


Registered no. 3260051

## **LTA Services Limited**

### **Report and financial statements**

**For the year ended 31 December 2015**

WEDNESDAY THURSDAY



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**LTA Services Limited**  
**Report and financial statements**  
**For the year ended 31 December 2015**

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## **LTA Services Limited**

### **Strategic report**

The directors present their strategic report on the company for the year ended 31 December 2015.

#### **Overview**

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

In 2015, the LTA Group adopted FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland' and the financial statements, supporting notes and prior year comparatives of LTA Services Limited have been presented on this basis.

#### **Review of the business**

The profit for the financial year/period of £167,794 (2014: £170,895) has been transferred to reserves. Both the level of business and the year end position were satisfactory.

#### **Future development and performance**

LTA Services Limited will continue to charge the LTA Group of companies and TF for manpower services on a consistent basis to prior period.

#### **Key performance indicators ("KPIs")**

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The strategic report was approved and authorised for issue by the board on 27 April 2016 and is signed on their behalf by:



Michael Downey  
Director

## **LTA Services Limited**

### **Directors' report**

The directors present their report and financial statements for the period ended 31 December 2015. LTA Services Limited qualifies for the exemption to audit under section 479A of the Companies Act 2006 for the year ending 31 December 2015. The liabilities of the company are guaranteed by the ultimate parent company and controlling party of the LTA Group, Lawn Tennis Associated Limited whose accounts are publicly available at Companies House.

#### **Principal Activity**

The company's principal activity is the provision of manpower services to the Lawn Tennis Association Limited Group (the "LTA Group") and Tennis Foundation ("TF").

#### **Dividends**

The directors recommend that no dividend is paid this period (2014: £nil).

#### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the LTA Group and are not managed separately. The financial statements of the LTA Group are publicly available and detail the principal risks and uncertainties in the report of directors.

#### **Post balance sheet events**

No important events affecting the company have taken place since the year end.

#### **Employee engagement**

During the year the policy of providing employees with information about the LTA and British Tennis has continued through internal communications. A formal employee engagement survey was undertaken for the first time in 2015 and will be repeated annually. The results have been addressed through formal team-specific actions and through the creation of a 'Talking Points' group made up of a cross-section of employees who work together to address areas that are of a company-wide nature. Management and employees meet regularly to allow a free flow of information and ideas and the LTA values the views and involvement of its employees. In 2015, the LTA's values of 'passion, excellence, teamwork and integrity' were launched together with the development of supporting behaviours in consultation with employees.

#### **Equality**

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

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

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

Safeguarding training is now mandatory for accredited coaches, Welfare Officers at Tennismark venues and British Tennis colleagues. This work has meant that we have maintained our NSPCC assessment rating of green – the highest possible level.

#### **Directors' Indemnities**

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. LTA Operations Limited purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the company and its directors.

# **LTA Services Limited**

## **Directors' report (continued)**

### **Directors**

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

C Sabin

M Downey

T Davies (appointed 1 January 2015, resigned 7 December 2015)

A Poxon (appointed 17 December 2015)

### **Statement of directors' responsibilities**

*The directors are responsible for preparing the finance and directors' report and the financial statements (the "financial statements") in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

By order of the board



Michael Downey  
Director

27 April 2016

## **LTA Services Limited**

### **Income Statement**

	Notes	Year ended 31 Dec 2015 £	Period ended 31 Dec 2014 £
<b>Revenue</b>	1	16,678,769	19,475,842
Operating expenses		(16,542,009)	(19,285,235)
<b>Profit on ordinary activities before taxation</b>	2	136,760	190,607
Tax on profit on ordinary activities	4	31,034	(19,712)
<b>Profit for the financial year/period</b>	8	167,794	170,895

### **Statement of retained earnings**

<b>Retained Earnings at 1 January/1 October</b>	2,297,423	2,126,528
Profit for the financial year/period	167,794	170,895
<b>Retained earnings at 31 December 2015</b>	2,465,217	2,297,423

All the operations in the current year and prior period were continuing.

The company has no items of other comprehensive income or had any transactions with equity-holders between 1 October 2013 and 31 December 2015 so a statement of retained earnings has therefore been presented in place of a statement of comprehensive income and statement of changes in equity.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year/period stated above and the historical cost equivalents for either 2015 or 2014.

The notes on pages 6 to 12 form part of these financial statements

# **LTA Services Limited**

## **Statement of Financial Position**

	Notes	31 Dec 2015 £	31 Dec 2014 £
<b>Current assets</b>			
Trade and other receivables - amounts falling due within one year	5	4,750,589	2,821,235
Cash and cash equivalents		1,151,806	1,335,210
		<hr/> 5,902,395	<hr/> 4,156,445
Trade and other payables - amounts falling due within one year	6	(3,437,078)	(1,858,922)
<b>Net current assets</b>		<hr/> 2,465,317	<hr/> 2,297,523
<b>Total assets less current liabilities</b>		2,465,317	2,297,523
<b>Net assets</b>		<hr/> 2,465,317	<hr/> 2,297,523
<b>Capital and reserves</b>			
Called up share capital	7	100	100
Retained earnings	8	2,465,217	2,297,423
<b>Total equity</b>	9	<hr/> 2,465,317	<hr/> 2,297,523

Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- that for the year ended 31 December 2015 the company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies; and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial period.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of the affairs of the company at 31 December 2015 and of its profit or loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the company.

The financial statements on pages 4 to 10 were approved and authorised for issue by the board of directors on 27 April 2016 and were signed on their behalf by:

  
Michael Downey  
Director

The notes on pages 6 to 12 form part of these financial statements

# **LTA Services Limited**

## **Notes to the financial statements**

### **1. Accounting policies**

#### **General information**

LTA Services Limited is a private company limited by share capital and is incorporated and domiciled in United Kingdom. The address of its registered office is National Tennis Centre, 100 Priory Lane, London, SW15 5JQ.

#### **Statement of compliance**

The 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 company has also early adopted the Amendments to FRS 102 (issued in July 2015).

#### **a) Basis of preparation**

The company financial statements are prepared, under the historical cost convention. This is the first year in which the financial statements have been prepared under FRS 102. The date of transition to FRS 102 is 1 October 2013. Details of the transition to FRS 102 are disclosed in Note 14.

#### **b) Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Lawn Tennis Association Limited. The directors have received confirmation that Lawn Tennis Association Limited intends to support the company for at least one year after these financial statements are signed.

#### **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 LTA Limited's 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;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

#### **d) Revenue**

Revenue, which excludes value added tax, consists entirely of revenue generated in the UK. It represents income from manpower services recharged to other group entities and Tennis Foundation. Revenue is recognised when the service is provided.

#### **e) 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.

#### **f) Financial instruments**

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

#### **(a) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at

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



# **LTA Services Limited**

## **Notes to the financial statements**

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

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.

#### ***(b) 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 expires. The company does not hold or issue derivative financial instruments.

#### ***(c) 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.

#### ***g) 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.

#### ***h) 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:

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.

#### ***i) 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.

# **LTA Services Limited**

## **Notes to the financial statements**

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

#### **j) Future amendments to FRS 102**

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

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

The company has early adopted the amendments to para 4.2 of FRS 102 for the first time in the current year. The company 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 company's financial statements.

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

The company has early adopted the amendments to para 5.10 of FRS 102 for the first time in the current year. The company 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 company's financial statements.

##### **iii) Amendments to Section 27: Impairment of assets:**

The company has early adopted the amendments to para 27.31 of FRS 102 for the first time in the current year. 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 company 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 company's financial statements.

##### **iv) Amendments to Section 33: Related party disclosures:**

The company has early adopted the amendments to para 33.2(viii) of FRS 102 for the first time in the current year. 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 parent company already discloses all of its parent-subsidiary relationships, the application of amendments has no material impact on the disclosures or on the amounts recognised in the company's financial statements.

# **LTA Services Limited**

## **Notes to the financial statements**

### **2. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

	<b>Year ended 31 Dec 2015 £</b>	<b>Period ended 31 Dec 2014 £</b>
Operating lease rentals - vehicles	<u>273,578</u>	<u>354,104</u>

The directors received no remuneration in respect of their services to the company during the year/ period (2014: £nil). Directors emoluments in relation to the LTA Group are disclosed in the group financial statements which are publicly available.

### **3. Employees**

The average monthly number of employees of the company was as follows:

	<b>Year ended 31 Dec 2015</b>	<b>Period ended 31 Dec 2014</b>
Participation	104	108
Performance	48	58
Commercial, major events and marketing	57	42
Business support and governance	87	86
	<u>296</u>	<u>294</u>

The aggregate amounts payable to employees of the company was as follows:

	<b>Year ended 31 Dec 2015 £</b>	<b>Period ended 31 Dec 2014 £</b>
Wages and salaries	13,275,651	15,865,505
Social security costs	1,537,769	1,866,677
Other pension costs	761,981	802,625
	<u>15,575,401</u>	<u>18,534,807</u>

## **LTA Services Limited**

### **Notes to the financial statements**

	Year ended 31 Dec 2015 £	Period ended 31 Dec 2014 £
<b>4. Tax on profit on ordinary activities</b>		
<b>Current tax:</b>		
UK Corporation tax on profits for the year/period	7,469	19,712
Adjustment in respect of previous years	(38,503)	-
<b>Total tax on profit on ordinary activities</b>	<b>(31,034)</b>	<b>19,712</b>

The tax assessed for the year/period is lower (2014: lower) than the standard rate of corporation tax in the UK of 20% average for the year to 31 December 2015. The differences are explained below:

#### **Reconciliation of current tax charge:**

Profit on ordinary activities before taxation	136,760	190,607
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 20% (2014: 21.8%)	27,352	41,552
Effects of:		
Expense imputed or non-deductible for tax purposes	1,663	34
Group relief	(21,546)	(21,226)
Marginal tax rates	-	(648)
Adjustment in respect of previous years	(38,503)	-
<b>Total current tax</b>	<b>(31,034)</b>	<b>19,712</b>

<b>5. Trade receivables - amounts falling due within one year</b>	<b>31 Dec 2015 £</b>	<b>31 Dec 2014 £</b>
Amounts owed by group undertakings	3,552,033	2,072,117
Amounts owed by Tennis Foundation	881,663	627,336
Other debtors	-	121,782
Prepayments and accrued income	316,893	-
	<b>4,750,589</b>	<b>2,821,235</b>

<b>6. Trade and other payables: amounts falling due within one year</b>	<b>31 Dec 2015 £</b>	<b>31 Dec 2014 £</b>
Other taxation and social security	535,680	351,343
Corporation tax	7,468	19,490
Other creditors	978,794	423,506
Accruals and deferred income	1,915,136	1,064,583
	<b>3,437,078</b>	<b>1,858,922</b>

# **LTA Services Limited**

## **Notes to the financial statements**

### **7. Called up share capital**

	<b>31 Dec 2015 £</b>	<b>31 Dec 2014 £</b>
<b>Equity share capital:</b>		
<b>Authorised</b>		
100 ordinary shares (2014: 100) of £1 each	100	100
<b>Allotted and fully paid</b>		
100 ordinary shares (2014: 100) of £1 each	100	100

### **8. Retained earnings**

	<b>Retained earnings £</b>
At 1 January 2015	2,297,423
Profit for the financial year	167,794
<b>At 31 December 2015</b>	<b>2,465,217</b>

### **9. Reconciliation of movements in equity**

	<b>2015 £</b>	<b>2014 £</b>
At 1 January/1 October	2,297,523	2,126,628
Profit for the financial year/period	167,794	170,895
<b>At 31 December</b>	<b>2,465,317</b>	<b>2,297,523</b>

### **10. Pension commitments**

The company operates various defined contribution pension schemes for its employees. The LTA Group Money Purchase Pension Plan is closed for new contributions and members, but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of Lawn Tennis Association Limited. All new contributions are paid into the LTA Group Personal Pension Plan or private personal pension plans.

The pension plans are funded by contributions from the company and the employees. Annual contributions to the schemes by the company are related to pensionable salaries and length of service of employees. The total pension cost for the year/period amounted to £761,981 (2014: £802,625). Contributions of £nil (2014: £nil) were outstanding at the year end.

# **LTA Services Limited**

## **Notes to the financial statements**

### **11. Financial commitments**

LTA Services Limited had annual commitments under non-cancellable operating leases for assets, other than land and buildings, and other financial commitments as follows:

	Year ended 31 Dec 2015 £	Period ended 31 Dec 2014 £
Operating leases which expire:		
not later than one year	-	1,681
later than one year and not later than five years	228,572	204,429
	<u>228,572</u>	<u>206,110</u>

### **12. Related party transactions**

Under agreement, LTA and Tennis Foundation (TF) run a number of programmes in partnership for the advancement of tennis across the areas of schools, juniors and tennis facilities. Currently, 95 employees (2014: 89) are employed jointly by Tennis Foundation and LTA to administer these charitable programmes. During the year/period £2,669,570 (2014: £3,457,461) was charged to TF for these costs. The amount owed by TF at year/period-end was £881,663 (2014: £627,336).

### **13. Ultimate parent undertaking**

The company's immediate parent undertaking is LTA Holdings Limited, a company registered in England and Wales.

The company's ultimate parent undertaking and controlling party is Lawn Tennis Association Limited, which is the parent undertaking and the smallest and largest group to consolidate these financial statements. Copies of the Lawn Tennis Association Limited financial statements are available from Companies House.

### **14. Transition to FRS 102**

There are no principle differences for the company between reporting under FRS102 as compared to reporting under UK GAAP as at 1 October 2013, or for the period ended 31 December 2014 on transition to FRS 102.

There were no adjustments to the company's statement of financial position at 1 October 2013 or 31 December 2014 on transition to FRS 102.