

Registered no. 3260051

LTA Services Limited

Report and financial statements

For the year ended 31 December 2016



LTA Services Limited
Report and financial statements
For the year ended 31 December 2016

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LTA Services Limited

Strategic report

The directors present their strategic report on the company for the year ended 31 December 2016.

Overview

In the prior year, the LTA Group adopted FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland'.

Review of the business

The profit for the financial year of £129,769 (2015: £167,794) 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 Tennis Foundation (TF) for manpower services on a consistent basis to the prior year.

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 26 April 2017 and is signed on their behalf by:



Michael Dowley
Director

LTA Services Limited

Directors' report

The directors present their report and financial statements for the year ended 31 December 2016. LTA Services Limited qualifies for the exemption to audit under section 479A of the Companies Act 2006 for the year ending 31 December 2016. 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 year (2015: £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

Engaging our employees with the British Tennis strategy (the what) and our values behaviours of passion, excellence, teamwork and integrity (the how) is a key element of our people strategy. Aligned to the British Tennis strategy, in 2015, we began our new approach to engagement by launching our "Talking Points" annual employee survey. Supported by a team of colleague representatives, the outcomes of 2015 and 2016 survey have been addressed and initiatives put in place to ensure colleagues are engaged in doing great work. The results of 2016 significantly improved in a number of areas including being kept informed of strategy, morale and being able to learn from other colleagues. During 2016, engagement initiatives included a new employee recognition programme, a training programme for managers and more opportunities for cross-team communication. To ensure colleagues are kept well informed a monthly all-staff meeting is hosted by the CEO, a monthly employee newsletter "People News" is produced and team meetings are held to share information and gather feedback from employees.

Equality

The LTA is committed to making tennis accessible and open to everybody. Our 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 protects and upholds all protected characteristics and makes reasonable adjustments to create an inclusive and accessible working environment for all staff.

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 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 mandatory for accredited coaches, Welfare Officers at Tennismark venues and LTA colleagues. This work has meant that we have maintained our NSPCC assessment rating of green – the highest possible level. Staff also receive diversity and inclusion training.

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:

M Corrie (appointed 6 January 2017)
M Downey
C Sabin (resigned 31 December 2016)
S Steele (appointed 28 November 2016)

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 year.

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.

On behalf of the board



Simon Steele
Director

26 April 2017

LTA Services Limited

Income Statement

	Note	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Revenue	1	16,402,538	16,678,769
Operating expenses		(16,240,137)	(16,542,009)
Profit on ordinary activities before taxation	2	<u>162,401</u>	<u>136,760</u>
Tax on profit on ordinary activities	4	(32,632)	31,034
Profit for the financial year	8	<u><u>129,769</u></u>	<u><u>167,794</u></u>

Statement of retained earnings

	2016	2015
Retained Earnings at 1 January	<u>2,465,217</u>	<u>2,297,423</u>
Profit for the financial year	129,769	167,794
Retained earnings at 31 December	<u><u>2,594,986</u></u>	<u><u>2,465,217</u></u>

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

The company has no items of other comprehensive income or had any transactions with equity-holders between 1 January 2015 and 31 December 2016 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 years stated above and the historical cost equivalents for either 2016 or 2015.

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

LTA Services Limited

Statement of Financial Position

	Note	31 Dec 2016 £	31 Dec 2015 £
Current assets			
Trade and other receivables - amounts falling due within one year	5	4,881,687	4,750,589
Cash and cash equivalents		261,357	1,151,806
		<hr/> 5,143,044	<hr/> 5,902,395
Trade and other payables - amounts falling due within one year	6	(2,547,958)	(3,437,078)
Net current assets		<hr/> 2,595,086	<hr/> 2,465,317
Total assets less current liabilities		2,595,086	2,465,317
Net assets		<hr/> 2,595,086	<hr/> 2,465,317
Capital and reserves			
Called up share capital	7	100	100
Retained earnings	8	2,594,986	2,465,217
Total equity	9	<hr/> 2,595,086	<hr/> 2,465,317

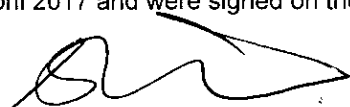
Advantage has been taken of the audit exemption available for subsidiary companies conferred by section 479A of the Companies Act 2006 on the grounds:

- that for the year ended 31 December 2016 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 year.

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 2016 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 12 were approved and authorised for issue by the board of directors on 26 April 2017 and were signed on their behalf by:



Simon Steele
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").

a) Basis of preparation

The Company financial statements are prepared under the historical cost convention and under FRS 102.

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 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.

LTA Services Limited

Notes to the financial statements

1. Accounting policies (continued)

At the end of each reporting year 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 year. Taxation represents the amount estimated to be payable or recoverable in respect of the taxable profit or loss for the year, 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 year end.

i) Pension costs

Contributions payable to defined contribution schemes are charged to the income statement in the year 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 adopted by the company in these financial statements.

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

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 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 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 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 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 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:

	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Operating lease rentals - vehicles	221,450	273,578

The directors received no remuneration in respect of their services to the company during the year (2015: £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:

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
Participation	96	104
Performance	50	48
Commercial, major events and marketing	70	57
Business support and governance	84	87
	<u>300</u>	<u>296</u>

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

	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Wages and salaries	13,334,378	13,275,651
Social security costs	1,529,758	1,537,769
Other pension costs	758,853	761,981
	<u>15,622,989</u>	<u>15,575,401</u>

LTA Services Limited

Notes to the financial statements

4. Tax on profit on ordinary activities

	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Current tax:		
UK Corporation tax on profits for the year	32,600	7,469
Adjustment in respect of previous years	32	(38,503)
Total tax on profit on ordinary activities	32,632	(31,034)

The tax assessed for the year is higher as (2015: lower) the standard rate of corporation tax in the UK of 20% average for the year to 31 December 2016. The differences are explained below:

Reconciliation of current tax charge:

	Year ended 31 Dec 2016 £	Year ended 31 Dec 2015 £
Profit on ordinary activities before taxation	162,401	136,760
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 20% (2015: 20.25%)	32,480	27,352
Effects of:		
Expense imputed or non-deductible for tax purposes	120	1,663
Group relief	-	(21,546)
Adjustment in respect of previous years	32	(38,503)
Total current tax	32,632	(31,034)

5. Trade receivables - amounts falling due within one year

	31 Dec 2016 £	31 Dec 2015 £
Amounts owed by group undertakings	3,960,460	3,552,033
Amounts owed by Tennis Foundation	806,574	881,663
Prepayments and accrued income	114,653	316,893
	4,881,687	4,750,589

6. Trade and other payables: amounts falling due within one year

	31 Dec 2016 £	31 Dec 2015 £
Other taxation and social security	541,623	535,680
Corporation tax	32,600	7,468
Other creditors	606,231	978,794
Accruals and deferred income	1,367,504	1,915,136
	2,547,958	3,437,078

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Notes to the financial statements

7. Called up share capital

	31 Dec 2016 £	31 Dec 2015 £
Equity share capital:		
Authorised		
100 ordinary shares (2015: 100) of £1 each	100	100
Allotted and fully paid		
100 ordinary shares (2015: 100) of £1 each	100	100

8. Retained earnings

	Retained earnings £
At 1 January 2016	2,465,217
Profit for the financial year	129,769
At 31 December 2016	2,594,986

9. Reconciliation of movements in equity

	2016 £	2015 £
At 1 January	2,465,317	2,297,523
Profit for the financial year	129,769	167,794
At 31 December	2,595,086	2,465,317

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 amounted to £758,853 (2015: £761,981). Contributions of £nil (2015: £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 2016 £	Year ended 31 Dec 2015 £
Operating leases which expire:		
not later than one year	167,527	-
later than one year and not later than five years	34,964	228,572
	<u>202,491</u>	<u>228,572</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, 84 employees (2015:95) are employed jointly by Tennis Foundation and LTA to administer these charitable programmes. During the year £2,585,300 (2015: £2,669,570) was charged to TF for these costs. The amount owed by TF at year end was £806,574 (2015: £881,663).

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.