FINANCE & GOVERNANCE

REPORT 2022

TENNIS
FOR BRITAIN

CONTENTS

CHAIRMAN'S REPORT

CHAIRMAN'S REPORT

Welcome to the LTA's Finance and Governance Report for 2022. It's been another strong year for Great British tennis both on and off the courts, and whilst there have been a number of difficult challenges, we have built on our strategic plans and delivered further significant milestones.

2022 will be remembered as the year of the passing of Her Majesty the Queen. Her Majesty was a former patron of the LTA who graciously gave up her time to open our National Tennis Centre at Roehampton in 2007. We joined the rest of the nation in paying tributes to Her Majesty including holding a minute's silence at the start of each day's play at the Davis Cup.

The past 12 months has also seen Great Britain largely emerging from the pandemic. However, a cost-of-living crisis has since emerged and the impact of the Russian invasion of Ukraine has been felt keenly, also bringing with it further challenges for the tennis and wider sporting communities as to how tournaments should proceed in 2023.

Last year we took the very difficult decision to ban Russian and Belarusian players from our events as we looked to support Ukraine. Our position of support remains unchanged in 2023 but as a result we faced significant penalties from the international tours, including fines and the real threat of losing our membership of the ATP and WTA. This would have meant the cancellation of our professional tennis events at Queens, Eastbourne, Birmingham and Nottingham which would have had a very damaging effect on British tennis and impacted millions of fans.

Taking this, and other factors into consideration, we worked closely with the UK Government, ATP, WTA and ITF, alongside the All England Club, to agree that all Russian and Belarusian players and support staff who wished to take part in our events in 2023 would be required to sign neutrality declarations. This is in line with the UK Government's guidance and is an approach that has been used in other sports.

Like many other organisations we have been affected by the macro-economic climate, through both our operational activities and investments. We have reported an operating loss before exceptional items of £8.0m in 2022 against an operating loss of £5.6m in 2021. This increased loss was largely driven by the increased investment in international competitions. Fines of £1.4m imposed on the LTA for excluding Russian and Belarusian players from the tournaments in 2022 have been treated as exceptional costs, resulting in an operating loss after exceptional items of £9.5m. In addition, unrealised investment losses of £7.1m, in an unprecedentedly volatile market, together with other smaller movements contributed to a total loss for the group of £16.4m.

PARTICIPATION

We have seen a significant rise in participation figures across 2022, helping us progress our vision of Tennis Opened Up – making the sport relevant, accessible, welcoming and enjoyable.

The number of adults reporting that they had played tennis during the year increased 43% compared to 2021, rising from 3.3 million to 4.7 million from January through to December. This is the highest total since 2017 and has continued the growth seen in 2018/19 which was interrupted during the pandemic. More than 2 million adults now play tennis monthly in Great Britain - the highest level we have recorded. This has meant that we have achieved the targets set out in our 5-year 2018-23 strategy for adult annual and monthly participation one year ahead of schedule.

Annual participation amongst 16-34 year-olds jumped 48% over 2022 - more than any other age category. However the biggest playing increase (53%) has been recorded amongst lower socio-economic groups (classified as C2DE background), which is a positive endorsement of the work we have carried out to make tennis more welcoming and accessible.

Children's weekly participation has seen positive growth with 3.6 million children playing tennis in 2022, which represents an increase of 418,000 over the year. This follows the successful roll-out of the LTA Youth programme which has been a significant step change for children's tennis.

We can also show a positive picture with women's participation which grew 34% last year, in a sport where 41% of adult tennis players are female, meaning tennis is one of the most gender balanced sports in the country.

Indeed in 2022 we delivered a coordinated drive to increase female involvement in tennis through She Rallies – an ambition for tennis to lead the way towards becoming a truly gender balanced sport. Within this, we put a focus on taking action in the key areas where it is most needed, and we know we can make a difference - participation, workforce, and visibility.

As part of this, alongside the ITF, we signed the Brighton plus Helsinki Declaration on Women and Sport. We also pushed to boost the visibility of women's sport by issuing a call for removing the inherent gender bias that exists within internet search engine results about sport.

October saw us partnering with Prime Video to launch a multi-year programme to inspire thousands of girls to pick up a racket and play tennis following Emma Raducanu's success at the US Open. Under the Prime Video LTA Youth Girls programme, we will be training coaches across Great Britain to deliver lessons and guidance specifically designed for girls. In November we hosted the Billie Jean King Cup Finals in Glasgow, the first time the finals have taken place in Great Britain since 1991. We combined hosting with a wide range of outreach work in Glasgow to engage local communities in women's tennis – including staging a city centre exhibition in partnership with Getty Images.

For all this work the She Rallies initiative was recognised with the silver award at the ITF Advantage All awards.

We continue to work hard to drive participation in other underserved tennis areas, for example our successful SERVES and Open Court programmes, both supported by Sport England. The LTA SERVES programme is currently delivered in 432 venues, such as community centres, youth clubs, mosques and gurdwaras. Whilst disability tennis sessions continued in 2022 at over 400 of our LTA Open Court venues, we also partnered with the BBC and design and innovation company AKQA. This led to a live stream at the cinch Championships of AKQA's audio technology Action Audio, a unique enhanced audio experience for blind and partially sighted tennis fans. In Visually Impaired tennis more widely there were nine LTA VI Regional Tournaments in 2022 between March and October, ahead of the 2022 LTA VI Tennis National Finals in Wrexham in November, contested by 36 athletes across all sight classifications.

Safeguarding remains at the heart of everything we do and we have transformed our approach following best-in-class procedures, systems and processes. In 2022 we were announced as the winner of the Outstanding Contribution to Safeguarding category at the inaugural Sacpa Annual Safeguarding Awards - the only sport's governing body recognised across the awards.

We were also pleased to see really strong growth in padel over 2022. There was significant progress on the LTA's Padel Development Plan including the initiation of the Padel Performance Programme.

We continued to support the development of new facilities across Great Britain such as courts, floodlights, air bubbles and indoor centres, with £2.48m in grants and loans invested across Great Britain. This is alongside investment to support clubs to grow and retain membership, increase participation, be financially sustainable, and open their doors further to the local community. Elsewhere, we have worked hard to improve engagement with coaches with an overhaul of support and qualifications and enhancements to continuous professional development.

PERFORMANCE

2022 was another successful year with Great British elite tennis players winning 6 Grand Slam trophies.

We hosted new events outside the traditional summer season to bring the best players to audiences in Great Britain via the Davis Cup Finals Group Stage and the Billie Jean King Cup Finals where Great Britain made it through to the semi-finals for the first time since 1981.

Overall Great Britain's professional players won 209 unique titles, up from 141 in 2021.

Joe Salisbury with American Rajeev Ram at the US Open defeated Neal Skupski and Wesley Koolhof from the Netherlands to become Great Britain's most successful doubles player (men's) in the Open Era. He also made history in becoming world No.1 as the first Great British player to win the Nitto ATP Finals doubles event and claiming another 2 ATP Masters crowns in Monte Carlo and Cincinnati.

Neal Skupski successfully defended his Wimbledon mixed doubles title with Desirae Krawczyk in July. Skupski also joined forces with Wesley Koolhof to win 7 tour titles, including 3 ATP Masters, as well as finishing the year as world No.1.

Cam Norrie continued to shine on the ATP Tour – reaching as high as world No.8 and making his first Grand Slam semi-final at Wimbledon. Norrie also doubled his career singles title tally to 4.

Alicia Barnett and Olivia Nicholls have been one of the rising teams on the WTA Tour with a year of many firsts and career-best wins. Lloyd Glasspool had success with his Finnish partner Harri Heliovaara, rising to world No.12 in 2022, winning their second title at the ATP 500 in Hamburg and reaching 7 finals.

Great British players won 9 singles titles on the ATP Challenger Tour - the most Great Britain has ever recorded.

Jack Draper - who is supported by the LTA's Pro Scholarship Programme, sealed 4 titles in the first quarter of the year – a new tour record – and broke into the world's top 50.

Dan Evans won his second Rothesay Open Nottingham title and Jay Clarke his third Challenger crown. There were first Challenger titles for Paul Jubb, Stuart Parker and Jan Choinski.

Thanks to our enhanced Performance Competitions Calendar, new for 2022, there were more pro-level tournaments in Great Britain this year than ever before. During the year we doubled the number of ITF WTT events and held twice the number of international events for juniors compared to 2017-19.

Henry Patten and Julian Cash were one of the most notable beneficiaries from this, winning 4 doubles titles at Great British ITF WTT events, with 10 more trophies on the Challenger Tour.

Sonay Kartal also took full advantage, with 4 W25 singles titles helping her to break into the top 200, compete in the Billie Jean King Cup and get a wild card to the Wimbledon main draw.

Other Great British players such Lily Miyazaki, Freya Christie, Ali Collins, Eden Silva, Alastair Gray and Arthur Fery also delivered wins across the W60 Glasgow, W25 Nottingham and ITF titles.

Alfie Hewett continued to dominate the men's wheelchair Grand Slams, bringing home another 3 in 2022. After finishing runner-up at Wimbledon, Hewett won his third singles crown at the US Open. Doubles team Hewett and Reid also collected 2 grand slam titles this year.

Andy Lapthorne won his sixth doubles title at the Australian Open, with his quad doubles partner, David Wagner. The best of Lucy Shuker's 6 titles came at the Georgia Open, where together with Dana Matthewson, she beat top seeds Aniek Van Koot and Zhenzhen Zhu in the final.

Ben Bartram is one of 5 Great British wheelchair stars to have won their first pro singles titles in 2022. Dahnon Ward, Abbie Breakwell, Ruby Bishop and Robyn Love all had maiden singles wins.

Our vision is to be a leading nation for wheelchair player development and the wheelchair sport of choice across Great Britain. Our Wheelchair Tennis Initiative ran at 6 sites and is designed to attract people with physical impairments who have the athletic potential to be future Grand Slam and/or Paralympic Champions.

To support our elite players' performance, we've continued to invest in facilities at the National Tennis Centre in Roehampton. In 2022 we also entered into an agreement with Nottingham City Council to acquire the long-term lease and management of Nottingham Tennis Centre. Significant improvement works have been carried out as a result and development continues.

TRANSFORMATION

In October 2022 we issued an update on our Inclusion Strategy – one year after it was published. As well as She Rallies, we've also launched further initiatives to open tennis up to underserved groups through our Breaking Down Barriers plan and to open up tennis to more people with an impairment through targeted actions in our Open for All plan. Alongside this, we've continued to build on our collaborations with organisations such as Pride in Tennis and launched our own Inclusion and Diversity Advisory Group with experts from the inclusion sector.

We know there are still underserved communities across the country where tennis is less well established. In 2021 The Tennis Foundation and The LTA Trust were merged to form LTA Tennis Foundation which is committed to improving lives through tennis.

The LTA Tennis Foundation is already investing in some key projects. As well as supporting facility developments at clubs and local authority sites, using existing reserves, it is committing significant funding into the LTA and the Government's joint parks project. It is also supporting the delivery of tennis in schools by providing £250 worth of vouchers for tennis equipment to schools who sign up for LTA Youth.

Our multi-million pound project to transform thousands of local authority park tennis courts across Great Britain, with investment from both the Government and LTA Tennis Foundation, has been progressing well with work beginning on sites towards the end of 2022. Park tennis court facilities are owned by local authorities and are vital community assets. They are particularly important in providing affordable, engaging and accessible opportunities for more female players and those from underserved communities. This will be a key focus for 2023.

All this is, by its very nature, just a snapshot of key highlights of the past year but it is with real pride that I reflect back on the last year. I'd like to finish by thanking tennis venues, coaches, officials and volunteers, as well as my dedicated LTA colleagues, Council members, my fellow Board members and all the individuals and organisations we work with for everything we have collectively achieved. I'm sure 2023 will be another exciting year in delivering our mission of Tennis opened up.

Thank you.

E. Mervyn Davies

Lord Davies of Abersoch
Chairman

KEY HIGHLIGHTS 2022

PARTICIPATION

ADULTS PLAYING TENNIS
INCREASED 43% FROM 2021, FROM
3,300,000
TO
4,700,000

3,630,000
CHILDREN PLAYING TENNIS
IN 2022, AN INCREASE OF
418,000
OVER THE YEAR

ANNUAL PARTICIPATION
AMONGST 16-34 YR-OLDS
JUMPED
48%

WOMEN'S
PARTICIPATION
GREW
34%

INCLUSION

FIVE
INCLUSION INITIATIVES LAUNCHED
One year update to our Inclusion Strategy, She Rallies, Breaking Down Barriers, Open for All and launch of Inclusion and Diversity Advisory Group (IDAG)

14,138
TENNIS PLAYERS
playing once a month under the
LTA SERVES PROGRAMME

400
LTA OPEN COURT VENUES

JUST UNDER
10,000
DISABLED PEOPLE
playing tennis once a month

OVER 10,000
SCHOOL TEACHERS
TRAINED IN DELIVERING
LTA YOUTH

For every teacher trained, an average of
TWO HUNDRED
CHILDREN PLAY TENNIS
IN THAT SCHOOL

PERFORMANCE & COMPETITIONS

2 NEW MAJOR EVENTS
held outside the traditional summer season:
BILLIE JEAN KING CUP AND DAVIS CUP

TEN BRITISH TENNIS PLAYERS REACHED WIMBLEDON'S SECOND ROUND
more than any time since 1984

40 WEEKS
enhanced international ranking
POINT & PRIZE MONEY EARNING OPPORTUNITIES
for tennis players

DOUBLED THE NUMBER OF ITF WTT EVENTS
staged in Britain

OVER 200 PADEL COURTS ACROSS GREAT BRITAIN

WINNER OF THE OUTSTANDING CONTRIBUTION TO SAFEGUARDING
category at the inaugural Sacpa Annual Safeguarding Awards

38 COUNTIES AND ISLANDS COMMITTED
to new County governance framework and funding

THE NEW LTA TENNIS FOUNDATION CHARITY LAUNCHED

£2.48M IN GRANTS AND LOANS INVESTED IN NEW FACILITIES
across Britain during the last year

STRATEGIC REPORT

FINANCIAL REVIEW

OVERVIEW

The Finance and Governance Report and financial statements are for Lawn Tennis Association Limited (the Company) and its subsidiaries (altogether the LTA or the Group) for the year ended 31 December 2022 and detail the financial investments made by the LTA in supporting the growth of tennis in Great Britain during the year.

The financial statements have been prepared under FRS 102 'the financial reporting standard applicable in the UK and Republic of Ireland'. The Company constitutes a 'public benefit entity' as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public, community or social benefit and where any financial return is provided with a view to supporting the Company's primary objectives rather than providing a financial return to its members. As such, the Company has applied the reporting exemptions applicable to public benefit entities under FRS 102.

LTA Tennis Foundation is a registered charity (charity number 1148421) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity and as such, LTA Tennis Foundation is included in the Group's financial statements. During the year the LTA did not make a donation to LTA Tennis Foundation (2021: £nil). The Tennis Foundation (Legacy) is a registered charity (charity number 298175) and a wholly owned subsidiary within the LTA. LTA Operations Limited is the sole member of the charity and as such, The Tennis Foundation (Legacy) is included in the Group's financial statements.

FINANCIAL RESULTS

For the year ended 31 December 2022, the Group's revenue was £79.6m (2021: £59.4m) and pre-exceptional operating expenditure was £87.6m (2021: £65.0m). An exceptional item of £1.4m has been recorded which represents the fines imposed on the LTA by ATP and WTA for excluding Russians and Belarusians from the tournaments in 2022. The operating loss before exceptional items for the year was £8.0m (2021: £5.6m), and excluding the fines, the operating loss after exceptional items generated for the year was £9.5m (2021: £5.6m loss).

The LTA generated investment income of £0.9m (2021: £0.7m) and a net loss on its investment portfolio of £6.8m (2021: £3.6m gain). Investments were revalued to fair value at 31 December 2022 in accordance with FRS 102. A tax charge of £0.9m (2021: £1.3m) was incurred delivering a loss for the year of £16.4m (2021: £2.6m loss).

REVENUE

The LTA's revenue increased during the year to £79.6m (2021: £59.4m), an analysis of which is shown below:

	2022 £'000s	2021 £'000s	**Change £'000s**	**Change %**
Revenue from The Championships:				
- Surplus	**43,019**	39,533	3,486	9%
- Grass Court Support	**5,000**	5,200	(200)	(4%)
- Officiating	**1,685**	1,027	658	64%
Commercial	**6,744**	4,140	2,604	63%
Major Events	**16,988**	5,336	11,652	218%
Sport England Revenue Grant	**2,471**	2,185	286	13%
Other Revenue	**3,663**	1,946	1,717	88%
Total LTA revenue	**79,570**	59,367	**20,203**	**34%**

Revenue from The Championships, Wimbledon

Included in the Revenue from The Championships is the gross surplus of £43.0m (2021: £39.5m) representing 90% (2021: 90%) of the distributable surplus; £5.0m (2021: £5.2m) in support of the summer grass court season; and £1.7m (2021: £1.0m) for the management and supply of umpires and other officials in conjunction with the Association of British Tennis Officials.

The increase in the distributable surplus in 2022 was due to increased fan attendance and profitability of The Championships compared to 2021 as a result of no capacity restrictions, with attendance partially restricted for The Championships in 2021 under the UK Government and Public Health England COVID-19 regulations. Funding received from AELTC in relation to officials increased due to agreeing rate increases for umpires and officials at the Championships.

Although there remain risks and uncertainties on the absolute level of The Championships surplus in any given year, the long-term contract between the AELTC, Lawn Tennis Association Limited and LTA Operations Limited in respect of The Championships runs through until 2053, with not less than 70% of the distributable surplus continuing to be paid to the Group in the 20 years following any termination of the contract.

Commercial revenues

The LTA's commercial activities produced £6.7m (2021: £4.1m) of revenue. Key contracts included the second year of the agreement with Cinch as title sponsor of the championships at the Queen's Club, a new agreement with Rothesay as title sponsor of LTA grass court events at Nottingham, Eastbourne and Birmingham, as well as a renewed contract with BNP Paribas. The LTA is currently in active negotiation in relation to further opportunities for both 2023 and beyond.

Major Events revenues

The revenue earned from the major events of £17.0m (2021: £5.3m) significantly increased due to the return of the summer grass court tennis calendar to full spectator capacity, including the Cinch Championships (at The Queen's Club), the Rothesay International (at Eastbourne's Devonshire Park), the Rothesay Classic (at Edgbaston Priory Club), and the Rothesay Open (at Nottingham Tennis Centre). Additional revenue was also generated from the Davis Cup Finals Group Stage in September and Billie Jean King Cup Finals in November, both hosted at the Emirates Arena in Glasgow.

Sport England revenue

Sport England revenue grants of £2.5m (2021: £2.2m) reflected the final 3 months of the agreement that began in April 2017 and expired at the end of March 2022, in addition to 9 months of the new agreement which began in April 2022.

Under the Sports Governance Code the LTA is required to show the income from public investors and to clearly account for the expenditure of these funds. The analysis and use of Sport England funds received is shown below.

	2022 £'000s	2021 £'000s
Agreement ending March 2022		
Disability	**145**	581
SERVES programme	**120**	481
Women & Girls	**92**	367
Talent	**164**	656
Safeguarding	**15**	100
Agreement from April 2022		
Governance	**186**	-
Systemic	**699**	-
Delivery	**611**	-
Talent	**439**	-
Total spend	**2,471**	2,185

The new agreement with Sport England from April 2022 is split into 4 funding streams: Governance, Systemic, Delivery and Talent. The SERVES and Disability programmes continue to be funded under the Delivery funding stream and Women & Girls continues to be funded under the Systemic funding stream. The LTA continues to work in partnership with Sport England in relation to developing its participation strategy.

Other Revenue

Other revenue of £3.7m (2021: £1.9m) arises from a range of activities, including the LTA's Advantage scheme for fans, players and competitors; competitions, coaching courses, other grants, National Tennis Centre income and programme funding. The increase on prior year is driven through these income streams as well as by income received from Nottingham Tennis Centre.

OPERATING EXPENDITURE

The operating expenditure of the LTA for the year ended 31 December 2022 was £89.0m (2021: £65.0m). This increase was predominantly a result of the return of the LTA's summer major events to full capacity alongside investments in the international event calendar throughout 2022 (£15.1m), additional investments in Participation (£4.2m), and £1.4m fines imposed on the LTA by ATP and WTA for excluding Russians and Belarusians from the tournaments in 2022.

A summary of the operating expenditure is shown in the table below:

	2022 £'000s	2021 £'000s	Change £'000s	Change %
Direct operating expenditure				
Participation	**19,252**	15,096	4,156	28%
Performance	**14,681**	13,387	1,294	10%
Commercial and Marketing	**6,563**	5,568	995	18%
Major Events	**36,255**	21,148	15,107	71%
Business Support	**4,845**	4,458	387	9%
Depreciation, amortisation and prepaid court time charge	**5,737**	4,580	1,157	25%
Capital Grants	**271**	778	(507)	(65%)
Exceptional Item	**1,424**	-	1,424	-
Total operating expenditure	**89,028**	65,015	**24,013**	**37%**

The expenditure is presented in line with the LTA's defined operational functions: Participation, Performance, Commercial and Marketing, Major Events and Business Support. However, these activities are interlinked and support each other in delivering the LTA's mission.

An additional line has been included for 2022 for the exceptional item of £1.4m that represents the fines imposed on the LTA by ATP and WTA for excluding Russians and Belarusians from the tournaments in 2022.

Investment in Participation

Participation expenditure of £19.3m (2021: £15.1m) was on a wide range of initiatives across the LTA's strategic focus areas. For the first time this included operational spend at Nottingham Tennis Centre following the LTA's purchase of the long leasehold interest in the site in May 2022, and initial investments as part of the transformational public parks project supported by the Department of Culture, Media and Sports (DCMS).

Other expenditure was made in relation to counties, clubs, volunteers, parks, communities, education, disability, coaching, safeguarding and competitions. Examples of activity in this area included continued growth of the recreational and national competitions calendar to provide both formal and informal competition for adults and juniors, as well as growing participation in Local Tennis Leagues, which facilitates local, recreational league matches between players. In addition the LTA continued to invest in support of education venues in Great Britain, from the roll out of LTA Youth in primary and secondary schools to increased grants for further education and university establishments, as well as scaling its SERVES programme supporting young people in underserved communities to get active.

The LTA also supported more venues to adopt LTA Play, a programme designed to open up park tennis courts to communities (making it easier to book courts, coaching and competitions); continued to support LTA registered venues; invested further in coach development plans to support the extensive existing coaching qualification and accreditation schemes from level 1 to master club level; and increased investment in padel competitions. This included hosting the first professional padel event in Great Britain, The London Padel Open, an International Padel Federation (FIP) Rise event that took place at the National Tennis Centre in Roehampton.

Investment in Performance

One of the LTA's strategic priorities is the continued establishment of a world-class high-performance programme, with investment focused on allocating resources to those players, coaches and venues that meet globally benchmarked player development standards. With the continued return of a busy international professional tennis calendar, the LTA continued to invest significantly in its elite and developing players, investing £14.7m (2021: £13.4m) throughout 2022.

This has included a continued investment in the National Academies in Loughborough and Stirling alongside the network of 14 Regional Player Development Centres (RPDCs). The investment is primarily focused on the coaching team, designed to reduce the most expensive part of the programme for families.

The LTA has continued to support all players, across all formats of the game, on the return to widespread, international competition. The National Tennis Centre remains the base of choice for elite training, providing a world class, safe environment for Great British players to train and prepare for elite competition, with continued LTA investment into analysis, player welfare and other sports science support.

The LTA continued and enhanced the Tournament Bonus Scheme (TBS) in 2022, which is designed to support the success of players who are achieving relevant results on the international stage and on a ranking trajectory towards reaching Grand Slam Qualifying. The TBS is a programme unique to British tennis and, as far as is known, the LTA remain the only national governing body of tennis offering such an incentive scheme for players across its pathway.

Commercial and Marketing

Investment in commercial and marketing was £6.6m (2021: £5.6m) which included investment into LTA Youth and Play Your Way campaigns, designed to challenge perceptions and open up tennis and drive participation. There was an increased cost of delivery related to the increased level of commercial income.

Major Events

With the return of the summer grass court calendar to full capacity, the LTA invested £36.3m (2021: £21.1m), primarily on the successful staging of 6 (2021: 5) grass court tournaments (with an extra event at Surbiton) around the country in the lead up to The Championships.

In addition to the summer grass court season, the LTA invested in hosting the Billie Jean King Cup Finals (2021: one home Play-Off tie), alongside the Davis Cup Finals Group Stage, both at the Emirates Arena in Glasgow; officiating at The Championships; 4 disability events (2021: 4); and doubling the number of International ITF World Tennis Tour events compared to 2019, to 32.

Business Support

Business support costs of £4.8m (2021: £4.5m) reflect the costs incurred by the functions of HR, IT, Finance and Legal.

DEPRECIATION, AMORTISATION AND PREPAID COURT TIME CHARGE

Depreciation, amortisation and prepaid court time charge increased to £5.7m (2021: £4.6m), as a result of the acquisition of and capital investment at the leaseholding at Nottingham Tennis Centre alongside the continued investment in technology infrastructure as part of the ongoing digital transformation project.

Capital Grants and Loans

Financial support to improve facilities is one key way the LTA, primarily through support from LTA Tennis Foundation, helps venues thrive and attract new players. In 2022 LTA Tennis Foundation funded £0.3m of capital grants (2021: £0.8m) and £2.1m of loans (2021: £1.6m) to improve facilities across Great Britain. A further £1.6m of loan funding was approved (but not yet paid) in 2022 (2021: £1.9m), and partnership funding from applicants in support of the approved projects amounted to £3.9m (2021: £3.8m).

The temporary decrease in capital grant funding is driven by preparation required for the significant change in how the Company, in conjunction with the LTA Tennis Foundation and DCMS, will fund park court and gate access projects over the next 2 years. As a result, 2023 is expected to see materially higher levels of capital grant funding due to the start of the transformational Parks Delivery Investment Scheme that the Company and LTA Tennis Foundation are undertaking with the Government, which will see improvements to public courts across Great Britain.

Otherwise, overall loan funding remained fairly consistent in 2022 compared to 2021 and we expect 2023 loan funding figures to be in line with these financial years.

FINANCIAL POSITION

The Group's financial position as set out in the statement of financial position remains strong, with total equity of £155.0m (2021: £171.4m) which includes the net assets of LTA Tennis Foundation of £37.0m. The decrease in retained earnings is due to a loss for the year of £16.4m (2021: £2.6m loss), of which £7.3m is unrealised losses on fixed asset investments. LTA reserves are managed in line with the reserves policy and leave the LTA in a position to carry out its strategic priorities going forward.

Intangible fixed assets of £10.7m (2021: £9.2m) primarily consist of capitalised software costs which include the development of a new customer relationship management system, the digital transformation project underpinning the LTA's strategy.

Tangible fixed assets primarily comprise the investment in the National Tennis Centre and Nottingham Tennis Centre. The increase in net book value to £34.3m (2021: £32.5m) is mainly due to the £2.2m acquisition of Nottingham Tennis Centre during the year and the depreciation charge for the year. Facility improvements at LTA tournament sites (including The Queen's Club site) that increase the future economic benefit of the tournaments are classified as tangible fixed assets.

£62.9m (2021: £72.5m) is held in the LTA's investment portfolio in shares, bonds and other assets by external investment managers and reflects the decision to hold reserves to cover long-term working capital requirements and a potential interruption in the LTA's annual income. Included in the portfolio is £36.9m (2021: £42.2m) of investments held by LTA Tennis Foundation and must be spent in line with the charitable objectives of the charity. As at 31 December 2022, external investments were revalued to fair value in accordance with FRS 102. Investments held decreased by £9.6m in the year. This was primarily due to loss in investments of £6.8m (unrealised loss of £7.1m and foreign exchange loss of £0.2m, less realised gains of £0.5m) in the year and £3.5m (2021: £3.0m) being drawn down from investments to invest in its facilities strategy. The unrealised losses of £7.1m, on the LTA's medium-term portfolios with cautious risk profiles, reflects how the global investment market performed as a whole in 2022. The LTA's strong financial position and management means it is able to let the investments recover, instead of crystalising the losses.

The overall trade and other receivables falling due within one year have decreased to £36.3m (2021: £44.8m). The drop is primarily due to a decrease of £10.0m in amounts owed by All England Lawn Tennis Club (AELTC) for The Championships to £25.8m (2021: £35.8m) and a rise in prepayments and accrued income of £2.1m.

Trade and other receivables falling due after more than one year have decreased to £18.7m (2021: £19.5m) mainly due to £0.5m decrease in hardship loans, issued to coaches and venues to support them through the coronavirus pandemic. Concessionary loans are interest free loans to clubs, indoor facilities, parks and schools to improve tennis facilities that are typically repayable for periods up to 10 years. Tennis developments represent West Hants LTC development funding of £2.7m (2021: £2.9m) repayable in equal instalments until 2039. The net movement of concessionary loans falling due after one year was an increase of £0.2m to £7.7m (2021: £7.5m).

Trade and other payables falling due within one year have increased to £21.1m (2021: £19.3m). The main liabilities included in this balance are accruals and deferred income of £16.9m (2021: £16.4m) which include capital grant commitments to club venues of £2.3m (2021: £2.7m), deferred income of £2.4m (2021: £5.3m) and £1.2m for the first repayment of the DCMS winter COVID support loan (issued to help support the LTA as a result of the LTA's cancelled major events).

Trade and other payables falling due after more than one year have decreased to £13.4m (2021: £14.3) as £1.2m (including interest) of the DCMS winter COVID support loan of £14.3m received in 2021 will be repaid in 2023, and biannual repayments of equal value will commence on 30 September 2023 until the full loan and interest has been repaid on 31 March 2031.

Other provisions have increased to £1.0m (2021: £0.7m) primarily due the increase in the long term incentive remuneration scheme in 2022.

CASH FLOWS

During 2022 there was a net cash inflow from operating activities of £4.5m (2021: inflow £0.5m), a net cash outflow of £4.3m (2021: outflow £1.2m) from investing activities and £nil from financing activities (2021: inflow £14.3m). This resulted in a net cash increase of £0.2m (2021: increase £13.6m) for the year; the increase of £0.2m includes any changes in cash held by investment fund managers (2021: £nil).

Simon Steele
Finance Director
9 May 2023

PRINCIPAL RISKS & UNCERTAINTIES, KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

PRINCIPAL RISKS & UNCERTAINTIES

The LTA's risk management process is designed to improve the likelihood of delivering business objectives, protect the interests of key stakeholders, enhance the quality of decision making, and assist in the safeguarding of LTA assets, including people, finances, property and reputation.

The board of Lawn Tennis Association Limited (the Board) has oversight for risk management with a focus on the most significant risks facing the LTA, including strategic, operational, financial, reputational and legal and compliance risks. The Board determines the risk appetite of the organisation, reviews existing risks and identifies new risks on a half yearly basis. Suitable controls are implemented and action plans established to mitigate risks.

The Audit Committee oversees the identification and mitigation of risks for the LTA and discusses with management the LTA's risk assessment and risk management practices. When reviewing and approving the annual internal audit plan for the LTA, the committee prioritises areas to be audited based on current and residual risk and areas of significant revenue or expenditure. The Audit Committee also oversees the policies, processes and risks relating to the financial statements, the financial reporting process, compliance and auditing.

As in any sport or organisation which engages with children, young people and vulnerable adults, there is a risk of safeguarding issues arising. This is a risk the LTA takes extremely seriously, with the protection and wellbeing of those that are involved in tennis being a high priority. With the safeguarding strategy and team in place to deliver it, alongside the existing controls through the LTA Disciplinary Code and Judicial Panel, coupled with regular updates to the Board and Executive, the LTA believes it is taking the necessary steps to mitigate this risk.

A key business risk relates to the certainty of future revenue streams, notably from The Championships (Wimbledon), Sport England and commercial partners. The risk of non-receipt of revenue from The Championships is mitigated by a long-term contract in place until 2053 with not less than 70% of the surplus continuing to be paid to the LTA in the 20 years following any termination of the contract. Given the large contribution that The Championships makes to its total results, the LTA is still exposed to a potential loss of revenue in any single year due to cancellation or severe curtailment of The Championships. Steps to mitigate or protect against this risk have been put in place for future years particularly with respect to the roofs over Centre Court and No.1 Court providing protection against weather losses and insurance covering major curtailment or abandonment risks where possible. There are isolated risks which are not insurable or capable of mitigation in relation to The Championships (Wimbledon) and also within the major events organised by the LTA that could have a material impact on revenue streams. Following the impact of COVID-19 on revenue and operating costs, the LTA continues to maintain adequate cash balances and reserves supported by a £10m overdraft facility, while also benefitting from the £14.3m COVID support loan from DCMS.

Though the LTA faces an element of credit risk in its on-going business relationships with major commercial partners, risks are managed as part of on-going due diligence and credit management albeit they cannot be completely mitigated.

The LTA holds investments in shares, hedge funds, fixed income products and corporate bonds as part of its overall investment strategy. The LTA has appointed independent specialist investment managers who manage the portfolio on the LTA's behalf in accordance with the agreed low risk profile. However, it is recognised that any investment portfolio is subject to market fluctuations and external factors. The Investment Advisory Group oversees the implementation of the investment policy and reports to the Audit Committee on this area. The LTA does not use financial instruments for speculative purposes.

In addition to the measures described above, the LTA has an element of natural risk mitigation in that a large element of its expenditure in the sport is discretionary in each financial year and can be reduced in subsequent years (as shown in 2020 during the COVID-19 pandemic) without breaching legal commitments.

The risk of non-delivery of the LTA strategy and mission is mitigated through the LTA's commitment to working alongside all the people and organisations that share the LTA's vision including volunteers, coaches, players, local authorities and clubs. The LTA has a long-term strategic plan and resources are allocated appropriately to deliver its mission.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The LTA also purchases directors' and officers' liability insurance in respect of itself and its directors.

KEY PERFORMANCE INDICATORS

Business objectives and participation

Each year the LTA sets business objectives to measure its performance in key areas under the 7 strategic pillars that were identified in the 2019-23 strategic plan. Alongside these yearly business objectives there are 6 headline objectives for the overall 5-year plan relating to participation, elite player performance, inclusion and fans.

This year has been an extremely positive year for the business as it has met 5 of these business objectives a year ahead of schedule.

Despite the challenging legacy of the COVID-19 pandemic and an emerging cost of living crisis, adult tennis participation has grown rapidly in 2022, with annual participation 43% higher in 2022 than in 2021, bringing numbers well above pre-pandemic levels. There has been significant success in getting more people playing tennis, more often; with growth across almost all demographics, regions and nations, particularly amongst 16-34 year-olds and those from lower socio economic backgrounds (C2DE).

For adults, the LTA finished the year at 4.7 million annual participants, the best performance since late 2017, against a target of 3.8 million. For those playing monthly it saw the highest levels since it started tracking this measure. The frequency of adults playing tennis at least once a month has increased to 2 million, against a target of 1.4 million.

Child participation has rebounded to some extent after the inevitable decline as a result of schools and after-school clubs being closed due to COVID-19, and activity being restricted for large periods of 2021. 3.6 million children (aged 4-15 of which 49% are female) are now playing tennis, which represents an increase of 418,000 during 2022. Sport England's most recent Active Lives report showed tennis was one of the very few sports to record higher participation numbers amongst children than pre-pandemic.

LTA Youth Schools (LTAYS) has once again played a major role in engaging children as well as helping make the sport more accessible. The LTAYS business measure of 10,000 teachers trained has been achieved with new trainees across both primary and secondary schools – with the initial focus being on primary schools. The LTA's recent Impact Survey showed for every teacher trained, an average of 201 children play tennis in that school. In addition, more than 20,000 teachers have registered on LTAYS and the LTA Tennis Foundation has provided more than 5,000 schools with a £250 voucher to support them in their delivery of tennis.

Inclusion

One year on since the publication of the LTA's 3-year Inclusion Strategy (**LTA Inclusion Strategy 2021-23**), the target of 65% of actions delivered for 2022 was achieved. 2022 also saw the LTA publish 3 plans to drive participation and engagement with women and girls with **She Rallies**, underserved communities with **Breaking Down Barriers** and people with an impairment with **Open for All**. Work will continue at pace during 2023 to continue to deliver on actions in these plans.

One of the LTA's most successful projects in reaching underserved communities is the LTA's SERVES programme which helps young people who might not previously have been given access to tennis get active. For the LTA SERVES programme, a record high of 14,138 players playing once per month was recorded during the year, well over the target of 10,000.

Alongside this, the number of players playing once per month in the LTA's Open Court Programme, a national scheme that actively promotes and delivers opportunities for disabled people to get involved in tennis, reached just under 10,000 people.

Investment in grass roots

The LTA continued to develop and implement the infrastructure, support and programmes that will support future growth in participation. Venue registration continued to expand to include schools, universities, parks and padel facilities, ending the year with 13,542 LTA registered venues.

There was also the implementation of a significant transformation of coach education and development. As part of this the LTA launched a new video making significant enhancements to coaches' Continuous Professional Development (CPD) ensuring it is more flexible, relevant and personalised.

Over the past 2 years the LTA's work has continued with County and Island Associations to reform County and Island Association governance and funding. This included co-creating and implementing a County and Island Association Governance Framework, developing the core role of the County and Island Association and moving towards a new funding model to help all County and Island Associations deliver their core role of delivering and supporting tennis in their local communities.

Performance tennis

As part of the LTA's investment in performance tennis, the organisation developed a new enhanced domestic and international performance competition calendar in 2022 to better support each age and stage of the player pathway. This led to 40 weeks of enhanced international ranking point and prize money earning opportunities for players. As part of this new calendar, the LTA doubled the number of ITF WTT events (16 each for men and women) staged in Great Britain and also held twice the number of international events for juniors, compared to the period between 2017-19.

On the international tours, 2022 saw Great British elite players make strong progress across singles, doubles, and wheelchair events. A peak of 17 male and female players reached the top 250 in singles rankings, with 7 making the top 100 in 2022, the highest figure since 1984. More Great British players reached Wimbledon's second round than any time since that same year and 5 new singles players have broken into the top 100 since 2018.

The year finished with 4 Great British men in the world top 50, the most there's been since the start of the ATP rankings in 1973. Great Britain's women's team reached the semi-finals of the Billie Jean King Cup for the first time since 1981. Neil Skupski finished the year as the world number one male doubles player and Alfie Hewitt finished the year ranked number 1 in the men's wheelchair tennis tour rankings.

Padel

Elsewhere, the popularity and profile of padel continues to increase, providing a gateway into tennis and helping provide clubs and venues with a new source of revenue. There was significant progress on the LTA's Padel Development Plan, with the LTA supporting venues and operators to enhance the infrastructure of over 200 courts across the country. The LTA's padel performance programme was initiated, and the Great Britain Men's team qualified for the World Championships in November.

Parks tennis

The Company has commenced its work with LTA Tennis Foundation and the UK Government to invest over £30m into transforming local authority park tennis facilities across Great Britain. These venues are vital in providing accessible and affordable opportunities for local communities and they are also a significant enabler of participation and access to tennis for those from lower socioeconomic groups. Over the course of 2022 the LTA has worked with local authorities to develop a pipeline of projects where activity is ready to start on site and be delivered by the end of 2024.

Customer engagement

The LTA continues to build on its plans for customer engagement with tennis fans and members. The number of Advantage members on the LTA database has risen to 1.2 million ahead of a target of 1 million. One of the primary channels for fan engagement, and the LTA strategy to raise the visibility of tennis to drive greater participation, is through social media. Continued developments in content and approach saw a growth in followers to 634,861. Alongside this, the LTA also achieved a cumulative 3-minute broadcast reach for its events and tournaments (including the Billie Jean King Cup Finals) of 21.7 million against a target of 19 million.

FUTURE DEVELOPMENTS

As the LTA moves into the last year of its current 5-year strategic cycle, there are a number of key developments to come in 2023 that will continue to drive its vision of Tennis Opened Up and build on the progress made this year. The LTA will continue to enhance the Performance Competitions Calendar, building on last year's successes. In 2023 there will be 45 weeks of either international ranking point or prize money earning opportunities in Great Britain covering all ages from under 9 through to Pro players.

The LTA will continue to develop the overall infrastructure of padel, working with venues and operators to increase the number of padel courts. It will also develop a Padel Performance Competition Calendar in a similar vein to the Performance Competitions Calendar.

This will be a crucial year for delivery of the Parks project. The Company, with the LTA Tennis Foundation (LTA TF), will invest in digital infrastructure including funding and installation of gate access systems as well as investing in resurfacing, repainting and fence repairs at existing facilities, for those facilities that are in the worst condition.

The LTA will work with local authorities to support and make it easier for players to find and book a court and tennis activity. A Free Parks Tennis product is in development to provide cost free, accessible tennis in parks across the country, which alongside Local Tennis Leagues will drive participation in new and established players.

The LTA and Nottingham City Council successfully completed an agreement for the LTA to acquire the long-term lease and management of Nottingham Tennis Centre in 2022. As part of ambitious plans for new investment in the centre, work has been carried out on re-surfacing to the outdoor hard courts, upgrading of outdoor floodlights, new fencing around outdoor courts and an upgrade of the existing air bubble covering 3 courts. Site development will continue over 2023 including the installation of a new bubble covering 4 further courts.

Wider facility investment will also progress over the next 12 months with a number of key projects across the UK, including plans to continue to invest in Scottish indoor tennis with new indoor tennis centres at Moray and Heriot-Watt universities under construction.

Work will also continue to scale LTA Youth Schools and LTA Youth Compete to increase the number of children playing tennis in schools and tennis competitions. In 2023 there will be the opportunity to reach even more families with the launch of a new community strand of LTA Youth called LTA Youth Go! which will be delivered through key partnerships with Scouts, Guides and national leisure centre operators.

The LTA TF officially launched in June 2022 working with people and organisations to inspire and improve lives through tennis in Great Britain. The LTA TF's focus is on working alongside the LTA, as well as tennis charities and other bodies, complementing and building on the LTA's existing work.

Through a new grant making framework, with 2 windows for grant applications across the year, the LTA TF is targeting an investment of £1m in 2023. It is committed to working in all parts of Great Britain with a particular focus on diverse and underserved communities where the game is less well established.

The LTA invested heavily in digital in the last strategic cycle to deliver its digital strategy, which enables and accelerates the overall LTA strategy and will build on this in 2023. As part of this, it will work to significantly improve the coaching experience via the coach portal. Developing more activity around open data and strategic partnerships will also be a key focus.

The LTA published its first Environmental Sustainability Plan in 2022, setting out how it will work with everyone involved in the sport to secure a lasting future for tennis in Great Britain, through positive action on climate change and leadership in sustainability.

As well as taking action across LTA facilities, operations and major events, the LTA has already produced guidance and is providing support for tennis venues across the country to reduce their energy usage, as well as looking at how sustainability considerations can be incorporated into the LTA's facility investment programme. The organisation will continue to work hard to deliver the actions and targets identified in the plan whilst also embedding sustainability considerations into business processes and decision-making processes.

2023 is the last year of the LTA's current 5-year strategy cycle. The organisation will develop forward plans for 2024-26 and beyond.

SECTION 172 STATEMENT

The Board believes that, individually and together, it has acted in the way it considers, in good faith, would be most likely to promote the success of the LTA for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1)(a–f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022. The Board has demonstrated throughout this report how it engages with stakeholders and has regard to the interests of the LTA's employees, customers, suppliers and other stakeholders, the impact of its activities on the community, the environment, and the LTA's good reputation for business conduct. The Board engages in formal and informal consultation with a range of stakeholders, both inside and outside the sport, to understand the impact of decisions on those groups. This includes consultation with the council of the Company (the Council), both within formal Council meetings and through Development Tennis Advisory Group workstreams. Board effectiveness reviews are completed at regular intervals which help to ensure it continues to promote the success of the LTA and engage with stakeholders in the best possible way. Please see the Chairman's Report, Financial Review, Principal Risks & Uncertainties, Key Performance Indicators & Future Developments and Directors' Report where further information can be found on Board engagement with stakeholders during the year.

The Strategic Report on pages 17 to 31 was approved and authorised for issue by the Board on 10 May 2023 and is signed on its behalf by:

S Lloyd

Scott Lloyd
Chief Executive Officer
9 May 2023

DIRECTORS' REPORT

DIRECTORS' REPORT

INTRODUCTION

The Directors present their report, the Strategic Report and the audited Group financial statements for Lawn Tennis Association Limited and its subsidiaries (altogether the LTA or the Group) for the year ended 31 December 2022.

GOING CONCERN

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for preparing the financial statements, the Directors have considered the LTA's business activities including the principal risks and uncertainties, together with the Group's short, medium and long-term cash flow forecasts.

Based on the Group's cash flow projections which incorporate reasonable sensitivities and contingencies for a period of not less than 12 months from the date of approval of these financial statements, the Board has concluded that the LTA has sufficient financial resources to meet its liabilities as they fall due for the foreseeable future. For this reason, the LTA continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in Note 1 b) to the financial statements.

INCLUSION

In 2021 the LTA published a bold Inclusion Strategy to support our vision of Tennis Opened Up. Its ambition was clear – the LTA would not be satisfied until everyone involved in tennis confidently chose to be part of a culture of everyday inclusion – resulting, over time, in participation in the sport fully reflecting the diversity of its communities. Setting its ambition in this way demonstrates the long-term commitment to transforming the sport. The LTA knows this will take time, but is driving towards this ambition with pace and rigour. Indeed, it is very proud of some of the significant steps it has taken since the publication of its Inclusion Strategy, both in terms of putting in place strong foundations for long-term success and making an immediate impact.

The 3-year strategy set out 46 actions, 19 or 41% of which were planned to be completed in the first year. The LTA has exceeded this target and during this year achieved its end of year target of 65% actions achieved, and now firmly embedded within the business as an ongoing way of working. The LTA will continue to deliver the remaining actions over the next 2 years, as well building on some additional new ones, including; being the first sport in the country to test an innovative approach to improving the ability of those with visual impairments to enjoy the LTA's major events; bringing together inclusion focused leaders from inside and outside tennis to form a new board level advisory group – the Inclusion and Diversity Advisory Group (IDAG); and celebrating Pride with Friday-Pride-Days across LTA events in June. The LTA's drive and enthusiasm to build a culture of everyday inclusion is leading the whole organisation to think differently about how its work can help speed up the progress towards Tennis Opened Up. The LTA will need to continue to harness this momentum to address some of the more challenging issues it faces going forwards.

Last year the LTA committed to report annually on its progress, and to bring its work to life by storytelling and sharing case studies. The report also importantly sets out areas where the LTA knows it needs to do more, most notably working to broaden representation in its coaching and volunteer communities in the areas of gender, race and disability in particular. The LTA published its women and girls plan, She Rallies, setting out its ambition to be a truly gender balanced sport; it has also published Breaking Down Barriers – its plan to address some of the stubborn inequalities for underserved lower socio-economic groups; and finally, as part of International day of Disabled Persons it published its Open For All plan setting out how it intends to expand its provision for disabled people beyond its award-winning LTA Open Court programme, taking a more holistic approach to help to ensure the sport is as inclusive as possible for all disabled people and those with long term health conditions; and it is working with different groups of ethnically diverse people to understand how it can make tennis more attractive and inclusive. Specifically, it has recently met with Kick It Out to explore opportunities to work together to tackle perceptions and address systemic barriers for people from ethnically diverse backgrounds.

One of the actions set out in the strategy was to improve its data on diversity and representation across tennis. The LTA was one of the first national governing bodies of sport to publish its diversity data against 10 different groups of the tennis family across Great Britain. Of the 27 data points included in the strategy last year, 15 have shown improvement over the last year, 5 remain the same and 7 have declined, although these are often in small cohorts where small numbers can result in a significant percentage change. Whilst the data provide encouragement, it is clear there is significant work to do in the volunteer, coaching and officials' cohorts. The LTA is confident that work underway this year and ongoing work planned will see it impact these numbers positively over the coming 2 years of the strategy cycle.

SAFEGUARDING

The safety and wellbeing of those playing tennis is of paramount importance to the LTA. In 2022 the LTA continued the process of carrying out safeguarding support visits at venues to ensure best practice is embedded and have now visited over 1500 venues across England, Scotland and Wales. County association visits continued and all will have received a support visit by the end of 2023. Work continued against the LTA's strategy including the launch of an innovative new safeguarding training game designed in conjunction with Kent University which is already receiving positive feedback. Due to the continuing work across this strategic area the LTA once again achieved the highest possible rating from the NSPCC in its 2022 inspection. The LTA delivered the final tier of mandatory coach accreditation to encompass Level 2 coaches, meaning that all coaches operating at L2-L5 in LTA registered venues must now be accredited. 2022 also saw the successful continuation of the 'Safe to Play' awareness campaign which is being expanded into other sports in conjunction with Sport England due to the positive results achieved in awareness raising across tennis.

EMPLOYEE CONSULTATION

The LTA places significant value on the involvement of its employees and keeps them informed on matters affecting the performance of the LTA. This is achieved through formal and informal meetings, employee engagement surveys, employee consultation fora, monthly newsletters, weekly bulletins and staff surveys. Monthly All Colleague meetings are held which afford everyone the opportunity to share information, hear about the organisation's plans and progress and to ask questions.

EQUALITY

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

SUSTAINABILITY

In 2022 the LTA published its first ever Environmental Sustainability Plan (**lta-environmental-sustainability-plan.pdf**), setting out the organisation's ambition to secure a lasting future for tennis in Great Britain, through positive action on climate change and leadership in sustainability.

The climate crisis, resource scarcity and changes to the natural environment represent global challenges but will have an impact on tennis in Great Britain at all levels. Whether it be the impact of more extreme temperatures on grass court tennis at Great Britain's major events, or rising sea levels and severe weather meaning a higher proportion of tennis venues at risk of regular flooding, it is critical that the LTA plays its part in tackling these issues.

The LTA is taking steps to reduce its own direct impacts from its operations and major events, but also supports the wider tennis community to be more sustainable. Doing so will not only have a positive impact far beyond its own operations, but also most effectively support tennis in Great Britain in the face of rising energy costs, and changes to the environment.

As part of this, the LTA has begun to embed sustainability across the organisation, developing training for colleagues and also looking at engaging with the organisation's supply chain to seek to ensure sustainable sourcing is in place.

Energy efficiency measures taken this year across the LTA's facilities include making electric charging points available at both the National Tennis Centre and Nottingham Tennis Centre, whilst machinery and equipment is being replaced with electric models.

The LTA's major events in 2022 had an increased focus on sustainability, with the introduction of a reusable cup scheme for the first time, improved waste management systems, as well as a transition towards hydrotreated vegetable oil for temporary power generators, helping to reduce emissions.

More widely, a range of initiatives are in place to support tennis venues across the country. This includes through the LTA's facility investment programme, where the LTA has evolved its quick access loan scheme to now fund tennis venues converting floodlighting to more efficient LED bulbs, as well as new LED floodlighting. The LTA also ran a number of webinars and produced guidance on saving energy for venues (**www.lta.org.uk/4a84b7/siteassets/roles/venues/file/lta-saving-energy-guidance.pdf**), focused on measuring, auditing and reducing energy usage.

The LTA will continue to roll out new initiatives at our Major Events, and support venues through issuing further guidance and support in 2023.

The LTA was one of the first organisations to sign up to the enhanced level of the United Nations' Sports for Climate Action Framework. As a signatory, in addition to statutory SECR requirements, the LTA is also committed to achieving specific climate goals, as well as annual reporting of scope 1, 2 and 3 emissions.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

Large organisations are obliged to report publicly on their energy use and carbon emissions. Below is the LTA's assessment for 2022 which analyses how much energy was used at the National Tennis Centre, the Nottingham Tennis Centre (acquired 1st May 2022) and on business travel in 2022.

The energy is then converted into greenhouse gas (carbon) emissions. From this assessment a ratio of 3.31 tonnes (2021: 2.9 tonnes) of CO_2e emissions per average employee in the Group has been calculated. The increase in the year is a result of the return of international tennis competition following the pandemic, a significant increase in the number of domestic competitions, a full year of normal levels of activity at the National Tennis Centre and across the LTA's activities after the lockdowns of 2020 and 2021, as well as the inclusion of the Nottingham Tennis Centre (**Nottingham Tennis Centre | Community Indoor Tennis Centre**).

Intensity ratio (CO_2e per full-time equivalent):

3.31 tonnes of CO_2e per average number of employees in the Group in the year to 31 December 2022 is not a true reflection of the environmental position because both the National Tennis Centre and the Nottingham Tennis Centre are significantly more than office space for LTA employees; Nottingham Tennis Centre is one of the largest indoor tennis centres in Great Britain, with both sites combined providing over 60 tennis courts, 3 padel courts, accommodation and a world class sports science centre, whilst also delivering the facilities and training services for its Great British disabled and non-disabled men's and women's high performance tennis teams, coach education, competitions, as well as its own junior and adult community programme.

The LTA's electricity supplier continues to provide REGO backed electricity to the National Tennis Centre, and since 1 October 2022 it has also provided the identical REGO backed electricity at Nottingham Tennis Centre, which will continue until 2025 (when the current contracts expire).

Nottingham Tennis Centre's energy is partly supplied by solar panels located on site; between May and December 2022, 74,665 kWh of zero emissions electricity was generated and consumed on site, which constitutes 33% of the total electricity consumption at Nottingham Tennis Centre.

Methodology:

The electricity and gas quantities used in the year were taken from in-house readings and supporting supplier invoices for use and upkeep of the National Tennis Centre and Nottingham Tennis Centre.

The conversion of kWh of electricity, cubic meters of gas and litres of fuel to CO_2e was based on gross calorific values. Conversion factors for this and the table below were obtained from BEIS' greenhouse gas conversion factors for company reporting, published in 2022 (**Conversion_factor_introductory_guide.pdf (windows.net)**) and the UK Government GHG Conversion Factors for Company Reporting (**ghg-conversion-factors-2022-condensed-set.xls (live.com)**).

Group figures are derived by splitting total usage by the average headcount of the LTA. The transport CO_2e is based on the mileage claimed by employees on business expenditure and converted to CO_2e using the 'average diesel car' and 'average petrol car' conversion factors from the above websites.

Group - 2022				**Group - 2021**			
Activity	**Units**	**Total usage**	**CO_2e**	**Activity**	**Units**	**Total usage**	**CO_2e**
Electricity	kWh	1,403,419	271,393	Electricity	kWh	1,089,032	253,897
Solar	kWh	74,665	-	Solar	kWh	-	-
Gas	m3	346,400	328,639	Gas	m3	159,597	322,810
Transport	miles	2,363,384	478,238	Transport	miles	1,195,686	327,646
Total			**1,078,270**	**Total**			**904,353**

CORPORATE GOVERNANCE

Structural information

A full substantive review and updating of the Company's governing documentation was commenced in December 2020 and culminated in new articles of association and new LTA Rules being approved at a general meeting of the members of the Company held on 8 February 2022. There are no longer any LTA Standing Orders.

The objective of the review was to seek to ensure that the governing documentation of the Company was transparent, consistent and clear, and that it (and the governance structures established by it) allowed the Company to operate in an efficient and agile manner in accordance with the principles of good governance and practice in the context of sport. The documentation was simplified in order to make it more clear for everyone to understand and use, to clarify the roles and powers of the board of the Company, the LTA Council, and the members of the Company, and to reflect the requirements of the Sports Governance Code, including the 2021 updates to it.

There are three Board Standing Committees, namely the Audit Committee, the Nomination Committee (which replaced the Board Nominations Committee and Council Nominations Committee) and the Remuneration Committee. In addition, there is a Development Tennis Advisory Group (DTAG), which replaced the Tennis Development Committee (TDC). The terms of reference for each of them are contained in schedules to the LTA Rules. There are other advisory groups with relevant terms of reference.

The new governing documentation came into effect on 9 February 2022 but has been subject to further updates. The most up-to-date versions of the Company's governing documentation may be found at **www.lta.org.uk/about-us/what-we-do/governance-and-structure/rules-regulations**.

Through the new articles of association, compliance with the new County and Island Association Governance Framework became mandatory for all county associations and island associations, with a transition period to achieve full compliance.

In addition, from a sports regulation perspective, a new LTA Disciplinary Code and new LTA Code of Conduct came into force on 1 April 2022 and new LTA Coach Accreditation Regulations and new LTA Official Licensing Regulations came into force on 1 January 2023.

The Board (namely the board of Lawn Tennis Association Limited)

The composition, role and powers of the Board are set out in the Company's governing documentation and decision-making on a number of matters is reserved to the Board. These matters are set out in the Company's articles of association and include (amongst others):

- determining the vision, mission, values and strategy of the Company
- approving and adopting appropriate and proportionate policies and procedures
- monitoring performance and risks, and determining the risk appetite
- approving the appointment of and supporting the Chief Executive Officer
- ensuring accountability and effective governance
- considering applications for membership of the Company

As at 31 December 2022, the Board comprised 13 directors (2021: 13), including an independent chair, five (2021: five) independent non-executive directors, five (2021: five) other non-executive directors (being the President, the Deputy President, two Council-Nominated Board Members and the DTAG Chair), and two (2021: two) executives in an ex officio capacity, namely the Chief Executive Officer and the Finance Director. The Company has (subject to certain conditions) permission from Sport England to have 13 rather than 12 directors until 30 September 2024, in order to support the Company with regard to the diversity of the Board.

The Board considers its composition appropriate in view of the size and requirements of the Company's business. This is kept under review.

There is a clear division of responsibility between the Chair, the President and the Chief Executive Officer. The two executive Board members each have a role description and limits of authority. The Board meets regularly and, in 2022, it met nine times (2021: six).

The directors of the Company as at the date of signing this report were as follows:

Lord Davies of Abersoch

Lord Davies has been the Chair of the Board since September 2018 and, as such, chair of both the Nomination Committee and the Remuneration Committee. He is also the chairman of LetterOne, Glyndebourne Productions Ltd, Double Dutch and Fusebox. He's a senior advisor at Corsair Capital, an advisor to Teneo, a member of the executive board of World Rugby, and the Prime Minister's trade envoy to Sri Lanka.

Lord Davies was Minister for Trade, Investment, Small Business and Infrastructure from January 2009 until May 2010. Prior to that, he was chairman and previously chief executive officer, and served on the board of Standard Chartered for over 12 years.

Lord Davies was awarded a CBE for his services to the financial sector and the community in Hong Kong in June 2002 where he served as a member of the HK Exchange fund for seven years. He's a JP in Hong Kong, an honorary distinguished professor at Cardiff Business School, and an honorary fellow of Bangor University.

Lord Davies is married with two children and is a fluent Welsh speaker.

Rachel Baillache

Rachel joined the Board on 26 September 2018 as an independent non-executive director and is the Senior Independent Director. She is chair of the Audit Committee and a member of the Nomination Committee. Rachel is the lead director on the Board regarding inclusion and diversity, providing oversight on the implementation of the Inclusion Strategy and the chair of the LTA's Inclusion and Diversity Advisory Group.

Rachel was a partner at KPMG where she served as a member of the firm's global management team for eight years as the global Head of People, Performance and Culture. She was also the executive responsible for global internal and external communications. Rachel is an independent non-executive director of both UK Sport and Somerset County Cricket Club. She is the chair of Minds@Work and is an avid tennis supporter.

Sara Bennison

Sara joined the Board on 6 June 2018 as an independent non-executive director and is the chair of the Remuneration Committee.

Sara is a multi award-winning marketer who has worked across a number of industries. Most recently she was the Chief Product and Marketing Officer for Nationwide Building Society. She's a keen tennis fan who joined the Board to help 'open up' the game.

Sanjay Bhandari

Sanjay joined the Board on 1 August 2021 as an independent non-executive director. He is a member of the Audit Committee and of the LTA's Inclusion and Diversity Advisory Group.

Sanjay has a portfolio career as a board member, business adviser and charity trustee. Sanjay is chair of Satellite Applications Catapult which seeks to catalyse innovation in the UK space industry and advises a number of businesses on innovation and growth strategies embracing disruptive technology.

Sanjay is experienced in driving cultural change through equality, diversity and inclusion strategies and also has a passion for sport and activity. He is chair of Kick It Out (English football's equality and inclusion charity) and is a trustee of Greater Sport (the Local Active Partnership seeking to get two million people active in Greater Manchester). He is also a non-executive adviser at the law firm Travers Smith.

Prior to his portfolio career, Sanjay had a 30-year career in professional services as a lawyer specialising in international fraud and then as a consultant moving from legal and compliance technology into broader innovation roles. Sanjay was a Partner at EY for 12 years.

Roy Colabawalla

Roy joined the Board on 1 January 2023 as a non-executive director by virtue of his appointment as Deputy President.

He has volunteered in tennis for over 20 years in a number of roles ranging from: multiple club positions, assisting in the Cliff Richard Tennis Foundation, being involved in the Birmingham Classic WTA Tournament, multiple county committee roles and volunteering on the LTA Council.

Roy is a corporate partner in a regional law firm who specialises in a broad range of corporate work including mergers and acquisitions, corporate finance, private equity, joint ventures, group reorganisations and commercial transactions in mergers and acquisitions.

Lesley Cundy

Lesley joined the Board on 1 January 2020 and is a Council-Nominated Board Member. She is also a member of the DTAG.

As chair of Berkshire LTA since 2017, Lesley has contributed to tennis at all levels especially grassroots, teacher training and tennis in schools. She has played county tennis since a junior and competed successfully in national competitions at various age groups. Lesley currently supports the charity 'Learning to work' and is a trustee of the Dan Maskell Trust.

Richard Cutler

Richard joined the Board on 1 January 2023 as a Council-Nominated Board Member and is a member of the DTAG.

He has been an active volunteer for Hampshire & Isle of Wight LTA since 2006, currently fulfilling the role of president. He's also previously acted as its chair, vice chair and a management committee member.

In addition, Richard works within tennis, as the managing director of the Totton & Eling Tennis Centre - an eight-floodlit-court community facility, which was custom-built in 2004. He's a Level 3 LTA accredited coach, specialising in getting the most out of recreational youth players.

Richard also fulfils the role of honorary consul to the Federal Republic of Germany, representing around 12,000 German citizens in the district of Hampshire, Isle of Wight, Wiltshire and Dorset. He's a fluent German speaker.

Anil Jhingan

Anil joined the Board on 1 August 2021 as an independent non-executive director and a member of the Remuneration Committee.

He has more than two decades of media, entertainment and sports experience and is currently Chief Development Officer, International at Warner Bros. Discovery, where he leads strategic growth and expansion opportunities across Europe, the Middle East, Africa, Asia, the Pacific and Latin America. A corporate lawyer by background, Anil has previously held leadership positions at Discovery, Sky and 21st Century Fox.

Anil is passionate about tennis, having played the sport from a young age.

Nigel Jordan

Nigel joined the Board on 1 January 2023 as a non-executive director by virtue of his appointment as the DTAG Chairperson. He has supported grass roots tennis for most of his adult life - as a player, team captain, committee member and club chair.

Nigel previously represented Kent on the LTA Council, alongside his roles as county treasurer and management board member at Bromley Tennis Centre.

Nigel was a career civil servant specialising in countering international tax avoidance. He established new domestic channels for sharing intelligence in the wake of the terrorist attacks on 9/11 and, as the UK Competent Authority for the exchange of information under international agreements, expanded international cooperation through the sharing of knowledge and data. His final role was to lead the end-to-end delivery of tax credits and child benefit.

Scott Lloyd

Scott joined as Chief Executive Officer of the LTA on 8 January 2018. Prior to joining the LTA, Scott had a successful business career in the sports and leisure industry.

As Group Chief Executive of David Lloyd Leisure, Scott led the business from 2007 through to a successful sale to TDR Capital in September 2013. Scott stayed with the company as CEO until July 2015 and continues to hold a non-executive director role.

Sandi Procter

Sandi joined the Board on 6 January 2017 as an LTA Council-elected non-executive director, then became Deputy President in January 2020, and started her three-year term as President on 1 January 2023. She is a member of both the Nomination Committee and the Remuneration Committee and is a trustee of LTA Tennis Foundation.

Sandi is also a member of the Tennis Europe Development Committee and the ITF Olympic Committee. Sandi represented Kent on the LTA Council before she became Deputy President. She sat on the Kent LTA board until 2022 and was involved in a wide range of Kent activities for over 25 years.

Sandi is a former PE teacher turned tennis coach and tennis centre manager and has a particular passion for youth tennis. She created the original Mini Tennis Red, Orange and Green programme and the Tennis Leaders programme for the LTA, with resources, training materials and delivery to British coaches.

Simon Steele

Simon joined the Board on 28 November 2016 in his capacity as Finance Director. He is a trustee of both LTA Tennis Foundation and The Tennis Foundation (Legacy), a member of the LTA's Investment Advisory Group and is also responsible for the LTA's finance, legal and technology departments.

Simon has over 15 years' experience in the sports industry across a number of different organisations. Prior to joining the LTA, Simon was Head of Finance and Business Development at Team Sky and, prior to that, spent 15 years at Sky, leading finance teams supporting business areas including marketing, technology and Sky Sports. Simon is a member of the Institute of Chartered Accountants in England and Wales, having trained and qualified with KPMG.

Sir David Tanner

Sir David joined the Board on 1 August 2018 as an independent non-executive director and is a member of the Nomination Committee. Sir David is also the lead director on the Board regarding safeguarding and anti-doping.

He was the Performance Director for British Rowing, leading its Olympic and Paralympic programmes, until he stepped down in February 2018 after 21 years in the role. Sir David is a medal-winning Olympic coach and has had a successful full-time career in education, finishing as head of a West London comprehensive school.

Sir David has received honorary doctorates from the University of Bristol and Oxford Brookes University. He is a non-executive director on the board of the UK Sports Institute and is chair of governors at Orleans Park Academy in Twickenham and at Shiplake College in Henley-on-Thames. He's a fellow of the Royal Society of Arts (FRSA) too.

Sir David was appointed OBE in 2003, CBE in 2009 and received a knighthood from the Queen in 2013 for services to the London 2012 Olympic and Paralympic Games. He's an ardent tennis supporter.

ATTENDANCE AT BOARD MEETINGS

Listed below is the attendance at Board meetings of the directors of the Company who were in office during the year and up to the date of signing the financial statements:

Name	Description	No. of meetings attended in 2022
Lord Davies of Abersoch	Chair	8 out of 9
Rachel Baillache	Senior Independent Director	9 out of 9
Sara Bennison	Independent Non-Executive Director	8 out of 9
Sanjay Bhandari	Independent Non-Executive Director	9 out of 9
Roy Colabawalla	Deputy President and Non-Executive Director (appointed 1 January 2023)	1 out of 1 (as observer)
Lesley Cundy	Council-Nominated Board Member and Non-Executive Director	9 out of 9
Richard Cutler	Council-Nominated Board Member and Non-Executive Director (appointed 1 January 2023)	1 out of 1 (as observer)
Craig Haworth	Council-Nominated Board Member and Non-Executive Director (resigned 31 December 2022)	9 out of 9
Anil Jhingan	Independent Non-Executive Director	7 out of 9
Nigel Jordan	DTAG Chairperson and Non-Executive Director (appointed 1 January 2023)	1 out of 1 (as observer)
Scott Lloyd	Chief Executive Officer	9 out of 9
Sandi Procter	Deputy President and Non-Executive Director (became President on 1 January 2023)	8 out of 9
David Rawlinson	President and Non-Executive Director (resigned 31 December 2022)	9 out of 9
Roy Staniland	Chairperson of the Tennis Development Committee and Non-Executive Director (resigned 31 December 2022)	9 out of 9
Simon Steele	Finance Director	9 out of 9
Sir David Tanner	Independent Non-Executive Director	8 out of 9

New Board members receive an induction into the LTA and on-going training as required. Board members also have access to the Company Secretary and any external advisors and resources as required. The LTA maintains director and officer's liability insurance.

BOARD STANDING COMMITTEES

As noted above, there are three Board Standing Committees. Each of which has delegated responsibility for key areas and reports back to the Board on a regular basis. Minutes of committee meetings are circulated to all Board members. The terms of reference for each Board Standing Committee are approved by the Board and are set out in the LTA Rules.

i) Audit Committee

The role and responsibilities of the Audit Committee are (amongst other things) to monitor the integrity of the financial statements of the LTA, to keep the internal financial controls and financial risk management systems under review, to oversee the LTA's Investment Advisory Group, to manage the appointment and performance, and ensure the independence, of the external and internal auditors and to review and recommend the annual financial statements to the Board for approval.

The Audit Committee considers and receives reports from the executive on the nature of risks facing the LTA, the categories of risk that might be considered to be acceptable, the likelihood and impact of risks materialising, the LTA's ability to reduce or mitigate this likelihood and impact of risks on its business and the costs of operating the particular controls relative to the benefit obtained in managing the identified risks.

The Audit Committee reports to the Board and meets at least 3 times a year.

The Audit Committee members during the year, and at the date of signing were:

Name	No. of meetings attended in 2022
Rachel Baillache (chair)	3 out of 3
Sanjay Bhandari	3 out of 3
Andrew Fay (resigned 23 November 2022)	3 out of 3
David Rawlinson (after ceasing to be a non-executive director on 31 December 2022, co-opted as a member for specialist expertise)	2 out of 2

The President, Chief Executive Officer, Finance Director, Head of Finance, Finance Manager and the LTA's internal and external auditors attended the Audit Committee meetings in 2022 by invitation as appropriate.

PricewaterhouseCoopers LLP, the independent external auditors, also provides tax advice to the LTA via separate engagement teams. The Audit Committee is satisfied that the provision of tax advice does not compromise the external auditors' objectivity and independence.

ii) Nomination Committee

With effect from 8 February 2022, the Board Nominations Committee and the Council Nominations Committee ceased to exist. The Nomination Committee was established on 9 February 2022, with its terms of reference set out in the new LTA Rules (which came into effect on that same date).

The Nomination Committee (amongst other things) keeps the composition of the Board and LTA Council under review, makes recommendations for appointments to the Board, LTA Council and other bodies and for succession planning, and oversees the LTA's Inclusion and Diversity Advisory Group.

The Nomination Committee reports to the Board and meets at least 3 times a year.

The Nomination Committee met 4 times during the year, and the members during the year and at the date of signing were:

Name	No. of meetings attended in 2022
Lord Davies of Abersoch (chair)	4 out of 4
Rachel Baillache	4 out of 4
Roy Colabawalla (appointed 1 January 2023)	N/A
Sandi Procter	3 out of 4
David Rawlinson (resigned 31 December 2022)	3 out of 4
Sir David Tanner	4 out of 4

The Company Secretary attended all meetings of the Nomination Committee in 2022 and the Chief Executive Officer and People Director were invited to attend the Nomination Committee meetings in 2022 as appropriate.

iii) Remuneration Committee

The role of the Remuneration Committee is (amongst other things) to determine the LTA's policy on remuneration and (within the terms of that policy) the total remuneration packages of the Chief Executive Officer and senior executives. The Remuneration Committee engages independent external consultants to benchmark remuneration levels as required.

The LTA's remuneration strategy is to pay executives appropriate market remuneration packages to attract and retain high-calibre individuals to deliver the LTA's objectives. No remuneration is paid to the non-executive board members.

The Remuneration Committee reports to the Board and meets at least 3 times a year.

The Remuneration Committee members during the year and at the date of signing were:

Name	No. of meetings attended in 2022
Sara Bennison (chair)	3 out of 3
Lord Davies of Abersoch	3 out of 3
Anil Jhingan	3 out of 3
Sandi Procter (appointed 1 January 2023)	1 out of 1 (as observer)
David Rawlinson (resigned 31 December 2022)	3 out of 3

The Chief Executive Officer and People Director attended the Remuneration Committee meetings in 2022 as appropriate.

LTA COUNCIL

The LTA Council and its composition and powers are established through the governing documentation of the Company. The LTA Council is led by the President, supported by the Deputy President. A number of the members of the Company are entitled to nominate a person as a Councillor. The role and responsibility of the LTA Council (both collectively and acting through individual Councillors) includes:

- to disseminate and support the LTA's vision, mission and values
- proactively to encourage inclusion and diversity within the tennis community
- to provide a forum for representatives of certain members of the Company to come together, exchange ideas and exercise the rights set out in Appendix B to the articles of association

The LTA Council met 5 times (2021: 4) in the year and at those meetings received reports from the Board and various areas of the business.

THE EXECUTIVE

The Executive is responsible for the implementation of the strategy, financial plans, objectives and major policies of the LTA. It is directly accountable to the Board, and responsible for briefing and updating the Board with relevant information. The Executive team at the date of signing this report consisted of:

- Scott Lloyd, Chief Executive Officer
- Simon Steele, Finance Director
- Michael Bourne, Performance Director
- Chris Pollard, Digital and Events Director
- Julie Porter, Chief Operating Officer
- Oliver Scadgell, Participation Director
- Vicky Williams, People Director

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Information on the Group's risk management and future developments can be found on pages 26-30 as part of the Strategic Report while information on related party transactions is disclosed on page 94 as part of the notes to the financial statements.

The Directors' Report was approved and authorised for issue by the Board on 10 May 2023 and is signed on its behalf by:

Scott Lloyd
Chief Executive Officer
9 May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Finance & Governance Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
LAWN TENNIS ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAWN TENNIS ASSOCIATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Lawn Tennis Association Limited's Group financial statements and Company financial statements (the financial statements):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Finance and Governance Report (the Annual Report), which comprise: the Group and Company Statements of Financial Position as at 31 December 2022; the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, and the Group Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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 the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias. Audit procedures performed by the engagement team included:

- performed walkthrough procedures to evaluate the operating effectiveness of management's controls designed to prevent and detect irregularities;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations, journals posted by senior management and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London 9 May 2023

GROUP FINANCIAL STATEMENTS

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £'000s	2021 £'000s
Revenue	2	**79,570**	**59,367**
Administrative expenses		(87,604)	(65,015)
Exceptional item		(1,424)	-
Operating loss	3	**(9,458)**	**(5,648)**
(Loss)/Income from other fixed asset investments		(6,783)	3,570
Other interest receivable and similar income	5	944	709
Interest payable and similar expenses	6	(287)	(12)
Loss before taxation		**(15,584)**	**(1,381)**
Tax on loss	7	(851)	(1,265)
Loss and comprehensive expense for the year		**(16,435)**	**(2,646)**

All of the Group's activities are continuing.

There are no material differences between the loss before taxation and the loss for the financial year stated above and their historical cost equivalents for either 2022 or 2021.

The notes on pages 64 to 94 form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £'000s	2021 £'000s
Fixed assets			
Intangible assets	8	10,730	9,151
Property, plant and equipment	9	34,308	32,475
Investments	10	62,865	72,456
		107,903	**114,082**
Current assets			
Inventories	13	227	173
Trade and other receivables – amounts falling due after more than one year	14	18,742	19,547
Trade and other receivables – amounts falling due within one year	14	36,279	44,840
Cash at bank and in hand	15	27,303	27,122
		82,551	**91,682**
Trade and other payables – amounts falling due within one year	16	(21,095)	(19,321)
Net current assets		**61,456**	**72,361**
Total assets less current liabilities		169,359	186,443
Trade and other payables: amounts falling due after more than one year	16	(13,406)	(14,312)
Provisions for liabilities			
Other provisions	17	(993)	(736)
Net assets		**154,960**	**171,395**
Equity			
Retained earnings		107,871	121,938
Other reserves	19	47,089	49,457
Total equity		**154,960**	**171,395**

The financial statements on pages 57 to 94 were approved and authorised for issue by the Board on 9 May 2023 and were signed on their behalf by:

Simon Steele
Finance Director

The notes on pages 64 to 94 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £'000s	2021 £'000s
Fixed assets			
Intangible assets	8	-	260
Investments	10	37,798	42,057
		37,798	**42,317**
Current assets			
Trade and other receivables – amounts falling due within one year	14	115,913	116,365
Cash at bank and in hand	15	988	324
		116,901	**116,689**
Trade and other payables – amounts falling due within one year	16	(34)	(156)
Net current assets		**116,867**	**116,533**
Total assets less current liabilities		154,665	158,850
Deferred tax liability	18	(507)	(1,634)
Net assets		**154,158**	**157,216**
Equity			
Retained earnings		154,158	157,216
Total equity		**154,158**	**157,216**

Lawn Tennis Association Limited made a loss after taxation of £3.1m in the year (2021: profit £1.2m). This was largely due to unrealised loss on investments of £4.5m offset by gains on disposal of fixed asset investments of £0.4m.

The financial statements on pages 57 to 94 were approved and authorised for issue by the Board on 9 May 2023 and were signed on their behalf by:

Simon Steele
Finance Director

The notes on pages 64 to 94 form an integral part of these financial statements.

GROUP AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2022

Group	Retained earnings £'000s	Retained earnings (other reserves) £'000s	Total retained earnings £'000s	Total equity £'000s
Balance as at 1 January 2021	122,471	51,570	174,041	174,041
Loss and comprehensive expense for the year	(533)	(2,113)	(2,646)	(2,646)
Balance as at 31 December 2021	**121,938**	**49,457**	**171,395**	**171,395**
Balance as at 1 January 2022	121,938	49,457	171,395	171,395
Loss and total comprehensive expense for the year	(14,067)	(2,368)	(16,435)	(16,435)
Balance as at 31 December 2022	**107,871**	**47,089**	**154,960**	**154,960**

Company	Retained earnings £'000s	Retained earnings (other reserves) £'000s	Total retained earnings £'000s	Total equity £'000s
Balance as at 1 January 2021	156,013	-	156,013	156,013
Profit for the financial year	1,203	-	1,203	1,203
Balance as at 31 December 2021	**157,216**	**-**	**157,216**	**157,216**
Balance as at 1 January 2022	157,216	-	157,216	157,216
Loss for the financial year	(3,058)	-	(3,058)	(3,058)
Balance as at 31 December 2022	**154,158**	**-**	**154,158**	**154,158**

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 £'000s	2021 £'000s
Net cash flows from operating activities	22	**4,794**	(210)
Taxation (paid)/repaid		**(344)**	700
Net cash generated from/(used in) operating activities		**4,450**	**490**
Cash flow from investing activities			
Purchase of subsidiary		**-**	(29)
Purchase of intangible assets		**(5,181)**	(4,029)
Purchase of tangible assets		**(3,814)**	(1,234)
Proceeds from sale of fixed asset investments		**10,490**	9,260
Purchase of fixed asset investments		**(6,692)**	(5,851)
Interest received		**33**	7
Income from fixed asset investments		**911**	702
Net cash used in investing activities		**(4,253)**	**(1,174)**
Cash flow from financing activities			
Cash inflows from Loans (DCMS)		**-**	14,300
Net cash generated from financing activities		**-**	**14,300**
Net increase in cash and cash equivalents		**197**	13,616
Cash and cash equivalents at the beginning of the year		**29,649**	16,033
Cash and cash equivalents at the end of the year		**29,846**	**29,649**
Cash and cash equivalents consists of:			
Cash at bank and in hand		**27,303**	27,122
Cash held for investment purposes*		**2,543**	2,527
Cash and cash equivalents		**29,846**	**29,649**

*Cash held for investment purposes is included in investments on the statement of financial position.

The notes on pages 64 to 94 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information

Lawn Tennis Association Limited ('the Company') is a private company limited by guarantee having no share capital and is incorporated and domiciled in England and Wales. The address of its registered office is The National Tennis Centre, 100 Priory Lane, Roehampton, London, SW15 5JQ, England.

Statement of compliance

The Group and Company financial statements are prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102). The Group and Company have also adopted the Amendments to FRS 102 (issued in July 2015).

Lawn Tennis Association Limited constitutes a public benefit entity ('PBE') as defined by FRS 102, being an entity whose primary objective is to provide goods and services for the general public.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The Group and Company financial statements are prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 1z).

b) Going concern

On the basis of their assessment of the Group financial position and resources, the Directors have concluded that the Group has sufficient financial resources to meet its liabilities as they fall due. The Directors have reviewed the Group's cash flow projections which incorporate reasonable sensitivities and contingencies around potential impacts on the Group's business activities.

In addition to the £10m overdraft facility and £14.3m DCMS loan, the Group holds sufficient short-term investments to manage the known risks, therefore the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Exemptions for qualifying entities under FRS 102

As the Company is a member of the Group whose consolidated financial statements are publicly available it meets the exemption for qualifying entities as defined by FRS 102. As a qualifying entity it is entitled to certain disclosure exemptions, subject to certain conditions that have been complied with, including notification of and no objection to, the use of exemptions by the Company's members.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- from disclosing the financial instrument disclosures, required under FRS 102 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(c) and paragraphs 12.26, 12.27, 12.29(a), 12.29(b) as the information is provided in the consolidated financial statement disclosures;

1. ACCOUNTING POLICIES (CONTINUED)

d) Lawn Tennis Association Limited

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company, Lawn Tennis Association Limited, is not presented as part of these financial statements.

e) Basis of consolidation

The Group financial statements consolidate the financial statements of Lawn Tennis Association Limited ('the Company') and its subsidiary undertakings (including LTA Tennis Foundation and Tennis Foundation (Legacy)) made up to 31 December 2022. The profits and losses of subsidiaries are consolidated from the date of acquisition to the date of disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Uniform accounting policies are used for all the companies included in the Group consolidation.

f) Quasi subsidiaries

In determining whether a company controls another entity, regard should be had to who in practice directs the entity's financial and operating policies. Lawn Tennis Association (unincorporated) is not directly owned by the Group but meets the definition of a quasi-subsidiary under paragraph 9.1 and 9.11 of FRS 102 as it is managed on a unified basis by the Company. As such, it has been accounted for in the same way as other subsidiaries and has been fully consolidated into the Group financial statements.

g) Accounting for unincorporated joint arrangement – The Championships

In these financial statements The Championships are accounted for as an unincorporated joint arrangement. The joint arrangement is governed by a 1934 principal agreement which has been supplemented and amended by various agreements or deeds, most recently in 2011 between the Club and the LTA, whereby The Championships are controlled, managed and promoted by the Committee of Management which consists of twelve members representing the Club and 7 members representing the LTA. The Championships prepares its financial statements to 31 July.

The allocation of the financial surplus of The Championships is also governed by this agreement. The financial arrangements are designed to advance the interests of Great British tennis and 90% of the surplus is distributed to the LTA from the distribution as agreed by the Joint Finance Committee.

h) Revenue

Revenue includes the gross surplus of The Championships due to the LTA, Sport England grant, income from ticketing and hospitality fees from tennis tournaments, commercial and sponsorship income, government grants, advertising income and subscriptions less any refunds or returns and is stated net of VAT.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration. This is recorded at the value of the consideration due. Where a contract has only been partially completed at the statement of financial position date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. The Group follows the cost model under Section 24 of FRS 102.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met.

1. ACCOUNTING POLICIES (CONTINUED)

i) Grants

Grant income is recognised in the income statement either on receipt or in the year in which the related expenditure is incurred, depending on the nature of the grant when the entity complies with the conditions attaching to them. Section 24 of FRS 102, 'government grants' permits either the performance model or the accrual model to recognise government grants. Grants relating to revenue are recognised in income on a systematic basis over the period in which the Group recognised the related costs for which the grant is intended to compensate.

Grant expenditure is recognised in the income statement in the year in which the grant was made or committed to other third parties.

j) Foreign currencies

(i) Functional and presentation currency

The Group and Company's functional and presentation currency is the sterling pound. Figures are rounded to thousands.

(ii) Transactions and balances

Foreign currency transactions arising during the year are translated at the rates prevailing at the date of the transaction unless covered by a forward exchange contract, in which case the contract rate is used. Balances outstanding at the year end are translated at the rate ruling on that date unless covered by a forward exchange contract. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

k) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

l) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

m) Intangible fixed assets and amortisation

Intangible fixed assets are stated in the statement of financial position at cost less provision for amortisation.

Amortisation is calculated to write off the cost of intangible assets over their expected lives by equal instalments. The expected life of each intangible asset is determined on an individual basis, dependent on the duration of its economic benefit. The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation.

Commercial rights are amortised over the contractual period to which they relate.

Computer software's amortisation period is between 4 and 5 years to reflect the expected future economic benefit of the assets.

Assets under construction are amortised once their useful lives commence and in accordance with their asset class.

Costs associated with maintaining computer software are recognised as an expense as incurred.

1. ACCOUNTING POLICIES (CONTINUED)

m) Intangible fixed assets and amortisation (continued)

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

n) Property, plant and equipment and depreciation

Property, plant and equipment are stated in the statement of financial position at cost less provision for depreciation. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment over their expected lives by equal annual instalments. Depreciation is provided on all property, plant and equipment apart from freehold land and assets under construction. The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The following asset lives are used:

Land & buildings	10-125 years
Motor vehicles	4 years
Furniture, computers & equipment	3 to 20 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively. Assets under construction are depreciated once their useful lives commence and in accordance with their asset class.

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

o) Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication

1. ACCOUNTING POLICIES (CONTINUED)

o) Impairment of non-financial assets (continued)

the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use.

The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement.

p) Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

q) Investments

Investments in subsidiaries are stated at cost less any provision considered necessary for permanent diminution in value.

Third party investments comprises of shares or stocks. Investments where no control, joint control or significant influence is held i.e. other investments, are measured at fair value with movements going through income statement. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

r) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the year in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. At the end of each reporting year inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

s) Hedging

The Group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

Derivatives, including interest rate swaps and forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies are not basic financial instruments.

1. ACCOUNTING POLICIES (CONTINUED)

s) Hedging (continued)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives are recognised in profit or loss in finance costs or income as appropriate.

Where foreign currency borrowings (including forward exchange contracts) are used to finance or provide a hedge against the exchange risk associated with existing foreign fixed-asset investments denominated in foreign currency, the investments are re-translated at each statement of financial position date at the exchange rates ruling at the year end with movements taken to reserves. These foreign exchange movements are offset by the re-translation of the forward exchange contracts to the extent of the exchange differences arising on the fixed-asset investments. Foreign exchange movements arising from the re-translation of forward exchange contracts in place at the statement of financial position date are also taken to reserves.

t) Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss immediately.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1. ACCOUNTING POLICIES (CONTINUED)

t) Financial instruments

(ii) Financial liabilities (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expired.

The Company does not hold or issue derivative financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Loans paid and received are offset and the net amounts presented in the financial statements as doing so enhance the understanding of the cash flows.

u) Cash and cash equivalents

Cash and cash equivalents includes bank balances and short-term maturity deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

Cash and cash equivalents are stated at face value.

v) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

w) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Taxation represents the amount estimated to be payable or recoverable in respect of the taxable profit or loss for the year, along with adjustments to estimates in respect of previous years.

Current or deferred taxation assets and liabilities are not discounted.

1. ACCOUNTING POLICIES (CONTINUED)

w) Taxation (continued)

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements.

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed by the statement of financial position date. The provision for deferred tax is not discounted. Deferred tax assets are only recognised to the extent that it is regarded that they will be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

x) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements.

Short-term benefits:

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

Long-term benefits:

Amounts payable under the long-term incentive scheme are dependent on performance targets. Employees are required to remain in employment with the Group to receive any payment. The Group does not set aside assets to fund the payments and pays the benefits out of cash resources. A liability for the plan is raised on the estimated amount payable in terms of the incentive scheme plans.

Termination benefits:

Termination benefits are recognised as an expense in the year in which the benefits are provided to the employees or are expensed and accrued when the Group has committed to make payments in the future. If there is an uncertainty about the number of employees who will accept an offer of termination benefits, the contingent liabilities is disclosed unless the possibility of an outflow in settlement is remote.

Pension costs:

Contributions payable to defined contribution schemes are charged to the income statement in the year to which they relate. There are no defined benefit pension obligations.

y) Concessionary loans

Concessionary loans made are initially measured at the amount paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any accrued interest payable or receivable.

To the extent that a loan that has been made is irrecoverable, an impairment loss is recognised in the income statement.

z) Critical judgements and estimates in applying the accounting policy

The preparation of the financial statements requires management and the Board to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. No material judgements and estimates have been made in the current year or prior year.

1. ACCOUNTING POLICIES (CONTINUED)

a1) Amendments to FRS 102

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

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

The Group has adopted the amendments to para 4.2 of FRS 102. The Group has chosen to apply IFRS format in presenting the Statement of financial position. The terminology has been changed as per IFRS. The presentational change has no such material impact in the Group's financial statements.

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

The Group has adopted the amendments to para 5.10 of FRS 102. The Group has chosen to apply IFRS format in presenting the Statement of income and Statement of comprehensive income. The terminology has been changed as per IFRS. The presentational change has no such material impact in the Group's financial statements.

(iii) Amendments to Section 18: Intangible assets including goodwill:

The Group has adopted the amendments to para 18.19 and 18.20 of FRS 102. The amendments to para 18.19 clarifies if an entity is unable to make a reliable estimate of the useful life of an intangible asset, the useful life limit should not exceed ten years. As the Group does not have any intangible assets with indefinite useful life, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

(iv) Amendments to Section 27: Impairment of assets:

The Group has adopted the amendments to para 27.31 of FRS 102. The amendments to para 27.31 clarify the removal of hierarchy for reversing impairment charges, with the entity no longer required to allocate the amount of impairment reversal in a particular order. This is largely due to the fact that goodwill impairment reversals are no longer permitted under FRS 102. As the Group does not have any impairment charges that qualify for reversal, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

(v) Amendments to Section 33: Related party disclosures:

The Group has adopted the amendments to para 33.2(viii) of FRS 102. The amendments clarify the increase in scope of related parties by including an entity, or any member of a Group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity, as being a related entity. As the Group already discloses all of its parent-subsidiary relationships in note 24, the application of amendments has no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

2. REVENUE

Revenue arises materially from trading activities in the UK. Revenue is earned from the participation of Great Britain teams in Davis Cup and Billie Jean King Cup ties overseas however this is immaterial.

Analysis of revenue by category:

	2022 £'000s	2021 £'000s
Rendering of services	77,099	57,182
Grant income	2,471	2,185
	79,570	**59,367**

Analysis of revenue by subcategory:

	2022 £'000s	2021 £'000s
Revenue from The Championships	49,704	45,760
Commercial	6,744	4,140
Major events	16,988	5,336
Sport England revenue and other grants	2,471	2,185
Other revenue	3,663	1,946
	79,570	**59,367**

3. OPERATING LOSS

	2022 £'000s	2021 £'000s
Operating loss is stated after charging/(crediting):		
Amortisation of intangible assets (note 8)	3,109	2,237
Depreciation (note 9)	2,065	1,878
Loss on disposal of assets	152	71
Operating lease and other hire charges:		
- Plant and machinery	38	80
- Motor vehicles	239	277
Auditors' remuneration:		
- Audit fee for parent company and consolidated financial statements	107	95
- Audit fee for audit of subsidiaries	7	7
- Tax compliance services	88	57
- Non-audit services	11	28

4. EMPLOYEES AND DIRECTORS

The average monthly number of employees, including directors, of the Group during the year was 326 (2021:312) as follows:

	2022 Number	2021 Number
Participation	100	100
Performance	64	68
Commercial, major events and marketing	59	57
Business support and governance	103	87
	326	**312**

The Business support and governance headcount has increased by 16 primarily due to the acquisition of Nottingham Tennis Centre on 1 May 2022.

In addition to the average number of employees of 326, the average number of casual workers on the Flexible Talent Bank during 2022 was 18, reflecting the greater choice and flexibility the LTA is offering since the pandemic.

The Company had no (2021: nil) employees.

The aggregate amounts payable to employees of the Group during the year were:

	2022 £'000s	2021 £'000s
Group employees		
Wages and salaries	19,200	17,273
Social security costs	2,348	2,078
Other pension costs	1,183	1,032
	22,731	**20,383**

	2022 £'000s	2021 £'000s
Directors' remuneration		
Aggregate remuneration	824	653
Aggregate amounts accruing under long-term incentive scheme	115	109
Company pension contributions to money purchase scheme	37	30
Aggregate emoluments	**976**	**792**

The aggregate emoluments were paid to 2 (2021: 2) directors, both of whom were employed for the whole of 2022 (2021: 2). Retirement benefits are accruing to one (2021: one) director under a money purchase scheme.

4. EMPLOYEES AND DIRECTORS (CONTINUED)

Amounts accruing under the long-term incentive scheme are dependent on performance targets. Employees are required to remain in employment with the Group to receive any payment. Amounts are accrued and expected to be paid in 2023/2024 subject to performance.

	2022 £'000s	2021 £'000s
Highest paid director		
Aggregate remuneration	572	445
Aggregate amounts accruing under long-term incentive schemes	77	78
***Aggregate emoluments**	**649**	**523**

Amounts accruing, not paid, under the long-term incentive scheme are dependent on performance targets. Employees are required to remain in employment with the Group to receive any payment.

*Aggregate emoluments includes all remuneration receivable to the highest paid director, including a pension allowance.

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000s	2021 £'000s
Group bank and other interest receivable	33	7
Income from fixed asset investments	911	702
Net finance income	**944**	**709**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £'000s	2021 £'000s
Group interest payable on DCMS loan	287	12
Net finance expense	**287**	**12**

7. TAX ON LOSS

	2022 £'000s	2021 £'000s
Group taxation		
Current tax		
UK corporation tax on results for the year	-	841
Adjustment in respect of prior years	133	(104)
Overseas tax	596	-
Total current tax	**729**	**737**
Deferred tax:		
Origination and reversal of timing differences	87	940
Effect of future corporation tax rate changes	27	(382)
Adjustment in respect of prior years	8	(30)
Total deferred tax	**122**	**528**
Tax on loss	**851**	**1,265**

7. TAX ON LOSS (CONTINUED)

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% average for the year (2021: 19%). The differences are explained below:

	2022 £'000s	2021 £'000s
Factors affecting tax charge		
Loss before taxation	**(15,584)**	**(1,381)**
Loss before taxation multiplied by standard corporation tax rate in the UK of 19% (2021: 19%) for large entities and 19% (2021: 19%) for smaller entities	(2,961)	(262)
Effects of:		
Expenses not deductible for tax purposes	2,783	1,825
Deferred tax on FRS102 adjustments	4	-
Overseas tax	596	-
Accelerated capital allowances and other timing differences	-	3
Income not taxable	(162)	(46)
Effect of gains	65	122
Adjustment in respect of prior years	141	(139)
Deferred tax not recognised	4	-
Excess grass roots deduction	330	-
Effect of future corporation tax rate changes	27	(382)
Group relief not paid for	-	(23)
Revaluation	24	167
Total tax charge	**851**	**1,265**

The main rate of corporation tax was 19% for the year. In the November 2022 budget the Government reconfirmed that the rate of corporation tax will increase to 25% from 1 April 2023 on profits over £0.25m. The corporation tax rate increase was included in Finance Bill 2021 and the Bill was substantively enacted on 24 May 2021. As the increased rate was substantively enacted at the balance sheet date of 31 December 2022, it is reflected in the deferred tax workings for the year.

8. INTANGIBLE ASSETS

Group	Commercial Rights £'000s	Assets under construction £'000s	Computer Software £'000s	Goodwill £'000s	Total £'000s
Cost:					
At 1 January 2022	2,080	1,483	10,187	329	14,079
Additions	-	393	3,872	-	4,265
Additions – Internally generated	-	4	527	-	531
Disposals	-	-	(572)	-	(572)
Transfer	-	(1,483)	1,483	-	-
At 31 December 2022	**2,080**	**397**	**15,497**	**329**	**18,303**
Accumulated Amortisation:					
At 1 January 2022	1,820	-	2,909	199	4,928
Charge for the year	260	-	2,739	110	3,109
Disposals	-	-	(464)	-	(464)
At 31 December 2022	**2,080**	**-**	**5,184**	**309**	**7,573**
Net book value					
At 31 December 2022	**-**	**397**	**10,313**	**20**	**10,730**
At 31 December 2021	260	1,483	7,278	130	9,151

8. INTANGIBLE ASSETS (CONTINUED)

Company	Commercial rights £'000s
Cost:	
At 1 January 2022	2,080
Additions	-
At 31 December 2022	**2,080**
Accumulated Amortisation:	
At 1 January 2022	1,820
Charge for the year	260
At 31 December 2022	**2,080**
Net book value:	
At 31 December 2022	**-**
At 31 December 2021	260

Commercial rights consist of The Queen's Club Championships ATP 500 sanction. The LTA acquired this sanction in 2014 at a cost of £2.1m following the upgrade of The Queen's Club Championships. This cost is being amortised in line with the accounting policy for intangible assets to 2022, resulting in a net book value at 31 December 2022 of £nil (2021: £0.3m).

9. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings £'000s	Motor vehicles £'000s	Furniture, computers & equipment £'000s	Total £'000s
Cost:				
At 1 January 2022	38,026	76	16,788	54,890
Additions	2,232	-	1,711	3,943
Disposals	(59)	-	(2,337)	(2,396)
At 31 December 2022	**40,199**	**76**	**16,162**	**56,437**
Accumulated Depreciation:				
At 1 January 2022	9,949	59	12,407	22,415
Charge for the year	1,001	3	1,061	2,065
Disposals	(21)	-	(2,330)	(2,351)
At 31 December 2022	**10,929**	**62**	**11,138**	**22,129**
Net book value:				
As at 31 December 2022	**29,270**	**14**	**5,024**	**34,308**
As at 31 December 2021	**28,077**	**17**	**4,381**	**32,475**

The net book value of land and buildings comprises long leasehold assets.

The Company does not hold any property, plant and equipment (2021: £nil).

10. INVESTMENTS

Group	Third party investments £'000s
Net book value	
At 1 January 2022	72,456
Additions	6,692
Disposals	(10,490)
Fair value adjustment	(7,025)
Movements in cash	1,232
At 31 December 2022	**62,865**

Company	Third party investments £'000s	Subsidiaries £'000s	Total £'000s
Net book value			
At 1 January 2022	30,261	11,796	42,057
Additions	3,341	-	3,341
Disposals	(4,061)	-	(4,061)
Fair value adjustment	(4,423)	-	(4,423)
Movement in cash	884	-	884
At 31 December 2022	**26,002**	**11,796**	**37,798**

10. INVESTMENTS (CONTINUED)

The subsidiaries below are all incorporated in England and Wales, were directly or indirectly wholly owned by Lawn Tennis Association Limited at 31 December 2022 and each has its registered office at The National Tennis Centre, 100 Priory Lane, Roehampton, London, SW15 5JQ.

Subsidiary	**Nature of activities**
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Holdings Limited*	Holding company for the Group's subsidiaries before Lawn Tennis Association incorporated
LTA Nominees Limited*	Nominee company for the LTA
LTA Operations Limited*	Main trading entity of the Group
LTA Property Limited*	A holding company for land and buildings of the Group
LTA Services Limited	Provides manpower services
LTA Tennis Foundation	Independent charity to promote community participation through grant and loan funding
LTA Tennis Foundation (Legacy)	Independent charity to promote community participation through grant funding
Local Tennis Leagues Limited	Organises park tennis leagues throughout the UK
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)
TF Enterprises Limited	Trading entity of LTA Tennis Foundation.

* Direct subsidiaries of Lawn Tennis Association Limited.

10. INVESTMENTS (CONTINUED)

The directors believe that the carrying value of investments is supported by the underlying net assets.

Lawn Tennis Association Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2022.

Subsidiary	**Nature of activities**
LTA Developments Limited	Manages tennis developments on behalf of the LTA
LTA Events Limited	Facilitates and manages tennis tournaments on behalf of the LTA
LTA Ground Limited	Manages the prepaid court arrangement with Queenswood School
LTA Holdings Limited*	Holding company for the Group's subsidiaries before Lawn Tennis Association incorporated
LTA Nominees Limited*	Nominee company for the LTA
LTA Operations Limited*	Main trading entity of the Group
LTA Property Limited*	A holding company for land and buildings of the Group
LTA Services Limited	Provides manpower services
LTA Tennis Foundation (Legacy)	Independent charity to promote community participation through grant funding
Local Tennis Leagues Limited	Organises park tennis leagues throughout the UK
Tennis GB Limited	Publishes tennis magazines and other tennis publications (Dormant)

11. LAWN TENNIS ASSOCIATION

The Income Statement and Statement of Financial Position of the unincorporated entity Lawn Tennis Association are included in the Group financial statements and are provided below on the grounds that they are treated as a quasi-subsidiary.

Income statement	**2022 £'000s**	2021 £'000s
Result for the financial year	-	-

Statement of financial position	**2022 £'000s**	2021 £'000s
Cash at bank and in hand	1,227	1,223
Creditors due less than one year	(4)	-
Net assets	**1,223**	**1,223**

12. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 2022 £'000s	Group 2021 £'000s	**Company 2022 £'000s**	Company 2021 £'000s
Financial instruments by category				
The Group & Company have the following financial instruments:				
Financial assets at fair value through income statement:				
Third party investments (note 10)	**62,865**	**72,456**	**26,002**	**30,261**
Financial assets that are debt instruments measured at amortised cost:				
Trade receivables (note 14)	3,347	3,505	-	-
Other receivables (note 14)	29,532	40,816	115,913	116,365
Concessionary loans (note 14)	9,682	9,265	-	-
	42,561	**53,586**	**115,913**	**116,365**
Financial liabilities measured at amortised cost:				
Trade payables (note 16)	335	735	-	-
Other payables (note 16)	34,161	32,685	34	34
	34,496	**33,420**	**34**	**34**

13. INVENTORIES

	Group 2022 £'000s	Group 2021 £'000s	**Company 2022 £'000s**	Company 2021 £'000s
Inventories	227	173	-	-
	227	**173**	**-**	**-**

There is no significant difference between the replacement cost of the inventory and its carrying amount.

14. TRADE AND OTHER RECEIVABLES

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
Amounts falling due within one year:				
Trade receivables	3,347	3,505	-	-
Amounts owed by Group undertakings (i)	-	-	115,907	116,358
Amounts owed by The Championships	25,762	35,831	-	-
Concessionary loans (ii)	1,954	1,767	-	-
Tennis developments (iii)	142	142	-	-
Hardship loans to coaches and venues	493	499	-	-
Other receivables	28	595	6	7
Prepayments and accrued income	4,553	2,501	-	-
	36,279	**44,840**	**115,913**	**116,365**

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
Amounts falling due after more than one year:				
Concessionary loans (ii)	7,728	7,498	-	-
Deferred tax asset	1,471	1,593	-	-
Tennis developments (iii)	2,725	2,864	-	-
Hardship loans to coaches and venues	382	885	-	-
Prepayments and accrued income	6,436	6,707	-	-
	18,742	**19,547**	**-**	**-**

(i) Amounts owed by Group undertakings

Amounts owed by Group undertakings represent intercompany loans that are measured at cost, interest free and repayable on demand.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Concessionary loans

Group	2022 £'000s	2021 £'000s
Amounts falling due within one year	1,954	1,767
Amounts falling due after more than one year	7,728	7,498
	9,682	**9,265**

The loans represent interest free loans issued by the LTA to clubs, indoor facilities, parks and schools to improve tennis facilities. The loans are repayable between 3-10 years or longer and are recorded net of any bad debt provision.

(iii) Tennis Developments

Included within amounts falling due after more than one year is £2.7m (2021: £2.9m) that represents an amount repayable over a 20 year period, that commenced in 2005, from The West Hants LTC for loans that assisted with the development of the club. In 2006 a moratorium was agreed, deferring the instalments due in the calendar years 2007 and 2008, thus extending the repayment period to 22 years. In 2010 it was agreed to extend the repayment period to 30 years and repayments are being made on this basis.

15. CASH AND CASH EQUIVALENTS

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
Cash at bank and in hand	27,303	27,122	988	324
	27,303	**27,122**	**988**	**324**

During 2022 the LTA rearranged an overdraft facility of £10m (2021: £15m), secured against £23m of its fixed asset investments, to mitigate any unexpected fluctuations in its forecast working capital. At the time of signing the Finance and Governance Report, the overdraft facility had not been drawn upon.

The terms of the overdraft include an annual arrangement fee at 0.25% of the facility and interest charged at 2.5% above base rate on the amount drawn down.

16. TRADE AND OTHER PAYABLES

Amounts falling due within one year

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
DCMS Loan	1,192	-	-	-
Trade payables	335	735	-	-
Corporation tax	5	213	-	122
Other payables	2,693	1,959	-	-
Accruals and deferred income	16,870	16,414	34	34
	21,095	**19,321**	**34**	**156**

Amounts falling due after more than one year

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
Amounts falling due between one and five years				
DCMS Loan	7,150	6,268	-	-
	7,150	**6,268**	**-**	**-**
Amounts falling due after more than five years				
DCMS Loan	6,256	8,044	-	-
	6,256	**8,044**	**-**	**-**
Total creditors falling due after more than one year	**13,406**	**14,312**	**-**	**-**

During 2021 the LTA received a loan of £14.3m from the Department of Digital, Culture, Media and Sport (DCMS) as part of the Government's 2020 COVID winter sport support package.

The terms of the loan include an annual arrangement fee at 0.5% of the facility and interest charged at 2%; biannual repayments of equal value will commence on 30 September 2023 until the full loan and interest has been repaid on 31 March 2031.

17. OTHER PROVISIONS

Group	Legal expenses £'000s	Long-term incentive scheme £'000s	Total £'000s
At 1 January 2022	53	683	736
Amounts utilised	(53)	-	(53)
Charged to income statement	38	272	310
At 31 December 2022	**38**	**955**	**993**

Other Provisions include legal expenses, and the amounts payable under the long-term incentive scheme are dependent on performance targets; employees are required to remain in employment with the Group to receive the cash payment. The Group does not set aside assets to fund the payments and pays the benefits out of cash resources. The amounts provided are expected to be paid between 2023 and 2024.

18. DEFERRED TAX ASSET/(LIABILITY)

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
At 1 January	1,593	2,121	(1,634)	(823)
(Charged)/credited to income statement	(122)	(528)	1,127	(811)
At 31 December	**1,471**	**1,593**	**(507)**	**(1,634)**

The gross deferred tax asset/(liability) comprises:

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
Deferred capital allowances	2,378	2,524	(539)	(1,634)
Pension surplus	(882)	-	-	-
Short-term timing differences	(72)	(931)	-	-
FRS 102 Adjustment	15	-	-	-
Tax Losses carried forward	32	-	32	-
Deferred tax asset/(liability)	**1,471**	**1,593**	**(507)**	**(1,634)**

19. OTHER RESERVES

	Group 2022 £'000s	Group 2021 £'000s	Company 2022 £'000s	Company 2021 £'000s
At 1 January	49,457	51,570	-	-
Charged to income statement	(2,368)	(2,113)	-	-
At 31 December	**47,089**	49,457	**-**	-

Other reserves represent the balance of consideration in respect of the sale of the LTA's holding in The All England Lawn Tennis Ground PLC (AELTG) in 2013. Other reserves are ring fenced for investment in line with the reserves policy rather than in day to day operations.

20. PENSION COMMITMENTS

The Group operates various defined contribution pension schemes for its employees:

The Group Money Purchase Personal Pension Plan (Money Purchase Scheme) is closed for new contributions and members, but has assets which are held in a separate trustee administered fund. The trustees of the scheme are all officers of the Company. All new contributions are paid into the Group Personal Pension Plan ('the scheme') or private personal pension plans. The scheme is funded by contributions from the LTA and its employees. Annual contributions to the scheme by the LTA are related to pensionable salaries. In 2014, the LTA auto enrolled its employees in accordance with the Pensions Act 2008. At 31 December 2022, 329 (2021: 286) employees were members of the scheme.

The contributions to the LTA schemes were:

	2022 £'000s	2021 £'000s
Group personal pension plan (the scheme)	1,183	1,032
Total Group contributions	**1,183**	**1,032**

There were no contributions outstanding at the year-end (2021: £nil).

21. FINANCIAL COMMITMENTS

At 31 December, the Group had future minimum lease payments under non-cancellable operating leases for assets, other than land and buildings, and other financial commitments as follows:

	2022 £'000s	2021 £'000s
Operating leases which expire:		
within one year	58	256
within two to five years	-	71
	58	**327**

In addition to the commitments under non-cancellable operating leases noted above, there are loans of £3.3m (2021: £3.7m) that have been approved for payment to places to play but have not yet been paid.

At 31 December 2022, the Company had no future minimum lease payments under non-cancellable operating leases for assets and other financial commitments.

22. NOTES TO THE STATEMENT OF CASH FLOWS

	2022 £'000s	2021 £'000s
Loss for the financial year	**(16,435)**	**(2,646)**
Taxation charge	**851**	**1,265**
Net loss/(gain) on fixed asset investments	**6,783**	**(3,570)**
Other interest receivable and similar income	**(944)**	**(709)**
Net interest expense	**287**	**12**
Operating loss	**(9,458)**	**(5,648)**
Amortisation of intangible assets	**3,109**	**2,237**
Loss on disposal of intangible assets	**108**	**7**
Depreciation of tangible assets	**2,065**	**1,878**
Loss on disposal of tangible assets	**45**	**64**
Effect of exchange rate changes on cash	**(387)**	**-**
Working capital movements:		
- (Increase)/Decrease in inventories	**(54)**	**78**
- Decrease in receivables	**8,479**	**179**
- Increase in payables	**1,304**	**421**
- (Increase)/Decrease in outstanding loans to Places to play	**(417)**	**574**
Cash Inflow/(outflow) from operating activities	**4,794**	**(210)**

23. CONTINGENT LIABILITIES

As disclosed in note 10 the Company has taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit of certain 100% owned subsidiaries. The Company guarantees the liabilities of the relevant companies at the end of the year until those liabilities have been settled in full. The contingent liability at the year-end was £33.7m (2021: £32.8m).

24. RELATED PARTY TRANSACTIONS

The Group has opted to take advantage of the exemption available in Section 33.1A of FRS 102 not to disclose transactions between Group entities that have been eliminated on consolidation.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1.9m (2021: £1.8m).

David Lloyd Leisure Limited

David Lloyd Leisure Limited is deemed a related party by virtue of common directorship. Scott Lloyd is a Non-Executive Director of Deuce Acquisitions Limited which is the holding company of David Lloyd Leisure Limited. In 2022, the LTA received income of £30 (2021: £nil) and incurred costs of £13,640 (2021: £3,008) from David Lloyd clubs across the UK. The balance owed by David Lloyd clubs at 31 December 2022 was £nil (2021: £288).

The Championships

The LTA operates a joint arrangement under an agreement for the governance and operation of The Championships with the Club, AELTG and The All England Lawn Tennis Club (Wimbledon) Limited. In 2022 the Joint Management Committee of The Championships allocated 90% of the net surplus of The Championships to the LTA (2021: 90%) in line with the terms of the sale of the Ground Company effective 1 August 2013 which secured the 90% distribution of the net Championship surplus for the next 35 years. The LTA's share of the surplus of The Championships is based upon the audited financial statements prepared to 31 July 2021 and 2022.

The gross surplus of The Championships amounted to £43.0m (2021: £39.5m). The increase in the distributable surplus in 2022 was due to removal of all COVID-19 restrictions experienced in 2021. Net of withholding tax, the surplus receivable by the LTA amounted to £42.4m (2021: £38.8m). The amount due from The Championships at 31 December 2022 was £25.8m (31 December 2021: £35.8m).

The costs of officiating services are charged to The Championships. This represents the LTA's work in partnership with the Association of British Tennis Officials to manage, supply and pay the umpires and other officials who work at The Championships each year. In 2022 the LTA recharged The Championships £1.6m (2021: £1.0m) for these services.

In 2022, LTA Operations Limited received cash of £5.2m (2021: £5.2m) from The Championships to help fund grass-court tournaments in the periods before and after The Championships. A further £0.1m (2021: £0.2m) was received from The Championships to support the grass court venues of the Men's ATP Challenger/Women's ITF Pro-circuit with prize money. LTA Operations Limited also purchased £0.6m (2021: £4.2m) of tickets at face value from The Championships for onward sale and distribution.

West Hants LTC

West Hants LTC is deemed a related party by virtue of its entitlement to appoint 2 joint directorships. Included within the Group's receivables is an asset entitled 'Tennis developments' which represent West Hants LTC's development funding of £2.9m (2021: £3.0m) repayable in equal instalments over the next 20 years.

25. ULTIMATE PARENT AND CONTROLLING PARTY

Lawn Tennis Association Limited is the ultimate parent undertaking and controlling party of the Group, as detailed in note 10.

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