

**THE
TENNIS & RACKETS
ASSOCIATION
LIMITED**

Company No. 07819045

Directors' Report and Financial Statements

For the year ended 30 June 2015

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THE TENNIS & RACKETS ASSOCIATION LIMITED LEGAL AND ADMINISTRATIVE DATA AT 30 JUNE 2015

DIRECTORS	William J Maltby (Chairman) James H M Bruce James R Coyne (from 21 May 2015) Richard A Dalzell (Treasurer) Mrs Alex Garside Alan C Lovell Simon N Mansfield Patrick R V Maxwell Roger G Pilgrim Guy J Smith-Bingham (resigned 21 May 2015) David K Watson (Chairman designate) 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 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)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Introduction

The directors present their report together with the financial statements for the year ended 30 June 2015.

Objectives and Activities

The Tennis & Rackets Association Limited (T&RA) is the central authority in Great Britain for 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. The T&RA is also charged with preserving and strengthening the future of both games.

The activities of the T&RA fall under two broad headings: current operations and future development; these are funded via membership subscriptions, donations and sponsorship.

Current Operations

- Maintain the rules and standards of the games; custodian of their history and traditions
- Maintain the handicap system (Tennis) and ranking system (Rackets)
- Organise and coordinate national fixtures for men and women of all ages, amateur and professional, level and handicap events
- Communicate with Members and other interested parties via the Annual Report and interim newsletters; the website; social media networking; and e-communications
- Provide Public Liability Insurance for Members; Group Insurance for clubs and schools
- Coordinate policy and advice for health & safety and child protection

Future Development

- Support the Club Professional Development programme, providing through-life training packages for Tennis professionals
- Broaden the appeal of the games across all age groups and both genders to encourage greater participation
- Make grants and loans to new court projects and to improve the infrastructure of existing courts, ensuring that they are retained in playable condition
- Organise and provide financial support for elite programmes such as the Junior Academy, British Academy and Development Squads (Tennis) and Regional Development Squads (Rackets)
- Develop the capability to record and distribute major events using digital technology enabling enthusiasts to view remotely and to encourage wider interest in the games and broaden participation.

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 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 financial resources and membership numbers and with the governance mainly comprised of volunteers.

The T&RA is governed by the eleven Directors named above, ten of whom were appointed with effect from 1 January 2013. G J Smith-Bingham resigned as a Director and was replaced by J R Coyne with effect from 21 May 2015; the latter has been co-opted, subject to approval of the Membership at the AGM. D K Watson has been nominated as the next Chairman with effect from 19 November 2015, at which time W J Maltby will stand-down as a Director. For Directors who were already in post prior to this date, re-appointment dates have been staggered. S N Mansfield and B R Weatherill were re-appointed for a second term of office with effect from 23 November 2013. P R V Maxwell will offer himself for re-election in November 2015 at the AGM. No Directors have been remunerated nor received any expenses in the current year or the

previous period. The composition of the Board is intended to reflect activity within both sports. 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 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.

Related Party Transactions

During the year the company paid a grant of £30,000, which had been approved and provisioned in the previous financial year, in favour of the new Real Tennis court at Wellington College. W J Maltby, a Director, is also a member of the Wellington College Real Tennis project committee but absented himself from the Board when the grant was considered and determined. At the year-end, £Nil was due to Wellington College (2014: £30,000).

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. 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 in a properly commercial manner leading to budget deficits and the inability to generate 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.

Future Plans

The T&RA maintains a Strategic Plan which is reviewed regularly. 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 year ended 30 June 2015 produced a net surplus of £78,500. This result was ahead of expectations and a significant improvement on the previous 12 months, primarily as a result of £38,200 from the disposal of investments (net of tax). It is proposed that this surplus be transferred to reserves.

Development Expenditure

Development expenditure is provided by 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 £383,000 has been spent from these sources over the past five years, primarily on the following: £172,000 on Courts with investments in the second Rackets court at Tonbridge School, grants for the new Tennis court at Wellington College and improvements at Malvern College, Canford School, Jesmond Dene, Seacourt and Petworth House; £87,000 on Professionals' training and development; and £77,000 on Participation, including schools and universities initiatives.

Significant further commitments are in the pipeline totalling over £125,000, payable over the next two to three years, mainly in support of Rackets professionals and Tennis court improvement projects.

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. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Principles and Standards and applicable 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
11 August 2015

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 2015 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 5, 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

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 company's affairs as at 30 June 2015 and of its surplus 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 Directors' 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:

- 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 and take advantage of the small companies exemption in preparing the directors report and take advantage of the small companies exemption from the requirement to prepare a 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
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

£000	Notes	General Fund	Restricted Funds	Year ended 30 Jun 15 Total	Year ending 30 Jun 14 Total
Income					
Subscriptions & Fees		141.8	-	141.8	142.7
Donations		5.5	4.5	10.0	34.7
Sponsorship		133.5	-	133.5	128.1
Development Income		10.8	-	10.8	9.4
Sales of Ball Cloth, etc		19.4	-	19.4	23.4
Tournament Income		54.2	-	54.2	16.0
Other Income		10.5	-	10.5	9.7
Total Income		<u>375.7</u>	<u>4.5</u>	<u>380.2</u>	<u>364.0</u>
Expenditure					
Tournaments		125.3	-	125.3	84.4
Staff & Related Costs		106.8	-	106.8	104.2
Systems Development & Maintenance		11.3	-	11.3	10.2
Cost of Sales: Ball Cloth, etc		15.6	-	15.6	20.2
Other Administration Costs		38.1	2.2	40.3	33.2
Total Expenditure		<u>297.1</u>	<u>2.2</u>	<u>299.3</u>	<u>252.2</u>
Operating Surplus		<u>78.6</u>	<u>2.3</u>	<u>80.9</u>	<u>111.8</u>
Development					
Courts		29.5	-	29.5	38.5
Professionals' Training		9.5	2.4	11.9	9.5
Participation		7.2	-	7.2	7.5
Other Development Costs		5.7	-	5.7	4.2
Total Development	9	<u>51.9</u>	<u>2.4</u>	<u>54.3</u>	<u>59.7</u>
Surplus after Development		<u>26.7</u>	<u>(0.1)</u>	<u>26.6</u>	<u>52.1</u>
Other					
Interest and Dividends	10	7.8	8.0	15.8	14.3
Profit on Disposal of Investments		25.4	19.2	44.6	1.1
Taxation	11	(4.7)	(3.8)	(8.5)	(2.0)
Exceptional Items	12	-	-	-	(4.2)
Total Other		<u>28.5</u>	<u>23.4</u>	<u>51.9</u>	<u>9.2</u>
Balance to Reserves		55.2	23.3	78.5	61.3
Opening Reserves		287.4	232.2	519.6	458.3
New Funds		-	9.6	9.6	-
Closing Reserves	13	<u>342.6</u>	<u>265.1</u>	<u>607.7</u>	<u>519.6</u>

THE TENNIS & RACKETS ASSOCIATION LIMITED
BALANCE SHEET AT 30 JUNE 2015

£000	Notes	30 Jun 15	30 Jun 14
Fixed Assets			
Investments	3	<u>529.6</u>	<u>372.6</u>
Total Fixed Assets		<u>529.6</u>	<u>372.6</u>
Current Assets			
Stocks	4	17.3	9.2
Debtors and Payments in Advance	5	13.6	14.7
Development Loan	6	3.0	4.0
Term Deposit		-	50.0
Deposit Account		4.6	19.6
Bank Balances		<u>95.3</u>	<u>123.0</u>
Total Current Assets		<u>133.8</u>	<u>220.5</u>
Current Liabilities			
Creditors and Accruals	7	(55.7)	(73.5)
Net Assets		<u>607.7</u>	<u>519.6</u>
Unrestricted Funds			
General Fund		<u>342.6</u>	<u>287.4</u>
Total Unrestricted Funds		<u>342.6</u>	<u>287.4</u>
Restricted Funds			
Young Professionals Fund		204.0	180.4
Smithie Fund		10.0	10.0
Cockroft Rackets Fund		37.6	37.9
Tennis Support Fund		3.9	3.9
Real Tennis Professionals' Association		9.6	-
Total Restricted Funds		<u>265.1</u>	<u>232.2</u>
Total Funds	13	<u>607.7</u>	<u>519.6</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 11 August 2015 and signed on its behalf by:

W J Maltby, Chairman

R A Dalzell, Treasurer

THE TENNIS & RACKETS ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

1. 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. Corporate Membership Fees, Advertising, Sales of Ball Cloth and Merchandise and Other Income 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.

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 expenditure are converted at the date of the transaction; assets and liabilities are converted at the rate of exchange on the balance sheet date.

2. Operating Leases

Rentals payable in respect of a property lease:

£000	2015	2014
Less than one year	2.0	2.0
Two to five years	8.0	8.0
More than five years	34.0	36.0

3. Investments

Investments comprise two portfolios of quoted investments held at cost, managed by Smith & Williamson, as follows:

£000	2015	2014
General Fund	358.1	237.4
Young Professionals' Fund	171.5	135.2
	<u>529.6</u>	<u>372.6</u>

Market values at 30 June 2015 were £473,800 for the General Fund and £287,000 for the Young Professionals' Fund (£334,800 and £258,100 respectively at 30 June 2014)

4. Stocks

£000	2015	2014
Ball cloth	12.4	5.1
Rackets balls	1.0	-
Merchandise	2.2	2.7
Wine	1.7	1.4
	<u>17.3</u>	<u>9.2</u>

5. Debtors and Payments in Advance

£000	2015	2014
Debtors	6.1	6.7
Payments in Advance	3.1	2.8
Accrued Income	4.4	5.2
	<u>13.6</u>	<u>14.7</u>

6. Development Loan

£000	2015	2014
Newmarket and Suffolk Real Tennis Club	3.0	4.0

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

7. Creditors and Accruals

£000	2015	2014
Accounts Payable	9.4	3.9
HM Revenue & Customs	13.7	16.4
Accruals	32.6	53.2
	<u>55.7</u>	<u>73.5</u>

8. Auditors' Remuneration

£000	2015	2014
For audit services	2.8	2.7
For non-audit services	-	-

9. Development

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

£000	2015	2014
Courts – new courts and improvements to existing courts	29.5	38.5
Professionals – training and development	11.9	9.5
Participation – encouraging more people to play the games, particularly the young	7.2	7.5
Other – mainly streaming development costs and new member incentives	5.7	4.2
	<u>54.3</u>	<u>59.7</u>

10. Interest and Dividends

£000	2015	2014
Income from quoted investments	15.8	12.5
Interest receivable	-	1.8
	<u>15.8</u>	<u>14.3</u>

11. Taxation

£000	2015	2014
Corporation Tax	2.1	1.8
Capital Gains Tax	6.4	0.2
	<u>8.5</u>	<u>2.0</u>

12. Exceptional Items

£000	2015	2014
Acquisition of Tennis and Rackets memorabilia	-	4.2

13. Movement in Funds

£000	As at 30 Jun 14	Surplus/ (Deficit) in the year	New Funds contributed	As at 30 Jun 15
<i>Unrestricted Funds</i>				
General Fund	287.4	55.2	-	342.6
<i>Restricted Funds</i>				
Young Professionals' Fund	180.4	23.6	-	204.0
Smithie Fund	10.0	-	-	10.0
Cockroft Rackets Fund	37.9	(0.3)	-	37.6
Tennis Support Fund	3.9	-	-	3.9
Real Tennis Professionals' Association	-	-	9.6	9.6
	<u>232.2</u>	<u>23.3</u>	<u>9.6</u>	<u>265.1</u>
	<u>519.6</u>	<u>78.5</u>	<u>9.6</u>	<u>607.7</u>

14. Restricted Funds

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

- Young Professionals Fund – for the training and development of professionals
- Smithie Fund – available for interest free loans for Tennis court improvements
- Cockroft Rackets Fund – for costs incurred on the Rackets development squad
- Tennis Support Fund – available for Tennis court improvements
- Real Tennis Professionals' Association - for costs incurred training Tennis professionals

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 £250,000.