

**THE
TENNIS & RACKETS
ASSOCIATION
LIMITED**

Company No. 07819045

Directors' Report and Financial Statements

For the six months ended 30 June 2013

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THE TENNIS & RACKETS ASSOCIATION LIMITED LEGAL AND ADMINISTRATIVE DATA AT 30 JUNE 2013

DIRECTORS	William J Maltby (Chairman) James H M Bruce Richard A Dalzell (Treasurer) Mrs Alex Garside Alan C Lovell Simon N Mansfield Patrick R V Maxwell Roger G Pilgrim Guy J Smith-Bingham David K Watson Bernard R Weatherill
COMPANY SECRETARY	Christopher S Davies
COMPANY NUMBER	07819045
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 Fairfax House 15 Fulwood Place London WC1V 6AY
BANKERS	Cater Allen Private Bank 9 Nelson Street Bradford BD1 5AN

THE TENNIS & RACKETS ASSOCIATION LIMITED (T&RA)

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2013

Introduction

The directors present their report together with the financial statements for the six months ended 30 June 2013.

Objectives and Activities

The objectives of the Tennis & Rackets Association (T&RA or the Association) are to act as the central authority in the United Kingdom in all matters connected with the games of Real Tennis and Rackets, with specific responsibility for the laws and rules under which both games are played, and to preserve and strengthen the future of both games and to do all such other lawful things as may be incidental or conducive to the pursuit or attainment of the T&RA's objectives.

The activities of the T&RA fall under three broad headings; regular operations, development and communications. This is funded via membership subscription and external sponsorship.

Regular operations

- Maintenance of the rules and standards of the games, including amateur status and the impact of new technology
- Coordination of health and safety in the games via national policy
- Providing a central coordination service for child protection legal requirements
- Maintenance of the handicap system (Tennis) and ranking system (Rackets)
- Provision of Public Liability Insurance to members and collective insurance for clubs and schools

Development

- Organisation and coordination of national events and fixtures which permit many players test their skills against one another in competition and encourage more participants into the games
- Financial support to the Club Professional Development programme, which provides through-life training packages for all professionals
- Providing grants and loans to new court projects and ensuring the existing courts are retained in playable conditions by improving their infrastructure
- Organisation and financial support to elite programmes such as the Junior Academy, British Academy and Development squads (Tennis) and Regional Development squads (Rackets)

Communications

- Using traditional methods such as the Annual Report and interim newsletters
- Using digital technology via the website, social media networking and e-communications

Structure, Governance and Management

The Company commenced operations on 01 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 Directors support the principles and procedures of good corporate governance as set out in the Combined Code published by the Financial Reporting Council. The directors strive to implement relevant provisions as far as is practicable for a sporting national governing body, limited by resources, numbers and comprised of mainly volunteers.

The T&RA is governed by the eleven Directors named above, all appointed with effect from 1 January 2013. They have not been remunerated and have received no expenses. The composition of the Board is intended to reflect activity within both sports, and to balance the interests of the personal members and the affiliated clubs. A register of Directors' interests is maintained, which details any personal or business interests which could give rise to a conflict of interest. No transactions took place with related parties. The T&RA maintains Directors' and Officers' insurance in line with 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 staff 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.

Risk Management

The major financial and operational risks to which the T&RA are 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 reduce its risks to manageable proportions; these are covered by a comprehensive insurance policy and further mitigated since incorporation into a company limited by guarantee. It is the responsibility of the Company to ensure, as far as reasonably practicable, 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, in compliance with all relevant club or school rules and legal requirements. 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 major strategic risks facing the T&RA in the near future are considered to be:

- Any 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 damages the T&RA's reputation as a responsible, well-managed body;
- Any failure to manage the income-generating activities in a properly commercial manner: leading to budget deficits and the inability to generate sufficient funds to underpin the T&RA's activities;
- Any significant reduction in the availability of grants and sponsorship funding: requiring cutbacks in the major programmes for the development of the Games such as the Club Professional Development programme and support to court development.

Future Plans

The T&RA maintains a Strategic Plan, and the current version covers the period 2009-14. The plan contains specific targets for membership and court development, and these are monitored by the Board. The longer term objective is to develop both games in the UK by supporting the development of new courts, increasing participation (with an emphasis on the young) and to develop the training of new and existing professionals via a structured programme.

Financial Statements

The results for the six months ended 30 June 2013 produced a net surplus of £27.4k which is marginally better than forecast. It is proposed that this surplus be transferred to reserves.

Development Expenditure

Development expenditure is from the General Fund and the Restricted Funds, whilst further funds are expended via the T&RA's affiliated charitable entities, the Dick Bridgeman TRA Foundation and the Peter Kershaw Bursary Fund. In total £180k has been spent over the past three years, primarily on the following: £53k on Participation, including the schools and universities initiatives; £37k on Professionals' training and development; £21k on Website and Web-streaming development and £55k on Courts with investments in the second Rackets court at Tonbridge as well as improvements at Malvern, Canford and Jesmond Dene. Over the next two years it is expected that, from projects already in the pipeline, spending will be well over £100k.

Statement of Disclosure of Information to Auditors

There is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all steps that they ought to have taken to make themselves aware of any audit information and to establish that the auditors are aware of that information.

Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This Directors' Report is prepared in accordance with the Small Companies regime as defined by the Financial Reporting Standard for Smaller Entities (2008).

By Order of the Board

C S Davies, Chief Executive and Company Secretary
On behalf of the Board
August 2013

INDEPENDENT AUDITORS' REPORT TO THE TENNIS & RACKETS ASSOCIATION LIMITED

We have audited the financial statements of the Tennis & Rackets Association Limited for the period ended 30 June 2013 which comprise the Income and Expenditure Account, the Balance Sheet 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the period 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 Directors' Report for the financial period 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime

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

*Fairfax House
15 Fulwood Place
London
WC1V 6AY*

THE TENNIS & RACKETS ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2013

£000			T&RA Ltd	Memorandum
	General Fund	Restricted Funds	6 months to 30 Jun 2013	17 months to 31 Dec 2012
Income			Total	Total
Membership Subscriptions	60.6	0.0	60.6	139.9
Corporate Memberships Fees	30.7	0.0	30.7	39.1
Grants and Donations	1.5	0.4	1.9	11.4
Sponsorship	37.6	0.0	37.6	209.9
Other Tournament Income	13.1	0.0	13.1	26.7
Advertising	(2.7)	0.0	(2.7)	13.6
Entertainment	0.0	0.0	0.0	6.9
Sales of Ball Cloth and Merchandise	13.6	0.0	13.6	23.4
Development Income	8.6	5.1	13.7	21.8
Other Income	3.5	0.0	3.5	5.5
Total Income	<u>166.5</u>	<u>5.5</u>	<u>172.0</u>	<u>498.2</u>
Expenditure				
Tournaments	48.2	0.0	48.2	144.3
Staff and Related Costs	53.0	0.0	53.0	137.3
Annual Report, Fixture Card and AGM	0.0	0.0	0.0	22.3
Systems Development and Maintenance	6.6	0.0	6.6	18.4
Entertainment	0.1	0.0	0.1	8.6
Insurance	2.0	0.0	2.0	7.1
Cost of Sales - Ball Cloth & Merchandise	11.0	0.0	11.0	18.8
Other Administration Costs	8.1	0.3	8.4	21.1
Total Expenditure	<u>129.0</u>	<u>0.3</u>	<u>129.3</u>	<u>377.9</u>
Operating Surplus	<u>37.5</u>	<u>5.2</u>	<u>42.7</u>	<u>120.3</u>
Development				
Participation	9.0	0.0	9.0	11.3
Professionals' training	0.8	3.4	4.2	18.8
Courts	5.0	0.0	5.0	1.7
Other	1.8	0.0	1.8	7.6
Total Development	<u>16.6</u>	<u>3.4</u>	<u>20.0</u>	<u>39.4</u>
Surplus after Development	<u>20.9</u>	<u>1.8</u>	<u>22.7</u>	<u>80.9</u>
Other				
Interest and Dividends	1.6	3.2	4.8	18.3
Profit on Disposal of Investments	2.3	0.0	2.3	5.7
Taxation	(0.4)	(0.5)	(0.9)	(3.2)
Exceptional Items	0.0	(1.5)	(1.5)	(14.4)
Total Other	<u>3.5</u>	<u>1.2</u>	<u>4.7</u>	<u>6.4</u>
Balance to Reserves	24.4	3.0	27.4	87.3
Opening Reserves	200.9	230.0	430.9	339.7
New Funds	0.0	0.0	0.0	3.9
Closing Reserves	<u>225.3</u>	<u>233.0</u>	<u>458.3</u>	<u>430.9</u>

THE TENNIS & RACKETS ASSOCIATION LIMITED: COMPANY NO. 07819045
BALANCE SHEET AT 30 JUNE 2013

	T&RA Ltd 30 Jun 2013	Memorandum 31 Dec 2012
£000		
Fixed Assets		
Investments	<u>334.4</u>	<u>332.4</u>
Total Fixed Assets	<u>334.4</u>	<u>332.4</u>
Current Assets		
Stocks	12.8	4.5
Debtors and Payments in Advance	15.5	26.1
Development Loan	4.8	5.0
Term Deposit	50.0	50.0
Deposit Account	19.6	19.6
Bank Balances	<u>53.6</u>	<u>139.3</u>
Total Current Assets	<u>156.3</u>	<u>244.5</u>
Current Liabilities		
Creditors and Accruals	(32.4)	(146.0)
Net Assets	<u>458.3</u>	<u>430.9</u>
Unrestricted Funds		
General Fund	<u>225.3</u>	<u>200.9</u>
Total Unrestricted Funds	<u>225.3</u>	<u>200.9</u>
Restricted Funds		
Young Professionals Fund	177.6	178.5
Museum Fund	3.6	5.0
Smithie Fund	10.0	10.0
Cockroft Rackets Fund	37.9	32.6
Tennis Support Fund	<u>3.9</u>	<u>3.9</u>
Total Restricted Funds	<u>233.0</u>	<u>230.0</u>
Total Funds	<u>458.3</u>	<u>430.9</u>

The financial statements have been prepared in accordance with the Special Provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved and authorised for issue by the Board on 16th August 2013 and signed on its behalf by:

W J Maltby, Chairman

R A Dalzell, Treasurer

¹ The figures in this column throughout the accounts have been taken from the unincorporated membership association.

THE TENNIS & RACKETS ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. Comparative Figures

The Tennis & Rackets Association Limited, a company limited by guarantee, commenced operations on 1 January 2013 with the assumption of all of the assets and liabilities of The Tennis and Rackets Association, the former members' association. The comparative figures for the Tennis and Rackets Association cover the final 17 month accounting period to and at 31 December 2012.

2. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention using the accruals basis of accounting unless otherwise specified below. All accounting policies have been consistently applied.

The accounts have been prepared on a going concern basis and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and also in accordance with the Special Provisions in Part 15 of the Companies Act 2006, relating to small companies.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Income Recognition

Memberships Subscriptions, Grants and Donations, Sponsorship, Entertainment and Development Income are recognised on a cash basis, whilst Corporate Membership Fees, Advertising, Sales of Ball Cloth and Merchandise and Other Income are recognised when invoiced and/or due.

Investments

The Fixed Asset Investments, comprising quoted equities and bonds, are held for the long term and are stated at cost.

Stocks

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

Foreign Currencies

Foreign currency income and balances are converted at the closing rate of exchange.

3. Operating Leases

Rentals payable in respect of property lease:

£000	
Less than one year	2.0
Two to five years	8.0
More than five years	40.0

4. Investments

The two portfolios of quoted investments, managed by Smith & Williamson, are as follows, at cost:

£000	2013	2012
General Fund	187.2	185.2
Young Professionals' Fund	147.2	147.2
Total	<u>334.4</u>	<u>332.4</u>

The market value at 30 June 2013 was £264.8k for the General Fund and £256.3k for the Young Professionals' Fund (£251.4k and £239.0k respectively at 31 December 2012)

5. Stock

£000	2013	2012
Ball cloth	9.3	1.8
Merchandise	2.4	1.5
Wine	1.1	1.2
Total	<u>12.8</u>	<u>4.5</u>

6. Debtors and Payments in Advance

£000	2013	2012
Debtors	9.1	25.0
Payments in Advance	3.1	1.1
Accrued Income	3.3	0.0
Total	<u>15.5</u>	<u>26.1</u>

7. Development Loan

£000	2013	2012
Newmarket and Suffolk Real Tennis Club	4.8	5.0

Interest-free Smithie loan for court improvements, repayable over five years to July 2017

8. Creditors and Accruals

£000	2013	2012
Accounts Payable	7.6	20.2
HM Revenue & Customs	13.6	24.4
Accruals	11.2	101.4
Total	<u>32.4</u>	<u>146.0</u>

9. Auditors' Remuneration

£000	2013	2012
For audit services	1.5	3.6
For non-audit services	0.0	1.8

10. Development

Expenditure under this heading reflects the cost of pursuing the Company's strategic objectives, as follows:

£000	2013	2012
Participation – encouraging more people to play the games, particularly the young	9.0	11.3
Professionals – training and development	4.2	18.8
Courts – improvements to existing courts	5.0	1.7
Other – mainly Rackets ranking system and new member incentives	1.8	7.6
Total	<u>20.0</u>	<u>39.4</u>

11. Interest and Dividends

£000	2013	2012
Income from quoted investments	4.2	15.3
Interest receivable	0.6	3.0
Total	<u>4.8</u>	<u>18.3</u>

12. Taxation

£000	2013	2012
Corporation Tax	0.7	2.7
Capital Gains Tax	0.2	0.5
Total	<u>0.9</u>	<u>3.2</u>

13. Exceptional Items

£000	2013	2012
Acquisition of Tennis and Rackets memorabilia	1.5	4.1
Professional fees related to Incorporation	0.0	10.3
Total	<u>1.5</u>	<u>14.4</u>

14. Movement in Funds

£000	30 Jul 2011	Surplus/(Deficit)	31 Dec 2012	Surplus/(Deficit)	30 Jun 2013
General Fund	120.1	80.8	200.9	24.4	225.3
Young Professionals' Fund	168.2	10.3	178.5	(0.9)	177.6
Museum Fund	9.1	(4.1)	5.0	(1.4)	3.6
Smithie Fund	10.0	0.0	10.0	0.0	10.0
Cockroft Rackets Fund	32.3	0.3	32.6	5.3	37.9
Tennis Support Fund	0.0	3.9	3.9	0.0	3.9
Total	339.7	91.2	430.9	27.4	458.3

15. 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.