

**THE
TENNIS & RACKETS
ASSOCIATION
LIMITED**

**Company No. 07819045
Charity No. 1167866**

Trustees' Report and Consolidated Financial Statements

For the year ended 30 June 2016

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THE TENNIS & RACKETS ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE DATA AT 30 JUNE 2016

TRUSTEES	David K Watson (Chairman from 19 November 2015) The Hon James H M Bruce James R Coyne Richard A Dalzell (Treasurer) Mrs Alex Garside Alan C Lovell William J Maltby (Chairman until 19 November 2015, resigned) Simon N Mansfield Patrick R V Maxwell Roger G Pilgrim Fred C Satow (from 19 November 2015) Bernard R Weatherill
COMPANY SECRETARY	Christopher S Davies
COMPANY NUMBER	07819045
CHARITY NUMBER	1167866
REGISTERED ADDRESS	c/o The Queen's Club Palliser Road West Kensington London W14 9EQ
PORTFOLIO MANAGERS	Smith & Williamson Investment Management Limited 25 Moorgate London EC2R 6AY
REGISTERED AUDITORS	haysmacintyre 26 Red Lion Square London WC1R 4AG
BANKERS	Cater Allen Private Bank 9 Nelson Street Bradford BD1 5AN

THE TENNIS & RACKETS ASSOCIATION LIMITED (T&RA) TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2016

Introduction

The Tennis & Rackets Association Limited was incorporated on 1 January 2013 and is registered as a company limited by guarantee. Following consultation with the members, the Company applied for charitable status which was granted on 27 June 2016.

The charity is governed by its Board of Trustees. Members of the Board are the Directors of the Company and the Trustees of the Charity. The Trustees present their Report together with the Financial Statements for the year ended 30 June 2016.

Objectives and Activities

The T&RA's objects are specifically related to the advancement of amateur sport for the benefit of the public; these objects are achieved through such means as the Trustees think fit including but not limited to:

- Broadening the appeal of Tennis and Rackets across age groups and genders to encourage greater participation, particularly by the young and under-represented groups;
- Recruiting and then training coaches through the continuing professional development programme for both Tennis and Rackets;
- Providing grants or loans to clubs, schools and universities to assist in the provision of facilities for Tennis and Rackets, both for new courts and for the improvement of existing facilities.

The activities of the T&RA are funded via membership subscriptions, donations and sponsorship.

In addition to the key activities mentioned above, the T&RA is also engaged in:

- Acting as the governing body for Tennis and Rackets in the United Kingdom;
- Maintaining the rules and standards of the games and acting as custodian of their history and traditions;
- Maintaining the handicap system (Tennis) and ranking system (Rackets);
- Organising and coordinating national fixtures for men and women of all ages, amateur and professional, level and handicap events;
- Communicating with members and other interested parties via the Annual Report, interim newsletters, the website, social media networking and e-communications;
- Providing public liability Insurance for members as well as group insurance for clubs and schools;
- Coordinating policy and advice for health & safety and child protection, including safeguarding;
- Organising and providing financial support for specialist programmes such as the Junior Academy, British Academy and Development Squads (Tennis) and Regional Development Squads (Rackets);
- Developing the capability to record and distribute major events using digital technology enabling enthusiasts to view matches remotely.

Values

The T&RA is committed to work for the benefit of all participants in the sports, at any level.

The T&RA adopts a collaborative, consultative, inclusive, transparent and open approach to the running of the organisation and strives to communicate effectively at all times. Acting with respect, integrity and professionalism, while delivering the highest standards of service for all members, is at the heart of everything that the T&RA strives to achieve.

The T&RA is accountable to its membership at all times. Major decisions affecting the membership will be consulted on and approved by members at the annual general meeting.

Achievements and Performance

Tennis saw the usual strong levels of participation from the Junior Open in August, with increased entries from overseas, through to the British Open which showcased the game at its highest level. The latter event was streamed live for the first time, enabling the matches to reach a wider audience than previously seen. The UK-based, Australian World Champion of 22 years, Rob Fahey, was finally dethroned at his thirteenth defence by Camden Riviere, which may encourage the younger players for the future.

A new Tennis Court at Wellington College, in which the T&RA played a major role in funding, was nearing completion at the end of the period and opened in July 2016. This will boost the game significantly for schoolchildren, but also for the game across the Thames Valley region; National Junior competitions are scheduled for 2016/17 in its first year of full operation, and the new professional team are inspirational in developing junior Tennis.

The generous sponsorship of Neptune Investment Management continues to play a key role in ensuring the future of the game, covering virtually the entire spectrum of the game. Their sponsorship of the British Open makes this the *primus inter pares* event globally; and at the grass roots level, many more juniors are starting to play including a new national Under 12 Doubles competition.

Rackets had another successful season, working with a new sponsor, Brown Advisory, and backfilling non-sponsored events with generous donations from a small number of patrons. The main sponsored events, the British Open Singles and Doubles, saw the usual high level of entry, from the World Champion to a number returning to the game after some years. The National Schools Championships also witnessed the usual burgeoning court usage, with great quality from the usual breadth of entrants and the welcome introduction of new schools.

Ladies Rackets continues to grow rapidly in both quality and quantity. World Champion, Lea Van der Zwalmen, will defend her titles next season, against a backdrop of a rapidly evolving game. Schoolgirl Rackets in particular has grown exponentially, and last season, competitive doubles was introduced first the first time.

The men's World Champion, Jamie Stout, continued to dominate the game, winning every event he entered during the year, which included a successful defence of his World Title in November 2015. Younger players such as Richard Owen and Tom Billings are emerging to challenge the established elite and the game remains in a vibrant state. Another record broken in the season was Alex Titchener-Barrett, who won his eighth successive UK Amateur Singles title.

Financial Statements

Following the achievement of charitable status, the financial statements have been prepared in the form required by the Statement of Recommended Practice for Charities and include the adoption of Financial Reporting Standard 102 (FRS102). As a result of these changes and the decision to consolidate the Dick Bridgeman TRA Foundation (DBTRAF), the prior year figures have been re-stated (see Notes 1 and 21 to the Financial Statements).

The consolidated results for the year ended 30 June 2016 reflect net income of £9.0k compared with £45.4k in the prior year; this includes sponsorship income reduced by £22.1k to £111.4k and a charge of £29.3k for the professional fees incurred on achieving charitable status.

The current year shows movement in funds of £33.2k compared with £120.9k in the previous year, with £24.2k of net gains on investments in 2015/16 and £75.5k in the prior year. It is proposed that the year's surplus be transferred to reserves.

Reserves Policy

The Trustees have agreed that, should the Charity suffer significant reverses, the unrestricted reserves should be sufficient to at least cover:

- Six months' management expenses;
- Grants which the Charity is expected to make in the next two to three years (subject to confirmation at the time).

At 30 June 2016 these amounted to £230k.

The actual unrestricted reserves at 30 June 2016 were £1,277k and these reserves are held to ensure adequate income generation and to provide a firm foundation for future grants. The Trustees monitor the reserves policy annually.

Grants

In total £458k has been awarded over the past five years, primarily on the following: £261k on Courts including the second Rackets court at Tonbridge School, the new Tennis court at Wellington College, improvements at Seacourt, Petworth House, Manchester, Prested Hall and Oxford, as well as on a research project to investigate the possibility of building new Tennis courts in a more efficient, innovative and cost-effective manner; £98k on Professionals' training and development; and £65k on Participation, including schools' and universities' initiatives.

Significant further regular grants (as yet unapproved) are in the pipeline totalling approximately £130k, payable over the next two to three years, mainly in support of Tennis and Rackets professional coaches and youth initiatives.

Grant Making Policy

In accordance with its charitable objects, the T&RA is dedicated to preserving and strengthening the games throughout the UK. All grants awarded must be consistent with the T&RA's charitable purposes and the Trustees satisfy themselves that such grants are consistent with their charity law obligations. Grants are by way of a contribution to the total cost of the grant recipient's project in line with this policy. The T&RA does not consider grants in retrospect.

The T&RA documents as appropriate the decision-making process in respect of the awarding of grants.

In making decisions about grants the T&RA satisfies itself that:

- The proposed grant is an appropriate and effective way of utilising the T&RA's assets to advance its charitable purposes in terms of expediency and risk;
- The grant is used by the recipient in a manner which will advance the T&RA's charitable objects;
- The grant generates identifiable public benefit;
- The grant does not confer an unacceptable private benefit;
- The grant does not give rise to adverse reputational issues for the T&RA; and
- Appropriate documentation is put in place in respect of the grant.

When considering grants to non-charitable organisations the T&RA considers any private benefit issues as private organisations are not subject to the same restrictions as charities and can undertake a much wider range of activities. Any private benefit which may arise in connection with the grant is identified and evaluated compared to the public benefit.

The T&RA conducts appropriate due diligence in respect of all potential grants to confirm that they are clearly in the best interests of the T&RA's charitable purposes.

Structure, Governance and Management

The Company commenced operations on 1 January 2013, having formally adopted its Articles of Association, and is registered with Companies House. Prior to this time the entity existed as an unincorporated Association.

The Board of Trustees supports the principles and procedures of good corporate governance as set out in the Combined Code published by the Financial Reporting Council. The Trustees strive to implement relevant provisions as far as is practicable for a sporting national governing body limited by financial resources and membership numbers, and with the responsibility for governance the domain of volunteers.

The T&RA is governed by the eleven Trustees named on page 2, nine of whom were appointed as Directors with effect from 1 January 2013. For good governance, Directors who were already in post prior to this date saw their re-appointment dates staggered. The following Nominated Directors were all re-appointed for three years with effect from 22 November 2014: Hon JHM Bruce, Mrs A Garside, AC Lovell and RG Pilgrim. The following constitutional matters were approved at the Annual General Meeting, with effect from 19 November 2015: JR Coyne and FC Satow were approved as Directors; PRV Maxwell was re-appointed for a second term; RA Dalzell was re-appointed for a third term as Treasurer; D K Watson was

approved as Chairman; and WJ Maltby stood down as Chairman and resigned from the Board. S N Mansfield and BR Weatherill will stand down from the Board upon completion of their second terms of office with effect from 19 November 2016. The composition of the Board is intended to reflect activity within both sports.

No Trustees have been remunerated nor received any expenses in the current year or the previous period. A register of Directors' interests is maintained which details all personal or business interests which could give rise to a conflict of interest. The T&RA maintains Directors' and Officers' insurance as permitted by S.234 of the Companies Act 2006.

The Board has established Games Committees, an Investment Committee and other Sub-Committees, relating to the good management of the sports. The Board and the Games Committees meet three to four times each year to consider reports from the Committees and to formulate policy. Members of Committees are primarily volunteers who give their time to support activities that can be dealt with more effectively on a collective basis.

The Trustees consider the board of Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no director received remuneration in the year. Details of related party transactions are disclosed in Note 17 to the accounts.

The Chief Executive is responsible for implementing the strategy approved by the Board, leading and managing the staff and overseeing the T&RA's day-to-day operations. The pay of the Chief Executive and all staff are reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration bench-mark is within the range paid for similar roles in similar sized charities.

Risk Management

The major financial and operational risks to which the T&RA is exposed are of an indirect nature through its coordination of sporting events nationally. The T&RA has a Health and Safety Policy which aims to implement all reasonable measures to reduce identified risks. Work is ongoing to address specific areas of concern, particularly eye protection for players, which will formulate policy advice and a best practice list of suitable eyewear. In the last twelve months, the Board have approved an extensive Safeguarding Policy which has been distributed and explained to all Clubs, and a volunteer has assumed the post of National Designated Officer, reporting to the Chief Executive. The Child Protection Officer continues to maintain the register of Disclosure and Barring Service checks, and facilitates the process. Directors' and officers' risks are further mitigated by a comprehensive insurance policy and by the T&RA's incorporation into a company limited by guarantee. The liability of each member is limited to £1.00, being the amount that each member undertakes to contribute in the event of the dissolution of the Company. The Company endeavours to protect, as far as reasonably practicable and in conjunction with partner organisations where relevant, the health, safety and welfare of employees, volunteers, members and its guests whilst they are in the Association's offices or at one of its events, and in compliance with all relevant club or school rules and legal requirements.

The major strategic risks facing the T&RA in the near future are considered to be:

- A failure to maintain and enhance membership numbers: leading to a loss of subscription income threatening the T&RA's financial situation and its continuation as a National Governing Body;
- Any event that critically damages the T&RA's reputation as a responsible, well-managed body;
- A failure to manage the income-generating activities and its own costs in a properly commercial manner leading to budget deficits and the inability to maintain sufficient funds to support the T&RA's activities;
- A significant reduction in the availability of sponsorship funding and donations: requiring cutbacks in regular operations and the major programmes for the development of the Games.

All significant risks, together with current mitigation actions, are reviewed regularly throughout the year by the Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

Future Plans

The T&RA maintains a Strategic Plan which is reviewed regularly. The plan contains specific targets for membership, participation and court development, and these are monitored by the Board. The longer term objective is to encourage amateur sport for the general public by developing both games in the UK. This will be achieved by supporting the development of new courts, increasing participation (with an emphasis on the young) and to develop the training of new and existing coaches via a structured programme.

Funds held as Custodian Trustee on behalf of others

There are no funds held on behalf of other organisations or entities.

Trustees' Responsibilities

The Trustees, who are also directors of T&RA for the purpose of company law, are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Company's website.

Statement of Disclosure of Information to Auditors

Each of the Trustees, who held office at the date of approval of this Trustees' Report, has confirmed that there is no information of which they are aware which is relevant to the audit but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are made aware of such information.

By Order of the Board

C S Davies, Chief Executive and Company Secretary

On behalf of the Board

August 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TENNIS & RACKETS ASSOCIATION LIMITED

We have audited the financial statements of The Tennis & Rackets Association Limited for the year ended 30 June 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2016 and of the group's and the parent charitable company's net movement in funds, including the group's and the parent income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company and group have not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees' were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' report.

*Bernie Watson (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor*

*26 Red Lion Square
London
WC1R 4AG*

Date:

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE TENNIS & RACKETS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2016

£000s	Notes	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 30 Jun 16 Total	Year ended 30 Jun 15 Re-stated Total
INCOME						
Donations	4	36.4	3.3	0.0	39.7	39.0
Charitable activities	6	202.5	0.0	0.0	202.5	218.0
Trading activities	8	123.3	0.0	0.0	123.3	150.6
Investments		28.5	8.2	10.5	47.2	43.3
Total Income		390.7	11.5	10.5	412.7	450.9
EXPENDITURE						
Raising funds	5	8.5	1.8	1.7	12.0	12.0
Charitable activities	6	281.8	7.9	11.4	301.1	288.5
Trading activities	8	90.6	0.0	0.0	90.6	105.0
Total Expenditure		380.9	9.7	13.1	403.7	405.5
Net income		9.8	1.8	-2.6	9.0	45.4
Net gains/(losses) on investments	9	28.0	0.9	-4.7	24.2	75.5
Net movement in funds	20	37.8	2.7	-7.3	33.2	120.9
Total funds brought forward	20	1239.0	405.1	231.7	1875.8	1754.9
Total funds carried forward	20	1276.8	407.8	224.4	1909.0	1875.8

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities. The notes on pages 14-22 form part of these financial statements.

THE TENNIS & RACKETS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2015 – RE-STATED

£000s	Notes	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 30 Jun 15 Re-stated Total
INCOME					
Donations	4	16.6	22.4	0.0	39.0
Charitable activities	6	218.0	0.0	0.0	218.0
Trading activities	8	150.6	0.0	0.0	150.6
Investments		25.4	6.9	11.0	43.3
Total Income		410.6	29.3	11.0	450.9
EXPENDITURE					
Raising funds	5	8.5	1.8	1.7	12.0
Charitable activities	6	269.5	4.3	14.7	288.5
Trading activities	8	105.0	0.0	0.0	105.0
Total Expenditure		383.0	6.1	16.4	405.5
Net income		27.6	23.2	-5.4	45.4
Net gains/(losses) on investments	9	68.2	9.1	-1.8	75.5
Net movement in funds	20	95.8	32.3	-7.2	120.9
Total funds brought forward	20	1143.2	372.8	238.9	1754.9
Total funds carried forward	20	1239.0	405.1	231.7	1875.8

The above figures have been represented in FRS102 (SORP 2015) format for the comparative period as required.

**THE TENNIS & RACKETS ASSOCIATION LIMITED
GROUP BALANCE SHEET AT 30 JUNE 2016**

£000s	Notes	30 Jun 16	30 Jun 15 Re-stated
FIXED ASSETS			
Investments			
Unrestricted funds		1260.9	1264.9
Restricted funds		281.6	287.0
Endowment fund		234.5	236.8
Total Investments	12	<u>1777.0</u>	<u>1788.7</u>
CURRENT ASSETS			
Stocks	13	10.7	17.3
Debtors and payments in advance	14	29.0	21.0
Cash at bank and in hand		215.7	164.9
Total Current Assets		<u>255.4</u>	<u>203.2</u>
CURRENT LIABILITIES			
Creditors and accruals	15	-123.4	-116.1
TOTAL NET ASSETS		<u>1909.0</u>	<u>1875.8</u>
FUNDS			
Unrestricted funds		1276.8	1239.0
Restricted funds	19	407.8	405.1
Endowment fund	19	224.4	231.7
TOTAL FUNDS	20	<u>1909.0</u>	<u>1875.8</u>

Approved and authorised for issue by the Board on 31 August 2016 and signed on its behalf by:

D K Watson, Chairman

R A Dalzell, Treasurer

THE TENNIS & RACKETS ASSOCIATION LIMITED
CHARITY BALANCE SHEET AT 30 JUNE 2016

£000s	Notes	30 Jun 16	30 Jun 15 Re-stated
FIXED ASSETS			
Investments			
Unrestricted funds		489.7	456.3
Restricted funds		281.6	287.0
Total Investments	12	<u>771.3</u>	<u>743.3</u>
CURRENT ASSETS			
Stocks	13	10.7	17.3
Debtors and payments in advance	14	15.9	18.6
Cash at bank and in hand		124.9	99.9
Total Current Assets		<u>151.5</u>	<u>135.8</u>
CURRENT LIABILITIES			
Creditors and accruals	15	-59.8	-57.9
TOTAL NET ASSETS		<u>863.0</u>	<u>821.2</u>
FUNDS			
Unrestricted funds		479.9	440.7
Restricted funds	19	383.1	380.5
TOTAL FUNDS	20	<u>863.0</u>	<u>821.2</u>

Approved and authorised for issue by the Board on 31 August 2016 and signed on its behalf by:

D K Watson, Chairman

R A Dalzell, Treasurer

THE TENNIS & RACKETS ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

1. Re-statement of Prior Year

The consolidated accounts comprise The Tennis & Rackets Association Limited (T&RA) – a company limited by guarantee which became a registered charity on 27 June 2016 – and The Dick Bridgeman TRA Foundation (DBTRAF), a separate registered charitable entity which is subject to T&RA control through the power to appoint the DBTRAF trustees contained in the T&RA/DBTRAF Trust Deed.

With the T&RA becoming a charity and adopting the Financial Reporting Standard 102 (FRS102) as well as the Statement of Recommended Practice for Charities (Charities' SORP), and since this is the first time that consolidated accounts have been prepared, the accounts for the year ended 30 June 2015 have been re-stated; the various changes are detailed in Note 21.

2. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006.

The T&RA meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. This is the first set of accounts prepared under FRS102. The most recent set of accounts prepared under previous Generally Accepted Accounting Practice were to 30 June 2015. The transition date is 1 July 2014.

Going Concern

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of the financial position, reserve levels and future plans gives the Trustees confidence that the Charity remains a going concern for the foreseeable future.

Income Recognition

Investment income is recognised on a receivable basis once the amounts can be measured reliably. Individual Memberships Subscriptions, Donations, Entertainment and Development Income are recognised on a cash basis unless otherwise designated. Corporate Membership Fees, Sponsorship, Advertising, Sales of Ball Cloth, Rackets Balls, etc. are recognised when invoiced or otherwise fall due.

Grants

Grants payable are recognised once the application has been approved under the appropriate level of authority within the T&RA.

Governance Costs

Governance costs, comprising audit fees and accountancy costs, are included within support costs.

Support Costs

Support costs shown within Charitable Activities, including staff costs, communications and IT, governance costs and general administration, have been allocated to Trading Activities on the basis of a weighted average estimate of 15% of the time spent on sponsorship and professional tournaments.

Operating Leases

Rental charges are charged on a straight line basis over the life of the lease.

Investments

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity. Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed. Endowment funds are funds held where the charity is only permitted to spend the income but not the capital sum.

Employee Benefits

The T&RA operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the T&RA in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the year.

Cash Flow Statement

The Trustees have taken advantage of the provisions of FRS102 (SORP2015) for smaller charities and have chosen not to prepare a cash flow statement.

Legal Status

The T&RA is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

3. Judgement

The Trustees are required to consider financial and other issues which may affect these accounts and, where necessary, disclose material matters. In their view, there are no significant judgemental matters affecting these accounts.

4. Donations

£000	2016	2015 Re-stated
Benefactors	13.9	11.2
Rackets' Patrons	10.0	0.0
Other	14.8	26.1
Gift Aid	1.0	1.7
Total donations	39.7	39.0

5. Raising Funds

£000	2016	2015
Investment management fees	12.0	12.0

6. Charitable activities

£000	2016	2015 Re-stated
Income		
Membership subscriptions	147.4	141.8
Amateur tournaments	5.1	37.0
Sales of ball cloth, rackets balls, etc.	37.3	19.4
Advertising in annual report	6.7	5.5
Other	6.0	14.3
Total income	202.5	218.0

Expenditure

Grants - in pursuit of the Company's objects:

Courts - new courts and improvements to existing courts	65.4	52.5
Professional coaches - training and development	11.5	25.9
Participation - encouraging more people to play, particularly the young	11.2	10.9
Other - mainly streaming development costs and new member incentives	0.0	5.7
Total grants	88.1	95.0

Amateur tournaments	19.7	44.0
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Support and Governance Costs

Staff costs	104.5	100.2
Cost of sales of ball cloth, etc.	27.2	15.6
Communications and IT	20.5	25.2
Auditor's remuneration	5.0	4.0
Other administrative costs	31.0	28.1
Total support costs	188.2	173.1
Less: allocated to trading activities	-24.2	-23.6
	<u>164.0</u>	<u>149.5</u>
Professional fees incurred regarding charitable status	<u>29.3</u>	<u>0.0</u>
Total net expenditure	<u>301.1</u>	<u>288.5</u>

7. Staff Costs and Numbers

	2016	2015
£000		
Salaries and wages	93.8	93.4
Social security costs	6.7	6.8
Pension Contributions	4.0	0.0
Total	<u>104.5</u>	<u>100.2</u>

No employees received remuneration of more than £60.0k during the current or prior year.

The total remuneration including benefits of the charity's key management personnel amounts to £56.3k (2015: £52.7k).

The average number of employees during the year was 4 (2015: 4).

The Trustees were not entitled to any remuneration, nor did they receive any.

No Trustees were reimbursed expenses (2015: £ Nil)

8. Trading activities

£000	2016	2015
Income		
Sponsorship	111.4	133.5
Professional tournaments	11.9	17.1
Total income	<u>123.3</u>	<u>150.6</u>
Expenditure		
Professional tournaments	66.4	81.4
Allocated support costs	24.2	23.6
Total expenditure	<u>90.6</u>	<u>105.0</u>

9. Net gains/(losses) on investments

£000	Unrestricted	Restricted	Endowment	Total 2016	Total 2015 Re-stated
Realised gains/(losses) on investments					
Historical cost gains/(losses)	18.0	13.1	-4.8	26.3	102.6
Less (gains)/losses recognised in prior years	-32.7	-14.0	3.4	-43.3	-99.6
Capital gains tax	0.0	-0.6	0.0	-0.6	-6.3
Gains/(losses) recognised in current year	<u>-14.7</u>	<u>-1.5</u>	<u>-1.4</u>	<u>-17.6</u>	<u>-3.3</u>
Unrealised gains/(losses) on investments					
Investments					
Market value at 30 June 2016	1260.9	281.6	234.5	1777.0	1788.7
Cost at 30 June 2016	<u>-951.7</u>	<u>-177.7</u>	<u>-215.5</u>	<u>-1344.9</u>	<u>-1355.1</u>
Unrealised gain in portfolio	309.2	103.9	19.0	432.1	433.6
Less recognised in prior years	-299.2	-115.5	-18.9	-433.6	-454.4
Transferred to realised gain	<u>32.7</u>	<u>14.0</u>	<u>-3.4</u>	<u>43.3</u>	<u>99.6</u>
Unrealised gains/(losses) in current year	<u>42.7</u>	<u>2.4</u>	<u>-3.3</u>	<u>41.8</u>	<u>78.8</u>
Net gains/(losses) on investments	<u>28.0</u>	<u>0.9</u>	<u>-4.7</u>	<u>24.2</u>	<u>75.5</u>

10. Taxation

The T&RA became a registered charity on 27 June 2016. Provision has therefore been made for taxation payable for the period up to this point. Corporation Tax has been off-set against investment income; Capital Gains Tax has been included under realised gains on investments.

£000	2016	2015
Corporation Tax on dividends and interest	0.7	2.2
Capital Gains Tax on realised investments	0.6	6.3
Over provision in prior years	<u>-1.0</u>	<u>0.0</u>
Total	<u>0.3</u>	<u>8.5</u>

11. Operating Lease

Rentals payable in respect of a property lease:

£000	2016	2015
Less than one year	2.0	2.0
Two to five years	8.0	8.0
More than five years	32.0	34.0

12. Investments

Group £000	Unrestricted	Restricted	Endowment	Total 2016	Total 2015 Re-stated
Listed Investment assets in the UK:					
Market value at beginning of period	1264.9	287.0	236.8	1788.7	1611.6
Additions to investments at cost	106.4	28.6	4.9	139.9	402.9
Additions to investments through accumulations	1.2	0.0	0.0	1.2	1.6
Sales proceeds from disposals	-139.6	-35.5	-2.5	-177.6	-309.2
Net realised gains/(losses) on disposals	-14.7	-0.9	-1.4	-17.0	3.0
Net unrealised gains/(losses) on revaluation	42.7	2.4	-3.3	41.8	78.8
Market value at 30 June 2016	1260.9	281.6	234.5	1777.0	1788.7

Charity £000	Unrestricted	Restricted	Total 2016	Total 2015 Re-stated
Listed Investment assets in the UK:				
Market value at beginning of period	456.3	287.0	743.3	592.9
Additions to investments at cost	41.4	28.6	70.0	196.1
Additions to investments through accumulations	0.7	0.0	0.7	0.4
Sales proceeds from disposals	-30.7	-35.5	-66.2	-84.1
Net realised gains/(losses) on disposals	-3.5	-0.9	-4.4	-1.9
Net unrealised gains on revaluation	25.5	2.4	27.9	39.9
Market value at 30 June 2016	489.7	281.6	771.3	743.3

13. Stocks

£000	Group and Charity	
	2016	2015
Ball cloth	5.5	12.4
Rackets balls	1.3	1.0
Merchandise	2.2	2.2
Wine and Other	1.7	1.7
Total	10.7	17.3

14. Debtors and Payments in Advance

£000	Group		Charity	
	2016	2015 Re-stated	2016	2015 Re-stated
Debtors	24.0	15.1	10.9	12.7
Payments in Advance	5.0	5.9	5.0	5.9
Total	29.0	21.0	15.9	18.6

15. Creditors and Accruals

£000	Group		Charity	
	2016	2015 Re-stated	2016	2015 Re-stated
Accounts Payable	18.5	14.3	15.3	11.3
HM Revenue & Customs	9.1	13.8	9.1	13.8
Accruals	95.8	88.0	35.4	32.8
Total	123.4	116.1	59.8	57.9

16. Subsidiary Undertaking

Under the Trust Deed dated 27 January 1965, the trustees of DBTRAF, a separate registered charity, are appointed by T&RA, with the effect that the latter exerts control over DBTRAF which is therefore deemed a subsidiary within this consolidated report.

A summary of DBTRAF's financial activity for the years ended, and as at, 30 June is shown below:

£000	2016	2015
Statement of Financial Activities		
Total income	49.1	58.7
Total expenditure	59.0	53.5
Net income/(deficit)	-9.9	5.2
Net gains on investments	1.3	43.8
Total funds brought forward	1054.6	1005.6
Total funds carried forward	1046.0	1054.6
Balance Sheet		
Fixed asset investments	1005.7	1045.4
Current assets	102.2	69.4
Current liabilities	-61.9	-60.2
Total net assets	1046.0	1054.6

17. Related Party Transactions

There were no related party transactions during the current financial year.

Grants of £50k were approved by the Trustees of DBTRAF in June 2013, uplifted to £70k in February 2014 and a further £15k in May 2015 towards the construction of a new Real Tennis court at Wellington College, with payments to be phased over 2014 to 2016. PGC Mallinson, a Trustee of DBTRAF, was a member of the Wellington College Real Tennis Project Committee (WCRTPC) but absented himself from the approval process when the grants were considered and determined.

In addition, a grant of £30k was approved by the Board of T&RA in February 2014 and a further grant of £8k in September 2015. WJ Maltby, then the Chairman and a Director of T&RA, was also a member of the WCRTPC but absented himself from the approval process when the grants were considered and determined.

18. Memorabilia

The collection of T&RA memorabilia, including trophies, books and art, is not included in the accounts but is insured for full replacement value. At the date of these accounts, the value of such assets is estimated to be in excess of £250k.

19. Description of Restricted and Endowment Funds

Restricted funds

Restricted funds are subject to restrictions imposed by the donor; these can be further described as follows:

- Young Professionals Fund (YPF) – for the training and development of professional coaches
- Smithie Fund (Smithie) – available for interest free loans for Tennis court improvements
- Cockroft Rackets Fund (Cockroft) – for the Rackets development squad
- Tennis Support Fund (TSF) – available for Tennis court improvements
- Real Tennis Professionals' Association (RTPA) - for training Tennis professional coaches
- Hammering Britain and Kingsley Funds (HB/K): for training and development of Rackets professional coaches.
- Lumsden Luck-Hille Initiative (LL-H): for identification, training and development of young Tennis professional coaches.

Endowment fund

Peter Kershaw Bursary Fund (PKBF): £200k was given to the charity on 10 December 2001 to be used to support Real Tennis and Rackets coaches, repairs and improvements to Real Tennis and Rackets facilities or any other purpose within the objects of the charity as approved by the trustees of the Peter Kershaw Charitable Trust (PKCT).

Income arising from the investments held should be applied for the above purposes within two consecutive years or else the value of the fund is repayable to the original donor trust. An annual report is made to the trustees of PKCT regarding the projects supported by the fund. Support has continued and no negative feedback relating to expenditure within the charity's objects has been received.

20. Summary of fund movements

£000

	2015	Income	Expenditure	Gains/(Losses)	2016
Unrestricted					
T&RA	440.7	352.2	-335.0	22.0	479.9
DBTRAF	798.3	38.5	-45.9	6.0	796.9
	1239.0	390.7	-380.9	28.0	1276.8
Restricted					
YPF	319.4	11.4	-9.5	0.9	322.2
Smithie	10.0	0.0	0.0	0.0	10.0
Cockroft	37.6	0.0	-0.2	0.0	37.4
TSF	3.9	0.0	0.0	0.0	3.9
RTPA	9.6	0.0	0.0	0.0	9.6
HB/K	18.0	0.1	0.0	0.0	18.1
LL-H	6.6	0.0	0.0	0.0	6.6
	405.1	11.5	-9.7	0.9	407.8
Endowment					
PKBF	231.7	10.5	-13.1	-4.7	224.4
Total	1875.8	412.7	-403.7	24.2	1909.0

21. Reconciliation of funds

£000	T&RA						Charity	DBTRAF					Group
	General	YPF	Smithie	Cockroft	TSF	RTPA	Total	General	PKBF	HB/K	LL-H	Total	Total
As previously reported at 30 June 2014	287.4	180.4	10.0	37.9	3.9		519.6						519.6
Adjustments at 1 July 2014													
Consolidation of DBTRAF								834.8	247.4	8.4		1090.6	1090.6
Harmonisation of DBTRAF accounting policies with T&RA:													
Write off of memorabilia								-6.5				-6.5	-6.5
Accrual accounting								-70.0	-8.5			-78.5	-78.5
Adoption of FRS102: investments marked to market	97.4	122.9					220.3						220.3
Re-stated balance sheet at 1 July 2014	384.8	303.3	10.0	37.9	3.9		739.9	758.3	238.9	8.4		1005.6	1745.5
Surplus/(deficit) for year ended 30 June 2015 as previously reported	55.2	23.5		-0.3			78.4	17.1	-9.7	9.6	6.6	23.6	102.0
Adjustments at 30 June 2015													
Accrual accounting								22.0	2.5			24.5	24.5
Gains/(losses) on investments:													
(Gains)/losses as previously reported	-25.5	-19.2					-44.7	-44.7	1.8			-42.9	-87.6
Realised gains/(losses)	-1.4	-0.5					-1.9	6.4	-1.5			4.9	3.0
Unrealised gains/(losses)	27.6	12.3					39.9	39.2	-0.3			38.9	78.8
New funds contributed						9.6	9.6						9.6
Re-stated funds at 30 June 2015	440.7	319.4	10.0	37.6	3.9	9.6	821.2	798.3	231.7	18.0	6.6	1054.6	1875.8
Surplus/(deficit) for year ended 30 June 2016	39.2	2.8		-0.2			41.8	-1.4	-7.3	0.1		-8.6	33.2
Funds at 30 June 2016	479.9	322.2	10.0	37.4	3.9	9.6	863.0	796.9	224.4	18.1	6.6	1046.0	1909.0