

**THE
TENNIS & RACKETS
ASSOCIATION
LIMITED**

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

Trustees' Report and Consolidated Financial Statements

For the year ended 30 June 2017

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THE TENNIS & RACKETS ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE DATA AT 30 JUNE 2017

TRUSTEES	David K Watson (Chairman) The Hon James H M Bruce James R Coyne Richard A Dalzell (Treasurer) Charles J Foreman (from 19 November 2016) Mrs Alexandra J Garside Alan CB Giddins (from 19 November 2016) Alan C Lovell (until 19 November 2016) William J Maltby (from 19 November 2016) Simon N Mansfield (until 19 November 2016) Patrick R V Maxwell Roger G Pilgrim Fred C Satow Bernard R Weatherill (until 19 November 2016)
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 2017

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 and approval from the Charity Commission, the Company was granted charitable status 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 2017.

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 Camden Riviere as very much the dominant force in world Tennis. He won the Neptune British Open in November, against first-time finalist Chris Chapman. With partner Tim Chisholm, Camden won the Open Doubles in style; and then recovered from a first day 0-4 deficit, to retain their World Doubles crown 5-4 at Prested Hall against the superb

local pair of Rob Fahey and Ricardo Smith. It was also pleasing that these key matches were streamed and were therefore shared with a much wider audience.

The Amateur Singles final saw an epic struggle between Matthieu Sarlangue and Ed Kay, which eventually saw the trophy head across the Channel. Kay was undeterred and rushed across to the MCC to assist Cambridge in winning the Varsity match. Jamie Douglas and Peter Wright retained the Amateur Doubles, bettering Sarlangue and Alistair Lumsden. Wright captained the UK Bathurst Cup team in Paris, with Kay and Douglas. They defeated the US in style but narrowly lost to a strong Australian team, with Kieran Booth and Brett Richardson triumphant in the doubles. Team-mates Kay and Douglas contested the end-of season MCC Gold Racquet which saw Douglas maintain his grip on this prestigious award.

Ladies Tennis continues to be under the control of Claire Fahey. Her sister, Sarah Vigrass, shared the singles stage and partnered Claire to victory in the doubles. Open and World Champions at both Singles and Doubles crowned a magnificent season.

Other notable performances include Adam Player winning the Seacourt Silver Racquet, Peter Wright (again) Over 40s Singles and Doubles, James Male Over 50s, John Prens Over 60s and John Ward Over 70s – champions all. Cambridge won the Pol Roger Cup, Manchester the Field Trophy and Radley the Brodie Cup.

A fond farewell to the benevolent sponsorship of Neptune Investment Management (Robin Geffen) as lead sponsor of Tennis. So much has been achieved in the last eight years and Neptune has been at the heart of much of that development. James Simpson (Pol Roger) continues to provide valuable support, wonderful champagne and friendship to both sports. The search for a headline sponsor continues.

Rackets had yet another fabulous season which saw World Champion, Jamie Stout, extend his dominance, partnering Jonathan Larken to capture the World Doubles crown. With Larken unavailable, he travelled across from New York with Peter Cipriano to win the Brown Advisory Open Doubles towards the end of the season. Earlier Tom Billings completed another good season, winning the Amateur Singles, beating eight-time champion Alex Titchener-Barrett; the Brown Advisory British Open, defeating Nick Hopcroft; and then the Amateur Doubles, partnered by Richard Owen. Billings will play Stout for the World Challenge in November. Robert Shenkman and Jamie Giddins won the Under 21 and Under 24 Opens respectively; while Old Etonians Toni Morales and Ed Rowell won both corresponding Doubles Opens. Eton won the Foster Cup for the fourth year in succession, Hector Hardman bringing home the silverware.

Ladies Rackets was in the customary safe hands of Lea Van der Zwalmen, who won the Amateur Doubles (with Izzy Duncan), the British Open and retained her World Championship, the latter two events against Georgie Willis. Snapping at her heels are the current girls at Wellington and Cheltenham and while Lauren Gooding and Rose Jones were the winners at Under 16 and 18 respectively, the strength of both these competitions continues to rise.

Brown Advisory has already made its mark in the second year of Rackets sponsorship. Together with our new partners, John Prens should be mentioned for his long-running support of the World Championship, Neptune for support to Ladies Rackets and Alan Giddins for being the driving force behind the Rackets Patrons. Together, sponsorship and patronage of Rackets is healthy.

No changes in the professional line-up; James Rock made a good impression at Radley and also won the Scott-Chad Professional Singles. Ben Bomford, supported by his fellow professionals, promoted more schoolboys playing at Queen's.

Financial Statements

The consolidated results for the year ended 30 June 2017 reflect net income of £60.9k compared with £9.0k in the prior year; this includes gift aid on subscriptions and donations increased by £8.8k following the T&RA becoming a charity, reduction in grants payable of £16.3k and non-repeat of the charge of £29.3k for the professional fees incurred on achieving charitable status.

The current year shows movement in funds of £340.7k compared with £33.2k in the previous year, with £279.8k of net gains on investments in 2016/17 and £24.2k in the prior year. The year's surplus will be transferred to reserves.

Reserves Policy

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

- Six months' management expenses;
- Grants which the T&RA is expected to make in the next two to three years (subject to confirmation at the time).

At 30 June 2017 these amounted to approximately £450k.

The actual unrestricted reserves at 30 June 2017 were £1,545k 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

Grants agreed and payable in the year under review totalled £71.8k. The major grants were £25k to Jesmond Dene for court improvements; £4k for repairs to the Tonbridge School Rackets court front wall; £4k towards new lights at Canford; £24.6k for individual professionals' training and the ongoing CPD programme, and £12.8k for increased participation together with the junior development programme.

Over the past five years, the T&RA has invested over £450k back into the games. £271k has been spent on Courts including towards the second Rackets court at Tonbridge School and the new Tennis court at Wellington College as well as improvements to courts at Seacourt, Petworth, Manchester, Prested Hall, The Oratory, Oxford, Jesmond Dene and Canford, together with the ongoing research project to examine the possibility of building new Tennis courts in a more efficient, innovative and cost-effective manner. £101k has been spent on Professionals' training and development including the CPD programme and the early stages of TRACS, the project to recruit more professionals into the games. A further £61k has been spent on Participation, including on schools, universities and juniors.

Significant further grants are in the pipeline totalling approximately £350k, payable over the next two to three years, mainly on the TRACS professionals' recruitment scheme, the junior development programme, the court development research project and other court improvements.

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 satisfying 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 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 and other resources and membership numbers.

The T&RA is governed by the eleven Trustees named on page 2. The following constitutional matters were approved at the Annual General Meeting, with effect from 19 November 2016: CJ Foreman, ACB Giddins and WJ Maltby were approved as Directors. 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. Related party transactions are noted at Note 16.

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 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. In view of the nature of the charity, the Trustees benchmark pay levels against other charities. The remuneration benchmark 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, in particular, eye protection for players, which has formulated policy advice and a best practice list of suitable eyewear. The Board has approved a 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 limited company. The liability of each member is limited to £1.00, being the amount that each member undertakes to contribute in the event of the winding-up 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

22 August 2017

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

We have audited the financial statements of The Tennis & Rackets Association Limited for the year ended 30 June 2017 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 including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 2017 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Annual Report (which the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

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 in preparing the Trustees' Annual Report or in preparing the Strategic Report.

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

26 Red Lion Square
London
WC1R 4AG

Date:

THE TENNIS & RACKETS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2017

£000s	Notes	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 30 Jun 17 Total	Year ended 30 Jun 16 Total
INCOME						
Donations	3	44.4	2.2	0.0	46.6	39.7
Charitable activities	5	192.3	0.0	0.0	192.3	202.5
Trading activities	7	136.1	0.0	0.0	136.1	123.3
Investments	8	28.3	8.4	10.3	47.0	47.2
Total Income		401.1	10.6	10.3	422.0	412.7
EXPENDITURE						
Raising funds	4	8.4	1.9	1.4	11.7	12.0
Charitable activities	5	230.9	10.4	9.5	250.8	301.1
Trading activities	7	98.6	0.0	0.0	98.6	90.6
Total Expenditure		337.9	12.3	10.9	361.1	403.7
Net income		63.2	-1.7	-0.6	60.9	9.0
Net gains/(losses) on investments	8	205.4	44.9	29.5	279.8	24.2
Net movement in funds	19	268.6	43.2	28.9	340.7	33.2
Total funds brought forward	19	1276.8	407.8	224.4	1909.0	1875.8
Total funds carried forward	19	1545.4	451.0	253.3	2249.7	1909.0

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 12-19 form part of these financial statements.

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
INCOME					
Donations		36.4	3.3	0.0	39.7
Charitable activities		202.5	0.0	0.0	202.5
Trading activities		123.3	0.0	0.0	123.3
Investments		28.5	8.2	10.5	47.2
Total Income		390.7	11.5	10.5	412.7
EXPENDITURE					
Raising funds		8.5	1.8	1.7	12.0
Charitable activities		281.8	7.9	11.4	301.1
Trading activities		90.6	0.0	0.0	90.6
Total Expenditure		380.9	9.7	13.1	403.7
Net income		9.8	1.8	-2.6	9.0
Net gains/(losses) on investments		28.0	0.9	-4.7	24.2
Net movement in funds		37.8	2.7	-7.3	33.2
Total funds brought forward		1239.0	405.1	231.7	1875.8
Total funds carried forward		1276.8	407.8	224.4	1909.0

**THE TENNIS & RACKETS ASSOCIATION LIMITED
GROUP BALANCE SHEET AT 30 JUNE 2017**

£000s	Notes	30 Jun 17	30 Jun 16
FIXED ASSETS			
Listed Investments			
Unrestricted funds		1504.5	1260.9
Restricted funds		336.1	281.6
Endowment fund		263.5	234.5
Total listed Investments	11	<u>2104.1</u>	<u>1777.0</u>
CURRENT ASSETS			
Stocks	12	7.2	10.7
Debtors and payments in advance	13	41.7	29.0
Cash at bank and in hand		214.0	215.7
Total Current Assets		<u>262.9</u>	<u>255.4</u>
CURRENT LIABILITIES			
Creditors and accruals	14	-117.2	-123.4
TOTAL NET ASSETS		<u>2249.7</u>	<u>1909.0</u>
FUNDS			
Unrestricted funds		1545.4	1276.8
Restricted funds	18	451.0	407.8
Endowment fund	18	253.3	224.4
TOTAL FUNDS	19	<u>2249.7</u>	<u>1909.0</u>

Approved and authorised for issue by the Board on 22 August 2017 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 2017

£000s	Notes	30 Jun 17	30 Jun 16
FIXED ASSETS			
Listed investments			
Unrestricted funds		619.1	489.7
Restricted funds		336.1	281.6
Total listed investments	11	955.2	771.3
Investment in subsidiary		0.1	0.0
Total Investments		955.3	771.3
CURRENT ASSETS			
Stocks	12	7.2	10.7
Debtors and payments in advance	13	92.2	17.6
Cash at bank and in hand		87.4	124.9
Total Current Assets		186.9	153.2
CURRENT LIABILITIES			
Creditors and accruals	14	-94.5	-61.5
TOTAL NET ASSETS		1047.7	863.0
FUNDS			
Unrestricted funds		615.3	479.9
Restricted funds	18	432.4	383.1
TOTAL FUNDS	19	1047.7	863.0

The Charity's income for the year ended 30.06.2017 is £282.8k, expenditure is £234.0k and net gains on investments are £135.9k; the surplus for the year is £184.7k.

Approved and authorised for issue by the Board on 22 August 2017 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 2017

1. 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.

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 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.

2. 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.

3. Donations

£000	2017	2016
Benefactors	14.4	13.9
Rackets' Patrons	7.0	10.0
Other	13.7	14.8
Gift Aid	11.5	1.0
Total donations	46.6	39.7

4. Raising Funds

£000	2017	2016
Investment management fees	11.7	12.0

5. Charitable activities

£000	2017	2016
Income		
Membership subscriptions	145.0	147.4
Amateur tournaments	10.8	5.1
Sales of ball cloth, rackets balls, etc.	21.5	37.3
Advertising in annual report	3.9	6.7
Other	11.1	6.0
Total income	192.3	202.5
Expenditure		
Grants - in pursuit of the Company's objects:		
Courts - new courts and improvements to existing courts	33.5	65.4
Professional coaches - training and development	24.6	11.5
Participation - encouraging more people to play, particularly the young	12.8	11.2
Other - mainly new member incentives	0.9	0.0
Total grants	71.8	88.1
Amateur tournaments	22.9	19.7
Support and Governance Costs		
Staff costs	104.9	104.5
Cost of sales of ball cloth, etc.	19.3	27.2
Communications and IT	18.3	20.5
Auditor's remuneration	4.0	5.0
Other administrative costs	33.1	31.0
Total support costs	179.6	188.2
Less: allocated to trading activities	-23.5	-24.2
	156.1	164.0
Professional fees incurred regarding charitable status	0.0	29.3
Total net expenditure	250.8	301.1

6. Staff Costs and Numbers

£000	2017	2016
Salaries and wages	94.8	93.8
Social security costs	5.9	6.7
Pension Contributions	4.1	4.0
Total	104.9	104.5

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 £55.8k (2016: £56.3k).

The average number of employees during the year was 4 (2016: 4).

The Trustees were not entitled to any remuneration, nor did they receive any. No Trustees were reimbursed expenses (2016: £ Nil)

7. Trading activities

£000	2017	2016
Income		
Sponsorship	114.0	111.4
Rackets Patrons	6.0	0.0
Professional tournaments	16.1	11.9
Total income	136.1	123.3
Expenditure		
Professional tournaments	75.1	66.4
Allocated support costs	23.5	24.2
Total expenditure	98.6	90.6

8. Net gains/(losses) on investments

£000	Unrestricted	Restricted	Endowment	Total 2017	Total 2016
Realised gains/(losses) on investments					
Historical cost gains/(losses)	65.3	50.8	0.0	116.1	26.3
Less (gains)/losses recognised in prior years	-42.6	-35.4	0.0	-78.0	-43.3
Capital gains tax	0.0	0.0	0.0	0.0	-0.6
Gains/(losses) recognised in current year	22.7	15.4	0.0	38.1	-17.6
Unrealised gains/(losses) on investments					
Investments					
Market value at 30 June	1504.5	336.1	263.5	2104.1	1777.0
Cost at 30 June	-1055.1	-238.1	-214.9	-1508.1	-1344.9
Unrealised gain in portfolio	449.5	98.0	48.5	596.0	432.1
Less recognised in prior years	-309.2	-103.9	-19.0	-432.1	-433.6
Transferred to realised gain	42.6	35.4	0.0	78.0	43.3
Unrealised gains/(losses) in current year	182.7	29.5	29.5	241.7	31.3
Net gains/(losses) on investments	205.4	44.9	29.5	279.8	13.7

9. Taxation

The T&RA became a registered charity on 27 June 2016. Provision was therefore made for taxation payable for the period up to this point in 2015/16. Corporation Tax was off-set against investment income; Capital Gains Tax was included under realised gains on investments.

£000	2017	2016
Corporation Tax on dividends and interest	0.0	0.7
Capital Gains Tax on realised investments	0.0	0.6
Over provision in prior years	0.0	-1.0
Total	0.0	0.3

10. Operating Lease

Rentals payable in respect of a property lease:

£000	2017	2016
Less than one year	2.0	2.0
Two to five years	8.0	8.0
More than five years	30.0	32.0

11. Investments

Group £000	Unrestricted	Restricted	Endowment	Total 2017	Total 2016
Listed Investment assets in the UK:					
Market value at beginning of period	1260.9	281.6	234.5	1777.0	1788.7
Additions to investments at cost	270.4	125.0	8.9	404.3	139.9
Additions to investments through accumulations	2.6	0.0	0.0	2.6	11.7
Sales proceeds from disposals	-234.7	-115.4	-9.5	-359.7	-177.6
Net realised gains/(losses) on disposals	22.7	15.4	0.0	38.1	-17.0
Net unrealised gains/(losses) on revaluation	182.7	29.5	29.5	241.7	31.3
Market value at 30 June 2017	1504.5	336.1	263.5	2104.1	1777.0

Charity £000	Unrestricted	Restricted	Total 2017	Total 2016
Listed Investment assets in the UK:				
Market value at beginning of period	489.7	281.6	771.3	743.3
Additions to investments at cost	107.5	125.0	232.4	70.0
Additions to investments through accumulations	1.5	0.0	1.5	0.7
Sales proceeds from disposals	-70.5	-115.4	-186.0	-66.2
Net realised gains/(losses) on disposals	7.7	15.4	23.1	-4.4
Net unrealised gains on revaluation	83.3	29.5	112.8	27.9
Market value at 30 June 2017	619.1	336.1	955.2	771.3

12. Stocks

£000	Group and Charity	
	2017	2016
Ball cloth	4.3	5.5
Rackets balls	0.0	1.3
Merchandise	1.8	2.2
Wine and Other	1.1	1.7
Total	7.2	10.7

13. Debtors and Payments in Advance

£000	Group		Charity	
	2017	2016	2017	2016
Debtors	31.8	24.0	15.8	10.9
Payments in Advance	9.9	5.0	9.9	5.0
Intercompany debtors	0.0	0.0	66.5	0.0
Total	41.7	29.0	92.2	15.9

14. Creditors and Accruals

£000	Group		Charity	
	2017	2016	2017	2016
Accounts Payable	24.3	18.5	16.0	15.3
HM Revenue & Customs	8.6	9.1	9.6	9.1
Accruals	84.3	95.8	68.9	35.4
Total	117.2	123.4	94.5	59.8

15. Subsidiary Undertakings

The company has two subsidiary undertakings, The Dick Bridgeman TRA Foundation (DBTRAF) and T&RA Trading Limited (TRAT), as detailed below.

DBTRAF

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	2017	2016
Statement of Financial Activities		
Total income	44.2	59.6
Total expenditure	-32.1	-59.0
Net income/(deficit)	12.1	0.6
Net gains on investments	144.0	-9.2
Total funds brought forward	1046.0	1054.6
Total funds carried forward	1202.1	1046.0
Balance Sheet		
Fixed asset investments	1148.9	1005.7
Current assets	73.6	102.2
Current liabilities	-20.5	-61.9
Total net assets	1202.1	1046.0

TRAT

TRAT is a wholly owned subsidiary company of T&RA and commenced operations on 5 July 2016. It undertakes the non-charitable activities of T&RA: the execution of professional tournaments and securing sponsorship and donations to facilitate professional tournaments. A summary of TRAT's financial activity for the period ended 30 June 2017 is shown below:

£000	2017
Income Statement	
Total turnover	136.1
Total expenditure	-98.6
Operating profit	37.5
Donation to T&RA	-37.5
Profit for the period	0.0
Balance Sheet	
Current assets	68.9
Current liabilities	-68.8
Total net assets	0.1

TRAT was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Its registered address is: The Queen's Club, Palliser Road, West Kensington, London W14 9EQ.

16. Related Party Transactions

The aggregate amount of donations from Trustees during the year was £23.8k (2015/16 £1.7k) of which £16k has been deferred since this relates to a project requiring phased approval.

17. 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.

18. 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
- Tennis Court Lite (TCL) – research project to develop a more cost-effective methodology to build Tennis courts
- 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.

19. Summary of fund movements

Group

£000					
	2016	Income	Expenditure	Gains/ (Losses)	2017
Unrestricted					
T&RA	479.9	272.2	-227.7	91.0	615.4
DBTRAF	796.9	33.8	-15.1	114.4	930.0
TRAT	0.0	136.1	-136.1	0.0	0.0
Consolidation adjustments		-41.0	41.0	0.0	0.0
	1276.8	401.1	-337.9	205.4	1545.4
Restricted					
YPF	322.2	10.6	-5.6	44.9	372.1
Smithie	10.0	0.0	0.0	0.0	10.0
Cockroft	37.4	0.0	-0.7	0.0	36.7
TSF	3.9	0.0	0.0	0.0	3.9
RTPA	9.6	0.0	0.0	0.0	9.6
HB/K	18.1	0.0	0.0	0.0	18.1
LL-H	6.6	0.0	-6.0	0.0	0.6
	407.8	10.6	-12.3	44.9	451.0
Endowment					
PKBF	224.4	10.3	-10.9	29.5	253.3
Total	1909.0	326.9	-267.2	279.8	2249.7

Charity

£000					
	2016	Income	Expenditure	Gains/ (Losses)	2017
Unrestricted					
T&RA	479.9	272.2	-227.7	91.0	615.4
	479.9	272.2	-227.7	91.0	615.4
Restricted					
YPF	322.2	10.6	-5.6	44.9	372.1
Smithie	10.0	0.0	0.0	0.0	10.0
Cockroft	37.4	0.0	-0.7	0.0	36.7
TSF	3.9	0.0	0.0	0.0	3.9
RTPA	9.6	0.0	0.0	0.0	9.6
	383.1	10.6	-6.3	44.9	432.3
Total	863.0	282.8	-234.0	135.9	1047.7

20. Analysis of net assets by fund

Group 2017

£000	Unrestricted	Restricted	Endowment	Total 2017
Investments	1504.5	336.1	263.5	2104.1
Stock	7.2	0.0	0.0	7.2
Debtors	36.8	4.8	0.0	41.7
Cash and bank	173.2	36.9	3.9	214.0
Creditors	-176.3	73.2	-14.1	-117.2
Total	1545.4	451.0	253.3	2249.7

Charity 2017

£000	Unrestricted	Restricted	Endowment	Total 2017
Investments	619.2	336.1	0.0	955.3
Stock	7.2	0.0	0.0	7.2
Debtors	87.4	4.8	0.0	92.2
Cash and bank	50.5	36.9	0.0	87.4
Creditors	-148.9	54.5	0.0	-94.5
Total	615.4	432.3	0.0	1047.7

Group 2016

£000	Unrestricted	Restricted	Endowment	Total 2016
Investments	1260.9	281.6	234.5	1777.0
Stock	10.7	0.0	0.0	10.7
Debtors	27.3	1.7	0.0	29.0
Cash and bank	168.8	41.9	5.0	215.7
Creditors	-190.9	82.6	-15.1	-123.4
Total	1276.8	407.8	224.4	1909.0

Charity 2016

£000	Unrestricted	Restricted	Endowment	Total 2016
Investments	489.7	281.6	0.0	771.3
Stock	10.7	0.0	0.0	10.7
Debtors	15.9	1.7	0.0	17.6
Cash and bank	83.0	41.9	0.0	124.9
Creditors	-119.4	57.9	0.0	-61.5
Total	479.9	383.1	0.0	863.0