

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

**Annual Report and Consolidated Financial Statements
Year Ended 31 July 2021**



The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2021

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The All England Lawn Tennis & Croquet Club Limited

Annual report and financial statements 2021

Officers and professional advisers

Directors

I L Hewitt (Chairman)
S J Ambrose
R A Baker
K J Havelock
T H Henman OBE
A W L Innes (until 1 December 2020)
D A Jevans CBE
S A Jones LVO
A V Keothavong MBE (appointed 1 December 2020)
Lord O'Donnell GCB KCB CB
R T Stoakes
A J K Tatum
The Hon. H B Weatherill FCA

Officers

S L Bolton OBE (Chief Executive)
R G Atkinson FCMA (Company Secretary)
M W C Guntrip (Club Director)

Registered Office

Church Road
Wimbledon
London
SW19 5AE

Bankers

HSBC Bank plc
69 Pall Mall
London
SW1Y 5EZ

Solicitors

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

Independent Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

The All England Lawn Tennis & Croquet Club Limited

Strategic report

The All England Lawn Tennis & Croquet Club Limited is a company incorporated in the United Kingdom and registered in England and Wales. The registered address is Church Road, Wimbledon, London 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 limited company 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 of the board of the AELTC 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. The company and its subsidiaries are collectively referred to as the group ("the group").

2. Business Review

Private Members' tennis club

As a result of the Coronavirus pandemic ("Covid-19") and following advice from the UK Government the playing of tennis was not permissible from 5 November to 1 December 2020 and from 17 December 2020 to 28 March 2021. The return of playing tennis resumed in a socially distanced format with restrictions and regulations to abide by until 17 May 2021. Subsequent to this date a calendar of matches and events has occurred.

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 with an increase in market value.

The Championships 2021

Following the cancellation of The Championships 2020 the 134th Championships were held from Monday 28 June to Sunday 11 July 2021 with players competing from more than 60 different countries across the various qualifying and main draw events. The Championships took place as part of the UK Government's Event Research Programme with requirements to adhere to restrictions including capacity and conditions of entry. The weather during the fortnight was wetter than in recent years, with most play on the outside courts lost to rain on the second Tuesday.

The Gentlemen's Singles was won by Novak Djokovic (SRB) who defeated Matteo Berrettini (ITA) 6-7(4), 6-4, 6-4, 6-3. The Ladies' Singles was won by Ashleigh Barty (AUS) who defeated Karolína Pliskova (CZE) 6-3, 6-7(4), 6-3. The Gentlemen's Doubles was won by Nikola Pietrangeli (CRO) and Mate Pavić (CRO), the Ladies' Doubles was won by Su-Wei Hsieh (TPE) and Elsie Mertens (BEL) and the Mixed Doubles was won by Neal Skupski (GBR) and Desirae Krawczyk (USA).

In the UK, the television audience for the Gentlemen's Singles Final peaked at 7.8 million and the Ladies' Singles Final at 4.5 million. Digital platforms including Wimbledon.com and mobile apps accounted for 14.5 million unique devices making 49.6 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 2021 the company extended its broadcast contract with the BBC as well as signing new a new deal with Nine Australia. Official Supplier agreements were extended with existing partners Ralph Lauren, Robinsons, and Lavazza and a new agreement with Sipsmiths.

During the year, in addition to a number of smaller items of capital expenditure, the multi-year project to replace key components of the Centre Court roof continued, upgrades were made to the Gate 1 entrance and upgrades made to some broadcast areas.

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, which was completed during 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 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'.

Additional Master Plan design work began in 2019 to build on the existing Master Plan through the Wimbledon Park project encompassing the Wimbledon Park Golf Club land for which the Members' interests were acquired on 21 December 2018 such that early possession of the land was possible from 1 January 2022 for the northern end of the course and from 1 January 2023 for the southern end of the course.

Following cancellation of The Championships 2020 due to Covid-19, design work continued not only in preparation for hosting The Championships 2021 but for the Wimbledon Master Plan as a whole and the future of the Grounds.

During the year ended 31 July 2021, the Gate 20 project was completed, re-modelling and widening the access to the site, and the next phase of the Raynes Park project was completed, including sixteen new grass courts. Construction work continued on the Somerset Road project and design work continued on the media development project and the Millennium Building. In addition, the public consultation process of proposals for the Wimbledon Park Project began, sharing the outline thinking and emerging proposals for future use of the land for The Championships, including the Qualifying event, whilst delivering a positive impact for local communities and acting as a good steward of the land. The third and final consultation to provide details of the final proposals occurred in June 2021 and a planning application was submitted in July 2021. The Group tangible fixed asset additions during the year totalled £56,111,000 (2020 - £67,502,000).

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

2. Business review (continued)

Wimbledon Park Golf Club

On 21 December 2018, the group acquired the Members' interests in The Wimbledon Park Golf Club Limited ("WPGC"), securing early possession of the land on which WPGC's golf course is located. The group previously only held the freehold of this land as WPGC held the lease which expires in 2041.

In the year to 31 July 2019, consideration of £65,000,000 was paid to acquire the membership interests of WPGC, comprising £44,019,000 in cash and £20,981,000 in loan notes. The loan notes are due to be paid in instalments from December 2019 to December 2022.

In the year to 31 July 2021, loan notes to the value of £5,164,000 were repaid to loan note holders (2020: £5,007,000).

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 has continued 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 of £43,143,000 (2020 - £39,880,000) of which the net available surplus for division under the Championships Agreement to LTA Operations Limited is £38,829,000 (2020 - £35,892,000). The AELTC's share of the surplus of £4,314,000 (2020 - £3,988,000) is recognised within the group's profit before tax of £46,956,000 (2020 - £24,801,000)

The Ground Company produced a loss before taxation of £8,634,000 (2020 – loss of £9,418,000). The loss before tax of this company was better than the prior year primarily due to licence fee income received for the use of suites which was not receivable following cancellation of The Championships in 2020.

Upon consolidation a non cash net credit of £1,792,000 (2020 - £1,792,000) was recognised representing the amortisation of negative and positive goodwill.

WPGC produced a loss before taxation of £315,000 (2020 – loss £34,000), primarily due to a full year of costs, with a disrupted year of income due to social distancing protocols and requirements.

The group reported a profit before taxation of £46,956,000 (2020 - £24,801,000).

The parent company reported a profit before tax of £13,992,000 (2020 - £2,058,000).

4. Principal operational risks and uncertainties

The group has continued to evaluate its principal operational risks and uncertainties. The risks listed below remain significant for management and the directors to monitor and are being closely considered in preparation for The Championships 2022.

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 Championships 2027 and with ESPN in the USA running up to and including the Championships 2023.

The All England Lawn Tennis & Croquet Club Limited

Strategic report (continued)

4. Principal operational risks and uncertainties (continued)

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 applications for tickets through the public ballot meaningfully exceeding supply, and substantial demand for online ticket purchases for the Championships 2021 following the decision to rollover the 2020 ballot to 2022. 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, including the Official Hospitality Partner, 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 including restrictions as a result of the Covid-19 pandemic. All of which can 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 to actively manage and control capital expenditure through regular reporting and management review meetings. In relation to the Somerset Road project the group agreed a fixed price contract with the main contractors.

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

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

Following the Covid-19 pandemic, there is an additional risk in that cancellation insurance against Covid-19 and other communicable diseases may not be obtainable for future years.

5. Section 172 reporting

The directors have always taken decisions for the long term and collectively and individually aim to always uphold the highest standards of conduct. The directors understand that the business can only grow and prosper over the long term by understanding and respecting the views and needs of key stakeholders.

As the principal activity of the group is to undertake the day-to-day operations in order to host The Championships, the board balances outcomes for key stakeholders as set out in the Strategic Report and Directors Report with respect to the interests of employees, suppliers, the community and the environment. Reporting requirements in accordance with s172 have been included within the Strategic Report and relevant sections in the Directors' Report with respect to interests of employees, suppliers, the community and the environment.

The All England Lawn Tennis & Croquet Club Limited


Strategic report (continued)

6. 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 board assesses the key performance indicators each year. Attendance figures were very pleasing given the uncertainty and hosting of the tournament in accordance with social distancing protocols.

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



R G Atkinson
Company Secretary
14 October 2021
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 2021.

1. Group results

The group reported a profit before tax of £46,956,000 (2020 - £24,801,000). There were no dividends paid in the current year (2020 - £nil), no dividends are proposed for after the year end.

2. Directors

The directors who served during the year and to the date of this report, except where noted, were as follows:

I L Hewitt (Chairman)
S J Ambrose
R A Baker
K J Havelock
T H Henman OBE
A W L Innes (until 1 December 2020)
D A Jevans CBE
S A Jones LVO
A V Keothavong MBE (appointed 1 December 2020)
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 AELTC the Net Available Surplus arising from The Championships is payable to the LTA under the Championships Agreement. The Net Available Surplus for The Championships 2021 will be paid in instalments as discussed with the LTA to ensure appropriate resources remain with The Championships to fund the Championships 2022 and paid to the LTA for its ongoing operations. 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.

A significant surplus was achieved in 2021 following a year of uncertainty. The board focused on the available cashflows throughout the year and continues to do so in planning for The Championships 2022. The board will continue to plan for any Covid-19 protocols which could require additional expenditure to enact such protocols and impact income from The Championships 2022. Following completion of a detailed going concern assessment the board remains confident that sufficient funding is available to continue operations.

The board is satisfied that, on the basis of The Championships' 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)

3. Going concern (continued)

The Ground Company is funded on an ongoing basis by the annual facility fee received from The Championships and 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 and revolving credit facility to fund its capital expenditure. The board is satisfied that, on the basis of the Ground Company'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.

Prospectively, the board are satisfied that the group has sufficient headroom in its secured loan and revolving credit facility to continue its operations and fund capital expenditure projects.

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.

4. Charitable contributions

During the year the group made charitable donations of £2,031,000 (2020 - £2,205,000). In previous years donations included funds collected through the resale of show court tickets and the sale of tickets to the No.1 Court Celebration which were donated to the Wimbledon Foundation.

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, including a review of financial and economic factors, has been continued through internal media channels 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. In the current year there has continued to be a strong focus on providing information to staff in a remote working environment. With social distancing restrictions being in place for most of the year staff surveys continued to be used to understand the needs and demands of employees. This is in addition to regular one-to-one meetings and wellbeing workshops.

7. Supplier Consultation

The group values its relationships with its suppliers, partners, Members and all attendees at The Championships. Through The All England Lawn Tennis (Championships) Limited it conducts a survey annually of its partners and actions are taken to ensure any issues are resolved to ensure the smooth delivery of future Championships and operations of the company and the group as a whole. In addition, all ticket holders are invited to complete a feedback survey following attendance at The Championships and workshops are held to discuss and address feedback received.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

8. Sustainability reporting and the community

The data below complies with the Streamlined Energy and Carbon Reporting ("SECR") requirement and records energy use from electricity, gas and transport fuel, and associated greenhouse gas (GHG) emissions. Transparent reporting of emissions and steps taken to address them which are illustrated below form part of the wider environment positive approach of the group which is outlined in more detail at www.wimbledon.com/sustainability.

	31 July 2021	31 July 2020
Consumption (kWh)		
Scope 1		
Gas	12,614,092	11,698,922
Fuel, grounds	24,371	34,444
Fuel, vehicles (petrol & diesel)	56,426	41,005
Fuel, Championships generators	233,510	-
Scope 2		
Purchased electricity	13,269,822	13,425,603
Scope 3		
Fuel, expensed mileage	3,370	6,558
Fuel, Championship transportation	364,550	-
Total kWh	26,566,141	25,206,532
Emissions (tonnes CO₂e)		
Scope 1		
Gas	2,310	2,151
Fuel, grounds	6	9
Fuel, vehicles	13	10
Fuel, Championships generators	60	-
Scope 2		
Purchased electricity - location based 'gross'	2,818	3,130
Purchased electricity - market based 'net' (renewable)	34	55
Scope 3		
Fuel, expensed mileage	1	2
Fuel, Championship transportation	86	-
Total Emissions Scopes 1, 2 'gross' and 3 emissions	5,294	5,302
Total Emissions Scopes 1, 2 'net' and 3 emissions	2,510	2,227
Intensity ratio		
Grounds gross area, includes interior and exterior spaces (m ²)	523,741	523,741
Emissions per m2 (location/gross CO ₂)	0.010	0.010
Emissions per m2 (market/net CO ₂)	0.005	0.004

Notes on methodology used:

Reporting period is 1 August 2020 - 31 July 2021. Emissions are reported in accordance with the GHG Protocol. 2020 DEFRA emission factors are used. Gas and electricity consumption data for main site is from supplier invoices. Other site consumption (c2% total electricity, c4% total gas) is combination of invoices and meter readings and includes some estimated consumption. Fuel consumption is from fuel cards, on site consumption logs and expense records. Grounds area includes external space and gross internal area.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

8. Sustainability reporting and the community (continued)

The group is committed to year on year improvements in operational energy efficiency. Acknowledging that the year was again not a 'normal' year due to Covid-19, and day to day activities on site, despite hosting the Championships in 2021, have not returned to pre-pandemic levels, the group anticipates some increases in future consumption as activities resume. However it has been possible to implement measures which resulted in a reduction in electricity consumption when compared with the year ending 31 July 2020 when The Championships did not take place. Measures that were undertaken during the year include:

- Active management of consumption based on intelligence provided by the energy management platform (upgraded during 2020) to target high energy consuming areas, specifically:
 - Mothballing trial controlling plant and equipment for zones within the Millennium Building, Broadcast Centre, No.1 Court and Aorangi Pavilion;
 - Strict control of operating hours and set points across all buildings both year-round and during The Championships
- Upgrades to lighting systems, replacing with more efficient lamps and controls as part of an ongoing programme of work, specifically:
 - Replacing lights in No.1 Court loading bay perimeter walkway and fluorescent tubes in boiler and plant rooms with LED fittings and sensors
- Ongoing behaviour change and awareness programmes for onsite engineers and technicians promoting energy efficient practices

While not directly related to the consumption figures above, an important aspect of the group's environment positive approach is to use its influence to inspire wider action. During The Championships 2021, the AELTC hosted its first Environment Day, working together with the COP26 team, the BBC and the Met Office to draw attention to the importance of taking action to address climate change. This was showcased through The Championships' media platforms and across BBC output including news bulletins.

The group has a strong responsibility to the local community and is committed to fostering the best interests of tennis both nationally and internationally. Where possible the group will support local businesses and has invested into local tennis facilities at its Sports Ground in Raynes Park which is available to the local community. As set out above the group makes donations to The Wimbledon Foundation annually which makes grants to charities locally, nationally and internationally.

9. 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, exchange rate risk and cyber risk. The board recognises these risks and the importance of managing them through the AELTC's suitably qualified Finance and Risk Management 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 as well as in the construction industry in the context of its Master Plan. 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. Additionally, cost consultants continue to prepare regular formal reports with forecasts of capital expenditure on future projects for presentation to and review by the board.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

9. Financial risk management objectives and policies (continued)

Construction risk

The group is exposed to construction risk in the context of its Master Plan. All construction contracts are put out to formal tender. The company work with experienced contractors, purchasing materials as much in advance as practicable to limit exposure to price changes and to manage actively capital expenditure. In relation to the Somerset Road project the group 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 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 state owned broadcasters such as the BBC.

Liquidity and cash flow risk

Within the AELTC the Net Available Surplus arising from The Championships in 2021 is payable to the LTA under the Championships Agreement. The surplus for a particular year's Championships is paid in instalments usually prior to the end of the subsequent year. Cash receipts in respect of a particular year's Championships are received, often in instalments, during the calendar year. Cash outlays in respect of a particular year's Championships are made throughout the calendar year in which The Championships take place but start in the second half of the previous calendar year.

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. Discussions are regularly held with the LTA to agree timing of payment of the surplus to ensure appropriate resources remain with the company for funding The Championships 2022 and paid to the LTA for its ongoing operations.

In order to finance the No.1 Court project and other Master Plan projects a £200,000,000 secured loan and revolving credit facility with HSBC was signed on 1 July 2019. The loan is due to be repaid primarily 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.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

9. Financial risk management objectives and policies (continued)

Exchange rate risk

A material proportion of the group's income, mostly from broadcast contracts, is denominated in US dollars and euros. 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 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 Committee can choose to employ an alternative policy under which certain US dollar exposures are internally hedged against the US dollar 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 18 to the financial statements provides details of contracts outstanding at the balance sheet date.

Cyber risk

The group has a large digital presence and attracts significant public interest, particularly in the build up 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 hacker's 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.

10. 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.

The All England Lawn Tennis & Croquet Club Limited

Directors' report (continued)

11. Future developments and post balance sheet events

The directors expect to return to full capacity for The Championships 2022. The general level of activity is expected to return to and exceed the levels of 2019 as broadcast contracts and Official Supplier contracts and relationships are extended and developed. The company will continue to monitor fluctuation in exchange rates and the impact on broadcast contracts and prize money comparisons. The operations of The Championships 2022 will be planned considering any ongoing Covid-19 protocols that are required.

Over the next few years the company aims to deliver the key components of the vision outlined in the Master Plan including completion of the Somerset Road project, commencement of work on the media development project with a new media pavilion and technology services room. It also aims to update the Master Plan to outline development across the enlarged site following the acquisition of The Wimbledon Park Golf Club.

12. Subsequent events

Subsequent to the year end the No.1 Court 2022-2026 debenture series was opened and is due to close on 29 October. There were no other post balance sheet events as at the date of this report

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



R G Atkinson
Company Secretary
14 October 2021
Church Road
Wimbledon
London
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 of The All England Lawn Tennis & Croquet Club Limited (the "parent company") and its subsidiaries (the "group"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2021 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 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; and
- the related notes 1 to 26.

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 Financial Reporting Council's (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

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

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework[s] that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, UK pensions legislation and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Recognition of broadcasting and official supplier income:
We evaluated the design and implementation of key controls relevant to the income cycle. We reviewed the key broadcasting and official supplier contracts. We audited the completeness and accuracy of revenue recognised in respect of these contracts by agreement to bank statement and other audit evidence.
- Componentisation of fixed assets:
We evaluated the design and implementation of key controls relevant to the capitalisation cycle. We performed substantive testing of the componentisation of fixed assets capitalised in the period by agreement to supporting audit evidence. We assessed the useful economic lives applied to a sample of additions in the period by comparison to the capitalisation policy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

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

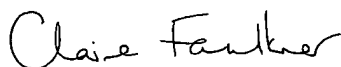
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Claire Faulkner FCA, Senior Statutory Auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 October 2021

The All England Lawn Tennis & Croquet Club Limited

Consolidated profit and loss account Year ended 31 July 2021

	Notes	2021 £000	2020 £000
Turnover	1,3	290,217	4,925
Cost of sales		(117,432)	(40,108)
Gross profit/(loss)		172,785	(35,183)
Administrative expenses		(103,780)	(80,207)
Other operating income	4	6,673	174,000
Operating profit		75,678	58,610
Gain/(loss) on disposal of fixed assets		1,051	(29)
Net finance income	5	9,056	2,112
		85,785	60,693
Division of net available surplus arising from The Championships			
To LTA Operations Limited		(38,829)	(35,892)
Profit before taxation	6	46,956	24,801
Taxation charge	7	(13,632)	(4,537)
Profit after taxation		33,324	20,264

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 2021


	Notes	2021 £000	2020 £000
Profit for the financial year		33,324	20,264
Cash flow hedges			
Gains arising during the period	18	1,541	1,627
Actuarial gain/(loss) on defined benefit pension scheme	22	198	(2,366)
Total comprehensive income		<u>35,063</u>	<u>19,525</u>

The All England Lawn Tennis & Croquet Club Limited

Consolidated balance sheet As at 31 July 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible assets	10	(41,383)	(42,660)
Tangible assets	11	673,362	649,511
Net pension asset	22	4,646	4,444
Investments	12	53,826	43,631
		<u>690,451</u>	<u>654,926</u>
Current assets			
Stock	13	2,391	3,004
Debtors - falling due within one year	14	24,357	42,048
Cash at bank and in hand		74,031	76,920
		<u>100,779</u>	<u>121,972</u>
Creditors: amounts falling due within one year	15	<u>(165,286)</u>	<u>(169,793)</u>
Net current (liabilities)		<u>(64,507)</u>	<u>(47,821)</u>
Debtors - falling due after one year	14	<u>697</u>	<u>837</u>
Total assets less current liabilities		<u>626,641</u>	<u>607,942</u>
Creditors: amounts falling due after more than one year	16	(183,042)	(211,756)
Provisions for liabilities and charges	19	(44,382)	(32,032)
Net assets		<u>399,217</u>	<u>364,154</u>
Capital and reserves			
Share capital	20	-	-
Profit and loss account		285,484	251,879
Debenture premium reserve		112,014	112,097
Hedging reserve		1,663	122
Other reserves		56	56
Total reserves		<u>399,217</u>	<u>364,154</u>

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 14 October 2021 and signed on its behalf by:


I L Hewitt
Chairman

The All England Lawn Tennis & Croquet Club Limited

Company balance sheet As at 31 July 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Tangible fixed assets	11	3,582	3,675
Investments	12	69,882	62,318
		<u>73,464</u>	<u>65,993</u>
Current assets			
Stock		62	69
Debtors - falling due within one year	14	8	32
Cash at bank and in hand		7,827	1,142
		<u>7,897</u>	<u>1,243</u>
Creditors: amounts falling due within one year	15	<u>(272)</u>	<u>(139)</u>
Net current assets		<u>7,625</u>	<u>1,104</u>
Provisions for liabilities and charges	19	<u>(7,350)</u>	<u>(4,161)</u>
Net assets		<u>73,739</u>	<u>62,936</u>
Capital and reserves			
Share capital	20	-	-
Profit and loss account		73,739	62,936
Total reserves		<u>73,739</u>	<u>62,936</u>

The profit after tax for the financial year dealt with in the financial statements of the parent company was £10,803,000 (2020 - £1,036,000).

These financial statements of The All England Lawn Tennis & Croquet Club Limited, company number 07546718, were approved by the board of directors on 14 October 2021 and signed on its behalf by:



I L Hewitt
Chairman

The All England Lawn Tennis & Croquet Club Limited

Consolidated statement of changes in equity As at 31 July 2021

	Profit and loss account £000	Debenture premium reserve £000	Cash flow hedge reserve £000	Other reserves £000	Total £000
At 1 August 2019	233,836	112,242	(1,505)	56	344,629
Profit for the year	20,264	-	-	-	20,264
Change in fair value of forward contract valuation (see note 18)	-	-	1,627	-	1,627
Pension credit to comprehensive income (see note 22)	(2,366)	-	-	-	(2,366)
Total comprehensive income	17,898	-	1,627	-	19,525
Debenture fair value adjustment	145	(145)	-	-	-
At 31 July 2020	251,879	112,097	122	56	364,154
Profit for the year	33,324	-	-	-	33,324
Change in fair value of forward contract valuation (see note 18)	-	-	1,541	-	1,541
Pension credit to comprehensive income (see note 22)	198	-	-	-	198
Total comprehensive income	33,522	-	1,541	-	35,063
Debenture fair value adjustment	83	(83)	-	-	-
At 31 July 2021	285,484	112,014	1,663	56	399,217

Company statement of changes in equity As at 31 July 2021

	Profit and loss account £000	Debenture premium reserve £000	Cash flow hedge reserve £000	Other reserves £000	Total £000
At 1 August 2019	61,900	-	-	-	61,900
Total comprehensive income for the year	1,036	-	-	-	1,036
At 31 July 2020	62,936	-	-	-	62,936
Total comprehensive income for the year	10,803	-	-	-	10,803
At 31 July 2021	73,739	-	-	-	73,739

The All England Lawn Tennis & Croquet Club Limited

Consolidated cash flow statement Year ended 31 July 2021

	Notes	2021 £000	2020 £000
Net cash inflow from operating cash flow prior to division of net available surplus	21	82,019	66,309
Division to LTA Operations Limited – prior years surplus		(47,768)	(33,000)
Net cash inflow from operating cash flow after division of net available surplus		34,251	33,309
Cash flows from investing activities			
Interest received		407	532
Interest paid and similar charges		(1,416)	(2,934)
Purchase of fixed assets		(59,926)	(71,051)
Proceeds from sale of tangible fixed assets and investments		1,089	72
Purchase of WPGC deferred consideration		(5,164)	(5,007)
Net cash outflow from investing activities		(65,010)	(78,388)
Cash flows from financing activities			
Revolving credit facility net (repayment)/ drawdown		(40,000)	5,000
Debentures: Proceeds 2021-2025 Centre Court Series		63,000	63,000
Refund 1/5 th of debenture premiums relating to 2020		(130)	(24,870)
Insurance receipts		5,000	20,000
Net cash inflow from financing		27,870	63,130
Net (decrease)/ increase in cash		(2,889)	18,051
Cash at beginning of year		76,920	58,869
Cash at end of year		74,031	76,920

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 2021

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 of the board of 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 reflect the activities of the group, including the results of, and the division of the surplus arising from, The Championships. The company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. Its registered address is Church Road, Wimbledon, London SW19 5AE.

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The principal accounting policies are summarised below. All have been applied consistently throughout the year and preceding year for the group.

Accounting convention

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council and comply with the Companies Act 2006.

Basis of consolidation

The parent 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, cash flow statement and financial instruments. 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 2021. All subsidiaries are 100% owned by the company, either directly or indirectly, 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.

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.

Going concern

Within the AELTC the Net Available Surplus arising from The Championships is payable to the LTA under the Championships Agreement. The Net Available Surplus for the 2021 Championships will be paid in instalments as discussed with the LTA to ensure appropriate resources remain with The Championships to fund the 2022 Championships and paid to the LTA for its ongoing operations. 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 All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

1. Accounting policies (continued)

Going concern (continued)

A significant surplus was achieved in 2021 following a year of uncertainty. The board focused on the available cashflows throughout the year and continues to do so in planning for The Championships 2022. The board will continue to plan for any Covid-19 protocols which could require additional expenditure to enact such protocols and impact income from The Championships 2022. Following completion of a detailed going concern assessment the board remains confident that sufficient funding is available to continue operations.

The board is satisfied that on the basis of The Championships' 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 Ground Company is funded on an ongoing basis by the annual facility fee received from The Championships and 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 fully drawn secured loan of £50 million and a revolving credit facility of £150 million, of which £25 million was drawn down as at 31 July 2021, to fund its capital expenditure, both of which expire on 31 July 2026. The facility fee from The All England Lawn Tennis Club (Championships) Limited is expected to be received in full for the next financial year. The board are satisfied that, on the basis of the Ground Company'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.

Prospectively, the board are satisfied that the group has sufficient headroom in its secured loan and revolving credit facility to absorb any uninsured refunds that might have to be made in respect of the 2022 Championships and that the base facility fee would remain payable by The All England Lawn Tennis Club (Championships) Limited.

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.

Turnover

Turnover represents amounts receivable for ticket, broadcast, marketing, retail, food and drink 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.

Income from insurance has been recognised in the year only at the point that it is virtually certain.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

1. Accounting policies (continued)

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:

<i>Land and buildings</i>	
Freehold buildings	2% per annum
Sports pavilion	4% per annum
<i>Plant & machinery</i>	
Plant & machinery	5% - 20% per annum
Fixtures and fittings	20% per annum
Computer hardware & software	33% per annum
<i>Motor vehicles</i>	25% per annum
Museum equipment	10% - 20% 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.

A full year of depreciation is recorded in the first year of Championships use for assets expected to receive the majority of use during the Championships. For assets expected to be used as frequently all year round, depreciation is charged accordingly from when the asset was brought into use.

Intangible assets

Website costs and Tournament sanctions

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is recognised as an administrative expense in the Profit and loss account and provided on the cost of each asset on a straight-line basis over its expected useful life, as follows:

Website architecture	20% per annum
Tournament sanctions	10% per annum

An assessment for impairment is conducted annually, considering future strategic value.

Goodwill

Goodwill has been recognised following the acquisition of 50% of the Ground Company from the LTA in 2013 and the acquisition of WPGC in 2018, representing the excess of fair value over the identifiable assets and liabilities acquired over the consideration paid. The goodwill is capitalised and is being written off to administrative expenses within 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 for the Ground Company and on the basis of the remainder of the lease over the land on which the golf club is situated.

Pension costs

The group operates 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.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

1. Accounting policies (continued)

Pension costs (continued)

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 group'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.

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 group 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 group 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.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

1. Accounting policies (continued)

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).

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 series.

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.

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.

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.

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.

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 2021

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 group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, 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 2021

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.

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.

The following are the critical estimations that the board have made in the process of agreeing the group's 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.

Goodwill

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

No critical judgements have been identified.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

3. Segmental reporting

	Turnover £000	Operating profit £000	Profit before tax £000	Net assets £000
Year ended 31 July 2021				
Activities in respect of The Championships	290,153	77,571	38,242	342,271
Other activities of the group	64	(1,893)	8,714	56,946
Total activities	290,217	75,678	46,956	399,217
Year ended 31 July 2020				
Activities in respect of The Championships	4,866	60,402	21,328	315,186
Other activities of the group	59	(1,792)	3,473	48,968
Total activities	4,925	58,610	24,801	364,154

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.

Operating profit includes other operating income, see note 4.

4. Other operating income

Other operating income received in the year reflects income from insurance receipts of £6,673,000 (2020: £174,000,000) following cancellation of The Championships 2020 and final settlement with the insurers. During the year £6,673,000 (2020: £157,000,000) was received. In 2020 an amount of £17,000,000 was agreed post year end and accrued.

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)
Year ended 31 July 2021

5. Net finance income

	2021	2020
Group	£000	£000
Interest receivable and similar income	-	-
Income from investments	407	533
Movement in fair value of investments	10,144	4,764
Other finance income (see note 22)	60	136
Total finance income	10,611	5,433
<i>Interest payable and similar charges</i>	<i>(1,472)</i>	<i>(3,176)</i>
Debenture finance cost	(83)	(145)
Total finance expense	(1,555)	(3,321)
Net finance income	9,056	2,112

6. Profit on ordinary activities before taxation

	2021	2020
	£000	£000
The profit on ordinary activities before taxation for division is stated after charging:		
Depreciation of tangible assets	30,890	30,713
Amortisation of intangible assets	515	516
(Profit)/loss on disposal of fixed assets	(1,051)	29
Operating lease rentals	143	174
Foreign exchange loss	523	1,222
Negative goodwill written back	(2,389)	(2,389)
Amortisation of goodwill	597	597
Fees payable to the company's auditor for the audit of the company's financial statements	19	17
Fees payable to the group's auditor for the audit of the group's financial statements	284	197
Total audit fees	303	214
Other services – tax compliance	104	82
Other services – tax advisory	135	61
Total non-audit fees	239	143

The All England Lawn Tennis & Croquet Club Limited
Notes to the financial statements (continued)
Year ended 31 July 2021

7. Tax on profit on ordinary activities

	2021	2020
	£000	£000
Current Tax		
Tax at the corporation tax rate of 19% (2020 – 19%)	1,289	593
Adjustment in respect of prior years – corporation tax	(7)	45
	<u>1,282</u>	<u>638</u>
Current tax charge for the year	1,282	638
Deferred Tax		
Adjustment in respect of prior years – deferred taxation	(476)	297
Impact of change in tax rate	10,651	3,345
Depreciation in excess of capital allowances	250	(646)
Unrealised gains on investments	1,925	903
	<u>12,350</u>	<u>3,899</u>
Deferred tax charge	12,350	3,899
Total tax charge on profit on ordinary activities	<u><u>13,632</u></u>	<u><u>4,537</u></u>
Reconciliation of current year taxation charge		
Group profit on ordinary activities before tax	<u>46,956</u>	<u>24,801</u>
Tax charge on profit on ordinary activities at 19% (2020 – 19%)	8,922	4,712
Factors affecting charge:		
Expenses not deductible for taxation purposes	2,245	2,037
Non-taxable income	(7,715)	(5,898)
Effect on opening deferred tax of change in tax rate	10,651	3,345
Gains on sale of investments	12	-
Adjustments to tax charge in respect of previous periods	(483)	341
	<u>13,632</u>	<u>4,537</u>
Current taxation charge for the year	<u><u>13,632</u></u>	<u><u>4,537</u></u>

The standard rate of UK corporation tax applied throughout the year was 19%.

An increase in the rate of corporation tax to 25% will be effective from April 2023. This was substantively enacted at the balance sheet date and therefore deferred tax has been calculated at the rate of 25% (2020:19%).

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

8. Staff costs

The average monthly number of employees was:

Group	2021 No.	2020 No.
Year round staff	402	432

Their aggregate remuneration comprised:

Group	2021 £000	2020 £000
Wages and salaries	20,305	19,182
Social security costs	2,341	2,249
Other pension costs	1,687	1,502
	24,333	22,933

In the current year 838 further staff were employed by the group on short term contracts to support The Championships during June and July (June and July 2020 - nil).

The company had no employees during the year.

Directors' emoluments

The directors received no remuneration during the year (2020 - £nil).

9. 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 £10,803,000 (2020 – £1,036,000) 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 2021

10. Intangible assets

Group	Negative goodwill £000	Goodwill £000	Website develop- ment £000	Tourn- ament sanctions £000	Total £000
Cost					
At 1 August 2020 and 31 July 2021	(79,625)	13,738	768	3,620	(61,499)
Accumulated amortisation					
At 1 August 2020	20,703	(1,194)	(308)	(362)	18,839
Amortisation during year	-	(597)	(153)	(362)	(1,112)
Amount written back during the year	2,389	-	-	-	2,389
At 31 July 2021	23,092	(1,791)	(461)	(724)	20,116
Net book value					
At 1 August 2020	(58,922)	12,544	460	3,258	(42,660)
At 31 July 2021	(56,533)	11,947	307	2,896	(41,383)

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.

Goodwill has been recognised upon the acquisition of the Wimbledon Park Golf Club, representing the excess consideration paid over the fair value of the assets and liabilities acquired. The goodwill is capitalised and amortised to the profit and loss account over 23 years being its useful economic life, which has been calculated on the basis of the remainder of the lease over the land on which the golf club is situated.

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

Year ended 31 July 2021

11. Tangible assets

Group	Land & buildings £000	Assets under development £000	Plant & equipment £000	Motor vehicles £000	Museum artefacts £000	Total £000
Cost						
At 1 August 2020	808,065	74,300	10,094	424	1,885	894,768
Assets completed	13,022	(13,022)	-	-	-	-
Additions	11,426	44,497	131	23	34	56,111
Disposals	(5,217)	-	-	-	-	(5,217)
At 31 July 2021	827,296	105,775	10,225	447	1,919	945,662
Accumulated depreciation						
At 1 August 2020	(235,967)	-	(8,939)	(351)	-	(245,257)
Charge for the year	(30,453)	-	(413)	(24)	-	(30,890)
Disposals	3,847	-	-	-	-	3,847
At 31 July 2021	(262,573)	-	(9,352)	(375)	-	(272,300)
Net book value						
At 31 July 2020	572,098	74,300	1,155	73	1,885	649,511
At 31 July 2021	564,723	105,775	873	72	1,919	673,362

Depreciation is not charged on freehold land with a cost of £70,841,000 (2020 - £70,841,000).

Depreciation is not charged on Museum artefacts with a cost of £1,919,000 (2020 - £1,885,000).

Depreciation was not charged on assets totalling £nil (2020: £14,008,000) which were completed by 31 July 2021 but did not become available for use prior to that date.

Freehold land and buildings have been provided as security against the £200,000,000 loan and revolving credit facility which was signed on 1 July 2019.

Freehold land and buildings includes £2,218,000 of borrowing costs capitalised against the No.1 Court project. There were no capitalised borrowing costs in 2021 or 2020.

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

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

11. Tangible assets (continued)

Company	Land & buildings £000	Total £000
Cost		
At 1 August 2020	3,861	3,861
Additions	-	-
At 31 July 2021	3,861	3,861
Accumulated depreciation		
At 1 August 2020	(186)	(186)
Charge for the year	(93)	(93)
At 31 July 2021	(279)	(279)
Net book value		
At 31 July 2020	3,675	3,675
At 31 July 2021	3,582	3,582

12. Investments

	Other Fair Value £000	Other Cost £000	Subsidiaries Cost £000	Total £000
Group				
At 1 August 2020	43,271	360	-	43,631
Additions	261	-	-	261
Disposals	(210)	-	-	(210)
Change in fair value of investments	10,144	-	-	10,144
At 31 July 2021	53,466	360	-	53,826
Company				
At 1 August 2020	32,259	-	30,059	62,318
Additions	261	-	-	261
Disposals	(210)	-	-	(210)
Change in fair value of investments	7,513	-	-	7,513
At 31 July 2021	39,823	-	30,059	69,882

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

12. Investments (continued)

Other investments at fair value include investments in unitholdings or managed funds. The fair value of listed investments was determined with reference to the quoted market price at reporting date. The book value of these listed investments held by the group was £13,546,000 (2020 - £13,493,000). The book value of these listed investments held by the company was £10,368,000 (2020 - £10,315,000).

At 31 July 2021, 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 Motor Park Limited	England & Wales	Dormant	Ordinary	100
The Wimbledon Lawn Tennis Museum Limited	England & Wales	Dormant	Ordinary	100
The Wimbledon Park Golf Club	England & Wales	Golf Club	Ordinary	100

The Wimbledon Park Golf Club is a subsidiary of The All England Lawn Tennis Ground plc.

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.

13. Stock

Stock of £2,391,000 (2020: £3,004,000) was held at the year end. Stock recognised in cost of sales during the year as an expense was £2,237,000 (2020 - £526,000).

A gain of £5,000 (2020 - loss of £1,143,000) was recognised in cost of sales during the year due to gains on stock previously written off. In the prior year this related to obsolete stock following cancellation of The Championships 2020 and shrinkage.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

14. Debtors

	2021 £000	2020 £000
Group		
Falling due within one year		
Trade debtors	14,850	1,690
Other debtors	5,526	24,326
Prepayments and accrued income	2,249	15,634
Derivative financial assets (see note 18)	1,732	398
	<u>24,357</u>	<u>42,048</u>
Falling due after one year		
Capitalised loan costs	697	837
	<u>697</u>	<u>837</u>
	2021 £000	2020 £000
Company		
Falling due within one year		
Prepayments and accrued income	8	32
	<u>8</u>	<u>32</u>

15. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Group		
WPGC acquisition deferred consideration	5,565	5,245
Trade creditors	15,414	64,597
Other creditors	167	108
Amount payable to LTA Operations Limited	38,708	53,769
Corporation tax	563	220
Taxation and social security	2,818	705
Accruals and deferred income	100,954	39,168
Debenture creditor	1,028	5,705
Derivative financial instruments (see note 18)	69	276
	<u>165,286</u>	<u>169,793</u>

The WPGC acquisition deferred consideration relates to the guaranteed loan notes which are payable in equal 25% instalments not less than fourteen days prior to the redemption dates of 31 December 2019, 31 December 2020, 31 December 2021 and the final redemption date of 31 December 2022. Included within WPGC acquisition deferred consideration due within one year is a balance of £320,000 relating to loan notes payable as at 31 December 2019 and 31 December 2020 which have not yet been redeemed in full by the loan note holder.

Debenture creditors payable within one year include the nominal value due for repayment in respect of residual balances from previous series and the nominal value of the 2017-2021 No.1 Court debentures which are free of interest and unsecured and are repayable at par on 2 August 2021.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

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

	2021 £000	2020 £000
Company		
Trade creditors	-	3
Amounts due to The All England Motor Park Limited	20	20
Amount due to The All England Lawn Tennis Club (Championships) Limited	1	11
Accruals and deferred income	251	105
	<u>272</u>	<u>139</u>

Related party balances are repayable on demand, and do not incur interest.

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

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Bank loan – measured at fair value	74,768	114,721	-	-
WPGC acquisition deferred consideration	5,245	10,729	-	-
Debentures: 2017-2021 No.1 Court Series	-	988	-	-
Debentures: 2021-2025 Centre Court Series	4,749	4,678	-	-
Debenture premia	98,280	80,640	-	-
	<u>183,042</u>	<u>211,756</u>	<u>-</u>	<u>-</u>

Bank loan and WPGC acquisition deferred consideration

	Group	
	2021 £000	2020 £000
Between one and five years	80,013	125,450
On demand or within one year	5,565	5,245
	<u>85,578</u>	<u>130,695</u>

The bank loan maturing on 31 July 2026 amounts to £200,000,000 and comprises a £50,000,000 term loan and a £150,000,000 revolving credit facility. As at 31 July 2021, all the term loan had been drawn down (2020: £50,000,000), £25,000,000 of the revolving credit facility had had been drawn down in cash (2020: £65,000,000) and £10,810,000 had been drawn down in loan note guarantees (2020: £15,974,000). The loan is secured against the freehold land and buildings with a carrying value of £525,281,000 (2020: £466,634,000). The terms of the loan restrict the company from making significant acquisitions or disposals without the consent of the lender. Interest is payable on the bank loan at a variable rate of LIBOR plus a margin on the principal amount. The margin varies dependent on the aggregate amount of drawings from all parts of the facility. It is a rate of 0.75% over LIBOR for total drawings less than or equal to £175,000,000 and a rate of 1.00% over LIBOR for total drawings between £175,000,000 and £200,000,000.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

16. Creditors: Amounts falling due after more than one year (continued)

The loan repayment terms require the term loan to be reduced by an amount equal to 90% of the net proceeds of all instalments of the 2026–2030 Centre Court debenture issue and of the subsequent No.1 Court issue. As and when the term loan is reduced to zero, repayment terms are such that the revolving credit facility is to be reduced by an amount equal to 0% of the net proceeds of all further such instalments, until the revolving credit facility is less than £75,000,000.

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

The 2021-2025 Centre Court debentures which are free of interest and unsecured are repayable at par on 1 August 2025. The interest charged for the year is calculated by applying an effective interest rate of 1.50% per cent to the liability component.

The current fair value of the amount that falls due after more than five years is £4,749,000 (2020 - £4,678,000).

17. Financial instruments

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

	2021 £000	2020 £000
Financial assets		
Measured at fair value and designated in an effective hedge relationship		
Derivative financial assets – forward currency contracts (see note 18)	1,732	398
Measured at undiscounted amount receivable		
Trade debtors (see note 14)	14,850	1,690
Other debtors	4,594	18,875
Accrued income	-	17,000
Measured at amortised cost		
Cash at bank and in hand	74,031	76,920
	<u>95,207</u>	<u>114,883</u>
	2021 £000	2020 £000
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities – forward currency contracts (see note 18)	69	276
Measured at amortised cost		
Bank loan	74,768	114,721
Trade and other creditors due within one year (see note 15)	22,162	75,649
Accruals (see note 15)	37,792	13,735
Trade and other creditors due after more than one year (see note 16)	5,245	10,729
Amounts due to related parties (see note 15)	38,708	53,769
	<u>178,744</u>	<u>268,879</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

18. Derivative financial instruments

	Due within one year		Due after one year	
	2021 £000	2020 £000	2021 £000	2020 £000
Financial assets				
Measured at fair value and designated in an effective hedge relationship				
Derivative financial assets – forward currency contracts	1,732	398	-	-
	<u>1,732</u>	<u>398</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Measured at fair value and designated in an effective hedging relationship				
Derivative financial liabilities – forward currency contracts	(69)	(276)	-	-
	<u>(69)</u>	<u>(276)</u>	<u>-</u>	<u>-</u>
Net hedging reserve	<u>1,663</u>	<u>122</u>	<u>-</u>	<u>-</u>

Foreign currency contracts

Forward foreign currency contracts are valued using quoted forward exchange rates.

The Championships have entered into a number of forward contracts to sell US dollars and Euros to manage the effect of future exchange rate fluctuations on foreign currency receipts from contracted income in the year to 31 July 2022.

	Average contractual exchange rate		Notional value		Fair value	
	2021	2020	2021 £000	2020 £000	2021 £000	2020 £000
Sell Euros						
Less than one year	1.12	1.14	8,920	7,881	9,274	7,628
Sell US dollars						
Less than one year	1.35	1.28	41,501	13,277	42,810	13,652
Total foreign currency contract			<u>50,421</u>	<u>21,158</u>	<u>52,084</u>	<u>21,280</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

19. Provisions for liabilities and charges

Deferred taxation movement for the year:

	The group		The company	
	2021	2020	2021	2020
	£000	£000	£000	£000
At 1 August	32,032	28,133	4,161	3,139
Deferred taxation:				
Charge to profit and loss account:				
Current year	2,175	257	1,425	659
Due to rate change	10,651	3,345	1,764	369
Prior years	(476)	297		(6)
At 31 July	<u>44,382</u>	<u>32,032</u>	<u>7,350</u>	<u>4,161</u>
Analysis of deferred tax				
Unrealised gains on investments	20,424	8,324	7,357	4,169
Capital allowances in excess of depreciation	23,958	23,708	(7)	(8)
Losses carried forward		-		-
Closing balance	<u>44,382</u>	<u>32,032</u>	<u>7,350</u>	<u>4,161</u>

Deferred taxation is provided for at rates expected to apply when the timing differences reverse, based on current tax rates and law. The deferred tax balances carried forward reflect UK corporation tax rate of 25% (2020: 19%).

An increase in the rate of corporation tax to 25% effective from April 2023 was substantively enacted at the balance sheet date and therefore deferred tax has been calculated at the rate of 25% (2020: 19%).

During the year beginning 1 August 2021, the net reversal of the deferred tax liability on fixed asset timing differences is expected to be £305,000 (2020: £1,074,000).

20. Share Capital and reserves

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 2021

21. Cash flow statement

Reconciliation of operating profit to operating cash flows:

	2021 £000	2020 £000
Operating profit	75,678	58,610
Depreciation and other amounts written off tangible fixed assets	30,890	30,713
Amortisation and other amounts written off intangible fixed assets	(1,277)	(1,275)
Loss on sale of tangible fixed assets	-	(45)
Debenture premia	(37,760)	(25,000)
Difference between pension charge and cash contributions	56	46
Non-cash movement in forward contract	1,627	(1,294)
Decrease in debenture fair value adjustment	(83)	(144)
Decrease in amount owed to LTA Operations Limited	(6,122)	(1,729)
Decrease/(increase) in stock	613	(1,524)
Decrease/(increase) in debtors	12,777	(17,839)
Increase in creditors	6,136	27,102
Corporation tax paid	(516)	(1,312)
Net cash inflow from operating activities prior to division of net available surplus	<u>82,019</u>	<u>66,309</u>

Net debt reconciliation

	2020 £000	Cash flows	Other non- cash changes £000	2021 £000
Cash at bank	76,920	(2,889)	-	74,031
Bank loan	(114,721)	40,000	(47)	(74,768)
WPGC acquisition deferred consideration	(15,974)	5,164	-	(10,810)
Debenture premia	(80,640)	(50,400)	32,760	(98,280)
Net debt	<u>(134,415)</u>	<u>(8,125)</u>	<u>32,713</u>	<u>(109,827)</u>

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

22. Pension schemes

Defined contribution schemes

A defined contribution scheme operates for all qualifying employees. The total expense charged to profit and loss in the period ended 31 July 2021 was £1,350,000 (2020 - £1,122,000). The unpaid employer's contributions outstanding at year end were £135,000 (2020 - £114,000).

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 Scheme's assets and the present value of the defined benefit obligation were carried out at 11 January 2020. The defined benefit scheme was closed to new entrants with effect from 2002.

The key assumptions used for the actuarial valuation were:

	Valuation at 31 July:	
	2021	2020
Discount rate	1.5%	1.30%
Rate of increase in salaries	4.15%	3.65%
Rate of increase in pensions in payment (5% cap)	3.3%	2.90%
Rate of increase in pensions in payment (3% cap)	2.6%	2.40%
Inflation assumption (increase in RPI)	3.4%	2.90%

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

22. Pension schemes (continued)

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group'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:	
	2021 years	2020 years
Retiring today		
Males	22.4	22.4
Females	24.7	23.7
Retiring in 20 years		
Males	23.7	24.6
Females	25.8	25.7

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:

	2021 £000	2020 £000
Current service cost	(385)	(294)
Net interest income	60	136
	(325)	(158)
Recognised in other comprehensive income	198	(2,366)
Total movement in P&L reserve	(127)	(2,524)

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

	2021 £000	2020 £000
Present value of defined benefit obligations	(41,639)	(43,029)
Fair value of scheme assets	46,285	47,473
Surplus in the scheme	4,646	4,444

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

22. 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:	2021 £000	2020 £000
At 1 August	43,029	37,488
Current service cost	427	328
Net interest cost	553	744
Actuarial (gains) on experience	(2,005)	(77)
Loss on changes in assumptions	560	5,180
Benefits paid	(925)	(634)
At 31 July	41,639	43,029

Movements in the fair value of scheme assets were as follows:	2021 £000	2020 £000
At 1 August	47,473	44,207
Expected return on scheme assets	613	880
(Loss)/gain on asset return	(1,248)	2,738
Contributions from principal employer	330	248
Death in service insurance premiums paid	-	(6)
Contributions from scheme members	42	40
Benefits paid	(925)	(634)
At 31 July	46,285	47,473

Analysis of scheme assets at the balance sheet date	2021 £000	2020 £000
Gilts and bonds	36,244	34,856
Equities	1,821	3,212
Net current assets	549	603
Secured pensions	7,671	8,802
Total fair value	46,285	47,473

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 2022 financial year is £388,000.

The All England Lawn Tennis & Croquet Club Limited

Notes to the financial statements (continued)

Year ended 31 July 2021

23. Financial commitments

	2021 £000	2020 £000
Capital commitments are as follows:		
Committed but not provided for in these accounts	41,810	55,752
Future minimum lease payments under non-cancellable operating leases are as follows:		
Expiry within one year	468	138
Expiry date between one and five years	1,428	157
	1,858	-
	3,754	295

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.

24. 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:

	2021 £000	2020 £000
LTA Operations Limited		
- Subvention fees	5,000	5,000
- Officiating fees	1,025	450

In addition the value of tickets for The Championships sold to LTA Operations Limited exclusive of VAT was £4,282,000 (2020 - £nil).

Balances owed at year end are shown within creditors in note 15.

The total remuneration for key management personnel for the period was £6,062,000 (2020 - £6,763,000)

25. Ultimate controlling party

The company, a Members' club, is a company limited by guarantee and there is no ultimate controlling party. The company's registered office address is shown on page 1.

26. Post balance sheet events

Subsequent to the year end the No.1 Court 2022-2026 debenture series was opened and is due to close on 29 October. There were no other post balance sheet events as at the date of this report.