
LTA SERVICES LIMITED

Unaudited

Annual Report and Financial Statements

For the Year Ended 31 December 2017

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LTA SERVICES LIMITED

Company Information

Directors M Corrie (appointed 6 January 2017)
M Downey (resigned 30 June 2017)
S Lloyd (appointed 8 January 2018)
S Steele

Registered number 03260051

Registered office National Tennis Centre
100 Priory Lane
London
SW15 5JQ

LTA SERVICES LIMITED

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LTA SERVICES LIMITED

**Strategic Report
For the Year Ended 31 December 2017**

The directors present their Strategic Report on the Company for the year ended 31 December 2017.

Overview

In 2015, the LTA Group adopted FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland'.

Business review

The profit for the financial year of £132,835 (2016: £129,769) was transferred to reserves.

Future development and performance

LTA Services Limited will continue to charge the LTA Group and The Tennis Foundation (TF) for manpower services on a consistent basis to the prior year.

Other 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.

This report was approved by the board on 11 September 2018 and signed on its behalf by:



S Lloyd
Director

LTA SERVICES LIMITED

Directors' Report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

LTA Services Limited qualifies for the exemption to audit under section 479A of the Companies Act 2006 for the year ending 31 December 2017. 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 The Tennis Foundation ("TF").

Results and dividends

The surplus for the year, after taxation, amounted to £132,835 (2016 - £129,769).

The directors recommend that no dividend is paid this year (2016: £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

There have been no significant events affecting the Company since the year end.

Employee consultation

LTA Services Limited places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting the performance of the LTA Group. This is achieved through formal and informal meetings, employee consultation forum, monthly newsletters, weekly bulletins and staff surveys. Monthly 'All Colleague' meetings are held which afford everyone the opportunity to share information, hear about the organisations plans and progress and to ask questions.

Equality

The LTA Group is committed to making tennis accessible and open to everybody. The LTA Group's policy is to treat everyone fairly and work with individuals to enable them to participate in tennis. All applications for employment are considered based only on merit. The LTA actively promotes equal opportunities in employment and aims to ensure everyone has an opportunity in British Tennis, regardless of age, gender, race, nationality, ethnic origin, colour, sexual orientation, gender reassignment, marital status, religion or belief, ability or disability.

The safeguarding and protection of all those playing our sport remains a significant priority for the LTA. Safeguarding training is mandatory for accredited coaches, Welfare Officers at Tennismark venues and LTA colleagues. In addition, each county now has a trained County Welfare Officer. 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. From October 2018, it will be mandatory for all registered venues to have a safeguarding trained Welfare Officer, and from October 2019, mandatory for all registered venues to only engage accredited coaches. This work is part of a detailed safeguarding action plan which the LTA is driving forward.

Directors

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying

LTA SERVICES LIMITED

Directors' Report (continued) **For the Year Ended 31 December 2017**

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.

The directors who served during the year and to the date of signing this report were:

M Corrie (appointed 6 January 2017)
M Downey (resigned 30 June 2017)
S Lloyd (appointed 8 January 2018)
S Steele

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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'. 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 surplus or deficit of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 the 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 and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the board on 11 September 2018 and signed on its behalf by:



S Steele
Director

LTA SERVICES LIMITED

Statement of Income and Retained Earnings
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue		16,598,142	16,402,538
Operating expenses		(16,433,646)	(16,240,137)
Profit on ordinary activities before taxation	2	164,496	162,401
Tax on profit on ordinary activities	4	(31,661)	(32,632)
Profit for the financial year		<u>132,835</u>	<u>129,769</u>
 Statement of retained earnings			
Retained earnings at 1 January		2,594,986	2,465,217
Profit for the financial year		132,835	129,769
Retained earnings at 31 December		<u>2,727,821</u>	<u>2,594,986</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 2016 and 31 December 2017 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 2017 or 2016.

The notes on pages 6 to 13 form part of these financial statements.

LTA SERVICES LIMITED
Registered number: 03260051

Statement of Financial Position
As at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Trade and other receivables - amounts falling due within one year	5	4,884,078	4,881,687
Cash and cash equivalents	6	241,088	261,357
		<u>5,125,166</u>	<u>5,143,044</u>
Trade and other payables - amounts falling due within one year	7	(2,397,245)	(2,547,958)
Net current assets		<u>2,727,921</u>	<u>2,595,086</u>
Total assets less current liabilities		<u>2,727,921</u>	<u>2,595,086</u>
Net assets		<u>2,727,921</u>	<u>2,595,086</u>
Capital and reserves			
Called up share capital	8	100	100
Retained earnings	9	2,727,821	2,594,986
Total equity		<u>2,727,921</u>	<u>2,595,086</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2018 by:


S Steele
Director

The notes on pages 6 to 13 form part of these financial statements.

LTA SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

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.

The financial statements have been prepared 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 accounting policies.

The following principal accounting policies have been applied:

1.2 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.

1.3 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.

1.4 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.

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Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.5 Operating leases: the Company as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

1.6 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.

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

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Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.6 Financial instruments (continued)

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 the 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.

1.7 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.

1.8 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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 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.

1.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

There are no defined benefit pension obligations.

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Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.10 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.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2017	2016
	£	£
Operating lease rentals - vehicles	237,734	221,450

The directors received no remuneration in respect of their services to the Company during the year (2016: £nil). Directors emoluments in relation to the LTA Group are disclosed in the group financial statements which are publicly available.

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**Notes to the Financial Statements
For the Year Ended 31 December 2017**

3. Employees

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

	2017 £	2016 £
Wages and salaries	13,613,919	13,582,044
Social security costs	1,534,529	1,529,758
Other pension costs	777,580	758,853
	<u>15,926,028</u>	<u>15,870,655</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Participation	86	96
Performance	45	50
Commercial, major events and marketing	67	70
Business support and governance	77	84
	<u>275</u>	<u>300</u>

4. Tax on profit on ordinary activities

	2017 £	2016 £
Current tax:		
UK Corporation tax on profits for the year	31,660	32,600
Adjustments in respect of previous years	1	32
	<u>31,661</u>	<u>32,632</u>
 Total tax on profit on ordinary activities	 <u>31,661</u>	 <u>32,632</u>

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**Notes to the Financial Statements
For the Year Ended 31 December 2017**

4. Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below.

	2017 £	2016 £
Profit on ordinary activities before taxation	164,496	162,401
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	31,660	32,480
Effects of:		
Expense imputed or non-deductible for tax purposes	-	120
Adjustment in respect of previous years	1	32
Total current tax	31,661	32,632

5. Trade receivables - amounts falling due within one year

	2017 £	2016 £
Amounts owed by group undertakings	4,078,817	3,960,460
Amounts owed by The Tennis Foundation	702,550	806,574
Prepayments and accrued income	102,711	114,653
	4,884,078	4,881,687

6. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	241,088	261,357
	241,088	261,357

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Notes to the Financial Statements For the Year Ended 31 December 2017

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

	2017 £	2016 £
Other taxation and social security	463,716	541,623
Corporation tax	31,660	32,600
Other creditors	575,586	606,231
Accruals and deferred income	1,326,283	1,367,504
	<u>2,397,245</u>	<u>2,547,958</u>

8. Called up share capital

	2017 £	2016 £
Equity share capital:		
Authorised, allotted, called up and fully paid		
100 Ordinary shares shares of £1 each	<u>100</u>	<u>100</u>

9. Retained earnings

	2017 £	2016 £
At 1 January	2,594,986	2,465,217
Profit for the financial year	132,835	129,769
At 31 December	<u>2,727,821</u>	<u>2,594,986</u>

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 £777,580 (2016: £758,853) Contributions of £nil (2016: £nil) were outstanding at the year end.

LTA SERVICES LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2017

11. Reconciliation of movements in equity

	2017 £	2016 £
At 1 January	2,595,086	2,465,317
Profit for the financial year	132,835	129,769
At 31 December	2,727,921	2,595,086

12. Financial commitments

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Operating Leases which expire:	-	-
Not later than 1 year	43,037	167,527
Later than 1 year and not later than 5 years	-	34,964
	43,037	202,491

13. Related party transactions

Under agreement, LTA and The 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, 78 employees (2016: 84) are employed jointly by The Tennis Foundation and LTA to administer these charitable programmes. During the year £2,474,998 (2016: £2,585,30) was charged to TF for these costs. The amount owed by TF at year end was £702,550 (2016: £806,574).

14. Controlling party

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.