisation of intangible fixed assets (note 7)	–	528
Depreciation of fixed assets (note 8)	3,339	2,751
Loss on disposal	–	140
Operating lease and other hire charges:		
– Plant and machinery	233	170
– Other	354	357
Auditors' remuneration:		
– Audit fee for parent company and consolidated financial statements	49	50
– Audit fee for audit of subsidiaries	14	20
– Tax compliance services	54	36
– Tax advisory services	114	94
Donations payable:		
– Tennis Foundation (note 24)	10,330	7,500
– The LTA Trust	–	24,000
Grant income	(4,820)	(3,141)

4. Employees and directors

The Company has no employees.

The average monthly number of employees of the Group during the period/year was 294 (2013: 324) as follows:

	Period ended 31 Dec 2014	Year ended 30 Sept 2013
Participation	108	123
Performance	58	69
Commercial, Major Events and Marketing	42	45
Business Support and Governance	86	87
	<u>294</u>	<u>324</u>

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

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Group employees		
Wages and salaries	15,865	13,651
Social security costs	1,867	1,600
Other pension costs	803	649
	<u>18,535</u>	<u>15,900</u>
Charge to the Tennis Foundation (note 24)	(3,457)	(2,911)
	<u>15,078</u>	<u>12,989</u>

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Directors' remuneration		
Aggregate salaries and benefit in kind (excluding relocation costs)	629	773
Compensation for loss of office	120	–
Variable pay due under short term incentive schemes	224	216
Company pension contributions to money purchase scheme	47	62
	<u>1,020</u>	<u>1,051</u>
One-time relocation costs	190	–
Aggregate emoluments	<u>1,210</u>	<u>1,051</u>

The aggregate emoluments were paid to a total of three directors employed for all or part of 2014 (2013: three). Variable pay is based upon personal objectives, agreed targets and performance measures. Retirement benefits are accruing to two (2013: two) directors under a money purchase scheme.

Highest paid director

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Aggregate salaries and benefit in kind (excluding relocation costs)	323	387
Variable pay due under short term incentive schemes	73	65
Company pension contributions to money purchase scheme	38	45
	<u>434</u>	<u>497</u>
One-time relocation costs	190	–
Aggregate emoluments	<u>624</u>	<u>497</u>

One-time relocation costs relate to agreed international relocation costs and have been paid, as required, after deduction of the appropriate income taxes. The amount shown in the table above is the gross amount of the relocation costs. The actual expenses incurred were approximately half the amount shown.

5. Net interest receivable and similar income

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Interest receivable and similar income		
Group interest receivable	28	48
Share of interest receivable of joint venture	–	53
Interest on deferred consideration	375	–
Income from fixed asset investments	1,123	838
Total interest receivable and similar income	<u>1,526</u>	<u>939</u>
Share of interest payable of joint venture	–	(210)
Total interest payable	<u>–</u>	<u>(210)</u>
Net interest receivable and similar income	<u>1,526</u>	<u>729</u>

6. Taxation on (loss)/profit on ordinary activities

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Group taxation		
Current tax:		
UK corporation tax on results for the year	1,308	545
Overseas tax	–	748
Adjustment in respect of prior years	(21)	(150)
Share of joint venture:		
– current tax	–	1,150
– adjustment in respect of prior years	–	(620)
Total current tax	1,287	1,673
Deferred tax:		
Origination and reversal of timing differences	–	(6)
Effect of future corporation tax rate changes	205	184
Adjustment in respect of previous years	86	(416)
Share of joint venture		
– deferred tax	–	(34)
– adjustment in respect of prior years	–	816
– effect of future corporation tax rate changes	–	(1,253)
Total deferred tax	291	(709)
Tax on (loss)/profit on ordinary activities	1,578	964

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.8% average for the year to 30 September 2013 (2013: 23.5%). The differences are explained below:

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Reconciliation of Group current tax charge		
(Loss)/profit on ordinary activities before tax	(339)	8,796
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 21.8% (2013: 23.5%) for large entities and 20% (2013: 20%) for smaller entities	(74)	2,067
Effects of:		
Expenses not deductible for tax purposes	1,898	6,119
Accelerated capital allowances and other timing differences	(250)	289
Utilisation of brought forward tax losses	(55)	(150)
Capital gains	1,683	–
Income not taxable	(1,947)	(5,881)
Other adjustments	53	(1)
Adjustments in respect of prior years	(21)	(770)
Total current tax charge	1,287	1,673

7. Intangible fixed assets

	Group and Company Commercial Rights £'000s
Cost:	
At 1 October 2013	–
Additions	2,080
	2,080
Accumulated Amortisation:	
At 1 October 2013	–
Charge for the year	–
At 31 December 2014	–
NBV at 31 December 2014	2,080
NBV at 1 October 2013	–

During the period, LTA Group acquired the sanction to upgrade the Aegon Championships to an ATP 500 event from June 2015. An initial amount of £429,000 was paid with the remaining balance payable over the term of the sanction.

8. Tangible fixed assets

Group	Land and buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Assets under construction £'000s	Total £'000s
Cost:					
At 1 October 2013	36,631	93	14,286	–	51,010
Additions	58	3	1,859	266	2,186
Disposals	–	(32)	(310)	–	(342)
At 31 December 2014	36,689	64	15,835	266	52,854
Accumulated Depreciation:					
At 1 October 2013	4,688	82	10,621	–	15,391
Charge for the year	967	10	2,362	–	3,339
Disposals	–	(32)	(310)	–	(342)
At 31 December 2014	5,655	60	12,673	–	18,388
NBV at 31 December 2014	31,034	4	3,162	266	34,466
NBV at 1 October 2013	31,943	11	3,663	–	35,619

The NBV of land and buildings comprises long leasehold assets.

9. Fixed asset investments

Group	Third party investments £'000s		
Cost:			
At 1 October 2013	35,693		
Additions	17,128		
Disposals	(15,135)		
At 31 December 2014	37,686		
Company	Third party investments £'000s	Subsidiaries and joint venture £'000s	Total £'000s
Cost:			
At 1 October 2013	35,693	11,796	47,489
Additions	17,128	–	17,128
Disposals	(15,135)	–	(15,135)
At 31 December 2014	37,686	11,796	49,482

The market value of the third party investments as at 31 December 2014 was £41,523,000 (2013: £37,865,000).

The subsidiaries below are all incorporated in the UK and were wholly owned by the Lawn Tennis Association Limited at 31 December 2014:

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)

* 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 479C of the Companies Act 2006 in respect of the 15 months ended 31 December 2014.

Subsidiary	Nature of activities
LTA Holdings Limited	Holding company for the previous Lawn Tennis Association unincorporated subsidiaries
LTA Nominees Limited	Nominee company for the LTA (Dormant)
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 profit and loss account and balance sheet 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-subsiary managed on a unified basis by the management of the LTA Group.

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Profit and loss account		
Operating profit	–	68
Profit before tax	–	68
Profit/(loss) for the financial year	–	62
	2014 £'000s	2013 £'000s
Balance Sheet		
Debtors due less than one year	1,003	1,228
Cash in hand and at bank	230	5
Net assets	1,233	1,233

11. The LTA Trust

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

	Year ended 30 Sept 2014 £'000s	Year ended 30 Sept 2013 £'000s
Total incoming resources	460	24,041
Total resources expended	(83)	(15)
Net incoming resources before other recognised gains or losses	377	24,026
Gains/(losses) on investment assets	444	(170)
Net movement in funds	821	23,856
Gross assets		
Investments	24,635	17,847
Cash at bank and in hand	3,042	9,024
	27,677	26,871
Gross liabilities		
Liabilities due within one year	–	(15)
	–	(15)
Net assets	27,677	26,856
Unrestricted funds	27,677	26,856

12. Interest in joint venture

The joint venture in The Ground Company, in which the LTA owned a 50% share was sold on 1 August 2013 and therefore has been recognised as a discontinued operation on the face of the financial statements in the prior year. The key financial information in respect of 50% of this entity is as follows:

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
Turnover	–	8,470
Operating profit	–	1,996
Net interest payable	–	(158)
Profit/(loss) on ordinary activities before tax	–	1,838
Tax on ordinary activities	–	(60)
Profit/(loss) for the financial year	–	1,778

The book profit from the sale of The Ground Company was £32,126,000 with the consideration of £55,000,000 being offset by the interest in the joint venture of £22,874,000. The £55,000,000 is to be received in instalments, with £30,000,000 received on 1 August 2013, £5,000,000 received on 1 August 2014 and £20,000,000 to be paid in equal instalments on 1 August over the next 4 years.

13. Debtors

	Group 31 Dec 2014 £'000s	Group 30 Sept 2013 £'000s	Company 31 Dec 2014 £'000s	Company 30 Sept 2013 £'000s
Amounts falling due within one year:				
Trade debtors	2,385	874	–	–
Amounts owed by Group undertakings	–	–	81,041	78,166
Amounts owed by The Championships	16,040	20,100	–	–
Amounts owed by AELTC for sale of the Ground Company	5,000	5,000	5,000	5,000
Amounts owed by the Tennis Foundation	710	353	–	–
Loans repayable by places to play	1,353	1,399	–	–
Tennis developments	164	183	–	–
Other debtors	835	848	23	11
Prepayments and accrued income	2,081	744	–	8
	28,568	29,501	86,064	83,185
Amounts falling due after more than one year:				
Amounts owed by AELTC for the sale of the Ground company	15,000	20,000	15,000	20,000
Loans repayable by places to play	7,224	7,171	–	–
Tennis developments	3,769	3,937	–	–
Prepayments and accrued income	8,043	8,539	–	–
	34,036	39,647	15,000	20,000

Included within amounts falling due after more than one year is tennis developments of £3,769,000 (2013: £3,937,000) that represents amounts 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 to defer 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. Deferred tax

	Group 31 Dec 2014 £'000s	Group 30 Sept 2013 £'000s	Company 31 Dec 2014 £'000s	Company 30 Sept 2013 £'000s
Asset				
At 1 October	1,256	1,016	–	–
(Charged)/credited to the profit and loss account	(291)	240	–	–
At 31 December	965	1,256	–	–

The gross deferred tax assets, of which £965,000 (2013: £1,256,000) have been recognised in these financial statements, comprise:

	Group 31 Dec 2014 £'000s	Group 30 Sept 2013 £'000s	Company 31 Dec 2014 £'000s	Company 30 Sept 2013 £'000s
Deferred capital allowances	1,569	1,979	–	–
Short term timing differences	(604)	(539)	–	–
Deferred tax assets	965	1,440	–	–

The directors of the LTA Group are of the opinion that there are foreseeable future profits against which the deferred tax asset can be recovered.

15. Creditors – amounts falling due within one year

	Group 31 Dec 2014 £'000s	Group 30 Sept 2013 £'000s	Company 31 Dec 2014 £'000s	Company 30 Sept 2013 £'000s
Trade creditors	125	408	–	–
Corporation tax	211	12	228	286
Other creditors	870	3,089	–	–
Accruals and deferred income	14,169	9,234	1,585	109
	<u>15,375</u>	<u>12,743</u>	<u>1,813</u>	<u>395</u>

16. Creditors – amounts falling due more than one year

	Group 31 Dec 2014 £'000s	Group 30 Sept 2013 £'000s	Company 31 Dec 2014 £'000s	Company 30 Sept 2013 £'000s
Accruals and deferred income	418	–	–	–
	<u>418</u>	<u>–</u>	<u>–</u>	<u>–</u>

17. Profit and loss account

	Group 2014 £'000s	Group 2013 £'000s	Company 2014 £'000s	Company 2013 £'000s
At 1 October	142,292	134,292	150,279	117,588
(Loss)/profit for the financial year	(1,917)	7,832	2,012	32,708
LTA Trust reserves removed from Group consolidation	–	(3,000)	–	–
Transfer from The Championships rebuilding reserve	–	3,129	–	–
Transfer from joint venture other reserves	–	56	–	–
Movement in hedging reserve	33	(17)	33	(17)
At 31 December	<u>140,408</u>	<u>142,292</u>	<u>152,324</u>	<u>150,279</u>

The LTA Group funds may not be paid or distributed to its members but are applied towards the furtherance of the LTA Group objectives.

The LTA Group invests any part of its funds that are not required immediately for its purposes and objectives. In the event of dissolution, the funds remaining will be devoted to objectives similar to those of the LTA Group or to some other charitable purpose.

18. Other reserves

	Other reserves Group £'000s	Other reserves Company £'000s
At 1 October 2013	–	–
Transfer to profit and loss reserves	–	–
At 31 December 2014	<u>–</u>	<u>–</u>

Other reserves were transferred to the profit and loss account reserve in the prior year.

19. Reconciliation of movements in funds and reserves

	Group 2014 £'000s	Group 2013 £'000s	Company 2014 £'000s	Company 2013 £'000s
At 1 October	142,292	137,477	150,279	117,588
(Loss)/profit for the financial year	(1,917)	7,832	2,012	32,708
LTA Trust reserves removed from Group consolidation	–	(3,000)	–	–
Movements in hedging reserve	33	(17)	33	(17)
At 31 December/30 September	<u>140,408</u>	<u>142,292</u>	<u>152,324</u>	<u>150,279</u>

20. Reconciliation of movement in net funds

	1 Oct 2013 £'000s	Cash Flows £'000s	Loans £'000s	31 Dec 2014 £'000s
Cash at bank and in hand	13,319	5,081	–	18,400
Net Funds	<u>13,319</u>	<u>5,081</u>	<u>–</u>	<u>18,400</u>

21. Pension commitments

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

The LTA Group Money Purchase Personal Pension Plan 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 for the LTA's employees are paid into the LTA Group Personal Pension Plan or private personal pension plans. All LTA pension plans are funded by contributions from the LTA and the employees. Annual contributions to the scheme by the LTA are related to pensionable salaries. During the period, the LTA auto enrolled its employees and at the period end 243 employees were members of the scheme.

The contributions to the LTA schemes were:

	Period ended 31 Dec 2014 £'000s	Year ended 30 Sept 2013 £'000s
LTA Group personal pension plan	738	587
LTA private personal pension plans	65	62
Total Group contributions	803	649

No contributions were outstanding at the period/year end (2013: £nil)

22. Financial commitments

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases for assets, other than land and buildings, and other financial commitments as follows:

	2014 £'000s	2013 £'000s
Operating leases which expire:		
within one year	14	97
within two to five years	223	170
	237	267

In addition to the commitments under non-cancellable operating leases noted above, there is £773,000 (2013: £532,000) of loans which have been approved for payment to places to play but have not yet been paid out.

At 31 December 2014 the LTA has forward exchange commitments of \$2,108,000 (2013: \$2,216,000) with a fair-value loss of £9,700 (2013: gain £11,000) at the year-end exchange rate.

23. Contingent liabilities

The LTA and AELTC are currently in dispute with HM Revenue and Customs ("HMRC") regarding the tax treatment of the disposal in 2003 of certain shares by AELTC. AELTC maintain that the Club was acting as undisclosed agent of The Championships in holding the shares and that both the gain and the associated tax liability should pass to the LTA as part of The Championships surplus. Should the matter be finally settled or found against the LTA and AELTC, LTA would be required to pay around £1 million plus interest and associated legal costs. Both LTA and AELTC believe that the gain and tax have been correctly accounted for and therefore no provision for this amount has been recognised.

As disclosed in Note 9 the Company has taken advantage of the exemption available under Section 479C 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 period until those liabilities have been settled in full. The contingent liability at the period/year end was £1,925,000 (2013: £3,533,000).

24. Related party transactions

The Group has opted to take advantage of the exemption available in Financial Reporting Standard 8: Related Party Disclosures not to disclose transactions between Group entities that have been eliminated on consolidation.

THE CHAMPIONSHIPS

The LTA operates a joint arrangement under an agreement for the governance and operation of The Championships with The Club, The Ground Company and The All England Lawn Tennis Club (Wimbledon) Limited. In 2014 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2013: 100%) in line with the terms of the sale of the Ground Company effective 1 August 2013. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2013 and 2014.

The gross surplus of The Championships amounted to £33,919,000 (2013: £36,785,000). Net of withholding tax and officiating income, the surplus receivable by the LTA amounted to £32,048,000 (2013: £35,100,000). The amount due from The Championships at the period/year end was £16,040,000 (2013: £20,100,000).

During the period The All England Lawn Tennis Club (Championships) Limited on behalf of The Championships exercised warrants over shares in a commercial partner on the sale of that partner to a third party. As a result The Championships attributed 85% of the gain on the sale of the shares £6,329,000 to the LTA reflecting an agreement made between the LTA and the AELTC at the time the warrants were granted. In addition the commercial partner paid £1,475,000 in return for a three year contract extension commencing 2014 and 85% was distributed to the LTA with £417,000 included within revenue for the period and £836,000 included in deferred income.

The costs of officiating services are charged to The 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 Championships each year. In 2014 the LTA recharged The Championships £1,006,000 (2013: £995,000) for these services.

In 2014 the LTA received £1,000,000 (2013: £1,000,000) subvention payment from The Championships to help fund grass-court tournaments in the periods before and after The Championships. The LTA also purchased £2,325,000 (2013: £2,467,000) of tickets at face value from The Championships for onward sale and distribution.

TENNIS FOUNDATION

Under agreement, the LTA and the TF run a number of programmes in partnership for the advancement of tennis across the areas of schools, juniors and tennis facilities. Currently, 89 employees (2013: 121) are employed jointly by the TF and the LTA to administer these charitable programmes and an appropriate proportion of these costs are recharged to the TF.

In 2014 the LTA donated £10,330,000 (2013: £7,500,000) to the TF. During the year the TF was charged £3,457,000 (2013: £2,911,000) for employment costs from the LTA. In addition, the TF was recharged on an arm's length basis £1,750,000 (2013: £1,400,000) by the LTA for support, administrative and management services to the TF. The amount owed by the TF at the year-end was £710,000 (2013: £353,000).

During the year, The Championships made a charitable donation of £3,000,000 (2013: £3,000,000) to the TF.

THE ALL ENGLAND LAWN TENNIS GROUND PLC

During the prior year All England Lawn Tennis Ground Plc (AELTG) charged The Championships a facility fee of £15,479,000 for the use of the grounds for the tournament and credited The Championships costs of £30,000 under the Long Term Plan introduced in 1993 for the development of the grounds at Wimbledon.

LTA TRUST

During the year, the LTA did not make a donation to the LTA Trust (2013: £24.0 million) for investment in tennis legacy facility projects for the benefit of the public.

