

**The All England Lawn Tennis &
Croquet Club Limited**

**Annual Report and Consolidated Financial Statements
Year Ended 31 July 2018**



The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2018

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Statement of directors' responsibilities	11
Independent auditor's report	12
Consolidated profit and loss account	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	17
Company balance sheet	18
Consolidated and company statement of changes in equity	19
Consolidated cash flow statement	20
Notes to the financial statements	21

The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2018

Officers and professional advisers

Directors

P G H Brook FIA (Chairman)
Ms S J Ambrose
R M Gradon
T H Henman OBE
I L Hewitt
Mrs A W L Innes
Ms D A Jevans CBE
S A Jones FRICS LVO
Lord O'Donnell GCB KCB CB
R T Stoakes
A J K Tatum
The Hon. H B Weatherill FCA

Officers

R A Lewis CBE (Chief Executive)
R G Atkinson FCMA (Company Secretary and Financial Director)
M W C Guntrip (Club Director)

Registered Office

Church Road
Wimbledon
London
SW19 5AE

Bankers

HSBC Bank plc
Pall Mall
London
SW1Y 5EZ

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
London
EC4N 6AF

Independent Auditor

Deloitte LLP
Statutory Auditor
London
EC4A 3BZ

The All England Lawn Tennis & Croquet Club Limited

Strategic report

The All England Lawn Tennis & Croquet Club Limited is a company incorporated in England and Wales and the registered address is Church Road, Wimbledon SW19 5AE.

1. Principal activities

The company is a private members' tennis club. Its 100% subsidiary, The All England Lawn Tennis Club (Championships) Limited (the "AELTC") is a private company limited by guarantee in England and Wales, undertakes the day-to-day operations of, and is the principal contracting party for, The Championships. The Championships are controlled, managed and promoted by the Committee of Management, consisting of up to twelve members nominated by the company and up to seven nominees of LTA Operations Limited (the "LTA"). The Committee of Management acts in accordance with the Amended and Restated Principal Agreement (the "Championships Agreement") dated 25 July 2011 made between the company, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc (the "Ground Company"), the AELTC and the LTA.

The company holds 100% of the shares of The All England Lawn Tennis Club (Wimbledon) Limited in whose name trademarks relating to The Championships are registered in numerous territories around the world. The company also holds 100% of the shares of the Ground Company, whose principal activities are the ownership and development of the Grounds in Wimbledon, at which The Championships are staged.

2. Business Review

Private members' tennis club

The All England Club enjoyed a busy and successful year staging tours to and matches in France and Spain. 24 matches were played during the season, of which 15 were won. The bridge and croquet sections also enjoyed an active year.

The company holds an investment portfolio comprising a mixture of listed UK and international equities, collective investment funds and fixed interest investments. The company invests relatively prudently as it seeks to balance capital preservation with income generation and capital growth. During the period, the portfolio performed well, producing a significant increase in market value.

The 2018 Championships

The 132nd Championships were held from Monday 2 July to Sunday 15 July 2018 with players competing from 60 different countries across various qualifying and main draw events. The weather was hot and sunny for the entire fortnight.

The Gentlemen's Singles was won by Novak Djokovic (SRB) who defeated Kevin Anderson (ZAF) 6-2, 6-2, 7-6(3). The Ladies' Singles was won by Angelique Kerber (GER) who defeated Serena Williams (USA) 6-3, 6-3. The Gentlemen's Doubles was won by Mike Bryan (USA) and Jack Sock (USA), the Ladies' Doubles was won by Barbora Krejcirovka (CZE) and Katerina Siniakova (CZE) and the Mixed Doubles was won by Alexander Peya (AUT) and Nicole Melichar (USA).

Television audience figures were impacted by the World Cup to some extent. In the UK, the audience for the Gentlemen's Singles final peaked at 4.5 million, with both Gentlemen's Semi-Finals and the Ladies' Final peaking at over 4 million. Digital platforms including Wimbledon.com and mobile apps received 13.5 million unique users who made 49.5 million visits.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

2. Business review (continued)

Significant contracts

During the year ended 31 July 2017 the group agreed an extension to the BBC contract giving the BBC broadcast rights up to 2024. As part of that agreement, from 2018 the group took on responsibility for the host broadcast coverage of The Championships. During the year ended 31 July 2018 the group signed contracts covering rights to broadcast The Championships in Spain.

New Official Supplier agreements were signed with HSBC returning as the official bank and Evian as the official water of The Championships.

During the year, in addition to capital expenditure on the Master Plan as described below the Broadcast Centre, Courtside Restaurant and Championships dressing rooms were substantially refurbished. As a result fixed asset additions during the year totalled £113,855,000 (2017 - £68,071,000).

Wimbledon Master Plan

In late 2011, the company and other entities involved with The Championships began a planning process for further development of the Grounds over the subsequent decade or so. The outcome of this process was the Wimbledon Master Plan which was designed to ensure that the Grounds and buildings would continue to provide The Championships with the best possible facilities and environment and, therefore, help to ensure that The Championships would continue to be widely regarded as being the world's premier tennis tournament.

The key components of the vision outlined in the Wimbledon Master Plan are: the comprehensive redevelopment of No.1 Court including the installation of a new fixed and retractable roof, expected to be completed by 2019; the construction of new covered courts and new clay courts on the Grounds to the west of Somerset Road; a thorough refurbishment of the Millennium Building to provide expanded and improved facilities for players, Members and the press; a major redevelopment of the area to the north of No.1 Court including new Championship courts; removal of the clay courts and a reorganisation of the Championship courts at the southern end of the Grounds to improve spectator circulation and viewing opportunities; the creation of new accommodation underground for staff and support operations; and a commitment to do all this following the aesthetic of 'tennis in an English garden'.

During the year ended 31 July 2016, a fixed price contract for the construction of the No.1 Court project was agreed with Sir Robert McAlpine. During the year ended 31 July 2017, main construction work commenced on the No.1 Court project. The old fixed roof was removed, leaving the bowl exposed for the 2017 Championships and 3,500 tonnes of structural steel was installed as construction of the new fixed roof started. Court 19 was removed prior to conversion into a new public plaza and work began on a new basement beneath the area. Meanwhile, design and planning for the new Somerset Road facility continued, with planning permission being granted in March 2017.

During the year ended 31 July 2018, the No.1 Court fixed roof was completed in preparation for the installation of the retractable roof which is expected to be ready for The Championships 2019. In addition the "The Walled Garden", a new two level public plaza on what used to be Court 19 was opened to the public and detailed design work continued on the new Somerset Road facility.

In order to finance the No.1 Court project and other Master Plan projects a £175,000,000 secured loan and revolving credit facility with HSBC was signed on 20 October 2015. In August 2017 the loan and revolving credit facility was extended to 31 July 2024. On 1 November 2017 the first tranche of the loan was drawn down.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

2. Business review (continued)

Related parties

On 25 July 2011 the company, the Lawn Tennis Association Limited, the Ground Company, the AELTC and the LTA signed an agreement setting out arrangements governing their relationship in respect of The Championships and other matters for at least 40 years from 1 August 2013.

Under this agreement since 1 August 2013 the AELTC has been entitled to a 10% share of the surplus generated by The Championships and the Ground Company continues to be paid a facility fee in respect of the AELTC's use of the Grounds at Church Road, Wimbledon.

3. Group results

The Championships produced a surplus before division of £41,984,000 (2017 - £37,375,000) of which the net available surplus for division under the Championships Agreement to LTA Operations Limited is £37,785,000 (2017 - £33,637,000). The AELTC's share of the surplus of £4,198,000 (2017 - £3,738,000) is recognised within the group's profit before tax of £39,676,000 (2017 - £39,413,000).

The Ground Company produced a profit before taxation of £4,748,000 (2017 - £3,671,000). The profit before tax of this company was higher than the prior year primarily due to the increased facility fee and the additional facility fee which was not received in the previous year.

Upon consolidation of the Ground Company within the group accounts an additional £28,185,000 (2017 - £28,185,000) was recognised within operating profit, representing a pro rata share of the debenture premia relating to the 2018 Championships together with amortisation of negative goodwill.

The group reported a profit before taxation of £39,676,000 (2017 - £39,413,000).

The parent company reported a profit before tax of £6,077,000 (2017 - £7,625,000).

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

4. Principal operational risks and uncertainties

Income from broadcasters represents more than half of the group's turnover and a small number of key broadcast markets, notably the UK and the USA, provide the majority of that income. The group is, therefore, exposed to the risk that such income may fall, for example, due to changes in market dynamics or regulatory regimes in these key broadcast markets. The group manages these risks by agreeing long term contracts with broadcasters. In this context contracts have been signed with the BBC in the UK up to and including the 2024 Championships, with ESPN in the USA running up to and including the 2023 Championships, and with NHK in Japan running up to and including the 2019 Championships.

Income from tickets is also a significant source of the group's turnover. Demand for tickets for The Championships has been robust in recent years with historically high attendances being reported and with applications for tickets through the public ballot meaningfully exceeding supply. However, the group accepts that demand is dependent on the popularity of tennis as a sport and the board consciously tries to ensure that tickets are reasonably priced.

Income from companies who are Official Suppliers of services to The Championships or corporate hospitality customers is another significant source of turnover. The group agrees long term contracts wherever possible with these corporate customers.

Certain costs of staging The Championships are subject to risks: the need to offer competitive and attractive prize money, elevated levels of terrorist threat and related security measures, energy prices and government regulation can all cause costs to increase significantly faster than the headline inflation rate.

The group also faces risk in relation to construction work around the Grounds. This risk involves the cost of construction materials, the use of sub-contract labour, changes in project scope and design, solvency of specialist sub-contractors, and the pressure to complete the construction work and clear the Grounds in time for each year's Championships.

The group manages these risks by working with experienced contractors, purchasing materials as much in advance as practicable to limit exposure to price changes and by continuing actively to manage and control capital expenditure through regular reporting and management review meetings. In relation to the No.1 Court project the group has agreed a fixed price contract with the main contractor.

The experience of the directors and Secretary with major construction projects and their financial implications and the employment of staff experienced in managing construction projects contribute significantly to the management of these risks.

The risks are increasing in size as the group's capital expenditure increases as work on the Master Plan expands.

5. Key performance indicators

The group considers a range of quantitative performance measures to gauge the success of The Championships including television audiences, ballot applications, attendance figures and the surplus generated. The group also engages specialist organisations to undertake surveys of tennis fans around the world, players, spectators and debenture holders. The progress of construction projects undertaken by the Ground Company is reviewed against completion date, project budget and changes in scope.

The All England Lawn Tennis & Croquet Club Limited Strategic report (continued)

The strategic report was approved by the board of directors and signed on its behalf by:



R G Atkinson
Company Secretary and Financial Director
18 October 2018
Church Road
Wimbledon
London
SW19 5AE

The All England Lawn Tennis & Croquet Club Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2018.

1. Group results

The group reported a profit before tax of £39,676,000 (2017 - £39,413,000). There were no dividends paid in the current year (2017 - £nil) and no dividends proposed for after the year end.

2. Directors

The directors who served throughout the year and up to the date of signing, were as follows:

P G H Brook FIA (Chairman)
Ms S J Ambrose
R M Gradon
T H Henman OBE
I L Hewitt
Mrs A W L Innes
Ms D A Jevans CBE
S A Jones FRICS LVO
Lord O'Donnell GCB KCB CB
R T Stoakes
A J K Tatum
The Hon. H B Weatherill FCA

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

3. Going concern

Within the AETLC the surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2018 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2019 financial year. Cash receipts for the 2019 Championships will be received, often in instalments, during the 2019 calendar year. Cash outlays in respect of the 2019 Championships will be made throughout the 2019 calendar year but will start in late calendar year 2018. The board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships. The board is satisfied that on the basis of The Championships' cash flow projections it is appropriate for the financial statements to be prepared on a going concern basis.

The Ground Company is funded on an ongoing basis by the issue of debentures. The Ground Company board receives regular cash flow forecasts to ensure that its capital expenditure can be funded satisfactorily and that it has a secured loan to fund its capital expenditure.

The board takes further comfort from its portfolio of relatively liquid investments which could be converted to cash as required. The board is satisfied that on the basis of the group's cash flow projections and the funding sources in place, it is appropriate for the financial statements to be prepared on a going concern basis.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

4. Charitable contributions

During the year the group made charitable donations of £1,239,000 (2017 - £966,000). Donations included funds collected through the resale of show court tickets, which were donated to the Wimbledon Foundation. The Tennis Foundation received £nil (2017 - £3,000,000) as part of the division of the surplus under the terms of the Championships Agreement.

5. Disabled employees

Applications for employment by 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 that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

6. Employee consultation

During the year, the policy of providing employees with information about The Championships and the wider activities of the group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between management and employees to allow a free flow of information and ideas.

7. Financial risk management objectives and policies

The board recognises that the group's activities expose it to a number of financial risks including price risk, construction risk, credit risk, liquidity and cash flow risk, interest rate risk and exchange rate risk. The board recognises these risks and the importance of managing them through the AELTC's suitably qualified Finance and Risk Management Sub-Committee and through the Ground Company's suitably qualified board.

Price risk

The group is exposed to price risk on some elements of its cost base. With around 5,000 people employed or engaged as contractors at The Championships, labour cost pressures can have an adverse effect. Also, with heavy usage of electricity and gas, energy prices can have an adverse effect.

The AELTC board receives reports regularly giving financial projections highlighting any price risks and drawing attention to mitigating measures.

Construction risk

The company is exposed to price risk in the construction industry in the context of its Master Plan. The company's cost consultants continue to prepare regular formal reports with forecasts of capital expenditure on future projects for presentation to and review by the board. In relation to the No.1 Court project the company has agreed a fixed price contract with the main contractor.

Credit risk

The group's financial assets are primarily investments, cash, short-term deposits and receivables. The group's investments consist of units in a balanced fund managed by Baillie Gifford & Co., together with a smaller investment portfolio managed by Cannacord Genuity Wealth Management. The group ensures that suitable custody arrangements are in place.

The credit risk on liquid funds is limited because HSBC, the counterparty, is a bank which has strong credit ratings assigned by international credit rating agencies and which has not required any explicit government support.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

7. Financial risk management objectives and policies (continued)

Credit risk (continued)

The group's credit risk is attributable to receivables with a small number of customers accounting for a large proportion of turnover. The board is aware of this concentration of risk but is reassured that its material receivables are with large companies with strong credit ratings or with government owned broadcasters such as the BBC.

Liquidity and cash flow risk

Within the AELTC the surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2018 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2019 financial year. Cash receipts for the 2019 Championships will be received, often in instalments, during the 2019 calendar year. Cash outlays in respect of the 2019 Championships will be made throughout the 2019 calendar year but will start in late calendar year 2018. The board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

This leaves the group exposed to liquidity and cash flow risk as it balances its operating cash flow for the current year's Championships with the need to pay the surplus from the prior year's Championships to the LTA under the Championships Agreement. The board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

In order to finance the No.1 Court project and other Master Plan projects a £175,000,000 secured loan and revolving credit facility with HSBC was signed on 20 October 2015. The loan is due to be repaid using receipts from the future issue of debentures. The board is confident that the receipts from those issues will be sufficient to repay the loan within the terms agreed.

Interest rate risk

On 23 November 2016, the company entered into an interest rate cap to hedge against increases in LIBOR and therefore, interest rates applied to the £175,000,000 loan and revolving credit facility.

Exchange rate risk

A material proportion of the group's income, mostly from broadcast contracts, is denominated in US dollars, euros and other foreign currencies. The board understands that the group faces an exposure to fluctuations in the sterling value of these contracts as exchange rates change over time.

The Finance and Risk Management Sub-Committee of the AELTC is tasked with managing this exposure. It has followed a default policy of entering into hedging forward contracts a year or more in advance of cash being received but only doing so when binding income contracts are in place. In certain circumstances the Sub-Committee can choose to employ an alternative policy under which certain US\$ exposures are hedged against the US\$ value of The Championships' prize money. Where appropriate spot transactions and forward contracts within the financial year are undertaken for non contractual receipts. Such forward contracts help eliminate uncertainty and provide a sound basis for financial planning. Note 17 to the financial statements provides details of contracts outstanding at the balance sheet date.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

7. Financial risk management objectives and policies (continued)

Cyber risk

The company has a large digital presence and attracts significant public interest, particularly in the build to and during The Championships. The board understands that it faces risk of hostile cyber attacks either to obtain personal data or to cause public relations problems, possibly as a platform to draw attention to any hackers' own causes.

The company has an IT and communications policy and ensures staff are fully compliant with all policies to avoid inadvertent leaks. It undertakes regular tests of the IT infrastructure and works with its Information Technology partner, IBM, to host its website and monitor external systems.

8. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor on 1 August 2011 and have expressed their willingness to accept reappointment as auditor of the group for a further term in accordance with the provisions of the Companies Act 2006.

9. Future developments

Over the next few years the company aims to deliver the key components of the vision outlined in the Master Plan including the comprehensive redevelopment of No.1 Court with the installation of a new fixed and retractable roof, which is expected to be completed by the 2019 Championships. This Master Plan is consistent with the group's objective of ensuring that The Championships remain the premier tennis tournament in the world.

This report was approved by the board of directors and signed on its behalf by:



R G Atkinson
Company Secretary and Financial Director
18 October 2018
Church Road
Wimbledon
SW19 5AE

The All England Lawn Tennis & Croquet Club Limited

Statement of directors' responsibilities

The directors are responsible for the preparation of the annual report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; subject to any material departures disclosed and explained in the financial statements; 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 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 steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of The All England Lawn Tennis & Croquet Club Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The All England Lawn Tennis & Croquet Club Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of The All England Lawn Tennis & Croquet Club Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

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

Independent auditor's report to the members of The All England Lawn Tennis & Croquet Club Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Spodey FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 October 2018

The All England Lawn Tennis & Croquet Club Limited

Consolidated profit and loss account

Year ended 31 July

	Notes	2018 £000	2017 £000
Turnover	1,3	256,712	217,875
Cost of sales		(118,530)	(100,814)
Gross profit		138,182	117,061
Administrative expenses		(63,855)	(48,209)
Operating profit		74,327	68,852
Gain on disposal of fixed assets		48	55
Net finance income	4	3,086	4,143
		77,461	73,050
Division of net available surplus arising from The Championships			
To The Tennis Foundation		-	(3,000)
To LTA Operations Limited		(37,785)	(30,637)
Profit before taxation	5	39,676	39,413
Taxation charge	6	(3,108)	(2,341)
Profit after taxation		36,568	37,072

All results derive from continuing operations in the United Kingdom

The All England Lawn Tennis & Croquet Club Limited
Consolidated statement of comprehensive income

Year ended 31 July

	Note	2018 £000	2017 £000
Profit for the financial year		36,568	37,072
Cash flow hedges			
Gains arising during the period		4,836	5,659
Actuarial gain/ (loss) on defined benefit pension scheme	21	376	(119)
Recognition of pension scheme asset	21	6,553	15
Total comprehensive income		<u>48,333</u>	<u>42,627</u>

The All England Lawn Tennis & Croquet Club Limited

Consolidated balance sheet

As at 31 July

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	9	(63,354)	(66,885)
Tangible assets	10	504,521	411,166
Net pension asset	21	7,060	-
Investments	11	37,939	34,663
		<u>486,166</u>	<u>378,944</u>
Current assets			
Stock	12	1,131	870
Debtors - falling due within one year	13	24,786	11,589
Cash at bank and in hand		46,918	66,188
		<u>72,835</u>	<u>78,647</u>
Creditors: amounts falling due within one year	14	<u>(150,479)</u>	<u>(104,095)</u>
Net current (liabilities)		<u>(77,644)</u>	<u>(25,448)</u>
Debtors - falling due after one year	13	<u>374</u>	<u>1,295</u>
Total assets less current liabilities		<u>408,896</u>	<u>354,791</u>
Creditors: amounts falling due after more than one year	15	(69,638)	(65,897)
Provisions for liabilities and charges	18	(17,282)	(15,251)
Net assets		<u>321,976</u>	<u>273,643</u>
Capital and reserves			
Share capital	19	-	-
Profit and loss account		210,243	166,672
Debenture premium reserve		111,888	111,962
Hedging reserve		(211)	(5,047)
Other reserves		56	56
Total reserves		<u>321,976</u>	<u>273,643</u>

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 18 October 2018 and signed on its behalf by:


P G H Brook
Chairman

The All England Lawn Tennis & Croquet Club Limited

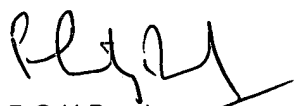
Company balance sheet

As at 31 July

	Note	2018 £000	2017 £000
Fixed assets			
Tangible fixed assets	10	6	-
Investments	11	58,561	56,125
		<u>58,567</u>	<u>56,125</u>
Current assets			
Stock	12	30	33
Debtors: falling due within one year	13	576	34
Cash at bank and in hand		7,561	9,408
		<u>8,167</u>	<u>9,475</u>
Creditors: amounts falling due within one year	14	<u>(5,179)</u>	<u>(5,122)</u>
Net current assets		<u>2,988</u>	<u>4,353</u>
Creditors: amounts falling due after more than one year	15	-	(5,000)
Provisions for liabilities and charges	18	(2,992)	(2,582)
Net assets		<u>58,563</u>	<u>52,896</u>
Capital and reserves			
Share capital	19	-	-
Profit and loss account		58,563	52,896
Total reserves		<u>58,563</u>	<u>52,896</u>

The profit before tax for the financial year dealt with in the financial statements of the parent company was £6,077,000 (2017 - £7,625,000)

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 18 October 2018 and signed on its behalf by:



P G H Brook
Chairman

The All England Lawn Tennis & Croquet Club Limited

Consolidated statement of changes in equity

As at 31 July

	Cash flow hedge reserve £000	Profit and loss account £000	Debenture premium reserve £000	Other reserves £000	Total £000
At 1 August 2016	(10,706)	129,631	112,035	56	231,016
Profit for the year	-	37,072	-	-	37,072
Change in fair value of forward contract valuation (see note 17)	5,659	-	-	-	5,659
Pension charge to comprehensive income	-	(104)	-	-	(104)
Transfer of Debenture fair value adjustment	-	73	(73)	-	-
Debenture fair value adjustment	-	-	-	-	-
At 1 August 2017	(5,047)	166,672	111,962	56	273,643
Profit for the year	-	36,568	-	-	36,568
Change in fair value of forward contract valuation (see note 17)	4,836	-	-	-	4,836
Pension credit to comprehensive income	-	6,929	-	-	6,929
	4,836	43,497	-	-	48,333
Transfer of Debenture fair value adjustment	-	74	(74)	-	-
Debenture fair value adjustment	-	-	-	-	-
At 31 July 2018	(211)	210,243	111,888	56	321,976

Company statement of changes in equity

As at 31 July

	Cash flow hedge reserve £000	Profit and loss account £000	Debenture premium reserve £000	Other reserves £000	Total £000
At 1 August 2016	-	45,703	-	-	45,703
Profit for the year	-	7,193	-	-	7,193
At 1 August 2017	-	52,896	-	-	52,896
Profit for the year	-	5,667	-	-	5,667
At 31 July 2018	-	58,563	-	-	58,563

The All England Lawn Tennis & Croquet Club Limited

Consolidated cash flow statement

Year ended 31 July

	Note	2018 £000	2017 £000
Net cash inflow from operating cash flow prior to division of surplus	20	60,587	63,811
Division to LTA Operations Limited – prior year surplus		(30,637)	(31,388)
Division to The Tennis Foundation – prior year surplus		(3,000)	(3,000)
Net cash inflow from operating cash flow after division of surplus		26,950	29,423
Cash flows from investing activities			
Interest received		563	107
Investment income received		-	374
Interest paid and similar charges		(1,672)	(569)
Purchase of tangible fixed assets		(115,111)	(66,788)
Purchase of Investments		-	(30)
Proceeds from sale of tangible fixed assets		-	-
Net cash inflow from investing activities		(116,220)	(66,906)
Cash flows from financing activities			
Term loan drawdown		75,000	-
Debentures: Proceeds of First Tranche 2017-2021 No.1 Court Series		-	15,000
Instalment payment for the purchase of Ground Company		(5,000)	(5,000)
Net cash inflow from financing		70,000	10,000
(Decrease) in cash		(19,270)	(27,483)
Cash at beginning of year		66,188	93,671
Cash at end of year		46,918	66,188

All the group's cash is available for use.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements

Year ended 31 July

1. Accounting policies

The company is a private members' tennis club. Its 100% subsidiary, the AELTC, undertakes the day-to-day operations of, and is the principal contracting party for, The Championships. The Championships are controlled, managed and promoted by the Committee of Management, consisting of twelve members nominated by the AELTC and up to seven members nominated by LTA Operations Limited. The Committee acts in accordance with the Amended and Restated Principal Agreement (the "Championships Agreement") dated 25 July 2011 made between the company, Lawn Tennis Association Limited, The All England Lawn Tennis Ground plc (the "Ground Company"), the AELTC and LTA Operations Limited (the "LTA").

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council and comply with the Companies Act 2006. The company was incorporated in England and Wales, United Kingdom and is a private company limited by guarantee.

Basis of consolidation

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to preparing the company profit and loss account. The dormant companies have taken advantage of exemption s479A for audit.

The group's financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 July 2018. All subsidiaries are 100% owned by the company but are only included within the consolidated financial statements where the company has control over the subsidiary via the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. The Wimbledon Foundation is specifically excluded from the consolidated figures as the company is not able to exercise control over the board of trustees of that company.

On acquisition the assets and liabilities of the acquired business are measured at their fair values at the date of acquisition. The cost of acquisition is measured as the fair value of the consideration transferred to the vendor at the date of acquisition and does not include transaction costs.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where a group company transacts with a joint venture of the group, profits and losses are eliminated to the extent of the group's interest in the joint venture.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land or on museum exhibits, library books, films. On other assets it is provided on the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2% per annum
Sports pavilion	4% per annum
Motor vehicles	25% per annum
Plant & machinery	5% - 20% per annum
Fixtures and fittings	20% per annum
Computer hardware & software	33% per annum
Museum equipment	10% - 20% per annum
Museum exhibits, library books, films	2% - 10% per annum

Assets in the course of construction are not depreciated. Once the asset is completed it is transferred to the relevant fixed asset category and depreciation is applied at the appropriate rate.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Turnover

Turnover represents amounts receivable for ticket, broadcast, marketing, food and beverage and other income arising in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

The Championships provides tickets to holders of Debentures issued by the Ground Company along with access to debenture facilities during The Championships. Revenue is recognised in respect of debenture premia at an assumed rate based on receipts received by Ground Company.

Pension costs

The group operated a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The scheme was closed to new entrants with effect from 2002 from which date a defined contribution plan has been operating.

For the defined benefit scheme the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising of actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Deferred taxation (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current taxation

Current taxation, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Withholding tax deducted from broadcast receipts is included within cost of sales.

Investments

Investments are stated at fair value.

In the Company balance sheet, investments in subsidiaries were acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, unless covered by a forward exchange contract, in which case the contract rate is used. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below).

Negative goodwill

Negative goodwill has been recognised following the acquisition of 50% of the Ground Company from the LTA in 2013, representing the excess of fair value over the identifiable assets and liabilities acquired over the consideration paid. The negative goodwill is capitalised and is being written off to the profit and loss account over its useful economic life, which has been calculated on the basis of the remaining asset life of the fixed assets acquired.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Debenture premia

Debenture premia in relation to future Championships are included within creditors and recognised within the consolidated financial statements in the profit and loss account within turnover on a straight line basis over the five years of each debenture issue.

The nominal value in respect of debentures issued is considered a liability and classified as a basic financial instrument and is consequently measured at present value of future payments discounted at a market rate of interest for a similar debt instrument.

Stock

Stock is stated at the lower of cost based on weighted average and net realisable value. A provision is made for obsolete, slow-moving or defective items where appropriate.

Going concern

Within the AELTC the surplus arising from The Championships is payable to LTA Operations Limited under the Championships Agreement. The surplus for the 2018 Championships will be paid in instalments with the great majority expected to be paid before the end of the 2019 financial year. Cash receipts for the 2019 Championships will be received, often in instalments, during the 2019 calendar year. Cash outlays in respect of the 2019 Championships will be made throughout the 2019 calendar year but will start in late calendar year 2018. The board monitors the cash flows relating to The Championships to ensure sufficient funds are available for the preparation of the following year's Championships.

The Ground Company is funded on an ongoing basis by the issue of debentures. The Ground Company board receives regular cash flow forecasts to ensure that its capital expenditure can be funded satisfactorily and has a secured loan to fund its capital expenditure.

The board takes further comfort from its portfolio of relatively liquid investments which could be converted to cash as required. The board is satisfied that on the basis of the group's cash flow projections and the funding sources in place, it is appropriate for the financial statements to be prepared on a going concern basis.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Financial instruments (continued)

Non-current debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through the profit and loss account.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate risk. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit and loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated using a valuation method.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

1. Accounting policies (continued)

Financial instruments (continued)

Hedge accounting

The Championships designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, The Championships documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge The Championships determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement apart from those involving estimations (which are dealt with separately below), that the board have made in the process of The Championships accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Depreciation

Determining the appropriate componentisation and useful life of fixed assets held in order to attribute appropriate depreciation rates. This is in addition to understanding the remaining useful economic lives of the components of each asset to identify that the remaining period over which they are depreciated is appropriate.

Negative goodwill

Determining the appropriate useful life of the negative goodwill realised on the purchase of 50% of the Ground Company in order to calculate the appropriate amortisation.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

3. Segmental reporting

	Turnover £000	Operating profit £000	Profit before tax £000	Net assets £000
Year ending 31 July 2018				
Activities in respect of The Championships	256,635	75,524	37,131	267,088
Other activities of the company	77	(1,197)	2,545	54,888
	<u>256,712</u>	<u>74,327</u>	<u>39,676</u>	<u>321,976</u>
Year ending 31 July 2017				
Activities in respect of The Championships	217,828	69,685	35,594	223,888
Other activities of the company	47	(833)	3,819	49,755
	<u>217,875</u>	<u>68,852</u>	<u>39,413</u>	<u>273,643</u>

There are no geographical segments as all turnover is recognised in the UK.

Other activities consist of the running of the private members tennis club and investing activities in both listed and unlisted investments.

4. Net finance income

	2018 £000	2017 £000
Group		
Interest receivable and similar income	-	2
Income from investments	435	481
Fair value of investments	3,384	4,343
Other finance income (see note 21)	181	174
	<u>4,000</u>	<u>5,000</u>
Total finance income	4,000	5,000
Interest payable and similar charges	(840)	(784)
Debenture finance cost	(74)	(73)
	<u>(914)</u>	<u>(857)</u>
Total finance expense	(914)	(857)
Net finance income	<u>3,086</u>	<u>4,143</u>

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)
Year ended 31 July

5. Profit on ordinary activities before taxation

	2018 £000	2017 £000
The profit on ordinary activities before taxation for division is stated after charging:		
Depreciation of tangible fixed assets	20,500	18,637
Operating lease rentals	116	93
Negative goodwill written back	<u>(3,185)</u>	<u>(3,185)</u>
 Fees payable to the company's auditor for the audit of the company's financial statements	 54	 60
Fees payable to the group's auditor for the audit of the group's financial statements	<u>142</u>	<u>168</u>
Total audit fees	<u>196</u>	<u>228</u>
 Other services – tax compliance	 62	 54
Other services – tax advisory	172	163
Other services – pension	<u>8</u>	<u>12</u>
Total non-audit fees	<u>242</u>	<u>229</u>

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)
Year ended 31 July

6. Tax on profit on ordinary activities

	2018	2017
	£000	£000
Current Tax		
Tax at the corporation tax rate of 19% (2017 – 19.67%)	1,200	2,117
Adjustment in respect of prior years – corporation tax	(122)	(315)
	<u>1,078</u>	<u>1,802</u>
Current tax charge for the year	1,078	1,802
Deferred Tax		
Adjustment in respect of prior years – deferred taxation	106	280
Impact of change in tax rate	-	(899)
Depreciation in excess of capital allowances (see note 18)	1,372	377
Unrealised gains on investments	552	781
	<u>2,030</u>	<u>539</u>
Deferred tax charge	2,030	539
	<u>3,108</u>	<u>2,341</u>
Total tax charge on profit on ordinary activities	3,108	2,341
Reconciliation of current year taxation charge		
Group profit on ordinary activities before tax	<u>39,676</u>	<u>39,413</u>
	39,676	39,413
Tax charge on profit on ordinary activities at 19% (2017 – 19.67%)	7,538	7,753
Factors affecting charge:		
Expenses not deductible for taxation purposes	1,233	1,276
Non-taxable income	(5,441)	(5,905)
Effect of current year changes in statutory tax rate	-	(713)
Deferred tax / current tax rate mismatch	(157)	(35)
Adjustments to tax charge in respect of previous periods	(65)	(35)
	<u>3,108</u>	<u>2,341</u>
Current taxation charge for the year	3,108	2,341

At Summer Budget 2015, the government announced legislation which provided for a reduction in the main rate of UK corporation tax from 20% to 19%, effective from April 2017. The current tax charge therefore reflects the fall in rate to 19% which gives an effective statutory rate of 19%.

A further reduction in the rate of corporation tax to 17% from April 2020 had been substantively enacted at the balance sheet date.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

7. Staff costs

The average monthly number of employees was:

	2018 No.	2017 No.
Year round staff	<u>334</u>	<u>286</u>

Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	16,616	14,170
Social security costs	1,907	1,629
Other pension costs	<u>1,098</u>	<u>984</u>
	<u>19,621</u>	<u>16,783</u>

In addition, a further 734 staff were employed on short term contracts to support The Championships mainly during June and July 2018 (June and July 2017 - 690 staff).

The company had no employees during the year.

Directors' emoluments

The directors received no remuneration during the year (2017 - £nil).

8. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit and loss account includes a profit after taxation of £5,667,000 (2017 – £7,193,000) which is attributable to the parent company.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

9. Intangible assets

Group	Negative goodwill £000	Website develop ment £000	Total £000
Cost			
At 31 July 2017	(79,625)	-	(79,625)
Additions	-	346	346
At 31 July 2018	(79,625)	346	(79,279)
Amortisation			
At 31 July 2017	12,740	-	12,740
Amount written back during the year	3,185	-	3,185
At 31 July 2018	15,925	-	15,925
Net book value			
At 31 July 2017	(66,885)	-	(66,885)
At 31 July 2018	(63,700)	346	(63,354)

Negative goodwill has been recognised upon the acquisition of 50% of The All England Lawn Tennis Ground plc from the LTA in 2013, representing the excess of fair value over the identifiable assets and liabilities acquired over the consideration paid. The negative goodwill is capitalised and is being written off to the profit and loss account over 42 years being its useful economic life, which has been calculated on the basis of the remaining asset life of the fixed assets acquired.

There was no goodwill in the original 50% shareholding of the Ground Company.

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)
Year ended 31 July

10. Tangible assets

	Land & buildings £000	Assets under development £000	Plant & equipment £000	Motor vehicles £000	Museum artefacts £000	Total £000
Cost						
At 31 July 2017	462,866	103,498	9,056	330	2,354	578,104
Assets completed	-	-	-	-	-	-
Additions	15,818	96,523	1,368	-	146	113,855
Disposals	(2,345)	-	(1,642)	-	(784)	(4,771)
At 31 July 2018	476,339	200,021	8,782	330	1,716	687,188
Accumulated depreciation						
At 31 July 2017	(158,481)	-	(7,368)	(305)	(784)	(166,938)
Charge for the year	(19,318)	-	(1,171)	(11)	-	(20,500)
Disposals	2,345	-	1,642	-	784	4,771
At 31 July 2018	(175,454)	-	(6,897)	(316)	-	(182,667)
Net book value						
At 31 July 2017	304,385	103,498	1,688	25	1,570	411,166
At 31 July 2018	300,885	200,021	1,885	14	1,716	504,521

Depreciation is not charged on freehold land with a cost of £8,849,000

Freehold land and buildings have been provided as security against the £175,000,000 loan and revolving credit facility which was signed on 20 October 2015.

Freehold land and buildings includes the plant and equipment associated with the Centre Court moving roof.

The disposals relate to items with a nil net book value which have either been demolished or are no longer held by the company.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

11. Investments

	Other Fair Value £000	Other Cost £000	Subsidiaries Cost £000	Total £000
Group				
At 31 July 2017	34,303	360	-	34,663
Additions	-	-	-	-
Change in fair value of investments	3,276	-	-	3,276
At 31 July 2018	37,579	360	-	37,939
Company				
At 31 July 2017	26,066	-	30,059	56,125
Additions	-	-	-	-
Change in fair value of investments	2,436	-	-	2,436
At 31 July 2018	28,502	-	30,059	58,561

Other investments include investments in unitised or managed funds. The fair value of listed investments was determined with reference to the quoted market price at reporting date. The cost of the shares on acquisition was £10,898,000 (2017 - £10,879,000)

At 31 July 2018, the following undertakings were subsidiaries of the company:

	Country of incorporation	Activity	Class of share	% shares held
The All England Lawn Tennis Club (Championships) Limited	England & Wales	Tennis Championships	Ordinary	100
The All England Lawn Tennis Ground plc	England & Wales	Property	Ordinary	100
The All England Lawn Tennis Club (Wimbledon) Limited	England & Wales	Holds trademarks	Ordinary	100
The Championships, Wimbledon Limited	England & Wales	Dormant	Ordinary	100
The All England Lawn Tennis Motor Park Limited	England & Wales	Dormant	Ordinary	100
The Wimbledon Lawn Tennis Museum Limited	England & Wales	Dormant	Ordinary	100

These investments are registered at the same address as The All England Lawn Tennis & Croquet Club Limited as disclosed on page 1 within these financial statements.

The company is the sole member of the Wimbledon Foundation (the "Foundation"), a company registered in England & Wales and limited by guarantee. The Foundation is a registered charity and the company does not exercise control over the Foundation's income and expenditure and therefore the Foundation is not included with the group's consolidation.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

12. Stock

Stock recognised in the cost of sales during the year as an expense was £2,777,000 (2017 - £2,776,000).

An impairment loss of £107,000 (2017 - £155,000) was recognised in cost of sales against stock during the year due to shrinkage, slow-moving and obsolete stock.

13. Debtors

	2018 £000	2017 £000
Group		
Falling due within one year		
Trade debtors	11,583	4,719
Other debtors	1,701	36
Prepayments and accrued income	11,502	6,834
	<u>24,786</u>	<u>11,589</u>
Falling due after one year		
Capitalised loan costs	354	1,250
Derivative financial assets (see note 17)	20	45
	<u>374</u>	<u>1,295</u>
	2018 £000	2017 £000
Company		
Falling due within one year		
Trade debtors	576	34
	<u>576</u>	<u>34</u>

14. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Group		
Bank loan	40,266	-
Trade creditors	7,326	6,312
Amount payable to LTA Operations Limited	38,604	34,454
Corporation tax	300	984
Taxation and social security	1,522	1,474
Accruals and deferred income	62,201	55,789
Debenture creditor	49	171
Derivative financial instruments (see note 16)	211	4,911
	<u>150,479</u>	<u>104,095</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

14. Creditors: amounts falling due within one year (continued)

	2018 £000	2017 £000
Company		
Trade creditors	22	77
Amounts due to The All England Motor Park Limited	20	20
Amount due to The All England Lawn Tennis Club (Championships) Limited	-	9
Accruals and deferred income	5,137	5,016
	<u>5,179</u>	<u>5,122</u>

15. Creditors: Amounts falling due after more than one year

	The group		The company	
	2018 £000	2017 £000	2018 £000	2017 £000
Due to LTA Limited	-	5,000	-	5,000
Bank loan – measured at fair value	33,803	-	-	-
Debentures: 2017-2021 No.1 Court Series	963	951	-	-
Debentures: 2016-2020 Centre Court Series	4,872	4,810	-	-
Debenture premia	30,000	55,000	-	-
Derivative financial instrument (see note 17)	-	136	-	-
	<u>69,638</u>	<u>65,897</u>	<u>-</u>	<u>5,000</u>

	2018 £000	2017 £000
Bank loan		
Between one and five years	33,803	-
On demand or within one year	40,266	-
	<u>74,069</u>	<u>-</u>

On 1 August 2013, the company purchased 13,217 'B' ordinary £1 shares from the LTA for a deferred consideration of £25,000,000, of which £nil (2017 - £5,000,000) is due in more than one year.

The nominal value of the debentures issued is measured at fair value. The interest charged for the year is calculated by applying an effective interest rate.

The 2017-2021 No.1 Court debentures which are free of interest and unsecured are repayable at par on 2 August 2021. The interest charged for the year is calculated by applying an effective interest rate of 0.70% per cent to the liability component.

The 2016-2020 Centre Court debentures which are free of interest and unsecured are repayable at par on 3 August 2020. The interest charged for the year is calculated by applying an effective interest rate of 1.30% per cent to the liability component.

There are no creditors falling due after more than five years (2017 - £nil).

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

16. Financial instruments

The carrying value of financial assets and liabilities are summarised by category below

	2018 £000	2017 £000
Financial assets		
Measured at fair value and designated in an effective hedge relationship		
Derivative financial assets – interest rate cap (see note 17)	20	45
Measured at undiscounted amount receivable		
Trade and other debtors (see note 13)	13,638	6,005
Measured at fair value through profit and loss		
Cash at bank and in hand	46,918	66,188
	<u>60,576</u>	<u>72,238</u>
	2018 £000	2017 £000
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities – forward currency contracts (see note 17)	211	5,047
Measured at undiscounted amount payable		
Bank loan	74,069	-
Trade and other creditors due within one year (see note 14)	71,398	64,730
Trade and other creditors due after more than one year (see note 15)	35,835	65,761
Amounts due to related parties (see note 14)	38,604	34,454
	<u>220,117</u>	<u>169,992</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

17. Derivative financial instruments

	Due within one year		Due after one year	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial assets				
Measured at fair value and designated in an effective hedge relationship				
Derivative financial assets – interest rate cap	20	-	-	45
	<u>20</u>	<u>-</u>	<u>-</u>	<u>45</u>
Financial liabilities				
Measured at fair value and designated in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	211	4,911	-	136
	<u>211</u>	<u>4,911</u>	<u>-</u>	<u>136</u>

Interest rate cap

The interest rate cap is valued using a quoted price for an identical asset in an active market.

On 23 November 2016, the company entered into an interest rate cap to hedge against fluctuations in interest rates applied to the £175,000,000 loan and revolving credit facility.

The interest rate cap is valued using a quoted price for an identical asset in an active market.

Foreign currency contracts

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted exchange rates matching maturities of the contract.

The Championships have entered into a number of forward contracts to sell US dollars, Euros and Australian dollars to manage the effect of future exchange rate fluctuations on foreign currency receipts from contracted income in the years to 2019.

	Average contractual exchange rate		Notional value		Fair value	
	2018	2017	2018 £000	2017 £000	2018 £000	2017 £000
Sell Euros						
Less than one year	1.10	1.16	5,478	8,646	5,546	8,281
Sell Australian dollars						
Less than one year	1.79	1.66	1,342	1,447	1,341	1,457
Sell US dollars						
Less than one year	1.35	1.49	18,514	36,195	18,236	31,639
Greater than one year	-	1.35	-	18,515	-	18,379
			<u>25,334</u>	<u>64,803</u>	<u>25,123</u>	<u>59,756</u>
Total foreign currency contract						

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

18. Provisions for liabilities and charges

Deferred taxation movement for the year:

	The group		The company	
	2018	2017	2018	2017
	£000	£000	£000	£000
At 1 August 2017 and 2016	15,251	14,711	2,582	2,148
Deferred taxation:				
Charge to profit and loss account:				
Current year	1,925	1,158	410	585
Due to rate change	-	(898)	-	-
Prior years	106	280	-	(151)
At 31 July	<u>17,282</u>	<u>15,251</u>	<u>2,992</u>	<u>2,582</u>
Analysis of deferred tax				
Unrealised gains on investments	3,684	3,131	2,992	2,582
Capital allowances in excess of depreciation	<u>13,598</u>	<u>12,120</u>	<u>-</u>	<u>-</u>
Closing balance	<u>17,282</u>	<u>15,251</u>	<u>2,992</u>	<u>2,582</u>

Deferred taxation is provided for at rates expected to apply when the timing differences reverse, based on current tax rates and law. A fall in the main UK corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 was enacted by the balance sheet date, and therefore the deferred tax balances carried forward reflect these rates. Deferred tax of £1,000,000 will reverse in the next 12 months.

19. Share Capital

The company does not have any allocated, called up or shares in issue, as it is a members club limited by guarantee.

Other reserves comprise the Lord Ritchie Library Fund and General Reserve.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

20. Reconciliation of operating profit to operating cash flows

	2018 £000	2017 £000
Operating profit	74,327	68,852
Amortisation of intangible fixed assets	(3,185)	(3,185)
Depreciation and other amounts written off tangible fixed assets	20,500	18,637
Profit on sale of tangible fixed assets	5	55
Debenture premia	(25,000)	(25,000)
Difference between pension charge and cash contributions	50	70
Increase in Debenture fair value adjustment	74	73
(Increase)/ decrease in stock	3	(837)
Increase in amount owed to LTA Operations Limited	2	2,922
(Increase)/ decrease in debtors	(12,488)	6,493
Increase/ (decrease) in creditors	8,434	(2,440)
Corporation tax paid	(2,135)	(1,829)
Net cash inflow from operating activities prior to division of surplus	<u>60,587</u>	<u>63,811</u>

21. Pension schemes

Defined contribution schemes

A defined contribution scheme operates for all qualifying employees. The total expense charged to profit or loss in the period ended 31 July 2018 was £688,000 (2017 - £513,000). The unpaid employer's contributions outstanding at year end were £nil (2017 - £nil).

Defined benefit schemes

The AELTC operates a defined benefit pension scheme on behalf of The Championships. The assets of the scheme are held in a separate trustee administered fund.

The Scheme is a defined benefit pension scheme. Benefits due to members are linked to their pensionable salaries at, and pensionable service to, the date of retirement or earlier date of death or withdrawal. The Scheme's liabilities thus originate from benefits due to active members, deferred members and pensioners. These are not directly dependent on the return achieved on the Scheme's investments.

The Scheme's Trustees recognise that pension liabilities are essentially bond-like in their characteristics and so bonds represent the closest investable "matching asset". As such, a portfolio of bond type investments is the strategy that will best protect the funding level against changes in the value of the liabilities. Over the longer term, the Trustees aim to achieve a return on the investments that is consistent with the long-term assumptions of the actuary in determining the funding on the Scheme.

The present value of the defined benefit obligation is determined by an independent qualified actuary on the basis of triennial valuations, using the attained age method. The most recent valuation of the schemes assets and the present value of the defined benefit obligation were carried out at 11 January 2017. The defined benefit scheme was closed to new entrants with effect from 2002.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

21. Pension schemes (continued)

The key assumptions used for the actuarial valuation were:

	Valuation at 31 July:	
	2018	2017
Discount rate	2.60%	2.70%
Rate of increase in salaries	3.85%	4.00%
Rate of increase in pensions in payment	2.60%	2.70%
Inflation assumption (increase in RPI)	3.10%	3.30%

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancy on retirement at age 65 are:

	Valuation at:	
	2018 years	2017 years
Retiring today		
Males	22.1	22.4
Females	24.0	24.1
Retiring in 20 years		
Males	23.5	23.5
Females	25.2	25.0

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:	2018 £000	2017 £000
Current service cost	(458)	(502)
Net interest income	181	174
	(277)	(328)
Recognised in other comprehensive income	6,929	(104)
	<u>6,652</u>	<u>(432)</u>

The assets and liabilities of the defined benefit pension scheme operated by the AELTC at 31 July are shown below:

	2018 £000	2017 £000
Present value of defined benefit obligations	(34,072)	(33,944)
Fair value of scheme assets	41,132	40,497
Restriction of pension scheme asset	-	(6,553)
Surplus in the scheme	<u>7,060</u>	<u>-</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

21. Pension schemes (continued)

The pension asset has been recognised in the current year as the board believes the asset is recoverable due to the fact that the trust deed and rules will permit repayment of the surplus to the principal employer in the future.

Movements in the present value of defined benefit obligations were as follows:	2018 £000	2017 £000
At 1 August 2017 and 2016	33,944	33,029
Current service cost	383	376
Net interest cost	908	885
Experience gain on liabilities	(198)	(149)
Loss on changes in assumptions	(336)	828
Change in secured pensioners value due to scheme experience	-	(341)
Benefits paid	(629)	(684)
At 31 July	<u>34,072</u>	<u>33,944</u>

Movements in the fair value of scheme assets were as follows:	2018 £000	2017 £000
At 1 August 2017 and 2016	40,497	39,597
Expected return on scheme assets	1,089	1,059
Gain on asset return	(158)	560
Contributions from principal employer	408	432
Death in service insurance premiums paid	(128)	(184)
Contributions from scheme members	53	58
Change in secured pensioners value due to scheme experience	-	(341)
Benefits paid	(629)	(684)
At 31 July	<u>41,132</u>	<u>40,497</u>

Analysis of scheme assets at the balance sheet date	2018 £000	2017 £000
Bonds	29,290	26,379
Equities	3,383	5,582
Net current assets	554	302
Secured pensions	7,905	8,234
Total fair value	<u>41,132</u>	<u>40,497</u>

The overall rate of return has been determined on a weighted average basis.

The estimated amount of contributions expected to be paid to the scheme during 2018 financial year is £253,000.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July

22. Commitments

	2018 £000	2017 £000
Capital commitments are as follows:		
Committed but not provided for in these accounts	64,251	134,819
Annual commitments under non-cancellable operating leases are as follows:		
Expiry date between one and five years	33	33

The All England Lawn Tennis & Croquet Club Limited has provided a parent company guarantee to the value of £20,000,000 over foreign exchange contracts held by the AELTC.

The capital commitments relate wholly to tangible fixed assets.

23. Related parties

The value of goods and services bought at arm's length by the group during the period from related parties is listed below:

	2018 £000	2017 £000
LTA Operations Limited		
- Subvention fees	1,000	1,000
- Officiating fees	1,346	1,225

In addition the value of tickets for The Championships sold to LTA Operations Limited was £7,655,000 (2017 - £7,235,000).

Balances owed at year end are shown within creditors above in note 14.

The total remuneration for key management personnel for the period was £5,319,000 (2017 - £4,952,000).

24. Ultimate controlling party

The company, a members' club, is a company limited by guarantee and there is no ultimate controlling party.

25. Post balance sheet events

On 2 August 2018, the group made an offer of £65 million to acquire the members' interests in The Wimbledon Park Golf Club Limited ('WPGC') with a view to securing early possession of the land on which WPGC's golf course is located. The group holds the freehold of this land as WPGC holds a lease which expires in 2041. At the date of this report, it is not possible to say whether or not this offer will be accepted.