



FINANCE & GOVERNANCE

Report 2020



TENNIS
FOR BRITAIN



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CHAIRMAN'S *Report*

CHAIRMAN'S REPORT

Welcome to the LTA's Finance and Governance Report for 2020.

Last year was not the year any of us had envisaged. It is for that reason I have to start by saying the thoughts of myself and everyone at the LTA are with anyone who has been affected by COVID-19, and the devastation it has caused to lives and livelihoods.

It is however at times when things are at their most challenging that we see the positive impact people can make. Tennis has always been a sport that plays a role at the heart of communities, and so it was pleasing to see that demonstrated in so many different ways last year. From coaches and venues running free and discounted tennis sessions for key workers, players of all ages undertaking fundraising challenges, clubhouses being used as foodbanks and, more recently, indoor tennis centres being transformed into vaccination centres, how the tennis community has reacted to the pandemic has been inspiring.

PROTECTING THE SPORT FROM THE IMPACT OF THE PANDEMIC

Aside from helping others, we know that many involved in tennis in Britain have been and continue to be concerned about their own futures, and have faced significant challenges. As Chair of the LTA, I am particularly proud that, led by our CEO Scott Lloyd, we were able to stand up in our role as governing body when the first lockdown hit and go above and beyond to support those involved in our sport at a time of great need.



Going into 2020, the financial health of tennis in Britain remained strong, with the LTA operating robust financial governance. We had taken the opportunity that presented to replenish our financial reserves, which are there to both support the long term health of the sport, but also to help manage unforeseen events and financial uncertainties.

The combination of the robust financial governance along with the financial agility to cut planned operational expenditure at the outset of the COVID-19 pandemic, enabled the LTA to help protect the sport from the initial impact of the pandemic, delivering millions of pounds worth of emergency COVID-19 support packages we implemented for tennis in Britain, designed to ensure clubs and venues remain viable and players, coaches and officials were not lost to our sport. Working together with The Tennis Foundation we also provided over £100,000 in funds for tennis charities to help those who have been severely impacted by the COVID-19 pandemic. These measures were then further supplemented with financial support provided by our County Associations, all of whom I know have been working tremendously hard throughout the pandemic.

Managing through these unprecedented times has been extremely challenging and the financial support measures the Government have subsequently put in place, alongside those administered by Sport England, sportscotland and Sport Wales, have been welcomed.

We are aware though, that such support does not cover everyone. Some have missed out on financial support from Government to date, while for others the support received does not go far enough. We have remained in regular dialogue with Government and the national sport councils on this matter, and will continue to push for the support that is needed to protect the infrastructure of our sport and all those involved.

A SURGE IN PARTICIPATION

It was that infrastructure and tennis workforce that helped us enter 2020 with momentum in implementing our five year strategic plan, having started to turn around a long-term decline in participation in tennis and instead showing an uptick in play. Despite the disruption, we were able to continue to build on this to end the year having achieved an 8% growth (2019: 6% fall) in yearly participation.

Whilst extended periods of lockdown without tennis meant the growth in participation last year may not have quite been to the extent we had been on track for pre-pandemic, alongside both Tennis Scotland and Tennis Wales we worked closely with Government and devolved administrations on the safe resumption of as much tennis activity as possible, helping the tennis community navigate through the changing restrictions throughout the year.

This undoubtedly contributed to the surge in participation that was evident on courts across the country from late spring onwards, something that was then amplified by our investment in a significant 'Back to Tennis' campaign over the summer as we rolled out a new brand positioning for the sport, titled 'Play Your Way'. This new positioning sought to support our vision of tennis opened up to promote the sport to a wider audience, and will underpin all of our marketing activity over the coming years. The widespread support for the Back to Tennis campaign and the efforts venues, coaches and officials put in to ensure COVID-19 secure protocols were implemented in a way that allowed so many people to enjoy our sport safely, is greatly appreciated.

A PRUDENT APPROACH

Whilst recreational players got back on court last spring, continued uncertainty together with limitations on global travel and restrictions on fan attendance meant that the traditional series of events for elite players were just not possible. The cancellation of The Championships, Wimbledon and our own major events in the summer presented a number of significant challenges, not least financial pressures. To mitigate against a fall in our income of around 40%, in addition to cancelling events at an early stage and using the furlough scheme, we also had to cut spending in other areas.

As a not for profit organisation, the LTA invests the money we receive from all sources, including The Championships' surplus, to support tennis in Britain from the grassroots to the professional game and drive the delivery of our five-year strategy. The investment we made in doing this in 2020 is set out in the following pages. Balancing this with the continued uncertainty around the COVID-19 pandemic and its ongoing impact, we are continuing to take a very prudent approach to our budgets for 2021.

CONTINUED PROGRESS TOWARDS 'TENNIS OPENED UP'

Set against the backdrop of a global pandemic and the challenging financial outlook, it is quite remarkable then to reflect on the continued progress made last year in our work to open up tennis to many more people. At a time when many have struggled to simply stand still, to be able to report on some tremendous achievements and the continued progress towards our vision of 'tennis opened up' is testament to the hard work, passion and dedication of all those involved in our sport.

One achievement we could not have envisaged at the start of last year was the success of our Tennis at Home online resources for schools and families. We moved quickly to update and repurpose content from our LTA Youth programme to encourage families to remain active at home through the pandemic, and for children to learn through tennis. Reflecting their quality, we became the only sport national governing body to have these resources listed on the Department for Education's online list of resources for home education.

To provide further resources for young people to be active at home, we also supplied thousands of free tennis rackets and activity cards for children in disadvantaged communities through our partnership with the charity StreetGames.

While the focus on the pandemic was around an immediate response, central to our progress last year were areas that will have a long term benefit for the sport. This included the appointment of a number of leading delivery providers to operate a network of LTA Coach Development Centres across the country. The network will sit at the heart of a new delivery model for coach education that will enable greater quality control and consistency, make best utilisation of industry expertise and ensure standards are maintained.

In the summer, we announced a major strategic drive to grow participation in parks, a crucial entry point to the sport for so many. This has seen us support local authorities with a comprehensive cost-free offer to improve the health and wellbeing of their communities through tennis, and ensure their tennis venues are sustainable for the future.

Park sites have been among those to have benefited from improvements we have driven to our venue registration, which has seen more venues than ever before become LTA registered venues. The new approach has been developed to encompass a greater and more diverse range of venues, providing more relevant packages of support in helping them grow and retain membership, increase participation and be financially sustainable.

Alongside the revamped venue registration process, we have also refreshed our offer to members as part of the delivery of our customer engagement strategy. This culminated in the launch of a new membership proposition, LTA Advantage, at the beginning of this year that provides unique benefits to fans, players and those who are competing, and going forward will allow the LTA to provide better value to these groups.

Venue registration and membership now also include padel venues and players. Over the course of the past 12 months we have completed the integration of padel into the LTA's operations, with padel now having been officially recognised as a discipline of tennis in Britain by the various sports councils, with the LTA confirmed as its national governing body.

We also put a strong focus on the return of elite tennis, with the extensive measures and protocols put in place at the LTA's National Tennis Centre. That enabled Britain's best players to use it as a regular training base as well as enabling it to be the host venue for a series of 17 behind closed doors events, headlined by the tremendously successful Battle of the Brits Team Tennis event staged in partnership with Jamie Murray. In total, the centre hosted over 1,000 competitive matches for elite players over the year, with close to 150 players, taking advantage of the significant investment we have made in transforming the National Tennis Centre courts and facilities to the highest standard over the last two years.

The aspect of this I am most proud of is that we ensured these events provided opportunities for all. In a year that was in many cases a challenging one for the visibility of women's sport, the LTA committed to hosting both dedicated women's events and mixed team events, while in staging the LTA Wheelchair Tennis series, tennis led the return of elite parasport.

Those events helped players prepare for competition in the Grand Slams, with Alfie Hewett claiming the men's wheelchair crown at Roland Garros. Alongside that success, Alfie and Gordon Reid completed a clean sweep of the three men's

doubles Grand Slam titles last year, Jordanne Whiley won the women's doubles in Australia and the USA, with Andy Lapthorne retaining his US Open Quad Doubles title. Finally, it is fantastic to look back on Joe Salisbury's performance in the men's doubles at the Australian Open in January where he claimed his maiden Grand Slam title.

MOVING FORWARD

Despite the impact of the COVID-19 pandemic, the work that went in to all these achievements and many more means we have made real progress towards our vision of tennis opened up, and enter 2021 with a set of exciting plans to build on this.

Among many projects, the coming months will see us continue our roll out of LTA Youth using the 2,400 coaches and teachers who have already received training and publish a new safeguarding strategy to follow on from the work that has seen tennis lead the way for safeguarding in sport over the last few years.

We will also be continuing to embrace technology to help us achieve our goals, with investment in our digital transformation programme. Building on our collaboration with Deloitte we announced last year, this will see us complete the foundations of the LTA's digital estate and provide the platform for digital technology to drive forward our work to grow participation and attract a new generation of tennis fans.

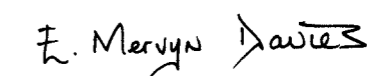
Alongside this, we will also follow up the steps we took last year in reviewing our approach to inclusion and diversity across tennis with an open letter and subsequent follow up from Scott Lloyd. This is an area we have continued to make progress on as part of our vision, but like many others we have acknowledged the need to do more. This year will see the next stage of that work as we publish a new inclusion and diversity strategy, setting out our ambition to take this forward in our quest to ensure tennis is seen as a sport for anyone.

All of this work is being done in the ongoing context of the COVID-19 pandemic and its impact. We have outlined to Government our desire for sport and physical activity to be put

at the heart of the nation's plans as we recover, particularly helping those who have been most impacted by the pandemic.

I'd like to finish by thanking my fellow members of the Lawn Tennis Association Limited Board, the LTA Council, LTA Colleagues, and the wider workforce of tennis officials, coaches and volunteers at venues across the country for everything you have collectively done to support our work to open up tennis. It is only through the contributions you each make that we have been able to make the progress I have outlined and which is further detailed in this report.

Thank you.



Lord Davies of Abersoch

Chairman
5 May 2021



STRATEGIC *Report*

FINANCIAL REVIEW

OVERVIEW

The Finance and Governance Report and financial statements are for Lawn Tennis Association Limited (“the Company”) and its subsidiaries (altogether “the LTA” or “the Group”) for the year ended 31 December 2020 and detail the financial investments made by the LTA in supporting the growth of tennis in Britain during the year.

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

The Tennis Foundation is a registered charity (charity number 298175) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity and as such, The Tennis Foundation is included in the LTA’s financial statements.

The LTA Trust is a registered charity (charity number 1148421) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity and as such, The LTA Trust is included in the LTA’s financial statements. During the year the LTA did not make a donation to The LTA Trust (2019: £8.0m).

The financial statements have been prepared under FRS 102 ‘the financial reporting standard applicable in the UK and Republic of Ireland’. The LTA constitutes a ‘public benefit entity’ as defined by FRS 102, being an entity whose primary

objective is to provide goods and services for the general public, community or social benefit and where any financial return is provided with a view to supporting the LTA’s primary objectives rather than providing a financial return to shareholders. As such, the LTA has applied the reporting exemptions applicable to public benefit entities under FRS 102.

FINANCIAL RESULTS

For the year ended 31 December 2020, the LTA’s revenue was £47.1m (2019: £77.3m) and operating expenditure was £53.6m (2019: £72.9m). Other operating income in 2020 of £1.2m represents government grants received as a result of the furlough scheme. Other operating income in 2019 of £4.4m represents the inclusion of the TF in the consolidated financial statements in the form of a gain on subsidiary acquisition. Operating loss generated for the year was £5.2m (2019: £8.7m profit).

The LTA generated investment income of £0.8m (2019: £1.0m) and a net gain on its investment portfolio of £2.8m (2019: £6.0m). Investments were revalued to fair value at 31 December 2020 in accordance with FRS102. A tax charge of £0.1m (2019: £1.3m) was incurred delivering a loss for the year of £1.8m (2019: £14.4m profit).

REVENUE

The LTA’s revenue decreased during the year to £47.1m (2019: £77.3m) as a result of the cancellation of major events in the summer, a reduction in the surplus received from The Championships and other COVID-19 related impacts which are detailed below.

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

	2020 £’000s	2019 £’000s	Change £’000s	Change %
Revenue from The Championships:				
Surplus	36,090	45,706	(9,616)	(21%)
Grass Court Support	5,100	5,300	(200)	(4%)
Officiating	450	1,366	(916)	(67%)
Commercial	1,153	6,066	(4,913)	(81%)
Major Events	676	14,372	(13,696)	(95%)
Sport England Revenue Grant	2,135	2,454	(319)	(13%)
Other Revenue	1,467	2,038	(571)	(28%)
Total LTA revenue	47,071	77,302	(30,231)	(39%)

Revenue from The Championships

The revenue from The Championships includes the gross surplus of £36.1m (2019: £45.7m) representing 90% (2019: 90%) of the distributable surplus; £5.1m (2019 reclassified: £5.3m) in support of the summer grass court season; and £0.5m (2019: £1.4m) for the management and supply of umpires and other officials in partnership with the Association of British Tennis Officials.

The decrease in the distributable surplus in 2020 was as a result of the COVID-19 pandemic. In 2020, as has been widely reported, despite The Championships being cancelled The All England Lawn Tennis & Croquet Club (“AELTC” or “the Club”) was able to claim against its pandemic insurance policy, and this covered a substantial proportion of the loss of income both to it and to the LTA. This claim has provided the LTA with the surplus of £36.1m and grass court support of £5m. Funding received from AELTC in relation to officials in 2020 was due to an agreement that the umpires and other officials would receive 50% of their usual fee for The Championships, excluding any expenses.

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

Commercial revenues

The LTA’s commercial activities produced £1.2m (2019: £6.1m) of revenue. The key contracts that contributed to this were a continuation of existing sponsors for whom non-events related rights could be delivered including Quorn, BNP Paribas, FeverTree and Adidas, alongside new deals including Life Fitness. The LTA announced cinch as the new title sponsor of the Queen’s Club Championships in December 2020 in a deal that will commence in 2021 and run for four years. The LTA is currently in negotiation in relation to further opportunities for both 2021 and beyond.

Major Events revenues

The revenue earned from the major events of £0.7m (2019 reclassified: £14.4m) was significantly reduced due to the impact of COVID-19 and the resulting cancellation of the majority of the tennis calendar in 2020. The remaining income was earned through pooled media rights from ATP tournaments completed in 2020 alongside other events completed in 2020 including the Fed Cup (since renamed the Billie Jean King Cup) tie away to Slovakia in February.

Sport England revenue

Sport England revenue grants of £2.1m (2019: £2.5m) reflected the fourth full year of the current agreement that began in April 2017.

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

	2020 £'000s	2019 £'000s
Talent	680	750
Disability	592	640
SERVES programme	496	569
Women & Girls	367	395
Safeguarding	-	100
Total spend	2,135	2,454

The LTA continues to work in partnership with Sport England in relation to developing its participation strategy and introducing the benefits of tennis throughout the community. Sport England has agreed to roll over the final year of the current funding agreement for April 2021 to March 2022 as a result of the pandemic. Sport England has recently announced a new 10 year strategy, with funding details yet to be announced. An application for funding as part of Sport England's next funding cycle starting from April 2022 is expected to be submitted later in 2021.

Other Revenue

Other revenue of £1.5m (2019: £2.0m) arises from a range of activities, including the LTA's membership scheme, coaching courses, other grants, National Tennis Centre income and programme funding.

OPERATING EXPENDITURE

The operating expenditure of the LTA for the year ended 31 December 2020 was £53.6m (2019: £72.9m). This significant decrease was as a result of the COVID-19 pandemic which caused the LTA to cancel the summer major events (£17.7m) and reduce expenditure across the business (£6.5m), which was partially offset by support packages offered to the wider tennis community (£5.0m).

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

	2020 £'000s	2019* £'000s	Change £'000s	Change %
Direct operating expenditure				
Participation	19,256	16,301	2,955	18%
Performance	12,408	13,551	(1,143)	(8%)
Commercial and Marketing	5,598	6,161	(563)	(9%)
Major Events	7,240	27,323	(20,083)	(74%)
Business Support	4,226	4,807	(581)	(12%)
Depreciation, amortisation and prepaid court time charge	4,075	2,937	1,138	39%
Capital Grants	747	1,864	(1,117)	(60%)
Total operating expenditure	53,550	72,944	(19,394)	(27%)

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

Investment in Participation

Participation expenditure of £19.3m (2019: £16.3m) was on a wide range of initiatives across the LTA's strategic focus areas. Despite the pandemic, this was an increase on last year due to a number of support packages totalling £5.0m offered to the tennis community, including coaches (£3.2m), venues (£1.2m) and officials (£0.5m). In addition to these support package grants, the LTA has also provided coach and venue hardship loans and loan repayment holidays to venues, with a value of £2.4m, taking the total amount provided to over £7m.

During the year, despite government imposed lockdowns, the LTA has managed to retain its strategic focus and funding of its core areas including counties, clubs, volunteers, parks, communities, education, disability, competitions, coaching, and safeguarding. In addition, during 2020 the LTA purchased Local Tennis Leagues Limited, which facilitates local, friendly league matches between players. There has been an increase in the number of venues which have adopted the Rally programme, designed to open up park tennis courts to communities; continued support of LTA registered venues which remain the backbone of British

* 2019 figures have been reclassified in line with the allocation of spend across directorates in 2020.

tennis; invested in recreational and national competitions to further establish a structure that provides both formal and informal competition for adults and juniors; delivered recreational competitions such as Team Tennis; and provided coaching qualifications from level 1 to master club level, coach workshops and the Coach Accreditation Scheme.

Investment in Performance

One of the LTA's strategic priorities is the continued establishment of a world class High Performance Programme, with investment focused on allocating resources to those players, coaches and venues with the ability to achieve the performance targets set. Whilst the professional tennis calendar was continually affected by the COVID-19 pandemic in 2020, the LTA has continued to invest significantly in its elite and developing players, investing £12.4m (2019: £13.6m) throughout 2020.

This has included a continued investment in its National Academies in Loughborough and Stirling with four new players selected for the start of the new academic year (20/21), taking the total number of players at the National Academies to twenty. Each new player had previously trained at the LTA's Regional Player Development Centres (RPDC) which also received increased investment in 2020. This resulted in two new centres being added to the RPDC network, at the West Hants Club and Edgbaston Priory Club, with all fourteen centres receiving investment from September 2020, primarily focusing on the coaching team, designed to reduce the overall cost of the programme for families.

The LTA has continued to support all players, both able bodied and wheelchair, reopening the National Tennis Centre in May for elite training and providing a world class, safe environment for LTA players to train and best prepare for the return of elite competition and the Olympic & Paralympic Games in 2021.

Commercial and Marketing

Investment in commercial and marketing was £5.6m (2019: £6.2m) which included investment into the summer 2020 'Back to Tennis' campaign. Marketing activity in 2021 will follow on from this successful campaign.

Major Events

As a result of the cancellation of the major event summer grass court calendar on 1st April 2020, and the resulting loss of income, the LTA was able to minimise its financial exposure such that the investment in its major event calendar was reduced to £7.2m (2019: £27.3m). The remaining investment represents costs incurred on LTA summer grass court events ahead of cancellation, support for the officiating community through providing 50% of the fee they would otherwise have received for officiating at The Championships and costs invested into events run in 2020; most notably the Fed Cup (since renamed the Billie Jean King Cup) away tie against Slovakia in February, the return to elite tennis at the National Tennis Centre throughout the summer, the Nitto ATP World Tour Finals in November, five International Pro Series events and four professional disability events.

Business support and depreciation

Expenditure on business support and depreciation, amortisation and prepaid court time charge increased to £8.3m (2019: £7.7m). Business support costs of £4.2m (2019: £4.8m) reflect the costs incurred by the functions of HR, IT, Finance and Legal.

Depreciation, amortisation and prepaid court time charge increased to £4.1m (2019: £2.9m), as a result of increased investment in technology infrastructure due to the ongoing digital transformation project and capital investment at the National Tennis Centre during 2019 and 2020.

Capital grants

Financial support to improve facilities is one key way the LTA helps venues thrive and attract new players. In 2020 the LTA invested £0.7m of capital grants (2019: £1.9m) and £0.9m of loans (2019: £1.0m) in facilities. A further £2.9m of loan funding was approved (2019: £3.2m). Partnership funding from applicants in support of these projects amounted to £4.5m (2019: £8.2m). Funding in this area, particularly in the provision of loan funding support, is expected to increase through 2021 based on the pipeline of activity for the various facility investment schemes.

Financial position

The Group Statement of Financial Position remains strong with total equity of £174.0m (2019: £175.8m) which includes the assets of The LTA Trust and The Tennis Foundation. This includes fixed assets such as the National Tennis Centre, long term loans to venues and reserves of £71.9m (2019: £75.2m) held in investment portfolios. £43.5m (2019: £43.2m) of the LTA's investment portfolios are held by The LTA Trust and The Tennis Foundation and must be spent in line with the charitable objectives of those charities. They are therefore not available to support the day to day activities of the LTA. £28.4m (2019: £32.0m) is held by Lawn Tennis Association Limited and are available to fund the LTA's facility investment strategy and manage working capital. The decrease in retained earnings is due to a loss for the year of £1.8m (2019: £14.4m profit). LTA reserves are in line with the reserves policy and leave the LTA in a position to carry out its strategic priorities going forward.

Intangible fixed assets of £7.1m (2019: £3.9m) primarily consist of capitalised software costs which include the development of a new customer relationship management system, the digital transformation project underpinning the 5 year strategy and The Queen's Club

Championships' ATP 500 sanction. Lawn Tennis Association Limited acquired this sanction in 2014 at a cost of £2.1m following the upgrade of The Queen's Club Championships. This cost is being amortised over the life of the agreement to 2022 resulting in a net book value at 31 December 2020 of £0.5m (2019: £0.8m).

Tangible fixed assets primarily comprise the investment in the National Tennis Centre. The increase in net book value to £33.6m (2019: £32.7m) represents additions during the year which were partially offset by disposals and the depreciation charge for the year. Facility improvements at LTA tournament sites (including The Queen's Club Championships site) that increase the future economic benefit of the tournaments are classified as tangible fixed assets.

£71.9m (2019: £75.2m) is held in the LTA's investment portfolio in shares, bonds and other assets by external investment managers and reflects the decision to hold free reserves to cover long term working capital requirements and a potential interruption in the LTA's annual income. As at 31 December 2020, external investments were revalued to fair value in accordance with FRS 102. The £3.3m decrease in the year is primarily due to £6.7m (2019: £nil) being drawn down from investments to manage the LTA's cash position and invest in its facilities strategy.

The overall trade and other receivables falling due within one year have increased to £45.3m (2019: £44.6m). The increase is mainly attributable to an increase of £2.9m in amounts owing from AELTC to £39.8m (2019: £36.9m).

Trade and other receivables falling due after more than one year have increased to £21.2m (2019: £20.7m) mainly due to the £1.2m hardship loans issued to coaches and venues to support them through the COVID-19 pandemic. Concessionary loans are interest free loans

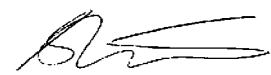
to clubs, indoor facilities, parks and schools to improve tennis facilities that are repayable over 10 years. Tennis developments represent West Hants LTC development funding of £3.0m (2019: £3.1m) repayable in equal instalments over the next 20 years. The £0.1m net movement increase of concessionary loans falling due after one year to £7.9m (2019: £7.8m) is partly due to the repayment holiday offered to venues to support them during the COVID-19 pandemic.

Trade and other payables – amounts falling due within the year have decreased to £15.0m (2019: £15.9m). The main liabilities included in this balance are accruals and deferred income of £12.5m (2019 reclassified: £12.9m) which include capital grant commitments to club venues of £3.0m (2019: £3.3m) and deferred income of £1.5m (2019: £1.6m) relating to ticket sales and sponsorship for future events.

Other provisions have increased to £4.4m (2019 reclassified: £0.8m) mainly as a result of the £3.6m ticket sales relating to 2020's major events.

Cash flows

During 2020 there was a net cash outflow from operating activities of £1.1m (2019: inflow £3.5m) and a net cash inflow of £0.1m (2019: outflow £2.1m) from investing activities. This resulted in a net cash decrease of £1.0m (2019: increase £1.3m) for the year. During 2020 the LTA arranged an overdraft facility of £15m to mitigate any unexpected fluctuations in its forecast working capital.



Simon Steele
Finance Director
5 May 2021



PRINCIPAL RISKS & UNCERTAINTIES, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

PRINCIPAL RISKS & UNCERTAINTIES

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

The Board of Lawn Tennis Association Limited ("the Board") has oversight for risk management with a focus on the most significant risks facing the LTA, including strategic, operational, financial, reputational and legal and compliance risks. The Board determines the risk appetite of the organisation, reviews existing risks and identifies new risks on a half yearly basis. Suitable controls are implemented and action plans established to mitigate risks.

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

As in any sport or organisation which engages with children, young people and vulnerable adults, there is a risk of safeguarding issues arising. This is a risk the LTA takes extremely seriously, with the protection and wellbeing of those that are involved in our sport being our highest priority. With the new Safeguarding Strategy dated 2021-2023 and

expanded team in place to deliver it, alongside the existing controls provided by the independent Safeguarding and Protection Committee and regular updates to the Board and Executive, we believe we are taking the necessary steps to mitigate this risk.

A key business risk relates to the certainty of future revenue streams, notably from The Championships, Sport England and commercial partners. The risk of non-receipt of revenue from The Championships is mitigated by a long term contract in place until 2053 with not less than 70% of the surplus continuing to be paid to the LTA in the 20 years following that termination date. Given the large contribution that The Championships makes to its total results, the LTA is still exposed to a potential loss of revenue in any single year due to cancellation or severe curtailment of The Championships. Steps to mitigate or protect against this risk have been put in place for future years particularly with respect to the roofs over Centre Court and No.1 Court providing protection against weather losses and insurance covering major curtailment or abandonment risks where possible (cover for communicable diseases is no longer available). There are isolated risks which are not insurable or capable of mitigation in relation to the The Championships and also within the LTA organised major events that could have a material impact on revenue streams. The impact of COVID-19 continues to be a risk to revenue however the LTA maintains adequate cash balances and reserves to mitigate the potential short-term financial impact of this risk. A £15m overdraft facility was put in place during 2020 to help manage the LTA's cash position through the continued period of uncertainty.

The LTA faces an element of credit risk in its on-going business relationships with major commercial partners. Risks are managed as part of on-going due diligence and credit management but cannot be completely mitigated. The LTA holds investments in shares, hedge funds, fixed income products and corporate bonds as part of its overall investment strategy. The LTA has appointed independent specialist investment managers who manage the portfolio on the LTA's behalf in accordance with the agreed medium/low risk profile. However, it is recognised that any investment portfolio is subject to market fluctuations and external factors. The Investment Advisory Group oversees the implementation of the investment policy and reports to the Audit Committee on this area. The LTA does not use financial instruments for speculative purposes.

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

The risk of non-delivery of the LTA strategy and mission is mitigated through its commitment to working alongside all the people and organisations that share our vision including volunteers, coaches, players, local authorities and clubs. The LTA has a long term strategic plan and resources are allocated appropriately to deliver its mission.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The

LTA also purchases directors' and officers' liability insurance in respect of itself and its Directors.

KEY PERFORMANCE INDICATORS

Each year the LTA sets business objectives to measure its performance in key areas under its seven strategic pillars, (see page 22) with headline objectives relating to fans, participation and performance.

Despite the many challenges caused by COVID-19 and periods of the year during which all tennis courts were closed, the LTA saw growth in participation across the country. On a 12 month rolling basis, yearly participation grew 8%, performing well above target. Across 2020, female yearly participation improved by 2%, with 1,890,412 women playing at least once per year (target 1,800,000). This is down to a return to growth amongst 16-34s and continued increases for 55+s.

To support the increase in participation the LTA has continued to work closely with venues up and down the country. During the year a further 913 venues (target 650) joined the online system LTA Rally that allows the public to pay and play at a venue close to them. Meanwhile, installation of gate access systems was approved at 166 venues (target 100) and 26 quick access loans (post-COVID-19 impact target 25) were granted to venues looking to improve their facilities.

As a result of schools and after-school clubs remaining closed (specifically during the critical summer term for tennis) and activity being restricted for large periods of 2020, the LTA saw a decline in the number of children playing tennis weekly, with this standing at 501,600 (target 510,000) and this remains a concern. This however

is a similar trend to many other sports and is something the LTA will be working on throughout this year as LTA Youth – a programme to ensure tennis is relevant, accessible, welcoming and enjoyable for kids, is rolled out. The LTA trained 2,400 coaches and teachers to deliver LTA Youth last year (target 1,900), ahead of the programme’s full launch in 2021.

In addition to more people playing tennis, despite the absence of the traditional summer of domestic major events, the LTA achieved an 11% increase in the number of fans on its database. The LTA successfully leveraged the behind closed doors activity and the resumption of the professional tours to drive fan membership numbers up to 761,781 (target 750,000), remaining on track to achieve its 2023 target of 1 million. One of the primary channels for fan engagement and the LTA strategy to raise the visibility of tennis is through social media, and improvements in content and approach saw a growth in followers to 362,146 (target 360,000) and the LTA achieve 2,560,186 interactions (target 2,000,000).

In relation to Performance, the interruptions to the professional tours had an effect on rankings progress. However, the LTA ended the year with five players in the top 100 in the world in singles and, two players in the top 30 in doubles along with four players ranked in the top six in the world in wheelchair tennis singles and five players in doubles.

FUTURE DEVELOPMENTS

As the LTA emerges out of the COVID-19 pandemic, sport and physical activity can play a central role in the nation’s recovery. The LTA remains focused on continuing to build towards its vision of ‘tennis opened up’, with a number of developments to come this year that will see tennis play its part in keeping the nation active and building back better.

The financial impact of the pandemic has been far reaching, with indoor tennis centres significantly affected. The network of community indoor tennis centres are of particular strategic importance to the sport, and so protecting and supporting these

as far as possible to ensure none are lost will be one of the LTA’s priorities for the year.

As restrictions ease, the LTA will be continuing its participation activity, including the roll-out of LTA Youth in clubs, schools, parks and other venues across the country. Last summer the LTA announced plans for a parks tennis revolution, and so this year will see the next phase of work to achieve that with the continued roll-out of LTA Rally and gate access systems, and growth of Local Tennis Leagues.

The LTA will also be relaunching its SERVES programme that takes tennis to underserved communities and its Open Court disability programme after they were paused for much of last year. Both these programmes target groups who have been significantly impacted by the pandemic, and the focus will be on building them up to pre-pandemic levels to provide a platform for future growth.

With competitions resuming, the LTA will be introducing the ITF World Tennis Number – a brand new, inclusive and modern rating system for all players in Britain. The ITF World Tennis Number will replace the LTA’s current ratings system, which was identified as a priority area to improve during the LTA’s Competition Review by coaches, referees, players and parents. Alongside the ITF and other leading tennis nations, the LTA has played a leading role in the development of the new system, which will be used by national associations around the world to help create a common rating system across tennis.

The ITF World Tennis Number is one of the key benefits that will be accessible via the new LTA Advantage membership proposition which sits at the heart of the LTA’s Customer Engagement Strategy. Following the programme’s launch at the start of 2021, it will be developed further as the LTA looks to increase the total number of customers and engage on a more relevant and personalised level.

The LTA’s previous safeguarding strategy came to a conclusion at the end of 2020, with the progress made seeing tennis now lead the way

THE BIG

01/ VISIBILITY

Broaden relevance and increase visibility of tennis all year round to build engagement and participation with fans and players.

02/ INNOVATION

Innovate in the delivery of tennis to widen its appeal.

03/ INVESTMENT

Support community facilities and schools to increase the opportunities to play.

04/ ACCESSIBILITY

Make the customer journey to playing tennis easier and more accessible for anyone.

05/ ENGAGEMENT

Engage and collaborate with everyone involved in delivering tennis in Britain, particularly coaches and volunteers, to attract and maintain more people in the game.

06/ PERFORMANCE

Create a pathway for British champions that nurtures a diverse team of players, people and leaders.

07/ LEADERSHIP

Lead tennis in Britain to the highest standard so it is a safe, welcoming, well-run sport.

for safeguarding in sport. The LTA is committed to building on the successful implementation of its safeguarding strategy and is developing its work in this area further in 2021, alongside resuming its Sport England funded pilot of the innovative augmented reality 'Safe to Play' safeguarding campaign.

This year will also see the LTA publish its new inclusion strategy for tennis. It follows the open letters published by LTA Chief Executive Officer Scott Lloyd last year that made clear the LTA's commitment as the national governing body for tennis firstly to listen, and then to put in place the actions needed to affect real change as part of its drive to open tennis up.

SECTION 172 STATEMENT

The Board believes that, individually and together, it has acted in the way it considers, in good faith, would be most likely to promote the success of the LTA for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2020. The Board has demonstrated throughout this report how it engages with stakeholders and has regard to the interests of the LTA's employees, customers, suppliers and other stakeholders, the impact of its activities on the community, the environment, and the LTA's good reputation for business conduct.

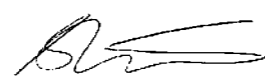
The Board engages in formal and informal consultation with a range of stakeholders, both inside and outside the sport, to understand the impact of decisions on those groups. The Board regularly consults with the LTA Council ("the Council"), both within formal Council meetings and more informally, in setting its strategy and to understand the needs of its members as well as the communities in which they operate.

A board effectiveness review was completed recently which includes an appraisal of the Board's responsibilities under Section 172 and identification of any enhancements that can be made to the Board's decision making process and to ensure it continues to promote the success of

the LTA and engage with stakeholders in the best possible way.

Please see the Chairman's Report, Financial Review, Principal Risks & Uncertainties, Key Performance Indicators & Future Developments and Directors' Report where further information can be found on Board engagement with stakeholders during the year.

The Strategic Report on pages 10 to 23 was approved and authorised for issue by the Board on 5 May 2021 and is signed on its behalf by:



Simon Steele
Finance Director
5 May 2021





DIRECTORS' *Report*

DIRECTORS' REPORT

INTRODUCTION

The Directors present their report, the Strategic Report and the audited Group financial statements for Lawn Tennis Association Limited and its subsidiaries (altogether “the LTA” or “the Group”) for the year ended 31 December 2020.

GOING CONCERN

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing the financial statements, the Directors have considered the LTA's business activities including the principal risks and uncertainties, together with the Group's short, medium and longterm cash flow forecasts. In particular the Directors have considered the impacts of COVID-19.

Based on the Group's cash flow projections which incorporate reasonable sensitivities and contingencies for a period of not less than 12 months from the date of approval of these financial statements, the Board has concluded that the LTA has sufficient financial resources to meet its liabilities as they fall due for the foreseeable future. For this reason, the LTA continues to adopt the going concern basis in preparing its financial statements.

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

INCLUSION

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

All applications for employment are considered based only on merit. The LTA actively promotes equal opportunities in employment and aims

to ensure everyone has an opportunity at the LTA, regardless of age, sex, race, nationality, ethnic origin, colour, sexual orientation, gender reassignment, pregnancy and maternity, marital status, religion or belief, ability or disability.

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

Following Board approval and consultation with members of the IDEA Group, colleagues, Executive, key subject matter experts and the TDC I&D Workstream. This year the LTA will launch its Inclusion Strategy covering five areas: Inclusive leadership and governance, Empowering people, Tennis looking and feeling Opened Up, Targeted interventions for greater diversity, and Holding ourselves to account, all of which will support our mission of Tennis Opened Up.

DISABILITY

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

SAFEGUARDING

Nothing is more important than the safety and wellbeing of those playing our sport. In 2020 we continued the process of carrying out safeguarding support visits at venues to ensure best practice is embedded and visited 265 venues. Over the past two years almost 1,000 venue support visits have been undertaken in one of the largest programmes of its type in sport. In 2020 we also expanded this process to include Counties. A total of 1,599 coaches and welfare officers attended a Level 1 Safeguarding course with safeguarding training mandatory for accredited coaches, welfare officers and LTA colleagues. Case management processes developed with the induction of new legally qualified Chairs on the Safeguarding and Protection Committee ensuring robust and thorough decision making in safeguarding cases. This work and more meant that we achieved a rating of ‘excellent’ from the NSPCC in our 2020 inspection – the highest possible level. Throughout 2020 we engaged with the tennis community and developed our new 2021-23 safeguarding plan which aims to ensure the highest safeguarding standards in tennis.

CODE FOR SPORTS GOVERNANCE

The LTA is proud to be the joint first sport to fully adopt the provisions of the Code for Sports Governance, following a vote by Council at the LTA Annual General Meeting in May 2017. This enshrined significant governance changes, notably the introduction of nine year term limits for Councillors, together with changes to the structure of the Board, such as increasing the number of independent non-executive directors and opening up the position of chair of the Tennis Development Committee to external applicants. As part of a regular process, Sport England commissioned the auditors BDO to undertake a Finance and Governance Review of a number of NGB's, including the LTA. The report was produced in 2020, which graded the LTA ‘Good’ in both its financial processes and the governance in place. Sport England and UK Sport are currently developing the Code for Sports Governance further. The LTA will work to implement amendments to the code once these have been published.

EMPLOYEE ENGAGEMENT

The LTA places significant value on its employees and keeps them informed on matters affecting the performance of the LTA. This is achieved through formal and informal meetings, employee engagement surveys, monthly newsletters, weekly bulletins and staff surveys. Monthly ‘All Colleague’ meetings are held which afford everyone the opportunity to share information, hear about the organisation's plans and progress, and ask questions.

The LTA has been acutely aware of the need to support employees wellbeing over the past year and has focused its core communications channels to share helpful and meaningful content with employees. Over and above this, activities have included launching quarterly Health and Wellbeing Days, personal check-ins with colleagues who have been struggling with their mental health, flexible wellbeing action plans to support colleagues, and ‘Shout Outs’ to boost morale and recognise the exceptional effort. Training has been provided to the People Team to support Colleagues with their mental health.

FURLOUGH

In April 2020, the LTA placed 137 colleagues on furlough leave. The highest number of colleagues on furlough (173) was in May 2020.

Colleagues who were furloughed were paid 80% of their wages during this period. 80% of the wage up to the cap was reclaimed via the Government's Coronavirus Job Retention Scheme.

For those Colleagues not furloughed, arrangements were put in place to facilitate home working and ensure that regular, up to date relevant communications were provided to both furloughed and non-furloughed Colleagues, to keep them informed and up to date in a timely manner.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Large organisations are now obliged to report publicly on their energy use and carbon emissions. Below is the LTA's assessment for 2020 which analyses how much energy was used at the National Tennis Centre and on business travel in 2020.

The energy is then converted into greenhouse gas (carbon) emissions. From this assessment we have calculated a ratio of 1.08 tonnes of CO₂e emissions per average employee in the Group. In the next reporting period we will be able to compare year-on-year progress.

Intensity ratio (CO₂e per full-time equivalent)

1.08 tonnes of CO₂e per average number of employees in the Group in the year to 31 December 2020 does not reflect the true environmental position because the National Tennis Centre (NTC) is far more than an office space for the LTA's employees; with 20 tennis courts, three padel courts, accommodation and a world class sports science centre. The NTC provides the facility and training services for the British Men's, Women's & Wheelchair high performance teams, coach education, competitions, as well as our own junior and adult community programme.

Energy efficiency measures taken this year at the NTC include the installation of 4 new low energy boilers, LED lights on the outdoor courts and by the middle of 2021 the NTC will have installed LED lights on the indoor courts as well.

More widely, the LTA is promoting the installation of LED floodlights through its quick access loan scheme both indoors and outdoors, as well as encouraging the approximately 4,700 LTA registered venues to install frequency invertors with the installation of air halls, which makes them more efficient to run.

Methodology

The electricity and gas quantities used in the year were taken from the suppliers' invoices for use and upkeep of the National Tennis Centre.

The conversion of kWh of electricity, cubic meters of gas and litres of fuel to CO₂e was based on gross calorific values. Conversion factors for this and the table below were obtained from BEIS' greenhouse gas conversion factors for company reporting, published in June 2020 www.carbontrust.com/resources/conversion-factors-energy-and-carbon-conversion-guide.

Group figures are derived by splitting total usage by the average headcount of the LTA (note Lawn Tennis Association Limited ("the Company") does not have any employees). The transport CO₂e is based on the mileage claimed by employees on business expenditure and converted to CO₂e using the 'average diesel car' and 'average petrol car' conversion factors from the above website.

Group			
Activity	Units	Total usage	CO ₂ e
Electricity	kWh	11,372	2,651
Gas	m ³	101,934	206,178
Fuel	litres	591	1,340
Transport	miles	530,019	144,478
Total			354,647
Company			
Activity	Units	Total usage	CO ₂ e
Electricity	kWh	-	-
Gas	m ³	-	-
Fuel	litres	-	-
Transport	miles	-	-
Total			-

CORPORATE GOVERNANCE

The Board

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

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

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

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

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

There is a clear division of responsibility between the Chairman, President and the Chief Executive Officer. The two executive Board members each have a role description and limits of authority. The Board meets a number of times per year in accordance with the LTA Standing Orders, and in 2020 it met five times (2019: five).

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

Lord Davies of Abersoch

Lord Davies joined the Board as Chairman on 27 September 2018 and is a member of the Remuneration Committee and Board Nominations Committee. He is a Partner and the Chairman of Corsair Capital, a private equity firm specialising in financial services. Lord Davies is also the Chairman of LetterOne, the Chairman of Intermediate Capital Group, Interim Chairman of Glyndebourne Productions Ltd, an Adviser to Teneo and he is also the Prime Minister's Trade Envoy to Sri Lanka. He became a peer in 2010 and was awarded a CBE for his services to the financial sector and the community in Hong Kong in June 2002. Lord Davies is a keen tennis player, particularly doubles, and also enjoys watching tennis.

Rachel Baillache

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

Sara Bennison

Sara joined the Board on 6 June 2018 as an Independent Non-Executive Director and is Chair of the Remuneration Committee. She is currently the Chief Product and Marketing Officer for Nationwide Building Society and a member of the Executive Committee. Sara plays an active role in the broader marketing industry and is also a Trustee of two charities (The Nationwide Foundation and The Prince's Countryside Fund). She is a keen tennis fan who joined the LTA Board to help 'open up' the game.

Lesley Cundy

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

Craig Haworth

Craig joined the Board as a Council-elected Non-Executive Director on 6 January 2017, and is a member of the LTA Property Board, LTA Tennis Development Committee and the Council Nominations Committee. Craig is also a member of the Midlands Regional Forum Committee and the LTA Councillor for Northants LTA as well as being the County's Lead Volunteer, a member of the County LTA Committee and a member of the Tennis Europe Professional Tennis & Officiating Committee. Craig is Managing Director of Passing Shots Community Interest Company that runs Corby Tennis Centre and has been at the centre since 1991. He previously represented Great Britain as a player and National Coach for 15 years and represented Buckinghamshire and, more recently, Northamptonshire at County level and has coached a number of Junior National Champions.

Clare Hollingsworth

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

Scott Lloyd

Scott joined as CEO of the LTA on 8 January 2018. Prior to joining the LTA, Scott has had a successful business career in the sports and leisure industry. As Group Chief Executive of David Lloyd Leisure, Scott led the business from 2007 through to a successful sale to TDR Capital in September 2013. Scott stayed with the company as CEO until July 2015 and continues to hold a Non-Executive Director role.

Sandi Procter

Sandi joined the Board on 6 January 2017 as a Council-elected Non-Executive Director and then became LTA Deputy President in January 2020. Sandi represented Kent on the LTA Council before she became Deputy President; she sits on the Kent LTA Board and has been involved in a wide range of Kent activities and projects for over 25 years. Sandi is a Trustee of The LTA Trust as well as being a member of the LTA Tennis Development Committee, the Council Nominations Committee and the Board Nominations Committee. She is also a member of the Tennis Europe Development Committee. Sandi is a former PE teacher turned tennis coach and has a particular passion for mini tennis. She created the Mini Tennis Red, Orange and Green programme and the Tennis Leaders Programme for the LTA, with resources, training materials and delivery to British coaches.

David Rawlinson

David joined the Board in 2014 as a Council-elected Non-Executive Director, and thereafter became (and remains) a Board member as the LTA Deputy President on 1 January 2017 and then as LTA President from 1 January 2020. He joined the LTA Council in 2006 representing Bedfordshire where he has served as Treasurer, Sponsorship Co-ordinator, Men's Captain and Lead Volunteer. David serves on the Remuneration Committee, the Council Nominations Committee and the Board Nominations Committee. He is a Tennis Europe Board Member & Treasurer having been appointed in March 2017 and is also a member of the ITF Olympic Committee. David is an active player and competes in National and International Seniors' Tournaments. He has represented Bedfordshire at County level in the Men's and Seniors' teams and has played for England in the Four Nations Seniors' competition. David is a practising Chartered Accountant and a Rotarian.

Roy Staniland

Roy joined the Board on 4 December 2019 as a Non-Executive Director by virtue of his appointment as the Chair of the LTA Tennis

Development Committee. He has represented Surrey on the LTA Council for the past 14 years and plays an active role in the work of the county, taking the roles of Surrey County Lead, Surrey LTA Secretary and heading up the Surrey Commercial Team. Roy is Director of Surbiton Racket & Fitness Club Ltd and has carried out the role of tournament chairman at the Eastbourne International for the last five years.

Simon Steele

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

Sir David Tanner

Sir David joined the Board on 1 August 2018 as an Independent Non-Executive Director and is a member of the Board Nominations Committee. He was the Performance Director for British Rowing until he stepped down in February 2018 after 21 years in the role. Sir David is a medal-winning Olympic coach and has had a successful full-time career in education. He is a Non-Executive Director on the Board of the English Institute of Sport and is Chair of Governors at Orleans Park Academy in Twickenham and at Shiplake College in Henley-on-Thames. He is a Fellow of the Royal Society of Arts (FRSA). Sir David was appointed OBE in 2003, CBE in 2009 and received a knighthood from the Queen in 2013 for services to the London 2012 Olympic and Paralympic Games. He is an ardent tennis supporter.

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

Name	Description	No. of meetings attended in year
Lord Davies of Abersoch	Chairman of the Board	5 out of 5
Rachel Baillache	Independent Non-Executive Director	4 out of 5
Sara Bennison	Independent Non-Executive Director	5 out of 5
Lesley Cundy	Council-elected Non-Executive Director (appointed on 1 January 2020)	5 out of 5
Craig Haworth	Council-elected Non-Executive Director	5 out of 5
Clare Hollingsworth	Senior Independent Non-Executive Director	5 out of 5
Scott Lloyd	Chief Executive Officer	5 out of 5
Sandi Procter	Deputy President and Non-Executive Director	5 out of 5
David Rawlinson	President and Non-Executive Director	5 out of 5
Roy Staniland	Chair of Tennis Development Committee and Non-Executive Director	5 out of 5
Simon Steele	Finance Director	5 out of 5
Sir David Tanner	Independent Non-Executive Director	5 out of 5

Pamela Woodman was the LTA's Company Secretary during the year and attended each Board meeting in this capacity.

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

THE EXECUTIVE

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

- Scott Lloyd, Chief Executive Officer
- Simon Steele, Finance Director
- Michael Bourne, Performance Director
- Chris Pollard, Digital and Major Events Director
- Julie Porter, Chief Operating Officer
- Oliver Scadgell, Participation Director
- Vicky Williams, People Director

BOARD COMMITTEES

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

(i) Audit Committee

The main role and responsibilities of the Audit Committee are to monitor the integrity of the financial statements of the LTA, the internal financial controls and financial risk management systems, performance of the Investment Advisory Group, manage the appointment, independence and performance of the external and internal auditors and to review and recommend the annual financial statements to the Board for approval.

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

The Audit Committee members during the year were:

Name	No. of meetings attended in year
Rachel Baillache (Chair)	3 out of 3
Clare Hollingsworth	3 out of 3
Andrew Fay (appointed on 22 July 2020)	2 out of 2

The President, Chief Executive Officer, Finance Director, Head of Group Finance and the LTA's internal and external auditors attended the Audit Committee meetings in 2020 by invitation as appropriate.

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

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

(ii) Board Nominations Committee and Council Nominations Committee

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

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

Name	No. of meetings attended in year
Lord Davies of Abersoch (Chair)	3 out of 3
Sandi Procter	3 out of 3
Clare Hollingsworth	3 out of 3
David Rawlinson	3 out of 3
Sir David Tanner	3 out of 3

The LTA Company Secretary attended all three meetings during the year.

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

Name	No. of meetings attended in year
David Rawlinson (Chair)	4 out of 4
Lesley Cundy	4 out of 4
Craig Haworth	4 out of 4
Sandi Procter	4 out of 4

The LTA Company Secretary and Chair of the Tennis Development Committee attended the Council Nominations Committee meetings in 2020 as appropriate.

(iii) Remuneration Committee

The main role of the Remuneration Committee is to determine the LTA's policy on remuneration and to advise on the total remuneration packages of the Chief Executive Officer and senior executives. The Remuneration Committee engages independent external consultants to benchmark remuneration levels as required.

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

The Remuneration Committee members during the year were:

Name	No. of meetings attended in year
Sara Bennison (Chair)	3 out of 3
Rachel Baillache	3 out of 3
Lord Davies of Abersoch	3 out of 3
David Rawlinson	3 out of 3

The Chief Executive Officer and People Director attended the Remuneration Committee meetings in 2020 as appropriate.

(iv) Safeguarding and Protection Committee

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

The Safeguarding and Protection Committee members during the year were:

Name	Description
Cameron Brown (QC)	Independent Member (Chair)
Antonia Corp	Independent Member
Gary Bye	Independent Member
Nicola Dean	Independent Member
Victoria Duncan	Independent Member (Chair – appointed on 23 April 2020)
Robyn Gennari	Independent Member (appointed on 29 April 2020)
Sally Halls	Independent Member (appointed on 29 April 2020)
Tracie Linehan	Independent Member (appointed on 29 April 2020)
Liz McMahon	Independent Member
Christina Oshodi	Independent Member (appointed on 29 April 2020)
Christopher Saad	Independent Member (Chair – appointed on 23 April 20)
Richard Smallbone	Independent Member
Ann Wolton (Barnett)	Independent Member

31 meetings were held during 2020 (2019: 15). The quorum for any meeting is three, with the chairperson selecting a minimum of two other members to consider any case. A robust recruitment process was undertaken to identify and appoint the new committee members. The Head of Safeguarding, Safeguarding Manager and Safeguarding Case Manager attended the Committee meetings in 2020 as appropriate.

In April 2020 three independent Chairs of the Safeguarding & Protection Committee were appointed as legally-qualified (including one QC) persons to adjudicate and Chair panels of the Committee. These appointments ensure the highest standards of decision making in what can often be complex cases and enable the LTA to manage cases efficiently and effectively in the interests of coach and complainant.

COUNCIL

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

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

The Council met four times (2019: four) in the year and at those meetings received reports from the Board.

DIRECTORS' CONFIRMATIONS

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

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

Information on the Group's risk management and future developments can be found on pages 19-24 as part of the Strategic Report while information on related party transactions is disclosed on page 85 as part of the notes to the financial statements.

The Directors' Report was approved and authorised for issue by the Board on 5 May 2021 and is signed on its behalf by:



Scott Lloyd
Chief Executive Officer
5 May 2021





STATEMENT OF DIRECTORS' RESPONSIBILITIES

*in Respect of the
Financial Statements*

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

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

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





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

*Lawn Tennis
Association Limited*

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Finance and Governance Report (the "Annual Report"), which comprise: the Group and Company Statements of Financial Position as at 31 December 2020; the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the

Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

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

CONCLUSIONS RELATING TO GOING CONCERN

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment

obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed included:

- evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions made by management in its accounting estimates; and
- identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations, journals posted by senior management and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

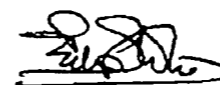
OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Philip Stokes

(Senior Statutory Auditor)

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

5 May 2021



GROUP

Financial Statements

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 £'000s	2019 £'000s
Revenue	2	47,071	77,302
Administrative expenses		(53,550)	(72,944)
Other operating income		1,236	4,381
Operating (loss)/profit	3	(5,243)	8,739
Other interest receivable and similar income	5	770	982
Net gains on fixed asset investments		2,808	6,009
(Loss)/profit before taxation		(1,665)	15,730
Tax on (loss)/profit	6	(120)	(1,324)
(Loss)/profit and comprehensive (expense)/income for the year		(1,785)	14,406

All of the Group's activities are continuing.

There are no material differences between the (loss)/profit before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents for either 2020 or 2019.

The notes on pages 52 to 82 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 £'000s	2019 £'000s
Fixed assets			
Intangible assets	7	7,140	3,926
Property, plant and equipment	9	33,607	32,660
Investments	10	71,896	75,229
		112,643	111,815
Current assets			
Inventories	13	349	459
Trade and other receivables – amounts falling due after more than one year	14	21,241	20,732
Trade and other receivables – amounts falling due within one year	14	45,331	44,632
Cash and cash equivalents	15	13,912	14,900
		80,833	80,723
Trade and other payables – amounts falling due within one year	16	(15,020)	(15,932)
Net current assets		65,813	64,791
Total assets less current liabilities		178,456	176,606
Provisions for liabilities			
Other provisions	17	(4,415)	(780)
Net assets		174,041	175,826
Equity			
Retained earnings		122,471	123,451
Other reserves	19	51,570	52,375
Total equity		174,041	175,826

The financial statements on pages 50 to 55 were approved and authorised for issue by the Board on 5 May 2021 and were signed on their behalf by:



Simon Steele
Finance Director

The notes on pages 56 to 85 form an integral part of these financial statements.

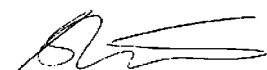
COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Company	Note	2020 £'000s	2019 £'000s
Fixed assets			
Intangible assets	7	520	780
Investments	10	40,223	43,874
		40,743	44,654
Current assets			
Trade and other receivables – amounts falling due within one year	14	116,747	111,347
Cash and cash equivalents	15	155	160
		116,902	111,507
Trade and other payables – amounts falling due within one year	16	(809)	(615)
Net current assets		116,093	110,892
Total assets less current liabilities		156,836	155,546
Deferred tax liability	18	(823)	(1,004)
Net assets		156,013	154,542
Retained earnings		156,013	154,542
Total equity		156,013	154,542

The Lawn Tennis Association Limited made a profit after taxation of £1.5m in the year (2019: loss £4.7m). This was largely due to gains on disposal of fixed asset investments of £2.8m.

The financial statements on pages 50 to 85 were approved and authorised for issue by the Board on 5th May 2021 and were signed on their behalf by:



Simon Steele
Finance Director

The notes on pages 56 to 85 form an integral part of these financial statements.

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

Group	Retained earnings £'000s	Other reserves £'000s	Total equity £'000s
Balance as at 1 January 2019	107,214	54,206	161,420
Profit and total comprehensive income for the year	16,237	(1,831)	14,406
Balance as at 31 December 2019	123,451	52,375	175,826
Balance as at 1 January 2020	123,451	52,375	175,826
Loss and comprehensive expense for the year	(980)	(805)	(1,785)
Balance as at 31 December 2020	122,471	51,570	174,041
Company	Retained earnings £'000s	Other reserves £'000s	Total equity £'000s
Balance as at 1 January 2019	159,283	-	159,283
Loss for the financial year	(4,741)	-	(4,741)
Balance as at 31 December 2019	154,542	-	154,542
Balance as at 1 January 2020	154,542	-	154,542
Gain for the financial year	1,471	-	1,471
Balance as at 31 December 2020	156,013	-	156,013

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 £'000s	2019 £'000s
Cash flows from operating activities		
Operating (loss)/profit	(5,243)	8,739
Depreciation charge	1,791	1,547
Loss on disposal of tangible fixed assets	254	12
Amortisation charge	1,421	959
Loss on disposal of intangible fixed assets	197	-
Decrease/(increase) in stocks	110	(459)
Increase in debtors	(1,191)	(4,584)
(Increase)/decrease in outstanding loans to places to play	(18)	1,031
Increase in creditors	2,724	1,252
Gain on acquisition of subsidiary	-	(4,381)
Taxation paid	(1,111)	(634)
Net cash generated from/(used in) operating activities	(1,066)	3,482
Cash flow from investing activities		
Payments to acquire intangible fixed assets	(4,214)	(2,342)
Payments to acquire tangible fixed assets	(2,896)	(1,922)
Receipts from sale of fixed asset investments	18,672	7,704
Payments to acquire fixed asset investments	(11,970)	(7,448)
Acquisition of Local Tennis Leagues Ltd/The Tennis Foundation	(284)	882
Interest received	9	42
Income from fixed asset investments	761	940
Net cash generated from investing activities	78	(2,144)
Net (decrease)/increase in cash and cash equivalents	(988)	1,338
Cash and cash equivalents at the beginning of the year	14,900	13,562
Cash and cash equivalents at the end of the year	13,912	14,900
Cash and cash equivalents consists of:		
Cash at bank and in hand	13,912	14,900
Cash and cash equivalents	13,912	14,900

The notes on pages 56 to 85 form an integral part of these financial statements.

NOTES TO THE *financial statements*

I. ACCOUNTING POLICIES

General information

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

Statement of compliance

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

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

Summary of significant accounting policies

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

a) Basis of preparation

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

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

b) Going concern

On the basis of their assessment of the Group financial position and resources, the Directors have concluded that the Group has sufficient financial resources to meet its liabilities as they fall due. The Directors have reviewed the Group's cash flow projections which incorporate reasonable sensitivities and contingencies around the potential impact of COVID-19 on the Group's business activities as well as varying levels of restrictions on spectator capacity at the Group's major events and The Championships 2021.

The Group has arranged a £15m overdraft facility to help manage its cash position and holds sufficient short-term investments to manage the potential impact of COVID-19. The terms of the overdraft, which expires in October 2021, require LTA liquid third party investments to be maintained at a minimum of £23m and, as at 31 December 2020, the value of these investments was £27.3m. If the overdraft facility is not renewed, LTA liquid third party investments will be used to manage the Group's cash position if required.

The Directors have reasonable expectations that the Company and the Group are well placed to manage business risks and to continue in operational existence for the foreseeable future (which accounting standards require to be at least a year from the date of this report) and have not identified any material uncertainties to the Company's and the Group's ability to do so. As such, the annual financial statements continue to be prepared on a going concern basis.

On the basis of their assessment of the Group financial position and resources, the Directors have concluded that the Group has sufficient financial resources to meet its liabilities as they fall due. The Directors have reviewed the Group's cash flow projections which incorporate reasonable sensitivities and contingencies around the potential impact of COVID-19 on the Group's business activities as well as the staging of The Championships 2021.

I. ACCOUNTING POLICIES (CONTINUED)

The Group holds sufficient short-term investments to manage the potential impact of COVID-19 therefore the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Exemptions for qualifying entities under FRS 102

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

The Company has taken advantage of the following exemptions:

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

d) Lawn Tennis Association Limited

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company, Lawn Tennis Association Limited, is not presented as part of these financial statements.

e) Basis of consolidation

The Group financial statements consolidate the financial statements of the Lawn Tennis Association Limited ('the Company') and its subsidiary undertakings (including The LTA Trust and TF) made up to 31 December 2020. The

profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal.

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

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

f) Quasi subsidiaries

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

g) Accounting for unincorporated joint arrangement – The Championships

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

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. 90% of the surplus is distributed to the LTA from the distribution as agreed by the Joint Finance Committee.

I. ACCOUNTING POLICIES (CONTINUED)

h) Revenue

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

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

i) Grants

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

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

j) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

k) Operating leases

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

l) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

I. ACCOUNTING POLICIES (CONTINUED)

l) Business combinations and goodwill (continued)

Where control is achieved in stages the cost is the consideration at the date of each transaction. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life.

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

m) Intangible fixed assets and amortisation

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

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

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

Computer software's amortisation period is between 4 and 5 years to reflect the expected future economic benefit of the assets.

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

I. ACCOUNTING POLICIES (CONTINUED)

n) Property, plant and equipment and depreciation

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

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

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets.

The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The following asset lives are used:

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

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

o) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that

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

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use.

The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

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

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

I. ACCOUNTING POLICIES (CONTINUED)

p) Investments

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

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

q) Hedging

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

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

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

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

r) Financial instruments

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

(i) Financial assets

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

Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

I. ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities

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

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

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

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

The Company does not hold or issue derivative financial instruments.

(iii) Offsetting

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

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

s) Cash and cash equivalents

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

Cash and cash equivalents are stated at face value.

t) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

I. ACCOUNTING POLICIES (CONTINUED)

u) Employee benefits

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

Short-term benefits:

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

Long-term benefits:

Amounts payable under long-term incentives are dependent on performance targets. Employees are required to remain in employment with the group to receive the cash payment. The group does not set aside assets to fund the payments and pays the benefits out of cash resources. A liability is raised on the estimated amount payable in terms of the incentive scheme plans.

Termination benefits:

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

Pension costs:

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

v) Concessionary loans

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

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

w) Critical judgements and estimates in applying the accounting policy

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

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

I. ACCOUNTING POLICIES (CONTINUED)

x) Amendments to FRS 102

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

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

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

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

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

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

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

iv) Amendments to Section 27: Impairment of assets:

The Group has adopted the amendments to para 27.31 of FRS 102. The amendments to para 27.31 clarify the removal of hierarchy for reversing impairment charges, with the entity no longer required to allocate the amount of impairment reversal in a particular order. This is largely due to

the fact that goodwill impairment reversals are no longer permitted under FRS 102. As the Group does not have any impairment charges that qualify for reversal, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements

v) Amendments to Section 33: Related party disclosures:

The Group has adopted the amendments to para 33.2(viii) of FRS 102. The amendments clarify the increase in scope of related parties by including an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity, as being a related entity. As the Group already discloses all of its parent-subsidiary relationships in note 23, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

2. REVENUE

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

Analysis of revenue by category:

	2020 £'000s	2019 £'000s
Rendering of services	44,936	74,603
Grant income	2,135	2,699
	47,071	77,302

Analysis of revenue by subcategory:

	2020 £'000s	2019 £'000s
Revenue from The Championships	41,640	52,372
Commercial	1,153	6,066
Major events	676	14,372
Sport England revenue and other grants	2,135	2,454
Other revenue	1,467	2,038
	47,071	77,302

3. OPERATING (LOSS)/PROFIT

	2020 £'000s	2019 £'000s
Operating (loss)/profit is stated after charging/(crediting):		
Amortisation of intangible assets (note 7)	1,421	959
Depreciation (note 9)	1,791	1,547
Loss on disposal of assets	451	12
Operating lease and other hire charges:		
- Plant and machinery	66	88
- Motor vehicles	240	132
Auditors' remuneration:		
- Audit fee for parent company and consolidated financial statements	90	60
- Audit fee for audit of subsidiaries	7	10
- Tax compliance services	53	48
- Non-audit services	30	57
Donations payable:		
- The LTA Trust	-	8,000
Gain on acquisition of subsidiary	-	(4,381)
Grant income	(2,135)	(2,699)
Coronavirus Job Retention Scheme	(1,236)	-

In the prior year, the gain on acquisition of subsidiary represents the value of net assets acquired by the Group when The Tennis Foundation became part of the group on 18 March 2019.

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees, including directors, of the Group during the year was 328 (2019:279) as follows:

	2020 Number	2019 Number
Performance	73	68
Commercial, major events and marketing	51	54
Business support and governance	90	56
	328	279

The year on year increase was largely due to insourcing the operations of the National Tennis Centre (NTC) which was previously operated by Compass Group PLC and led to the TUPE of their employees as part of the investment made in transforming the NTC courts, facilities and support to the highest standard. As part of the cost reductions implemented due to COVID-19, the number of employees has been reduced and was 306 at 31 December 2020 (2019: 317).

The Company has no (2019: nil) employees.

The aggregate amounts payable to employees of the Group (before Coronavirus Job Retention Scheme support) during the year were:

	2020 £'000s	2019 £'000s
Group employees		
Wages and salaries	16,361	16,913
Social security costs	1,813	2,010
Other pension costs	1,013	1,007
	19,187	19,930

4. EMPLOYEES AND DIRECTORS (CONTINUED)

	2020 £'000s	2019 £'000s
Directors' remuneration		
Aggregate remuneration	535	644
Aggregate amounts accruing under long-term incentive plan	94	61
Company pension contributions to money purchase scheme	17	17
Aggregate emoluments	<u>646</u>	<u>722</u>

Directors' remuneration reduced in the year due to a cash bonus not being awarded and a 20% salary reduction for part of the year.

The aggregate emoluments were paid to two (2019: two) directors, both of whom were employed for the whole of 2020 (2019: two). Retirement benefits are accruing to one (2019: one) director under a money purchase scheme.

The 2019 aggregate emoluments have been restated from £661k to £722k to reflect the cost included in the 2019 Financial Statements for the long-term incentive plan. Amounts are accrued and expected to be paid in 2023/2024 subject to performance.

	2020 £'000s	2019 £'000s
Highest paid director		
Aggregate remuneration	356	429
Aggregate amounts accruing under long-term incentive plan	61	61
Aggregate emoluments	<u>417</u>	<u>490</u>

The 2019 aggregate emoluments of the highest paid director have been restated from £429k to £490k to reflect the cost included in the 2019 Financial Statements for the long-term incentive plan. Amounts are accrued and expected to be paid in 2023/2024 subject to performance.

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000s	2019 £'000s
Group interest receivable	10	46
Income from fixed asset investments	760	936
Net finance income	<u>770</u>	<u>982</u>

6. TAX ON (LOSS)/PROFIT

	2020 £'000s	2019 £'000s
Group taxation		
Current tax		
UK corporation tax on results for the year	592	2,089
Adjustment in respect of prior years	(926)	25
Total current tax	<u>(334)</u>	<u>2,114</u>
Deferred tax:		
Origination and reversal of timing differences	210	(561)
Effect of future corporation tax rate changes	(246)	59
Adjustment in respect of prior years	490	(288)
Total deferred tax	<u>454</u>	<u>(790)</u>
Tax on (loss)/profit	<u>120</u>	<u>1,324</u>

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

The tax assessed for the year is higher (2019: lower) than the standard rate of corporation tax in the UK of 19% average for the year (2019: 19%). The differences are explained below:

	2020 £'000s	2019 £'000s
Factors affecting tax charge		
(Loss)/profit before taxation	(1,665)	15,730
(Loss)/profit before taxation multiplied by standard corporation tax rate in the UK of 19% (2019: 19%)	(316)	2,989
Effects of:		
Expenses not deductible for tax purposes	1,328	1,178
Accelerated capital allowances and other timing differences	(238)	-
Income not taxable	(472)	(2,614)
Effect of gains	497	(26)
Adjustment in respect of prior years	(435)	(262)
Deferred tax not recognised	1	-
Effect of future corporation tax rate changes	(245)	59
Total tax charge	120	1,324

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £0.7m and to increase the deferred tax asset by £0.7m.

7. INTANGIBLE ASSETS

Group	Commercial rights £'000s	Assets under construction £'000s	Computer software £'000s	Goodwill £'000s	Total £'000s
Cost:					
At 1 January 2020	2,080	730	7,396	-	10,206
Additions	-	1,159	3,344	329	4,832
Disposals	-	-	(4,915)	-	(4,915)
Transfer	-	(730)	730	-	-
At 31 December 2020	2,080	1,159	6,555	329	10,123
Accumulated Amortisation:					
At 1 January 2020	1,300	-	4,980	-	6,280
Charge for the year	260	-	1,072	89	1,421
Disposals	-	-	(4,718)	-	(4,718)
At 31 December 2020	1,560	-	1,334	89	2,983
Net book value					
At 31 December 2020	520	1,159	5,221	240	7,140
At 31 December 2019	780	7,730	2,412,416	-	3,926
Company	Commercial rights £'000s				
Cost:					
At 1 January 2020	2,080				
Additions	-				
At 31 December 2020	2,080				
Accumulated Amortisation:					
At 1 January 2020	1,300				
Charge for the year	260				
At 31 December 2020	1,560				
Net book value:					
At 31 December 2020	520				
At 31 December 2019	780				

Commercial rights consist of The Queen's Club Championships ATP 500 sanction. The LTA acquired this sanction in 2014 at a cost of £2.1m following the upgrade of The Queen's Club Championships. This cost is being amortised over the life of the agreement to 2022 resulting in a net book value at 31 December 2020 of £0.5m (2019: £0.8m).

8. ACQUISITION OF A SUBSIDIARY COMPANY

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

Consideration of £332,000 was paid to acquire the shares of Local Tennis Leagues Limited, comprising £303,000 cash and £29,000 deferred consideration to be paid in cash in March 2021. In the year ending 31 December 2020, turnover of £141,413 and profit after taxation of £27,555 was included in the consolidated profit and loss account in respect of Local Tennis Leagues Limited since the date of acquisition. The acquisition has been accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000s	Fair value adjustments £'000s	Fair value to Group £'000s
Intangible assets	2	-	2
Goodwill	-	329	329
Tangible assets	2	-	2
	4	329	333
Current assets			
Stocks	2	-	2
Debtors	10	-	10
Cash at bank	19	-	19
	31	-	31
Creditors			
Amounts falling due within one year	30	-	30
Net current assets	1	-	1
Total assets less current liabilities	5	329	334
Accruals and deferred income	2	-	2
Net Assets	3	329	332
Satisfied by:			
Cash			303
Deferred consideration			29
			332

Goodwill is amortised over its expected useful life which is estimated to be three years.

9. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Total £'000s
Cost:				
At 1 January 2020	37,294	81	19,862	57,237
Reclass intra group*	(578)	-	578	-
Additions	1,527	-	1,465	2,992
Disposals	(164)	(22)	(3,252)	(3,438)
At 31 December 2020	38,079	59	18,653	56,791
Accumulated Depreciation:				
At 1 January 2020	8,879	80	15,618	24,577
Reclass intra group*	(543)	-	543	-
Charge for the year	800	5	986	1,791
Disposals	(86)	(26)	(3,072)	(3,184)
At 31 December 2020	9,050	59	14,075	23,184
Net book value:				
As at 31 December 2020	29,029	-	4,578	33,607
As at 31 December 2019	28,415	1	4,244	32,660

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

The Company does not hold any Property, plant and equipment (2019: £nil).

* £578,000 of historical Fixtures and Fittings with a net book value of £35,000 were reclassified in 2020 from Land & Buildings to Furniture, computers & equipment, to better reflect their nature, useful lives and the LTA's accounting policy.

10. INVESTMENTS

Group	Third party investments £'000s		
Net book value			
At 1 January 2020	75,229		
Additions	11,755		
Disposals	(18,672)		
Fair value adjustment	(160)		
Movements in cash	3,744		
At 31 December 2020	71,896		
Company	Third party investments £'000s	Subsidiaries £'000s	Total £'000s
Net book value			
At 1 January 2020	32,078	11,796	43,874
Additions	8,529	-	8,529
Disposals	(14,538)	-	(14,538)
Fair value adjustment	(1,102)	-	(1,102)
Movement in cash	3,460	-	3,460
At 31 December 2020	28,427	11,796	40,223

The subsidiaries below are all incorporated in the UK, were wholly owned by Lawn Tennis Association Limited at 31 December 2020 and are registered at The National Tennis Centre, 100 Priory Lane, Roehampton, London, SW15 5JQ.

10. INVESTMENTS (CONTINUED)

Subsidiary	Nature of activities
LTA Operations Limited*	Trading entity of the Group
LTA Property Limited*	Holding company for land and buildings of the 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
Local Tennis Leagues Limited	Organises park tennis leagues throughout the UK
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)
The LTA Trust	Independent charity to promote community participation through capital grant and loan funding
The Tennis Foundation	Independent charity to promote community participation through revenue grant funding
TF Enterprises Limited	Trading entity of The Tennis Foundation

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

Lawn Tennis Association Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2020.

Subsidiary	Nature of activities
LTA Operations Limited	Trading entity of the Group
LTA Property Limited	Holding company for land and buildings of the 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
Local Tennis Leagues Limited	Organises park tennis leagues throughout the UK
LTA Services Limited	Provides manpower services
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)

* Direct subsidiaries of Lawn Tennis Association Limited.

11. LAWN TENNIS ASSOCIATION

The Income Statement and Statement of Financial Position of the unincorporated entity Lawn Tennis Association are included in the Group financial statements and are provided below on the grounds that they are treated as a quasi-sub subsidiary managed on a unified basis by the management of the Group.

	2020 £'000s	2019 £'000s
Income statement		
Operating result	-	-
Result before tax	-	-
Result for the financial year	-	-
	<hr/>	<hr/>
	2020 £'000s	2019 £'000s
Statement of financial position		
Debtors due after more than one year	1,207	1,212
Cash at bank and in hand	16	11
Creditors due less than one year	-	-
Net assets	1,223	1,223

12. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Financial instruments by category				
The Group & Company have the following financial instruments:				
Financial assets at fair value through income statement:				
Third party investments (note 10)	71,896	75,229	28,427	32,078
Financial assets that are debt instruments measured at amortised cost:				
Trade and receivables (note 14)	613	1,863	-	-
Other receivables (note 14)	54,743	51,424	116,747	111,347
Concessionary loans (note 14)	9,520	9,502	-	-
Cash at bank and in hand (note 15)	13,912	14,900	155	160
	78,788	77,689	116,902	111,507
Financial liabilities measured at amortised cost:				
Trade and payables (note 16)	686	989	-	-
Other payables (note 16)*	14,334	13,901	406	615
	15,020	14,890	406	615

* 2019's Other payables have been reclassified from £14,118,000 to £13,901,000 on account of 2019's long-term incentive plan now being disclosed in Provisions.

13. INVENTORIES

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Inventories	349	459	-	-
	349	459	-	-

14. TRADE AND OTHER RECEIVABLES

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Amounts falling due within one year:				
Trade receivables	613	1,863	-	-
Amounts owed by Group undertakings (i)	-	-	116,741	111,341
Amounts owed by The Championships	39,770	36,878	-	-
Concessionary loans (ii)	1,617	1,698	-	-
Tennis developments (iii)	142	150	-	-
Hardship loans to coaches and venues	287	-	-	-
Other receivables	562	106	6	6
Prepayments and accrued income	2,340	3,937	-	-
	45,331	44,632	116,747	111,347

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Amounts falling due after more than one year:				
Concessionary loans (ii)	7,903	7,804	-	-
Deferred tax asset	2,121	2,575	-	-
Tennis developments (iii)	3,004	3,101	-	-
Hardship loans to coaches and venues	1,209	-	-	-
Prepayments and accrued income	7,004	7,252	-	-
	21,241	20,732	-	-

(i) Amounts owed by Group undertakings

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

(ii) Concessionary loans

Group	2020 £'000s	2019 £'000s
Amounts falling due within one year	1,617	1,698
Amounts falling due after more than one year	7,903	7,804
	9,520	9,502

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

(iii) Tennis Developments

Included within amounts falling due after more than one year is £3,004,000 (2019: £3,101,000) that represents an amount repayable over a 20 year period, that commenced in 2005, from The West Hants LTC for loans that assisted with the development of the club. In 2006 a moratorium was agreed, deferring the instalments due in the calendar years 2007 and 2008, thus extending the repayment period to 22 years. In 2010 it was agreed to extend the repayment period to 30 years and repayments are being made on this basis. As with the majority of tennis venues, due to the pandemic, The West Hants Club received the loan repayment holiday offered by the LTA in 2020.

15. CASH AND CASH EQUIVALENTS

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Cash at bank and in hand	13,912	14,900	155	160
	13,912	14,900	155	160

During 2020 the LTA arranged an overdraft facility of £15m, secured against £23m of its fixed asset investments, to mitigate any unexpected fluctuations in its forecast working capital.

The terms of the overdraft include an annual arrangement fee at 0.5% of the facility and interest charged at 1.75% above base rate on the amount drawn down. At the time of signing the Finance and Governance Report, the overdraft facility had not been drawn upon.

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

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Trade payables	686	989	-	-
Corporation tax	-	1,042	403	-
Amounts owed to group undertakings	-	-	156	156
Other payables	1,843	963	-	-
Accruals and deferred income	12,491	12,938	250	459
	15,020	15,932	809	615

Accruals and deferred income in 2019 has been restated from £13,155,000 to £12,938,000 to reflect the long-term incentive plan cost accrual included in the 2019 financial statements.

17. OTHER PROVISIONS

Group

	Legal expenses £'000s	Payroll costs £'000s	Long-term incentive plan £'000s	Ticket refunds £'000s	Total £'000s
At 1 January 2020	163	400	217	-	780
Amounts utilised	(163)	-	(80)	-	(243)
Charged to income statement	104	-	207	3,567	3,878
At 31 December 2020	104	400	344	3,567	4,415

The Provision as at 1 January 2020 has been restated from £563,000 to £780,000 to recognise the long-term incentive plan cost accrual that was included in the 2019 financial statements.

Amounts payable under the long-term incentive plan are dependent on performance targets. Employees are also required to remain in employment with the group to receive the cash payment. The group does not set aside assets to fund the payments and pays the benefits out of cash resources. The amounts provided, covering four managers and two directors (2019: one manager and one director) are expected to be paid between 2023 and 2024.

Other provisions include legal expenses, payroll costs and Major Event ticket refunds that are expected to be utilised during 2021.

18. DEFERRED TAX ASSET/ (LIABILITY)

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
At 1 January	2,575	1,785	(1,004)	(450)
(Charged)/credited to income statement	(454)	790	181	(554)
At 31 December	2,121	2,575	(823)	(1,004)

The gross deferred tax asset/ (liability) comprises:

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Deferred capital allowances	3,713	4,266	-	-
Pension surplus	(674)	(590)	-	-
Short-term timing differences	(842)	(1,037)	-	-
FRS 102 Adjustment	17	19	(823)	(1,004)
Tax Losses carried forward	32	28	-	-
Deferred tax not recognised	(125)	(111)	-	-
Deferred tax asset/(liability)	2,121	2,575	(823)	(1,004)

19. OTHER RESERVES

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
At 1 January	52,375	54,206	-	-
Charged to income statement	(805)	(1,831)	-	-
At 31 December	51,570	52,375	-	-

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

20. PENSION COMMITMENTS

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

The Group Money Purchase Personal Pension Plan (Money Purchase Scheme) is closed for new contributions and members, but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of the Company. All new contributions are paid into the Group Personal Pension Plan ("the scheme") or private personal pension plans. The scheme is funded by contributions from the LTA and its employees. Annual contributions to the scheme by the LTA are related to pensionable salaries. In 2014, the LTA auto enrolled its employees in accordance with the Pensions Act 2008. At 31 December 2020, 297 (2019: 314) employees were members of the scheme.

The contributions to the LTA schemes were:

	2020 £'000s	2019 £'000s
Group personal pension plan (the scheme)	1,013	1,007
Total Group contributions	1,013	1,007

There were no contributions outstanding at the year-end (2019: £nil).

21. FINANCIAL COMMITMENTS

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

	2020 £'000s	2019 £'000s
Operating leases which expire:		
Within one year	269	53
Within two to five years	318	22
	587	75

In addition to the commitments under non-cancellable operating leases noted above, there are loans of £3,908,959 (2019: £4,310,000) that have been approved for payment to Places to Play but have not yet been paid.

At 31 December 2020, the Company had no future minimum lease payments under non-cancellable operating leases for assets and other financial commitments.

22. CONTINGENT LIABILITIES

As disclosed in note 10 the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. The Company guarantees the liabilities of the relevant companies at the end of the year until those liabilities have been settled in full. The contingent liability at the year-end was £17,179,459 (2019: £14,720,663).

23. RELATED PARTY TRANSACTIONS

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

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,534,381 (2019: £1,841,978).

David Lloyd Leisure Limited

David Lloyd Leisure Limited is deemed a related party by virtue of common directorship. Scott Lloyd is a Non-Executive Director of Deuce Acquisitions Limited which is the holding company of David Lloyd Leisure Limited. In 2020, the LTA received income of £180 (2019: £86,926) and incurred costs of £20,829 (2019: £288,624) from David Lloyd clubs across the UK. As with all LTA registered venues, David Lloyd clubs benefitted from the LTA's COVID-19 support package that saw £80,208 of registration fees reimbursed. The balance owed by David Lloyd clubs at 31 December 2020 was £288 (2019: £288).

The Championships

The LTA operates a joint arrangement under an agreement for the governance and operation of The Championships with the Club, AELTG and The All England Lawn Tennis Club (Wimbledon) Limited. In 2020 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2019: 90%) in line with the terms of the sale of the Ground Company effective 1 August 2013

which secured the 90% distribution of the net Championship surplus for the next 35 years. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2019 and 2020.

The gross surplus of The Championships amounted to £36,089,914 (2019: £45,706,226). Net of withholding tax, the surplus receivable by the LTA amounted to £35,891,914 (2019: £44,878,528). The amount due from The Championships at 31 December 2020 was £39,769,914 (31 December 2019: £36,878,000).

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 2020 the LTA recharged The Championships £450,166 (2019: £1,366,468) for these services.

In 2020, LTA Operations Limited received £5,100,000 (2019 reclassified: £5,300,000) from The Championships to help fund grass-court tournaments in the periods before and after The Championships and a further £nil (2019: £497,351) to support the grass court venues of the Trophy Series and the prize money at the Men's ATP Challenger/Women's ITF Pro-circuit. LTA Operations Limited also purchased £nil (2019: £6,908,100) of tickets at face value from The Championships for onward sale and distribution.

West Hants LTC

West Hants LTC is deemed a related party by virtue of two joint directorships. Included within the Group's receivables is an asset entitled 'Tennis developments' which represent West Hants LTC's development funding of £3.0m (2019: £3.1m) repayable in equal instalments over the next 20 years.

24. ULTIMATE PARENT AND CONTROLLING PARTY

Lawn Tennis Association Limited is the ultimate parent undertaking and controlling party of the Group, as detailed in Note 10.





LTA

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